

Swiss Re



Merrill Lynch

Banking & Insurance CEO Conference

Jacques Aigrain

Chief Executive Officer

London, 4 October 2007

Swiss Re



Today's agenda

■ **"Delivering Growth in a Riskier World"**

- Generate economic profit growth
- Reduce earnings volatility
- Enlarge market scope
- ILS - reduce risk and provide growth

■ **Summary and outlook**

Strategic direction

Our aspiration

To be the leading force in the risk transfer industry, combining professional resources and skills with customer focus to deliver economic profit growth

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Generate economic profit growth

through
 Intelligent cycle management and efficient capital allocation

Reduce earnings volatility

through
 Our capital markets expertise, scale and diversification

Enlarge market scope

through
 Organic and transaction-related activities to address the needs of our clients

Talent, culture and organisational efficiency

through
 Efficient processes, innovative skills and professional expertise

Higher sustainable shareholder returns

Best-in-class customer service

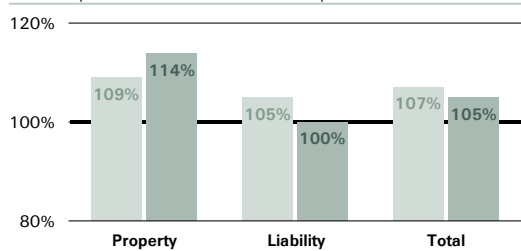
Generate economic profit growth

Overall treaty business profitability further increased in July 2007 renewals

- Overall price adequacy, including new business, increased from 112% to 115% in July 2007 renewals, despite reduction in rates of 2% in average
- Property still at attractive levels (especially for nat cat), pressure on liability
- Capacity withdrawn where prices were not adequate, most notably in US casualty (reduction by 34% in July renewals, one fifth YTD 2007, 15-20% since January 2006 on a comparable basis) → Swiss Re acts as a leader
- Higher client retention levels are continuing
- 40% of the business written in July will flow into 2007 GAAP accounts, 60% is baked in for future year profitability (mostly 2008)

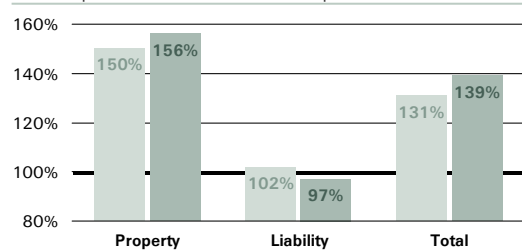
Proportional

Achieved price as % of technical reference price



Non-proportional

Achieved price as % of technical reference price



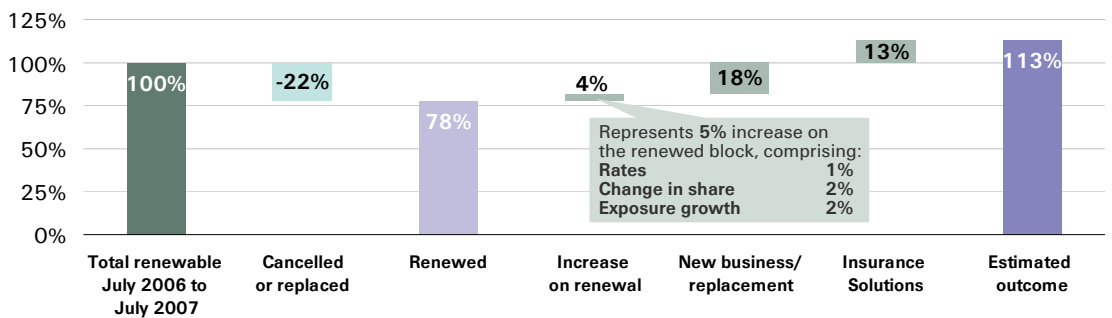
Generate economic profit growth



July 2006 to July 2007 renewals
Growth at high quality point of cycle

- Since July 2006 Swiss Re has grown its non-life reinsurance portfolio by 13%
- Premium volume for "old" Swiss Re book at stable levels complemented by successful renewals of acquired Insurance Solutions business
- Increase on renewed Swiss Re book includes 1% higher margins
- Former Insurance Solutions business underwritten and priced on Swiss Re standards with improvement in underlying profitability

