

Financial Supplement 2008

Zurich Financial Services Group
Results for the Six Months ended June 30, 2008



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Financial Supplement (unaudited)

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Financial highlights (unaudited)

Income statements
by business segment

in USD millions, for the six months ended June 30

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenues														
Direct written premiums and policy fees	19,705	18,351	4,708	4,841	–	–	176	209	(6)	–	(6)	12	24,577	23,414
Assumed written premiums	888	675	50	52	–	–	902	1,001	93	81	(134)	(150)	1,799	1,659
Gross written premiums and policy fees	20,593	19,026	4,758	4,893	–	–	1,078	1,210	87	81	(140)	(138)	26,376	25,072
Less premiums ceded to reinsurers ¹	(3,140)	(2,865)	(363)	(7,557)	–	–	1	(25)	(30)	(76)	140	138	(3,392)	(10,384)
Net written premiums and policy fees	17,453	16,161	4,395	(2,664)	–	–	1,079	1,185	57	6	–	–	22,984	14,688
Net change in reserves for unearned premiums	(1,565)	(1,677)	(5)	(7)	–	–	27	11	2	3	–	–	(1,541)	(1,670)
Net earned premiums and policy fees	15,889	14,484	4,390	(2,671)	–	–	1,106	1,195	58	9	–	–	21,443	13,017
Farmers management fees and other related revenues	–	–	–	–	1,196	1,093	–	–	–	–	–	–	1,196	1,093
Net investment result on Group investments	1,794	1,846	1,764	2,384	56	65	420	571	461	515	(519)	(597)	3,975	4,785
Net investment income on Group investments	1,910	1,773	2,209	2,157	49	91	466	504	287	354	(519)	(597)	4,402	4,282
Net capital gains/(losses) and impairments on Group investments	(116)	73	(445)	227	7	(26)	(46)	68	174	161	–	–	(426)	503
Net investment result on unit-linked investments	–	–	(8,493)	5,780	–	–	(911)	473	–	–	–	–	(9,404)	6,253
Net gain/(loss) on divestments of businesses	–	1	5	2	–	–	(1)	–	–	(1)	–	–	4	2
Other income	382	326	614	516	–	44	58	103	502	424	(610)	(504)	945	909
Total revenues	18,065	16,657	(1,721)	6,011	1,252	1,202	672	2,343	1,021	947	(1,129)	(1,101)	18,160	26,060
Intersegment transactions	(733)	(530)	(81)	(205)	(39)	(22)	2	(75)	(279)	(269)	1,129	1,101	–	–

¹ In 2007, for the Global Life segment, premiums ceded to reinsurers included USD 7.3 billion and ceded insurance benefits and losses included USD 7.0 billion relating to the reinsurance of a UK annuity portfolio. Subsequent to the approval from the UK High Court, effective on June 30, 2008, the underlying contracts have been transferred to the reinsurer. This transaction had no impact on the income statement in 2008.

Financial highlights (unaudited)

in USD millions, for the six months ended June 30

Income statements
by business segment

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Benefits, losses and expenses														
Losses and loss adjustment expenses, net of reinsurance	11,171	10,443	21	44	–	–	631	512	–	(3)	(1)	(4)	11,821	10,992
Life insurance death and other benefits, net of reinsurance	34	22	4,793	6,017	–	–	199	178	58	9	1	6	5,085	6,231
(Decrease)/increase in future life policyholders' benefits, net of reinsurance	1	–	(665)	(9,182)	–	–	45	(51)	(26)	(68)	–	(2)	(645)	(9,304)
Insurance benefits and losses, net of reinsurance ¹	11,206	10,465	4,148	(3,121)	–	–	875	639	32	(62)	–	–	16,261	7,920
Policyholder dividends and participation in profits, net of reinsurance	12	4	(8,200)	6,415	–	–	(846)	544	–	–	–	–	(9,034)	6,963
Underwriting and policy acquisition costs, net of reinsurance	2,881	2,559	962	702	–	–	240	291	–	(11)	–	–	4,083	3,541
Administrative and other operating expense	1,618	1,409	914	817	597	528	(2)	139	423	510	(596)	(487)	2,953	2,917
Amortization and impairments of intangible assets	58	35	92	51	27	24	1	–	8	4	–	–	186	115
Interest expense on debt	119	149	9	10	5	5	109	108	586	676	(525)	(602)	302	345
Interest credited to policyholders and other interest	121	130	267	277	–	–	55	72	5	4	(8)	(11)	440	472
Total benefits, losses and expenses	16,014	14,752	(1,808)	5,150	628	557	433	1,793	1,054	1,121	(1,129)	(1,101)	15,192	22,272
Net income/(loss) before income taxes	2,051	1,905	87	861	624	646	239	550	(34)	(174)	–	–	2,968	3,787
Income tax benefit/(expense) attributable to policyholders													604	(130)
Income tax expense attributable to shareholders													(823)	(954)
Net income attributable to minority interests													(69)	(27)
Net income attributable to shareholders													2,681	2,676
Business operating profit	2,236	1,838	766	721	617	672	190	471	(261)	(417)	–	–	3,549	3,284

