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PROSPECTUS

US$750,000,000 Limited Recourse Secured Notes due 2024

(the "**Notes**")

issued by

AQUARIUS + INVESTMENTS PLC

(the "**Issuer**")

(incorporated with limited liability in Ireland)

pursuant to the

U.S.$10,000,000,000
Limited Recourse Secured Debt Issuance Programme

(the "**Programme**")

and secured over

US$750,000,000 in principal amount of the Subordinated Contingent Write-off Loan Notes with a scheduled maturity in 2024 of Swiss Reinsurance Company Ltd

(the "**Loan Notes**")

This prospectus (the "**Prospectus**") has been prepared, amongst other things, for the purpose of giving information with regard to the Issuer and the Notes.

Claims of the Noteholders will be limited in recourse to the Mortgaged Property (excluding the Mortgaged Property subject to the Managers' Security), consisting of, *inter alia*, the Charged Assets (as defined herein) and the Issuer's rights to acquire the Loan Notes under the Loan Notes Purchase Agreement (as defined herein). In particular, the Notes will not be guaranteed by, or otherwise be the responsibility of, the Loan Notes Issuer or any of its affiliates.

This Prospectus should be read and construed in conjunction with the sections of the base prospectus (the "**Base Prospectus**") dated 29 June 2012 relating to the Programme of (amongst others) the Issuer that are incorporated herein, subject to the terms of "*Documents Incorporated by Reference*" below, and the Loan Notes Information Memorandum (as defined below).

See "*Additional Risk Factors*" on page 13 for a discussion of certain factors to be considered in connection with an investment in the Notes.

Application has been made to the Luxembourg Stock Exchange in its capacity as market operator of the Euro MTF market under the Luxembourg Law on Prospectuses for Securities to approve this document as a prospectus in relation to the Notes. Upon such approval, application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF market (the "**Euro MTF Market**"). There can be no assurance that such listing or admission to trading will be granted or, if granted, will be maintained. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. This Prospectus comprises a prospectus with regards to the Issuer and the Notes for the purposes of the rules and regulations of the Luxembourg Stock Exchange, but does not constitute a prospectus for the purposes of Article 5 of Directive 2003/71/EC, as amended.

The Notes will initially be represented by interests in a temporary Global Note in bearer form (a "**Temporary Global Note**") without interest coupons, which will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on 12 March 2013 (the "**Issue Date**"). Beneficial interests in the Temporary Global Note will be exchangeable for beneficial interests in a permanent Global Note in bearer form (a "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**"), without interest coupons, on the later of (i) 40 days after the date on which the Temporary Global Note is issued and (ii) expiry of the applicable Distribution Compliance Period (as defined in Regulation S under the Securities Act) (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances—see the section of the Base Prospectus headed "*Form of the Notes*" on pages 29 to 32 of the Base Prospectus, which is incorporated by reference into this Prospectus.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT. THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE NOTES ARE NOT BEING OFFERED IN THE UNITED STATES OR TO U.S. PERSONS. THE ISSUER HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE INVESTMENT COMPANY ACT.

Arranger of the Programme

BNP PARIBAS

Joint Lead Managers

BNP PARIBAS | **BofA MERRILL LYNCH** | **CREDIT SUISSE** | **HSBC** | **THE ROYAL BANK OF SCOTLAND**

Co-Managers

COMMERZBANK | **MITSUBISHI UFJ SECURITIES** | **OVERSEA-CHINESE BANKING CORPORATION LIMITED**

The date of this Prospectus is 8 March 2013

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This Prospectus has been prepared by the Issuer solely in connection with the offering of the Notes as described herein. Save as provided in the following paragraph, the Issuer accepts responsibility for the information contained in this Prospectus accordingly and the documents incorporated by reference as described in the section of this Prospectus headed "*Documents Incorporated by Reference — Documents relating to the Issuer and the Programme*" below. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in that part of this Prospectus for which it is responsible and the documents incorporated by reference for which it is responsible as described in the section of this Prospectus headed "*Documents Incorporated by Reference — Documents relating to the Issuer and the Programme*" below are, to the best of its knowledge, in accordance with the facts and contain no omission likely to affect its import.

This Prospectus incorporates by reference the documents listed under "*Documents Incorporated by Reference — Documents relating to the Issuer and the Programme*" below. For the avoidance of doubt, it includes the form of the information memorandum in respect of the Loan Notes (as defined below) (the "**Loan Notes Information Memorandum**"), which is set out in the Appendix hereto. The information set out in the Appendix has been accurately reproduced from information published by Swiss Reinsurance Company Ltd (the "**Loan Notes Issuer**"). So far as the Issuer is aware and is able to ascertain from information so published, no facts have been omitted from the Loan Notes Information Memorandum which would render the reproduced or incorporated information inaccurate or misleading. To the best of the knowledge and belief of the Issuer (which has taken reasonable care to ensure that such is the case), the Loan Notes Information Memorandum contains any and all information concerning the Loan Notes Issuer and Swiss Re Ltd as the Issuer deems significant for the purposes of the Notes. Other than as provided for above, the Issuer shall have no responsibility for the information contained in the Loan Notes Information Memorandum. Terms used but not otherwise defined in this Prospectus shall have the meanings given to them in the Loan Notes Information Memorandum.

None of the Trustee, the Managers' Trustee, the Enforcement Agent or any of the Joint Lead Managers or the Co-Managers named on the cover page of this Prospectus (together, the "**Managers**" or the "**Dealers**") has separately verified all of the information contained in this Prospectus or the documents incorporated by reference as described in the section of this Prospectus headed "*Documents Incorporated by Reference — Documents relating to the Issuer and the Programme*" below. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Trustee, the Managers' Trustee, the Enforcement Agent or any Dealer as to the accuracy or completeness of the information contained in this Prospectus or the documents incorporated by reference as described in the section of this Prospectus headed "*Documents Incorporated by Reference — Documents relating to the Issuer and the Programme*" below. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer in relation to the Notes.

No person is, has been or will be authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee, the Managers' Trustee, the Enforcement Agent or any Dealer.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation or as constituting an invitation or offer by the Issuer, the Trustee, the Managers' Trustee, the Enforcement Agent or any Dealer, that any recipient of this Prospectus or other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Loan Notes Issuer (see the sections of this Prospectus and the Base Prospectus headed "*Additional Risk Factors*" and "*Risk Factors*", respectively, for a discussion of certain factors to be considered in connection with an investment in the Notes).

The delivery of this Prospectus or any other information supplied in connection with the Notes or the offering, sale or delivery of any Notes will not at any time or in any circumstances imply that the information contained herein or therein concerning the Issuer is correct at any time subsequent to the date hereof or thereof (as the case may be) or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Trustee, the Managers' Trustee, the Enforcement Agent and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Loan Notes Issuer.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee, the Managers' Trustee, the Enforcement Agent and the Dealers do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisements or other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. See the section of the Base Prospectus headed "*Subscription and Sale*".

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Unless otherwise specified or the context requires, references to "**Euro**", "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to "**CHF**" are to the lawful currency of Switzerland and references to "**US Dollars**", "**USD**" and "**US$**" are to the lawful currency of the United States of America.

IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE NOTES MAY NOT BE OFFERED, SOLD OR RESOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE NOTES WILL BE OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO NON–U.S. PERSONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S NOTES**"). THE ISSUER HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE INVESTMENT COMPANY ACT. INTERESTS IN THE NOTES WILL BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER. SEE THE SECTION OF THE BASE PROSPECTUS ENTITLED "*SUBSCRIPTION AND SALE*". EACH PURCHASER OF THE NOTES IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS AS SET OUT UNDER THE SECTION OF THE BASE PROSPECTUS ENTITLED "*SUBSCRIPTION AND SALE*".

If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the market value of the Notes and the income from them can go down as well as up.

General Notice

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NEITHER THE ISSUER, NOR THE DEALERS SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM AND PURSUANT TO AND IN ACCORDANCE WITH THE RESTRICTIONS INDICATED ON THE NOTES. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

An investment in the Notes is subject to significant and complex risks which may result in the value of the Notes being highly volatile and in unexpected losses of unforeseen magnitude. No person should acquire any Notes unless that person fully understands the nature of the relevant transaction, the nature of the risks and the extent of that person's exposure to potential loss and has a valid business purpose for acquiring such Notes and any investment in such Notes is consistent with such person's overall investment strategy. Each prospective purchaser of the Notes should consider carefully whether the Notes it considers acquiring are suitable for it in the light of such prospective purchaser's investment objectives, financial capabilities and expertise. Prospective purchasers of the Notes should consult their own business, financial, investment, legal, accounting, regulatory, tax and other professional advisers to assist them in determining the suitability of the Notes for them as an investment. See "*Risk Factors*" in the Base Prospectus and "*Additional Risk Factors*" in this Prospectus.

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SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documentation incorporated herein by reference, and the risks described herein and therein.

THE NOTES

Issuer:	The Issuer of the Notes is Aquarius + Investments plc, a public limited company incorporated with limited liability in Ireland. The Issuer is established as a special purpose vehicle, the principal activities of which are the acquisition of financial assets, the issuance of financial instruments and related transactions.
Managers:	*Joint Lead Managers*: BNP Paribas Credit Suisse Securities (Europe) Limited HSBC Bank plc Merrill Lynch International The Royal Bank of Scotland plc *Co-Managers*: Commerzbank Aktiengesellschaft Mitsubishi UFJ Securities International plc Oversea-Chinese Banking Corporation Limited
Notes:	US$750,000,000 Limited Recourse Secured Notes of the Issuer secured over US$750,000,000 in principal amount of the Subordinated Contingent Write-off Loan Notes with a scheduled maturity in 2024 of Swiss Reinsurance Company Ltd (the "**Loan Notes Issuer**").
Specified Denominations:	US$200,000 and integral multiples of US$1,000 in excess thereof.
Issue Price:	99.405 per cent.
Loan Notes:	US$750,000,000 6.375 per cent. Subordinated Contingent Write-off Loan Notes with a scheduled maturity in 2024 (the "**Loan Notes**"). The Loan Notes are issued by the Loan Notes Issuer pursuant to an information memorandum dated 8 March 2013 (the "**Loan Notes Information Memorandum**").
Charged Assets:	The Loan Notes and any assets and/or other property derived therefrom.

Redemption: Unless previously redeemed or purchased and cancelled, and subject to no Contingent Write-off Notice (as defined in the Loan Notes Information Memorandum) having been delivered to the Issuer, each Note will be redeemed at its principal amount outstanding on the Maturity Date.

Except where a notice of redemption has been delivered by or on behalf of the Loan Notes Issuer pursuant to Loan Notes Conditions 4.2 or 4.3, if a Trigger Event (as defined in the Loan Notes Conditions) occurs and is continuing (as evidenced by the absence of any public statement by the Loan Notes Issuer that the Trigger Event has been or will shortly be cured), the Loan Notes Issuer shall deliver a Contingent Write-off Notice (which shall be irrevocable) to the Issuer and the full principal amount of the Notes will automatically be written down to zero and the Notes will be cancelled. While unpaid interest that accrued on the Loan Notes up to (but excluding) the Contingent Write-off Date (as defined in the Loan Notes Conditions), and any Deferred Interest (as defined in the Loan Notes Conditions) outstanding on the Contingent Write-off Date, will (to the extent received by the Issuer) become due and payable on the Notes, no further amounts in respect of principal, interest or otherwise in respect of the Notes will be payable.

Interest: On each date that the Issuer receives an amount in respect of interest on the Loan Notes, including any Deferred Interest, it shall apply such amounts in payment of the Note Interest Amounts on the Notes, provided that if such day is not a Payment Day in respect of the Notes such amounts shall be so applied on the following Payment Day.

Noteholders' Security: As security for its obligations in respect of the Notes, the Issuer will grant security over, amongst other things, the Charged Assets, its rights under the Custodial Services Agreement and the Agency Agreement and its rights under the Loan Notes Purchase Agreement except to the extent subject to the Managers' Security (as defined in Annex 1 to the Additional Terms and Conditions). The Loan Notes (which constitute the Charged Assets) will be registered in the name of the Issuer and the definitive certificate issued in respect thereof will be held by the Custodian pursuant to the terms of the Custodial Services Agreement.

Managers' Security: As security in respect of any claim a Manager may have against the Issuer under the Subscription Agreement arising from any representation, warranty, covenant or agreement given therein by the Issuer regarding the Loan Notes, the Loan Notes Issuer and the Loan Notes Information Memorandum prepared by the Loan Notes Issuer in respect of the Loan Notes, the Issuer will grant security over its rights in the Loan Notes Purchase Agreement (as defined in paragraph 41 of the Additional Terms and Conditions) other than its right to acquire the Loan Notes arising thereunder.

No Noteholder shall have any interest in the Mortgaged Property subject to the Managers' Security, which shall not form part of the Mortgaged Property subject to the Noteholders' Security. If the Managers' Security becomes enforceable, the security for the Notes

	shall not consequently become enforceable and the Notes shall not be affected thereby and shall accordingly remain outstanding.
Priority of payments and limited recourse:	Payments on the Notes following any enforcement of the Noteholders' Security will be made in accordance with a specified priority of payments. Payments to holders of the Notes will be subordinated to the claims of certain other creditors, including the Trustee, the Managers' Trustee and the Agents. Payments on the Notes are subject to limited recourse provisions.
Tax:	The Issuer will not be required to make any additional payment to investors if it is required to withhold or deduct any amount on account of tax from any payments on the Notes.
Listing, approval and admission to trading:	Application has been made to the Luxembourg Stock Exchange in its capacity as market operator of the Euro MTF market under the Luxembourg Law on Prospectuses for Securities to approve this document as a prospectus in relation to the Notes. Upon such approval, application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF market (the "**Euro MTF Market**"). The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. No assurances can be given that such listing and admission to trading will be approved.
Form of Notes:	The Notes will be issued in bearer form. Notes will be represented by interests in a global note which will be subject to clearing through Euroclear and Clearstream, Luxembourg. The addresses of Euroclear and Clearstream, Luxembourg are: Euroclear Bank 1 Boulevard du Roi Albert II B - 1210 Brussels Tel: +32 (0)2 326 1211 Fax: +32 (0)2 326 1287 Clearstream Banking SA 42 Avenue JF Kennedy L-1855 Luxembourg Luxembourg
Governing law:	The Notes and any related documentation (and any non-contractual obligations arising out of or in connection thereto) will be governed by English law. The Loan Notes (and any non-contractual obligations arising out of or in connection thereto) will be governed by English law (except for the subordination provisions therein, which will be governed by the laws of Switzerland).
Offering:	The Notes may be offered and sold in accordance with Regulation S, to non-U.S. persons (as defined in Regulation S) in offshore transactions. Sales and transfers of the Notes will be subject to further restrictions.

Selling Restrictions: United States, the European Economic Area, Switzerland, Hong Kong, Singapore and such other restrictions as may be required in connection with the offering and sale of the Notes.

Rating: The Notes will not be rated.

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. Certain of these are set out under the sections entitled "*Additional Risk Factors*" below and "*Risk Factors*" on pages 8 to 23 of the Base Prospectus and include the following risk factors related to the Issuer:

(a) the Issuer is a special purpose vehicle: the Issuer is not an operating company. The Issuer has, and will have, no assets other than certain assets relating to the Programme;

(b) the Issuer is not but may become regulated by a regulatory authority: the Issuer is not, nor is required to be, licensed, registered or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation and the Issuer operates and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Irish Financial Services Regulatory Authority. The Issuer is not regulated by the Irish Financial Services Regulatory Authority by virtue of the issue of the Notes;

(c) examinership: if an examiner is appointed to the Issuer, the Trustee would be precluded from enforcing the security over any Mortgaged Property (as defined in Condition 3(a) (*Security*)) during the period of the examinership; and

(d) preferred creditors: preferred creditors under Irish law and Fixed Security: under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company which have been approved by the Irish courts.

In addition, there are certain factors which are material for the purpose of assessing the risks related to the Notes, including the following:

(i) the Notes are limited recourse: all payments to be made by the Issuer in respect of the Notes will be made only from

and to the extent of the sums received or recovered by or on behalf of the Issuer or the Trustee in respect of the relevant Mortgaged Property in respect of the Notes (for the avoidance of doubt, excluding the Mortgaged Property subject to the Managers' Security) and the Notes will not be guaranteed by, or otherwise be the responsibility of, the Loan Notes Issuer or any of its affiliates;

(ii) ranking of claims: the claims of Noteholders rank junior to those of certain other transaction parties, including the claims of the Trustee for its fees and expenses;

(iii) secondary markets: no assurance of market liquidity is given and, in the unlikely event that a secondary market in the Notes does develop, there can be no assurance that it will continue;

(iv) taxation: each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority that may be applicable to any payment to it in respect of the Notes;

(v) credit risk: a prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in the Notes including any credit risk associated with the Issuer and the Loan Notes;

(vi) risks in respect of the Charged Assets: the Issuer's ability to pay amounts in respect of the Notes will be limited to it having received such amounts from the Loan Notes and a prospective purchaser of the Notes should have regard to the risks and investment considerations set out in the section of the Loan Notes Information Memorandum headed "*Risk Factors*", on pages A-16 to A-42 (inclusive) thereof, particularly those relating to (I) the contingent write-off of principal (see below), (II) the deferral of interest and (III) the subordination of the Loan Notes to the senior ranking debt of the Loan Notes Issuer;

(vii) contingent write-off: except where a notice of redemption has been delivered by or on behalf of the Loan Notes Issuer pursuant to Loan Notes Conditions 4.2 or 4.3, if a Trigger Event (as defined in the Loan Notes Conditions) occurs and is continuing (as evidenced by the absence of any public statement by the Loan Notes Issuer that the Trigger Event has been or will shortly be cured), the Loan Notes Issuer shall effect a Contingent Write-off at the Contingent Write-off Date (each as defined in the Loan Notes Conditions), in which case the Noteholders will lose their entire principal investment in the Notes;

(viii) limitations on enforcement against the Loan Notes Issuer: in no circumstances shall the Trustee or, as the case may be, the Managers' Trustee be permitted when acting in its

capacity as trustee for the Noteholders or the Managers, nor shall the Noteholders or the Managers, (when acting in their respective capacities) be permitted, to take any action against the Loan Notes Issuer or enforce any claim that the Issuer may have against the Loan Notes Issuer under the Loan Notes or otherwise whether before, upon, or after any security created by or pursuant to the Trust Deed becoming enforceable, such action only to be taken by the Redemption Agent or the Enforcement Agent, as applicable;

(ix) provision of information: any of the Issuer, the Trustee, the Dealers or any affiliate may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Loan Notes Issuer. None of such persons is under any obligation to make such information directly available to Noteholders. None of such persons is under any obligation to make available any information relating to, or keep under review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of the Loan Notes Issuer or conduct any investigation or due diligence into the Loan Notes Issuer;

(x) business relationships: the Issuer, the Dealers or any affiliate may have existing or future business relationships with the Loan Notes Issuer or its affiliates, and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder;

(xi) legality of purchase: none of the Issuer, the Trustee, the Dealers nor any affiliate has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes. However, notwithstanding the lawfulness of any acquisition of the Notes, where a Note is held by or on behalf of a U.S. person (as defined in Regulation S) who is not an eligible investor for U.S. securities law purposes at the time it purchases such Note, the Issuer may, in its discretion, redeem the Notes of any such holder who holds any Note in violation of the application transfer restrictions or compel any such holder to transfer the Notes to an eligible investor, in each case, at the expense and risk of such holder;

(xii) enforcement of legal liabilities: it may not be possible to enforce, in original actions in Irish courts or Luxembourg courts, liabilities predicated solely on the U.S. federal securities laws. None of the shareholders or directors of the Issuer has any direct obligation to any Noteholders, for payment of any amount by the Issuer in respect of the Notes; and

(xiii) listing: if at any time the maintenance of any listing is agreed by each Dealer to have become unduly onerous in relation to the Issuer, the Issuer may obtain and maintain a listing of such Notes on such other major stock exchange (which may or may not be a Regulated Market) as it may (with the consent of the Dealers) decide.

ADDITIONAL RISK FACTORS

The following risk factors are supplemental to the considerations set out in the Base Prospectus and incorporated by reference into this Prospectus. Capitalised terms used in this section of this Prospectus have the meaning given in the conditions of the Notes or the conditions of the Loan Notes.

Investors are exposed to the risk of total or partial loss of their investment.

Investor Suitability

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each investor should:

(a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes and the rights attaching to the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) be capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;

(c) understand thoroughly the terms of the Notes and be familiar with the behaviour of the relevant financial markets;

(d) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

No investigations

No investigations, searches or other enquiries have been made by or on behalf of the Issuer, the Managers, the Trustee, the Managers' Trustee or the Enforcement Agent in respect of the Loan Notes and no representations or warranties, express or implied, have been given by the Issuer, the Managers, the Trustee, the Managers' Trustee, the Enforcement Agent or any other person on their behalf in respect of the Loan Notes.

Potential conflicts of interest

The Managers and their affiliates have engaged in, or may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Loan Notes Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Loan Notes Issuer or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer, the Loan Notes Issuer or its affiliates routinely hedge their credit exposure to the Issuer, the Loan Notes Issuer or its affiliates consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s, the

Loan Notes Issuer's or its affiliates' securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Risk Factors in relation to the Loan Notes

Potential investors should make their own investigations in respect of the Loan Notes Issuer and the Loan Notes, including having regard to the risks and investment considerations set out in the Loan Notes Information Memorandum. The Issuer's ability to pay amounts in respect of the Notes will be limited to it having received such amounts from the Loan Notes. Investors' attention is therefore drawn to the risk factors contained in the section of the Loan Notes Information Memorandum headed "*Risk Factors*", on pages A-16 to A-42 (inclusive) thereof.

Payments on the Notes are linked to payments on the Loan Notes

Investors should note that the performance of the Notes is linked to the performance of the Loan Notes. Any event that causes the Loan Notes Issuer not to make all or part of any scheduled payments on the Loan Notes, or to delay any such payments, will result in corresponding reductions and delays in respect of principal and interest payable in respect of the Notes.

The Loan Notes contain a range of features any or all of which could prove to be materially disadvantageous to the Noteholders. In particular, prospective investors should note that (A) in certain circumstances, the Loan Notes Issuer is required to effect a Contingent Write-off (as defined in the Loan Notes Conditions) in which case the full principal amount of the Loan Notes will be reduced to zero (see "*The Notes may be subject to Contingent Write-off*" below), (B) the Loan Notes Issuer must, if a Solvency Event (as defined in the Loan Notes Conditions) has occurred and is continuing or if it is required to do so by the Swiss Financial Market Supervisory Authority (FINMA), and may, under certain circumstances, elect in its sole discretion, to defer (in whole or in part) the payment of interest on the Loan Notes and (C) the Loan Notes are subordinated to senior obligations of the Loan Notes Issuer, which means that, upon an insolvency of the Loan Notes Issuer, no payments on the Loan Notes will be made unless and until the holders of all Senior Securities (as defined in the Loan Notes Conditions) have been repaid in full (and subject to no Contingent Write-off having been effected by the Loan Notes Issuer).

The Notes may also be redeemed earlier than anticipated due to events affecting the Loan Notes, all as more particularly set out in the Loan Notes Information Memorandum. Certain of these events may cause the Noteholders to lose some or all of the principal amount in respect of their Notes.

The Notes may be subject to a Contingent Write-off

Except where a notice of redemption has been delivered by or on behalf of the Loan Notes Issuer pursuant to Loan Notes Conditions 4.2 or 4.3, if a Trigger Event (as defined in the Loan Notes Conditions) occurs and is continuing (as evidenced by the absence of any public statement by the Loan Notes Issuer that the Trigger Event has been or will shortly be cured), the Loan Notes Issuer shall effect a Contingent Write-off. A Contingent Write-off will not be reversible. Upon the occurrence of a Contingent Write-off, the full principal amount of the Notes will automatically be written down to zero and the Notes will be cancelled. While unpaid interest that accrued prior to the Contingent Write-off will, together with any outstanding Deferred Interest, become due and payable on the Contingent Write-off Date, no further amounts in respect of principal, interest or otherwise in respect of the Notes will be payable. Following a Contingent Write-off, if any, Noteholders would only have a claim in respect of unpaid interest on the Notes. The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors. Investors' attention is therefore drawn to the relevant provisions of the Loan Notes Information Memorandum.

Redemption for taxation reasons

If the Issuer (A) would be required by law to withhold or account for tax, (B) would suffer tax in respect of its income in respect of the Loan Notes or (C) would receive net of tax any payment in respect of the Loan Notes, so that it would be unable to make payment of the full amount scheduled in respect of the Notes, then (subject to certain exceptions as specified in Condition 7(c)) the Issuer may use its reasonable endeavours to arrange the substitution of it as obligor under the Notes in order to cure such withholding or accounting. However if it is unable to or does not so arrange such substitution, the Issuer shall notify the Noteholders that all payments in respect of the Notes shall thereafter be made subject to and after deduction of all applicable taxes. Such deduction shall not constitute an Event of Default under Condition 11 (*Events of Default*). Following such notification, Noteholders may (other than in the case of (C) above) require the Issuer to redeem Notes by Cash Settlement at their Early Redemption Amount, subject to deduction of certain costs and expenses, all as further described in Condition 7(c) (*Redemption for Taxation Reasons*). See the section entitled "*Taxation*" on pages 170 to 174 of the Base Prospectus.

Although the terms of the Loan Notes provide that, in the event of any withholding or deduction on account of Swiss tax being required by Swiss law, the Loan Notes Issuer shall pay additional amounts so that the net amount received by the holders of the Loan Notes shall, subject to certain exceptions, equal the amount which would have been received by such holder in the absence of such withholding or deduction, such an obligation may contravene Swiss legislation and be null and void. Although the terms of the Loan Notes provide in such circumstance for the rate of interest on the Loan Notes to be adjusted to take into account such withholding or deduction such adjustment may also contravene Swiss legislation and be null and void. In that event, the Loan Notes may become subject to redemption and the amount received by the Issuer, as the holder of the Loan Notes, and the corresponding amounts payable by the Issuer to the holders of the Notes would be reduced by any such withholding or deduction. However, in such circumstance, Noteholders shall not have the right to require the Issuer to redeem Notes at their Early Redemption Amount in accordance with Condition 7(c) (*Redemption for Taxation Reasons*).

Foreign Account Tax Compliance withholding may affect payments on the Notes

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime or are not otherwise treated as exempt from or in deemed compliance with FATCA, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer expects to be classified as a foreign financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. If withholding is required, the provisions of Condition 7(c) (*Redemption for taxation reasons*) may apply. Prospective investors should refer to the sections "*Redemption for taxation reasons*" and "*Taxation — U.S. Foreign Account Tax Compliance Act*" of this Prospectus.

Purchase, Exchange or Retirement of Notes: Tender Offers and Exchange Offers

The terms of the Notes provide that in certain circumstances (as set out in paragraph 29 under "Additional Terms and Conditions"), the Issuer may participate in a Tender Offer or an Exchange Offer (each as defined in the Additional Terms and Conditions) of the Loan Notes Issuer with respect to the Loan Notes. If, in such circumstances, the Loan Notes Issuer defaults in the performance of its payment obligations under the terms of any such Tender Offer or Exchange Offer, then the Issuer will not be able to satisfy its corresponding payment obligations to Noteholders in respect of any corresponding Aquarius Tender Offer or Aquarius Exchange Offer (each as defined in the Additional Terms and Conditions). Any failure by the Issuer to make a payment due in connection with any Aquarius Tender Offer or Aquarius Exchange Offer shall constitute a default in payment in respect of the Notes for purposes of Condition 11(a) (*Events of Default*), leading to the

security for the Notes becoming enforceable. Accordingly, Noteholders must recognise that they will be exposed to the risk of default by the Loan Notes Issuer in respect of any Tender Offer or Exchange Offer, regardless of whether or not they participate in any corresponding Aquarius Tender Offer or Aquarius Exchange Offer. Any Aquarius Tender Offer or Aquarius Exchange Offer is subject to any terms or conditions required by the Trustee and, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF market, all applicable rules and regulations of the Luxembourg Stock Exchange.

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, in certain circumstances described in Condition 17 (*Meetings of Noteholders; Modification, Waiver and Substitution*) and in the Trust Deed, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the same which is of a formal, minor or technical nature or to cure a manifest error.

Transfer restrictions in Loan Notes

The Issuer shall be subject to certain transfer restrictions applicable to the Loan Notes in relation to any disposal of the Loan Notes. Neither the Redemption Agent nor the Enforcement Agent acting on behalf of the Issuer shall, and shall not be required to, dispose of the Loan Notes where such disposal would violate any such transfer restrictions. These transfer restrictions may limit the ability of the Issuer to dispose of the Loan Notes.

Limitations on enforcement against the Loan Notes Issuer

In no circumstances shall the Trustee or, as the case may be, the Managers' Trustee, be permitted when acting in its capacity as trustee for the Noteholders or the Managers, nor shall the Noteholders or the Managers, (when acting in their respective capacities) be permitted, to take any action against the Loan Notes Issuer or enforce any claim that the Issuer may have against the Loan Notes Issuer under Loan Notes or otherwise whether before, upon, or after any security created by or pursuant to the Trust Deed becoming enforceable (the "**Enforcement Restriction**").

If (i) the Loan Notes (or part thereof or any amount payable thereunder) become(s) due and repayable by reason of default in payment or otherwise or (ii) if there is a default in payment of accrued but unpaid interest (and any outstanding Deferred Interest) on a Contingent Write-off in relation to the Loan Notes that is continuing after any grace period applicable thereto, then the Issuer may (provided that the Noteholders' Security has not become enforceable) procure that the Redemption Agent (subject to being secured and/or indemnified and/or prefunded its satisfaction) takes such steps as are necessary or appropriate to attempt to enforce the Issuer's rights in respect of the Loan Notes and, in the case of (i), but only if so directed by the Trustee acting at the direction of an Extraordinary Resolution of Noteholders, request that the Redemption Agent disposes of the Loan Notes in accordance with the Conditions.

Following the occurrence of an Event of Default and acceleration of the Notes in accordance with Condition 11 (*Events of Default*), the Trustee at its discretion may, and shall (i) if directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth of the principal amount of the Notes then outstanding and (ii) if indemnified to its satisfaction, institute such proceedings against the Issuer to enforce the provisions of the Notes and/or the Trust Deed, subject always to the Enforcement Restriction.

The Enforcement Agent shall, if the Issuer is directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one fifth of the principal amount of the Notes then outstanding, and subject to having been indemnified and/or secured and/or prefunded to its satisfaction, exercise and/or enforce on behalf of the Issuer as the Issuer's agent any claim that the Issuer may have against the Loan Notes Issuer under the Loan Notes and/or the Loan Notes Purchase Agreement or take any action against the Loan Notes Issuer and/or dispose of the Loan Notes. Any such action brought by the Enforcement Agent against the Loan Notes Issuer shall be taken by the Enforcement Agent acting as agent of the Issuer and not, for the avoidance of doubt, as trustee for the Noteholders and no Noteholder shall be entitled to give directions to the Enforcement Agent in relation to the manner in which any such action is pursued against the Loan Notes Issuer. In no circumstances will any Charged Assets be delivered to a Noteholder.

The Trustee and the Noteholders are subject to the Enforcement Restriction and may not take enforcement action even (in the case of the Trustee) if directed to do so by the Noteholders. The Noteholders will have no right to take possession of the Charged Assets or take any action against the Loan Notes Issuer.

Payments

No person other than the Issuer will be obliged to make payments on the Notes.

Managers' Security

The proceeds of enforcement of the Managers' Security (as defined below) will be held by the Enforcement Agent on trust for the Managers and, subject to the prior ranking claims of the Managers' Trustee and the Enforcement Agent, applied in respect of any Managers' Claims (as defined below). Noteholders have no direct or indirect interest in the Managers' Security and will not be entitled to the proceeds of enforcement of the Managers' Security.

Credit ratings may not reflect all risks and may be lowered

Although neither the Notes nor the Loan Notes will be rated initially, one or more independent credit rating agencies may assign credit ratings to the Notes and the Loan Notes at a later date. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes and/or the Loan Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes and/or the Loan Notes were to be subsequently lowered, this may have a negative impact on the market price of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

Documents relating to the Issuer and the Programme

This Prospectus should be read and construed in conjunction with:

(a) the following sections of the Base Prospectus dated 29 June 2012 (the "**Base Prospectus**") in relation to the Programme of, amongst others, the Issuer:

(i) "**Risk Factors**", pages 8 to 23;

(ii) "**General Description of the Programme and Business of the Issuers**", pages 27 to 28;

(iii) "**Form of the Notes**", pages 29 to 31;

(iv) "**Terms and Conditions of the Notes**" (excluding Annex A (*Standard Terms for Credit-Linked Notes*) and the Auction Settlement Terms Annex thereto), pages 54 to 101;

(v) "**Use of Proceeds**", page 161;

(vi) "**Taxation**", pages 170 to 174;

(vii) "**Book-Entry Clearance Procedures**", pages 192 to 195;

(viii) "**Transfer Restrictions**", pages 196 to 200; and

(ix) "**Subscription and Sale**", pages 201 to 206;

(b) the audited non-consolidated financial statements of Aquarius + Investments plc as at, and for the years ended, 31 August 2011 and 2012, and the related notes and the statutory auditors' reports thereon (the "**Aquarius + 2011 Accounts**" and "**Aquarius + 2012 Accounts**" respectively),

which will be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document all or the relevant portion of which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that such statement is inconsistent with a statement contained in this Prospectus.

Any information in the sections of the Base Prospectus which are not listed above but included in the Base Prospectus is given for information purposes only and is either not relevant or covered elsewhere in this Prospectus.

The information incorporated by reference above is available as follows. Any information not listed in the table below but included in the documents incorporated by reference is given for information purposes only.

Information Incorporated by Reference	Reference
Aquarius + 2011 Accounts	
Directors’ Report	Pages 3 to 6
Independent Auditors' Report	Pages 7 and 8
Profit & Loss Account	Page 12
Balance Sheet	Page 13
Cashflow Statement	Page 14
Notes	Pages 15 to 29
Aquarius + 2012 Accounts	
Directors’ Report	Pages 3 to 7
Independent Auditors' Report	Pages 8 and 9
Profit & Loss Account	Page 13
Balance Sheet	Page 14
Cashflow Statement	Page 15
Notes	Pages 16 to 32

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the written request of any such person, a copy of any or all of the documents which, or portions of which, are deemed to be incorporated herein by reference (to the extent that they relate to the Issuer). Requests for such documents should be directed to the office of the Issuer, being the address set out at the end of this Prospectus. In addition, such documents (and this Prospectus) will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu) and will also be available free of charge from the specified office of the Principal Paying Agent.

Application has been made to the Luxembourg Stock Exchange, in its capacity as competent authority under the Luxembourg Act dated 10 July 2005, as amended (the "**Luxembourg Act**") relating to prospectuses for securities, for the approval of this Prospectus for the purposes of Part IV of the Luxembourg Act. Application has also been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange’s Euro MTF Market ("**Euro MTF Market**"). The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Investments Directive (2009/39/EC).

Documents relating to the Loan Notes Issuer

Investors are also directed to the section of the Loan Notes Information Memorandum entitled *"Financial and Other Information Included or Incorporated by Reference into this Information Memorandum",* on pages A-iii to A-iv (inclusive) thereof, which incorporates by reference into the Loan Notes Information Memorandum the financial statements and auditor's report referenced therein.

ADDITIONAL TERMS AND CONDITIONS

The additional terms and conditions below supplement and amend the Terms and Conditions of the Notes set out in the Base Prospectus. References in the Base Prospectus to "Final Terms" should be construed, for the purposes of the Notes, as references to the additional terms and conditions below.

Parties

Issuer:	Aquarius + Investments plc.
Manager's Trustee and Trustee and Specified Office:	BNP Paribas Trust Corporation UK Limited of 55 Moorgate, London EC2R 6PA, England.
Principal Paying Agent and Specified Office:	BNP Paribas Securities Services, Luxembourg Branch of 33 rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg.
Registrar and Specified Office (Registered Notes only):	Not applicable.
Paying Agents and Specified Offices:	Not applicable.
Transfer Agents and Specified Offices (Registered Notes only):	Not applicable.
Custodian and Specified Office:	BNP Paribas Securities Services, Luxembourg Branch of 33 rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg.
Account Bank and Specified Office:	BNP Paribas Securities Services, Luxembourg Branch of 33 rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg.
Agent Bank and Specified Office:	BNP Paribas Securities Services, Luxembourg Branch of 33 rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg.
Calculation Agent:	BNP Paribas, London Branch of 10 Harewood Avenue, London NW1 6AA, England.
Redemption Agent:	BNP Paribas, London Branch, 10 Harewood Avenue, London NW1 6AA, England.
Enforcement Agent:	BNP Paribas Trust Corporation UK Limited of 55 Moorgate, London EC2R 6PA, England.
Determination Agent:	BNP Paribas, London Branch, 10 Harewood Avenue, London NW1 6AA, England.
Swap Counterparty:	Not applicable.
Repo Counterparty:	Not applicable.
Issuer Credit Enhancer:	Not applicable.
Swap Guarantor:	Not applicable.
Credit Support Provider:	Not applicable.

Type of Notes

1.	Interest/Payment Basis:	The Notes shall be pass-through interest bearing Notes. Interest payable on the Notes is sourced solely from interest payments in respect of the Loan Notes. Any event or circumstance that causes the Loan Notes Issuer not to make all or part of any scheduled interest payments in respect of the Loan Notes, or to delay any such scheduled interest payments, will result in corresponding reductions or delays to the interest payable in respect of the Notes. See Annex 1 of these Additional Terms and Conditions for further details.
2.	If Instalment Note, insert Instalment Amount(s)/Instalment Date(s):	Not applicable.
3.	If Dual Currency Notes, insert the Rate of Exchange/calculation agent/fall back provisions/person at whose option Specified Currency is to be payable:	Not applicable.

Description of the Notes

4.	Notes issued in bearer or registered form:	Bearer.
5.	Notes in bearer form to be represented on issue by a Temporary Global Note or a Permanent Global Note:	Temporary Global Note.
6.	Provisions for exchange of Temporary Global Notes:	Exchangeable for Permanent Global Note and exchangeable into definitive Bearer Notes in certain limited circumstances as specified in the relevant Permanent Global Note.
	Provisions for exchange of Permanent Global Notes:	Permanent Global Note exchangeable into definitive Bearer Notes in certain limited circumstances as specified in the relevant Permanent Global Note.
7.	Notes in registered form:	Not applicable.
8.	Provisions for exchange of Registered Global Notes (if applicable):	Not applicable.
9.	(a) Coupons to be attached to Bearer Notes in definitive form:	No.
	(b) Talons for future Coupons to be attached to Bearer Notes in definitive form:	No.

	(c)	Date(s) on which the Talons mature:	Not applicable.
10.	(a)	Series Number:	2013-02.
	(b)	Class of Notes:	Not applicable.
	(c)	Details of the Class Notes to which this Class of Notes relates (including ranking between Classes):	Not applicable.
	(d)	Tranche Number:	One.
	(e)	If forming part of an existing Class and/or Series, details of the Class and/or Series (including the date, if any, on which the Notes become fungible):	Not applicable.
11.	(a)	Nominal Amount of Notes to be issued:	US$750,000,000.
	(b)	Aggregate nominal amount of Series and/or, if applicable, Class (if more than one issue for the Series or, if applicable, Class):	US$750,000,000.
	(c)	Specified Currency (or Currencies in the case of Dual Currency Notes):	US$.
	(d)	Specified Denomination(s):	US$200,000 and integral multiples of US$1,000 in excess thereof.
12.	Issue Price:		99.405 per cent.
13.	Issue Date:		12 March 2013.
14.	Interest Commencement Date:		Issue Date.
15.	Automatic/optional conversion from one Interest/Payment Basis to another:		Not applicable.

Provisions Relating to Interest (if any) Payable

Fixed Rate Notes

16.	Fixed Rate:	Not applicable.

Floating Rate Notes or Indexed Interest Notes

17.	Floating Rate Notes or Indexed Interest Notes:	Not applicable.
18.	Floating Rate Notes:	Not applicable.
19.	Indexed Interest Notes:	Not applicable.

Zero Coupon Notes

20.	Zero Coupon Notes:	Not applicable.

Provisions Regarding Payments

21.	Definition of "Payment Day" for the purpose of Conditions if different from that set out in Condition 6(f):	As specified in Condition 6(f).
22.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	London and Zurich.

Provisions Regarding Redemption/Maturity

23.	Maturity Date:	1 September 2024. For the avoidance of doubt, the Notes will be redeemed on the Maturity Date only if and to the extent that the Issuer has received the redemption proceeds of Loan Notes on the Final Maturity Date (as defined in the Loan Notes Conditions).
24.	Final Redemption Amount for each Note, including the method, if any, of calculating the same:	Unless previously redeemed or purchased and cancelled, and subject to no Contingent Write-off Notice (as defined in the Loan Notes Information Memorandum) having been delivered to or for the account of the Issuer, an amount per Note, as determined by the Calculation Agent acting in good faith, equal to such Note's principal amount outstanding.
25.	Redemption for taxation reasons applicable to Issuer Credit Enhancer:	Not applicable.
26.	Early Redemption Amount for each Note payable on redemption for taxation reasons or upon early repayment of the Charged Assets or upon termination of the Charged Agreements or on an Event of Default and/or the method, if any, of calculating the same:	An amount per Note, as determined by the Calculation Agent acting in good faith, equal to such Note's *pro rata* proportion of the proceeds of liquidation (in accordance with Condition 3(f)) of the Charged Assets received by or on behalf of the Issuer, applied in accordance with Condition 3(g) (as modified in paragraph 43 of these Additional Terms and Conditions) and Clause 11 of the Master Trust Deed.

27.	(a) Redemption at Issuer's option:	No.
	(b) Redemption at Noteholder's option:	No.
28.	Settlement Basis:	Cash Settlement. See Annex 1 of these Additional Terms and Conditions for further particulars.
29.	Whether the Issuer is able to purchase any of the Notes pursuant to Condition 9:	The Issuer is able to purchase, exchange or retire the Notes pursuant to the following provisions. Condition 9 shall not apply.

(a) The Issuer may, provided that no Event of Default has occurred and is continuing, at any time make an offer to purchase the Notes for cash consideration (at any price) or to receive the Notes for cancellation (an "**Aquarius Tender Offer**") or to exchange the Notes for non-cash assets (an "**Aquarius Exchange Offer**") (in each case, whether in the open market, by private treaty or tender offer). Any Aquarius Tender Offer or Aquarius Exchange Offer may only be made on a limited recourse basis and upon terms that will ensure that after any such purchase, cancellation or exchange of Notes, the aggregate principal amount of Notes outstanding will be the same as the aggregate principal amount of Loan Notes outstanding. The Issuer shall not make an Aquarius Tender Offer or an Aquarius Exchange Offer (A) other than in the case of the Issuer receiving Notes for cancellation, without first having entered into an agency agreement with an agent to act as tender agent or, as the case may be, exchange agent for the Issuer in connection with the Aquarius Tender Offer or the Aquarius Exchange Offer and (B) without first being satisfied that its costs and expenses in connection with the same will be met.

Furthermore, any Aquarius Tender Offer or Aquarius Exchange Offer shall be subject to any terms and conditions required by the Trustee and shall, for as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market, be in accordance with all applicable rules and regulations of the Luxembourg Stock Exchange.

(b) If at any time the Loan Notes Issuer makes an offer to the Issuer to purchase the Loan Notes for cash consideration or to receive the Loan Notes for cancellation (a "**Tender Offer**") or for non-cash assets (an "**Exchange Offer**"), then the Issuer shall not accept such Tender Offer or Exchange Offer, and the Trustee shall not be permitted to release the Security created over the Charged Assets pursuant to the Trust Deed, other than in accordance with paragraphs (c) and (d) below.

(c) Subject to the requirements of paragraph (a) above, the Issuer shall make an Aquarius Tender Offer or, as the case may be, an Aquarius Exchange Offer, upon the occurrence of a Tender Offer or, as the case may be, an Exchange Offer unless (other than in the case of the Issuer receiving Notes for cancellation) in the reasonable opinion of the Issuer, the Issuer would be materially disadvantaged by the same.

(d) For the purposes of any Aquarius Tender Offer or Aquarius Exchange Offer, whether or not relating to any Tender Offer or Exchange Offer, the Trustee shall not release the Security created over the Charged Assets pursuant to the Trust Deed except that it may release the Charged Assets to the extent that after such release and taking into account any purchase, exchange or cancellation of Notes pursuant to any Aquarius Tender Offer or Aquarius Exchange Offer, the aggregate principal amount of the Loan Notes outstanding will be the same as the aggregate principal amount of Notes outstanding. To the extent that such Aquarius Tender Offer or Aquarius Exchange Offer relates to any Tender Offer or, as the case may be, Exchange Offer, following the release of such security the Issuer shall accept (or procure the acceptance of) such Tender Offer or Exchange Offer in respect of the Charged Assets so released.

All Notes purchased in accordance with these conditions shall be cancelled in accordance with the provisions of Condition 7(j) (*Cancellation*).

Any failure by the Issuer to make a payment due in connection with any Aquarius Tender Offer or Aquarius Exchange Offer shall constitute a default in payment in respect of the Notes for the purposes of Condition 11(a) (*Events of Default*).

Delivery Option

30.	Asset Amount:	Not applicable.
31.	Period of Notice (if different from that set out in Condition 8(a):	Not applicable.
32.	Delivery Method:	Not applicable.
33.	Disruption Cash Settlement Price:	Not applicable.

Provisions Relating to the Security

34.	Security over Charged Assets created in Trust Deed and/or Charging Document:	Trust Deed.

35.	Charged Assets:	US$750,000,000 6.375 per cent. Subordinated Contingent Write-off Loan Notes with a scheduled maturity in 2024 (the "**Loan Notes**") and any proceeds received by or on behalf of the Issuer in respect thereof. The Loan Notes are issued by Swiss Reinsurance Company Ltd (the "**Loan Notes Issuer**") pursuant to an information memorandum dated 8 March 2013 (the "**Loan Notes Information Memorandum**"), a copy of which is set out in the Appendix of this Prospectus. The Loan Notes are unlisted and have not been admitted to trading on any stock exchange.
36.	Maturity of the Charged Assets:	The Charged Assets are scheduled to mature on 1 September 2024.
37.	Credit Support Document:	None.
38.	Charging Document (if any):	Not applicable.
39.	Charged Agreements:	
	(a) Swap Agreement:	Not applicable.
	(b) Repurchase Agreement:	Not applicable.
40.	Governing law of the Charged Assets, the Credit Support Document, the Charged Agreements and the Charging Document (if any) (if other than English law) and jurisdiction submitted to in the Charging Document (if any):	Governing law in respect of the Charged Assets: English law (except for the subordination provisions, which are governed by the laws of Switzerland).
41.	Any other applicable security interests for the purposes of Condition 3(a)(D):	All of the Issuer's rights, title and interest in the Loan Notes Purchase Agreement except to the extent included in the Managers' Security (as defined in Annex 1 below). "**Loan Notes Purchase Agreement**" means the sale and purchase agreement dated on or about the Issue Date relating to the Loan Notes between the Loan Notes Issuer and the Issuer.
42.	Whether or not the Mortgaged Property is secured in favour of any other Class of Notes:	No.
43.	Security Ranking Basis:	Private Basis. The Realisation Amount (as defined in Condition 3(g)) shall be applied by the Trustee or, as the case may be, the Enforcement Agent (following payment of all amounts due to the Trustee, any agent of the Trustee and the Enforcement Agent) *pro rata* and on a *pari passu* basis in meeting the claims of the Noteholders (and Couponholders, if any), and the definition of "Private Basis" in Condition 3(g)

		shall be modified accordingly. For the avoidance of doubt, Private Basis shall apply in relation to the application of the proceeds of enforcement of the Noteholders' Security and shall not apply to the application of the proceeds of enforcement of the Managers' Security, which shall be applied in accordance with paragraph 6.2 in Annex 1 below.
44.	Custodian's account details:	Not applicable.
45.	Swap Counterparty's account details (being the account to which the Custodian will credit amounts received by it in respect of the Charged Assets):	Not applicable.
46.	Repo Counterparty's account details:	Not applicable.
47.	Principal Paying Agent's account details (being the account to which the Issuer will credit amounts payable under the Notes and to which the Swap Counterparty and Repo Counterparty (if any) will credit amounts payable under the Swap Agreement or the Repurchase Agreement, as applicable, to the Principal Paying Agent on behalf of the Issuer):	To be notified to the Issuer in writing not less than five Business Days prior to the date upon which any payment in respect of the Notes is to be made.
48.	Whether the Charged Assets may be substituted for alternative security pursuant to Condition 3(b)(ii), and, if so, any particular assets and/or terms or other requirements relating to such substitution:	No.
49.	Other relevant details relating to the Charged Assets:	None.
50.	Special terms relating to the Notes Guarantee:	Not applicable.

Credit-Linked Notes

51.	Credit-Linked Notes:	Not applicable.

General Provisions Applicable to this Issue of Notes

52.	Redenomination applicable:	Redenomination not applicable.
53.	Other terms or special conditions:	See Annex 1 below.

54.	Details of additional/alternative clearing system approved by the Issuer and the Principal Paying Agent:	Not applicable.
55.	Applicable "foreign targeted obligation" exception:	Not applicable.
56.	Additional selling restrictions:	See Annex 2 of these Additional Terms and Conditions.
57.	(a) Method of distribution	Syndicated. Pursuant to a subscription agreement dated on or about the Issue Date (the "**Subscription Agreement**") between the Issuer and BNP Paribas, Credit Suisse AG, London Branch, HSBC Bank plc, Merrill Lynch International, The Royal Bank of Scotland plc, Commerzbank Aktiengesellschaft, Mitsubishi UFJ Securities International plc and Oversea-Chinese Banking Corporation Limited (each a "**Manager**" and together the "**Managers**"). The Subscription Agreement is supplemental to the Amended and Restated Programme Agreement dated 21 April 2008 between, amongst others, the Issuer and BNP Paribas as the "Initial Dealer".
	(b) Dealer acting as principal or agent:	Not applicable.
58.	Stabilising Dealer/Manager:	BNP Paribas.
59.	(a) Notes to be listed:	Yes.
	(b) Stock Exchange(s):	Luxembourg Stock Exchange's Euro MTF Market.
	(c) Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch.
	(d) Admission to trading:	Application has been made for the Notes to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Operational Information

ISIN (Reg S Notes):	XS0901578681
ISIN (Rule 144A Notes):	Not applicable.
Common Code (Reg S Notes):	090157868
Common Code (Rule 144A Notes):	Not applicable.
CUSIP (Rule 144A Notes):	Not applicable.
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s):	Not applicable.

Names and addresses of additional Paying Agent(s) (if any):	Not applicable.

Ratings

Ratings:	The Notes will not be rated.

Responsibility

Save as hereafter provided, the Issuer accepts responsibility for the information contained in these Additional Terms and Conditions.

ANNEX 1

OTHER TERMS OR SPECIAL CONDITIONS

1. Interest

On each Note Interest Payment Date, the Issuer shall apply or procure the application of the Loan Notes Interest Amount that it has received in respect of the related Loan Notes Payment Date in payment of the applicable Note Interest Amount in respect of each Note. For the avoidance of doubt, the obligation of the Issuer to pay or procure the payment of any Note Interest Amount on the Note Interest Payment Date shall only exist if and to the extent that it has received the Loan Notes Interest Amount in respect of the related Loan Notes Payment Date.

"**Loan Notes Conditions**" means the terms and conditions of the Loan Notes set out in the section entitled "*Terms and Conditions of the Loan Notes*" in the Loan Notes Information Memorandum

"**Loan Notes Interest Amount**" means any interest amount due and payable in respect of the Loan Notes, including but not limited to scheduled Interest Amounts (as defined in the Loan Notes Conditions) and payments of Deferred Interest (as defined in the Loan Notes Conditions), subject to any adjustment pursuant to Condition 3.3 (*Recalculation of Interest*) of the Loan Notes due to tax deduction or withholding and any other or further adjustments to such amounts as set out in the Loan Notes Conditions.

"**Loan Notes Payment Date**" means each date on which the Issuer receives a Loan Notes Interest Amount.

"**Note Interest Amount**" means in respect of each Note, an amount determined by the Calculation Agent equal to the *pro rata* proportion applicable to such Note of the Loan Notes Interest Amount received by the Issuer on the related Loan Notes Payment Date.

"**Note Interest Payment Date**" means each date on which the Issuer has received a Loan Notes Interest Amount during the period beginning on and including the Issue Date and ending on the date on which the Notes are redeemed in full or, (i) where the Calculation Agent determines that the payment of any related Note Interest Amount on such date is not possible or practicable or (ii) if the date on which the Issuer receives a Loan Notes Interest Amount is not a Payment Day, the next following Payment Day.

2. Business Days

London and Zurich shall be Additional Business Centres in respect of the Notes.

3. Redemption in relation to the Loan Notes

Condition 7(b) (*Redemption in relation to the Charged Assets*) shall be deleted and replaced with the following:

"(i) *Early repayment of Loan Notes*

Subject to Condition 7(b)(ii) (*Cancellation of Loan Notes following occurrence of Contingent Write-off*), if the Loan Notes are to be redeemed in full prior to the Final Maturity Date (as defined in the Loan Notes Conditions) pursuant to their terms, the Issuer shall, forthwith upon becoming aware of such redemption, on giving such period of notice as expires not more than ten nor less than five Business Days following the date upon which the Issuer is due to receive the redemption proceeds of such Loan Notes to the Trustee, the Redemption Agent, the Principal Paying Agent and to the Noteholders in accordance with Condition 16 (*Notices*), and, if such proceeds are received by the Issuer on the due date

therefor, redeem each Note in full at an amount in cash equal to such Note's pro rata share of such proceeds.

If such proceeds are not so received by the Issuer, then:

(A) the Issuer shall not be obliged to redeem the Notes until it has received all of the proceeds of the Loan Notes or any final amount paid towards satisfaction of the Loan Notes; and

(B) the Issuer shall:

(1) procure that the Redemption Agent, subject to the provisions of the Trust Deed and to Condition 12 (*Enforcement*), shall make such filings or claims as the Redemption Agent shall, in its sole and absolute discretion, deem necessary or appropriate to pursue the rights and claims of the Issuer in respect of the Loan Notes to the extent reasonably practicable so to do, provided that (A) the Redemption Agent may, but is not obliged to, initiate any proceedings against the Loan Notes Issuer and (B) shall not be obliged to take any action under this Condition 7(b)(i) until it has been indemnified and/or secured and/or prefunded as to its costs and expenses in so acting to its satisfaction; or

(2) if so directed in writing by the Trustee (acting at the direction of an Extraordinary Resolution of Noteholders), promptly direct in identical form and substance to such direction, that the Redemption Agent shall arrange for and administer the sale of the Loan Notes in accordance with Condition 3(f), subject to the transfer restrictions thereon, on behalf of the Issuer. The Issuer shall at the same time (unless otherwise agreed by the Trustee) give notice (a) that the Notes are to be redeemed at the Early Redemption Amount pursuant to this Condition 7(b)(i) following receipt of the realisation proceeds of the Loan Notes and (b) upon receipt of such proceeds, of the date upon which the Notes are to be redeemed (which date shall be not more than ten nor less than five Business Days following receipt of such proceeds), in both cases to the Noteholders in accordance with Condition 16 (*Notices*), the Trustee and the Principal Paying Agent.

(ii) *Cancellation of Loan Notes following occurrence of Contingent Write-off*

If the Loan Notes Issuer delivers a Contingent Write-off Notice (as defined in the Loan Notes Conditions) to or for the account of the Issuer, and provided that the Loan Notes Issuer has not already so delivered a notice of redemption pursuant to Loan Notes Conditions 4.2 or 4.3), then:

(1) as soon as reasonably practicable and in any event by the Business Day following the date on which it receives a copy of the Contingent Write-off Notice, the Custodian (on behalf of the Issuer) will (i) notify the Noteholders in accordance with Condition 16 (*Notices*) that the Issuer has received a Contingent Write-off Notice from the Loan Notes Issuer (and will provide a copy of the Contingent Write-off Notice to the Noteholders) and (ii) provide notice of the same to the Luxembourg Stock Exchange (such notice, the **Write-off Notice**);

(2) subject to paragraph 1 above, on the Contingent Write-off Date (as defined in the Loan Notes Conditions), the Issuer will pay any Note Interest Amount due and payable in respect of the Notes;

(3) on the Contingent Write-off Date:

I. all rights of each Noteholder for payment of any amounts under or in respect of the Notes (other than in respect of any Note Interest Amount pursuant to paragraph (2) above, but including any amounts arising as a result of, or due and payable upon the occurrence of, an event described in Condition 12 (*Enforcement*), as amended by paragraph 5 below) will become null and void, irrespective of whether such amounts have become due and payable prior to the date of the delivery of the Write-off Notice);

II. the Noteholders will automatically be deemed irrevocably to waive their right to receive, and will no longer have any rights or claims against the Issuer with respect to repayment of the principal amount outstanding of the Notes written off pursuant to paragraph III below; and

III. the full principal amount of each Note will automatically be permanently written down to zero, the Notes (subject to paragraph I above) will be cancelled and all references to the principal amount of the Notes herein will be construed accordingly.

