Swiss Re

Economic Value Management (EVM) 2010 results

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2010 EVM Summary
Strong growth of Economic Net Worth (ENW)

- **EVM measures the risk adjusted economic performance of the firm**
  - EVM is used for steering the business and assessing performance
- **EVM profit USD 1.3 billion**
  - The result reflects a strong underwriting performance in Property & Casualty coupled with positive contributions from Life & Health and Asset Management
- **Economic Net Worth increased 11% to USD 30.7 billion**
  - Economic Net Worth per share USD 89.7 (CHF 83.6)
  - Includes all expected cash flows from redemption of convertible perpetual capital instrument (CPCI)
  - Economic Net Worth per share growth plus dividend of 12%, slightly above the annual average growth target of 10% communicated on 17 February 2011

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EVM 2010 income statement

USD millions	2009	2010
Profit		
New business profit/loss	5 624	1 249
Previous years' business profit/loss	885	78
Total profit/loss after capital costs	**6 509**	**1 327**
Release of capital costs	2 590	1 854
Income before capital costs	**9 099**	**3 181**

- The result reflects strong underwriting performance in Property & Casualty and a positive contribution of Life & Health and Asset Management, partially offset by Group item performance
- The very strong EVM results in 2009 reflected the exceptional Asset Management performance as financial markets recovered

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EVM income statement by segment
Excellent underwriting results in Property & Casualty

USD millions	Property & Casualty	Life & Health	Asset Mgt	Legacy	Group items	Total
2010						
New business profit/loss	1 386	275	958	-19	-1 351	**1 249**
Previous years' business profit/loss	648	82	n/a	-51	-601	**78**
Total profit/loss after capital costs	**2 034**	**357**	**958**	**-70**	**-1 952**	**1 327**
Release of capital costs	429	384	1 274	220	-453	**1 854**
Income before capital costs	**2 463**	**741**	**2 232**	**150**	**-2 405**	**3 181**
2009						
New business profit/loss	921	285	3 826	196	396	**5 624**
Previous years' business profit/loss	341	368	n/a	-284	460	**885**
Total profit/loss after capital costs	**1 262**	**653**	**3 826**	**-88**	**856**	**6 509**
Release of capital costs	508	240	1 542	280	20	**2 590**
Income before capital costs	**1 770**	**893**	**5 368**	**192**	**876**	**9 099**

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EVM 2010 key drivers
Property & Casualty

- New business profit
  - EVM profit of USD 1 386 million, compared to USD 921 million in 2009
  - New business results mainly reflecting steps taken at renewal to improve the overall Property & Casualty profitability, particularly in Casualty and Credit. This was partially offset by natural catastrophe losses in Asia Pacific
- Previous years' business profit
  - EVM profit of USD 648 million, compared to USD 341 million in 2009
  - The net positive result was driven by net favourable claims development in all regions, and by updates in cash flow patterns to reflect slower expected payouts. This was partially offset by natural catastrophe losses affecting business written in previous years (Chile earthquake)

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EVM 2010 key drivers
Life & Health

- New business profit
  - EVM profit of USD 275 million, compared to USD 285 million in 2009
  - This result was driven by improved margins in Canada, offset by lower volumes in the US and Europe. No Admin Re® transaction was closed in 2010
- Previous years' business profit
  - EVM profit of USD 82 million, compared to USD 368 million in 2009
  - The net result reflected positive contributions from Traditional Life and Accident & Health, partially offset by a significant adjustment to a model for a block of US Admin Re® business

