IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") ("**REGULATION S**").

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the series memorandum (the "**Series Memorandum**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Series Memorandum. In accessing the Series Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED AT ANY TIME TO PERSONS THAT ARE NOT NON-UNITED STATES PERSONS (AS DEFINED BY THE COMMODITY FUTURES TRADING COMMISSION).

THE FOLLOWING SERIES MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Series Memorandum or make an investment decision with respect to the securities, investors must be non-U.S. persons (within the meaning of Regulation S) outside the U.S. This Series Memorandum is being sent at your request and by accepting the e-mail and accessing this Series Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are not a U.S. person and that the electronic mail address that you gave us and to which this Series Memorandum has been delivered is not located in the U.S. (including its territories and possessions) and (2) that you consent to delivery of such Series Memorandum by electronic transmission.

You are reminded that this Series Memorandum has been delivered to you on the basis that you are a person into whose possession this Series Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Series Memorandum to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers (as such term is defined in the Series Memorandum) or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of ELM B.V. in such jurisdiction.

This Series Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of Commerzbank Aktiengesellschaft, Deutsche Bank AG, London Branch, HSBC Bank plc, Merrill Lynch International, UBS Limited (nor any person who controls any of these) nor any director, officer, employee nor agent of any of these or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Series Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Managers. If you are not the intended recipient of this Series Memorandum, you are hereby notified that any dissemination, distribution or copying of this Series Memorandum is strictly prohibited.

Series Memorandum

ELM B.V.

(a private company with limited liability under the laws of the Netherlands and having its corporate seat (zetel) in Amsterdam, the Netherlands)

€750,000,000 Perpetual Fixed-to-Floating Rate Notes

secured by the

€750,000,000 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes

of

Swiss Reinsurance Company Ltd

SERIES 191

Joint Bookrunning Lead Managers

BofA Merrill Lynch **Commerzbank** **Deutsche Bank**

HSBC **UBS Investment Bank**

The date of this Series Memorandum is 23 March 2015

The Programme Memorandum dated 7 April 2014 (the "**Programme Memorandum**") of ELM B.V. (the "**Issuer**") is incorporated by reference herein and, accordingly, forms part of this Series Memorandum (which constitutes Listing Particulars for the purposes of the Global Exchange Market (the "**Global Exchange Market**") of the Irish Stock Exchange plc (the "**Irish Stock Exchange**"). In the event of any inconsistency between the Programme Memorandum and any other part of this Series Memorandum, such other part of this Series Memorandum shall prevail. See "*Terms of the Notes*" for certain definitions of terms used below.

This Series Memorandum may only be used for the purposes for which it has been published. The Issuer accepts responsibility for the information contained in this Series Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to the Irish Stock Exchange for the approval of this Series Memorandum as Listing Particulars (the "**Listing Particulars**"). Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. No assurance can be given that such application will be granted. This Series Memorandum is provided only for the purpose of obtaining approval of admission of the Notes to the Official List of the Irish Stock Exchange and admission for trading on the Global Exchange Market and shall not be used or distributed for any other purposes. This Series Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Notes. This Series Memorandum does not constitute a prospectus for the purposes of Directive 2003/71/EC as amended by Directive 2010/73/EU (the "**Prospectus Directive**").

It is expected that the Notes will be rated A by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). The credit ratings included or referred to in this Series Memorandum have been either issued or endorsed by S&P. S&P is established in the European Union and registered under Regulation (EC) 1060/2009 on credit rating agencies. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or any state securities laws and are subject to U.S. tax law requirements, and may not be offered or sold in the United States (as defined in Regulation S ("**Regulation S**") under the Securities Act) or to, or for the account or the benefit of, U.S. persons (as defined in Regulation S). The Notes may be offered, sold or otherwise transferred at any time only to persons that are Non-United States Persons (as defined by the Commodity Futures Trading Commission). For a description of certain restrictions on offers and sales of the Notes and on the distribution of this Series Memorandum, see "*Subscription and Sale*" below and the section of the Programme Memorandum entitled "*Subscription and Sale*".

None of the Trustee or the Managers have separately verified the information contained herein. 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 or the Managers as to the accuracy or completeness of the information contained in this Series Memorandum or any other information provided by the Issuer in connection with the Notes. Furthermore, in relation to the issue of the Notes and save as required by all applicable laws, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability to any holder of Notes (each a "**Noteholder**" and collectively, the "**Noteholders**") is or will be accepted by Swiss Reinsurance Company Ltd (the "**Charged Assets Issuer**"), the issuer of the unsecured €750,000,000 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes (the "**Charged Assets**").

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 Series Memorandum 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 or any of the Managers or any other person.

Neither this Series Memorandum nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer, the Trustee or any of the Managers that any recipient of this Series Memorandum 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 issuer of the Charged Assets. Neither this Series

Memorandum nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Trustee or any of the Managers or any other person to any person to subscribe for or to purchase the Notes.

Neither the delivery of this Series Memorandum nor the offering, sale or delivery of the Notes shall 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 and the Managers expressly do not undertake to review the financial condition or affairs of the Issuer or the Charged Assets Issuer while the Notes are outstanding. Investors contemplating purchasing any Notes should review, *inter alia*, the most recent financial statements, if any, of the Issuer and the Charged Assets Issuer when deciding whether or not to purchase any Notes.

This Series Memorandum 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 the offer or solicitation in such jurisdiction. The distribution of this Series Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Managers do not and will not represent that this Series Memorandum 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. In particular, no action has been or will be taken by the Issuer, the Trustee or the Managers which would permit a public offering of the Notes or distribution of this Series Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Series Memorandum nor any advertisement 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 Series Memorandum or Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Series Memorandum and the offer and sale of Notes in the United States (or to or for the account or benefit of U.S. persons), the United Kingdom, The Netherlands and other jurisdictions (see "*Subscription and Sale*" below and the section of the Programme Memorandum entitled "*Subscription and Sale*").

This Series Memorandum is directed only at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "**relevant persons**"). This Series Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

The 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 Series Memorandum nor any other offering or marketing material relating to the Notes constitutes (i) a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, (iii) a prospectus as such term is defined in the Swiss Collective Investment Schemes Act or (iv) a prospectus or a supplementary prospectus pursuant to the Prospectus Directive, and neither this Series Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Series Memorandum 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. Neither the Notes nor the Issuer are subject to the supervision by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and investors in the Notes will not benefit from protection or supervision by such authority.

The distribution of this Series Memorandum in other jurisdictions may be restricted by law and persons into whose possession this Series 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.

Any prospective purchaser of the Notes should ensure that it understands the nature of the Notes and the extent of its exposure to risk and that it considers the suitability of the Notes as an investment in the light of its own circumstances and financial condition. In particular, the Notes are secured limited recourse securities, the value and return in respect of which is dependent on the performance of the Charged Assets. Accordingly, among other risks, investors will be exposed to the credit risk of the Charged Assets Issuer and the terms of the Charged Assets. **Prospective purchasers of Notes must read all of this Series Memorandum (including the information memorandum relating to the Charged Assets (the "Charged Assets Information Memorandum") annexed to this Series Memorandum and the Programme Memorandum incorporated by reference herein), paying particular attention to the section of this Series Memorandum entitled "Risk Factors" and the section of the Charged Assets Information Memorandum annexed to, and forming part of, this Series Memorandum entitled "Risk Factors".**

All references in this Series Memorandum to "**euros**" or "**€**" are to the single currency of the participating member states in the Third Stage of European Economic and Monetary Union (EMU) of the Treaty Establishing the European Community, as amended from time to time.

In connection with the issue of the Notes, HSBC Bank plc (the "Stabilising Manager") (or any persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be concluded by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

RISK FACTORS 5

INCORPORATION BY REFERENCE 11

TERMS OF THE NOTES 12

USE OF PROCEEDS 22

SWISS TAXATION 23

SUBSCRIPTION AND SALE 25

GENERAL INFORMATION 27

INFORMATION RELATING TO THE LISTING AGENT 28

ANNEX 29

RISK FACTORS

THE CONSIDERATIONS SET OUT BELOW ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES.

Investor Suitability

The purchase of the Notes may involve substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision, prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Charged Assets Issuer and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. However, as part of such independent investigation and analysis, prospective purchasers of the Notes should consider carefully all the information set out in this Series Memorandum (including the Charged Assets Information Memorandum annexed to, and forming part of, this Series Memorandum and the Programme Memorandum incorporated by reference into this Series Memorandum) and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum (including the information annexed to and incorporated by reference in this Series Memorandum) and the merits and risks of an investment in the Notes in the context of the investor's own financial circumstances and investment objectives.

No assurance as to the availability of a secondary market for the Notes can be given. Prospective purchasers of the Notes should therefore recognise that they may not be able to make any transfer of the Notes for a substantial period of time, if at all. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes for their full term and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

None of the Issuer, the Trustee, the Managers nor any affiliate of any of them or other person on their behalf is acting as an investment adviser and none of them (excluding the Trustee) assumes any fiduciary obligation to any purchaser of the Notes or any other party, including the Issuer.

None of the Issuer, the Trustee or the Managers nor any affiliate of any of them or other person on their behalf has made any investigation of, or makes any representation or warranty, express or implied, as to (i) the credit quality or transferability of the Charged Assets, (ii) the existence or financial or other condition of the Charged Assets Issuer or the Charged Assets or (iii) whether the Charged Assets constitute legal, valid and binding obligations of the Charged Assets Issuer.

Investment Considerations Associated with the Charged Assets

The Charged Assets in respect of the Notes comprise unsecured €750,000,000 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes issued by the Charged Assets Issuer. The ability of the Issuer to meet its obligations under the Notes will be dependent upon the payment of interest and principal due on the Charged Assets. Accordingly, Noteholders are exposed to, among other things, the terms of the Charged Assets and the creditworthiness of the Charged Assets Issuer in respect of the Charged Assets. In particular, to the extent that the Charged Assets Issuer is subject to any financial difficulties, laws relating to bankruptcy, moratorium, reorganisation or similar processes may apply which could result in the Charged Assets Issuer defaulting or making partial payment on the Charged Assets which will result in the Issuer being unable to meet its obligations under the Notes. The Charged Assets Information Memorandum, which is annexed to, and forms a part of, this Series Memorandum, and the risk factors set out in such document should be considered carefully in relation to the Notes.

Limited Recourse

The Notes constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will be limited to the proceeds of the Charged Assets and the other Mortgaged Property relating to the Notes and no other assets of the

Issuer will be available to satisfy claims of Noteholders. The Notes are not obligations of, or guaranteed in any way by, the Charged Assets Issuer or any Manager.

Reliance on Cashflows from Charged Assets

The payments made on the Charged Assets are the only source of payment on the Notes. The stated interest rate in respect of the Notes is 2.60 per cent. per annum from (and including) the Issue Date until (but excluding) 1 September 2025 and, thereafter, the Notes bear interest at a floating rate. However, interest will be payable under the Notes only to the extent that interest is paid under the terms of the Charged Assets. In particular, interest may be deferred in certain circumstances pursuant to the terms of the Charged Assets, in which case the Issuer will not be able to pay interest under the Notes to the extent of such deferral and for as long as such deferral is continuing. The Issuer will pay deferred interest to Noteholders, but only to the extent that amounts of deferred interest are received from the Charged Assets Issuer.

The Issuer will not have any source of income to fund repayment of principal other than principal amounts received by the Issuer under the Charged Assets. Accordingly, the amount payable upon redemption of the Notes shall be equal to the amount payable upon redemption of the Charged Assets.

Redemption of the Notes

The Notes are perpetual obligations and have an indefinite term. As the Notes have an indefinite term, there is no fixed date for the repayment of principal on the Notes. Noteholders will have no right to require redemption of their Notes at any time. However, the Charged Assets may be redeemed in certain circumstances (as more particularly described in the Charged Assets Information Memorandum), in which case the Notes will be required to be redeemed. Nonetheless, Noteholders should be aware that they may be required to bear the financial risks associated with an investment in perpetual securities.

No Withholding and Early Redemption

The terms and conditions of the Charged Assets provide that, subject to certain exemptions, the Charged Assets Issuer shall make all payments of principal and interest on the Charged Assets, free and clear of any withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature 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 such withholding or deduction is required by law. The Charged Assets Issuer has obtained a tax ruling from the Swiss Federal Tax Administration that no Swiss tax withholding or deduction will be required to be made by it in respect of payments due to be made by it to the Issuer under the Charged Assets. However, there can be no assurance as to the future impact of any possible administrative or judicial decision or change to any relevant Swiss law and/or administrative practice after the date of issue of the Charged Assets.

Although the Charged Assets provide for the payment of additional amounts or recalculation of interest by the Charged Assets Issuer if it becomes obliged by Swiss law to make any withholding or tax deduction in respect of principal and interest payable in respect of the Charged Assets, this obligation may not be enforceable under Swiss law. Although the terms of the Charged Assets provide, in such circumstance, for the rate of interest on the Charged Assets to be adjusted to take into account such withholding or deduction, such adjustment may also contravene Swiss law. In the event that the Charged Assets Issuer becomes obliged by Swiss law to make any withholding or tax deduction in respect of the principal and interest payable in respect of the Charged Assets or to recalculate interest payable (in accordance with the terms and conditions of the Charged Assets), the Notes may become subject to redemption.

No Recourse against Charged Assets Issuer

An investment in the Notes is not the same as an investment directly in the Charged Assets. Investors in the Notes will not have rights in or against the Charged Assets and will have no recourse against the Charged Assets Issuer. Investors must recognise that it is likely that the only assets which will be available to the Issuer to meet any claims against it by Noteholders will be the Charged Assets and the other Mortgaged Property in respect of the Notes. In particular, the proceeds of the Managers' Security Interest (as defined in item 30(vi)(A) of the Terms of the Notes set out in this Series Memorandum) will, in the event that the Managers' Security Interest becomes enforceable, be held by the Trustee on behalf of itself and the Managers and applied in respect of any Managers' Claims (also as defined in such item 30(vi)(A)).

Furthermore, if the Charged Assets Issuer should default in the performance of any of its obligations under the Charged Assets, no Noteholder shall be entitled to proceed against the Charged Assets Issuer. In the event of a payment default under the Charged Assets or the Charged Assets becoming due and repayable for any reason other than following the exercise of an early redemption option thereunder, then the Notes shall become due and repayable and security for the Notes shall become enforceable. Upon security becoming enforceable, the Trustee may in its discretion or as directed by holders of at least one fifth in aggregate principal amount of the Notes or by an Extraordinary Resolution of Noteholders, on being indemnified and/or prefunded and/or secured to its satisfaction, but without liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders, realise the Charged Assets and the other Mortgaged Property in respect of the Notes. In doing so, the Trustee may attempt to sell the Charged Assets (as to which see applicable restrictions on transfers of Charged Assets under "*Transfer of Charged Assets; Exposure to Market Value of Charged Assets*", below) but the Trustee may not take any action to enforce any claim which the Issuer may have against the Charged Assets Issuer. Any such action shall be brought by an Enforcement Agent (as defined in the Terms of the Notes) appointed by the Issuer (following consultation with the Trustee) for such purpose, acting as agent for the Issuer and not as trustee for the Noteholders and no Noteholder shall be entitled to give directions to either the Trustee or to the Enforcement Agent (as the case may be) in relation to the manner in which any such action is pursued against the Charged Assets Issuer. In no circumstances will any Charged Assets be delivered to any Noteholder.

If the Trustee or the Enforcement Agent (as the case may be) fails to take enforcement action within a reasonable period of time, investors in the Notes will have no right to take possession of the Charged Assets or to take any action against the Charged Assets Issuer. However, the Noteholders have the power, exercisable by Extraordinary Resolution, to remove the Trustee provided that a successor is appointed.

No assurance can be given as to the Issuer's ability to appoint a suitable Enforcement Agent on commercially reasonable terms in the event of security being enforceable, in which case the Issuer may not be able to take effective action against the Charged Assets Issuer.

The Trustee will not be liable if the Issuer is unable to find anyone willing to act as the Enforcement Agent. For the avoidance of doubt, the Trustee is not itself required to act as the Enforcement Agent. The Trustee is not responsible for monitoring or supervising the actions of any Enforcement Agent so appointed and it shall not be liable for any loss suffered or incurred by any person as a result of any default, fraud or negligence on the part of any such agent so appointed. The Trustee will not be required to give any indemnity to the Enforcement Agent. The terms of the appointment of the Enforcement Agent shall provide that the Enforcement Agent will not be permitted to hold itself out to third parties as being entitled to incur liabilities on the part of the Trustee.

No Recourse to Managers' Security Interest

No Noteholder shall have any interest in the Managers' Security Interest. If the Managers' Security Interest becomes enforceable, the security for the Notes shall not consequentially become enforceable and the Notes shall not be affected thereby and shall accordingly remain outstanding.

Transfer of Charged Assets; Exposure to Market Value of Charged Assets

Noteholders may be exposed to the market price of the Charged Assets. The Issuer or the Trustee (in connection with the realisation or enforcement of the security for the Notes) may in certain circumstances have to effect the sale of the Charged Assets to fund the Issuer's payment obligations. The market price of the Charged Assets will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Charged Assets Issuer. Additionally, the transfer of the Charged Assets is subject to certain restrictions, including but not limited to the restrictions set out in Condition 1 (*Form, Denomination and Transfer*) of the terms and conditions of the Charged Assets. The Charged Assets are not listed or admitted to trading on any exchange and have not been accepted for clearance through any clearing system. As a result, there will be no established trading market in the Charged Assets and the Charged Assets will be illiquid. The illiquidity of the Charged Assets may have a severely adverse effect on the market value of the Charged Assets.

Tender Offer/Exchange Offer

The terms of the Notes provide that in certain circumstances (as set out in the Special Condition below) the Issuer may participate in a Charged Assets Tender Offer or a Charged Assets Exchange Offer (each, as defined in the Special Condition below) with respect to the Charged Assets. If, in such circumstances, the Charged Assets Issuer defaults in the performance of its payment or delivery obligations under the terms of the Charged Assets Tender Offer or the Charged Assets Exchange Offer, then the Issuer will not be able to satisfy its corresponding payment or delivery obligations to Noteholders in respect of any corresponding ELM Tender Offer or ELM Exchange Offer (each, as defined in the Special Condition below). Any failure by the Issuer to make a payment or delivery due in connection with an ELM Tender Offer or ELM Exchange Offer shall constitute a default in payment in respect of the Notes for the purposes of Condition 9, 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 Charged Assets Issuer in respect of any such offer, regardless of whether or not they participate in an ELM Tender Offer or an ELM Exchange Offer (each, as defined in the Special Condition below). Any ELM Tender Offer or ELM 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 Irish Stock Exchange and admitted to trading on the Global Exchange Market, all applicable rules and regulations of the Irish Stock Exchange, and to notification to S&P.

Independent Review and Advice

Each prospective Noteholder must determine, based on its own independent review and such legal, business and tax advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

Legality of Purchase

None of the Issuer, the Trustee or the Managers or any affiliate of any of them or other person on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

No Reliance

The Issuer, the Trustee or the Managers and all affiliates of any of them disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter. Noteholders may not at any time rely on any of the Issuer, the Trustee or the Managers or any affiliate of any of them or any person on their behalf to monitor whether or not a default or an event or circumstances which, with the giving of notice, the passage of time or making of any determination, could constitute a default has occurred under the Charged Assets.

No Restrictions on Activities; Potential Conflicts of Interest

Any of the Issuer, the Trustee or the Managers and any affiliate of any of them or other person on their behalf may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with the Charged Assets Issuer or any affiliate of the Charged Assets Issuer and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. They may have received, or may in the future receive, customary fees and commission in relation to any such business. Any of the Issuer, the Trustee or the Managers and any affiliate of any of them or other person on their behalf may act with respect to any such business, assets or obligations without regard to any possible consequences for the Charged Assets Issuer, the Notes or any Noteholder (or the impact of any such dealing on the interests of any Noteholder) or otherwise.

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 Charged Assets Issuer or their respective affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer, the Charged Assets Issuer or their respective affiliates routinely hedge their credit exposure to the Issuer, the Charged Assets Issuer or their respective 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 securities of the Issuer, the Charged Assets

Issuer or their respective affiliates, 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.

Provision of Information

Any of the Issuer, the Trustee or the Managers or any affiliate of any of them or any other person acting on their behalf may at the date hereof or at any time hereafter be in possession of information in relation to the Charged Assets Issuer or the Charged Assets (which may or may not be publicly available or confidential). None of such persons shall be under any obligation to make any such information available to Noteholders or any other party.

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Registrar, although such requirement will give rise to an obligation to redeem the Notes early in the circumstances described in the terms of the Notes.

U.S. Foreign Account Tax Compliance Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, and US Treasury regulations promulgated thereunder that took effect on 28 January 2013, as amended from time to time (together "**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 such investor is a U.S. person or should otherwise be treated as holding a United States Account of the Issuer (a "**Recalcitrant Holder**").

FATCA implementation is being phased in from 1 July 2014 for payments from sources within the United States and is currently proposed to apply to "foreign passthru payments" (a term not yet defined) made by an FFI to a non-participating FFI or Recalcitrant Holder no earlier than 1 January 2017. This withholding on foreign passthru payments may apply to payments made under the Notes as the Notes are not expected to be eligible for "grandfathering" from FATCA Withholding (a term defined below) on the basis that the they lack a stated expiration or term.

The United States and a number of other jurisdictions have entered into Intergovernmental Agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" IGA, most FFIs in a Model 1 IGA signatory country should be treated as a "Reporting FI" that would generally not be subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being a "**FATCA Withholding**") from payments it makes (save in certain limited circumstances, including where the payments are made to a Recalcitrant Holder). Under a Model 1 IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government unless it is treated as exempt from having "financial accounts" for FATCA purposes.

The United States and the Netherlands have entered into an Intergovernmental Agreement based largely on the Model 1 IGA. The Issuer is required to register with the IRS and obtain a Global Intermediary Identification Number ("**GIIN**") for FATCA purposes and to comply with Dutch legislation implementing the US-Netherlands IGA. The Issuer has registered with the IRS and obtained a GIIN (SNGQN1.99999.SL.528).

The Issuer is currently not expected to be required to make any FATCA Withholdings from the payments it makes before 1 January 2017 (at the earliest). There can be no assurance, however, that the Issuer would not in the future be required to deduct FATCA Withholdings from future payments. 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 a FATCA Withholding were to be made 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 any additional amounts as a result of the FATCA Withholding. As a result, investors may receive less interest or principal than expected.

Although it is not expected that payments to the Issuer in respect of assets of the Issuer should generally be subject to FATCA Withholding, any such FATCA Withholding may result in the Issuer having insufficient funds from which to make payments that would otherwise have become due in respect of the Notes. No other funds will be available to the Issuer to make up any such shortfall.

Whilst the Notes are in global form and held within a clearing system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent for such clearing system, given that each of the entities in the payment chain between the Issuer and the participants in the clearing system is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that, in certain specific circumstances, the Global Registered Certificate representing the Notes may convert into definitive form and therefore the Notes may cease to be held through a clearing system. If this were to happen then, depending on the circumstances, payments to a non-FATCA compliant holder could be subject to FATCA Withholding.

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It may also affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of FATCA Withholding, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms and/or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once payment has been made to the depositary for the clearing system (as legal owner of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries.

THE FATCA PROVISIONS ARE PARTICULARLY COMPLEX AND THEIR APPLICATION TO THE ISSUER IS UNCERTAIN AT THIS TIME. NOTHING IN THIS SECTION CONSTITUTES OR PURPORTS TO CONSTITUTE TAX ADVICE AND HOLDERS ARE NOT ENTITLED TO RELY ON ANY PROVISION SET OUT IN THIS SECTION FOR PURPOSES OF MAKING ANY INVESTMENT DECISION, TAX DECISION OR OTHERWISE. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCE.

Credit Ratings

The Notes are rated securities. Credit ratings of debt securities represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, credit ratings may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates. Also, rating agencies may change their rating methodology which could adversely affect the rating of the Notes.

INCORPORATION BY REFERENCE

The provisions of the Programme Memorandum are incorporated into and form part of this Series Memorandum in their entirety, save that any statement contained in the Programme Memorandum is deemed to be modified or superseded for the purpose of this Series Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Series Memorandum.

This Series Memorandum must be read in conjunction with the Programme Memorandum and the other documents incorporated by reference herein and full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document, the Programme Memorandum and the other documents incorporated by reference herein.

The Programme Memorandum is available for inspection by physical means at the registered office of the Issuer.

As at the Issue Date the Programme Memorandum is also available for viewing on the website of the Irish Stock Exchange (www.ise.ie).

The audited financial statements of the Issuer for the financial year ending on 31 December 2012 are incorporated into and form part of this Series Memorandum and are available for viewing at http://www.elm-bv.nl/documenten/33286267/ELM%20B%20V%20%20-%20annual%20accounts%202012%20(unsigned).pdf.

The audited financial statements of the Issuer for the financial year ending on 31 December 2013 are incorporated into and form part of this Series Memorandum and are available for viewing at http://www.elm-bv.nl/documenten/33286267/ELM%20B.V.%20-%20annual%20accounts%202013%20(unsigned).pdf.

The language of this Series Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Any references to websites in this Series Memorandum is for information purposes only and such websites shall not form part of this document.

TERMS OF THE NOTES

The Notes designated as above (the "**Notes**") shall have the following "**Terms**" which shall complete, modify and amend the Master Conditions as set out in the Issuer's Programme Memorandum dated 7 April 2014 under the heading "Terms and Conditions of the Notes", which shall apply to the Notes as so completed, modified and amended. References to "**Conditions**" or "**Condition**" shall, unless otherwise provided, mean references to the Terms and Conditions of the Notes. Unless the context otherwise requires, expressions used herein and not otherwise defined herein or in the Conditions shall have the meanings given to them in the terms and conditions of the Charged Assets.

1.	(i)	Issuer:	ELM B.V.
	(ii)	Arranger:	In relation to the Notes, there is no Arranger. Pursuant to a subscription agreement dated 20 March 2015 (the "**Subscription Agreement**") between the managers listed below (the "**Managers**") and the Issuer, the Managers have agreed, subject to the satisfaction of certain conditions, to subscribe for the Notes at the Issue Price. The Managers are: Joint Bookrunning Lead Managers: Commerzbank Aktiengesellschaft Deutsche Bank AG, London Branch HSBC Bank plc Merrill Lynch International UBS Limited Each reference in the Conditions to the Arranger shall be construed as a reference to the Managers.
2.	(i)	Series Number:	191.
	(ii)	Tranche Number:	Not applicable.
3.	Principal Amount:		The aggregate principal amount of the Notes is €750,000,000.
4.	Issue Price:		99.909 per cent.
5.	Net proceeds:		€745,567,500.
6.	Authorised Denomination:		The Notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.
7.	(i)	Issue Date:	2 April 2015.
	(ii)	Interest Commencement Date:	Issue Date.
8.	Maturity Date:		The Notes have no scheduled final maturity date. The Notes shall only be redeemed in accordance with the provisions set out in item 22 below.
9.	Interest Basis:		A fixed rate as provided in item 15 below in respect of the period from and including the Interest Commencement Date, to but excluding 1 September 2025, payable annually in arrear on 1 September in each year (a "**Fixed Rate**") and thereafter a floating rate (a "**Floating Rate**") as provided in item 16 below. The first

payment (for the short period from and including the Interest Commencement Date to but excluding 1 September 2015 and amounting to €10.83 per €1,000 in principal amount of each Note) shall be made on 1 September 2015.