(iii) *Default in payment by the Loan Notes Issuer*

If the Loan Notes Issuer fails to pay any scheduled amount due and payable pursuant to the Loan Notes Conditions, including any Loan Notes Interest Amount and/or the Redemption Amount (as defined in the Loan Notes Conditions) due on the Final Maturity Date, and such failure is continuing after the expiry of any applicable grace period, the Issuer shall:

(1) procure that the Redemption Agent, subject to the provisions of the Trust Deed and to Condition 12 (*Enforcement*), shall make such filings or claims as the Redemption Agent shall, in its sole and absolute discretion, deem necessary or appropriate to pursue the rights and claims of the Issuer in respect of the Loan Notes to the extent reasonably practicable so to do, provided that (A) the Redemption Agent may, but is not obliged to, initiate any proceedings against the Loan Notes Issuer and (B) shall not be obliged to take any action under this Condition 7(b)(iii) until it has been indemnified and/or secured and/or prefunded as to its costs and expenses in so acting to its satisfaction; or

(2) if so directed in writing by the Trustee (acting at the direction of an Extraordinary Resolution of Noteholders), promptly direct in identical form and substance to such direction, that the Redemption Agent shall arrange for and administer the sale of the Loan Notes in accordance with Condition 3(f), subject to the transfer restrictions thereon, on behalf of the Issuer. The Issuer shall at the same time (unless otherwise agreed by the Trustee) give notice (a) that the Notes are to be redeemed at the Early Redemption Amount pursuant to this Condition 7(b)(iii) following receipt of the realisation proceeds of the Loan Notes and (b) upon receipt of such proceeds, of the date upon which the Notes are to be redeemed (which date shall be not more than ten nor less than five Business Days following receipt of such proceeds), in both cases to the Noteholders in accordance with Condition 16 (*Notices*), the Trustee and the Principal Paying Agent."

4. Mortgaged Property

The last sentence of Condition 3(a) shall be deleted in its entirety and replaced with the following:

"The assets over which the security referred to above are created by the Issuer in relation to the Notes, including the Charged Assets and the contractual rights over which the Managers' Security is created, is herein referred to as "**Mortgaged Property**"."

5. Enforcement

Condition 12 (*Enforcement*) shall be deleted in its entirety and replaced with the following:

"At any time after the Notes or any of them shall have become due and repayable and have not been repaid and/or upon any Managers' Claim being made, the Trustee or the Managers' Trustee (as applicable) may, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce repayment thereof together with accrued interest (if any) and to enforce the provisions of the Notes and the Trust Deed, and subject always to the Enforcement Restriction (as defined below), but it shall not be bound to institute any such proceedings unless:

(a) in the case of the Trustee, it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth of the principal amount of the Notes then outstanding (in which event it shall be obliged so to act, subject as provided in Condition 11 (*Events of Default*) and shall have been indemnified and/or secured and/or prefunded to its satisfaction;

(b) in the case of the Managers' Trustee, it shall have been so directed in writing by the Managers and shall have been indemnified and/or secured and/or prefunded to its satisfaction.

If the Noteholders' Security and/or the Managers' Security has become enforceable, the Enforcement Agent shall, if directed by the Issuer as directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one fifth of the principal amount of the Notes then outstanding:

(i) take such steps or actions or make such filings or claims as specified in the relevant Extraordinary Resolution or request, as applicable, to pursue the rights and claims of the Issuer in respect of the Loan Notes (subject to their terms) to the extent reasonably practicable so to do; or

(ii) arrange for and administer the sale of the Loan Notes,

provided that the Enforcement Agent shall not be obliged to take any action which it is directed to take under this Condition 12 (*Enforcement*) until it has been indemnified and/or secured and/or prefunded as to its costs and expenses in so acting to its satisfaction.

The Enforcement Agent shall, if a Managers' Claim is made, take such steps or actions or make such filings or claims as the Managers may direct in writing to pursue the rights and claims of the Issuer under the Loan Notes Purchase Agreement (including making any indemnity claim thereunder) in order to satisfy such Managers' Claim, provided that the Enforcement Agent shall not be obliged to take any action under this Condition 12 (Enforcement) until it has been indemnified and/or secured and/or prefunded to its satisfaction by the Managers or any of them as to its costs and expenses in so acting.

The Enforcement Agent acting in such capacity shall be subject to the transfer restrictions applicable to the Loan Notes in relation to any disposal of the Loan Notes. The Enforcement Agent shall not,

and shall not be required to, dispose of the Loan Notes where such disposal would violate any such transfer restrictions.

Without prejudice and subject to the other provisions of this Condition 12, in no circumstances shall the Trustee or, as the case may be, the Managers' Trustee be permitted when acting in its capacity as trustee for the Noteholders, or, as the case may be, the Managers, nor shall the Noteholders or the Managers (when acting in their respective capacities) be permitted, to take any action against the Loan Notes Issuer or enforce any claim that the Issuer may have against the Loan Notes Issuer under the Loan Notes and/or the Loan Notes Purchase Agreement or otherwise whether before, upon, or after any security created by or pursuant to the Trust Deed becoming enforceable (the "**Enforcement Restriction**").

In acting as the Issuer's agent for the purpose of this Condition 12, the Enforcement Agent shall be permitted to take all such actions as would have been permitted to be taken by the Trustee upon the Noteholders' Security becoming enforceable (save where restricted as a matter of law), disregarding for such purpose, the Enforcement Restriction that would otherwise have applied in respect of the Trustee.

After realising the security which has become enforceable and distributing the net proceeds in accordance with Condition 3 (*Security*) (in the case of the Noteholders' Security) and paragraph 6.2 below (in the case of the Managers' Security), the obligations of the Issuer with respect to the Noteholders or the Managers in respect of the Notes, the Subscription Agreement, the Agency Agreement and the Custodial Services Agreement shall be satisfied and none of the foregoing parties may take any further steps against the Issuer to recover any further sums in respect thereof and the right to receive any such sums shall be extinguished.

In particular, none of the Trustee, the Managers' Trustee, the Enforcement Agent, the Principal Paying Agent, the Custodian, the Agent Bank, the Redemption Agent, the Calculation Agent, the Determination Agent, the Managers or any Noteholder shall be entitled in respect thereof to petition or to take any other steps for the insolvency, winding-up or dissolution of the Issuer or the appointment of an examiner in respect of the Issuer nor shall any of them have any claim in respect of the Notes for any other Series."

6. Security

6.1 Pursuant to the Trust Deed in relation to the Notes, for all moneys and other liabilities payable or owed by the Issuer in relation to the Notes (save in respect of any Managers' Claim), the Issuer with full title guarantee and as continuing security will:

(a) except to the extent assigned by way of security pursuant to (b) below, charge by way of first fixed security in favour of the Trustee for itself and as trustee for the Enforcement Agent and the Noteholders, the Charged Assets including all sums and/or assets received or receivable under any bonds, notes, securities, assets or contractual rights comprising such Charged Assets, and all rights in respect thereof or relating thereto whether or not against third parties and any account in which any Charged Assets relating to the Notes may be deposited from time to time or by which any such Charged Assets may be represented from time to time, in each case together with the debts represented thereby and all related interests and all proceeds of such Charged Assets;

(b) assign by way of first fixed security in favour of the Trustee for itself and as trustee for the Enforcement Agent and the Noteholders, all of its rights, title and interest in, to and under the Loan Notes (including, without limitation, its rights, title and interest in respect of all moneys and/or assets derived therefrom and held by or on behalf of the Issuer);

(c) assign by way of first fixed security in favour of the Trustee for itself and as trustee for the Enforcement Agent and the Noteholders, all its rights, title and interest in, to and under the

Agency Agreement and the Custodial Services Agreement (including, without limitation, its rights, title and interest in respect of all moneys and/or assets then or thereafter held by the Principal Paying Agent and/or the Custodian and/or the Redemption Agent in respect of such Series whether for the purpose of payment of principal, premium (if any) and/or interest (if any) in respect of the Notes or otherwise in relation to the Notes to the Noteholders, or otherwise held by the Principal Paying Agent and/or the Custodian and/or the Redemption Agent on behalf of the Issuer) and the debts represented thereby;

(d) assign by way of first fixed security in favour of the Trustee for itself and as trustee for the Enforcement Agent and the Noteholders, all its rights, title and interest in, to and under the Loan Notes Purchase Agreement except to the extent included in the Managers' Security (as defined in the Supplemental Trust Deed);

(e) assign by way of first fixed security in favour of the Trustee for itself and as trustee for the Enforcement Agent and the Noteholders all its rights, title and interest in, to and under any of its bank accounts in respect of the Notes and the debts represented thereby (excluding, for the avoidance of doubt, the Issuer’s bank accounts in its country of incorporation or elsewhere containing the paid up ordinary share capital and any transaction fees of the Issuer, and any interest accrued thereon, in each case); and

(f) assigns by way of first fixed security in favour the Trustee for itself and as trustee for the Noteholders all its rights, title and interest in, to and under the Trust Deed insofar as the same relates to the appointment of the Enforcement Agent as the Issuer's agent in connection with the rights and assets of the Issuer referred to in paragraphs (a) to (e) above,

such assignments and charges, together, the "**Noteholders' Security**".

6.2 Managers' Security

Pursuant to the Trust Deed in relation to the Notes, for any Managers' Claim, the Issuer with full title guarantee and as continuing security will:

(a) assign by way of security in favour of the Managers' Trustee, for itself and as trustee for the Enforcement Agent and each Manager, the Issuer's rights, title and interest under the Loan Notes Purchase Agreement other than the Issuer's right to acquire the Loan Notes arising thereunder;

(b) charge in favour of the Managers' Trustee, for itself and as trustee for the Enforcement Agent and each Manager, by way of first fixed charge the proceeds of, income from and sums arising from the enforcement of any claim under the Loan Notes Purchase Agreement, except for any claim of the Issuer in relation to its right to acquire the Loan Notes; and

(c) assign by way of security in favour of the Managers' Trustee, for itself and as trustee for each Manager, the Issuer's rights, title and interest under the Trust Deed insofar as the same relates to the appointment of the Enforcement Agent as the Issuer's agent in connection with the rights and assets of the Issuer referred to in paragraphs (a) and (b) above,

such assignments and charges, together, the "**Managers' Security**".

The Managers' Security is granted as continuing security in respect of any claim a Manager may have (a "**Managers' Claim**") against the Issuer under the Subscription Agreement arising from any representation, warranty, covenant or agreement given therein by the Issuer regarding the Loan Notes, the Loan Notes Issuer and/or the Loan Notes Information Memorandum prepared by the Loan Notes Issuer in respect of the Loan Notes.

No Noteholder shall have any interest in the Managers' Security. The Managers' Security shall become enforceable upon a Managers' Claim being made. Upon the Managers' Security becoming enforceable the Noteholders' Security shall not consequently become enforceable and the Notes shall not be affected thereby and shall accordingly remain outstanding.

Each Manager (when acting in such capacity) is not permitted to take any action against the Loan Notes Issuer nor to enforce any claim that the Issuer may have against the Loan Notes Issuer under the Loan Notes and/or the Loan Notes Purchase Agreement or otherwise whether before, upon, or after the Managers' Security becoming enforceable. The Managers must rely on similar (but not identical) rights to those of the Noteholders, including a right of consultation and agreement with the Issuer (or the Enforcement Agent acting as agent of the Issuer) in relation to any such action or the enforcement of any such claim and/or a right to remove the Managers' Trustee, in each case in accordance with the provisions of the Trust Deed in relation to the Notes.

Each Manager, in respect of the Managers' Security, is subject to limited recourse provisions equivalent to those set out in Condition 3(h) (*Limited Recourse*) and Condition 12 (*Enforcement*) in respect of the Mortgaged Property, in accordance with the provisions of the Subscription Agreement and the Trust Deed in relation to the Notes.

The assignment by way of security in favour of the Trustee of the Issuer's right under the Loan Notes Purchase Agreement to acquire the Loan Notes, and the first fixed charge in favour of the Trustee of all proceeds from, income from and sums arising from enforcement of any claim under the Loan Notes Purchase Agreement but only if such claim relates to the Issuer's right to acquire the Loan Notes, shall form part of the Mortgaged Property.

In respect of the application of the proceeds of realisation or enforcement of the Managers' Security, the proceeds shall be held on trust and applied:

(i) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Managers' Trustee or any Assignee in preparing and executing the trusts under the Trust Deed (including any taxes required to be paid, the costs of realising any such security and the Managers' Trustee's remuneration) insofar as the same relate to the Managers' Security;

(ii) secondly, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Enforcement Agent in acting as Enforcement Agent of the Issuer in respect of the Managers' Security under the terms of the Trust Deed (including any taxes required to be paid, the costs of realising or enforcing any such security and the Enforcement Agent's remuneration);

(iii) thirdly, in meeting any Managers' Claim (as defined above); and

(iv) fourthly, in payment of the balance (if any) to the Issuer.

7. Limited Recourse

Condition 3(h)(i) (*Limited Recourse*) shall be deleted in its entirety and replaced with the following

"All payments to be made by the Issuer hereunder in respect of the Notes will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee or the Enforcement Agent in respect of the Noteholders' Security;"

8. Redemption for Taxation Reasons

Condition 7(c) (*Redemption for taxation reasons*) shall be modified so that, following the occurrence of any taxation event listed in paragraph (i)(C) thereof, the substitution procedure set out in

paragraph (ii) thereof shall apply but paragraph (iv)(B) shall not apply in respect of the Notes in such circumstance.

In the event that the Issuer receives a Contingent Write-off Notice pursuant to Condition 7(b)(ii)(A) (*Cancellation of Loan Notes following occurrence of Contingent Write-off*):

(i) after a Noteholder has elected to require the Issuer to redeem the Notes held by such Noteholder by Cash Settlement at the Early Redemption Amount following the occurrence of any taxation event listed in paragraph (i)(A) or (i)(B) of Condition 7(c); but

(ii) before the Issuer has given notice to the Redemption Agent requiring it to administer the sale of the Loan Notes in accordance with Condition 3(f),

then the provisions of Condition 7(b)(ii)(A) will take priority over the redemption pursuant to Condition 7(c).

9. Notices

Upon receipt by the Issuer of any notice from the Loan Notes Issuer pursuant to the Loan Notes Conditions, the Issuer shall cause to be published and delivered a copy of each such notice to the Noteholders in accordance with Condition 16 (*Notices*) and to the Trustee, respectively. For the avoidance of doubt, this paragraph 9 shall be in addition to the obligation of the Issuer to procure the delivery of the Write-off Notice pursuant to Condition 7(b)(ii)(A)(1).

ANNEX 2

ADDITIONAL SELLING RESTRICTIONS

1. Hong Kong

Each Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), by means of any document, any Notes other than (i) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the "**CO**") or which do not constitute an offer to the public within the meaning of the CO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation, or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes that are or are intended to be disposed of (i) only to persons outside Hong Kong or (ii) only to professional investors as defined in the SFO and any rules made under the SFO.

2. Singapore

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Each Manager has represented, warranted and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute the Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 or the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

3. Switzerland

The Notes will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes (i) constitutes a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, or (ii) has been or will be filed with or approved by the SIX Swiss Exchange or any other regulated trading facility in Switzerland.

Neither this Prospectus nor any other offering and marketing material relating to the offering, the Issuer or the Notes has been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by the Swiss Financial Market Supervisory Authority (FINMA) or any other Swiss regulatory authority and investors in the Notes will not benefit from protection or supervision by any such authority.

4. Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented, warranted and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Notes as completed by the Prospectus in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the

expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

5. United States

The Notes have not been, and will not be, registered under the Securities Act of 1933. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The Notes are not being offered in the United States or to U.S. persons.

TAXATION

1. Swiss Taxation

General

The following is a summary of certain Swiss tax consequences of the purchase, beneficial ownership and disposition of the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain other classes of persons.

The summary is based upon Swiss tax laws and tax practice as in effect on the date of this Prospectus, which are subject to prospective or retroactive change, and a tax ruling with the Swiss federal tax administration. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their own advisors as to the Swiss or other tax consequences of the purchase, beneficial ownership and disposition of the Notes.

Withholding Tax

Payments by the Issuer of interest on the Notes will not be subject to Swiss federal withholding tax.

On 24 August 2011 the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to withhold Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Note to an individual resident in Switzerland or to a person resident outside of Switzerland (not limited to an individual). If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the Issuer nor any paying agent nor any other person would pursuant to the Conditions be obligated to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

Stamp Taxes

The issue and the redemption of the Notes will not be subject to Swiss federal stamp duty on the issue of securities or Swiss federal stamp duty on the dealing in securities (primary market). Secondary market dealings in the Notes where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss Federal Stamp Duty Act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss federal stamp duty on the dealing in securities at a rate of up to 0.3 per cent. of the consideration paid for the Notes. Where both the seller and the purchaser of the Notes are not resident in Switzerland or the Principality of Liechtenstein, no Swiss federal stamp duty on the dealing in securities is payable.

Income Taxation on Principal or Interest

(a) Classification

The Notes qualify as notes the yield-to-maturity of which predominantly derives from periodic interest payments and not from a one-time interest payment such as an original issue discount or a repayment premium. A coupon payment is split for Swiss tax purposes into an interest component and a component for the contingent write-off feature (the respective amounts will be determined by the Swiss Federal Tax Administration).

(b) Notes held by non-Swiss holders

Coupon payments by the Issuer on, and repayment of principal of, the Notes, to, and gain realized on the sale or redemption of Notes by, a holder of Notes, who is not a resident of Switzerland, and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Notes are attributable, will not be liable for any Swiss federal, cantonal or communal income tax.

(c) Notes held as private assets by Swiss resident holders

An individual who resides in Switzerland and holds a Note as a private asset will be required to include all payments of interest received on the Note in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including the payment of interest on the Note) for such tax period at the then prevailing tax rates. Payments for the contingent write-off feature and capital gains realized on the sale or other disposition of a Note will be a tax-free capital gain. Conversely, a capital loss realized on the sale or other disposition of a Note and a capital loss incurred as a consequence of a write-down of the Note will be a non-tax-deductible loss. See "—d. Notes held as Swiss business assets" below for a summary on the tax treatment of individuals classified as "professional securities dealers."

(d) Notes held as Swiss business assets

Individuals who hold Notes as part of a business in Switzerland, and Swiss-resident corporate taxpayers, and corporate taxpayers residing abroad holding Notes as part of a Swiss permanent establishment or fixed place of business in Switzerland, are required to recognize payments of interest and payments for the contingent write-off feature on, and any capital gain or loss, as applicable, realized on the sale or other disposal or the write-down of, such Notes, in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period at the prevailing tax rates. The same taxation treatment also applies to Swiss-resident individuals who, for Swiss income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealings, or leveraged transactions, in securities.

2. **Final Foreign Withholding Taxes**

On 1 January 2013 treaties on final withholding taxes between Switzerland and the United Kingdom and Switzerland and Austria entered into force. The treaties, among other things, require a paying agent in Switzerland to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Notes. The final withholding tax substitutes for the United Kingdom or Austrian income tax, as applicable, on such interest or capital gain. The individual may, however, in lieu of the final withholding tax make voluntary disclosure of the interest or capital gain to the tax authority of its country of residence. Switzerland may conclude similar treaties with other European countries, and negotiations are currently being conducted with Greece and Italy. If final withholding tax were to be deducted or withheld from a payment of interest or a capital gain relating to the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

3. **European Directive on the Taxation of Savings Income**

On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland as of 1 July 2005 adopted measures equivalent to those of the European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments.

In accordance with this agreement, Swiss paying agents have to withhold tax at a rate of 35 per cent on interest payments on the Notes to a beneficial owner who is an individual and resident of an EU member state, with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding. If withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Note as a result of the deduction or imposition of such final withholding tax.

4. **U.S. Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer expects to be classified as an FFI.

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of the Notes, which, if treated as equity for U.S. federal income tax purposes, will not be eligible for a "grandfathering rule" under FATCA. The Issuer intends to treat the Notes as equity for this purpose; however, the classification of the Notes as debt or equity is highly factual and the Issuer's determination would not be binding on the IRS.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the IGA entered into by the United States and Ireland (the "**US-Ireland IGA**"), an Irish FFI could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an Irish FFI would not be required to withhold under FATCA or the US-Ireland IGA (or any law implementing such IGA) (any such withholding being "**FATCA Withholding**") from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). A Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Ireland IGA and does not expect to be subject to FATCA Withholding on payments it receives. There can be no assurance, however, that the Issuer will be treated as a Reporting FI and that such withholding will not be imposed against the Issuer. If the Issuer does not become a Participating FFI, Reporting FI, or is not treated as exempt from or in deemed compliance with FATCA, the Issuer may be subject to FATCA Withholding on payments received from U.S. sources and Participating FFIs. Any such withholding imposed on the Issuer will reduce the amounts available to the Issuer to make payments on the Notes.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Ireland IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a

Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

If FATCA Withholding is required, the provisions of Condition 7(c) (*Redemption for taxation reasons*) may apply and the Issuer may redeem the Notes as more fully set out in Condition 7(c).

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the US-Ireland IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

AQUARIUS + INVESTMENTS PLC

General

Terms defined in this section shall supersede for the purposes of this section any other definitions of such terms set out in the Base Prospectus or this Prospectus.

Aquarius + Investments plc (being the legal and commercial name) was incorporated in Ireland under the Irish Companies Acts, 1963-2001 under the name Toucan Investments Limited as a private limited liability company with unlimited duration on 26 November 2001 with registered number 350538 and under the name Toucan Investments Limited.

On 12 June 2003 the company was reregistered as a public limited company with the name Toucan Investments plc. On 1 April 2004 a subsequent name change to its current name, Aquarius + Investments plc was registered. Aquarius + Investments plc has been established as a special purpose vehicle. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

The registered office of Aquarius + Investments plc is at 4th Floor, 25-28 Adelaide Road, Dublin 2, Ireland (telephone number: +353 1 605 3000). The authorised share capital of Aquarius + Investments plc is €100,000,000 divided into 100,000,000 Ordinary Shares of €1 each (the "**Shares**"). Aquarius + Investments plc has issued 40,000 Shares all of which are fully paid. The issued Shares are held equally by Eurydice Charitable Trust Limited, Medb Charitable Trust Limited and Badb Charitable Trust Limited in each case of 70 Sir John Rogerson's Quay, Dublin 2, Ireland (in this section, each a "**Share Trustee**", and together, the "**Share Trustees**") and four nominees who hold one Share each on behalf of the Share Trustees. The Share Trustees are charitable trusts incorporated under the laws of Ireland as companies limited by guarantee. The Share Trustees will share equally in any profits derived from Aquarius + Investments plc and apply any income derived by them from Aquarius + Investments plc solely for charitable purposes. Declarations of Trust are in place, together with the terms of the articles of association of the Share Trustees, to ensure that control of Aquarius + Investments plc by the Share Trustees is not abused.

Dividends

No dividends have been paid by Aquarius + Investments plc in respect of the Shares during the five year period preceding the issue date of the Notes.

Directors

The Directors of Aquarius + Investments plc are as follows:

Name:	Business Address:	Principal Outside Activities:
Adrian Masterson	57 Herbert Lane, Dublin 2. Ireland	Company Director
Stephen Hodgins	San Michele, Southwood Park, Blackrock, Co. Dublin	Company Director

Corporate Services Provider

Marsh Management Services (Dublin) Limited has agreed to act as the corporate services provider (the "**Corporate Services Provider**") to Aquarius + Investments plc under an agreement for the provision of corporate services (the "**Corporate Services Agreement**") dated 10 June 2002. The office of the Corporate Services Provider serves as the general business office of Aquarius + Investments plc. Through this office and pursuant to the terms of the Corporate Services Agreement,

the Corporate Services Provider will perform various management functions on behalf of Aquarius + Investments plc, including communications with the general public and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider will receive various fees and other charges payable by Aquarius + Investments plc at rates provided for in the Corporate Services Agreement plus expenses. The Corporate Services Provider will be subject to the overview of the Board of Directors of Aquarius + Investments plc.

GENERAL INFORMATION

1. AUTHORISATION

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes to be issued by it. The issue of the Notes was authorised by a resolution of the board of directors of the Issuer dated 8 March 2013.

2. USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to be approximately US$738,500,000, will be applied by the Issuer in payment under the Loan Notes Purchase Agreement on the Issue Date for the purchase of the Loan Notes.

3. EXPENSES

The estimate of the total expenses relating to admission to trading of the Notes on the Luxembourg Stock Exchange's Euro MTF Market is EUR 6,840.

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER

Save as discussed in the section entitled "*Subscription and Sale*" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

5. REPORTING

The Issuer will not provide any post-issuance transaction information regarding the securities to be admitted to trading and the performance of the Loan Notes, except if required by any applicable laws and regulations.

6. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

7. FINANCIAL STATEMENTS

The Issuer issued its annual accounts for the first time in 2002, covering the period from the date of its incorporation to 31 August 2002. Other than annual accounts, the Issuer is not currently required to produce any other financial statements. The Issuer has produced financial statements for the periods ending 31 August 2011 and ending 31 August 2012.

8. MATERIAL ADVERSE CHANGE IN RELATION TO THE ISSUER

Save as disclosed in this Prospectus, there has been no material adverse change in the financial trading position or prospects of the Issuer since 31 August 2012 (being the date of its most recently audited financial statements).

9. STATUTORY AUDITORS OF THE ISSUER

PricewaterhouseCoopers have audited and rendered unqualified audit reports on the financial statements of the Issuer referred to in paragraph 7 (*Financial Statements*) above. PricewaterhouseCoopers are members of the Institute of Chartered Accountants in Ireland and have their offices at One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

PricewaterhouseCoopers have given and have not withdrawn their consent to the inclusion in this Prospectus of their report in the form and content in which it is included by reference herein and have authorised the contents of such report for the purposes of Paragraph 9.1 of Annex VII to the Prospectus Regulation.

10. DOCUMENTS ON DISPLAY

From the date hereof and for so long as any Notes are outstanding copies of the following documents (in English) will be obtainable free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified office of the Paying Agent for the time being in the Grand Duchy of Luxembourg:

(a) the constitutional documents of the Issuer;

(b) copies of the Master Trust Deed and the Supplemental Trust Deed; and

(c) the published audited annual financial statements of the Issuer for the periods ending 31 August 2011 and ending 31 August 2012.

In addition, investors are directed to the section of the Loan Notes Information Memorandum entitled "*Documents Available*", on page A-124 thereof, which specifies where copies of the documents incorporated by reference into Loan Notes Information Memorandum can be obtained free of charge.

APPENDIX

FORM OF LOAN NOTES INFORMATION MEMORANDUM

The Loan Notes Information Memorandum contained in the Appendix to the Prospectus has been provided by the Loan Notes Issuer. So far as the Issuer is aware and is able to ascertain from information published by the Loan Notes Issuer, no facts have been omitted from the Loan Notes Information Memorandum, which would render the reproduced or incorporated information inaccurate or misleading.

Information Memorandum

Swiss Re

Swiss Reinsurance Company Ltd

$750,000,000

6.375% Subordinated Contingent Write-off Loan Notes with a scheduled maturity in 2024

Issue Price: 99.405%

The $750,000,000 Subordinated Contingent Write-off Loan Notes with a scheduled maturity in 2024 (the "**Loan Notes**") will be issued by Swiss Reinsurance Company Ltd ("**SRZ**" or the "**Issuer**") on or about March 12, 2013 (the "**Issue Date**").

Unless previously redeemed or purchased and cancelled, or subject to a Contingent Write-off (as defined in the terms and conditions of the Loan Notes (the "**Conditions**")), the Loan Notes will bear interest at (i) a fixed rate of 6.375% per annum from (and including) the Issue Date until (but excluding) September 1, 2019 (the "**Optional Redemption Date**") and (ii) a rate equal to the sum of 5.210% and the 5-year Mid-Swap Rate (as defined in the Conditions) thereafter. Interest will be payable annually in arrear on September 1 in each year, commencing on September 1, 2013. Under certain circumstances described in the Conditions, the Issuer may elect, or be required, to defer interest payments on the Loan Notes.

As further described in the Conditions, if a Trigger Event (as defined in the Conditions) occurs and is continuing, the Issuer shall, subject to certain conditions, effect a Contingent Write-off at the Contingent Write-off Date (both as defined in the Conditions), in which case the holders of Loan Notes ("Loan Noteholders") will lose the entire principal amount of the Loan Notes. Any accrued and unpaid interest on the Loan Notes up to (but excluding) the Contingent Write-off Date, and any Deferred Interest (as defined in the Conditions) outstanding on the Contingent Write-off Date, will become due and payable on the Contingent Write-off Date.

The Loan Notes will mature on the Final Maturity Date (as defined in the Conditions), unless previously redeemed or purchased and cancelled, or subject to a Contingent Write-off in accordance with the Conditions. The Issuer may redeem the Loan Notes, in whole but not in part, at their principal amount, together with any accrued and unpaid interest and any outstanding Deferred Interest, on the Optional Redemption Date. The Issuer may also redeem the Loan Notes, in whole but not in part, upon the occurrence of a Recalculation of Interest Event or a Special Tax Event that is continuing, or a Regulatory Event (each, as defined in the Conditions, and collectively referred to as a "**Par Redemption Event**"). A redemption upon the occurrence of a Par Redemption Event will be at the principal amount of the Loan Notes, together with any accrued and unpaid interest and any outstanding Deferred Interest. In the case of any redemption, the Issuer may redeem the Loan Notes only if (a) no Solvency Event (as defined in the Conditions) has occurred that is continuing, (b) the Swiss Financial Market Supervisory Authority FINMA, or any successor authority (collectively, "**FINMA**"), has given such consent, approval or non-objection (if any) as is required under the relevant rules and regulations of FINMA and (c) no Contingent Write-off Notice (as defined in the Conditions) has been given, all as more fully described in the Conditions.

The Issuer's obligations under the Loan Notes constitute unsecured and subordinated obligations ranking junior to the Issuer's obligations under the Senior Securities, *pari passu* among themselves and with the Issuer's obligations under the Parity Securities, and senior to the Issuer's obligations under the Junior Securities (all as defined in the Conditions). In the event of the liquidation, dissolution, insolvency or other proceeding for the avoidance of insolvency of, or against, the Issuer, the claims in respect of the Loan Notes will be subordinated to the claims of all holders of Senior Securities, so that in any such event no amounts shall be payable in respect of the Loan Notes unless the claims of all holders of Senior Securities shall have first been satisfied in full.

The Loan Notes initially will be represented by a single definitive certificate in registered form representing $750,000,000 in principal amount of the Loan Notes. The Loan Notes will not be listed on any securities exchange.

See "Risk Factors" beginning on page A-16 of this Information Memorandum for a discussion of certain factors that should be considered by prospective investors.

The Loan Notes have not been, or will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States. The Loan Notes may not be offered, sold or resold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The Loan Notes are not being offered in the United States or to U.S. persons. In addition, each Loan Noteholder must be a Qualifying Bank (as defined in the Conditions or, subject to the Issuer having consented thereto in writing, a Permitted Non-Qualifying Lender (as defined in the Conditions); *provided* that there shall at any time be no more than five Qualifying Banks that are Loan Noteholders. The Loan Notes are subject to significant restrictions on transfer. See "Transfer Restrictions."

Each investor contemplating purchasing the Loan Notes should make its own independent investigation of our financial condition and affairs, and its own appraisal of our creditworthiness.

The date of this Information Memorandum is March 8, 2013

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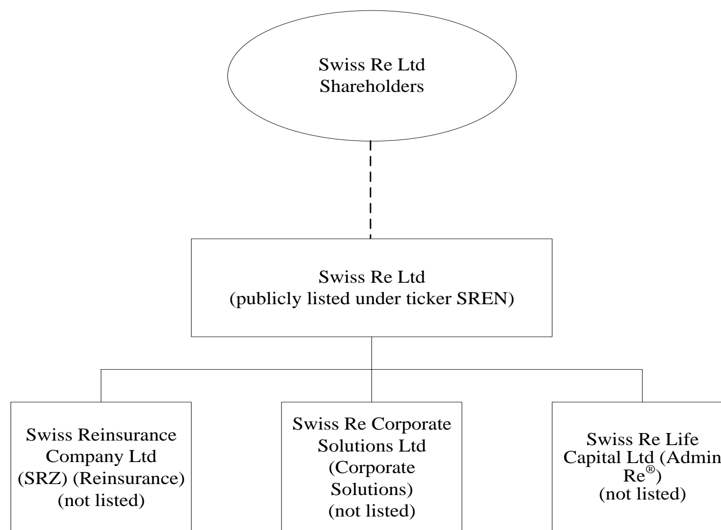
No person is or has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the offering of the Loan Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. This Information Memorandum does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. See "Transfer Restrictions."

Introductory Note

As a result of an exchange offer (the "**Exchange Offer**") to exchange shares of SRZ ("**SRZ Shares**") for shares of Swiss Re Ltd ("**SRL**") in 2011, SRZ has been a wholly owned subsidiary of SRL since December 2011 and the SRZ Shares are no longer listed on the SIX Swiss Exchange.

Beginning in the summer of 2011, the Swiss Re Group (as defined below) undertook a series of transactions that resulted in the legal separation of its three business units (the "**Business Units**"). To accomplish this, the business and operations, and related assets and liabilities, of the Corporate Solutions Business Unit (Swiss Re Corporate Solutions Ltd and its subsidiaries) and the Admin Re® Business Unit (Swiss Re Life Capital Ltd and its subsidiaries) were restructured under SRZ (which, together with its remaining subsidiaries, operates as the Reinsurance Business Unit). As a final step, in April 2012, the Corporate Solutions Business Unit and the Admin Re® Business Unit were transferred by SRZ to, and became subsidiaries of, SRL (the "**Carve-out Transactions**"). For U.S. generally accepted accounting principles ("**U.S. GAAP**") financial reporting purposes, the Carve-out Transactions were effective as of January 1, 2012. See "Our Business – Corporate Structure of the Swiss Re Group" and "Unaudited Pro Forma Financial Information for the SRZ Group."

The key elements of the corporate structure of the Swiss Re Group are as follows:



The Loan Notes are being issued by SRZ. Neither SRL nor any other person is providing any guarantee in respect of the Loan Notes. Loan Noteholders will not have any recourse against SRL or its other subsidiaries.

References in this Information Memorandum, unless the context otherwise requires, to:

- "**SRZ**" or to the "**Issuer**" are to Swiss Reinsurance Company Ltd;

- the "**SRZ Group**," "**we**," "**us**" and "**our**" are to Swiss Reinsurance Company Ltd and its consolidated subsidiaries. In respect of matters prior to January 1, 2012, these references also cover, unless the context otherwise requires, the business and operations of the Corporate Solutions Business Unit and the Admin Re® Business Unit;

- "**SRL**" are to Swiss Re Ltd;

- "**Swiss Re**" and "**Swiss Re Group**" are, in respect of matters following May 23, 2011 (the date of the first closing of the Exchange Offer), to SRL and its consolidated subsidiaries (including SRZ) and, in respect of matters prior to May 23, 2011, to SRZ and its consolidated subsidiaries; and

- "**you**," a "**Loan Noteholder**" and "**Loan Noteholders**" are to a purchaser or purchasers of Loan Notes, as the case may be.

Financial and Other Information Included or Incorporated by Reference in this Information Memorandum

The financial statements and auditor's reports referenced below are incorporated by reference into this Information Memorandum and are available on the web site of the Swiss Re Group, www.swissre.com/investors/financial_information. No other information contained on the Swiss Re Group web site, or on any other web site, is incorporated herein by reference. On February 21, 2013, SRL announced preliminary unaudited financial information for the Swiss Re Group as of and for the year ended December 31, 2012 in a press release and its 2012 Financial Review. On March 15, 2013, the Swiss Re Group and the SRZ Group each will publish their respective audited consolidated financial statements as of and for the year ended December 31, 2012. Incorporated by reference are:

- the unaudited consolidated financial statements of the SRZ Group as of and for the nine months ended September 30, 2011 and 2012, which were prepared in accordance with U.S. GAAP;
- the audited consolidated financial statements of the SRZ Group as of and for the years ended December 31, 2010 and 2011, which were prepared in accordance with U.S. GAAP and which were audited by the SRZ Group's independent auditors, and including the auditor's report on the audited consolidated financial statements of the SRZ Group for the year ended December 31, 2011;
- the audited statutory accounts of SRZ as of and for the years ended December 31, 2010 and 2011, which were prepared in accordance with the requirements of Swiss law and SRZ's Articles of Association, and including the auditor's report on the audited statutory accounts of SRZ for the year ended December 31, 2011;
- the audited consolidated financial statements of the SRZ Group as of and for the years ended December 31, 2009 and 2010, which were prepared in accordance with U.S. GAAP and which were audited by the SRZ Group's independent auditors, and including the auditor's report on the audited consolidated financial statements of the SRZ Group for the year ended December 31, 2010; and
- the audited statutory accounts of SRZ as of and for the years ended December 31, 2009 and 2010, which were prepared in accordance with the requirements of Swiss law and SRZ's Articles of Association, and including the auditor's report on the audited statutory accounts of SRZ for the year ended December 31, 2010.

As a result of the completion of the Carve-out Transactions, the SRZ Group's consolidated financial statements principally reflect, as of January 1, 2012, the results of the Reinsurance Business Unit, while the results of the Corporate Solutions and Admin Re® Business Units are no longer included in the SRZ Group's consolidated results. Beginning January 1, 2012, our financial statements present segment information for our Property & Casualty Reinsurance segment, our Life & Health Reinsurance segment and "other," which encompasses non-core activities, principally certain costs not allocated to reinsurance activities, certain treasury activities and certain legacy activities that have been in run-off since November 2007. For comparison purposes, the Corporate Solutions and Admin Re® Business Units are reflected in the comparative nine-month period (as of and for the nine months ended September 30, 2011) in "Other." Otherwise the unaudited consolidated financial statements of the SRZ Group as of and for the nine months ended September 30, 2011 and the audited consolidated financial statements of the SRZ Group as of and for the years ended December 31, 2009, 2010 and 2011 have not been restated to give effect to the Carve-out Transactions. For informational purposes, we have, however, included in this Information Memorandum:

- unaudited pro forma financial information for the SRZ Group as of and for the year ended December 31, 2011, which gives effect to the Carve-out Transactions (see "Unaudited Pro Forma Financial Information for the SRZ Group – SRZ Group Pro Forma Financial Information"); and
- unaudited pro forma financial information for our Property & Casualty Reinsurance segment and Life & Health Reinsurance segment for the years ended December 31, 2011 and 2010, in each case eliminating the contributions of the Admin Re® and Corporate Solutions businesses (see

"Unaudited Pro Forma Financial Information for the SRZ Group – Pro Forma Comparison of Financial Information for Reinsurance Segments").

We use non-GAAP financial measures in our external financial reporting. These measures are not prepared in accordance with U.S. GAAP or any other comprehensive set of accounting rules or principles, and should not be viewed as a substitute for measures prepared in accordance with U.S. GAAP. Moreover, these may be different from or otherwise inconsistent with non-GAAP financial measures used by other companies. These measures have inherent limitations, are not required to be uniformly applied and are not audited.

References in this Information Memorandum to "U.S. dollars," "USD" and "$" are to the lawful currency of the United States and references to "Swiss francs" and "CHF" are to the lawful currency of Switzerland. Unless otherwise noted, all amounts in this Information Memorandum are expressed in U.S. dollars.

Reporting of Solvency Margins

Swiss Re submits reports in respect of the ratios for the Swiss Re Group and for SRZ under the Swiss Solvency Test ("**SST**") to FINMA on a semi-annual basis. The first report ("**SST 1**"), which is usually submitted on April 30, covers a 12-month period from January 1 to December 31; the second report ("**SST 2**") is submitted by October 31 and covers the 12-month period from July 1 of the current year to June 30 of the following year. In addition, FINMA could require submission of an interim report of an SST ratio on an *ad hoc* basis at any time, which would require calculation of an SST ratio covering different periods, and Swiss Re could also elect to submit interim reports on a voluntary basis.

Swiss Re also submits annual reports, and quarterly updates thereto, to FINMA for Swiss Re Group and for SRZ under Solvency I. Since the introduction of the SST, the ratios calculated under Solvency I have been significantly higher than the ratios calculated under SST. It is expected that Solvency I reports ultimately will be phased out by FINMA.

SRZ's SST 2/2012 ratio (as reported to FINMA in October 2012) is 202% (SST 1/2012: 226%; SST 2/2011: 227%). SRZ currently provides, and expects to continue to provide, the necessary disclosure in respect of the SST ratio that is relevant for the holders of its hybrid instruments. The SST ratio is a function of available and required capital based on an economic valuation of assets and liabilities with an integrated forward-looking assessment of underwriting, financial market and credit risk and, therefore, SRZ's SST ratio could fluctuate from reporting date to reporting date, and such fluctuations could be significant. See "Cautionary Note on Forward-Looking Statements." Among other things, the impact of the issuance by SRZ of €500,000,000 fixed-to-floating-rate subordinated loan notes in July 2012 is not reflected in the SST 2/2012 ratio reported in October 2012 and will be reflected only in the SST 1/ 2013 ratio reported in April 2013.

We expect that, for purposes of the Conditions, a Trigger Event, which could lead to a Contingent Write-off, and a Solvency Event, the occurrence or absence of which has various implications under the Conditions, will be based, under current applicable law, ordinances and regulations, on SRZ's SST ratio, as reflected from time to time, in SRZ's reports to FINMA (defined in the Conditions as a "**FINMA Submission**"), which means that an SST ratio of less than 125% would constitute a Trigger Event and an SST ratio of less than 100% would constitute a Solvency Event. See definitions in the Conditions of "Required Minimum Solvency Margin," "Solvency Event" and "Trigger Event." See also "Regulation – Switzerland."

We currently publish our SST 1 and SST 2 ratios on the Swiss Re web site within five business days after filing with FINMA, and would expect to also publish on the Swiss Re web site any interim updates thereof included in mandated or voluntary interim reports filed with FINMA, within five business days after the filing with FINMA.

Sources of Information

Except where we otherwise attribute market or market share data to another source, all market and market share data included in this Information Memorandum are our own estimates. These estimates are based upon our experience in the (re)insurance industry and our familiarity with the global (re)insurance market.

The information provided under “Risk Factors – Risks Relating to our Reinsurance Operations – Catastrophic events expose us to the risk of unexpected large losses” is derived from our Sigma reports, which in turn include information from third party sources. Information that has been sourced from third parties has been accurately reproduced and, as far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Cautionary Note on Forward-Looking Statements

Certain statements contained in this Information Memorandum 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 that may cause our 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. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Information Memorandum. Among the key factors that have a direct bearing on our results of operations, financial condition, solvency ratios, liquidity position or prospects are:

- 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 eurozone countries;
- further deterioration in global economic conditions;
- our 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 our 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 our investment assets;
- changes in our investment result as a result of changes in our investment policy or the changed composition of our 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 realize amounts on sales of securities on our balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realize tax loss carryforwards and the ability to realize 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 our 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 cyclicality 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 our clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting us or our ceding companies, and interpretations 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.

See “Risk Factors” for additional details.

These factors are not exhaustive. Because these factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by or on our behalf, you should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date of this Information Memorandum. Except as may be required by applicable law, stock exchange rules or regulations, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. New factors emerge from time to time, and it is not possible to predict which will arise. In addition, we cannot assess the effect of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statement.

Summary

This summary highlights selected information from this Information Memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Loan Notes. The summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included in this Information Memorandum, including the consolidated financial statements and the related notes therein. You should read carefully the entire Information Memorandum to understand our business, the nature and terms of the Loan Notes and the other considerations that are important to your decision to invest in the Loan Notes, including the risks discussed under "Risk Factors." In addition, certain statements include forward looking information that involves risks and uncertainties. See "Cautionary Note on Forward-Looking Statements."

Overview of the SRZ Group

We are a leading and diversified global reinsurer, and are part of the Swiss Re Group. We operate through offices in more than 20 countries, providing expertise and services to clients throughout the world. We have been engaged in the reinsurance business since our foundation in Zurich, Switzerland in 1863. We offer a comprehensive range of reinsurance and insurance-based solutions to manage risk and capital. We are focused on accessing, transforming and transferring insurable risks. Our traditional reinsurance products and related services for property and casualty, together with our life and health business, are complemented by insurance-based capital markets solutions and supplementary services for comprehensive risk management.

At and for the year ended December 31, 2011 (giving pro forma effect to the Carve-out Transactions as if they had occurred on January 1, 2011, in the case of income statement data, and December 31, 2011, in the case of balance sheet data), we had:

- premiums earned of $18.5 billion;
- total assets of $157.0 billion;
- shareholder's equity of $19.9 billion; and
- total investments of $99.2 billion.

At and for the nine months ended September 30, 2012, we reported:

- premiums earned of $15.8 billion;
- total assets of $170.8 billion;
- shareholder's equity of $22.4 billion; and
- total investments of $109.2 billion.

Recent Developments

On February 21, 2013, SRL announced preliminary unaudited financial information for the Swiss Re Group as of and for the year ended December 31, 2012 in a press release and its 2012 Financial Review. See "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum." The following discussion is based on preliminary unaudited financial information released on February 21. References to "2011" and "2012" are to the years ended December 31, 2011 and December 2012, respectively.

Swiss Re reported annual net income attributable to its common shareholders of $4.2 billion in 2012, compared to net income attributable to common shareholders of $2.6 billion in 2011. This increase was attributable to a strong underlying performance together with prior-year reserve releases and significant realized gains on investments.

Reinsurance Business Unit results

The following table sets forth details of key items for 2011 and 2012, based on the Swiss Re Group's preliminary unaudited results, for the Property & Casualty Reinsurance segment and the Life & Health Reinsurance segment, which are the principal operating segments of the SRZ Group.

	Year ended December 31, 2011	2012	Change in %
	($ in millions, except ratios)		
Property & Casualty Reinsurance			
Premiums earned	10,135	12,329	22
Total revenue	12,026	14,134	18
Claims and claims adjustment expenses	7,381	6,306	(15)
Total expenses	10,702	10,058	(6)
Net income attributable to common shareholders	1,099	2,990	n.a.
Combined ratio in %	104.0	80.7	
Return on equity in % (annualized)[1]	11.0	26.7	
Life & Health Reinsurance			
Premiums earned and fee income from policyholders	8,404	9,122	9
Total revenue	11,103	11,272	2
Life and health benefits	6,280	6,787	8
Total expenses	9,354	10,264	10
Net income attributable to common shareholders	1,664	739	(56)
Benefit ratio in %	74.5	75.5	
Return on equity in % (annualized) [1]	21.2	8.9	

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

Property & Casualty Reinsurance

Premiums earned. Premiums earned by our Property & Casualty Reinsurance segment increased $2.2 billion, or 22%, from $10.1 billion in 2011 to $12.3 billion in 2012. This increase was due to large capital relief quota shares with large clients in Asia and Europe, successful renewals in 2012 following the extraordinary natural catastrophe experience of 2011, and continued premium earnings from large transactions written in 2011.

Net income attributable to common shareholders. Net income attributable to common shareholders for our Property & Casualty Reinsurance segment increased $1.9 billion from $1.1 billion in 2011 to $3.0 billion in 2012. This increase was due to strong underwriting performance, reflected in significant premium growth and continued very strong underlying margins. Both years benefited from favorable prior accident years development. Natural catastrophe experience for 2012 was within expectations, while 2011 was heavily impacted by the large Asian natural catastrophe events.

Combined ratio. The combined ratio for the Property & Casualty Reinsurance segment improved to 80.7% in 2012 from 104.0% in 2011, benefitting from the benign natural catastrophe experience in 2012 compared to the prior period. The net impact from natural catastrophes on the 2012 combined ratio was 1.3 percentage points below the expected level of 9.4 percentage points. In 2011, natural catastrophe experience was approximately 24 percentage points higher than expected. Both periods benefited from better than expected development of prior accident years, amounting to an 8.1 percentage point improvement for the 2012 combined ratio, compared to approximately 11 percentage points in 2011.

Return on equity. The return on equity for 2012 was 26.7%, compared to 11.0% in 2011. The improvement was mainly due to the lower impact from natural catastrophes in 2012 compared to 2011.

Life & Health Reinsurance

Premiums earned and fee income. Life & Health Reinsurance premiums earned and fee income increased $0.7 billion, or 9%, from $8.4 billion in 2011 to $9.1 billion in 2012. This increase was primarily due to increased health premiums as a result of business growth in Europe and Asia, new longevity transactions, and higher rates related to the Americas business.

Net income attributable to common shareholders. Net income for our Life & Health Reinsurance segment decreased $0.9 billion, or 56%, from $1.7 billion for 2011 to $0.8 billion for 2012. This decrease was primarily due to lower investment income driven by significantly lower realized gains on investments and lower yields, a continuation of the negative performance of business written in the United States prior to 2004, tax benefits realized in 2011 not repeated in 2012, and higher administrative expenses.

Benefit ratio. The benefit ratio increased slightly to 75.5% in 2012 compared to 74.5% in 2011, mainly due to higher claims and continued lapses from the pre-2004 U.S. business.

Return on equity. The return on equity was 8.9% in 2012, compared to 21.2% in 2011. The high return on equity in the prior year was primarily due to exceptionally high realized gains on government bonds and foreign currency movements.

See also "General Information – Information on Business Outlook for the SRZ Group."

Terms of the Loan Notes

Terms defined in the Conditions and used in this summary but not defined in this summary have the meanings set forth in the Conditions. This summary should be read together with the full Conditions set forth in "Terms and Conditions of the Loan Notes."

Issuer	Swiss Reinsurance Company Ltd.
Loan Notes...	$750,000,000 6.375% Subordinated Contingent Write-off Loan Notes with a scheduled maturity in 2024.
Status of the Loan Notes..........................	The Issuer's obligations under the Loan Notes constitute unsecured and subordinated obligations ranking junior to the Issuer's obligations under the Senior Securities, *pari passu* among themselves and with the Issuer's obligations under the Parity Securities, and senior to the Issuer's obligations under the Junior Securities.

In the event of the liquidation, dissolution, insolvency or other proceeding for the avoidance of insolvency of, or against, the Issuer, the claims of the Loan Noteholders in respect of the Loan Notes will be subordinated to the claims of all holders of Senior Securities, so that in any such event no amounts shall be payable in respect of the Loan Notes until the claims of all holders of Senior Securities shall have first been satisfied in full.

Where:

"**Junior Securities**" means all classes of share capital of the Issuer, all future obligations expressed to rank junior to the Loan Notes and, for so long as they are outstanding, the obligations under the subordinated guarantee issued by the Issuer in relation to the 6.854% perpetual subordinated step-up preferred securities issued by Swiss Re Capital I LP, and under the 5.252% perpetual subordinated step-up loan notes issued by the Issuer, the 7.635% perpetual subordinated step-up preferred securities issued by the Issuer, the AUD450,000,000 floating rate perpetual subordinated step-up loan notes issued by the Issuer, the 6.3024% perpetual subordinated step-up loan notes issued by the Issuer, the 7.25% perpetual subordinated notes with stock settlement issued by the Issuer and the 8.25% perpetual subordinated capital instruments with stock settlement issued by the Issuer.

"**Parity Securities**" means any securities or other relevant obligations, ranking or expressed to rank *pari passu* with the Loan Notes including a guarantee or support (or any similar) agreement issued or entered into by the Issuer which ranks or is expressed to rank *pari passu* with the Loan Notes and, for so long as they are outstanding, the €500,000,000 subordinated fixed-to-floating rate callable loan notes with a scheduled maturity in 2042 issued by the Issuer.

"**Senior Securities**" means

(i) any securities or other relevant obligations, except those ranking or expressed to rank junior to or *pari passu* with the

Loan Notes, including a guarantee or support (or any similar) agreement issued or entered into by the Issuer which ranks or is expressed to rank junior to or *pari passu* with the Loan Notes; and

(ii) for the avoidance of doubt but without limitation, obligations in respect of policies of insurance or reinsurance, trade accounts payable, any liability for income, franchise, real estate or other taxes owed or owing to unsubordinated creditors.

Form of the Loan Notes	The Loan Notes initially will be represented by a single definitive certificate in registered form.
Aggregate Principal Amount of the Loan Notes and Denomination	$750,000,000, consisting of Loan Notes in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof.
Issue Price	99.405%.
Issue Date	On or about March 12, 2013 (the "**Issue Date**").
Redemption at Maturity	Unless previously redeemed or purchased and cancelled in accordance with the Conditions and subject to no Contingent Write-off Notice (for definition, see "Contingent Write-off" below) having been given, the Issuer will redeem the Loan Notes at their principal amount, together with any accrued but unpaid interest up to (but excluding) the Final Maturity Date and any Deferred Interest (as defined in the Conditions) outstanding, on the Final Maturity Date.

Where:

"**Final Maturity Date**" means

(i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Scheduled Maturity Date; or

(ii) if, on or prior to the Scheduled Maturity Date, a Solvency Event (as defined in the Conditions) has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and FINMA has not given its Consent (as defined below) to the redemption of the Loan Notes, the 30th Business Day immediately following the day on which the Solvency Event has lapsed and FINMA has given its Consent to the redemption of the Loan Notes.

"**Scheduled Maturity Date**" means September 1, 2024.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in Zurich, Switzerland and, in the case of Conditions 3 and 5 only, New York City, settle payments and are open for general business (including

	dealing in foreign exchange and foreign currency deposits).
Issuer Call	The Issuer may redeem the Loan Notes, in whole but not in part, at their principal amount, together with any accrued and unpaid interest, if any, and any outstanding Deferred Interest as of the date on which the Loan Notes are redeemed (but excluding such date), on September 1, 2019 (the "**Optional Redemption Date**"). In any case, the Issuer may redeem the Loan Notes only if (a) no Solvency Event has occurred that is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), (b) if FINMA has given such consent, approval or non-objection (if any) as is required under the relevant rules and regulations of FINMA ("**Consent**") and (c) no Contingent Write-off Notice has been given, all as more fully described in the Conditions.
Early Redemption Events	The Issuer may also redeem the Loan Notes, in whole but not in part, upon the occurrence of a Par Redemption Event, subject to certain conditions being met, including that no Contingent Write-off Notice has been given, no Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and FINMA has given its Consent. A "**Par Redemption Event**" means a redemption by the Issuer of the Loan Notes at their principal amount, together with any accrued and unpaid interest, if any, and any outstanding Deferred Interest as of the date on which the Loan Notes are redeemed (but excluding such date) at any time after the issue of the Loan Notes, following a Special Tax Event or a Recalculation of Interest Event that is continuing, or a Regulatory Event. Where: "**Special Tax Event**" means that an opinion of a recognized independent tax counsel has been delivered to the Issuer stating that, (a) due to a change in law, ruling or interpretation, the Issuer is, or there is more than an insubstantial risk that the Issuer will be, no longer able to obtain a tax deduction for the purposes of Swiss corporation tax for any payment of interest on the Loan Notes or (b) the Issuer has, or may have, amounts withheld with respect to it pursuant to FATCA Provisions and, in each case, this cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate. "**FATCA Provisions**" means Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") ("**FATCA**"), any successor provision to FATCA, any current or future regulations or official interpretations of FATCA, any agreement entered into pursuant to Section 1471(b) of the Code, any intergovernmental agreement between the United States and another jurisdiction (including any agreement with Switzerland) to improve tax compliance and to implement FATCA (an "**IGA**") or any legislation, rules or practices implementing an IGA.

"**Recalculation of Interest Event**" means that an opinion of a recognized independent tax counsel has been delivered to the Issuer confirming (i) the occurrence of a Recalculation of Interest (as defined in the Conditions) or (ii) that the Issuer is required pursuant to the Conditions to pay Additional Amounts (as defined in the Conditions) in respect of the Loan Notes and this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

"**Regulatory Event**" means the occurrence of any of the following events, which occurrence cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate:

(i) prior to the implementation of Future Regulations, FINMA notifies the Issuer or otherwise states that the Loan Notes are not, or will no longer be, eligible to qualify as lower additional capital ("*unteres ergänzendes Kapital*") pursuant to art. 49 in connection with art. 39 SPICO, and no longer, or will no longer, fulfill the requirements for such category, or equivalent thereof, for group or solo solvency purposes (other than through the Loan Notes exceeding the then applicable quantitative limits on such capital issuance); or

(ii) FINMA issues further guidance under art. 39 of the SPICO or in any Future Regulations in relation to qualifying instruments for group or solo solvency purposes (by way of law, ordinance, regulation or a published interpretation thereof), and following which FINMA notifies the Issuer or otherwise states that the Loan Notes do not, or will not, fulfill the requirements of at least Tier 2 Capital in the context of such Future Regulations; or

(iii) FINMA issues further guidance in relation to qualifying instruments for group or solo solvency purposes (by way of law, ordinance, regulation or a published interpretation thereof), and FINMA affords the Loan Notes recognition as at least Tier 2 Capital for group or solo solvency purposes, and at a subsequent time FINMA notifies the Issuer or otherwise states that the Loan Notes no longer, or will no longer, fulfill the requirements of at least Tier 2 Capital in the context of such Future Regulations.

Where:

"**Future Regulations**" means solvency margins, regulatory capital or capital adequacy regulations as the same may be introduced in Switzerland from time to time which are applicable to the Issuer and which set out the requirements for financial instruments to satisfy in order to qualify for eligible inclusion in the definition of Tier 1 Capital or Tier 2 Capital.

"**Tier 1 Capital**" means all items classified as tier one capital ("*Kernkapital*") of the Issuer as defined in the rules and regulations of FINMA.

