Swiss Re

Third Quarter 2008 Report

Key information

Corporate highlights

- Net loss of CHF 0.3 billion, despite good technical results for Property & Casualty
- Earnings per share of CHF –0.93; book value per share of CHF 74.16
- Return on equity of –4.9% (annualised); or 4.3% (annualised) for the first nine months of 2008
- Shareholders' equity of CHF 24.1 billion
- Property & Casualty operating income of CHF 0.1 billion; combined ratio of 99.8%, or 97.6% excluding unwind of discount
- Life & Health operating loss of CHF 0.6 billion; benefit ratio of 91.5%
- Financial Markets delivered a return on investments of 1.6% (annualised); or 3.4% (annualised) for the first nine months of 2008

Financial highlights (unaudited)

For the three months ended 30 September

CHF millions, unless otherwise stated	2007	**2008**	Change in %
Property & Casualty			
Premiums earned	4 775	**3 610**	–24
Combined ratio, traditional business in %	82.5	**99.8**	
Life & Health			
Premiums earned	3 038	**2 916**	–4
Benefit ratio in %	79.0	**91.5**	
Financial Markets			
Operating income	1 750	**–76**	–
Return on investments in %, (annualised)	3.9	**1.6**	
Group			
Premiums earned	7 813	**6 526**	–16
Net income	1 469	**–304**	–
Earnings per share in CHF	4.20	**–0.93**	–
Shareholders' equity (31.12.2007/30.09.2008)	31 867	**24 078**	–24
Return on equity in %, (annualised)	18.8	**–4.9**	–
Number of employees[1] (31.12.2007/30.09.2008)	11 702	**11 702**	

[1] Permanent staff

Financial strength ratings

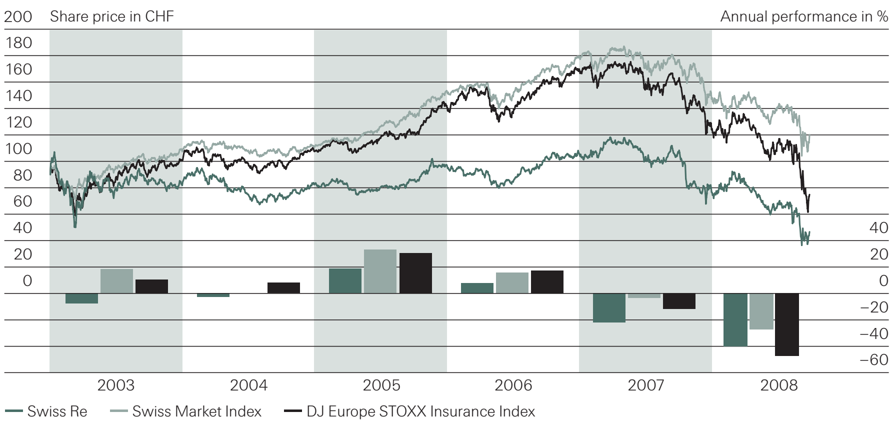
as of 31 October 2008	S&P	Moody's	A.M. Best
Rating	AA-	Aa2	A+
Outlook	stable	stable	stable

Share performance

Market information as of 31 October 2008

Share price (in CHF)	47.76
Market capitalisation (in CHF millions)	16 862

Performance	2003–31 October 2008 (p.a.)	**Year to 31 October 2008**
Swiss Re in %	–10.4	**–40.6**
Swiss Market Index in %	5.0	**–27.5**
DJ Europe STOXX Insurance Index in %	–3.1	**–47.9**



Contents

From left:
Peter Forstmoser
Chairman of the Board of Directors
Jacques Aigrain
Chief Executive Officer

Dear shareholders

The unprecedented conditions we saw in the capital markets in the first half of this year further intensified in the third quarter of 2008. The widespread volatility has affected the entire financial sector and we have not been immune. As a result, we report a net loss of CHF 0.3 billion, or CHF 0.93 per share, for the third quarter of 2008. For the first nine months of 2008, net income was CHF 0.9 billion, or CHF 2.66 per share. Our Property & Casualty and Life & Health businesses continued to perform well, with Property & Casualty reporting good technical results despite hurricanes Gustav and Ike.

The annualised rate of return on equity was a disappointing –4.9% for the quarter and 4.3% for the first nine months of 2008. Compared to the end of the second quarter of 2008, shareholders' equity decreased 6% to CHF 24.1 billion at the end of the third quarter of 2008.

A strong balance sheet
Book value per share decreased to CHF 74.16 at the end of September 2008, compared to CHF 77.65 at the end of June 2008. This modest reduction is a direct result of our prudent investment approach with low exposure to equities and the significantly increased hedging of our corporate bond portfolio.

Our risk management remains geared towards ensuring your company has strong capital and liquidity positions. This was confirmed on 25 September 2008 when Standard & Poor's Ratings Services reaffirmed Swiss Re's AA- insurer financial strength and long-term counterparty rating.

Business performance impacted by investment result
Operating income in Property & Casualty decreased to CHF 0.1 billion, mainly as a result of lower investment returns, selective underwriting and materially higher natural catastrophe claims from hurricanes Gustav and Ike. Swiss Re's effective protection successfully mitigated the impact of these claims. Excluding realised investment losses, the operating result declined to CHF 0.7 billion from CHF 1.8 billion. The combined ratio of 99.8%, or 97.6% excluding the unwind of discount, was good despite the higher natural catastrophe burden in the third quarter of 2008.

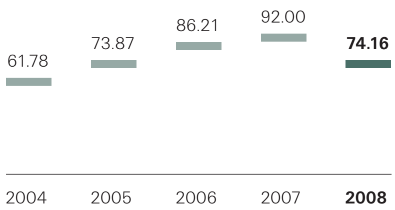
Life & Health operating income also suffered from the adverse market conditions that affected our investment returns. Reduced investment income and realised investment losses, as well as higher mortality in North America resulted in an operating loss of CHF 0.6 billion. Excluding realised investment losses, the operating result declined to CHF 22 million from CHF 868 million. On 31 October 2008, we closed the GBP 762 million acquisition of Barclays Life Assurance Company Ltd, announced on 5 August 2008.

In the light of current conditions, we are focusing on ensuring the resilience of our balance sheet. Swiss Re has a high quality and well diversified investment portfolio with over 50% in cash, short-term deposits, treasury bills or government backed instruments. In addition, we significantly reduced the company's exposure to corporate credit through hedging. Similarly, the traded equity portfolio was also further reduced through disposals and hedging.

These measures, although effective from an economic standpoint and protecting Swiss Re from the risk of significant increases in default rates, reduce investment returns. Annualised return on investments declined to 1.6% in the reporting period and 3.4% for the first nine months of 2008. Financial Markets delivered an operating loss of CHF 0.1 billion.

Book value

Per common share (CHF)
as of 31 December, current year as of 30 September



Outlook

Given the market turmoil, we have suspended our share buy-back programme. The combination of high volatility in the capital markets and a significant increase in demand for reinsurance by our clients means that this prudent step is appropriate. We can still meet our completion target of April 2010, but this will depend on some stability returning to the capital markets and the business opportunities arising for our Property & Casualty and Life & Health businesses.

Swiss Re is not immune to events in the capital markets or their impact on the broader economy. The market movements had a negative impact on our earnings and balance sheet in the third quarter of 2008, and this may continue in the fourth quarter. But we are taking steps to reduce investment risk, which we intend to continue, despite the fact that this will lead to a decline in the yield on the company's investment portfolio.

We are seeing increased demand from our clients, however, for traditional capital support as they look to grow organically or by acquisition. Against this backdrop, we have significantly increased our hurdle rates for Admin Re® transactions, not only recognising the current shift in the market, but also anticipating a shift in capital back to Property & Casualty should the early indicators of a hardening market prove correct. We remain committed to our over-the-cycle targets of 14% ROE and 10% compound EPS growth although composition of earnings will clearly change.

Our key strengths are our people focused on client delivery, our underwriting expertise, our strong capital base and our prudent asset management. These strengths will allow us to continue to provide sustainable solutions in all aspects of reinsurance. Our clients face increasing financial pressure at a time when the loss impact of natural catastrophes is rising, and they are looking for further assistance and reinsurance support. They are turning to us, and we are responding. This will lead to opportunities that benefit our clients and you, our shareholders.

Zurich, 4 November 2008

Peter Forstmoser
Chairman of the Board of Directors

Jacques Aigrain
Chief Executive Officer

Key events

2 September

Walter Bell joined Swiss Re as Chairman of Swiss Re America Holding Corporation

Walter Bell, formerly Insurance Commissioner of the Alabama Department of Insurance, provides supervisory governance of the Americas businesses for Swiss Re. He also oversees and directs regulatory and public affairs for all of Swiss Re's North America business

26 September

Swiss Re and Oxfam America launched joint risk management initiative for farmers in Tigray, Ethiopia

Swiss Re and Oxfam America announced a joint Commitment to Action at the Clinton Global Initiative 2008 meeting in New York. The collaboration is aimed at helping communities most vulnerable to climate variability and change

30 September

Swiss Re entered into partnership with CelsiusPro

Swiss Re announced a partnership with CelsiusPro, the first Europe-based weather derivative online sales platform, to offer weather risk transfer solutions to European companies. Swiss Re provides risk capacity and expertise to support CelsiusPro's online platform. The partnership allows companies to enter into weather derivative contracts via www.CelsiusPro.com and protect themselves against financial losses related to adverse weather conditions

20 October

Swiss Re entered into weather derivative contract with the World Bank covering drought in Malawi

Swiss Re entered into a weather derivative contract with the World Bank's International Development Association (IDA), evidencing Swiss Re's expertise in providing solutions in weather and weather contingent commodity price structures.
Swiss Re has a share of more than 30% in worldwide weather risk markets

28 October

Swiss Re and Arreon Carbon announced development of facility for acquisition of Certified Emission Reductions

Swiss Re and Arreon Carbon, a company specialising in the development of emission reduction products, announced that they jointly established a facility to acquire China-based Certified Emission Reductions (CERs). Through this facility, Swiss Re and Arreon Carbon are able to acquire CERs from a broad range of high quality Clean Development Mechanism projects

31 October

Swiss Re completed GBP 762 million acquisition of Barclays Life Assurance Company Ltd

The transaction, announced on 5 August 2008, received all the required regulatory approvals. The transaction provides further scale and infrastructure for Swiss Re's Admin Re® business in the United Kingdom and underlines Swiss Re's role as a leading player in the origination, transfer and trading of insurable risks

Group

Swiss Re reports a net loss of CHF 0.3 billion for the third quarter of 2008. Property & Casualty continued to deliver good technical results despite increased loss frequency in the third quarter of 2008. Life & Health was impacted by higher mortality. The current financial markets crisis resulted in significant mark-to-market losses in asset management.

Group results

Swiss Re reported a net loss of CHF 0.3 billion in the third quarter of 2008, compared to a profit of CHF 1.5 billion in the third quarter of 2007. Earnings per share were CHF –0.93.

The Swiss franc increased 13% against the US dollar and 15% against the British pound compared to third quarter of 2007 average rates.

Premiums earned declined 16% to CHF 6.5 billion or 8% at constant foreign exchange rates. Both the quota share arrangement with Berkshire Hathaway and disciplined cycle management led to a decrease in Property & Casualty earned premiums.

The Group's investment income and net realised gains include the investment result from assets backing unit-linked and with-profit policies. These returns are credited to policyholders' accounts and are therefore excluded from the following comments on the investment performance of the Group.

Net investment income was CHF 1.4 billion, a 39% decrease compared to the prior year period, or a 33% decrease at constant foreign exchange rates. This was mostly driven by lower contribution from listed and private equity and a reduction in the running yield to 4.5% in the third quarter of 2008 from 5.4% in the prior year period as a result of increased allocation to short-term investments and government securities.

Income statement

CHF millions, for the three months ended 30 September	2007	2008	Change in %
Revenues			
Premiums earned	7 813	**6 526**	–16
Fee income from policyholders	225	**195**	–13
Net investment income[1]	2 602	**1 646**	–37
Net realised investment gains/losses[2]	–1 527	**–2 247**	47
Other revenues	86	**102**	19
Total revenues	9 199	**6 222**	–32
Expenses			
Claims and claim adjustment expenses	–2 603	**–2 524**	–3
Life and health benefits	–2 397	**–2 547**	6
Return credited to policyholders	513	**742**	45
Acquisition costs	–1 642	**–1 347**	–18
Other expenses	–852	**–756**	–11
Interest expenses	–568	**–377**	–34
Total expenses	–7 549	**–6 809**	–10
Income before income tax expense	1 650	**–587**	–
Income tax expense	–181	**283**	–
Net income	1 469	**–304**	–

[1] Including unit-linked and with-profit business of CHF 233 million for 2008 and CHF 277 million for 2007
[2] Including unit-linked and with-profit business of CHF –1 199 million for 2008 and CHF –1 075 million for 2007

Net realised investment losses were CHF 1.0 billion compared to a loss of CHF 0.5 billion in the third quarter of 2007. This decrease was primarily due to unrealised mark-to-market losses, as well as to realised losses on the sale of corporate bonds and equities.