10.	Redemption/Payment Basis:		Redemption at par, subject as provided herein.
11.	Change of Interest or Redemption/Payment Basis:		Fixed-to-Floating Rate Notes, as provided herein.
12.	Status of the Notes:		
	(i)	Status of the Notes:	Secured and limited recourse obligations of the Issuer ranking *pari passu* without any preferences amongst themselves secured as set out under Security below and subject to the priority set out under Priority below. (*See also, in particular, Condition 10 as set out in the Programme Memorandum incorporated by reference herein*).
	(ii)	Priority:	Noteholder-only Security (see Condition 4(d)). For the avoidance of doubt, Noteholder-only Security shall only apply in relation to the application of the proceeds of enforcement of the security constituted by the Trust Deed for the Notes and shall not apply to the application of the proceeds of enforcement of the Managers' Security Interest (as defined in item 30(vi) below). The proceeds of enforcement of the Managers' Security Interest (net of those reasonable fees and expenses of the Enforcement Agent (as defined in item 30(vi) below) acceptable to the Issuer in consultation with the Trustee) shall be applied first in meeting the expenses and remuneration and any other amounts due to the Trustee (in its capacity as trustee of the Managers and the Noteholders) including in respect of any liabilities incurred, or to any receiver appointed pursuant to the relevant Constituting Instrument including in respect of any liabilities incurred and thereafter in meeting the claims of the Managers *pari passu* and rateably under the Subscription Agreement.
13.	Listing:		There is currently no public market for the Notes. Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange plc and to be admitted to trading on the Global Exchange Market of the Irish Stock Exchange (the "**Global Exchange Market**"). No assurance is given that such listing and admission will be obtained. The Global Exchange Market is not a regulated market pursuant to the provisions of the Markets in Financial Instruments Directive (Directive 2004/39/EC).
14.	Method of distribution:		Syndicated.
15.	Fixed Rate Provisions:		Applicable in respect of the Fixed Interest Payment Dates specified below.
	(i)	Interest Rate:	2.60 per cent. per annum.
	(ii)	Fixed Interest Payment Dates:	Interest from (and including) the Interest Commencement Date to (but excluding) 1 September 2025 will be payable annually in arrear on 1 September in each year, commencing on 1 September 2015 and ending on 1 September 2025, each such date subject to adjustment in accordance with the Business Day Convention (each such date or each Floating Interest Payment Date (as defined

		below), as applicable, an "**Interest Payment Date**").
(iii)	Calculation Amount:	€1,000 in principal amount of each Note (the "**Calculation Amount**").
(iv)	Relevant Business Day:	Means a day which is both (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and (b) a TARGET2 Settlement Day (each, a "**Business Day**"). "**TARGET2 Settlement Day**" means a day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) payment system is open.
(v)	Day Count Fraction:	Means, for the purposes of these Fixed Rate Provisions, (a) the actual number of days in the period from (and including) the date from which interest begins to accrue on the Notes (the "**Accrual Date**") to (but excluding) the date on which it falls due divided by (b) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Fixed Interest Payment Date. When the Interest Amount is required to be calculated in respect of a relevant Interest Period of less than a full year, it shall be calculated by applying the Interest Rate to the Calculation Amount, multiplying the product by the relevant 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 Authorised Denomination of the relevant Note divided by the Calculation Amount.
(vi)	Business Day Convention:	Following Business Day Convention; provided that no Fixed Interest Period shall be adjusted even if a relevant Fixed Interest Payment Date is so adjusted.
(vii)	Other terms relating to the method of calculating interest for Notes for the period during which the Interest Basis is Fixed Rate:	The Interest Amount shall be calculated in accordance with the Conditions and the Fixed Rate Provisions set out above, save to the extent that the Issuer receives an amount of interest under the Charged Assets (in accordance with the terms and conditions of the Charged Assets) which is payable on a Fixed Interest Payment Date and which is less than the aggregate of the Interest Amounts due on each Note with respect to such Fixed Interest Payment Date, in which case the aggregate Interest Amount shall be such lesser amount and no such shortfall will itself bear interest. The amount of any such shortfall which is attributable to an interest payment otherwise due on a Fixed Interest Payment Date being deferred and constituting Deferred Interest pursuant to the terms and conditions of the Charged Assets will constitute "**Deferred Fixed Interest**". If any Deferred Interest is payable by the Charged Assets Issuer pursuant to the terms and conditions of the Charged Assets, then Deferred Fixed Interest shall also become due and payable (in whole but not in part) on the date on which such Deferred Interest is payable by the Charged Assets Issuer. The Issuer shall as soon as reasonably practicable after receipt of any notice given by or on behalf of the Charged Assets Issuer relating to the calculation or payment of any amount of interest give notice of the same to Noteholders in accordance with Condition 14.

16.	Floating Rate Provisions:		Applicable in respect of the Floating Interest Payment Dates specified below.
	(i)	Floating Interest Payment Dates:	Interest from (and including) 1 September 2025 will be payable semi-annually in arrear on 1 March and 1 September in each year commencing on 1 March 2026, each such date subject to adjustment in accordance with the Business Day Convention.
	(ii)	Business Day Convention:	Modified Following Business Day Convention (where, for the purposes of these Floating Rate Provisions, "**Relevant Business Day**" shall have the same meaning as set out in item 15(iv) above).
	(iii)	Manner in which the Interest Rate is to be determined:	Condition 6(c) shall not apply. The Interest Rate shall be comprised of the Benchmark (as determined by the Calculation Agent at approximately 11.00a.m. (Central European Time) on the relevant Interest Determination Date) and the Spread (each, as set out below). If the Benchmark is unavailable, the Calculation Agent will determine the Interest Rate to be the same as the Rate of Interest for the corresponding Floating Interest Period under the Charged Assets.
	(iv)	Calculation Amount:	€1,000 in principal amount of each Note.
	(v)	If Screen Rate Determination:	Applicable. The "**Relevant Screen Page**" is Reuters EURIBOR01 (or such replacement page on that service which displays the information). The "**Benchmark**" is the rate for six month deposits in euro which appears on the Relevant Screen Page. The "**Interest Determination Date**" shall be the second TARGET2 Settlement Day before the commencement of the Interest Period for which the relevant Interest Rate will apply. The first Interest Period under these Floating Rate Provisions shall commence on 1 September 2025.
	(vi)	Spread:	3.05 per cent. per annum.
	(vii)	Spread Multiplier:	Not applicable.
	(viii)	Minimum Interest Rate:	Not applicable.
	(ix)	Maximum Interest Rate:	Not applicable.
	(x)	Relevant Financial Centre:	Brussels.
	(xi)	Day Count Fraction:	Means, for the purposes of these Floating Rate Provisions, the actual number of days in the relevant Interest Period divided by 360. The Interest Amount in respect of each Note shall be determined by taking the product of the Interest Rate, the Calculation Amount and 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 Authorised Denomination of the relevant Note divided by the Calculation Amount.
	(xii)	Other terms relating to the method of calculating interest	The Floating Amount shall be calculated in accordance with the Floating Rate Provisions set out above, save to the extent that the

	for Notes for the period during which the Interest Basis is Floating Rate:	Issuer receives an amount of interest under the Charged Assets (in accordance with the terms and conditions of the Charged Assets) which is payable on a Floating Interest Payment Date and which is less than the aggregate of the Interest Amounts due on each Note with respect to such Floating Interest Payment Date, in which case the aggregate Interest Amount shall be such lesser amount and no such shortfall will itself bear interest. The amount of any such shortfall which is attributable to an interest payment otherwise due on a Floating Interest Payment Date being deferred and constituting Deferred Interest pursuant to the terms and conditions of the Charged Assets will constitute "**Deferred Floating Interest**". If any Deferred Interest is payable by the Charged Assets Issuer pursuant to the terms and conditions of the Charged Assets, then Deferred Floating Interest shall also become due and payable on the date on which such Deferred Interest is payable by the Charged Assets Issuer. The Issuer shall as soon as reasonably practicable after receipt of any notice given by or on behalf of the Charged Assets Issuer relating to the calculation or payment of any amount of interest give notice of the same to Noteholders in accordance with Condition 14.
17.	Zero Coupon Note provisions:	Not applicable.
18.	Dual Currency Note Provisions:	Not applicable.
19.	Variable Coupon Amount Note Provisions:	Not applicable.
20.	Call/Put Option:	Not applicable.
21.	Scheduled Redemption Amount:	Not applicable.
22.	Early Redemption Amount payable on mandatory redemption for taxation reasons or on termination of the Charged Agreement or on default and/or the method of calculating the same (if required or different from that set out in the Conditions):	Condition 7(b) shall be deleted and replaced with the following: "(b) *Mandatory Redemption* If at any time (i) the Charged Assets become redeemable or repayable in accordance with their terms (other than by reason of any event set out in Condition 10 (*Enforcement*) (a "**Charged Assets Enforcement Event**")) (a "**Charged Assets Early Redemption Event**") or (ii) a Charged Assets Enforcement Event occurs, then the Notes shall become due and repayable on the relevant Mandatory Redemption Date as provided by Condition 7(e). The Issuer shall give notice to the Noteholders in accordance with Condition 14 that the Notes are due and repayable at the amounts specified in Condition 7(e) as soon as reasonably practicable after becoming aware of such event or circumstance. "**Mandatory Redemption Date**" means (i) in the case of redemption following a Charged Assets Early Redemption Event, the relevant date on which the Charged Assets are redeemable or repayable; or (ii) in the case of redemption following a Charged Assets Enforcement Event, the date on which any amount is paid by the Charged Assets Issuer or otherwise realised upon enforcement of the security in

accordance with Condition 4, or if the Calculation Agent determines that payment of the relevant Early Redemption Amount is not possible or practicable on such date, the next date thereafter on which the Calculation Agent determines such payment is possible and practicable."

Condition 7(e)(2) shall be deleted and replaced with the following:

"(2) The amount payable upon redemption of each Note pursuant to Condition 7(b), Condition 7(c) or upon its becoming due and payable as provided in Condition 9 (the "**Early Redemption Amount**") shall be:

(i) in the case of redemption pursuant to Condition 7(b) following a Charged Assets Early Redemption Event, the outstanding principal amount of such Note plus any accrued but unpaid interest and (without duplication of items 15 and 16 of the Terms) a *pro rata* share of any outstanding Deferred Fixed Interest and Deferred Floating Interest as at the date on which the Notes are redeemed (but excluding such date); or

(ii) in the case of redemption pursuant to Condition 7(b) following a Charged Assets Enforcement Event, Condition 7(c) or Condition 9, the lesser of (x) the outstanding principal amount of such Note plus any accrued but unpaid interest (provided that interest shall accrue following a Charged Assets Enforcement Event at such rate and in such manner as is provided in Condition 3.3 (*Interest Accrual*) of the Charged Assets) and (without duplication of items 15 and 16 of the Terms) a *pro rata* share of any outstanding Deferred Fixed Interest and Deferred Floating Interest as at the date on which the Notes are redeemed (but excluding such date) and (y) the amount available by applying the portion available to Noteholders pursuant to Condition 4(d) of the net proceeds of enforcement of the security in accordance with Condition 4 *pari passu* and rateably to the Notes.

References herein to "**Redemption Amount**" shall include the Early Redemption Amount, as defined above."

Condition 7(e)(3) shall be deleted and replaced with the following:

"(3) Upon the date on which the Issuer determines that the Notes are or will become due and repayable pursuant to Condition 7(b) (other than following a Charged Assets Early Redemption Event) or Condition 7(c), the security constituted by the relevant Constituting Instrument shall become enforceable and the provisions of Condition 4(a), Condition 4(c) and Condition 4(d) shall thereafter apply. Upon receipt of the proceeds (if any) of realisation of the Mortgaged Property following such enforcement, the Issuer shall give notice to the Noteholders in accordance with Condition 14 of the date on which each Note shall be redeemed at its Early Redemption Amount.”.

Condition 9(a) shall be deleted and replaced with the following:

“(a) if default is made in the payment of any principal or interest due and payable in respect of the 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; or”.

23.	Form of Notes:	Registered Notes. The Notes will initially be represented by a Global Registered Certificate exchangeable for definitive Registered Certificates at any time in the limited circumstances specified in the Global Registered Certificate.
24.	(i) New Global Note	Not applicable.
	(ii) New Global Note intended to be held in a manner which would permit the Notes to be recognised as eligible collateral for monetary policy of the central banking system for the euro	Not applicable.
25.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Notwithstanding anything to the contrary herein, if on any date on which an Interest Amount, an amount of Deferred Fixed Interest, an amount of Deferred Floating Interest, or an Early Redemption Amount is stated to be payable hereunder, the principal paying agent with respect to the Charged Assets is not the same legal entity as the Principal Paying Agent with respect to the Notes, such Interest Amount or, as the case may be, such amount of Deferred Fixed Interest or, as the case may be, such amount of Deferred Floating Interest, or as the case may be, such Early Redemption Amount shall not be payable until the Business Day immediately following such stated payment date.
26.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Not applicable.
27.	Details relating to Partly Paid Notes:	Not applicable.
28.	Details relating to Instalment Notes:	Not applicable.
29.	Redenomination applicable:	Not applicable.

30. Security:

(i)	Charged Assets:	€750,000,000 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes issued by Swiss Reinsurance Company Ltd (the "**Charged Assets Issuer**") as the same may be increased from time to time pursuant to and in accordance with the terms of the Charged Assets. *(The Charged Assets are not listed on any stock exchange and the Charged Assets Information Memorandum is annexed to and forms a part of this Series Memorandum).* The Custodian (which shall initially be The Bank of New York Mellon acting through its London Branch) is required to have a short-term issuer credit rating of no less than A-1 from S&P (as defined below).
(ii)	Charging Instrument:	Not applicable.
(iii)	Depositary Account:	Not applicable.
(iv)	Charged Agreement:	No.
(v)	Swap Counterparty:	Not applicable.
(vi)	Other Security:	(A) Pursuant to the Trust Deed in relation to the Notes, the Issuer will assign by way of security in favour of the Trustee for itself and as trustee for the Managers all its rights, title and interest in and to the Appendix to the exchange settlement agreement dated 18 March 2015 (the "**Exchange Settlement Agreement**"), pursuant to which the Issuer received the Charged Assets from the Charged Assets Issuer and will charge by way of fixed charge the proceeds of enforcement of any claim under the Appendix to the Exchange Settlement Agreement (such security, the "**Managers' Security Interest**"). The Managers' Security Interest is granted to the Trustee to hold for itself and as trustee for the Managers as continuing security in respect of any claim the Managers 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 Charged Assets, the Charged Assets Issuer and the part of this Series Memorandum for the Notes comprising the Charged Assets Information Memorandum. Enforcement of the Managers' Security Interest shall, subject to and in accordance with the terms of the Trust Deed, take effect only in the manner described in paragraph (B) below. *No Noteholder shall have any interest in the Managers' Security Interest. If the Managers' Security Interest becomes enforceable, the security for the Notes shall not consequentially become enforceable and the Notes shall not be affected thereby and shall accordingly remain outstanding.* (B) Any action taken against the Charged Assets Issuer upon the security for the Notes or the Managers' Security Interest becoming enforceable shall be taken by an enforcement agent appointed by the Issuer following consultation with the Trustee (the "**Enforcement Agent**") to act as agent of the Issuer. Consequently, the Issuer has assigned by way of security pursuant to the Trust Deed in favour of the Trustee for itself and as trustee for the

		Noteholders and the Managers all of the Issuer's rights with respect to the appointment of the Enforcement Agent as the agent of the Issuer. Such security is granted to the Trustee to hold for itself and as trustee for the Noteholders as continuing security for the payment of interest and principal on the Notes and for the Managers as continuing security for the Managers' Claim.
31.	Securities Lending Agreement:	No.
32.	Additional selling restrictions:	The applicable selling restrictions are as set out in "Subscription and Sale" below and in the Programme Memorandum. In the event of any inconsistency, the selling restrictions set out in "Subscription and Sale" shall prevail.
33.	Rating:	Initially rated A by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). S&P is established in the European Union and are registered under Regulation (EC) 1060/2009 on credit rating agencies. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
34.	ISIN:	XS1209031019
35.	Common Code:	120903101
36.	Alternative Clearing System:	Not applicable.
37.	Delivery:	Delivery against payment.
38.	Registrar and Principal Paying Agent:	Registrar: The Bank of New York Mellon (Luxembourg) S.A. Principal Paying Agent: The Bank of New York Mellon, acting through its London Branch.
39.	Sub-Custody:	Not applicable.
40.	Calculation Agent:	The Bank of New York Mellon, acting through its London Branch or any successor thereof. All determinations made by the Calculation Agent hereunder shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive, and the Calculation Agent shall have no liability to the Issuer, the Noteholders or any third party in relation to such determinations. Nothing contained herein shall prevent the Calculation Agent from dealing in these Notes or from entering into any transactions, including without limitation any swap or hedging transactions with the Charged Assets Issuer.

Special Condition: Tender Offers and Exchange Offers

Condition 7(g) shall be deleted and replaced with the following:

"(*g*) *Purchase*

(i) The Issuer may, subject to receipt by the Issuer of an amount (whether by sale of the Charged Assets (or a proportion corresponding to the proportion of the Notes to be purchased) or otherwise, in each case subject to all applicable restrictions on transfer of the Charged Assets) which is sufficient to fund the purchase price payable by the Issuer, purchase Notes in the open market or otherwise at any price.

(ii) If at any time the Charged Assets Issuer makes an offer to the Issuer, or to the Custodian on behalf of the Issuer, to purchase the Charged Assets for cash consideration or to receive the Charged Assets for cancellation (a "**Charged Assets Tender Offer**") or for non-cash assets (a "**Charged Assets Exchange Offer**"), then the Issuer shall only accept such Charged Assets Tender Offer or Charged Assets Exchange Offer (notwithstanding anything to the contrary in Condition 13(b) (*Authorisation*)), and the Trustee shall only be permitted to release the security created over the Charged Assets pursuant to the Trust Deed, in accordance with paragraphs (iii) to (vi) below.

(iii) Subject to paragraphs (iv) to (vi) below, upon the occurrence of:

(a) a Charged Assets Tender Offer, the Issuer shall make an offer to purchase the Notes for cash consideration or to receive the Notes for cancellation (an "**ELM Tender Offer**"); or

(b) a Charged Assets Exchange Offer, the Issuer shall exchange the Notes for non-cash assets (an "**ELM Exchange Offer**"),

provided in each case that (other than in the case of the Issuer receiving Notes for cancellation) in the reasonable opinion of the Issuer, the Issuer would not be materially disadvantaged by such ELM Tender Offer or ELM Exchange Offer, as the case may be.

(iv) Any ELM Tender Offer or ELM 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 Charged Assets outstanding. The Issuer shall not make an ELM Tender Offer or an ELM 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 ELM Tender Offer or the ELM Exchange Offer and (B) without first being satisfied that its costs and expenses in connection with the same will be met, and subject to S&P (or any other applicable rating agency) being notified of the same. Furthermore, any ELM Tender Offer or ELM Exchange Offer shall, for as long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market of the Irish Stock Exchange, be in accordance with all applicable rules and regulations of the Irish Stock Exchange.

(v) The Issuer shall forthwith notify S&P (or any other applicable rating agency) if any Notes are purchased or exchanged pursuant to this Condition 7(g).

(vi) For the purposes of any ELM Tender Offer or ELM Exchange Offer, whether or not relating to any Charged Assets Tender Offer or Charged Assets Exchange Offer, or any other purchase pursuant to this Condition 7(g) 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 upon certification from the Issuer to the Trustee that after such release and taking into account any purchase, exchange or cancellation of Notes pursuant to any ELM Tender Offer or ELM Exchange Offeror otherwise pursuant to this Condition 7(g), the aggregate principal amount of the Charged Assets outstanding will be the same as the aggregate principal amount of Notes outstanding. To the extent that such ELM Tender Offer or ELM Exchange Offer relates to any Charged Assets Tender Offer or, as the case may be, Charged Assets Exchange Offer, following the release of such security the Issuer shall accept (or procure the acceptance of) such Charged Assets Tender Offer or Charged Assets Exchange Offer in respect of the Charged Assets so released.

(vii) Any failure by the Issuer to make a payment or delivery due in connection with any ELM Tender Offer or ELM Exchange Offer shall constitute a default in payment in respect of the Notes for the purposes of Condition 9.

(viii) All Notes purchased or exchanged pursuant to this Condition 7(g) shall be cancelled forthwith and may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.".

USE OF PROCEEDS

The net proceeds from the issue of the Notes (amounting to approximately €745,567,500) will be applied by the Issuer to finance the purchase price for the Charged Assets.

SWISS TAXATION

General

The following summary does not purport to address all tax consequences of the acquisition, ownership and disposal of Notes, and does not take into account the specific circumstances of any particular investor. This summary is based on the tax laws, regulations and regulatory practices of Switzerland, as in effect on the date hereof, which are subject to change (or subject to changes in interpretation), possibly with retroactive effect and a tax ruling with the Swiss federal tax administration, and assumes, as confirmed in a Swiss federal tax ruling, residence and effective management of the Issuer outside Switzerland.

Noteholders or prospective Noteholders are advised to consult their own tax advisers in light of their particular circumstances as to the Swiss tax laws, regulations and regulatory practices that could be relevant for them in connection with acquiring, owning and disposing of Notes and receiving interest, principal or other payments on the Notes and the consequences of such events under the tax laws, regulations and regulatory practices of Switzerland.

Withholding Tax

Interest, principal and other payments on the Notes will not be subject to Swiss Withholding Tax (*Verrechnungssteuer*).

On 17 December 2014 the Swiss Federal Council issued draft withholding tax legislation which, if enacted, may require a paying agent in Switzerland, subject to certain exceptions, to deduct Swiss Withholding Tax at a rate of 35 per cent. on any payment of interest in respect of a Note to a beneficiary resident in Switzerland.

Stamp Taxes

The issuance of the Notes on the issue date (primary market) will not be subject to Swiss Securities Turnover Tax (*Umsatzabgabe*). Subsequent dealings in the Notes in the secondary markets where a bank or another securities dealer in Switzerland (as defined in the Swiss Federal Stamp Tax Act) acts as an intermediary, or is a party, to the transaction, may be subject to Swiss Securities Turnover Tax at an aggregated rate of up to 0.3 per cent. of the purchase price of the Notes.

Swiss Federal, Cantonal and Communal Income Taxation

Non-Resident Noteholders

Payments on the Notes to a Noteholder who is not resident in Switzerland for tax purposes, and who, during the relevant taxation year, has not engaged in a trade or business through a permanent establishment or fixed place of business in Switzerland for tax purposes, and who is not subject to corporate or individual income taxation in Switzerland for any other reason will not be subject to any Swiss federal, cantonal or communal income tax, capital tax or wealth tax.

Resident Noteholders and Noteholders with a Trade or Business in Switzerland

Noteholders who hold Notes as part of a trade or business in Switzerland for tax purposes, in the case of residents abroad carried on through a permanent establishment or a fixed place of business, are required to recognize payments on the Notes and capital gains or losses realized on the disposal of Notes in their income statement for the respective taxation period and are subject to Swiss federal, cantonal and communal corporate or individual income tax, as the case may be, on any net taxable income (including payments on the Notes and capital gains or losses realized on the disposal of Notes) for such taxation period. The same taxation treatment also applies to Swiss-resident private individuals who, for income tax purposes, are classified as “professional securities dealers” for reasons of, *inter alia*, frequent dealing, or leveraged investments, in securities.

Private individuals resident in Switzerland and holding Notes as part of their private fortune, are required to include interest payments (including accrued interest paid by the Issuer, but not repayment of principal) on the Notes in their personal income tax return, in each case converted into Swiss Francs at the then applicable conversion rate, and are subject to Swiss federal, cantonal and communal income tax on any net taxable income (including interest payments (but not repayment of principal) on the Notes) for the relevant taxation period. For private individuals capital gains resulting from the disposal of Notes are not subject to Swiss federal, cantonal and communal income tax; this is also the case for accrued interest realised on any disposal other than to the Issuer. Capital losses are not tax-deductible. Swiss resident private individuals who hold the Notes as part of their private fortune are required to report their Notes as part of their taxable wealth and will be subject to cantonal and communal wealth tax, provided that their net taxable wealth (including the Notes) exceeds applicable allowances or levels.

Final Foreign Withholding Taxes (*internationale Quellensteuer*)

Under the treaties on final withholding taxes of Switzerland with the United Kingdom and Austria (each a "**Contracting State**") in force since 1 January 2013 a Swiss paying agent, as defined in the treaties, is required to levy a flat-rate final withholding tax (*internationale Quellensteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties) deriving from assets held in accounts or deposits with a Swiss paying agent by (i) an individual being tax resident of a Contracting State or, (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual resident of a Contracting State. According to the treaties, the flat-rate tax to be withheld substitutes the ordinary income tax on the respective capital gains and income items in the Contracting State where the individual is tax resident. In order to avoid such flat-rate tax to be withheld by the Swiss paying agent, such individuals may opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents.

EU Savings Directive and associated arrangements with Switzerland

Under Council Directive 2003/48/EC of 3 June 2003 (as amended by Council Directive 2014/48/EU adopted by the European Council on 24 March 2014) on the taxation of savings income (the "**EU Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has abolished the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Directive.

On 24 March 2014, the Council of the European Union adopted a Council Directive 2014/48/EU amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The EU Savings Directive will also apply a "look through approach" to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the EU Savings Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

Switzerland has adopted similar measures, i.e. a withholding system at a rate of currently 35 per cent., however, with the option of the individual to have the paying agent and the Swiss authorities, in lieu of the withholding, provide to the tax authorities of the Member State the details of the interest payments or payments of other similar income. Switzerland and the European Commission have commenced negotiations on certain amendments to the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004 providing for measures equivalent to those set out in the EU Savings Directive, which, may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Managers have in the subscription agreement (the "**Subscription Agreement**") dated 20 March 2015 agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at 99.909 per cent. of their principal amount. The Subscription Agreement entitles the Managers acting together to terminate it in certain circumstances.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and (a) may not be offered, sold or otherwise transferred at any time within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) and (b) may be offered, sold or otherwise transferred at any time only to transferees that are Non-United States Persons (as defined by the Commodity Futures Trading Commission). The Issuer has not been and does not intend to be registered as an investment company under the United States Investment Company Act of 1940, as amended.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all the Notes, in either case within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each of the Managers has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Switzerland

Each of the Managers has represented and agreed that it has not publicly offered or sold, and will not publicly offer or sell, the Notes in Switzerland.

Netherlands

The Notes may not be offered, sold or delivered in the Netherlands to anyone other than "qualified investors" as defined in the Prospectus Directive.

European Economic Area (EEA)

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented 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 Notes which are the subject of the offering contemplated by this Series Memorandum 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 Notes to the public in that Relevant Member State:

(a) if the Series Memorandum in relation to the Notes specifies that an offer of those notes may be made other than pursuant to Article (3)2 of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**") following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Series Memorandum contemplating such Non-exempt Offer, in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in the Series Memorandum;

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

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or

(d) 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 (b) to (d) above shall require the Issuer or any Manager 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 for 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 as amended, including by Directive 2010/73/EU.

General

No action has been taken by the Issuer or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

1. **Authorisation**

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer dated 17 March 2015.

2. **Interests of Natural and Legal Persons in the Issue**

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

3. **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2013, being the date of the Issuer's last published audited financial statements.