	"**Tier 2 Capital**" means all items classified as tier two capital ("*Ergänzendes Kapital*") of the Issuer as defined in the rules and regulations of FINMA, at the time of issuance comprising upper additional capital ("*oberes ergänzendes Kapital*") and lower additional capital ("*unteres ergänzendes Kapital*"). "**SPICO**" means the Ordinance on the Supervision of Private Insurance Companies *(Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen – AVO)* of 9 November 2005, as amended.
Interest	Subject to the interest deferral provisions described below, the Loan Notes will bear interest at: (i) a fixed rate of 6.375% per annum (the "**Initial Rate of Interest**") from (and including) the Issue Date until (but excluding) the Optional Redemption Date (the "**Initial Period**"); and (ii) the Reset Rate of Interest for each Interest Period after the Initial Period. Where: "**Interest Period**" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date. "**Interest Payment Date**" means September 1 in each year from (and including) September 1, 2013. "**Reset Rate of Interest**" means the 5-year Mid-Swap Rate (as defined in the Conditions) determined by the Agent Bank in accordance with Condition 3 plus the Margin. "**Margin**" means 5.210%.
Interest Payment Date..............................	Subject to the interest deferral provisions described below, interest will be payable annually in arrear (save for the short first coupon) on each September 1. The amount of interest per $1,000 in principal amount of each Loan Note (the "**Calculation Amount**") payable on each Interest Payment Date in relation to an Interest Period falling in the Initial Period (other than the Interest Period from and including the Issue Date to but excluding September 1, 2013) will be $63.75. The first interest payment for the period from (and including) the Issue Date to (but excluding) September 1, 2013 and amounting to $29.93 per Calculation Amount will be made on September 1, 2013.
Recalculation of Interest..........................	If a tax deduction or withholding (collectively, a "**Tax Deduction**") is required by law to be made by the Issuer in respect of any Interest Amount payable in respect of the Loan Notes and should paragraph (a) of Condition 7 (or, in the event of a substitution, paragraph (d) of Condition 10 read with paragraph (a) of Condition 7) be unlawful

for any reason, the applicable interest rate in relation to the Interest Amounts payable for the Interest Period ending on the relevant Interest Payment Date will, subject to the exceptions in paragraph (b) of Condition 7 (or, in the event of a substitution, paragraph (d) of Condition 10 read with paragraph (b) of Condition 7 (except for paragraphs b(x) and b(xi) of Condition 7)), be the interest rate which would have otherwise been payable for the Interest Period ending on the relevant Interest Payment Date divided by 1 minus the rate (as a fraction of l) at which the relevant Tax Deduction is required to be made and the Issuer will (i) be obliged to pay the relevant Interest Amount on that Interest Payment Date at the adjusted rate in accordance with Condition 3.3 and (ii) make the Tax Deduction on the recalculated Interest Amount.

Where:

"**Interest Amount**" means, with respect to any Interest Payment Date, the amount of interest which would be payable on the aggregate principal amount of the Loan Notes outstanding on such Interest Payment Date (but excluding such date) and includes a Reset Interest Amount (as defined in the Conditions).

Interest Accrual.......................................

The Loan Notes shall cease to bear interest from and including (i) the day on which they become due for redemption in accordance with the Conditions or (ii) if earlier, the Contingent Write-off Date (as defined below). If the Issuer fails to redeem the Loan Notes when due in accordance with the Conditions, interest shall continue to accrue (both before and after judgment) on their outstanding principal amount beyond the due date up to (but excluding) the day of the actual redemption of the Loan Notes at the applicable Rate of Interest.

Where:

"**Rate of Interest**" means:

(i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or

(ii) in the case of each Interest Period thereafter, the Reset Rate of Interest.

Optional Deferral Trigger........................

Save to the extent that a Required Deferral Event (as defined below) has occurred, the Issuer may, with respect to any Interest Payment Date, elect in its sole discretion to defer all or a portion of the payments of interest which accrued during the Interest Period to (but excluding) such Interest Payment Date (such deferred interest constituting "**Optionally Deferred Interest**") if during the six months preceding the Reference Date:

(i) no dividend, other distribution or payment was declared or made in respect of any class of share capital of SRL or any Junior Securities (except (x) dividends, other distributions or payments made between or among the Issuer and its subsidiaries or (y) where such payment was required under the

terms of those Junior Securities);

(ii) provided this condition on optional deferral of interest does not cause the Loan Notes to become Non-Compliant Securities, (A) no dividend, other distribution or payment was declared or made in respect of any Parity Securities (except where such payment was required under the terms of those Parity Securities) and (B) no repurchase or acquisition of any Parity Securities has been made by the Group either directly or indirectly; and

(iii) no repurchase or acquisition of any class of share capital of SRL (except where such repurchase or acquisition is made in respect of any share-based compensation plan or where such repurchase or acquisition is made by the Group on the open market in the ordinary course of its routine capital management) or any Junior Securities has been made by the Group, either directly or indirectly.

Where:

"**Non-Compliant Securities**" means securities which, after the implementation of any Future Regulations, would no longer be eligible for regulatory capital treatment as at least Tier 2 Capital.

"**Group**" means SRL and its consolidated subsidiaries.

"**Reference Date**" means the 10th Business Day preceding the relevant Interest Payment Date or redemption date, as the case may be.

Required Deferral Event ....

The Issuer will be required to defer payment of (i) any Interest Amount or Solvency Shortfall, as applicable, if, in respect of an Interest Payment Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or would occur as a result of such payment unless FINMA authorizes the relevant payment notwithstanding the occurrence and/or continuation of a Solvency Event or that a Solvency Event would occur as a result of such payment, or (ii) any Interest Amount or Solvency Shortfall, as applicable, or other amount notified to the Issuer, and/or SRL, where FINMA has required such deferral (collectively referred to herein as a "**Required Deferral Event**").

If on an Interest Payment Date a Solvency Event (i) has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or (ii) would occur as a result of payment of the relevant Interest Amount, the Issuer will be required, save as stated above, to defer payment of that Interest Amount; provided that in the case of (ii), the Issuer will only be required to defer the Solvency Shortfall.

Solvency Event

A Solvency Event shall have occurred if:

(i) the Issuer does not have appropriate funds to cover 100% of the Required Minimum Solvency Margin, or the amount of such funds would, as a result of a full or partial interest payment or redemption payment, respectively, that would otherwise be due on an Interest Payment Date or date of redemption, respectively, be or become less than 100% of the Required Minimum Solvency Margin, all as shown in the most recent FINMA Submission; or

(ii) the Issuer is unable to pay its debts owed to its Senior Creditors as they fall due; or

(iii) the Issuer's Assets do not exceed the Issuer's Liabilities (other than liabilities to persons who are not Senior Creditors),

as determined, for the purposes of Condition 3 only, up to the end of the Reference Date.

Where:

"**Assets**" means the Issuer's unconsolidated total assets, as shown in the latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, if a liquidation procedure has been instigated, by the liquidator.

"**Liabilities**" means the Issuer's unconsolidated total liabilities, as shown in the latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer, or if a liquidation procedure has been initiated, by the liquidator.

"**Senior Creditors**" means creditors in respect of Senior Securities.

"**Solvency Shortfall**" means the portion of the Interest Amount that, if paid, would cause a Solvency Event to occur or be continuing.

"**Required Minimum Solvency Margin**" means the required minimum solvency margin (or a comparable term in case of a change in applicable rules) in accordance with the provisions of mandatorily applicable regulatory capital requirements (including but not limited to Swiss reinsurance regulatory law (for single solvency purposes) or a generally recognized administrative practice, if any, of FINMA or otherwise, mandatorily applicable at that time).

"**FINMA Submission**" means the submission by SRZ to FINMA of a solvency report of SRZ.

Deferred Interest Payments......................

Any amount of deferred interest following a Required Deferral Event together with any Optionally Deferred Interest are referred to herein as "**Deferred Interest**" and will not themselves bear interest.

The Issuer is entitled to pay Deferred Interest (in whole or in part) at any time on giving 10 Business Days' notice to the Loan Noteholders, which notice will specify the amount of Deferred Interest to be paid and the date fixed for such payment (the "**Optional Deferred Interest Payment Date**") provided that (A) no Solvency Event has previously occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that

the Solvency Event has been cured) and (B) FINMA has given its Consent. Upon such notice being given, the amount of Deferred Interest specified therein will become due and payable, and the Issuer will be obliged to pay such amount of Deferred Interest on the specified Optional Deferred Interest Payment Date, provided that no Solvency Event has occurred or would occur due to the payment of the Deferred Interest on or prior to the Optional Deferred Interest Payment Date and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) on the Optional Deferred Interest Payment Date.

Deferred Interest shall become due and payable (in whole but not in part) on the first to occur of the following dates:

(i) the next Compulsory Interest Payment Date; or

(ii) the Contingent Write-off Date; or

(iii) the calendar day which is the due date for redemption of the Loan Notes; or

(iv) the calendar day on which an order is made for the winding-up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganization or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

Where:

"**Compulsory Interest Payment Date**" means any Interest Payment Date on which (i) the Issuer does not elect to, or is not permitted to, defer payment of interest pursuant to Condition 3.4(b) and (ii) no Required Deferral Event has occurred or is continuing.

Contingent Write-off ....

Except where a notice of redemption has been delivered in accordance with Conditions 4.2 or 4.3, if a Trigger Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Trigger Event has been or will shortly be cured) the Issuer shall, not later than the 15th Business Day after the date of the FINMA Submission that reports the Trigger Event,

(i) give a Contingent Write-off Notice to the Loan Noteholders in accordance with Condition 13 and

(ii) deliver to the Agent a certificate signed by two duly authorised officers of the Issuer to the effect that a Trigger Event has occurred.

If the Issuer has validly given a Contingent Write-off Notice to the Loan Noteholders in accordance with Condition 13 and the related certification, then, on the date specified in the Contingent Write-off Notice, which date shall be no later than the fifth Business Day after the date of the Contingent Write-off Notice (the "**Contingent Write-off Date**"):

(i) the Issuer will pay any accrued but unpaid interest on the Loan

Notes up to (but excluding) the Contingent Write-off Date, and any Deferred Interest outstanding, on the Contingent Write-off Date;

(ii) except as described in paragraph (i) above, all rights of any Loan Noteholder for payment of any amounts under or in respect of the Loan Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an event described in Condition 11) will become null and void, irrespective of whether such amounts have become due and payable prior to the date of the delivery of a Contingent Write-off Notice;

(iii) the Loan Noteholders will automatically be deemed irrevocably to waive their right to receive, and will no longer have any rights or claims against the Issuer with respect to, repayment of the aggregate principal amount of the Loan Notes written off pursuant to paragraph (iv) below; and

(iv) the full principal amount of each Loan Note will automatically be permanently written down to zero, the Loan Notes (subject to paragraph (i) above) will be cancelled and all references to the principal amount of the Loan Notes in the Conditions will be construed accordingly.

The events described in paragraphs (i) to (iv) above are referred to as a "**Contingent Write-off**".

Where:

"**Contingent Write-off Notice**" means a notice given by the Issuer to the Loan Noteholders (i) stating that (x) a Trigger Event has occurred and is continuing, (y) a Contingent Write-off will take place and (ii) specifying the Contingent Write-off Date.

A "**Trigger Event**" will be deemed to have occurred if SRZ does not have appropriate funds to cover 125% of the Required Minimum Solvency Margin as shown in the most recent FINMA Submission.

Substitution... The Issuer (or any previous substitute of the Issuer under Condition 10) may, without the consent of the Loan Noteholders, and provided that no Special Tax Event, Recalculation of Interest Event, Trigger Event or Regulatory Event would be triggered by such substitution, be substituted in respect of all rights and obligations arising under or in connection with the Loan Notes by any company all of whose shares carrying voting rights are directly or indirectly held by the Issuer (the "**New Issuer**"), provided that:

(i) SRZ has issued its irrevocable and unconditional subordinated guarantee as per article 111 of the Swiss Federal Code of Obligations in respect of the obligations of the New Issuer under the Loan Notes which guarantee ranks, on a winding up of the Issuer, *pari passu* with the obligations of the Issuer under the Loan Notes; and

(ii) if the New Issuer is a company resident for tax purposes in a New Residence, certain other requirements set forth in the

Conditions are also met.

Where:

"**New Residence**" means a jurisdiction other than Switzerland where a company is resident for tax purposes.

In addition, any substitution is subject to (a) if required, the Issuer giving prior written notice to, and receiving no objection from, FINMA, (b) the Issuer having confirmed with the relevant rating agencies that the proposed substitution will not give rise to a negative change in any published rating of the Loan Notes in effect at such time and (c) certification being provided by two duly authorized officers of the Issuer that the foregoing conditions precedent have been complied with.

In the event of a substitution, any reference in the Conditions (other than Condition 4, with respect to a Solvency Event, and Condition 6) to the Issuer shall be a reference to the New Issuer and if the New Issuer is resident for tax purposes in a New Residence, any reference to Switzerland shall be a reference to the New Residence.

Enforcement ....

(i) If default is made in the payment of any principal or interest due and payable in respect of the Loan Notes and such default continues for a period of (a) in the case of principal, 10 days after the due date for the same and (b) in the case of interest, 30 days after the due date for the same, each Loan Noteholder may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding up of the Issuer in Switzerland (but not elsewhere) but may take no further action in respect of such default.

(ii) If, otherwise than for the purposes of a reconstruction, amalgamation, merger or other similar transaction on terms previously approved in writing by an Extraordinary Resolution of the Loan Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer in Switzerland (but not elsewhere), each Loan Noteholder may, subject as provided below, at its discretion, give notice to the Issuer that such Loan Note is, and it shall accordingly thereby forthwith become, immediately due and repayable at its principal amount, plus accrued but unpaid interest and any Deferred Interest outstanding.

(iii) No remedy against the Issuer, other than as referred to in Condition 11, shall be available to Loan Noteholders to enforce any payment obligation in respect of the Loan Notes.

(iv) Without prejudice to paragraphs (i) and (ii) above, each Loan Noteholder may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Loan Notes (other than any payment obligation in respect of the Loan Notes), provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it pursuant to the Conditions or any damages.

	Where:
	"**Extraordinary Resolution**" means a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement (as defined in the Conditions) by a majority of at least 75% of the votes cast.
Governing Law..	The Agency Agreement and the Loan Notes (except for the subordination provisions, which are governed by the laws of Switzerland) and any non-contractual obligations arising out of or in connection with the Agency Agreement and the Loan Notes are governed by, and shall be construed in accordance with, English law.

Risk Factors

An investment in the Loan Notes involves risks. You should carefully consider the following risk factors and the other information in this Information Memorandum before making an investment decision. Any of the risk factors could impact our business, financial conditions or operating results. The market prices of the Loan Notes could decline if one or more of these risks and uncertainties develop into actual events. You may lose all or part of your investment.

This Information Memorandum also contains forward-looking statements that involve risks and uncertainties that could cause our actual results or outcomes to differ materially from those expressed in any such forward-looking statements, as a result of any factor or combination of factors, including but not limited to the risks we face as described below and elsewhere in this Information Memorandum. For more information about forward-looking statements see "Cautionary Note on Forward-Looking Statements."

Risks Relating to the Global Financial Markets and Current Economic Conditions

Our business, financial condition and results of operations could be adversely impacted by further deterioration in global financial markets and economic conditions.

During 2012, there was further deterioration in bank funding markets, depressed volumes of capital markets activity overall, higher yields on sovereign debt of Greece, Portugal, Ireland, Italy and Spain and significant capital outflows from banks in certain euro area countries. It remains unclear whether European Union leaders will be able to deliver on proposals agreed to in June 2012 (around the creation of a banking union and recapitalization of banks through direct equity injections) and whether those proposed steps, together with the initiatives announced by the European Central Bank in early September 2012, will be sufficient to adequately address the sovereign debt crisis. At the same time, there remains continued need for structural reforms in a number of economies and lack of consensus over the virtue and efficacy of austerity-led versus growth-led reforms.

An exit of one or more countries from the European Economic and Monetary Union (the "**EMU**") or the dissolution of the EMU cannot be ruled out. Were this to occur, it could lead to redenomination of obligations of obligors in exiting countries. Any such exit and redenomination would cause significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and lead to complex, lengthy litigation. The resulting uncertainty and market stress could also cause, among other things, severe disruption to the equity and debt markets, significant increases in bond yields generally, potential failure or default of financial institutions, a significant decrease in global liquidity, a freeze-up of global credit markets and worldwide recession. In addition, exit and redenomination could be accompanied by imposition of capital, exchange and similar controls, which could further negatively impact our businesses and our earnings. Given the highly interconnected nature of the financial system within the euro area and the high levels of exposure we have to counterparties around Europe generally, our ability to plan for such a contingency in a manner that would reduce our exposure to non-material levels is likely to be limited.

These developments in turn could have an adverse impact on our investment results, particularly because the management of sovereign risk exposure remains challenging given the low interest rate environment and continued uncertain outlook. These developments could also have an adverse effect on our ability to access the capital markets and the bank funding market, the ability of counterparties to meet their obligations to us and the short-term outlook for the life insurance industry. Continued adverse market conditions yielding poor investment results likely will place greater pressure on rate increases and improving underwriting results to achieve better overall returns.

It is difficult to predict what the impact would be on us, from a general business or financial reporting perspective, or from a capital or liquidity perspective, were one or more countries to exit from the EMU, were the EMU to be dissolved, were austerity or stimulus measures adopted by governments in response to budget deficits and adverse economic conditions to be unsuccessful or counterproductive, were there to be further adverse developments by reason of the occurrence, or threat, of write-downs of, or defaults or other credit events relating to, the sovereign debt of one or more countries, were conditions in the financial markets to deteriorate further, or were there to be further adverse developments affecting economies, financial systems or markets. The foregoing developments could have material adverse effects on our industry and on us.

Risks Relating to our Reinsurance Operations

Our reserves may not adequately cover future claims and benefits.

Our results depend in large part upon the extent to which actual claims experience is consistent with the assumptions that we use in setting the prices for our products and in establishing our reserves, and we face risks that our reserves may prove to be inadequate to cover our actual claims and benefits experience.

We maintain reserves in our Property & Casualty Reinsurance lines to cover our estimated ultimate liability for claims and claim adjustment expenses for reported and unreported claims incurred as of the end of each accounting period. We also maintain reserves for future policy benefits for our Life & Health Reinsurance lines. Reserves do not represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement of claims. These estimates are based on actuarial and statistical projections of facts and circumstances known at a given time and estimates of trends in claims severity and other variable factors, including new bases of liability and general economic conditions. The process of estimating reserves and future policy benefits involves a high degree of judgment and is subject to a number of variables. These variables can be affected by both internal and external events, such as changes in claims handling procedures, economic inflation, foreign currency movements, legal trends and legislative changes, among others. The impact of many of these items on ultimate costs for claims is difficult to estimate.

Changes in trends or other variable factors underlying our reserve estimates could result in claims in excess of reserves. For example, our assumptions concerning future claims cost inflation could prove to be too low, resulting in higher claims. For some types of claims, most significantly asbestos-related, environmental pollution and health hazard claims and certain liability claims, it has been necessary, and may over time continue to be necessary, to revise estimated potential claims exposure and, therefore, the related claims reserves. Consequently, actual claims, benefits and related expenses paid may differ from estimates reflected in the reserves in our consolidated financial statements. Premium levels in our Life & Health Reinsurance business are often guaranteed for the life of a contract, which could be 30 years or more. If premium levels prove to be inadequate, we would make provision for the shortfall for the remaining lifetime of the contract. In addition, morbidity benefits are often payable over many years and there is uncertainty involved in estimating the number of years over which benefits will be paid. In general, mortality and morbidity-related products give rise to risks if mortality or morbidity increases above assumed levels, while longevity products give rise to risks if mortality decreases below assumed levels.

Additional claims may emerge, including claims arising from changes in the legal and regulatory environment, the type or magnitude of which we cannot foresee. Additional claims could also arise from changes in general economic conditions (which in the current environment may be more pronounced) that impact companies whose obligations are backed by credit insurance or reinsurance or financial guarantees. In particular, the values of the life-related benefits under certain products and life contracts, most notably variable annuity ("**VA**") business, are tied to financial market values. These contracts have specific guarantees. As markets fall, the value of these guarantees increase, and, while we hedge part of this risk, there is a significant risk that market fluctuations could have a negative financial impact. As part of our de-risking activities, we discontinued writing new VA business and have an extensive hedging program covering our existing VA business.

There can be no assurance that going forward we will not experience adverse development. To the extent reserves (after giving effect to the adverse loss development reinsurance agreement ("**ADC**") with a subsidiary of Berkshire Hathaway, Inc. ("**Berkshire Hathaway**"), National Indemnity Company ("**National Indemnity**")), are insufficient to cover actual claims, claim adjustment expenses or future policy benefits, we would have to add to these reserves and incur a charge to our earnings. In addition, as a result of the post-credit crisis reforms, there may be regulatory and/or legislative changes that impact our required reserve levels that we cannot anticipate and that may render our reserves insufficient. These insufficiencies in reserves could have a material adverse effect on our financial condition, results of operations and cash flow.

Catastrophic events expose us to the risk of unexpected large losses.

A catastrophic event or multiple catastrophic events may cause unexpected large losses and could have a material adverse effect on our financial condition, results of operations and cash flow. Catastrophic events, such as hurricanes, windstorms, floods, earthquakes, acts of terrorism, man-made disasters such as explosions, industrial accidents and fires, and pandemics, are inherently unpredictable in terms of both their frequency and

severity. We have generally believed, and continue to believe, that one or more catastrophic events that produce significant losses eventually will occur and there can be no assurances that our efforts to protect ourselves against catastrophic losses, such as the diversification of business written, the use of selective underwriting practices, the use of quantitative models, prudent reserving, the monitoring of risk accumulations and risk protection arrangements, will prove to be adequate.

The ultimate impact of a catastrophic event or multiple catastrophic events on our financial condition, results of operations and cash flow is difficult to predict and will be affected by a number of factors, including: the frequency of loss events; the severity of each event; the total amount of insured exposure in the area affected by each event; changes in the value of the insured property; the effects of inflation; and the extent of unemployment and other economic conditions caused by each event. Moreover, we may from time to time issue preliminary estimates of the impact of catastrophic events that, because of uncertainties in estimating certain losses, need to be updated as more information becomes available, which updates may be significantly higher.

We set forth below some of our more significant catastrophe exposures.

***Natural catastrophes*.** Generally, over the past decade, insured losses for catastrophes have shown a rising trend, due principally to weather-related catastrophes. The increasing concentration of economic activities and people living and working in areas exposed to natural catastrophes has resulted in increased exposure and complexity. Increasing insurance penetration and higher property values has further compounded our exposure. The occurrence of high severity events in recent years such as the earthquake in China in 2008, the floods in Australia and Thailand in 2010 and 2011, the earthquakes in New Zealand and Japan in 2010 and 2011, respectively, and Hurricane Sandy in the United States in 2012 are an integral part of our business, and providing cover for these natural catastrophes will remain fundamental to our value proposition.

2012. According to Swiss Re's preliminary estimates, natural catastrophes led to over 11,000 lives lost and approximately $60 billion in insured claims for 2012. 2012 was dominated by large, weather-related losses in the United States, with the top five insured loss events all occurring in the United States. After a benign first half of the year, Hurricane Sandy and drought in the United States in the second half of 2012 are expected to result in total economic losses from disasters of at least $140 billion. While the aggregate losses were moderate compared to 2011, they are above the average of the last 10 years. Hurricane Sandy is the largest Atlantic hurricane on record in terms of wind span, and the record storm surge caused widespread flooding and damage in the Caribbean, the Bahamas and to a densely populated area on the east coast of the United States. It also led to the worst power outage caused by a natural catastrophe in the history of the United States. Swiss Re estimates that total insured losses due to the impact of Hurricane Sandy will be in the range of $20-25 billion. However, current estimates of total insured loss are subject to a high degree of uncertainty, as it is still too soon to estimate the final overall damage. In addition, extremely dry weather conditions and limited snowfall led to one of the worst droughts in the United States in recent decades. Drought-related agricultural losses are likely to reach approximately $11 billion, including pay-outs from federal assistance programs.

2011. The year 2011 ranked as the second costliest year for insured losses from catastrophes (behind the record $123 billion in insured losses experienced in 2005). Industry claims from natural catastrophes alone reached $110 billion for 2011. Total economic losses (insured and uninsured losses) for 2011 totaled $370 billion (up from $226 billion in 2010), with insured losses lower in absolute and relative terms in 2011 as Japan and Thailand were both underinsured in respect of the earthquake, tsunami and floods economic losses, respectively. The Japan earthquake was the most expensive earthquake on record, costing the insurance industry an estimated $35 billion, while the New Zealand earthquake was the third most expensive in history, costing the insurance industry $12 billion. The cost of floods has more than doubled in the last 10 years, and floods now rival earthquakes and hurricanes in terms of economic losses. Insurance claims from the Thailand floods, for example, are estimated to be the highest ever for a river water flood event at $12 billion, of which our claims cost was estimated, at September 30, 2012, at $744 million, net of retrocession and before tax. In addition, while there were fewer hurricanes in the United States in 2011, two severe tornado outbreaks in the United States caused over $14 billion in claims and losses of more than 400 lives, and Hurricane Irene cost the industry more than $5 billion in property damage.

In general, as the recent extreme experience shows, there can be no assurance as to the volume and scope of high severity events in any particular year. In addition, changing climate has created additional uncertainty as to the future trends of, and exposure to, natural catastrophes in certain parts of the world.

The possible effects of natural catastrophes are compounded by the correlation between climate change and severe storms, floods and drought as well as adverse agricultural yields. The effects of global warming and climate change cannot be predicted and are likely to aggravate potential loss scenarios, risk modeling and financial performance. Furthermore, climate change could lead to severe weather events spreading to parts of the world that have not previously experienced extreme weather conditions.

Man-made disasters and terrorism. Complex technology intersecting with increased population density, infrastructure and higher rates of utilization of natural resources increase the likelihood and the magnitude of catastrophic man-made events. Man-made disasters involving chemical, biological or nuclear hazards in particular bear high potential for losses. Due to the uncertainty of the occurrence and the level of loss of man-made disasters, unexpected large losses could have a material adverse effect on our financial condition, results of operations and cash flow.

In addition, to man-made disasters caused by accident or negligence, we continue to face risks related to terrorist acts or other criminal acts on a significant scale (including acts intended to cause maximum strain on financial and other critical infrastructures, which given reliance on digital technology, could be triggered by cyber threats). Our exposure to terrorism and similar acts arises from all lines of business to varying degrees. While we have established some basic limit frameworks and use quantitative modeling, there can be no assurances that our efforts to mitigate the impact of terrorism or similar acts will be successful.

Extreme mortality and morbidity. We have significant exposure to mortality and morbidity risk through our Life & Health reinsurance business covers. Consequently an influenza pandemic is a material risk as it has the potential to impact all markets across the world. In the past one hundred years, there have been three influenza pandemics, with greatly varying mortality rates, typically among the more vulnerable and concentrated in the very young and old. We believe that a pandemic has the potential to affect a significant percentage of the world's population, causing a high level of sickness and an increase in mortality. The worst of these three pandemics caused an estimated 20-50 million deaths in 1918-1919.

Systemic disruption. Rare, but potentially disastrous, risks have the potential to cause major systemic disruptions due to the interconnectedness of risks in a globalized economy reflecting the response of markets to natural catastrophes, terrorist attacks and the like and the challenges to mitigate them. The potential impact of these global risks will be a function of the extent to which mitigation strategies, emergency plans and education of risk awareness can be implemented on a systemic, global basis. There can be no assurance that such strategies can be effectively implemented.

The effects of emerging claim and coverage issues on our business are uncertain.

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either requiring us to extend coverage beyond our underwriting intent or by increasing the number or size of claims. Examples of emerging claims and coverage issues include:

- adverse changes in loss trends;
- judicial expansion of policy coverage and the impact of new theories of liability;
- legislative or judicial action that affects policy coverage or pricing (such as the decision of the European Court of Justice removing the exemption for use of gender as a risk factor for insurance contracts);
- a growing trend of plaintiffs targeting property and casualty insurers in purported class action litigation relating to claims-handling and other practices;
- claims in respect of directors' and officers' coverage, professional indemnity and other liability covers;
- climate change-related litigation;
- trends to establish stricter building standards, which could lead to higher industry losses for earthquake cover based on higher replacement values;
- contingent business interruption exposure, where failure to understand an entire chain of production could give rise to unexpected claims affecting, for example, perils in high-growth markets where manufacturing and production facilities are expanding;

- “wider area” damage claims in the context of business interruption, involving, for example, damage to infrastructure surrounding insured facilities and claims relating to constraints on the ability to supply, or transport goods from, such facilities;
- casualty claims in the context of property covers;
- trends toward arbitration, and away from, mediation; and
- lack of transparency or certainty in interpretations of applicable laws and regulations (including, for example, contract interpretation) in new markets that we may enter.

The effects of these and other unforeseen emerging claim and coverage issues are extremely hard to predict, but could increase in either or both number and magnitude, and therefore could harm our business and have a material adverse effect on our financial condition, results of operations and cash flow.

Cyclicality of the reinsurance industry has caused, and can be expected to continue to cause, fluctuations in our results.

The supply of reinsurance is related to prevailing prices, the level of insured losses and the level of industry surplus, which may fluctuate in response to changes in premium rates and rates of return on investments being earned in the reinsurance industry. As a result, the reinsurance business has historically been cyclical, particularly the property and casualty market, which is characterized by periods of intense competition on price and policy terms due to excessive underwriting capacity as well as periods when shortages of capacity permit favorable premium rates and policy terms and conditions. Typically no two cycles are the same.

Historically, operating results of reinsurers have fluctuated significantly because of volatile and sometimes unpredictable developments, many of which are beyond the direct control of reinsurers. These developments include:

- changes in general economic conditions and the political environment;
- price competition;
- frequency of occurrence and/or severity of catastrophic events;
- capital markets volatility;
- changes in underwriting capacity;
- increased funding costs due to market illiquidity;
- decreased demand for reinsurance products and services and lower revenues as a result of an economic downturn; and
- reduced earnings because of the inability or unwillingness of counterparties to perform their obligations.

We expect to continue to experience the effects of this cyclicality, including changes in premium rates, which could have a material adverse effect on our results of operations. The two principal segments of our business – Life & Health Reinsurance and Property & Casualty Reinsurance – in effect operate in their own cycles. The effects of this cyclicality can also be exacerbated by changes in business mix within the two segments. The casualty market is currently viewed as still in a “soft” cycle, with certain improvements due to prior year positive development rather than current results and more moderate premium growth than expected, and life and health, while continuing to recover from the effects of the financial crisis, remains on a trajectory of low growth for 2012.

We are impacted by changes in the insurance industry that affect ceding companies.

Some of our ceding company clients now have greater market capitalizations than we and our reinsurance company peers. Among other effects of changes affecting the primary market, ceding companies are retaining an increasing portion of their business, relying less on reinsurance to mitigate their risk exposure and rationalizing reinsurance procurement policies (particularly for recurring (“flow”) business obtained in the open market) through central purchasing platforms. Excess capital available to ceding companies, combined with excess supply of and competition within the reinsurance sector, limits our ability to increase premium rates. In addition, ceding companies are demonstrating, in respect of their reinsurers, a greater sensitivity to counterparty risk, particularly in the property and casualty market, and are limiting where possible that risk through concentration limitations, which in turn may impact our shares of various markets. While Solvency II overall is expected to lead to increased demand for reinsurance, its introduction and effectiveness dates, which were expected to be in June 2013 and January 2014, respectively, could be delayed to as late as 2016.

Competitive conditions in the reinsurance industry could impact our results.

Competition in the types of reinsurance we provide is based on many factors, including the overall financial strength of the reinsurer, expertise, local presence, reputation, experience and qualifications of employees, client relationships, geographic scope of business, products and services offered, premiums charged, contract terms and conditions and speed of claims payment.

We compete for reinsurance business in the U.S. reinsurance market, the European (particularly, the U.K.) reinsurance markets and other international reinsurance markets (particularly Australia) with numerous reinsurance and insurance companies, some of which also have substantial financial resources and are highly rated. Opportunities in high-growth markets have led to increased competitive pressures in such markets from international players, and we also compete with state-owned reinsurers in three of these markets, Brazil, India and China. We also face competition in our efforts to offer risk transfer products to the capital markets, as other market participants also are developing and offering insurance-linked securities ("**ILS**") and derivatives and other non-traditional risk transfer mechanisms and vehicles. The increasing role of brokers, particularly in the property and casualty sector, also can have an impact on competition. Finally, the need for capacity to cover peak natural catastrophe risks (principally U.S. hurricanes) continues to grow and, in this connection, in addition to reinsurance, ILS and derivative cover from traditional participants, we could face potential competition from new capacity, such as the investment of significant pools of capital available to hedge funds and other investment vehicles in natural catastrophe insurance/reinsurance platforms.

The nature of the competition we face may be affected by disruption and deterioration in global financial markets and economic downturns, as well as by governmental responses thereto. Government intervention might result in capital or other support for our competitors. Furthermore, competition in the reinsurance industry may be indirectly impacted by regulatory capital requirements in Europe as primary insurance companies look for ways to relieve their capital requirements – for example with structured reinsurance. The reinsurance sector could also be impacted if the new capital requirements being imposed on banks will result in the divestiture of their insurance operations. We cannot predict whether different competitors could emerge from the financial crisis or whether current competitors could improve their position relative to us as a result of their eligibility for government support or other intervention.

The occurrence of future risks that our risk management procedures fail to identify or anticipate could have a material adverse effect on our business, financial condition, results of operations and liquidity.

We continually review our risk management policies and procedures and will continue to do so in the future. Many of our methods of managing risk and exposures are based upon observed historical market behavior and statistic-based historical models. As a result, these methods may not predict future exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on the evaluation of information regarding markets, clients, catastrophe occurrence, or other matters that are publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated. Our risk management methods reflect certain assumptions about the degrees of correlation or lack thereof among prices of various asset classes or other market indicators. In times of market turmoil or other unforeseen circumstances, similar to those that occurred during 2008 and 2009, previously uncorrelated indicators may become correlated, or previously correlated indicators may move in different directions. These types of market movements may limit the effectiveness of our risk management methods.

Failure (or the perception that we have failed) to develop, implement, monitor and when necessary preemptively upgrade, to address evolving risks, our risk management policies and procedures could, at the very least, give rise to reputational issues and have an adverse impact on our ratings (to the extent that any future unexpected loss does not fit within our stated tolerance for risk or is not considered by the rating agencies to be manageable compared to underlying earnings). Risks that we fail to anticipate, and/or adequately address, could have a material adverse effect on our business model, financial condition, results of operations and liquidity.

We depend on the policies, procedures and expertise of ceding companies; these companies may fail to accurately assess the risks they underwrite, which may lead us to inaccurately assess the risks we assume.

The success of our reinsurance underwriting efforts depends, in part, on the policies, procedures and expertise of the ceding companies making the original underwriting decisions. We may not have adequate visibility as to the assumptions, modeling and other techniques that ceding companies use and such assumptions, modeling and other techniques may not prove beneficial to us. For example, in new markets that we may enter,

we may be relying on local ceding companies' understanding and assessment of concentration risks and the impact of contingent business interruptions. The floods in Thailand highlighted the potential effect of poor flood hazard data, leading to unexpectedly high exposure accumulations and to unexpected exposure to industries in the international supply chain, leading overall to unexpected losses. If ceding companies fail to accurately assess the risks they underwrite, we may inaccurately assess the risks we reinsure and the premiums that are ceded to us may not adequately compensate us.

Incorrect pricing assumptions can impact our underwriting results.

Underwriting is a matter of judgment, involving important assumptions about matters that are inherently unpredictable and beyond our control and for which historical experience and statistical analysis may not provide sufficient guidance. If we fail to accurately assess the risks we underwrite, we may inaccurately assess the risks we reinsure and the premiums that we receive may not adequately compensate us. Adverse development can be experienced for significant periods of time. For example, our results continue to be adversely affected by negative performance of post-level term business written on a co-insurance basis in the Americas prior to 2004 due to higher than expected lapses and mortality, which causes negative reserves to be released. While we are undertaking a review of our in-force Life & Health business, in part in response to adverse development of the post-level term business and to better assess our options in respect of this business, we may continue to be adversely affected by this adverse development for some significant period, and could in the future be subject to significant adverse development in other lines as well.

Certain changes in accounting or financial reporting standards, or changes in the interpretation of standards, in respect of fair value accounting or impairments, could have a material effect on our reported financial results.

We prepare our consolidated financial statements in accordance with U.S. GAAP. Accounting standards are complex, continually evolving and potentially subject to differing interpretations by relevant authoritative bodies. New accounting pronouncements, as well as new interpretations of existing accounting pronouncements, may have material adverse effects on our reported results of operations and financial condition.

As part of a general convergence process with International Financial Reporting Standards ("**IFRS**"), the Financial Accounting Standards Board, which is the standard setter for U.S. GAAP, and other accounting standard setters have been considering a variety of changes to accounting standards, and we cannot predict what future changes will be adopted or how they will affect us. In addition, we can provide no assurance that any regulatory authorities that oversee our business will not take issue with conclusions that we may reach with respect to accounting matters. Changes in accounting standards could impact future reported results or require restatement of past reported results.

We are subject to risks relating to the preparation of estimates and assumptions that management uses in our risk models as well as those that affect the reported amounts in our financial statements.

We are subject to risks relating to the preparation of estimates and assumptions that management uses, for example, as part of our risk models as well as those that affect the reported amounts of assets, liabilities, revenues and expenses in our financial statements, including assumed and ceded business. For example, we estimate premiums pending receipt of actual data from ceding companies, which actual data could deviate from the estimates. We could be adversely affected, for example, if premiums turn out to be lower, while claims stay the same. In addition, particularly with respect to large natural catastrophes, it may be difficult to estimate losses, and preliminary estimates may be subject to a high degree of uncertainty and change as new information becomes available.

Moreover, deterioration in market conditions could have an adverse impact on the assumptions we have made for financial reporting, which in turn could affect possible impairment of present value of future profits, fair value of assets and liabilities, deferred acquisitions costs or goodwill. For example, in evaluating available-for-sale securities for other-than-temporary impairment, we undertake a quantitative and qualitative process, which is subject to risks and uncertainties and is intended to determine whether a credit or non-credit impairment should be recognized in current period earnings or in other comprehensive income. These risks and uncertainties include changes in economic conditions, the financial condition of the issuer, changes in interest rates or credit spreads, and future recovery prospects. For securitized financial assets with cash flows, we must estimate the cash flows over the life of the asset. We also consider a range of other factors about the issuer in

evaluating the cause for decline in estimated fair value and prospects for recovery. To do so, we must make significant assumptions and estimates, and these subjective determinations could materially impact our results.

Operations in high-growth markets can expose us to risks that we are less likely to face in developed markets.

Operations in high-growth markets may be more volatile than operations in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. High-growth markets may not have well developed regulatory and legal systems and disclosure standards may be less stringent than those of developed markets. Such less-developed legal and regulatory systems can have adverse consequences on our operations in those countries, including, among others, the risks relating to the absence of a statutory or regulatory basis or guidance for engaging in specific types of business or transactions, or the inconsistent application or interpretation of existing laws and regulations; uncertainty as to the enforceability of contractual obligations; difficulty in competing in economies in which the government controls or protects all or a portion of the local economy or specific businesses, or where corruption may be pervasive; and the threat of arbitrary regulatory investigations, civil litigations or criminal prosecutions. Conducting business in such countries often requires us to devote significant additional resources to understanding, and monitoring changes in, local laws and regulations, as well as structuring our operations to comply with local laws and regulations and implementing and administering related internal policies and procedures.

A failure in our operational systems or infrastructure, or those of third parties, could disrupt our businesses.

Our businesses are dependent on our ability to process and monitor multiple client relationships, contacts, agreements and transactions, many of which are highly complex, across numerous and diverse markets in many currencies. Our agreements and transactions with our clients typically will be tailored to client-specific requirements and preferences, as well as legal and regulatory standards. As our client base and our geographical reach is global and ever expanding, developing and maintaining our operational systems and infrastructure is an ongoing challenge. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as increased transaction volume, adversely affecting our ability to process these transactions or provide these services. We update these systems to support our operations and growth and to respond to changes in regulations and markets. This updating can create risks associated with implementing new systems and integrating them with existing ones. Any failure, termination or constraint in respect of our systems could adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our businesses or result in financial loss or liability to our clients, impairment of our liquidity, disruption of our businesses, regulatory intervention or reputational damage.

Despite the resiliency plans and facilities we have in place, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which we are located. This may include a disruption involving electrical, communications, internet, transportation or other services used by us or third parties with which we conduct business. These disruptions may occur as a result of events that affect only our buildings or the buildings of such third parties or, as a result of events with a broader impact globally, regionally or in the cities where those buildings are located. Notwithstanding our efforts to maintain business continuity, depending on the intensity and longevity of the event, a catastrophic event impacting any of our area offices could negatively impact our business. If a disruption occurs in one location and our employees in that location are unable to occupy our offices or communicate with or travel to other locations, our ability to service and interact with our clients may suffer, and we may not be able to successfully implement contingency plans that depend on communication or travel.

We have outsourced credit and securitized portfolios to a variety of asset management companies and are dependent on their systems and controls in respect of the portfolios they manage for us.

Cyber-attacks directed at our computer systems or networks could disrupt our businesses, result in the disclosure of confidential information, damage our reputation and cause losses.

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorized access (from within our organization or by third parties), computer viruses or other malicious code and other cyber threats that could have a security impact. If one or more of such events occur, this potentially

could jeopardize our or our clients' confidential and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our clients' or third parties' operations, which could result in significant losses or reputational damage.

We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us. Furthermore, we routinely transmit and receive personal, confidential and proprietary information by email and other electronic means. We have discussed and worked with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities, but we do not have, and may be unable to put in place, secure capabilities with all of our clients, vendors, service providers, counterparties and other third parties and we may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a client, vendor, service provider, counterparty or other third party could result in legal liability, regulatory action and reputational harm.

We may have difficulty in executing acquisitions, which could have a material adverse effect on our business, financial condition and results of operations.

The Swiss Re Group has in the past, and may in the future, engage in discussions with third parties regarding possible acquisitions, which discussions may or may not result in acquisition transactions, and to the extent they do, could involve operations that would be integrated as part of the SRZ Group.

There are significant risks and uncertainties associated with acquisitions. Acquisitions present a range of risks, including the risk that integration difficulties or a significant decline in asset valuations or cash flows may cause us not to realize expected benefits from the transactions, which may affect our results, including adversely impacting the carrying value of the acquisition premium or goodwill. Difficulties in integrating acquired operations could have an adverse effect on us for an undetermined period after consummation of an acquisition. In particular, acquisitions may result in business disruptions that cause us to lose customers or cause customers to move their business to competing institutions. It is possible that the integration process related to acquisitions could result in the disruption of our ongoing businesses or inconsistencies in standards, controls, procedures and policies that could adversely affect our ability to maintain relationships with clients and other counterparties. The loss of key employees in connection with an acquisition could adversely affect our ability to successfully conduct our business.

Failure to maintain the value of the Swiss Re brand could harm our global competitive advantage, results of operations and strategy.

One of the most valuable assets of the Swiss Re Group is the "Swiss Re" brand. Swiss Re's ability to continue to leverage its global footprint, and thus maintain one of our (and our affiliates') key competitive advantages, depends on the continued strength and recognition of the Swiss Re brand, including in high-growth markets, as competition intensifies. The Swiss Re brand could be harmed if its public image or reputation were to be tarnished by negative publicity, whether or not true, about Swiss Re or the financial services industry in general, or by a negative perception of Swiss Re's short-term or long-term financial prospects. Maintaining, promoting and positioning the Swiss Re brand will depend largely on our ability, as well as the ability of the other members of the Swiss Re Group, to provide consistent, high-quality products and services to Swiss Re clients around the world. Failure to maintain the Swiss Re brand could adversely affect our competitive advantage, results of operations and strategy.

Market Risks

We are exposed to significant financial and capital markets risks, including changes in interest rates, credit spreads, equity prices and foreign exchange rates, which may adversely impact our financial condition, results of operations, cash flow, liquidity and capital position.

As a global reinsurance company, our business is materially affected by conditions in the financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. Market volatility continued during 2011 and 2012, triggered in large part by concerns over the sovereign debt of Greece, Ireland, Spain, Portugal and Italy and the impact of the sovereign debt crises more broadly on the euro and the economies of EU member states, concerns over the general pace of economic recovery and concerns

over political stalemates. Capital markets have also suffered, as have corporate bond spreads reflecting elevated risks of default, and it is unclear when markets might stabilize. Long-term credit ratings of various countries in the eurozone and banks have been downgraded, and continued widespread dissatisfaction with the results of austerity measures and concerns over the level of rescue efforts in various eurozone countries have added to market volatility.

Our exposure to interest rate risk is primarily related to the market price and cash flow variability associated with changes in interest rates. Our exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. With respect to equity prices, we are exposed to changes in the level and volatility of equity prices, as well as the value of securities or instruments that derive their value from a particular equity security, a basket of equity securities or a stock index. Our exposure to foreign exchange risk arises from exposures to changes in spot prices, forward prices and volatilities of currency rates.

These risks can have a significant effect on our investment returns and market values of securities positions, which in turn affects both our results of operations and financial condition. Investment income is an important part of our overall profitability, particularly during periods when underwriting results come under pressure, and, in addition to premiums from our reinsurance operations, represents a principal source of income. Fluctuations in the fixed income or equity markets have had, and could continue to have, an adverse effect on our financial condition, results of operations and cash flow. Our investment returns are also susceptible to changes in general economic conditions, including changes that impact the general creditworthiness of the issuers of debt securities held in our portfolio or the value of equity securities held in our portfolio, and to changes that impact the value of structured products.

Fluctuations in interest rates may affect our future returns on fixed income investments, as well as the market values of, and corresponding levels of capital gains or losses on, the fixed income securities in our investment portfolio. Interest rates typically are subject to factors beyond our control such as governmental monetary and fiscal policies, global economic conditions and many other factors, all of which have been exacerbated by the financial crisis and its aftermath. Generally, an increase in interest rates would increase the net unrealized loss position of our fixed income portfolio, offset by the ability to earn higher rates of return on funds invested. Conversely, a decline in interest rates would decrease the net unrealized loss position, offset by lower rates of return on funds invested. Given current levels of interest rates, we are likely to be subject to the significant potential effects of rising rates.

Widening of credit spreads or other events that adversely affect the issuers or guarantors of fixed income securities we hold could cause the value of our fixed income portfolio and our net income to decline and the default rate of the fixed income securities in our investment portfolio to increase. A ratings downgrade affecting issuers or guarantors of particular securities, or similar trends that could worsen the credit quality of issuers, could also have a similar effect. In addition, losses may also occur due to the volatility in credit spreads.

We are subject to equity price risk to the extent that the values of life-related benefits under certain products and life contracts, most notably guaranteed minimum life benefit VA business, are tied to financial market values, including equity prices. To the extent market values fall, the financial exposure on guarantees related to these contracts would increase, to the extent our exposure is not hedged. While we have an extensive hedging program covering existing VA business, certain risks cannot be hedged, including basis risk and correlation risk. We also have exposure to alternative investments, such as private equity, real estate and hedge fund investments. Market volatility has impacted both the level of net investment income from these types of investments and our ability to dispose of such investments on favorable terms or at all, and we may continue to experience reduced net investment income due to continued volatility affecting these pools of capital. Moreover, due to the normal delay in the preparation and receipt of financial information from underlying investments, results for late last year may only be reported to us this year.

If significant, market volatility, changes in interest rates, changes in credit spreads and defaults, a lack of pricing transparency, market liquidity, declines in equity prices, and foreign currency movements, alone or in combination, could have a material adverse effect on our results of operations, financial condition or cash flows through realized losses, impairments or changes in unrealized positions.

Volatility in the capital markets also impacts costs of hedging, and lower asset values reduce shareholder's equity. Also, adverse conditions in the credit markets and related developments can have an adverse impact on the ability of market participants, including ourselves and our counterparties, to value credit

default swaps and other credit-related instruments. Differences in opinion as to valuations could result in legal disputes with counterparties as to our and their respective obligations, the outcomes of which are difficult to predict and could be material.

Moreover, low interest rates over the past three years and uncertainties around future inflation expectations continue to pose significant challenges to the insurance and reinsurance industries, with earnings capacity under stress unless investment returns can be offset by lower combined ratios. Economic weakness, fiscal tightening and monetary policies are keeping government yields low, which impacts investment yields and affects the profitability of life savings products with interest rate guarantees.

Our efforts to manage asset risk in our investment portfolio may not be fully successful and may nonetheless expose us to the risk of mismatch between our assets and our liabilities.

We are focused on asset-liability management ("**ALM**") for our investment portfolio, but pursuing even this strategy has its risks, including a possible mismatch between investments and liability benchmarks. In addition, although we will seek to price our new business consistent with investment returns tied to our liability benchmark, our existing business, particularly the more long-tailed Life & Health Reinsurance business, was priced using historical parameters. As interest rates have dropped significantly, we may be unable to successfully match, or come close to, such historical parameters going forward. Further, unanticipated changes in the correlation between the various factors that we use to manage our investment portfolio may impact its performance.

We also seek to manage the risks inherent in our investment portfolio by repositioning our portfolio from time to time, as needed, and to reduce risk and fluctuations through the use of hedges and other risk management tools.

Our ability to manage exposures may be limited by adverse changes in the liquidity of a security or the related hedge instrument and in the correlation of price movements between the two. Sudden declines and volatility make it more difficult to hedge, or to sell or value, assets. The inability to effectively hedge or sell assets reduces our ability to limit losses in such positions. In addition, in the case of private equity investments, hedge fund investments and other securities that are not freely tradeable or lack an established and liquid trading market, it may not be possible, or economical, to hedge such exposures. There can be no assurance that our efforts to reduce our exposure to sudden and adverse price movements will be successful, and failure to do so could have a material adverse effect on our financial condition, results of operations and liquidity. Moreover, we may be successful in establishing hedges, but the hedges may be ineffective or may greatly reduce our ability to profit from increases in the values of the underlying securities. In addition, our approach to ALM, and the related level of de-risking, may be more cautious than other market participants, and while this approach may be more beneficial while markets remain volatile, were markets to stabilize, our performance relative to such other market participants may be worse.

Liquidity Risks

We could be subject to unexpected needs for liquidity, which need could be exacerbated by market conditions.

Our business requires, and our clients expect, that we have sufficient capital and sufficient liquidity to meet our reinsurance obligations, and that this would continue to be the case following the occurrence of any event or series of events, including extreme catastrophes, that would trigger our insurance or reinsurance coverage obligations. In addition to premiums from our reinsurance operations, our principal sources of liquidity are our investments, as well as the funds we raise from time to time through the issuance of securities, incurrence of debt (including short-term and long-term debt), the issuance of hybrid securities and ordinary course sales or pledges of assets (including through repurchase agreements, securitizations and collateralized loans).

Our uses of funds include our obligations arising in our reinsurance business (including claims and other payments as well as insurance provision repayments due to portfolio transfers, securitizations and commutations), which may include large and unpredictable claims (including catastrophe claims), funding of capital requirements and operating costs, payment of principal and interest on outstanding indebtedness and funding of acquisitions. We also enter into contracts or trading arrangements that could give rise to significant short-term funding obligations and, in connection with our trading operations, we could be subject to unexpected calls to deliver collateral or unwind trading positions at a net cost to us. We have unfunded capital

commitments in our private equity and hedge fund investments, which could result in funding obligations at a time when we are subject to liquidity constraints. We also have potential collateral requirements in connection with a number of our reinsurance arrangements, the amounts of which may be material and the meeting of which could require us to liquidate cash equivalents or other securities.

Our liquidity and funding needs are managed at a Swiss Re Group level, with allocations and other decisions being made across the group. Liquidity and funding risks are managed with a principal focus on the liquidity stress that is likely to result from extreme capital markets scenarios or from extreme loss events, or combinations of the two. Generally, our ability to meet liquidity needs could be adversely impacted by factors that we cannot control, such as market dislocations or interruptions, adverse economic conditions, severe disruption in the financial and worldwide credit markets and the related increased constraints on the availability of credit, changes in interest rates and credit spreads, and foreign currency movements, or by perceptions among market participants of the extent of our liquidity needs. We also anticipate the overall availability of bank financing might contract as a consequence of the implementation of the stricter regulatory capital requirements for banks.

Market conditions can impact liquidity needs in a variety of ways. For example, our need for liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements or collateral calls under derivative contracts could be triggered by a deterioration in our financial strength or the perception by counterparties that we may be subject to such deterioration. Similarly, contingent collateral requirements could be tied to ratings or our ability to meet certain regulatory capital tests. Obligations under derivative instruments to maintain high quality collateral could trigger funding requirements were the collateral we maintain to be downgraded or otherwise impaired. Certain of our debt underlying structured transactions may be due on demand, and payment undertaking agreements may be accelerated on ratings downgrades or unwinds of the related structured transaction. Market conditions could also trigger changes in collateral requirements under securities lending arrangements. Any of the foregoing could be material.

The availability and cost of collateral, including letters of credit, could adversely affect our operations and financial condition.

In connection with our reinsurance obligations, we may be, or may become, subject to requirements to post collateral, which amounts could be material and, furthermore, requirements to post collateral could require us to liquidate cash equivalents or other securities to fund collateral requirements. For example, in order to reduce the effects of regulatory reserves and capital that ceding companies are required to maintain in certain jurisdictions, ceding companies retrocede business to affiliated and unaffiliated entities. In connection with such retrocessions, the affiliated or unaffiliated reinsurer must provide an equal amount of collateral. Such collateral may be provided in the forms of letters of credit or through the placement of assets in trust. We may be required to provide collateral as part of these types of retrocession arrangements for the benefit of unaffiliated ceding companies or for the benefit of affiliated entities, and a significant part of our reinsurance collateral requirements are currently being met through bank letters of credit obtained through multi-bank and bilateral letter of credit facilities. These letters of credit are irrevocable and unconditional, and could be drawn upon by ceding company beneficiaries, triggering a reimbursement obligation on our part to the issuer or issuers of such letters of credit.

Our credit facilities place various constraints on us, and our use of credit facilities, particularly letter of credit facilities, subjects us to various risks.

Our funding arrangements, including our letter of credit facilities, contain covenants that could place constraints on our ability to undertake various activities or transactions. Any failure to comply with such covenants or covenants in other debt instruments could result in a default. A default could lead to acceleration of the underlying obligations, trigger collateralization requirements (in the case of letter of credit facilities supporting reinsurance-related obligations) and/or trigger cross-defaults in other credit facilities or debt instruments. The need to refinance or replace these facilities on less favorable terms could adversely affect our business and our financial condition.

Our access to funds from bank counterparties and commitments of banks to issue letters of credit could be adversely impacted if one or more bank counterparties were to face liquidity or other credit-related issues. The continued effectiveness of letters of credit could be adversely impacted if the issuing banks were to face resolution. Moreover, failure of a bank to satisfy minimum criteria (such as inclusion on the “Bank List” of the

National Association of Insurance Commissioners) could require us to find replacement issuers of letters of credit. We might not be able to replace issuers on favorable terms on a timely basis or otherwise.

Our access to funding could be limited, particularly in distressed market conditions.

Should we require liquidity at a time when access to bank funding markets and the capital markets is limited, we may not be able to secure new sources of liquidity. Our ability to meet liquidity needs through asset sales may be constrained by market conditions and the related stress on valuations. Our ability to meet liquidity needs through the incurrence of debt may be limited by constraints on the general availability of credit and willingness of lenders to lend, in the case of bank funding, and adverse market conditions, in the case of capital markets debt. Failure to meet covenants in lending arrangements could give rise to collateral-posting or defaults, and further constrain access to liquidity. Finally, any adverse ratings action against us could trigger a need for further liquidity (for example, by triggering termination provisions or collateral delivery requirements in contracts to which we are a party) at a time when our ability to obtain liquidity from external sources is limited by such ratings action.

We may be unable to access internal sources of liquidity.

Our ability to meet liquidity needs may be further constrained by regulations that require our regulated entities to maintain or increase regulatory capital (on a statutory equity basis) (see "– Legal, Tax and Regulatory Risks") or that restrict the flow of intra-group funds, the timing of dividend payments from subsidiaries or the fact that certain assets may be encumbered or otherwise non-tradeable. If we are designated as systemically important (see "– Legal, Tax and Regulatory Risks"), applicable regulations could become more onerous. We may have adequate capital on a consolidated group basis, but a need for liquidity (cash or liquid assets that can be converted to cash, to meet financial obligations) could arise in a particular legal entity and our ability to access group liquidity for that entity may be limited by legal, tax or regulatory constraints on the flow of intra-group funds.

Counterparty Risks

Our business, profitability and liquidity may be adversely affected by the deterioration in the creditworthiness of, or defaults by, third parties that owe us money, securities or other assets.

Our general exposure to counterparty risk was heightened during the financial crisis, and this risk could still be exacerbated to the extent defaults, or concerns about possible defaults, by certain market participants trigger more systemic concerns about liquidity. Trading counterparties, counterparties under swaps and other derivative contracts and financial intermediaries may default on their obligations to us due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operations failure, fraud or other reasons, which could also have a material adverse effect on our financial condition and results of operations. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized upon disposal or liquidation or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due to us.

The inter-relationship among financial services institutions has increased significantly as a result of trading, clearing, counterparty and other relationships. Defaults by, or even rumors or questions about, one or more financial services institutions or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. There is no assurance that any such losses would not have a material adverse effect on our financial condition and results of operations.

Our business, profitability and liquidity may be adversely affected by the insolvency of, or other credit constraints affecting, counterparties in our reinsurance operations.

