



2012 Annual Report
Letter to Shareholders



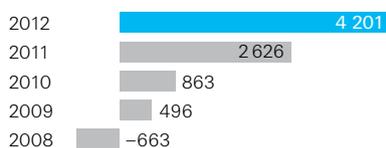
Key information

Share price (CHF)



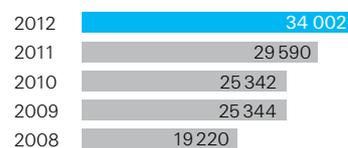
Net income

(USD millions)



Shareholders' equity

(USD millions)



Proposed dividend per share for 2012 (CHF)*

3.50

(CHF 3.00 for 2011)

Financial strength rating

Standard & Poor's

AA-

stable

Moody's

A1

positive

A.M. Best

A+

stable

Corporate calendar

Key dates

10 April 2013

149th Annual General Meeting

2 May 2013

First quarter 2013 results

8 August 2013

Second quarter 2013 results

7 November 2013

Third quarter 2013 results

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Financial highlights

For the twelve months ended 31 December

USD millions, unless otherwise stated	2011	2012	Change in %
Group			
Net income attributable to common shareholders	2 626	4 201	60
Premiums earned and fee income	22 176	25 446	15
Earnings per share in CHF	6.79	11.13	64
Shareholders' equity	29 590	34 002	15
Return on equity ¹ in %	9.6	13.4	
Return on investments in %	4.4	4.0	
Number of employees ² (31.12.2011/31.12.2012)	10 788	11 193	4
Property & Casualty Reinsurance			
Net income attributable to common shareholders	1 099	2 990	172
Premiums earned	10 135	12 329	22
Combined ratio in %	104.0	80.7	
Return on equity ¹ in %	11.0	26.7	
Life & Health Reinsurance			
Net income attributable to common shareholders	1 664	739	-56
Premiums earned and fee income	8 404	9 122	9
Benefit ratio in %	74.5	75.5	
Return on equity ¹ in %	21.2	8.9	
Corporate Solutions			
Net income attributable to common shareholders	81	196	142
Premiums earned	1 929	2 284	18
Combined ratio in %	107.9	96.2	
Return on equity ¹ in %	3.7	7.4	
Admin Re[®]			
Net income attributable to common shareholders	329	183	-44
Premiums earned and fee income	1 686	1 705	1
Return on equity ¹ in %	5.0	2.6	

¹ Return on equity is calculated by dividing net income attributable to common shareholders by average common shareholders' equity.

² Regular staff

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

Message from the Chairman

Excellent results earned in a difficult environment

3.50

Proposed dividend in CHF for 2012*
(CHF 3.00 in 2011)

4.00

Proposed special dividend in CHF for 2012*

Dear shareholders

Two years ago I wrote to you of our plans to establish a new organisational structure. The structure would allow us to be more flexible, transparent, accountable and client-focused. I can now report that the Group has successfully executed on these plans, delivering an excellent business performance in 2012 while making a seamless transition to a new Group Chief Executive Officer.

Based on this performance and in line with our commitment to active capital management, the Board of Directors will recommend a dividend of CHF 3.50 per share at this year's Annual General Meeting. Additionally we will propose a special dividend of CHF 4.00 per share. This translates to a total return of capital to shareholders of approximately USD 2.8 billion.

These excellent results have been earned in a difficult environment. Low interest rates are a challenge for all our business lines. The regulatory landscape is also changing, in particular the regulations related to solvency, capital markets, and national and global supervision. These changes are happening in a number of jurisdictions simultaneously and will have a cumulative and cross-sector impact. In early 2013, the G-20 is expected to approve a list of re/insurance companies designated as globally systemically important. As a leading re/insurer, we play an important role in the financial system and the economy. However our core activities are neither a source nor an amplifier of systemic risk, as has been acknowledged by many regulatory bodies.

What would such a designation mean in practical terms for Swiss Re? Regulators are in the early stages of defining the policy measures that would apply to the companies appearing on this list. They are focusing on three areas — enhanced supervision, effective resolution, and loss absorption capacity. Swiss Re believes that it is well prepared to respond to requirements along these lines.

