

News release

Admin Re® to buy Guardian Financial Services for GBP 1.6 billion, extending its position as a leading closed life book consolidator in the UK

- Swiss Re's business unit Admin Re® agrees to acquire Guardian Financial Services for GBP 1.6 billion
- Acquisition will support Admin Re®'s ambition to emerge as a leading closed life book consolidator in the UK, with over four million policies
- Acquisition expected to significantly increase Admin Re®'s gross cash generation capacity and return on equity (ROE)
- Attractive opportunity to deploy part of excess capital above the Swiss Re Group's profitability hurdle rate of 11% ROE; in line with the Group strategy
- Operational, capital and asset management synergies expected

Zurich, 23 September 2015 — Swiss Re's business unit Admin Re® has agreed to acquire Guardian Holdings Europe Limited, the holding company for operations trading under the name Guardian Financial Services ("Guardian") from private equity company Cinven for GBP 1.6 billion. The acquisition will extend Admin Re®'s position as a leading closed life book consolidator in the UK, with over four million policies in force. As a result of the acquisition, Admin Re® will further diversify its current business and increase its assets and reserves. Closing of the acquisition is subject to regulatory approval and could be completed in early 2016.

Michel M. Liès, Swiss Re's Group Chief Executive Officer, says: "This acquisition is an excellent opportunity for Admin Re® to further enlarge its successful business and diversify its portfolio. It is proof that we can deliver on our ambitions to seek profitable growth opportunities for Admin Re® in the UK. The expected returns exceed our profitability targets for new business and represent an excellent fit with our Group strategy as well as with Admin Re®'s capabilities and existing infrastructure."

Admin Re® and Guardian are both buyers and consolidators of blocks of in-force life and pension insurance business. With this acquisition of Guardian, Admin Re® will add 900 000 annuity, life insurance and pension policies in the UK and Ireland. This will bring the policy count of Admin Re®'s UK business to over four million and strengthen its established business.

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David Cole, Swiss Re's Group Chief Financial Officer, says: "This acquisition is in line with Admin Re[®]'s strategic goals as well as with our multi-year financial planning. We will continue to remain well capitalised and our economic solvency ratio will remain comfortably above our risk tolerance. This acquisition is also in line with the Swiss Re Group's capital management priorities and, accordingly, does not alter our view of the share buy-back programme, which was authorised by our shareholders at the 2015 Annual General Meeting. The transaction is of a scale that was already contemplated when we evaluated the scope of the share buy-back programme. The launch of the programme remains subject, as previously said, to the availability of excess capital, and any decision to launch it will also take into account other potential business opportunities meeting Swiss Re's strategic and financial objectives and major loss events."

The acquisition is an attractive opportunity for Swiss Re to deploy part of its excess capital above the Group's hurdle rate of 11% ROE. Admin Re[®] is expected to generate around USD 1.7 billion of gross cash, including capital synergies, over the first three years. In addition, the assets under management of the Swiss Re Group will increase by GBP 12.5 billion, or approximately 15%. Under US GAAP accounting standards, the acquired business will be accretive to the Group's net income. Under Swiss Re's proprietary economic value management (EVM) framework, the acquisition is expected to result in an EVM loss of approximately USD 0.9 billion at inception. It is however expected to generate a positive contribution to EVM economic net worth over time, supporting Swiss Re's focus on long-term value generation.

Bob Ratcliffe, CEO of Admin Re[®], says: "We're very proud to be taking on Guardian's policyholders and staff delivering the same seamless service that we bring to our current 3.4 million customers. Admin Re[®] has an expert team and the infrastructure in place to ensure we can bring the benefits of scale that make a closed life book consolidator successful. Admin Re[®] has a long track record of migrating life portfolios and maintaining a high level of customer service for policyholders. We expect that after this acquisition, we will continue to seek growth via other acquisition opportunities, developing further our leading consolidation franchise."

The acquisition will be financed from cash on the balance sheet as well as debt financing. Swiss Re believes that significant growth opportunities are still available as vendors seek to refocus on new products and release capital from legacy books.

Table 1 : Admin Re®'s exceptional execution capability

Acquired business	Transaction type	Date of completion
Guardian	Share Acquisition	Exp. early 2016*
HSBC UK Life	Reinsurance and Part VII Transfer	August 2015
Alico UK Life	Reinsurance and Part VII Transfer	July 2012
Barclays Life	Share Acquisition	October 2008
GE Life's new business platform	Share and Business Disposal	December 2007
Zurich's immediate pensions annuities	Reinsurance and Part VII Transfer	June 2007
Friends Provident	Longevity Swap	April 2007
Aviva	Reinsurance and Administration	March 2007
GE Life	Share Acquisition	December 2006
Virgin Money Life	Share Acquisition	December 2005
Life Assurance Holding Company	Share Acquisition	August 2004
Zurich Life Assurance Company	Share Acquisition	October 2003

*Expected closing date subject to regulatory approval

Notes to editors

Swiss Re

The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing direct and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public sector clients. From standard products to tailor-made coverage across all lines of business, Swiss Re deploys its capital strength, expertise and innovation power to enable the risk-taking upon which enterprise and progress in society depend. Founded in Zurich, Switzerland, in 1863, Swiss Re serves clients through a network of about 70 offices globally and is rated "AA-" by Standard & Poor's, "Aa3" by Moody's and "A+" by A.M. Best. Registered shares in the Swiss Re Group holding company, Swiss Re Ltd, are listed in accordance with the International Reporting Standard on the SIX Swiss Exchange and trade under the symbol SREN. For more information about Swiss Re Group, please visit: www.swissre.com or follow us on Twitter [@SwissRe](https://twitter.com/SwissRe).

Cinven

In this press release 'Cinven' means, depending on the context, any of or collectively, Cinven Group Limited, Cinven Partners LLP, Cinven (LuxCo1) S.A., Cinven Limited and their respective Associates (as defined in the Companies Act 2006) and/or funds managed or advised by the group.

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) 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", "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 the Group's actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially

different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- instability affecting the global financial system and developments related thereto;
- deterioration in global economic conditions;
- the Group's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group's financial strength or otherwise;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on the Group's investment assets;
- changes in the Group's investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that the Group's hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting the Group's ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group or its ceding companies and the interpretation of legislation or regulations;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- 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. The Group 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.

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