Other revenues increased 19% to CHF 102 million in the third quarter of 2008.

Claims and claim adjustment expenses decreased 3% to CHF 2.5 billion despite a higher frequency and intensity of natural catastrophes in the third quarter of 2008. The impact of hurricanes Gustav and Ike was CHF 385 million net of recoverables. The decrease in claims was mainly a result of strict underwriting, the quota share arrangement with Berkshire Hathaway as well as foreign exchange movements. Prior year development was neutral.

Life and health benefits increased 6% to CHF 2.5 billion, mainly as a result of higher mortality experience in the US and Canada, compared to overall very favourable experience in 2007.

Return credited to policyholders reflects the investment performance on the underlying assets, which is passed through to contract holders. In the third quarter of 2008, an investment loss of CHF 0.7 billion was passed through to policyholders, compared to an investment loss of CHF 0.5 billion in the prior year period.

Acquisition costs decreased 18% to CHF 1.3 billion. The acquisition cost ratio was 20.6% in the third quarter of 2008, compared to 21.0% in the same period of 2007.

Other expenses decreased 11% to CHF 0.8 billion in the third quarter of 2008, compared to the third quarter of 2007, mainly driven by lower variable compensation and foreign exchange movements.

Interest expenses decreased 34% to CHF 377 million as the Group continued to reduce borrowings.

For the third quarter of 2008, the Group reports a tax benefit of CHF 283 million, compared to a tax charge of CHF 181 million in the same period of the previous year. In addition to the tax benefit on the loss in the third quarter of 2008, unrecognised tax benefits were reduced by approximately CHF 200 million, primarily due to the reassessment of tax exposures based on the status of current tax audits, including effectively settled issues.

Shareholders' equity decreased 6% to CHF 24.1 billion compared to the end of the second quarter of 2008. This decline is mainly due to an increase in unrealised losses of CHF 1.9 billion, caused by further credit spread widening, partially offset by positive foreign exchange movements of CHF 0.9 billion.

Book value per share was CHF 74.16 at the end of September 2008, compared to CHF 77.65 at the end of the second quarter of 2008, a decrease of 4.5%.

For the third quarter of 2008, annualised return on equity was –4.9%, compared to 18.8% for the same quarter of the prior year, and 4.3% for the first nine months.

Income reconciliation
The income reconciliation table reconciles the income from the business segments and the operations of the Corporate Centre with the Group's consolidated net income before tax. Net realised gains or losses on certain financial instruments, certain currency exchange gains and losses, and other income and expenses – such as indirect taxes, capital taxes and interest charges – have been excluded from the assessment of each segment's performance.

Income reconciliation

CHF millions, for the three months ended 30 September	2007	2008	Change in %
Operating income			
Property & Casualty	1 635	**99**	–94
Life & Health	804	**–614**	–
Financial Markets	1 750	**–76**	–
Allocation	–1 874	**–214**	–89
Total operating income	2 315	**–805**	–
Corporate Centre expenses	–118	**–135**	14
Items excluded from the segments:			
Net investment income	80	**57**	–29
Net realised investment gains/losses	98	**–22**	–
Foreign exchange gains/losses	–187	**546**	–
Financing costs	–517	**–295**	–43
Other income/expenses	–21	**67**	–
Net income before tax	1 650	**–587**	–

Property & Casualty

Property & Casualty operating income decreased 94% to CHF 0.1 billion in the third quarter of 2008, compared to CHF 1.6 billion in the prior year period. Excluding the impact of the realised gains/losses and the effect of foreign exchange movements, Property & Casualty operating income decreased 58%.

The third quarter result in 2008 was largely driven by lower investment performance and a higher level of natural catastrophe claims. Net investment income decreased 43% to CHF 0.6 billion, compared to CHF 1.1 billion in the third quarter of 2007. The decrease was 36% at constant foreign exchange rates. Net realised losses were CHF 0.6 billion, compared to net realised losses of CHF 0.2 billion in the same period of 2007.

Net premiums earned were CHF 3.6 billion in the third quarter of 2008, compared to CHF 4.8 billion in the same period of 2007. The decrease of 24% was due to the quota share arrangement with Berkshire Hathaway and strict underwriting across all lines of business. At constant foreign exchange rates, premiums decreased 18%, compared to the third quarter of 2007.

The combined ratio increased to 99.8% in the third quarter of 2008, compared to 82.5% in the same period of the previous year, mainly as a result of higher hurricane-related losses in the property and specialty lines of business, partially offset by a modest improvement in the casualty line of business. The combined ratio for the first nine months of 2008 was 96.4% compared to 89.1% in the same period of the prior year.

The combined ratio for the property business was 79.7% for the reporting period, compared to an exceptionally low 47.7% in the third quarter of 2007. The increase was mainly due to the impact of hurricanes Gustav and Ike, as well as higher man-made losses.

For the casualty line of business, the combined ratio improved to 125.3% in the third quarter of 2008, from 132.0% in the same period of 2007, in the absence of reserve development in the liability and motor business, and despite reserve strengthening on the workers' compensation business in the US.

Specialty combined ratio increased to 94.6% in the reporting period, compared to 53.4% in the third quarter of 2007, mainly driven by additions to reserves to cover trade and surety reinsurance exposure in Europe, partially offset by an improvement in the aviation and engineering lines of business.

Life & Health

Operating income was a loss of CHF 0.6 billion in the third quarter of 2008, compared to a profit of CHF 0.8 billion in the prior year period. The main drivers for this downturn were net realised investment losses of CHF 0.6 billion due to the capital markets turmoil. The lower net investment income of CHF 0.5 billion was due to a lower running yield and to lower income from equities and alternative investments.

The underlying traditional life business was weaker in the third quarter of 2008. This was largely due to higher mortality in the US and in Canada compared to the prior year period. In the traditional health segment the decrease was due to a reserve release in the third quarter of 2007, which did not recur in the reporting period. This decrease was partially offset by continuing favourable development in the disability business. The Admin Re® segment weakened, mainly due to lower investment returns compared to the third quarter of 2007.

Premiums and fee income decreased 5% to CHF 3.1 billion in the current reporting period, compared to the prior year period. At constant foreign exchange rates, premiums and fee income increased 7%, mainly driven by cedent volume increases across Europe, partially offset by lapses in the US.

The benefit ratio, calculated as claims divided by premiums earned, both of which exclude unit-linked and with-profit business, increased to 91.5% in the third quarter of 2008, compared to 79.0% in the same quarter of 2007. This increase was primarily due to the unfavourable mortality experience in the US and in Canada, compared to the overall very positive experience in the same quarter of 2007. The benefit ratio for the first nine months of 2008 was 87.0% compared to 87.9% in the same period of the prior year.

Financial Markets

The annualised return on investments, which excludes the loss on the structured credit default swaps in run-off, was 1.6% in the third quarter of 2008, compared to 3.9% in the prior year period. Swiss Re delivered an annualised return on investments of 3.4% for the first nine months of 2008, compared to 4.8% in 2007.

Total invested assets were CHF 178.0 billion at the end of September 2008, compared to CHF 178.7 billion at the end of June 2008. The positive effect of foreign exchange movements was partially offset by the decline in market values.

Operating income for the quarter was a loss of CHF 0.1 billion, compared to a profit of CHF 1.8 billion in the third quarter of 2007.

Net investment income decreased 40% to CHF 1.2 billion in the third quarter of 2008 from the same quarter of 2007. At constant foreign exchange rates, net investment income decreased 33%. The decrease was mainly due to a running yield decline to 4.5% from 5.4% in the respective periods as a result of decreasing the risk profile through increased allocation from corporate to short-term investments and government securities, but also to lower income from equities and alternative investments.

Net realised losses amounted to CHF 1.3 billion in the third quarter of 2008, compared to a loss of CHF 0.3 billion in the prior year period. This change was mainly due to mark-to-market losses across all asset classes, as well as to impairments and realised losses on the equities portfolio.

In addition, the structured credit default swaps in run-off incurred a mark-to-market loss of CHF 289 million in the third quarter of 2008.

Net unrealised losses in shareholders' equity were CHF 1.5 billion at the end of the third quarter of 2008, compared to net unrealised gains of CHF 1.0 billion at the end of the second quarter of 2008. The decrease was mainly due to credit spread widening, partially offset by the protection that Swiss Re purchased.

Outlook

The outlook is impacted by capital markets turbulence in the short term. However, this market environment also creates opportunities for reinsurers, and as a strongly capitalised company Swiss Re is particularly well placed to build on such opportunities. Swiss Re will continue its strict focus on disciplined underwriting, volatility management of its investment exposures and will look to increase internal efficiency. Swiss Re remains committed to its over-the-cycle targets of 14% ROE and 10% compound EPS growth although composition of earnings will clearly change.

Also refer to Note on risk factors on page 49 and Cautionary note on forward-looking statements on page 51.

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Income statement (unaudited)

CHF millions	Note	Three months ended 30 September 2007	2008	Nine months ended 30 September 2007	2008
Revenues					
Premiums earned	7, 11	7813	**6526**	23859	**19097**
Fee income from policyholders	7, 11	225	**195**	716	**579**
Net investment income	2, 11	2602	**1646**	7718	**6312**
Net realised investment gains/losses	2, 11	–1527	**–2247**	833	**–6102**
Other revenues	11	86	**102**	240	**207**
Total revenues		9199	**6222**	33366	**20093**
Expenses					
Claims and claim adjustment expenses	7, 11	–2603	**–2524**	–9154	**–7204**
Life and health benefits	7, 11	–2397	**–2547**	–8307	**–6859**
Return credited to policyholders	11	513	**742**	–1878	**2268**
Acquisition costs	7, 11	–1642	**–1347**	–4756	**–3892**
Other expenses	11	–852	**–756**	–3043	**–2316**
Interest expenses	11	–568	**–377**	–1305	**–1200**
Total expenses		–7549	**–6809**	–28443	**–19203**
Income before income tax expense		1650	**–587**	4923	**890**
Income tax expense		–181	**283**	–931	**–6**
Net income		1469	**–304**	3992	**884**
Earnings per share in CHF					
Basic	9	4.20	**–0.93**	11.47	**2.66**
Diluted	9	3.94	**–0.93**	10.64	**2.66**

The accompanying notes are an integral part of the Group financial statements.

Balance sheet (unaudited)

Assets

CHF millions	Note	31.12.2007	30.09.2008
Investments	2, 3, 4		
Fixed income securities:			
Available-for-sale, at fair value (including 9 045 in 2007 and 5 266 in 2008 subject to securities lending and repurchase agreements) (amortised cost: 2007: 105 995; 2008: 96 069)		107 810	**92 908**
Trading (including 15 000 in 2007 and 8 429 in 2008 subject to securities lending and repurchase agreements)		51 793	**42 472**
Equity securities:			
Available-for-sale, at fair value (including 1 528 in 2007 and 52 in 2008 subject to securities lending and repurchase agreements) (amortised cost: 2007: 9 039; 2008: 1 176)		10 759	**1 353**
Trading		22 103	**15 516**
Policy loans, mortgages and other loans		7 414	**7 181**
Investment real estate		2 682	**2 388**
Short-term investments, at amortised cost which approximates fair value		8 786	**5 534**
Other invested assets		16 465	**15 015**
Total investments		227 812	**182 367**
Cash and cash equivalents		11 531	**16 180**
Accrued investment income		2 139	**1 980**
Premiums and other receivables		14 341	**15 315**
Reinsurance recoverable on unpaid claims and policy benefits	7	14 232	**14 028**
Funds held by ceding companies		14 205	**13 758**
Deferred acquisition costs	5, 7	5 152	**4 928**
Acquired present value of future profits	5	6 769	**6 354**
Goodwill		4 897	**4 691**
Income taxes recoverable		1 049	**985**
Other assets		5 160	**10 139**
Total assets		307 287	**270 725**

The accompanying notes are an integral part of the Group financial statements.

