News release

Swiss Re

Swiss Re reports net income of CHF 334 million for the third quarter of 2009
Estimated excess capital at AA level improved to more than CHF 6 billion
Excellent underwriting result and continued focus on intelligent cycle management

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Zurich, 3 November 2009 – Swiss Re reported net income of CHF 334 million for the third quarter of 2009. The estimated excess capital position at the AA level increased to more than CHF 6 billion. Swiss Re's core business continued to deliver very strong results, and the company achieved further significant progress in de-risking its Legacy portfolio.

Stefan Lippe, Swiss Re's Chief Executive Officer, said: "During the third quarter of 2009, we continued to improve Swiss Re's financial flexibility through a combination of strong underlying performance in our core business and continued de-risking of the Legacy activities. During the first nine months of 2009, our excess capital at the AA level improved to over CHF 6 billion. Our excess capital is substantial and allows us to support our clients when they need us most."

Significant increase in shareholders' equity

Swiss Re reported net income of CHF 334 million for the third quarter of 2009, compared to a loss of CHF 304 million in the same period of the previous year. Net income was impacted by mark-to-market losses of CHF 706 million on the corporate bond hedges and by impairments of CHF 263 million, mainly in the securitised products portfolio. Earnings per share were CHF 0.97.

Shareholders' equity increased by CHF 2.4 billion, compared to the second quarter of 2009, to CHF 26.2 billion at the end of September 2009. Net unrealised investment gains of CHF 2.8 billion, driven by mark-to-market valuation of securitised products, corporate and government bonds, were partially offset by unfavourable foreign exchange movements. Annualised return on equity was 6.1%, compared to −7.4% for the second quarter of 2009. Basic book value per common share increased by 11.4% to CHF 67.6, compared to CHF 60.7 at the end of the previous quarter. Swiss Re estimates that its excess capital at the AA level improved to more than CHF 6 billion at the end of September 2009.

Strong core business performance

Property & Casualty operating income increased to CHF 998 million in the third quarter of 2009, compared to CHF 685 million in the third quarter of 2008. The combined ratio improved to 84.5% (or 82.7%

excluding unwind of discount), compared to 99.6% (97.4%) in the same period of the previous year. This excellent result is partly driven by low levels of natural catastrophes in the quarter, but it is also a testament to the success of Swiss Re's continued disciplined underwriting.

Life & Health reported an operating income of CHF 388 million in the third quarter of 2009, compared to an operating loss of CHF 79 million in the prior year period. The benefit ratio improved to 80.2% in the quarter under review, compared to 91.5% in the same quarter of 2008. This strong improvement primarily reflects the current year's favourable mortality experience within the traditional life segment, as well as the favourable outcome of an arbitration matter related to a 2001 reinsurance agreement with Lincoln National.

Asset Management reported a return on investment of 1.6%, compared to 2.8% in the prior year period, reflecting the shift towards lower-risk and shorter duration assets, lower interest rates and the impact of mark-to-market losses on corporate bond hedges. These effects were more than offset by the improvement in the market value of the underlying assets reflected by the increase in shareholders' equity. Total return on invested assets, which includes changes in unrealised gains or losses, was very strong at 14.3%, compared to –1.8% in the third quarter of 2008. Swiss Re has started to reduce its hedging programme and to increase its exposure to higher grade corporate credit.

Further significant progress in de-risking the Legacy portfolio
The Group significantly reduced its Financial Guarantee Re (FG Re) exposure with a further commutation of CHF 6.6 billion notional exposure during the third quarter of 2009. Since year end 2008, this marks a total reduction in the company's notional exposure in FG Re of 68%. At the same time, the third quarter saw liquidity returning to markets for securitised assets, enabling Swiss Re to sell some securities from the former Structured CDS at a gain of CHF 221 million. Legacy generated an operating income of CHF 22 million for the third quarter of 2009.

Efficiency programme ahead of plan
Net savings after restructuring costs for 2009 are now expected to be in the range of CHF 150 to 200 million, well ahead of the original net target of CHF 100 million.

Outlook
Stefan Lippe concluded: "The outlook for our company is encouraging. In the first nine months of 2009, we restored our capital position. Our underlying performance remains very strong and we have achieved significant progress in de-risking our Legacy portfolio. The excellent underwriting results, which we have consistently delivered over many years, demonstrate our disciplined underwriting approach."

Lippe added: "Our focus now is on the January renewals. While the market fundamentals point towards higher prices, restored industry capital and the absence of hurricanes may partially delay the market correction. With our very profitable reinsurance portfolio and proven underwriting track record, we are well placed for the upcoming renewal season."

Media conference call

Swiss Re will hold a media conference call this morning at 10.30 am (CET). The slides for the third quarter results are available on www.swissre.com. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)43 456 9228
From Germany:	+49 (0)69 2222 7111
From France:	+33 (0)1 70 99 42 84
From UK:	+44 (0)20 7138 0829
From US:	+1 718 247 0880
From Hong Kong:	+852 3009 5113

Analysts' conference call

Swiss Re will hold an analysts' conference call this afternoon at 2 pm (CET). You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)43 456 9228
From Germany:	+49 (0)69 2222 3105
From France	+33 (0)1 70 99 42 86
From UK:	+44 (0)20 7784 1036
From US:	+1 718 354 1152
From Australia:	+61 (0)2 8014 9371

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 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.

Cautionary note on forward-looking statements

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

- further instability affecting the global financial system and developments related thereto;
- changes in global economic conditions;
- Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;
- changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to its mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and regulatory or legal actions;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

These factors are not exhaustive. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.