We retrocede a portion of our reinsurance risks to third parties. Where we enter into quota share or other retrocession arrangements with third parties to transfer a portion of our reinsurance risk, we remain primarily liable on the underlying obligations, and any deterioration in creditworthiness or other development that affects the ability of such third parties to perform their obligations to us would have an adverse effect on us, and that effect could be material. Any such risk would be exacerbated to the extent the risk is concentrated.

We have the ADC with National Indemnity, which covers our Property & Casualty reserves for accident years prior to and including 2008 (subject to certain exclusions). Furthermore, in January 2010, we transferred risk from a closed block of pre-2004 U.S. individual life business to Berkshire Hathaway, in a

retrocession transaction pursuant to a co-insurance agreement (the "**Co-insurance Agreement**"), and also entered into a related stop loss agreement. A deterioration in the creditworthiness of Berkshire Hathaway and/or National Indemnity could have a material adverse effect on the ability of Berkshire Hathaway or National Indemnity to satisfy its obligations to us under the ADC or the retrocession transaction.

We could also be adversely impacted by the insolvency of, or the occurrence of other credit events affecting, key ceding companies.

Risks Relating to Downgrades of Credit Ratings

A decline in the financial strength or a downgrade in the credit ratings assigned to SRZ and its businesses by various rating agencies could have a material adverse impact on us, including on our ability to write new business or borrow money.

Ratings are an important factor in establishing the competitive position of reinsurance companies. Third-party rating agencies assess and rate the financial strength of reinsurers and insurers, such as Swiss Re. These ratings are intended to measure a company's ability to repay its obligations and are based upon criteria established by the rating agencies. Ratings may be solicited or unsolicited.

The rating agencies, with whom we maintain an interactive rating relationship, continuously evaluate us to confirm that we continue to meet the criteria of the rating assigned to us. Our ratings may be revised downward or revoked at the sole discretion of the rating agencies. The financial strength ratings assigned by rating agencies to reinsurance or insurance companies are based upon factors relevant to cedents, which includes factors not entirely within our control, including factors impacting the financial services, insurance and reinsurance industries generally. Financial strength ratings by rating agencies are not ratings of securities or recommendations to buy, hold or sell any security.

SRZ and its businesses are currently rated "AA-" (stable outlook) by Standard & Poor's Financial Services LLC ("**S&P**"), "A1" (positive outlook) by Moody's Investors Service, Inc. ("**Moody's**") and "A+" (stable outlook) by A.M. Best Company ("**A.M. Best**").

These ratings reflect the current opinions of S&P, Moody's and A.M. Best, respectively. One or more of these ratings could be downgraded or withdrawn in the future. As a result of economic and financial market downturns, and in particular the impact of those conditions on our industry, rating agencies may increase the frequency of and scope of ratings reviews, revise their standards or take other actions that may negatively impact our ratings, which we cannot predict. For example, the treatment of hybrid securities is agreed upon with rating agencies on a security-by-security basis, and rating agencies may modify the treatment they accord such securities. In addition, changes to the process or methodology of issuing ratings, or the occurrence of events or developments affecting us, could make it more difficult for us to achieve improved ratings, which we would otherwise have expected. For example, S&P is in the process of finalizing its revised criteria for rating insurance companies, which it expects to publish around May 2013. The criteria, as originally proposed, include, among other things, an assessment of the business and financial risk profiles of insurance companies, and the consideration of various metrics including liquidity, fixed charge coverage and sovereign support.

The actions of rating agencies have come under close scrutiny as a result of the financial crisis, and the standards applied, as well as the procedures undertaken, by rating agencies may shift significantly as a result of regulatory action or voluntary action to avoid more severe regulatory action. We cannot predict what actions the rating agencies will take, or what actions we may need to take in response to negative ratings action.

As claims paying and financial strength ratings are a key factor in establishing the competitive position of reinsurers, a decline in ratings of the SRZ Group alone could make reinsurance provided by it less attractive to clients relative to reinsurance from its competitors with similar or stronger ratings. A decline in ratings could also cause the loss of clients who are required by either policy or regulation to purchase reinsurance only from reinsurers with certain ratings, or whose confidence in the SRZ Group is otherwise diminished. Furthermore, ratings directly impact the terms, including availability of unsecured financing (potentially impacting both our ability to roll over facilities and obtain new facilities), and any decline in our ratings or our subsidiaries' ratings could also obligate us to provide collateral or other guarantees in the course of its reinsurance business or trigger early termination of funding arrangements. Any rating downgrades could also have a material adverse effect on costs of borrowing and limit access to the capital markets. Finally, the factors that contribute to adverse ratings action, such as the concerns in respect of asset write-downs and capital position, have in the past contributed,

and could in the future contribute, to concerns generally about the risks the SRZ Group poses to ceding companies in terms of counterparty risk to them.

For a discussion of the impact of a ratings downgrade on our funding requirements, see "– Liquidity Risks – Our access to funding markets could be limited, particularly in distressed market conditions." Any of the foregoing, or a combination of the foregoing, could have a material adverse effect on our business.

Negative ratings action could impact our reinsurance contracts.

Certain larger reinsurance contracts may contain terms that would allow the ceding companies to cancel the contract for our obligations if our ratings or those of our subsidiaries are downgraded beyond a certain threshold. Whether a ceding company would exercise this cancellation right would depend, among other factors, on the reason for such downgrade, the extent of the downgrade, the prevailing market conditions and the pricing and availability of replacement reinsurance coverage. Furthermore, any downgrade of our ratings or those of our subsidiaries may dissuade a ceding company from reinsuring with us or our subsidiaries in favor of a competitor that has a higher rating. Therefore, we cannot predict the extent to which any such cancellation right would be exercised, if at all, or what effect any such cancellation would have on our financial condition or future operations. However, such effect on our financial condition and results of operations could be material.

Risks Relating to Foreign Currency Movements

Changes in foreign currency exchange rates may impact our results.

Our exposure to foreign exchange risk results from exposure to changes in spot prices, forward prices and volatility of currency rates. Effective January 1, 2010, we adopted the U.S. dollar as our reporting currency in place of the Swiss franc. Therefore, our financial condition, results of operations and cash flow have been and will continue to be affected by fluctuations in the values of other currencies (in which we transact business or in which our assets or liabilities are denominated) against the U.S. dollar, which could be material.

Legal, Tax and Regulatory Risks

Regulatory or legal changes, as well as other government or judicial action or trends, could have an adverse impact on our financial condition and results of operations.

We are subject to applicable regulation in each of the jurisdictions in which we conduct business, particularly Switzerland, the United States, the United Kingdom and Germany. Following the credit crisis, there has been a trend towards a more coordinated, centralized and stricter approach to insurance regulation in both Europe and the United States. There have also been a number of legislative initiatives, notably the introduction of risk-based prudential regimes in Switzerland (the SST), which Swiss Re is subject to as of January 2011 and in the European Union (Solvency II, whose introduction and effectiveness dates, which were expected to be in June 2013 and January 2014, respectively, could be delayed to as late as 2016). In the United States, as a possible step towards federal oversight of insurance, the U.S. Congress created, as part of the Wall Street Reform and Consumer Protection Act of 2010 (the "**Dodd-Frank Act**"), the Federal Insurance Office ("**FIO**") within the Department of Treasury. See "Regulation." In addition, provisions of the Dodd-Frank Act, as well as provisions in the proposed European Market Infrastructure Regulation and proposed changes to the Markets in Financial Instruments Directive (MiFID), in respect of derivatives could have a significant impact on us. Moreover, regulators in jurisdictions beyond those where we have core operations increasingly are playing, following the 2008 financial crisis, a far greater oversight role, requiring more localized resources, and in-spite of a predominantly local focus also raise issues of a cross-border nature.

New regulatory initiatives include, among others, further changes as to which governmental bodies regulate financial institutions, changes in the way financial institutions generally are regulated, enhanced governmental authority to take control over operations of financial institutions, changes in the way financial institutions account for transactions and securities positions, changes in disclosure obligations and changes in the way rating agencies rate the creditworthiness or financial strength of financial institutions. For example, the Swiss Federal Act of December 17, 2004 on the Supervision of Insurance Companies (Insurance Supervision Act, ISA), as amended (the "**Insurance Supervision Act**") was amended to clarify that the Swiss Financial Market Supervisory Authority FINMA may impose a moratorium or mandate deferment of payment obligations if there is a "likelihood of insolvency." This is in addition to other intervention rights in respect of regulated Swiss entities such as ourselves to protect the interests of the insured. Furthermore, the regulatory schemes and

requirements that are being proposed by various regulators around the world may be inconsistent or may conflict with each other, thereby subjecting us to higher compliance and legal costs, as well as the possibility of higher operational, capital and liquidity costs.

If changes are made to existing legislation or if new legislation is adopted or new regulations are promulgated covering our operations and other activities, they could increase the cost of doing business, reduce access to liquidity, limit the scope of permissible activities or affect the competitive balance. In addition, we could be adversely impacted by changes in interpretations by regulators of existing or new regulations or by the imposition of new requirements by regulators based on discretionary authority or otherwise. For example, in April 2012, FINMA imposed on us a notification and approval requirement in respect of incurrences of debt (excluding subordinated debt and mandatory convertible instruments from debt for such purpose) in the event certain pre-determined thresholds are exceeded.

Regulatory changes aimed at primary insurers may also have an impact on us to the extent they result in reinsurance becoming a less attractive option for ceding companies.

We cannot predict whether and, if so, which changes will be forthcoming or the effect of any such changes on our reinsurance or investment activities, financial condition, results of operations, liquidity and capital and access to funding. It is also difficult to predict whether any such changes would impact only new business or have a broader effect. For example, we typically price reinsurance, including our long tail business, on current capital requirements and any increase in capital requirements could impair that pricing, leading to lower profit. Moreover, increases in the level and scope of regulations requires greater internal resources to monitor compliance and track global developments, and can also delay the writing of new business pending compliance review. Finally, with increases in the level of business in high-growth markets, we need to allocate commensurate compliance resources to address the related risks.

We could be designated as systemically important and be subject to greater requirements as a result.

Regulatory changes are particularly likely to impact financial institutions designated as “systemically important” or “too big to fail,” which designation is expected to result in enhanced regulatory supervision and heightened capital, liquidity and diversification requirements under evolving reforms. These reforms are designed to allow regulators to deal with systemically important national and, particularly, global financial institutions without major disruptions to the financial system or taxpayer-funded bail-outs, to impose greater loss absorption capacity on the part of these institutions, to reduce the likelihood of failure and to enhance the capacity of regulators to respond through resolution authority should failure be likely.

Although primarily focused on banking institutions, some of these proposals could have direct applicability to insurance or reinsurance operations and others could have a general impact on the regulatory landscape for financial institutions, which might indirectly impact capital requirements and/or required reserve levels or have other direct or indirect effects on us.

Separately, we could be designated as a global systemically important financial institution (“**G-SIFI**”) under the framework for systemically important financial institutions being developed by the Financial Stability Board (the “**FSB**”), or as a systemically important non-bank financial company by the Financial Stability Oversight Council (the “**FSOC**”) in the United States. The International Association of Insurance Supervisors, an international body that represents insurance regulators and supervisors (the “**IAIS**”), undertook a consultation on a methodology for identifying global systemically important insurers (“**G-SIIs**”) and on a framework for supervision of internationally active insurance groups (“**IAIGs**”). We could be subject to one or both of the resulting regimes, once implemented. A key question in respect of future regulation of IAIGs is whether the focus will be on traditional insurance and reinsurance activities or only on non-traditional and non-insurance activities of IAIGs. Designations as any of the foregoing systemically important institutions could occur as early as April 2013. In particular, we believe that it is highly likely that we will be designated as a G-SII when the initial designations are issued.

As a result of any of the foregoing initiatives, we could become subject to higher capital requirements, resolution authority and additional regulatory oversight, as well as to post-event assessments to recoup the costs associated with the orderly liquidation of other systemically important institutions in the event one or more such institutions fail. See “Regulation – Global Trends.”

We may be subject to future regulatory changes that could impact the calculations and processes behind the solvency ratios that apply to us on both a group and solo basis.

We (together with the Swiss Re Group) are subject to the SST and must meet the applicable ratio under the SST as a regulatory matter. The SST can change over time and, in particular, could change in light of FINMA's stated aim to ensure that SST is equivalent to Solvency II.

Under the SST regime, we currently file reports with the FINMA twice a year (at the end of April, which contains a projection for the coming year, and at the end of October, which contains a mid-year 12 month projection). In addition, FINMA could require submission of an interim report of an SST ratio on an *ad hoc* basis at any time, which would require calculation of an SST ratio covering different periods, and Swiss Re could elect to submit interim reports on a voluntary basis. Failure to maintain an SST ratio of at least 100% would have increasingly adverse consequences for us depending on whether the ratio was between 80%-100%, between 33%-80% or below 33%. See "Regulation – Switzerland." While FINMA has a standard model for calculating the SST ratio, insurers are permitted to use their own internal models. We use our own internal model, which is subject to ongoing discussions with FINMA, and we remain subject to changes FINMA may require in our model (in conjunction with changes to its standard model or otherwise). The SRZ SST ratio is the relevant measure for both a Contingent Write-off and a Solvency Event in respect of the Loan Notes.

In the European Union, Solvency II was expected to be transposed into law in June 2013 and become binding on insurers in January 2014; however, these dates could be delayed to as late as 2016. The implementation measures that will complement the Solvency II directive are being drafted. In July 2012, the European Insurance and Occupational Pensions Authority (the "**EIOPA**") published the results of its consultation with insurance and reinsurance stakeholders on guidelines for Own Risk and Solvency Assessments ("**ORSA**") for Solvency II, as well as other draft proposals with regard to the Supervisory Reporting & Public Disclosure in the Solvency II framework. While the so-called "stabilized draft" of the ORSA guidelines is not expected to result in significant changes, there remains significant uncertainty regarding the implementation process for Solvency II. The process of testing the equivalence of SST to Solvency II has been initiated, but is not expected to be completed by the European Commission until the end of 2013. Any corresponding changes to the SST could result in additional regulatory capital requirements on an entity (solo) or group basis, and could also affect compliance with SST measures incorporated in funding arrangements.

Changes in tax legislation and other circumstances that affect tax calculations could adversely affect us.

We are subject to taxation in a number of jurisdictions. Changes in tax laws, or the interpretation of tax laws or tax regulations in jurisdictions in which we do business, or withdrawals of tax rulings in jurisdictions such as Switzerland that have issued such rulings to Swiss Re, could increase the level of taxes we pay and changes in tax laws, or the interpretation of tax laws or tax regulations in jurisdictions relevant to our clients could adversely affect the attractiveness of certain of our products for such clients. There are ongoing discussions in the European Union regarding the imposition of financial transaction tax on financial institutions transacting business in the European Union, and it is unclear whether such a tax will be imposed and, if so, what the scope of the tax could be. While such a tax might not impact insurance or reinsurance contracts, it could impact other activities conducted by us, including our investment activities. Changes in corporate tax rates can also affect the value of deferred tax assets and deferred tax liabilities, and the value of deferred tax assets could be impacted by future earnings levels as well as other factors that impact underlying assumptions. Any of the foregoing could adversely impact our net income.

Regulatory scrutiny may have an adverse impact on the industry in general and on our business, financial condition and results of operations in particular.

We operate in a highly regulated environment and are subject to regulation of our industry and as well as regulations of general applicability.

In recent years, the insurance and reinsurance industries have been the focus of increased regulatory scrutiny as regulators in a number of jurisdictions in which we operate have conducted inquiries and investigations into the products and practices of the financial services industries. In some cases, regulatory scrutiny of industry participants has led to penalties, settlements and litigation as well as calls for new regulations and reforms of certain business practices. Certain industry participants restated their financial statements to reflect reassessments of accounting for certain products and practices. Furthermore, new investigations into the financial services industry were undertaken in a number of jurisdictions as a result of

various aspects of the financial crisis. It is difficult to predict what products, practices or parties could come under future regulatory review.

In addition to increases in the level of regulatory investigations and proceedings in respect of laws, rules and regulations applicable specifically to the financial services industry, we are subject to, and there has been an increase in civil and criminal investigations and proceedings in connection with, broader business conduct rules. These include laws, rules and regulations in respect, among others, of antitrust, market abuse, bribery, money laundering and trade sanctions (also known as international trade controls). We could be subject to risks arising from alleged or actual violations of any of the foregoing.

The consequences of future investigations could include, for example, criminal or civil actions by regulators or lawsuits arising from practices under review, changes in the scope and nature of regulatory oversight of the insurance and reinsurance industries, changes to applicable accounting rules, adoption of new reporting rules, restatement of financial statements, changes to the range of products that are available and a reduction in the use of certain products, changes in the criteria used by ratings agencies and changes to practices in respect of a range of products by both providers and users of products. Investigations can also adversely impact the levels of business, and the stock prices, of industry participants or our counterparties. Any of the foregoing could adversely impact our business, financial condition and results of operations.

We are involved in legal and other proceedings from time to time, and we may face damage to our reputation or legal liability as a result.

In the ordinary course of business, we are involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine our rights and obligations under insurance, reinsurance and other contractual agreements. From time to time, we may institute, or be named as a defendant in, legal proceedings, and we may be a claimant or respondent in arbitration proceedings. These proceedings could involve coverage or other disputes with ceding companies, disputes with parties to which we transfer risk under reinsurance arrangements, disputes with other counterparties or other matters. We are also involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. We could also be subject to litigation risks arising from potential employee misconduct, including noncompliance with internal policies and procedures. See "Our Business – Governmental, Legal and Arbitration Proceedings."

We cannot predict the outcome of individual legal actions. We may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. We may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when we believe we have valid defenses to liability. We may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, we may, for similar reasons, reimburse counterparties for their losses even in situations where we do not believe that we are legally compelled to do so. The financial impact of legal risks might be considerable but may be hard or impossible to estimate and to quantify, so that amounts eventually paid may exceed the amount of reserves set aside to cover such risks. Substantial legal liability could materially adversely affect our business, financial condition or results of operations or could cause significant reputational harm, which could seriously harm our business.

Risks Relating to the Swiss Re Group Structure

We have undergone a number of structural changes in connection with the Carve-out Transactions and the asset base, liquidity position, capital profile and/or other characteristics of the SRZ Group of relevance to its counterparties have changed.

The alignment of the corporate structure of the Swiss Re Group, including the Carve-out Transactions (namely the transfer of Corporate Solutions and Admin Re® from SRZ to SRL), has had a significant impact on the SRZ Group. Most importantly, we are now a wholly owned subsidiary of SRL. We represent only two of the four operating segments of the Swiss Re Group (and while there is substantial overlap between the Reinsurance Business Unit and the SRZ Group, for certain legal reasons, our consolidated group includes certain legal entities that undertake activities of the other two Business Units and there are various inter-group retrocessions and other arrangements between the other two Business Units and ourselves). Our management team, like the management teams of the other two Business Units, is responsible for setting strategy and for our performance.

On a pro forma basis as of December 31, 2011, the Carve-out Transactions have resulted in reductions in the SRZ Group's gross premiums written, total assets, reinsurance liabilities and shareholder's equity. See "Our Business – Corporate Structure of the Swiss Re Group" and "Unaudited Pro Forma Financial Information for the SRZ Group." Moreover, our liquidity and capital profiles have changed. Capital, funding, reserve and cost allocations, which historically were allocated within the SRZ Group, are now being, and will going forward be, adjusted at the Swiss Re Group level across the four segments (Property & Casualty Reinsurance, Life & Health Reinsurance, Admin Re® and Corporate Solutions) to reflect the new structure, and these allocations will be based principally on our business plan, as measured against U.S. GAAP and Economic Value Management ("**EVM**") metrics. The process of optimizing this new structure – as between the Swiss Re Group and the Business Units – will be evolving over the coming months.

As part of the Swiss Re Group's focus on efficient capital allocation, we expect to be paying dividends to our parent company, SRL. Decisions on dividends by each of the Business Units, including ourselves, are made at the Swiss Re Group level, based on legal, capital and liquidity considerations. While we maintain a single balance sheet for determining financial strength and diversification, we have split our balance sheet for reporting purposes and allocate shareholder's equity based on underlying legal entities. During the nine months ended September 30, 2012, we paid a total of $2.6 billion in dividends to SRL, consisting of $1.1 billion ($586 million of which was from the Property & Casualty Reinsurance segment and $568 million of which was from the Life & Health Reinsurance segment) and $1.5 billion ($283 million of which was from the Property & Casualty Reinsurance segment and $1.2 billion of which was from the Life & Health Reinsurance segment), respectively.

Risks Relating to the Loan Notes

The Loan Notes contain a range of features any or all of which could prove to be materially disadvantageous to the Loan Noteholders.

An investment in the Loan Notes will involve certain increased risks. In particular:

- if a Trigger Event occurs and is continuing, the Issuer shall, subject to certain conditions, effect a Contingent Write-off at the Contingent Write-off Date, in which case Loan Noteholders will lose the entire principal amount of the Loan Notes. See "– The Loan Notes may be subject to a Contingent Write-off;"

- the Loan Notes may not, in certain circumstances, carry any right to interest and the Issuer has the right, in its absolute discretion and without assigning any reason, to defer payment of interest on the Loan Notes save in circumstances where it is required to pay interest and subject to provisions in the Conditions relating to Deferred Interest. See "– Interest payments on the Loan Notes must be deferred in certain circumstances and may be deferred at any time by the Issuer, save in certain circumstances;" and

- the Loan Notes are subordinated to Senior Securities, which means that, upon an insolvency of the Issuer, Loan Noteholders will not receive any payment on the Loan Notes unless and until the holders of Senior Securities have been repaid in full. See "– Loan Noteholders' right to receive payment on the Loan Notes is subordinated in right of payment to holders of existing and future Senior Securities."

The Loan Notes are a relatively novel form of security and may not be a suitable investment for Loan Noteholders as potential investors.

Loan Noteholders must determine the suitability of an investment in the Loan Notes in light of their own circumstances. In particular, Loan Noteholders should:

- be willing to hold their investment in the Loan Notes for the long term and not need to liquidate their investment in the short term;

- have sufficient knowledge and experience to make a meaningful evaluation of the Loan Notes and the merits and risks of investing in the Loan Notes, including without limitation an understanding of the possibility that the principal amount of the Loan Notes can be written off in full and the implications

of the deferral of interest features, as well as an understanding of the Issuer's SST ratio (see "Reporting of Solvency Margins") in light of its relevance to a Contingent Write-off and Solvency Event;

- have access to and knowledge of appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the Loan Notes and the impact that such an investment may have on their overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the potential risks of an investment in the Loan Notes;

- understand thoroughly the Conditions, such as the provisions governing a Contingent Write-off (including, in particular, under what circumstance a Trigger Event will be deemed to occur);

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect an investment in the Loan Notes and their ability to bear the applicable risks; and

- be aware that there are a variety of hybrid and contingent capital instruments being issued in the market, including both dated and undated instruments, and that there are significant differences among them as to their respective terms and conditions.

The Loan Notes may be subject to a Contingent Write-off.

Loan Noteholders will lose the entire principal amount of their investment in the Loan Notes on the occurrence of a Trigger Event, which will lead to a Contingent Write-off unless a notice of redemption has been given to Loan Noteholders in respect of a Par Redemption Event or an optional redemption or if the Trigger Event is no longer continuing (which would be the case if the Issuer issues a public statement that the Trigger Event has been or will shortly be cured).

A Contingent Write-off Notice will be irrevocable, and a Contingent Write-off will not be reversible. Upon the occurrence of a Contingent Write-off, the full principal amount of the Loan Notes will automatically be written down to zero and the Loan Notes will be cancelled. While interest that accrued prior to the Contingent Write-off will become due and payable on the Contingent Write-off Date, no further amounts in respect of principal, interest or otherwise in respect of the Loan Notes will be payable. Upon the occurrence of the Contingent Write-off, Loan Noteholders will not receive any shares of, or other participation rights in, SRZ, SRL or any other member of the Swiss Re Group and thereafter will not be entitled to any subsequent write-up or other compensation even if SRZ's solvency improves.

Following a Contingent Write-off, if any, Loan Noteholders would only have a claim in respect of accrued and unpaid interest on the Loan Notes up to (but excluding) the Contingent Write-off Date and any Deferred Interest outstanding, on the Contingent Write-off Date.

A Trigger Event will be deemed to have occurred if SRZ does not have appropriate funds to cover 125% of the Required Minimum Solvency Margin, which is defined in the Conditions as the required minimum solvency margin (or a comparable term in case of a change in applicable rules) in accordance with the provisions of mandatorily applicable regulatory capital requirements (including (but not limited to) Swiss reinsurance regulatory law (for single solvency purposes) or a generally recognized administrative practice, if any, of FINMA or otherwise, mandatorily applicable at that time), all as shown in the most recent FINMA Submission. Under current law, ordinances and regulations, the Required Minimum Solvency Margin would be based on the SST ratio. See also "Reporting of Solvency Margins."

The circumstances surrounding or triggering a Contingent Write-off are unpredictable.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, any of which may be outside of the control of SRZ. The occurrence of a Trigger Event under the Loan Notes depends, in part, on the calculation of SRZ's funds in accordance with applicable requirements and determining whether such funds are sufficient to cover 125% of the Required Minimum Solvency Margin (meaning, under current law, ordinances and regulations, whether SRZ's SST ratio is above 125%). The calculation is a function

of available and required capital based on an economic valuation of assets and liabilities with an integrated forward-looking assessment of underwriting, financial market and credit risk and, therefore, could fluctuate from FINMA Submission to FINMA Submission, and such fluctuations could be significant. The calculation could be affected by, among other things, the growth of the SRZ Group's business and its future earnings, the occurrence of significant large losses or other extreme risk scenarios in a concentrated period, dividend payments by SRZ to SRL, significant changes in interest rates or credit spreads, changes to our internal model used for calculating the SST ratio and regulatory changes (including changes to solvency margin definitions and calculations). This calculation may also be affected by changes in applicable accounting rules, which changes may have a material adverse impact on SRZ's reported financial position.

While a Solvency Event would be triggered by a decrease in the SST ratio below 100%, a Trigger Event for purposes of the Contingent Write-off would occur if the SST ratio falls below 125%. Although it would not be required to do so, SRZ may seek to take steps to avoid having its SST ratio decrease significantly or otherwise approach 125%. It may also seek to take steps, and announce an intention, to increase its SST ratio to above 125% following even a nominal decrease below that threshold. These steps may ultimately not be successful.

Because of the inherent uncertainty regarding when, if at all, a Trigger Event and, therefore a Contingent Write-off, might occur, the trading behavior of the Loan Notes may not necessarily follow the trading behavior of other types of subordinated securities, particularly if the SST ratio were to decline significantly over a short period of time or were to otherwise approach 125%. Any perception that a Trigger Event is likely to occur can be expected to have an adverse effect on the market price of the Loan Notes.

In addition, FINMA could, in the future, issue rules that authorize it to commence restructuring, liquidation or bankruptcy proceedings in respect of, or impose protective measures on, reinsurance companies that it regulates, such as ourselves, even if, at that time, a Trigger Event has not occurred. These protective measures could include trading moratoriums or maturity postponements. In a restructuring proceeding, a resolution plan could, among other things, provide for the transfer of the property of the SRZ Group or parts thereof with assets and debt as well as contracts to another entity, haircuts on obligations owed by SRZ, including its obligations under the Loan Notes and/or the conversion of SRZ's debt or other obligations, including its obligations under the Loan Notes, into equity of either SRZ or SRL. While it is expected that capital and other requirements will continue to evolve for our industry and therefore for us, it is unclear what the applicable regulatory requirements ultimately will be, how they will impact us and when changes will become effective. See "– Legal, Tax and Regulatory Risks – We could be designated as systemically important and be subject to greater requirements as a result" and "– Legal, Tax and Regulatory Risks – We may be subject to future regulatory changes that could impact the calculations and processes behind the solvency ratios that apply to us on both a group and solo basis." Any of the foregoing could increase the likelihood of a Contingent Write-off.

Legal investment considerations may restrict certain purchasers from investing in the Loan Notes.

The investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Loan Noteholders should consult their legal advisers to determine whether and to what extent the Loan Notes are legal investments for them; the Loan Notes can be used as collateral for various types of borrowing; and other restrictions apply to a purchase of the Loan Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Loan Notes under any applicable risk-based capital or similar rules.

Loan Noteholders may be required to bear the financial risks of an investment in the Loan Notes for a significant period of time.

Loan Noteholders should be aware that they may be required to bear the financial risks of an investment in the Loan Notes until their Scheduled Maturity Date, or for longer if the principal amount of the Loan Notes is not due and payable on the Scheduled Maturity Date because (a) a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and (b) we have not received FINMA's Consent. See "Terms and Conditions of the Loan Notes – Redemption."

If the payment of the principal amount of the Loan Notes is not due and payable on the Scheduled Maturity Date because of the foregoing, Loan Noteholders will only have an opportunity to receive the principal

amount and other amounts that would have been due on the Scheduled Maturity Date when the Solvency Event ceases (if applicable) or in the event of the Issuer's insolvent winding-up or administration, subject to the priority rights of the holders of Senior Securities to receive payments owed to them by us or when we have received FINMA's Consent. FINMA is not obligated to give approval for a redemption and, depending on the facts and circumstances at the time, may not give such approval. If the Loan Notes are not redeemed on the Scheduled Maturity Date due to the reasons set out above, Loan Noteholders will, subject to any required or optional deferral, continue to receive interest but will not receive any additional compensation for the postponement of the redemption.

Loan Noteholders will have no right to call, or require the Issuer to call, for the redemption of the Loan Notes. Although the Loan Notes may be redeemed in certain circumstances described below under "– The Issuer may redeem the Loan Notes under certain circumstances and such redemption might occur when the current market value of the Loan Notes and/or the prevailing interest rates are low," the Issuer may redeem the Loan Notes only if (a) no Solvency Event has occurred that is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), (b) FINMA has given Consent and (c) no Contingent Write-off Notice has been given, all as more fully described in the Conditions), and any of these circumstances may cause a delay in our payment to Loan Noteholders.

The Issuer may redeem the Loan Notes under certain circumstances and such redemption might occur when the prevailing interest rates are low.

The Issuer may redeem the Loan Notes, in whole but not in part, at its option at their principal amount together with any accrued and unpaid interest on the Optional Redemption Date.

The Loan Notes are also redeemable, in whole but not in part, at any time on the occurrence of a Par Redemption Event. A Par Redemption Event will occur if at any time after the issue of the Loan Notes, a Recalculation of Interest Event or a Special Tax Event occurs and is continuing, or a Regulatory Event occurs. A redemption upon the occurrence of a Par Redemption Event will be at the principal amount of the Loan Notes, together with any accrued and unpaid interest and any outstanding Deferred Interest. As the events discussed above could occur at any time after the Issue Date, it is possible that the Issuer would be able to redeem the Loan Notes at any time after such Issue Date. In any such case, Loan Noteholders will not receive a make-whole amount or any other compensation in light of the early redemption of the Loan Notes.

In any case, the Issuer may redeem the Loan Notes only if (a) no Solvency Event has occurred that is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), (b) if FINMA has given Consent and (c) no Contingent Write-off Notice has been given, all as more fully described in the Conditions. In determining whether or not to give its Consent to any proposed redemption FINMA will not have regard to the interests of the Loan Noteholders. If the Issuer redeems the Loan Notes in any of the circumstances mentioned above, there is a risk that the Loan Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Loan Notes or when prevailing interest rates may be relatively low, in which latter case Loan Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield.

In addition, the optional redemption feature of the Loan Notes is likely to limit their market value. During any period when the Issuer has the right to elect to redeem the Loan Notes, the market value of the Loan Notes generally will not rise substantially above the price at which they can be redeemed.

Furthermore, there is no requirement to redeem the Loan Notes or any other capital instruments of the Swiss Re Group on a pro rata basis upon the occurrence of any event giving the Issuer the right to redeem the Loan Notes prior to maturity. In particular, upon an early redemption of the Loan Notes, neither the Issuer nor any member of the Swiss Re Group will be obligated to redeem any other outstanding capital instruments. Also, upon the occurrence of any event giving the Issuer the right to redeem the Loan Notes prior to maturity, the Issuer may, instead of redeeming the Loan Notes, choose to redeem any other outstanding capital instruments if the terms of the relevant capital instruments so provide.

Interest payments on the Loan Notes must be deferred in certain circumstances and may be deferred at any time by the Issuer, save in certain circumstances.

The Issuer must, with respect to any Interest Payment Date, defer (in whole or in part) the payment of interest on the Loan Notes if (a) a Solvency Event has occurred and is continuing (as evidenced by the absence

of any public statement by the Issuer that the Solvency Event has been cured) or would occur as a result of the payment of the relevant Interest Amount (unless FINMA authorizes the relevant payment notwithstanding the occurrence and/or continuation of a Solvency Event or that a Solvency Event would occur as a result of such payment) or (b) it is required to do so by FINMA. The Issuer also may, under certain circumstances, with respect to any Interest Payment Date, elect in its sole discretion to defer, in whole or in part, the payment of interest on the Loan Notes.

If payment of interest on the Loan Notes is deferred, such payment must only be made if the requirements set out in Condition 3.4(d) relating to Deferred Interest are fulfilled. Any Deferred Interest will not itself accrue interest. While the deferral of interest payments continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Loan Notes. In such event, the Loan Noteholders are not entitled to claim immediate payment of the Deferred Interest.

See “Terms and Conditions of the Loan Notes – Interest.”

The Issuer is not subject to limits on the issuance of securities or other obligations, which may reduce the amount recoverable by Loan Noteholders in certain circumstances.

There is no restriction on the amount of securities that the Issuer or its subsidiaries may issue or guarantee that rank senior to the Loan Notes or on the amount of securities that the Issuer may issue or guarantee that rank *pari passu* with the Loan Notes. The issuance of such securities may reduce the amount recoverable by Loan Noteholders on liquidation, dissolution, insolvency or other proceeding for the avoidance of insolvency of, or against, the Issuer or may increase the likelihood that the Issuer may elect or be required to defer interest payments under the Loan Notes.

Loan Noteholders’ right to receive payment on the Loan Notes is subordinated in right of payment to holders of existing and future Senior Securities.

The Loan Notes will constitute unsecured and subordinated obligations of the Issuer. Loan Noteholders’ rights and claims are subordinate to the claims of holders of existing and future Senior Securities. In the event of the liquidation, dissolution, insolvency or other proceedings for the avoidance of insolvency of, or against, the Issuer, the claims of Loan Noteholders in respect of the Loan Notes will be subordinated to the claims of holders of existing and future Senior Securities, so that in any such event no amounts shall be payable in respect of the Loan Notes unless the claims of all holders of existing and future Senior Securities shall have first been satisfied in full. In such liquidation, dissolution, insolvency or other proceeding for the avoidance of insolvency of, or against, the Issuer, Loan Noteholders may recover proportionately less than the holders of existing and future Senior Securities or Loan Noteholders may not recover any amounts in respect of their Loan Notes. Moreover, the Loan Notes are not guaranteed by any subsidiary of the Issuer or any other person, and as a result, Loan Noteholders’ claims in respect of the Loan Notes will be structurally subordinated to the claims of creditors of the Issuer’s subsidiaries.

Investors are exposed to risks associated with fixed interest rate securities.

A holder of securities with a fixed interest rate is exposed to the risk that the price of such securities falls as a result of increasing market interest rates. While the interest rate of the Loan Notes is fixed until September 1, 2019, the interest rates in the capital markets (market interest rates) typically change on a daily basis. As the market interest rate changes, the price of the Loan Notes changes typically in the opposite direction. If the market interest rate increases, the price of the Loan Notes would typically fall and if the market interest rate falls, the price of the Loan Notes would typically increase. Therefore, Loan Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Loan Notes and can lead to losses if Loan Noteholders sell their Loan Notes during the period in which the compensation rate of the Loan Notes is fixed, i.e. prior to September 1, 2019.

The interest rate on the Loan Notes will reset on the Optional Redemption Date, which can be expected to affect the interest payment on the Loan Notes.

The Loan Notes will initially earn interest at the fixed rate of 6.375% per annum until (but excluding) the Optional Redemption Date. From (and including) the Optional Redemption Date, however, the interest rate will be reset to a rate, which will equal the sum of 5.210% and the then-prevailing 5-year Mid-Swap Rate. This reset rate could be less than the initial rate of interest.

In certain instances the Issuer could substitute or vary the terms of the Loan Notes and Loan Noteholders may be bound by certain other amendments to the Loan Notes to which they did not consent.

The Conditions contain provisions for calling meetings of Loan Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Loan Noteholders, including Loan Noteholders who do not attend and vote at the relevant meeting and Loan Noteholders who vote in a manner contrary to the majority.

Further, the Issuer and the Agent may without the consent or approval of the Loan Noteholders make such amendments to the terms of the Loan Notes as they consider necessary or desirable to give effect to certain provisions of the Conditions, including in relation to the substitution of the Issuer and such other changes that in their opinion are of a formal, minor or technical nature or made to correct a manifest or proven error, or that in their opinion are not materially prejudicial to the interests of the Loan Noteholders.

Credit ratings, if any, assigned to the Loan Notes may not reflect all risks and may be lowered.

Although the Loan Notes will not be rated initially, they may be rated by one or more rating agencies at a later date. Any such rating assigned at a later stage could be solicited by Swiss Re or unsolicited. Such ratings may not reflect the potential impact of all risks that may affect the value of the Loan Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Rating agencies may also change their methodologies for rating securities with features similar to the Loan Notes in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Loan Notes were to be subsequently lowered, this may have a negative impact on the market price of the Loan Notes.

Loan Noteholders may be subject to exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Loan Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the U.S. dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the U.S. dollar would decrease the Investor’s Currency-equivalent yield on the Loan Notes, the Investor’s Currency equivalent value of the principal payable on the Loan Notes and the Investor’s Currency equivalent market value of the Loan Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The market value of the Loan Notes may be influenced by unpredictable factors and may be volatile.

Many factors, most of which are beyond the Issuer's control, will influence the value of the Loan Notes and the price, if any, at which securities dealers may be willing to purchase or sell the Loan Notes in the secondary market, including:

- variations in the periodic operating results of the Issuer;
- changes in investor perceptions of the Issuer;
- the creditworthiness of the Issuer;
- the Issuer’s SST ratio from time to time;
- supply and demand for the Loan Notes; and
- economic, financial, political or regulatory events or developments that affect the Issuer or the financial markets generally.

Accordingly, if a Loan Noteholder sells its Loan Notes in the secondary market, it may not be able to obtain a price equal to the principal amount of the Loan Notes or a price equal to the price that it paid for the Loan Notes.

The Loan Notes contain no restrictive financial covenants or covenants governing the Issuer's operations or limiting the Issuer's ability to incur substantially more debt, merge, effect asset sales or otherwise effect significant transactions, which may affect the Issuer's ability to satisfy its obligations under the Loan Notes or may have other adverse effects on the Loan Notes.

The Loan Notes do not contain any maintenance covenants (that would require the Issuer to meet financial ratios or minimum financial requirements) or negative covenants that restrict its ability to incur more indebtedness (either secured or unsecured), pay dividends or make other distributions, incur liens, repurchase any of its securities or undertake other similar actions. The Loan Notes also do not contain covenants governing the Issuer's operations and do not limit its ability to enter into a merger, asset sale, related party transaction or other significant transaction that could materially alter its existence, jurisdiction of organization or regulatory regime and/or the composition and business of the Issuer or the Swiss Re Group. Moreover, the Loan Notes do not contain any covenant or event of default triggered by a change of control of the Issuer or SRL. In the event the Issuer were to enter into, or be subject to, any such transaction, Loan Noteholders could be materially and adversely affected.

Potential changes in Swiss withholding tax legislation could impact Loan Noteholders.

On August 24, 2011, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35% on any payment of interest in respect of a Loan Note to an individual resident in Switzerland or to any person (not only individual) resident outside Switzerland. If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Loan Note as a result of the deduction or imposition of such withholding tax.

Final withholding tax agreements with United Kingdom and Austria could impact Loan Noteholders.

On January 1, 2013, treaties on final withholding taxes between Switzerland and the United Kingdom and Switzerland and Austria entered into force. The treaties, among other things, require a paying agent in Switzerland to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Loan Notes. The final withholding tax is a substitute for the United Kingdom or Austrian income tax, as applicable, on such interest or capital gain. The individual may, however, in lieu of the final withholding tax, elect to make voluntary disclosure of the interest or capital gain to the tax authority of its country of residence. Switzerland may conclude similar treaties with other European countries, and negotiations are currently being conducted with Greece and Italy. If final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Loan Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Loan Note as a result of the deduction or imposition of such final withholding tax.

There is a possibility of U.S. withholding tax on payments under the Loan Notes.

On March 18, 2010, the United States enacted sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**"). Under FATCA, a non-U.S. financial institution (a "**FFI**") generally will be required to enter into or comply with an agreement (an "**FFI Agreement**") with the U.S. Internal Revenue Service (the "**IRS**") to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other foreign entities that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. Additionally, in recent months, the U.S. Department of the Treasury has announced that it is currently negotiating Intergovernmental Agreements ("**IGA**") or working to explore options for intergovernmental engagement with more than 50 countries. Non-U.S. financial institutions that reside in countries with an IGA may not be required to enter directly into an agreement with the IRS, depending on the specific IGA. However, these financial institutions will still have similar identification and reporting obligations. For these purposes, the term financial institution includes, among others, banks, certain insurance companies and certain entities that are engaged primarily in the business of investing, reinvesting or trading in securities, commodities or partnership interests. If a participating financial institution makes a relevant payment to an accountholder that has not provided information required to establish that the accountholder is exempt from reporting under the rules, or if the recipient of the payment is a non-participating financial institution (or a foreign entity that is not otherwise exempt), the payor may be required to withhold 30% on a portion of the

payment or to report the accountholder's information to the immediate payor so that such payor can withhold 30% on a portion of the payment it makes.

A Loan Noteholder may become subject to U.S. withholding at a rate of 30% on all, or a portion, of certain "foreign passthru payments" (as defined under FATCA) in respect of the Loan Notes. Ordinarily, under the current regulations, withholding would apply to "foreign passthru payments" made after the later of December 31, 2016 or the publication of final regulations relating to "foreign passthru payments." However, if the Loan Notes are treated as debt for U.S. federal income tax purposes, they will be eligible for a "grandfathering rule" and will not be subject to FATCA withholding unless they are significantly modified after the date that is six months after the publication of final regulations relating to "foreign passthru payments." The Issuer intends to treat the Loan Notes as debt for this purpose; however, the classification of the Loan Notes as debt or equity is highly factual, and the Issuer's determination would not be binding on the IRS. The IRS guidance in this regard is only preliminary, and the scope of these rules remains unclear and potentially subject to material change. The IRS is further considering the treatment of these foreign passthru payments and it is not clear how this rule will ultimately apply to the Issuer or the Loan Notes.

The relevant rules have not yet been fully developed and the future application of FATCA to the Issuer and the Loan Noteholders is uncertain. On February 14, 2013, an agreement was signed by Switzerland and the United States on the simplified implementation of FATCA in Switzerland. The agreement is still subject to the approval of the Swiss Parliament and to an optional treaty referendum. If the Issuer determines that it must comply with FATCA in order to receive certain payments made to it free of U.S. withholding tax, Loan Noteholders may be required to provide certain information and may be subject to withholding on certain payments (including payments upon redemption of Loan Notes) made to them. The withholding obligation in respect of a non-participating financial institution may apply whether the financial institution is receiving payments for its own account or on behalf of another person. If a Loan Noteholder is subject to withholding on account of FATCA, there will be no additional amount payable by way of compensation to the Loan Noteholder for the deducted amount. An investor that is able to claim the benefits of an income tax treaty between its own jurisdiction and the United States may be entitled to a refund of amounts withheld pursuant to the FATCA rules, although the investor would have to file a U.S. tax return to claim this refund and would not be entitled to interest from the IRS for the period prior to the refund.

Under the Conditions, if the Issuer were to become subject to withholding under the FATCA Provisions (as defined in the Conditions), it would constitute a Special Tax Event, which in turn would be a Par Redemption Event.

FATCA is particularly complex and its application to the Issuer is uncertain at this time. Each Loan Noteholder should consult its own tax advisor to obtain a more detailed explanation of the FATCA and to learn how FATCA might affect each Loan Noteholder in its particular circumstance.

There are limited remedies available under the Conditions.

As more particularly described in "Terms and Conditions of the Loan Notes – Enforcement," the Loan Notes contain limited events of default, confined to non-payment of sums due on the Loan Notes for specified periods and the commencement of proceedings for the winding up, dissolution or liquidation of the Issuer. Upon the occurrence of such events under the Loan Notes, Loan Noteholders have only limited enforcement remedies consisting of, in the case of enforcing payment of sums due, instituting proceedings for, and/or proving in, the winding-up, dissolution or liquidation of the Issuer.

In certain instances the Issuer could substitute the obligor under the Loan Notes without the consent or approval of the Loan Noteholders.

The Issuer has an option, without the need for any consent of the Loan Noteholders, to substitute itself in respect of all rights and obligations arising under or in connection with the Loan Notes (except that, for purposes of Condition 4 (with respect to a Solvency Event) and Condition 6, references to the Issuer shall continue to refer SRZ, which following a substitution shall be the guarantor of the obligations of the New Issuer) with a New Issuer provided, among other things that no Par Redemption Event or Trigger Event would exist after substitution. While, among other conditions, the interests of the Loan Noteholders must not be materially prejudiced in the opinion of the parties to the Agency Agreement, the substitution of the Issuer under the Loan Notes could have an adverse effect on Loan Noteholders.

Among other things, the New Issuer could be a company resident for tax purposes in a jurisdiction other than Switzerland. If Loan Noteholders are, for whatever reason, precluded from owning securities issued by a legal entity that is not resident for tax purposes in Switzerland, they may have to sell the Loan Notes in the open market.

A change in law could impact the rights of Loan Noteholders.

The Agency Agreement and the Loan Notes and any non-contractual obligations arising out of or in connection with the Agency Agreement and the Loan Notes are governed by, and shall be construed in accordance with, English law in effect as of the date of this Information Memorandum. The subordination provisions in the Loan Notes are governed by the laws of Switzerland in effect as of the date of this Information Memorandum. We cannot predict the impact of any possible judicial decision or change to English or Swiss law or administrative practice that applies after the date of this Information Memorandum.

Terms and Conditions of the Loan Notes

The U.S.$750,000,000 6.375% Subordinated Contingent Write-off Loan Notes of Swiss Reinsurance Company Ltd (the **Issuer**) with a scheduled maturity in 2024 (each a **Loan Note**, and together, the **Loan Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further securities issued pursuant to Condition 14 and forming a single series with the Loan Notes) are issued subject to and with the benefit of an Agency Agreement dated 12 March 2013 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer and the agents named therein.

1. FORM, DENOMINATION AND TRANSFER

(a) The Loan Notes will be issued in the aggregate principal amount of U.S.$750,000,000 in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof on or about 12 March 2013 (the **Issue Date**). Initially, only one Loan Note will be issued.

(b) The Loan Notes will be represented by definitive certificates in registered form. The Loan Notes shall each bear the manual or facsimile signatures of two of the Issuer's duly authorised officers as well as the manual signature of an authentication officer of the Registrar. BNP Paribas Securities Services, Luxembourg Branch (the **Registrar**, which definition shall include any duly appointed successor registrar), will maintain a register (the **Register**) of Loan Noteholders reflecting the ownership of the Loan Notes.

(c) Transfers of Loan Notes shall be made in accordance with the provisions of this Condition 1. A Loan Note may only be assigned or transferred (a **Transfer** and **Transferred** shall be construed accordingly), in whole or in part, if the Transfer is:

(i) subject to the Issuer being notified of the intended Transfer and the Issuer not having objected thereto in writing within 10 Business Days after receipt of such notice of the intended Transfer based on reasonable grounds, to a Qualifying Bank or,

(ii) subject to the Issuer having consented thereto in writing, to the Permitted Non-Qualifying Lender,

provided that there shall at any time be no more than five (5) Qualifying Banks that are Loan Noteholders. Title to the relevant Loan Note passes only on due registration of the Transfer in the Register. The Loan Note will bear a legend setting forth the applicable transfer restrictions.

(d) A Loan Noteholder may at any time require that the Issuer replace such Loan Noteholder's certificate(s) representing the Loan Notes with certificates in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Registrar shall accordingly authenticate such replacement certificates and amend the Register.

(e) Loan Notes may be Transferred in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof in accordance with the terms of this Condition 1.

(f) Any Transfer of a Loan Note shall be recorded by the Registrar in the Register on production by the transferee at the registered office of the Registrar of:

(i) the relevant certificate representing the Loan Note with the form of transfer endorsed thereon duly executed by the transferor and the transferee and such form of transfer shall include a representation by the transferee that it is a Qualifying Bank or the Permitted Non-Qualifying Lender; and

(ii) such other evidence as the Issuer may require to prove the authority of the person signing the form of transfer endorsed on the relevant certificate representing the Loan Note or the transferee's status as a Qualifying Bank or the Permitted Non-Qualifying Lender.

(g) No Loan Noteholder shall at any time enter into any arrangement with any third party under which such Loan Noteholder in a transaction that does not constitute a Transfer, while retaining title to Loan Notes, transfers all or part of its interest in such Loan Notes to that third party, unless under, and throughout the term of, such arrangement:

(i) the relationship between the Loan Noteholder and the third party is that of debtor and creditor (including during the bankruptcy or similar event affecting that Loan Noteholder or the Issuer);

(ii) the third party has no proprietary interest in the benefit of the Loan Notes or in any monies received by the Loan Noteholder under or in relation to the Loan Notes held by that Loan Noteholder; and

(iii) the third party under no circumstances will be subrogated to, or substituted in respect of, the Loan Noteholder's claims under its Loan Notes, or will otherwise have any contractual relationship with, or rights against, the Issuer under or in relation to the Loan Notes.

For the avoidance of doubt, the granting of security in accordance with Condition 1(h) shall not be subject to the limitations of this Condition 1(g).

(h) Any Loan Noteholder may, without the consent of the Issuer, at any time charge or create a security interest in all or any portion of its rights under any Loan Notes to secure obligations of such Loan Noteholder; provided that:

(i) no such charge or creation of a security interest shall:

(A) substitute any such chargee or holder of the benefit of such security interest for such Loan Noteholder as Loan Noteholder except in accordance with the provisions of Condition 1(c); or

(B) require any payments to be made by the Issuer other than as required by the Loan Notes. A copy of any notice of charge or creation of security interest as envisaged in this Condition 1(h) shall be delivered to the Agent, and the Agent shall not be obliged to take any action in regard to such notice;

(ii) such charge or security interest shall in each case provide that upon any assignment or transfer of the interest in the Loan Notes or enforcement of such charge or security interest, any resulting assignment or transfer shall be in accordance with Condition 1(c); and

(iii) the Loan Noteholder promptly notifies the Registrar of any such charge or security interest and the identity of the chargee or holder of the benefit of such security interest and status by delivering to the Registrar a notification to such effect.

(i) At the date hereof and for so long as the Loan Notes are outstanding, the Issuer shall ensure that it is in compliance with the Non-Bank Rules, provided that the Issuer will not be in breach of this Condition 1(i) if either of the Non-Bank Rules are exceeded solely by reason of a failure by one or more Loan Noteholders to comply with their respective obligations under this Condition 1.

2. STATUS

2.1 Status

The Issuer's obligations under the Loan Notes constitute unsecured and subordinated obligations ranking junior to the Issuer's obligations under the Senior Securities, *pari passu* among themselves and with the Issuer's obligations under the Parity Securities, and senior to the Issuer's obligations under the Junior Securities. In the event of the liquidation, dissolution, insolvency or other proceeding for the avoidance of insolvency of, or against, the Issuer, the claims of the Loan Noteholders in respect of the Loan Notes will be subordinated to the claims of all holders of Senior Securities, so that in any such

event no amounts shall be payable in respect of the Loan Notes until the claims of all holders of the Senior Securities shall have first been satisfied in full.

The subordination provisions of this Condition 2.1 are governed by the laws of Switzerland and such provisions are irrevocable.

2.2 No Security

No security of whatever kind is, or will at any time be, provided by the Issuer or any other member of the Group to secure the rights of the Loan Noteholders.

2.3 No Change to Status

No subsequent agreement may change the status of the Loan Notes pursuant to the provisions set out in this Condition 2.

2.4 No Right to Set-off

No Loan Noteholder may set off any claims arising under the Loan Notes in respect of any amount owed to it by the Issuer in respect of, or arising from, the Loan Notes and each Loan Noteholder shall, by virtue of holding the Loan Note, be deemed to have waived all such rights of set-off.

The Issuer may not set off any claims arising under the Loan Notes in respect of any amount owed to it by a Loan Noteholder.

2.5 Claims subject to Contingent Write-off

Except where a notice of redemption has been delivered in accordance with Conditions 4.2 or 4.3, any claim of any Loan Noteholder in respect of, or arising under, the Loan Notes will be subject to, and superseded by, the provisions of Condition 6, irrespective of whether a Contingent Write-off Notice has been given prior to or after the occurrence of any event described in Condition 11 or any other event.

3. INTEREST

3.1 Interest Rate and Interest Payment Dates

(a) Subject to the provisions of this Condition 3, the aggregate principal amount of the outstanding Loan Notes shall bear interest (i) at a fixed rate of 6.375 per cent. per annum (the **Initial Rate of Interest**) for the Initial Period and (ii) at the Reset Rate of Interest for each Interest Period thereafter. Subject to Condition 3.4, interest shall be payable annually in arrear (save for the short first coupon) on each Interest Payment Date. The amount of interest per U.S.$1,000 in principal amount of each Loan Note (the **Calculation Amount**) payable on each Interest Payment Date in relation to an Interest Period falling in the Initial Period (other than the Interest Period from (and including) the Issue Date to (but excluding) 1 September 2013) will be U.S.$63.75. The first interest payment for the period from (and including) the Issue Date to (but excluding) 1 September 2013 and amounting to U.S.$29.93 per Calculation Amount shall be made on 1 September 2013.

(b) When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated by multiplying the applicable Rate of Interest by the Calculation Amount and applying the Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the specified denomination of such Loan Note divided by the Calculation Amount.

(c) The Reset Rate of Interest for each Interest Period commencing on or after the Optional Redemption Date will be determined by the Agent or its duly appointed successor (in such capacity, the **Agent Bank**). The Agent Bank will, as soon as practicable after 11:00 a.m. (New York City time) on the Reset Determination Date, determine the Reset Rate of Interest and calculate the amount of interest payable per Calculation Amount on the Interest Payment Dates in relation to each Interest Period commencing on or after the Optional Redemption Date (each a **Reset Interest Amount**).

(d) The Agent will cause the Reset Rate of Interest and the Reset Interest Amount determined by the Agent Bank to be notified to each listing authority, stock exchange and/or quotation system (if any) on which the Loan Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the Optional Redemption Date. Notice thereof shall also promptly be given to the Loan Noteholders in accordance with Condition 13.

(e) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Agent Bank, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and the Loan Noteholders and (subject as aforesaid) no liability to the Issuer or the Loan Noteholders shall attach to the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

3.2 Interest Accrual

The Loan Notes shall cease to bear interest from and including (i) the day on which they become due for redemption in accordance with these Conditions or (ii) if earlier, the Contingent Write-off Date. If the Issuer fails to redeem the Loan Notes when due in accordance with these Conditions, interest shall continue to accrue (both before and after judgment) on their outstanding principal amount beyond the due date up to (but excluding) the day of the actual redemption of the Loan Notes at the applicable Rate of Interest.

3.3 Recalculation of Interest

If a tax deduction or withholding (collectively, a **Tax Deduction**) is required by law to be made by the Issuer in respect of any Interest Amount payable in respect of the Loan Notes and should paragraph (a) of Condition 7 (or, in the event of a substitution pursuant to Condition 10, paragraph (d) of Condition 10 read with paragraph (a) of Condition 7) be unlawful for any reason, the applicable interest rate in relation to the Interest Amounts payable for the Interest Period ending on the relevant Interest Payment Date will, subject to the exceptions in paragraph (b) of Condition 7 (or, in the event of a substitution pursuant to Condition 10, paragraph (d) of Condition 10 read with paragraph (b) of Condition 7 (except for paragraphs (b)(x) and b(xi) of Condition 7)), be the interest rate which would have otherwise been payable for the Interest Period ending on the relevant Interest Payment Date divided by 1 minus the rate (as a fraction of l) at which the relevant Tax Deduction is required to be made and the Issuer will (i) be obliged to pay the relevant Interest Amount on that Interest Payment Date at the adjusted rate in accordance with this Condition 3.3 and (ii) make the Tax Deduction on the recalculated Interest Amount. Without prejudice to the foregoing, all references to a rate of interest in the Conditions shall be construed accordingly and all provisions in Condition 7 (other than Condition 7(a), or, in the event of a substitution pursuant to Condition 10, other than paragraph (d) of Condition 10 read with paragraph (a) of Condition 7) shall apply to the Tax Deduction on the recalculated interest payment (such recalculation is referred to herein as a **Recalculation of Interest**).

3.4 Payment of Interest and Deferral of Interest Payments

(a) Interest payments

On any Interest Payment Date:

(i) if an optional deferral of interest has been elected pursuant to Condition 3.4(b), the provisions of Condition 3.4(b) and Condition 3.4(d) shall apply; or

(ii) if a Required Deferral Event has occurred, the provisions of Condition 3.4(c) and Condition 3.4(d) shall apply.