¹ In 2007, for the Global Life segment, premiums ceded to reinsurers included USD 7.3 billion and ceded insurance benefits and losses included USD 7.0 billion relating to the reinsurance of a UK annuity portfolio. Subsequent to the approval from the UK High Court, effective on June 30, 2008, the underlying contracts have been transferred to the reinsurer. This transaction had no impact on the income statement in 2008.

Financial highlights (unaudited)

Assets and liabilities by business segment	in USD millions, as of													
	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07
Total Group Investments	86,235	84,996	97,582	95,740	1,661	2,311	18,496	18,758	14,646	18,560	(23,554)	(26,764)	195,066	193,600
Investments for unit-linked contracts	–	–	98,402	106,355	–	–	14,645	15,738	–	–	–	–	113,047	122,092
Total investments	86,235	84,996	195,985	202,094	1,661	2,311	33,140	34,495	14,646	18,560	(23,554)	(26,764)	308,113	315,693
Reinsurers' share of reserves for insurance contracts ¹	13,611	13,149	1,849	9,555	208	207	5,914	6,392	–	107	(1,978)	(2,440)	19,605	26,970
Deposits made under assumed reinsurance contracts	70	68	–	–	–	–	1,275	1,323	–	2	(35)	(34)	1,310	1,359
Deferred policy acquisition costs	3,575	3,306	12,684	11,547	–	–	79	89	–	–	(2)	(1)	16,337	14,941
Deferred origination costs	–	–	1,018	1,003	–	–	–	–	–	–	–	–	1,018	1,003
Goodwill	1,019	706	675	635	382	385	–	–	5	5	–	–	2,080	1,730
Other related intangible assets	–	–	772	780	1,025	1,025	–	–	–	–	–	–	1,797	1,805
Other assets	17,089	15,652	9,765	8,155	1,338	1,337	1,387	1,384	1,852	1,793	(2,098)	(2,482)	29,333	25,841
Total assets after consolidation of investments in subsidiaries	121,600	117,876	222,748	233,769	4,615	5,266	41,795	43,684	16,503	20,468	(27,667)	(31,721)	379,593	389,342
Liabilities for investment contracts	–	–	51,393	54,736	–	–	–	–	–	–	(252)	(251)	51,141	54,485
Reserves for losses and loss adjustment expenses, gross	65,456	63,383	10	6	–	–	5,599	6,084	43	114	(1,311)	(1,697)	69,798	67,890
Reserves for unearned premiums, gross	18,003	15,428	174	157	–	–	343	381	4	43	(17)	(68)	18,505	15,941
Future life policyholders' benefits, gross	107	97	74,254	77,422	–	–	2,838	2,871	388	415	(632)	(657)	76,955	80,147
Policyholders' contract deposits and other funds, gross	1,149	1,024	13,649	14,173	–	–	3,492	3,489	–	–	–	–	18,290	18,687
Reserves for unit-linked contracts, gross	–	–	50,540	54,337	–	–	14,646	15,738	–	–	–	–	65,187	70,075
Reserves for insurance contracts, gross ¹	84,715	79,932	138,626	146,096	–	–	26,918	28,562	436	572	(1,961)	(2,423)	248,735	252,740
Debt related to capital markets and banking activities	–	–	–	–	–	–	3,419	3,385	–	–	(1,435)	(1,722)	1,984	1,663
Senior debt	2,477	5,673	120	239	–	–	763	622	18,674	18,397	(18,973)	(22,102)	3,061	2,830
Subordinated debt	2,356	2,311	232	72	180	180	100	99	5,619	5,588	(2,997)	(2,780)	5,490	5,470
Other liabilities	16,181	16,291	20,242	20,758	1,416	1,480	4,490	5,004	1,735	1,745	(2,049)	(2,443)	42,016	42,836
Total liabilities	105,729	104,207	210,613	221,901	1,596	1,660	35,690	37,673	26,464	26,302	(27,667)	(31,721)	352,426	360,023
Equity														
Common shareholders' equity													26,235	28,273
Preferred securities													561	671
Shareholders' equity													26,796	28,945
Minority interests													372	374
Total equity													27,168	29,318
Total liabilities and equity													379,593	389,342

¹ In 2007, for the Global Life segment, reinsurers' share of reserves for insurance contracts included USD 7.1 billion related to the reinsurance of a UK annuity portfolio. Subsequent to the approval from the UK High Court, effective on June 30, 2008, the underlying contracts have been transferred to the reinsurer, resulting in a reduction of both the reinsurers' share of reserves for insurance contracts and gross reserves for insurance contracts.