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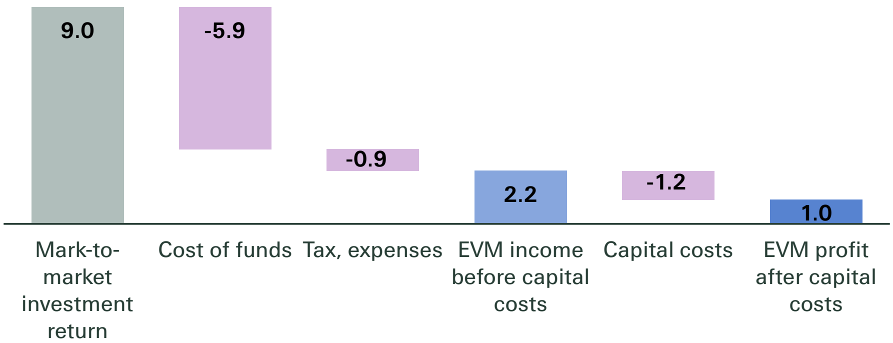
EVM 2010 key drivers
Asset Management

USD billions



- EVM profit of USD 958 million, compared to USD 3 826 million in 2009
- The result was driven by positive risk-adjusted outperformance against the liability-based benchmark, mainly on securitised and other credit sensitive assets and private equity investments
- The very strong EVM results in 2009 reflected the exceptional Asset Management performance as financial markets recovered

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EVM 2010 key drivers
Legacy

- New business profit
  - EVM loss of USD –19 million, compared to USD 196 million in 2009
  - The result was driven by losses from the liquidation of assets from former structured credit default swaps and trading activities in run-off
- Previous years' business profit
  - EVM loss of USD –51 million, compared to USD –284 million in 2009
  - The result was driven by commutations of Financial Guarantee Re business

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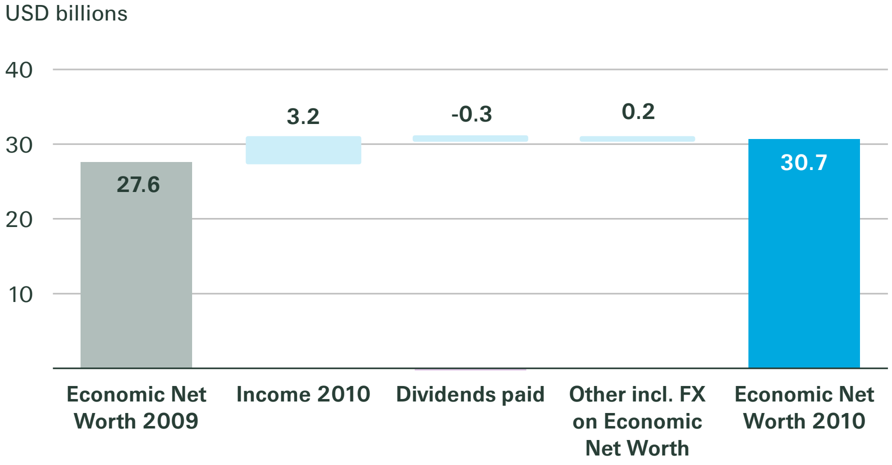
EVM 2010 key drivers
Group items

- New business profit
  - EVM loss of USD –1 351 million, compared to an EVM profit of USD 396 million in 2009
  - This change was largely driven by the impact of a short duration asset position that generated an EVM profit in 2009 and an EVM loss in 2010. In addition, the 2009 result benefited from the positive performance of inflation-linked bonds
- Previous years' business profit
  - EVM loss of USD –601 million, compared to an EVM profit of USD 460 million in 2009
  - This negative variance is mainly driven by the absence of certain group tax benefits recognised in 2009 and the reflection of higher full term funding costs for letters of credit in 2010

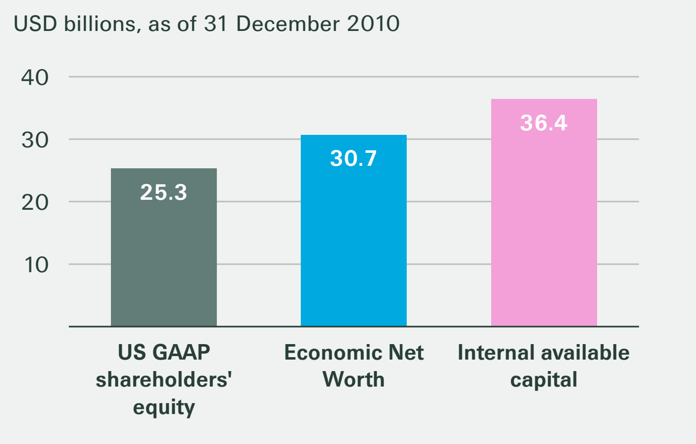
2010 Economic Net Worth roll forward
Strong increase in Economic Net Worth