4. **Litigation**

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the financial position of the Issuer.

5. **Clearing Systems and Settlement**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg or such other clearing system approved by the Issuer and the Trustee. The common code and ISIN for the Notes will be 120903101 and XS1209031019 respectively.

6. **Documents Available**

For as long as the Notes are outstanding and listed on the Irish Stock Exchange, copies of the following documents will be available for inspection by physical means during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

(i) this Series Memorandum and the Programme Memorandum;

(ii) the Constituting Instrument dated on or about the Issue Date;

(iii) the Memorandum and Articles of Association of the Issuer; and

(iv) the audited financial statements of the Issuer for the financial year ending on 31 December 2012 and the financial year ending on 31 December 2013.

7. **Estimated Total Expenses**

The expenses related to the admission to trading of the Notes on the Global Exchange Market are estimated to be EUR 2,940.

INFORMATION RELATING TO THE LISTING AGENT

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Global Exchange Market.

ANNEX

Swiss Reinsurance Company Ltd

€750,000,000
Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes

Issue Price:
99.909%

The €750,000,000 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes (the "**Loan Notes**") will be issued by Swiss Reinsurance Company Ltd ("**SRZ"** or the "**Issuer**") on April 2, 2015 (the "**Issue Date**"). Initially, only one Loan Note will be issued by the Issuer.

The Loan Notes have no scheduled final maturity date. 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 (as defined in the terms and conditions of the Loan Notes (the "**Conditions**")), on September 1, 2025 (the "**First Optional Redemption Date**") and on each subsequent Floating Interest Payment Date (as defined in the Conditions) thereafter. 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, an Accounting Event, a Ratings Methodology Event 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. The Issuer may redeem the Loan Notes only if no Solvency Event (as defined in the Conditions) has occurred that is continuing and if 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, all as more fully described in the Conditions.

The Loan Notes will bear interest at (i) a fixed rate of 2.60% per annum from (and including) the Issue Date until (but excluding) the First Optional Redemption Date payable annually in arrear on September 1 in each year, commencing on September 1, 2015, and (ii) a floating rate of 3.05% per annum over the rate for six-month deposits in euro from (and including) the First Optional Redemption Date, payable semi-annually in arrear on each March 1 and September 1 thereafter. Under certain circumstances described in the Conditions, the Issuer may elect, or be required, to defer interest payments on 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 (all as defined in the Conditions). In the event of the liquidation, dissolution, insolvency, compromise or other similar 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 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 or other jurisdiction of the United States. The Loan Notes may not be offered, sold or resold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Loan Notes are not being offered in the United States or to U.S. persons. In addition, each holder of Loan Notes (a "**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 20, 2015

Table of Contents

	Page
Introductory Note	ii
Financial and Other Information Included or Incorporated by Reference in this Information Memorandum	iii
Sources of Information	iv
Cautionary Note on Forward-Looking Statements	iv
Summary	1
Risk Factors	16
Terms and Conditions of the Loan Notes	45
Use of Proceeds	65
Capitalization of the SRZ Group	66
Selected Consolidated Financial Data of the SRZ Group	67
Our Business	69
Regulation	91
Related Party Transactions	105
SRZ Board of Directors and Senior Management	110
Taxation	112
Transfer Restrictions	115
General Information	117

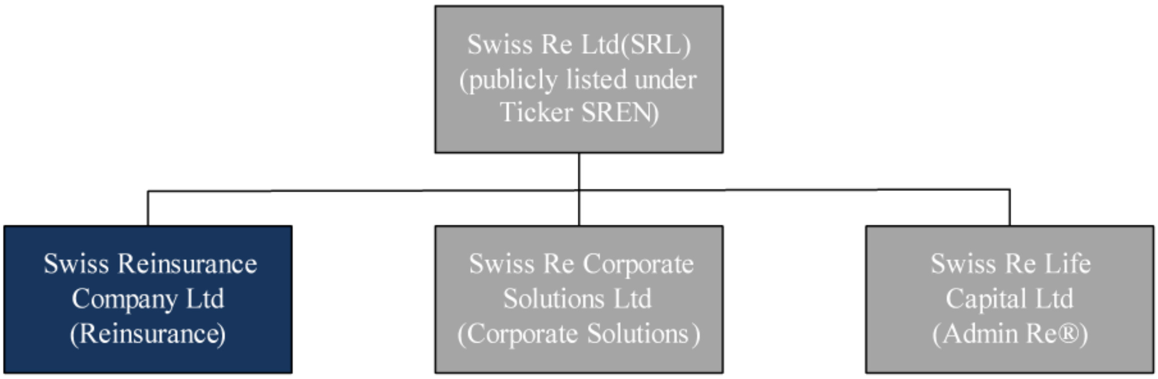
No person is or has been authorized to give any information or to make any representation other than those contained in this Information Memorandum in connection with the offering of the Loan Notes and, if given or made, such information or representations must not be relied upon as having been authorized 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 authorized or is unlawful. See “Transfer Restrictions.”

Introductory Note

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;
- "**SRL**" are to Swiss Re Ltd;
- "**Swiss Re**" and "**Swiss Re Group**" are to SRL and its consolidated subsidiaries (including SRZ);
- the "**Reinsurance Business Unit**" are to operations of the SRZ Group as operating segments of the Swiss Re Group, rather than operations determined on a legal entity basis; and
- "**you**," a "**Loan Noteholder**" and "**Loan Noteholders**" are to a purchaser or purchasers of Loan Notes, as the case may be.

The following chart depicts the simplified structure of the Swiss Re Group, comprised of three business units, one of which is the SRZ Group, the parent company of which is the Issuer.



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.

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

The following financial statements and auditor's reports referenced below are incorporated by reference into this Information Memorandum and are available on the website of the Swiss Re Group, www.swissre.com/investors/financial_information:

- the audited consolidated financial statements of the SRZ Group as of and for the years ended December 31, 2013 and 2014, 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, 2014 (the "**2014 Financial Statements**");

- the audited consolidated financial statements of the SRZ Group as of and for the years ended December 31, 2012 and 2013, 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, 2013 (the "**2013 Financial Statements**");

- the audited statutory accounts of SRZ as of and for the years ended December 31, 2013 and 2014, which were prepared in accordance with the requirements of Swiss law and SRZ's articles of association ("**SRZ's Articles of Association**"), and including the auditor's report on the audited statutory accounts of SRZ for the year ended December 31, 2014 (the "**2014 Statutory Accounts**"); and

- the audited statutory accounts of SRZ as of and for the years ended December 31, 2012 and 2013, 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, 2013 (the "**2013 Statutory Accounts**").

No other information contained on the Swiss Re Group web site, or on any other web site, is incorporated herein by reference.

On March 25, 2013, SRZ transferred the shares of Swiss Re Principal Investments Company Ltd (the holding company for the Swiss Re Group's direct participations in companies and investments in certain private equity funds (collectively, "**Principal Investments**")) through a dividend-in-kind to SRL. Following the transfer, Principal Investments ceased to be a subsidiary of SRZ. Principal Investments instead became a subsidiary of SRL. Risks and benefits related to this entity passed to SRL as of January 1, 2013. Consequently, the 2014 Financial Statements and 2013 Financial Statements were prepared as if Principal Investments had been transferred to SRL as of January 1, 2013.

During 2014, certain intra-group cost recharges between Property & Casualty and Life & Health were revised, and the corresponding comparative line items for the year ended December 31, 2013 were restated in our2014 Financial Statements, but not for prior years. The historical figures for the SRZ Group included in this Information Memorandum have not been restated; however, the corresponding figures are reflected in the 2014 Financial Statements incorporated by reference herein.

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, references to "Swiss francs" and "CHF" are to the lawful currency of Switzerland, references to "AUD" are to the lawful currency of Australia and references to "€," "euro" and "euros" are to the single currency of the participating member states in the Third Stage of European Economic and Monetary Union (EMU) pursuant to the Treaty Establishing the European Community, as amended from time to time. For your convenience, unless otherwise indicated, this Information Memorandum contains translations of U.S. dollar amounts into euros at a rate of $1.2098 = €1.00, the Bloomberg Rate on December 31, 2014 and at a rate of $1.3743 = €1.00, the Bloomberg Rate on December 31, 2013. On March 17, the Bloomberg Rate was $1.0597= €1.00. SRZ does not use these rates in the preparation of its consolidated financial statements. You should not construe these translations as representations that the amounts referred to actually represent translated amounts or that you could convert these amounts into euro at the rate indicated.

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 Swiss Re's 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:

- instability affecting the global financial system and developments related thereto;
- 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. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included or incorporated by reference in this Information Memorandum, including the consolidated financial statements and the related notes incorporated by reference herein. 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, 2014, we reported:

- premiums earned of $27.0 billion;
- total assets of $146.3 billion;
- shareholder's equity of $22.8 billion; and
- total investments of $93.4 billion.

Of our premiums earned in 2014, $15.6 billion, or 58%, represented Property & Casualty Reinsurance premiums earned, $11.2 billion, or 41%, represented Life & Health reinsurance premiums earned and $182 million, or 1%, represented other premiums earned.

SRZ is currently rated "AA-" (stable outlook) by S&P, "Aa3" (stable 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.

Recent Developments

During the third quarter of 2014, we transferred the shares of Swiss Re Corporate Solutions Brasil Seguros SA to Swiss Re Corporate Solutions Ltd, effective for accounting purposes as of January 1, 2014. The operations of this entity had been reported as part of the Corporate Solutions Business Unit, but the legal entity had remained a subsidiary of ours due to regulatory restrictions tied to the date of the initial acquisition of the subsidiary.

On October 21, 2014, Swiss Re Admin Re® announced the sale of Aurora National Life Assurance Company ("**Aurora**"). While the operations of this entity were reported as part of the Admin Re® Business Unit for purposes of reporting at the Swiss Re Group level, the legal entity had been a subsidiary ours. The sale, which involves the sale of in-force policies and policyholder liabilities, is expected to close during the first quarter of 2015. The preliminary purchase price has been set at $183 million, subject to finalization at closing. An after-tax net loss of $203 million is expected on the disposition, which was recorded in our consolidated financial statements for the fourth quarter of 2014.

We reported annual net income attributable to our common shareholder of $2.9 billion in 2014, compared to $3.4 billion in 2013. This decrease was attributable to a $462 million net loss attributable to our common shareholder for the Life & Health Reinsurance segment (compared to net income of $420 million for 2013) and a $206 million net loss attributable to our common shareholder for the Other segment (compared to a net loss of $245 million for 2013). These factors were partially offset by an increase in net income attributable to our common shareholder for the Property & Casualty Reinsurance segment from $3.2 billion in 2013 to $3.6 billion in 2014.

The decrease in net income attributable to our common shareholder for the Life & Health Reinsurance segment was principally due to a series of previously announced management actions taken to address the problematic pre-2004 U.S. individual life business written on a yearly renewable term ("**the pre-2004 U.S. YRT**"), as well as the impact of realized losses from the unwinding of an asset funding structure supporting a longevity transaction (the "**Asset Funding Unwind**") and non-economic losses on interest rate hedges in the first half of 2014. Excluding the management actions and the Asset Funding Unwind, net income attributable to our common shareholder for the Life & Health Reinsurance segment would have been $358 million. See "–Our results– Life & Health Reinsurance – Net income attributable to our common shareholder" for further details).

The decrease in net income attributable to our common shareholder for the Other segment was principally due to a net loss of $203 million on the sale of Aurora, as part of the strategy of the Admin Re® Business Unit to further exit the U.S. market. Excluding the net loss from the sale of Aurora, net income attributable to our common shareholder for the Other segment would have been $237 million.

Our results

The following table sets forth details of key items for 2014 and 2013, for the Property & Casualty Reinsurance segment and the Life & Health Reinsurance segment, which are the principal operating segments of the SRZ Group, based on our 2014 Financial Statements,

	Year ended December 31,		
	2013	**2014**	**Change in %**
	(USD in millions, except ratios)		
Property & Casualty Reinsurance			
Premiums earned	14,542	15,598	7.3
Total revenues	15,885	17,442	9.8
Claims and claim adjustment expenses	(7,884)	(8,493)	7.7
Total expenses	(12,393)	(13,305)	7.4
Net income attributable to common shareholder	3,228	3,564	10.4
Combined ratio in %	83.8	83.7	
Return on equity in %(1)	26.0	26.7	
Life & Health Reinsurance			
Premiums earned and fee income from policyholders	10,023	11,265	12.4
Total revenues	11,983	12,629	5.4
Life and health benefits	(8,075)	(9,194)	13.9
Total expenses	(11,480)	(13,105)	14.2
Net income attributable to common shareholder	420	(462)	
Operating margin (*unaudited*)	5.8	2.6	
Return on equity in % (1)	6.4	(7.9)	

(1) Return on equity is calculated by dividing net income attributable to our common shareholder by average common shareholder's equity.
(2) Operating margin is calculated as operating income divided by total operating revenues.

Property & Casualty Reinsurance

Premiums earned. Premiums earned in the Property & Casualty Reinsurance segment increased by $1.1 billion, or 7.3%, from $14.5 billion in 2013 to $15.6 billion in 2014. This increase was principally driven by the expiry of a major quota share retrocession agreement with Berkshire Hathaway Inc. ("**Berkshire Hathaway**") (the "**Quota Share**") at the end of 2012 and growth in Asia stemming from large quota share treaties written at the end of 2013, as well as large bespoke transactions in the Americas, which more than offset the non-renewal of a large European transaction.

Net income attributable to our common shareholder. Net income attributable to our common shareholder for the Property & Casualty Reinsurance segment increased by $0.4 billion, or 10.4%, from $3.2 billion in 2013 to $3.6 billion in 2014. This increase was due to a good underwriting result, supported by benign natural catastrophe experience and better man-made loss experience, as well as prior-year net reserve releases. The 2014 result also benefited from the release of a premium tax provision in Asia.

Combined ratio. The combined ratio for the Property & Casualty Reinsurance segment slightly improved to 83.7% in 2014 from 83.8% in 2013. Both periods benefited from good underwriting, favorable loss experience (the impact from natural catastrophes on the 2014 combined ratio was 6.5% below the expected level of 9.3%; 2.9% below the expected level of 10.1% in 2013) and favorable prior-year reserve development (the favorable development of prior accident years improved the 2014 combined ratio by 3.9%, compared to 7.4% in 2013).

Return on equity. The return on equity for the Property & Casualty Reinsurance segment increased to 26.7% in 2014, compared to 26.0% in 2013. This increase was principally due to higher earnings in 2014, which was partially offset by the increase in common shareholder's equity for the business segment to $13.9 billion in 2014, from $12.8 billion in 2013, mainly due to unrealized gains.

Life & Health Reinsurance

Premiums earned and fee income. Premiums earned and fee income from policyholders in the Life & Health Reinsurance segment increased by $1.3 billion, or 12.4%, from $10.0 billion in 2013 to $11.3 billion in 2014. The increase was driven by volume growth and new business in Asia, longevity transactions in the United Kingdom and regular rate increases in the U.S. YRT business.

Net income attributable to our common shareholder. Net income attributable to our common shareholder for the Life & Health Reinsurance segment decreased from net income of $420 million in 2013 to a net loss of $462 million in 2014. The decrease was principally due to a series of previously announced management actions (see "Our Business – Business Strategy") taken to address the pre-2004 U.S. YRT business, which led to a pre-tax charge of $623 million being recognized in 2014. In addition, net income in 2014 was adversely impacted by the Asset Funding Unwind (that resulted in a pre-tax charge of $344 million) and non-economic losses on interest rate hedges in the first half of 2014. Excluding the management actions and the Asset Funding Unwind, net income attributable to our common shareholder for the Life & Health Reinsurance segment would have been $358 million.

Operating margin. The operating margin decreased to 2.6% in 2014, compared to 5.8% in 2013, principally due to the impact of the $623 million pre-tax charge attributable to management actions taken to address the pre-2004 U.S. YRT business. Excluding the impact of these management actions, the operating margin in 2014 would have been 7.4%.

Return on equity. The return on equity for the Life & Health Reinsurance segment decreased to a negative return on equity of 7.9% in 2014, compared to a positive return on equity of 6.4% in 2013. This decrease was principally due to the impact of the measures taken to address and resolve the performance issues related to the pre-2004 U.S. YRT business, as well as the Asset Funding Unwind.

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 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes.
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, composition or other similar 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.

"**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 including, for so long as they are outstanding, the obligations under the subordinated guarantee issued by SRZ 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 SRZ, the 7.635% perpetual subordinated step-up preferred securities issued by SRZ, the AUD 450,000,000 floating rate perpetual subordinated step-up loan notes issued by SRZ, the 6.3024% perpetual subordinated step-up loan notes issued by SRZ, the 7.25% perpetual subordinated notes with stock settlement issued by SRZ and the 8.25% perpetual subordinated capital instruments with stock settlement issued by SRZ.

"**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 and/or dated subordinated creditors and existing undated subordinated creditors, except those ranking or expressed to rank junior to or *pari passu* with the Loan Notes.

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 €100,000 and integral multiples of €1,000 in excess thereof.
Issue Price	99.909%.
Issue Date	April 2, 2015 (the "**Issue Date**").
Maturity	Perpetual, but redeemable at the Issuer's option, as set out below.
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 defined in the Conditions) as of the date on which the Loan Notes are redeemed (but excluding such date), on September 1, 2025 (the "**First Optional Redemption Date**") and on each subsequent Floating Interest Payment Date thereafter (each, an "**Optional Redemption Date**"). In any case, the Issuer may redeem the Loan Notes only if no Solvency Event (as defined below) has occurred that is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and subject to the redemption/purchase limitations described below. "**Floating Interest Payment Dates**" mean March 1 and September 1 in each year commencing on March 1, 2026, subject to adjustments as described in Condition 3.2(b).
Early Redemption Events	Subject to the redemption/purchase limitations described below and to certain other conditions being met, the Issuer may also redeem the Loan Notes, in whole but not in part, upon the occurrence of a Par Redemption Event. 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 Recalculation of Interest Event or a Special Tax Event that is continuing, an Accounting Event, a Ratings Methodology Event or a Regulatory Event.

Where:

"**Accounting Event**" means that an opinion of a recognized accounting firm has been delivered to the Issuer, stating that the Loan Notes must not or must no longer be recorded as a liability on the Issuer's consolidated balance sheet prepared in accordance with the accounting standards applied to such published consolidated accounts at the relevant dates and for the relevant periods and this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

"**Special Tax Event**" means that an opinion of a recognized independent tax counsel has been delivered to the Issuer stating that, 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 and this cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate.

"**Ratings Methodology Event**" means a change by a nationally recognized statistical rating organization to its equity credit criteria, or the interpretation or application thereof, for securities such as the Loan Notes, which change results in a lower equity credit being given to the Loan Notes as of the date of such change than the equity credit assigned to the Loan Notes at or around the Issue Date.

"**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:

(a) prior to the implementation of Future Regulations,

(i) FINMA notifies the Issuer or otherwise states that the Loan Notes are not, or will no longer be, eligible to qualify as upper additional capital ("*oberes ergänzendes Kapital*") pursuant to art. 49 in connection with art. 39 SPICO, for group or solo solvency purposes (unless this is due to the Loan Notes exceeding the then applicable quantitative limits on such capital issuance), or

(ii) FINMA issues further guidance under art. 39 SPICO 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, notifies the Issuer or otherwise states that the Loan Notes are not, or will not, be eligible to qualify as upper additional capital pursuant to Art. 49 in connection with Art. 39 SPICO, for group or solo solvency purposes, including under any applicable transitional or grandfathering provisions of the SPICO (unless this is due to the Loan Notes exceeding the then applicable quantitative limits on such capital issuance); or

(b) on or after the implementation of Future Regulations,

(i) FINMA notifies the Issuer or otherwise states that (x) the Loan Notes do not, or will not, fulfil the requirements of at least Tier 2 Capital, or equivalent thereof, for group or solo solvency purposes and (y) 100% of the principal amount of the Loan Notes is not, or will not be, counted as at least Tier 2 capital or equivalent thereof, for group or solo solvency purposes, under any applicable transitional or grandfathering provisions of such Future Regulations, or

(ii) FINMA affords the Loan Notes recognition as at least Tier 2 Capital, or equivalent thereof, for group or solo solvency purposes, and at a subsequent time 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 following which, notifies the Issuer or otherwise states that (x) the Loan Notes no longer, or will no longer, fulfil the requirements of at least Tier 2 Capital, or equivalent thereof, for group or solo solvency purposes and (y) 100% of the principal amount of the Loan Notes is not, or will not be, counted as at least Tier 2 capital or equivalent thereof, for group or solo solvency purposes, under any applicable transitional or grandfathering provisions of such Future Regulations.

Any reference in this definition to a statutory provision shall include any amendments to such provision from time to time and any successor provision.

Where:

"**Future Regulations**" means solvency margins, regulatory capital or capital adequacy regulations, as the same may be introduced in Switzerland from time to time, that 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 November 9, 2005, as amended.

Purchase of Loan Notes	The Issuer or its affiliates may at any time (subject to the redemption/purchase limitations described below, to 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 to 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.
Redemption/Purchase Limitations	Any redemption or purchase of the Loan Notes is subject (i) to FINMA having given such consent, approval or non-objection (if any) as is required under the relevant rules and regulations of FINMA (“**Consent**”) to the redemption or purchase; and (ii) in the case of a redemption or purchase that is within five years of the Issue Date, to such redemption or purchase being (a) funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes and (b) otherwise permitted under the then applicable rules. If, on or after implementation of the Future Regulations (on the basis that the Loan Notes are intended to qualify as Tier 2 Capital under Future Regulations without the operation of any grandfathering provisions), such Future Regulations do not require a redemption or purchase that is within five years of the Issue Date to be funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes, such redemption or purchase will not be required to be so funded, but nonetheless will be subject to the then applicable rules.
Substitution	The Issuer (or any previous substitute of the Issuer under Condition 9) may, without the consent of the Loan Noteholders, and provided that no Accounting Event, Special Tax Event, Recalculation of Interest Event, Ratings Methodology 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 a Parent or 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 shall rank, on a winding up of SRZ, pari passu with the obligations of SRZ under the Loan Notes prior to the

substitution of SRZ; 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 stating that the foregoing conditions precedent, among others, have been complied with.

In the event of a substitution, any reference in the Conditions (other than Conditions 3 and 4, in each case with respect to a Solvency Event) 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.

Interest

Subject to the interest deferral provisions described below, the Loan Notes will bear interest at:

(i) a fixed rate of 2.60% per annum from (and including) the Issue Date until (but excluding) the First Optional Redemption Date; and

(ii) for each Floating Rate Interest Period, a floating rate consisting (i) of the Screen Rate plus the Margin or, (ii) if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, of the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank (as defined in the Conditions) of such rates, plus the Margin or, (iii) if fewer than two of the Reference Banks provide such rates, as otherwise provided for in Condition 3.2.

Where:

"**Floating Interest Period**" means each period from (and including) the First Optional Redemption Date to (but excluding) the first Floating Interest Payment Date and each successive period from (and including) a Floating Interest Payment Date to (but excluding) the next succeeding Floating Interest Payment Date.

"**Margin**" means 3.05% per annum.

"**Reference Banks**" means the principal Euro-zone office of each of four major banks engaged in the Euro-zone interbank market selected by the Agent Bank, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such.

"**Screen Rate**" means the rate for six month deposits in euro which appears on Reuters EURIBOR01 (or such replacement page on that service which displays the information).

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 6 (or, in the event of a substitution pursuant to Condition 9, Condition 9(d) read with Condition 6(a)) 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 6 (or, in the event of a substitution pursuant to Condition 9, Condition 9(d) read with Condition 6(b)), 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 obligated to pay the relevant Interest Amount on the relevant Interest Payment Date at the adjusted rate in accordance with Condition 3.4 and (ii) make the Tax Deduction on the recalculated Interest Amount.

Where:

"**Interest Payment Date**" means any Fixed Interest Payment Date or Floating Interest Payment Date, as applicable.

"**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 Dates

Subject to the interest deferral provisions described below:

(i) interest from (and including) the Issue Date to (but excluding) the First Optional Redemption Date will be payable annually in arrear on September 1 in each year (each a "**Fixed Interest Payment Date**"); and

(ii) interest for each Floating Interest Period will be payable semi-annually in arrear on each Floating Interest Payment Date.

The first payment (for the short period from (and including) the Issue Date to (but excluding) September 1, 2015 and amounting to €10.83 per €1,000 in principal amount of each Loan Note (the "**Calculation Amount**")) will be made on September 1, 2015.

Interest Accrual

The Loan Notes will cease to bear interest from the day on which they become due for redemption in accordance with the Conditions. If the Issuer fails to redeem the Loan Notes when due in accordance with the Conditions, interest will continue to accrue (both before and after judgment) on their outstanding principal amount beyond the due date up to and including the day of the actual redemption of the Loan Notes. The applicable rate of interest will be (i) if such failure to redeem the Loan Notes occurs before the First Optional Redemption Date, a fixed rate of 2.60% per annum, or (ii) if such failure to redeem the Loan Notes occurs after the First Optional Redemption Date, the rate of interest that was in effect for the last preceding Floating Interest Period, or, in the case of the first Floating Interest Period, the rate of interest in effect for such first Floating Interest Period.

Optional Deferral Trigger	Save to the extent that a Required Deferral Event 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 (A) any class of share capital of the Issuer or of a Parent or (B) any Junior Securities (except where such payment was required under the terms of those Junior Securities);

(ii) no repurchase or acquisition of any class of share capital of the Issuer or of a Parent (except where such repurchase or acquisition was made in respect of any share-based compensation plan or where such repurchase or acquisition was made by any member of the Issuer Group or Parent Group on the open market in the ordinary course of its routine capital management) or any Junior Securities was made by any member of the Issuer Group or a Parent Group, either directly or indirectly; and

(iii) provided that at the relevant time the existence of 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 was made by any member of the Issuer Group or a Parent Group, either directly or indirectly.

Where:

"**Issuer Group**" means the Issuer and its consolidated subsidiaries.

"**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.

"**Parent**" means an entity, if any, that at the Reference Date (a) holds directly or indirectly at least a majority of the ordinary shares of the Issuer and (b) has ordinary shares listed on an internationally recognised stock exchange.

"**Parent Group**" means a Parent 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 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 notified to the Issuer, and/or the Parent, where FINMA has required such deferral (collectively (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.

"**Solvency Event**"

A Solvency Event shall have occurred if:

(i) the Issuer does not have appropriate funds to cover its Required 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 its Required 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,

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 its 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.

"**Interest Amount**" means, with respect to any Interest Payment Date, the amount of interest that would be payable on the aggregate principal amount of Loan Notes outstanding on such Interest Payment Date (but excluding such date).

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

"**Liabilities**" means the Issuer's unconsolidated total liabilities, as shown in its 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.

"**Required Solvency Margin**" means the required 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 insurance regulatory law (for single solvency purposes) or a generally recognised administrative practice, if any, of FINMA or otherwise, mandatorily applicable at that time) which is used by FINMA in determining whether deferral of interest is required under applicable rules.

"**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.

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 in accordance with Condition 12, 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;

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

(iii) 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 3.5(b) and (ii) no Required Deferral Event has occurred or is continuing.

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 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 but may take no further action in respect of such payment.

