Letter to shareholders

Walter B. Kielholz
Chairman of the Board of Directors

Stefan Lippe
Chief Executive Officer

Dear shareholders

Net income for the quarter was USD 960 million, which means a return on equity of 15.6%. All segments contributed to this positive result.

Today, we are pleased to report a strong performance for your company in the second quarter of 2011. The net income for the quarter was USD 960 million, which means a return on equity of 15.6%. All segments contributed to this positive result thanks to disciplined underwriting, prudent investment strategies and our ability to deliver tailored solutions for our clients. Our strong renewals in 2011 are confirmation of Swiss Re's growth prospects.

Shareholders' equity increased to USD 24.8 billion
Swiss Re reported net income of USD 960 million for the second quarter of 2011. Earnings per share were USD 2.80 (CHF 2.55). Shareholders' equity rose to USD 24.8 billion, more than offsetting the dividend payout to our shareholders during the second quarter of 2011 of approximately USD 1.0 billion. Return on equity increased to 15.6%.

Strong financial results across all segments, excellent P&C combined ratio
Property & Casualty delivered excellent operating income of USD 993 million and an excellent combined ratio of 78.4%. The increase in operating income was driven by strict underwriting, favourable net development of prior accident years and lower large loss experience in the quarter. Premiums earned increased 12.6% (or 7.1% at constant foreign exchange rates), reflecting strong renewals and also new business written in the first half of 2011.

Life & Health reported solid operating income of USD 161 million, driven by favourable morbidity trends. This was partly offset by additional Admin Re® expenses of USD 57 million, including cost from restructuring. The benefit ratio was 87.0% in the second quarter of 2011.

Asset Management performed very well in a volatile market. Operating income was USD 1.3 billion, driven by higher investment income from government and corporate bonds and mark-to-market gains in equity and alternative investments. The annualised return on investments was 4.3% and the annualised total return on investments was 8.1%.

The volatility of financial markets in the wake of recent sovereign debt issues in Europe continues to be a concern. After starting to take resolute steps from late 2009 to reduce sovereign debt exposure to non-AAA rated European government bonds, Swiss Re now holds only USD 78 million in sovereign debt issued by peripheral eurozone countries. Our exposure to Greek sovereign debt is nil.

Strong July 2011 renewals leading to earnings growth
While enjoying improved market conditions and a firming price environment, we continue to focus on disciplined underwriting. In the July 2011 renewals, which covered approximately 18% of Swiss Re's Property & Casualty treaty book, we achieved top-line growth of 8%. Risk-adjusted price adequacy for business renewed in July improved by 5 percentage points. We accomplished this increase in volume and pricing mainly through our ability to respond to higher demand for natural catastrophe cover in Australia, New Zealand and the United States. We also succeeded in completing Property & Casualty run-off transactions at attractive rates, but stayed defensive on Casualty business whenever prices did not meet our requirements.

You will be pleased to learn that in the course of 2011 renewals, we have maintained the high quality of Swiss Re's portfolio. Year-to-date, Swiss Re's treaty portfolio increased by a total of USD 2 billion or 20% to USD 12.2 billion. Strongest growth originated in Asia.

The reinsurance market has started to turn, and we expect further improvements over the next 6 to 18 months.

Progress made on financial targets and new structure, continued focus on innovation
During the second quarter we made good progress towards achieving Swiss Re's five-year financial targets, which we announced in February 2011. These targets are our most important priority and we are fully focused on achieving them.

In a rapidly changing world, customer needs evolve. Swiss Re strives to develop innovative solutions for clients, in order to support them in refocusing their activities. In the second quarter, the company was able to conclude successful Admin Re® and Property & Casualty run-off transactions. Furthermore, we work closely with partners in the public sector to develop innovative solutions that help to increase societal resilience and enable economic growth.

We are making good progress in the transition to Swiss Re's new holding structure as we seek to enhance our focus on clients, increase capital efficiency and improve transparency for all our stakeholders. This process began with the share exchange offer, first announced on 17 February 2011 and declared successful on 18 May 2011.

More than 98% of shares in Swiss Reinsurance Company Ltd ("SRZ") were held by or had been tendered to Swiss Re Ltd ("SRL") by 9 June 2011. SRL filed a request with the competent court to invalidate the remaining SRZ shares. Once the court approves this request, the remaining SRZ shares will be immediately delisted, as confirmed by the SIX Swiss Exchange. Holders of invalidated shares will receive one SRL share for each SRZ share, subject to applicable securities law restrictions.

As a further step, we are aligning our leadership structure to reflect the Group's new legal entity set-up. Christian Mumenthaler has been appointed CEO of the reinsurance subsidiary Swiss Reinsurance Company Ltd (SRZ), taking charge of the Group's reinsurance strategy as well as its entire business performance, including financial results, capital and asset allocation, along with governing the legal entities comprised within SRZ. He will assume his new responsibilities as of 1 October 2011.

By taking these steps, we aim to meet our financial targets and increase long-term value for you, our shareholders.

Seizing opportunities despite volatile environment

Amid ongoing volatility and the moderate pace of the global economic recovery, we are seizing opportunities for growth in Swiss Re's defined areas of focus. We expect significant further potential in emerging markets such as China, Brazil and Vietnam. China is already Swiss Re's third largest market (measured in gross premiums written during the first half of the year). Within 10 years, Swiss Re economists predict that China will be the world's second largest insurance market.

Broader demographic developments relating to the ageing population in many countries present an opportunity for reinsurance companies like Swiss Re. As a market leader in longevity solutions, Swiss Re helps pension fund providers and insurance companies to cope with the risks associated with longevity.

By making the most of these opportunities in emerging markets and longevity business in addition to pursuing our traditional opportunities, Swiss Re is well-positioned to make further good progress. We are fully committed to achieving the financial targets set for 2011 to 2015.

Zurich, 4 August 2011

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