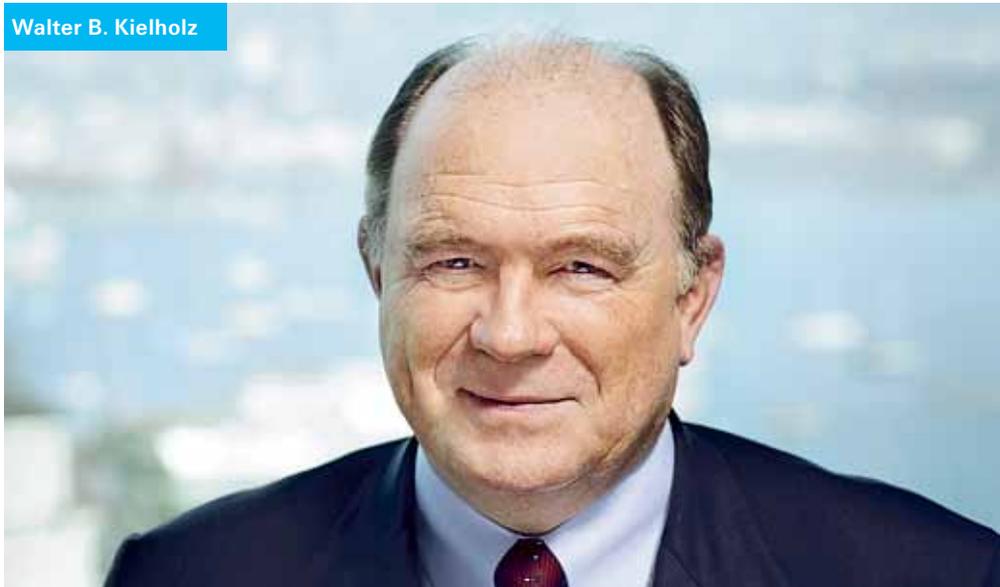
We expect the global economy to be less turbulent in the coming year. The US and European economies are expected to improve slightly, and growth in emerging markets is expected to remain quite robust. In 2012 we saw several positive developments in the euro area.

However the economic and financial market environment — particularly in Europe — remains fragile. The risks are often political: the decisions taken over the last year must now be implemented and further reforms will be necessary. Any delay increases the risk that the crisis will flare up again. We expect interest rates to rise slightly this year and next, but to remain quite low by historical standards.

I am confident that our Group is well positioned for 2013. This confidence comes from our strong capital position and the long-term relationships we have with our clients. It also reflects the power of traditional Swiss Re strengths, such as disciplined underwriting and prudent asset management.

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

Walter B. Kielholz



“I am confident that our Group is well positioned for 2013. This confidence comes from our strong capital position and the long-term relationships we have with our clients.”

Indeed this is an appropriate time for taking the long view, as we will be celebrating our 150th anniversary beginning in 2013. Our company was founded after the 1861 fire in Glarus, Switzerland. Two Swiss insurance companies and one bank — themselves almost still start-ups — pooled their resources to develop a reinsurance solution as had been done in other countries after similar city fires. Since then we have been in the business of protecting society against major risk events and nurturing the growth of a private sector approach to managing risks. Our outlook was global almost from the start, with the San Francisco earthquake of 1906 representing an early major international test, which we passed as with so many disasters since — hurricanes, earthquakes, winterstorms and others. We were also there when society had to cope with man-made tragedies and outrages, such as 9/11.

Swiss Re has been a key innovator in the area of reinsurance. Today we are carrying this tradition forward with insurance-linked securities, longevity swaps and partnerships with governments. For 150 years we have been expanding the boundaries of the insurance solution, not only by innovation but also by reaching out to new clients. This year when we turn 150 is the right moment to commemorate these achievements. We will have a number of events in locations around the globe for clients, media and other stakeholders, not to mention the employees who make it all possible, as well as the families who support them.

In 2012, the Swiss Re Foundation began its activities. The non-profit foundation aims to increase society’s resilience toward natural hazards, climate change, population growth, water scarcity and pandemics, along with other challenges to security, health and prosperity. The Swiss Re Foundation will also support community projects and employee volunteering in locations where Swiss Re has offices.

We are pleased to nominate Mary Francis to join us on the Board of Directors. A British citizen, she has previously served on the boards of the Bank of England and Aviva plc and worked as director general of the Association of British Insurers, among other institutions and roles. Her depth of experience and breadth of perspective will be an invaluable support in fulfilling the Board’s oversight role.