Liabilities and shareholders' equity

CHF millions	Note	31.12.2007	30.09.2008
Liabilities			
Unpaid claims and claim adjustment expenses	7	88 528	**82 939**
Liabilities for life and health policy benefits	3, 7	50 026	**45 626**
Policyholder account balances	7	41 340	**34 567**
Unearned premiums		7 722	**9 275**
Funds held under reinsurance treaties		8 377	**7 637**
Reinsurance balances payable		5 384	**7 720**
Income taxes payable		679	**529**
Deferred and other non-current taxes		3 817	**1 702**
Short-term debt	6	12 658	**11 059**
Accrued expenses and other liabilities		33 552	**24 381**
Long-term debt	6	23 337	**21 212**
Total liabilities		275 420	**246 647**
Shareholders' equity			
Common stock, CHF 0.10 par value			
2007: 370 386 755; 2008: 353 055 960 shares authorised and issued		37	**35**
Additional paid-in capital		11 208	**9 778**
Treasury shares		–1 540	**–1 552**
Accumulated other comprehensive income:			
Net unrealised investment gains/losses, net of deferred taxes		3 119	**–2 043**
Cumulative translation adjustments, net of deferred taxes		–2 554	**–3 432**
Accumulated adjustment for pension and post-retirement benefits, net of deferred taxes		–115	**65**
Total accumulated other comprehensive income		450	**–5 410**
Retained earnings		21 712	**21 227**
Total shareholders' equity		31 867	**24 078**
Total liabilities and shareholders' equity		307 287	**270 725**

The accompanying notes are an integral part of the Group financial statements.

Statement of shareholders' equity (unaudited)

For the twelve months of 2007 ended 31 December and the nine months of 2008 ended 30 September

CHF millions	2007	2008
Common shares		
Balance as of 1 January	37	**37**
Cancellation of shares bought back		**–2**
Balance as of period end	37	**35**
Additional paid-in capital		
Balance as of 1 January	11 136	**11 208**
Issue of common shares	38	
Cancellation of shares bought back		**–1 453**
Share-based compensation	–18	**66**
Realised gains/losses on treasury shares	52	**–43**
Balance as of period end	11 208	**9 778**
Treasury shares		
Balance as of 1 January	–272	**–1 540**
Purchase of treasury shares	–2 574	**–1 903**
Cancellation of shares bought back		**1 453**
Sales of treasury shares	1 306	**438**
Balance as of period end	–1 540	**–1 552**
Net unrealised gains/losses, net of tax		
Balance as of 1 January	2 230	**3 119**
Change during the period	889	**–5 129**
Cumulative effect of adoption of SFAS 159		**–33**
Balance as of period end	3 119	**–2 043**
Foreign currency translation		
Balance as of 1 January	–205	**–2 554**
Change during the period	–2 349	**–878**
Balance as of period end	–2 554	**–3 432**
Adjustment for pension and other post-retirement benefits		
Balance as of 1 January	–724	**–115**
Change during the period	609	**180**
Balance as of period end	–115	**65**
Retained earnings		
Balance as of 1 January	18 682	**21 712**
Net income	4 162	**884**
Dividends on common shares	–1 162	**–1 331**
Cumulative effect of adoption of FIN 48	30	
Cumulative effect of adoption of SFAS 158		**–31**
Cumulative effect of adoption of SFAS 159		**–7**
Balance as of period end	21 712	**21 227**
Total shareholders' equity	31 867	**24 078**

The accompanying notes are an integral part of the Group financial statements.

Statement of comprehensive income (unaudited)

CHF millions	Three months ended 30 September 2007	2008	Nine months ended 30 September 2007	2008
Net income	1 469	**–304**	3 992	**884**
Other comprehensive income, net of tax:				
Change in unrealised gains/losses	1 610	**–1 906**	255	**–5 162**
Change in foreign currency translation	–1 280	**946**	–1 025	**–878**
Change in adjustment for pension benefits	88		225	**180**
Comprehensive income/loss	1 887	**–1 264**	3 447	**–4 976**

The accompanying notes are an integral part of the Group financial statements.

Statement of cash flow (unaudited)

For the nine months ended 30 September

CHF millions	2007	2008
Cash flows from operating activities		
Net income	3 992	**884**
Adjustments to reconcile net income to net cash provided/used by operating activities:		
Depreciation, amortisation and other non-cash items	514	**800**
Net realised investment gains/losses	–833	**6 102**
Change in:		
Technical provisions, net	–3 525	**–6 443**
Funds held by ceding companies and other reinsurance balances	–550	**537**
Other assets and liabilities, net	1 836	**–3 228**
Income taxes payable/recoverable	390	**–167**
Income from equity-accounted investees, net of dividends received	–267	**159**
Trading positions, net	–11 281	**258**
Securities purchased/sold under agreement to resell/repurchase, net	6 585	**–4 459**
Net cash provided/used by operating activities	–3 139	**–5 557**
Cash flows from investing activities		
Fixed income securities:		
Sales and maturities	46 036	**54 426**
Purchases	–48 306	**–50 202**
Net purchase/sale/maturities of short-term investments	338	**4 664**
Equity securities:		
Sales	5 411	**8 765**
Purchases	–4 676	**–1 421**
Cash paid/received for acquisitions/disposals and reinsurance transactions, net	1 274	
Net purchases/sales/maturities of other investments	–2 017	**–1 028**
Net cash provided/used by investing activities	–1 940	**15 204**
Cash flows from financing activities		
Issuance of long-term debt	4 573	**661**
Issuance/repayment of short-term debt	1 675	**–2 686**
Equity issued	34	
Purchase/sale of treasury shares	–1 868	**–1 509**
Dividends paid to shareholders	–1 162	**–1 331**
Net cash provided/used by financing activities	3 252	**–4 865**
Total net cash provided/used	–1 827	**4 782**
Effect of foreign currency translation	–126	**–133**
Change in cash and cash equivalents	–1 953	**4 649**
Cash and cash equivalents as of 1 January	13 606	**11 531**
Cash and cash equivalents as of 30 September	11 653	**16 180**

The accompanying notes are an integral part of the Group financial statements.

Interest paid during 2008 was CHF 1 161 million including interest paid on repurchase agreements. Income tax paid during 2008 was CHF 186 million.

In accordance with the changes in the balance sheet and the income statement, the cash flow line items for 2007 have been adjusted. Cash flows originated from Financial Services assets and liabilities are reallocated according to the origin of the cash flow (operating/investing/financing).

Notes to the Group financial statements (unaudited)

1 Organisation and summary of significant accounting policies

Nature of operations

The Swiss Re Group, which is headquartered in Zurich, Switzerland, comprises Swiss Reinsurance Company Ltd (the parent company, referred to as "Swiss Re Zurich") and its subsidiaries (collectively, the "Swiss Re Group" or the "Group"). The Group provides reinsurance and other related products and services to insurance companies, direct clients and others worldwide through reinsurance brokers and a network of offices in over 25 countries.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law. The Group's financial statements are stated in Swiss francs (CHF), the currency of the country in which Swiss Re Zurich is incorporated. All significant inter-company transactions and balances have been eliminated on consolidation.

These interim financial statements should be read in conjunction with the Swiss Re Group's financial statements for the year ended 31 December 2007.

Use of estimates in the preparation of financial statements

The preparation of financial statements requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosure including contingent assets and liabilities. The Swiss Re Group's liabilities for unpaid claims and claim adjustment expenses and policy benefits for life and health include estimates for premium, claim and benefit data not received from ceding companies at the date of the financial statements. In addition, the Group uses certain financial instruments and invests in securities of certain entities for which exchange trading does not exist. The Group determines these estimates based on historical information, actuarial analyses, financial modelling, and other analytical techniques. Actual results could differ significantly from the estimates described above.

Valuation of financial assets

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, commercial paper, most investment-grade corporate debt, most high-yield debt securities, exchange traded derivative instruments, most mortgage-backed and asset-backed securities and listed equity securities. In markets with reduced or no liquidity, spreads between bid and offer prices are normally wider compared to spreads in highly liquid markets. Such market conditions affect the valuation of certain asset classes of the Group, such as some asset-backed securities as well as certain derivative structures referencing such asset classes.

The Group considers both the credit risk of its counterparties, and own risk of non-performance in the valuation of certain financial instruments. In determining fair value of the financial instruments, the assessment of the Group's exposure to the credit risk of our counterparties incorporates consideration of existing collateral and netting arrangements entered into with each counterparty. The measure of the counterparty credit risk is estimated for derivative instruments and other over-the-counter financial assets with incorporation of the observable credit spreads, where available, or credit spread estimates derived based on the benchmarking techniques where market data is not available. The impact of the Group's own risk of non-performance is analysed in the manner consistent with the aforementioned approach; with consideration of the Group's observable credit spreads. The value representing such risk is incorporated into the fair value of the financial instruments (primarily derivatives), in a liability position as of the measurement date. The change in this adjustment from period to period is reflected in realised gains and losses in the income statement.

There can also be differences between the market values implied by collateral requested by counterparties and the prices observed in the markets. The Group has provided collateral on all financial instruments, including the structured credit default swap, in excess of the market value estimate of CHF 998 million. For these assets or derivative structures, the Group uses market prices or inputs derived from market prices. A separate internal price verification process, independent of the trading function, provides an additional control over the market prices or market input used to determine the fair values of such assets. Whilst management considers that appropriate values have been ascribed to such assets, current market conditions increase the level of uncertainty and judgment over these valuations. Subsequent valuations could differ significantly from the results of the process described above. The Group may become aware of counterparty valuations, either directly through the exchange of information, or indirectly, for example, through collateral demands. Any implied differences are considered in the independent price verification process and may result in adjustments to initially indicated valuations.

Recent accounting guidance

In September 2006, the Financial Accounting Standards Board issued SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS 158). SFAS 158 requires an employer to recognise the overfunded or underfunded status of a defined benefit post-retirement plan as an asset or liability and to recognise changes in that funded status in the year in which the changes occur through comprehensive income. The Group adopted the provisions of SFAS 158 for the year ended 31 December 2006 except for the provision to measure plan assets and benefit obligations as of the date of the employers' fiscal year end statement of financial condition. The Group adopted the final provision as of 1 January 2008. Refer to Note 10 for further information.

In September 2006, the Financial Accounting Standards Board issued SFAS No. 157 "Fair Value Measurements" (SFAS 157). SFAS 157 establishes a new definition and framework for determining fair value and expands the required disclosures for assets and liabilities recorded at fair value. This statement applies to all assets and liabilities measured at fair value which are required or allowed by other standards with limited exceptions. The Group adopted SFAS 157 as of 1 January 2008. Refer to Note 3 for further information.

In February 2007, the Financial Accounting Standards Board issued SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159). SFAS 159 enables entities to elect to measure specified financial assets and liabilities at fair value on an instrument-by-instrument basis and expands the ability to use fair value measurements with financial instruments and certain other items for which fair value measurement was not previously permitted. The Group adopted SFAS 159 and applied the fair value option as of 1 January 2008. Refer to Note 3 for further information.

In April 2007, the Financial Accounting Standards Board issued FSP FIN 39-1 "Amendment of FASB Interpretation No. 39" (FIN 39-1). FIN 39-1 impacts master netting arrangements, which are part of derivative transactions, by allowing net derivative positions to be offset against the fair value of amounts (or amounts that approximate fair value) recognised as the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements. The Group adopted FIN 39-1 as of 1 January 2008. Refer to Note 4 for further information.

In May 2008, the Financial Accounting Standards Board issued SFAS No. 163 "Accounting for Financial Guarantee Insurance Contracts". This standard changes the measurement and disclosure requirements for financial guarantee contracts. It will become effective for the Group on 1 January 2009. As required by the standard, the Group adopted for the third quarter 2008 disclosure requirements about risk management practices and exposures that have experienced credit deterioration. Refer to note 8 for further information.

On 10 October 2008, the Financial Accounting Standards Board issued FSP FAS 157-3 "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active" (FSP FAS 157-3). FSP FAS 157-3 clarifies the application of SFAS No. 157 "Fair Value Measurements" in a market that is not active. FSP FAS 157-3 is effective upon issuance, including prior periods for which financial statements have not been issued. The Group has reviewed FSP FAS 157-3 and concluded that it is consistent with the valuation guidance applied by the Group. Refer to note 3 for further information.

2 Investments

Investment income

Net investment income by source (including unit-linked and with-profit business) for the periods ended 30 September was as follows:

	Three months ended 30 September		Nine months ended 30 September	
CHF millions	2007	**2008**	2007	**2008**
Fixed income securities	1 720	1 455	5 317	4 998
Equity securities	207	152	731	641
Policy loans, mortgages and other loans	155	151	470	378
Investment real estate	58	52	169	170
Short-term investments	132	77	381	226
Other current investments	276	186	380	322
Share in earnings of equity-accounted investees	55	–324	309	–223
Cash and cash equivalents	85	67	248	241
Deposits with ceding companies	172	122	544	408
Gross investment income	2 860	**1 938**	8 549	**7 161**
Investment expenses	–153	–227	–416	–587
Interest charged for funds held	–105	–65	–415	–262
Net investment income	2 602	**1 646**	7 718	**6 312**

Dividends received from investments accounted for using the equity method were CHF nil million and CHF 8 million for the three months ended 30 September 2007 and 2008, respectively, as well as CHF 14 million and CHF 64 million for the nine months ended 30 September 2007 and 2008, respectively. The Group revised the classification of dividends from equity-accounted investments in the published second quarter financial statements. Comparative numbers were revised accordingly.

