



Swiss Re reports net income of USD 618 million for the third quarter 2010 and announces the repayment of the convertible security issued to Berkshire Hathaway

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](http://www.swissre.com)

**Zurich, 4 November 2010 – Swiss Re reported third-quarter net income of USD 618 million, compared to USD 314 million in the prior-year period. Swiss Re also announced that the convertible perpetual capital instrument issued to Berkshire Hathaway has been terminated with effect from 3 November 2010.**

Stefan Lippe, Swiss Re's Chief Executive Officer, said: "Today we are pleased to report that our improved capital position allowed us to reach an agreement to repay Berkshire Hathaway, with no additional charge for bringing forward the repayment date."

Swiss Re will expense the interest charges and the 20% premium in the fourth quarter, adjusted for foreign exchange. The charge to earnings is expected to be approximately USD 1 billion pre-tax. After making the termination payment, Swiss Re will still hold significant excess capital above the 'AA' level.

#### **Strong Group results despite challenge of low interest rates**

Swiss Re reported net income of USD 618 million for the third quarter of 2010, compared to USD 314 million in the same period of the previous year. Earnings per share were CHF 1.93 (USD 1.80), compared to CHF 0.97 (USD 0.92) in the third quarter of 2009.

Shareholders' equity increased by USD 2.4 billion to USD 29.9 billion in the third quarter of 2010. Return on equity for the third quarter was 9.5%, compared to 6.1% in the prior-year period. Book value per common share was CHF 77.81 (USD 79.65) at the end of September 2010, versus CHF 78.44 (USD 72.51) at the end of June 2010.

#### **Continued exceptional performance in P&C**

Property & Casualty delivered excellent operating income of USD 1.1 billion in the third quarter of 2010, compared to USD 0.9 billion in the third quarter of 2009. The combined ratio improved to 76.4% (or 74.8% excluding the unwind of discount) from 84.5% (82.7%) in the prior-year period, despite an earthquake in New Zealand that impacted operating income by USD 160 million. The combined ratio for the first nine months of 2010 was 95.6%. The 2010 third-quarter result benefited from below-average natural catastrophe activity, the company's continued disciplined underwriting

---

and cycle management approach, and positive prior-year development.

Life & Health reported operating income of USD 1 19 million in the third quarter of 2010, compared to USD 363 million in the prior-year period. The benefit ratio increased to 93.3% in the third quarter of 2010, compared to 81.1% in the same quarter of 2009. The change was primarily due to the absence of a gain recognised in the prior-year result together with the impact of certain commutations.

Asset Management again delivered strong operating income of USD 1.2 billion for the third quarter of 2010, compared to USD 697 million in the third quarter of 2009. The annualised return on investments was 2.8% in the third quarter of 2010, compared to 1.6% for the same period of the prior year. This was driven mainly by the lower impact from hedges and impairments but partially offset by the impact of foreign exchange rate movements. The annualised total return on investments was 10.6% in the third quarter of 2010, compared to 14.3% in the same period of the prior year.

Group items for the third quarter of 2010 include a foreign exchange loss of net USD 195 million that relates to an intra-group transaction that was completed in the second quarter of 2010 (please refer to the third quarter financial statements, Note 1 'Organisation and summary of significant accounting policies').

#### **Focus on clients**

Swiss Re wishes to further strengthen the company's core capabilities and market presence with a focus on Reinsurance, Corporate Solutions and Admin Re<sup>®</sup>. As communicated in October 2010, these three client-facing operations will in future each be represented by dedicated Executive Committee members.

Stefan Lippe said: "These changes demonstrate that our relationship with our clients lies at the heart of what we do. Our strong capital position makes us an outstanding partner in the upcoming renewal seasons."

#### **Rating confirmed, outlook revised upward**

On 12 October 2010, Standard & Poor's affirmed its 'A+' long-term counterparty credit and insurer financial strength ratings on Swiss Reinsurance Company Ltd. At the same time, the outlook was revised upwards, from 'stable' to 'positive'.

The ratings outlook revision is a strong signal, reflecting Standard & Poor's view that Swiss Re's financial strength has recovered considerably, thanks primarily to the speed and effectiveness of the company's de-risking measures and the resilience of its franchise.

#### **Outlook**

In view of the challenge that the low interest rate environment presents, Swiss Re will continue to focus on writing profitable business while opening up new sources of income through its capacity for

innovation. The company's (re)insurance portfolio is well positioned for this environment. Swiss Re remains committed to active cycle management and portfolio steering and will deploy capital to those lines of business where it expects to achieve an appropriate return.

Stefan Lippe said: "At the beginning of 2009, we set out a series of firm commitments aimed at restoring trust in Swiss Re. We have delivered on our promises and successfully turned around the company's performance. We are now firmly focused on the future, implementing our strategy and leveraging our core capabilities."

## Notes to editors

### Media conference

Swiss Re will hold a media conference this morning at 10.30 am (CET) at Mythenquai 50/60, Zurich. Journalists who cannot participate in person may dial in as follows:

From Switzerland:	+41 (0)44 580 3217
From Germany:	+49 (0)69 2222 7111
From France:	+33 (0)1 70 99 42 80
From the UK:	+44 (0)20 3140 8286
From the US:	+1 718 354 1152
From Hong Kong:	+852 3009 5113

### Investors and analysts' conference call

Swiss Re will hold an analysts' conference call this afternoon at 2.30 pm (CET). You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)44 800 9674
From Germany:	+49 (0)69 2222 7111
From France:	+33 (0)1 70 99 42 85
From the UK:	+44 (0)20 7138 0829
From the US:	+1 718 354 1152
From Australia:	+61 (0)2 8223 9222

The presentation slides for media and analysts are available on [www.swissre.com](http://www.swissre.com).

### 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:

- 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 cyclical nature 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.