

News release

Swiss Re agrees to sell ReAssure to Phoenix Group

- Transaction values ReAssure at GBP 3.25 billion
- Swiss Re to receive GBP 1.2 billion cash payment, with the balance of the consideration paid in Phoenix shares
- Swiss Re estimates that the transaction will have a positive impact on its Group Swiss Solvency Test (SST) ratio and economic profit and a negative impact on its US GAAP results in Q4 2019

Zurich, 6 December 2019 – Swiss Re announced today an agreement to sell its subsidiary ReAssure Group plc to Phoenix Group Holdings plc. As part of the agreement, which values ReAssure at GBP 3.25 billion, Swiss Re will receive a cash payment of GBP 1.2 billion, shares in Phoenix representing a 13% to 17% stake and be entitled to a seat on its Board of Directors. ReAssure's minority shareholder, MS&AD Insurance Group Holdings Inc, will receive shares in Phoenix representing an 11% to 15% stake. The respective number of shares Swiss Re and MS&AD receive will depend on Phoenix's share price at closing of the sale, while the total shareholding of both companies is fixed at approximately 28%.

Christian Mumenthaler, Swiss Re's Group CEO, said: "We believe this transaction maximises long-term value for Swiss Re shareholders. Swiss Re's goal has been to deconsolidate ReAssure, and we are pleased to have found a strong buyer for the business. The strategic rationale for the combination of the businesses is compelling, and we look forward to working together with Phoenix and to sharing the financial benefits of the combination."

The transaction will reinforce Phoenix's position as Europe's largest life and pensions consolidator with GBP 329 billion of assets under administration and more than 14.1 million policies¹, giving it an enhanced platform to pursue further growth opportunities.

Thierry Léger, CEO of Swiss Re's Life Capital Business Unit, said: "The expertise of ReAssure's team combined with that of Phoenix will create a very powerful closed book consolidator. At the same time, the sale will accelerate

¹ Assets under administration and number of policies as at 30 June 2019 assume completion of the Part VII transfer of the L&G Group book and the Old Mutual Wealth Life Assurance Limited acquisition by ReAssure, which are expected prior to closing of the transaction.

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the transition of Life Capital towards a dynamically growing digital B2B2C business that leverages technology and data.”

As part of the transaction, Swiss Re will reacquire the 25% stake in ReAssure currently held by MS&AD. The consideration for this purchase will be Phoenix shares with value of up to GBP 1.0 billion at signing. This represents a GBP 0.1 billion premium to MS&AD’s cost base² for its holding in ReAssure.

The financial impact of the transaction on Swiss Re will be subject to movements in Phoenix’s share price prior to closing of the sale. It is currently estimated that the transaction will result in a 12 percentage points increase in Swiss Re’s Group SST ratio and generate economic profit of USD 0.3 billion. An estimated US GAAP pre-tax charge of approximately USD 0.3 billion in the fourth quarter 2019 mainly reflects the higher consolidated book value of ReAssure, driven by historically low interest rates. The impact of the reacquisition of shares from MS&AD will be reflected in the Group’s shareholders’ equity.

The transaction is expected to close in mid-2020, subject to approvals by Phoenix’s shareholders, regulators and anti-trust authorities. Swiss Re’s Board of Directors will assess the optimal use of the proceeds of the sale, taking into account the Group’s capital position as of the end of 2019, and will provide an update with the release of the full-year results.

In connection with the transaction, Swiss Re Ltd would expect to issue a guarantee in favour of the holders of the EUR 750 million 1.375% notes due 2023 of Swiss Re Finance Jersey (previously Swiss Re ReAssure Limited), which will remain a wholly owned subsidiary of Swiss Re.

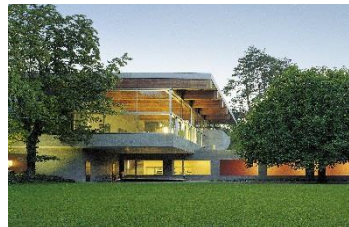
² Aggregate price paid by MS&AD for separate purchases of ReAssure shares and capital contributions to ReAssure, minus dividends received by MS&AD.

Swiss Re

The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

For logos and photography of Swiss Re executives, directors or offices go to <https://www.swissre.com/media/electronic-press-kit.html>

For media 'b-roll' please send an e-mail to media_relations@swissre.com



Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations 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", "may fluctuate" and similar expressions, or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
- 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 the Group's investment assets;
- changes in the Group's investment result as a result of changes in the Group's investment policy or the changed composition of the Group's investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- the Group's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group's financial strength or otherwise;
- any inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;

- changes in legislation and regulation, and the interpretations thereof by regulators and courts, affecting us or the Group's ceding companies, including as a result of shifts away from multilateral approaches to regulation of global operations;
- the outcome of tax audits, the ability to realise tax loss carryforwards, the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on business models;
- failure of the Group's hedging arrangements to 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 the Group's ability to achieve improved ratings;
- uncertainties in estimating reserves;
- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses, 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;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- 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, lower-than expected benefits, or other issues experienced in connection with any such transactions;
- changing levels of competition, including from new entrants into the market; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks and the ability to manage cybersecurity risks.

These factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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