Swiss Re

First Quarter 2009 Report

Key information

Corporate highlights

- Significant improvement in capital base
- Net income of CHF 150 million primarily driven by strong technical performance, partly offset by impairment losses and de-risking
- Property & Casualty delivered premium growth, consistently excellent underwriting performance and an outstanding combined ratio of 90.2%, or 88.6% excluding unwind of discount, reflecting growing margins and good claims experience
- Life & Health operating income improved to CHF 0.3 billion with a benefit ratio of 86.9%, evidencing favourable mortality experience
- Investment result affected by impairments and further de-risking in Asset Management; return on investments of 1.9% (annualised)
- Legacy reports operating income of CHF 12 million

Financial highlights (unaudited)

For the three months ended 31 March

CHF millions, unless otherwise stated	2008	2009	Change in %
Property & Casualty			
Premiums earned	3 682	**3 883**	5
Combined ratio, traditional business in %	96.4	**90.2**	
Life & Health			
Premiums earned	2 767	**2 633**	–5
Benefit ratio in %	91.3	**86.9**	
Asset Management			
Operating income	2 789	**1 124**	–60
Return on investments in %, (annualised)	8.0	**1.9**	
Legacy			
Operating income/loss	–1 448	**12**	–
Group			
Premiums earned	6 457	**6 528**	1
Net income attributable to common shareholders	624	**150**	–76
Earnings per share in CHF	1.84	**0.45**	–76
Shareholders' equity (31.12.2008/31.03.2009)	20 453	**23 579**	15
Return on equity[1] in %, (annualised)	8.5	**2.9**	–66
Number of employees[2] (31.12.2008/31.03.2009)	11 560	**11 552**	

[1] Return on equity is calculated by dividing annualised net income attributable to common shareholders by average common shareholders' equity.
[2] Permanent staff.

Financial strength ratings

as of 30 April 2009	S&P	Moody's	A. M. Best
Rating	A+	A1	A
Outlook	stable	negative	stable

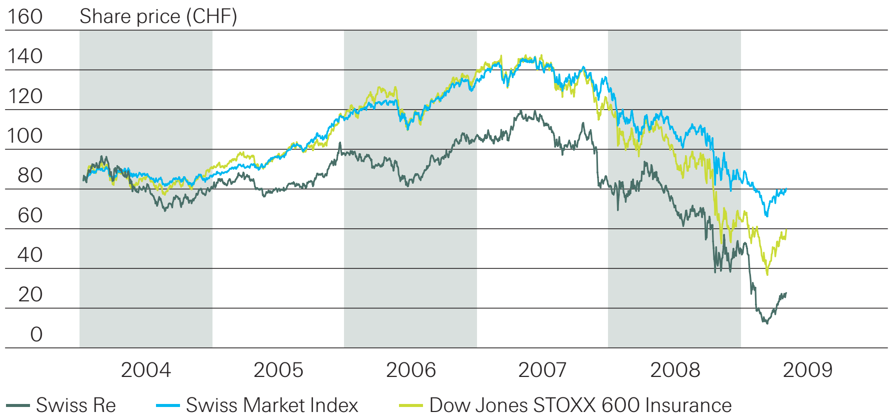
Share performance

Market information as of 30 April 2009

Share price in CHF	27.48
Market capitalisation in CHF millions	9 989

Performance

in %	2004 – 30 April 2009 (p. a.)	Year to 30 April 2009
Swiss Re	–18.8	**–45.4**
Swiss Market Index	–0.9	**–5.6**
Dow Jones STOXX 600 Insurance	–6.3	**–8.8**



Contents

Letter to shareholders

Peter Forstmoser
Chairman of the Board of Directors
(until 30 April 2009)

Walter B. Kielholz
Chairman of the Board of Directors
(as of 1 May 2009)

Stefan Lippe
Chief Executive Officer

Dear shareholders

In the first quarter of 2009, Swiss Re returned to profitability with a net income of CHF 150 million and earnings per share of CHF 0.45. Book value per share increased to CHF 61.39. These results demonstrate that Swiss Re's earnings power in the core business remains solid, and that our efforts to reduce asset risk are beginning to bear fruit. We expect investment returns to remain low, however, as we reduce asset risk.

We have taken the necessary steps to strengthen our capital base. At the 145th Annual General Meeting you approved our proposal to create conditional capital to secure the necessary underlying shares for a convertible instrument, enabling us to raise CHF 3 billion from Berkshire Hathaway. The Adverse Development Cover with Berkshire Hathaway further bolstered our capital above AA capital rating levels. With our capital base thus improving, we are well positioned to take advantage of new profitable business opportunities.

We will continue our strict underwriting discipline by concentrating on business activities that produce quality returns, and we remain determined to reduce costs and to increase efficiency.

Focus on core business
Property & Casualty posted an operating income of CHF 1.0 billion and an excellent combined ratio of 90.2%, or 88.6% excluding unwind of discount. These results not only benefited from the absence of major loss events in the reporting period, but also from the robust January 2009 renewals, which confirmed the trend towards stronger prices in several major business lines. The results also reflect the trust that our clients place in our ability and capacity to provide innovative and sustainable reinsurance solutions and to meet continued demand for significant solvency support.

Life & Health operating income grew to CHF 0.3 billion with an improved benefit ratio of 86.9%. Favourable mortality experience in the US as well as a hardening market had a positive effect on the results of our Life & Health unit in the reporting period. Despite improving market conditions in some regions, we expect only low growth in our Life & Health business due to the impact of lower investment returns and the economic environment for the market as a whole.

Swiss Re provides a highly attractive value proposition given its ability to deploy capital to profitable client deals. Recently we have completed various large capital relief transactions and reinsurance swaps in the life and non-life sectors across the globe. We will continue to actively manage the cycle and to deploy the capital for the highest returns.

Further reducing asset risks
Return on investments was 1.9% and Asset Management delivered an operating income of CHF 1.1 billion. In line with our previously announced intention to de-risk our portfolio, we sold selected positions, implemented hedging strategies where a sale of underlying assets was not deemed prudent, increased the proportion of short-term maturity securities, and invested new cash inflows in lower risk asset classes. While this shift into cash, short-term and government backed securities reduces the level of investment returns, it allows us to deploy our capital more effectively to core (re)insurance risks and benefit from future increases in interest rates. In the case of our Legacy structured credit default swap transactions, reducing asset risk meant bringing these assets onto our balance sheet where we are in a better position to actively manage them.

Total invested assets were CHF 132.7 billion at the end of March 2009. This slight increase since the end of December 2008 was driven mainly by changes in foreign exchange rates. Discontinued activities reported in the Legacy segment delivered a narrow positive result of CHF 12 million. Operating income in Asset Management and Legacy benefited by CHF 639 million gross of tax from recent changes in accounting rules that affect the recognition of impairments.

Enhancing our competitive position
In our efforts to succeed in a highly competitive market, we have analysed each line of business and taken de-risking steps on the (re)insurance liabilities side to substantially reduce capacity in Credit & Surety and to exit variable annuity business.

To manage our capital and costs more effectively, we have started an efficiency programme to simplify our worldwide office structure and to focus on servicing clients through a leaner local presence. We are doing this to reduce management complexity and to increase the effectiveness of client service. As a result of this measure, we will further consolidate support resources into fewer locations to achieve economies of scale and to enhance the quality of services. The full effect of these measures, disclosed at the time of the full year 2008 results, will be reflected continually in the upcoming reporting periods.

Revised mid-term targets
In the light of these new priorities and continued volatile market conditions, we have revised our mid-term targets. Over the next three years, we will focus on generating sufficient organic capital to avoid the potential dilution of our existing shareholders' capital. Building on our strengths in (re)insurance and the expertise of our employees, we seek to generate a 14% return on capital for (re)insurance pricing, to maintain a AA level of capital adequacy, and to reduce the expenses run-rate by CHF 400 million by the end of 2010.

Appointments
The past quarter has seen some changes in our Executive Committee and the Board of Directors. Agostino Galvagni was appointed Chief Operating Officer as of 1 May 2009, succeeding Stefan Lippe who will be focusing fully on his role as Chief Executive Officer. In his new role, Agostino Galvagni will help strengthen the client focus, building on his extensive experience in the (re)insurance business and in serving clients.

Kaspar Villiger resigned from the Board of Directors of Swiss Re in order to stand for election as Chairman of UBS AG. At the 145th Annual General Meeting, Thomas W. Bechtler and Bénédict G. F. Hentsch also resigned as members of the Board of Directors. On behalf of the Board, we thank each of these former directors for their valuable contribution and commitment to Swiss Re and wish them well for the future.

In March 2009, Peter Forstmoser announced his intention to step down as Chairman of the Board. He was a member of Swiss Re's Board of Directors from 1990, and served as Chairman from 2000. Under his leadership, Swiss Re weathered the challenging tasks in the wake of the tragic events of 11 September 2001 and accomplished the strategically important acquisitions of Lincoln Re and GE Insurance Solutions. In the current global economic downturn, Peter Forstmoser contributed significantly to preparing Swiss Re to return to the road of success.

Walter B. Kielholz was elected Chairman of the Board as of 1 May 2009, and Mathis Cabiallavetta has been named Vice Chairman. Together they will employ their leadership experience, their thorough understanding of (re)insurance and financial services businesses, as well as their intimate knowledge of Swiss Re for the benefit of the company and all its stakeholders.

Outlook

Our priorities are clear and simple: to focus on the core (re)insurance business, ensure capital strength, and enhance our competitive position. The corporate realignment we implemented earlier in the year was complemented with a number of decisions also aimed at enabling Swiss Re to return to higher levels of sustainable profitability once market conditions permit. It will take some time to complete our programmes to reduce asset risk in part of our investment portfolio, and to resolve the Legacy portfolio. There is a risk that we will suffer some volatility as this process is completed, but we are confident that the Group is on the right track. We expect to make progress here in 2009.

In our core business segments of Property & Casualty and Life & Health reinsurance, we are seeing a trend towards hardening prices and rising demand. By promoting these business areas, we are confident that the Group is well positioned to identify and seize opportunities as they present themselves.

Zurich, 7 May 2009

Peter Forstmoser
Chairman of
the Board of Directors
(until 30 April 2009)

Walter B. Kielholz
Chairman of
the Board of Directors
(as of 1 May 2009)

Stefan Lippe
Chief Executive Officer

Key events

5 February 2009

Warren Buffett to invest CHF 3 billion in Swiss Re via Berkshire Hathaway Inc.

Swiss Re announced that it intended to raise CHF 3 billion of capital from Berkshire Hathaway Inc., subject to shareholder approval. National Indemnity Company, a subsidiary of Berkshire Hathaway Inc., funded the investment on 24 March 2009. Swiss Re will consider further equity raising of up to CHF 2 billion, subject to market conditions.

The Group also agreed, subject to regulatory approval, to enter into an adverse development cover with Berkshire Hathaway on the Group's total Property & Casualty reserves; the contract provides total coverage of CHF 5 billion. On 11 March 2009, Swiss Financial Market Supervisory Authority FINMA communicated it had no objection to the cover.

12 February 2009

Stefan Lippe appointed new Chief Executive Officer

Jacques Aigrain resigned as Chief Executive Officer as of 18 February 2009. Swiss Re's Board of Directors appointed Stefan Lippe, up to that point Deputy Chief Executive Officer and Chief Operating Officer, as his successor.

19 February 2009

Net loss reported for 2008

Swiss Re reported a net loss for 2008 of CHF 864 million and a return on equity of –3.4%.

4 March 2009

Kaspar Villiger resigns from the Board of Directors

Following his nomination for election as Chairman of the UBS Board of Directors, Kaspar Villiger announced that he will resign as a member of Swiss Re's Board of Directors at the Annual General Meeting 2009.

9 March 2009

Walter B. Kielholz appointed Chairman of Swiss Re

Peter Forstmoser announced his resignation from the Board of Directors as of 1 May 2009. The Board of Directors nominated Walter B. Kielholz as new Chairman, and Mathis Cabiallavetta as new Vice Chairman.

13 March 2009

145th Annual General Meeting

Shareholders approved the creation of conditional capital to secure the necessary underlying shares for the convertible perpetual capital instrument to be issued to Berkshire Hathaway Inc. Jakob Baer and John R. Coomber were re-elected to the Board for a three-year term. Having served on the Board of Directors of Swiss Re for sixteen years, Thomas W. Bechtler and Bénédict G.F. Hentsch did not stand for re-election.

2 April 2009

Agostino Galvagni appointed Chief Operating Officer

Swiss Re appointed Agostino Galvagni as Chief Operating Officer and Member of the Executive Committee, effective 1 May 2009.

2 April 2009

Swiss Re focuses on core business

Swiss Re announced steps to increase its focus on profitable core business and strengthen its capital position. Swiss Re also announced efforts to simplify the organisation and improve operational effectiveness resulting in running cost reductions of CHF 400 million by the end of 2010.

Group

Swiss Re reports a net income of CHF 150 million for the first quarter of 2009. Property & Casualty delivered premium growth and a strong underwriting result, benefiting from higher margins and good claims experience. Life & Health was positively impacted by favourable mortality. The return on investment was reduced as a result of impairment losses and asset de-risking.

Group results

Swiss Re reported a net income of CHF 150 million in the first quarter of 2009, compared to a profit of CHF 0.6 billion in the first quarter of 2008. Earnings per share were CHF 0.45.

During the quarter, the Swiss franc depreciated 6% against the US dollar but increased 23% against the British pound and 6% against the Euro, compared to first quarter of 2008 average rates.

Premiums earned were up 4% at constant exchange rates with both Property & Casualty and Life & Health contributing to year-on-year volume growth. The Property & Casualty increase was driven by the property and non-traditional lines of business, which more than offset the year-on-year impact of the quota share arrangement with Berkshire Hathaway. Life & Health benefited from the inclusion of Barclays Life in the Admin Re® unit for the full quarter in 2009. The acquisition of Barclays Life closed in October 2008.

Income statement

CHF millions, for the three months ended 31 March	2008	2009	Change in %
Revenues			
Premiums earned	6457	**6528**	1
Fee income from policyholders	183	**214**	17
Proprietary net investment income	2108	**1313**	–38
Net investment income from unit-linked and with-profit business	271	**189**	–30
Proprietary net realised investment gains/losses	–385	**–467**	21
Net realised investment losses from unit-linked and with-profit business	–1756	**–1859**	6
Other revenues	69	**43**	–38
Total revenues	6947	**5961**	–14
Expenses			
Claims and claim adjustment expenses	–2558	**–2643**	3
Life and health benefits	–2273	**–2114**	–7
Return credited to policyholders	1131	**1357**	20
Acquisition costs	–1329	**–1366**	3
Other expenses	–782	**–660**	–16
Interest expenses	–430	**–280**	–35
Total expenses	–6241	**–5706**	–9
Income before income tax expense	706	**255**	–64
Income tax expense	–82	**–98**	20
Net income	624	**157**	–75
Interest on convertible perpetual capital instrument		**–7**	
Net income attributable to shareholders	624	**150**	–76

The Group's investment income and net realised gains include the investment result from assets backing unit-linked and with-profit policies. These returns are credited to policyholders' accounts and are therefore excluded from the following comments on the investment performance of the Group.

Proprietary net investment income was CHF 1.3 billion, a 38% decrease compared to the prior year period. The shift of positions to lower risk assets like government securities and short-term investments caused a year-on-year reduction in the running yield to 4.9% from 5.3%. Change in net asset values for equity accounted investees resulted in a mark-to-market loss of CHF 261 million mainly due to private equity and hedge funds, recognised in net investment income.

