Swiss Re

Third Quarter 2010 results

Analyst and investor conference call

Zurich, 04 November 2010

Swiss Re

Today's agenda

- Introduction — Susan Holliday, Head IR
- Business performance — George Quinn, CFO
- Summary and outlook — Stefan Lippe, CEO
- Questions & answers

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Introduction

Susan Holliday, Head IR

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Business performance

George Quinn, CFO

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Highlights

Strong results

- **Q3 net income of USD 0.6bn (vs. USD 0.3bn in Q3 2009)**
  - Annualised ROE of 9.5% in the quarter
- **Shareholders' equity increased to USD 29.9bn**
  - Book value per ordinary share CHF 77.81 (USD 79.65)
- **P&C combined ratio Q3 76.4%**
  - Helped by low level of nat cats and strong underwriting
  - 9M 2010 combined ratio 95.6%
- **S&P changed rating outlook to positive in October 2010**
- **Swiss Re announces early termination of CPCI**

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Key figures

USD, unless otherwise stated	Q3 **2009**	Q3 **2010**	9M **2010**
■ Group net income[1]	0.3bn	0.6bn	1.6bn
■ P&C combined ratio	84.5%	76.4%	95.6%
■ Return on equity	6.1%	9.5%	8.5%
■ Earnings per share (USD)	0.92	1.80	4.64
(CHF)	*0.97*	*1.93*	*4.96*

	Q2 **2010**	Q3 **2010**
■ Shareholders' equity[2]	27.5bn	29.9bn
■ Book value per share (USD)[3]	72.51	79.65
(CHF)	*78.44*	*77.81*

1 Group net income attributable to shareholders (after interest payment for CPCI and excluding non-controlling interests)
2 Shareholders' equity excluding non-controlling interests
3 Basic BVPS, excluding CPCI and non-controlling interests
Please refer to the third quarter 2010 financial statements, Note 1 'Organisation and summary of significant accounting policies'

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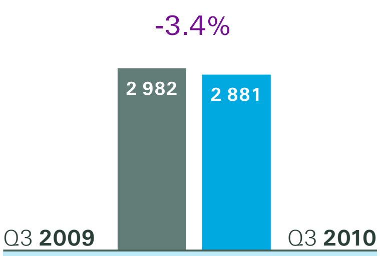
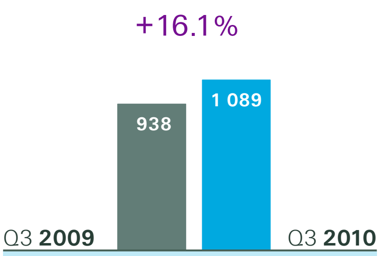
Property & Casualty
Excellent underwriting, low nat cats

Premiums earned
USD m



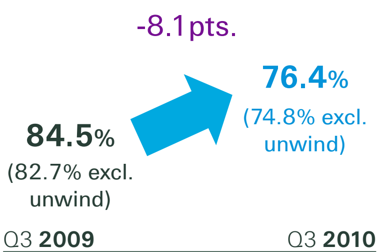
- The volume reductions in the January 2010 renewals were partly offset by 5% pts of higher nat cat premium earnings due to refined seasonality assumptions in Q3 2010
- At constant fx rates, premiums decreased by 1.3%

Operating income
USD m



- Operating income increase driven by higher underwriting result, partly offset by lower investment income
- Includes impact of USD 99m from 2008 and prior positive development as cumulative reserve development exceeds amount payable under ADC
- EQ New Zealand impacted operating income by USD 160m

Combined ratio, trad.
%



- Net impact from nat cat losses was 5% pts, which is 8% pts below expectations
- The expense ratio improved by 1.8% pts
- Impact of 3.4% pts from 2008 and prior year positive reserve development

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Property & Casualty
Good performance in all lines

P&C traditional combined ratios

%, premiums and operating income in USD m

	Q3 2009	Q3 2010	Main drivers of change	Premiums	Operating income
Property	**65.8%**	**60.1%**	■ Q3 2010 benefited from benign nat cat season and refined seasonality assumptions	**1 345**	**557**
Casualty	**110.8%**	**105.7%**		**786**	**245**
Liability	121.6%	103.6%	■ Improvement driven by favourable net claims experience from prior years and lower expense ratio	392	155
Motor	101.8%	101.0%	■ Stable	311	58
Accident (A&H)	105.7%	133.7%	■ Q3 2010 adversely impacted by net claims experience while Q3 2009 benefited from premium revisions	83	32
Specialty	**82.0%**	**74.7%**		**655**	**237**
Credit	98.3%	65.6%	■ Improved technical margins after recent portfolio changes, favourable premium updates and lower expense ratio	224	87
Other Specialty	74.2%	79.4%	■ Changes in fx rates and comparatively less favourable net claims experience in Q3 2010	431	150
Total traditional	**84.5%**	**76.4%**		**2 786**	**1 039**
excl. unwind	82.7%	74.8%			
Total non-trad.				**95**	**50**
Total				**2 881**	**1 089**

