News release

Swiss Re

Swiss Re reports net income up 16% to CHF 1.6 billion in first half 2006
Annualised return on equity 13.9%

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Zurich, 4 August 2006: Swiss Re reports successful first half 2006 results with net income of CHF 1.6 billion, up 16% compared to a strong first half of 2005, or CHF 4.92 per share. Annualised return on equity was 13.9% and shareholders' equity increased 18% to CHF 27.1 billion.

Jacques Aigrain, Swiss Re's Chief Executive Officer commented: "We are pleased with our first half results as they underline our progress towards sustainable business performance. Swiss Re's diversification and continued focus on sound technical results, along with the transfer of peak risks to the capital markets, have clearly reinforced the quality and sustainability of our earnings."

Total premiums earned rose to CHF 13.8 billion in the first half of 2006 compared to CHF 13.2 billion a year earlier, benefiting from higher foreign exchange rates and the first three weeks of revenues from the Insurance Solutions acquisition which closed 9 June 2006.

Net investment income was CHF 2.8 billion, compared with CHF 2.5 billion in the first half of 2005: a 13% increase with a return on investments of 5.3%. Returns benefited from investment in higher yielding bonds as interest rates rose, and growth in the overall portfolio. Net realised investment gains were CHF 0.3 billion, compared with CHF 0.5 billion in the first half of 2005.

Property & Casualty results up 51%

Attractive pricing conditions and Swiss Re's continued focus on underwriting quality pushed Swiss Re's first half Property & Casualty operating income up 51% to CHF 1.9 billion, from CHF 1.3 billion in the first six months of 2005. Comparing the two periods, the combined ratio for traditional business improved from 96.3% to 93.0% with no adverse developments from prior years. Overall, premiums were down slightly at CHF 7.8 billion, reflecting higher client retentions.

Life & Health benefits from positive claims experience

The Life & Health return on operating revenues increased from 9.5% in the first half of 2005 to 11.0% in the first half of 2006. The operating result, excluding non-participating realised gains, increased to CHF 0.8 billion from CHF 0.6 billion a year earlier reflecting excellent claims experience in the Admin Re℠ business and in traditional health reinsurance. Premiums grew 9% to CHF 5.5 billion, reflecting growth in life business in the US as well as expansion in health business in Europe from the Insurance Solutions acquisition.

Strong growth in Financial Services business

Revenues for Swiss Re's Financial Services business rose 29% to CHF 917 million from CHF 709 million in the first half 2005, due to strong premium growth in Credit Solutions and to higher trading revenues and fees in Capital Management & Advisory and in Conning Asset Management. The combined ratio for the traditional Credit Solutions business was 88.3%.

Outlook: delivering economic profit growth

Swiss Re expects to achieve its over the cycle targets of 10% per annum earnings per share growth and 13% return on equity, based on the quality of the underlying business across all segments. Rates for the catastrophe-exposed property and specialty reinsurance business have risen substantially due to limited market capacity while other property and casualty reinsurance markets are expected to remain stable at profitable levels. In Life & Health, opportunities remain strong across all key markets, particularly in selected health lines. Swiss Re is well placed as the most diversified global reinsurer in the world to capture the benefits of all of these favourable market conditions.

The successful integration of Insurance Solutions and the streamlining of the organisation currently underway will further drive Swiss Re's economic profit growth. The first successes of the combined operations were seen with the July property and casualty renewals, which saw growth in the Swiss Re book and high retention of the Insurance Solutions portfolio. The bottom line will see the first positive impact from cost synergies in 2007 with the full benefits to be realised in 2008.

Notes to editors

Swiss Re
Swiss Re is the world's leading and most diversified global reinsurer. The company operates through offices in over 30 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 "AA-" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.

Cautionary note on forward-looking statements
Certain statements contained herein are forward-looking. These statements 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 impact of completed and future investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transaction, including the ability to efficiently and effectively integrate the former GE Insurance Solutions operations into our own;
- cyclicality of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- 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;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

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.