- Increase of ENW driven by strong underwriting results and a positive contribution from Asset Management
- No impact from the CPCI repayment, as this was fully recognized at inception in 2009

2010 Economic Net Worth

- Economic Net Worth is the difference between the market value of assets and the economic value of liabilities
- Economic Net Worth is the EVM estimate of shareholders' equity



- The CPCI repayment had no impact on Economic Net Worth, as it was recognized in EVM as a liability at inception
- ENW per share of USD 89.7 (CHF 83.6)

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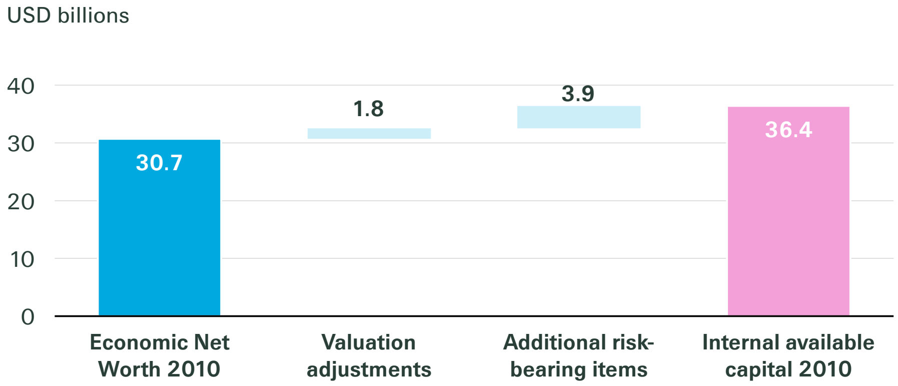
EVM 2010 Economic Net Worth and available capital



- Internal available capital is based on Economic Net Worth
- Economic Net Worth is adjusted for valuation differences (mainly on capital cost reserves) and additional risk-bearing items (e.g. hybrid capital) in line with the Swiss Solvency Test (SST) framework

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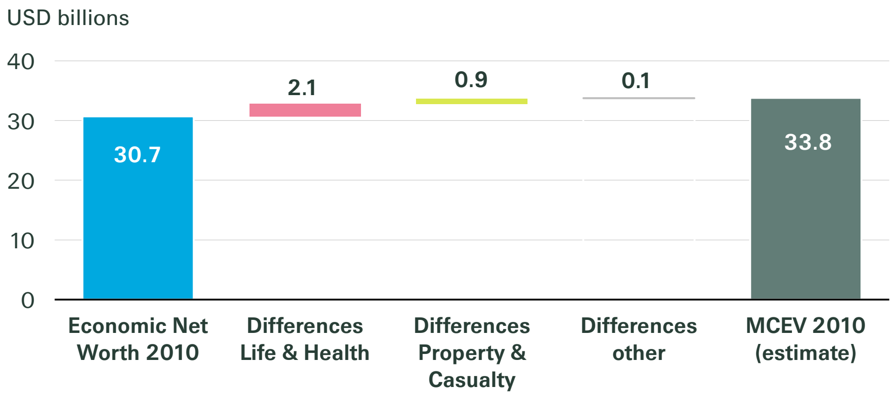
MCEV and EVM 2010 comparison

MCEV recognises higher value than EVM



- In line with MCEV guidelines, swap yield curves are used as reference rates. No credit is reflected for liquidity premiums
- Differences between EVM and MCEV are mainly related to capital costs
  - EVM frictional capital costs are a 4% charge on EVM capital
  - MCEV costs of residual non hedgeable risks are shown at 3% on 99.5% value at risk, which are lower than EVM frictional capital costs

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Appendix

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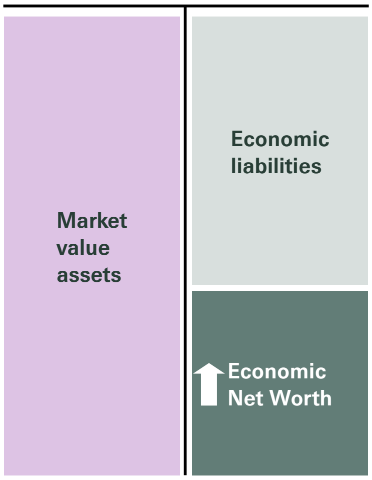
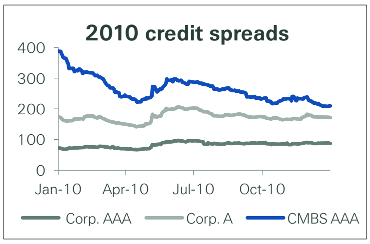
Drivers of EVM 2010 results

EVM balance sheet

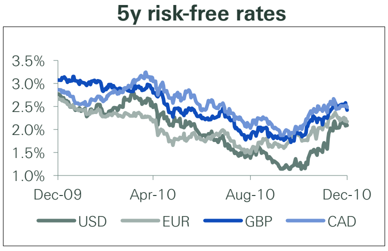


Mark-to-market gains on credit-exposed assets and private equity investments



Source: Barclays

Decrease of risk-free rates led to an increase of economic liabilities



Source: Bloomberg and Swiss Re

Strong underwriting performance for new and previous years' business increased Economic Net Worth

- Strong growth of Economic Net Worth reflecting strong underwriting performance and improving credit market conditions

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EVM methodology

- EVM is Swiss Re's integrated economic measurement and steering framework used for planning, pricing, reserving and managing the business. EVM:
  - Splits performance of underwriting and investment activities
  - Recognises all profits on new business at inception, changes in estimates as they occur and excludes future new business
  - Values assets and liabilities on a market consistent basis
  - Reflects best estimates
  - Measures performance after capital costs

- The EVM production process is not subject to the same control environment as annual and quarterly US GAAP reporting
- EVM 2010 is subject to a moderate assurance review, in line with the International Standard on Review Engagements 2400 and the Swiss Auditing Standard 910

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CPCI: treatment and impact in EVM

- EVM has treated the convertible perpetual capital instrument (CPCI) issued to Berkshire Hathaway as an economic liability since inception
  - Best estimate assumption was that Swiss Re would pay back the CPCI in March 2011
  - In line with standard insurance liabilities, CPCI best estimate cash-flows have been projected and discounted using risk-free interest rates
  - As a result, an EVM loss at inception of USD −918 million was booked in the year-end 2009 EVM results, driven by the projected 20% premium at redemption and the 12% coupon payments over two years

- In the 2010 EVM results the CPCI had a small effect
  - Actual redemption in January 2011 almost in line with original best estimate

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EVM 2010 income statement
Property & Casualty

USD millions	Property & Specialty	Casualty	Total
2010			
New business profit/loss	1 266	120	**1 386**
Previous years' business profit/loss	257	391	**648**
Total profit/loss after capital costs	**1 523**	**511**	**2 034**
Release of capital costs	195	234	**429**
Income before capital costs	**1 718**	**745**	**2 463**
2009			
New business profit/loss	983	-62	**921**
Previous years' business profit/loss	223	118	**341**
Total profit/loss after capital costs	**1 206**	**56**	**1 262**
Release of capital costs	200	308	**508**
Income before capital costs	**1 406**	**364**	**1 770**

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EVM 2010 income statement
Life & Health

USD millions	Traditional Life	Accident & Health	Admin Re®	Total
2010				
New business profit/loss	245	66	-36	**275**
Previous years' business profit/loss	126	209	-253	**82**
Total profit/loss after capital costs	**371**	**275**	**-289**	**357**
Release of capital costs	191	121	72	**384**
Income before capital costs	**562**	**396**	**-217**	**741**
2009				
New business profit/loss	269	36	-20	**285**
Previous years' business profit/loss	231	324	-187	**368**
Total profit/loss after capital costs	**500**	**360**	**-207**	**653**
Release of capital costs	188	7	45	**240**
Income before capital costs	**688**	**367**	**-162**	**893**