(iii) No remedy against the Issuer, other than as referred to in Condition 10, 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 to be dated on or about April 2, 2015 made between the Issuer and the agents named therein (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**"), by a majority of at least 75% of the votes cast.
Governing Law/Jurisdiction	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 or incorporated herein by reference before making an investment decision. Any of the risk factors could impact our business, financial condition 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 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."

The risk factors below are categorized as follows: (a) risks relating to our reinsurance operations; (b) market risks; (c) liquidity risks; (d) counterparty risks; (e) risks relating to downgrades of credit ratings; (f) legal, tax and regulatory risks; (g) risks relating to the Swiss Re Group structure; and (h) risks relating to the Loan Notes.

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, and can change over time. 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.

We continually review the adequacy of the established reserves, including emerging claims development, and actual claims compared to the original assumptions used to estimate reserves. Based on current information available, we believe that our reserves are sufficient. However, 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 (namely, our long-tail exposures), 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 increases, and, while we have discontinued writing new VA business and have an extensive hedging program covering our existing VA business, there is a significant risk that market fluctuations could have a negative financial impact on our business.

There can be no assurance that going forward we will not experience adverse development. To the extent reserves (taking into account the adverse loss development reinsurance agreement ("**ADC**") with National Indemnity Company ("**National Indemnity**"), a subsidiary of Berkshire Hathaway, 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, 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 and results of operations.

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, business and prospects. Catastrophic events, such as hurricanes, windstorms, floods, earthquakes, acts of terrorism and other 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 increasing concentration of economic activities and people living and working in areas with heightened exposure to natural catastrophes has resulted in increased exposure and complexity, in addition to rising insured losses for catastrophes, due principally to weather-related catastrophes. Increasing insurance penetration, growing technological vulnerability and higher property values have further compounded our exposure. The potential occurrence of high severity events, such as the earthquake in China in 2008, the floods in Australia and Thailand in 2010 and 2011, respectively, the earthquakes in New Zealand and Japan in 2010 and 2011, respectively, Hurricane Sandy in the United States in 2012, and the German hailstorms and Canadian floods in 2013, is an integral part of our business, and providing cover for these natural catastrophes will remain fundamental to our value proposition.

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.

In addition to the potential for significant losses due to natural catastrophes, we are also subject to risks relating to man-made catastrophes. 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, business and prospects.

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 complex technology, the increasing inter-connectedness of technologies symbolized by the "internet of things" and the proliferation of cloud-based 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.

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. The worst of these three pandemics caused an estimated 20-50 million deaths in 1918-1919. We believe that a pandemic, whether influenza or another infectious disease, has the potential to affect a significant percentage of the world's population, causing a high level of sickness and an increase in mortality rates. The outbreak of the Ebola virus raised questions about the global community's general preparedness to respond to more serious epidemics or pandemics in the future.

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 ultimate impact of a catastrophic event or multiple catastrophic events on our financial condition, results of operations, business and prospects 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.

The occurrence of natural and man-made catastrophes in the future could have a material adverse effect on our financial condition, results of operations, business and prospects. Moreover, natural catastrophes are often seasonal with the highest proportion of annual losses occurring on average in the third quarter, followed by the fourth quarter and as such quarter to quarter comparisons can be volatile.

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;
- a 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 could have a material adverse effect on our financial condition and results of operations.

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 is currently the case) 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;
- financial markets and capital markets volatility;
- changes in underwriting capacity, including from new providers of underwriting capacity (so-called alternative capital);
- increased funding costs due to market illiquidity;
- decreased demand for reinsurance products and services (including as a result of greater ceding company retention levels, typically reflecting stronger balance sheets); and
- lower revenues as a result of an economic downturn.

We have in the past experienced, and expect to continue to experience, the effects of this cyclicality, including changes in premium rates as well as in terms and conditions. Moreover, the two principal segments of our business—Life & Health Reinsurance and Property & Casualty Reinsurance—in effect operate in their own cycles. The property reinsurance market, for example, currently is viewed as being in a “soft” cycle, with pricing during recent renewal seasons experiencing pressure due to absence of significant losses and available capital. Life and health reinsurance is under pressure from lower cession rates and the effects of low interest rates. The effects of this cyclicality can also be exacerbated by changes in business mix within the two segments, as well as the cyclicality of business lines within the two segments.

The cyclical nature of the reinsurance industry could have a material adverse effect on our financial condition, results of operations, business and prospects. It could also cause fluctuations in our reported results compared to prior periods. For example, as we increase our exposure to casualty lines to take advantage of current pricing trends, the long tail nature of casualty lines of the business could result in delayed impacts on our income statement, as well as an increase in our combined ratio (due to the increase in the assumed attritional loss ratio level). These fluctuations could exacerbate, or offset, other variations in our results, including, for example, gains or losses related to the ways in which we structure certain of our reinsurance transactions.

We are impacted by changes in the insurance industry that affect ceding companies, which could have a material adverse effect on our business and results.

Some of our ceding company clients have greater market capitalizations than us and our reinsurance industry 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 reinsurance and competition within the reinsurance sector, limits our ability to increase premium rates and may also lead to reduced premium rates.

Further, insurance industry participants have been consolidating, and may continue to consolidate, through mergers and acquisitions. These consolidated entities may use their enhanced market power and broader capital base to negotiate price reductions for our products, and reduce their use of reinsurance, and as such, we may experience price declines and possibly write less business.

The foregoing could have a material adverse effect on our financial condition, results of operations, business and prospects.

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. We are increasingly focused on opportunities in high growth markets, but such opportunities have also 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 develop and offer 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, alternative capital to cover natural catastrophe risks continues to grow, driven in part by low returns in fixed income markets and the benefits of diversification given the lack of correlation between insurance risks and traditional capital markets instruments. In addition to reinsurance, ILS and derivative cover from traditional participants, we face competition from new capacity, such as the investment of significant capital from pension funds, mutual funds, hedge funds and other sources of alternative capital into natural catastrophe insurance/reinsurance platforms. Alternative capacity takes various forms, including the collateralized model (which involves new entrants) and the float model, which involves investment by insurance companies in new platforms). Reinsurance prices in respect of U.S. natural catastrophe business came under particular pressure during recent renewal seasons, primarily as a result of significant inflows of alternative capital driving catastrophe bond and ILS issuances.

We seek to compete on the basis of our capital strength, expertise and our brand, and seek equally to position ourselves as a "knowledge company" offering tailored solutions to, as well as a long track record of partnership with, our clients, the importance of which we believe is heightened in the current soft cycle. Our success in this respect will depend in part on our ability to capitalize on value-added services as a differentiator and derive a return on the services we provide.

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.

A failure to compete effectively in the environment described above may result in the loss of existing business, and of opportunities to capture new business, which could have a material adverse effect on our financial condition, results of operations, business and prospects.

The occurrence of future risks that our risk management procedures fail to identify or anticipate could have a material adverse effect on us.

We continually review our risk management policies and procedures and will continue to do so in the future. However, our risk management procedures cannot anticipate every economic and financial outcome or the specifics and timing of the realization of each risk. 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 policies and procedures.

If we are unable (or if we are perceived to be unable) to develop, implement, monitor and when necessary pre-emptively upgrade our risk management policies and procedures to address current or evolving risks, we could, at the very least, suffer reputational harm and experience 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 (or are perceived to have been unable) to anticipate, and/or adequately address, could result in material unanticipated losses and have a material adverse effect on our financial condition, results of operations and prospects.

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 assess inaccurately the risks we assume, or may not take measures to mitigate claims, which may result in higher losses for us.

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 in 2011 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. Moreover, we depend on the both the quality of the data we receive from ceding companies and the speed with which we receive them, and the data we receive may not be as current or comprehensive as we would like.

If ceding companies fail to accurately assess the risks they underwrite, or fail to provide us with timely and appropriate data, we may inaccurately assess the risks we reinsure and the premiums that are ceded to us may not adequately compensate us for the risks we assume. In addition, our reliance on underwriting decisions of ceding companies creates greater uncertainty with respect to the adequacy of our reserves. Moreover, our exposure to claims could be exacerbated by failure of ceding companies to take measures in respect of their underlying policies to mitigate their direct exposure. As a result of any of the foregoing, our financial condition or results of operations could be materially and adversely affected.

Incorrect pricing assumptions and other underwriting decisions 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. We make assumptions about mortality, morbidity, persistency, expenses, interest rates, equity market volatility, tax liability, business mix, frequency and severity of claims, correlation of risks, contingent liabilities, investment performance, and other factors. 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 U.S. post-level term ("**PLT**") business written on a coinsurance 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 in the process of undertaking measures to address adverse development of the PLT business, we may continue to be adversely affected by this adverse development for a significant period, and could in the future be subject to significant adverse development in other lines as well. We also recognized a pre-tax charge in 2014 of $623 million as a result of management actions taken in respect of our pre-2004 U.S. YRT business. The management actions followed the settlement of a dispute with Berkshire Hathaway over a life retrocession arrangement concluded in 2010 in which we transferred risk from a closed block of YRT business to Berkshire Hathaway pursuant to a co-insurance agreement (the "**Co-Insurance Agreement**") and related stop loss agreement (the "**Stop Loss Agreement**"). As part of the settlement, among other things, we agreed to recapture certain treaties in return for a $610 million payment from Berkshire Hathaway and a reduction in the stop loss protection from $1.5 billion to $1.05 billion.

Failure to appropriately price the reinsurance coverage we provide could have a material adverse effect on our financial condition and results of operations.

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. For example, we account for most of our investments and certain liabilities at fair value and the use of fair value measurements is fundamental to our financial statements and is a critical accounting method. In recent years, significant changes have been made to how fair value is to be measured. Following implementation of these new valuations, certain required valuation adjustments resulted in net realized losses from assets and liabilities measured at fair value using significant unobservable inputs.

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. New accounting pronouncements, as well as new interpretations of existing accounting pronouncements, can have material adverse effects on our reported financial condition and results of operations. 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.

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 our 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.

High growth markets are subject to greater risks than more developed markets. While we seek to expand our footprint in high growth markets because that is where we perceive there to be the greatest potential for future growth for both Property & Casualty and Life & Health business (including in Brazil, China, India, Indonesia and Mexico, with a longer horizon for Vietnam and Sub-Saharan Africa), the political, economic and market conditions in many of these markets present risks that could make it more difficult to operate our business in those regions successfully. Some of these risks include:

- political instability;
- economic instability, including currency fluctuations, currency devaluations, capital and currency exchange controls, high rates of inflation and low or negative growth rates;
- high levels of corruption, including bribery of public officials;
- loss due to civil strife, acts of war or terrorism and insurrection;
- lack of well-developed legal systems which could make it difficult for us to enforce our contractual rights;
- logistical and communications challenges;
- potentially adverse changes in, or uncertainty surrounding, laws and regulatory practices, including legal structures, tax laws and capital requirements;
- expropriation or nationalization;
- difficulties in staffing and managing operations and ensuring the safety of our employees;
- restrictions on the right to convert or repatriate currency assets; and
- greater risk of uncollectible accounts and longer collection cycles.

Many high growth markets are in various stages of developing institutions and political, legal and regulatory systems that are characteristic of democracies. However, institutions in these markets may not yet be as firmly established as they are in democracies in the developed world. Many of these countries and regions are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect our investments in these countries and regions. Moreover, the procedural safeguards of the new legal and regulatory regimes in these countries and regions are still being developed and, therefore, existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under those laws and regulations in a timely manner. As the political, economic and legal environments remain subject to continuous development, investors in these countries and regions face uncertainty as to the security of their investments. Any unexpected changes in the political or economic conditions in these or neighboring countries or others in the region may have a material adverse effect on our operations in these countries, which may in turn have a material adverse effect on our business, operating results, cash flows and financial condition.

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

Our business is dependent on our ability to process and monitor multiple client relationships, contracts, 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. In addition, failure of our systems may adversely impact our ability to determine effectively our pricing, underwriting liabilities, the required levels of reserves and the acceptable level of risk exposure in respect of these transactions or services. We update our systems and infrastructure 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 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 significant components of our asset management functions to a variety of asset management companies and are dependent on their systems and controls in respect of the portfolios they manage for us. We also face the risk that any of the financial market platforms, clearing agents, securities exchanges, clearing houses or other financial intermediaries we use to facilitate our securities transactions could experience operational failures or cease to operate.

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. Moreover, in recent years, a number of high profile cyber-attacks have occurred, including in the insurance industry, leading to the theft of confidential information. If one or more of these such events were to occur to us, 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 harm.

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 (as acquisitions represent an option of the Swiss Re Group, from a capital management perspective, to deploy capital), 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.

Acquisitions present a range of uncertainties and risks. Consolidation in the industry may limit available opportunities for acquisitions. We may also be restricted by applicable antitrust laws, foreign investment laws or other laws and regulations from pursuing acquisitions, in which case we may bear substantial out-of-pocket expenses associated with one or more acquisitions that we are precluded from pursuing. Acquisitions can require substantial lead-times to complete (particularly in new markets), and market dynamics may shift in the interim period prior to completion. Moreover, challenges presented in identifying or acquiring particular acquisition targets may cause us, after expending significant time, management resources and financial resources, to shift our approach and establish a greenfield operation instead or to postpone entry into a market until acquisition terms become more attractive for us.

While we may seek to acquire a full ownership stake in our acquisition targets; our ability to acquire full ownership stakes may be restricted by several factors, on a market-by-market basis. For example, foreign investment laws in certain countries can prevent the acquisition of full ownership stakes. These limitations may result in us entering into joint ventures, business alliances or collaboration agreements, which could involve the same or similar risks and uncertainties as are involved in acquisitions, or could involve greater risks and uncertainties. Joint ventures generally involve a lesser degree of control over business operations, and may in the future present greater financial, legal, operational and/or compliance risks.

Completed acquisitions present a range of operational 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. Each target operation, regardless of size, needs to be integrated from a range of perspectives, including financial reporting and audit processes, information technology systems, general operations, human resources, compliance philosophy and monitoring, underwriting strategy and terms, among others, and these changes may be significant relative to the target's historical operations and infrastructure. In addition, in certain cases, there may be contractual limitations placed on the full integration of the acquired entity's operations, which can present additional operational risks. In general, 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 business 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.

We view high growth markets as offering us significant growth and market-shaping potential, and we expect to seek access to a variety of such markets through acquisitions and partnerships. The pursuit of these initiatives can be affected by regulatory constraints, foreign ownership restrictions, availability of suitable targets and uncertain business cases in ways that pose greater risk than initiatives that target established markets. In addition, acquisitions in high growth markets may pose particular risks related to integration across different corporate cultures, systems, languages, regulatory requirements and market practice, and may require greater investment to build up local market expertise and experience. More broadly, acquisitions in markets in which we have limited or no prior experience may pose a greater risk. For further information on risks related to high growth markets, see "—Operations in high growth markets can expose us to risks that we are less likely to face in developed markets."

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

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

Our operations as well as our investment returns are subject to market volatility and macro-economic factors, which are outside of our control and are often inter-related. The outlook for the global economy in 2015 is characterized by expectations for low growth or recession in some regions, such as Europe, which may be offset in part by expected growth in other regions, such as the United States. While the U.S. economy continues to show positive signs of improvement, it remains susceptible to global events and volatility. Speculation around fiscal and monetary actions, or expected actions, and the timing of such actions, such as the anticipation of an increase in short-term interest rates by the Federal Reserve during 2015, may result in significant volatility in the U.S. and global economic markets.

Outside of the United States, growth forecasts remain uneven and uncertain, particularly in respect of Europe. The heightened volatility of the economic and fiscal situation in Europe due to the constraints inherent in, and uncertainties with respect to, the monetary policies of the world's principal central banks, among other factors, highlights the continued uncertainties around the post-crisis recovery and the risks that the world economy continues to face, notwithstanding positive macro-economic trends in the United States. The International Monetary Fund recently reduced its forecast for global economic growth and reports that the risk of a recession in the Euro-zone has risen sharply. It remains unclear what impact fiscal and monetary actions, or expected actions, taken to reduce the risk of recession throughout Europe will have on the economy. It also remains unclear whether proposals for a single resolution mechanism and other components of a banking union in the European Union, as well as other actions of the European Central Bank, will create the conditions necessary for increased bank lending and greater economic growth. Uncertainty around economic growth continues to be compounded by domestic political considerations in various member states of the European Union (each a "**Member State**" and collectively, "**Member States**"), particularly Greece.

Countries in emerging market regions in Asia and Latin America, including Brazil, China, India and the Russian Federation, recently have experienced significant deceleration in GDP growth. For some countries such as the Russian Federation, where the impact of the current sanctions and the decrease in global oil prices is causing severe disruptions in various economic indicators, the risk of further considerable slowdown in growth remains. More generally, further decreases or continued low oil prices could have an adverse impact on the global economy. In 2015, China faces a number of risks to growth, mainly stemming from a sharp housing market correction, with a highly leveraged property sector and deteriorating credit quality. Defaults in real-estate related "shadow-banking" products could create significant risks to China's financial system. In addition, China's growth rate is likely to be impacted by global macroeconomic conditions (such as economic pressure from slow recovery in Eurozone countries) and geopolitical conditions. Given their importance to growth in GDP, a slowdown in property investment and construction could have a disproportionate effect on growth. Moreover, there are concerns that the expected monetary policy normalisation by the Federal Reserve could adversely impact emerging markets via capital outflows. While emerging markets afford potentially greater growth opportunities than developed markets, they contribute to potentially more volatile and uncertain economic environments. A sharp deceleration in the pace of growth in one country may severely impact economic activity in another. Policy uncertainty and volatile, negative or uncertain economic conditions in developed markets could also adversely impact economies in Asia and Latin America, undermining business confidence. Periods of economic upheaval could also result in sudden government actions such as imposition of capital, price or currency controls, or changes in legal and regulatory requirements, which could have potentially adverse tax consequences.

In addition to fiscal and economic factors, political or geopolitical developments, and international responses to geopolitical developments, as highlighted by the events involving Ukraine and Russia, as well as ongoing tensions in the Middle East, also can have an adverse impact on global financial markets and economic conditions.

Further adverse developments or the continuation of adverse trends that in turn have a negative impact on financial markets and economic conditions could limit our ability to access the capital markets and bank funding markets, and could adversely affect the ability of counterparties to meet their obligations to us. Any such developments and trends could also have an adverse effect on our investment results, which in the current low interest rate environment and soft insurance cycle could have a material adverse effect on our overall results.

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, liquidity and capital position.

As a global reinsurance company, our business is materially affected by conditions in the financial markets and economic conditions, particularly in Europe and the United States and increasingly in high growth markets as we enhance our presence in such markets.

Our market risks primarily consist of risks related to interest rates, credit spreads, equity prices and foreign exchange rates. These risks can have a significant effect on our investment returns and market value of our investment portfolio, which in turn affects both our financial condition and results of operations. 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 us. 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.

Interest rates. Our exposure to interest rate risk is primarily related to the market price and cash flow variability associated with changes in interest rates. 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. Low interest rates generally depress our key performance metrics, such as our return on investments and return on equity. 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. From an accounting perspective, a sharp increase in interest rates would lead to a decrease in our shareholder's equity, through the increase in unrealized losses in fixed income securities, which is not offset by changes in our liabilities under U.S. GAAP. Given current low levels of interest rates, we are likely to be subject to the significant potential effects of rising rates.

Moreover, the long time horizon for future liabilities in our Life & Health reinsurance business means that changes in interest rates also have a direct economic impact on the value of our best estimate of future cash flows from such business.

In general, low interest rates continue to pose significant challenges to the insurance and reinsurance industries, with earnings capacity under stress unless lower investment returns can be offset by lower combined ratios. Economic weakness, fiscal tightening and monetary policies in response to moderate growth and low inflation are keeping government yields low, which impacts investment yields and affects the profitability of life savings products with interest rate guarantees.

Credit spreads and related indicators. Our exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. 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 (as a result of an increase in the net unrealized loss position of our investment portfolio, and/or other-than-temporary impairments) 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.

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. We are also subject to equity price risk to the extent that the values of life-related benefits under certain products and life contracts, most notably 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 actuarial risk, basis risk and correlation risk. In addition, we 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 later periods of a current year may only be reported to us during a future year.

Foreign exchange rates. Our exposure to foreign exchange risk arises from exposures to changes in spot prices, forward prices and volatilities of currency rates. The U.S. dollar is our reporting currency. 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. Foreign exchange rates continue to be volatile; at the end of 2014, the U.S. dollar had appreciated significantly against a number of other major currencies, and in January 2015 the Swiss National Bank lifted the cap on the rate of exchange between the Swiss franc and the euro, causing significant appreciation of the Swiss franc. While the appreciation of the Swiss franc is expected to have a limited impact on our financial condition and results of operations (given the relatively small proportion of our business written in Switzerland and cost base incurred in Swiss francs, our natural hedge of keeping premiums and liabilities in the same currency and the fact that we report in U.S. dollars), it is likely to have an impact on our expense base (as approximately a quarter of Swiss Re’s employees are based in Switzerland) and on the overall Swiss economy.

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 financial condition, results of operations 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.

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 and remained at historically low levels, 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 tradable 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, other market participants may benefit more than us.

Liquidity Risks

We could be subject to unexpected needs for liquidity, which need could be exacerbated by factors beyond our control, and may limit our ability to engage in desired activities.

Our business requires, and our clients expect, that we have sufficient capital and liquidity to meet our reinsurance obligations, and that this would continue to be the case following the occurrence of any foreseeable event or series of events, including extreme catastrophes, that would trigger our insurance or reinsurance coverage obligations. Failure to do so could have an adverse effect on our liquidity position, our ability to meet our regulatory requirements and ultimately our ability to conduct our business.

Our uses of funds include, among other things, 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 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. 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 subject us to unexpected needs for liquidity. For example, we may need liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements or collateral calls under derivative contracts and other contractual arrangements as a result of deterioration in our financial strength due to market conditions 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 as a result of market conditions. Market conditions could also trigger changes in collateral requirements under securities lending arrangements. Any of the foregoing could have a material adverse effect on our financial condition and results of operations. In addition, our ability to take advantage of new business opportunities could be adversely impacted by our inability to access sufficient liquidity, which in turn could adversely affect our ability to achieve our growth targets.

Unexpected liquidity needs could require us to increase levels of indebtedness or to liquidate investments or other assets. 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 funding. 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.

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. Calls for collateral could require us to apply cash or cash equivalents to meet collateral needs, which amounts could be material and could have a material adverse effect on our financial condition.

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 provisions that could place constraints on our ability to undertake various activities or transactions, such as asset sales, incurrence of liens and various types of restructurings. 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 (“**NAIC**”)) could require us to find replacement issuers of letters of credit. We might not be able to replace issuing banks on favorable terms on a timely basis or otherwise.

Our failure to maintain our funding arrangements could require us to liquidate investments or curtail business activities, which could have an adverse effect on our financial position. Defaults under letter of credit facilities could trigger collateral requirements and/or require use to find alternative sources of collateral support in order to continue to conduct certain business activities.

We may be unable to access internal sources of liquidity.

Our ability to meet liquidity needs may be 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.

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

We could also be exposed to the risk of defaults, or concerns about possible defaults, by our counterparties. Issuers or borrowers whose securities or loans we hold, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, clearing houses and other 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. At December 31, 2014, fixed income securities of $67.3 billion in our investment portfolio represented 67.9% of the assets for own account, including cash. 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 occurrence of a major economic downturn, acts of corporate malfeasance, widening risk spreads, or other events that adversely impact the issuers, guarantors or underlying collateral of these securities could cause the value of our fixed maturity securities portfolio and our net income to decline and the default rate of the fixed maturity 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, such as the corporate issuers of securities in our investment portfolio, could also have a similar effect. With economic uncertainty, credit quality of issuers or guarantors could be adversely affected. Similarly, a ratings downgrade affecting a loan-backed security we hold could indicate the credit quality of that security has deteriorated. Any event reducing the value of these securities other than on a temporary basis could have a material adverse effect on our financial condition, results of operations, business and prospects. Levels of write down or impairment are impacted by our assessment of the intent and ability to hold securities which have declined in value until recovery.

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 we are party to the Co-Insurance Agreement and the related Stop Loss Agreement. There also are amounts payable by Berkshire Hathaway to us under the Quota Share that expired at the end of 2012 in respect of 2008-2012 Property & Casualty business. Any 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 these arrangements. Failure of any such counterparties to meet obligations owing to us would expose us to unanticipated losses, which could have a material adverse effect on our financial condition and results of operations.

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 us and our 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 S&P, "Aa3" (stable outlook) by Moody's and "A+" (stable outlook) by 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 (including retroactively) 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, in May 2013, Standard & Poor's published its revised criteria for rating insurance companies, as well as revised ratings of (re)insurance groups reflecting the revised criteria. The criteria 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. While the ratings of the entities in the SRZ Group did not change as a result of the revised criteria, there is no assurance that future revisions to methodologies of rating agencies will not affect our ratings.

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 – We could be subject to unexpected needs for liquidity, which need could be exacerbated by factors beyond our control, and may limit our ability to engage in desired activities." 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.

Legal, Tax and Regulatory Risks

Regulatory changes could have an adverse impact on aspects of our business model and ultimately on our financial condition and results of operations.

Since the financial crisis, the insurance and reinsurance industry has been subject to growing regulatory scrutiny from traditional insurance/reinsurance regulators, and more recently from international bodies such as the Financial Stability Board ("**FSB**") and others, including central banks, whose historical focus has been in respect of banks and other similar financial institutions. While the stated objective of global regulators has been to achieve a coordinated and targeted global response, the insurance and reinsurance industry, in fact, is facing a potentially more fragmented regulatory landscape and growing tendency of regulators to apply concepts borrowed from the banking sector. Regulatory initiatives include, among other things, 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 the enforceability of obligations under certain circumstances, changes in disclosure obligations and changes in the way rating agencies rate the creditworthiness or financial strength of financial institutions.

On the international level, insurance and reinsurance companies face potential designation as global systemically important (G-SIIs). G-SIIs are expected to be subject to a new basic capital requirement ("**BCR**"), which in turn will form the basis for calculating high loss absorbency ("**HLA**") requirements. Large insurance groups are likely to become subject to a risk-based group-wide global insurance capital standard ("**ICS**"). (See " – We could be designated as systemically important and be subject to greater requirements as a result.")

In Europe, Solvency II is expected to enter into force commencing January 1, 2016, and will apply to our legal entities organized in the European Economic Area (the "**EEA**"). While Solvency II is already being applied by certain regulators, its application is yet to be fully harmonized. Following proposals for the establishment of the Single Supervisory Mechanism ("**SSM**") as part of European efforts to create a "banking union," there is talk of an SSM for insurance companies. In Switzerland, we became subject to the Swiss Solvency Test ("**SST**") in 2011. More recently, the FINMA published a draft of a revised Federal Ordinance on the Supervision of Private Insurance Companies (Insurance Supervision Ordinance, ISO) (the "**Swiss Insurance Supervision Ordinance**") in September 2014 (expected to enter into force in July 2015) in large part to enable Swiss regulation and FINMA to be treated as equivalent for Solvency II purposes, which among other things will allow local regulators to rely on group supervision by FINMA. FINMA is also introducing audit requirements for insurance companies in respect of internal controls. The Swiss Insurance Supervision Ordinance is expected to provide for new disclosure obligations, introduce Own Risk and Solvency Assessments ("**ORSA**") requirements and introduce qualitative and quantitative liquidity requirements. In the United States, the Federal Reserve is playing an increasingly prominent role in respect of large insurance holding companies and the Federal Insurance Office ("**FIO**") has set out an agenda for domestic group supervision and is seeking agreement with the European Union to reduce reinsurance collateral requirements. In addition, regulatory changes in the United States and Europe in respect of derivatives could have a significant impact on us.