52 week renewals traditional portfolio



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All renewal figures are estimated and calculated at constant FX rates

Generate economic profit growth



Outlook January 2008 renewals
Continued bottom line focus – at expense of top line if necessary

Expected development of reinsurance rates

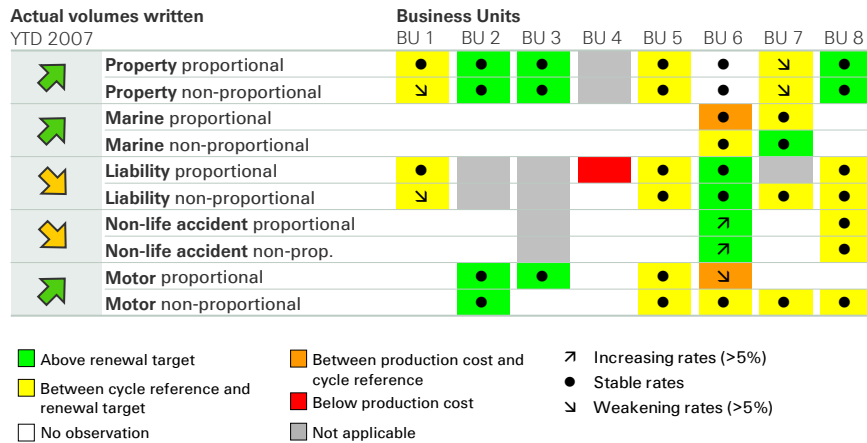
Property Europe (incl. nat cat)	→
Property US (incl. nat cat)	↘
Casualty overall (excl. motor)	↘
Motor	→
Casualty critical risks/products	→
Specialties	↘
Credit	↗
Life and health	→

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Cycle management at work
 Real time monitoring of qualitative trends

Established **traffic light approach** to monitor current situation and trend for rate adequacy, economic profit and coverage terms (wordings)



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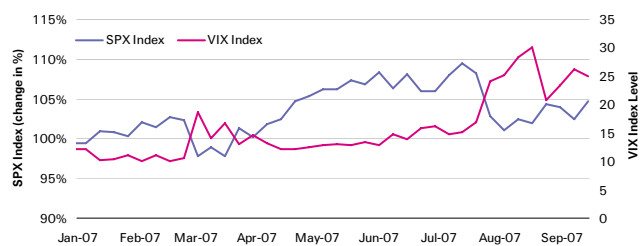
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Excerpt from a traffic light overview for rate adequacy

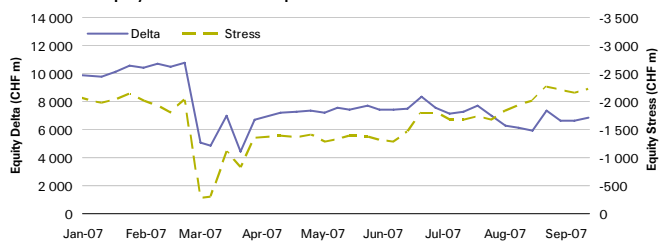
Active management of financial market risk in recent equity markets

- Short futures were used to quickly reduce the net exposure in the equity market weakness at the end of February and again in mid-March
- In the course of March 2007, the short futures were mostly replaced by put options to regain the upside potential
- Since April, the put programme has been constantly renewed such that protection has been kept at high levels. Risk management monitors the exposure by
 - daily monitoring of stress, VaR and P/L broken down by futures, options, structured products and cash securities
 - daily communication with portfolio managers to receive updates on trading activities
 - weekly Proprietary Asset Management (PAM) reports

