News release

Swiss Re

Swiss Re reports strong 2010 results with full-year net income of USD 863 million, announces new corporate structure aligned with strategic priorities

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- **Including the impact from the termination of the convertible perpetual capital instrument (CPCI) issued to Berkshire Hathaway, full-year 2010 net income was USD 863 million, an increase of 74%, and return on equity was 3.6%**
- **Excluding the impact of the CPCI termination, full-year 2010 net income was USD 2.3 billion and return on equity was 9.2%**
- **2010 dividend proposal of CHF 2.75***
- **Strong start to 2011: Very successful January renewals**
- **New corporate holding structure to be established**
- **Financial targets established for the next five years**

Zurich, 17 February 2011 – Swiss Re reports strong results for 2010, reflecting the sustained earnings power of its business and the strength of its client franchise. The company achieved full-year net income of USD 863 million and earnings per share of USD 2.52. Swiss Re plans to establish a new corporate structure under a newly-formed holding company, increasing its client focus, improving the transparency and accountability of its businesses, and creating greater flexibility.

"Over the past two years we have come a long way," says Stefan Lippe, Chief Executive Officer. "Swiss Re has strengthened its balance sheet, set new strategic priorities and aligned its management structure. The company is now taking the next step in shaping the company's future by adjusting its legal structure to reinforce its strategic priorities and allow it to fully unlock the potential of its business."

Strong earnings power in 2010

Swiss Re delivered strong results for the year. Excluding the impact of the CPCI termination, net income for 2010 was USD 2.3 billion. The return on equity excluding the CPCI was 9.2%. The CPCI was terminated in November 2010 and repaid in January 2011. Including the impact of the CPCI termination, Swiss Re achieved in 2010:

- Full-year net income of USD 863 million (USD 496 million in 2009), an increase of 74%
- Return on equity of 3.6% (2.3% in 2009)
- Earnings per share (EPS) of USD 2.52 or CHF 2.64 (USD 1.46 or CHF 1.49 in 2009)
- Shareholders' equity of USD 25.3 billion (USD 25.3 billion at end 2009)

* Swiss withholding tax exempt distribution out of reserves from capital contributions

Strong results from business segments

Property & Casualty (P&C) delivered very strong results due to disciplined underwriting and despite a high level of natural catastrophe losses. Operating income was USD 2.5 billion, down 30% due to the higher large loss experience and lower net investment income. The combined ratio was 93.9%, compared to 88.3% in 2009. The impact of natural catastrophes was 3.0 percentage points above the expected level and was partially compensated by 0.8 percentage points from positive run-off. Swiss Re estimates claims, net of the benefits of retrocession and before tax, relating to the Queensland, Australia flooding for the fourth quarter of 2010 of USD 100 million. The company's preliminary estimate of claims from the floods in the first quarter of 2011 is USD 225 million. Swiss Re also estimates that claims from the Australian cyclone Yasi will be approximately USD 100 million. Both of these estimates are net of the benefits of retrocession and before tax. Significant uncertainties are involved in estimating losses from such an event and this preliminary estimate may need to be adjusted as new information becomes available.

Life & Health reported good results with a significant improvement in operating performance. Operating income was USD 810 million, an increase of 18%. The benefit ratio increased 4.9 percentage points to 88.7%. Excluding the 2009 benefit derived from the rescission of a disability contract, together with the impact of certain commutations, the benefit ratio increased 3.0 percentage points. Mortality experience was better than expected, although less favourable than the results recorded in the prior year. Morbidity was within expectations for both periods.

Asset Management achieved good results with an operating income of USD 4.5 billion due to lower impairments and lower hedging costs compared to 2009, which offset the impact of lower net investment income from lower yields. Return on investments was 3.5%. Total return, including unrealised gains and losses, rose to 6.5%.

The Legacy process is essentially complete. Legacy will no longer be reported as a separate segment in 2011.

Restored capital position

In 2010, Swiss Re created around USD 4 billion of shareholder equity, compensating for the impact of the termination of the CPCI. Shareholders' equity remained stable at USD 25.3 billion. Swiss Re's capital is over USD 10 billion in excess of Standard & Poor's AA requirements per end 2010.

The Board of Directors will propose to the Annual General Meeting on 15 April 2011 to increase the dividend to CHF 2.75 per share.*

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* Swiss withholding tax exempt distribution out of reserves from capital contributions

Very successful January 2011 renewals of P&C treaty business
Swiss Re began 2011 with very successful January renewals. While average reinsurance market prices declined by 4-7%, Swiss Re was able to outperform the market based on its disciplined underwriting and success on non-commodity placements. Swiss Re's risk-adjusted price adequacy fell by 2%.

Swiss Re's P&C January treaty business premiums grew strongly by 14%. The drivers for this performance were increased demand for tailored solutions from large clients and growth in insurance demand, especially in Asia. Swiss Re's 2011 combined ratio is estimated at approximately 94%, assuming a normal large loss burden.