While certain regulatory processes are designed in part to foster convergence and achieve recognition of group supervisory schemes, in light of regulatory developments in the European Union, the United States, Canada and Australia, we continue to face risks of extra-territorial application of regulations, particularly as to group supervision and group solvency requirements. European Union consultation on recovery and resolution frameworks for financial institutions other than banks (with a focus on so-called financial market infrastructures) could potentially impact our EU carriers and impose recovery and resolution planning preparedness throughout our group. In addition, regulators in jurisdictions beyond those where we have core operations increasingly are playing a far greater oversight role, requiring more localized resources and, despite a predominantly local focus, also raise issues of a cross-border nature. 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. In the United States, as a result of the Solvency Modernization Initiative of the NAIC, we are experiencing greater scrutiny in the United States of our global operations and more extensive reporting obligations.

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. Regulatory changes may also have an impact on us to the extent they result in reinsurance becoming a less attractive option for ceding companies (in the case of changes aimed at primary insurance companies) or otherwise have an adverse effect on ceding companies (in the case of changes aimed at primary insurance companies or those that have broader applicability but impact business models of primary insurance companies). Moreover, regulations aimed at financial institutions generally might impact our capital requirements and/or required reserve levels or have other direct or indirect effects on us.

Significant policy decisions on a range of regulatory changes that could affect us and our operations remain undecided. 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, or generally on our 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. With increases in the level of business in high growth markets, we also need to allocate commensurate compliance resources to address the related risks.

Ultimately, the impact on our operations of the foregoing will be a function not only of the nature of the regulations, but also on the ability of regulators to agree on uniform standards and uniform approach to regulatory jurisdiction. Operational costs are likely to increase in any event, but failure to achieve uniformity will increase the costs of operations as well as the costs of compliance even further.

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," under evolving reforms. These reforms are designed, among other things, to reduce the likelihood of failure and to enhance the capacity of regulators to respond through resolution authority should failure be likely. Although early regulatory efforts were focused primarily on banking institutions, the scope of proposals has extended beyond banks to cover insurance and reinsurance companies.

Swiss Re could be designated as a global systemically important financial institution ("**SIFI**") under the framework for SIFIs developed by the FSB, or as a systemically important non-bank financial company by the Financial Stability Oversight Council (the "**FSOC**") in the United States. To date, the FSOC has designated (or proposed the designation of) various non-bank financial companies, including insurance companies, as SIFIs. Separately, in July 2013, the IAIS, an international body that represents insurance regulators and supervisors, published the methodology for identifying G-SIIs and also published a framework for supervision of internationally active insurance groups ("**IAIGs**"). See "Regulation – General – Global Trends." The initial designation of insurers as G-SIIs took place in July 2013 (with the publication of a list of nine G-SIIs), with an updated list published in November 2014. The initial designation of reinsurers as G-SIIs, which was expected in mid-November 2014, has been postponed pending further development of the methodology due by November 2015, to be applied in 2016. Were Swiss Re to be designated as a G-SII, it could be subject to one or both of the resulting regimes, once implemented, including capital standards under both regimes (the BCR for G-SIIs and the ICS for IAIGs). Such a designation would also have various implications for us, including additional compliance costs and reporting obligations as well as heightened regulatory scrutiny in various jurisdictions. Such heightened regulatory scrutiny could lead to efforts by regulators to have market participants reduce their exposure to us and could include increased regulatory focus on (and increased capital requirements relating to) our business lines that are considered non-traditional insurance and non-insurance ("**NTNI**") activities. Even though the International Association of Insurance Supervisors (the "**IAIS**") has published a set of international policy measures to be applied to G-SIIs (including enhanced supervision, effective resolution and higher loss absorption), it remains unclear how such measures would be applied to us and how they might impact FINMA group supervision (including the current levels of regulatory intervention that applies under the SST), and, therefore, what the ultimate implications of such measures would likely be for us.

The IAIS process is an evolving one, and both the direct consequences as well as indirect consequences of any designation remain uncertain. We cannot predict what additional regulatory changes will be implemented in any of the jurisdictions in which we operate as the IAIS process takes shape and what any such changes may mean for how we are structured in any such jurisdiction and how aspects of our business may be affected. Moreover, we cannot predict what regulatory changes may apply in the future to our ceding companies in the context of broader designations of reinsurers as systemically important.

We are likely to be subject to regimes governing recovery and resolution and, as the scope and implications of these regimes are still evolving, it is unclear what the consequences of the resolution and recovery requirements will be for us.

As part of the global regulatory response to the risk that SIFIs could fail, banks, and more recently insurance companies, have been the focus of recovery and resolution planning requirements. Recovery and resolution planning is designed to provide a blueprint for actions to maintain a group as a going concern should it become subject to a severe stress situation (recovery) and, should those actions fail, resolution in order to avoid systemic disruption and government bailouts. Recovery and resolution reforms for banks in the EU will now provide regulators with the power, as part of resolution authority, to write down indebtedness or to convert that indebtedness to capital (known as statutory loss absorption), as well as other resolution powers including the power to impose issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings.

It remains uncertain if any of the proposed reforms in respect of banks will be adopted and, if so, when and in what form. Furthermore, even if they were adopted, it remains unclear whether and in what form reforms would be extended to other financial institutions, including insurance and reinsurance companies. FINMA has advised Swiss Re that it must produce formal recovery and resolution plans for Swiss Re. Swiss Re could be subject to resolution action by FINMA as global supervisor or subject to local resolution actions by another supervisor in coordination with FINMA. The applicable requirements are expected to continue to evolve and it remains unclear what the implications are likely to be for the insurance/reinsurance industry, the broader Swiss Re Group or ourselves, and consequently for holders of our indebtedness.

We are currently subject to, and in the future may be subject to other, regulations that impact the statutory capital that we have and must hold, as well as 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. In addition, we have incorporated the SST into certain of our hybrid instruments. 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); under the revised Swiss Insurance Supervision Ordinance, the filing requirement is expected to be annual only. 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 margin 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 (expected to conclude during the first half of 2015), and we remain subject to changes FINMA may require in our model (in conjunction with changes to its standard model or otherwise) and to FINMA scrutiny of any changes that we may want to make to our model.

The process of testing the equivalence of SST to Solvency II has been initiated and, given that there is now greater certainty on Solvency II (with the effectiveness date expected to be January 1, 2016), it is expected that the European Commission will seek to complete the process before January 2016. Any changes to the SST as a result of the equivalence testing process could result in additional regulatory capital requirements, as well as reporting and disclosure requirements, on an entity (solo) or group basis, and could also affect compliance with SST measures incorporated in our funding arrangements.

Separately, the IAIS is promoting ORSA requirements as a key component of regulatory reform. An ORSA will require insurance companies to issue their own assessment of their current and future risk through an internal risk self-assessment process that includes projection of solvency under base case and stress scenarios, and will allow regulators to form an enhanced view of an insurer's ability to withstand financial stress. ORSA is in various stages of implementation in the United States, Europe and other jurisdictions, with various effectiveness dates. We will need to comply with each applicable national ORSA requirement, giving rise to resource commitments at group and local levels and creating potential issues by reason of differing standards.

Accounting standards and statutory capital and reserve requirements for our North American reinsurance subsidiaries are prescribed by the applicable insurance regulators and the NAIC. Insurance regulators have established regulations that provide minimum capitalization requirements based on risk-based capital ("**RBC**") formulas for (re)insurance companies. The RBC formula for property and casualty companies adjusts statutory surplus levels for certain underwriting, asset, credit and off-balance sheet risks. In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors—the amount of statutory income or losses generated by our reinsurance subsidiaries (which itself is sensitive to equity market and credit market conditions), the amount of additional capital our reinsurance subsidiaries must hold to support business growth, changes in equity market levels, the value of certain fixed-income and equity securities in our investment portfolio, the value of certain derivative instruments, changes in interest rates and foreign currency exchange rates, as well as changes to the NAIC RBC formulas. Most of these factors are outside of our control. Our claims paying ratings are significantly influenced by our reinsurance subsidiaries' statutory surplus amounts and RBC ratios. Due to all of these factors, projecting statutory capital and the related RBC ratios is complex.

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 a financial transaction tax ("**FTT**") 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. Similarly, in the United States, legislation has at various times been proposed that would limit the deductibility of reinsurance premiums paid to foreign affiliates. If such legislation were ultimately adopted, this change could increase the level of tax that our U.S. subsidiaries pay.

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.

In addition, aggressive tax enforcement is becoming a higher priority for many tax authorities, which could lead to an increase in tax audits, inquiries and challenges of historically accepted intra-group financing and other arrangements of insurance companies, including our arrangements. Tax authorities may also actively pursue additional taxes based on retroactive changes to tax laws.

We are required to exercise judgment when determining our provisions for income taxes and accounting for tax-related matters. We regularly make estimates where the ultimate tax determination is uncertain. The final determination of any tax investigation, tax audit, tax litigation, appeal of a taxing authority's decision or similar proceedings may differ materially from that which is reflected in our financial statements.

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 2008 financial crisis and greater scrutiny of business practices, including those that aided and abetted tax evasion and fraudulent financial reporting by others. It is difficult to predict what products, practices or parties could come under future regulatory review, and which jurisdictions would be affected.

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, there has been an increase in civil and criminal investigations and proceedings in connection with broader business conduct and market conduct rules. These include laws, rules and regulations in respect, among others, of antitrust, market abuse, bribery, money laundering, trade sanctions (also known as international trade controls), and data protection and privacy, and there is an increased tendency among regulators to pursue violations based on lower thresholds of culpability or intent and for failures to monitor or supervise employees. 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 or enforcement action arising from potential employee misconduct, including noncompliance with internal policies and procedures, or negligence, and depend in part on the efficacy of training programs, internal controls, internal audit and risk management oversight to reduce the likelihood of such misconduct or negligent action. Failure of the foregoing could increase the risk of adverse action.

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 in 2012 and the asset base, liquidity position, capital profile and/or other characteristics of the SRZ Group of relevance to its counterparties have changed and could continue to evolve.

We have undergone a number of structural changes. During 2011 and 2012, 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) and were transferred in 2012 by SRZ to, and became subsidiaries of, SRL (the "**Carve-out Transactions**"). The Carve-out Transactions had a significant impact on the SRZ Group. We became a wholly owned subsidiary of SRL and represent 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 other Business Units and there are various intra-group retrocessions and other arrangements between the other Business Units and ourselves).

As a result of the foregoing, our liquidity and capital profiles have changed from the period when SRZ was the holding company for Swiss Re. Capital (in respect of both assets and liabilities), funding, reserve and cost allocations, which historically were allocated within the SRZ Group (for all of its operations), are now adjusted at the Swiss Re Group level across the four segments (Property & Casualty Reinsurance, Life & Health Reinsurance, Admin Re® and Corporate Solutions), and these allocations are based principally on our business plan, as measured against U.S. GAAP and Economic Value Management ("**EVM**") metrics. Changes to the Swiss Re Group structure may have a significant effect on us to the extent that operations are transferred into or from our consolidated group, or as a result of intra-group transactions (within the Swiss Re Group) to the extent we are a counterparty to any such transactions. As SRZ is part of a broader consolidated group, changes made at the level of the broader consolidated group could have an effect on us, including changes to our governance model or to management and risk oversight processes. The process of optimizing the structure as between the Swiss Re Group and the Business Units will continue to evolve over time.

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. In 2012, in addition to the dividend-in-kind to effect the Carve-out Transactions, we paid a total of $2.6 billion in dividends to SRL. In 2013, we paid a $1.1 billion dividend-in-kind of all registered shares of Principal Investments with a book value of CHF 805 million to SRL, effective January 1, 2013, and a cash dividend of $1.9 billion in 2013. In 2014, we paid a cash dividend of CHF 2.8 billion to SRL, and will pay our next dividend to SRL in April 2015.

Decisions at the Swiss Re Group level in respect of the broader Swiss Re Group or with respect to us specifically could impact our business and operations, as well as our financial performance and the composition of our balance sheet. These changes could have an adverse impact on our financial condition, including our capital and liquidity levels, as well as on our required SST ratio and on other key performance indicators, or could have other effects, including on the execution of our current growth strategy.

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, the Loan Notes:

- are perpetual obligations and Holders will have no right to require redemption of their Loan Notes at any time. See "– The Loan Notes have no scheduled maturity, and Noteholders do not have the right to call for redemption or accelerate the payment of the principal amount of the Loan Notes or otherwise call a default in respect of the Loan Notes.";

- are callable instruments with the first call date falling 10 years and a few months after the Issue Date and a call date on each Floating Interest Payment Date thereafter;

- 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 all prior ranking debt, including subordinated debt, 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."; and

- contain provisions requiring the Issuer, or permitting the Issuer in its absolute discretion and without assigning any reason, to defer payment of interest on the Loan Notes, 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."

The Loan Notes may not be a suitable investment for Loan Noteholders as a potential investor.

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 implications of the deferral of interest features, and the information contained or incorporated by reference into this Information Memorandum;

- 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;

- 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.

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. Prospective Loan Noteholders should consult their legal advisers to determine whether and to what extent: (i) the Loan Notes are legal investments for them; (ii) the Loan Notes can be used as collateral for various types of borrowing; and (iii) 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 RBC or similar rules.

The Loan Notes have no scheduled maturity and Loan Noteholders do not have the right to call for redemption or accelerate the Loan Notes or otherwise call a default in respect of the Loan Notes.

The Loan Notes have an indefinite term. 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 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 and FINMA has given its Consent, all as more fully described in the Conditions), and any of these circumstances may cause a delay in our payment to Loan Noteholders.

As the Loan Notes have an indefinite term, there is no fixed date for the repayment of principal on the Loan Notes. Loan Noteholders only have limited enforcement remedies in the event of non-payment of sums due under the Loan Notes (see "– There are limited remedies available under the Conditions").

Accordingly, Loan Noteholders should be aware that they may be required to bear the financial risks associated with an investment in perpetual securities.

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 First Optional Redemption Date and on each subsequent Floating Interest Payment Date thereafter.

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 an Accounting Event, a Ratings Methodology Event 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 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) and if FINMA has given its Consent and other applicable requirements are met, 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.

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

The Issuer must, with respect to any Interest Payment Date, defer the payment of (a) any Interest Amount or Solvency Shortfall on the Loan Notes, as applicable, if 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) any Interest Amount or Solvency Shortfall on the Loan Notes, as applicable, or other amount notified to the Issuer, and/or the Parent, where 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, which accrued during the Interest Period to (but excluding) such Interest Payment Date.

If payment of interest on the Loan Notes is deferred, such payment must only be made if the requirements set out in Condition 3.5(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’ rights to receive payment on the Loan Notes are subordinated in right of payment to holders of existing and future Senior Securities.

The Loan Notes will constitute perpetual 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, including dated subordinated obligations. 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 (but excluding) September 1, 2025, 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, 2025.

Investors may be exposed to risks associated with floating interest rate securities.

If the Loan Notes are not called by the Issuer on the First Optional Redemption Date, interest on the Loan Notes will accrue thereafter at a floating rate. A holder of a security with a floating interest rate (as will be the case for the Loan Notes after September 1, 2025 if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels of a security make it impossible to determine the yield of such security in advance.

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 assigned to the Loan Notes may not reflect all risks and may be lowered.

The ratings of the Loan Notes 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 euros. This presents certain risks relating to currency conversions if a Loan Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro 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 euro 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 and, in particular, the level of the Issuer's solvency margin from time to time;
- the Issuer's required solvency margin 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, and/or the Parent. In the event the Issuer enters into, or becomes subject to, any such transaction, Loan Noteholders could be materially and adversely affected.

Payments of additional amounts or recalculated interest are subject to exceptions and may not be enforceable.

Although the Conditions provide, in certain circumstances, for the payment of Additional Amounts or Recalculation of Interest (as defined in the Conditions) by the Issuer if it becomes obliged by law to make any withholding or tax deduction in respect of any Interest Amount payable in respect of the Loan Notes, this obligation is subject to certain exceptions. In addition, the Issuer's obligation to pay such Additional Amounts or recalculate interest may be unenforceable under Swiss law.

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

On December 17, 2014 the Swiss Federal Council issued draft withholding tax legislation that reflects, in respect of interest payments, a change from the current issuer tax system to a paying agent tax system. If enacted, such legislation may require a paying agent in Switzerland, subject to certain exceptions, to deduct Swiss withholding tax at a rate of 35% on any payment of interest in respect of a Loan Note to a beneficiary resident in Switzerland. If this legislation or similar legislation were enacted and an amount 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 obliged to pay Additional Amounts with respect to any Loan Note as a result of the deduction or imposition of such withholding tax.

Agreements with the United Kingdom and Austria concerning final foreign withholding taxes (internationale Quellensteuer) could impact Loan Noteholders.

Under bilateral treaties on final withholding taxes between Switzerland and each of the United Kingdom and Austria (each a "**Contracting State**"), which have been in force since January 1, 2013, a Swiss paying agent, as such term is defined in the treaties, is required to levy a flat-rate final withholding tax (*internationale Quellensteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends and other income items, each such term as defined in the treaties) deriving from assets held in accounts or deposits with a Swiss paying agent by (i) an individual that is a tax resident of a Contracting State; or (ii) a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals (if the beneficial owner is an individual resident of a Contracting State), provided that certain requirements are met.

According to the treaties, the flat-rate tax to be withheld substitutes the ordinary income tax on the respective capital gains and income items in the Contracting State where an individual is tax resident. In order to avoid such flat-rate tax from being withheld by the Swiss paying agent, an individual may opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax resident. If a flat-rate 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 obliged 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. reporting and withholding tax on payments under the Loan Notes.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**", and such sections, "**FATCA**"), impose a 30% withholding tax on certain types of U.S.-source payments made to a "foreign financial institution," unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the non-U.S. financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a "passive non-financial foreign entity" unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner.

The Issuer has determined that it is an "active non-financial foreign entity" and not a financial institution for purposes of FATCA. However, this determination is highly factual and is subject to change. If the Issuer were to become a "passive non-financial foreign entity" the Issuer will, in order to avoid being subject to withholding on certain U.S.-source payments, be required to report any U.S. persons that own directly or indirectly over 10% of the equity in the Issuer by vote or value to the U.S. Internal Revenue Service. The Loan Notes will be treated as equity for U.S. federal income tax consequences and, therefore, Loan Noteholders may be subject to such reporting.

If the Issuer were to become a "foreign financial institution" the Issuer will, in order to avoid to being subject to withholding as described above, be required to register with the U.S. Internal Revenue Service (the "**IRS**") and comply with the requirements of FATCA, including due diligence, reporting and withholding. This would require the Issuer to withhold at a rate of 30% on any "passthru payments" (as defined under FATCA) in respect of the Loan Notes made after the later of December 31, 2016 or the publication of final regulations relating to "passthru payments" to any Loan Noteholder that has not provided information required to establish that the accountholder is exempt from withholding under FATCA. The IRS is considering passthru payments and it is not clear how this rule will ultimately apply to the Issuer or the Loan Notes. In addition, the Issuer would be obligated to provide certain information regarding the Loan Noteholders to the IRS. 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.

FATCA is particularly complex. Each Loan Noteholder should consult its own tax advisor to obtain a more detailed explanation of 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 may, without consent of the Loan Noteholders, substitute itself in respect of all rights and obligations arising under or in connection with the Loan Notes with a New Issuer provided, among other things that no Par Redemption Event would be triggered by such substitution and that SRZ has issued its irrevocable and unconditional subordinated guarantee (as described more fully in the Conditions). While, among other conditions, the interests of the Loan Noteholders must not be materially prejudiced in the opinion of the Issuer, 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 Non-Swiss Issuer. If Loan Noteholders are, for whatever reason, precluded from owning securities issued by a non-Swiss legal entity, they may have to sell the Loan Notes in the open market.

Change of law could impact the rights of Loan Noteholders.

The Agency Agreement and the Loan Notes (except for the subordination provisions in 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 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 €750,000,000 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes (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 13 and forming a single series with the Loan Notes) of Swiss Reinsurance Company Ltd (the "**Issuer**") will be issued subject to and with the benefit of an Agency Agreement to be dated on or about April 2, 2015 made between the Issuer and the agents named therein (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**").

1. FORM, DENOMINATION AND TRANSFER

(a) The Loan Notes will be issued in the aggregate principal amount of €750,000,000 in denominations of €100,000 and integral multiples of €1,000 in excess thereof on April 2, 2015 (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. The Bank of New York Mellon (Luxembourg) S.A. (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 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 €100,000 and integral multiples of €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 €100,000 and integral multiples of €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, composition or other similar 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 of its affiliates to secure the rights of the Loan Noteholders.

2.3 No Change to Subordination

No subsequent agreement may limit the subordination 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.

3. INTEREST

3.1 Fixed Interest Payments

(a) Unless previously redeemed in accordance with these Conditions and subject to the provisions of this Condition 3, the aggregate principal amount of the outstanding Loan Notes shall bear interest at a fixed rate of 2.60% per annum from (and including) the Issue Date to (but excluding) September 1, 2025 (the "**First Optional Redemption Date**") payable annually in arrear on September 1 in each year (each a "**Fixed Interest Payment Date**"). The first payment (for the short period from (and including) the Issue Date to (but excluding) September 1, 2015 and amounting to €10.83 per €1,000 in principal amount of each Loan Note (the "**Calculation Amount**")) shall be made on September 1, 2015.

(b) When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated by applying the fixed rate of 2.60% per annum to the Calculation Amount, multiplying the product by the relevant 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.

3.2 Floating Interest Payments

Unless previously redeemed or purchased and cancelled in accordance with these Conditions and subject to the provisions of this Condition 3, interest for each Floating Interest Period, shall be paid as follows:

(a) The aggregate principal amount of the outstanding Loan Notes shall bear interest at a rate determined pursuant to Condition 3.2(c) below, payable semi-annually in arrear on each Floating Interest Payment Date.

(b) If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Floating Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(c) On each Interest Determination Date the Agent or its duly appointed successor (in such capacity, the "**Agent Bank**") will determine the Screen Rate at approximately 11.00 a.m. (Central European Time ("**C.E.T.**")) on that Interest Determination Date. If the Screen Rate is unavailable, the Agent Bank will request the principal Euro-zone office of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in euro are offered by it to prime banks in the Euro-zone interbank market for six months at approximately 11.00 a.m. (C.E.T.) on the Interest Determination Date in question and for a Representative Amount.

The rate of interest payable in respect of the Loan Notes (the "**Rate of Interest**") for each Floating Interest Period shall be the Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the Margin.

If fewer than two rates are provided as requested, the Rate of Interest for that Floating Interest Period will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Agent Bank, at approximately 11.00 a.m. (C.E.T.) on the first day of such Floating Interest Period for loans in euro to leading European banks for a period of six months commencing on the first day of such Floating Interest Period and for a Representative Amount, plus the Margin. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date, or, in the case of the first Floating Interest Period, the Rate of Interest shall be 2.60% per annum.

(d) The Agent Bank shall, as soon as practicable after 11.00 a.m. (C.E.T.) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the euro amount (the "**Floating Interest Amount**") payable in respect of interest on the Calculation Amount for the relevant Floating Interest Period. The Floating Interest Amount shall be determined by applying the Rate of Interest to such principal amount, multiplying the sum by the actual number of days in the Floating Interest Period concerned divided by 360, rounding the resultant 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.

(e) The Agent Bank shall cause the Rate of Interest and the Floating Interest Amount per Calculation Amount for each Floating Interest Period and the relative Floating Interest Payment Date to be notified to the Issuer, the Fiscal Agent and to any stock exchange or other relevant authority on which the Loan Notes are at the relevant time listed, as notified to the Agent Bank, (by no later than the first day of each Floating Interest Period) and to be published in accordance with Condition 12 as soon as possible after their determination, and in no event later than the second Business Day thereafter. The Floating Interest Amount and Floating Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Interest Period.

(f) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them) or 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 Reference Banks (or any of them) or the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

3.3 Interest Accrual

The Loan Notes shall cease to bear interest from the day on which they become due for redemption in accordance with these Conditions. 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 and including the day of the actual redemption of the Loan Notes. The applicable rate of interest will be (i) if such failure to redeem the Loan Notes occurs before the First Optional Redemption Date, a fixed rate of 2.60% per annum, or (ii) if such failure to redeem the Loan Notes occurs after the First Optional Redemption Date, the rate of interest that was in effect for the last preceding Floating Interest Period, or, in the case of the first Floating Interest Period, the rate of interest in effect for such first Floating Interest Period.

3.4 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 6 (or, in the event of a substitution pursuant to Condition 9, Condition 9(d) read with Condition 6(a)) 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 6 (or, in the event of a substitution pursuant to Condition 9, Condition 9(d) read with Condition 6(b)), 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 3.4 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 6 (other than Condition 6(a), or in the event of a substitution pursuant to Condition 9, other than Condition 9(d) read with Condition 6(a)), shall apply to the Tax Deduction on the recalculated interest payment (such recalculation is referred to herein as a "**Recalculation of Interest**").

3.5 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 3.5(b), the provisions of Condition 3.5(b) and Condition 3.5(d) shall apply; or

(ii) if a Required Deferral Event has occurred, the provisions of Condition 3.5(c) and Condition 3.5(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 (A) any class of share capital of the Issuer or of a Parent or (B) any Junior Securities (except where such payment was required under the terms of those Junior Securities);

(ii) no repurchase or acquisition of any class of share capital of the Issuer or of a Parent (except where such repurchase or acquisition was made in respect of any share-based compensation plan or where such repurchase or acquisition was made by any member of the Issuer Group or a Parent Group on the open market in the ordinary course of its routine capital management) or any Junior Securities was made by any member of the Issuer Group or a Parent Group, either directly or indirectly; and

(iii) provided that at the relevant time the existence of this Condition 3.5(b)(iii) 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 was made by any member of the Issuer Group or a Parent 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 12 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 the Parent, 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 12, 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 3.5(b) or 3.5(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 12, 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 (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;

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

(iii) 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 No scheduled redemption

The Loan Notes have no scheduled final maturity date and are not redeemable at the option of the Loan Noteholders. The Loan Notes are redeemable at the option of the Issuer in accordance with the provisions set out in this Condition 4.

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) *Special Tax Event and Recalculation of Interest Event*

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 Condition 4.6 and 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 12, *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) *Accounting Event, Ratings Methodology Event and Regulatory Event*

If at any time after the issue of the Loan Notes an Accounting Event, a Ratings Methodology Event or a Regulatory Event occurs, the Issuer may (subject to Condition 4.6 and 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 12; *provided* that:

(i) no such notice of redemption may be delivered earlier than 90 days prior to:

(A) in respect of a Regulatory Event, the date from which the Loan Notes do not or will no longer fulfil the requirements referred to in the definition of "Regulatory Event";

(B) in respect of an Accounting Event, the date from which the Loan Notes must not be recorded as a liability on the Issuer's consolidated balance sheet as described in the definition of "Accounting Event"; and

(C) in respect of a Ratings Methodology Event, the date from which the lower equity credit referred to in the definition of "Ratings Methodology Event" is given to the Loan Notes; 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.

(c) Condition 4.2(b) will not apply to the extent such application would cause the Loan Notes to become Non-Compliant Securities.