I would like to conclude by expressing my thanks to you, our shareholders. We appreciate the trust you have placed in us and we are doing all we can to earn it.

Zurich, 21 February 2013

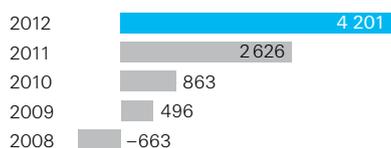
A handwritten signature in black ink, appearing to read 'Walter B. Kielholz', written in a cursive style.

Walter B. Kielholz
Chairman of the
Board of Directors

Message from the Group CEO

Performance and growth by the Swiss Re Group in 2012, demonstrated by net income of USD 4.2 billion

Net income (USD millions)



Dear shareholders

I am very proud to report on the performance and growth of our Group in 2012, demonstrated convincingly by our net income of USD 4.2 billion. All Business Units contributed to this excellent result, including a strong return on Group investments of 4.0%.

These are my first annual results where I write to you as Group CEO. I am very glad that I can start by sharing such great news. This performance is the result of tireless effort from Swiss Re employees around the globe, to whom I would like to express my most sincere gratitude.

Let me run you quickly through their achievements:

The Property & Casualty Reinsurance segment delivered a very strong net income of USD 3.0 billion, represented by a combined ratio of USD 80.7%. The Life & Health Reinsurance segment turned a profit of USD 739 million, though we recognise we still have some work to do on the profitability of this segment. I am pleased by Corporate Solutions' net income of USD 196 million, or 142% higher than in 2011, making good on the growth aspirations we had for this segment when we put a stronger emphasis on the direct corporate business. Admin Re[®] underwent significant structural changes in 2012 with the sale of its US business, demonstrating the capital agility that was one of the key ideas of our corporate reorganisation. Admin Re[®] delivered net income of USD 183 million.

With these excellent results behind us we are moving in the right direction on our 2011–2015 financial targets. They remain our top priority and we are working hard to deliver on them. Return on equity was 13.4%, and our earnings per share were USD 11.85 or CHF 11.13.

By working together we can achieve the best: that will be the title of this year's annual report and effective shorthand for this year's accomplishments. It is also a good summation of the value Swiss Re provides to its clients.

Across our Group we are harnessing the power of partnership to meet the challenges of business. In South Korea we have worked with Cigna/LINA to develop insurance that covers the cost of cancer treatment for people over the age of sixty. In China we have gone even further, teaming up with local insurers to deliver insurance that covers similar risks for people of all ages — a first in the market. We have become the official insurance provider for Solar Impulse, which aims to become the first solar-powered aircraft to fly around the world. In Vietnam and Mexico we are working together with governments to protect lives and livelihoods.

Michel M. Liès



“ With these excellent results behind us we are moving in the right direction on our 2011–2015 financial targets. They remain our top priority and we are working hard to deliver on them.”

These examples of partnership and collaboration are equally powerful as examples of our commitment to building value over the long term – appropriate for 2013, as we celebrate Swiss Re’s 150th anniversary at a number of events around the globe.

To continue to perform and grow we will add even more focus to two crucial areas: on talent development and on our high growth markets. And success in the latter depends on success in the first. By 2015 we aim to generate 20%–25% of our revenues from high growth markets. For this endeavour we need talented people – people endowed with the right skills and languages, as well as agility and the passion to perform. The development and management of our human capital in these markets will be key to success.

Our targets are ambitious, and conditions before us are challenging. Nevertheless we remain confident we can meet and exceed our goals, recognising that opportunities for risk management are practically limitless, provided we harness the power of collaboration. If the achievements of 2012 are any indication, we are moving in the right direction.

Zurich, 21 February 2013

A handwritten signature in black ink that reads "M. M. Liès". The signature is written in a cursive, slightly stylized font.

Michel M. Liès
Group Chief Executive Officer

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets and trends) 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 of operations, financial condition, solvency ratios, liquidity position or prospects to be materially different from any future results of operations, financial condition, solvency ratios, liquidity position or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto, including as a result of concerns over, or adverse developments relating to, sovereign debt of euro area countries;
- further deterioration 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 due to actual or perceived deterioration of Swiss Re’s financial strength or otherwise;
- 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 their 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 Swiss Re’s hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting Swiss Re’s ability to achieve improved ratings;
- the cyclicity of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity 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 the interpretation of legislation or regulations by regulators;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- 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.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.

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