New legal structure to support implementation of strategic priorities
In a first step, Swiss Re plans to establish a new holding structure in line with the company's strategic priorities. The new legal structure aims to enhance client focus, to increase capital efficiency and transparency, and to create long-term value for shareholders.

The next step will be to create a structure below the new holding company comprising legally separate Business Units, namely Swiss Re's existing reinsurance business, along with two new entities for Corporate Solutions and Admin Re®.

The rationale for the adjusted legal structure is as follows:

- **Client focus** – Swiss Re's clients will be better served by individual Business Units, which will develop dedicated service models. The changes announced will increase the flexibility and agility of these Business Units, allowing them to develop tailored market approaches and leading to a more entrepreneurial approach to client service;
- **Transparency** – A significant benefit of the new legal set-up will be to create a simplified corporate structure that further improves transparency with respect to the performance of Swiss Re's three main Business Units. Furthermore, it will increase clarity as to how capital and assets are allocated between them. The increase in transparency comes at a time of intensified regulatory focus on the component parts of large cross-border (re)insurance groups;
- **Accountability** – Greater transparency into the performance of the Business Units will bring more accountability in terms of the allocation of resources within those units. The management of each Business Unit will be fully accountable for the strategy as well as the entire business performance of each Unit, including financial results, capital and asset allocation, and tax issues;
- **Flexibility** – The new structure grants Swiss Re more flexibility to manage its core business segments in distinct ways, including creating the option to attract new funding sources for individual

business areas if business opportunities exceed our balance sheet capacity – for example in Admin Re®. As a further benefit, it will be possible for each business area to have a capital and funding structure appropriate to its needs, which Swiss Re anticipates should improve returns.

The new holding company structure will be established through an exchange offer. Shareholders will be invited to exchange their shares in Swiss Re for new shares in the holding company, on a one-for-one basis and subject to applicable securities laws. Further information on the exchange offer and new holding company structure will be provided in an offer prospectus on 31 March 2011. The initial offer period will start on 15 April 2011.

Positioned to capture future earnings growth
Swiss Re is in an excellent position to capture future earnings growth. Over the next three years, the following growth drivers will provide opportunities for Swiss Re's Business Units:

- Hardening in the property and casualty market in 2012/2013 will benefit Reinsurance and Corporate Solutions;
- Expiration of the quota share with Berkshire Hathaway at end 2012 will add 25% growth potential in P&C Reinsurance and Corporate Solutions;
- Higher capital demands and further industry consolidation will provide opportunities for Admin Re® and for large deals in Reinsurance;
- Recovery of the global economy will benefit Reinsurance, Corporate Solutions, and Asset Management as the company moves towards its medium-term asset allocation; and
- Emerging market growth will provide opportunities for Reinsurance and Corporate Solutions.

Based on this assessment, combined with the progress that the company has made over the past two years, Swiss Re has established the following financial targets for the next five years:

- Return on equity (RoE): 700 basis points above 5 year risk free, average over 5 years;
- Earnings per share growth: 10% average annual growth rate over 5 years;
- Economic net worth per share growth plus dividend: 10% average annual growth rate over 5 years.

"Based on our capital strength, our global market position, our outstanding (re)insurance expertise and our innovation power, we are well placed to improve returns and to capture future earnings growth," says Stefan Lippe.

Notes to editors

Details of fourth-quarter performance (Q4 2010 vs Q4 2009)

		Q4 2010	Q4 2009
Group	Net income (USD millions)	-725	394
	Earnings per share (USD)	-2.12	1.15
	Return on equity (%, annualised)	-11.0	7.0
P&C	Operating income (USD millions)	673	833
	Combined ratio incl/excl unwind of discount (%)	88.8/87.2	88.3/86.5
L&H	Operating income (USD millions)	304	88
	Benefit ratio (%)	84.3	85.7
Asset Management	Return on investments (%)	2.6	3.3
Legacy	Operating income (USD millions)	37	32

The financial information contained in this announcement is unaudited and should be read in conjunction with the 2010 Financial Review available on the Swiss Re website. The updates on our business and results will be included in our 2010 Annual Report, together with our audited financial statements for 2010 and other disclosures we are required to include or historically have included in an annual report. The full 2010 Annual Report will be published on the Swiss Re website on 24 March 2011.