4.3 Early redemption at the option of the Issuer

Subject to Condition 4.6 and subject to 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 First Optional Redemption Date and on each subsequent Floating Interest Payment Date thereafter (each, an "**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 12.

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 of its affiliates may at any time (subject to Condition 4.6, to 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 to 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

Any redemption of the Loan Notes in accordance with Condition 4.2 or Condition 4.3, or purchase of Loan Notes in accordance with Condition 4.5, is subject (i) to FINMA having given its Consent to the redemption or purchase; and (ii) in the case of a redemption or purchase that is within five years of the Issue Date, to such redemption or purchase being (a) funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes and (b) otherwise permitted under the then applicable rules. If, on or after implementation of the Future Regulations (on the basis that the Loan Notes are intended to qualify as Tier 2 Capital under Future Regulations without the operation of any grandfathering provisions), such Future Regulations do not require a redemption or purchase that is within five years of the Issue Date to be funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes, such redemption or purchase will not be required to be so funded, but nonetheless will be subject to the then applicable rules.

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 Euro. 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 6.

(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. 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 6(a), no Additional Amounts or interest recalculated pursuant to Condition 3.4 shall be payable on account of any Taxes which:

(i) are payable if payment under a Loan Note is claimed by or on behalf of a Loan Noteholder that is liable to such Taxes in respect of such 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 the European Council Directive 2003/48/EC of June 3, 2003, (as amended by Council Directive 2014/48/EU adopted by the European Council on March 24, 2014) on taxation of savings income (the "**EU Savings Directive**") or other directive implementing the conclusions of the Economic and Financial Affairs Council ("**ECOFIN**") meeting of November 26-27, 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 Directive, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of October 26, 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 December 17, 2014, 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 a 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 such Loan Note from an Agent in another member state of the European Union (each member state of the European Union, a "**Member State**");

(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 12, 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 such 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 Amounts or a payment at an interest rate recalculated in accordance with Condition 3.4 had not been required to be made by the Issuer.

7. 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.

8. AGENTS

(a) The initial Agent for the Loan Notes will be the Bank of New York Mellon, acting through its London Branch with specified office at One Canada Square, London E14 5AL, United Kingdom.

(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 Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to, the EU Savings 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 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 December 17, 2014 (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 12.

(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 12.

(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.

9. SUBSTITUTION

(a) The Issuer (or any previous substitute of the Issuer under this Condition 9) may, without the consent of the Loan Noteholders, and provided that no Accounting Event, Recalculation of Interest Event, Special Tax Event, Ratings Methodology 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 a Parent or 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 shall, on a winding up of SRZ, have a *pari passu* ranking with the obligations of SRZ under the Loan Notes prior to the substitution of SRZ; 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 9 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 Swiss Reinsurance Company Ltd according to Condition 9(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 6 shall apply, with the substitution of references to Switzerland with references to the New Residence.

(e) In the event of a substitution pursuant to this Condition 9, any reference in these Conditions (other than Conditions 3 and 4, in each case with respect to a Solvency Event) 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 12. 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 9 any previous New Issuer) shall be discharged from any and all obligations under the Loan Notes.

10. 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 but may take no further action in respect of such payment.

(c) No remedy against the Issuer, other than as referred to in this Condition 10, 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.

11. MODIFICATIONS

11.1 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 11.2 and 11.3 shall not apply.

11.2 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%, 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 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%, or at any adjourned meeting not less than 25%, 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).

11.3 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 the Issuer 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.

12. 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.

13. 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.

14. GOVERNING LAW, JURISDICTION AND PROCESS AGENT

14.1 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.

14.2 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 14.2 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.

14.3 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.

15. 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.

16. DEFINITIONS

"**Accounting Event**" means that an opinion of a recognised accounting firm has been delivered to the Issuer, stating that the Loan Notes must not or must no longer be recorded as liability on the Issuer's consolidated balance sheet prepared in accordance with the accounting standards applied to such published consolidated accounts at the relevant dates and for the relevant periods and this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

"**Additional Amounts**" has the meaning given to it in Condition 6(a).

"**Agent**" means the Bank of New York Mellon, acting through its London Branch initially, and any replacement agent appointed by the Issuer thereafter.

"**Agent Bank**" has the meaning given to it in Condition 3.2(c).

"**Assets**" means the Issuer's unconsolidated total assets, as shown in its 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 which is both (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and (b) a TARGET2 Settlement Day.

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

"**C.E.T**" has the meaning given to it in Condition 3.2(c).

"**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 3.5(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.

"**Day Count Fraction**" means the actual number of days in the period from (and including) the date from which interest begins to accrue (the "**Accrual Date"**) to (but excluding) the date on which it falls due divided by (b) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Fixed Interest Payment Date.

"**Deferred Interest**" has the meaning given to it in Condition 3.5(c).

"**Euro-zone**" means the region comprised of the Member States that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957) as amended;

"**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% of the votes cast.

"**FATCA Provisions**" mean Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), 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.

"**FINMA**" means the Swiss Financial Market Supervisory Authority (FINMA) or any successor authority.

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

"**First Optional Redemption Date**" has the meaning given to it in Condition 3.1(a).

"**Fixed Interest Payment Date**" has the meaning given to it in Condition 3.1(a).

"**Floating Interest Amount**" has the meaning given to it in Condition 3.2(d).

"**Floating Interest Payment Dates**" mean March 1 and September 1 in each year commencing on March 1, 2026, subject to adjustments as described in Condition 3.2(b).

"**Floating Interest Period**" means each period from (and including) the First Optional Redemption Date to (but excluding) the first Floating Interest Payment Date and each successive period from (and including) a Floating Interest Payment Date to (but excluding) the next succeeding Floating Interest Payment Date.

"**Future Regulations**" means solvency margins, regulatory capital or capital adequacy regulations, as the same may be introduced in Switzerland from time to time, that 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.

"**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 February 7, 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 July 26, 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.

"**Interest Amount**" means, with respect to any Interest Payment Date, the amount of interest that would be payable on the aggregate principal amount of Loan Notes outstanding on such Interest Payment Date (but excluding such date).

"**Interest Determination Date**" means the second TARGET2 Settlement Day before the commencement of the Floating Interest Period for which the relevant Rate of Interest will apply.

"**Interest Payment Date**" means any Fixed Interest Payment Date or any Floating Interest Payment Date, as applicable.

"**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.

"**Issuer Group**" means the Issuer and its consolidated subsidiaries.

"**Junior Securities**" means all classes of share capital of the Issuer.

"**Liabilities**" means the Issuer's unconsolidated total liabilities, as shown in its 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 €750,000,000 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes of the Issuer.

"**Loan Noteholder** means a holder or holders of a Loan Note.

"**Margin**" means 3.05% per annum.

"**New Residence**" has the meaning given to it in Condition 9(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.

"**Optionally Deferred Interest**" has the meaning given to it in Condition 3.5(b).

"**Optional Deferred Interest Payment Date**" has the meaning given to it in Condition 3.5(d).

"**Optional Redemption Date**" has the meaning given to it in Condition 4.3.

"**Par Redemption Event**" has the meaning given to it in Condition 4.2.

"**Parent**" means an entity, if any, that at the Reference Date (a) holds directly or indirectly at least a majority of the ordinary shares of the Issuer and (b) has ordinary shares listed on an internationally recognised stock exchange.

"**Parent Group**" means a Parent and its consolidated subsidiaries.

"**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 including, for so long as they are outstanding, the obligations under the subordinated guarantee issued by SRZ 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 SRZ, the 7.635% perpetual subordinated step-up preferred securities of SRZ, the AUD 450,000,000 floating rate perpetual subordinated step-up loan notes of SRZ, the 6.3024% perpetual subordinated step-up loan notes of SRZ, the 7.25% perpetual subordinated notes with stock settlement of SRZ and the 8.25% perpetual subordinated capital instruments with stock settlement of SRZ.

"**Permitted Non-Qualifying Lender**" means initially ELM B.V., and a successor of ELM B.V., or any subsequent successor thereof, by way of Transfer of all but not some only of the Loan Notes held by ELM B.V., 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:

 (i) 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

 (ii) irrespective of whether a request is made in accordance with paragraph (a)(i) 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)(i) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (a)(ii) 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) the proposed Permitted Non-Qualifying Lender 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 14.2.

"**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**" has the meaning given to it in Condition 3.2(c).

"**Ratings Methodology Event**" means a change by a nationally recognised statistical rating organisation to its equity credit criteria, or the interpretation or application thereof, for securities such as the Loan Notes, which change results in a lower equity credit being given to the Loan Notes as of the date of such change than the equity credit assigned to the Loan Notes at or around the Issue Date.

"**Recalculation of Interest** has the meaning given to it in Condition 3.4.

"**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, 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 Banks**" means the principal Euro-zone office of each of four major banks engaged in the Euro-zone interbank market selected by the Agent Bank, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such**.**

"**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).

"**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,

   (i) FINMA notifies the Issuer or otherwise states that the Loan Notes are not, or will no longer be, eligible to qualify as upper additional capital ("*oberes ergänzendes Kapital*") pursuant to Art. 49 in connection with Art. 39 SPICO, for group or solo solvency purposes (unless this is due to the Loan Notes exceeding the then applicable quantitative limits on such capital issuance), or

   (ii) FINMA issues further guidance under Art. 39 SPICO 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, notifies the Issuer or otherwise states that the Loan Notes are not, or will not, be eligible to qualify as upper additional capital pursuant to Art. 49 in connection with Art. 39 SPICO, for group or solo solvency purposes, including under any applicable transitional or grandfathering provisions of the SPICO (unless this is due to the

Loan Notes exceeding the then applicable quantitative limits on such capital issuance); or

(b) on or after the implementation of Future Regulations,

(i) FINMA notifies the Issuer or otherwise states that (x) the Loan Notes do not, or will not, fulfil the requirements of at least Tier 2 Capital, or equivalent thereof, for group or solo solvency purposes and (y) 100% of the principal amount of the Loan Notes is not, or will not be, counted as at least Tier 2 capital or equivalent thereof, for group or solo solvency purposes, under any applicable transitional or grandfathering provisions of such Future Regulations, or

(ii) FINMA affords the Loan Notes recognition as at least Tier 2 Capital, or equivalent thereof, for group or solo solvency purposes, and at a subsequent time 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 following which, notifies the Issuer or otherwise states that (x) the Loan Notes no longer, or will no longer, fulfil the requirements of at least Tier 2 Capital, or equivalent thereof, for group or solo solvency purposes and (y) 100% of the principal amount of the Loan Notes is not, or will not be, counted as at least Tier 2 capital or equivalent thereof, for group or solo solvency purposes, under any applicable transitional or grandfathering provisions of such Future Regulations.

Any reference in this definition to a statutory provision shall include any amendments to such provision from time to time and any successor provision.

"**Representative Amount**" means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Required Deferral Event**" has the meaning given to it in Condition 3.5(c).

"**Required Solvency Margin**" means the required 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 insurance regulatory law (for single solvency purposes) or a generally recognised administrative practice, if any, of FINMA or otherwise, mandatorily applicable at that time) which is used by FINMA in determining whether deferral of interest is required under applicable rules.

"**Screen Rate**" means the rate for six month deposits in euro which appears on Reuters EURIBOR01 (or such replacement page on that service which displays the information).

"**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 and/or dated subordinated creditors and existing undated subordinated creditors, except those ranking or expressed to rank junior to or *pari passu* with the Loan Notes.

A “**Solvency Event**” shall have occurred if:

(a) the Issuer does not have appropriate funds to cover its Required 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 its Required 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,

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, 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 and 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 November 9, 2005, as amended.

“**TARGET2 Settlement Day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

“**Tax Deduction**” has the meaning given to it in Condition 3.4.

“**Taxes**” has the meaning given to it in Condition 6(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).

“**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 proceeds from the offering and sale of the Loan Notes, less related expenses, are expected to be approximately €745,567,500. The Loan Notes are being issued in connection with a concurrent exchange (the "**Concurrent Exchange**") of securities issued by SRZ and Swiss Re Europe Holdings S.A. (the "**Existing Securities**"), and any portion of the net proceeds not applied in connection with the Concurrent Exchange is expected to be used for general corporate purposes. The principal amount of the Existing Securities that will be subject to the Concurrent Exchange will be a function of the level of acceptance in respect of various tender offers being undertaken concurrently (the "**Concurrent Tender Offers**"). The Existing Securities include:

Securities Subject to the Concurrent Exchange	**Securities Subject to the Concurrent Tender Offers**	**Principal Amount of Securities Subject to the Concurrent Tender Offers**
5.252% Perpetual Subordinated Step-Up Loan Notes issued by SRZ	5.252% Perpetual Step-Up Notes due 2016 issued by ELM B.V.	€1,000,000,000
6.854% Perpetual Subordinated Notes issued by Swiss Re Europe Holdings S.A.	6.854% Perpetual Subordinated Step-Up Preferred Securities issued by Swiss Re Capital I LP and guaranteed by SRZ	$750,000,000
7.635% Perpetual Subordinated Step-Up Loan Notes issued by SRZ	7.635% Perpetual Step-up Notes issued by ELM B.V.	AUD 300,000,000
Floating Rate Perpetual Subordinated Step-Up Loan Notes issued by SRZ	Floating Rate Perpetual Step-Up Notes issued by ELM B.V.	AUD 450,000,000

Capitalization of the SRZ Group

The following table sets forth the consolidated capitalization of the SRZ Group as of December 31, 2014. You should read this table together with our 2014 Financial Statements that are incorporated by reference in this Information Memorandum. See "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum."

We have included a translation of the actual data as of December 31, 2014 from U.S. dollars into euros, solely for your convenience. This translation is at the rate of $1.2098 = €1.00, the Bloomberg Rate on December 31, 2014. On March 17, 2015, the Bloomberg Rate was $1.0597 = €1.00.

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 our subsidiaries has been guaranteed either directly, or indirectly through guarantees that have been issued in favor of various of SRZ's financing or financing of other subsidiaries by SRZ.

The following table does not reflect the issuance of the Loan Notes or the potential impact of the Concurrent Exchange. See "Use of Proceeds."

	As of December 31, 2014	
	(USD in millions)	*(EUR in millions) (unaudited)*
Long-term senior and subordinated financial debt	7,649[(a)]	6,323
Shareholder's equity:		
Contingent capital instruments	1,102[(b)]	911
Common Stock, CHF 0.10 par value (December 31, 2014: 344,052,565 shares authorized and issued)	32	26
Additional paid-in capital	8,823	7,293
Shares in Swiss Re Ltd, net of tax	(10)	(8)
Accumulated other comprehensive income:		
Net unrealized investment gains, net of tax	3,462	2,862
Other-than-temporary impairment, net of tax	(3)	(2)
Cumulative translation adjustments, net of tax	(4,261)	(3,522)
Accumulated adjustment for pension and post-retirement benefits, net of tax	(762)	(630)
Total accumulated other comprehensive income	(1,564)	(1,293)
Retained earnings	14,421	11,920
Shareholder's equity	22,804	18,849
Non-controlling interests	22	18
Total equity	22,826	18,867
Total capitalization	30,475	25,190

(a) Represents $2,659 million of senior financial debt and $4,990 million of subordinated financial debt, but does not include $3,616 million of long-term operational debt. Operational debt was reduced during the fourth quarter of 2014 by $2.1 billion in connection with the Asset Funding Unwind. 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. Under guidelines issued by Moody's, operational debt may not exceed 10% of total capital (shareholder's equity plus total debt), with any excess treated as financial debt.

(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.

Selected Consolidated Financial Data of the SRZ Group

You should read the following selected consolidated financial data together with our 2014 Financial Statements, 2013 Financial Statements, 2014 Statutory Accounts and 2013 Statutory Accounts, incorporated by reference in this Information Memorandum. See "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum."

We extracted the selected consolidated financial data presented below from our 2014 Financial Statements and 2013 Financial Statements, respectively, which have been audited by our independent auditors, and have been prepared and presented in accordance with U.S. GAAP. During 2014, certain intra-group cost recharges between Property & Casualty and Life & Health were revised, and the corresponding comparative line items for 2013 were adjusted accordingly in our 2014 Financial Statements, but not for prior years. These adjustments are not reflected in the data below.

We have included a translation of the following data as at and for the years ended December 31, 2014, from U.S. dollars into euros, solely for your convenience. This translation is at the rate of $1.2098 = €1.00, the Bloomberg Rate on December 31, 2014. On March 17, 2015, the Bloomberg Rate was $1.0597= €1.00.

	Year ended December 31,			
	2012	**2013**	**2014**	**2014**
		(USD)		*(EUR)*
				(unaudited)
		(in millions, except ratios)		
Income Statement Data:				
Revenues				
Premiums earned				
Property & Casualty Reinsurance	12,329	14,542	15,598	12,893
Life & Health Reinsurance	9,050	9,967	11,212	9,268
Other[a]	117	396	182	150
Total premiums earned	21,496	24,905	26,992	22,311
Fee income from policyholders	122	162	163	135
Net investment income – non-participating	3,124	3,120	3,187	2,634
Net realized investment gains – non-participating	879	427	550	455
Net investment result – unit-linked and with-profit	223	249	75	62
Other revenues	80	71	60	50
Total revenues	25,924	28,934	31,027	25,646
Expenses				
Claims and claim adjustment expenses	(6,337)	(7,907)	(8,523)	(7,045)
Life and health benefits	(6,952)	(8,665)	(9,602)	(7,937)
Return credited to policyholders	(439)	(631)	(450)	(372)
Acquisition costs	(4,132)	(4,449)	(5,920)	(4,893)
Other expenses	(2,511)	(2,814)	(2,458)	(2,032)
Interest expenses	(748)	(777)	(713)	(589)
Total expenses	(21,119)	(25,243)	(27,666)	(22,868)
Income before income tax expense	4,805	3,691	3,361	2,778
Income tax (expense)	(1,122)	(219)	(395)	(327)
Net income before attribution of non-controlling interests	3,683	3,472	2,966	2,452
Income attributable to non-controlling interests	(136)	(2)	(1)	(1)
Net income after attribution of non-	3,547	3,470	2,965	2,451

	Year ended December 31,			
	2012	2013	2014	2014
		(USD)		(EUR)
				(unaudited)
		(in millions, except ratios)		
controlling interests				
Interest on contingent capital instruments	(56)	(67)	(69)	(57)
Net income attributable to common shareholder	3,491	3,403	2,896	2,394
Balance Sheet Data (at period end):				
Total investments	105,643	99,712	93,363	77,172
Total assets	167,934	156,217	146,303	120,932
Total liabilities	144,992	134,956	123,477	102,064
Unpaid claims and claim adjustment expenses	58,904	56,338	52,177	43,129
Liabilities for life and health policy benefits	20,270	20,324	19,284	15,940
Policyholder account balances	6,512	6,690	6,610	5,464
Total shareholder’s equity	22,918	21,236	22,804	18,849
Total equity	22,942	21,261	22,826	18,868

Other Data (unaudited)(b)

	Year ended December 31,		
	2012(f)	2013	2014
	(USD in millions, except ratios)		
Property & Casualty Reinsurance operating ratios (traditional business)			
Claims ratio in %(c)	51.2	54.2	54.5
Expense ratio in %	29.5	29.6	29.2
Property & Casualty Reinsurance combined ratio (including unwind of discount)	80.7	83.8	83.7
Life & Health Reinsurance management expense ratio in %(d)	7.9	7.6	6.9
Life & Health Reinsurance operating margin in %(e)	8.6	5.8	2.6

(a) 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).

(b) Unaudited ratios (calculated based on information extracted from our accounting records/management accounts).

(c) 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.

(d) Represents annual Life & Health business other operating costs and expenses divided by Life & Health business operating revenues (excluding unit-linked and with-profit business).

(e) Operating margin is calculated as operating income divided by total operating revenues. Total operating revenues are total revenues excluding unit-linked and with-profit revenues.

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 ALM skills and financial market knowledge.

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. 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) and Life & Health 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 Continental European Property & Casualty Reinsurance business is primarily written directly, while a significant portion of the Property & Casualty Reinsurance business in the London Market is sourced through brokers. In the United States, we have established direct and broker business units to broaden the distribution of our products. Our Life & Health Reinsurance business is generally written directly with clients, with an emphasis on building long-term relationships.

Through Swiss Re's asset management operations we manage, or oversee the management of, the assets generated by our insurance and reinsurance activities.

At and for the year ended December 31, 2014, we reported:

- premiums earned of $27.0 billion;

- total assets of $146.3 billion;

- shareholder's equity of $22.8 billion; and

- total investments of $93.4 billion.

Of our premiums earned in 2014, $15.6 billion, or 58%, represented Property & Casualty Reinsurance premiums earned, $11.2 billion, or 41%, represented Life & Health reinsurance premiums earned and $182 million, or 1%, represented other premiums earned.

SRZ is currently rated "AA-" (stable outlook) by S&P, "Aa3" (stable 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 and casualty reinsurance as well as life and 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.

As of the end of 2014, these Business Units are supported by Group Finance, Group Risk Management and Group Strategy (the "**Corporate Functions**") as well as Group Underwriting, Group Asset Management and Group Operations (the "**Enabling Units**"). The Corporate Functions and the Enabling Units support the Business Units by managing common resources and support functions, 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 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. Group Underwriting proposes and implements underwriting strategies and ensures compliance with Swiss Re Group underwriting standards.

- Group Asset Management prepares and proposes a strategic asset allocation, which is then approved by the Group EC, and manages invested assets. Group Operations provides services (such as HR, IT, and Legal & Compliance) and ensures compliance with Swiss Re Group standards.

- 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.

The foregoing structure is currently under review, with the expectation that it will be revised.

A significant majority of the Swiss Re Group's minority equity stakes in insurance and insurance-linked businesses are held by Principal Investments (which ceased to be part of the SRZ Group effective January 1, 2013). The Property & Casualty Reinsurance segment retains a relatively small part of the portfolio ($0.2 billion) for organizational and regulatory purposes.

Business Strategy

We operate within the strategy set out by the Swiss Re Group. Our goals are consistent with the overall Swiss Re Group financial targets and our strategy is informed by the components of the Swiss Re Group strategy to the extent it bears on Property & Casualty and Life & Health reinsurance operations.

The priority for the Swiss Re Group is to allocate capital to risk pools that meet our strategic and financial targets. The Swiss Re Group is on track to reaching the target capital structure as set out in 2013. It continues to look systematically for opportunities to deploy its capital through smart acquisitions while remaining committed to maintaining and growing dividends. Acquisitions must meet its standards for economic rate of return and will be handled mainly through Principal Investments, which has a mandate to generate long-term economic value via investments in insurance-related businesses. Principal Investments is focused predominantly on the insurance sector (with approximately 17% in non-insurance based investments), and especially on providing equity capital financing to primary insurers in high growth markets and complementing the Swiss Re Group's reinsurance activities and generating long-term value for the Swiss Re Group's shareholders. Given the Swiss Re Group's baseline of a moderate global growth recovery and the expected start of policy normalization by the Federal Reserve in 2015, government bond yields are expected to move modestly higher from current levels. Swiss Re maintains a balanced investment portfolio with a focus on high-quality credit investments. Swiss Re is focused on expert and disciplined underwriting, which will remain a key driver of performance in the sector.

Swiss Re's ambition for 2015 will be to continue executing the current strategy and prioritizing the achievement of its 2011-2015 financial targets. In addition, Swiss Re aims to continue to successfully position the Swiss Re Group, based on a combination of our underwriting knowledge and experience, geographic and product diversification, and financial strength, as well as its allocation of capital to risk portfolios, to meet its financial targets for 2016 and beyond (focusing on profitability and economic growth).

Looking ahead, in furtherance of the Swiss Re Group's strategic goals, the elements of our strategy include:

- ***Achieve excellence in core reinsurance business.*** 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 differentiated solutions that are tailored to clients' specific needs. We will continue to emphasize the importance of a client-centric focus.

Excellence in our core businesses relies on underwriting as a key differentiator, based on cycle management and portfolio steering. This includes the steering of peak perils, our risk transformation capabilities, and research and development. In Property, an in-house research team develops and maintains proprietary models for storm, earthquake and flood. In Casualty, we are developing an equivalent forward-looking model based on a systematic assessment of risk drivers. In Life & Health reinsurance, our mortality experience data allows us to better quantify the underlying risk.

Our key value drivers are large capacity, technical expertise and the ability to develop tailored solutions to meet clients' needs, for example in the area of solvency relief. In addition we have a market-leading position in transferring both property and life risks to the capital markets.

Property & Casualty Reinsurance. The Swiss Re Group believes that maintaining a diversified portfolio of growth opportunities and differentiating our knowledge and services are key to success for Property & Casualty Reinsurance in the current market environment. It aims to maintain earnings quality through disciplined underwriting and superior service. Our product offerings go beyond pure capacity, with customised solutions that complement traditional reinsurance. We have the expertise, knowledge and services to meet the increased demand for innovative and tailored solutions and we are well positioned to support clients in both developed and high growth markets.

Natural catastrophe prices are still attractive, though reduced. We have been able to defend our leading position by deploying more capacity while maintaining absolute earnings at attractive economic profit margins. Property and specialty continued to contribute significantly to overall reinsurance earnings. We have observed differences in price development in the Property & Casualty segment, with opportunities for new and attractive casualty business present in selected markets. In all segments we will continue to focus on tailored solutions for clients, which allows us to put our capital to use at differentiated terms and conditions.

Capturing opportunities in growth markets remained a key priority across all Property & Casualty Reinsurance business. As part of the high growth market strategy implementation (discussed below), we strengthened expertise by adding to our local underwriting and client management staff in Asia and Latin America. We expect that this will enable us to deliver superior service to our existing clients and build new relationships.

Life & Health Reinsurance. Demand for life and health insurance products is expected to grow due to shifts in demographic trends and regulatory changes. Demand for life products is expected to be driven by the large and growing protection gap, while demand for health products is expected to be driven by the growth in ageing populations and health care reform in the United States. These developments play to our global presence and full client service offering, our strong client franchise together with an ability to customize transactions, our ability to leverage biometric risk expertise and integrated and advance technology. Despite challenging market conditions for Life & Health Reinsurance, the Swiss Re Group recognizes that it is a knowledge- and service-intensive business. Barriers to entry are high, and only a handful of relevant players work in the space. We will aim to use our superior tools and capabilities to seek to capture an over-proportionate share of the life and health risk pools and outperform competitors in terms of profitable growth. We will seek to do so through superior client services in traditional life; innovation and product development in health; know-how and capital strength in structured solutions and longevity transactions; and finally through pro-active portfolio steering and capital management. The Swiss Re Group is committed to meeting a 10%–12% return on equity target (based on shareholder's equity of $5.5 billion as at June 30, 2013) for Life & Health Reinsurance by 2015.

We have taken a series of management actions, first announced in June 2013, to improve the business performance of Life & Health Reinsurance. The actions included an in-depth review of material in-force business, commencement of asset re-balancing and the establishment of a dedicated new team (Life & Health Business Management) tasked with improving the value of the in-force book with a focus on technical accounting, claims, valuation/reserving and ALM, as well as negotiations with selected clients. As a result of these management actions in respect of the pre-2004 YRT business, we reported a pre-tax charge of $623 million for 2014, and we do not expect this pre-2004 YRT business to have an ongoing material impact on our results going forward. We will, however, continue to seek to actively manage the pre-2004 US PLT business.

In the United States, we will continue to focus on business that plays to our core strengths in mortality coverage. 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. Asia and other high growth markets continue to show strong growth potential for health insurance products, including critical illness and medical insurance, and 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.