(b) Optional deferral of interest payments

Save to the extent that a Required Deferral Event has occurred, with respect to any Interest Payment Date, as long as, during the six months preceding the Reference Date:

(i) no dividend, other distribution or payment was declared or made in respect of any class of share capital of Swiss Re Ltd or any Junior Securities (except (x) dividends, other distributions or payments made between or among the Issuer and its subsidiaries or (y) where such payment was required under the terms of those Junior Securities);

(ii) provided that at the relevant time the existence of this Condition 3.4(b)(ii) does not cause the Loan Notes to become Non-Compliant Securities: (A) no dividend, other distribution or payment was declared or made in respect of any Parity Securities (except where such payment was required under the terms of those Parity Securities) and (B) no repurchase or acquisition of any Parity Securities has been made by the Group either directly or indirectly; and

(iii) no repurchase or acquisition of any class of share capital of Swiss Re Ltd (except where such repurchase or acquisition is made in respect of any share-based compensation plan or where such repurchase or acquisition is made by the Group on the open market in the ordinary course of its routine capital management) or any Junior Securities has been made by the Group, either directly or indirectly,

the Issuer may elect, in its sole discretion to defer all or a portion of the payments of interest which accrued during the Interest Period to (but excluding) such Interest Payment Date by giving notice in accordance with Condition 13 not less than three Business Days prior to the relevant Interest Payment Date of the amount of the relevant interest payment that shall be deferred (which notice will be irrevocable); in this case, such deferred interest will constitute **Optionally Deferred Interest**.

(c) Required deferral of interest payments

The Issuer will be required to defer payment of (i) any Interest Amount or Solvency Shortfall, as applicable, if, in respect of an Interest Payment Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or would occur as a result of such payment unless FINMA authorises the relevant payment notwithstanding the occurrence and/or continuation of a Solvency Event or that a Solvency Event would occur as a result of such payment, or (ii) any Interest Amount or Solvency Shortfall, as applicable, or other amount which is notified to the Issuer, and/or Swiss Re Ltd, where FINMA has required such deferral ((i) and (ii) are each referred to herein as a **Required Deferral Event**).

For the avoidance of doubt, if on an Interest Payment Date a Solvency Event (i) has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or (ii) would occur as a result of payment of the relevant Interest Amount, the Issuer will be required, save as stated above, to defer payment of that Interest Amount; provided that in the case of (ii), the Issuer will only be required to defer the Solvency Shortfall.

In case of a Required Deferral Event the Issuer will give notice to the Loan Noteholders (which notice will be irrevocable) in accordance with Condition 13 not less than three Business Days prior to such Interest Payment Date of the amount of the relevant interest payment that shall be deferred (any such amount of deferred interest together with any Optionally Deferred Interest shall be referred to herein as **Deferred Interest**).

(d) Deferred Interest payments

To the extent that an interest payment is deferred pursuant to Conditions 3.4(b) or 3.4(c), the Issuer will not have any obligation to make such interest payment on the relevant Interest Payment Date and the failure to pay such interest shall not constitute a default by the Issuer or any other breach of its obligations under the Loan Notes or for any other purpose.

Deferred Interest will not itself bear interest.

The Issuer is entitled to pay Deferred Interest (in whole or in part) at any time on giving 10 Business Days' notice to the Loan Noteholders in accordance with Condition 13 which notice shall specify the amount of Deferred Interest to be paid and the date fixed for such payment (the **Optional Deferred**

Interest Payment Date) provided that (i) no Solvency Event has previously occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and (ii) FINMA has given its Consent. Upon such notice being given, the amount of Deferred Interest specified therein will become due and payable, and the Issuer will be obliged to pay such amount of Deferred Interest on the specified Optional Deferred Interest Payment Date, provided that no Solvency Event has occurred or would occur due to the payment of the Deferred Interest on or prior to the Optional Deferred Interest Payment Date and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) on the Optional Deferred Interest Payment Date.

Deferred Interest shall become due and payable (in whole but not in part) on the first to occur of the following dates:

(i) the next Compulsory Interest Payment Date; or

(ii) the Contingent Write-off Date; or

(iii) the calendar day which is the due date for redemption of the Loan Notes; or

(iv) the calendar day on which an order is made for the winding-up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

4. REDEMPTION

4.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled in accordance with the Conditions and subject to no Contingent Write-off Notice having been given, the Issuer will redeem the Loan Notes at their principal amount, together with any accrued but unpaid interest up to (but excluding) the Final Maturity Date and any Deferred Interest outstanding, on the Final Maturity Date.

4.2 Early Redemption Events

Any redemption by the Issuer pursuant to this Condition 4.2 shall be referred to as a **Par Redemption Event**.

(a) If at any time after the issue of the Loan Notes a Special Tax Event or a Recalculation of Interest Event occurs and is continuing, the Issuer may (subject to (x) Condition 4.6, (y) no Contingent Write-off Notice having been given and (z) no Solvency Event having occurred which is continuing at the time of delivery of notice (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured)) redeem the Loan Notes (in whole but not in part) at the Redemption Amount at any time upon delivering (via the Agent) not less than 30 nor more than 60 days' irrevocable notice to the Loan Noteholders in accordance with Condition 13, *provided* that:

(i) no such notice of redemption may be delivered earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay the Additional Amounts or to pay an amount in respect of which there has been a Recalculation of Interest or, as applicable, the date on which the Special Tax Event or the Recalculation of Interest Event becomes effective; and

(ii) by no later than five Business Days prior to the delivery of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Agent a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect that redemption and setting out a statement of facts showing that the conditions precedent to the Issuer's right so to redeem have been satisfied.

(b) If at any time after the issue of the Loan Notes a Regulatory Event occurs, the Issuer may (subject to (x) Condition 4.6, (y) no Contingent Write-off Notice having been given and (z) no Solvency Event

having occurred which is continuing at the time of delivery of notice (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured)) redeem the Loan Notes (in whole but not in part) at the Redemption Amount at any time upon delivering (via the Agent) not less than 30 nor more than 60 days' irrevocable notice to the Loan Noteholders in accordance with Condition 13; *provided* that:

(i) no such notice of redemption may be delivered earlier than 90 days prior to the date from which the Loan Notes do not or will no longer fulfil the requirements referred to in the definition of "Regulatory Event";

(ii) Condition 4.2(b) will not apply at any time if such application would cause the Loan Notes to become Non-Compliant Securities; and

(iii) by no later than five Business Days prior to the delivery of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Agent a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect that redemption and setting out a statement of facts showing that the conditions precedent to the Issuer's right so to redeem have been satisfied.

4.3 Early redemption at the option of the Issuer

Subject to (x) Condition 4.6, (y) no Contingent Write-off Notice having been given and (z) no Solvency Event having occurred which is continuing at the time of delivery of notice (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), the Issuer may redeem the Loan Notes (in whole but not in part) at the Redemption Amount on the Optional Redemption Date, upon causing the Agent to deliver not less than 30 nor more than 60 days' irrevocable notice to the Loan Noteholders in accordance with Condition 13.

4.4 No early redemption at the option of the Loan Noteholders

The Loan Noteholders shall not be entitled to require the Loan Notes to be redeemed by the Issuer at any time.

4.5 Purchase of Loan Notes

The Issuer or any other member of the Group may at any time (subject to (x) Condition 4.6, (y) no Solvency Event having occurred which is continuing at the time of purchase (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and (z) mandatory provisions of law) purchase any Loan Notes in the open market or otherwise and at any price. Such acquired Loan Notes may be cancelled (by surrendering the Loan Notes to the Agent), held or resold. All Loan Notes so cancelled cannot be reissued or resold.

4.6 Limitation of redemption rights and purchase

The Issuer may redeem the Loan Notes in accordance with Condition 4.2 or Condition 4.3, or purchase Loan Notes in accordance with Condition 4.5, only if FINMA has given its Consent to the redemption or purchase.

4.7 Notices to the Agent

Where the provisions of this Condition 4 provide for the giving of notice by the Issuer to the Agent, such notice shall be deemed to be validly given to the Agent if provided in writing and delivered with all required information to the Agent within the prescribed time limits of this Condition 4.

5. PAYMENTS

(a) The Issuer undertakes to pay, as and when due, principal and interest on the Loan Notes in U.S. dollars. Payment of principal and interest on the Loan Notes shall be made to the Agent or to its order for credit to the relevant Loan Noteholders as of the relevant Record Date.

(b) Any reference in these Conditions to principal or interest will be deemed to include any Additional Amounts in respect of principal or interest (as the case may be) which may be payable under Condition 7.

(c) If the due date for payment of any amount in respect of the Loan Notes is not a Business Day, then the Loan Noteholder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

6. CONTINGENT WRITE-OFF

6.1 Contingent Write-off Notice

Except where a notice of redemption has been delivered in accordance with Conditions 4.2 or 4.3, if a Trigger Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Trigger Event has been or will shortly be cured) the Issuer shall, not later than the 15th Business Day after the date of the FINMA Submission that reports the Trigger Event,

(i) give a Contingent Write-off Notice to the Loan Noteholders in accordance with Condition 13 and

(ii) deliver to the Agent a certificate signed by two duly authorised officers of the Issuer to the effect that a Trigger Event has occurred.

6.2 Effect of Contingent Write-off

If the Issuer has validly given a Contingent Write-off Notice to the Loan Noteholders in accordance with Condition 13 and the related certification, then, on the date specified in the Contingent Write-off Notice, which date shall be no later than the fifth Business Day after the date of the Contingent Write-off Notice (the **Contingent Write-off Date**):

(i) the Issuer will pay any accrued but unpaid interest on the Loan Notes up to (but excluding) the Contingent Write-off Date, and any Deferred Interest outstanding, on the Contingent Write-off Date;

(ii) except as described in paragraph (i) above, all rights of any Loan Noteholder for payment of any amounts under or in respect of the Loan Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an event described in Condition 11) will become null and void, irrespective of whether such amounts have become due and payable prior to the date of the delivery of a Contingent Write-off Notice;

(iii) the Loan Noteholders will automatically be deemed irrevocably to waive their right to receive, and will no longer have any rights or claims against the Issuer with respect to, repayment of the aggregate principal amount of the Loan Notes written off pursuant to paragraph (iv) below; and

(iv) the full principal amount of each Loan Note will automatically be permanently written down to zero, the Loan Notes (subject to paragraph (i) above) will be cancelled and all references to the principal amount of the Loan Notes in these Conditions will be construed accordingly.

The events described in paragraphs (i) to (iv) above are referred to as a **Contingent Write-off**.

6.3 Determination of Appropriate Funds of the Issuer

With respect to any FINMA Submission, (i) the solvency report as of the date of such FINMA Submission and (ii) the components of such solvency report, in each case, as submitted by the Issuer to FINMA on the date of such FINMA Submission, shall be final for purposes of this Condition 6, and any revisions, restatements or adjustments to such solvency report subsequently published shall have no effect for purposes of this Condition 6.

7. TAXATION

(a) All payments of principal and interest in respect of the Loan Notes will be made free and clear of, and without Tax Deduction for, any taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of Switzerland or any political subdivision thereof or any authority thereof having the power to tax, unless the Issuer is compelled by law to make such Tax Deduction. In the event of such Tax Deduction, the Issuer will pay such additional amounts (the **Additional Amounts**) as will result (after such Tax Deduction) in receipt by the Loan Noteholders of such sums as the Loan Noteholders would have received if no Tax Deduction had been required.

(b) Notwithstanding Condition 7(a), no Additional Amounts or interest recalculated pursuant to Condition 3.3 shall be payable on account of any Taxes which:

(i) are payable if payment under the Loan Note is claimed by or on behalf of a Loan Noteholder which is liable to such Taxes in respect of that Loan Note by reason of it having some connection with Switzerland other than the mere holding of that Loan Note;

(ii) are required to be withheld or deducted where such withholding or deduction is imposed on a payment to an individual or residual entity and is required to be made pursuant to European Council Directive 2003/48/EC (the EU Savings Tax Directive) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(iii) are required to be withheld or deducted where such withholding or deduction is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the EU Savings Tax Directive, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004, and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;

(iv) are payable or required to be withheld or deducted where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular, the principle to have a person other than the Issuer withhold or deduct tax;

(v) are payable or required to be withheld or deducted where such withholding or deduction is required to be made pursuant to any agreement between Switzerland and other countries on final withholding taxes (*Internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Loan Note;

(vi) are payable or required to be withheld or deducted pursuant to any United States federal withholding tax that is imposed or collected by reason of any FATCA Provisions;

(vii) are payable by or on behalf of a Loan Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;

(viii) are payable if payment under the Loan Note is claimed by or on behalf of a Loan Noteholder which would have been able to avoid such Tax Deduction by claiming payment under the Loan Note from an Agent in another Member State of the European Union;

(ix) are payable by reason of a change in law that becomes effective more than thirty (30) days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with Condition 13, whichever occurs later;

(x) are payable if the payment could have been made to the relevant Loan Noteholder without a Tax Deduction if it was a Qualifying Lender, but on that date that Loan Noteholder is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Loan Noteholder under these Conditions in (or in the interpretation, administration, or application of) any law or double taxation treaty, or any published practice or concession of any relevant taxing authority; or

(xi) are payable if the payment could have been made without a Tax Deduction if the Loan Noteholders had complied with Condition 1.

(c) Within 30 days of making either a Tax Deduction or a payment required in connection with a Tax Deduction, the Issuer shall deliver to the relevant Loan Noteholder evidence satisfactory to that Loan Noteholder (acting reasonably) that the Tax Deduction has been made or (as applicable) the appropriate payment has been paid to the relevant taxing authority.

(d) If the Issuer has to make a Tax Deduction and the relevant Loan Noteholder (acting in good faith) determines that a Tax refund for such Tax Deduction is available to it and it has retained that Tax refund, that Loan Noteholder shall pay within 10 Business Days after such Tax refund an amount to the Issuer which that Loan Noteholder determines (in its sole discretion) will leave it (after that payment) in the same after-tax position as it would have been if the payment of the Additional Amount or a payment at an interest rate recalculated in accordance with Condition 3.3 had not been required to be made by the Issuer.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Loan Notes will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) from the date on which the relevant payment first became due.

9. AGENTS

(a) The initial Agent for the Loan Notes will be BNP Paribas Securities Services, Luxembourg Branch, with its specified office at 33, Rue de Gasperich, Howald -Hesperange, L-2085, Luxembourg.

(b) The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and/or to appoint other Agents provided that it will at all times maintain: (i) an Agent; (ii) so long as the Loan Notes are listed on a stock exchange, an Agent with a specified office in such city as may be required by the rules of the relevant stock exchange; (iii) an Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to the EU Savings Tax Directive or any law implementing or complying with, or introduced in order to conform to, such EU Savings Tax Directive; or pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the EU Savings Tax Directive and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements; and (iv) to the extent permitted by law, at any time after laws shall have been enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011 (in particular the principle to have a person other than the Issuer withhold or deduct the tax), an

additional paying agent in a jurisdiction within Europe other than Switzerland that will not be required to withhold or deduct tax pursuant to such Swiss laws.

(c) The Agent reserves the right at any time to change its specified office to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Agent will be delivered promptly by the Issuer to the Loan Noteholders in accordance with Condition 13.

(d) If, at any time during the life of the Loan Notes, the Agent shall resign or become incapable of acting as Agent or shall be adjudged bankrupt or insolvent, the Agent may be substituted by a duly licensed major European bank chosen by the Issuer. In the event of such a replacement of the Agent all references to the Agent shall be deemed to refer to such replacement. Notice of such a replacement shall be delivered to the Loan Noteholders in accordance with Condition 13.

(e) The Agent acts solely as the Issuer's agent and does not assume any obligations towards or relationship of agency or trust for the Loan Noteholders.

10. SUBSTITUTION

(a) The Issuer (or any previous substitute of the Issuer under this Condition 10) may, without the consent of the Loan Noteholders, and provided that no Recalculation of Interest Event, Special Tax Event, Regulatory Event or Trigger Event would be triggered by such substitution, be substituted in respect of all rights and obligations arising under or in connection with the Loan Notes by any company all of whose shares carrying voting rights are directly or indirectly held by the Issuer (the **New Issuer**), *provided* that:

(i) Swiss Reinsurance Company Ltd has issued its irrevocable and unconditional subordinated guarantee as per article 111 of the Swiss Federal Code of Obligations in respect of the obligations of the New Issuer under the Loan Notes which guarantee ranks, on a winding up of the Issuer, *pari passu* with the obligations of the Issuer under the Loan Notes; and

(ii) if the New Issuer is a company resident for tax purposes in a New Residence (as defined in paragraph (c) below), the conditions set forth in clause (c) below are also met.

(b) In addition, any substitution is subject to:

(i) if required, the Issuer giving its prior written notice to, and receiving no objection from, FINMA;

(ii) the Issuer having confirmed with the relevant rating agencies that the proposed substitution will not give rise to a negative change in any published rating of the Loan Notes in effect at such time; and

(iii) certification being provided by two duly authorised officers of the Issuer stating that the conditions precedent in this Condition 10 have been complied with.

(c) If the New Issuer is a company resident for tax purposes in a jurisdiction other than Switzerland (such jurisdiction, the **New Residence**), the following conditions shall also be met:

(i) the Loan Notes would constitute legal, valid and binding obligations in the New Residence of such New Issuer;

(ii) under the applicable laws and regulations in effect at the date of the substitution, the New Issuer would not be obliged to make any withholding or deduction on any payments in respect of the Loan Notes beyond any withholding or deduction already applicable to payments made by the Issuer in respect of the Loan Notes prior to the substitution (in case such withholding or deduction is introduced after a substitution, clause (d) will apply); and

(iii) the guarantee to be provided by the Swiss Reinsurance Company Ltd according to Condition 10(a)(i) explicitly also guarantees the payment to the Loan Noteholders of any amounts required to be withheld or deducted by the New Issuer at any time after substitution.

(d) If the New Issuer is resident for tax purposes in a New Residence, the provisions of Condition 7 shall apply, except Conditions 7(b)(x) and 7(b)(xi), with the substitution of references to Switzerland with references to the New Residence.

(e) In the event of a substitution pursuant to this Condition 10, any reference in these Conditions (other than Condition 4, with respect to a Solvency Event, and Condition 6) to the Issuer shall be a reference to the New Issuer and if the New Issuer is resident for tax purposes in a New Residence, any reference to Switzerland shall be a reference to the New Residence.

(f) Notice of any substitution shall be irrevocably given by the Issuer causing the Agent to deliver a notice to Loan Noteholders in accordance with Condition 13. Upon such delivery of notice to Loan Noteholders, the substitution shall become effective, and the Issuer, and in the event of a repeated application of this Condition 10 any previous New Issuer, shall be discharged from any and all obligations under the Loan Notes.

11. ENFORCEMENT

(a) If default is made in the payment of any principal or interest due and payable in respect of the Loan Notes and such default continues for a period of (i) in the case of principal, 10 days after the due date for the same and (ii) in the case of interest, 30 days after the due date for the same, each Loan Noteholder may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding up of the Issuer in Switzerland (but not elsewhere) but may take no further action in respect of such default.

(b) If, otherwise than for the purposes of a reconstruction, amalgamation, merger or other similar transaction on terms previously approved in writing by an Extraordinary Resolution of the Loan Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer in Switzerland (but not elsewhere), each Loan Noteholder may, subject as provided below, at its discretion, give notice to the Issuer that its Loan Note is, and it shall accordingly thereby forthwith become, immediately due and repayable at its principal amount, plus accrued but unpaid interest and any Deferred Interest outstanding.

(c) No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to Loan Noteholders to enforce any payment obligations in respect of the Loan Notes.

(d) Without prejudice to paragraphs (a) and (b) above, each Loan Noteholder may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Loan Notes (other than any payment obligations in respect of the Loan Notes), provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it pursuant to these Conditions or any damages.

12. MODIFICATIONS

12.1 Single Loan Noteholder

For so long as there is no more than one Loan Noteholder registered in the Register (x) no amendment, waiver or variation of these Conditions or the Agency Agreement may be made without the prior written consent of such Loan Noteholder and (y) the meeting, quorum and voting provisions of Conditions 12.2 and 12.3 shall not apply.

12.2 Meetings of Loan Noteholders

The Agency Agreement contains provisions for convening meetings of Loan Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a

modification of any of these Conditions or any provisions of the Agency Agreement. Such a meeting may be convened by Loan Noteholders holding not less than 10 per cent., in principal amount of the Loan Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Loan Notes for the time being outstanding, or at any adjourned meeting, two or more persons being or representing Loan Noteholders whatever the principal amount of the Loan Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Loan Notes or the dates on which interest is payable in respect of the Loan Notes, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on or to vary the method of calculating the rate of interest on the Loan Notes, (iii) to change the currency of payment of the Loan Notes unless provided by applicable law, (iv) to vary, amend or grant a waiver in relation to Condition 2 or 3 or (v) to modify the provisions concerning the quorum required at any meeting of Loan Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Loan Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Loan Noteholders (whether or not they were present at the meeting at which such resolution was passed).

12.3 Modification and Waiver

The parties to the Agency Agreement may agree, without the consent of the Loan Noteholders, to (i) any modification of any of the provisions of the Loan Notes or the Agency Agreement which is of a formal, minor or technical nature or which is made to correct a manifest error and (ii) any other modification and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Agency Agreement which is in the opinion of such parties not materially prejudicial to the interests of the Loan Noteholders. Any such modification, authorisation or waiver shall be binding on the Loan Noteholders and such modification shall be notified to the Loan Noteholders as soon as practicable.

13. NOTICES

(a) If the Loan Notes are listed, notices to the Loan Noteholders will be valid if published in a national newspaper designated for exchange notices, or by such other method as permitted, by the relevant stock exchange where the Loan Notes are then listed. Such notice will be deemed to have been validly given on the date of the publication.

(b) If the Loan Notes are unlisted, notice will be validly given by the Issuer delivering such notice to the Registrar for communication by the Registrar to the relevant Loan Noteholders specified in the Register. Such notice will be deemed to have been validly given to the Loan Noteholders on the day after which the said notice was given to the Registrar.

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Loan Noteholders, issue additional securities with identical terms and conditions as the Loan Notes in all respects (or in all respects except for the Issue Date, the first payment of interest, if any, and the issue price) so as to be consolidated and form a single series with such Loan Notes.

15. GOVERNING LAW, JURISDICTION AND PROCESS AGENT

15.1 Governing Law

The Agency Agreement and the Loan Notes (except for the subordination provisions (Condition 2.1) which are governed by the laws of Switzerland) and any non-contractual obligations arising out of or in connection with the Agency Agreement and the Loan Notes are governed by, and shall be construed in accordance with, English law.

15.2 Jurisdiction

The Issuer has irrevocably agreed for the benefit of the Loan Noteholders that the High Courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Loan Notes and accordingly has submitted to the exclusive jurisdiction of such courts. The Issuer waives any objection to such courts on the grounds that they are an inconvenient or inappropriate forum.

Nothing in this Condition 15.2 shall affect the rights of the Loan Noteholders to take any suit, action or proceeding (together referred to as **Proceedings**) arising out of or in connection with the Loan Notes (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Loan Notes) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in Switzerland.

15.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Swiss Re Services Ltd. at 30 St. Mary Axe, London, England, as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

16. Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Loan Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. DEFINITIONS

5-year Mid-Swap Rate means the 5-year U.S. dollar mid-market annual swap rate calculated on the basis of the rates displayed on Reuters screen page — "ISDAFIXI" (or such other page as may replace that page on Reuters, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 11.00 a.m. (New York City time) on the Reset Determination Date. If annual swap rates do not appear on that page, the 5-year Mid Swap Rate shall be determined by the Agent on the basis of (i) the mid-market annual swap rate quotations provided by the principal office of each of four major banks in the U.S. dollar swap market at approximately 11.00 a.m. (New York City time) on the day that is two Business Days preceding that Reset Determination Date. For this purpose, the annual swap rate means the mean, rounded, if necessary, to the nearest 0.00001 (0.000005 being rounded upwards), of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to five years commencing on that Reset Determination Date with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis is equivalent to the three-month London Interbank offered rate for U.S. dollars.

Additional Amounts has the meaning given to it in Condition 7(a).

Agent means BNP Paribas Securities Services, Luxembourg Branch, initially, and any replacement agent appointed by the Issuer thereafter.

Agent Bank has the meaning given to it in Condition 3.1(c).

Assets means the Issuer's unconsolidated total assets, as shown in the latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, if a liquidation procedure has been instigated, by the liquidator.

Business Day means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in Zurich, Switzerland and, in the case of Conditions 3 and 5 only, New York City, settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits).

Calculation Amount has the meaning given to it in Condition 3.1(a).

Compulsory Interest Payment Date means any Interest Payment Date on which (i) the Issuer does not elect to, or is not permitted to, defer payment of interest pursuant to Condition 3.4(b) and (ii) no Required Deferral Event has occurred or is continuing.

Conditions means these terms and conditions of the Loan Notes, as amended from time to time.

Consent means such consent, approval or non-objection (if any) as is required under the relevant rules and regulations of FINMA.

Contingent Write-off has the meaning given in Condition 6.2.

Contingent Write-off Date has the meaning given in Condition 6.2.

Contingent Write-off Notice means a notice given by the Issuer to the Loan Noteholders (i) stating that (x) a Trigger Event has occurred and is continuing, (y) a Contingent Write-off will take place and (ii) specifying the Contingent Write-off Date.

Day Count Fraction means that interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Deferred Interest has the meaning given to it in Condition 3.4(c).

Extraordinary Resolution means a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast.

FATCA Provisions mean Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) (**FATCA**), any successor provision to FATCA, any current or future regulations or official interpretations of FATCA, any agreement entered into pursuant to Section 1471(b) of the Code, any intergovernmental agreement between the United States and another jurisdiction (including any agreement with Switzerland) to improve tax compliance and to implement FATCA (an **IGA**) or any legislation, rules or practices implementing an IGA.

Final Maturity Date means:

(i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Scheduled Maturity Date; or

(ii) if, on or prior to the Scheduled Maturity Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and FINMA has not given its Consent to the redemption of the Loan Notes, the 30th Business Day immediately following the day on which the Solvency Event has lapsed and FINMA has given its Consent to the redemption of the Loan Notes.

FINMA means the Swiss Financial Market Supervisory Authority FINMA or any successor authority.

FINMA Submission means the submission by Swiss Reinsurance Company Ltd to FINMA of a solvency report of Swiss Reinsurance Company Ltd.

Future Regulations means solvency margins, regulatory capital or capital adequacy regulations as the same may be introduced in Switzerland from time to time which are applicable to the Issuer and which set out the requirements for financial instruments to satisfy in order to qualify for eligible inclusion in the definition of Tier 1 Capital or Tier 2 Capital.

Group means Swiss Re Ltd and its consolidated subsidiaries.

Guidelines means, together, the guideline "Interbank Loans" of 22 September 1986 (S-02.123) (*Merkblatt "Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben*)" *vom 22. September 1986*); the guideline "Bonds" of April 1999 (S 02.122.1)

(*Merkblatt "Obligationen" vom April 1999*); the guideline "Syndicated Loans" of January 2000 (S-02.128) (*Merkblatt "Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen" vom Januar 2000*); the circular letter No. 15 (1-015-DVS-2007) of 7 February 2007 in relation to bonds and derivative financial instruments as a subject matter of Swiss federal income tax, Swiss federal withholding tax and Swiss federal stamp taxes (*Kreisschreiben Nr. 15 "Obligationen und derivative Finanzinsintmente als Gegenstand der direkten Bundessteuer, der Verrechnungssteuer und der Stempelabgaben" vom 7. Februar 2007*); and the circular letter "Deposits" of 26 July 2011 (1-034-V-2011-d) (*Kreisschreiben Kundenguthaben vom 26. Juli 2011*); each as issued, and as amended from time to time, by the Swiss federal tax administration.

Initial Period means the period from (and including) the Issue Date to (but excluding) the Optional Redemption Date.

Initial Rate of Interest has the meaning given to it in Condition 3.1.

Interest Amount means, with respect to any Interest Payment Date, the amount of interest which would be payable on the aggregate principal amount of Loan Notes outstanding on such Interest Payment Date (but excluding such date) and includes a Reset Interest Amount.

Interest Payment Date means 1 September in each year from (and including) 1 September 2013.

Interest Period means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

Issue Date has the meaning given to it in Condition 1(a).

Issuer means Swiss Reinsurance Company Ltd with registered office at Mythenquai 60, 8002 Zurich, Switzerland.

Junior Securities means all classes of share capital of the Issuer, all future obligations expressed to rank junior to the Loan Notes and, for so long as they are outstanding, the obligations under the subordinated guarantee issued by the Issuer in relation to the 6.854% perpetual subordinated step-up preferred securities issued by Swiss Re Capital I LP, and under the 5.252% perpetual subordinated step-up loan notes issued by the Issuer, the 7.635% perpetual subordinated step-up preferred securities issued by the Issuer, the AUD450,000,000 floating rate perpetual subordinated step-up loan notes issued by the Issuer, the 6.3024% perpetual subordinated step-up loan notes issued by the Issuer, the 7.25% perpetual subordinated notes with stock settlement issued by the Issuer and the 8.25% perpetual subordinated capital instruments with stock settlement issued by the Issuer.

Liabilities means the Issuer's unconsolidated total liabilities, as shown in the latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer, or if a liquidation procedure has been instigated, by the liquidator.

Loan Note or **Loan Notes** means the U.S.$750,000,000 6.375% Subordinated Contingent Write-off Loan Notes with a scheduled maturity in 2024 of the Issuer.

Loan Noteholder means a holder or holders of a Loan Note.

Margin means 5.210 per cent.

New Residence has the meaning given to it in Condition 10(c).

Non-Bank Rules means the Ten Non-Bank Rule and the Twenty Non-Bank Rule.

Non-Compliant Securities means securities which, after the implementation of any Future Regulations, would no longer be eligible for regulatory capital treatment as at least Tier 2 Capital.

Optional Deferred Interest Payment Date has the meaning given to it in Condition 3.4(d).

Optional Redemption Date means 1 September 2019.

Optionally Deferred Interest has the meaning given to it in Condition 3.4(b).

Par Redemption Event has the meaning given to it in Condition 4.2.

Parity Securities means any securities or other relevant obligations, ranking or expressed to rank *pari passu* with the Loan Notes including a guarantee or support (or any similar) agreement issued or entered into by the Issuer which ranks or is expressed to rank *pari passu* with the Loan Notes and, for so long as they are outstanding, the €500,000,000 subordinated fixed-to-floating rate callable loan notes with a scheduled maturity in 2042 issued by the Issuer.

Permitted Non-Qualifying Lender means initially Aquarius + Investments plc, and a successor of Aquarius + Investments plc, or any subsequent successor thereof, by way of Transfer of all but not some only of the Loan Notes held by Aquarius + Investments plc, or any subsequent successor thereof (for so long as that successor continues to be a Loan Noteholder in accordance with the Conditions), provided that:

(a) within ten (10) Business Days of notification to it by the existing Permitted Non-Qualifying Lender of the identity of such proposed Permitted Non-Qualifying Lender, the Issuer may, as a condition precedent to such proposed Permitted Non-Qualifying Lender becoming a Loan Noteholder:

 (A) request from that proposed Permitted Non-Qualifying Lender a confirmation that it has disclosed to the Issuer all facts relevant to the determination as to whether it would be a Permitted Non-Qualifying Lender and would constitute one (1) person only for purposes of the Non-Bank Rules; and

 (B) irrespective of whether a request is made in accordance with paragraph (a)(A) above, request from that proposed Permitted Non-Qualifying Lender a tax ruling of the Swiss federal tax administration (at the cost of the proposed Permitted Non-Qualifying Lender), confirming to the Issuer's satisfaction that such proposed Permitted Non-Qualifying Lender does constitute one (1) person only for purposes of the Non-Bank Rules;

(b) the Issuer, acting reasonably, shall confirm within ten (10) Business Days of notification of all facts (if a request in accordance with paragraph (a)(A) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (a)(B) above has been made) whether or not such disclosure, or such tax ruling, as the case may be, is satisfactory and, in the absence of such confirmation, the Issuer shall be deemed to have confirmed such disclosure, or such tax ruling, as the case may be, is so satisfactory on the tenth (10th) Business Day after receipt hereof or thereof; and

(c) has, simultaneously with becoming a Loan Noteholder, succeeded the existing Permitted Non-Qualifying Lender as "Permitted Non-Qualifying Lender" under all, but not some only, Loan Notes (except for Loan Notes held by Qualifying Banks at that time), and under any and all other existing or future series of Loan Notes, as the case may be, or similar instruments, between the Issuer and the existing Permitted Non-Qualifying Lender (or any successor thereof).

Proceedings has the meaning given to it in Condition 15.2.

Qualifying Bank means any legal entity acting for its own account which is recognised as a bank by the banking laws in force in its jurisdiction of incorporation, and any branch of a legal entity, which is recognised as a bank by the banking laws in force in the jurisdiction where such branch is situated, and which, in each case, exercises as its main purpose a true banking activity, having bank personnel, premises, communication devices of its own and authority of decision making.

Qualifying Lender means a Loan Noteholder which is a Qualifying Bank or the Permitted Non-Qualifying Lender.

Rate of Interest means:

(i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or

(ii) in the case of each Interest Period thereafter, the Reset Rate of Interest.

Recalculation of Interest has the meaning given to it in Condition 3.3.

Recalculation of Interest Event means that an opinion of a recognised independent tax counsel has been delivered to the Issuer confirming (i) the occurrence of a Recalculation of Interest or (ii) that the Issuer is required pursuant to the Conditions to pay Additional Amounts in respect of the Loan Notes and this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

Record Date means the date that is five Business Days prior to the relevant Interest Payment Date, Final Maturity Date, Optional Redemption Date or date of early redemption pursuant to Condition 4.2.

Redemption Amount means the principal amount of the outstanding Loan Notes plus accrued and unpaid interest, if any, and any outstanding Deferred Interest as at the date on which the Loan Notes are redeemed (but excluding such date).

Reference Date means the 10th Business Day preceding the relevant Interest Payment Date or redemption date, as the case may be.

Register has the meaning given to it in Condition 1(b).

Registrar has the meaning given to it in Condition 1(b).

A **Regulatory Event** means the occurrence of any of the following events, which occurrence cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate:

(a) prior to the implementation of Future Regulations, FINMA notifies the Issuer or otherwise states that the Loan Notes are not, or will no longer be, eligible to qualify as lower additional capital ("*unteres ergänzendes Kapital*") pursuant to art. 49 in connection with art. 39 SPICO, and no longer, or will no longer, fulfil the requirements for such category, or equivalent thereof, for group or solo solvency purposes (other than through the Loan Notes exceeding the then applicable quantitative limits on such capital issuance); or

(b) FINMA issues further guidance under art. 39 of the SPICO or in any Future Regulations in relation to qualifying instruments for group or solo solvency purposes (by way of law, ordinance, regulation or a published interpretation thereof), and following which FINMA notifies the Issuer or otherwise states that the Loan Notes do not, or will not, fulfil the requirements of at least Tier 2 Capital in the context of such Future Regulations; or

(c) FINMA issues further guidance in relation to qualifying instruments for group or solo solvency purposes (by way of law, ordinance, regulation or a published interpretation thereof), and FINMA affords the Loan Notes recognition as at least Tier 2 Capital for group or solo solvency purposes, and at a subsequent time FINMA notifies the Issuer or otherwise states that the Loan Notes no longer, or will no longer, fulfil the requirements of at least Tier 2 Capital in the context of such Future Regulations.

Required Deferral Event has the meaning given to it in Condition 3.4(c).

Required Minimum Solvency Margin means the required minimum solvency margin (or a comparable term in case of a change in applicable rules) in accordance with the provisions of mandatorily applicable regulatory capital requirements (including but not limited to Swiss reinsurance regulatory law (for single solvency purposes) or a generally recognized administrative practice, if any, of FINMA or otherwise, mandatorily applicable at that time).

Reset Determination Date means the day falling five Business Days before the Optional Redemption Date.

Reset Interest Amount has the meaning given to it in Condition 3.1(c).

Reset Rate of Interest means the 5-year Mid-Swap Rate determined by the Agent Bank in accordance with Condition 3 plus the Margin.

Scheduled Maturity Date means 1 September 2024.

Senior Creditors means creditors in respect of Senior Securities.

Senior Securities means:

(a) any securities or other relevant obligations, except those ranking or expressed to rank junior to or *pari passu* with the Loan Notes, including a guarantee or support (or any similar) agreement issued or entered into by the Issuer which ranks or is expressed to rank junior to or *pari passu* with the Loan Notes; and

(b) for the avoidance of doubt but without limitation, obligations in respect of policies of insurance or reinsurance, trade accounts payable, any liability for income, franchise, real estate or other taxes owed or owing to unsubordinated creditors.

A **Solvency Event** shall have occurred if:

(a) the Issuer does not have appropriate funds to cover 100 per cent. of the Required Minimum Solvency Margin, or the amount of such funds would, as a result of a full or partial interest payment or redemption payment, respectively, that would otherwise be due on an Interest Payment Date or date of redemption, respectively, be or become less than 100 per cent. of the Required Minimum Solvency Margin, all as shown in the most recent FINMA Submission, or

(b) the Issuer is unable to pay its debts owed to its Senior Creditors as they fall due, or

(c) the Issuer's Assets do not exceed the Issuer's Liabilities (other than liabilities to persons who are not Senior Creditors),

as determined, for the purposes of Condition 3 only, up to the end of the Reference Date.

Solvency Shortfall means the portion of the Interest Amount that, if paid, would cause a Solvency Event to occur or be continuing.

Special Tax Event means that an opinion of a recognised independent tax counsel has been delivered to the Issuer stating that, (a) due to a change in law, ruling or interpretation, the Issuer is, or there is more than an insubstantial risk that the Issuer will be, no longer able to obtain a tax deduction for the purposes of Swiss corporation tax for any payment of interest on the Loan Notes or (b) the Issuer has or may have amounts withheld with respect to it pursuant to any FATCA Provisions, and in each case, this cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate.

SPICO means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen – AVO*) of 9 November 2005, as amended.

Tax Deduction has the meaning given to it in Condition 3.3.

Taxes has the meaning given to it in Condition 7(a).

Ten Non-Bank Rule means the rule that the aggregate number of the Loan Noteholders under the Loan Notes which are not Qualifying Banks must not at any time exceed ten, in each case in accordance with the meaning of the Guidelines.

Tier 1 Capital means all items classified as tier one capital ("*Kernkapital*") of the Issuer as defined in the rules and regulations of FINMA.

Tier 2 Capital means all items classified as tier two capital ("*Ergänzendes Kapital*") of the Issuer as defined in the rules and regulations of FINMA, at the time of issuance comprising upper additional capital ("*oberes ergänzendes Kapital*") and lower additional capital ("*unteres ergänzendes Kapital*").

Transfer has the meaning given to it in Condition 1(c).

Transferred has the meaning given to it in Condition 1(c).

A **Trigger Event** will be deemed to have occurred if Swiss Reinsurance Company Ltd does not have appropriate funds to cover 125 per cent. of the Required Minimum Solvency Margin as shown in the most recent FINMA Submission.

Twenty Non-Bank Rule means the rule that the aggregate number of the Issuer's lenders (including Loan Noteholders), other than Qualifying Banks, under all outstanding debt relevant for the classification of debenture (*Kassenobligation*) (within the meaning of the Guidelines) such as intra-Group loans, facilities and/or private placements (including under the Loan Notes) must not at any time exceed twenty, in each case in accordance with the meaning of the Guidelines.

Use of Proceeds

The net proceeds from the issue of the Loan Notes are expected to be approximately $738,500,000. The Issuer expects to use the net proceeds from the issue of the Loan Notes for the SRZ Group's general corporate purposes. The Issuer expects that the proceeds will be used both inside and outside of Switzerland.

Capitalization of the SRZ Group

The following table sets forth the consolidated capitalization of the SRZ Group as of September 30, 2012. You should read this table together with the financial statements of the SRZ Group that are included in this Information Memorandum, and the information under "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum."

None of the SRZ Group's long-term financial debt is secured. None of the SRZ Group's long-term debt is guaranteed by third parties; however, except in the case of debt assumed with the acquisition of GE Insurance Solutions Corporation in 2006, all of the long-term debt issued by subsidiaries of SRZ has been guaranteed either directly, or indirectly through guarantees that have been issued in favor of various of its financing or other subsidiaries, by SRZ. No outstanding debt of SRZ is convertible debt, exchangeable debt or debt with attached warrants. Between December 31, 2011 and September 30, 2012, SRZ issued CHF 320,000,000 of 7.25% perpetual subordinated notes with stock settlement, $750,000,000 of 8.25% perpetual subordinated capital instruments with stock settlement and €500,000,000 of subordinated fixed-to-floating rate callable loan notes with a scheduled maturity in 2042.

The following table does not reflect the issuance in December 2012 by Swiss Re Treasury (US) Corporation (a wholly owned subsidiary of SRZ) of $250,000,000 2.875% senior notes due 2022 and $500,000,000 4.250% senior notes due 2042, which are guaranteed by SRZ. In addition, on March 5, 2013, SRZ entered into a $500 million revolving credit facility with a syndicate of banks. The revolving credit facility has an expiry date of March 5, 2016.

	As of September 30, 2012
	(USD in millions) *(unaudited)*
Long-term senior and subordinated financial debt	8,473[(a)]
Shareholder's equity:	
Contingent capital instruments	1,102[(b)]
Common Stock, CHF 0.10 par value (December 31, 2011: 370,706,931; September 30, 2012: 344,052,565 shares authorized and issued)[(c)]	32
Additional paid-in capital	8,870
Shares in SRL, net of tax	(152)
Accumulated other comprehensive income:	
Net unrealized investment gains, net of tax	3,138
Other-than-temporary impairment, net of tax	(36)
Cumulative translation adjustments, net of tax	(3,252)
Accumulated adjustment for pension and post-retirement benefits, net of tax	(915)
Total accumulated other comprehensive income	(1,065)
Retained earnings	13,636
Shareholder's equity	22,423
Non-controlling interests	24
Total equity	22,447
Total capitalization	30,896

(a) Represents $4,223 million of senior financial debt and $4,250 million of subordinated financial debt, but does not include $7,056 million of long-term operational debt. Debt used for operational leverage and financial intermediation is treated as operational debt and is currently excluded by the rating agencies from financial leverage calculations.

(b) Consists of CHF 320,000,000 of 7.25% perpetual subordinated notes with stock settlement and $750,000,000 of 8.25% perpetual subordinated capital instruments with stock settlement.

(c) Based on a resolution adopted at SRZ's Annual General Meeting in March 2012, SRZ reduced its issued share capital by CHF 2,665,436.60, from CHF 37,070,693.10 to CHF 34,405,256.50, by way of cancelling 26,654,366 SRZ Shares then held by SRZ as treasury shares.

Unaudited Pro Forma Financial Information for the SRZ Group

The unaudited pro forma financial information and comparisons presented below have been prepared for illustrative purposes only and, because of their nature, address a hypothetical situation and do not reflect actual results of operations or financial position. The unaudited pro forma financial information does not purport to represent what our consolidated results of operations and financial position would have been if the Carve-out Transactions (which occurred in April 2012) had in fact occurred on the dates indicated, nor does it purport to project the results of operations or our financial position for any future period or as of any date. The unaudited pro forma financial information and comparisons have not been prepared in accordance with the requirements of Article 11 of Regulation S-X under the Exchange Act or any other accounting standards.

SRZ Group Pro Forma Financial Information

We have not restated our historical financial statements preceding January 1, 2012 to give effect to the Carve-out Transactions. To illustrate the effect of the Carve-out Transactions on the SRZ Group income statement and balance sheet at and for the year ended December 31, 2011, we present the following unaudited pro forma financial information at and for the year ended December 31, 2011 for the SRZ Group.

The unaudited pro forma financial information at and for the year ended December 31, 2011 illustrates the effect of the Carve-out Transactions as if they had occurred on January 1, 2011, in the case of income statement data, and December 31, 2011, in the case of balance sheet data. The pro forma adjustments are based on income statement and balance sheet items allocated to each of the Admin Re® Business Unit and the Corporate Solutions Business Unit in the segment note to the Swiss Re Group consolidated accounts, adjusted for the effects of consolidation, and giving effect to the differences between the consolidated financial statements of the Swiss Re Group and the consolidated financial statements of the SRZ Group.

	Year ended December 31, 2011						
		Pro Forma Adjustments					
	SRZ Group Historical	**Admin Re®[(a)]**	**Corporate Solutions[(b)]**	**Other Adjustments[(c)]**	**Reinsurance Business Unit Pro Forma[(d)]**	**Other Adjustments[(e)]**	**SRZ Group Pro Forma**
	(USD in millions)						
Income Statement Data:							
Premiums earned	21,300	897	1,929	—	18,474	23	18,497
Fee income from policyholders	876	789	—	—	87	—	87
Net investment income	5,469	2,424	104	(61)	3,002	6	3,008
Net realized investment gains/(losses)	409	(986)	214	—	1,181	58	1,239
Other revenues	51	—	6	(66)	111	—	111
Total revenues	28,105	3,124	2,253	(127)	22,855	87	22,942
Expenses							
Claims and claim adjustment expenses	(8,810)	—	(1,461)	—	(7,349)	(18)	(7,367)
Life and health benefits	(8,414)	(2,119)	—	—	(6,295)	—	(6,295)
Return credited to policyholders	(61)	(27)	—	—	(34)	—	(34)
Acquisition costs	(4,021)	(233)	(180)		(3,608)	11	(3,597)
Other expenses	(3,115)	(466)	(442)	66	(2,273)	(19)	(2,292)
Interest expenses	(851)	(61)	(2)	61	(849)	—	(849)
Total expenses	(25,272)	(2,906)	(2,085)	127	(20,408)	(26)	(20,434)
Income before income tax expense	2,833	218	168	0	2,447	61	2,508
Income tax credit/(expense)	(83)	123	(87)	0	(119)	(21)	(140)
Net income before attribution of non-controlling interests	2,750	341	81	0	2,328	40	2,368
Income attributable to non-controlling interests	(172)	(12)	—	—	(160)	—	(160)
Net income after attribution of non-controlling interests	2,578	329	81	0	2,168	40	2,208
Balance Sheet Data (at period end):							
Total investments	164,554	59,440	6,090	0	99,024	188	99,212
Cash and cash equivalents	11,298	1,472	685	0	9,141	19	9,160
Total assets	228,120	68,288	20,063	(16,760)	156,529	410	156,939
Total liabilities	196,929	60,496	17,776	(16,710)	135,367	384	135,751
Shareholder's equity	29,494	7,378	2,277	(50)	19,889	26	19,915
Total equity	31,191	7,792	2,287	(50)	21,162	26	21,188

(a) Reflects the Admin Re® Business Unit based on the segment reporting within the Swiss Re Ltd consolidated accounts. Segment reporting is based on management's view of the operations of the Business Unit rather than the legal entities within the Swiss Re Capital Ltd consolidated group.
(b) Reflects the Corporate Solutions Business Unit based on the segment reporting within the Swiss Re Ltd consolidated accounts. Segment reporting is based on management's view of the operations of the Business Unit rather than the legal entities within the Swiss Re Corporate Solutions Ltd consolidated group.
(c) Adjustments to reflect consolidation at the Swiss Re Ltd level.
(d) The Reinsurance Business Unit financial information is based on how management views the results of the Business Unit rather than the results of the legal entities within the SRZ consolidated group.
(e) Adjustments to reflect the differences between the segment results of the Reinsurance Business Unit and the consolidated financial statements of SRZ, principally as a result of various operations that are reported as part of the Corporate Solutions Business Unit, for segment reporting purposes, but that are conducted by legal entities within the SRZ consolidated group.

Pro Forma Comparison of Financial Information for Reinsurance Segments

While we have not restated our historical financial statements preceding January 1, 2012 to reflect the Carve-out Transactions, in order to provide indicative comparisons, we present in the tables below pro forma financial information for our Property & Casualty Reinsurance segment and Life & Health Reinsurance segment for the years ended December 31, 2011 and 2010, in each case eliminating the contributions of the Admin Re® and Corporate Solutions businesses. This information was prepared from the perspective of the Swiss Re Group and the segment presentation of its three Business Units. When figures for the Property & Casualty Reinsurance and Life & Health Reinsurance segments presented below are combined, the totals differ from the amounts set forth in the column "Reinsurance Business Unit Pro Forma" in the table above (as shown in note (a) below) because the Reinsurance Business Unit pro forma information includes legacy business and the effects of a different scope of consolidation relative to the Swiss Re Group, and the Property & Casualty Reinsurance and Life & Health Reinsurance segment information presented below does not include legacy business.

Property & Casualty Reinsurance

	Year ended December 31,		
	2010	**2011**[(a)]	**Primary driver for change**
	(USD in millions)		
Revenues			
Premiums earned	9,191	10,135	Strong renewals and new business, notably in Asia
Net investment income	1,205	1,307	Deployment of cash in fixed income securities and equity mandates, partially offset by lower yields
Net realized investment gains	362	512	Gains on sale of government bonds, mark-to-market on trading securities and foreign currency movements, partly offset by impairments and losses on derivatives for ALM matching
Other revenues	60	72	
Total revenues	10,818	12,026	
Expenses			
Claims and claim adjustment expenses	(5,876)	(7,381)	Higher than expected natural catastrophes in 2011, partly offset by favorable prior year reserve developments
Acquisition costs	(1,722)	(1,848)	Driven by higher premiums earned in 2011
Other expenses	(1,123)	(1,318)	Largely driven by foreign currency movements
Interest expenses	(291)	(155)	Debt matured in 2011 and positive hedging impact
Total expenses	(9,012)	(10,702)	
Income before income tax expense	1,806	1,324	
Income tax expense	(456)	(65)	Lower than normal tax rate due to one-off related to Swiss Re Group structure change
Net income before attribution of non-controlling interests	1,350	1,259	
Income attributable to non-controlling interests	(148)	(160)	
Net income/loss attributable to common shareholder	1,202	1,099	

Life & Health Reinsurance

	Year ended December 31,		Primary driver for change
	2010	2011[(a)]	
	(USD in millions)		
Revenues			
Premiums earned	7,864	8,317	Increased premiums and fee income driven by traditional life and health business in Asia and traditional life in the United States
Fee income from policyholders	84	87	
Net investment income	1,436	1,574	Deployment of cash in government bonds, partially offset by lower yields
Net realized investment gains	266	1,125	Gains on sale of government bonds and mark-to-market gains due to low interest rates
Total revenues	9,650	11,103	
Expenses			
Claims and claim adjustment expenses; life and health benefits	(5,884)	(6,280)	Favorable morbidity and mortality experience compared to expectations, but mortality less favorable than prior year
Return credited to policyholders	(85)	(34)	
Acquisition costs	(1,643)	(1,745)	Primarily driven by new business volume in 2011
Other expenses	(624)	(716)	Largely driven by foreign currency movements
Interest expenses	(570)	(579)	
Total expenses	(8,806)	(9,354)	
Income before income tax expense	844	1,749	
Income tax expense	(213)	(85)	Lower than normal tax rate due to one-off related to Group structure change
Net income before attribution of non-controlling interests	631	1,664	
Net income attributable to common shareholder	631	1,664	

(a) The following table illustrates the differences between the aggregate of the Property & Casualty Reinsurance and the Life & Health Reinsurance segment figures for 2011 and the Reinsurance Business Unit pro forma information in the first table above, reflecting the different bases of calculation and the different purposes for which the information was prepared.

	Pro Forma	Segment Presentation
	(USD in millions)	
Revenues		
Premiums earned	18,474	18,452
Fee income from policyholders	87	87
Net investment income	3,002	2,881
Net realized investment gains	1,181	1,637
Other revenues	111	72
Total revenues	22,855	23,129
Expenses		
Claims and claim adjustment expenses	(7,349)	(7,381)
Life and health benefits	(6,295)	(6,280)
Return credited to policyholders	(34)	(34)
Acquisition costs	(3,608)	(3,593)
Other expenses	(2,273)	(2,034)
Interest expenses	(849)	(734)
Total expenses	(20,408)	(20,056)
Income before income tax expense	2,447	3,073
Income tax expense	(119)	(150)
Net income before attribution of non-controlling interests	2,328	2,923
Income attributable to non-controlling interests	(160)	(160)
Net income attributable to common shareholder	2,168	2,763

Selected Consolidated Financial Data of the SRZ Group

You should read the following selected consolidated financial data together with the financial statements of the SRZ Group included in this Information Memorandum. The 2012 consolidated financial statements for the SRZ Group have been and will be impacted by the completion of the Carve-out Transactions, as a result of which the SRZ Group's consolidated financial statements principally reflect, as of January 1, 2012, the results of the Reinsurance Business Unit, while the results of the Corporate Solutions and Admin Re® Business Units are no longer included in the SRZ Group's consolidated results. See "Our Business – Corporate Structure of the Swiss Re Group," "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum" and "Unaudited Pro Forma Financial Information for the SRZ Group."

We extracted the selected consolidated financial data presented below from (a) the audited consolidated financial statements of the SRZ Group as of and for the years ended December 31, 2009 and 2010, and as of and for the years ended December 31, 2010 and 2011, which have been audited by our independent auditors, and have been prepared and presented in accordance with U.S. GAAP and (b) the unaudited consolidated financial statements of the SRZ Group as of and for the nine months ended September 30, 2011 and 2012, which have been prepared and presented in accordance with U.S. GAAP.

Effective January 1, 2010, we changed our financial reporting currency from Swiss francs to U.S. dollars. The results as of and for the year ended December 31, 2009 were therefore converted from Swiss francs to U.S. dollars for comparison purposes.

	Year ended December 31[(a)],			Nine months ended September 30,	
	2009	**2010**	**2011**	**2011[(b)]**	**2012[(c)]**
		(audited)		*(unaudited)*	
		(USD in millions, except ratios)			
Income Statement Data:					
Revenues					
Premiums earned					
Property & Casualty Reinsurance[(d)]	12,769	10,871	12,046	7,494	9,197
Life & Health Reinsurance[(d)]	9,857	8,759	9,225	6,207	6,542
Other[(e)]	38	22	29	2,075	70
Total premiums earned	22,664	19,652	21,300	15,776	15,809
Fee income from policyholders	847	918	876	662	72
Net investment income – non-participating	5,698	4,684	4,626	3,572	2,305
Net realized investment gains/(losses) – non-participating	(2,746)	553	1,655	1,377	977
Net investment result – unit-linked and with-profit	4,322	2,968	(403)	(1,688)	139
Other revenues	178	60	51	35	71
Total revenues	30,963	28,835	28,105	19,734	19,373
Expenses					
Claims and claim adjustment expenses	(8,336)	(7,254)	(8,810)	(6,751)	(4,512)
Life and health benefits	(8,639)	(8,236)	(8,414)	(6,154)	(5,018)
Return credited to policyholders	(4,597)	(3,371)	(61)	1,271	(263)
Acquisition costs	(4,495)	(3,679)	(4,021)	(3,009)	(3,080)
Other expenses	(2,965)	(2,526)	(3,115)	(2,249)	(1,823)
Interest expenses	(1,011)	(1,094)	(851)	(645)	(560)
Total expenses	(30,043)	(26,160)	(25,272)	(17,537)	(15,256)
Income/(loss) before income tax expense	920	2,675	2,833	2,197	4,117
Income tax (expense)/benefit	(221)	(541)	(83)	(353)	(1,252)
Net income/(loss) before attribution of non-controlling interests	699	2,134	2,750	1,844	2,865
Income attributable to non-controlling interests	—	(154)	(172)	(217)	(135)
Net income/(loss) after attribution of non-controlling interests	699	1,980	2,578	1,627	2,730
Interest on contingent capital instruments	(203)	(1,117)	—	—	(39)
Net income/(loss) attributable to common shareholders	496	863	2,578	1,627	2,691
Balance Sheet Data (at period end):					
Total investments	151,341	156,947	164,554		109,215

	Year ended December 31[a],			Nine months ended September 30,	
	2009	2010	2011	2011[b]	2012[c]
		(audited)		*(unaudited)*	
		(USD in millions, except ratios)			
Total assets	232,748	228,403	228,120		170,760
Total liabilities	207,404	201,497	196,929		148,313
Unpaid claims and claim adjustment expenses	68,412	64,690	64,878		58,034
Liabilities for life and health policy benefits	39,944	39,551	39,044		20,492
Policyholder account balances	36,692	36,478	34,162		6,421
Shareholder's equity	25,344	25,342	29,494		22,423
Total equity	25,344	26,906	31,191		22,447
Other Data (unaudited)[f]					
Property & Casualty Reinsurance operating ratios (traditional business)[g]					
Claims ratio in %[h]	60.5	66.2	73.5	76.0	48.8
Expense ratio in %	27.8	27.7	28.1	30.9	29.3
Property & Casualty Reinsurance combined ratio (including unwind of discount)[g]	88.3	93.9	101.6	106.9	78.1
Life & Health Reinsurance management expense ratio in %[i]	5.9	6.8	8.3	7.0	7.6
Life & Health Reinsurance benefit ratio in %[j]	83.8	88.7	87.9	75.1	75.8

(a) Does not reflect the Carve-out Transactions.

(b) We have not restated our financial statements as of and for the nine months ended September 30, 2011 to reflect the Carve-out Transactions. See note (d) below.

(c) Reflects the Carve-out Transactions.

(d) Prior to January 1, 2012, the results of the Corporate Solutions Business Unit and the Admin Re® Business Unit were reported as part of the Property & Casualty and Life & Health segments within the SRZ Group. As of January 1, 2012, the Corporate Solutions Business Unit and the Admin Re® Business Unit are no longer included in the SRZ Group consolidated results. The 2011 consolidated results of the SRZ Group have not been restated, but the contribution of the Corporate Solutions Business Unit and the Admin Re® Business Unit to the SRZ Group for the nine months ended September 30, 2011 is shown under "Other" to enable comparison of the results of the Property & Casualty Reinsurance and Life & Health Reinsurance segments for the nine months ended September 30, 2011 and 2012.