Swiss Re will hold a **media conference** this morning at 10.30 am (CET) at Mythenquai 50/60, Zurich. Journalists who cannot participate in person may dial in as follows:

From Switzerland:	+41 (0)44 800 9674
From Germany:	+49 (0)69 2222 3105
From France	+33 (0)1 70 99 42 80
From UK:	+44 (0)20 7138 0827
From US:	+1 718 354 1358
From Hong Kong:	+852 3009 5112

There will be an **analysts' conference** at 2 pm (CET) at Mythenquai 50/60, Zurich. Analysts who cannot participate in person may dial in as follows:

From Switzerland:	+41 (0)44 800 9674
From Germany:	+49 (0)69 2222 7111
From France	+33 (0)1 70 99 42 82
From UK:	+44 (0)20 7784 1036
From US:	+1 718 354 1358
From Australia:	+61 (0)2 8223 9222

The presentation slides for media and analysts are available on www.swissre.com.

Swiss Re

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.

Important Notice for Holders of Swiss Re Securities
The ability of Swiss Re shareholders who are not resident in Switzerland to accept the exchange offer (the "Exchange Offer") to be launched for Swiss Re shares ("Swiss Re Shares") in return for shares ("HoldCo Shares") of Swiss Re Ltd ("HoldCo") may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. The Exchange Offer will not be made, directly or indirectly, in or into any jurisdiction outside Switzerland where to do so would violate the laws of that jurisdiction or would require the preparation of a prospectus or registration or other qualification of the HoldCo Shares.

This release is not an offer of securities for sale, or the solicitation of an offer to acquire HoldCo Shares, in any jurisdiction, including the United States.

Information for U.S. Shareholders and U.S. ADS Holders
The HoldCo Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under the securities law of any state or other jurisdiction of the United States. The HoldCo Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, unless HoldCo is satisfied, in its sole discretion, that HoldCo Shares can be offered, sold or delivered to a shareholder in the United States pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, a shareholder in the United States that validly accepts the Exchange Offer will receive, in lieu of HoldCo Shares to which it would otherwise be entitled under the terms of the Exchange Offer, the net cash proceeds of the sale of such HoldCo Shares.

When made, the Exchange Offer will be subject to Regulation 14E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Exchange Offer will be made in respect of the securities of a Swiss company, and will be subject to Swiss disclosure requirements.

The Exchange Offer will not be extended to holders (in their capacities as such) of American Depositary Shares representing Swiss Re Shares ("ADSs"). Holders of ADSs will receive a notice from JPMorgan Chase Bank N.A., the depositary (the "ADS Depositary") in respect of the Exchange Offer. Moreover, at Swiss Re's request, the ADS Depositary will be terminating the ADS program.

The receipt of cash consideration under the Exchange Offer by a U.S. shareholder may be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable U.S. state and local, as well as foreign and other, tax laws.

European Economic Area; United Kingdom
In the European Economic Area, the Exchange Offer and documents or other materials in relation to the HoldCo Shares will only be addressed to, and will only be directed at, (a) qualified investors in a relevant member state within the meaning of Article 2(1)(e) of the Prospectus Directive, as adopted in the relevant member state, and (b) persons who hold, and will tender, the equivalent of at least EUR 50,000 worth of Swiss Re Shares (collectively, "permitted participants"). These documents may not be acted or relied upon by persons in the EEA who are not permitted participants.

With reference to the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), the Exchange Offer and any materials in relation to the HoldCo Shares will only be directed at persons in the United Kingdom that are (a) investment professionals falling within Article 19(5) of the Order or who fall within Article 49(2)(a) to (d) of the Order; (b) holders of Swiss Re Shares at the time of communication of the Exchange Offer and such materials; or (c) persons to whom they may otherwise lawfully be communicated (collectively, "relevant persons"). In the United Kingdom, the HoldCo Shares will only be available to, and the Exchange Offer may only be accepted by, relevant persons who are also permitted participants, and as such, any investment or investment activity to which this release relates is available only to, and may be relied upon only by, relevant persons who are also permitted participants.

Hong Kong
This release does not constitute an offer, solicitation or invitation to the public in Hong Kong to purchase HoldCo Shares. No steps have been taken to register a prospectus in Hong Kong and the contents of this release have not been reviewed by any regulatory authority in Hong Kong. Unless permitted to do so by the securities laws of Hong Kong, no person may issue or have in its possession this release or any other information, advertisement or document relating to the HoldCo shares, whether in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to the HoldCo Shares that are intended to be disposed of only to (a) "Professional Investors" within the meaning of the Securities and Futures Ordinance (CAP. 571) of Hong Kong and (b) "qualifying persons" within the meaning of the Companies Ordinance (CAP. 32), and any rules made thereunder. You are advised to exercise caution in relation to the disposition of the HoldCo Shares.

Cautionary note on forward-looking statements
Certain statements and illustrations contained herein are forward-looking. These statements and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's actual results, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto;
- changes in global economic conditions;
- Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;
- changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to its mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;

- the possibility that hedging arrangements may not be effective;
- the lowering or loss of financial strength or other ratings of one or more of the companies in the Group or developments adversely affecting the ability to achieve improved ratings;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and regulatory or legal actions;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

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