Priorities for 2015 are to continue to grow new life business and to further develop health opportunities. We see opportunities to expand our health business in light of demographic and socio-economic trends. 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. 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.

We are also 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 Brazil, China, India, Indonesia, Mexico and Sub-Saharan Africa), many of which, we believe, are underserved by reinsurance solutions. 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 markets. Expansion in high growth markets is likely to be through a combination of organic growth and partnerships with local players, with a focus on natural catastrophe, solvency relief, and health and medical covers. We would also consider direct investment in local insurance or reinsurance companies.

- ***Delivering on performance and capital management priorities.*** Our target capital structure is on track and the Swiss Re Group's capitalization is strong across all metrics. The business performance and strong balance sheet support a regular dividend plus a special dividend as well as a share buy-back programme.

We are focused on controlling management expenses (reflected in our management expense ratio, which we define as other expenses divided by the sum of net premiums earned and net investment income – non participating) at lower levels in support of our financial targets. The Swiss Re Group aims, within its risk tolerance framework, to be able to continue to operate following an extreme loss event. The Swiss Re Group targets an SST ratio of 185% and aims to maintain S&P excess capital of $3.0 – 5.0 billion above that required for an "AA" rating. A liquidity stress test is also applied to ensure the financial obligations of the Swiss Re Group can be met. Following an extreme loss, the Swiss Re Group aims to have an SST ratio of at least 100%. The SST ratio reflected in the SST 2/2014 report submitted to FINMA for the Swiss Re Group was 249% and for SRZ was 244%. See "Regulation – Switzerland."

Our Operations

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 2014, the Americas, Europe (including the Middle East and Africa) and the Asia-Pacific regions accounted for 40%, 34% and 26%, respectively, of gross premiums earned and fee income from policyholders, compared to 42%, 36% and 22%, respectively, in 2013.

The table below presents our 2013 and 2014 gross premiums earned and fees income from policyholders by country (based on the locations of the ceding companies).

	Year ended December 31,			
	2013		2014	
	(USD in millions)	*(% of Total)*	*(USD in millions)*	*(% of Total)*
United States	9,476	33	9,253	32
China	2,255	8	3,053	10
United Kingdom	2,520	9	2,746	9
Australia	1,987	7	2,014	7
Germany	1,284	4	1,294	4
Canada	1,296	4	1,213	4
Japan	844	3	1,051	4
Ireland	812	3	894	3
France	1,642	6	857	3
Switzerland	545	2	770	3
Italy	549	2	486	2
Other	5,693	20	5,742	20
Total	**28,903**	**100**	**29,373**	**100**

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.

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 workers compensation, employers' liability, personal accident, motor, liability, general third party and products liability and management and professional liability business.

    - Workers compensation provides workers' benefits as a result of injury or death from accidents or occupational disease while on the job.

    - Employers' liability protects employers from liabilities arising from disease, fatality, or injury resulting from workplace conditions, practices and accidents.

    - Personal accident offers first-party coverages, typically with fixed-benefit payments for death, disability and injury resulting from involuntary accidental events.

    - Motor provides cover for physical own damage, accident and liability losses involving motor vehicles.

    - Liability provides cover for industrial, commercial, products or private liability to third parties.

    - Management and professional liability provides cover for errors and omissions, professional, and management liability exposures for corporate clients.

- *Specialty lines.* Comprises marine, engineering, agriculture, special risks, aviation, space, nuclear energy and Credit & Surety business.

    - *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 underwriting role (including the costing of our products and transactions) is generally maintained separately from the selling price decisions and separately from reserving. The 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.

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.

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. 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 has further consolidated. We seek to respond to these developments in Europe developing new insurance products (e.g. in the field of business interruption insurance) and promote natural perils insurance to close the gap between economic and insured losses stemming from natural catastrophe events and further grow the insurance and reinsurance market. In addition we offer to our clients 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 U.K. and non-U.K. 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 Corporation, 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, Westlake Village, 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 Westlake Village, 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 (part of Alleghany), 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.

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, China Re, Korean 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. As noted above, we are undertaking a series of management actions to improve the business performance of this business segment. See "– Business Strategy."

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 predominantly includes the following:

- Mortality – which provides a lump sum payment upon death of the life insured
- Longevity – which provides a regular income for life.

Health reinsurance – which predominantly includes the following:

- Disability – which provides a regular income or a lump sum payable upon continued 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 condition, such as heart attack, stroke or cancer.

- 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. Health reinsurance is an important and significant line of business in EMEA, and is expected to be a significant driver of growth in Asian and U.S. markets.

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 also support our clients' capital requirements through innovative bespoke risk and capital solutions (e.g. regulatory capital relief and in-force monetization and financing). 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 centered in Armonk, New York and Fort Wayne, Indiana. Our Canadian Life & Health Reinsurance operations are headquartered in Toronto, Ontario.

We are one of the largest life and health reinsurer in North America, with approximately $2 trillion of gross life reinsurance 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.

United States. 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 facing downward pressure, averaging an annual 2.0% decrease in the recent past, even though notably flat at roughly 27% across 2011 to 2013 calendar years.

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 (based on premiums) in all major life Canadian product lines, including individual and group life and disability. We expect that individual life sales may reduce slightly, and that strong cession rates may contract, 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 addition, we provide clients with solutions for the efficient management of their statutory capital. For example, we provide XXX/AXXX reserve financing and covers for regulatory closed blocks.

In the U.S. life and health reinsurance market we compete principally with Reinsurance Group of America, Scor, 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 growth of our reinsurance book to continue following growth in the primary market; a more stable economic environment will result in even stronger 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. Our primary focus in the United Kingdom is on mortality, critical illness, disability income protection and longevity. These U.K. primary markets, and consequentially the reinsurance markets, have been characterized for many years by price competition, which has increased pressure on profit margins. 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, India and Indonesia, where we believe there are significant long-term opportunities for growth in various areas.

Our existing life and health reinsurance portfolio is dominated by mortality risk, while the growth in new business is increasingly focused on health (including 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 reinsurance, 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.

Our portfolio of business contains both individual and group, with a weighting recently towards group business, and in mortality and disability lines. In Australia, there are significant amounts of protection offered within superannuation funds, and our group risk business exposures are mainly in this space, where market conditions are improving.

Asset Management

The Asset Management Enabling Unit manages the assets generated through our reinsurance and insurance activities. ALM is a core focus of Asset Management to ensure that our investment portfolio is managed according to the benchmark derived from our re/insurance, insurance and corporate 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 to external parties and have created a dedicated team to oversee the corresponding external investment mandates. Actual performance and risk taking are rigorously monitored against these external mandates in the same manner as for the assets managed internally.

The Swiss Re group-wide strategic asset allocation is endorsed by the Swiss Re Group Executive Committee (the "**Group EC**"), approved by the Investment Committee of the board of directors of SRL (the "**SRL Board of Directors**") and delegated to the Swiss Re Group Chief Investment Officer ("**Group CIO**") for implementation.

To prudently manage investments, Asset Management divides 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 and benefits. 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 market opportunities. The proportion of market return and active return to overall investment return depends on the risk capacity and appetite of Swiss Re. Risk limits for investment activities are defined and monitored across all three layers. An independent Risk Management function, which reports directly to the Chief Executive Officer, is responsible for ensuring that the delegated limits are adhered to.

We have a dedicated expert in-house portfolio management team that manages a large part of our government bonds and agency securities portfolios, which is core to our ALM 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) by working closely with the office of the Group CIO, to ensure that we match our liabilities effectively while generating an attractive risk-adjusted economic investment return for these investments.

In addition, we have comprehensive risk-taking and governance processes as part of our integrated investment process, including a risk limit framework to reflect our stress scenarios, rigid oversight functions and advanced liquidity management practices. These processes focus on infrastructure and data quality, reporting, performance benchmarking and modelling of risk under the Swiss Re risk management framework. From time to time, we maintain an active hedging program to manage duration, credit spreads and our equity exposures on a more short-term basis. The hedging program's ultimate purpose is to protect Swiss Re's capital.

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, 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's and the 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

Underwriting – accepting risk from clients – is the core business activity of Swiss Re. The objective of underwriting is to achieve an appropriate return for the risk taken. To achieve this goal, Swiss Re has strong underwriting know-how and processes at the operating level matched by robust governance and portfolio steering at the Swiss Re Group level.

Swiss Re's Group functions take an active role in governance. The SRL Board of Directors and the Group EC define the general principles for underwriting and the Swiss Re Group's risk tolerance framework. The Finance and Risk Committee of the SRL Board of Directors regularly reviews Swiss Re's risk reports with a focus on the largest exposures, changes in the risk landscape and in Swiss Re's underwriting portfolios, and the adequacy of reserves. The Group EC defines and owns the EVM and risk capital framework that serves as the foundation for costing and for risk quantification and aggregation. In addition, the Group EC sets the net risk appetite for the Swiss Re Group and for all major risk classes and allocates limits and underwriting capacity to specific risk-taking units. Finally, the Group EC regularly reviews Swiss Re's capacity usage compared to pre-defined limits for different types of risks and adjusts those limits in anticipation of changes in underwriting conditions. The Group EC also determines the Swiss Re Group's product policy, develops underwriting principles, defines, approves and interprets Group-wide and business unit applications of underwriting standards, grants transactional underwriting limits and claims authority limits, and holds decision-making authority over large and unusual transactions on behalf of the business units concerned. The scope includes Property & Casualty (including Credit & Surety); Life & Health; and financial market transactions that have re/insurance risk factors or have substantially new product characteristics.

Group Underwriting, led by the Swiss Re Group Chief Underwriting Officer, steers, supports and controls the underwriting activities performed within Swiss Re's Business Units. Group Underwriting works with the Business Units to position the underwriting portfolio in segments with the most attractive risk-return prospects. Through targeted R&D efforts, Group Underwriting supports the Business Units with insights into markets and risks, as well as providing technical capabilities such as underwriting tools and models. Further, Group Underwriting monitors compliance with underwriting guidelines, the quality of underwriting portfolios and costing accuracy.

Swiss Re's Business Units perform day-to-day underwriting, coordinated with Group Underwriting and following the policies and limit/capacity framework described above. Swiss Re's underwriting focus continues to be on underwriting discipline, cycle management, controlled capacity deployment, and achieving attractive risk-adjusted returns. To control and manage exposures, Swiss Re generally limits its underwriting capacity on a per claim, per event or per year basis, primarily through loss/treaty limits, claims series clauses and aggregate annual limits. Swiss Re's Risk Management and Group Underwriting functions monitor the amount and concentration of risk underwritten relative to allocated limits.

The quality of risk, past experience and future exposure are the main criteria in determining underwriting cost levels as well as underwriting capacity. Expected future claims are quantified considering loss history and current / future exposures, including the input from risk research and risk trend analysis. 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 its calibration are centrally maintained and periodically reviewed and updated. 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. We believe that we have accumulated unique knowledge in all lines and markets as a long-standing industry leader.

Our capital base, underwriting experience and willingness to provide substantial capacity on a direct basis (for example, 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 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 11.2 years as of December 31, 2014, based on our best estimates.

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 favorable in all lines of business during 2014. In property, releases for recent years more than offset increases for earthquakes in New Zealand (due to an increase in so-called residential over-cap claims established by the Earthquake Commission). Within casualty, favorable experience in liability across all regions more than offset increases for asbestos and environmental losses and increases elsewhere in the portfolio. Unfavorable experience in motor in France and the U.K. were offset by good claims experience in other countries. In addition, releases in accident and health due to positive experience combined with some favorable commutations contributed to the overall improvement on casualty. Favorable development in engineering contributed to the overall reserve releases on specialty lines due to a reassessment of reserves relating to Spain and France combined with very good claims experience. Net claims development on prior years was favorable overall during 2013, driven by reserve releases from property, liability, accident and health and several of the specialty lines, especially engineering. In most cases the releases were the result of better-than-expected claims experience helped, particularly in the case of accident and health, by commutations. These releases come about despite further strengthening for U.S. and U.K. asbestos and environmental claims, strengthening on motor business in several European countries and adverse development of claims arising from the New Zealand earthquakes, partly offset by favorable development on claims from Hurricane Sandy. During 2012, net claims development on prior years was significantly favorable, driven by favorable experience in all lines except motor, where special features in the U.K. and Italian portfolios required some strengthening. The ADC with Berkshire Hathaway, which covers losses from 2008 or earlier, remains in place but had no impact on the result for 2014, as it was already recognized at the minimum commutation value at year-end 2011 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 December 31, 2014 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 its Property & Casualty Business Management, Life & Health Business Management (collectively "**Reinsurance Business Management**"), and its Corporate Solutions Claims departments. Life & Health Business Management was established as part of the series of management actions to improve the business performance of Life & Health Reinsurance and was tasked with improving the value of the in-force book with a focus, among other things, on claims. This development was mirrored on the property and casualty side by the formation of Property & Casualty Business Management.

The following paragraphs focus only on the claims management aspects of Reinsurance Business Management, excluding technical accounting and reserving activities.

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, 2015, we had approximately 450 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 are aimed at accomplishing one or more of the following important strategic goals: (i) to reduce earnings volatility, (ii) to exit non-core businesses or legacy businesses and (iii) 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 typically 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.

We have selectively placed new hedges, mainly for U.S. hurricane and other peak natural catastrophe scenarios, following the expiration of the Quota Share in 2012. Additionally, in January 2010, we entered into the Co-Insurance Agreement with Berkshire Hathaway. Swiss Re has experienced growth of net premium written and premiums earned in 2013 and in 2014, principally due to the expiry of the Quota Share, with less than $200 million of premiums ceded to the Quota Share during 2014. Swiss Re’s combined ratio also increased slightly in 2013 and during 2014 compared to 2012, as a result, among other factors, of there no longer being any ceding commission (thereby leading to an increase in acquisition costs), partly offset by lower other (administrative) expenses, because there was greater premium to carry the expense amount post-expiry.

Employees

As of December 31, 2013 and 2014, Swiss Re employed 11,574 and 12,224 regular staff, respectively. By geographic region Swiss Re's employees were distributed, as at December 31, 2014, as follows: Europe (including South Africa), 61%; Americas, 27%; and Asia Pacific, 12%.

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 the various educational and training programmes 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.

Business Environment and Competition

The reinsurance business is competitive; however, there are 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.

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 placed 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 limits, which in turn may impact our ability to increase market share. 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 reinsurance 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 than in the property and casualty market.

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.

Finally, alternative capital to cover natural catastrophe risks continues to grow, driven in part by low returns in fixed income markets and the benefits of diversification given the lack of correlation between insurance risks and traditional capital markets instruments. In addition to reinsurance, ILS and derivative cover from traditional participants, we face competition from new capacity, such as the investment of significant capital from pension funds, mutual funds, hedge funds and other sources of alternative capital into natural catastrophe insurance/reinsurance platforms. Alternative capacity takes various forms, including the collateralized model (which involves now entrants) and the float model, which involves investment by insurance companies in new platforms). Reinsurance prices in respect of U.S. natural catastrophe business came under particular pressure during recent renewal seasons, primarily as a result of significant inflows of alternative capital driving catastrophe bond and ILS issuances. Alternative capital now accounts for approximately $60 billion of global catastrophe limits (approximately 15% of the global property catastrophe reinsurance market).

Reinsurance prices in respect of U.S. natural catastrophe business came under particular pressure during recent renewal seasons as a result of significant inflows of alternative capital driving catastrophe bond and ILS issuances. Due to new issuances (particularly for U.S. hurricane risk), the catastrophe bond market (the largest segment of the ILS market) closed 2014 with an additional $8.29 billion of new issuance, exceeding the record level of $8.24 billion achieved in 2007. After a four-year contraction period beginning in 2008, the market has seen three consecutive years of growth of approximately 20% per year, totaling a record $24.1 billion of total limit outstanding. The sustainability of new capacity (which generally is limited to the property catastrophe and retrocession markets) remains uncertain, particularly in the context of potential increases in interest rates, higher levels of natural catastrophe losses and broader improvement in the financial markets.

It is believed that the reinsurance industry will experience consolidation to increase market shares of participants, as well as capital deployment, to compete against such alternative sources of capital.

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. As of December 31, 2014, 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	Apartments	10,508

Location	Leased/owned	Type of facility	Total Area (m^2)
Giesshübelstr. 30	Owned	Offices	12,355
Gotthardstr. 35/43	Owned	Offices	11,281
Hardturmpark	Owned	Apartments	12,256
Mythenquai 20-28 (Mythenschloss)	Owned	Offices/ Apartments	22,901
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 (Centre for Global Dialogue)	Owned	Offices	16,766
United Kingdom			
London			
30 St Mary Axe	Leased	Offices	24,837
United States			
New York			
175 King Street, Armonk	Owned	Offices	36,574
55 E. 52nd Street, 42th–44th floor, NY	Leased	Offices	6,153
California			
458 & 486 E. Lambert Road, Fullerton	Owned	Industrial	37,741
Kansas			
5200 Metcalf Avenue, Overland Park	Leased	Offices	26,735
Michigan			
25800 Northwestern Highway, Southfield			
Indiana			
46804 Fort Wayne, Magnavox Way	Leased	Offices	7,004
Germany			
Unterföhring (Munich)			
Dieselstrasse 11	Owned	Offices	24,623
Munich			
Leopoldstrasse 4/6	Owned	Offices	10,248
Hamburg			
Alsterufer. 4-5	Owned	Offices	15,013
Grosse Elbstr. 27	Owned	Apartments	10,435
Slovakia			
Bratislava			
Karadzicova 8/10/12	Leased	Offices	8,794
India			
Bangalore			
Vasvani Centropolis, 21, Langford St	Leased	Offices	7,656

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 with the Spanish appellate court for antitrust cases, the Audencia Nacional, and the other companies that were fined in connection with the same investigation have also each appealed their fines. In April 2013, the fine imposed on us was annulled by the Audencia Nacional. In April 2013, the Spanish Competition Authority appealed this annulment before the Spanish Supreme Court. The European Commission has been given permission to intervene in the Supreme Court proceedings. The proceedings are ongoing, with a decision by the Supreme Court currently pending.

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.

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). In most countries, reinsurers traditionally were generally subject to less direct regulation 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 proves 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." In 2009, the G-20 committed itself to strengthening the financial system in cooperation with international organizations by applying 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 aims to provide for more intensive supervision and higher loss absorption capacity for, and resolution authority in respect of, G-SIFIs. The Basel Committee on Banking Supervision ("**BCBS**") and the International Association of Insurance Supervisors ("**IAIS**") are part of this global initiative and, under the oversight of the FSB and G-20, are focusing on the identification of Global Systemically Important Banks ("**G-SIBs**") and Global Systemically Important Insurers ("**G-SIIs**") – both of which are subsets of G-SIFIs – and the development of specific regulatory measures applying to these.

G-SIBs. The FSB and the Basel Committee have been identifying G-SIBs annually since 2011. Currently, 30 banks have been designated as G-SIBs, with the next update to the list scheduled for November 2015. G-SIBs must hold capital of between 1% and 3.5% of their risk-adjusted assets in addition to the Basel III requirements, starting in 2016, and will also be required to provide resolution reports based on the methodology developed by the Basel Committee.

Although initially primarily focused on banking institutions, some of these policy measures applied to banks 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 reinsurance. 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.

G-SIIs. Under the purview of the FSB and the G-20, the IAIS published an assessment methodology for identifying G-SIIs in July 2013. The IAIS used both an indicator-based assessment approach and a segment-based assessment approach to identify potential candidates for G-SII designation, with the overlay of regulators' and political judgment.

The indicator-based assessment approach is consistent with that adopted by the BCBS in assessing G-SIBIs, although the selection, grouping and weighting of indicators reflect the specific nature of the insurance sector. There are 20 indicators grouped into five categories (size, global activity, interconnectedness, NTNI activities, and substitutability), with greatest weight given to NTNI activities (45%) and interconnectedness factors (40%), with the weighing for each of the other three categories being 5%.

The segment-based approach segments the business portfolio of an insurer and insurance-dominated groups by assets into its traditional, semi-and non-traditional insurance activities, as well as non-insurance financial and non-insurance industrial activities. The approach associates different risk weights to the systemic importance of each segment and assesses each comprehensively on a stand-alone basis as to its systemic importance to global financial system. In July 2013, the FSB, in consultation with the IAIS and the national authorities, designated nine insurance companies as G-SIIs, with such list subject to reassessment and update annually in November.

In November 2014, the FSB announced that it was postponing its decision on the G-SII status of reinsurers, pending further development of the methodology and reconfirmed the original list of G-SIIs. The IAIS is to further develop the methodology by November 2015, which is to be applied in 2016.

Together with the publication of the first list of nine designated insurers, in July 2013 the IAIS also published its framework of policy measures for G-SIIs. The 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:

- **Enhanced supervision.** Supervision will be built upon IAIS' core insurance principles and the FSB's recommendations, and would include consolidated group-wide supervision, with the group-wide supervisor having direct power over holding companies, the oversight of the development and implementation of a Systemic Risk Management Plan to manage, mitigate and possibly reduce the systemic risk of the G-SIIs, and enhanced liquidity planning and management. Where separation of NTNI activities is contemplated, supervisors will need to ensure self-sufficiency of the separated entities in terms of structure and financial condition, and to prevent the creation of non-regulated financial entities.

- **Effective resolution**. Resolution efforts will include establishing Crisis Management Groups, elaborating on the development of recovery and resolution plans, conducting resolvability assessments and adopting institution-specific cross-border cooperation agreements. The IAIS framework for effective resolution will take account of the specificities 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 as part of resolution of entities conducting traditional insurance activities, and the recognition of existing policyholder protection and guarantee schemes.

- **Higher loss absorption (HLA) capacity**. As a first step, BCRs are to be applied to all activities of G-SIIs, which are to form the foundation for HLA requirements for G-SIIs. The IAIS published the BCR in October 2014. The BCR will apply until a more risk-sensitive global ICS is implemented in 2019. G-SIIs will be required to hold HLA capacity. The HLA requirements are to be developed by the end of 2015, and applied in 2019, together with the ICS to G-SIIs identified in the annual listing in November 2017.

The timeline for implementation of the policy measures for G-SIIs is ambitious and implementation could have far-reaching implications for our industry. However, we believe that Swiss Re is well prepared for upcoming regulatory changes as it is subject to comprehensive group supervision under an active College of Supervisors chaired by the FINMA. In addition, we believe Swiss Re's recent re-alignment into three business units and the establishment of a recovery and resolution plan (independent of any potential G-SII designation), on request by FINMA, allows it to address more effectively concerns around complexity and respond to crisis management concerns. Moreover, Swiss Re already operates in one of the more demanding economic-based solvency regimes (the SST).

Swiss Re is concerned, however, that the ongoing regulatory reforms are overly focused on the size and interconnectedness of (re)insurance groups, which undermines the essential idea of insurance: benefiting from risk pooling and global diversification to better manage risks.

IAIGs. In addition to the G-SII policy measures and designation approach, the IAIS, under the oversight of the FSB, is developing a common framework (the "**ComFrame**") for the supervision of IAIGs. ComFrame 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. ComFrame includes provisions on group-wide supervision and is expected to include provisions for recovery and resolution plans, a global ICS 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.

The first public consultation on the ICS is taking place in the first quarter of 2015 and field testing is expected to commence in the second quarter of 2015. According to the currently anticipated timeline, the ICS will apply to IAIGs and G-SIIs in 2019 and replace the BCR.

According to the IAIS, the criteria and purposes for identifying G-SIIs and IAIG are distinct, as the focus of ComFrame is on ongoing supervision of IAIGs. The G-SIIs and IAIGs will likely overlap (with both being subject to the IAIS Insurance Core Principles and the ComFrame), with G-SIIs also being subject to the more intensive regulatory and supervisory oversight framework of G-SII policy measures.

European Union

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 SIFIs. 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.

The European Union has also 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 Member States has been affected by the transposition of the EU Reinsurance Directive (2005/68/EC) 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 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. After several delays, the Solvency II directive is scheduled to become effective on January 1, 2016. The implementation measures that will complement the Solvency II directive are currently being finalized.

In March 2013, the EIOPA consulted on a set of guidelines to support national supervisors' and firms' preparation for Solvency II requirements. The guidelines cover systems of governance, forward looking assessment of undertakings' own risk (that incorporate the objectives of the ORSA principles), submission of information and pre-application for internal models. Final guidelines were published in September 2013 and came into effect on January 1, 2014.

The process of testing the equivalence of SST to Solvency II has been initiated, and it is expected that the European Commission will seek to complete the process before January 2016. 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 Insurance Supervision Ordinance. The Insurance Supervision Act and the Swiss Insurance Supervision Ordinance extended the scope of prudential supervision to pure reinsurance companies and introduced supplementary group supervision of insurance groups and insurance conglomerates. In October 2014, the Swiss Finance Department opened the consultation until 12 December on a revised draft Swiss Insurance Supervision Ordinance (expected to enter into force in July 2015) in large part to enable the Swiss insurance supervisory system to be treated as equivalent under Solvency II, which among other things will allow EEA supervisory bodies to rely on the group supervision exercised by FINMA.

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).

With the entering into force of the revised Swiss Insurance Supervision Ordinance, Solvency I should be abandoned as far as possible and the SST would be positioned as the single solvency measurement method, similar to Solvency II in the EEA. As an insurance 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 Conglomerates Directive (2002/87/EC). 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.

EIOPA has assessed Switzerland for Solvency II equivalence and on December 19, 2014 published its consultation paper on EIOPA advice to the European Commission regarding the equivalence assessment of the Swiss supervisory system in relation to articles 172, 227, and 260 of the Solvency II directive. The deadline for comments ended on January 23, 2015 and EIOPA is expected to provide its final report to the European Commission in due course. Although formal equivalence status has not been granted by the European Commission, the economic-based solvency regime of the SST is considered to anticipate much of the Solvency II framework, 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 each year, covers a 12-month solvency period from January 1 to December 31 of the current year; the second report ("**SST 2**") is submitted by October 31 each year 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); under the revised Swiss Insurance Supervision Ordinance, the filing requirement is expected to be annual only. 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 2/2014 ratio (as reported to FINMA in October 2014) is 244% (SST1/2014: 232%; SST 2/2013: 205%). 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."

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 makes 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 have been and may be assessed for designation as "systemically important." Firms designated as "systemically important" are subject to supervision by the Federal Reserve, including prudential standards developed by the Federal Reserve.

The FSOC issued the final rule for the framework and criteria to identify non-bank SIFIs. 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), risk-based solvency and liquidity requirements, leverage limits, stress testing by the federal regulator, mandatory "living will" arrangements, limits on counterparty credit 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. The insurance sector is subject to assessment 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. In July 2013, FSOC voted to designate various non-bank financial companies, including multinational insurance corporations, as SIFIs and, in September 2014, the FSOC designated another insurance company as a SIFI. In January 2015, a designated insurer filed suit against the FSOC, contesting the constitutionality of the FSOC's designation powers.

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 non-bank financial companies on an individual basis or by category. Stress testing requirements and risk management requirements were addressed in final rules approved in October 2012 and February 2014, respectively, 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. In December 2013, pursuant to a mandate under the Dodd-Frank Act, the FIO released a report that addresses modernization of the insurance industry. The report concludes that insurance regulation in the United States is best viewed in terms of a hybrid model, where state and federal oversight play complementary roles to improve solvency and market conduct regulation. The report outlines near-term reforms that states should undertake regarding capital adequacy, safety and soundness, reform of insurer resolution practices, and marketplace regulation. It also outlines areas for federal involvement in insurance regulation.