Net investment income includes income on unit-linked business and with-profit business, which are credited to policyholders. For the three months ended 30 September 2007 and 2008, unit-linked income was CHF 210 million and CHF 166 million, respectively. For the nine months ended 30 September 2007 and 2008, unit-linked income was CHF 615 million and CHF 587 million, respectively. With-profit investment income for the three months ended 30 September 2007 and 2008, was CHF 67 million and CHF 67 million, respectively. For the nine months ended 30 September 2007 and 2008, with-profit investment income was CHF 229 million and CHF 205 million, respectively.

Realised gains and losses

Realised gains and losses for fixed income, equity securities and other investments (including unit-linked and with-profit business) for the periods ended 30 September were as follows:

	Three months ended 30 September		Nine months ended 30 September	
CHF millions	2007	**2008**	2007	**2008**
Fixed income securities available-for-sale:				
Gross realised gains	151	357	403	972
Gross realised losses	–251	–390	–539	–896
Equity securities available-for-sale:				
Gross realised gains	221	180	1 355	919
Gross realised losses	–67	–425	–158	–1 154
Other-than-temporary impairments	–103	–308	–263	–669
Net realised investment gains/losses on trading securities	–691	65	–234	–866
Change in net unrealised investment gains on trading securities	–397	–2 877	635	–6 766
Other investments:				
Gross realised/unrealised gains/losses	404	605	683	1 309
Foreign exchange gains/losses	–794	546	–1 049	1 049
Net realised investment gains/losses	–1 527	**–2 247**	833	**–6 102**

The Group has refined the presentation of gains and losses from trading securities and other investments in the published second quarter 2008 financial statements.

Proceeds from the sales of fixed income securities available-for-sale amounted to CHF 15 779 million and CHF 16 134 million for the three months ended 30 September 2007 and 2008, respectively, and CHF 35 788 million and CHF 48 659 million for the nine months ended 30 September 2007 and 2008, respectively. Sales of equity securities available-for-sale amounted to CHF 958 million and CHF 2 896 million for the three months ended 30 September 2007 and 2008, respectively, and CHF 5 601 million and CHF 8 819 million for the nine months ended 30 September 2007and 2008, respectively.

Net realised investment gains/losses include income on unit-linked and with-profit business, which are credited to policyholders. For the three months ended 30 September 2007 and 2008, unit-linked gains/losses were CHF –933 million and CHF –1 028 million, respectively. For the nine months ended 30 September 2007 and 2008, unit-linked gains/losses were CHF 656 million and CHF –3 308 million. With-profit realised gains/losses for the three months ended 30 September 2007 and 2008, were CHF –142 million and CHF –171 million, respectively. For the nine months ended 30 September 2007 and 2008, with-profit realised gains/losses were CHF –125 million and CHF –620 million.

For 2008, net realised investment gains/losses include all foreign exchange gains/losses remeasurement. For 2007, the foreign exchange gains/losses remeasurement on operational debt is included in interest expenses. The total foreign exchange impact for the three months ended 30 September 2007, including the remeasurement on operational debt, was CHF 187 million.

Investments available-for-sale

Amortised cost or cost and estimated fair values of investments in fixed income and equity securities classified as available-for-sale were as follows:

As of 31 December 2007 CHF millions	Amortised cost or cost	Gross unrealised gains	Gross unrealised losses	Estimated fair value
Debt securities issued by governments and government agencies:				
US Treasury and other US government corporations and agencies	22 743	678	–96	23 325
States of the United States and political subdivisions of the states	1 417	46	–11	1 452
United Kingdom	11 096	261	–65	11 292
Canada	3 708	1 040	–4	4 744
Germany	2 228	50	–22	2 256
France	1 196	11	–24	1 183
Other	7 293	281	–41	7 533
Total	49 681	2 367	–263	51 785
Corporate debt securities	25 117	650	–747	25 020
Mortgage-backed and asset-backed securities	31 197	246	–438	31 005
Fixed income securities available-for-sale	105 995	3 263	–1 448	107 810
Equity securities available-for-sale	9 039	2 205	–485	10 759

As of 30 September 2008 CHF millions	Amortised cost or cost	Gross unrealised gains	Gross unrealised losses	Estimated fair value
Debt securities issued by governments and government agencies:				
US Treasury and other US government corporations and agencies	21 516	483	–282	21 717
States of the United States and political subdivisions of the states	203	24	–1	226
United Kingdom	9 762	109	–144	9 727
Canada	3 921	512	–134	4 299
Germany	1 145	–1	–14	1 130
France	1 365	9	–17	1 357
Other	6 984	117	–210	6 891
Total	44 896	1 253	–802	45 347
Corporate debt securities	21 714	244	–1 804	20 154
Mortgage-backed and asset-backed securities	29 459	159	–2 211	27 407
Fixed income securities available-for-sale	**96 069**	**1 656**	**–4 817**	**92 908**
Equity securities available-for-sale	**1 176**	**989**	**–812**	**1 353**

Investments trading

Fixed income securities and equity securities classified as trading as of 31 December 2007 and 30 September 2008 were as follows:

CHF millions	As of 31 December 2007	As of 30 September 2008
Debt securities issued by governments and government agencies	14 738	13 818
Corporate debt securities	18 894	15 239
Mortgage-backed and asset-backed securities	18 161	13 415
Fixed income securities trading	51 793	**42 472**
Equity securities trading	22 103	**15 516**

Mortgages, loans and real estate

As of 31 December 2007 and 30 September 2008, investments in mortgages and other loans and real estate comprised the following:

	As of 31 December 2007		As of 30 September 2008	
CHF millions	Carrying value	Fair value	Carrying value	Fair value
Policy loans, mortgages and other loans	7 414	7 414	**7 181**	**7 181**
Investment real estate	2 682	3 937	**2 388**	**3 404**

As of 31 December 2007 and 30 September 2008, the Group's investment in mortgages and other loans included CHF 216 million and CHF 203 million, respectively, of loans due from employees and CHF 415 million and CHF 443 million, respectively, due from officers. These loans generally consist of mortgages offered at variable and fixed interest rates.

As of 31 December 2007 and 30 September 2008, investments in real estate included CHF 64 million and CHF 11 million, respectively, of real estate held for sale.

Depreciation expense related to income-producing properties was CHF 45 million and CHF 33 million for the nine months ended 30 September 2007 and 2008, respectively. Accumulated depreciation on investment real estate totalled CHF 508 million and CHF 519 million as of 31 December 2007 and 30 September 2008, respectively.

Substantially all mortgages and other loans receivable are secured by buildings, land or the underlying policies. The ultimate collectibility of the receivables is evaluated regularly and an appropriate allowance for uncollectible amounts is established.

3 Fair value disclosures

As of 1 January 2008, the Swiss Re Group adopted SFAS No.157 "Fair Value Measurements" (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It requires disclosures of the Group's assets and liabilities that are measured at fair value.

Fair value, as defined by SFAS 157, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS 157 requires all assets and liabilities that are measured at fair value to be categorised within the fair value hierarchy. This three-level hierarchy is based on the observability of the inputs used in the fair value measurement. The levels of the fair value hierarchy are defined as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Group has the ability to access. Level 1 inputs are the most persuasive evidence of fair value and are to be used whenever possible.

Level 2 inputs are market based inputs that are directly or indirectly observable but not considered level 1 quoted prices. Level 2 inputs consist of (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities in non-active markets (e.g. markets which have few transactions and prices are not current or price quotations vary substantially); (iii) inputs other than quoted prices that are observable (e.g. interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates); and (iv) inputs derived from, or corroborated by, observable market data.

Level 3 inputs are unobservable inputs. These inputs reflect the Group's own assumptions about market pricing using the best internal and external information available.

The types of instruments valued based on quoted market prices in active markets include most US government and sovereign obligations, active listed equities and most money market securities. Such instruments are generally classified within level 1 of the fair value hierarchy. The Group does not adjust the quoted price for such instruments, even in situations where it holds a large position and a sale could reasonably impact the quoted price.

The types of instruments that trade in markets that are not considered to be active, but are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency include most government agency securities, investment-grade corporate bonds, certain mortgage and asset-backed products, less liquid listed equities, state and municipal and provincial obligations. Such instruments are generally classified within level 2 of the fair value hierarchy.

Exchange-traded derivative instruments typically fall within level 1 or level 2 of the fair value hierarchy depending on whether they are considered to be actively traded or not.

Certain financial instruments are classified within level 3 of the fair value hierarchy because they trade infrequently and therefore have little or no price transparency. Such instruments include private equity, less liquid corporate debt securities and certain asset-backed securities. Certain over-the-counter derivatives trade in less liquid markets with limited pricing information, and the determination of fair value for these derivatives is inherently more difficult. Such instruments are classified within level 3 of the fair value hierarchy. Pursuant to the election of the fair value option, the Group classifies certain Life & Health policy reserves to level 3 of the fair value hierarchy. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

In certain situations, the Group uses inputs to measure the fair value of asset or liability positions that fall into different levels of the fair value hierarchy. In these situations, the Group will determine the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value.

Assets and liabilities measured at fair value on a recurring basis

As of 30 September 2008, the fair values of assets and liabilities measured on a recurring basis by level of input were as follows:

CHF millions	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Impact of netting[1]	Total
Assets					
Fixed income securities	12 007	107 307	16 066		135 380
Equity securities	15 296	1 244	329		16 869
Derivative financial instruments	471	75 763	9 541	–80 564	5 211
Other assets	31	10	2 089		2 130
Total assets at fair value	**27 805**	**184 324**	**28 025**	**–80 564**	**159 590**
Liabilities					
Derivative financial instruments	–537	–74 651	–12 322	82 336	–5 174
Liabilities for life and health policy benefits			–183		–183
Accrued expenses and other liabilities	–1 015	–38			–1 053
Total liabilities at fair value	**–1 552**	**–74 689**	**–12 505**	**82 336**	**–6 410**

[1] FIN 39 permits the netting of derivative receivables and derivative payables when a legally enforceable master netting agreement exists between two counterparties. A master netting agreement provides for the net settlement of all contracts, as well as cash collateral, through a single payment, in a single currency, in the event of default or on the termination of any one contract.

Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

CHF millions	Fixed income securities	Equity securities	Derivative financial instruments	Other assets	Total
Assets					
Opening balance as of 1 January 2008	8 887	140	9 389	1 498	19 914
Realised/unrealised gains/losses:					
Included in net income	98	80	566	–98	646
Included in other comprehensive income	–891	–91	50	–84	–1 016
Purchases, issuances, and settlements	2 862	–17	–1 005	268	2 108
Transfers in and/or out of Level 3	4 305	215	231	410	5 161
Impact of foreign exchange movements	805	2	310	95	1 212
Closing balance as of 30 September 2008	**16 066**	**329**	**9 541**	**2 089**	**28 025**

	Liabilities for life and health policy benefits	Derivative financial instruments	Accrued expenses and other liabilities	Total
Liabilities				
Opening balance as of 1 January 2008	–102	–10 200	–170	–10 472
Realised/unrealised gains/losses:				
Included in net income	–57	–433		–490
Included in other comprehensive income		15		15
Purchases, issuances, and settlements		–1 173	155	–1 018
Transfers in and/or out of Level 3		–6	36	30
Impact of foreign exchange movements	–24	–525	–21	–570
Closing balance as of 30 September 2008	**–183**	**–12 322**	**0**	**–12 505**

In the published first and second quarter financial statements, opening balances of derivative financial instruments measured at fair value using significant unobservable inputs (level 3) incorporated some netting which was offset in the "Purchases, issuances, and settlements" line.

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

The gains and losses relating to the assets and liabilities measured at fair value using significant unobservable inputs (level 3) for the nine months ended 30 September 2008 were as follows:

CHF millions	Net realised investment gains/losses
Gains/losses included in net income for the period	156
Whereof change in unrealised gains/losses relating to assets and liabilities still held at the reporting date	–346

Fair value option

SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities", permits the choice to measure specified financial assets and liabilities at fair value on an instrument-by-instrument basis.

The Group elected the fair value option for positions in the following line items in the balance sheet:

Fixed income securities trading
In the second quarter of 2008, the Group has elected the fair value option for specific investments acquired within a transaction. These securities are classified as debt securities under the Group's accounting policies. Upon election of the fair value option the securities are classified as trading, with changes in fair value recorded in earnings. The primary reason for electing the fair value option is to mitigate volatility in earnings as a result of using different measurement attributes.

Equity securities trading
As of 1 January 2008, the Group has elected the fair value option for an investment previously classified as available-for-sale within other invested assets in the balance sheet. The Group economically hedges the investment with derivative instruments that offset this exposure. The changes in fair value of the derivatives are recorded in earnings. Electing the fair value option eliminates the mismatch previously caused by the economic hedging of the investment and reduces the volatility in the income statement. According to the nature of the investment, the Group revised the presentation in the current period and included it in equity securities held for trading.

