News release

Swiss Re

Swiss Re reports net income of USD 812 million for the second quarter 2010
Excellent performance in Asset Management
Continued focus on disciplined cycle management

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Zurich, 5 August 2010 – Swiss Re reported strong net income of USD 812 million for the second quarter of 2010 despite a challenging market environment. Book value per common share increased by 9% to CHF 78.44.

Stefan Lippe, Swiss Re's Chief Executive Officer, said: "Swiss Re's business performed well in the second quarter of 2010. Our underlying earnings power continues to be strong and we benefited this quarter from an excellent result in Asset Management. This proves our ability to generate sustainable earnings in a challenging market environment."

Stefan Lippe added: "For the past two years, we have positioned our (re)insurance portfolio for the softening market. The July 2010 renewals demonstrate that we are continuing to focus on disciplined cycle management – with profitability as the clear priority."

Resilient performance in a challenging market environment
Swiss Re reported strong net income of USD 812 million for the second quarter of 2010, compared to a net loss of USD 342 million in the same period of the previous year. Earnings per share were CHF 2.56 (USD 2.37), compared to CHF –1.13 (USD –1.01) for the second quarter of 2009.

Shareholders' equity increased by USD 1.3 billion to USD 27.5 billion in the second quarter of 2010. Return on equity for the second quarter of 2010 was 13.4%, compared to –7.4% in the prior-year period. Book value per common share increased to CHF 78.44 (USD 72.51), from CHF 72.23 (USD 68.62) at the end of the first quarter of 2010.

Strong underlying Property & Casualty result despite large claims
Property & Casualty delivered operating income of USD 455 million, compared to USD 896 million in the prior-year period, maintaining underwriting profitability despite large claims. As previously disclosed, the result was impacted by the USD 130 million increase in estimated claims from the Chile earthquake to approximately USD 630 million before tax and the estimated claims from the Deepwater Horizon oil rig explosion of approximately USD 200 million before tax. The combined ratio for the second quarter of 2010 was 102.0% (or 100.2%

excluding unwind of discount), compared to 89.4% (87.6%) in the prior-year period.

Life & Health reported operating income of USD 142 million in the second quarter of 2010, compared to an operating loss of USD 8 million in the prior-year period. The improved operating income is the result of significantly improved results in variable annuities, partly offset by lower investment returns. The benefit ratio increased to 93.5%, compared to 78.6% in the same quarter of 2009.

Asset Management achieved an excellent result with operating income of USD 1.2 billion in the reporting period, compared to USD 472 million in the second quarter of 2009. The annualised return on investments was 5.8% in the second quarter of 2010, compared to 0.5% in the second quarter of 2009. Total return on investments for the quarter was an excellent 13.2%, compared to 2.4% in the same period of the previous year. The results were also positively influenced by foreign exchange gains and mark-to-market gains on investments.

In the second quarter of 2010, Swiss Re continued to reduce risks in Legacy significantly, with the sale of the entire remaining positions from the former Structured CDS and the commutation of USD 1.0 billion of notional exposure in Financial Guarantee Re. In the second quarter of 2010, Legacy generated a net operating loss of USD 54 million.

Outlook
For the past two years, Swiss Re has positioned its (re)insurance portfolio for the softening market. Supported by its portfolio steering approach, Swiss Re succeeded in maintaining stable price adequacy during the July 2010 renewals despite underlying market softening estimated at 3%. The Group will continue to focus on disciplined cycle management. The combination of low investment returns, weaker industry profitability and regulatory change will generate pressure on the industry, and create opportunities for strong, innovative reinsurers.

Asset Management will continue to adjust the asset allocation to focus on long-term risk-adjusted returns by diversifying the investment portfolio in accordance with the asset-liability management framework.

Swiss Re has continued to make significant progress in winding down the Legacy positions and the Group expects to have addressed all the significant exposures in Legacy by the end of 2010.

The first six months of 2010 demonstrated the strength of Swiss Re's market position. Its capital strength and expertise enabled the company to support clients with a number of innovative transactions. In June 2010, Swiss Re entered into a first-of-its-kind public sector agreement with a US state, structuring a multi-year parametric wind cover for the Alabama State Insurance Fund to hedge insurance price volatility after a major storm. This agreement marks a first for a governmental body from an industrialised country to utilise a parametric solution to transfer government catastrophe exposure to the private sector.

Stefan Lippe concluded: "Looking ahead, we continue to build on our strengths. The reinsurance industry is expected to experience moderate but stable growth over the coming years – we anticipate that the property and casualty market will grow on average by 6.5% and the life and health market by 3.7% annually during the decade ahead. Swiss Re is well placed to meet the demand in these markets, and become the leading player in the wholesale (re)insurance industry."

Notes to editors

Media conference
Swiss Re will hold a media conference this morning at 11.00 am (CET) at Mythenquai 50/60, Zurich. Journalists who cannot participate in person may dial in as follows:

From Switzerland:	+41 (0)4 4580 3217
From Germany:	+49 (0)69 2222 3105
From France:	+33 (0)1 70 99 42 83
From UK:	+44 (0)20 7138 0827
From US:	+1 718 354 1358
From Hong Kong:	+852 3009 5113

Investors and analysts' conference call
Swiss Re will hold an analysts' conference call this afternoon at 2.30 pm (CET). You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)44 800 9674
From Germany:	+49 (0)69 2222 3105
From France	+33 (0)1 70 99 42 87
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 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 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.