The Group reported net realised investment losses of CHF 0.5 billion in the first quarter of 2009, compared to a loss of CHF 0.4 billion in the first quarter of 2008. This increase was primarily due to impairments of CHF 0.8 billion in the current period. The Group adopted new accounting guidance on other-than-temporary impairments as from 1 January 2009. Under the new impairment rules, the credit related part of a decrease in market value is recognised in income, with the remaining impact recognised directly in shareholders' equity.

Other revenues decreased 38% to CHF 43 million in the first quarter of 2009.

Claims and claim adjustment expenses increased slightly to CHF 2.6 billion at constant foreign exchange rates. The positive effect from the lower natural catastrophe burden in the first quarter of 2009 was offset by other large losses in the property and specialty lines of business.

Life and health benefits decreased 4% to CHF 2.1 billion at constant foreign exchange rates in the first quarter of 2009, mainly as a result of favourable mortality experience in the traditional life business in the US and the UK, compared to unfavourable experience in the US Individual Life book in the first quarter of 2008.

Return credited to policyholders reflects the investment performance on the underlying assets, which is passed through to contract holders. In the first quarter of 2009, an investment loss of CHF 1.4 billion was passed through to policyholders, compared to a loss of CHF 1.1 billion in the prior year period.

Acquisition costs increased 3% to CHF 1.4 billion, which was partly volume driven. The acquisition cost ratio was 20.9% in the first quarter of 2009 compared to 20.6% in the same period of the previous year.

Other expenses decreased 16% to CHF 0.7 billion, mainly driven by lower variable compensation. The reduction at constant foreign currency rates was 14%.

Excluding the foreign currency impact, interest expenses decreased 32% to CHF 280 million as the Group continued to reduce its level of borrowings.

For the first quarter of 2009, the Group's effective tax rate was 38.4%, compared to 11.6% in the same period of the previous year, resulting in a total tax charge of CHF 98 million. This increase was primarily due to an increase in unrecognised tax benefits occurring in the first quarter of 2009, compared to non-recurring tax benefits occurring in the same period of the previous year. The Group's tax items as a percentage of income before taxes, while lower in amount compared to the prior period, also became proportionately more significant this period due to the lower pre-tax income amount.

Shareholders' equity increased 15% to CHF 23.6 billion, compared to year end 2008. This increase was largely due to the convertible perpetual capital instrument issued to National Indemnity Company, a subsidiary of Berkshire Hathaway, in March 2009, which contributed CHF 3.0 billion to the Group's equity. Net unrealised investment losses of CHF 2.1 billion, mainly due to interest rate movements, were partially offset by positive foreign exchange movements of CHF 1.4 billion.

Basic book value per share, which excludes the impact of the convertible capital instrument issued to Berkshire Hathaway, was CHF 61.39 at the end of March 2009, compared to CHF 60.96 at the end of 2008. Book value per share is based on total shareholders' equity, excluding the convertible perpetual capital instrument, divided by weighted average number of shares outstanding.

For the first quarter of 2009, annualised return on equity was 2.9%, compared to –3.4% for the full year of 2008.

Income reconciliation

The income reconciliation table below reconciles the income from the business segments and the operations of the Corporate Centre with the Group's consolidated net income before tax. Net realised gains or losses on certain financial instruments, certain currency exchange gains and losses, and other income and expenses – such as indirect taxes, capital taxes and interest charges – have been excluded from the assessment of each segment's performance.

Income reconciliation

CHF millions, for the three months ended 31 March	2008	**2009**	Change in %
Operating income			
Property & Casualty	757	**974**	29
Life & Health	17	**280**	–
Asset Management	2 789	**1 124**	–60
Legacy	–1 448	**12**	-
Allocation	–1 188	**–1 171**	–1
Total operating income	927	**1 219**	31
Corporate Centre expenses	–88	**–43**	–51
Items excluded from the segments:			
Net investment income	209	**101**	–52
Net realised investment gains/losses	–133	**–223**	68
Foreign exchange gains/losses	252	**–449**	–
Financing costs	–430	**–280**	–35
Other income/expenses	–31	**–70**	–
Income before tax	706	**255**	–64

Property & Casualty

Property & Casualty operating income increased 29% to CHF 1.0 billion in the first quarter of 2009, compared to CHF 0.8 billion in the prior year period. Excluding the effect of foreign exchange movements, Property & Casualty operating income rose 40%.

The improvement in the first quarter result of 2009 was largely driven by a strong underwriting result and net realised gains, compared to net realised losses in the first quarter of 2008. Net investment income remained stable at CHF 0.6 billion.

Gross premiums earned increased to CHF 4.8 billion in this quarter, compared to CHF 4.2 billion in the first quarter of 2008. After retrocession, premiums earned were CHF 3.9 billion in the first quarter of 2009, compared to CHF 3.7 billion in the same period of 2008. The increase of 5% was mainly due to the successful renewal. At constant foreign exchange rates, premiums increased 6% year-on-year in 2009.

The combined ratio decreased to 90.2% in the first quarter of 2009 from 96.4% in the same period of the previous year, mainly as a result of continued strict underwriting of profitable business and a lower net burden from natural catastrophe claims in property, partially offset by higher loss activity in specialty.

The combined ratio for the property business was 77.2% for the reporting period, compared to an exceptionally high 103.8% in the first quarter of 2008. The decrease was mainly due to a lower net impact from natural catastrophes and improved claims experience in the rest of the portfolio.

For the casualty line of business, the combined ratio improved to 100.7% in the first quarter of 2009 from 102.8% in the same period of 2008.

The specialty combined ratio increased to 94.8% in the reporting period, compared to 76.8% in the first quarter of 2008, mainly driven by higher claims activity in aviation and space.

The management expense ratio declined to 7.4% in the first quarter of 2009, compared to 8.5% in the prior year period, reflecting lower incurred expenses and the increase in net premiums earned.

Life & Health

Life & Health operating income grew strongly to CHF 280 million in the first quarter of 2009 from CHF 17 million in the prior year period. Excluding the effect of foreign exchange movements, operating income rose CHF 273 million.

The traditional life business reported a strong first quarter of 2009. Gains from the variable annuity and pre-2000 GMDB contracts were largely driven by changes in long-term interest rates and reduced market volatility during the reporting period. In addition, high lapse of pre-2000 GMDB contracts resulted in the release of GAAP reserves. Further, credit spreads on investment portfolios underlying certain funds-withheld life reinsurance treaties narrowed and long-term interest rates rose, resulting in unrealised gains associated with the fair value of embedded derivatives. Mortality experience, primarily in the US segment, was better than expected in the first quarter of 2009. Narrowing credit spreads also contributed to unrealised gains and a rise in operating income in the traditional health segment, partially offset by slightly unfavourable morbidity.

Admin Re® reported a lower operating loss in the first quarter of 2009. The modest improvement included a positive impact from the first-time inclusion of the Barclays Life transaction, higher investment income and lower expenses. However, declining equity markets resulted in lower fee income and accelerated the amortisation of the present value of future profits (PVFP), compared to the same period in 2008. In the first quarter of 2009, CHF 49 million of additional net PVFP amortisation was recorded, primarily on the UK business.

Premiums and fee income decreased 3% to CHF 2.8 billion in the first quarter of 2009. At constant foreign exchange rates, premiums and fee income increased 2%, mainly driven by premiums and fees from Admin Re® transactions closed in the fourth quarter of 2008 and new traditional life business, partially offset by changes in cedent reporting estimates.

The overall Life & Health benefit ratio decreased to 86.9% in the first quarter of 2009, compared to 91.3% in the same quarter of 2008. This decrease primarily reflects the favourable traditional life mortality experience. The benefit ratio includes approximately 2.8 percentage points of positive experience due to the change in benefit reserves underlying the GMDB products, driven by lapse of pre-2000 GMDB contracts with reserves held in excess of policyholder account values.

The management expense ratio declined to 5.7% in the first quarter of 2009, compared to 7.1% in the prior year period, reflecting lower incurred expenses.

Asset Management

Overall, the annualised return on investments was 1.9% in the first quarter of 2009, compared to 8.0% for the same quarter of the previous year.

Total invested assets were CHF 132.7 billion at the end of March 2009, compared to CHF 124.6 billion at the end of December 2008. During the quarter, there was an increase in cash and cash equivalents and short-term investments, as well as the impact of changes in foreign currency valuation, offset by continued de-risking of the credit portfolio.

Operating income for the first quarter of 2009 was CHF 1.1 billion, compared to CHF 2.8 billion in the first quarter of 2008.

Swiss Re's credit and rates portfolio increased to CHF 126.2 billion at the end of March 2009 from CHF 114.7 billion at the end of 2008 as a result of an increase in the rates portfolio, cash and cash equivalents, and the impact of foreign currency movements, partially offset by net sales and maturities in the credit portfolio.

Net investment income declined to CHF 1.1 billion, mainly as a result of reducing the risk profile through increased allocation from corporate bonds to cash equivalents and government securities.

Net realised losses on credit and rates investments were CHF 116 million in the first quarter of 2009, compared to net realised gains of CHF 593 million in the same period of the previous year. Net realised losses in the first quarter of 2009 mainly reflected impairments and realised losses in the credit portfolio offset by realised gains in the rates portfolio.

Net unrealised loss in shareholders' equity for credit and rates increased CHF 2.8 billion in the first quarter of 2009. Of this increase, CHF 2.2 billion was due to rising interest rates.

Net investment and net realised loss for equity and alternative investments was CHF 287 million in the first quarter of 2009, compared to net investment income and net realised gain of CHF 495 million in 2008, resulting from a decline in market values of the underlying assets in private equity portfolios.

Total asset management expenses decreased to CHF 118 million from CHF 138 million in the first quarter of 2008, mainly due to a decrease in investment expenses and variable expenses.

Legacy

Legacy generated net operating income of CHF 12 million in the first quarter of 2009. The net operating income is comprised of profits of CHF 104 million in former trading activities and CHF 39 million for Portfolio CDS, partially offset by losses of CHF 116 million on the Structured CDS, and CHF 15 million for Financial Guarantee Re (FG Re). Legacy reported losses of CHF 1.4 billion during the same period of 2008.

Net operating losses for the Structured CDS decreased to CHF 116 million in the first quarter of 2009, compared to a loss of CHF 799 million in the prior year period. This Structured CDS now mainly consists of Asset Backed Securities delivered in the form of Floating Rate Notes due to the unwind of a majority of the Structured CDS position. The loss was mainly driven by adverse movements in pricing factors and by impairments of structured positions brought onto the balance sheet during the reporting period.

Portfolio CDS reported a gain of CHF 39 million in the first quarter of 2009, compared to a loss of CHF 67 million in the prior year period. The profits on the Portfolio CDS relate to a decrease in the base correlation, which measures the likelihood of multiple and simultaneous defaults, and a reduction in the time to maturity.

FG Re reported an operating loss of CHF 15 million in the first quarter of 2009 due to an increase in reported and expected claims for the period.

Legacy trading activities generated operating profits of CHF 104 million in the reporting period versus operating losses of CHF 563 million in the first quarter of 2008. This was mainly driven by gains in the Total Return Swap (TRS) portfolio, partially offset by impairments and realised losses in other activities.

Expenses included in net investment income were CHF 11 million in the first quarter of 2009, compared to CHF 19 million in the prior year period. The decrease was mainly due to a reduction in variable compensation and investment related expenses.

Outlook

The Group expects to benefit from its leading position in the Property & Casualty and Life & Health reinsurance markets. Margin improvements should continue and volumes are expected to rise. The Group's capital position has been restored but it remains exposed to financial market volatility. Over time, potential volatility should reduce as the asset portfolio is de-risked and the Legacy portfolio is resolved. The de-risking programme and the work-out of Legacy may continue to adversely impact earnings.

Also refer to Note on risk factors on page 56 and Cautionary note on forward-looking statements on page 60.

Income statement (unaudited)

For the three months ended 31 March

CHF millions	Note	2008	2009
Revenues			
Premiums earned	7, 12	6457	**6528**
Fee income from policyholders	7, 12	183	**214**
Net investment income	2, 12	2379	**1502**
Net realised investment gains/losses (first quarter 2009 total impairments: 1432 of which 793 recognised in earnings)	2, 12	–2141	**–2326**
Other revenues	12	69	**43**
Total revenues		6947	**5961**
Expenses			
Claims and claim adjustment expenses	7, 12	–2558	**–2643**
Life and health benefits	7, 12	–2273	**–2114**
Return credited to policyholders	12	1131	**1357**
Acquisition costs	7, 12	–1329	**–1366**
Other expenses	12	–782	**–660**
Interest expenses	12	–430	**–280**
Total expenses		–6241	**–5706**
Income before income tax expense		706	**255**
Income tax expense		–82	**–98**
Net income		624	**157**
Interest on convertible perpetual capital instrument			**–7**
Net income attributable to common shareholders		624	**150**
Earnings per share in CHF			
Basic	9	1.84	**0.45**
Diluted	9	1.78	**0.45**

The accompanying notes are an integral part of the Group financial statements.

Balance sheet (unaudited)

Assets

CHF millions	Note	31.12.2008	31.03.2009
Investments	2, 3, 4		
Fixed income securities:			
Available-for-sale, at fair value (including 8 188 in 2008 and 10 760 in 2009 subject to securities lending and repurchase agreements) (amortised cost: 2008: 106 216; 2009: 107 730)		103 438	**101 512**
Trading (including 33 in 2008 and 182 in 2009 subject to securities lending and repurchase agreements)		13 961	**13 109**
Equity securities:			
Available-for-sale, at fair value (including 9 in 2008 and 1 in 2009 subject to securities lending and repurchase agreements) (cost: 2008: 675; 2009: 651)		833	**690**
Trading		15 355	**14 204**
Policy loans, mortgages and other loans		6 611	**6 481**
Investment real estate		2 143	**2 269**
Short-term investments, at amortised cost which approximates fair value		5 802	**5 524**
Other invested assets		15 822	**19 958**
Total investments		163 965	**163 747**
Cash and cash equivalents (including 2 477 in 2008 and 2 902 in 2009 subject to securities lending)		17 268	**26 403**
Accrued investment income		1 449	**1 459**
Premiums and other receivables		12 446	**16 910**
Reinsurance recoverable on unpaid claims and policy benefits	7	11 934	**14 483**
Funds held by ceding companies		11 230	**11 657**
Deferred acquisition costs	5, 7	4 311	**4 618**
Acquired present value of future profits	5	6 139	**6 485**
Goodwill		4 265	**4 498**
Income taxes recoverable		757	**739**
Other assets		6 113	**9 385**
Total assets		239 877	**260 384**

The accompanying notes are an integral part of the Group financial statements.

Liabilities and shareholders' equity

CHF millions	Note	31.12.2008	31.03.2009
Liabilities			
Unpaid claims and claim adjustment expenses		75 510	**79 654**
Liabilities for life and health policy benefits	7	39 911	**41 437**
Policyholder account balances	7	34 518	**34 477**
Unearned premiums		7 802	**10 191**
Funds held under reinsurance treaties		5 872	**6 350**
Reinsurance balances payable		5 493	**7 465**
Income taxes payable		769	**854**
Deferred and other non-current taxes		1 329	**–56**
Short-term debt	6	6 522	**6 772**
Accrued expenses and other liabilities		21 245	**28 304**
Long-term debt	6	20 453	**21 357**
Total liabilities		219 424	**236 805**
Shareholders' equity			
Convertible perpetual capital instrument			**3 000**
Common stock, CHF 0.10 par value			
2008: 363 516 036 ; 2009: 363 516 036 shares authorised and issued		36	**36**
Additional paid-in capital		10 776	**10 845**
Treasury shares, net of tax		–1 640	**–1 579**
Accumulated other comprehensive income:			
Net unrealised investment gains/losses, net of tax		–2 407	**–4 499**
Cumulative translation adjustments, net of tax		–4 854	**–3 417**
Accumulated adjustment for pension and post-retirement benefits, net of tax		–529	**–538**
Total accumulated other comprehensive income		–7 790	**–8 454**
Retained earnings		19 071	**19 731**
Total shareholders' equity		20 453	**23 579**
Total liabilities and shareholders' equity		239 877	**260 384**

The accompanying notes are an integral part of the Group financial statements.