Financial highlights (unaudited)

in USD millions, for the six months ended June 30

Reconciliation of net income before income taxes and business operating profit by business segment	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Net income/(loss) before income taxes	2,051	1,905	87	861	624	646	239	550	(34)	(174)	2,968
Income tax benefit/(expense) attributable to policyholders	–	–	604	(130)	–	–	–	–	–	–	604	(130)
Net income/(loss) before shareholders' taxes	2,051	1,905	691	731	624	646	239	550	(34)	(174)	3,572	3,657
Adjusted for: net capital (gains)/losses on investments and impairments	116	(73)	10,550	(4,365)	(7)	26	1,416	(321)	(126)	(211)	11,950	(4,945)
Policyholder allocation of net capital gains/(losses) on investments and impairments	–	–	(10,472)	4,277	–	–	(1,414)	269	–	–	(11,886)	4,547
Net income attributable to minority interests	(16)	(12)	(1)	(3)	–	–	–	–	(51)	(12)	(69)	(27)
Net (gain)/loss on divestments of businesses	–	(1)	(5)	(2)	–	–	1	–	–	1	(4)	(2)
Restructuring provisions and other	85	19	2	83	–	–	(52)	(27)	(50)	(21)	(14)	54
Business operating profit	2,236	1,838	766	721	617	672	190	471	(261)	(417)	3,549	3,284

for the six months ended June 30

Adjusted business operating profit	General Insurance		Global Life		Farmers Management Services		Other Businesses and Corporate Functions		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Adjusted business operating profit, in USD millions	2,256	1,917	634	567	592	624	67	177	3,549
Adjusted business operating profit return on common shareholders' equity	28.9%	28.5%	22.9%	19.2%	56.3%	62.4%	2.5%	8.0%	25.9%	25.9%

General Insurance (unaudited)

Customer segment reporting – overview

in USD millions, for the six months ended June 30

	Global Corporate		North America Commercial		Europe General Insurance		International Businesses		Group Reinsurance		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	4,494	4,419	5,766	5,832	8,823	7,457	1,796	1,562	252	241	(538)	(484)	20,593	19,026
Net earned premiums and policy fees	2,586	2,436	4,599	4,632	7,378	6,256	1,293	1,115	33	45	–	–	15,889	14,484
Insurance benefits and losses	2,083	1,876	3,195	3,042	5,149	4,737	826	743	(49)	68	–	–	11,206	10,465
Policyholder dividends and participation in profits	6	2	6	3	–	(1)	–	–	–	–	–	–	12	4
Total net technical expenses	510	419	1,280	1,257	1,841	1,450	422	369	12	7	(4)	9	4,060	3,512
Net underwriting result	(13)	139	118	330	388	69	45	3	69	(30)	4	(9)	611	503
Net investment income	356	344	623	608	786	683	99	104	79	111	(33)	(77)	1,910	1,773
Net capital gains/(losses) and impairments on investments	(54)	(5)	(4)	(8)	(66)	72	7	13	1	–	–	–	(116)	73
Net non-technical result	19	(82)	(170)	(167)	(193)	(171)	(27)	(28)	(11)	(83)	29	87	(354)	(444)
Net income/(loss) before income taxes	307	397	566	762	915	654	125	93	138	(1)	–	–	2,051	1,905
Business operating profit	347	389	628	767	1,017	612	107	72	137	(1)	–	–	2,236	1,838
Adjusted business operating profit	360	397	630	789	1,002	598	100	61	164	72	–	–	2,256	1,917
Adjusted business operating profit return on common shareholders' equity	19.7%	25.1%	22.0%	31.5%	41.0%	28.5%	21.5%	17.1%	79.8%	36.4%	–	–	28.9%	28.5%
Ratios, as % of net earned premiums and policy fees														
Loss ratio	80.6%	77.0%	69.5%	65.7%	69.8%	75.7%	63.9%	66.6%	nm	nm	n/a	n/a	70.5%	72.3%
Expense ratio	19.9%	17.3%	28.0%	27.2%	24.9%	23.2%	32.6%	33.1%	nm	nm	n/a	n/a	25.6%	24.2%
Combined ratio	100.5%	94.3%	97.4%	92.9%	94.7%	98.9%	96.5%	99.7%	nm	nm	n/a	n/a	96.2%	96.5%

General Insurance (unaudited)