Liabilities for life and health policy benefits
As of 1 January 2008, the Group has elected the fair value option for existing SOP 03-01 guaranteed minimum death benefit (GMDB) reserves related to certain variable annuity contracts which are classified as universal life-type contracts. The Group has applied the fair value option as the equity risk associated with those contracts is managed on a fair value basis, and it is economically hedged with derivative options in the market.

Cumulative effect due to initial adoption of the fair value option

The initial adoption of the fair value option for existing transactions had a one-time effect on the corresponding balance sheet positions and retained earnings. The following table shows the adjustment on retained earnings for each balance sheet item as of 1 January 2008:

As of 1 January 2008 CHF millions	Carrying value prior to adoption	Impact upon adoption	Fair value after adoption
Assets			
Equity securities trading[1]	576		576
Liabilities			
Liabilities for life and health policy benefits	–108	–40	–148

[1] Prior to the election of the fair value option, the investment was reported in other invested assets.

The net impact on retained earnings from the fair value elections described above was an increase of CHF 33 million and a decrease of CHF 40 million, respectively.

Assets and liabilities measured at fair value pursuant to election of the fair value option

Pursuant to the election of the fair value option for the items described, the balances as of 30 September 2008 were as follows:

CHF millions	30 September 2008
Assets	
Fixed income securities trading	42 472
of which at fair value pursuant to the fair value option	962
Equity securities trading	15 516
of which at fair value pursuant to the fair value option	220
Liabilities	
Liabilities for life and health policy benefits	–45 626
of which at fair value pursuant to the fair value option	–183

Changes in fair values for items measured at fair value pursuant to election of the fair value option

Total losses included in earnings for the nine months ended 30 September 2008, including foreign exchange impact, were CHF 459 million.

Fair value changes from fixed income securities trading (CHF –68 million) and equity securities trading (CHF –356 million) are reported in net realised investment gains/losses. Fair value changes from the guaranteed minimum death benefit reserves (CHF –35 million) are shown in life and health benefits.

4 Derivative financial instruments

The Group uses a variety of derivative financial instruments including swaps, options, forwards, credit derivatives and exchange-traded financial futures in its trading and hedging strategies, in line with the Group's overall risk management strategy. The objectives include managing exposure to price, foreign currency and/or interest rate risk on planned or anticipated investment purchases, existing assets or liabilities, as well as locking in attractive investment conditions for future available funds.

The fair values represent the gross carrying value amounts at the reporting date for each class of derivative contract held or issued by the Group. The fair values below are not an indication of credit risk, as many over-the-counter transactions are contracted and documented under ISDA master agreements or their equivalent. Management believes that such agreements provide for legally enforceable set-off in the event of default, which substantially reduces credit exposure.

The maximum potential loss assuming non-performance by all counterparties, and based on the market replacement cost as of 31 December 2007 and 30 September 2008, approximated CHF 6 713 million and CHF 8 567 million, respectively. These values are net of amounts offset pursuant to rights of set-off and qualifying master netting arrangements with various counterparties. The fair value of derivatives outstanding as of 31 December 2007 and 30 September 2008 was as follows:

		As of 31 December 2007			**As of 30 September 2008**	
CHF millions	Positive fair value	Negative fair value	Carrying value assets /liabilities	Positive fair value	Negative fair value	Carrying value assets /liabilities
Interest rate contracts						
Forwards and futures	88	–396	–308	537	–487	50
Swaps	5 330	–5 483	–153	5 858	–5 863	–5
Other	101	–101		559	–393	166
Total	5 519	–5 980	–461	**6 954**	**–6 743**	**211**
Equity and index contracts						
Forwards and futures	670	–672	–2	1 530	–1 521	9
Options	2 763	–1 997	766	2 520	–1 213	1 307
Swaps	290	–131	159	25	–8	17
Other	57	–11	46	50	–196	–146
Total	3 780	–2 811	969	**4 125**	**–2 938**	**1 187**
Foreign currency						
Options	407	–359	48	303	–196	107
Swaps	2 034	–2 821	–787	1 635	–2 599	–964
Other				19	–8	11
Total	2 441	–3 180	–739	**1 957**	**–2 803**	**–846**
Other derivatives						
Credit derivatives	4 011	–4 071	–60	11 992	–11 906	86
Catastrophe derivatives	1	–11	–10	4	–10	–6
Weather derivatives	3	–12	–9	–13	–78	–91
Other	40	–97	–57	92	–596	–504
Total	4 055	–4 191	–136	**12 075**	**–12 590**	**–515**
Total derivative financial instruments	15 795	–16 162	–367	**25 111**	**–25 074**	**37**

The Group offsets derivative assets and liabilities, including certain derivative related collateral contracts in the balance sheet, for which a right of offset under master netting agreements exists.

According to FIN 39-1, the fair value amounts recognised for the right to reclaim cash collateral or the obligation to return cash collateral that have been offset are CHF 5 296 million and CHF 7 668 million as of 31 December 2007 and 30 September 2008, respectively. The fair value amounts that have not been offset are CHF 302 million and nil as of 31 December 2007 and 30 September 2008, respectively.

As of 31 December 2007 and 30 September 2008, other invested assets included derivative financial instruments with a fair value of CHF 6 168 million and CHF 5 211 million, respectively.

As of 31 December 2007 and 30 September 2008, other accrued expenses and other liabilities included derivative financial instruments with a fair value of CHF 6 535 million and CHF 5 174 million, respectively.

These derivative financial instruments include cash flow hedges with a fair value of CHF 21 million and CHF 1 million as of 31 December 2007 and 30 September 2008, respectively.

Hedges of net investment in foreign operations

The Group designates non-derivative monetary financial instruments as hedging the foreign currency exposure of its net investment in certain foreign operations.

For the year ended 31 December 2007 and the nine months ended 30 September 2008, the Group recorded net unrealised foreign currency remeasurement losses in shareholders' equity of CHF 668 million and CHF 440 million, respectively. This offsets translation gains and losses on the hedged net investment.

5 Deferred acquisition costs (DAC) and acquired present value of future profits (PVFP)

CHF millions	Twelve months ended 31 December 2007 DAC	Twelve months ended 31 December 2007 PVFP	**Nine months ended 30 September 2008** DAC	**Nine months ended 30 September 2008** PVFP
Balance as of 1 January	5 270	7 550	5 152	6 769
Deferred	4 123		2 040	
Effect of acquisitions/disposals and retrocessions		265		169
Amortisation	–3 984	–977	–2 045	–664
Interest accrued on unamortised PVFP		382		233
Effect of foreign currency translation	–257	–458	–219	–326
Effect of change in unrealised gains/losses		7		173
Balance as of period end	5 152	6 769	**4 928**	**6 354**

The amortisation of DAC in the first nine months of 2008 represents CHF 1 909 million and CHF 136 million for the Property & Casualty and Life & Health business segments, respectively.

Retroceded DAC and PVFP may arise on retrocession of reinsurance portfolios, including reinsurance undertaken as part of a securitisation. The associated potential retrocession recoveries are determined by the nature of the retrocession agreements and by the terms of the securitisation.

6 Debt

The Group enters into long- and short-term debt arrangements to obtain funds for general corporate use and specific transaction financing. The Group defines short-term debt as debt having a maturity at the balance sheet date of less than one year and long-term debt as having a maturity of greater than one year. Interest expense is classified accordingly. The Group's debt as of 31 December 2007 and 30 September 2008 was as follows:

CHF millions	2007	**2008**
Senior financial debt	1 254	2 300[1]
Senior operational debt	10 478	8 759
Subordinated financial debt	926	
Short-term debt – financial and operational debt	12 658	**11 059**
Senior financial debt	1 367	298
Senior operational debt	8 074	8 224
Subordinated financial debt	6 330	6 020
Subordinated operational debt	7 566	6 670
Long-term debt – financial and operational debt	23 337	**21 212**
Total debt	35 995	**32 271**

[1] This includes two mandatory convertible bonds, one issued in December 2005, due in December 2008, with a book value of CHF 999 million, and a second issued in June 2006, due in June 2009, with a book value of CHF 609 million.

The Group uses debt for general corporate purposes and to fund discrete pools of operational leverage and financial intermediation assets. Operational leverage and financial intermediation are subject to strong asset and liability matching, resulting in little to no risk that the assets will be insufficient to service and settle the liabilities. Debt used for operational leverage and financial intermediation is treated as operational debt and excluded by the rating agencies from financial leverage calculations. As of 31 December 2007 and 30 September 2008, operational leverage and financial intermediation liabilities amounted to CHF 52.4 billion (thereof CHF 9.8 billion non-recourse) and CHF 39.6 billion (thereof CHF 8.0 billion non-recourse), respectively.

Interest expense on long-term debt

Interest expense on long-term debt for the periods ended 30 September 2007 and 2008, respectively, was as follows:

	Three months ended 30 September		Nine months ended 30 September	
CHF millions	2007	**2008**	2007	**2008**
Senior financial debt	39	6	114	30
Senior operational debt	140	59	298	232
Subordinated financial debt	87	85	246	250
Subordinated operational debt	51	83	93	248
Total	317	**233**	751	**760**

Long-term debt issued in 2008

In May 2008, the Group issued a structured EMTN of USD 280 million, due in 2010, bearing interest of three-month USD Libor, and a EUR 25 million EMTN with a three-year maturity and a coupon of 4.73%.

7 Reinsurance information

For the three months ended 30 September

Premiums written, premiums earned and fees assessed against policyholders

CHF millions	Non-Life	Life & Health	2007 Total	Non-Life	Life & Health	2008 Total
Premiums written						
Direct	588	437	1 025	606	350	956
Assumed	3 574	2 907	6 481	3 554	2 894	6 448
Ceded	–530	–322	–852	–878	–322	–1 200
Total premiums written	3 632	3 022	6 654	**3 282**	**2 922**	**6 204**
Premiums earned						
Direct	718	436	1 154	586	347	933
Assumed	4 495	2 919	7 414	4 049	2 886	6 935
Ceded	–438	–317	–755	–1 025	–317	–1 342
Total premiums earned	4 775	3 038	7 813	**3 610**	**2 916**	**6 526**
Fee income from policyholders						
Direct		176	176		155	155
Assumed		83	83		68	68
Ceded		–34	–34		–28	–28
Total fee income from policyholders		225	225		**195**	**195**

Claims and claim adjustment expenses

Claims						
Claims paid, gross	–4 060	–2 799	–6 859	–4 530	–3 039	–7 569
Claims paid, retro	607	430	1 037	525	378	903
Claims paid, net	–3 453	–2 369	–5 822	–4 005	–2 661	–6 666
Change in unpaid claims and claim adjustment expenses; life and health benefits, gross	991	1	992	1 256	91	1 347
Change in unpaid claims and claim adjustment expenses; life and health benefits, retro	–141	–29	–170	225	23	248
Change in unpaid claims and claim adjustment expenses; life and health benefits, net	850	–28	822	1 481	114	1 595
Claims and claim adjustment expenses; life and health benefits	–2 603	–2 397	–5 000	**–2 524**	**–2 547**	**–5 071**

Acquisition costs

Acquisition costs						
Acquisition costs, gross	–1 134	–648	–1 782	–911	–754	–1 665
Acquisition costs, retro	98	42	140	268	50	318
Acquisition costs, net	–1 036	–606	–1 642	**–643**	**–704**	**–1 347**

For the nine months ended 30 September

Premiums written, premiums earned and fees assessed against policyholders

CHF millions	Non-Life	Life & Health	2007 Total	Non-Life	Life & Health	2008 Total
Premiums written						
Direct	2 081	1 543	3 624	1 516	1 110	2 626
Assumed	14 754	8 903	23 657	13 196	8 154	21 350
Ceded	–1 405	–1 133	–2 538	–3 112	–924	–4 036
Total premiums written	15 430	9 313	24 743	**11 600**	**8 340**	**19 940**
Premiums earned						
Direct	2 183	1 545	3 728	1 622	1 108	2 730
Assumed	13 384	8 916	22 300	11 378	8 134	19 512
Ceded	–1 047	–1 122	–2 169	–2 248	–897	–3 145
Total premiums earned	14 520	9 339	23 859	**10 752**	**8 345**	**19 097**
Fee income from policyholders						
Direct		598	598		465	465
Assumed		223	223		201	201
Ceded		–105	–105		–87	–87
Total fee income from policyholders		716	716		**579**	**579**