Statement of shareholders' equity (unaudited)

For the twelve months of 2008 ended 31 December and the three months of 2009 ended 31 March

CHF millions	2008	2009
Convertible perpetual capital instrument		
Balance as of 1 January	0	**0**
Issued		**3000**
Balance as of period end	0	**3000**
Common shares		
Balance as of 1 January	37	**36**
Issue of common shares	1	
Cancellation of shares bought back	–2	
Balance as of period end	36	**36**
Additional paid-in capital		
Balance as of 1 January	11208	**10776**
Issue of common shares[1]	992	
Cancellation of shares bought back	–1453	
Convertible perpetual capital instrument issuance costs		**–13**
Share-based compensation	78	**–32**
Realised gains/losses on treasury shares	–49	**114**
Balance as of period end	10776	**10845**
Treasury shares, net of tax		
Balance as of 1 January	–1540	**–1640**
Cumulative effect of adoption of EITF 07-5[2]		**64**
Purchase of treasury shares	–2032	**–6**
Cancellation of shares bought back	1453	
Sales of treasury shares	479	**3**
Balance as of period end	–1640	**–1579**
Net unrealised gains/losses, net of tax		
Balance as of 1 January	3119	**–2407**
Cumulative effect of adoption of FSP SFAS 115-2[3]		**–280**
Other-than-temporary impairment, non credit related		**–448**
Cumulative effect of adoption of SFAS 159	–33	
Other changes during the period	–5493	**–1364**
Balance as of period end	–2407	**–4499**
Foreign currency translation, net of tax		
Balance as of 1 January	–2554	**–4854**
Other changes during the period	–2300	**1437**
Balance as of period end	–4854	**–3417**
Adjustment for pension and other post-retirement benefits, net of tax		
Balance as of 1 January	–115	**–529**
Change during the period	–414	**–9**
Balance as of period end	–529	**–538**
Retained earnings		
Balance as of 1 January	21712	**19071**
Net income/loss	–864	**157**
Interest on convertible perpetual capital instrument		**–7**
Dividends on common shares	–1331	**–34**
Cumulative effect of adoption of FSP SFAS 115-2[3]		**355**
Cumulative effect of adoption of EITF 07-5[2]		**189**
Cumulative effect of adoption of SFAS 158	–31	
Cumulative effect of adoption of SFAS 159	–7	
Deferred income tax on cross-border business transfer[4]	–408	
Balance as of period end	19071	**19731**
Total shareholders' equity	20453	**23579**

[1] This balance represents the premium from the conversion of a mandatory convertible bond that matured in December 2008.

[2] The Group adopted a new accounting pronouncement, EITF 07-5, as of 1 January 2009, which resulted in a change in accounting principle for some types of instruments and embedded features linked to Swiss Re's own shares. The cumulative impact upon adoption resulted in a net increase in retained earnings of CHF 189 million, a decrease in treasury shares of CHF 64 million, an increase in other invested assets of CHF 303 million and a tax income of CHF 50 million. For the three months ended 31 March 2009, there was an increase in net realised investment gains/losses of CHF 186 million and a corresponding increase in other invested assets.

[3] Retained earnings as of 31 December 2008 were increased by CHF 75 million to reflect the release of a valuation allowance against deferred tax assets associated with investment impairment losses.

[4] The novation of certain treaties from Swiss Re's Bermuda branches to Swiss Re Zurich resulted in a net deferred tax liability transfer to Swiss Re Zurich. The respective increase in deferred tax liability is due to different jurisdictional tax rates. The transfer of the net deferred tax liability does not impact the Group's net income or effective tax rate.

The accompanying notes are an integral part of the Group financial statements.

Statement of comprehensive income (unaudited)

For the three months ended 31 March

CHF millions	2008	**2009**
Net income attributable to common shareholders	624	**150**
Other comprehensive income, net of tax:		
Change in unrealised gains/losses	–1 577	**–2 092**
Change in foreign currency translation	–2 198	**1 437**
Change in adjustment for pension benefits	29	**–9**
Comprehensive income/loss	–3 122	**–514**

The accompanying notes are an integral part of the Group financial statements.

Statement of cash flow (unaudited)

For the three months ended 31 March

CHF millions	2008	2009
Cash flows from operating activities		
Net income	624	**150**
Adjustments to reconcile net income to net cash provided/used by operating activities:		
Depreciation, amortisation and other non-cash items	217	**242**
Net realised investment gains/losses	2 141	**2 326**
Change in:		
Technical provisions, net	–620	**–751**
Funds held by ceding companies and other reinsurance balances	–1 883	**–1 957**
Reinsurance recoverable on unpaid claims and policy benefits	197	**–2 097**
Other assets and liabilities, net	–2 709	**–1 051**
Income taxes payable/recoverable	43	**–235**
Income from equity-accounted investees, net of dividends received	–33	**283**
Trading positions, net	4 185	**–635**
Securities purchased/sold under agreement to resell/repurchase, net	–2 124	**2 764**
Net cash provided/used by operating activities	38	**–961**
Cash flows from investing activities		
Fixed income securities:		
Sales and maturities	9 214	**47 609**
Purchases	–9 769	**–42 463**
Net purchase/sale/maturities of short-term investments	1 538	**773**
Equity securities:		
Sales	5 078	**90**
Purchases	–637	**–19**
Net purchases/sales/maturities of other investments	–746	**554**
Net cash provided/used by investing activities	4 678	**6 544**
Cash flows from financing activities		
Issuance of long-term debt	187	
Issuance/repayment of short-term debt	–2 262	**–136**
Equity issued	1	
Proceeds from the issuance of convertible perpetual capital instrument, net of issuance cost		**2 987**
Purchase/sale of treasury shares	–896	**–3**
Interest on convertible perpetual capital instrument		**7**
Dividends paid to shareholders		**–34**
Net cash provided/used by financing activities	–2 970	**2 821**
Total net cash provided/used	1 746	**8 404**
Effect of foreign currency translation	–1 246	**731**
Change in cash and cash equivalents	500	**9 135**
Cash and cash equivalents as of 1 January	11 531	**17 268**
Cash and cash equivalents as of 31 March	12 031	**26 403**

The accompanying notes are an integral part of the Group financial statements.

Interest paid during 2009 was CHF 149 million. Income tax paid during 2009 was CHF 122 million.

Notes to the Group financial statements (unaudited)

1 Organisation and summary of significant accounting policies

Nature of operations

The Swiss Re Group, which is headquartered in Zurich, Switzerland, comprises Swiss Reinsurance Company Ltd (the parent company, referred to as "Swiss Re Zurich") and its subsidiaries (collectively, the "Swiss Re Group" or the "Group"). The Group provides reinsurance and other related products and services to insurance companies, direct clients and others worldwide through reinsurance brokers and a network of offices in over 25 countries.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law. The Group's financial statements are stated in Swiss francs (CHF), the currency of the country in which Swiss Re Zurich is incorporated. All significant inter-company transactions and balances have been eliminated on consolidation.

These interim financial statements should be read in conjunction with the Swiss Re Group's financial statements for the year ended 31 December 2008.

Use of estimates in the preparation of financial statements

The preparation of financial statements requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosure including contingent assets and liabilities. The Swiss Re Group's liabilities for unpaid claims and claim adjustment expenses and policy benefits for life and health include estimates for premium, claim and benefit data not received from ceding companies at the date of the financial statements. In addition, the Group uses certain financial instruments and invests in securities of certain entities for which exchange trading does not exist. The Group determines these estimates based on historical information, actuarial analyses, financial modelling, and other analytical techniques. Actual results could differ significantly from the estimates described above.

Valuation of financial assets

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, commercial paper, most investment-grade corporate debt, most high-yield debt securities, exchange traded derivative instruments, most mortgage-backed and asset-backed securities and listed equity securities. In markets with reduced or no liquidity, spreads between bid and offer prices are normally wider compared to spreads in highly liquid markets. Such market conditions affect the valuation of certain asset classes of the Group, such as some asset-backed securities as well as certain derivative structures referencing such asset classes.

The Group considers both the credit risk of its counterparties, and own risk of non-performance in the valuation of certain financial instruments. In determining the fair value of the financial instruments, the assessment of the Group's exposure to the credit risk of our counterparties incorporates consideration of existing collateral and netting arrangements entered into with each counterparty. The measure of the counterparty credit risk is estimated for derivative instruments and other over-the-counter financial assets with incorporation of the observable credit spreads, where available, or credit spread estimates derived based on the benchmarking techniques where market data is not available. The impact of the Group's own risk of non-performance is analysed in the manner consistent with the aforementioned approach; with consideration of the Group's observable credit spreads. The value representing such risk is incorporated into the fair value of the financial instruments (primarily derivatives), in a liability position as of the measurement date. The change in this adjustment from period to period is reflected in realised gains and losses in the income statement.

There can also be differences between the market values implied by collateral requested by counterparties and the prices observed in the markets. The Group has provided collateral on all financial instruments in excess of the market value estimate of CHF 19 million. For these assets or derivative structures, the Group uses market prices or inputs derived from market prices. A separate internal price verification process, independent of the trading function, provides an additional control over the market prices or market input used to determine the fair values of such assets. Whilst management considers that appropriate values have been ascribed to such assets, current market conditions increase the level of uncertainty and judgement over these valuations. Subsequent valuations could differ significantly from the results of the process described above. The Group may become aware of counterparty valuations, either directly through the exchange of information or indirectly, for example, through collateral demands. Any implied differences are considered in the independent price verification process and may result in adjustments to initially indicated valuations.

Recent accounting guidance

In February 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) No. FAS 140-3 "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions" (FSP FAS 140-3). The FSP provides guidance on accounting for a transfer of a financial asset and a repurchase financing. The Group adopted FSP FAS 140-3 as of 1 January 2009.

In March 2008, the Financial Accounting Standards Board issued SFAS No. 161 "Disclosures about Derivative Instruments and Hedging Activities"(SFAS 161). This standard requires enhanced disclosures about an entity's derivative and hedging activities. The Group adopted SFAS 161 as of 1 January 2009. The new disclosure requirements are reflected in Note 4.

In May 2008, the Financial Accounting Standards Board issued SFAS No. 163 "Accounting for Financial Guarantee Insurance Contracts". As required by the standard, the Group adopted as of 30 September 2008 disclosure requirements about risk management practices and exposures that have experienced credit deterioration. The remaining requirements regarding measurement and disclosures for financial guarantee insurance contracts became effective for the Group on 1 January 2009. Refer to Note 8 for further information.

In June 2008, EITF Issue No. 07-5 "Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock" (EITF 07-5) was issued. EITF 07-5 gives guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock. The Group adopted EITF 07-5 as of 1 January 2009. The cumulative effect upon adoption is recorded in opening retained earnings and is presented in the statement of shareholders' equity.

On 9 April 2009, the Financial Accounting Standards Board issued FSP FAS 115-2 and FAS 124-2 "Recognition and Presentation of Other-Than-Temporary Impairments" (FSP FAS 115-2 and FAS 124-2). This FSP establishes a new method of recognising and reporting other-than-temporary impairments of debt securities and requires additional disclosures related to debt and equity securities. The Group chose to adopt FSP FAS 115-2 and FAS 124-2 early with effect as of 1 January 2009. Total impairments for the three months ended 31 March 2009, gross of tax, were CHF 1 432 million of which CHF 793 million was recognised in earnings and CHF 639 million was recognised directly in shareholders' equity. The cumulative effects upon adoption are recorded in opening net unrealised gains/losses and retained earnings and are presented in the statement of shareholders' equity. The requirements of FSP FAS 115-2 and FAS 124-2 are reflected in the income statement and Note 2.

On 9 April 2009, the Financial Accounting Standards Board issued FSP FAS 157-4 "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (FSP FAS 157-4). This FSP provides additional guidance for estimating fair value in accordance with SFAS No. 157 "Fair Value Measurements" when the volume and level of activity for the asset or liability have significantly decreased. The early adoption of FSP FAS 157-4 as of 1 January 2009 did not have a material impact on the Group's financial statements. The new disclosure requirements are reflected in Note 3.

2 Investments

Investment income

Net investment income by source (including unit-linked and with-profit business) for the three months ended 31 March was as follows:

CHF millions	2008	2009
Fixed income securities	1 874	1 491
Equity securities	186	125
Policy loans, mortgages and other loans	106	119
Investment real estate	57	52
Short-term investments	77	7
Other current investments	47	16
Share in earnings of equity-accounted investees	33	–261
Cash and cash equivalents	100	35
Deposits with ceding companies	117	136
Gross investment income	2 597	**1 720**
Investment expenses	–149	–141
Interest charged for funds held	–69	–77
Net investment income	2 379	**1 502**

Dividends received from investments accounted for using the equity method were nil and CHF 22 million for the three months ended 31 March 2008 and 2009, respectively.

Net investment income for the three months ended 31 March includes income on unit-linked and with-profit business, which are credited to policyholders.

CHF millions	2008	2009
Unit-linked investment income	193	150
With-profit investment income	78	39

Realised gains and losses

Realised gains and losses for fixed income, equity securities and other investments (including unit-linked and with-profit business) for the three months ended 31 March were as follows:

CHF millions	2008	2009
Fixed income securities available-for-sale:		
Gross realised gains	188	1 331
Gross realised losses	–83	–765
Equity securities available-for-sale:		
Gross realised gains	503	24
Gross realised losses	–710	–18
Other-than-temporary impairments	–186	–793
Net realised investment gains/losses on trading securities	–418	–267
Change in net unrealised investment gains/losses on trading securities	–2 089	–2 040
Other investments:		
Gross realised/unrealised gains/losses	402	408
Foreign exchange gains/losses	252	–206
Net realised investment gains/losses	–2 141	**–2 326**

Proceeds from the sales of fixed income securities available-for-sale amounted to CHF 9 279 million and CHF 47 949 million for the three months ended 31 March 2008 and 2009, respectively. Sales of equity securities available-for-sale were CHF 4 905 million and CHF 90 million for the three months ended 31 March 2008 and 2009, respectively.

Net realised investment gains/losses for the three months ended 31 March include income on unit-linked and with-profit business, which are credited to policyholders.

CHF millions	2008	2009
Unit-linked realised gains/losses	–1 428	–1 640
With-profit realised gains/losses	–328	–219

Impairment on fixed income securities relating to credit losses

The approach for measurement and recognition of other-than-temporary impairments changed in the first quarter as a result of the Group's election to early adopt FSP FAS 115-2. Under the new accounting guidance, other-than-temporary impairments for debt securities are bifurcated between credit and non-credit components, with the credit component recognised through earnings and the non-credit component recognised in other comprehensive income. The Group has implemented new methodologies to measure the credit component of other-than-temporary impairments, defined as the difference between a security's amortised cost basis and expected cash flows. Methodologies for measuring the credit component of impairment are aligned to market observer forecasts of credit performance drivers which management believes are representative of median market expectations.

