News release

Swiss Re

Swiss Re reports net loss of CHF 864 million for the full year 2008
Strong underwriting performance offset by investment losses
Swiss Re determined to further de-risk asset portfolio, reinforce capital position

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Zurich, 19 February 2009 – Swiss Re reported a net loss for 2008 of CHF 864 million and a return on equity of -3.4%, driven by investment losses. In spite of extreme financial market turbulence and a significant natural catastrophe burden faced by the insurance industry, the core business delivered strong underwriting results. The Group has taken extensive measures to further de-risk its investment portfolio and reinforce its capital position.

Stefan Lippe, Swiss Re's Chief Executive Officer, said:
"This result is clearly disappointing. Although our Property & Casualty and Life & Health business segments continue to perform extremely well even in these adverse conditions, the result has been impacted by investment losses."

He added: "We have already taken extensive measures to de-risk the investment portfolio and to further protect the long-term financial strength of the company. These measures are all contributing to building a stronger firm for the years to come."

Restore and maintain balance sheet strength
For the full year 2008, Swiss Re reported a net loss of CHF 864 million compared to CHF 4.2 billion net profit in 2007. Earnings per share were CHF -2.61 compared to CHF 11.95 in 2007 and return on equity was -3.4% compared to 13.5% in 2007.

Shareholders' equity decreased to CHF 20.5 billion from CHF 31.9 billion at the end of 2007, primarily due to the loss for the year, unrealised losses on investments, and the impact of exchange rate movements. Book value per share decreased to CHF 60.96 compared to CHF 92.00 at the end of 2007.

As announced on 5 February 2009, Swiss Re has taken measures to reinforce its capital position in order to take advantage of business opportunities. Swiss Re was able to secure a private capital solution in a short period of time. Subject to shareholders' approval, Swiss Re will issue CHF 3 billion of convertible instruments to Berkshire Hathaway Inc. This is evidence of the soundness of Swiss Re's underlying business offering. The Group will propose to shareholders to increase the authorised share capital by not more than 180 million shares. At this time, the Group does not intend to conduct a rights issue.

Swiss Re will intensify and accelerate its efforts to further simplify the organisation, improving efficiency by delivering globally aligned services.

Given the need to further strengthen its capital position, the Board proposes to reduce the dividend to CHF 0.10.

Strong earnings power of core business

The earnings power of Swiss Re's core business remains strong. Property & Casualty and Life & Health generated operating income of CHF 4.5 billion in 2008.

Swiss Re's Property & Casualty segment delivered superior underwriting performance for the fourth consecutive year, achieving an excellent combined ratio of 97.9% (96.1% excluding unwind of discount) for the full year. Due to the impact of cycle management and a higher combined ratio, operating income was CHF 2.7 billion, a 39% decrease compared to 2007.

Life & Health achieved a benefit ratio of 85.5%, reflecting a strong underwriting performance. Operating income decreased to CHF 697 million, a 47% decrease compared to 2007, mainly driven by non-cash items.

Asset Management delivered a strong performance in difficult market conditions with a total return on investments of 0.6% for 2008. Operating income was CHF 5.9 billion, a decrease of 30% compared to 2007.

Determined to further de-risk asset portfolio

Swiss Re is continuously reducing risk in its investment portfolio through a combination of sales and hedging. As of the end of 2008, more than 56% of Swiss Re's investment portfolio consisted of cash, short-term investments, treasuries and government-backed instruments. The extensive hedging programme on the corporate bonds portfolio provided a benefit of CHF 2.6 billion in 2008. The securitised products in the Asset Management portfolio remain of high rating quality.

Those products no longer offered by Swiss Re are now being managed by the Legacy unit. These products include the structured

Credit Default Swaps (SCDS), the portfolio Credit Default Swaps, Financial Guarantee Re and former trading activities. As indicated in our preliminary 2008 results communication on 5 February 2009, these activities produced a mark-to-market loss for the full year of approximately CHF 5.9 billion, including mark-to-market losses of CHF 2.0 billion for SCDS.

Outlook

Swiss Re's strong earnings power is supported by an improving outlook in terms of client demand and reinsurance pricing for both Property & Casualty and Life & Health. Demand for reinsurance has increased as insurers become more risk averse in the face of a reduction in their capital base.

The 2009 January renewals resulted in an increase in rates of around 2%, leading to a volume increase of around 6%, at constant foreign exchange rates. Stefan Lippe said: "Our clients have given us a clear vote of confidence, reflected in the positive outcome of the January renewals."

Swiss Re continues to manage the cycle actively with growth in the lines with the highest price increases, such as Property, and reduced volume in the areas where pricing is less attractive, namely Liability, Motor and Accident. The Group expects the trend of improving prices to continue and extend to other products and markets. As life insurers around the world face significant challenges, Swiss Re anticipates a growing need among clients to release capital from their in-force portfolios through Admin Re® or other reinsurance solutions.

The company will continue to focus on its consistently strong underwriting performance, which will be the key to success in a low yield environment. For 2009, Swiss Re is targeting a treaty year combined ratio of 95% assuming a normal level of natural catastrophes.

Telephone conferences

Swiss Re will hold conference calls today.

- Media conference call at 10.30 am (CET)
- Analyst conference call and webcast at 2 pm (CET)

Please join the conference using the phone numbers below.
You are kindly requested to dial in 10 minutes prior to the start.

Media Call

Switzerland	+41 (0)44 800 9659
Germany	+49 (0)69 9897 2627
France	+33 (0)1 70 99 42 73
UK	+44 (0)20 7138 0822
USA	+1 718 354 1361

Analyst & Investor Call

Switzerland	+41 (0)44 800 9659
Germany	+49 (0)69 9897 2631
France	+33 (0)1 70 99 42 72
UK	+44 (0)20 7138 0814
USA	+1 718 354 1157

Notes to editors

Swiss Reinsurance Company Ltd
Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 25 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "A+" by Standard & Poor's, "Aa3" by Moody's and "A+" by A.M. Best.

Cautionary note on forward-looking statements
Certain statements and illustrations contained herein are forward-looking. These statements and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's actual results, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- the direct and indirect impact of the continuing deterioration in the financial markets and the efficacy of efforts to strengthen financial institutions and stabilise the credit markets and the broader financial system;
- changes in global economic conditions and the effects of the global economic downturn;
- the occurrence of other unanticipated market developments or trends;
- Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debtlike

arrangements and collateral calls under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;
- changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of Swiss Re's investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to its mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that Swiss Re's hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;
- risks associated with implementing Swiss Re's business strategies;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- political risks in the countries in which Swiss Re operates or in which it insures risks;
- the impact of current, pending and futurelegislation, 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. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.