Development of major equity market indices YTD 2007



PAM's listed equity delta and stress exposures YTD 2007



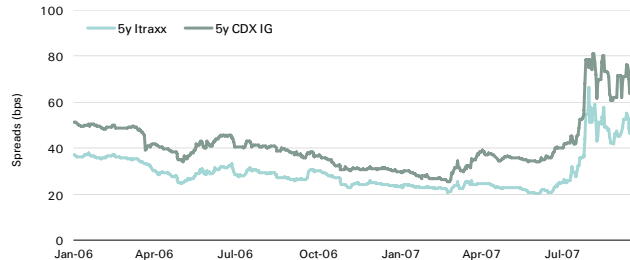
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As of 18 September 2007

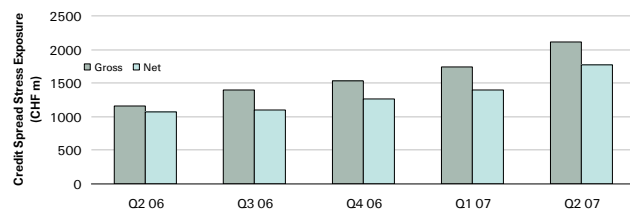
Management of credit spread exposure

- PAM has been proactive in managing its credit exposures via cash sales or buying protection in CDS form. Both single-name and index CDS are used
- A number of indices have been utilized, covering different rating spectrums and currencies, leaving net zero high yield exposure
- Most of the hedges were put on when the credit market was benign, thus reaping benefits from the recent spread widening

Development of major CDS indices 1.1.2006 – YTD 2007



Effect of hedges in reducing credit spread stress exposure



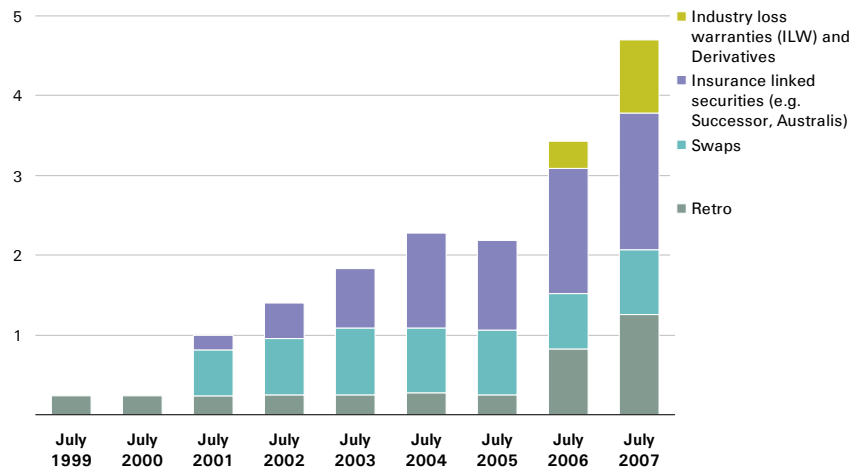
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Swiss Re's catastrophe perils hedging has grown further

Hedging instruments

CHF bn



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Reduce earnings volatility

Hedging expanded from capital to earnings protection

Earnings volatility events

CHF m	Return period	Market loss	Est. Swiss Re gross claims	Est. claims hedge effect	Est. net claims
Hurricane NORTH ATLANTIC	25 yrs	66 000	1 700	- 800	900
Windstorm EUROPE	25 yrs	15 500	1 500	- 700	800
Earthquake CALIFORNIA	50 yrs	27 000	1 600	- 200	1 400
Earthquake JAPAN	50 yrs	18 000	1 000	- 100	900