For securitised products, cash flow projection analysis is conducted integrating forward-looking evaluation of collateral performance drivers including default rates, prepayment rates and loss severities, and deal-level features such as credit enhancement and prioritisation among tranches for payments of principal and interest. Analytics are differentiated by asset class and product type and security-level differences in historical and expected performance. For corporate bonds and similar hybrid debt instruments, an expected loss approach based on default probabilities and loss severities expected in the current and forecast economic environment is used for securities identified as credit-impaired to project probability-weighted cash flows. Expected cash flows resulting from these analyses are discounted, and net present value compared to amortised cost basis to determine the credit component of other-than-temporary impairments.

A reconciliation of the other-than-temporary impairment related to credit losses recognised in earnings during the period was as follows:

CHF millions	2009
Balance as of 1 January 2009	586
Credit losses for which an other-than-temporary impairment was not previously recognised	412
Reductions for securities sold during the period	0
Credit losses previously recognised in OCI, now recognised in earnings because the Group intends to sell, or more likely than not will be required to sell before recovery of amortised cost basis	0
Increase of credit losses for which an other-than-temporary impairment has been recognised previously, when the Group does not intend to sell, or more likely than not will not be required to sell before recovery	81
Impact of increase in cash flows expected to be collected	–19
Balance as of 31 March 2009	**1060**

Investments available-for-sale

Amortised cost or cost, estimated fair values and other-than-temporary impairments of fixed income securities classified as available-for-sale as of 31 December 2008 and 31 March 2009 were as follows:

2008 CHF millions	Amortised cost or cost	Gross unrealised gains	Gross unrealised losses	Estimated fair value
Debt securities issued by governments and government agencies:				
US Treasury and other US government corporations and agencies	22 545	2 962	–339	25 168
States of the United States and political subdivisions of the states	45		–4	41
United Kingdom	10 302	488	–278	10 512
Canada	3 620	478	–180	3 918
Germany	1 193	92	–16	1 269
France	1 302	93	–14	1 381
Other	8 060	391	–269	8 182
Total	47 067	4 504	–1 100	50 471
Corporate debt securities	24 781	411	–2 535	22 657
Mortgage-backed and asset-backed securities	34 368	319	–4 377	30 310
Fixed income securities available-for-sale	106 216	5 234	–8 012	103 438
Equity securities available-for-sale	675	184	–26	833

2009 CHF millions	Amortised cost or cost	Gross unrealised gains	Gross unrealised losses	Other-than-temporary impairment recognised in other comprehensive income	Estimated fair value
Debt securities issued by governments and government agencies:					
US Treasury and other US government corporations and agencies	24 517	1 170	–293		25 394
States of the United States and political subdivisions of the states	45		–4		41
United Kingdom	11 414	474	–662		11 226
Canada	2 674	391	–27		3 038
Germany	1 761	58	–24		1 795
France	1 819	49	–8		1 860
Other	7 812	275	–206		7 881
Total	50 042	2 417	–1 224		51 235
Corporate debt securities	23 671	469	–2 610	–229	21 301
Residential mortgage-backed securities	7 158	52	–1 637	–356	5 217
Commercial mortgage-backed securities	7 622	14	–2 020	–31	5 585
Agency securitised products	9 827	387	–36		10 178
Other asset-backed securities	9 410	158	–1 158	–414	7 996
Fixed income securities available-for-sale	**107 730**	**3 497**	**–8 685**	**–1 030**	**101 512**
Equity securities available-for-sale	**651**	**117**	**–78**		**690**

Investments trading

Fixed income securities and equity securities classified as trading as of 31 December 2008 and 31 March 2009 were as follows:

CHF millions	2008	**2009**
Debt securities issued by governments and government agencies	9 026	8 499
Corporate debt securities	3 429	2 644
Mortgage-backed and asset-backed securities	1 506	1 966
Fixed income securities trading	13 961	**13 109**
Equity securities trading	15 355	**14 204**

Maturity of fixed income securities available-for-sale

The amortised cost or cost and estimated fair values of investments in fixed income securities available-for-sale by remaining maturity as of 31 December 2008 and 31 March 2009 are shown below. Fixed maturity investments are assumed not to be called for redemption prior to the stated maturity date. As of 31 December 2008 and 31 March 2009, CHF 8 648 million and CHF 8 814 million, respectively, of fixed income securities available-for-sale were callable.

	Less than 12 months		12 months or more	
		2008		**2009**
CHF millions	Amortised cost or cost	Estimated fair value	Amortised cost or cost	Estimated fair value
Due in one year or less	6 369	6 384	7 037	6 961
Due after one year through five years	15 468	15 095	17 607	17 266
Due after five years through ten years	17 931	17 506	16 452	16 139
Due after ten years	36 291	37 510	38 321	36 515
Mortgage and asset-backed securities with no fixed maturity	30 157	26 943	28 313	24 631
Total fixed income securities available-for-sale	106 216	103 438	**107 730**	**101 512**

Assets pledged

As of 31 December 2008 and 31 March 2009, securities of CHF 10 707 million and CHF 13 845 million, respectively, were pledged as collateral in securities lending transactions and repurchase agreements. The associated liabilities of CHF 4 465 million and CHF 9 670 million were recognised in accrued expenses and other liabilities.

A real estate portfolio serves as collateral for short-term senior operational debt of CHF 650 million.

Unrealised losses on securities available-for-sale

The following table shows the fair value and unrealised losses of the Group's fixed income securities, aggregated by investment category and length of time that individual securities were in a continuous unrealised loss position, as of 31 December 2008 and 31 March 2009. A continuous decline in the value of equity securities available-for-sale for longer than twelve months is considered other-than-temporary and recognised as net realised investment gains/losses in the income statement. Therefore, as of 31 December 2008 and 31 March 2009, the gross unrealised loss on equity securities available-for-sale of CHF 26 million and CHF 78 million, respectively, relates to declines in value for less than 12 months.

2008	Less than 12 months		12 months or more		Total	
CHF millions	Fair value	Unrealised losses	Fair value	Unrealised losses	Fair value	Unrealised losses
Debt securities issued by governments and government agencies	11 266	864	867	236	12 133	1 100
Corporate debt securities	11 511	1 605	3 080	930	14 591	2 535
Mortgage and asset-backed securities	13 033	3 240	5 061	1 137	18 094	4 377
Total	35 810	5 709	9 008	2 303	44 818	8 012

2009	**Less than 12 months**		**12 months or more**		**Total**	
CHF millions	Fair value	Unrealised losses	Fair value	Unrealised losses	Fair value	Unrealised losses
Debt securities issued by governments and government agencies	15 554	1 173	209	57	15 763	1 230
Corporate debt securities	9 496	1 684	3 280	1 165	12 776	2 849
Mortgage and asset-backed securities	9 473	3 448	7 387	2 188	16 860	5 636
Total	**34 523**	**6 305**	**10 876**	**3 410**	**45 399**	**9 715**

Mortgages, loans and real estate

As of 31 December 2008 and 31 March 2009, investments in mortgages and other loans and real estate comprised the following:

		2008		2009
CHF millions	Carrying value	Fair value	Carrying value	Fair value
Policy loans, mortgages and other loans	6611	6611	6481	6481
Investment real estate	2143	3093	2269	3066

As of 31 December 2008 and 31 March 2009, the Group's investment in mortgages and other loans included CHF 200 million and CHF 193 million, respectively, of loans due from employees and CHF 444 million and CHF 430 million, respectively, due from officers. These loans generally consist of mortgages offered at variable and fixed interest rates.

As of 31 December 2008 and 31 March 2009, investments in real estate included CHF 9 million and CHF 9 million, respectively, of real estate held for sale.

Depreciation expense related to income-producing properties was CHF 2 million and CHF 11 million for the three months ended 31 March 2008 and 2009, respectively. Accumulated depreciation on investment real estate totalled CHF 493 million and CHF 532 million as of 31 December 2008 and 31 March 2009, respectively.

Substantially all mortgages and other loans receivable are secured by buildings, land or the underlying policies. The ultimate collectibility of the receivables is evaluated regularly and an appropriate allowance for uncollectible amounts is established.

3 Fair value disclosures

As of 1 January 2008, the Swiss Re Group adopted SFAS No.157 "Fair Value Measurements" (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It requires disclosures of the Group's assets and liabilities that are measured at fair value.

Fair value, as defined by SFAS 157, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS 157 requires all assets and liabilities that are measured at fair value to be categorised within the fair value hierarchy. This three-level hierarchy is based on the observability of the inputs used in the fair value measurement. The levels of the fair value hierarchy are defined as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Group has the ability to access. Level 1 inputs are the most persuasive evidence of fair value and are to be used whenever possible.

Level 2 inputs are market based inputs that are directly or indirectly observable but not considered level 1 quoted prices. Level 2 inputs consist of (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities in non-active markets (e.g. markets which have few transactions and prices are not current or price quotations vary substantially); (iii) inputs other than quoted prices that are observable (e.g. interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates); and (iv) inputs derived from, or corroborated by, observable market data.

Level 3 inputs are unobservable inputs. These inputs reflect the Group's own assumptions about market pricing using the best internal and external information available.

The types of instruments valued, based on quoted market prices in active markets, include most US government and sovereign obligations, active listed equities and most money market securities. Such instruments are generally classified within level 1 of the fair value hierarchy. The Group does not adjust the quoted price for such instruments, even in situations where it holds a large position and a sale could reasonably impact the quoted price.

The types of instruments that trade in markets that are not considered to be active, but are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency include most government agency securities, investment-grade corporate bonds, certain mortgage and asset-backed products, less liquid listed equities, state and municipal and provincial obligations. Such instruments are generally classified within level 2 of the fair value hierarchy.

Exchange-traded derivative instruments typically fall within level 1 or level 2 of the fair value hierarchy depending on whether they are considered to be actively traded or not.

Certain financial instruments are classified within level 3 of the fair value hierarchy because they trade infrequently and therefore have little or no price transparency. Such instruments include private equity, less liquid corporate debt securities and certain asset-backed securities. Certain over-the-counter derivatives trade in less liquid markets with limited pricing information, and the determination of fair value for these derivatives is inherently more difficult. Such instruments are classified within level 3 of the fair value hierarchy. Pursuant to the election of the fair value option, the Group classifies certain Life & Health policy reserves to level 3 of the fair value hierarchy. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

The fair values of assets are adjusted to incorporate the counterparty risk of non-performance. Similarly, the fair values of liabilities reflect the risk of non-performance of the Group, captured by the Group's credit spread. These valuation adjustments have resulted in a net realised gain from assets and liabilities measured at fair value using significant unobservable inputs. Whenever the underlying assets or liabilities are reported in a specific business segment, the valuation adjustment is allocated accordingly. Valuation adjustments not attributable to any business segment are reported in Group Items.

In certain situations, the Group uses inputs to measure the fair value of asset or liability positions that fall into different levels of the fair value hierarchy. In these situations, the Group will determine the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value.

Assets and liabilities measured at fair value on a recurring basis

As of 31 December 2008 and 31 March 2009 respectively, the fair values of assets and liabilities measured on a recurring basis by level of input were as follows:

2008 CHF millions	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Impact of netting[1]	Total
Assets					
Fixed income securities	11 646	94 232	11 521		117 399
Equity securities	15 185	783	220		16 188
Derivative financial instruments	382	73 118	14 286	–79 764	8 022
Other assets	36		1 580		1 616
Total assets at fair value	**27 249**	**168 133**	**27 607**	**–79 764**	**143 225**
Liabilities					
Derivative financial instruments	–416	–68 579	–17 916	77 340	–9 571
Liabilities for life and health policy benefits			–494		–494
Accrued expenses and other liabilities	–607	–58			–665
Total liabilities at fair value	**–1 023**	**–68 637**	**–18 410**	**77 340**	**–10 730**

[1] FIN 39 permits the netting of derivative receivables and derivative payables when a legally enforceable master netting agreement exists between two counterparties. A master netting agreement provides for the net settlement of all contracts, as well as cash collateral, through a single payment, in a single currency, in the event of default or on the termination of any one contract.

The Group revised the 2008 presentation of netting of derivative financial instruments assets and liabilities in the current period to conform with the 2009 presentation.

2009 CHF millions	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Impact of netting[1]	Total
Assets					
Fixed income securities	15971	85316	13334		114621
Debt securities issued by US government and government agencies	15958	9683			25641
Debt securities issued by non-US governments and government agencies		33814	278		34092
Corporate debt securities	13	18332	5600		23945
Residential mortgage-backed securities		3439	2371		5810
Commercial mortgage-backed securities		4805	997		5802
Agency securitised products		10210			10210
Other asset-backed securities		5033	4088		9121
Equity securities	14019	597	278		14894
Equity securities backing unit-linked and with-profit life and health policies	13376	127			13503
Equity securities held for proprietary investment purposes	643	470	278		1391
Derivative financial instruments	1184	73739	14313	–79652	9584
Other assets	69		1406		1475
Total assets at fair value	**31243**	**159652**	**29331**	**–79652**	**140574**
Liabilities					
Derivative financial instruments	–1356	–70215	–15796	77782	–9585
Liabilities for life and health policy benefits			–478		–478
Accrued expenses and other liabilities	–339	–358	–92		–789
Total liabilities at fair value	**–1695**	**–70573**	**–16366**	**77782**	**–10852**

[1] FIN 39 permits the netting of derivative receivables and derivative payables when a legally enforceable master netting agreement exists between two counterparties. A master netting agreement provides for the net settlement of all contracts, as well as cash collateral, through a single payment, in a single currency, in the event of default or on the termination of any one contract.

Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

As of 31 December 2008 and 31 March 2009 respectively, the reconciliation of the fair values of assets and liabilities measured on a recurring basis by level of input were as follows:

2008 CHF millions	Fixed income securities	Equity securities	Derivative financial instruments	Other assets	Total
Assets					
Opening balance as of 1 January 2008	8 887	140	9 389	1 498	19 914
Realised/unrealised gains/losses:					
Included in net income	–1 554	116	3 878	–324	2 116
Included in other comprehensive income	–2 689	19		–248	–2 918
Purchases, issuances, and settlements	1 733	–236	1 092	187	2 776
Transfers in and/or out of Level 3	5 877	273	106	493	6 749
Impact of foreign exchange movements	–733	–92	–179	–26	–1 030
Closing balance as of 31 December 2008	11 521	220	14 286	1 580	27 607

	Liabilities for life and health policy benefits	Derivative financial instruments	Accrued expenses and other liabilities	Total
Liabilities				
Opening balance as of 1 January 2008	–102	–10 200	–170	–10 472
Realised/unrealised gains/losses:				
Included in net income	–376	–7 074		–7 450
Included in other comprehensive income		10		10
Purchases, issuances, and settlements		–760	145	–615
Transfers in and/or out of Level 3		14	34	48
Impact of foreign exchange movements	–16	94	–9	69
Closing balance as of 31 December 2008	–494	–17 916		–18 410

2009 CHF millions	Debt securities issued by non-US governments and government agencies	Corporate debt securities	Residential mortgage-backed securities	Commercial mortgage-backed securities	Other asset-backed securities	Equity securities held for proprietary investment purposes	Derivative financial instruments	Other assets	Total
Assets									
Balance as of 1 January 2009	153	6 475	1 796	488	2 609	220	14 286	1 580	27 607
Realised/unrealised gains/losses:									
Included in net income	–1	–4	–365	–18	–148	31	–3 552	–133	–4 190
Included in other comprehensive income	–7	–32	4	–173	–237	–1		–95	–541
Purchases, issuances, and settlements	48	–621	344	–13	821	–10	2 097	53	2 719
Transfers in and/or out of Level 3	72	165	199	603	483	24	472	–101	1 917
Impact of foreign exchange movements	13	–383	393	110	560	14	1 010	102	1 819
Closing balance as of 31 March 2009	**278**	**5 600**	**2 371**	**997**	**4 088**	**278**	**14 313**	**1 406**	**29 331**

	Liabilities for life and health policy benefits	Derivative financial instruments	Accrued expenses and other liabilities	Total
Liabilities				
Balance as of 1 January 2009	–494	–17 916		–18 410
Realised/unrealised gains/losses:				
Included in net income	50	3 416	7	3 473
Included in other comprehensive income				
Purchases, issuances, and settlements		443	–99	344
Transfers in and/or out of Level 3		–474		–474
Impact of foreign exchange movements	–34	–1 265		–1 299
Closing balance as of 31 March 2009	**–478**	**–15 796**	**–92**	**–16 366**

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

The gains and losses relating to the assets and liabilities measured at fair value using significant unobservable inputs (Level 3) for the three months ended 31 March 2008 and 2009 were as follows:

CHF millions	2008	**2009**
Gains/losses included in net income for the period	–1 031	–693
Whereof change in unrealised gains/losses relating to assets and liabilities still held at the reporting date	–1 259	1 623

Fair value option

SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities", permits the choice to measure specified financial assets and liabilities at fair value on an instrument-by-instrument basis.

The Group elected the fair value option for positions in the following line items in the balance sheet:

Fixed income securities trading
In the second quarter of 2008, the Group elected the fair value option for specific investments acquired within a transaction. These securities are classified as debt securities under the Group's accounting policies. Upon election of the fair value option the securities are classified as trading, with changes in fair value recorded in earnings. The primary reason for electing the fair value option is to mitigate volatility in earnings as a result of using different measurement attributes.

Equity securities trading
As of 1 January 2008, the Group elected the fair value option for an investment previously classified as available-for-sale within other invested assets in the balance sheet. The Group economically hedges the investment with derivative instruments that offset this exposure. The changes in fair value of the derivatives are recorded in earnings. Electing the fair value option eliminates the mismatch previously caused by the economic hedging of the investment and reduces the volatility in the income statement.

Liabilities for life and health policy benefits
As of 1 January 2008, the Group elected the fair value option for existing SOP 03-01 guaranteed minimum death benefit (GMDB) reserves related to certain variable annuity contracts which are classified as universal life-type contracts. The Group has applied the fair value option as the equity risk associated with those contracts is managed on a fair value basis, and it is economically hedged with derivative options in the market.

Assets and liabilities measured at fair value pursuant to election of the fair value option

Pursuant to the election of the fair value option for the items described, the balances as of 31 December 2008 and 31 March 2009 were as follows:

CHF millions	2008	2009
Assets		
Fixed income securities trading	13 961	13 109
of which at fair value pursuant to the fair value option	681	618
Equity securities trading	15 355	14 204
of which at fair value pursuant to the fair value option	121	48
Liabilities		
Liabilities for life and health policy benefits	–39 911	–41 437
of which at fair value pursuant to the fair value option	–494	–478

Changes in fair values for items measured at fair value pursuant to election of the fair value option

Total losses included in earnings for the quarter ended 31 March 2008 and 2009, including foreign exchange impact, were CHF 156 million and CHF 120 million respectively.

Fair value changes from fixed income securities trading (CHF –63 million) and equity securities trading (CHF –73 million) are reported in net realised investment gains/losses. Fair value changes from the GMDB reserves (CHF 16 million) are shown in life and health benefits.

4 Derivative financial instruments

The Group uses a variety of derivative financial instruments including swaps, options, forwards, credit derivatives and exchange-traded financial futures in its trading and hedging strategies, in line with the Group's overall risk management strategy. The objectives include managing exposure to price, foreign currency and/or interest rate risk on planned or anticipated investment purchases, existing assets or liabilities, as well as locking in attractive investment conditions for future available funds.

The fair values represent the gross carrying value amounts at the reporting date for each class of derivative contract held or issued by the Group. The gross fair values are not an indication of credit risk, as many over-the-counter transactions are contracted and documented under ISDA master agreements or their equivalent. Management believes that such agreements provide for legally enforceable setoff in the event of default, which substantially reduces credit exposure.

Fair values of derivative financial instruments

As of 31 March 2009, the fair values and notional amounts of the derivatives outstanding were as follows:

CHF millions	Notional amount assets/liabilities[1]	Fair value assets	Fair value liabilities	Carrying value assets/ liabilities
Derivatives not designated as hedging instruments				
Interest rate contracts	738 258	14 456	–14 506	–50
Foreign exchange contracts	62 642	47 516	–49 058	–1 542
Equity contracts	24 553	5 190	–1 936	3 254
Credit contracts	293 839	18 034	–15 700	2 334
Other contracts	44 308	3 051	–6 167	–3 116
Total	**1 163 600**	**88 247**	**–87 367**	**880**
Derivatives designated as hedging instruments				
Interest rate contracts	1 422	989		989
Total	**1 422**	**989**	**0**	**989**
Total derivative financial instruments	**1 165 022**	**89 236**	**–87 367**	**1 869**
Amount offset				
Where a right of setoff exists according to FIN 39		–75 609	75 609	
Due to cash collateral according to FIN 39-1[2]		–4 043	2 173	
Total net amount of derivative financial instruments[3]		**9 584**	**–9 585**	**–1**

[1] The notional amounts of derivative financial instruments give an indication of the Group's volume of derivative activity.
[2] The fair value amounts that have been offset are CHF 6 189 million for assets and CHF 3 765 million for liabilities as of 31 December 2008. The fair value amounts that have not been offset are nil as of 31 December 2008 and 31 March 2009, respectively.
[3] The fair value assets are included in other invested assets and the fair value liabilities are included in accrued expenses and other liabilities.

Non-hedging activities

The Group primarily uses derivative financial instruments for risk management and trading strategies. For the three months ended 31 March 2009, gains and losses of derivative financial instruments not designated as hedging instruments were as follows:

CHF millions	Gain/loss recognised in income
Derivatives not designated as hedging instruments[1]	
Interest rate contracts	–106
Foreign exchange contracts	–281
Equity contracts	208
Credit contracts	–5
Other contracts	184
Total	**0**

[1] Gains and losses of derivative financial instruments not designated as hedging instruments are recorded in net realised investment gains/losses.

Hedging activities

The Group designates derivative financial instruments as hedging instruments in accordance with SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". The designation of derivative financial instruments is primarily used for overall portfolio and risk management strategies. As of 31 March 2009, the following hedging relationships were outstanding:

Fair Value Hedges

The Group entered into interest rate swaps to reduce the exposure to interest rate volatility for certain of its issued debt positions. These derivative instruments were designated as hedging instruments in qualifying fair value hedges.

For the three months ended 31 March 2009, the Group recorded a loss of CHF 141 million for the hedging instruments whereas a gain of CHF 188 million for the hedged items. The net ineffective portion was a gain of CHF 45 million and the net portion excluded from the assessment of hedge effectiveness was a gain of CHF 2 million. The hedged item is located in long-term debt.

For the three months ended 31 March 2009, the gains and losses for the fair value hedges were as follows:

CHF millions	Gain/loss recognised in income
Fair value hedging relationships[1]	
Interest rate contracts	–141[2]
Total	**–141**

[1] Gains and losses of derivative financial instruments designated as fair value hedging instruments are recorded in net realised investment gains/losses.
[2] Net interest income of designated fair value hedging instruments amounted to CHF 7 million for the three months ended 31 March 2009 and is recorded in other interest expenses.

Hedges of the net investment in foreign operations

The Group designates non-derivative monetary financial instruments as hedging the foreign currency exposure of its net investment in certain foreign operations.

For the year ended 31 December 2008 and the three months ended 31 March 2009, the Group recorded net unrealised foreign currency remeasurement losses in shareholders' equity of CHF 210 million and gains of CHF 22 million, respectively. These offset translation gains and losses on the hedged net investment.

Maximum potential loss

In consideration of the rights of setoff and the qualifying master netting arrangements with various counterparties, the maximum potential loss as of 31 March 2009 was approximately CHF 13 627 million. The maximum potential loss is based on the positive market replacement cost assuming non-performance of all counterparties, excluding the cash collateral netting according to FIN 39-1.

Credit-risk-related contingent features

Certain derivative instruments held by the Group contain provisions that require its debt to maintain an investment grade credit rating. If the Group's credit rating were downgraded or no longer rated, the counterparties could request immediate payment, guarantee or an ongoing full overnight collateralisation on derivative instruments in net liability positions.

The total fair value of derivative financial instruments containing credit-risk-related contingent features amounted to CHF 7 425 million as of 31 March 2009, for which the Group posted collateral of CHF 1 906 million. In the event of a reduction of the Group's credit rating to below investment grade, it would be required to post additional collateral with a fair value of CHF 5 519 million. This equals the amount needed to settle the instruments immediately as of 31 March 2009.

Credit derivatives written/sold

The Group writes/sells credit derivatives, including credit default swaps, credit spread options and credit index products, and total return swaps. The credit derivatives, which protect the counterparty against credit risk, are classified as credit derivatives under FSP FAS 133-1. The total return swaps, for which the Group assumes asset risk mainly of variable interest entities, qualify as guarantees under FIN 45-4. These activities are part of the Group's overall portfolio and risk management strategies. The events that could require the Group to perform include bankruptcy, default, obligation acceleration or moratorium of the credit derivative's underlying.

The following tables show the fair values and the maximum potential payout of the written/sold credit derivatives as of 31 December 2008 and 31 March 2009, categorised by the type of credit derivative and credit spreads, which were based on external market data. The fair values represent the gross carrying values, excluding the effects of netting under ISDA master agreements and cash collateral netting. The maximum potential payout is based on the notional values of the derivatives and represents the gross undiscounted future payments the Group would be required to make, assuming the default of all credit derivatives' underlyings.

The fair values of the credit derivatives written/sold do not represent the Group's effective net exposure as the ISDA master agreement and the cash collateral netting are excluded.

The Group has purchased protection to manage the performance/payment risks related to credit derivatives. As of 31 December 2008 and 31 March 2009, the total purchased credit protection based on notional values was CHF 169 682 million and CHF 154 816 million, respectively. Thereof CHF 90 491 million and CHF 73 967 million, respectively, was related to identical underlyings for which the Group sold credit protection. For tranched indexes and baskets, only matching tranches of the respective index were determined as identical. In addition to the purchased credit protection, the Group manages the performance/payment risks through a correlation hedge, which is established with non-identical offsetting positions.

As of 31 December 2008 CHF millions	Total fair values of written/sold credit derivatives	Maximum potential payout (time to maturity)[1] 0 – 5 years	5 – 10 years	Over 10 years	Total maximum potential payout
Credit Default Swaps					
Credit spread in basis points					
0 – 250	–2 310	38 109	20784[2]	1 180	60 073
251 – 500	–1 233	19 464	1 943	115	21 522
501 – 1000	–1 795	12 965	1 448	85	14 498
Greater than 1000	–6 373	13 029	587	3392[3]	17 008
No credit spread available	–149	2 685	330	173	3 188
Total	–11 860	86 252	25 092	4 945	116 289
Credit Spread Options					
Credit spread in basis points					
0 – 250	–35	2 372			2 372
Total	–35	2 372	0	0	2 372
Credit Index Products[4]					
Credit spread in basis points					
0 – 250	–1 137	4 044	21301		25 345
251 – 500	–695	7 494	696		8 190
501 – 1000	–971	2 958	772		3 730
Greater than 1000	–1 371	2 397	1 242	493	4 132
No credit spread available				134	134
Total	–4 174	16 893	24 011	627	41 531
Total Return Swaps[5]					
Credit spread in basis points					
No credit spread available	–534	7 227	716		7 943
Total	–534	7 227	716	0	7 943
Total credit derivatives written/sold	–16 603	112 744	49 819	5 572	168 135

[1] The maximum potential payout is based on notional values of the credit derivatives.
[2] Including Portfolio CDS which consists predominantly of large investment grade and SME corporate loans.
[3] Including Structured CDS.
[4] The Group has revised the credit spreads for credit index products.
[5] The Group enters into total return swaps mainly with variable interest entities which issue insurance-linked and credit-linked securities.

As of 31 March 2009 CHF millions	Total fair values of written/sold credit derivatives	Maximum potential payout (time to maturity)[1] 0 – 5 years	5 – 10 years	Over 10 years	Total maximum potential payout
Credit Default Swaps					
Credit spread in basis points					
0 – 250	–1 747	25 884	24 669[2]	185	50 738
251 – 500	–1 367	20 445	2 213	245	22 903
501 – 1000	–1 288	9 818	1 323	511	11 652
Greater than 1000	–4 490	11 116	948	214[3]	12 278
No credit spread available	–850	1 945	542	1 086	3 573
Total	**–9 742**	**69 208**	**29 695**	**2 241**	**101 144**
Credit Spread Options					
Credit spread in basis points					
0 – 250	1	1 511			1 511
251 – 500	2	68			68
Total	**3**	**1 579**	**0**	**0**	**1 579**
Credit Index Products					
Credit spread in basis points					
0 – 250	–1 380	3 301	19 496	136	22 933
251 – 500	–624	4 899	655		5 554
501 – 1000	–956	2 518	512		3 030
Greater than 1000	–2 025	2 588	1 601	455	4 644
No credit spread available	124	47	24	68	139
Total	**–4 861**	**13 353**	**22 288**	**659**	**36 300**
Total Return Swaps[4]					
Credit spread in basis points					
No credit spread available	–397	7 243	689		7 932
Total	**–397**	**7 243**	**689**	**0**	**7 932**
Total credit derivatives written/sold	**–14 997**	**91 383**	**52 672**	**2 900**	**146 955**

[1] The maximum potential payout is based on notional values of the credit derivatives.
[2] Including Portfolio CDS which consists predominantly of large investment grade and SME corporate loans.
[3] The Group has settled Structured CDS in the current period.
[4] The Group enters into total return swaps mainly with variable interest entities which issue insurance-linked and credit-linked securities.

5 Deferred acquisition costs (DAC) and acquired present value of future profits (PVFP)

For the twelve months ended 31 December 2008 and the three months ended 31 March 2009, the DAC and PVFP were as follows:

CHF millions	2008 DAC	2008 PVFP	2009 DAC	2009 PVFP
Opening balance as of 1 January	5152	6769	4311	6139
Cumulative effect of adoption of FSP SFAS 115-2				6
Cumulative effect of adoption of SFAS 163			–25	
Deferred	2719		1042	
Effect of acquisitions/disposals and retrocessions		1204		2
Amortisation	–2842	–926	–956	–296
Interest accrued on unamortised PVFP		330		87
Effect of foreign currency translation	–718	–1143	246	407
Effect of change in unrealised gains/losses		–95		140
Closing balance as of period end	4311	6139	**4618**	**6485**

The amortisation of DAC for the full year 2008 was CHF 2 676 million for non-life and CHF 166 million for life and health. In the first three months of 2009 the DAC amortisation represented CHF 661 million and CHF 295 million for non-life and life and health, respectively.

Retroceded DAC and PVFP may arise on retrocession of reinsurance portfolios, including reinsurance undertaken as part of a securitisation. The associated potential retrocession recoveries are determined by the nature of the retrocession agreements and by the terms of the securitisation.

6 Debt

The Group enters into long- and short-term debt arrangements to obtain funds for general corporate use and specific transaction financing. The Group defines short-term debt as debt having a maturity at the balance sheet date of less than one year and long-term debt as having a maturity of greater than one year. Interest expense is classified accordingly. The Group's debt as of 31 December 2008 and 31 March 2009, respectively, was as follows:

CHF millions	2008	2009
Senior financial debt	1437	1431[1]
Senior operational debt	5085	5341
Short-term debt – financial and operational debt	6522	**6772**
Senior financial debt	415	421
Senior operational debt	9467	9793
Subordinated financial debt	5474	5729
Subordinated operational debt	5097	5414
Long-term debt – financial and operational debt	20453	**21357**
Total debt	26975	**28129**

[1] This balance includes one mandatory convertible bond issued in June 2006, due in June 2009, with a book value of CHF 610 million.

The Group uses debt for general corporate purposes and to fund discrete pools of operational leverage and financial intermediation assets. Certain debt positions are limited recourse, meaning the debtors' claims are limited to assets underlying the financing. As of 31 December 2008 and 31 March 2009, limited recourse debt amounted to CHF 5.2 billion and CHF 6.1 billion, respectively. Operational leverage and financial intermediation are subject to strong asset and liability matching resulting in little to no risk that the assets will be insufficient to service and settle the liabilities. Debt used for operational leverage and financial intermediation is treated as operational debt and excluded by the rating agencies from financial leverage calculations. As of 31 December 2008 and 31 March 2009, operational leverage and financial intermediation liabilities amounted to CHF 34.2 billion and CHF 42.3 billion, respectively.

Interest expense on long-term debt

Interest expense on long-term debt for the three months ended 31 March was as follows:

CHF millions	2008	2009
Senior financial debt	21	5
Senior operational debt	84	67
Subordinated financial debt	85	78
Subordinated operational debt	86	66
Total	276	**216**

Long-term debt issued in 2009

The Group did not issue any long-term debt in the three months ended 31 March 2009.

7 Reinsurance information

For the three months ended 31 March

Premiums written, premiums earned and fees assessed against policyholders

CHF millions	Non-Life	Life & Health	2008 Total	Non-Life	Life & Health	2009 Total
Premiums written						
Direct	445	372	817	464	378	842
Assumed	6 819	2 747	9 566	6 500	2 453	8 953
Ceded	–1 393	–359	–1 752	–1 623	–193	–1 816
Total premiums written	5 871	2 760	8 631	**5 341**	**2 638**	**7 979**
Premiums earned						
Direct	558	373	931	558	377	935
Assumed	3 674	2 739	6 413	4 295	2 449	6 744
Ceded	–542	–345	–887	–958	–193	–1 151
Total premiums earned	3 690	2 767	6 457	**3 895**	**2 633**	**6 528**
Fee income from policyholders						
Direct		140	140		169	169
Assumed		70	70		75	75
Ceded		–27	–27		–30	–30
Total fee income from policyholders		183	183		**214**	**214**

Claims and claim adjustment expenses

CHF millions	Non-Life	Life & Health	2008 Total	Non-Life	Life & Health	2009 Total
Claims						
Claims paid, gross	–3 916	–2 785	–6 701	–3 049	–2 842	–5 891
Claims paid, retro	391	265	656	188	335	523
Claims paid, net	–3 525	–2 520	–6 045	–2 861	–2 507	–5 368
Change in unpaid claims and claim adjustment expenses; life and health benefits, gross	1 107	231	1 338	–19	526	507
Change in unpaid claims and claim adjustment expenses; life and health benefits, retro	–140	16	–124	237	–133	104
Change in unpaid claims and claim adjustment expenses; life and health benefits, net	967	247	1 214	218	393	611
Claims and claim adjustment expenses; life and health benefits	–2 558	–2 273	–4 831	**–2 643**	**–2 114**	**–4 757**

Acquisition costs

CHF millions	Non-Life	Life & Health	2008 Total	Non-Life	Life & Health	2009 Total
Acquisition costs						
Acquisition costs, gross	–813	–696	–1 509	–932	–724	–1 656
Acquisition costs, retro	118	62	180	256	34	290
Acquisition costs, net	–695	–634	–1 329	**–676**	**–690**	**–1 366**

Reinsurance assets and liabilities

The reinsurance assets and liabilities as of 31 December 2008 and 31 March 2009, respectively, were as follows:

CHF millions	Non-Life	Life & Health	2008 Total	Non-Life	Life & Health	2009 Total
Assets						
Reinsurance recoverable	4701	7233	11934	7308	7175	14483
Deferred acquisition costs	1189	3122	4311	1327	3291	4618
Liabilities						
Unpaid claims and claim adjustment expenses	62802	12708	75510	66290	13364	79654
Life and health policy benefits		39911	39911		41437	41437
Policyholder account balances		34518	34518		34477	34477

8 Financial guarantee reinsurance

As of 1 January 2009, Swiss Re Group has adopted SFAS No. 163 "Accounting for Financial Guarantee Insurance Contracts" (SFAS 163). SFAS 163 provides guidance on the recognition and measurement of premium revenue and claim liabilities of financial guarantee reinsurance contracts and requires certain related disclosures.

The Group reinsures monoline insurers against the risk of default on insured financial obligations. The Group's exposure encompasses public finance and structured finance exposures. In total, the notional exposure as of 31 March 2009 amounted to CHF 15 958 million, of which 24% is attributable to structured finance. The main driver of the Group's exposure is the credit risk of the underlying insured obligation.

The Group tracks and monitors credit deterioration in insured financial obligations. This is based on the surveillance activities of its cedents and internal reviews of its reinsured portfolio. Each cedent maintains a process for identifying credits that require higher levels of scrutiny or intervention. The cedent is required to notify the Swiss Re Group when a transaction falls under increased scrutiny.

The Group maintains a watch list based on the information provided by the cedents and the Group's internal monitoring activities. Obligations with credit deterioration are split into two categories. Category 1 (Special mention) encompasses transactions that are still currently performing, but where indicators point to an increased risk of default. Category 2 (Workout) includes insured financial obligations that are characterised as non-performing and a reserve has been reported by the cedent. A default may have occurred or is seen as likely to occur in the future.

As of 31 March 2009, the notional exposures and claims liabilities allocated to categories 1 and 2 were as follows:

CHF millions	Notional exposure	% of total notional (CHF 15 958 million)	Claims liabilities
Category 1	1 462	9%	35
Category 2	767	5%	125

Compared to the amounts recognised as of 31 December 2008, notional exposures in category 1 have increased by CHF 734 million. Of this change, CHF 479 million is due to additional policies classified as special mention. The change in classification is partially attributable to the adoption of new recognition and measurement guidance in SFAS 163, which requires liabilities for unpaid claims to be based on probability-weighted cash flows. All policies for which a liability for unpaid claims is raised are classified either into category 1 or 2, regardless of the size of the liability.

As of 31 March 2009, total technical provisions for financial guarantee reinsurance amounted to CHF 441 million, which includes unpaid claims and claims adjustment expenses of CHF 160 million and unearned premiums of CHF 281 million.

The impact of adopting the recognition and measurement guidance of SFAS 163 on retained earnings was immaterial.

9 Earnings per share

Earnings per share for the three months ended 31 March 2008 and 2009, respectively, were as follows:

CHF millions (except share data)	2008	2009
Basic earnings per share		
Net income	624	**157**
Interest on convertible perpetual capital instrument		**–7**
Net income attributable to common shareholders	624	**150**
Weighted average common shares outstanding	339 242 284	**335 368 421**
Net income per share in CHF	1.84	**0.45**
Effect of dilutive securities		
Change in income available to common shares due to convertible bonds	29	**0**
Change in average number of shares due to convertible bonds and employee options	27 338 080	**534 376**
Diluted earnings per share		
Net income assuming debt conversion and exercise of options	653	**150**
Weighted average common shares outstanding	366 580 364	**335 902 797**
Net income/loss per share in CHF	1.78	**0.45**

The effects of debt and equity instrument conversion, which totalled 25 754 541 shares for the three months ended 31 March 2009, have not been included in the diluted earnings/loss per share calculation because the impact of including these shares was antidilutive.

In March 2009, Swiss Re Zurich issued to National Indemnity Company, a subsidiary of Berkshire Hathaway Inc, a convertible perpetual capital instrument. The instrument has an aggregate face value of CHF 3 000 000 000, with a fixed coupon at a rate of 12% per annum. The coupon can be settled in cash or shares/warrants in lieu of cash at the option of Swiss Re. The instrument may be redeemed, in whole or in part, for cash, for an amount equal to 120% of the value of the instrument at the option of Swiss Re at the beginning of the second anniversary of issuance of the instrument. The instrument may be converted, at the option of the holder, in whole or in part, into Swiss Re shares at the rate of CHF 25 per share beginning on the third anniversary of the issuance of the instrument, subject to certain adjustments and exceptions. The instrument ranks junior to senior securities of Swiss Re Zurich and ranks pari passu among themselves and with parity securities.

At the Annual General Meeting of 13 March 2009, the shareholders approved an increase in conditional capital. This allows the share capital of the Swiss Re Group to be increased by an amount not exceeding CHF 16 000 000 through the issue of a maximum of 160 000 000 registered shares payable in full, each with a nominal value of CHF 0.10, through the exercise of conversion rights granted in connection with a convertible bond or a similar financial instrument issued by the company or one of its subsidiaries. These shares are available for issuance in connection with the convertible perpetual capital instrument.

10 Benefit plans

Defined benefit pension plans and post-retirement benefits

The Group sponsors various funded defined benefit pension plans. Employer contributions to the plans are charged to income on a basis which recognises the costs of pensions over the expected service lives of employees covered by the plans. The Group's funding policy for these plans is to contribute annually at a rate that is intended to maintain a level percentage of compensation for the employees covered. A full valuation is prepared at least every three years.

In June 2008, the Group communicated its intention to change the structure of its Swiss other post-retirement benefits plan. The change is effective as of 1 July 2009 and resulted in a decrease of the accumulated benefit obligation of CHF 130 million in 2008.

The Group also provides certain healthcare and life insurance benefits for retired employees and their dependants. Employees become eligible for these benefits when they become eligible for pension benefits.

Components of net periodic benefit cost

The components of pension and post-retirement cost for the three months ended 31 March 2008 and 2009, respectively, were as follows:

	Swiss plans pension benefits		Foreign plans pension benefits		Other benefits	
CHF millions	2008	**2009**	2008	**2009**	2008	**2009**
Service cost (net of participant contributions)	23	26	14	11	6	2
Interest cost	23	23	30	24	5	4
Expected return on assets	–37	–37	–28	–26		
Amortisation of:						
Net gain/loss		1	2		–2	–2
Prior service cost	2	2			–2	–4
Effect of settlement, curtailment and termination						
Net periodic benefit cost	11	**15**	18	**9**	7	**0**

Employer's contributions for 2009

As of 31 March 2009, the Group contributed CHF 121 million to its defined benefit pension plans and CHF 4 million to other post-retirement plans, compared to CHF 65 million and CHF 3 million, respectively, in the same period of 2008.

The expected 2009 contributions to the defined benefit pension plans and to the post-retirement benefit plans, revised as of 31 March 2009 for latest information, amount to CHF 209 million (31 December 2008: CHF 190 million) and CHF 15 million (31 December 2008: CHF 14 million), respectively.

11 Contingent liabilities

On 27 February 2008, a putative securities class action complaint was filed in the United States District Court for the Southern District of New York against Swiss Re Zurich and certain executive officers alleging false and misleading statements in connection with the two credit default swaps in violation of the antifraud provisions of the U.S. securities laws. The original complaint purports to be brought on behalf of U.S. purchasers of our stock between 8 May 2007 and 19 November 2007. On 28 July 2008, the court appointed Plumbers' Union Local No. 12 Pension Fund as the lead plaintiff for the class action. On 10 September 2008, an amended complaint was filed which, among other things, seeks to expand the class period to 1 March 2007 through 19 November 2007. On 10 November 2008, Swiss Re Zurich filed a motion seeking to dismiss the amended complaint on legal grounds. The lead plaintiff filed its response to the motion on 9 January 2009, and Swiss Re Zurich's reply brief was filed on 23 February 2009. We intend to vigorously defend against the action.

In mid 2007, a Swiss Re subsidiary commenced an arbitration proceeding against Lincoln National Reinsurance Company (Barbados) Ltd. ("Lincoln") seeking relief from an individual disability income indemnity retrocessional agreement dated as of 1 October 2001. In late January 2009, the arbitration panel awarded Swiss Re total rescission of the affected treaty and retained limited jurisdiction to resolve any interim disputes between the parties regarding the implementation of the panel's award. In early February 2009, Swiss Re filed a petition to confirm the arbitral award in the United States District Court for the Northern District of Indiana, Ft. Wayne Division. Lincoln has opposed Swiss Re's petition to confirm the arbitral award. On 6 May 2009, Swiss Re filed its final brief in support of confirmation of the award. The court has yet to reach a decision on the matter.

As of 31 March 2009, there were approximately CHF 1.1 billion of reserves on this treaty, together with a corresponding funds withheld asset of approximately CHF 940 million. If the rescission is confirmed by the court, this would result in the elimination of the reserves, the funds withheld asset and the fair value of an embedded derivative liability associated with this funds withheld treaty.

12 Information on business segments

The Group provides reinsurance, insurance and capital market solutions for clients that complement our (re)insurance offering throughout the world through its business segments. The business segments are determined by the organisational structure and by the way in which management reviews the operating result of the Group.

In 2008, as a reaction to the current unprecedented market turmoil, Swiss Re reassessed its business strategy with respect to its Asset Management function and the way this impacts its reportable segments.

Following the new structure, the Group presents four operating business segments: Property & Casualty, Life & Health, Asset Management and Legacy. Items not allocated to these four business segments are included in the "Group items" column.

The Property & Casualty segment consists of the following sub-segments: Property traditional, Casualty traditional, Specialty traditional and non-traditional business. The Specialty traditional sub-segment includes certain parts of the former Credit Solutions business, Credit Reinsurance, Bank Trade Finance, and Credit securitisations. Certain parts of the former Financial Markets unit are included in the Property & Casualty business segment, including Property & Casualty insurance-linked securities.

The Life & Health segment continues to consist of the following sub-segments: Life traditional, Health traditional and Admin Re®. Certain parts of the former Financial Markets unit are now included in the Life & Health business segment, including variable annuity business.

The Asset Management business segment includes two separate sub-segments "Credit & Rates" and "Equity & Alternative Investments" resulting from the aggregation of Asset Management Risk Stripes. The Asset Management business segment includes proprietary returns on the Group's invested fixed income securities, equity securities and alternative investments. Third-party asset management is included in Credit & Rates.

The Legacy business segment encompasses non-core activities, which have been in run-off since November 2007 and are managed separately from the Asset Management division. Legacy includes Financial Guarantee business, SCDS, PCDS and further assets in the former Group's trading book, including Credit Correlation, Collateralised Fund Obligations and other non-core activities.

Group items include certain costs of Corporate Centre functions not allocated to the business segments, certain foreign exchange items, interest expenses on operating and financial debt and other items not considered for the performance of the operating segments.

Certain investment results, including investment income and realised gains on unit-linked business, with-profit business and reinsurance derivatives, are excluded from the performance of the Asset Management business segment and directly allocated to the Property & Casualty and Life & Health business segments.

The allocation of investment result to Property & Casualty and Life & Health is determined based on US GAAP (Re)insurance liabilities. The allocation methodology applies a risk-free return to the nominal net reserves at the end of the prior quarter. The risk-free interest rate applied to the reserves is determined by currency and duration of the underlying Property & Casualty and Life & Health reserves. The Allocation column eliminates the calculated investment result allocated to either the Property & Casualty or the Life & Health business segments.

2008 information is disclosed according to 2009 segments presentation basis.

The accounting policies of the business segments are in line with those described in the summary of significant accounting policies (see Note 1).

a) Business segment results

For the three months ended 31 March

2008 CHF millions	Property & Casualty	Life & Health	Asset Management	Legacy	Group items	Allocation	Total
Revenues							
Premiums earned	3 682	2 767		8			6 457
Fee income from policyholders		183					183
Net investment income	667	924	1 717	10	209	–1 148	2 379
Net realised investment gains/losses	–42	–1 825	1 046	–1 439	119		–2 141
Other revenues	25		26		18		69
Total revenues	4 332	2 049	2 789	–1 421	346	–1 148	6 947
Expenses							
Claims and claim adjustment expenses; life and health benefits	–2 533	–2 273		–25			–4 831
Return credited to policyholders		1 131					1 131
Acquisition costs	–693	–634		–2			–1 329
Other expenses	–349	–256			–137	–40	–782
Interest expenses					–430		–430
Total expenses	–3 575	–2 032	0	–27	–567	–40	–6 241
Operating income	757	17	2 789	–1 448	–221	–1 188	706

2009 CHF millions	Property & Casualty	Life & Health	Asset Management	Legacy	Group items	Allocation	Total
Revenues							
Premiums earned	3 883	2 633		12			6 528
Fee income from policyholders		214					214
Net investment income	638	871	972	69	101	–1 149	1 502
Net realised investment gains/losses	43	–1 789	134	–42	–672		–2 326
Other revenues	13		18	1	11		43
Total revenues	**4 577**	**1 929**	**1 124**	**40**	**–560**	**–1 149**	**5 961**
Expenses							
Claims and claim adjustment expenses; life and health benefits	–2 620	–2 114		–23			–4 757
Return credited to policyholders		1 357					1 357
Acquisition costs	–671	–690		–5			–1 366
Other expenses	–312	–202			–124	–22	–660
Interest expenses					–280		–280
Total expenses	**–3 603**	**–1 649**	**0**	**–28**	**–404**	**–22**	**–5 706**
Operating income	**974**	**280**	**1 124**	**12**	**–964**	**–1 171**	**255**

The allocation is based on technical reserves and other information, including duration of the underlying liabilities, and was allocated in the three months ended 31 March of 2008 and 2009 as follows:

CHF millions, for the three months ended 31 March 2008	Property & Casualty	Life & Health	Asset Management	Allocation
Net investment income	644	544	–40	–1 148

CHF millions, for the three months ended 31 March 2009	Property & Casualty	Life & Health	Asset Management	Allocation
Net investment income	608	563	–22	–1 149

b) Property & Casualty business segment – by line of business

For the three months ended 31 March

2008 CHF millions	Property traditional	Casualty traditional	Specialty traditional	Total traditional	Non-traditional	Total
Revenues						
Premiums earned	1 243	1 423	939	3 605	77	3 682
Net investment income	78	433	95	606	61	667
Net realised investment gains/losses	–30			–30	–12	–42
Other revenues			25	25		25
Total revenues	1 291	1 856	1 059	4 206	126	4 332
Expenses						
Claims and claim adjustment expenses	–1 001	–1 032	–452	–2 485	–48	–2 533
Acquisition costs	–174	–271	–238	–683	–10	–693
Other expenses	–115	–160	–31	–306	–43	–349
Total expenses	–1 290	–1 463	–721	–3 474	–101	–3 575
Operating income	1	393	338	732	25	757
Claims ratio in %	80.5	72.5	48.2	69.0		
Expense ratio in %	23.3	30.3	28.6	27.4		
Combined ratio in %	103.8	102.8	76.8	96.4		

2009 CHF millions	Property traditional	Casualty traditional	Specialty traditional	Total traditional	Non-traditional	Total
Revenues						
Premiums earned	1 406	1 303	1 002	3 711	172	3 883
Net investment income	75	414	97	586	52	638
Net realised investment gains/losses	36		2	38	5	43
Other revenues			3	3	10	13
Total revenues	**1 517**	**1 717**	**1 104**	**4 338**	**239**	**4 577**
Expenses						
Claims and claim adjustment expenses	–773	–967	–661	–2 401	–219	–2 620
Acquisition costs	–249	–210	–211	–670	–1	–671
Other expenses	–63	–135	–78	–276	–36	–312
Total expenses	**–1 085**	**–1 312**	**–950**	**–3 347**	**–256**	**–3 603**
Operating income	**432**	**405**	**154**	**991**	**–17**	**974**
Claims ratio in %	55.0	74.2	66.0	64.7		
Expense ratio in %	22.2	26.5	28.8	25.5		
Combined ratio in %	77.2	100.7	94.8	90.2		

c) Life & Health business segment – by line of business

For the three months ended 31 March

2008 CHF millions	Life traditional	Health traditional	Admin Re®	Total
Revenues				
Premiums earned	1 888	655	224	2 767
Fee income from policyholders	18		165	183
Net investment income	220	101	603	924
Net realised investment gains/losses	–28	–25	–1 772	–1 825
Other revenues				
Total revenues	2 098	731	–780	2 049
Expenses				
Claims and claim adjustment expenses; life and health benefits	–1 486	–547	–240	–2 273
Return credited to policyholders	–46		1 177	1 131
Acquisition costs	–414	–125	–95	–634
Other expenses	–117	–38	–101	–256
Total expenses	–2 063	–710	741	–2 032
Operating income	35	21	–39	17
Operating result, excluding non-participating net realised investment gains/losses	63	46	–23	86
Net investment income – unit-linked	27		166	193
Net investment income – with-profit business			78	78
Net investment income – non-participating	193	101	359	653
Net realised investment gains/losses – unit-linked			–1 428	–1 428
Net realised investment gains/losses – with-profit business			–328	–328
Net realised investment gains/losses – non-participating	–28	–25	–16	–69
Operating revenues[1]	2 099	756	748	3 603
Management expense ratio in %	5.6	5.0	13.5	7.1
Benefit ratio[2] in %				91.3

[1] Operating revenues exclude net investment income and net realised investment gains/losses from unit-linked and with-profit business as these are passed through to contract holders and therefore do not have an impact on the operating result. Operating revenues also exclude net realised investment gains/losses from non-participating business.
[2] The benefit ratio is calculated as claims divided by premiums earned, both of which exclude unit-linked and with-profit business.

Life & Health business segment – by line of business

For the three months ended 31 March

2009 CHF millions	Life traditional	Health traditional	Admin Re®	Total
Revenues				
Premiums earned	1 912	478	243	2 633
Fee income from policyholders	20		194	214
Net investment income	206	102	563	871
Net realised investment gains/losses	–97	–4	–1 688	–1 789
Other revenues				
Total revenues	**2 041**	**576**	**–688**	**1 929**
Expenses				
Claims and claim adjustment expenses; life and health benefits	–1 442	–413	–259	–2 114
Return credited to policyholders	165		1 192	1 357
Acquisition costs	–396	–93	–201	–690
Other expenses	–89	–43	–70	–202
Total expenses	**–1 762**	**–549**	**662**	**–1 649**
Operating income	**279**	**27**	**–26**	**280**
Operating result, excluding non-participating net realised investment gains/losses	**187**	**31**	**–8**	**210**
Net investment income – unit-linked	6		144	150
Net investment income – with-profit business			39	39
Net investment income – non-participating	200	102	380	682
Net realised investment gains/losses – unit-linked	–189		–1 451	–1 640
Net realised investment gains/losses – with-profit business			–219	–219
Net realised investment gains/losses – non-participating	92	–4	–18	70
Operating revenues[1]	**2 132**	**580**	**817**	**3 529**
Management expense ratio in %	4.2	7.4	8.6	5.7
Benefit ratio[2] in %				86.9

[1] Operating revenues exclude net investment income and net realised investment gains/losses from unit-linked and with-profit business as these are passed through to contract holders and therefore do not have an impact on the operating result. Operating revenues also exclude net realised investment gains/losses from non-participating business.
[2] The benefit ratio is calculated as claims divided by premiums earned, both of which exclude unit-linked and with-profit business.

d) Asset Management

For the three months ended 31 March

2008 CHF millions	Credit & Rates	Equity & Alternative Investments	Total
Revenues			
Premiums earned			
Net investment income	1 675	42	1 717
Net realised investment gains/losses	593	453	1 046
Other revenues	26		26
Total revenues	2 294	495	2 789
Expenses			
Claims and claim adjustment expenses			
Acquisition costs			
Other expenses			
Total expenses	0	0	0
Operating income	2 294	495	2 789

2009 CHF millions	Credit & Rates	Equity & Alternative Investments	Total
Revenues			
Premiums earned			
Net investment income	1 278	–306	972
Net realised investment gains/losses	116	18	134
Other revenues	17	1	18
Total revenues	**1 411**	**–287**	**1 124**
Expenses			
Claims and claim adjustment expenses			
Acquisition costs			
Other expenses			
Total expenses	**0**	**0**	**0**
Operating income	**1 411**	**–287**	**1 124**

13 Variable interest entities

Swiss Re Group enters into arrangements with variable interest entities (VIEs) in the normal course of business. The involvement ranges from being a passive investor to designing, structuring, and managing the VIEs. The variable interests held by the Group arise due to a modified coinsurance agreement, certain insurance-linked and credit-linked securitisations, private equity limited partnerships, hedge funds, debt financing and other entities, which meet the definition of a VIE.

When analysing the status of an entity, the Group mainly assesses if (1) the equity is sufficient to finance the entity's activities without additional subordinated financial support, (2) the equity owners have the right to make significant decisions affecting the entity's operations, and (3) the holders of the voting rights substantively participate in the gains and losses of the entity. When one of these criteria is not met, these entities need to be assessed for consolidation under FIN 46(R).

The party that will absorb the majority of the expected losses, receive the majority of the expected residual return, or both, is considered the primary beneficiary according to FIN 46(R). To determine the primary beneficiary of a VIE, a qualitative analysis is performed in which the nature and design, capital structure, contractual terms and relationships among the variable interest holders are evaluated. When the qualitative analysis is not conclusive, a quantitative analysis is performed. For this, the Group determines under various probability-weighted scenarios the cash flows that the variable interest holders will receive based on the explicit and implicit variable interests they hold. The Group consolidates a VIE when it is the primary beneficiary.

The assessment if the Group is the primary beneficiary is reviewed whenever circumstances qualify as a reconsideration event under FIN 46(R). These events include:
- the VIE's governing documents or contractual arrangements are changed in a manner that changes the characteristics of the Group's involvement;
- the Group's assumption of additional variable interests; and
- the Group's sale or disposal of variable interests, or the issuance of variable interests by the VIE to unrelated parties.

In general, third parties invested in consolidated VIEs do not have recourse to the Group in the event of a default, except in cases where the Group has protected the assets with a derivative contract or has provided a guarantee. In these cases, the recourse is limited to the notional amount of the guarantee or the value of the assets protected by the derivative contract.

Modified coinsurance agreement
The Group assumes insurance risk via a modified coinsurance agreement from a direct insurer, which qualifies as a VIE. The Group takes the majority of the mortality risk, which makes the Group the primary beneficiary. Consequently, the Group will incur losses if mortality risk develops unfavourably.

Insurance-linked and credit-linked securitisations
The insurance-linked and credit-linked securitisations transfer pre-existing insurance or credit risk to the capital markets through the issuance of insurance-linked or credit-linked securities. In insurance-linked securitisations, the securitisation vehicle initially assumes the insurance risk through insurance contracts. In credit-linked securitisations, the securitisation vehicle initially assumes the credit risk through credit default swaps.

The securitisation vehicle generally retains the issuance proceeds as collateral. To determine if the Group is the primary beneficiary or has a significant variable interest, the Group considers the insurance or credit risk assumed by the bondholders of the vehicles, the investment risk of the securities held as collateral, and any derivative contracts or other guarantees the Group has entered into with the VIE. Typically, the variable interests held by the Group arise through ownership of insurance-linked and credit-linked securities, or through protection provided for the value of the collateral held.

The collateral held predominantly consists of investment grade securities. The Group would incur losses when some or all of these securities drop in value or default. The Group's maximum exposure to loss equals the higher of the carrying amount of the collateral protected or the carrying amount of the insurance-linked or credit-linked securities held.

Investment vehicles
Investment vehicles include private equity limited partnerships and hedge funds, in which the Group invested as part of its investment strategy. The Group's variable interests arise through an ownership interest in the vehicle. To determine if the Group is the primary beneficiary or holds a significant portion of the variable interests, the Group assesses its ownership share in relation to the total equity outstanding. The Group is exposed to losses when the values of the investments held by the vehicles decrease. The maximum exposure to loss equals the carrying amount of the ownership interest.

Debt financing vehicles
Debt financing vehicles issue preference shares or loan notes to provide the Group with funding. The Group is partially exposed to the asset risk by holding equity rights or by protecting some of the assets held by the VIEs via guarantees or derivative contracts. The assets held by the VIEs consist of investment grade securities, structured products, hedge fund units and others.

Others
The VIEs in this category were created for various purposes. Generally, the Group is exposed to the asset risk of the VIEs by holding an equity stake in the VIE or by guaranteeing a part or the entire asset value to third-party investors. A significant portion of the exposure of the Group is either retroceded or hedged. The assets held by the VIEs consist of investment grade securities, private equity investments, residential real estate and others.

The Group did not provide financial or other support to any VIEs during the first quarter of 2009 that it was not previously contractually required to provide.

The following table shows the total assets and liabilities on the Group's balance sheet related to VIEs of which the Group is the primary beneficiary as of 31 December 2008 and 31 March 2009, respectively:

CHF millions	2008	2009
Fixed income securities:		
Available-for-sale (whereof restricted: 2008: 8 144; 2009: 9 372)	8 953	9 372
Trading	131	139
Policy loans, mortgages and other loans (whereof restricted: 2008: 260; 2009: 278)	260	278
Short-term investments (whereof restricted: 2009: 77)		96
Other invested assets (whereof restricted: 2008: 162; 2009: 167)	162	167
Cash and cash equivalents (whereof restricted: 2008: 411; 2009: 153)	411	153
Accrued investment income (whereof restricted: 2008: 80; 2009: 96)	80	96
Premiums and other receivables (whereof restricted: 2009: 8)		8
Reinsurance recoverable on unpaid claims and policy benefits (whereof restricted: 2009: 12)		12
Acquired present value of future profits (whereof restricted: 2008: 84; 2009: 144)	84	144
Other assets (whereof restricted: 2008: 33; 2009: 34)	33	36
Total assets	10 114	**10 501**
Unpaid claims and claim adjustment expenses		26
Liabilities for life and health policy benefits	1 327	1 410
Policyholder account balances	1 718	1 812
Reinsurance balances payable		16
Income taxes payable		–2
Deferred and other non-current taxes	162	71
Accrued expenses and other liabilities	525	864
Long-term debt	5 155	5 474
Additional paid-in capital	241	
Net unrealised investment gains/losses, net of tax	–187	–701
Cumulative translation adjustments, net of tax	1 204	73
Retained earnings	–31	1 458
Total liabilities and shareholders' equity	10 114	**10 501**

For investment vehicles, the assets and liabilities above are presented net of minority interest.