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EVM 2009 and 2010 balance sheet

USD billions	31 Dec **2009**	31 Dec **2010**
Assets		
Investments and cash	183.0	176.8
In-force business assets	183.9	222.7
Property & Casualty	*19.2*	*17.8*
Life & Health	*164.6*	*204.9*
Other	*0.1*	*0.0*
Other assets	7.5	7.9
Total assets	**374.4**	**407.4**
Liabilities		
In-force business liabilities	298.4	334.8
Property & Casualty	*62.4*	*57.3*
Life & Health	*235.4*	*276.8*
Other	*0.6*	*0.7*
Debt	30.4	29.3
Other liabilities	18.0	12.6
Total liabilities	**346.8**	**376.7**
Economic Net Worth	**27.6**	**30.7**

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Comparison of 2010 US GAAP shareholders' equity to Economic Net Worth by segment

USD billions	Property & Casualty	Life & Health	Other	Total
2010 US GAAP shareholders' equity				**25.3**
Additional discounting	5.8	-0.8	-2.8	2.2
MtM on assets & debt			1.8	1.8
Reserving basis				
GAAP margins		12.5		12.5
Other	1.9	-0.5	-1.7	-0.3
Recognition differences	0.1	0.6	-1.5	-0.8
Goodwill & other intangibles			-4.7	-4.7
Additional tax liability	-0.8	-0.7	0.1	-1.4
Other	0.1	0.0	-0.1	0.0
Frictional capital costs	-0.4	-3.5	0.0	-3.9
Total EVM valuation adjustments	**6.7**	**7.6**	**-8.9**	**5.4**
2010 Economic Net Worth				**30.7**

- In 2010, EVM recognises higher shareholder value on the balance sheet than US GAAP. Main drivers:
- Property & Casualty: EVM reserves are discounted at risk-free rates whereas US GAAP reserves are generally undiscounted
- Life & Health: US GAAP reserves generally reflect historic locked-in assumptions whereas economic reserves incorporate best estimate assumptions

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EVM capital allocation by segment

USD billions	Property & Casualty	Life & Health	Asset Mgt	Legacy	Group items	Total
Allocation at year end FX						
2010	11.3	9.2	5.2	0.6	1.6	**27.9**
2009	11.1	9.2	4.4	0.9	2.0	**27.6**

- EVM capital costs are allocated taking internal risk, regulatory and rating agency capital requirements into consideration
- The increase in EVM capital for Asset Management was mainly driven by changes in rating agency models

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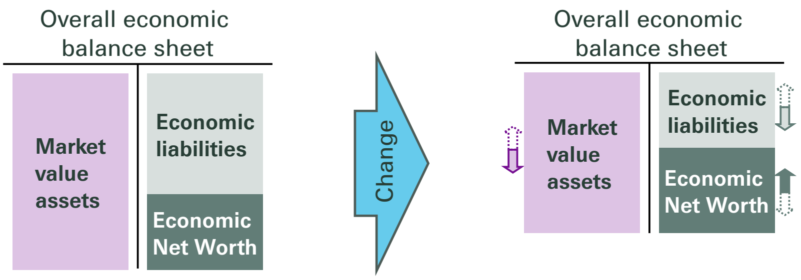
EVM 2010 sensitivities
Goals and methodology

EVM sensitivities illustrate the impact on EVM figures to changes in EVM key parameters. EVM sensitivities are estimated on the following basis:

- Changes are applied in isolation rather than showing combined effects
- No management action is taken in reaction to changes
- Sensitivities on Swiss Re own pension obligations are excluded



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EVM 2010 sensitivities
Group sensitivities