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 having taken effect in the first quarter of 2013 and additional requirements having been proposed. 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 was adopted in December 2013.

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 (RBC). 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, 2014, 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 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 ("**MCRs**") 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. Since then, an additional twenty states have adopted reforms: Alabama, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Iowa, Louisiana, New Hampshire, Maine, Maryland, Massachusetts, Missouri, New Mexico, Ohio, Pennsylvania, Rhode Island Vermont and Virginia. Swiss Re has received approval to post reduced collateral in Connecticut, Missouri, New Hampshire, New York, Pennsylvania and Virginia, and is seeking approval in California.

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, pre-empts 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, the timing of such approval and adoption 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. Over the past ten years, legislation has been introduced in the U.S. Congress in the House and Senate that would 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 - 2014 budget proposals. Although none of these proposals has been voted into law, we expect this trend to continue.

TRIA established a program in 2012 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 2007**") for an additional seven years (to December 31, 2014), under the Terrorism Risk Insurance Program Reauthorization Act of 2014 ("**TRIPRA 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.

On January 12, 2015, TRIPRA 2014 was extended again for an additional six years (to December 31, 2020), under the Terrorism Risk Insurance Program Reauthorization Act of 2015 ("**TRIPRA 2015**"). TRIPRA 2015 contained several additional changes to the TRIA program, including a phased-in increase of the program trigger to $200 million and a phased-in increase of the insurer co-share requirements from 85/15 to 80/20. There are also changes to the mandatory recoupment surcharges. For the first five years of the reauthorized period, the insurance marketplace aggregate retention amount is the lesser of $27.5 billion, which increases in annual increments to $37.5 billion, or the aggregate amount for all insurers losses during the calendar year, while in the sixth year, the Treasury Secretary will issue a final rule to annually revise such amount so that it is equal to the annual average of the sum of insurer deductibles for all insurers participating in the program for the prior three calendar years. There are no changes to the program cap of $100 billion and to the insurer deductible of 20% of direct earned premium from the previous year's covered lines.

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.

Because terrorism risk lacks several basic requirements of insurability, a permanent federal terrorism risk backstop has been advocated by the industry 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 have established a National Catastrophe Risk Consortium ("**Consortium**"), a non-profit entity, that would have, among other things, maintained an inventory of catastrophe risk obligations held by state reinsurance funds and other state sponsored entities and issued on a conduit basis securities linked to catastrophe risks insured or reinsured through its members. It also would have authorized the U.S. Treasury to guarantee holders of debt issued by state catastrophe insurance programs against losses, established a Federal Natural Catastrophe Reinsurance Fund and coordinated reinsurance contracts between participating members of the Consortium and private parties. In the 113th Congress, H.R. 240, Home Owners Protection Act of 2013, would have created 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, and the new system became operational on April 1, 2013. The new system gives the Bank of England macro-prudential responsibility for oversight of the financial system and, through a new operationally independent subsidiary (the PRA), for day-to-day prudential supervision of financial services firms managing significant balance sheet risk. The Financial Services Authority (the "**FSA**") has ceased to exist, and in its place a new conduct of business regulator (the Financial Conduct Authority ("**FCA**")) has been created. The FCA's remit includes both retail and wholesale business, including reinsurance. All firms subject to regulatory supervision are regulated by the FCA, with significant firms, including insurers and reinsurers, also being subject to supervision by the PRA. For these dual-regulated firms, the PRA is the prudential regulator and takes the lead role, and the FCA acts as the conduct regulator. The regulatory regime continues to be in transition as regulators consider the impact of Solvency II.

Our U.K. subsidiaries are subject to regulation and supervision under the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012 (collectively, "**FSMA**"), its implementing regulations and the powers delegated to the FCA and the PRA. Under FSMA, there is a "twin peak" regime for the regulation of financial services in the United Kingdom and the regulatory authority is vested in the FCA and the PRA.

The statutory objectives of the FCA are to protect the consumers, to enhance the integrity of the U.K. financial system and to help maintain competitive markets and promote effective competition in the interests of consumers. The statutory objectives of the PRA with respect to insurers are to promote the safety and soundness of insurance firms and to contribute to the securing of an appropriate degree of protection for those who are or may become policyholders. The PRA is required to advance these general objectives by seeking to ensure that the business of PRA-authorized firms is carried on in a way that avoids any adverse effect on the stability of the U.K. financial system and by seeking to minimize the adverse effect that the failure of a PRA-authorized firm could be expected to have on the stability of the U.K. financial system. With respect to policyholder protection, the PRA's role is to ensure that there is a reasonably high probability that an insurer is able to meet claims from, and material obligations to, policy holders as they fall due, and to make sure that where an insurer is unable to meet such claims and obligations, the adverse consequences for policyholders are minimized by ensuring that the insurer fails in an orderly manner. The PRA and the FCA have a statutory duty to coordinate with each other in the exercise of their functions.

The PRA’s approach to supervising reinsurers is based on the same principles as its supervision of primary insurers. However, the PRA has stated that reinsurance may give rise to a greater degree of connectivity with other parts of the financial system than is usually seen with primary insurance business and that undertaking an appropriate degree of supervision of the reinsurance business transacted in the U.K. will therefore be an important element in meeting the PRA’s objectives.

Subject to the exemptions ordered under FSMA, no person may carry out regulated activities in the United Kingdom without authorization by the FCA and/or the PRA. 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 FCA Authorization Manual and the PRA Authorization Manual are satisfied. (Permissions previously granted by the FSA have been transferred to the PRA and/or the FCA, as applicable.) The grant of the Permission delivers authorization. Our active U.K. subsidiaries hold Permissions for life insurance and for investment business. These are specified by company in the Financial Services Register maintained by the FCA. Our reinsurance and wholesale non-life insurance business is now carried on by U.K. branches of our Luxembourg-regulated carriers, which we discuss further below. These U.K. branches are subject to supervision and fees from the FCA as the EU passport principles extend to conduct supervision and consumer protection at present. This is a significant additional regulatory cost of the new U.K. system.

Under the FSMA, the directors and senior management of a company are required to satisfy “fit and proper” tests, and to set up and operate appropriate systems and controls. 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 (“**Approved Persons**”)) (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. Both the FCA and the PRA need to consent to appointments of Approved Persons for dual-regulated firms.

Regulated companies are further subject to the rules and guidance set out in a series of Prudential Sourcebooks issued by the FCA and the PRA. 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 under the applicable Prudential Sourcebooks according to various tests. The requirements exceed the 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 Sourcebooks (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.

Regulated companies are supervised under a regular and exception reporting framework as well as by periodic visits. Under FSMA reinsurance and insurance companies are required to file with the PRA an independently audited financial statement, and other prescribed documents. The local regulated company is required to notify the appropriate regulator 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 in respect of risks affecting the parent group company as such (group risk). The FCA and PRA have substantial powers of enforcement against firms and individuals concerning both prudential and conduct of business rules breaches.

In the aftermath of the financial crisis, consideration is being given to whether and how any changes in the regulatory approach to supervision of banks should apply to insurers. Some changes have already been evident with respect to insurers. The FSA's supervisory approach had become more intensive with greater challenge to management about the outcomes of management decisions and, although the PRA has recognized that insurers are not systemic in the same way that banks are, this approach is likely to continue under the FCA and the PRA. 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 requirements for insurers. There has also been a strengthening in the 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 scope and application of the director and non-executive director controlled function requirements have been extended 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;

- the definition of the significant management controlled function (CF29) has been extended to include all proprietary traders who are not senior managers but who are likely to exert significant influence on a firm; and

- the application of the Approved Persons regime to U.K. branches of overseas firms based outside the EEA has been amended.

Other issues identified with respect to the banking sector may also influence future insurance supervision but will probably be addressed as part of the implementation of 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 a 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 FCA and is entered in the FCA'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.

Related Party Transactions

During the third quarter of 2014, we transferred the shares of Swiss Re Corporate Solutions Brasil Seguros SA to Swiss Re Corporate Solutions, effective for accounting purposes as of January 1, 2014. The operations of this entity had been reported as part of the Corporate Solutions Business Unit, but the legal entity had remained a subsidiary of ours due to regulatory restrictions tied to the date of the initial acquisition of the subsidiary.

As a member of the broader Swiss Re Group we engage in the ordinary course in a range of transactions with the rest of the Swiss Re Group. These include:

- ***insurance activities***, in which we assume or cede certain insurance or reinsurance contracts from/to other members of the Swiss Re Group;

- ***investment activities***, such as loans, other funding arrangements and derivate transactions to/with other members of the Swiss Re Group;

- ***financing activities***, in which we borrow from other members of the Swiss Re Group; and

- ***operating activities***, in which we provide services to other members of the Swiss Re Group.

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., Swiss Reinsurance Company Ltd) 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 CHE-102.979.129. (The Canton of Zurich Commercial Register has been in existence since 1883.) Its Articles of Association were last amended on April 1, 2014. 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 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 March 1, 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 and/or option rights granted in connection with bonds or similar instruments, including loans or other financial instruments, issued by SRZ or group companies (collectively, the "**Equity-Linked Financing Instruments**"). 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 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 of SRZ (the "**SRZ 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 74,000,000 shares up to March 25, 2015.

Authorized Share Capital. Article 3b of SRZ's Articles of Association provides for a capital increase from authorized capital at any time up to March 25, 2015 by an 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 SRZ 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 SRZ 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 SRZ 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 were excluded, may not, in the aggregate, exceed 74,000,000 shares up to March 25, 2015.

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, 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."

Dividends Paid

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 2012, in connection with a corporate restructuring of the Swiss Re Group, SRZ paid dividends-in-kind in the form of shares of Swiss Re Corporate Solutions 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). In addition, in the same year, we paid $2.6 billion in dividends to SRL.

In 2013, we paid a $1.1 billion dividend-in-kind of all registered shares of Swiss Re Principal Investments Company Ltd (the holding company for our direct participations in companies and investments in certain private equity funds with a book value of CHF 805 million to SRL, effective January 1, 2013) and a cash dividend of $1.9 billion in April 2013.

In April 2014, we paid a cash dividend of CHF 2.8 billion to SRL and we expect to pay our next dividend to SRL in April 2015.

SRZ Board of Directors and Senior Management

Under SRZ's Articles of Association, the SRZ Board of Directors is to consist of at least seven members. The directors are to be elected at a general meeting of shareholders for a term of office until completion of the next general meeting of shareholders. Directors whose term of office has expired are immediately eligible for re-election. The business address of the members of the SRZ Board of Directors is Mythenquai 50/60, 8022 Zurich, Switzerland.

SRZ is a wholly owned subsidiary of SRL, and, while SRZ has its own board of directors, significant aspects of its operations and business are impacted by decisions made by the SRL Board of Directors and the Group EC. The members of the SRZ Board of Directors are the same as the members of the SRL Board of Directors. We have established a governance framework within the context of the powers that are delegated to us by SRL as the Reinsurance Business Unit.

The SRZ Board of Directors is constituted as follows:

Name	Birth Year	Position
Walter B. Kielholz	1951	Chairman
Mathis Cabiallavetta	1945	Vice Chairman
Renato Fassbind	1955	Vice Chairman
Raymund Breu	1945	Director
Raymond K.F. Ch'ien	1952	Director
Mary Francis	1948	Director
Rajna Gibson Brandon	1962	Director
C. Robert Henrikson	1947	Director
Hans Ulrich Maerki	1946	Director
Carlos E. Represas	1945	Director
Jean-Pierre Roth	1946	Director
Susan L. Wagner	1961	Director

The Swiss Re Group Executive Committee is constituted as follows:

Name	Birth Year	Position
Michel M. Liès	1954	Group Chief Executive Officer
David Cole	1961	Group Chief Financial Officer
John R. Dacey	1960	Group Chief Strategy Officer and Chairman Admin Re®
Guido Fürer	1963	Group Chief Investment Officer
Patrick Raaflaub	1965	Group Chief Risk Officer
Agostino Galvagni	1960	Chief Executive Officer Corporate Solutions
Jean-Jacques Henchoz	1964	Chief Executive Officer Reinsurance EMEA
Christian Mumenthaler	1969	Chief Executive Officer Reinsurance
Moses Ojeisekhoba	1966	Chief Executive Officer Reinsurance Asia
J. Eric Smith	1957	Chief Executive Officer Swiss Re Americas
Matthias Weber	1961	Group Chief Underwriting Officer
Thomas Wellauer	1955	Group Chief Operating Officer

In addition, Swiss Re has Executive Committees for each of the three Business Units. The Executive Committees 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 are the members of the Executive Committee for SRZ and the Reinsurance Business Unit:

Name	Birth Year	Position
Christian Mumenthaler	1969	Chief Executive Officer
Peter Grewal	1968	Chief Risk Officer

Name	Birth Year	Position
Jean-Jacques Henchoz	1964	Chief Executive Officer EMEA
Jonathan Isherwood	1966	Head Globals
Thierry Léger	1966	Head Life & Health Products
Gerhard Lohmann	1966	Chief Financial Officer
Alison Martin	1974	Head Life & Health Business Management
Moses Ojeisekhoba	1966	Chief Executive Officer Asia
Jayne Plunkett	1970	Head Casualty Underwriting
Jason Richards	1969	Head Property & Casualty Business Management
Edouard Schmid	1964	Head Property & Specialty Underwriting
J. Eric Smith	1957	Chief Executive Officer Americas

The business address of the members of the Group EC and the members of the SRZ Executive Team is Mythenquai 50/60, 8022 Zurich, Switzerland.

Taxation

Swiss Taxation

General

This section describes the principal tax consequences under the laws of Switzerland of the acquisition, ownership and sale of Loan Notes for an investor who is a corporate entity and is the one Permitted Non-Qualifying Lender (as defined in the Conditions of the Loan Notes) or a Qualifying Bank (as defined in the Conditions of the Loan Notes). This summary does not address the tax treatment of any other investors.

This summary is based on legislation, regulations and regulatory practices, in each case as of the date of this Information Memorandum, and a tax ruling with the Swiss Federal Tax Administration, and does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant to a decision to invest in Loan Notes.

Potential investors are advised not to rely upon the tax summary contained in this Information Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, ownership and sale of, and other events in relation to, Loan Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. The tax treatment of Loan Notes depends on the individual tax situation of the relevant investor and may be subject to change.

Swiss Federal Withholding Tax

According to current Swiss tax law and the present practice of the Swiss Federal Tax Administration, payments by the Issuer of interest on, and repayment of principal of, the Loan Notes, will not be subject to Swiss federal withholding tax (*Verrechnungssteuer*) (currently levied at a rate of 35%), provided that the aggregate number of Loan Noteholders who are not Qualifying Banks (as defined in the Conditions) will not at any time while any Loan Notes are outstanding exceed ten (Ten Non-Bank Rule, as defined in the Conditions), and the aggregate number of lenders to the Issuer (including Loan Noteholders) under all of the Issuer's financial debt (including Loan Notes) who are not Qualifying Banks will not at any time while any Loan Notes are outstanding exceed twenty (Twenty Non-Bank Rule, as defined in the Conditions).

Paragraph (i) of Condition 1 requires the Issuer to comply at all times while any Loan Notes are outstanding with the Non-Bank Rules (as defined in the Conditions) and paragraphs (c), (g) and (h) of Condition 1 require the Loan Noteholders to comply with the restrictions on transfer of Loan Notes, exposure transfers and grants of security which, *inter alia*, restrict the Loan Noteholders to (i) one single Permitted Non-Qualifying Lender and (ii) up to five Qualifying Banks. The Swiss Federal Tax Administration confirmed in a tax ruling that ELM B.V., who is the initial Permitted Non-Qualifying Lender, counts in respect of the Loan Notes held by it as one single lender only for the purpose of the Non-Bank Rules.

On December 17, 2014 the Swiss Federal Council issued draft withholding tax legislation that reflects, in respect of interest payments, a change from the current issuer tax system to a paying agent tax system. If enacted, such legislation may require a paying agent in Switzerland, subject to certain exceptions, to deduct Swiss withholding tax at a rate of 35% on any payment of interest in respect of a Loan Note to a beneficiary resident in 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, any such deduction or withholding will not constitute a Recalculation of Interest Event and neither the Issuer nor any paying agent nor any other person would pursuant to the Conditions be obligated to pay additional amounts or recalculated interest with respect to any Loan Note as a result of the deduction or imposition of such withholding tax.

Swiss Federal Stamp Taxes

Subject to the Issuer complying, at all times while any Loan Notes are outstanding, with the Non-Bank Rules (as defined in the Conditions) and, subject to the Issuer and the Loan Noteholders complying with the restrictions on transfer of Loan Notes, exposure transfers and grants of security in paragraphs (c), (g), (h) and (i) of Condition 1, no Swiss federal stamp tax on the turnover of securities will be payable neither on the issuance of the Loan Notes on the issue date nor on any transfer or assignment of Loan Notes thereafter (see "– Swiss Federal Withholding Tax" above for a summary of the restrictions).

Income Taxation on Principal or Interest

(i) Loan Notes held by non-Swiss Loan Noteholders

A Loan Noteholder who is a corporate entity not resident in Switzerland (including ELM B.V. as the single one Permitted Non-Qualifying Lender (as defined in the Conditions)) and who during the taxation year has not engaged in trade or business carried on through a permanent establishment or a fixed place of business in Switzerland to which the Loan Notes are attributable is in respect of such Loan Notes not subject to income tax in Switzerland (see "– Swiss Federal Withholding Tax" above for details relating to the Swiss federal withholding tax).

(ii) Loan Notes held as Swiss business assets

Swiss resident corporate taxpayers and corporate taxpayers resident abroad holding Loan Notes through a permanent establishment in Switzerland are required to recognize payments of interest in respect of the Loan Notes and any capital gain or loss realized on the sale or other disposal of Loan Notes, in each case converted into Swiss francs at the exchange rate prevailing at the time of payment or sale, as applicable, in their income statement, as the case may be, for the permanent establishment in Switzerland, for the respective tax period, and will be taxable on any net taxable earnings, as the case may be, attributable to the permanent establishment Switzerland, for such period.

EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) made by a person established within its jurisdiction to, or collected by such person for, an individual resident or certain other types of entities or legal arrangements established, in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The Luxembourg Government announced that it will no longer apply the withholding tax system with effect from January 1, 2015, in favor of automatic information exchange under the EU Savings Directive.

On March 24, 2014, the Council of the European Union adopted Council Directive 2014/48/EU amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the EU Savings Directive (to include additional types of savings income and products that generate interest or equivalent income) and expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported (such as by widening the range of recipients, payments to whom are covered by the EU Savings Directive, to include certain other types of entities and legal arrangements established or effectively managed outside the EU). Member States are required to implement national legislation necessary to comply with Council Directive 2014/48/EU by January 1, 2016 (which national legislation must apply from January 1, 2017).

A number of countries and territories outside the European Union, including Switzerland, have adopted similar measures (a withholding system at a rate of currently 35% in the case of Switzerland with the option of the individual to have the paying agent and the relevant Swiss authorities provide to the tax authorities of the Member State the details of the interest payments or payments of other similar income in lieu of the withholding). Switzerland and the European Commission have commenced negotiations on certain amendments to the agreement between the European Community and the Confederation of Switzerland dated as of October 26, 2004, providing for measures equivalent to those set out in the Directive, which, may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State (or a country or territory outside of the European Union that has adopted similar measures), which has opted for a withholding system and, an amount of, or in respect of, tax were to be withheld from that payment (pursuant to the EU Savings Directive or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive), Loan Noteholders will not be entitled to receive any additional amounts or recalculated interest to compensate them as a result of any such withholding.

Proposed Financial Transaction Tax

The European Commission has published a proposal for a Council Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). The proposed FTT has a broad scope and could, if introduced in its current form, apply to certain dealings in the Loan Notes (including secondary market transactions). Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 would be exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside the Participating Member States. Generally, it would apply to certain dealings in the Loan Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument that is subject to the dealings is issued in a Participating Member State.

The proposed FTT remains subject to negotiation among the Participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Moreover, once adopted, it would need to be implemented in national legislation of the Participating Member States, which might give rise to deviations from the Council Directive. Additional Member States may decide to participate.

Final Foreign Withholding Taxes

See "Risk Factors – Risks Relating to the Loan Notes – Agreements with the United Kingdom and Austria concerning final foreign withholding taxes (*internationale Quellensteuer*) could impact Loan Noteholders" for a discussion of a possibility that a final foreign withholding tax may apply on payments under the Loan Notes. 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. reporting and 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 6 or Condition 9.

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, but only 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 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 or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. 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 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 SRZ Board of Directors of SRZ passed on February 18, 2015.

Information on Business Outlook for the SRZ Group

Overview

We believe that we will experience a shift of business gravity towards emerging markets, in particular Asia and we will continue to invest in high-growth markets such as China, India and Indonesia, where we believe there are significant long-term opportunities for growth.

We expect natural catastrophe business to grow globally. Despite an increase in alternative capacity, particularly in the United States, we believe we will continue to achieve attractive returns on the property business we write. We also see growth opportunities in casualty. In Life & Health reinsurance, we will continue to actively manage our in-force book to increase profitability and develop new solutions to grow in both mature and developing markets.

We believe that we are well-positioned to capture the market opportunities ahead of us and our capitalization should allow for business growth and continued dividends to SRL.

Property & Casualty Reinsurance

In 2014, we maintained large shares of catastrophe business at profitable levels and we believe that we are well-positioned to capture the market opportunities for new, attractive casualty business ahead of us. While natural catastrophe prices have come under increasing pressure due to benign loss experience and abundant capacity in 2014, we expect the natural catastrophe business to grow globally and we believe that maintaining a diversified portfolio of growth opportunities and differentiating our services and knowledge will serve us well in the current market environment.

We have observed further softening of property reinsurance rates for all regions due to the absence of losses and to abundant capital. Notwithstanding an increase in alternative capacity, particularly in the United States, we believe we will continue to achieve attractive returns on the property business we write. We see growth opportunities in casualty and given the more positive global economic growth forecasts for 2015, we believe demand for non-life insurance should increase (with emerging markets as the main driver). In non-life insurance, we expect premium growth in advanced markets to slow slightly as the current cycle of moderate rate improvements loses momentum along with only slight improvement in macroeconomic conditions. The non-life reinsurance sector is expected to be weak in 2015; advanced markets are expected to be impacted by the current softening of rates, leading to stagnating premiums in 2015, and premium growth in emerging markets will be heavily influenced by developments in China. Following this year's increase of reinsurance cessions due to large motor quota share reinsurance transactions, premium volumes in China are expected to drop back to normal levels in 2015. Excluding China, emerging markets are expected to have improving real premium growth rates of 5% for 2015.

We believe we have the expertise, knowledge and services to meet the increased demand for innovative and tailored solutions and are well-positioned to support clients in both developed and high-growth markets. We also believe that our risk selection remains is a key driver for success in a softening market environment.

Life & Health Reinsurance

The Life & Health reinsurance business is expected to grow modestly in the medium term, with cession rates decreasing in mature markets (particularly in the U.S. and U.K. markets, which account for slightly over half of global reinsurance premiums) as primary insurers retain more risk. The low interest rate environment will continue to have an unfavorable impact on the growth of long-term life business for our cedents. As a result, we expect reinsurance volumes from these markets to be flat. We will continue to pursue large transaction opportunities, including longevity deals, which we believe will allow us to write new business at attractive returns.

However, we continue to believe that this segment is strategically attractive, as it adds to the profits and diversifications of the Swiss Re Group, enhances the value proposition to core clients and represents an attractive growth opportunity. We are pursuing opportunities presented by major demographic and socioeconomic trends, such as in high growth markets where growth remains dynamic, and particularly in health. We will also continue to pursue large transaction opportunities, including longevity deals, which we believe will allow us to write new business at attractive returns. We are also improving our capabilities in product design and manufacturing to help close the protection gap. In addition, we believe that we have taken key steps in an effort to enhance the profitability of this segment going forward (see "Our Business – Business Strategy"). Our aim is for all future new business to continue to meet our return on equity hurdle rates. Our planned asset reallocation programme was largely completed in 2013, resulting in increased net investment income in 2014. We have completed most of our debt restructuring plan and will continue to look for optimization opportunities in capital management.

Investments

We expect the moderate economic recovery to continue, with the U.S. economy leading the way. In contrast, eurozone growth will likely remain weak, with the divergence in monetary policies likely to widen further. We believe that in this environment, a top-down investment approach will continue to be of greatest value, including an increasing focus on China as it aims to further liberalize its economic policies.

Statement of no material adverse change

There has been no material adverse change in the prospects of SRZ since December 31, 2014, 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 December 31, 2014, the end of the last financial period for which financial information for the SRZ Group has been published.

Litigation

Except as it may otherwise be indicated in this Information Memorandum, we have not been involved in any litigation, governmental, or arbitration proceedings, including any such proceedings which are pending or threatened of which we are aware, during the 12 months preceding the date of these listing particulars which may have, or have had in the recent past, a significant effect on our financial position.

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, 2013 and 2014, have been audited by PricewaterhouseCoopers Ltd, 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 and for the years ended December 31, 2013 and 2014, have been audited by PricewaterhouseCoopers Ltd, Birchstrasse 160, CH-8050 Zurich, as independent auditors, as stated in their reports appearing therein.

PricewaterhouseCoopers Ltd is a member of the Swiss Institute of Certified Accountants and Tax Experts.

Documents Available for Inspection

Printed copies of this Information Memorandum can be obtained free of charge at the offices of the Agent at One Canada Square, London E14 5AL, United Kingdom.

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 be downloaded from the website www.swissre.com, following the link to "Investors – Financial information" and

"About us – Corporate governance – Corporate regulations," respectively. No information contained on the Swiss Re Group web site, or on any other web site, is incorporated herein by reference.

REGISTERED OFFICE OF THE ISSUER

Swiss Reinsurance Company Ltd
Mythenquai 60
CH - 8002 Zurich

FISCAL AGENT AND PAYING AGENT

The Bank of New York Mellon

One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon (Luxembourg) S.A.

Vertigo Building -
Polaris
2 4- rue Eugene Ruppert
L 2- 453 Luxembourg

INDEPENDENT AUDITORS TO THE ISSUER

PricewaterhouseCoopers Ltd
Birchstrasse 160
CH - 8050 Zurich

LEGAL ADVISER TO THE ISSUER

Paul, Weiss, Rifkind, Wharton & Garrison LLP
Alder Castle
10 Noble Street
London EC2V 7JU
United Kingdom

REGISTERED OFFICE OF THE ISSUER

Prins Bernhardplein 200
1097JB Amsterdam
The Netherlands

TRUSTEE

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

CUSTODIAN, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

The Bank of New York Mellon

One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon (Luxembourg) S.A.

Vertigo Building -
Polaris
2 4- rue Eugene Ruppert
L 2- 453 Luxembourg

LEGAL ADVISERS

To the Managers and the Trustee as to English law:

Simmons & Simmons LLP
CityPoint
One Ropemaker Street
London EC2Y 9SS

To the Managers as to Swiss law:

Niederer Kraft & Frey AG
Bahnhofstrasse 13
CH-8001 Zurich
Switzerland

To the Managers as to Dutch law:

Simmons & Simmons LLP
PO Box 79023 1070 NB
Claude Debussylaan 247 1082 MC
Amsterdam
The Netherlands

IRISH LISTING AGENT

Arthur Cox Listing Services Limited

Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland