News release

Swiss Re

Swiss Re reports improvement in excess capital at the AA level to CHF 4.5 billion
Net loss of CHF 381 million for the second quarter of 2009
Significant progress made in de-risking the Legacy portfolio

Contact:

Media Relations, Zurich
Telephone +41 43 285 7171

Corporate Communications, London
Telephone +44 20 7933 3445

Corporate Communications, Asia
Telephone +852 2582 3660

Corporate Communications, New York
Telephone +1 212 317 5663

Investor Relations, Zurich
Telephone +41 43 285 4444

Swiss Reinsurance Company Ltd
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999
www.swissre.com

Zurich, 5 August 2009 – In the second quarter of 2009, Swiss Re further increased its capital strength and estimates that its excess capital at the AA level has improved to CHF 4.5 billion. The Group also made significant progress in de-risking its Legacy portfolio. Solid underlying earnings in the core business were offset by mark-to-market losses on hedges and impairments. This resulted in a net loss of CHF 381 million for the quarter.

Stefan Lippe, Swiss Re's Chief Executive Officer, said: "During the second quarter of 2009, our core business, despite the reported loss, continued to deliver strong underwriting results and solid earnings power. Most importantly, the measures we implemented to improve our capital base have proven to be effective, considerably increasing our excess capital at the AA level. We have also made significant progress in de-risking Legacy with the termination of substantially all of our portfolio credit default swap contracts. This powerful combination increases our confidence in delivering on our targets."

Net loss despite solid underlying earnings

Swiss Re reported a net loss of CHF 381 million for the second quarter of 2009, compared to a profit of CHF 564 million in the same period of the previous year. Earnings per share were CHF –1.13.

The net loss was mainly driven by three factors that offset solid underlying earnings in the core business. First, by mark-to-market losses on hedges on corporate bonds of CHF 1.1 billion; the unrealised gains on these corporate bonds of CHF 1.9 billion are reflected in shareholders' equity but not in net income. Second, by impairments of CHF 0.6 billion, primarily on securitised products. Third, while Swiss Re's credit spreads improved considerably in the quarter, US GAAP requires Swiss Re to record the effects of its own credit spreads in certain financial liabilities. This resulted in a charge of CHF 431 million on net income for the quarter.

Shareholders' equity increased to CHF 23.8 billion at the end of June 2009, compared to CHF 23.6 billion at the end of March. Annualised return on equity was –7.4%, compared to 2.9% for the first quarter of 2009. Basic book value per common share was CHF 60.69, compared to CHF 61.39 at the end of the first quarter of 2009.

As of the end of June, Swiss Re estimates that its excess capital at the AA level improved to CHF 4.5 billion.

Property & Casualty delivers excellent underwriting result

Property & Casualty operating income increased to CHF 1.0 billion in the second quarter of 2009, compared to CHF 0.9 billion in the second quarter of 2008. The combined ratio improved to 89.4% (or 87.6% excluding unwind of discount) compared to 91.0% (89.0%) in the same period of the previous year. This result is primarily due to disciplined underwriting and strict expense management.

Life & Health impacted by markets

Life & Health reported an operating loss of CHF 10 million for the second quarter of 2009, compared to a profit of CHF 535 million in the prior year period. While premium and fee revenue increased slightly compared to the prior year period, the result was strongly impacted by the discontinued variable annuity business, mainly due to the mark-to-market impact of improvements in the Group's own credit standing. As Swiss Re's credit spreads narrowed in the quarter, this resulted in a mark-to-market loss of CHF 375 million. The benefit ratio increased to 78.6%, compared to 77.5% in the same quarter of 2008. This increase primarily reflects the prior year favourable mortality and morbidity experience within the traditional life and health segments. The benefit ratio continues to be satisfactory.

Asset Management continues to focus on de-risking

For the second quarter of 2009, return on investments decreased to 0.5%, compared to 2.9% in the prior year period, mainly due to the impact of hedges on corporate bonds and the impairment charges. Swiss Re maintained a cautious stance on corporate bonds and increased the allocation to lower risk assets such as cash, short-term investments and government securities in its investment portfolio.

Legacy risk significantly reduced

Legacy generated a net operating income of CHF 71 million for the second quarter of 2009. Legacy also took a significant step in its de-risking plan, terminating substantially all of its remaining portfolio credit default swap contracts and decreasing corresponding notional exposure in its Legacy portfolio from CHF 13.9 billion at the end of March 2009 to CHF 842 million at the end of June 2009.

Successful renewals

Conditions in the reinsurance market continued to improve in the second quarter of 2009. Swiss Re sees the strongest immediate improvements taking place in some life segments, especially the US, and many natural catastrophe markets. In several other segments, the softness of the market has slowed but has not yet really reversed. In the July 2009 Property & Casualty renewals, Swiss Re achieved a rate increase of 4%, reflecting the shift in its reinsurance portfolio from

Casualty lines towards more profitable Property non-proportional business, as well as a gradual hardening of the market. More importantly, though, the company succeeded in raising long-term price adequacy. Overall, the renewals in the first six months of 2009 demonstrated that Swiss Re's client franchise is strong and that the company has sufficient capacity to provide the capital relief its clients need.

Fully in line with operational efficiency target
Several major milestones in the company's efficiency programme were achieved in the second quarter of 2009. Swiss Re optimised its global office network and initiated the closure of 14 of its 73 offices across the globe to serve clients more effectively, while consolidating support functions in regional hubs. These measures translated into running cost savings, before restructuring costs, of more than CHF 300 million in the first half of 2009. Net savings, after restructuring costs, are now expected to exceed CHF 150 million in 2009, compared to our original target of CHF 100 million.

Outlook
Swiss Re has succeeded in increasing its capital strength and remains a strong partner for its clients. For Property & Casualty, the company expects further modest rate increases. The company is likely to surpass its combined ratio target of 95% for the underwriting year, provided that natural catastrophe events remain within expectations. However, the economic environment remains uncertain and the company's investment and Legacy portfolios remain exposed to market volatility. The financial market volatility and the shift towards lower risk investments, which allowed Swiss Re to reduce its exposures significantly, may adversely impact future earnings.
Stefan Lippe concluded: "We believe the underlying operating trends are positive and we have the ability to allocate significant capacity to lines of business that offer an appropriate return on our capital."

Media conference call
Swiss Re will hold a media conference call this morning at 10.30 am (CET). The slides for the second quarter results are available on www.swissre.com. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 44 800 9659
From Germany:	+49 69 9897 2630
From France:	+33 1 70 99 42 70
From UK:	+44 20 7138 0815
From US:	+1 718 223 2330

Analysts' conference call

Swiss Re will hold an analysts' conference call this afternoon at 2 pm (CET). You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 44 800 9659
From Germany:	+49 69 9897 2630
From France	+33 1 7099 4276
From UK:	+44 20 7138 0814
From US:	+1 718 354 1359
From Australia:	+61 2 8223 9234

Notes to editors

Swiss Reinsurance Company Ltd

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.

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 carry forwards 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 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. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.