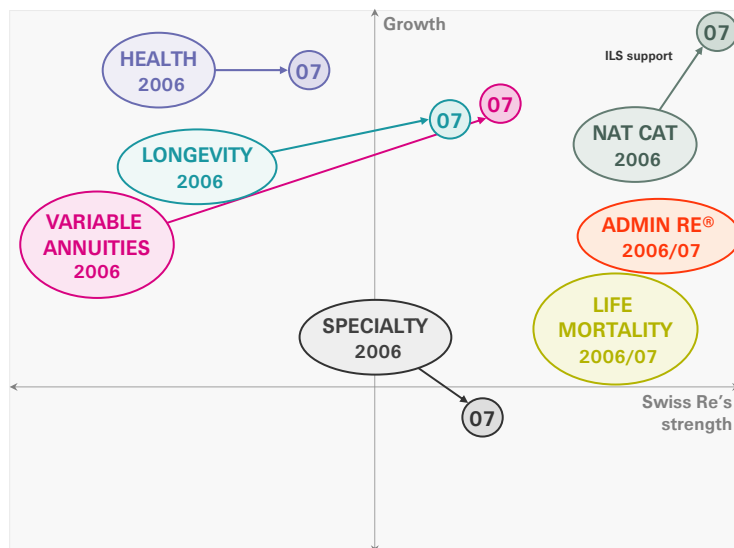
Claims exceeding these figures are considered as "extreme" claims

Enlarge market scope

Areas with significant growth potential

Key is to focus on areas of high potential

- **Longevity**
 Assets under management CHF 20bn up in H1 2007
- **Variable annuities**
 USD 80m net revenues in H1 2007 (Life & Health and Financial Services combined)
- **Health**
 Joint venture initiated in India; China to follow
- **Admin Re®**
 Continuing strength (CHF 0.7bn of capital invested YTD)
- **ILS**
 Trading capabilities/disconnect from cycle (nat cat, etc.)





Organic growth

Combination of core competencies enables innovation

- Capital market options make it possible to write larger programmes**
 Swiss Re Underwriters wrote a USD 400m two-year property cat aggregate programme for a major US insurer, of which 50% was retained net and 50% was placed in capital markets by Financial Services
- Committed Long Term Capital Solutions (CLOCS)**
 Swiss Re arranged and syndicated a USD 500m committed capital facility for a major US insurer providing an option to issue regulatory capital in case of cat losses exceeding their reinsurance limits
- Tailored product solution in aviation**
 Swiss Re designed an innovative multi-year contract to meet the needs of a major aviation client, increasing the Swiss Re share on the basis of a 100% private placement

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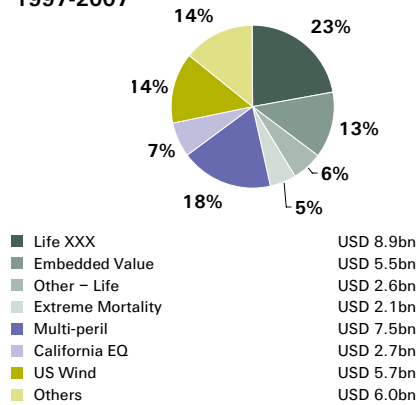
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Advances in risk transfer and trading in a strongly growing market

Life, multi-peril and US wind
securitisations have been predominant

1997-2007



Total (100%)

USD 41.0bn

As of 21 September 2007
Source: Swiss Re Capital Markets

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Securitisations sponsored by Swiss Re

Programme	Size	Type
Australis	USD 50m	Australian Typhoon, EQ
MedQuake	USD 100m	Turkey, Greece, Cyprus, Portugal, Israel EQ
Successor II	USD 100m	US Wind, US EQ, Euro Wind, Japan EQ
Vita Capital III	USD 250m	Extreme Mortality
Vita Capital III	EUR 210m	Extreme Mortality

Selected securitisations on behalf of 3rd parties

Programme	Size	Type
AKIBARE	USD 120m	Japan Typhoon
Blue Wings	USD 150m	North American EQ, UK River Flood
Calabash Re II	USD 250m	US Wind, US EQ
Fusion 2007	USD 140m	Mexico EQ, Japan Typhoon
Longpoint Re	USD 500m	US Wind

Swiss Re cat bond indices

- First performance indices for catastrophe bonds in cooperation with Standard & Poor's
- Important step in increasing transparency of cat bond returns
- Attracting additional investors and enhancing the secondary market