(e) Includes mainly certain costs not allocated to the Reinsurance business segments, certain Treasury activities and certain non-core activities which are in run-off (formerly presented in the business segment Legacy).

(f) Unaudited ratios (calculated based on information extracted from our accounting records/management accounts).

(g) Included the results from our former Credit Solutions business and excluded the non-traditional business of our Property & Casualty business, which encompasses certain large commercial lines and certain structured reinsurance products, for periods prior to January 1, 2012 (during which our combined ratio only reflected our traditional Property & Casualty business). We have restated the ratio for the nine months ended September 30, 2011 for comparison purposes.

(h) Under purchase GAAP, acquired assets and liabilities are required to be stated at fair value, which means that property and casualty reserves must be adjusted to reflect fair value. The discount (net of capital cost) unwinds over the estimated average duration of the reserves.

(i) Represents annual Life & Health business other operating costs and expenses divided by Life & Health business operating revenues (excluding unit-linked and with-profit business).

(j) The benefit ratio is calculated as claims paid and claim adjustment expenses in relation to premiums earned, both of which exclude unit-linked and with-profit business. Additionally, the impact of the guaranteed minimum death benefit ("**GMDB**") and VA products is excluded, as this ratio is not indicative of the operating performance of such products.

Our Business

Overview

We are a leading and diversified global reinsurer with offices in more than 20 countries, providing expertise and services to clients throughout the world. We have been engaged in the reinsurance business since our foundation in Zurich, Switzerland in 1863. We offer a comprehensive range of reinsurance and insurance-based solutions to manage risk and capital. We are focused on accessing, transforming and transferring insurable risks. Our traditional reinsurance products and related services for property and casualty, together with our life and health business, are complemented by insurance-based capital markets solutions and supplementary services for comprehensive risk management. We are recognized as a leading authority in managing capital and risk, based on our core competencies of:

- risk transfer, for which our objective is to identify, evaluate, underwrite and diversify risk to minimize the capital cost of carrying the risk;
- underwriting expertise, based on cycle management and portfolio steering; and
- asset management, which combines analysis of insurance liabilities, reinsurance products and asset-liability management skills.

We provide property & casualty and life & health clients and brokers with reinsurance products, insurance-based capital market solutions and risk management services. Our traditional reinsurance underwriting skills include a wide range of property & casualty and life & health products and related services. In addition, we provide solutions that have insurance risks embedded in capital markets structures, including securitization and trading of insurance risks such as ILS, where we have a leading market position. Through our asset management operations we manage, or oversee the management of, the assets generated by our insurance and reinsurance activities. Our global reach enables us to offer our expertise and products to a range of clients throughout the world.

We offer a range of traditional reinsurance products and also focus on promoting innovation and development of new risk transfer solutions through our Property & Specialty (property, credit and surety, natural catastrophe, as well as engineering, aviation and marine), Casualty (liability and motor), Life & Health and Claims & Liability Management divisions. We deploy our underwriting knowledge and expertise to analyze the risks we underwrite and to develop the criteria for risk pricing in our life and non-life businesses.

We use a variety of distribution channels depending on local market characteristics and customer needs. Our European Property & Casualty Reinsurance business is primarily written directly; however, a significant portion of the Property & Casualty Reinsurance business written in the London Market is written through brokers. In the United States, we have established direct and broker business units to broaden the distribution of our products. On an aggregate basis, we obtain approximately 42% of our Property & Casualty Reinsurance business via brokers. Our Life & Health Reinsurance business is generally written directly with clients, with an emphasis on building long-term relationships.

At and for the year ended December 31, 2011 (giving effect to the Carve-out Transactions as if they had occurred on January 1, 2011, in the case of income statement data, and December 31, 2011, in the case of balance sheet data), we had:

- premiums earned of $18.5 billion;
- total assets of $157.0 billion;
- shareholder’s equity of $19.9 billion; and
- total investments of $99.2 billion.

At and for the nine months ended September 30, 2012, we reported:

- premiums earned of $15.8 billion;
- total assets of $170.8 billion;
- shareholder’s equity of $22.4 billion; and
- total investments of $109.2 billion.

Of our premiums earned in 2011 (giving effect to the Carve-out Transactions as if they had occurred on January 1, 2011), $10.1 billion, or 55%, represented Property & Casualty Reinsurance premiums earned and $8.3 billion, or 45%, represented Life & Health Reinsurance premiums earned. Of our premiums earned in the nine months ended September 30, 2012, $9.2 billion, or 58%, represented Property & Casualty Reinsurance premiums earned and $6.5 billion, or 41%, represented Life & Health Reinsurance premiums earned.

SRZ is currently rated "AA-" (stable outlook) by S&P, "A1" (positive outlook) by Moody's and "A+" (stable outlook) by A.M. Best, which are generally considered to be significant rating agencies with respect to the evaluation of insurance and reinsurance companies.

Corporate Structure of the Swiss Re Group

The Swiss Re Group operates through the following three distinct Business Units:

- Reinsurance, consisting of all lines of Property & Casualty reinsurance as well as Life & Health reinsurance;
- Corporate Solutions, providing commercial insurance for large corporate clients; and
- Admin Re®, focusing on the acceptance and management of closed blocks of in-force life and health insurance business, either through acquisition or reinsurance.

These Business Units are supported by Finance and Risk Management (the "**Corporate Functions**") as well as Underwriting, Asset Management and Operations (the "**Enabling Units**"). The Corporate Functions and the Enabling Units support the Business Units by managing common resources and support operations, as well as the products and assets developed for and generated by the operations of the Swiss Re Group.

The Corporate Functions define the policies, guidelines and standards for the Swiss Re Group's financial and risk management, and ensure compliance with these policies, guidelines and standards through monitoring of Business Unit activities. They serve as the centers of excellence and provide support to the Business Units, while also managing key corporate processes on behalf of the Swiss Re Group.

The Enabling Units define policies, guidelines and standards for the operations of the Business Units. They run or support key processes for the Business Units, serve as a center of expertise and provide an operating platform for the Swiss Re Group. In particular,

- **Underwriting:** proposes and implements underwriting strategies and ensures compliance with Swiss Re Group underwriting standards.
- **Asset Management:** prepares and proposes a strategic asset allocation, which is then approved by the Swiss Re Group Executive Committee, and manages invested assets.
- **Operations:** provides services and ensures compliance with Swiss Re Group standards.

In sum, the Swiss Re Group continues to oversee the Business Units, define the overall strategy for the entire Swiss Re Group and ensure its implementation, set targets for the Business Units, determine capital allocations among the Business Units, manage the financial profile of the entire Swiss Re Group and approve Business Unit strategies. The Swiss Re Group also continues to define and monitor adherence to group-wide policies, guidelines and standards, including the risk management framework.

Business Strategy

We operate within the strategy set out by the Swiss Re Group. Our goals are consistent with the overall Swiss Re Group return on equity, earnings per share and economic net worth financial targets over five years, as well as decisions taken at the Swiss Re Group level on redeployment of capital to take advantage of growth opportunities and dividends payments to SRL to redeploy capital.

We continuously seek to maintain and improve our market position as a leader in originating and transforming insurable risks, and to enhance our ability to take advantage of profitable opportunities across the

ever-changing risk transfer landscape. As a leading player in the wholesale re/insurance industry, we strive to be the preferred partner for clients by winning trust and confidence. Specifically, we seek to be integral to the success of our clients through our significant risk capacity, risk knowledge and expertise, innovation and best-in-class solutions, financial strength and capital efficiency, high counterparty security and targeted client approach. We aim to deliver tailored solutions that meet specific needs. Our longstanding experience with solvency standards based on economic principles, our diversification and our capital strength enable us to provide effective capital relief solutions for our clients.

We seek to be perceived as the partner of choice for clients and brokers, providing a reliable and integrated platform for insurable risks that benefit from our financial strength, our ability to transform insurance risks and a range of products on a scale that only one of the world's largest reinsurance companies can provide.

We focus on large and complex transactions with insurance clients, public sector clients and pension funds. We seek to anticipate extreme scenarios and enable the risk taking that is essential to the development of enterprise and progress in society. We believe our expertise and solutions enable our clients to reduce peak risks; reduce earnings volatility; free up capital; and achieve capital management targets for solvency and ratings. We constantly monitor the risk landscape and regularly seek to develop innovative solutions that address our clients' needs. We have the capacity and expertise to undertake large reinsurance transactions, for example, in support of solvency concerns on the part of our clients. Furthermore, we believe that we have effective claims management procedures in place that are based on industry best practices and we provide speed of payment when clients need us most.

Looking ahead, in furtherance of our strategic goals, the elements of our strategy include:

- ***Building on our existing core reinsurance capabilities.*** As a global company with a wide product range and geographical reach, we allocate capital by balancing opportunities on a risk-adjusted basis to generate sustainable earnings and growth over the long-term. Our client service model allows us to offer solutions that are tailored to clients' specific needs. We will continue to emphasize the importance of a client-centric focus.

    - In our ***Property & Casualty Reinsurance*** business, we will seek to leverage our large capacity and what we believe are industry-leading underwriting capabilities. Active cycle management, by reducing our top line in softening phases of the cycle and increasing our top line in hardening phases of the cycle, remains one of our top priorities. We continuously shift capacity to those segments where we expect the most attractive risk-adjusted returns on our capital. In addition to cycle management, we see proper risk selection (by leveraging our R&D, our proprietary costing tools and our underwriting training) and gaining direct access to c-suite decision-makers (particularly for large capacity transactions (such as solvency quota shares, adverse development covers and natural catastrophe layers)) as key drivers to manage our Property & Casualty Reinsurance business successfully.

      We believe that we have the capacity and expertise to write more business as market conditions improve, and will position ourselves to grow new business and capture diversification of risk and duration in our property and casualty reinsurance lines. We are also well-positioned to meet increasing demand for capital relief solutions as new solvency regimes evolve, particularly in China, Europe and Japan. Although we have reduced our casualty reinsurance business due to low interest rates and soft market conditions, we believe we are well-positioned to capitalize on a future upswing due to our controlled exposure to volatile areas, our pricing tools and capital strength, and our ability to offer capital management solutions by assuming run-off books.

    - In our ***Life & Health Reinsurance*** business we believe that focusing on our expertise in better risk selection through access to what we believe is among the most comprehensive mortality data available and our R&D to achieve more precise pricing and monitoring are among the key drivers of success. Additionally, we see service delivery and product and solution innovation (which includes partnering with clients and distributors to develop consumer friendly products and processes, redundant reserve financing and transfer of risks to the capital markets) as important factors for positioning ourselves as a market leader.

In an environment of declining cession rates and low interest rates, we will seek to manage proactively our in-force book of business (including addressing the lapse and mortality experience that resulted from overly optimistic assumptions on the conversion of level term to post-level term premiums for our pre-2004 post-level term U.S. business) and focus on new product solutions, including large transactions.

In the United States, we will continue to focus on business, such as YRT reinsurance, that plays to our core strengths in mortality coverage. We will still provide some capacity for traditional XXX term coinsurance business (traditional U.S. life business subject to National Association of Insurance Commissioners ("**NAIC**") Model Regulation 830, which is commonly referred to as "**Regulation XXX**"), but we are increasingly looking to address our clients' XXX reserve funding needs through alternative structures. In Europe, we are helping clients to manage their capital positions under current Solvency I regulations, while working with them to analyze the impact of Solvency II and to create efficient reinsurance structures for the new regime. As Asia and other high-growth markets continue to show strong growth potential for health insurance products, including critical illness and medical insurance, we will continue to support clients by developing sustainable products that meet the needs of an increasingly affluent population while retaining sound risk management principles. We aim to help our clients close the protection gap by providing accessible, affordable and sustainable life and health products in their markets.

We see opportunities to expand our health business in light of demographic and socio-economic trends. Longevity risk protection for life insurance companies and corporate clients continues to be a strategic priority for us. We have refined our strategy for longevity and health to reflect both mortality and morbidity developments from demographic changes and advances in medicine and medical care. Our 2010 Kortis securitization programme, our first longevity/mortality basis risk bond, built on leadership in ILS innovation, developed first in respect of natural catastrophe and later with extreme mortality risk. We believe we are ideally positioned, because of our large mortality book, our brand reputation in respect of long duration covers, our mortality expertise and our securitization and capital markets expertise, to offer longevity solutions where we believe the pricing is attractive.

- In addition, we are focused on the risk financing needs of sovereign and sub-sovereign governments, international development institutions and non-government organizations.

- ***Expanding selectively.*** We will seek opportunities to expand in selective areas – by line of business, products and geographic focus. We will also seek opportunities to capitalize on our market position and experience in structuring risk transfer solutions by writing longevity risk covers. Finally, we aim to further develop Swiss Re as a leading reinsurance player in the markets where premium growth over the next ten years will far outpace growth in the developed economies.

We are particularly focused on high-growth markets (including China, Brazil, Indonesia, India and Mexico), many of which, we believe, are underserved by reinsurance solutions and where we believe there are significant opportunities for both Property & Casualty Reinsurance and Life & Health Reinsurance to support our clients, to work with local governmental institutions and to play a role in developing the market. The Swiss Re Group overall expects premium from high-growth markets to be in the range of 20-25% of the total by 2015.

Our Business

We write all major lines of reinsurance with clients throughout the world. Our reinsurance business is diversified by line, geography and type of business. We have a strong reputation for innovative re/insurance and risk management solutions, and provide wholesale re/insurance products, insurance-based capital market solutions, and supplementary risk management services to our clients and brokers around the globe.

In 2011, the Americas, European (including the Middle East and Africa) and Asia-Pacific regions accounted for 42%, 39% and 19%, respectively, of total net premiums earned and fee income, compared to 44%, 41% and 15%, respectively, in 2010.

Property & Casualty Reinsurance

General

Our Property & Casualty Reinsurance portfolio is diversified by line of business, type of reinsurance and geography. We are a leader in insurance-based capital markets solutions and public sector risk transfer, and we combine our global expertise with local knowledge in order to provide our clients with financially sound reinsurance support in all property and casualty lines of business. For 2011, our Property & Casualty business was split 44% proportional treaty business (versus 45% in the prior year), 33% non-proportional treaty business (versus 30% in the prior year) and 23% facultative reinsurance (versus 25% in the prior year). In 2011, treaty business comprised 88% of gross Property & Casualty premiums written, compared to 85% in 2010.

Reinsurance

Our Property & Casualty reinsurance business consists of the following sub-segments: property traditional business, casualty traditional business, specialty traditional business and non-traditional business, and includes the following principal lines.

- *Property*. Comprises fire and business interruption insurance and allied lines, such as flood, windstorm, hail and earthquake.

- *Casualty*. Comprises accident and health, liability and motor business.

  - *Liability*. Includes cover for industrial, commercial, employers', product, professional, directors and officers or private liability to third parties.

  - *Motor*. Includes cover for physical own damage, accident and liability losses involving motor vehicles.

  - *Health*. Includes indemnification or reimbursement for losses caused by bodily injury or sickness or for expenses of medical treatment necessitated by sickness or accidental bodily injury.

  - *Accident*. Includes cover for individuals or groups against economic risks in the event of death or temporary or permanent disability by accident and reinsurance of employers for their workers' compensation obligations.

Specialty lines include:

- *Marine*. Includes cover for property in transit (cargo), means of transportation (except aircraft and motor vehicles), offshore installations and valuables, as well as liabilities associated with marine risks and professions.

- *Engineering*. Includes cover for construction and erection of objects during the construction or erection period and the insurance of machinery in operating plants.

- *Agriculture*. Includes cover for crops, forestry, greenhouses, livestock, bloodstock and aquaculture against various perils such as drought, wind storm, diseases and loss of revenue.

- *Special Risks*. Includes cover for a range of risks such as theft, fidelity, fraud, burglary, robbery for financial institutions and commercial risks, event cancellation and risks relating to art and antiques.

- *Aviation*. Includes cover for hull, accident and liability losses from the manufacture, use or operation of aircraft and aviation facilities.

- *Space*. Includes cover for property and liability losses from the use or operation of launch vehicles and satellites.

- *Nuclear energy*. Includes property and liability cover for atomic reactors, power stations or any other plant related to the production of atomic energy or its incidental processes.

- *Credit & Surety*. Includes cover for financial losses sustained through the failure, for commercial reasons, of policyholders' clients to pay for goods or services supplied to them, and insurance covering sureties and guarantees issued to third parties for the fulfilment of contractual liabilities.

Underwriting Approach

Our underwriting approach is based on identification of risk and return factors at the individual transaction level, and portfolio monitoring and steering at the aggregate level.

We have developed our own modelling and costing tools and methodologies, which are constantly reviewed and adapted to the business conditions and to incorporate new knowledge. Underwriting metrics are defined and monitored centrally, within our "Underwriting Steering Values" framework, which compare current prices with benchmark risk adjusted profit margins and average price levels over the whole insurance cycle. The price adequacy of segments, and the accuracy of our costing, is reviewed regularly. In order to increase the objectivity of costing and reserving, apart from facultative business and small clients' business, the costing of our products and transactions is generally maintained separately from the selling price decisions and separately from reserving for facultative business and small clients' business. The underwriting and marketing role is undertaken by one person, who is supervised by a separate unit on a continuous basis. While these processes report independently from each other, we continue to maintain annual feedback processes, both locally and globally.

Our underwriting risk appetite is defined on a global basis by Swiss Re's Group Products and Limits Committee ("**GPLC**"). Underwriting authority is cascaded to individual underwriters (based on individual skills and experience) throughout the world in a defined manner, within a framework of global guidelines. Transaction sign-off and escalation are defined for all levels of the organization.

Our key risk aggregations are monitored centrally. Aggregate limits for natural catastrophe, longevity and peak mortality are approved by Swiss Re's Group Risk & Capital Committee ("**GRCC**").

Europe, Middle East and Africa

We have operated throughout Europe since our founding in 1863. We conduct our Property & Casualty Reinsurance business in EMEA directly through SRZ and Swiss Re Europe S.A. (a Luxembourg-based entity) and their branches.

We maintain a strong position in our traditional markets in Belgium, France, Germany, Italy, the Netherlands, northern Europe, Spain, Switzerland and the United Kingdom. In recent years, we have also developed a strong position in Africa and a selective presence in the Middle East. In addition, we have a strong position in central and eastern Europe, particularly in Poland, and see strong development in Russia. We market our traditional reinsurance business to our European clients through offices in London, Madrid, Munich, Paris, Rome and Zurich.

In our traditional business, several of our clients in Europe have been ceding business to us for over 100 years. We write business with all types of insurers, and currently serve approximately 900 clients. During the past few years, the European insurance market, which we believe represents almost 40% of the worldwide property and casualty insurance market, has further consolidated. We seek to respond to these developments in Europe by offering an integrated value proposition ranging from traditional commodity products to more complex, tailor-made programs. In our traditional lines, we seek to respond to premium rate pressure by focusing on efficiency in our distribution channels (including developing internet-based initiatives) and in increasing administrative efficiency. We have been altering our business mix, placing greater emphasis on non-proportional treaty business, though more than half of our business (based on gross premiums written) remains proportional treaty business.

Most of our traditional Property & Casualty reinsurance business in Europe is written directly. However, a substantial portion of our business written in the London Market is obtained through reinsurance brokers. The "London Market" consists of UK and non-UK ceding companies placing business in London with reinsurers both in the United Kingdom and abroad. The London Market is particularly recognized as a worldwide centre for specialized risk underwriting. We write a significant volume of gross premiums annually in the London Market.

Our African clients range from large multi-line insurers to small niche companies. Our relationships with ceding companies in the region are long-standing but reinsurance brokers have become more important.

Our European Property & Casualty reinsurance operations compete principally with Munich Re, Berkshire Hathaway/General Re, Hannover Re, SCOR and PartnerRe. We also compete in Europe with Bermuda-based reinsurers and Lloyd's.

Americas

North America. Swiss Re America, our subsidiary based in Armonk, New York, has conducted reinsurance operations in the United States since 1910. For many years prior to that, reinsurance business in the United States was written through SRZ from Zurich. Swiss Re Canada, our Toronto-based subsidiary, has conducted reinsurance operations in Canada since 1953. Since 2009, all of our Canadian Property & Casualty reinsurance business has been written by SRZ (Canadian Branch).

In the United States, we provide reinsurance treaty products through two principal business units – Direct and Broker. We have centralized our divisional underwriting function in Armonk, New York, Calabasas, California, Schaumburg, Illinois and Toronto, Canada to better coordinate with marketing and control our underwriting activity.

The Direct treaty unit located in Armonk addresses the needs of regional companies as well as large U.S. and multinational insurance companies, serving clients regardless of the type of risk or location.

The Broker treaty unit consists principally of Swiss Re Underwriters Agency, formerly Underwriters Re, an underwriting agency that concentrates on products sold through the broker market channel. This business is organized around our offices in Calabasas, California and Schaumburg, Illinois.

We have a North American network of offices that provide facultative covers to our clients on a regional basis in Atlanta, Georgia, Chicago, Illinois, New York City, New York and Toronto, Canada. Our facultative cover market strategy includes using both direct and broker channels.

We write Property & Casualty business in the United States and Canada with all types of insurers. We maintain relationships with several hundred clients in North America and focus on providing these clients with access to all the resources of Swiss Re. Our approach is to create client-focused teams designed to provide value-added products and services, such as claims and accounting operational reviews, client underwriting reviews and technology assessments. We believe there is competitive advantage in providing these services in support of reinsurance programs, rather than performing them on a fee-for-service basis. We also offer risk financing products as well as tailor-made products to meet our clients' needs.

A substantial portion of Swiss Re America's business is sold directly to clients, although a growing portion of our U.S. business is sold through the broker market. A significant portion of our Canadian treaty business comes to us through brokers.

As a direct reinsurer, we compete in North America principally with Berkshire Hathaway/General Re and Munich Re Group (mainly via its local carrier, Munich Re America). In the broker market, our principal competitors are Transatlantic Re, Lloyd's, Everest Re, PartnerRe and Munich Re Group, as well as the newer Bermuda-based reinsurers.

Latin America. We began writing business in Latin America in 1911. We write business primarily in Mexico, Venezuela, Chile, Puerto Rico, Colombia, Dominican Republic, Brazil, Peru, Argentina and, to a lesser extent, Uruguay, Panama, Ecuador, Honduras, El Salvador and Guatemala. In June 2012, Swiss Re obtained the authorization from SUSEP, the Brazilian insurance regulator, to establish a local reinsurer in Brazil. As a local

reinsurer, we can participate fully in the Brazilian market and service a wider spectrum of clients and risks, while being an active player in future market developments.

Deregulation of the insurance industry, economic growth due to market reforms and lower inflation have all increased the attractiveness of the Latin American insurance market to foreign insurance and reinsurance companies. This has resulted in overcapacity in the market. We are focusing our Latin American activities on building leading positions in principal markets by strengthening our resources through our local offices, supported by three centralized underwriting offices in Armonk, New York, Miami, Florida, and Mexico City.

Our main competitors in Latin America are other global reinsurance companies such as Munich Re, Mapfre Re, Lloyd's, Hannover Re, PartnerRe and Transatlantic Re (part of SCOR).

Asia

We have been one of the market leaders in Asia since 1914. Since early 2002, the headquarters of our Property & Casualty Asia division has been located in Hong Kong. We maintain local offices in the region comprising; subsidiary, branch, service company or representative offices in Australia, China (Hong Kong, Beijing and Shanghai), Singapore, Malaysia, Japan, South Korea and India. We continue to work with regulators in the region to obtain national reinsurance licenses in principal markets, as well as the most appropriate legal structures from which to deliver our capabilities to our local clients. In September 2009, we obtained a composite license to write Family and General Retakaful business in Malaysia, which allows our Retakaful operation in Kuala Lumpur to offer these solutions on a global basis.

Our strategy in the region is to position ourselves as the reinsurer of choice to both mature and developing markets in Asia. Overall insurance and reinsurance growth in the region, excluding Japan and Australia, is expected, in percentage terms, to exceed that of the North American or European markets over the next decade. In the mature markets, such as Australia, New Zealand and Japan, we will continue to build on our strong market position and strengthen our relationships with our global clients. We also focus on the rapidly growing high-growth markets in the region, particularly China, India and Indonesia. We are particularly active in emerging Asian markets where legal and societal changes have increased liability awareness, creating greater demand for liability insurance products. We believe that in these markets our worldwide experience and financial capabilities can be brought to bear, as Asia's emerging markets move closer to world regulatory best-practices, stronger economic co-operation and greater asset growth. All of our lines of business will continue to be deployed in Asia, and from a growth perspective we anticipate further expansion of our position in property and certain casualty lines, as investment, infrastructure and building commitments increase in the region.

Our competitors in the region include Munich Re, Berkshire Hathaway/General Re, Hannover Re and the London Market.

Life & Health Reinsurance

General

We provide reinsurance to life and health insurance companies worldwide. With specialist knowledge of mortality, morbidity and longevity trends, we offer clients sustainable, viable solutions to their risk and capital management needs as well as support for product development. The Life & Health Reinsurance business segment is comprised of life and health businesses.

The life and health businesses include reinsurance contracts for individual and group life, disability income, critical illness, medical expenses and annuity products.

Our Life & Health Reinsurance business is comprised of the following principal lines:

Life reinsurance – which typically provides protection against risk exposures, principally mortality risk, on individual and group lives on a proportional basis and is written predominantly through treaty arrangements and, to a lesser extent, on a facultative basis.

Health reinsurance – which predominantly includes the following:

- Disability – insurance against the inability to work and earn an income as a result of a long-term illness or disability.

- Critical illness – which provides a lump sum payment to policyholders upon diagnosis of a specified serious ailment, such as heart attack, stroke or cancer or major organ transplant.

- Medical – insurance against the cost of treatments for sickness or injury.

Mortality risk is the core business of the Life & Health Reinsurance business. Historically, mortality rates have shown significant improvement as medical treatments have substantially raised life expectancy, thereby reducing or delaying claims. Advances in medicine and research conducted by the business suggest that the overall trend is one of continued improvement, but that its extent will vary considerably according to age group and market.

A global trend towards privatizing health and welfare benefits has resulted in a growing recognition of the protection provided by health insurance. We focus our health reinsurance portfolio on markets, primarily outside the United States, and products that allow us to meet policyholder needs while also generating an acceptable return.

As part of our de-risking activities, we discontinued writing new VA business in 2009 and have an extensive hedging program covering our existing VA business.

In terms of new products, we have entered into pure longevity risk covers in the United Kingdom and Australia, and are expanding this offering into other markets, as appropriate opportunities become available. Longevity risk is the risk to which a pension fund or life insurance company could be exposed as a result of higher-than-expected payout patterns. Increasing life expectancy trends among policyholders and pensioners can result in payout levels that are higher than originally accounted for. As a result, as life expectancy increases (resulting in higher-than-expected benefits), strains are placed on such organizations obligated to pay retirement benefits. While demand from pension funds and life insurance companies has grown, private sector longevity risk cover has remained scarce.

We seek to capitalize on our global position, using local initiatives to respond to local market needs. Our goal is to differentiate Swiss Re as a provider of a broad range of risk management services, while controlling our administration costs. We provide support to our clients at every stage of their business cycle, from start-up planning and launch through subsequent growth into mature businesses, to, where appropriate, the cessation of specific product lines or business units. Our purpose is to help clients protect their balance sheets and to help them meet their risk management requirements.

Americas

North America. We conduct our traditional North American Life & Health Reinsurance operations primarily through Swiss Re Life & Health America. Our U.S. Life & Health Reinsurance operations are centred in Armonk, New York and Fort Wayne, Indiana. Our Canadian Life & Health Reinsurance operations are headquartered in Toronto, Ontario.

We are the largest life and health reinsurer in North America, with more than $2 trillion of gross life reinsurance and insurance in force. We offer reinsurance in the United States, Canada and the Caribbean for most forms of individual and group insurance risks. In North America, our Life & Health reinsurance is sold through our marketing personnel.

U.S. operations. The focus of our U.S. operations has been individual and group life reinsurance. Current economic conditions are expected to generate lower individual life sales. Overall cession rates are in decline, averaging an annual 2.5% decrease for the last few years. To counter this decline we are increasingly focused on large transactions involving in-force block and innovative structures for redundant reserve financing.

Insurers continue to see reinsurance as a solid means of capital relief and risk management, providing opportunities for life reinsurance in the current economic environment. Our focus is to maintain sustainable returns while working closely with our clients to develop customized reinsurance solutions and services.

In the United States, economic conditions led us to reposition our level-term coinsurance ("**COX**") offering as a secondary product line compared to YRT reinsurance. We expect this to continue until principles-based reserves or other regulatory solutions are able to materially reduce the funding risks under Regulation XXX reserving for COX products, as we carry a proportional share of this funding risk when we write reinsurance as COX, rather than YRT.

Canada and the Caribbean. We are a market leader in both Canada and the Caribbean. Based on in-force volumes, we consistently rank in the top two in all major life Canadian product lines, including individual and group life and disability (based on premiums). We expect that individual life sales may reduce slightly, and that strong cession rates may contract slightly as a result of modified and new accounting, regulatory and reserving rules impacting the reinsurance industry. The focus of our operations in Canada and the Caribbean is consistent with our approach in the United States.

We expect the market for health, accumulation and longevity risk products will continue to expand in both the United States and Canada as the population ages. While current conditions in the financial markets have adversely affected the growth of this market, we have developed expanded capabilities and offerings for this market and believe that we are well-positioned to capture new opportunities as they become available.

In the U.S. life and health reinsurance market we compete principally with Reinsurance Group of America, Scor, Generali, Hannover Re and Munich Re, as well as with the Hartford Group for group life. In Canada our principal competitors are Munich Re and Reinsurance Group of America.

Latin America. The Latin American markets are generally in an early stage of development, and the products we offer there tend to be conventional, individual and group life covers, although we are working towards expanding our product offering. In the long-term, we expect that growth in the conventional market and a more stable economic environment will result in strong growth in the market for individual life and health reinsurance.

Europe, Middle East and Africa

We provide life and health reinsurance solutions throughout Europe, and we have a leading market position in several markets, including, but not limited to, Switzerland, the United Kingdom, Israel, Denmark, Belgium, France, Germany, Italy, the Netherlands and Poland. We are also active in Eastern Europe where we have developed a strong market position, although current business volumes there are still small relative to Western Europe.

We write life and health reinsurance in Europe through a number of local offices including London, Zurich, Paris, Madrid, Copenhagen, Tel Aviv, Rome and Munich. Our principal products in Europe are life, disability and critical illness, written on both group and individual bases.

The provision of reinsurance coverage for medical expenses currently represents a small portion of our business; we do, however, expect to expand our coverage in certain markets where we see opportunities to provide reinsurance support for medical expenses (for example, additional insurance covers on top of basic/mandatory covers).

In Europe, we focus on specific areas of growth such as life protection products linked to loans and mortgages, products sold through banks and other financial institutions, and leading the market towards enhancing the segmentation of insured lives. This focus has been particularly strong in Spain, Italy, Germany and France. In the United Kingdom, the traditional reinsurance market is closely aligned with the primary market as a result of high cession rates.

The United Kingdom is our principal European Life & Health Reinsurance market, based on premiums written and fees assessed against policyholders. Our primary focus in the United Kingdom is on mortality, critical illness, disability income protection and longevity. While price competition has been a feature of this market for many years, we have sustained margins at acceptable levels. Critical illness products are primarily sold as accelerated covers attached to life protection.

Most European countries have well-established life insurance companies providing both risk and savings products. Traditional savings products sold by life insurance companies usually incorporate an element of mortality risk for which reinsurance is sought. We believe the ageing of the European population is likely to

increase the need for both savings and risk products but also longevity protection. The ageing population has led to an increasing latent demand for pension provision; however, increased uncertainty regarding the structure and value of pension products has acted as a brake on growth in this area. At the same time, governments throughout Europe are trying to find ways of reducing the burden of social programs on national budgets and are actively promoting the concept of individual responsibility for welfare-related issues. A notable example is the pension reform measures undertaken in Germany. Even without welfare reform, we expect that the demand for savings and protection products will continue to grow strongly as governments encourage individuals to manage their own future financial needs.

In addition to traditional lines, we also offer structured reinsurance products for clients seeking efficient capital management solutions. This area has been subject to increased focus and interest from insurance company management in recent years, accelerated by the financial crisis and cost of raising new capital. We believe that continuing to develop and offer efficient capital management solutions will be a key driver in the continued growth of our business. As a result of the new Solvency II regulations we expect to develop new reinsurance solutions as clients look to manage their solvency capital requirement and diversification benefits under Solvency II.

In general, we conduct our European Life & Health Reinsurance business directly with clients, with an emphasis on building long-term relationships. Our European Life & Health Reinsurance clients are principally insurance companies or bancassurers.

We compete throughout the European life and health reinsurance market principally with Munich Re, General Reinsurance AG (f/k/a Cologne Re), SCOR, Hannover Re and Reinsurance Group of America.

Our African Life & Health Reinsurance operations consist primarily of business that our South African subsidiary writes in South Africa, with a small additional amount written in Sub-Saharan Africa. Our principal products consist mainly of group and individual life, group and individual disability income and individual health. Reinsurance is offered on both original terms and risk premium arrangements, almost entirely on a proportional basis.

Asia

Our Life & Health Reinsurance business in Asia operates out of branches in Beijing, Hong Kong, Tokyo, Seoul, Kuala Lumpur and Singapore and has service companies in Mumbai and Bangalore. We write business from markets across the region, with material portfolios in the developed markets such as Japan and Korea, and continued investment in high-growth markets, such as China and India, where we believe there are significant long-term opportunities for growth in various areas. For example, we continue to expand our health insurance portfolio and support government sponsored micro-insurance schemes in India.

Our existing life and health reinsurance portfolio is dominated by mortality risk, while the growth in new business is increasingly focused on health (especially medical) business, in line with underlying market trends. We expect this trend to continue, with growth spread across all markets in the region. Demand for traditional and structured reinsurance is expected to continue to increase in the region as insurers focus more attention at this time on protection business and capital efficiency. We continue to strongly promote our proposition of financial strength combined with specialized knowledge in the area of product development, risk analysis and in designing tailor-made reinsurance solutions to help clients manage risk and meet their capital requirements.

In support of the increased demand for health re/insurance, over the past two years we have invested in infrastructure to support ongoing management of this line of business.

We compete throughout Asia, principally with Munich Re, Reinsurance Group of America, Hannover Re and General Re, as well as with various national reinsurers.

Australia

Our Life & Health Reinsurance business in Australia and New Zealand is written through Swiss Re Life & Health Australia Ltd and continues to grow as the underlying protection market grows.

Our portfolio of business continues to show a balanced mix of individual and group, mortality and disability. Recent regulatory changes in Australia have generated significant growth in the amounts of protection offered within superannuation funds, and our group risk business continues to grow in line with this. Our strategy continues to see us positioned as the leading value-added reinsurer differentiated from competitors by the scope and focus of our services.

Asset Management

We manage the assets generated through our reinsurance and insurance activities through our Asset Management operations. ALM is a core focus of Asset Management to ensure that our investment portfolio is managed according to the benchmark set by our reinsurance and insurance liabilities, defined by key rate durations, currency and legal entity constraints where applicable. We believe that this allows us to generate attractive risk-adjusted economic investment return while navigating volatile financial markets. Furthermore, Asset Management also seeks to generate on a limited and selective basis additional economic value, subject to rigorous risk limits and oversight. In furtherance of the Asset Management mandate, which includes the development and implementation of our strategic asset allocation, we have outsourced certain parts of our investment management activities and have created a dedicated team to oversee the corresponding external mandates. Actual performance and risk taking are rigorously monitored against these external mandates in the same manner as for the assets managed internally.

To execute these various mandates, Asset Management separates its investment activities into three layers: a risk-free return, a market return, and an active risk-taking return. The 'risk-free' return comes from the Minimum Risk Benchmark portfolio, which is defined to match as closely as possible the cash flow characteristics of expected future claims. The market return is generated by strategic asset allocation decisions across various broad asset classes depending on macroeconomic outlook and financial market environment, which are closely monitored as part of our investment strategy. Active risk-taking return, finally, can arise through identifying and profiting from temporary market dislocations. The proportion of market return and active return to overall return depends on the risk capacity and the risk appetite of Swiss Re.

The Swiss Re group-wide strategic asset allocation is endorsed by the ALCO, approved by the Investment Committee of the Board of Directors and delegated to the Asset Management division for implementation. An independent Risk Management function, which reports directly to the Chief Executive Officer, is responsible for ensuring that the Asset Management division adheres to delegated limits when implementing the strategic asset allocation.

In addition, we have a dedicated expert in-house portfolio management team that manages a large part of our sovereign fixed income portfolio, which is core to our asset-liability management activities within the Asset Management division. This team manages a significant proportion of our total Asset Management investment portfolio (excluding unit-linked and with-profit business). Working closely with the office of the Group Chief Investment Officer ("**Group CIO**"), the portfolio management team seeks to ensure that we match our liabilities effectively while generating an optimal risk-adjusted economic investment return for these investments.

We have further strengthened our risk-taking and governance processes as part of our integrated investment process, adjusted our risk limit framework to reflect more conservative stress scenarios, improved our oversight functions and implemented advanced liquidity management practices. These processes focus on infrastructure and data quality, reporting, performance benchmarking and modelling of risk under Swiss Re risk management. From time to time, we maintain an active hedging program to manage rates, credit spreads and our equity exposures on a more short-term basis. The hedging program's ultimate purpose is to protect capital while retaining some potential for gain. With the risk budgeting framework that we have had in place since the beginning of 2010, we optimize the risk-return profile of our asset allocation within a robust asset-liability framework, taking advantage of opportunities on financial markets. Since the beginning of 2012, Asset Management has been supporting the Business Units with the development of customized investment portfolios reflecting their objectives and the unique characteristics of each of their insurance portfolios and constraints. The respective Business Units' strategic asset allocations are derived and executed under a group-wide consistent top-down investment strategy based on macroeconomic landscape analysis.

The Group CIO is responsible for the investment result of the Swiss Re Group, based on the Swiss Re Group and Business Units' investment plans, which are part of the Swiss Re Group plan and the Business Units plans, respectively. The Group CIO retains responsibility for decisions on investment tactics within the

approved ranges of the strategic asset allocation and subject to defined risk limits. From an organizational perspective, the Group CIO oversees the Asset Management division.

Swiss Re's Reinsurance Clients and Marketing

We market our products on a worldwide basis, under the "Swiss Re" brand name. Our marketing strategy is client-focused rather than product-focused. In this regard, we have sought to establish a local presence in growing markets to better meet the needs of our clients and brokers, by providing a reliable and integrated resource for their insurance needs. We have a marketing unit for global clients that enables us to concentrate the particular expertise needed to serve the major international insurance groups. We organize our professional resources using a client management team approach in order to deliver Swiss Re's global expertise to meet our clients' needs. In order to achieve this, we have established integrated origination teams, which we believe will enable us to develop strong origination leadership and to provide our products and services to a wider range of customers. We also provide a significant amount of technical advice and assistance to our clients as a means of enhancing our relationship with them and we take the lead in developing comprehensive reinsurance solutions to meet their needs.

For our Property & Casualty Reinsurance business we conduct business with our clients both through direct relationships and through brokers. For our Life & Health Reinsurance business we primarily conduct business with our clients through direct relationships.

We believe that we have a well-developed client base, and that we are not dependent on any single client, group of clients or line of business. We do not believe that the loss of any single client would have a material adverse effect on our results of operations or financial condition.

Underwriting and Costing

In developing underwriting guidelines and monitoring risk, the SRL Board of Directors and the SRL Executive Committee approve general principles for our risk tolerance, risk taking and capacity allocation. The overall objective of these procedures is to achieve an appropriate return for the risk we take while safeguarding our solvency. In particular, we seek to maintain a sufficient level of capital that allows us to maintain targeted financial strength even after defined tail loss events.

Swiss Re's Finance and Risk Committee ("**FRC**") reviews corporate risk reports, our maximum exposures and the adequacy of our reserves. The GRCC reviews our risk tolerance and capacity allocations in terms of limits by type of business. It is also charged with determining the optimal allocation of risk-adjusted capital to underwriting, investment and credit risk categories, including the use of external retrocession and hedging. The GRCC also sets the methods for performance measurements as well as calculating economic risk capital. The GPLC establishes underwriting limits per line of business and approves our underwriting guidelines. It also makes decisions about deviations from our reinsurance guidelines and approves large transactions.

Our underwriting units carry out their functions pursuant to internal guidelines established at Swiss Re, the lines of business and the operating Business Units and division levels, which set forth limits for coverage and procedures for risk assessment, costing and risk taking. The quality of risks, past experience and future exposure are the main criteria in determining cost levels as well as available capacity. We regularly adapt our costing models to reflect changes in risk assessment and economic development.

Our underwriting focus continues to be on underwriting discipline, cycle management, controlled capacity deployment, and achieving risk-adjusted return targets maximizing economic profit. We generally limit our capacity on a per claim, per event or per year basis, primarily through loss/treaty limits, claims series clauses and aggregate annual limits. We maintain a risk reporting and assessment function, which monitors and controls the amount and concentration of risk underwritten. We believe that we have accumulated unique knowledge in all lines and markets as a long-standing industry leader.

Our costing estimates future expected claims based on past experience, exposure, risk research and regular monitoring of risk landscape developments. In addition, costing includes charges for management expenses and cost of capital, as well as the time value of money. Costing procedures differ according to the type of reinsurance (treaty or single risk, proportional or non-proportional); however, the overall costing framework and monitoring are centrally coordinated and aligned. Our final sale price is determined by business staff in

Client Markets, within defined limits, and taking into account the costing metrics and prevailing market conditions.

Our capital base, underwriting experience and willingness to provide substantial capacity on a direct basis (e.g., without utilizing a reinsurance broker) provide us with opportunities to take a lead role in underwriting reinsurance contracts. We believe that being a lead underwriter is an important factor in achieving long-term success in the reinsurance market. Lead underwriters have greater influence in negotiation of reinsurance terms, contract structures and premium rates than following reinsurers. Reinsurers that lead treaties have greater access to preferred business and are better able to develop long-term relationships with their clients. Recently, we have had significant success in achieving preferential terms as lead underwriter. For life and health reinsurance business, typically a reinsurer assumes the entire obligation or acts as a co-reinsurer with no reinsurer acting as lead underwriter.

Catastrophe Risk

We are exposed to claims affecting multiple insureds at the same time, arising out of the occurrence of natural perils, such as an earthquake or hurricane, or man-made events, such as terrorist attacks. The occurrence of any such catastrophes could generate insured losses in one or many of our reinsurance treaties or facultative contracts in one or more lines of business. See generally "Risk Factors – Risks Relating to our Reinsurance Operations – Catastrophic events expose us to the risk of unexpected large losses."

Our Catastrophe Perils unit evaluates the frequency and severity of catastrophes and estimates our potential resulting loss exposure. Over 40 catastrophe risk specialists are employed in the modelling and evaluation of catastrophe risk exposure worldwide, using specially developed proprietary software and techniques. We prepare formal reports on our catastrophe exposure, quarterly for peak perils and annually on market and line of business bases. We also review the coverage and pricing situation half-yearly in our most important markets. We use these reports, together with other internal data, to evaluate our group-wide risk exposures and capital allocation.

With our integrated group-wide risk model, we seek to quantify our total exposure through an aggregation process for all of our acceptances to produce a loss frequency curve from which we can derive a single annual aggregate loss distribution covering the full spectrum of losses (that is, all possible combinations of adverse and unexpected large losses) up to one-in-10,000 year events. We also consider the diversification effect from other than natural catastrophe exposures for capital calculation and allocation purposes.

For capacity allocation and deployment purposes, we monitor our accumulated exposure to catastrophe losses and quantify our exposure in terms of the expected maximum loss or shortfall (also known as "**Tail VaR**"). Shortfall is calculated based on our portfolio of exposures, taking into account contract limits and the statistical distribution of losses caused by a catastrophe such as a hurricane or earthquake occurring within a given financial reporting period in a broad, contiguous geographic area. We estimate that our largest group-wide shortfalls for earthquake risks are located in California, Japan and the New Madrid fault line in central United States. We estimate that our largest shortfalls for windstorm risks, including tropical cyclones, are located in the United States and in Europe, followed by typhoon risk in Japan.

Reserves

Property & Casualty Reinsurance

Significant periods of time may elapse between the occurrence of an insured loss giving rise to a claim, the reporting of the claim to the ceding company and the reinsurer and the ceding company's payment of that claim and subsequent payments to the ceding company from the reinsurer. To recognize liabilities for unpaid claims, claim adjustment expenses and future policy benefits, insurers and reinsurers establish reserves, which are balance sheet liabilities representing estimates of future amounts needed to pay reported and not yet reported claims and related expenses arising from insured losses that have already occurred.

Reserves are estimates that involve actuarial and statistical projections of the expected cost of the ultimate settlement and administration of claims. These estimates are based on facts and circumstances then known, predictions of future developments, estimates of future trends in claims frequency and severity and other variable factors such as inflation. For some types of claims, most significantly asbestos-related, environmental pollution and health hazard claims, it has been necessary, and may over time continue to be necessary, to revise

estimated potential claims exposure and, therefore, the related claims reserves. Consequently, actual claims, benefits and related expenses ultimately paid may differ from estimates reflected in the reserves in our consolidated financial statements.

We typically establish our case reserves for reported but not yet settled claims under proportional treaties by taking into account reserving methodologies and practices adopted on a group-wide basis. Generally, claims personnel at a ceding company establish a case reserve for the estimated amount of the ultimate payment for a reported claim. The estimate by the ceding company is based on the reserving practices and experience and knowledge of personnel at the ceding company regarding the nature and value of the specific types of claims. We generally establish reserve levels using reports and individual case estimates received from ceding companies.

In the case of facultative and non-proportional business, we generally evaluate the ceding company's reserves taking into consideration coverage, liability, severity of injury or damage, jurisdiction, an assessment of the ceding company's ability to evaluate and handle the claims and the amount of reserves recommended by the ceding company. If our own estimate of the ultimate cost of a particular claim is materially different from the reserve established by the ceding company, we adjust that case reserve accordingly. Such additional case reserves (positive or negative) are established either per treaty or per facultative acceptance.

We also establish claims reserves for incurred but not yet reported ("**IBNR**") claims to provide for payments for incurred claims that have not yet been reported to an insurer or reinsurer. In calculating our IBNR reserves, we generally use accepted actuarial reserving techniques that take into account quantitative loss experience data, together with other factors, including qualitative factors, that are relevant to the risks in question, such as changes in the volume of business written, the contract terms and conditions, the mix of business, the processing of claims and the prospective level of inflation that can be expected to affect our liability for claims over time. IBNR reserves are grouped either by accident year or by underwriting year and our internal actuaries review our reserving assumptions on a quarterly basis.

In total, we maintain loss and loss adjustment expense reserves to cover our estimated liability for both reported and unreported claims at a level that represents management's best estimate of ultimate loss and loss adjustment expenses.

Underwriting results from property and casualty business in the United States have in the past been adversely affected by claims developing from alleged environmental pollution. We establish reserves for reported claims as well as an estimate for unreported claims and claim adjustment expenses. Although we believe that reserves for unpaid claims are adequate in the aggregate, uncertainties arise when estimating the ultimate future amounts that may be needed for unreported environmental pollution claims. These uncertainties exist in part due to inconsistent decisions reached in court cases in various jurisdictions, including decisions about:

- the existence of insurance coverage;
- which underlying policies provide the coverage;
- whether the release of contaminants is one "occurrence" or multiple occurrences for determination of applicable coverage/policy limits;
- how pollution exclusions should be applied;
- whether clean-up costs constitute covered damage; and
- whether an insurer has a duty to defend.

Since the early 1980s, underwriting results from property and casualty reinsurance business relating to the United States have been adversely affected by claims developing from asbestos-related coverage exposures. The majority of these claims allege bodily injury resulting from exposure to asbestos products. A lesser amount of claims allege damage to buildings resulting from the presence of asbestos. We monitor developments in this area and establish reserves for reported claims as well as an estimate for unreported claims and claim adjustment expenses. We believe uncertainties exist in estimates of the ultimate future amounts that may be payable for

unreported asbestos-related claims. These uncertainties include estimations of the number and value of claims that may be reported, court decisions affecting the liability, and the maximum value of asbestos-related exposures written by our clients during expired coverage periods. As a result, our obligations for claims payments and claims settlement charges also includes obligations for long-latent injury claims arising out of policies written prior to 1985, particularly in the areas of U.S. asbestos and environmental liability.

During the mid-1990s we substantially strengthened our reserves for asbestos-related and environmental pollution claims arising in the United States. Since then, we have from time to time added reserves as necessary to respond to changes in the claims environment including, for example, the increasing number of asbestos-related bankruptcies and the broadening of the legal assault to include companies that were not asbestos manufacturers or major users of the product. We have also operated a proactive policy of managing our exposure through active claims management and commutation where appropriate.

An industry measure that is often used to estimate reserve adequacy for asbestos-related and environmental pollution claims is the three-year survival ratio, calculated as the total net provision held at the end of a period divided by the average net claims paid over the previous three years. The survival ratio represents the number of years it would take for a company to exhaust its reserves based on the current level of claims payments. We calculate that our three-year survival ratio is 11.5 years as of December 31, 2011, based on our best estimates (compared to an estimated 7.8 years for the United States insurance industry at the end of 2010).

During the late 1990s and early 2000s, we saw, particularly in the United States, claims relating to bankruptcies and corporate, financial and/or management improprieties. Following the major financial scandals, we also saw an increasing number of large claims resulting from actions brought against financial institutions, accounting firms and other professionals alleging primary liability, or liability for aiding and abetting, in respect of violations of the securities laws, often leading to large settlements. These resulted in an increase in frequency and severity of claims under professional liability covers. The industry is facing a significant level of claims under professional liability covers arising from the subprime crisis, global financial markets collapse and related matters.

Net claims development on prior years was significantly favorable overall during 2011, driven by favorable experience in property, liability, credit and other special lines. Some reserve strengthening was absorbed in the overall number, on U.S. workers' compensation business, UK motor business and an increase for U.S. asbestos and environmental losses. The ADC with Berkshire Hathaway, which covers losses from 2008 or earlier, remains in place but had no impact on the result for 2011, as it was already recognized at the minimum commutation value at year-end 2010 and remains recognized at that value.

Life & Health Reinsurance

Life & Health Reinsurance reserves are established in respect of unearned premiums less deferred acquisition costs, case reserves, IBNR, profit commission reserves, disabled life reserves, annuity reserves, present value of future profits, and future policy reserves.

Reserves for future policy benefits and claims for our Life & Health Reinsurance business are calculated (as provided for under U.S. GAAP) using locked-in assumptions, established at the inception of each portfolio, for mortality, morbidity, persistency and investment income. The locked-in assumptions contain margins and can only be changed if actual emerging experience for our Life & Health Reinsurance business as a whole is worse than the locked-in assumptions (including the margins).

The liabilities for future policy benefits for individual risks or classes of business may be greater or less than those established by ceding companies due to the use of different mortality and other assumptions. For some of our portfolios, however, the cedent data is not itemized by policy, and in those cases considerable reliance is placed on the cedent calculated reserves. Reserves for policy claims and benefits include both mortality and morbidity claims in the process of settlement and claims that have been IBNR. Claims reserves are calculated using the latest assumptions available at the time of valuation. Actual experience may differ from assumed experience and, consequently, may affect our operating results for a period, especially for disability business where the claims reserve reflects payments over a long period of time and is based on assumptions regarding morbidity and investment income.

In addition to our general Life & Health Reinsurance business reserves, we carry liabilities for exposure related to our past VA business, which was a special segment of Life & Health Reinsurance business that we have now placed in run-off. A VA product is a hybrid insurance and investment product. The GMDB features generate both biometric risk exposure and financial market risk exposure (equity, interest rate, volatility risk). In addition VA is subject to policy lapse and withdrawal risk. VA liabilities are carried at fair value consisting of the baseline average present value of the best estimate cash flows adjusted for a risk margin, calculated by stochastic methods.

Adequacy of Reserves

We believe that our total reserves for property and casualty reinsurance and life and health reinsurance as of September 30, 2012 are adequate, based on prudent expectations of the future. Our reserves may, nevertheless, prove to be inadequate to cover our actual claims and benefits experience if experience is unfavorable. To the extent reserves are insufficient to cover actual claims, claim adjustment expenses or future policy benefits, we would have to add to these reserves and incur a charge to our earnings.

Claims Management

The Swiss Re Group undertakes claims management through the Claims, Accounting & Liability Management ("**CALM**") and our Corporate Solutions Claims departments. A key change during 2011 was the merger of the Claims & Liabilities division and the Technical Accounting division into a new CALM division that now handles most of the SRZ Group's post placement services. The following paragraphs focus only on the claims management aspects of CALM.

We aim to provide effective claims management and adhere to an overall claims philosophy, which reflects our expertise in claims management, follows industry best practices and complies with applicable prevailing legislation and case law.

We are primarily responsible for the adjudication of our clients' claims. We normally settle individually notified claims on the basis of the notification provided by the client after verification that reinsurance coverage exists and that the loss quantum is correct. In addition, we selectively conduct investigations in our Life & Health Reinsurance business, in situations where a life insurance claim is made within the first two years that the policy is in effect. Our technical accounting and claims operations personnel assist with the administration of our claims and, pursuant to agreed segmentation guidelines, selectively manage those individual claims that have been segmented and reported to us using group-wide guidelines.

In addition to administering reported claims and conferring with clients on claim matters, our reinsurance claims personnel conduct reviews of claims experience with our ceding companies as well as audits of specific claims or portfolios and the claims procedures in general at the offices of ceding companies. We generally monitor whether the ceding company uses appropriate adjusting techniques, reserves appropriately, has sufficient staff and follows proper claims processing procedures.

We undertake regional claims portfolio reviews on a regular basis in order to highlight trends and developments and to share best practices among our claims teams.

We have implemented a formal feedback process, which allows us to share key observations with internal stakeholders, including the underwriting community. We also utilize this information to support and develop training programs for our clients.

As of January 1, 2013, we had approximately 520 professionals worldwide engaged in reinsurance claims handling and related activities.

Retrocession and Other Risk Transfer

Some reinsurers purchase reinsurance to cover a certain part of their own risk exposure. The purchase of reinsurance by reinsurers is referred to as retrocession. These reinsurance companies cede risks under retrocession agreements for reasons similar to those that cause insurers to purchase reinsurance, namely to reduce net liability on individual risks, to protect against catastrophic claims, to improve solvency ratios and to obtain additional underwriting capacity.

In general, our retrocession and risk transfer initiatives have two important strategic goals: to reduce earnings volatility and to protect our capital base against extreme events. We buy such protection in the capital markets and in traditional retrocession markets through a range of products, such as ILS, traditional retrocession, industry loss warranties (index-linked catastrophe contracts with dual triggers) and other derivatives. In addition, from time to time we retrocede large single risks or a portfolio of concentrated risks via traditional retrocession.

We aim to minimize the counterparty and credit risk of our hedging instruments by using ILS and other instruments, which are collateralized, and by predominantly selecting counterparties with superior financial strength. ILS are typically structured as bonds the payment of interest and/or principal in respect of which depends on the occurrence or severity of an insurance event (with the underlying risk being a peak or volume insurance risk). In contrast to traditional retrocession where we would be exposed to counterparty risk but obtain a direct indemnity against the underlying risk, the use of ILS minimizes counterparty risk but creates potential basis risk, as it is unlikely that we can perfectly match our risk with non-indemnity based ILS. ILS is an important element in our client offering as well as our own hedging strategy.

Under the 2008 quota share arrangement with Berkshire Hathaway, Berkshire Hathaway assumed a 20% share of our new and renewed Property & Casualty business (excluding credit business and run-off of prior underwriting years) for 2008 through the end of 2012. Berkshire Hathaway was entitled to 20% of the premiums of the Property & Casualty business, and bore 20% of the claims. The quota share arrangement expired at the end of 2012 and we selectively placed new hedges, mainly for U.S. hurricane and other peak natural catastrophe scenarios. Swiss Re expects significant growth of net premium written and premiums earned over the next two years due to the expiry of the quota share arrangement. It also expects its combined ratio to increase slightly as a result of there being no ceding commission any longer (thereby leading to an increase in acquisition costs), partly offset by lower other (administrative) expenses, because there will be greater premium to carry the expense amount post-expiry.

Additionally, in January 2010, we entered into a U.S. individual life retrocession transaction with Berkshire Hathaway.

Employees

As of December 31, 2011 and 2012, Swiss Re employed 10,788 and 11,193 people, respectively (regular staff). In 2012, Swiss Re employed people from 85 nations worldwide. Our employees are distributed by geographic region as follows: Europe (incl. South Africa), 63.9%; Americas, 25.6% and Asia Pacific, 10.5%.

We believe that our employee relations are good, and we have bodies that represent employees' interests in each country in which we operate and a dedicated employee relations team within our Human Resources department.

We promote the development of internal talent through various educational and training programmes that we offer, as well as an online Virtual Career Centre, which provides a variety of career planning tools.

Swiss Re has a global compensation and benefits framework and offers financial compensation and benefits to both senior management and a significant portion of our employees that includes an incentive component and is designed to correspond with the multi-year and long-term dynamics of our business. We also provide certain healthcare and life insurance benefits for retired employees and their dependants.