USD billions	Change in 2010 new business profit	Change in Economic Net Worth as of 31 Dec 2010
Change in frictional capital costs		
Decrease by 100bps (from 4% to 3%)	0.2	1.0
Life & Health	*0.0*	*0.8*
Property & Casualty	*0.1*	*0.2*
Other	*0.1*	*0.0*
Financial market shocks		
10% decrease in equity/property values	-1.0	-1.0
25% increase in equity/property implied volatilities	0.0	0.0
25% increase in swaption implied volatilities	0.0	0.0
Change in reference rates (yield curve)		
Increase by 100bps	n/a	-0.2
Life & Health		*3.8*
Property & Casualty		*1.6*
Other		*-5.6*
Decrease by 100bps	n/a	0.0
Life & Health		*-4.5*
Property & Casualty		*-1.7*
Other		*6.2*

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EVM 2010 sensitivities
Group sensitivities

USD billions	Change in 2010 new business profit	Change in Economic Net Worth as of 31 Dec 2010
Inclusion of a liquidity premium in the valuation of EVM net insurance liabilities		
Set reference rates equal to Government rates + 10bps	n/a	0.6
Life & Health		*0.4*
Property & Casualty		*0.2*
Set reference rates equal to Government rates + 50bps	n/a	2.8
Life & Health		*2.0*
Property & Casualty		*0.8*
Set reference rates equal to Government rates + 100bps	n/a	5.4
Life & Health		*3.8*
Property & Casualty		*1.6*

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EVM 2010 sensitivities
Life & Health specific sensitivities

USD billions	Change in 2010 new business profit	Change in Economic Net Worth as of 31 Dec 2010
Reduce lapse rates by 10% (e.g. from 8% to 7.2%)	0.0	1.2
Mortality and morbidity rates reduced by 5%		
Mortality	0.1	2.2
Longevity	0.0	-0.3
Morbidity	0.0	0.3
Remove all allowance for future mortality improvement		
Mortality	-0.3	-5.3
Longevity	0.0	0.7
Mortality / Longevity trend rates		
Set future mortality improvement assumption **at** 100 bps p.a. (mortality business)	0.1	2.3
Increase future mortality improvement assumption **by** 100 bps p.a. (longevity business)	0.0	-0.7

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EVM 2010 sensitivities
Property & Casualty specific sensitivities

USD billions	Change in 2010 new business profit	Change in Economic Net Worth as of 31 Dec 2010
Change in weighted average term to settlement		
Increase by 10%	0.0	0.4
Decrease by 10%	0.0	-0.4
Projected future claims cost		
Increase new business claims by 10% (e.g. increase loss ratio from 60% to 66%)	-0.5	-0.6

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Corporate calendar & contacts

Corporate calendar

15 April 2011	**147th Annual General Meeting**	Zurich
05 May 2011	**First Quarter 2011 results**	Conference call
04 August 2011	**Second Quarter 2011 results**	Conference call
03 November 2011	**Third Quarter 2011 results**	Conference call
09 December 2011	**Investors' Day**	

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Cautionary note on non-GAAP financial measures

This presentation on Economic Value Management ("EVM") contains non-GAAP financial measures. EVM is not based on US GAAP, which are the principles in accordance with which Swiss Re prepares its financial statements, and should not be viewed as a substitute for US GAAP financial measures. Among other items, the EVM income statement (and its components) should not be viewed as a substitute for the income statement (and its line items) included as part of Swiss Re's US GAAP consolidated financial statements, and the Economic Net Worth figure should not be viewed as a substitute for shareholders' equity as reported in Swiss Re's US GAAP consolidated balance sheet. Nonetheless, Swiss Re believes that EVM provides meaningful additional measures to evaluate its business.

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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:

- further instability affecting the global financial system and developments related thereto;
- changes in global economic conditions;
- 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 its 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 hedging arrangements may not be effective;
- the lowering or loss of financial strength or other ratings of one or more of the companies in the Group or developments adversely affecting the ability to achieve improved ratings;
- 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;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and regulatory or legal actions;
- changes in accounting standards;
- 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.