Claims and claim adjustment expenses

CHF millions	Non-Life	Life & Health	2007 Total	Non-Life	Life & Health	2008 Total
Claims						
Claims paid, gross	–13 565	–8 288	–21 853	–12 057	–8 380	–20 437
Claims paid, retro	2 463	1 185	3 648	1 150	962	2 112
Claims paid, net	–11 102	–7 103	–18 205	–10 907	–7 418	–18 325
Change in unpaid claims and claim adjustment expenses; life and health benefits, gross	3 376	–1 214	2 162	3 416	555	3 971
Change in unpaid claims and claim adjustment expenses; life and health benefits, retro	–1 428	10	–1 418	287	4	291
Change in unpaid claims and claim adjustment expenses; life and health benefits, net	1 948	–1 204	744	3 703	559	4 262
Claims and claim adjustment expenses; life and health benefits	–9 154	–8 307	–17 461	**–7 204**	**–6 859**	**–14 063**

Acquisition costs

CHF millions	Non-Life	Life & Health	2007 Total	Non-Life	Life & Health	2008 Total
Acquisition costs						
Acquisition costs, gross	–2 952	–2 088	–5 040	–2 579	–2 047	–4 626
Acquisition costs, retro	38	246	284	544	190	734
Acquisition costs, net	–2 914	–1 842	–4 756	**–2 035**	**–1 857**	**–3 892**

Reinsurance assets and liabilities

CHF millions	Non-Life	Life & Health	As of 31 December 2007 Total	Non-Life	Life & Health	**As of 30 September 2008** Total
Assets						
Reinsurance recoverable	5 041	9 191	14 232	5 326	8 702	14 028
Deferred acquisition costs	1 417	3 735	5 152	1 326	3 602	4 928
Liabilities						
Unpaid claims and claim adjustment expenses	73 171	15 357	88 528	67 857	15 082	82 939
Life and health policy benefits		50 026	50 026		45 626	45 626
Policyholder account balances		41 340	41 340		34 567	34 567

8 Financial guarantee reinsurance

As of 1 January 2009, the Swiss Re Group will fully adopt SFAS No. 163 "Accounting for Financial Guarantee Insurance Contracts" (SFAS 163) as per the Statement requirements. For the reporting period ended 30 September 2008, SFAS 163 requires selected disclosures about financial guarantee reinsurance business based on existing accounting policies. The disclosures relate to risk management practices and exposures that have experienced credit deterioration.

The Group reinsures monoline insurers against the risk of default on insured financial obligations. The Group's exposure encompasses public finance and structured finance exposures. In total, the notional exposure as of 30 September 2008 amounted to CHF 18 553 million, whereof 22% is attributable to structured finance. The main driver of the Group's exposure is the credit risk of the underlying insured obligation.

The Group tracks and monitors credit deterioration in insured financial obligations. This is based on the surveillance activities of its cedents and internal reviews of its reinsured portfolio. Each cedent maintains a process for identifying credits that require higher levels of scrutiny or intervention. The cedent is required to notify the Swiss Re Group when a transaction falls under increased scrutiny.

The Group maintains a watch list based on the information provided by the cedents and our internal monitoring activities. Obligations with credit deterioration are split into two categories. Category 1 (Special mention) encompasses transactions that are still currently performing, but where indicators point to an increased risk of default. Category 2 (Workout) includes insured financial obligations that are characterised as non-performing and a reserve has been reported by the cedent. A default may have occurred or is seen as likely to occur in the future. As of 30 September 2008, the notional exposures and claims liabilities allocated to categories 1 and 2 were as follows:

As of 30 September 2008 CHF millions	Notional exposure	% of total notional (CHF 18 553)	Claims liabilities
Category 1	694	4%	6
Category 2	521	3%	103

As of 30 September 2008, total technical provisions for financial guarantee reinsurance amounted to CHF 517 million, which includes unpaid claims and claims adjustment expenses of CHF 109 million and unearned premiums of CHF 408 million.

9 Earnings per share

CHF millions (except share data)	Three months ended 30 September 2007	2008	Nine months ended 30 September 2007	2008
Basic earnings per share				
Income available to common shares	1 469	**–304**	3 992	**884**
Weighted average common shares outstanding	349 383 294	**326 371 299**	348 018 703	**332 348 458**
Net income per share in CHF	4.20	**–0.93**	11.47	**2.66**
Effect of dilutive securities				
Change in income available to common shares due to convertible bonds	32		113	
Change in average number of shares due to convertible bonds and employee options	31 339 694		37 811 666	
Diluted earnings per share				
Net income assuming debt conversion and exercise of options	1 501		4 105	
Weighted average common shares outstanding	380 722 988		385 830 369	
Net income per share in CHF	3.94	**–0.93**	10.64	**2.66**

The effects of debt conversion and the issuance of employee options have not been included in the 2008 earnings/losses per share. The resulting change of 27 539 004 and 27 337 795 shares for the three months and the nine months ended 30 September, respectively, was anti-dilutive.

At the Group's 144th Ordinary General Meeting held on 18 April 2008, the shareholders approved the cancellation of 17.3 million shares with a total value of CHF 1.45 billion. These shares were repurchased under the share buy-back programme agreed at the 2007 Ordinary General Meeting. These shares were cancelled on 30 June 2008.

10 Benefit plans

Defined benefit pension plans and post-retirement benefits

The Group sponsors various funded defined benefit pension plans. Employer contributions to the plans are charged to income on a basis which recognises the costs of pensions over the expected service lives of employees covered by the plans. The Group's funding policy for these plans is to contribute annually at a rate that is intended to maintain a level percentage of compensation for the employees covered. A full valuation is prepared at least every three years.

In June 2008, the Group communicated its intention to change the structure of its Swiss other post-retirement benefits plan. The change is effective as of 1 July 2009 and results in a decrease of the accumulated benefit obligation of CHF 130 million in the current period.

Effective as of 1 January 2007, Swiss Re Group has changed the structure of its Swiss pension plan to a defined contribution scheme. The plan will continue to be accounted for as a defined benefit plan under US GAAP.

The Group also provides certain healthcare and life insurance benefits for retired employees and their dependants. Employees become eligible for these benefits when they become eligible for pension benefits.

Components of net periodic benefit cost

The components of pension and post-retirement cost for the nine months ended 30 September 2007 and 2008, respectively, were as follows:

	Swiss plans pension benefits		Foreign plans pension benefits		Other benefits	
CHF millions	2007	**2008**	2007	**2008**	2007	**2008**
Service cost (net of participant contributions)	69	74	53	40	21	14
Interest cost	66	70	91	88	15	13
Expected return on assets	–106	–114	–76	–90		
Amortisation of:						
Net gain/loss	13		23	5	–5	–8
Prior service cost	5	5	1		–6	–7
Effect of settlement, curtailment and termination	10	3		–10		
Net periodic benefit cost	57	**38**	92	**33**	25	**12**

Employer's contributions for 2008

As of 30 September 2008, the Group contributed CHF 223 million to its defined benefit pension plans and CHF 11 million to other post-retirement plans, compared to CHF 397 million and CHF 10 million, respectively, in the same period of 2007.

The expected 2008 contributions to the defined benefit pension plans and to the post-retirement benefit plans, revised as of 30 September 2008 for latest information, amount to CHF 261 million (31 December 2007: CHF 213 million) and CHF 14 million (31 December 2007: CHF 14 million), respectively.

Impact of new accounting guidance

The Group changed the measurement date for its employee benefit plans from 30 September to 31 December for its 2008 financial statements in accordance with new generally accepted accounting guidance effective as of 1 January 2008. The corresponding adjustment to the opening balance of retained earnings and accumulated other comprehensive income was CHF 31 million and nil, respectively.

11 Information on business segments

The Group provides reinsurance, insurance and financial services throughout the world through three business segments. The business segments are determined by the organisational structure and by the way in which management reviews the operating result of the Group.

In 2007, the Group changed the organisational structure resulting in a more complete integration of the Financial Services business within the Swiss Re Group. Following the new structure, the Group presents three operating business segments: Property & Casualty, Life & Health and Financial Markets. Items not allocated to these three business segments are included in the "Group items" column.

The Property & Casualty segment consists of the following sub-segments: Property traditional, Casualty traditional, Specialty traditional and non-traditional business. The Specialty traditional sub-segment includes certain parts of the former Credit Solutions business, Credit Reinsurance, Financial Guaranty business, Bank Trade Finance, and Credit securitisations. Certain parts of the former Capital Management and Advisory business are now included in the Property & Casualty business segment, including revenues and expenses related to Property & Casualty insurance-linked securities.

The Life & Health segment continues to consist of the following sub-segments: Life traditional, Health traditional and Admin Re®. Certain parts of the former Capital Management and Advisory business are now included in the Life & Health business segment, including variable annuity business.

The Financial Markets business segment consists of the following sub-segments: Credit & Rates, Equities & Alternative Investments and Other. The Financial Markets business segment includes proprietary returns on the Group's invested fixed income securities, equity securities and alternative investments. Third-party asset management is included in Credit & Rates. The sub-segment Other includes mark-to-market gains/losses on structured credit products.

Group items include certain costs of Corporate Centre functions not allocated to the business segments, certain foreign exchange items, interest expenses on operating and financial debt (except for directly allocated interest expenses to the segments) and other items not considered for the performance of the operating segments.

With the new segment structure, the allocation of investment results has been revised. Certain investment results, including investment income and realised gains on unit-linked business, with-profit business and reinsurance derivatives, are excluded from the performance of the Financial Markets business segment and directly allocated to the Property & Casualty and Life & Health business segments.

Proprietary return reported in Financial Markets is allocated to the Property & Casualty or Life & Health business segments. The allocation is now based on technical reserves and other information, including duration of the underlying liabilities.

The investment result of the Other sub-segment in Financial Markets is not allocated to the Property & Casualty or Life & Health segments.

The Allocation column eliminates the Financial Markets investment result as well as other revenues and/or expenses directly allocated to either the Property & Casualty or the Life & Health business segments.

The accounting policies of the business segments are in line with those described in the summary of significant accounting policies (see Note 1).

a) Business segment results

For the three months ended 30 September

2007 CHF millions	Property & Casualty	Life & Health	Financial Markets	Group items	Allocation	Total
Revenues						
Premiums earned	4775	3038				7813
Fee income from policyholders		225				225
Net investment income	1089	1412	2036	80	–2015	2602
Net realised investment gains/losses	–194	–1139	–333	–89	228	–1527
Other revenues	28	5	47	6		86
Total revenues	5698	3541	1750	–3	–1787	9199
Expenses						
Claims and claim adjustment expenses; life and health benefits	–2603	–2397				–5000
Return credited to policyholders		513				513
Acquisition costs	–1036	–606				–1642
Other expenses	–424	–247		–145	–36	–852
Interest expenses				–517	–51	–568
Total expenses	–4063	–2737	0	–662	–87	–7549
Operating income/loss	1635	804	1750	–665	–1874	1650

2008 CHF millions	Property & Casualty	Life & Health	Financial Markets	Group items	Allocation	Total
Revenues						
Premiums earned	3610	2916				6526
Fee income from policyholders		195				195
Net investment income	625	847	1229	57	–1112	1646
Net realised investment gains/losses	–611	–1835	–1334	524	1009	–2247
Other revenues	6		29	67		102
Total revenues	**3630**	**2123**	**–76**	**648**	**–103**	**6222**
Expenses						
Claims and claim adjustment expenses; life and health benefits	–2524	–2547				–5071
Return credited to policyholders		742				742
Acquisition costs	–643	–704				–1347
Other expenses	–364	–228		–135	–29	–756
Interest expenses				–295	–82	–377
Total expenses	**–3531**	**–2737**	**0**	**–430**	**–111**	**–6809**
Operating income/loss	**99**	**–614**	**–76**	**218**	**–214**	**–587**

Proprietary return reported in Financial Markets is allocated to the Property & Casualty or Life & Health business segments. The allocation is based on technical reserves and other information, including duration of the underlying liabilities, and was allocated in the three months ended 30 September of 2007 and 2008 as follows:

CHF millions, for the three months ended 30 September 2007	Property & Casualty	Life & Health	Financial Markets	Allocated financing expenses	Allocation
Net investment income	1071	995	2066	–51	–2015
Net realised investment gains/losses	–111	–117	–228		228

CHF millions, for the three months ended 30 September 2008	Property & Casualty	Life & Health	Financial Markets	Allocated financing expenses	Allocation
Net investment income	758	436	1194	–82	–1112
Net realised investment gains/losses	–551	–458	–1009		1009

Business segment results

For the nine months ended 30 September

2007 CHF millions	Property & Casualty	Life & Health	Financial Markets	Group items	Allocation	Total
Revenues						
Premiums earned	14 520	9 339				23 859
Fee income from policyholders		716				716
Net investment income	3 001	3 985	5 722	229	–5 219	7 718
Net realised investment gains/losses	345	1 012	722	–422	–824	833
Other revenues	76	7	100	57		240
Total revenues	17 942	15 059	6 544	–136	–6 043	33 366
Expenses						
Claims and claim adjustment expenses; life and health benefits	–9 154	–8 307				–17 461
Return credited to policyholders		–1 878				–1 878
Acquisition costs	–2 914	–1 842				–4 756
Other expenses	–1 225	–863		–424	–531	–3 043
Interest expenses				–1 212	–93	–1 305
Total expenses	–13 293	–12 890	0	–1 636	–624	–28 443
Operating income/loss	4 649	2 169	6 544	–1 772	–6 667	4 923