Competition

The reinsurance business is competitive and faces barriers to entry, including regulatory and capital considerations. We compete with other reinsurers based on many factors, primarily:

- expertise, reputation, experience and qualifications of employees;
- local presence;
- geographic scope of the reinsurance business conducted;
- client relationships;
- financial strength;
- products and services offered;

- contract terms and conditions; and
- efficiency of claims payment.

The reinsurance industry has experienced significant consolidation in recent years. Reinsurance companies have sought to expand their existing markets, obtain critical mass in new markets and further diversify risk.

At the same time, consolidation in the worldwide insurance industry has created a smaller group of larger ceding companies that are retaining an increasing proportion of their business, rationalizing reinsurance procurement policies (particularly for recurring ("flow") business obtained in the open market) through central purchasing departments. They are demonstrating a greater sensitivity to counterparty risk in respect of their reinsurers, particularly in the property and casualty market, and are limiting where possible that risk through concentration limitations, which in turn may impact our ability to increase market shares. These trends are likely to continue in light of Solvency II requirements, which may lead to greater retention by larger clients and greater focus on risk management at ceding companies.

In the property and casualty business, factors such as general trends towards globalization, a heightened customer preference for the largest and best capitalized reinsurers and the emergence of the capital markets as an additional source of risk-bearing capacity, have resulted in significant consolidation and emphasis on the financial strength of reinsurers. Over the past decade, brokers have played an increasingly significant role in the property and casualty market, particularly in the United States.

The life and health reinsurance market is also increasingly concentrated. We estimate that, based on premiums written, the largest three reinsurers represent half of the life and health market and the largest five reinsurers represent three quarters of the market. Brokers play a far less significant role in the life and health market.

We compete with a number of major direct marketers of reinsurance both in local markets and internationally, and with reinsurers who write business through reinsurance brokers, including Lloyd's.

Our largest competitors (by marketing name), both locally and internationally, measured by premiums written, are:

- Munich Re;
- Hannover Re;
- Berkshire Hathaway, including The Berkshire Hathaway Reinsurance Group and General Re;
- RGA (Reinsurance Group of America) (in the life and health sector);
- PartnerRe;
- Lloyd's; and
- SCOR.

Patents and Licenses

We are not, in any material respect, dependent on any patents or any third party intellectual property rights.

For a discussion of our regulatory licenses and permissions, see "Regulation."

Properties

Swiss Re's global headquarters are located in Zurich, Switzerland and include an operations centre in Adliswil and a training and management development centre in Rüschlikon, Switzerland. Our U.S. reinsurance operations are headquartered in Armonk and our Northern, Central and Eastern Europe reinsurance operations in Unterföhring. As of September 30, 2012, Swiss Re owned or leased office space in more than 60 cities in over 25 countries around the world. We believe that these facilities are adequate for our present needs in all material respects. Office space acquired in connection with acquisitions is integrated into Swiss Re's existing operations or disposed of as needed. Swiss Re also holds other properties for investment purposes.

The SRZ Group's principal properties include:

Location	Leased/owned	Type of facility	Total Area (m^2)
Switzerland			
Zurich			
Am Eschenpark	Owned	Apartment	10,372
Badenerstr. 170/172	Owned	Offices/Apartments	24,086
Giesshübelstr. 30	Owned	Offices	12,355
Gotthardstr. 35/43	Owned	Offices	11,281
Hardturmpark	Owned	Offices/Apartment	11,882
Mythenquai 24 (Mythenschloss)	Owned	Offices/Apartments	25,167
Mythenquai 50 (Neubau)	Owned	Offices	13,263
Mythenquai 60 (Altbau)	Owned	Offices	11,326
Adliswil			
Soodring 6	Owned	Offices	16,720
Soodring 33	Owned	Offices	21,085
Soodstr 52 (Tüfihaus)	Owned	Offices	19,759
Rüschlikon			
Gheistr. 37 (Seminarzentrum)	Owned	Offices	16,766
United Kingdom			
London			
30 St Mary Axe	Leased	Offices	28,592
United States			
New York			
175 King Street, Armonk	Owned	Offices	33,946
55 E. 52nd Street, 39th–44th floor, NY	Leased	Offices	13,051
Kansas			
5200 Metcalf Avenue, Overland Park	Leased	Offices	28,146
Michigan			
25800 Northwestern Highway, Southfield	Leased	Offices	14,590
Indiana			
46804 Fort Wayne, Magnavox Way	Leased	Offices	7,380
Germany			
Unterföhring (Munich)			
Dieselstrasse 11	Owned	Offices	24,623
Munich			
Leopoldstrasse 4/6	Owned	Offices	10,248
Slovakia			
Bratislava			
Karadzicova 8/12	Leased	Offices	7,460
India			
Bangalore			
Vasvani Centropolis, 21, Langford St	Leased	Offices	8,360

We are not aware of any material environmental issues that would affect our utilization of the above properties other than our general obligation to comply with all applicable regulations.

Governmental, Legal and Arbitration Proceedings

In the ordinary course of business, we are involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine our rights and obligations under insurance, reinsurance and other contractual agreements. In some disputes, we seek to enforce our rights under an agreement or to collect funds owing to us. In certain other matters, we resist attempts by others to collect funds or enforce their alleged rights if we believe that such other parties are not rightfully entitled to collect such funds or enforce such alleged rights. These disputes arise from time to time and ultimately are resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. Our agreements with ceding companies and those to which we transfer risk under reinsurance arrangements typically provide that disputes are required to be finally settled by arbitration.

In particular, we note the following:

Antitrust proceeding. We and five other reinsurers/insurers were the subject of an investigation by the Spanish Competition Authority for alleged collusive behavior in connection with construction cover provided in Spain for residential housing. Following the completion of their investigation, the Spanish Competition

Authority fined the six companies, including us. In December 2009, we filed an appeal to this decision, and the other companies that were fined in connection with the same investigation have also each appealed their fines.

Dispute in respect of U.S. individual life retrocession. As Swiss Re announced on November 8, 2012, on the basis of its perception of the performance of the retroceded business and losses incurred to date under the U.S. individual life retrocession transaction with us, Berkshire Hathaway has served notice under the Co-insurance Agreement setting forth various specific and general allegations and alleging damages of between $0.5 billion and $1.0 billion. As required by the Co-insurance Agreement, we and Berkshire Hathaway have met to discuss the allegations and have exchanged, and continue to exchange, proposals to resolve the dispute. Failure to resolve the dispute could result in commencement of arbitration proceedings. If arbitration proceedings are commenced, there is no guarantee that arbitrators would agree with our position. Findings against us could have a material adverse effect on our financial condition and results of operations. We believe that these claims are without merit.

Based on our assessment of current legal and arbitration proceedings, we believe we have made adequate reserves for any such proceedings.

Interruption in Business

During the past three years we have not experienced any material business interruption.

Material Changes

For information on material changes since the last balance sheet date see “Summary – Recent Developments” and “General Information – Information on Business Outlook for the SRZ Group.”

Regulation

General

The business of reinsurance is regulated in most countries, although the degree and type of regulation varies significantly in different jurisdictions. In almost all jurisdictions, insurance supervisory authorities evaluate the creditworthiness of reinsurance recoverables (indirect reinsurance supervision). Reinsurers traditionally were generally subject to less direct regulation in most countries than direct insurers. Some countries require reinsurers to post collateral or impose a gross reserving system that allows ceding companies to get credit for reinsurance only if reinsurance recoverables are covered by pledged assets. While the focus of indirect supervision is on the effect of reinsurance on the balance sheet and risk exposure of the ceding company, direct reinsurance supervision instead focuses on the reinsurance company itself. The principal elements of direct supervision are licensing requirements, adequacy of technical provisions, available and required solvency capital and governance rules.

Today, there is increased direct supervision of reinsurance operations. In the United States, the European Union and Switzerland, the licensing and supervision standards for reinsurance are comparable to those governing direct insurers, and include direct and indirect reinsurance supervision. Direct supervision enables supervisory authorities to intervene in the affairs of a reinsurer at an early stage should its financial position deteriorate or its risk governance prove to be insufficient. Given the global nature of reinsurance businesses, mutual recognition of supervisory systems is of increasing importance. Furthermore, the financial crisis has resulted in additional regulatory reforms in Europe and the United States. Government intervention in the insurance and reinsurance markets, worldwide, continues to evolve.

Our foreign subsidiaries and branches must comply with the respective regulations of their home and host countries. As a U.S. licensed and authorized reinsurer, we are subject to considerable regulation by state insurance commissioners. Among other things, our U.S. entities have to comply with regulations on solvency (RBC), reserving adequacy, and investment policies. Our U.S. entities are also subject to comprehensive statutory reporting requirements.

Set forth below is a summary of the material reinsurance regulations applicable in the main jurisdictions where Swiss Re entities are located. We believe that all of the companies in Swiss Re are in compliance with the applicable laws and regulations pertaining to their business and operations.

Global Trends

G-SIFIs. Given the trends in global regulation, regulations that apply to us directly or that otherwise would impact our business could change, and such changes could be significant. See generally, "Risk Factors – Legal, Tax and Regulatory Risks." For example, in 2010 the FSB recommended, and the G-20 members endorsed, a comprehensive, global framework for reducing the moral hazard presented by G-SIFIs. G-SIFIs are institutions "of such size, market importance and global interconnectedness that their distress or failure would cause significant dislocation in the global financial system and adverse economic consequences across a range of countries." This framework would provide for more intensive supervision and higher loss absorption capacity for, and resolution authority in respect of, G-SIFIs. This framework would have to be given effect through enactment of laws and promulgation of regulations.

The FSB and the Basel Committee have been identifying G-SIFIs annually since 2011. Currently, 28 banks have been designated as G-SIFIs, with the next update to the list scheduled for November 2013. G-SIFIs must hold capital of between 1% and 2.5% of their risk-adjusted assets in addition to the Basel III requirements, starting in 2016, and also were required to meet new resolution planning requirements, based on the methodology developed by the Basel Committee, by the end of 2012.

Although initially primarily focused on banking institutions, some of these proposals could have direct applicability to insurance or reinsurance operations and others could have a general impact on the regulatory landscape for financial institutions, which might indirectly impact capital requirements and/or required reserve levels or have other direct or indirect effects on us. While many proposals and policy changes are under development and have not yet become specific or precise, the general trend appears to be towards more intense and intrusive supervision of all kinds of financial institutions.

The FSB intends to expand the SIFI framework to other systemically important financial institutions, including domestic systemically important banks, global systemically important insurers and systemically important non-bank non-insurance financial institutions.

G-SIIs. Under the purview of the FSB and the G-20, the IAIS undertook a consultation on a proposed assessment methodology for identifying G-SIIs (a subset of G-SIFIs) that ended in July 2012. The proposed methodology for G-SIIs contemplates an indicator-based assessment methodology, with 18 indicators within five categories (size, global activity, interconnectedness, non-traditional insurance and non-insurance ("**NTNI**") activities, and substitutability), with greater weight to be given to NTNI activities and interconnectedness factors. It is expected that the FSB and national authorities, in consultation with the IAIS, will issue initial designations in April 2013 (and annually thereafter).

In October 2012, the IAIS undertook a consultation on the proposed framework of policy measures for G-SIIs, which ended in December 2012. The proposed policy measures for G-SIIs are based on the general framework published by the FSB with adjustments to reflect the factors that make insurers, and the reasons why they might be systemically important, different from other financial institutions, and which include:

(a) **Enhanced supervision.** Supervision would be built upon IAIS core principles and the FSB's recommendations, and would include consolidated group-wide supervision, the oversight of the development and implementation of a systemic risk reduction plan to reduce the systemic importance of the G-SIIs, and enhanced liquidity planning and management.

(b) **Effective resolution**. Resolution efforts would include establishing Crisis Management Groups (CMGs), elaborating recovery and resolution plans (RRPs), conducting resolvability assessments and adopting institution-specific cross-border cooperation agreements. The IAIS proposals take account of the unique nature of insurance activities through the inclusion of plans for separating NTNI activities from traditional insurance activities, the potential use of portfolio transfers and run-off arrangements, and the recognition of existing policyholder protection and guarantee schemes.

(c) **Higher loss absorption (HLA) capacity**. This proposal uses a cascading approach. In the first step, if, and to the extent to which, a G-SII has demonstrated effective separation of NTNI activities from traditional insurance activities, targeted HLA will be applied to the separate entities conducting NTNI activities. Under the second step, whether or not NTNI activities have been separated, an overall assessment of group-wide HLA will be undertaken and the group-wide supervisor will determine whether the HLA capacity held at the NTNI entities is sufficient or needs to be further increased.

If implemented, these policy measures could have far-reaching implications for our industry.

IAIGs. Separately, the IAIS undertook a consultation to develop a common framework (what it calls the ComFrame) for the supervision of IAIGs that ended in August 2012. Another consultation is expected in mid-2013. The ComFrame, which the IAIS aims to develop by 2013 and which is expected to be adopted in 2018, was initiated in light of the absence of an internally coherent framework for the supervision of IAIGs and is expected to include qualitative and quantitative requirements for IAIGs, as well as requirements designed to foster greater cooperation and coordination among supervisors. The ComFrame includes provisions on group-wide supervision and could include provisions for recovery and resolution plans, higher loss absorbency (particularly for non-insurance activities) and other supplemental prudential measures (which could include restrictions on inter-group transactions and disallowance of diversification benefits). Substantive requirements would need to be reflected in national or regional regulatory and supervisory regimes.

According to the IAIS, the criteria and purposes for identifying G-SIIs and IAIG are distinct, as the focus of the ComFrame is on ongoing supervision of internationally active large insurance groups and is not focused on whether an particular group is systemic, which is the focus of the G-SII initiatives. In theory G-SIIs and IAIGs would overlap (with both being subject to the IAIS Insurance Core Principles and the ComFrame), with G-SIIs also being subject to the more intensive oversight framework, resolution authority, higher loss absorbency requirements and other prudential measures determined by national authorities using the framework established by the IAIS for G-SIIs.

FSOC framework. In the United States, the FSOC has issued the final rule for the framework and criteria to identify non-bank systemically important financial institutions. Such designation would subject a company to supervision by the Board of Governors of the Federal Reserve System and would require it, among other things, to create a "living will" resolution plan and to comply with other regulations under the Dodd-Frank Act. The process for designating a non-bank financial company as systemically important incorporates both qualitative and quantitative analyses, and is ultimately subject to the discretion of the FSOC. The ultimate designation as systemically important would result in dual regulation by state regulators and a federal regulator (the Federal Reserve Board), risk-based solvency and liquidity requirements, leverage limits, stress testing by the federal regulator and mandatory "living will" arrangements, limits on counterparty exposure, enhanced risk management, including establishing a risk committee of the board of directors, periodic reporting of credit exposures between the institution and other significant financial companies, early remediation requirements that increase in stringency if financial condition of the institution declines, and a debt-to-equity limit for institutions determined to pose a grave threat to financial stability. Insurance is a sector to be assessed by the FSOC for possible designation; however, the IAIS and the FSOC to date differ in their respective approaches, and in particular on the weighting of NTNIs, which receive a higher weighting by the IAIS.

ESRB. In the European Union, although member states are likely to follow the FSB framework, the European Systemic Risk Board ("**ESRB**") has yet to develop a methodology to identify systemically important financial institutions. In response to the 2012 consultation by the European Commission on a framework for resolution of financial institutions other than banks, the ESRB expressed the view that larger insurers should be subject to any such framework.

European Union

The European Union has introduced a supervisory system that establishes "macro-prudential" supervision through the ESRB, which is tasked with monitoring potential threats to financial stability and issuing early risk warnings. Additionally, the ESRB is complemented by the "micro-prudential" European Supervisory Authorities ("**ESAs**"), which comprise three separate sector-specific supervisory authorities. The ESAs aim to facilitate harmonization of prudential rules, and are empowered to resolve conflicts among member states' supervisory authorities. The supervisory authority for insurance business is the EIOPA.

The regulatory environment of our subsidiaries and branches in EU member states has been affected by the transposition of the EU Reinsurance Directive at the end of 2007. The EU Reinsurance Directive creates a single European market in reinsurance, based on mutual recognition of home country control and harmonization of prudential rules. Our subsidiaries in EU member states are treated as EU-licensed companies and benefit from the single license principle. As for direct insurance, the system of home-country control is limited to a cross-border structure of branches. The principle of branch separation between life and non-life does not apply to reinsurance. The rules on financial supervision are based on the Solvency I standards for direct insurance, with certain adjustments.

For non-life technical provisions, the EU Reinsurance Directive abolished gross reserving systems. This means that member states may no longer require EU licensed reinsurers to pledge assets or post collateral. The solvency margin for life reinsurance is the same as for non-life reinsurance: it is the higher of a percentage of premiums (16-18%) and of claims (23-26%) minus the retrocession reduction factor. Member states may, however, use Solvency I life insurance rules for certain classes of life insurance. As in direct insurance, the solvency margin is increased by 50% for reinsurance covering general third-party liability, aviation and marine. The EU Reinsurance Directive's investment rules are based on a "prudent person approach" with an option for member states to introduce certain quantitative restrictions. The scope of the existing Directives on supplementary supervision of insurance groups and financial conglomerates has been extended to reinsurers that are part of a group. The EU Reinsurance Directive stipulates that non-EU reinsurance companies may not be treated more favorably than reinsurance companies having their head office in the European Union. As for direct insurance, there is a provision on the negotiation of agreements with third countries on mutual recognition of reinsurance supervision.

The EU Reinsurance Directive provides a mechanism for cooperation among EU supervisory authorities. It is an interim measure, which will be replaced by the Solvency II framework directive, which was adopted on May 5, 2009, with publication in the official journal of the European Union on December 17, 2009. The Solvency II directive was amended in 2012 to delay its entry into force until June 2013 with the directive becoming effective for insurers beginning January 2014. However, current expectations are that there will be further delays in respect of some elements of the directive, to as late as 2016. The implementation measures that

will complement the Solvency II directive are being drafted. In July 2012, the EIOPA published the results of its consultation with insurance and reinsurance stakeholders on guidelines for the ORSA for Solvency II, as well as other draft proposals with regard to the Supervisory Reporting & Public Disclosure in the Solvency II framework. While the so-called "stabilized draft" of the ORSA guidelines is not expected to result in significant changes, there remains significant uncertainty regarding the implementation process for Solvency II. The process of testing the equivalence of SST to Solvency II has been initiated, but is not expected to be completed by the European Commission until the end of 2013. In its final advice to the European Commission published in August 2011, the EIOPA was positive in its assessment of the equivalence of SST to Solvency II. Any corresponding changes to the SST could result in additional regulatory capital requirements, and reporting and disclosure requirements, on an entity (solo) or group basis.

Switzerland

We conduct our business under an operating license, and are subject to continued supervision by FINMA. FINMA monitors whether our organization, management and operations are in compliance with the provisions of applicable law and regulations, and exercises control over the calculation of our technical provisions, retrocession policy and solvency.

The Swiss insurance supervision is based on the Insurance Supervision Act, as amended, which entered into force on January 1, 2006, and secondary legislation, the Swiss Federal Ordinance of 9 November, 2005 on the Supervision of Private Insurance Companies (Insurance Supervision Ordinance, ISO) ("**SPICO**"). The Insurance Supervision Act and the SPICO extended the scope of prudential supervision to pure reinsurance companies and introduced supplementary group supervision of insurance groups and financial conglomerates.

Reinsurance companies are required to maintain a minimum solvency margin ("**Solvency I**"), which is calculated for the property and casualty business in accordance with the premium and claims index. The required solvency margin is calculated based on the higher of the annual gross premiums and the average claim load for the preceding three financial years. The solvency margin for life reinsurance is 0.1% of the capital at risk, plus 4% of the mathematical provisions. For reinsurance companies also active in the financial sector, capital requirements are calculated in line with the supervisory law of the financial sector. The supervisory law also determines the admissible capital items to cover the solvency requirement (available solvency margin).

As a financial conglomerate, we are also subject to supplementary group supervision. This includes a group-wide consolidated solvency calculation, and reporting requirements relating to intra-group transactions and risk concentration. The Swiss regime of supplementary group supervision is equivalent with the rules set out in the EU Financial Conglomerate Directive. This enables FINMA to assume the lead regulator function in exercising its supplementary group supervision over us. Additionally, co-ordination among supervisory authorities is taking place in the context of Supervisory Colleges and information exchange pursuant to Memoranda of Understanding that have been concluded between the Swiss and the EU (and other) regulatory authorities. Applicable law also contains rules on corporate governance and internal risk management. It requires each insurance company (including pure reinsurers) to designate a responsible actuary to review its technical provisions and solvency margin in compliance with the prudential requirements. In contrast to primary insurance, reinsurance is not subject to the provisions governing the investments that cover technical provisions.

In addition to the minimum Solvency I requirement, the Insurance Supervision Act introduced an economic solvency requirement: the SST. The SST also applies to reinsurance companies, and in the case of SRZ applies to SRZ itself and individually to those of its subsidiaries which are domiciled in Switzerland and licensed as insurance companies, as well as to the Swiss Re Group, because SRL, SRZ's parent company, is domiciled in Switzerland.

The SST distinguishes between risk-bearing capital (available economic capital) and target capital (required economic capital). The calculation of the target capital requirement is based on both insurance and financial risks. Reinsurance (or retrocession) is fully deductible from target capital. The credit risk related to reinsurance recoverables is part of the target capital calculation. We determine target capital on the basis of our internal risk model. A feature of the SST is that all assets and liabilities are valued on a market-consistent basis. The market-consistent value of technical provisions is defined as the best estimate discounted based on risk-free interest rates plus the market value margin, which represents the cost of holding capital during a potential run-off. The market value margin is approximated by using a cost of capital approach. This is defined as the cost of the present value of the future solvency capital, which will be necessary to back the entire existing portfolio of liabilities during the run-off period.

Although equivalence status review is not expected to be completed by the European Commission until the end of 2013, the economic-based solvency regime of the SST is considered to anticipate much of the Solvency II framework that is currently being developed in the European Union, and applies to our EU-domiciled entities. Since January 1, 2011, companies subject to the SST are required to meet the SST capital adequacy requirements in addition to Solvency I requirements.

The SST is coupled with comprehensive risk reporting requirements. SST reports are intended to cover the information necessary for FINMA to assess the capital adequacy and risk position of a subject company. Swiss Re submits SST reports to FINMA on a semi-annual basis for both the insurance groups and solo entities (including SRZ), as the assessment of solo entities is considered a key element of the group assessment. The first report ("**SST 1**"), which is usually submitted on April 30, covers a 12-month solvency period from January 1 to December 31; the second report ("**SST 2**") is submitted by October 31 and covers the 12-month solvency period from July 1 of the current year to June 30 of the following year. Currently, companies subject to SST reporting are not subject to specific public disclosure requirements in respect of their SST ratios. In addition, FINMA could require submission of an interim report of an SST ratio on an *ad hoc* basis at any time, which would require calculation of an SST ratio covering different periods, and Swiss Re could elect to submit interim reports on a voluntary basis.

The SST assesses financial security of subject companies based on the risks to which they are exposed and if risk-bearing capital is less than target capital, a subject company likely has insufficient risk-bearing capital to be able to bear the average losses for a one in a hundred year loss event (the 99% Tail VaR). In such a case the subject company must either reduce its risk exposure or ensure that it has more risk-bearing capital.

- If the SST ratio falls below the 100% threshold, a plan of activities must be presented and implemented, and specific decisions, such as paying dividends, capital repayments, voluntary repayments of loans, intra-group transactions and other similar transactions, must be presented in advance to FINMA for approval. In this range, there is an increased risk due to the solvency situation and FINMA will intensify the dialogue to mitigate the risk. FINMA may also order audits, demand that key indicators be observed intra-year and reported to FINMA and order supplementary scenario analyses.

- If the SST ratio falls below 80%, the subject company must prepare a restructuring plan that returns the company to above 80% within two years and to above 100% within three years. FINMA can also order the preparation of an extraordinary liquidity plan, subject risky new business and renewals to approval, prohibit new and renewal business, prohibit risky and complex transactions, order organizational changes and order more in-depth controls, monitoring, reporting and audits.

- If the SST ratio falls below 33%, FINMA can revoke a subject company's license.

The target amounts of the various thresholds are established in the assessment of the SST reports and are binding until completion of the assessment of the next SST report. In certain extraordinary circumstances, FINMA can order the performance of a sub-annual assessment and, as applicable, re-estimate target capital.

In December 2012, FINMA published a circular on temporary "SST adjustments," which became effective as of January 1, 2013. Driven by Solvency II developments and the low interest rate environment, FINMA has introduced temporary measures that relax the requirements applicable to SST calculations, which will be effective until December 31, 2015. The key adjustment relates to shifting the SST discount rate from the current government yield curve to a swap curve less 10 basis points for FINMA standard models. Insurance undertakings are still allowed to use their own discount rates if they are based on government bond rates. The adjustment is restricted to in-force business and does not apply to any new business. In addition, FINMA is modifying its supervisory intervention ladder by temporarily relaxing specific measures under certain conditions, for example, the ban on the payment of dividends, distribution of surplus participations and conducting new business.

SRZ's SST 2/2012 ratio (as reported to FINMA in October 2012) is 202% (SST 1/2012: 226%; SST 2/2011: 227%). The SST ratio is a function of available and required capital based on an economic valuation of assets and liabilities with an integrated forward-looking assessment of underwriting, financial market and credit risk and, therefore, SRZ's SST ratio could fluctuate over time, and such fluctuations could be significant. See "Cautionary Note on Forward-Looking Statements." Among other things, the impact of our issuance of

€500,000,000 fixed-to-floating-rate subordinated loan notes in July 2012 is not included in the SST 2/2012 ratio and will be reflected only in the SST 1/ 2013 ratio reported in April 2013.

Under current law, ordinances and regulations, the Required Minimum Solvency Margin, for purposes of the Conditions, would be based on the SST ratio.

United States

The regulation of insurance and reinsurance companies in the United States is primarily carried out within comprehensive state law regulatory frameworks. However, regulatory reforms prompted by the financial crisis introduced an overlay of a framework for regulation of the insurance industry, in addition to ad hoc, issue-specific federal regulation of insurance and reinsurance.

The Dodd-Frank Act introduced regulation covering systemic risk, resolution authority, executive compensation, rating agencies and other matters. Among other new regulatory bodies, the Dodd-Frank Act established the FSOC and the FIO.

The FSOC was created to identify risks to the financial stability of the United States, promote market discipline and respond to any emerging threats to the stability of the United States financial markets. Among its other powers, the FSOC has the authority to designate a non-bank financial company as "systemically important," which carries far reaching consequences for such company's business, operations and financial condition. The FSOC will be making its determinations of which, if any, firms are systemically important based on whether a firm's material financial distress, or nature, scope, size, scale, concentration, interconnectedness or mix of activities, or failure could pose a threat to the financial stability of the United States. No industry-wide exemptions will be provided and insurance companies may also be assessed for designation as "systemically important."

Firms designated as "systemically important" are also subject to the supervision by the Federal Reserve, including prudential standards developed by the Federal Reserve. The Federal Reserve issued a proposed rule in December 2011 that would apply capital and liquidity requirements, single-counterparty credit limits, and stress testing and risk management requirements to systemically important companies, and subject such companies to an early remediation regime based on these requirements but noted that they may tailor the application of the proposed rule to the particular attributes of systemically important nonbank financial companies on an individual basis or by category. Stress testing requirements have been addressed in a final rule in October 2012, while the remainder of the proposal is still being considered. Additionally, non-bank financial companies supervised by the Federal Reserve could be subject to the so-called Volcker Rule, which, with respect to such companies, would result in the imposition of additional capital requirements and additional quantitative limits with respect to proprietary trading and specified relationships with hedge funds and private equity funds. Further, a systemically important company will be required to prepare a so-called "living will," or contingency plan, for resolving its affairs under the U.S. Bankruptcy Code in the event that it experiences material financial distress. Systemically important companies will also be subject to post-event assessments imposed by the Federal Deposit Insurance Corporation to recoup the costs associated with the orderly liquidation of other systemically important firms in the event one or more such firm fails.

The FIO is charged with monitoring the insurance industry, coordinating federal policy on international insurance matters, identifying gaps in insurance regulation that could contribute to a systemic crisis, recommending to the FSOC that an insurer be supervised as a non-bank financial company by the Federal Reserve, and determining which state insurance laws are pre-empted by U.S. government international agreements on the insurance sector. The Dodd-Frank Act mandated the FIO to release a report that will address modernization of the insurance industry.

Finally, the Dodd-Frank Act may also affect our operations in other ways. Certain provisions of the Dodd-Frank Act require central clearing of, and/or impose new margin and capital requirements on, derivatives transactions, which could increase the costs of our hedging transactions and impact ILS issuance, with initial clearing requirements applicable to some types of swaps beginning to take effect in the first quarter of 2013. There could also be possible adverse impacts on the pricing and liquidity of some of the securities in which we invest resulting from the proprietary trading and market making limitations of the Volcker Rule, which is yet to be implemented.

Our U.S. reinsurance and insurance subsidiaries are primarily regulated under the insurance statutes (including holding company regulations) of various states. These include the states where our U.S. reinsurance and insurance subsidiaries are domiciled, which include: Connecticut, Missouri, New Hampshire, New York, Texas and Vermont; and each state where a subsidiary is licensed to do business. Currently, our principal operating subsidiaries are generally licensed, approved or accredited reinsurers, or are otherwise permitted to sell reinsurance in all fifty states, the District of Columbia and Puerto Rico, although this does vary by subsidiary.

State regulation generally has its source in laws that delegate regulatory, supervisory and administrative authority to a department of insurance in each state. State regulatory authorities monitor compliance with, and periodically conduct examinations regarding, state mandated standards, such as solvency, licensing requirements, investment limitations, restrictions on the size of risks that may be insured or reinsured, deposits of securities for the benefit of reinsureds, methods of accounting, and reserves for unearned premiums, losses and other purposes. In the case of reinsurance, these regulations are for the protection of reinsureds and, ultimately, their policyholders, rather than security holders.

In the case of direct insurance, the states' regulatory schemes also extend to policy form and rate approval and market conduct regulation, including the use of credit information in underwriting and other underwriting and claims practices. In addition, state legislators and officials across the country are becoming more comfortable with the idea of modernizing regulation and letting competition determine rates by enacting various competitive rate making laws, which allow insurers to set premium rate for certain classes of insurance without obtaining the prior approval of the state insurance department. While reinsurers are generally regulated in a similar manner and to a similar extent as primary insurers, they are not subject to market conduct, policy form or rate regulations. State insurance departments also conduct periodic examination of the affairs of authorized insurance companies and require the filing of annual and other reports relating to the financial condition of companies and other matters. Further, some state insurance departments also cooperate with other countries with respect to regulation and regulatory enforcement. For example, the State of New York has signed Memoranda of Understanding with various foreign regulatory authorities, including, among others, Switzerland, China, Bermuda, France, the United Kingdom and Germany. The State of Connecticut has also signed a Memorandum of Understanding with Switzerland.

Holding Company Regulation. Regulations vary from state to state, but generally require insurance holding companies and insurers and reinsurers that are subsidiaries of holding companies to register and file with state regulatory authorities certain reports including information concerning capital structure, ownership, financial condition, certain intercompany transactions and general business operations. Certain holding company transactions, including extraordinary dividending, require the domiciliary regulator's approval. In addition, under the terms of applicable state statutes, any person or entity desiring to obtain beneficial ownership of 10% (with certain limited exceptions) or more of our outstanding voting securities is required to obtain prior regulatory approval for such purchase.

Guaranty Fund Assessments. All states require licensed insurers to participate in various forms of guaranty associations in order to bear a portion of the loss suffered by certain insureds caused by the insolvency of other insurers. Depending upon state law, primary insurers can be assessed a percentage of the annual direct premiums written for the relevant lines of insurance in that state to pay the claims of an insolvent insurer. Most of these assessments are recoverable through premium rates, premium tax credits or policy surcharges.

Involuntary Pools. Our primary insurance subsidiaries are also required to participate in various involuntary assigned risk pools or other residual market mechanisms, principally involving workers' compensation and automobile insurance, which provide various insurance coverages to individuals or other entities that otherwise are unable to purchase such coverage in the voluntary market. Participation in these pools in most states is generally in proportion to voluntary writings of related lines of direct business in that state.

Risk-Based Capital. U.S. insurers are subject to RBC guidelines that provide a method to measure the total adjusted capital (statutory capital and surplus plus/minus other adjustments) of insurance companies taking into account the risk characteristics of the company's investments and products. The RBC formulas are designed to measure the accuracy of an insurer's statutory surplus in relation to the risks inherent in its business. RBC is only one of many tools U.S. regulators use to review and measure the financial strength of the insurance industry. The RBC formulas establish capital requirements for a number of categories of risk, the largest being: asset risk, insurance risk, interest rate risk and business risk. For each category, the capital requirement is determined by applying factors to asset, premium and reserve items, with higher factors applied to items with

greater underlying risk and lower factors for less risky items. Insurers that have less statutory capital than the RBC calculation requires are considered to have inadequate capital and are subject to varying degrees of regulatory action depending upon the level of capital inadequacy.

The RBC formulas and related ratio outputs were not designed to be used as a comparative measure of financial strength between different companies because of the different risk profile and/or capital provisions of each company. Our U.S. insurance subsidiaries have satisfied the RBC formula since it was created in the mid-1990s and have exceeded all recognized industry solvency standards. As of December 31, 2011, all of our U.S. insurance subsidiaries had adjusted capital in excess of amounts requiring regulatory and/or company action.

NAIC Ratios. The NAIC Insurance Regulatory Information System, ("**IRIS**"), was developed to help state regulators identify companies that may require special attention. The IRIS system is comprised of statistical and analytical phases consisting of key financial ratios whereby financial examiners review annual statutory basis statements and financial ratios. Each ratio has an established "usual range" of results and assists state insurance departments in executing their statutory mandate to oversee the financial condition of insurance companies. A ratio result falling outside the usual range of IRIS ratios is not considered a failing result; rather unusual values are viewed as part of the regulatory early monitoring system. Furthermore, in some years, it may not be unusual for financially sound companies to have several ratios with results outside the usual ranges. An insurance company may fall out of the usual range for one or more ratios because of specific transactions that are in themselves immaterial. Generally, an insurance company will be notified of regulatory concerns and may be subject to regulatory action if it falls outside the usual ranges of four or more of the ratios.

NAIC Solvency Modernization Initiative. Independently of the financial crisis, the NAIC has adopted a long-term work plan to reform the U.S. solvency framework, which continues to be its top priority. The effort is focused on capital requirements, international accounting, group supervision, valuation issues, and reinsurance regulation. The compiled principles of the plan are intended to facilitate dialogues with foreign insurance regulators and to reconcile U.S. solvency principles with the solvency schemes of foreign jurisdictions.

NAIC Credit for Reinsurance. In November 2011, the NAIC adopted changes to its Credit for Reinsurance Model Act and Model Regulation that will permit reinsurers that meet certain standards to post reduced, or no, collateral. The revised models base collateral requirements on a sliding scale, which is tied to a reinsurer's rating. The NAIC is in the process of adding the revised Credit for Reinsurance Models as accreditation standards; however, the models will be optional standards, not mandatory. This means that states are not required to adopt credit for reinsurance reforms in order to maintain NAIC accreditation; however, should a state choose to do so, it must follow the NAIC models to maintain accreditation. While it is clear in the models that these collateral reforms do not apply to in-force property and casualty contracts, their application to in-force life contracts is somewhat ambiguous. It is not known how the states adopting these changes will interpret its application to in-force life contracts.

Additional key provisions of the models include the development by the NAIC of a list of approved jurisdictions on which regulators may rely in making reduced collateral determinations, minimum capital requirements for reinsurers, increased financial filing requirements for reinsurers, and mandatory risk concentration notifications for cedents.

To become effective, these changes must be adopted by individual states and may require statutory changes, regulatory changes, or both. Prior to the NAIC's action, four states had adopted substantially similar measures – Florida (applicable to property and casualty contracts only), Indiana, New Jersey and New York. These states are required to conform to the NAIC models or risk losing their accreditation. In 2012, seven states adopted the NAIC model: California, Connecticut, Delaware, Georgia, Louisiana, Pennsylvania and Virginia. Several additional states are likely to consider these reforms in 2013. Swiss Re has received approval to post reduced collateral in New York and is seeking similar approval in Connecticut.

Surplus Lines Regulation. Swiss Re has a number of subsidiaries that write surplus lines business in the United States. The regulation of excess surplus lines insurers differs significantly from the regulation of licensed or authorized insurers. The regulations governing the surplus lines market have been designed to facilitate the procurement of coverage through specially licensed surplus lines brokers for hard-to-place risks that do not fit standard underwriting criteria and are otherwise eligible to be written on a surplus lines basis. In particular, surplus lines regulation generally provides for more flexible rules relating to insurance rates and forms. However, strict regulations apply to surplus lines placements under the laws of every state, and state insurance regulations generally require that a risk be declined by three licensed insurers before it may be placed in the

surplus lines market. Initial eligibility requirements and annual re-qualification standards and filing obligations must also be met. In most states, surplus lines brokers are responsible for collecting and remitting the surplus lines tax payable to the state where the risk is located.

The regulation of surplus lines business has undergone certain changes. The Nonadmitted and Reinsurance Reform Act of 2010 (the "**Nonadmitted Act**"), which came into effect on July 21, 2011, preempts certain state surplus line laws but also maintains state insurance regulation of surplus lines transactions. Among other things, the Nonadmitted Act streamlines and simplifies the reporting, payment and allocation of premium taxes by providing that only the insured's home state may require payment of premium taxes for surplus lines insurance and permits the states to develop an interstate compact to provide for allocation and remittance procedures for these taxes. The Nonadmitted Act also provides that surplus lines insurance will be subject solely to the regulatory requirements of the insured's home state (except for workers' compensation coverage). Nearly all states have made the necessary changes to their surplus lines laws and regulations to implement the Nonadmitted Act.

Further federal and/or state measures may be introduced and promulgated that would result in increased oversight and regulation of surplus lines insurance, or states may sign onto an interstate compact to coordinate their approaches to surplus lines insurance. The Nonadmitted Act likely negates the state insurance regulators' ability to impose premium taxes other than in compliance with the Nonadmitted Act; however, any increase in our regulatory burden may impact our operations and ultimately could impact our financial condition as well.

Federal Initiatives. Although U.S. state regulation is the primary form of regulation of insurance and reinsurance, Congress has considered over the past few years various proposals relating to potential surplus lines regulation, reinsurance regulation, the creation of an optional federal charter and changes to taxation of reinsurance premiums paid to affiliates with respect to U.S. risks. Some lawmakers in Congress have also discussed the possibility of federal regulation of some lines of insurance, such as reinsurance. The activities of the FIO may provide an impetus for the federalization of some aspects of insurance regulation in the United States.

Although we are unable to predict what new laws will be proposed and passed by Congress, whether any such proposed laws will be signed into law by the President of the United States, or the form in which any such laws would be implemented by regulation, we believe it is more likely than not that Congress will adopt new laws, with respect to insurers and insurance, and we anticipate that these developments will impact our operations and also could impact our financial condition.

Foreign reinsurers and insurers minimize required capital by reinsuring risks with offshore affiliates and then deducting repatriated premiums from their taxable income. H.R. 3157 (and the companion S. 1693), which was introduced in Congress in October 2011 (following a similar bill in 2009), seeks to disallow the tax deduction for premiums repatriated by foreign insurers and reinsurers, which would raise the effective tax on such premiums. A similar assumption was included into the President's fiscal year 2011, 2012 and 2013 budget proposals.

The Terrorism Risk Insurance Act of 2002 ("**TRIA**") established a program under which the federal government will share with the insurance industry the risk of loss arising from certain kinds of terrorist attacks. TRIA was originally scheduled to expire in 2005, and although there was substantial uncertainty as to whether Congress would extend the program beyond its scheduled expiration, the Terrorism Risk Insurance Extension Act of 2005 ("**TRIA Extension**") was signed into law on December 22, 2005 extending TRIA, with some amendments, through December 31, 2007. On December 26, 2007, the TRIA was extended again under the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("**TRIPRA**") for an additional seven years (to December 31, 2014). This legislation imposes a deductible upon insurers that must be satisfied before federal assistance is triggered and also contains a coinsurance feature. The deductible, which has increased each year of the program, is based on a percentage of direct earned premiums for commercial insurance lines from the previous calendar year. The program imposes an annual cap of $100 billion on covered losses. Participation in the program for commercial property and casualty insurers is mandatory.

Several provisions of TRIA were changed by the TRIA Extension in 2005, many of which remain unchanged by the TRIPRA, including: increases in the individual company deductible to 17.5% in 2006 and 20% in 2007; reduction in the federal share of compensation in excess of a company's deductible to 85% in 2007; and the addition of a requirement that aggregate industry insured losses resulting from a certified act of terrorism after March 31, 2006 exceed $50 million in 2006 and $100 million in 2007 in order to trigger federal

participation in excess of a company's deductible. The TRIA Extension required the President's Working Group on Financial Markets to study long-term availability and affordability of coverage for terrorism losses, including group life and nuclear, biological, chemical and radiological events ("**NBCR**") and in consultation with industry, the NAIC and policyholders, submit a report of its findings to the House Financial Services and Senate Banking Committees. The provisions of the TRIA that were changed by the TRIPRA include: the incorporation of domestic acts in the definition of "Act of Terrorism"; mandating the Treasury Secretary to recoup an amount equal to 133% of the difference between insurer payments in the event of loss and $27.5 billion; the acceleration of mandatory recoupment surcharges; and the issuance of regulations for determining the pro rata share of insured losses exceeding $100 billion. The TRIPRA also requires the Comptroller General to provide reports and give recommendations on the availability and affordability of insurance for NBCR. On December 14, 2009, the U.S. Department of Treasury issued final rules that govern how it will calculate the amounts to be recouped from insurers and how it will pro-rate insured losses when the aggregate insured losses exceed the annual liability cap. While the legislation provides the property and casualty sector with an increased ability to withstand the effects of potential terrorist events, companies could, nevertheless, still be materially adversely impacted. Terrorist attacks are unpredictable as to the nature, severity or frequency of such potential events. Terrorist attacks also are correlated with other financial risks such as the risk of a swift and significant stock market decline.

There is no assurance that TRIPRA will be extended beyond 2014. Because terrorism risk lacks several basic requirements of insurability, a permanent federal terrorism risk backstop has been advocated to reduce the risk of market disruption from terrorism. International coordination and cooperation in undertaking such efforts will be crucial, despite this being a U.S.-based initiative.

Natural catastrophes in the United States have focused legislative and industry attention on how to best finance natural catastrophe risk in the future. On the federal level, the long-standing National Flood Insurance Program, which provides a federally-backed insurance for property owners in cases of floods, has been most recently extended through September 30, 2017. In early 2007, Florida enacted legislation that expanded the government-run insurer and reinsurance fund (Florida Hurricane Catastrophe Fund), substantially crowding out the insurance and reinsurance market. Other Gulf states, including Louisiana and South Carolina, have considered what action to take to protect their residents. Some insurers and government officials have requested that the federal government create a national fund to provide coverage for all types of natural disasters. Various bills are typically introduced in every session of Congress that would address natural catastrophes. In the 112th Congress, for example, the Homeowners' Defense Act of 2011 (H.R. 2582) would establish a National Catastrophe Risk Consortium ("**Consortium**"), a non-profit entity, that would, among other things, maintain an inventory of catastrophe risk obligations held by state reinsurance funds and other state sponsored entities and issue on a conduit basis securities linked to catastrophe risks insured or reinsured through its members. It would also authorize the U.S. Treasury to guarantee holders of debt issued by state catastrophe insurance programs against losses, establish a Federal Natural Catastrophe Reinsurance Fund and coordinate reinsurance contracts between participating members of the Consortium and private parties. In the current 113th Congress, H.R. 240, Home Owners Protection Act of 2013, would create a federal reinsurance program for state natural catastrophe insurance programs.

There is significant industry opposition to the creation of such government funds and programs, for natural catastrophes, as many interested parties believe that the private market can adequately handle natural catastrophe risk if free market principles are allowed to operate. Governments appear more hesitant to assume contingent liabilities, following the financial crisis.

United Kingdom

The Financial Services Bill to overhaul the existing financial regulatory system received Royal Assent in December 2012, with the new system to be operational in April 2013. The new system would give the Bank of England macro-prudential responsibility for oversight of the financial system and, through a new operationally independent subsidiary (the Prudential Regulation Authority, or "**PRA**"), for day-to-day prudential supervision of financial services firms managing significant balance sheet risk. The Financial Services Authority (the "**FSA**") would cease to exist in its current form. A new conduct of business regulator (the Financial Conduct Authority ("**FCA**")) would be created to protect consumers, promote competition and ensure integrity in markets. The FCA's remit would include both retail and wholesale business, including reinsurance.

In conjunction with the Bank of England and the FSA, the PRA and FCA have published their approach to regulation and a number of more focused consultations. In particular, the conditions for approval as

an authorized entity which all firms must meet on an ongoing basis are being amended to include risks to the continuity of the services provided, the effect that the carrying on of the business might be expected to have on the stability of the UK financial system or on those who are or may become policyholders, the effect that failure or being closed to new business might be expected to have on the stability of the UK financial system or on those who are or may become policyholders.

Our UK subsidiaries are subject to regulation and supervision under the Financial Services and Markets Act 2000 ("**FSMA**"), its implementing regulations and the powers delegated to the FSA. Under FSMA, there is a single regime for the regulation of financial services in the United Kingdom and sole regulatory authority is vested in the FSA. The statutory objectives of the FSA are: market confidence, public awareness, the protection of consumers, and the reduction of financial crime.

Subject to the exemptions ordered under FSMA, no person may carry out regulated activities in the United Kingdom without authorization by the FSA. Regulated activities include effecting and carrying out contracts of insurance. The activities a company is permitted to undertake are normally specified in a permission ("**Permission**") that is granted if certain threshold conditions in the FSA Authorization Manual are satisfied. The grant of the Permission delivers authorization. Our active UK subsidiaries hold Permissions for life insurance and for investment business. These are specified by company in the FSA Register on the FSA web site. Our reinsurance and wholesale non-life insurance business is now carried on by UK branches of our Luxembourg-regulated carriers, which we discuss further below.

Under the FSMA the directors and senior management of a company are required to satisfy "fit and proper" tests, to set up and operate appropriate systems and controls. In addition, they are also otherwise subject to over-arching principles applicable to the company and to designated Approved Persons (those who are individually and personally responsible for defined areas of functional accountability) (the "**Approved Persons regime**"). The principles include integrity; skill, care and diligence; the need to ensure adequate capital resources and an effective risk management system.

Regulated companies are further subject to the rules and guidance set out in a series of Prudential Sourcebooks issued by the FSA. The Prudential Sourcebooks set out a framework for the calculation of adequacy of financial resources and the proper management of categories of risk including credit, market, liquidity, operational, insurance and group risk.

Adequacy of financial resources is judged by the FSA according to various tests. The requirements of the FSA exceed the Minimum Capital Requirement ("**MCR**") prescribed under EU rules both in terms of amount and sophistication. For property and casualty, an Enhanced Capital Requirement ("**ECR**") is derived from a risk-based but formula-driven approach. For all forms of insurance, the MCR and ECR calculation is supplemented by a principles-driven Individual Capital Assessment conducted on a regulated basis. This aims to achieve that companies hold capital appropriate to their business and control risks and is intended to incentivize better risk management. Regulated companies are required to have systems and procedures for assessing the adequacy of capital resources and for determining the appropriate level of financial resources, to identify the major sources of risk in each of the categories described in the Prudential Source books (underwriting, operational, liquidity, market, group, credit) and any other risk, and for each of the major sources of risk, to carry out stress tests and scenario analyzes justified as appropriate to the company as regards the sources of risk. Specific guidance is provided on basic approaches but on an explicitly non mandatory basis: the approach can be tailored differently, provided justified. Economic capital models of greater sophistication will be considered and evaluated in terms of their robustness but also in terms of their appropriate integration into a valuable surrounding control environment.

On the available asset side regulated companies can diverge from admissibility rules for MCR/ECR and accounting standards provided the appropriateness is supported. Technical provisions can be discounted and equalization provisions may be extinguished as appropriate.

The analysis by the company is subjected to supervisory review, which includes visits and inspections assessing control risks. The FSA then issues Individual Capital Guidance. Regulated companies are supervised under a regular and exception reporting framework as well as by periodic visits (Arrow Visits). Under FSMA reinsurance and insurance companies are required to file with the FSA an independently audited financial statement, and other prescribed documents. The local regulated company is required to notify the FSA of any changes in "closely linked" companies as well as change of "controllers" and to review risks deriving from reliance on its parent group company – both as a matter of credit risk as well as risks affecting the parent group

company as such (group risk). The FSA enjoys very substantial powers of enforcement against firms and individuals concerning both prudential and conduct of business rules breaches.

In the aftermath of the financial crisis, the FSA has been considering whether and how any changes in its approach to supervision of banks should apply to insurers. Some changes have already been evident with respect to insurers. The FSA's supervisory approach has become more intensive with greater challenge to management about the outcomes of management decisions. In addition, stress testing was already used for insurers but, effective December 2010, a new stress test, a 'test to destruction' was added to the FSA requirements for insurers. There has also been a strengthening in the FSA's application of the Approved Persons regime, by extending the range of roles covered to ensure that those persons who are likely to exert a significant influence on a firm fall within the scope of the Approved Persons regime.

In particular, the FSA has:

- extended the scope and application of the director and non-executive director controlled function requirements to include those persons employed by an unregulated (non-EU and non-EEA) parent undertaking or holding company, whose decisions or actions are regularly taken into account by the governing body of a regulated firm;

- extended the definition of the significant management controlled function (CF29) to include all proprietary traders who are not senior managers but who are likely to exert significant influence on a firm; and

- amended the application of the Approved Persons regime to UK branches of overseas firms based outside the EEA.

Other issues identified with respect to the banking sector may also influence future insurance supervision but will probably be dealt with under Solvency II. These include risk management and governance improvements, the approach to multinational groups, the use of explicitly counter-cyclical reserves or capital requirements, quality of capital and increased regulatory focus on liquidity.

Luxembourg

We have both a reinsurance carrier and a direct non-life insurance carrier, each based in Luxembourg (Swiss Re Europe S.A. and Swiss Re International SE) with branches, representation and contact offices across Europe, America, Asia and Australia. Business from a number of entities and branches in Ireland, the United Kingdom, the Netherlands, Denmark, France, Germany, Italy and Spain are integrated into the Luxembourg carriers. Certain of our EU and other European business not currently included in our EU branches or legal entities will continue to be written by our Zurich carriers.

In Luxembourg, reinsurance companies have been subject to prudential supervision by the Commissariat aux Assurances ("**CAA**"). The Law of 1991 required the establishment of adequate technical provisions (including equalization provisions) plus a solvency margin in line with EU principles. The implementation of the EU Reinsurance Directive by the Law of December 5, 2007 did not fundamentally change the existing supervisory framework in Luxembourg, although certain amendments were necessary. The amended law is accompanied by several Grand Ducal regulations. The Grand Ducal regulation of December 5, 2007 specifies the conditions for the license and exercise of reinsurance undertakings (the "**Reinsurance Regulation**"). The Luxembourg law does not impose quantitative limitations for the assets covering the technical provisions and contains a definition of finite reinsurance but does not provide specific rules for finite reinsurance contracts. According to article 17 of the Reinsurance Regulation, claims against reinsurers arising from reinsurance operations concluded with third country reinsurers are, under certain conditions, admitted for the coverage of the technical provisions of a Luxembourg cedent company provided the third country reinsurer is authorized to carry out reinsurance operations by its home country regulator and if that country's supervisory system is compatible with international standards. This is the case for Swiss-based reinsurers supervised by FINMA vis-à-vis the CAA. The coverage of technical provisions of a Luxembourg insurance undertaking by claims against third country reinsurers requires the approval of the CAA. The timely implementation of the EU Reinsurance Directive in Luxembourg was important to allow us to complete the restructuring of our European legal entity structure, notably to perform the business transfers from existing group subsidiaries to Swiss Re Europe S.A. (Luxembourg). As an incorporated and licensed reinsurance company, Swiss Re Europe S.A. fully

benefits from the EU passport principle – the freedom to conduct cross-border business or to establish branches in all EEA member states under the home country control of the CAA.

As an EU member state, Luxembourg will be required to apply Solvency II to insurers and reinsurers based on the relevant effective dates.

Other Regulation

Certain other entities through which we conduct non-insurance business are regulated under the applicable financial services regulations in their respective jurisdictions. Swiss Re Capital Markets Limited, located in London, England, is a company authorized and regulated in the conduct of its investment business in the United Kingdom by the FSA and is entered in the FSA's Register. Swiss Re Capital Markets Corporation, located in New York City, is a member of the Financial Industry Regulatory Authority ("**FINRA**") in the United States and the Securities Investor Protection Corporation, and is regulated by FINRA.

As we move into new and high-growth markets we will continue to monitor local regulatory requirements and will take the necessary steps to comply.

Certain Information about the Issuer

Name, Incorporation, Registered Office, Duration, Purpose and Registration

SRZ (*Schweizerische Rückversicherungs-Gesellschaft AG*, *Compagnie Suisse de Réassurances SA*, *Compagnia Svizzera di Riassicurazioni SA, Compañia Suiza de Reaseguros S.A.*) was incorporated on December 19, 1863 for an unlimited duration as a stock corporation (*Aktiengesellschaft*) under Swiss law. The object of SRZ according to Article 2 of SRZ's Articles of Association is to transact any kind of reinsurance business and to provide related services. SRZ may also participate in other enterprises, in particular in insurance companies. Its registered office and the principal executive offices are located at Mythenquai 60, 8002 Zurich, Switzerland. Its telephone number is +41 43 285 2121. SRZ has been entered in the Canton of Zurich Commercial Register since May 1, 1883, and as of today has the firm number CH-020-3-923-568-5. (The Canton of Zurich Commercial Register has been in existence since 1883.) Its Articles of Association were last amended on March 19, 2012. Statutory publications of SRZ are made in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*).

SRZ is a wholly owned subsidiary of SRL. The rights of SRL as shareholder of SRZ are set forth in SRZ's Articles of Association and the Swiss Code of Obligations, and SRZ is managed in accordance with its Articles of Association and Bylaws.

Share Capital Structure

Issued Share Capital. SRZ's issued share capital, as registered with the Canton of Zurich Commercial Register on the date hereof is CHF 34,405,256.50 divided into 344,052,565 fully paid-in registered shares (each with a nominal value of CHF 0.10). There are no additional types of shares with a higher or limited voting power, privileged dividend entitlement or any other preferential rights, nor are there any other securities representing a part of SRZ's share capital. SRZ's capital structure ensures equal treatment of all shareholders in accordance with the principle of "one share/one vote." All issued shares are fully paid and validly created under Swiss law.

Conditional Share Capital. Article 3a of SRZ's Articles of Association provides for a capital increase from conditional capital limited to a share capital increase not exceeding CHF 5,000,000 by issuing a maximum of 50,000,000 registered shares, payable in full, each with a nominal value of CHF 0.10, through the voluntary or mandatory exercise of conversion rights and warrants granted in connection with bonds or similar instruments issued by SRZ or group companies. Existing shareholders' subscription rights *(Bezugsrechte)* are excluded. The then current holders of the conversion and/or option rights granted in connection with Equity-Linked Financing Instruments (as defined in SRZ's Articles of Association) will be entitled to subscribe for the new registered shares. Furthermore,

- Existing shareholders' advance subscription rights *(Vorwegzeichnungsrechte)* with regard to these Equity-Linked Financing Instruments may be restricted or excluded by decision of the Board of Directors (subject to the limitations set forth in the last bullet below) in order to issue Equity-Linked Financing Instruments (i) on national and/or international capital markets (including by way of private placements to one or more selected strategic investors), and/or (ii) to finance or re-finance the acquisition of companies, parts of companies, equity stakes (participations) or new investments planned by SRZ and/or group companies.

- If advance subscription rights *(Vorwegzeichnungsrechte)* are excluded, then (i) the Equity-Linked Financing Instruments are to be placed at market conditions, (ii) the exercise period is not to exceed ten years for option rights and twenty years for conversion rights, and (iii) the conversion or exercise price for the new registered shares is to be set at least in line with the market conditions prevailing at the date on which the Equity-Linked Financing Instruments are issued.

- The acquisition of registered shares through the exercise of conversion or option rights and any further transfers of registered shares shall be subject to the restrictions specified in Article 5 of SRZ's Articles of Association.

- The total of shares issued from (i) authorized capital according to Article 3b of the Articles of Association where the existing shareholders' subscription rights *(Bezugsrechte)* were excluded, and

(ii) shares issued from conditional capital according to Article 3a of the Articles of Association where the existing shareholders' advance subscription rights (*Vorwegzeichnungsrechte)* on the Equity-Linked Financing Instruments were excluded, may not, in the aggregate, exceed 74,140,927 shares up to April 15, 2013.

Authorized Share Capital. Article 3b of SRZ's Articles of Association provides for a capital increase from authorized capital at any time up to April 15, 2013 by a maximum amount not exceeding CHF 8,500,000 through the issue of up to 85,000,000 registered shares, payable in full, each with a nominal value of CHF 0.10. Increases by underwriting as well as partial increases are permitted. The date of issue, the issue price, the type of contribution and any possible acquisition of assets, the date of dividend entitlement as well as the expiry or allocation of non-exercised subscription rights *(Bezugsrechte)* will be determined by the Board of Directors. Furthermore:

- With respect to a maximum of CHF 5,000,000 through the issue of up to 50,000,000 registered shares, payable in full, each with a nominal value of CHF 0.10 out of the total amount of authorized capital, the subscription rights of shareholders may not be excluded.