The total assets of VIEs of which the Group is the primary beneficiary, but does not hold a majority voting interest for periods ended 31 December 2008 and 31 March 2009, respectively, were as follows:

CHF millions	2008	2009
Insurance-linked/Credit-linked securitisations	163	167
Investment vehicles	162	167
Debt financing	6 097	6 281
Modified coinsurance agreement	3 830	3 858
Other	34	34
Total	10 286	**10 507**

The following table shows the total assets and liabilities on the Group's balance sheet related to VIEs in which the Group holds a significant variable interest as of 31 March 2009:

CHF millions	Assets	Liabilities
Other invested assets	2 140	
Accrued expenses and other liabilities		651
Total	**2 140**	**651**

The total assets of VIEs of which the Group holds a significant variable interest for periods ended 31 December 2008 and 31 March 2009, respectively, were as follows:

CHF millions	2008	2009
Insurance-linked/Credit-linked securitisations	6 510	6 551
Investment vehicles	3 939	3 589
Debt financing	5 074	5 445
Other	1 721	1 764
Total	17 244	**17 349**

The following table shows the Group's maximum exposure to loss and the liabilities related to VIEs in which the Group holds a significant variable interest as of 31 December 2008 and 31 March 2009:

			2008			2009
CHF millions	Maximum exposure to loss	Total liabilities	Difference	Maximum exposure to loss	Total liabilities	Difference
Insurance-linked/Credit-linked securitisations	6 255	865	5 390	6 245	828	5 417
Investment vehicles	1 664		1 664	1 558		1 558
Debt financing	266		266	282		282
Other	991	213	778	1 190	431	759
Total	9 176	1 078	8 098	**9 275**	**1 259**	**8 016**

The liabilities of CHF 828 million in 2009 for insurance-linked and credit-linked securitisations represent the negative fair value of the total return swaps the Group has entered into with the securitisation vehicles. The negative fair value is caused by a decrease of value of some of the assets held as collateral by the vehicles.

When the net asset values of the investment vehicles decrease, the carrying amount of the investment is adjusted accordingly and a loss is recognised in the income statement. Consequently, no liabilities are set up for investment vehicles when losses occur.

The liabilities of CHF 431 million in 2009 for the debt financing and the other categories represent the decline in value of VIE assets which are guaranteed by the Group. For VIEs where the variable interests consist of an equity stake, a loss is recognised in the income statement rather than a liability being set up when the net asset value declines.

As of 31 March 2009, the consolidation of the VIEs resulted in a minority interest in the balance sheet of CHF 454 million (31 December 2008: CHF 420 million). The minority interest is included in accrued expenses and other liabilities. The net minority interest in income was CHF 6 million and CHF 5 million net of tax for the three months ended 31 March 2008 and 2009, respectively. The income statement impacts are generally included in the relevant segment with the underlying movement in income or expenses.

Reconsideration events under FIN 46(R) required the review of the consolidation assessment of certain VIEs. As a result, the Group consolidated and deconsolidated some VIEs. The effect of this on the financial statements is immaterial.

Note on risk factors

Current market conditions
The global financial markets have experienced extreme volatility and disruption for more than 18 months, due in large part to the turmoil affecting the liquidity of the banking system and the market reaction thereto. The impact of the turmoil in the financial markets has been exacerbated by adverse macroeconomic trends affecting an increasing number of the principal economies that have moved toward, or are now in, recession. Volatility and disruption have reached unprecedented levels.

Governments in a number of countries have undertaken initiatives to stabilise the financial markets and increase liquidity in the system. It remains to be seen whether these initiatives will be sufficient to positively impact or stabilise the volatility in the financial markets. Failure of these or other initiatives to stabilise and improve the performance of the financial markets could result in continued constraints on the liquidity available to the banking system and financial markets and increased pressure on securities prices of financial institutions. Moreover, government intervention may have a distorting impact on the markets, ranging from changes to the competitive landscape to capital support for ceding companies, thus reducing their need for reinsurance, as well as having a distorting impact on the debt capital markets.

It is unclear whether the severity of the downturn in the global financial markets and/or economic conditions will continue to worsen, or when conditions might improve. It is also unclear what the impact of further deterioration in the financial markets is likely to be on the financial condition of market participants (from a capital, liquidity or other perspective) and on investor confidence. If current levels of market disruption and volatility continue or worsen, at the very least, there can be no assurance that the Group will not be required to record further write-downs and impairments on assets over and above those announced to date, and more broadly, it is difficult to predict what the impact of continued market turbulence will be on the Group from a general business perspective or from a capital or liquidity perspective.

Market risk
As a result of the extreme and unprecedented volatility and disruption in the global financial markets, the Group is exposed to significant financial and capital markets risk, including changes in interest rates, credit spreads, equity prices and foreign currency exchange rates, which may adversely impact the Group's financial condition, results of operations and liquidity.

The Group's exposure to interest rate risk is primarily related to the market price and cash flow variability associated with changes in interest rates. Exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. With widening of credit spreads, the net unrealised loss position of the Group's investment portfolio has increased, as have other-than-temporary impairments. With respect to equity prices, the Group is exposed to changes in the level and volatility of equity prices, as they affect the value of equity securities themselves as well as the value of securities or instruments that derive their value from a particular equity security, a basket of equity securities or a stock index. We are also subject to equity price risk to the extent that the value of life-related benefits under certain life contracts, most notably variable annuity business, are tied to financial market values; to the extent market values fall, the financial exposure on guarantees related to these contracts increase to the extent this exposure is not hedged. While we have an extensive hedging programme for variable annuities, certain risks cannot be hedged, including actuarial risks, basis risk and correlation risk. Exposure to foreign exchange risk arises from exposures to changes in spot prices, forward prices and volatilities of currency rates.

These risks can have a significant effect on investment returns, which in turn may affect both results of operations and financial condition. The Group is focused on asset-liability management for its investment portfolio, but pursuing even this strategy has its risks, including possible mismatch, that in turn can lead to reinvestment risk. As interest rates have dropped significantly in line with reductions in central bank rates, which trend is exacerbated by the effects of unprecedented government intervention and the corresponding need for governments to raise debt to finance rescue efforts, the Group may be unable to successfully match, or come close to, historical parameters.

The Group seeks to manage the risks inherent in its investment portfolio by repositioning the portfolio from time to time, as needed, and to reduce risk and fluctuations through the use of hedges and other risk management tools. The Group has moved to reduce risk to the portfolio by repositioning the components of the portfolio and, as a result, profitability will potentially be impacted, and unless offset by underwriting returns, will be reduced.

Credit risk

Like other financial institutions, the Group has been adversely impacted by the deterioration in the credit markets, and further market fluctuations and volatility could have a material adverse effect on the Group's business, financial condition and results of operations. For 2008, the Group reported a net loss of CHF 0.9 billion, which was due principally to mark-to-market losses recognised in income and impairments on the investment portfolio and shareholders' equity decreased to CHF 20.5 billion. For the first quarter of 2009, the Group reports net income of CHF 0.2 billion. The first quarter 2009 result was impacted by further mark-to-market losses and impairments recognised in the income statement. The Group has early adopted new US GAAP guidance on impairments and has recognised CHF 0.6 billion of pre-tax mark-to-market losses related to other, non-credit related factors directly in shareholders' equity that would have been recognised in the income statement under the Group's previous guidance on impairments.

The unprecedented and severe ratings downgrades that the Group and others have experienced over the past 18 months, and the absence of a liquid market for credit-related and other securities, have resulted in a significant and material reduction in the value of the underlying assets. With respect to the credit default swaps, the Group remains exposed to continued fluctuations in the market value of the underlying securities and could be required to report further mark-to-market losses. Changes in the market value of the underlying securities and other factors impacting their price could give rise to market value losses. If the credit markets continue to deteriorate, the Group could face further write-downs in other areas of its portfolio, including other structured instruments.

More generally, the continued deterioration of the credit markets and related developments have had, and can be expected to have (at least in the near term), an adverse impact on the ability of market participants, including the Group and its counterparties, to value credit default swaps and other credit-related instruments. In the absence of a liquid market, various methodologies may be available to value securities positions. Valuation is a complex process involving quantitative modelling and management judgment, which is also impacted by external factors including default rates, rating agency action, financial strength of counterparties and prices of observable comparable market transactions. In addition, to the extent institutions sell assets as part of national rescue efforts, such sales may establish new valuation benchmarks.

Valuation processes can produce significantly different outcomes, which could create additional uncertainty and differences of opinion among counterparties to swaps and other similar instruments as to obligations in respect of collateral and other terms of such instruments. These differences in opinion, in turn, could result in legal disputes among counterparties as to their respective obligations, the outcomes of which are difficult to predict and could be material.

The Group becomes aware of counterparty valuations either directly, through the exchange of information, or indirectly, for example, through demands to post collateral. These valuations may differ significantly from the Group's estimates. Counterparty valuation estimates for collateral purposes are considered during the independent price verification process and may result in adjustments to initially indicated valuations. Resolution of any dispute in relation to asset valuation in which the Group may become involved with counterparties, in a manner adverse to it, could have a material adverse effect on the Group's financial condition and results of operations.

The Group's results may be impacted by further changes in standards, or changes in interpretation of standards, in respect of fair value accounting or impairments.

Liquidity risks

The Group's business requires, and its clients expect, that it has sufficient capital and sufficient liquidity to meet its reinsurance obligations, and that that would continue to be the case following the occurrence of any event or series of events, including extreme catastrophes, that would trigger insurance or reinsurance coverage obligations. The Group's uses of funds include obligations arising in its reinsurance business (including claims and other payments as well as insurance provision repayments due to portfolio transfers, securitisations and commutations), which may include large and unpredictable claims (including catastrophe claims), funding of capital requirements and operating costs, payment of principal and interest on outstanding indebtedness and funding of acquisitions. The Group also enters into contracts or trading arrangements that could give rise to significant short-term funding obligations and, in connection with the Group's trading operations, it could be subject to unexpected calls to deliver collateral or unwind trading positions at a net cost to it. The Group also has unfunded capital commitments in its private equity and hedge fund investments, which could result in funding obligations at a time when it is subject to liquidity constraints.

The Group manages liquidity and funding risks by focusing on the liquidity stress that is likely to result from extreme capital markets scenarios or from extreme insurance events or combinations of the two. Generally, the ability to meet liquidity needs could be adversely impacted by factors that the Group cannot control, such as market dislocations or interruptions, the economic downturn, continued severe disruption in the financial and worldwide credit markets and the related increased constraints on the availability of credit, changes in interest rates and credit spreads, or by perceptions among market participants of the extent of the Group's liquidity needs.

The Group may not be able to secure new sources of liquidity or funding, should projected or actual liquidity fall below levels it requires. The ability to meet liquidity needs through asset sales may be constrained by market conditions and the related stress on valuations and through third party funding may be limited by constraints on the general availability of credit and willingness of lenders to lend. In addition, the Group's ability to meet liquidity needs may also be constrained by regulatory requirements that require regulated entities to maintain regulatory capital or that restrict intra-group transactions, the timing of dividend payments from subsidiaries or the fact that certain assets may be encumbered or otherwise non-tradeable. Finally, any adverse ratings action could trigger a need for further liquidity (for example, by triggering termination provisions or collateral delivery requirements in contracts to which we are a party) at a time when the Group's ability to obtain liquidity from external sources is limited by such ratings action.

Counterparty risks

In the current financial crisis and in view of the impact it is having, or may have, on market participants, the Group's general exposure to counterparty risk is heightened and this risk could be exacerbated to the extent defaults, or concerns about possible defaults, by certain market participants trigger more systemic concerns about liquidity. Losses due to defaults by counterparties, including issuers of investment securities (which include structured securities) or derivative instrument counterparties, could adversely affect the Group. In addition, trading counterparties, counterparties under swaps and other derivative contracts and financial intermediaries may default on their obligations due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operational failure, fraud or other reasons, which could also have a material adverse impact on the Group.

The Group could also be adversely affected by the insolvency of, or other credit constraints affecting, counterparties in its reinsurance operations.

Risks relating to credit rating downgrades
Ratings are an important factor in establishing the competitive position of reinsurance companies, and market conditions could increase the risk of downgrade. Third-party rating agencies assess and rate the financial strength of reinsurers and insurers, such as Swiss Re. These ratings are intended to measure a company's ability to repay its obligations and are based upon criteria established by the rating agencies. The Group's ratings came under pressure due to the additional asset write-downs it recorded for the fourth quarter of 2008 and the resulting impact on the Group's capital position.

As claims paying and financial strength ratings are key factors in establishing the competitive position of reinsurers, a decline in ratings alone could make reinsurance provided by the Group less attractive to clients relative to reinsurance from competitors with similar or stronger ratings. A decline in ratings could also cause the loss of clients who are required by either policy or regulation to purchase reinsurance only from reinsurers with certain ratings. A further decline in ratings could also impact the availability of unsecured financing and obligate the Group to provide collateral or other guarantees in the course of its reinsurance business or trigger early termination of funding arrangements. Any rating downgrades could also have a material adverse impact on the Group's costs of borrowing and limit its access to the capital markets. Further negative ratings action could also impact reinsurance contracts.

Insurance and operational risks
As part of the Group's ordinary course operations, the Group is subject to a variety of risks, including risks that reserves may not adequately cover future claims and benefits, risks that catastrophic events may expose the Group to unexpected large losses, competitive conditions, cyclicality of the industry, risks related to emerging claims and coverage issues, risks arising from the Group's dependence on policies, procedures and expertise of ceding companies, and risks related to the failure of operational systems and infrastructure. In addition, the occurrence of future risks that the Group's risk management procedures fail to identity or anticipate could have a material adverse effect on the Group.

Legal and regulatory risks
The Group has been named, from time to time, as a defendant in various legal actions in connection with its operations. The Group is also involved from time to time in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. The number of these investigations and proceedings involving the financial services industry has increased in recent years. The Group could also be subject to risk from potential employee misconduct, including non-compliance with internal policies and procedures. Substantial legal liability could materially adversely affect the Group's business, financial condition or results of operations or could cause significant reputational harm, which could seriously harm its business.

A number of lawsuits have been filed against financial service firms raising claims tied to the unprecedented market turmoil. Swiss Re is already subject to one such action, which is a putative securities class action filed in the United States District Court for the Southern District of New York in February 2008 against it and certain of its executive officers alleging false and misleading statements in connection with the mark-to-market loss, announced on November 19, 2007. The Group cannot predict whether it could be subject to further claims arising out of the market turmoil.

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's actual results, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- the direct and indirect impact of the continuing deterioration in the financial markets and the efficacy of efforts to strengthen financial institutions and stabilise the credit markets and the broader financial system;
- changes in global economic conditions and the effects of the global economic downturn;
- the occurrence of other unanticipated market developments or trends;
- Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;
- changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of Swiss Re's investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to its mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that Swiss Re's hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;
- risks associated with implementing Swiss Re's business strategies;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- political risks in the countries in which Swiss Re operates or insures risks;
- the impact of current, pending and future legislation and regulation affecting us or our ceding companies, and regulatory and legal actions;
- the impact of changes in accounting standards;
- the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

These factors are not exhaustive. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate calendar and contact information

Corporate calendar
5 August 2009
Second quarter 2009 results

3 November 2009
Third quarter 2009 results

9 December 2009
Investors' Day

18 February 2010
2009 annual results

6 May 2010
First quarter 2010 results

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