ILS – reduce risk and provide growth

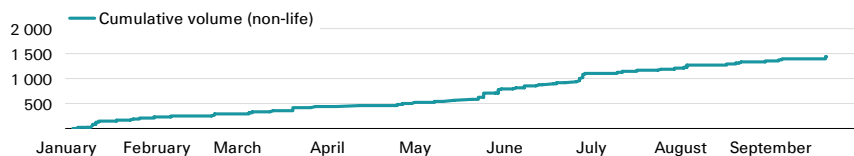
Stable ILS trading volumes and spreads in recent capital market turbulence

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Nat cat Swiss Re secondary trading volume (2007)

USD m

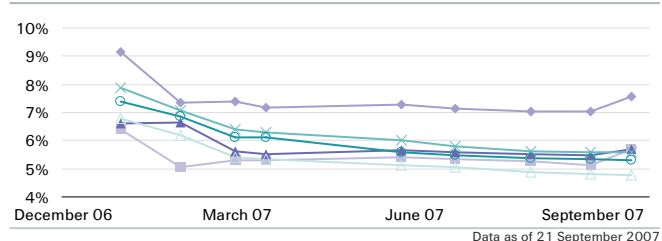


Swiss Re traded about USD 1.4bn between 1 January 2007 and 21 September 2007

Selected cat bonds

Programme	Spread tightening
US Wind Bond A	-11.2%
US Wind Bond B	-18.6%
US Wind Bond C	-15.9%
California Earthquake Bond A	-23.0%
California Earthquake Bond B	-29.3%
California Earthquake Bond C	-33.8%

Secondary market spreads for selected cat bonds



Today's agenda

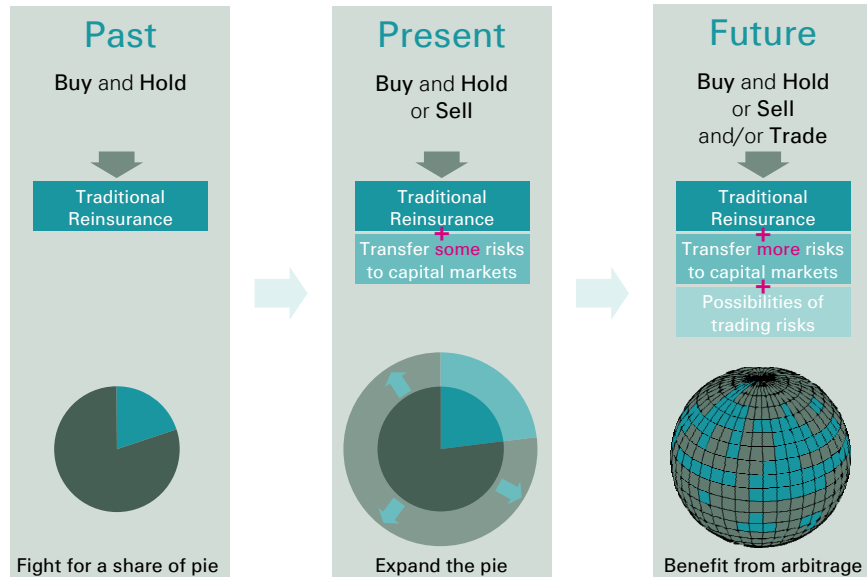
■ "Delivering Growth in a Riskier World"

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■ Summary and outlook

Underway to a new business model

Growth from new ways of dealing with increasing risk base



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Targets and outlook

Over the cycle targets

EPS growth

10%

RoE

13%

- P&C rates remain at attractive levels, particularly for property business. Slight decline in business volume, partly due to higher client retentions. Swiss Re continues to **manage the cycle actively**
- Swiss Re continues to **optimize use of capital** including continuance of the **buy-back programme** announced earlier this year
- First half substantially exceeded our targets and assuming normal nat cat events in H2 the **outlook for the rest of the year remains strong**

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Swiss Re's strategic priorities designed for "Delivering Growth in a Riskier World"

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Organic and transaction-related activities to address the needs of our clients