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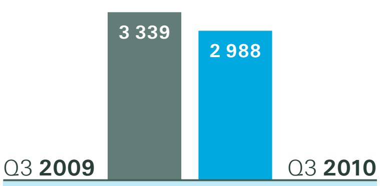
Life & Health
Growth in new business

Operating revenues

USD m

-10.5%

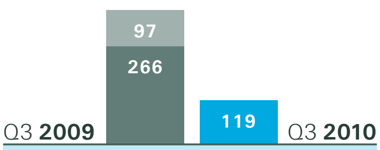


- Excluding FX and retrocession, premiums and fees were 4% higher than in Q3 2009, driven by new traditional life business in Asia and Americas and new traditional health business, primarily in Asia
- Lower premium volume driven by retrocession transaction partly offset by new business and fee income

Operating income

USD m

-67.2%

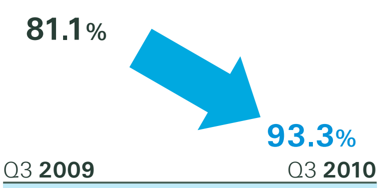


- Prior period results include arbitration award of USD 97m
- Mortality at expectations (but less favourable than Q3 2009), while morbidity was slightly favourable
- Investment income USD 74m lower than Q3 2009, due to allocation methodology
- Increase in reserves due to model enhancements

Benefit ratio[1]

%

+ 12.2pts



- Approximately 5% point increase due to Q3 2009 effect of the rescission of a disability contract and certain commutations
- Approximately 5% point increase due to less favourable mortality & morbidity experience than in 2009

[1] Benefit ratio now excludes the impact of VA & pre-2000 GMDB from all periods presented

Life & Health
Operating income break-down

USD m	Q1 2010	Q2 2010	Q3 2010
Operating income of which approximately:	**245**	**142**	**119**
VA, pre-2000 GMDB, impact from B36	55	53	10
Mortality and morbidity compared to expectations	85	36	46
Change in models and assumptions	-57	23	-99
Change in allocated investment income[1]	-35	-22	-8
PVFP amortisation/ reserves compared to expected[2]	-26	-88	-17
Benefit ratio[3]	**89.1%**	**88.3%**	**93.3%**

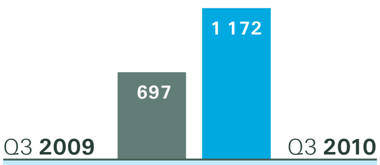
- Volatility in VA, pre-2000 GMDB in 2010 generally driven by Swiss Re's own credit spread. B36 is primarily due to interest rates and credit spreads
- Change in models includes the impact on net GAAP liabilities from model enhancements and refinements in available data
- PVFP amortisation on realised gains/losses is charged directly to the L&H segment, while actual realised gains/losses are included in Asset Management. Declining portfolio yields and equity markets accelerate PVFP amortisation
- Other factors that will cause volatility in results include cedent reporting and foreign currency movements

1 Change in allocated investment income compared to immediately preceding quarter
2 Based on changing yields, equity markets and realised gains/losses
3 Benefit ratio now excludes the impact of VA & pre-2000 GMDB from all periods presented
Based on Swiss Re estimates, aggregation by categories may be refined in the future

Asset Management
Strong performance

Operating income[1]
USD m

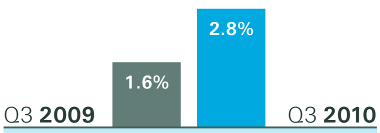
+68%



- AM investment portfolio of USD 150.8bn (excl. unit-linked and with-profit)
- AM Q3 2010 fixed income running yield of 3.9%
- Impairments USD -68m
- Short duration reduced during Q3 2010, DV01 USD 4.4m

Return on Investments
%

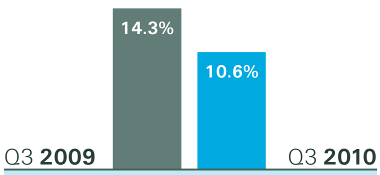
+1.2pts



- RoI Q3 2010 of 3.6% for rates, 4.5% for credit and 2.4% for equities and alternative investments
- Lower credit hedge losses and lower impairments than Q3 2009
- FX negatively impacted RoI by 1.0% during Q3 2010

Total return[2]
%

-3.7pts



- Total return Q3 2010 of 9.5% for rates, 14.2% for credit and 22.2% for equities and alternative investments
- Total return driven by lower interest rates
- Increase in shareholders' equity of USD +2.3bn in Q3 2010
- FX negatively impacted total return by 1.0% during Q3 2010

1 Minority interests included in operating income but excluded from the RoI and Total Return
2 Total return includes change in unrealised gains/losses

Investment income allocation
Methodology

Methodology

- Allocation of a benchmark return to L&H/P&C segments based on an average risk-free rate applied to net reinsurance GAAP reserves
- Risk free rate applied based on duration of economic cash flows for the respective block of reserves, by currency