- With respect to a maximum of CHF 3,500,000 through the issue of up to 35,000,000 registered shares, payable in full, each with a nominal value of CHF 0.10 out of the total amount of authorized capital, the Board of Directors may (subject to the limitations set forth in the last bullet below) exclude or restrict the subscription rights *(Bezugsrechte)* of the existing shareholders for the use of shares in connection with (i) mergers, acquisitions (including takeover) of companies, parts of companies or holdings, equity stakes (participations) or new investments planned by SRZ and/or group companies, financing or re-financing of such mergers, acquisitions or new investments, the conversion of loans, securities or equity securities, and/or (ii) improving the regulatory capital position of SRZ or group companies in a fast and expeditious manner if the Board of Directors deems it appropriate or prudent to do so (including by way of private placements).

- The subscription and acquisition of the new registered shares, as well as each subsequent transfer of the registered shares, will be subject to the restrictions specified in Article 5 of SRZ's Articles of Association.

- The total of registered shares issued from (i) authorized capital according to Article 3b of the Articles of Association where the existing shareholders' subscription rights *(Bezugsrechte)* were excluded, and (ii) shares issued from conditional capital according to Article 3a of the Articles of Association where the existing shareholders' advance subscription rights *(Vorwegzeichnungsrechte)* on the Equity-Linked Financing Instruments (as defined in SRZ's Articles of Association) were excluded, may not, in the aggregate, exceed 74,140,927 shares up to April 15, 2013.

The SRZ Shares

The SRZ Shares are registered shares with a nominal value of CHF 0.10 each.

The SRZ Shares are dematerialized securities (*Wertrechte*, within the meaning of the Swiss Federal Code of Obligations) and intermediated securities (*Bucheffekten*, within the meaning of the Swiss Federal Act on Intermediated Securities of 2008, as amended ("**FISA**")).

Shareholders have no right to request that certificates be provided for registered shares. Each shareholder may, however, at any time request a written confirmation from SRZ of the registered shares held by such shareholder, as reflected in the share register of SRZ. The SRZ Shares may be transferred by way of book-entry credit to other securities accounts in accordance with the provisions of the FISA. Furnishing of collateral in the SRZ Shares must also conform to the regulations of the FISA; the transfer and furnishing of collateral by assignment is excluded.

The SRZ Shares are freely transferable, without any limitations (except those specified in SRZ's Articles of Association), provided that the buyers declare that they are the beneficial owners of the SRZ Shares and comply with the disclosure requirements of the Swiss Federal Act on Stock Exchanges and Securities Trading of 1995, as amended ("**SESTA**").

Persons who do not declare that they are the beneficial owners of the SRZ Shares held by them ("nominees") are entered without further inquiry in the share register of SRZ as shareholders with voting rights up to a maximum of 2% of the outstanding share capital at the time. Additional SRZ Shares held by such nominees that exceed the limit of 2% of the outstanding share capital are entered in the share register with voting rights only if such nominees disclose the names, addresses and shareholdings of the beneficial owners of the holdings amounting to or exceeding 0.5% of the outstanding share capital. In addition, such nominees must comply with the disclosure requirements of the SESTA.

Provisions relating to Acquisitions and Contributions in Kind

Articles 26 to 28 of SRZ's Articles of Association provide as follows:

"Art. 26 Acquisition of property

The company intends to acquire, via its subsidiary Swiss Re Life & Health America Inc., based in Stamford, Connecticut, from Lincoln National Corporation, based in Fort Wayne, Indiana, US, and from a number of its affiliates, the reinsurance operations of Lincoln National Corporation, based in Fort Wayne, Indiana, US, in the form of participations in group companies operating in the field of reinsurance as well as reinsurance treaties. The acquisition price will be a maximum of USD 2 000 000 000 – which translates into a maximum price of CHF 3 600 000 000.

Art. 27 Acquisition of property

The company intends to acquire from General Electric Company, based in Fairfield, Connecticut, US, or from companies which it controls, all shares of GE Insurance Solutions Corporation, based in Kansas City, Missouri, US, and all companies which it controls, with the exception of life and health companies in the US, as well as the assets and liabilities of GE Frankona Reassurance Limited, based in London, UK. The price stipulated in the Transaction Agreement of 18 November 2005 between the company and General Electric Company comprises a basic purchase price of USD 6 800 000 000 (approximately CHF 8 800 000 000) which may rise to USD 7 600 000 000 (approximately CHF 9 900 000 000) subject to closing adjustments. Part of the acquisition price will be paid in shares in the company; part will be paid in cash, mandatory convertible securities and debt securities.

Art. 28 Contribution in kind

The company has acquired, in accordance with the contribution in kind agreements of 9 June 2006, a total of 905 common shares, each with a nominal value of USD 5 000, of GE Insurance Solutions Corporation, based in Kansas City, Missouri, US, broken down as follows: 815 common shares of a total value of CHF 2 628 955 946.30 from General Electric Capital Services, Inc, based in Stamford, Connecticut, US; and 90 common shares of a total value of CHF 287 541 867.80 from General Electric Capital Corporation, based in Stamford, Connecticut, US. The acquisition price was paid by assigning to the contributors a total of 33 300 957 fully paid-in registered shares of the company, each with a nominal value of CHF 0.10, of which 30 017 766 shares were assigned to General Electric Capital Services, Inc, and 3 283 191 to General Electric Capital Corporation."

Treasury Shares

As of the date of this Information Memorandum, SRZ does not hold any SRZ Shares.

Dividends Paid

In connection with the Carve-out Transactions, in April 2012, SRZ paid dividends-in-kind in the form of all of the shares of Swiss Re Corporate Solutions Ltd. and Swiss Re Life Capital Ltd (with a book value in SRZ's statutory accounts for the year ended December 31, 2011 of CHF 5.8 billion).

During the nine months ended September 30, 2012, SRZ paid a total of $2.6 billion in cash dividends to SRL, consisting of an ordinary dividend of $1.1 billion ($586 million of which was from the Property & Casualty Reinsurance segment and $568 million of which was from the Life & Health Reinsurance segment) and an extraordinary dividend of $1.5 billion ($283 million of which was from the Property & Casualty Reinsurance segment and $1.2 billion of which was from the Life & Health Reinsurance segment), respectively.

Dividends paid per share by SRZ in respect of the five fiscal years preceding the Exchange Offer (in Swiss francs) were:

Fiscal year	**Dividend in CHF per SRZ Share**
2010	2.75[(a)]
2009	1.00
2008	0.10
2007	4.00
2006	3.40

(a) Swiss withholding tax exempt distribution out of legal reserves from capital contributions.

Management/Board of Directors

Board of Directors and Management of SRL

Board of Directors

Under SRL's Articles of Association, its Board of Directors is to consist of at least seven members and the term of office of a director is three years. Members whose terms expire are immediately eligible for re-election. Election or re-election of each member is proposed by the Board of Directors at the relevant Annual General Meeting and is separately voted on.

The Board of Directors of SRL is constituted as follows:

Name	Birth Year	Position	Term Ends In
Walter B. Kielholz	1951	Chairman	2013
Mathis Cabiallavetta	1945	Vice Chairman	2014
Renato Fassbind	1955	Vice Chairman	2014
Jakob Baer	1944	Director	2015
Raymund Breu	1945	Director	2014
Raymond K.F. Ch'ien	1952	Director	2014
John R. Coomber	1949	Director	2015
Rajna Gibson Brandon	1962	Director	2014
C. Robert Henrikson	1947	Director	2015
Malcolm D. Knight	1944	Director	2013
Hans Ulrich Maerki	1946	Director	2014
Carlos E. Represas	1945	Director	2013
Jean-Pierre Roth	1946	Director	2013

The business address of each director is Mythenquai 50/60, 8022 Zurich, Switzerland.

On September 28, 2012, Swiss Re announced that Mary Francis would be proposed for election to the Board of Directors of SRL at its next Annual General Meeting on April 10, 2013 and would join the Board of Directors of SRZ effective October 1, 2012.

Independence

SRL requires a majority of the Board of Directors to be independent. To be considered independent, a director may not be, and may not have been in the past three years, employed as an executive officer of Swiss Re. In addition, he or she must not have a material relationship with any part of Swiss Re – directly or as a partner, director or shareholder of an organization that has a material relationship with Swiss Re. Based on SRL's independence criteria, all directors qualify as independent.

Information about managerial positions and significant business connections of non-executive directors

All members of the Board of Directors are non-executive. John R. Coomber was Chief Executive Officer of Swiss Re from January 1, 2003 to December 31, 2005. Walter B. Kielholz was Chief Executive Officer of Swiss Re from January 1, 1997 to December 31, 2002. Of the other directors, none has ever held a management position in Swiss Re. No director has any significant business connection with SRL or any of its group companies (other than in their respective capacities as the directors of SRZ).

Skills, experience and expertise

The Board of Directors aims to attain among its members the requisite balance of skills, knowledge and tenure for today's business needs. Potential new candidates are assessed against the Board of Directors' approved selection criteria, including integrity, skill, qualifications, experience, communication capabilities and community standing. In addition to their managerial skills and expertise, the directors collectively represent a mix of backgrounds and a mix of experience or expertise in key areas such as accounting, legislation, insurance/reinsurance, finance, risk management and capital markets, thus providing a solid foundation for decision-making. Newly elected directors receive a general introduction to the responsibilities of directors and

committee members. In the course of the year, the directors also meet with experts regularly to update and enhance their knowledge on emerging business trends and risks.

Biographical Information

Each of the following directors, other than Renato Fassbind and C. Robert Henrikson, became a director of SRL on February 7, 2011 and remains a director of SRZ. Renato Fassbind became a director of both SRL and SRZ in April 2011. C. Robert Henrikson became a director of both SRL and SRZ in April 2012.

Walter B. Kielholz, Chairman, non-executive and independent director. Walter B. Kielholz, a Swiss citizen born in 1951, was elected to SRZ's Board of Directors in June 1998. He began his career at the General Reinsurance Corporation, Zurich, in 1976. After working in the United States, United Kingdom and Italy, he assumed responsibility for the company's European marketing. In 1986, he joined Credit Suisse, Zurich, where he was responsible for banking relationships with large insurance groups in the multinational services department. In 1989, Walter B. Kielholz joined SRZ. He became a member of SRZ's Executive Board in January 1993 and was SRZ's Chief Executive Officer from 1997 to 2002. He was Executive Vice Chairman of SRZ's Board of Directors from 2003 to 2006 and Vice Chairman from 2007 to April 2009. He was nominated Chairman of SRZ's Board of Directors with effect from May 1, 2009.

Walter B. Kielholz has been a member of the board of directors of Credit Suisse Group AG since 1999. He was chairman of the bank's board of directors from 2003 to 2009. He is chairman of the European Financial Services Roundtable and a board member of the Institute of International Finance. Walter B. Kielholz is also a member and former chairman of the board of trustees of Avenir Suisse. From 2003 to 2009, he was a member of the board and the committee of economiesuisse. In 2005, he was elected to the Insurance Hall of Fame, which honours individuals who have exercised substantial influence on the insurance industry for the benefit of society. Furthermore, Walter B. Kielholz is chairman of the Zurich Art Society. Walter B. Kielholz studied business administration at the University of St. Gallen and graduated in 1976 with a degree in business finance and accounting.

Mathis Cabiallavetta, Vice Chairman, non-executive and independent director. Mathis Cabiallavetta, a Swiss citizen born in 1945, was elected to SRZ's Board of Directors in 2008 and nominated Vice Chairman as of March 13, 2009. Mathis Cabiallavetta is a member of the boards of Philip Morris International and BlackRock, Inc. He is also a member of the executive advisory board of General Atlantic Partners in New York. He was vice chairman of the board of directors of Marsh & McLennan Companies ("**MMC**") from November 2001 to November 2004. Prior to joining MMC in 1999, Mathis Cabiallavetta was chairman of the board of directors of UBS AG, having held several senior positions in the company from 1971. He became president of the group executive board in 1996 and was elected chairman of UBS AG in 1998. He is a former member of the Bank Council of the Swiss National Bank (the "**SNB**") and a past vice chairman of the board of directors of the Swiss Bankers Association. He was also a member of the committee of the board of directors of the SIX Swiss Stock Exchange and the International Capital Markets Advisory Committee of the Federal Reserve Bank of New York. Mathis Cabiallavetta graduated from the University of Montreal with a bachelor's degree in economics.

Renato Fassbind, Vice Chairman, non-executive and independent director. Renato Fassbind, a Swiss citizen born in 1955, was elected to SRZ's Board of Directors in April 2011. Renato Fassbind was chief financial officer and a member of the executive board of Credit Suisse Group AG from 2004 to September 2010. Before that, he held the position of group chief executive officer of Diethelm Keller Holding Ltd. From 1997 to 2002, he was chief financial officer and a member of the group executive committee, and from 1990 to 1996, head of corporate staff audit, at ABB Ltd. After two years with Kunz Consulting AG, he worked with F. Hoffmann-La Roche AG, Basel, in internal audit from 1984 to 1990 and was appointed head of internal audit in 1988. From 1986 to 1987, he worked with Peat Marwick in New Jersey, United States, as a public accountant. Renato Fassbind is a board member of Kühne+Nagel International Ltd and the Swiss Federal Audit Oversight Authority. He received his certification as a certified public accountant in 1986 in Colorado, United States. Renato Fassbind graduated from the University of Zurich in 1982 with a PhD in economics and received an MBA from the University of Zurich in 1979.

Jakob Baer, Non-executive and independent director. Jakob Baer, a Swiss citizen born in 1944, was elected to SRZ's Board of Directors in May 2005. He began his career in the legal department of the Swiss Federal Finance Administration. In 1975, he joined Fides Trust Company. Following the successful planning and execution of a management buyout of Fides' advisory business, he became a member of the management

board of KPMG Switzerland in 1992. He was appointed chief executive officer of KPMG Switzerland in 1994 and a member of KPMG's European and international management boards. He retired from KPMG in September 2004, having reached the statutory retirement age. He also serves on the boards of directors of Rieter Holding AG, Allreal Holding AG, Barry Callebaut AG and Stäubli Holding AG. Jakob Baer became an attorney-at-law in 1971 and graduated from the University of Bern in 1973 with a doctorate in law.

Raymund Breu, Non-executive and independent director. Raymund Breu, a Swiss citizen born in 1945, was elected to SRZ's Board of Directors in 2003. He was chief financial officer of the Novartis Group and a member of that company's executive committee from December 1996, when Novartis was created, until January 2010. He joined the group treasury of Sandoz, a predecessor company of Novartis, in 1975. Ten years later, he was appointed chief financial officer of Sandoz Corporation in New York. In 1990, he became group treasurer of Sandoz Ltd and, in 1993, head of group finance and a member of the Sandoz executive board. Raymund Breu also serves as a director of Nobel Biocare Holding AG and on the Swiss Takeover Board. Raymund Breu graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with a doctorate in mathematics.

Raymond K. F. Ch'ien, Non-executive and independent director. Raymond K. F. Ch'ien, a Chinese citizen born in 1952, was elected to SRZ's Board of Directors in April 2008. Raymond K. F. Ch'ien was chairman of CDC Corporation from 1999 to 2011. He served as chief executive officer of the company in 2005 and as acting chief executive officer in 2004. From 1984 to 1997, he was group managing director of Lam Soon Hong Kong Group. Raymond K. F. Ch'ien also serves as chairman of the boards of directors of MTR Corporation Limited and Hang Seng Bank Limited. He is also a member of the board of directors of the Hong Kong and Shanghai Banking Corporation Limited, Convenience Retail Asia Limited, China Resources Power Holdings Company Limited, The Wharf (Holding) Limited, UGL Limited and the Hong Kong Mercantile Exchange Limited. In addition, Raymond K. F. Ch'ien holds positions in several public service institutions. He is the honorary president of the Federation of Hong Kong Industries. He became a trustee of the University of Pennsylvania in 2006. Raymond K. F. Ch'ien studied at Rockford College and the University of Pennsylvania, graduating with a PhD in economics in 1978.

John R. Coomber, Non-executive and independent director. John R. Coomber, a British citizen born in 1949, was elected to SRZ's Board of Directors in February 2006. John R. Coomber started his career with the Phoenix Insurance Company. He joined SRZ in 1973. Having qualified as an actuary in 1974, he first specialized in the company's life reinsurance area. He was Swiss Re UK's appointed actuary from 1983 to 1990. In 1987, he assumed responsibility for the Life division and, in 1993, was made Head of the company's UK operations. John R. Coomber was appointed a member of the Executive Board in April 1995, responsible for the Swiss Re's Life & Health Division. In June 2000, he became a member of SRZ's Executive Committee. He was Chief Executive Officer of Swiss Re from 2003 to 2005, when he retired after 33 years of employment with Swiss Re. John R. Coomber serves as chief executive officer of Pension Insurance Corporation Limited, and is chairman of MH (GB) Limited. He is also chairman of ClimateWise and The Climate Group, and a member of the Deutsche Bank Climate Advisory Panel. John R. Coomber is an Honorary Fellow of the Chartered Insurance Institute. John R. Coomber graduated from Nottingham University in 1970 with a theoretical mechanics degree.

Rajna Gibson Brandon, Non-executive and independent director. Rajna Gibson Brandon, a Swiss citizen born in 1962, was elected to SRZ's Board of Directors in June 2000. Rajna Gibson Brandon is a professor of finance at the University of Geneva and director of the Geneva Finance Research Institute. She was a professor of financial economics at the University of Zurich from 2000 to 2008 and was previously a professor of finance at the University of Lausanne from 1991 to 2000. She is a deputy director of the National Centre of Competence in Research (NCCR) "Financial Valuation and Risk Management" research network, director of research of the Swiss Finance Institute (SFI) and a board member of Banque Privée Edmond de Rothschild S.A. She was a member of the Swiss Federal Banking Commission from 1997 until the end of 2004. Rajna Gibson Brandon studied business and economics at the University of Geneva, graduating with a BA in 1982 and a PhD in economics and social sciences in 1987.

C. Robert Henrikson, Non-executive and independent director. C. Robert Henrikson, an American citizen born in 1947, was elected to SRL's Board of Directors in April 2012. He served as chairman of the board of MetLife, Inc. from April 2006 to December 2011, and was MetLife's chief executive officer from March 2006 through April 2011 having previously held various senior positions in Metlife, including becoming chief operating officer in 2004. C. Robert Henrikson is a member of the board of directors of Invesco Ltd. He is a former member of the President's Export Council, the principal U.S. national advisory committee on international trade. C. Robert Henrikson is former chairman of the American Council of Life Insurers, a former

chairman of the Financial Services Forum, a director emeritus of the American Benefits Council and chairman of the Wharton School's S.S. Huebner Foundation for Insurance Education. He also serves on the board of trustees of Emory University. C. Robert Henrikson received a bachelor's degree from the University of Pennsylvania and a law degree from Emory University School of Law.

Malcolm D. Knight, Non-executive and independent director. Malcolm D. Knight, a Canadian citizen born in 1944, was elected to SRZ's Board of Directors in April 2010. From 2008 to 2012, Malcolm D. Knight was a vice chairman of Deutsche Bank, where he is currently an advisor. Concurrently, he is a visiting professor in Finance at the London School of Economics. In addition, he is a member of the Board of Patrons of the European Association for Banking and Financial History, a member of the board of directors of Global Risk Institute in Financial Services and a trustee of the International Valuation Standards Council. Malcolm D. Knight was general manager (CEO) of the Bank for International Settlements from 2003 to 2008. He served as senior deputy governor of the Bank of Canada from 1999 to 2003. From 1975 to 1999, he held senior positions at the International Monetary Fund in both research and operations. He began his career as an academic at the University of Toronto and the London School of Economics. Malcolm D. Knight holds an Honours BA in Political Science and Economics from the University of Toronto, and Master of Science (Economics) and PhD degrees from the London School of Economics.

Hans Ulrich Maerki, Non-executive and independent director. Hans Ulrich Maerki, a Swiss citizen born in 1946, was elected to SRZ's Board of Directors in 2007. Hans Ulrich Maerki joined IBM Switzerland in 1973. After some years in the sales area, he was promoted to a number of managerial positions in IBM's Paris European Headquarters as well as in IBM Switzerland. From 1993 to 1995, he led IBM's business in Switzerland as general manager, before moving to IBM Europe in Paris to build the largest IT services business in the market. In August 2001, he was appointed chairman of the board of directors of IBM EMEA. From 2003 to 2005 he was also chief executive officer of IBM EMEA. He retired from IBM after 35 years of service in April 2008. He is a member of the board of directors of ABB Ltd and Mettler-Toledo International. He serves on the foundation board of Schulthess-Klinik in Zurich, as well as on the international advisory boards of the Ecole des Hautes Etudes Commerciales (EDHEC) Paris, the IESE Business School University of Navarra (IESE) and Bocconi University in Milan. He is currently a Senior Fellow of Advanced Leadership at Harvard University. Hans Ulrich Maerki graduated with a master's degree in business administration from the University of Basel in 1972.

Carlos E. Represas, Non-executive and independent director. Carlos E. Represas, a Mexican citizen born in 1945, was elected to SRZ's Board of Directors in April 2010. Carlos E. Represas was chairman of the board of Nestlé Group Mexico from 1983 to 2010. He also serves on the boards of directors of Bombardier Inc. and Merck & Co. Inc. Furthermore, he is chairman of Latin America Bombardier Inc., president of the Mexico Chapter of the Latin American Chamber of Commerce in Switzerland, and a member of the Latin America Business Council (CEAL). Between 1968 and 2004, Carlos E. Represas held various senior positions at Nestlé in the United States, Latin America and Europe. He was executive vice president and also head of the Americas of Nestlé S.A. from 1994 to 2004. Carlos E. Represas studied economics at the National University of Mexico and industrial economics at the National Polytechnic Institute, Mexico. He completed further studies in the areas of finance, marketing and management in the United States and in Switzerland.

Jean-Pierre Roth, Non-executive and independent director. Jean-Pierre Roth, a Swiss citizen born in 1946, was elected to SRZ's Board of Directors in April 2010, with effect from July 1, 2010. Jean-Pierre Roth is chairman of the board of directors of Geneva Cantonal Bank. In addition, he serves on the boards of directors of Nestlé S.A. and Swatch Group AG. Jean-Pierre Roth was chairman of the governing board of the SNB from January 2001 until December 2009. He joined the SNB in 1979, where he held various senior positions before he was appointed a member of the governing board in 1996. From 2001, he was a member and from 2006 chairman of the board of directors of the Bank for International Settlements, until his retirement from this position in 2009. Jean-Pierre Roth also served as Swiss Governor of the International Monetary Fund from 2001 to 2009 and as a Swiss representative on the Financial Stability Board from 2007 to 2009. Jean-Pierre Roth studied economics at the University of Geneva and graduated from the Graduate Institute of International Studies (Institut Universitaire de Hautes Etudes Internationales) with a PhD in political sciences in 1975.

Mary Francis, nominee to be a Non-executive and independent director. Mary Francis, a British citizen born in 1948 has been proposed as a director of SRL (the election for which is at the Annual General Meeting on April 10, 2013), and effective October 1, 2012, is a director of SRZ. She is currently senior independent director of Centrica plc and a senior advisor to Chatham House. Formerly, she was a member of the boards of directors of the Bank of England, Alliance & Leicester plc, Cable & Wireless Communications plc, St

Modwen Properties plc and Aviva plc. From 1999 to 2005, Mary Francis was director general of the Association of British Insurers. Prior to this, she held several senior positions with the UK Civil Service including deputy private secretary to the Queen (1995-1999), private secretary to the Prime Minister (1992-1995) and financial counsellor at the British Embassy in Washington DC (1990-1992). She studied at Newnham College, University of Cambridge, where she obtained a Master of Arts degree.

Election procedure

The members of the Board of Directors are elected at a General Meeting of shareholders. The Chairman's and Governance Committee evaluates candidates for membership on the Board of Directors and makes recommendations to the Board of Directors with regard to their nomination for election or re-election. The Board of Directors submits nominations for new directors for election at the General Meeting that ensure an adequate size and a well-balanced composition of the Board of Directors and comply with the requirement that a majority of the Board of Directors be independent. At the General Meeting, each proposed election or re-election is presented by the Chairman and voted upon separately. The Chairman and Vice Chairmen of the Board of Directors, as well as the chairpersons and members of its committees, are elected to those positions by the Board of Directors.

Organizational structure of the Board of Directors

The organization of the Board of Directors is set forth in the Corporate Bylaws, which define the responsibilities of the Board of Directors, its committees and the executive management. The Corporate Bylaws are reviewed periodically by both the Chairman's and Governance Committee and the full Board of Directors with regard to expediency, as well as compliance with domestic and applicable international laws, regulations and best practice standards.

Allocation of tasks within the Board of Directors

Chairman of the Board of Directors. The Chairman of the Board of Directors exercises ultimate supervision of the Swiss Re Group on behalf of the Board. He has the right to attend the meetings of the Executive Committee and the Business Units, and receives the documentation and minutes of all such meetings. He facilitates reporting to the Board of Directors by executive management. He is also responsible, with the Chairman of the Audit Committee, for overseeing group internal audit ("**GIA**") and appoints its head, subject to confirmation by the Audit Committee.

In addition, he convenes meetings of the Board of Directors and its committees and makes preparations for, and presides at, Board of Directors meetings. He coordinates the activities of its committees and ensures the Board of Directors is kept informed about their activities and findings. In cases of doubt, he makes decisions regarding the authority of the Board of Directors or its committees and about the application and interpretation of the Corporate Bylaws. He presides at General Meetings and represents Swiss Re to shareholders and other stakeholders such as regulatory and political authorities, industry associations or the media. The Chairman arranges orientation for new members of the Board of Directors and appropriate training for all Board members. If the Chairman of the Board of Directors is prevented from performing his duties, they are performed by a Vice Chairman or another member of the Board of Directors.

Vice Chairmen. A Vice Chairman deputises for the Chairman in his absence or in the event of a conflict of interests of the Chairman. The Vice Chairmen prepare and execute resolutions on request of the Board of Directors and liaise between the Board of Directors and executive management in matters not reserved to the Chairman.

Committees of the Board of Directors. The Board of Directors has delegated certain responsibilities to five committees: Chairman's and Governance Committee, Audit Committee, Compensation Committee, Finance and Risk Committee and Investment Committee.

Each committee consists of a chairperson and at least two other members elected from among the Board of Directors. The term of office of a Board committee member is one year, beginning with the appointment at the Board meeting following an Annual General Meeting and ending at the Board meeting following the subsequent Annual General Meeting. The chairperson prepares and presides over the committee meetings. Any such committee must keep the Board of Directors apprised on a timely basis of actions and determinations. The committees may conduct or authorise special investigations, at any time and at their full

discretion, into any matters within their respective scope of responsibilities, thereby taking into consideration relevant peer group practice and general best practice. They are empowered to retain independent counsel, accountants or other experts if deemed necessary, including for purposes of benchmarking best practice, and receive appropriate funding for payment of compensation to such outside advisers.

Chairman's and Governance Committee. The primary function of the Chairman's and Governance Committee is to act as adviser to the Chairman and to address corporate governance issues affecting Swiss Re. It is in charge of the succession planning process at the Board of Directors level and oversees the annual performance assessment of both the Board of Directors and the Executive Committee.

The Chairman's and Governance Committee is headed by the Chairman of the Board of Directors and consists, beside the Chairman, of the Vice Chairmen and the chairpersons of all the committees: Walter B. Kielholz, Chair; Mathis Cabiallavetta; Renato Fassbind; Jakob Baer; John R. Coomber; and C. Robert Henrikson.

Audit Committee. The primary responsibility of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities as they relate to the integrity of Swiss Re's financial statements and its compliance with legal and regulatory requirements. It reviews and approves SRL's and SRZ's external financial reporting. The committee also reviews Swiss Re's accounting principles and practices, the adequacy of the financial reporting process and the efficacy of the system of internal controls. Furthermore, it evaluates the external auditor, approves the audit plans of GIA and the external auditor, and discusses their findings with them.

The members of the Audit Committee are Jakob Baer, Chair; Raymund Breu; Raymond K. F. Ch'ien; John R. Coomber; Renato Fassbind; and Malcolm D. Knight.

All members of the Audit Committee are non-executive and independent. In addition to the independence criteria applicable to directors, members of the Audit Committee may not accept any consulting, advisory, or other compensatory fee from Swiss Re, and must possess such additional attributes as the Board of Directors may, from time to time, specify. Each member of the Audit Committee has to be financially literate. At least one member must possess the attributes qualifying him/her as an Audit Committee Financial Expert. Members of the Audit Committee should not serve on audit committees of more than two listed companies outside the Swiss Re Group. Members are to pre-advise the Chairman prior to accepting any further invitation to serve on the audit committee of another listed company.

Compensation Committee. The Compensation Committee proposes to the Board of Directors compensation principles for Swiss Re and determines the establishment of new (and amendments to existing) compensation plans, thereby ensuring that plans do not encourage inappropriate risk taking. The Compensation Committee also defines, or proposes as appropriate, individual compensation at the Board of Directors and management level as well as overall variable compensation pools for Swiss Re. Furthermore, it ensures that all aspects of compensation are fully compliant with remuneration disclosure requirements.

The members of the Compensation Committee are C. Robert Henrikson, Chair; Renato Fassbind; Hans Ulrich Maerki; and Carlos E. Represas.

Finance and Risk Committee. The FRC annually reviews the Group Risk Policy and recommends it for approval to the Board of Directors, reviews risk and capacity limits approved by the Executive Committee as well as their usage, and reviews the risk control framework. It reviews the most important risk exposures in all major risk categories, as well as new products or strategic expansions of Swiss Re's areas of business. In terms of risk and economic performance measurement, it reviews critical principles used in internal risk measurement, valuation of assets and liabilities, capital adequacy assessment and economic performance management. It also reviews the capital adequacy and the treasury strategy of Swiss Re.

The members of the FRC are Mathis Cabiallavetta, Chair; Jakob Baer; John R. Coomber; Rajna Gibson Brandon; C. Robert Henrikson; Malcolm D. Knight; and Hans Ulrich Maerki.

Investment Committee. The Investment Committee approves Swiss Re's strategic asset allocation and reviews the tactical asset allocation decisions. It reviews the monthly performance of all financial assets of Swiss Re and makes recommendations to the Board of Directors on strategic holdings. It reviews the risk

analysis methodology, as well as the valuation methodology related to each asset class and ensures that relevant management processes and controlling mechanisms in Asset Management are in place.

The members of the Investment Committee are Mathis Cabiallavetta, Chair; Raymund Breu; Raymond K. F. Ch'ien; Rajna Gibson Brandon; and Jean-Pierre Roth.

Executive Committee

The responsibility for managing SRL's operations resides with its Executive Committee. The members of the Executive Committee are elected by the Board of Directors.

The following sets forth the members of the SRL Executive Committee:

Name	Position
Michel M. Liès	Group Chief Executive Officer
David Cole	Group Chief Risk Officer
John R. Dacey	Group Chief Strategy Officer and Chairman Admin Re®
Guido Fürer	Group Chief Investment Officer
Agostino Galvagni	Chief Executive Officer Corporate Solutions
Jean-Jacques Henchoz	Chief Executive Officer Reinsurance EMEA
Christian Mumenthaler	Chief Executive Officer Reinsurance
Moses Ojeisekhoba	Chief Executive Officer Reinsurance Asia
George Quinn	Group Chief Financial Officer
J. Eric Smith	Chief Executive Officer Swiss Re Americas
Matthias Weber	Group Chief Underwriting Officer
Thomas Wellauer	Group Chief Operating Officer

Michel M. Liès, Group Chief Executive Officer. Michel M. Liès, a citizen of Luxembourg born in 1954, was appointed Group CEO effective February 1, 2012. From the beginning of 2011 until he became Group CEO, Mr. Liès was Chairman Global Partnerships, a position outside the Executive Committee that was established to foster relationships in areas of the public sector, governments and non-government organizations. Prior to that time, Mr. Liès was a member of the Executive Committee and Head Client Markets since September 2005. Before that, he was Head of the Europe Division within the Property & Casualty Business Group (from April 2000) and head of the Latin America Division (from July 1998 to March 2000). Mr. Liès joined Swiss Re's Life department in 1978. Based in Zurich, he first covered the Latin American market. From 1983 to 1993, he was responsible for the life and health business in France and the countries of the Iberian Peninsula and coordinated Swiss Re's life strategy in the European Community member states. In 1994, he transferred to the non-life sector of our Southern Europe/Latin America department, where he was initially responsible for the Spanish market. Mr. Liès was appointed head of the Southern Europe/Latin America department in 1999. He is a member of the boards of Fördergesellschaft des Instituts für Versicherungswirtschaft (St Gallen), the Geneva Association, the Global Risk Forum, the Insurance Europe's Reinsurance Advisory Board, the IMD Foundation Board, the Pan-European Insurance Forum (PEIF) and the Swiss American Chamber of Commerce. He is also a voting member of the Conference Board. Mr. Liès holds a degree in mathematics from the Swiss Federal Institute of Technology (ETH) in Zurich and has completed the Stanford Executive Program at Stanford University and the Senior Executive Program at Harvard University.

David Cole, Group Chief Risk Officer. David Cole, a Dutch and American citizen born in 1961, holds a Bachelor of Business Administration from the University of Georgia and an International Business degree from the Nijenrode Universiteit in the Netherlands. David Cole joined Swiss Re on November 1, 2010 from ABN AMRO Holding, where he was, until April 2010, chief financial officer and chief risk officer and member of the board of managing directors. He started his career in 1984 with ABN AMRO in Amsterdam and held a series of credit and relationship management positions in New York, Houston, Chicago and Amsterdam before being appointed executive vice president and regional head of Risk Management for Latin America in 1999, based in São Paulo, Brazil. In 2001, he returned to Amsterdam to assume corporate centre responsibility for Credit Portfolio Management within Group Risk Management. In 2002, David Cole became chief financial officer of wholesale clients (WCS) change management and in 2004 he was appointed senior executive vice president and chief operating officer of WCS. In January 2006, he was appointed head of Group Risk Management for ABN AMRO Bank and in 2008 chief financial officer and chief risk officer. David Cole has been chairman of the CRO Forum since 2012.

John R. Dacey, Group Chief Strategy Officer and Chairman Admin Re®. John R. Dacey, an American citizen born in 1960, was appointed to the Executive Committee as Group Chief Strategy Officer, as well as Chairman of Admin Re®, effective November 1, 2012. He joined Swiss Re on October 1, 2012 from AXA, where he was group regional CEO and group vice-chairman for Asia-Pacific, as well as member of AXA's group executive committee. John R. Dacey joined AXA in 2007. Prior to joining AXA, he had been chief strategy officer and a member of the risk committee and investment committee at Winterthur Insurance from 2005. From 2000 until 2004, John R. Dacey was Winterthur's chief financial officer and a member of both the Winterthur group executive board and Credit Suisse's risk committee. He joined Winterthur Insurance in 1998 as head of corporate development. From 1990 to 1998, he was a consultant and subsequently partner at McKinsey & Company. John R. Dacey holds a master's degree in Public Policy from the Kennedy School at Harvard University and a Bachelor of Arts in Economics from the Washington University St Louis.

Guido Fürer, Group Chief Investment Officer. Guido Fürer, a Swiss citizen born in 1963, was appointed to the Executive Committee as Group Chief Investment Officer effective November 1, 2012. In addition, Guido Fürer is Head Asset Management Reinsurance. Previously, he was Head CIO Office and a member of our Group Management Board with responsibility for Global Asset Allocation, Portfolio Steering and Portfolio Analytics. Prior to these roles, he worked for Swiss Re Capital Partners from 2001 to 2004 with responsibility for European strategic participations. Guido Fürer joined Swiss Re in 1997 as a Managing Director in the New Markets division, focusing on Alternative Risk Transfer. Prior to joining Swiss Re, he worked for eight years in leading positions for Swiss Bank Corporation/O'Connor & Associates in options trading and structured capital market transactions in Chicago, New York, London and Zurich. Guido Fürer earned a Master in Economics and a PhD in Financial Risk Management from the University of Zurich and an Executive MBA from INSEAD.

Agostino Galvagni, Chief Executive Officer Corporate Solutions. Agostino Galvagni, an Italian citizen born in 1960, graduated with a master's degree in economics from the Università Commerciale Luigi Bocconi in Milan and then joined Bavarian Re, Munich, as a trainee in 1985. After undertaking various activities in the fields of underwriting and marketing as well as project work, he joined Swiss Re New Markets, New York, in 1998, structuring and marketing insurance-linked and asset-backed securities. He returned to Bavarian Re in 1999 as a member of the board of management. In 2001, he joined SRZ, as Head of the Globals Business Unit and member of the Europe Division Executive Team. He was appointed to SRZ's Executive Board with effect from September 2005 to head the Globals & Large Risks division within Client Markets and was appointed Chief Operating Officer of Swiss Re and member of SRZ's Executive Committee as of May 2009. Agostino Galvagni was appointed CEO of Corporate Solutions with effect from October 1, 2010.

Jean-Jacques Henchoz, Chief Executive Officer Reinsurance EMEA. Jean-Jacques Henchoz, a Swiss citizen born in 1964, was appointed to the Executive Committee as Regional President EMEA, effective January 1, 2012. He started his career in 1988 and held various roles at the Swiss Federal Department of Economic Affairs, and the European Bank for Reconstruction and Development (EBRD). From 1995 to 1996 he was business development manager at SGS Société Générale de Surveillance. Jean-Jacques Henchoz joined Swiss Re in 1998, serving in several underwriting roles in the Swiss Re Group's Europe Division. In 2003 he became Head of Strategy for Swiss Re's Property and Casualty business, before he was appointed Chief Executive Officer of Swiss Re Canada and the English Caribbean markets in 2005. Jean-Jacques Henchoz was appointed Head of Swiss Re's EMEA Division and became a member of the Swiss Re Group Management Board as of March 1, 2011. Jean-Jacques Henchoz holds a degree in political science from the University of Lausanne and an MBA from the International Institute for Management Development (IMD), Lausanne.

Christian Mumenthaler, Chief Executive Officer Reinsurance. Christian Mumenthaler, a Swiss citizen born in 1969, received a PhD in Molecular Biology and Biophysics at the Swiss Federal Institute of Technology (ETH) in Zurich. He started his professional career in 1997 as an associate at the Boston Consulting Group before joining Swiss Re in 1999 as a manager in Group Strategic Planning. In 2002, he established and became Head of the new Group Retro and Syndication. He was appointed Head of Life & Health in the (Re)Insurance Products area in September 2007 and was a member of SRZ's Management Board. He also served as Group Chief Risk Officer of Swiss Re with effect from January 1, 2005 to the end of 2007. He was appointed to SRZ's Executive Committee as Chief Marketing Officer Reinsurance effective January 1, 2011. Effective October 21, 2011, he became Chief Executive Officer of the Reinsurance Business Unit. His commitments in organizations outside Swiss Re include board membership in the International Risk Governance Council (IRGC) and in the Sustainability Forum Zürich (TSF).

Moses Ojeisekhoba, Chief Executive Officer Reinsurance Asia. Moses Ojeisekhoba, a Nigerian and American citizen born in 1966, has been appointed to the Executive Committee as CEO Reinsurance Asia and Regional President Asia, effective March 15, 2012. He joined Swiss Re from Chubb Group of Insurance Companies where he had been the head for Asia-Pacific since 2009. He spent 16 years with Chubb in various roles in the United States, Europe and Asia. Prior to that, he worked with Unico American Corporation and Prudential in the United States. Moses Ojeisekhoba holds a bachelor's degree in statistics from the University of Ibadan in Nigeria, and a master's degree in management from London Business School.

George Quinn, Group Chief Financial Officer. George Quinn, a British citizen born in 1966, holds a degree in engineering from the University of Strathclyde and is a member of the Institute of Chartered Accountants in England and Wales. He started his career at KPMG in London where he held a number of positions as adviser and consultant to insurance and reinsurance companies. He joined Swiss Re in 1999 as Chief Accounting Officer, based in Zurich. In 2003, he was appointed Chief Financial Officer for the Financial Services Business Group. He moved to New York in 2005 as Regional Chief Financial Officer for Swiss Re America. On March 1, 2007, George Quinn became Chief Financial Officer of Swiss Re and a member of the Executive Committee. He is a member of the Financial Services Chapter of the Swiss-American Chamber of Commerce.

J. Eric Smith, Chief Executive Officer Swiss Re Americas. J. Eric Smith, an American citizen born in 1957, was appointed to the Executive Committee as Regional President Americas effective January 1, 2012. He gained knowledge of the property and casualty business serving in various roles at Country Financial for more than twenty years. As of 2003 he was responsible for the agency business at Allstate Financial Services, before he joined USAA Life Insurance Co. where he was named president in 2010 leading the effort to provide life, health and annuity solutions through the direct channel. In July 2011, J. Eric Smith joined Swiss Re as Chief Executive Officer of Swiss Re Americas and became member of the Group Management Board. J. Eric Smith holds an MBA in strategy, marketing and corporate finance from the Kellogg Graduate School of Management and a bachelors' degree in finance from the University of Illinois.

Matthias Weber, Group Chief Underwriting Officer. Matthias Weber, a Swiss citizen born in 1961, graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with an MS in Physics and a Ph.D. in Natural Sciences. He started his career at Swiss Re in 1992, when he joined the R&D department in Zurich as an expert for natural perils. In 1995, Matthias Weber became Leader of the Storm/Flood Group and Deputy Head of Swiss Re's Cat Perils Department. He contributed to the development of Swiss Re's Cat models and helped perform internal planning and control processes such as the Cat Accumulation Control or CAMARES. In 1997, he supported Swiss Re New Markets in developing Swiss Re's first cat bond. Matthias Weber moved to the Swiss Re Americas Division in 1998 as an expert for international catastrophe perils and, in 1999, assumed responsibility for the Property Underwriting Unit of Global & National. In 2000, he became Regional Executive for the Western Region of the United States, located in San Francisco. From 2001 to 2005, Matthias Weber was responsible for Property Underwriting in US Direct Business Unit, following which he became Head of the Americas Property Hub in Armonk. In September 2008, Matthias Weber was appointed Division Head of Property and Specialty Reinsurance and as a member of SRZ's Management Board. He was appointed to the Executive Committee as Group Chief Underwriting Officer effective April 1, 2012.

Thomas Wellauer, Group Chief Operating Officer. Thomas Wellauer, a Swiss citizen born in 1955, holds a PhD in systems engineering from the Swiss Federal Institute of Technology (ETH), as well as a Master of Business Administration from the University of Zurich. He started his career with McKinsey & Company, specializing in the financial services and pharmaceutical industry sectors, and became a partner in 1991 and senior partner in 1996. In 1997, he was named CEO of the Winterthur Insurance Group, which was later acquired by Credit Suisse. At Credit Suisse he was a member of the group executive board, initially responsible for the group's insurance business before becoming CEO of the Financial Services division in 2000. From 2003 to 2006, Thomas Wellauer headed the global turnaround project at Clariant. Subsequently, he joined Novartis as head of Corporate Affairs and became member of the executive committee of Novartis in 2007. From April 2009 until end of September 2010, he was a member of the supervisory board of Munich Re. Thomas Wellauer was appointed Group Chief Operating Officer of Swiss Re and member of SRZ's Executive Committee with effect from October 1, 2010.

Other Officers

In addition to the members of the Executive Committee, SRL has a President, Martin Albers.

Board of Directors of SRZ

Under SRZ's Articles of Association, the Board of Directors of SRZ is to consist of at least seven members and the term of office of a director is three years from the date of election by a general meeting of shareholders until the third subsequent annual general meeting of shareholders. Members whose terms expire are immediately eligible for re-election. Election or re-election of each member is proposed by the Board of Directors of SRZ at the relevant annual general meeting.

The members of the Board of Directors of SRZ are the same as the members of the Board of Directors of SRL, except for Mary Francis, who, effective October 1, 2012, became a director of SRZ and will be proposed for election to the Board of Directors of SRL at its next Annual General Meeting on April 10, 2013. Walter B. Kielholz is the Chairman of the Board of Directors of SRZ. The business address of the members of the Board of Directors of SRZ is Mythenquai 50/60, 8022 Zurich, Switzerland.

We believe that there are no conflicts of interests between the duties owed by the members of the Board of Directors of SRZ to us and their private interests.

Executive Team of SRZ

Swiss Re has Executive Teams for each of the three Business Units. The Executive Teams have, subject to the responsibilities of SRL, and the board of directors and the chief executive officer of the relevant Business Unit, overall responsibilities for managing matters relevant to the Business Unit. The following sets forth the members of the Executive Team for SRZ and the Reinsurance Business Unit:

Name	Position
Christian Mumenthaler	CEO Reinsurance
David Cole	Chief Risk Officer Reinsurance
Jean-Jacques Henchoz	CEO Reinsurance EMEA
Jonathan Isherwood	Head Claims, Accounting & Liability Management Reinsurance
Thierry Léger	Head Globals
Gerhard Lohmann	Chief Financial Officer Reinsurance
Alison Martin	Division Head Life & Health Reinsurance
Moses Ojeisekhoba	CEO Reinsurance Asia
Jayne Plunkett	Division Head Casualty Reinsurance
Edouard Schmid	Division Head Property & Specialty Reinsurance
J. Eric Smith	CEO Swiss Re Americas

Taxation

Swiss Taxation

General

The following is a summary of certain Swiss tax consequences of the purchase, beneficial ownership and disposition of the Loan Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Loan Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Loan Notes and may not apply to certain other classes of persons.

The summary is based upon Swiss tax laws and tax practice as in effect on the date of this Information Memorandum, which are subject to prospective or retroactive change, and a tax ruling with the Swiss federal tax administration and the Zurich cantonal tax administration. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Loan Notes should consult their own advisors as to the Swiss or other tax consequences of the purchase, beneficial ownership and disposition of the Loan Notes.

Withholding Tax

Provided that the Issuer and the Loan Noteholders will, at all times while any Loan Notes are outstanding, comply with the restrictions in Condition 1(c) (Restrictions on Transfer of Loan Notes), Condition 1(g) (Exposure Transfers), Condition 1(h) (Grants of Security) and Condition 1(i) (Compliance with Non-Bank Rules) payments by the Issuer of interest on the Loan Notes will not be subject to Swiss federal withholding tax.

On August 24, 2011, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to withhold Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Loan Note to an individual resident in Switzerland or to a person resident outside of Switzerland (not limited to an individual). If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the Issuer nor any paying agent nor any other person would pursuant to the Conditions be obligated to pay additional amounts with respect to any Loan Note as a result of the deduction or imposition of such withholding tax.

Stamp Taxes

The issue of the Loan Notes will not be subject to Swiss federal stamp duty on the issue of securities or Swiss federal stamp duty on the dealing in securities (primary market). Provided that the Issuer and the Loan Noteholders will, at all times while any Loan Notes are outstanding, comply with the restrictions in Condition 1(c), Condition 1(g), Condition 1(h) and Condition 1(i) dealings in the Loan Notes in the secondary markets will not be subject to Swiss federal stamp duty on the turnover of securities.

Income Taxation on Principal or Interest

Classification

The Loan Notes qualify as notes the yield-to-maturity of which predominantly derives from periodic interest payments and not from a one-time interest payment such as an original issue discount or a repayment premium. A coupon payment is split for Swiss tax purposes into an interest component and a component for the contingent write-off feature (the respective amounts will be determined by the Swiss Federal Tax Administration).

Loan Notes held by non-Swiss holders

Coupon payments by the Issuer on, and repayment of principal of, the Loan Notes, to, and gain realized on the sale or redemption of Loan Notes by, a holder of Loan Notes, who is not a resident of Switzerland, and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Loan Notes are attributable, will not be liable for any Swiss federal, cantonal or communal income tax in relation to the Loan Notes.

Loan Notes held as private assets by Swiss resident holders

An individual who resides in Switzerland and holds a Loan Note as a private asset will be required to include all payments of interest received on the Loan Note in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including the payment of interest on the Loan Note) for such tax period at the then prevailing tax rates. Payments for the contingent write-off feature and capital gains on the sale or other disposition of a Loan Note will be tax-free capital gain. Conversely, a capital loss on the sale or other disposition of a Loan Note or incurred as a consequence of a write-off of the Loan Note will be a non-tax-deductible loss. See "– Loan Notes held as Swiss business assets" below for a summary on the tax treatment of individuals classified as "professional securities dealers."

Loan Notes held as Swiss business assets

Individuals who hold Loan Notes as part of a business in Switzerland, and Swiss-resident corporate taxpayers, and corporate taxpayers residing abroad holding Loan Notes as part of a Swiss permanent establishment or fixed place of business in Switzerland, are required to recognize payments of interest and payments for the contingent write-off feature on, and any capital gain or loss, as applicable, realized on the sale or other disposal or the write-off of, such Loan Notes, in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period at the prevailing tax rates. The same taxation treatment also applies to Swiss-resident individuals who, for Swiss income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealings, or leveraged transactions, in securities.

European Directive on the Taxation of Savings Income

On October 26, 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which as of July 1, 2005, Switzerland adopted measures equivalent to those of the European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments.

In accordance with this agreement, Swiss paying agents have to withhold tax at a rate of 35% on interest payments made under the Loan Notes to a beneficial owner who is an individual and resident of an EU member state, with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding. If final withholding tax were to be deducted or withheld from a payment of interest relating to the Loan Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Loan Note as a result of the deduction or imposition of such final withholding tax.

Final Foreign Withholding Taxes

On January 1, 2013 treaties on final withholding taxes between Switzerland and the United Kingdom and Switzerland and Austria entered into force. The treaties, among other things, require a paying agent in Switzerland to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Loan Notes. The final withholding tax substitutes for the United Kingdom or Austrian income tax, as applicable, on such interest or capital gain. The individual may, however, in lieu of the final withholding tax make voluntary disclosure of the interest or capital gain to the tax authority of its country of residence. Switzerland may conclude similar treaties with other European countries, and negotiations are currently being conducted with Greece and Italy. If final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Loan Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Loan Note as a result of the deduction or imposition of such final withholding tax.

FATCA

See "Risk Factors – Risks Relating to the Loan Notes – There is a possibility of U.S. withholding tax on payments under the Loan Notes" for a discussion of a possibility that a U.S. withholding tax may apply on payments under the Loan Notes. No additional amounts shall be payable on account of any taxes payable or

required to be withheld or deducted pursuant to any U.S. withholding tax that is imposed or collected by reason of FATCA Provisions in accordance with Condition 7 or Condition 10.

Transfer Restrictions

General

Transfers of Loan Notes shall be made in accordance with the provisions of Condition 1. A Loan Note may only be assigned or transferred (a **Transfer** and **Transferred** shall be construed accordingly), in whole or in part, if the Transfer is:

(i) subject to the Issuer being notified of the intended Transfer and the Issuer not having objected thereto in writing within 10 Business Days after receipt of such notice of the intended Transfer based on reasonable grounds, to a Qualifying Bank or,

(ii) subject to the Issuer having consented thereto in writing, to the Permitted Non-Qualifying Lender,

provided that there shall at any time be no more than five (5) Qualifying Banks that are Loan Noteholders. Title to the relevant Loan Note passes only on due registration on the Register. The Loan Note will bear a legend setting forth the applicable transfer restrictions.

No Loan Noteholder shall at any time enter into any arrangement with any third party under which such Loan Noteholder in a transaction that does not constitute a Transfer, while retaining title to Loan Notes, transfers all or part of its interest in such Loan Notes to that third party, unless under, and throughout the term of, such arrangement:

(i) the relationship between the Loan Noteholder and the third party is that of debtor and creditor (including during the bankruptcy or similar event affecting that Loan Noteholder or the Issuer);

(ii) the third party has no proprietary interest in the benefit of the Loan Notes or in any monies received by the Loan Noteholder under or in relation to the Loan Notes held by that Loan Noteholder; and

(iii) the third party under no circumstances will be subrogated to, or substituted in respect of, the Loan Noteholder's claims under its Loan Notes, or will otherwise have any contractual relationship with, or rights against, the Issuer under or in relation to the Loan Notes.

For the avoidance of doubt, the granting of security in accordance with Condition 1(h) will not be subject to the foregoing limitations.

The Loan Notes will be issued in certificated, registered form, and will bear a legend setting forth the applicable transfer restrictions.

U.S. Securities Law Restrictions

The Loan Notes have not been, and will not be registered, under the Securities Act and may not be offered, sold or resold in the United States or to, or for the account or benefit of, U.S. persons, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The Loan Notes are not being offered in the United States or to U.S. persons.

Restrictions Applicable in the United Kingdom

This Information Memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 ("**FSMA**") (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Loan Notes and the issue of any securities upon substitution of the Loan Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Information Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or

investment activity to which this Information Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Restrictions Applicable in Switzerland

The Loan Notes may not be publicly offered, sold, or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland.

Neither this Information Memorandum nor any other offering and marketing material relating to the offering of the Loan Notes, the Loan Notes or SRZ have been or will be filed with or approved by any Swiss regulatory authority. The Loan Notes themselves are not subject to the supervision by FINMA or any other Swiss regulatory authority, and investors in the Loan Notes will not benefit from protection or supervision by any such authority.

Restrictions Applicable in Other Jurisdictions

The distribution of this Information Memorandum in other jurisdictions may be restricted by law and persons into whose possession this Information Memorandum comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of U.S. securities laws or the laws of any such other jurisdictions.

General Information

Authorizations

The issuance of the Loan Notes was authorized by SRZ by resolutions of the Board of Directors of SRZ passed on February 20, 2013.

Information on Business Outlook for the SRZ Group

Overview

We believe that we are well-positioned to capture the market opportunities ahead of us. We believe that our excellent capitalization allows for business growth and continued dividends to SRL. We believe that the main factors driving reinsurance market prices – interest rates, regulatory changes, inflation, reserve adequacy, industry capitalization and natural catastrophes – indicate higher prices for reinsurance and we aim to fully capitalize on this trend in Property & Casualty Reinsurance. In Life & Health Reinsurance, we will continue to actively manage our in-force book to increase profitability and develop new solutions to grow, particularly in longevity and health.

Property & Casualty Reinsurance

If natural catastrophe risks continue to grow faster than GDP, as Swiss Re expects, Swiss Re's property business will continue to grow. In the Special Lines business, volume and profit are expected to increase at a marginally higher rate than GDP, with a disproportionately large contribution from high-growth markets in Asia and Latin America.

Swiss Re expects profit margins in casualty reinsurance to increase modestly from the current low base. Swiss Re expects to deploy more capital to this segment when this occurs. It believes that new solvency regimes will continue to drive demand for capital relief solutions and that it is well-positioned to support those clients. Starting in January 2013, Swiss Re will also see an increase in retained premiums due to the expiry of a 20% quota share treaty with Berkshire Hathaway.

Life & Health Reinsurance

Life & Health primary markets are expected to continue to face the dual challenges of weak economic growth and very low interest rates that limit the attractiveness of some products. In addition, clients may seek to retain more mortality risk. Flow business will therefore continue to be under pressure; however, there are opportunities for large transactions to support clients with solvency issues or those undertaking mergers and acquisitions. In the medium term, Swiss Re aims to generate an increased contribution from high-growth markets, particularly in health. Swiss Re also intends to continue to diversify into longevity risk.

Swiss Re sees strong longer-term growth prospects for life and health protection markets, and it estimates that there is a protection gap of approximately $80 trillion worldwide. Therefore, it will continue to work with clients and distributors to develop consumer-friendly products and processes (for example, using its in-house predictive underwriting analytics) to address this gap.

Investments

Swiss Re expects credit risk to remain attractive in risk-adjusted terms within the current global low growth and low interest rate environment. The fiscal and debt outlook in advanced economies continues to be challenging, with the political economy dimension likely to remain a key driver for financial markets in 2013, warranting a continued disciplined "top-down" investment strategy.

Statement of No Material Adverse Change

There has been no material adverse change in the prospects of SRZ since December 31, 2011, the date of its last published audited financial statements. There has been no significant change in the trading position or the financial position of the SRZ Group since September 30, 2012, the end of the last financial period for which financial information for the SRZ Group has been published.

Independent Auditors

The consolidated financial statements of the SRZ Group presented in accordance with U.S. GAAP as of and for the years ended December 31, 2011 and 2010 and as of and for the years ended December 31, 2010 and 2009 have been audited by PricewaterhouseCoopers AG, Birchstrasse 160, CH-8050 Zurich, as independent auditors, as stated in their reports appearing therein.

The audited statutory accounts of SRZ presented in accordance with the requirements of Swiss law and SRZ's Articles of Association, as of December 31, 2011 and 2010 and for the years then ended, and as of December 31, 2010 and 2009 and for the years then ended, have been audited by PricewaterhouseCoopers AG, Birchstrasse 160, CH-8050 Zurich, as independent auditors, as stated in their reports appearing therein.

PricewaterhouseCoopers AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants.

Documents Available

Printed copies of this Information Memorandum and of the financial statements and auditor's reports referenced in the section "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum" can be obtained free of charge at the offices of the Agent at BNP Paribas Securities Services, Luxembourg Branch, 33, Rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg.

Copies of the latest and future published audited financial statements of the SRZ Group and interim financial statements of the SRZ Group (currently, quarterly), and SRZ's Articles of Association can also be downloaded free of charge from the web site www.swissre.com, following the link to "Investors – Financial information" and "About us – Corporate governance – Corporate regulations," respectively. Except as stated in "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum," no information contained on the Swiss Re Group web site, or on any other web site, is incorporated herein by reference.

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