Talent, culture and organisational efficiency

through

Efficient processes, innovative skills and professional expertise

Higher sustainable shareholder returns

Best-in-class customer service

Appendix

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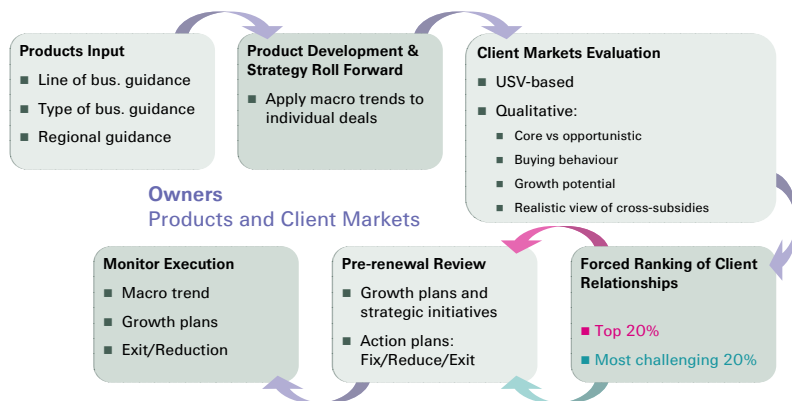
Intelligent Cycle Management (ICM)

Strict cycle management is key

Key elements of "Intelligent Cycle Management" (ICM):

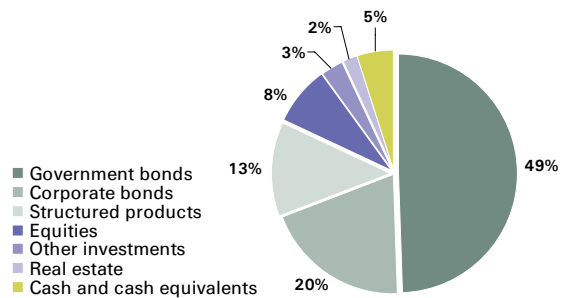
- Early and pro-active approach (roll-forward)
- Structured, forward looking and client-specific
- Costing accuracy
- People

We are determined to act as the leader!



Investment portfolio split

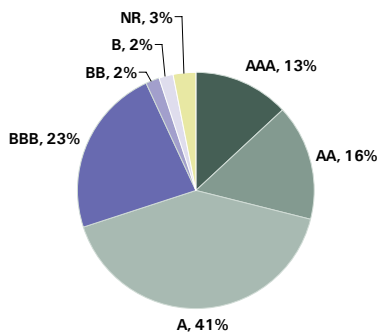
CHF bn	End Q2 2007
Balance sheet values	196.9
Unit-linked investments	-25.2
Balance sheet values (excl. unit-linked)	171.7



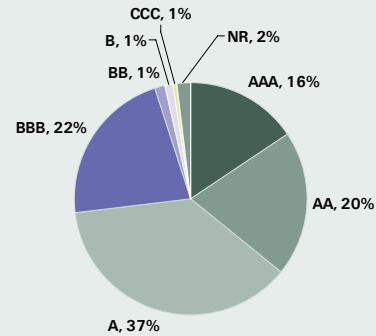
Split excludes unit-linked securities

Corporate bond portfolio split

Gross exposure as of 31 December 2006



Gross exposure as of 30 June 2007



The net effect of the hedges was to reduce Swiss Re's stress test exposure to widening credit spreads from a gross impact of CHF 2.0 billion on average in Q2 2007 to a net impact of CHF 1.7 billion. The stress test exposure shows the impact of the widening of credit spreads based on the experience over the past 15 years

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Structured product portfolio split

CHF bn	30 June 2007
ABS	2.1
Alternative real estate structures	0.2
CDO	0.3
CLO	0.6
CMBS	4.0
CML	0.2
CMO	6.0
MBS	7.8
Other structured	0.2
Project loans	0.5
Total	21.9

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Corporate calendar & contacts

Corporate calendar

3Q 2007 results (Conference Call)	06 November 2007
Investors' day (London)	11 December 2007

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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:

- 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;
- cyclicalities of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our invested assets or changes in our investment policy;
- 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;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

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.

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