2008 CHF millions	Property & Casualty	Life & Health	Financial Markets	Group items	Allocation	Total
Revenues						
Premiums earned	10 752	8 345				19 097
Fee income from policyholders		579				579
Net investment income	2 611	3 297	5 012	173	–4 781	6 312
Net realised investment gains/losses	–805	–4 681	–2 816	923	1 277	–6 102
Other revenues	47	2	68	90		207
Total revenues	**12 605**	**7 542**	**2 264**	**1 186**	**–3 504**	**20 093**
Expenses						
Claims and claim adjustment expenses; life and health benefits	–7 204	–6 859				–14 063
Return credited to policyholders		2 268				2 268
Acquisition costs	–2 035	–1 857				–3 892
Other expenses	–1 140	–702		–378	–96	–2 316
Interest expenses				–995	–205	–1 200
Total expenses	**–10 379**	**–7 150**	**0**	**–1 373**	**–301**	**–19 203**
Operating income/loss	**2 226**	**392**	**2 264**	**–187**	**–3 805**	**890**

Proprietary return reported in Financial Markets is allocated to the Property & Casualty or Life & Health business segments. The allocation is based on technical reserves and other information, including duration of the underlying liabilities, and was allocated in the first nine months of 2007 and 2008 as follows:

CHF millions, for the nine months ended 30 September 2007	Property & Casualty	Life & Health	Financial Markets	Allocated financing expenses	Allocation
Net investment income	2 749	2 563	5 312	–93	–5 219
Net realised investment gains/losses	454	370	824		–824

CHF millions, for the nine months ended 30 September 2008	Property & Casualty	Life & Health	Financial Markets	Allocated financing expenses	Allocation
Net investment income	2 656	2 330	4 986	–205	–4 781
Net realised investment gains/losses	–680	–597	–1 277		1 277

b) Property & Casualty business segment – by line of business

For the three months ended 30 September

2007 CHF millions	Property traditional	Casualty traditional	Specialty traditional	Total traditional	Non-traditional	Total
Revenues						
Premiums earned	1 590	1 832	1 207	4 629	146	4 775
Net investment income	136	801	90	1 027	62	1 089
Net realised investment gains/losses	–99	–77	–20	–196	2	–194
Other revenues	9	–1	20	28		28
Total revenues	1 636	2 555	1 297	5 488	210	5 698
Expenses						
Claims and claim adjustment expenses	–322	–1 847	–250	–2 419	–184	–2 603
Acquisition costs	–315	–353	–314	–982	–54	–1 036
Other expenses	–121	–218	–81	–420	–4	–424
Total expenses	–758	–2 418	–645	–3 821	–242	–4 063
Operating income/loss	878	137	652	1 667	–32	1 635
Claims ratio in %	20.3	100.8	20.7	52.2		
Expense ratio in %	27.4	31.2	32.7	30.3		
Combined ratio in %	47.7	132.0	53.4	82.5		

2008 **CHF millions**	Property traditional	Casualty traditional	Specialty traditional	Total traditional	Non-traditional	Total
Revenues						
Premiums earned	1 332	1 225	863	3 420	190	3 610
Net investment income	66	414	86	566	59	625
Net realised investment gains/losses	–141	–338	–88	–567	–44	–611
Other revenues			–3	–3	9	6
Total revenues	**1 257**	**1 301**	**858**	**3 416**	**214**	**3 630**
Expenses						
Claims and claim adjustment expenses	–759	–1 190	–534	–2 483	–41	–2 524
Acquisition costs	–195	–201	–199	–595	–48	–643
Other expenses	–108	–144	–83	–335	–29	–364
Total expenses	**–1 062**	**–1 535**	**–816**	**–3 413**	**–118**	**–3 531**
Operating income/loss	**195**	**–234**	**42**	**3**	**96**	**99**
Claims ratio in %	57.0	97.1	61.9	72.6		
Expense ratio in %	22.7	28.2	32.7	27.2		
Combined ratio in %	79.7	125.3	94.6	99.8		

Property & Casualty business segment – by line of business

For the nine months ended 30 September

2007 CHF millions	Property traditional	Casualty traditional	Specialty traditional	Total traditional	Non-traditional	Total
Revenues						
Premiums earned	4973	5615	3611	14199	321	14520
Net investment income	293	2210	256	2759	242	3001
Net realised investment gains/losses	–73	318	36	281	64	345
Other revenues	2	–1	83	84	–8	76
Total revenues	5195	8142	3986	17323	619	17942
Expenses						
Claims and claim adjustment expenses	–2180	–5038	–1446	–8664	–490	–9154
Acquisition costs	–912	–1035	–861	–2808	–106	–2914
Other expenses	–379	–556	–240	–1175	–50	–1225
Total expenses	–3471	–6629	–2547	–12647	–646	–13293
Operating income/loss	1724	1513	1439	4676	–27	4649
Claims ratio in %	43.8	89.8	40.0	61.0		
Expense ratio in %	26.0	28.3	30.5	28.1		
Combined ratio in %	69.8	118.1	70.5	89.1		

2008 **CHF millions**	Property traditional	Casualty traditional	Specialty traditional	Total traditional	Non-traditional	Total
Revenues						
Premiums earned	3748	3911	2745	10404	348	10752
Net investment income	286	1724	419	2429	182	2611
Net realised investment gains/losses	–173	–430	–107	–710	–95	–805
Other revenues			14	14	33	47
Total revenues	**3861**	**5205**	**3071**	**12137**	**468**	**12605**
Expenses						
Claims and claim adjustment expenses	–2209	–3248	–1588	–7045	–159	–7204
Acquisition costs	–550	–731	–665	–1946	–89	–2035
Other expenses	–354	–490	–190	–1034	–106	–1140
Total expenses	**–3113**	**–4469**	**–2443**	**–10025**	**–354**	**–10379**
Operating income/loss	**748**	**736**	**628**	**2112**	**114**	**2226**
Claims ratio in %	58.9	83.1	57.9	67.8		
Expense ratio in %	24.2	31.2	31.1	28.6		
Combined ratio in %	83.1	114.3	89.0	96.4		

c) Life & Health business segment – by line of business

For the three months ended 30 September

2007 CHF millions	Life traditional	Health traditional	Admin Re®	Total
Revenues				
Premiums earned	2 091	673	274	3 038
Fee income from policyholders	14		211	225
Net investment income	444	179	789	1 412
Net realised investment gains/losses	–91	–17	–1 031	–1 139
Other revenues	5			5
Total revenues	2 463	835	243	3 541
Expenses				
Claims and claim adjustment expenses; life and health benefits	–1 513	–449	–435	–2 397
Return credited to policyholders	70		443	513
Acquisition costs	–398	–125	–83	–606
Other expenses	–121	–34	–92	–247
Total expenses	–1 962	–608	–167	–2 737
Operating income/loss	501	227	76	804
Operating result, excluding non-participating net realised investment gains/losses	507	244	117	868
Net investment income – unit-linked	22		188	210
Net investment income – with-profit business			67	67
Net investment income – non-participating	422	179	534	1 135
Net realised investment gains/losses – unit-linked	–85		–848	–933
Net realised investment gains/losses – with-profit business			–142	–142
Net realised investment gains/losses – non-participating	–6	–17	–41	–64
Operating revenues[1]	2 532	852	1 019	4 403
Management expense ratio in %	4.8	4.0	9.0	5.6
Benefit ratio[2] in %				79.0

[1] Operating revenues exclude net investment income and net realised investment gains/losses from unit-linked and with-profit business as these are passed through to contract holders and therefore do not have an impact on the operating result. Operating revenues also exclude net realised investment gains/losses from non-participating business.
[2] The benefit ratio is calculated as claims divided by premiums earned, both of which exclude unit-linked and with-profit business.

Life & Health business segment – by line of business

For the three months ended 30 September

2008 CHF millions	Life traditional	Health traditional	Admin Re®	Total
Revenues				
Premiums earned	2016	680	220	2916
Fee income from policyholders	16		179	195
Net investment income	331	121	395	847
Net realised investment gains/losses	–623	–83	–1129	–1835
Other revenues				
Total revenues	**1740**	**718**	**–335**	**2123**
Expenses				
Claims and claim adjustment expenses; life and health benefits	–1654	–503	–390	–2547
Return credited to policyholders	282		460	742
Acquisition costs	–453	–125	–126	–704
Other expenses	–127	–37	–64	–228
Total expenses	**–1952**	**–665**	**–120**	**–2737**
Operating income/loss	**–212**	**53**	**–455**	**–614**
Operating result, excluding non-participating net realised investment gains/losses	**102**	**136**	**–216**	**22**
Net investment income – unit-linked	30		136	166
Net investment income – with-profit business			67	67
Net investment income – non-participating	301	121	192	614
Net realised investment gains/losses – unit-linked	–309		–719	–1028
Net realised investment gains/losses – with-profit business			–171	–171
Net realised investment gains/losses – non-participating	–314	–83	–239	–636
Operating revenues[1]	2333	801	591	3725
Management expense ratio in %	5.4	4.6	10.8	6.1
Benefit ratio[2] in %				91.5

[1] Operating revenues exclude net investment income and net realised investment gains/losses from unit-linked and with-profit business as these are passed through to contract holders and therefore do not have an impact on the operating result. Operating revenues also exclude net realised investment gains/losses from non-participating business.
[2] The benefit ratio is calculated as claims divided by premiums earned, both of which exclude unit-linked and with-profit business.

Life & Health business segment – by line of business

For the nine months ended 30 September

2007 CHF millions	Life traditional	Health traditional	Admin Re®	Total
Revenues				
Premiums earned	6165	2135	1039	9339
Fee income from policyholders	35		681	716
Net investment income	1272	499	2214	3985
Net realised investment gains/losses	368	25	619	1012
Other revenues	7			7
Total revenues	7847	2659	4553	15059
Expenses				
Claims and claim adjustment expenses; life and health benefits	–4692	–1722	–1893	–8307
Return credited to policyholders	–175		–1703	–1878
Acquisition costs	–1215	–365	–262	–1842
Other expenses	–440	–121	–302	–863
Total expenses	–6522	–2208	–4160	–12890
Operating income/loss	1325	451	393	2169
Operating result, excluding non-participating net realised investment gains/losses	1047	426	215	1688
Net investment income – unit-linked	80		535	615
Net investment income – with-profit business			229	229
Net investment income – non-participating	1192	499	1450	3141
Net realised investment gains/losses – unit-linked	90		566	656
Net realised investment gains/losses – with-profit business			–125	–125
Net realised investment gains/losses – non-participating	278	25	178	481
Operating revenues[1]	7399	2634	3170	13203
Management expense ratio in %	5.9	4.6	9.5	6.5
Benefit ratio[2] in %				87.9

[1] Operating revenues exclude net investment income and net realised investment gains/losses from unit-linked and with-profit business as these are passed through to contract holders and therefore do not have an impact on the operating result. Operating revenues also exclude net realised investment gains/losses from non-participating business.
[2] The benefit ratio is calculated as claims divided by premiums earned, both of which exclude unit-linked and with-profit business.