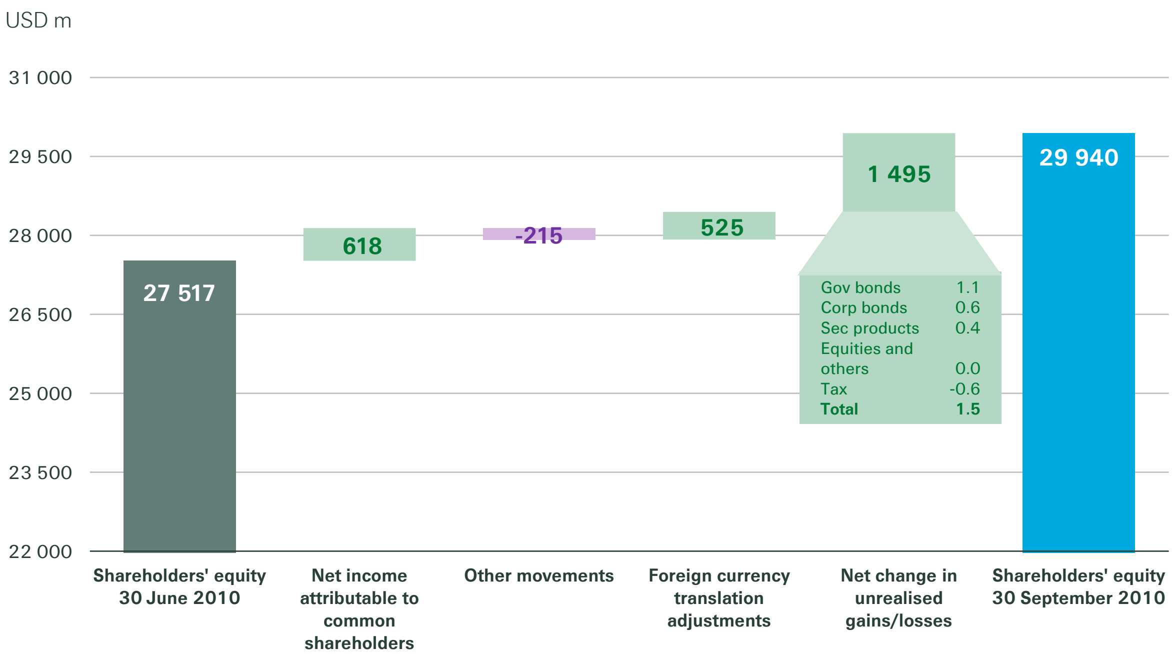
...does not impact...

- Direct investment income earned by each segment (e.g. policy loan interest, interest on funds withheld, unit linked returns, ILS, variable annuities)
- Actual asset returns, including realised gains/losses, which are reflected within the AM segment results
- Asset Liability Management (ALM) policies and principles
- Pricing

Implications

- Higher yields from investing in spread assets reflected in AM only, not L&H or P&C
  - Liabilities that are interest sensitive such as universal life contracts may have specified crediting rates and the allocation may result in nil spread reported by the L&H segment
  - Liabilities with locked in higher interest rate assumptions will be allocated lower returns than assumed in reserving
- Based on ALM policies, actual returns on assets supporting long term liabilities would not decline as rapidly as risk free rates
- No return on capital is allocated to the L&H or P&C segments
- Actual realised gains /losses included in AM can result in a change in PVFP amortisation. PVFP is recorded directly in the L&H segment

Shareholders' equity Q3 2010
Growth driven by net income, FX and gains



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Summary and outlook

Stefan Lippe, CEO

Swiss Re

Termination of CPCI

- Swiss Re and Berkshire Hathaway have terminated the CPCI, effective 3 November 2010. There is no early repurchase penalty
- In Q4 2010 Swiss Re will expense the interest charges for Q4 2010 and Q1 2011 and the 20% premium, less a reduction for time value of money due to early repayment and FX remeasurement on the capital based on the USD / CHF rates 3 November 2010 vs. March 2009. This will all be shown in the income statement, resulting in an additional charge in Q4 2010 of approximately USD 1bn pre-tax
- CHF 3bn moves from capital to short term liabilities and is revalued at 3 November 2010 FX rates, together with the premium of CHF 600m. FX remeasurement of the liability from 4 November 2010 until settlement will be in realised gains/losses
- Termination payment January 2011

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Summary and outlook

- Strong results in Q3 2010
- CPCI termination removes uncertainty for shareholders
- S&P raised outlook to positive
- Management aligned to client focus
- Low interest rates are a challenge for the sector but Swiss Re's underwriting discipline and cycle management mean that we are well positioned for current environment

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Questions & answers

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Corporate calendar & contacts

Corporate calendar

09 December 2010	**Life & Health teach-in**	Conference call
17 February 2011	**Annual Results 2010**	Zurich
15 April 2011	**147th Annual General Meeting**	Zurich
05 May 2011	**First Quarter 2011 results**	Conference call
07 July 2011	**Investors' Day**	Zurich
04 August 2011	**Second Quarter 2011 results**	Conference call

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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.