Life & Health business segment – by line of business

For the nine months ended 30 September

2008 CHF millions	Life traditional	Health traditional	Admin Re®	Total
Revenues				
Premiums earned	5 731	1 914	700	8 345
Fee income from policyholders	48		531	579
Net investment income	973	470	1 854	3 297
Net realised investment gains/losses	–939	–104	–3 638	–4 681
Other revenues	2			2
Total revenues	**5 815**	**2 280**	**–553**	**7 542**
Expenses				
Claims and claim adjustment expenses; life and health benefits	–4 541	–1 380	–938	–6 859
Return credited to policyholders	448		1 820	2 268
Acquisition costs	–1 181	–319	–357	–1 857
Other expenses	–356	–125	–221	–702
Total expenses	**–5 630**	**–1 824**	**304**	**–7 150**
Operating income/loss	**185**	**456**	**–249**	**392**
Operating result, excluding non-participating net realised investment gains/losses	**557**	**560**	**28**	**1 145**
Net investment income – unit-linked	105		482	587
Net investment income – with-profit business			205	205
Net investment income – non-participating	868	470	1 167	2 505
Net realised investment gains/losses – unit-linked	–567		–2 741	–3 308
Net realised investment gains/losses – with-profit business			–620	–620
Net realised investment gains/losses – non-participating	–372	–104	–277	–753
Operating revenues[1]	6 649	2 384	2 398	11 431
Management expense ratio in %	5.4	5.2	9.2	6.1
Benefit ratio[2] in %				87.0

[1] Operating revenues exclude net investment income and net realised investment gains/losses from unit-linked and with-profit business as these are passed through to contract holders and therefore do not have an impact on the operating result. Operating revenues also exclude net realised investment gains/losses from non-participating business.
[2] The benefit ratio is calculated as claims divided by premiums earned, both of which exclude unit-linked and with-profit business.

d) Financial Markets

For the three months ended 30 September

2007 CHF millions	Credit & Rates	Equity & Alternative Investments	Other	Total
Revenues				
Premiums earned				
Net investment income	2 078	–35	–7	2 036
Net realised investment gains/losses	–471	238	–100	–333
Other revenues	47			47
Total revenues	1 654	203	–107	1 750
Expenses				
Claims and claim adjustment expenses				
Acquisition costs				
Other expenses				
Total expenses	0	0	0	0
Operating income/loss	1 654	203	–107	1 750

2008 **CHF millions**	Credit & Rates	Equity & Alternative Investments	Other	Total
Revenues				
Premiums earned				
Net investment income	1 595	–364	–2	1 229
Net realised investment gains/losses	–398	–607	–329	–1 334
Other revenues	35	–6		29
Total revenues	**1 232**	**–977**	**–331**	**–76**
Expenses				
Claims and claim adjustment expenses				
Acquisition costs				
Other expenses				
Total expenses	**0**	**0**	**0**	**0**
Operating income/loss	**1 232**	**–977**	**–331**	**–76**

Financial Markets

For the nine months ended 30 September

2007 CHF millions	Credit & Rates	Equity & Alternative Investments	Other	Total
Revenues				
Premiums earned				
Net investment income	5561	179	–18	5722
Net realised investment gains/losses	–423	1226	–81	722
Other revenues	100			100
Total revenues	5238	1405	–99	6544
Expenses				
Claims and claim adjustment expenses				
Acquisition costs				
Other expenses				
Total expenses	0	0	0	0
Operating income/loss	5238	1405	–99	6544

2008 **CHF millions**	Credit & Rates	Equity & Alternative Investments	Other	Total
Revenues				
Premiums earned				
Net investment income	5285	–270	–3	5012
Net realised investment gains/losses	–1380	99	–1535	–2816
Other revenues	73	–5		68
Total revenues	**3978**	**–176**	**–1538**	**2264**
Expenses				
Claims and claim adjustment expenses				
Acquisition costs				
Other expenses				
Total expenses	**0**	**0**	**0**	**0**
Operating income/loss	**3978**	**–176**	**–1538**	**2264**

12 Variable interest entities

The Group holds a variable interest in various entities due to a modified coinsurance agreement, certain insurance-linked and credit-linked securitisations, private equity limited partnerships, hedge funds, debt financing and other entities, which meet the definition of a variable interest entity (VIE).

The insurance-linked and credit-linked securitisations transfer pre-existing insurance or credit risk to the capital markets through the issuance of insurance-linked or credit-linked securities. In insurance-linked securitisations, the securitisation vehicle initially assumes the insurance risk through insurance contracts. In credit-linked securitisations, the securitisation vehicle initially assumes the credit risk through credit default swaps.

The securitisation vehicle generally retains the issuance proceeds as collateral. The Group's variable interests arise through ownership of insurance-linked and credit-linked securities, or through protection provided for the value of the collateral held. The Group's maximum exposure to loss equals the higher of the carrying amount of the collateral protected or the carrying amount of the insurance-linked or credit-linked securities held. The collateral held usually consists of investment grade securities.

Investment vehicles also include private equity limited partnerships and hedge funds. The Group's variable interests arise through an ownership interest in the vehicle or a guarantee of the value of the assets held by the vehicle. The maximum exposure to loss equals the carrying amount of the ownership interest or the maximum amount payable under the guarantee.

Debt financing vehicles issue loan notes to provide the Group with funding. The maximum potential loss is limited to the lower of the total assets excluding the funding provided to the Group and the carrying amount of the Group's ownership interest.

The following table shows the total assets of VIEs of which the Group is the primary beneficiary, but does not hold a majority voting interest:

CHF millions	As of 31 December 2007	**As of 30 September 2008**
Modified coinsurance agreement	4022	3958
Investment vehicles	8007	7095
Other	1	
Total	12030	**11053**

As of 30 September 2008, the consolidation of the VIEs resulted in a minority interest in the balance sheet of CHF 437 million (2007: CHF 435 million). The minority interest is included in accrued expenses and other liabilities. The net minority interest in income was CHF 44 million and CHF 6 million net of tax for the nine months ended 30 September 2007 and 2008, respectively. The income statement impacts are generally included in the relevant segment with the underlying movement in income or expenses.

The following table shows the total assets of, and maximum exposure to loss in, VIEs in which the Group holds a significant variable interest:

	As of 31 December 2007		**As of 30 September 2008**	
CHF millions	Total Assets	Maximum exposure to loss	Total Assets	Maximum exposure to loss
Insurance-linked/credit-linked securitisations	10874	10874	7543	7543
Investment vehicles	17684	2089	7241	1952
Debt financing	7753	526	5859	459
Other	1690	1137	1731	1291
Total	38001	14626	**22374**	**11245**

13 Contingent liabilities

On 27 February 2008 a putative securities class action complaint was filed in the US District Court for the Southern District of New York against Swiss Re Zurich and various of its executive officers alleging false and misleading statements in connection with the mark-to-market loss, announced on 19 November 2007. On 28 July 2008, the court appointed Plumbers' Union Local No. 12 Pension Fund as the lead plaintiff for the class action. On 10 September 2008 an amended complaint was filed. The Company intends to vigorously defend against the class action.

14 Subsequent Event

On 31 October 2008, the Group completed the acquisition of Barclays Life Assurance Company Ltd. in a GBP 762 million cash transaction. The acquisition provides further scale and infrastructure for the Group's Admin Re® business in the United Kingdom.

The Group has acquired approximately 760 000 life insurance and pension policies and annuity contracts, representing approximately GBP 6.8 billion in invested assets. The Barclays Life book comprises unit-linked life and pension policies with a smaller block of protection business, including term life and permanent health insurance.

Note on risk factors

The world's principal financial markets have been experiencing extreme volatility and disruption for more than 12 months, due in part to the financial stresses affecting the liquidity of the banking system and market reaction thereto. In the past two months, volatility and disruption have reached unprecedented levels. These adverse market conditions have also exerted downward pressure on stock prices and reduced access to the capital markets, and have exacerbated the general worsening of macro-economic conditions.

Government initiatives in various countries have been undertaken in an attempt to stabilise the financial markets. These initiatives may fail to stabilise the financial markets and may have other consequences, including material effects on interest rates and foreign exchange rates. Failure of these or other initiatives to stabilise the financial markets could result in increased constraints on the liquidity available in the banking system and financial markets and increased pressure on stock prices. In the event of future material deterioration in business conditions, the Group may need to raise additional capital or consider other transactions to manage its capital position or liquidity.

Market risk
As a result of the extreme and unprecedented volatility and disruption, the Group is exposed to significant financial and capital markets risk, including changes in interest rates, credit spreads and equity prices, as well as foreign currency movements.

The Group's exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Its exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. With the recent widening of credit spreads the net unrealised loss position of the Group's investment portfolio has increased, as have other than temporary impairments. The Group's exposure to foreign exchange risks results from exposures to changes in spot prices, forward prices and volatilities of currency rates.

The Group seeks to manage these risks by diversifying exposures, applying risk accumulation limits and by establishing hedges. For example, it may hedge a portfolio of equity securities by taking offsetting positions in an equity index. The ability to manage an exposure may, however, be limited by adverse changes in the liquidity of the security or the related hedge instrument and in the correlation of price movements between the security and related hedge instruments. There is no assurance that these hedges are effective.

Credit risk
In November 2007, the Group reported a fourth quarter CHF 1.2 billion mark-to-market loss arising from its exposure to two related structured credit default swaps written by its former Credit Solutions business. For all of 2007, the mark-to-market loss was CHF 1.3 billion before tax, and, for the first three quarters of 2008, the Group reports a further loss of CHF 1.5 billion. With respect to these credit default swaps, the Group remains exposed to continued fluctuations in the market value of the underlying securities and could be required to report further mark-to-market losses. In the light of current market conditions, the Group could also face further losses in other areas of its portfolio, including other structured instruments the Group holds.

The deterioration in the credit markets and related developments have had, and can be expected to have (at least in the near term), an adverse impact on the ability of market participants, including the Group and its counterparties, to value credit default swaps and other credit-related instruments. For financial reporting purposes, the Group values its exposures on a mark-to-market basis, which focuses on market valuations, even where no market may exist, as opposed to potential ultimate cash losses. In the absence of a liquid market, various methodologies may be available to value securities positions. Valuation is a complex process involving quantitative modelling and management judgment, which is also impacted by external factors, including default rates, rating agency action, financial strength of counterparties and prices of observable comparable market transactions. Valuation processes can produce different outcomes and such differences can be significant. In addition, to the extent institutions sell assets as part of national rescue efforts, such as the U.S. Troubled Asset Relief Program, such sales may establish new valuation benchmarks.

The differences in valuation create additional uncertainty and differences of opinion among counterparties to swaps and other similar instruments as to obligations in respect of collateral and other terms of such instruments. These, in turn, could result in disputes among counterparties as to the respective obligations of the counterparties, the outcomes of which are difficult to predict and could be material.

The Group becomes aware of counterparty valuations either directly, through the exchange of information, or indirectly, for example, through demands for it to post collateral. These valuations may differ significantly from the Group's estimates. Counterparty valuation estimates for collateral purposes are considered in the independent price verification process and may result in adjustments to initially indicated valuations.

Losses due to defaults by others, including issuers of investment securities (which include structured securities) or derivative instrument counterparties, could adversely affect the Group. Trading counterparties, counterparties under swaps and other derivative contracts and financial intermediaries may default on their obligations to the Group due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operational failure, fraud or other reasons. Such defaults could have a material adverse effect on the Group.

Liquidity and funding risk
The Group manages liquidity and funding risk by focusing on the liquidity stress that is likely to result from extreme capital market scenarios or from extreme insurance events or combinations of the two. It refers to these as shortfall events and they are described in the annual report. Regulatory restrictions are considered in the Group's liquidity models. Although these events or combinations of them are extremely unlikely, the Group looks to maintain sufficient projected liquidity to cover the requirements that would result from payments required under the loss, or combination of losses, from requirements to provide collateral to counterparties as a result of related downgrades or to repay secured or unsecured funding that may become repayable under these scenarios.

The Group models these scenarios and the resulting effects, but there is no assurance that these models will accurately reflect the actual outcomes. Projected liquidity may fall below the levels required by our stress tests and the Group may not be able to secure new sources of liquidity or funding. The Group continues to develop and adjust its stress tests and the assumptions that are applied within them. This may result in stress scenarios where its current liquidity and funding plans are insufficient to meet projected requirements.

Ratings
Ratings are an important factor in establishing the competitive position of reinsurance companies, and market conditions could increase the risk of downgrade. As claims paying and financial strength ratings are key factors in establishing the competitive position of reinsurers, a decline in the Group's ratings alone could make reinsurance provided by the Group less attractive to clients relative to reinsurance from its competitors with similar or stronger ratings. A decline in ratings could also cause the loss of clients who are required by either policy or regulation to purchase reinsurance only from reinsurers with certain ratings. A decline in ratings could also obligate the Group to provide collateral or other guarantees in the course of its reinsurance business or trigger early termination of funding arrangements. Any rating downgrades could also materially adversely affect the Group cost of borrowing or limit its access to capital markets.

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:

- changes in global economic conditions and the risk of a global economic downturn;
- direct and indirect impact of continuing deterioration in the credit markets, and further adverse rating actions by credit rating agencies in respect of structured credit products or other credit-related exposures and of monoline insurance companies;
- the occurrence of other unanticipated market developments or trends;
- the ability to maintain sufficient liquidity and access to capital markets;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, currency values and other market indices;
- changes in Swiss Re's investment results;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities in the Group's investment portfolio equivalent to their mark-to-market values recorded for accounting purposes;
- the possibility that Swiss Re's hedging arrangements may not be effective;
- 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 loss of one of the financial strength or other ratings of one or more companies in the Group;
- political risks in the countries in which Swiss Re operates or in which it insures risks;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- risks associated with implementing Swiss Re's business strategies;
- the impact of current, pending and future legislation, regulation and regulatory and legal actions;
- 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. 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.

Corporate calendar and contact information

Corporate calendar
19 February 2009
2008 annual results

17 April 2009
145th Ordinary Annual General Meeting

7 May 2009
First quarter 2009 results

5 August 2009
Second quarter 2009 results

3 November 2009
Third quarter 2009 results

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