Customer segment reporting – Europe General Insurance by region

in USD millions, for the six months ended June 30

	United Kingdom		Germany		Switzerland		Italy		Spain		Rest of Europe		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	2,128	2,084	2,033	1,703	1,669	1,371	1,108	859	842	735	1,474	1,097	(431)	(393)	8,823	7,457
Net earned premiums and policy fees	1,965	1,884	1,374	1,100	1,159	969	1,015	841	661	568	1,205	894	–	(1)	7,378	6,256
Net underwriting result	78	(159)	112	69	151	81	21	(5)	43	27	(9)	61	(8)	(6)	388	69
Business operating profit	316	10	172	181	218	134	101	44	89	62	121	180	–	–	1,017	612

Ratios, as % of net earned premiums and policy fees

Loss ratio	70.0%	84.9%	70.1%	71.2%	64.6%	69.0%	74.3%	77.4%	72.4%	73.4%	68.8%	69.0%	n/a	n/a	69.8%	75.7%
Expense ratio	26.0%	23.5%	21.7%	22.5%	22.4%	22.7%	23.7%	23.2%	21.1%	21.8%	31.9%	24.2%	n/a	n/a	24.9%	23.2%
Combined ratio	96.0%	108.4%	91.8%	93.7%	87.0%	91.6%	98.0%	100.6%	93.5%	95.3%	100.7%	93.1%	n/a	n/a	94.7%	98.9%

Customer segment reporting – Europe General Insurance split into Commercial and Personal

in USD millions, for the six months ended June 30

	Commercial		Personal		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	3,509	3,155	5,318	4,304	(3)	(2)	8,823	7,457
Net earned premiums and policy fees	2,804	2,448	4,574	3,808	–	–	7,378	6,256
Net underwriting result	102	67	303	6	(17)	(3)	388	69
Business operating profit	446	355	572	257	–	–	1,017	612

Ratios, as % of net earned premiums and policy fees

Loss ratio	72.8%	76.2%	67.9%	75.4%	n/a	n/a	69.8%	75.7%
Expense ratio	23.5%	21.1%	25.4%	24.4%	n/a	n/a	24.9%	23.2%
Combined ratio	96.4%	97.3%	93.4%	99.8%	n/a	n/a	94.7%	98.9%

General Insurance (unaudited)

in USD millions, for the six months ended June 30

Customer segment reporting – International Businesses by region

	Latin America		Asia		Australia		Africa		Rest of International Businesses		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Gross written premiums and policy fees	620	531	392	350	436	375	348	305	–	–	(2)	–	1,796
Net earned premiums and policy fees	421	352	274	241	316	271	282	250	–	–	–	–	1,293	1,115
Net underwriting result	16	–	7	(7)	12	(1)	10	12	–	–	–	–	45	3
Business operating profit	41	21	10	1	52	46	18	19	(13)	(15)	–	–	107	72

Ratios, as % of net earned premiums and policy fees

Loss ratio	57.4%	59.3%	55.8%	62.0%	71.4%	76.0%	73.2%	71.3%	n/a	n/a	n/a	n/a	63.9%	66.6%
Expense ratio	38.9%	40.7%	41.8%	41.1%	24.7%	24.4%	23.1%	24.1%	n/a	n/a	n/a	n/a	32.6%	33.1%
Combined ratio	96.3%	100.0%	97.6%	103.1%	96.1%	100.4%	96.3%	95.4%	n/a	n/a	n/a	n/a	96.5%	99.7%

in USD millions, for the six months ended June 30

Customer segment reporting – International Businesses split into Commercial and Personal

	Commercial		Personal		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	1,168	1,025	627	537	–	(1)	1,796	1,562
Net earned premiums and policy fees	847	734	446	381	–	–	1,293	1,115
Net underwriting result	26	(2)	20	5	(1)	(1)	45	3
Business operating profit	72	51	36	21	–	–	107	72

Ratios, as % of net earned premiums and policy fees

Loss ratio	66.9%	70.1%	58.3%	60.0%	n/a	n/a	63.9%	66.6%
Expense ratio	30.0%	30.2%	37.3%	38.6%	n/a	n/a	32.6%	33.1%
Combined ratio	96.9%	100.2%	95.6%	98.6%	n/a	n/a	96.5%	99.7%

Global Life (unaudited)

Overview

in USD millions, for the six months ended June 30

	United States		United Kingdom		Germany		Switzerland		Ireland		Emerging markets		Rest of the world		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Insurance deposits	260	258	2,275	2,375	845	576	35	54	611	706	1,008	842	603	723	-	-	5,637	5,534
Gross written premiums and policy fees	355	339	450	1,014	1,901	1,671	1,086	942	177	157	317	270	487	508	(14)	(7)	4,758	4,893
Net earned premiums and policy fees	245	227	360	(6,296)	1,848	1,622	1,083	934	128	124	285	245	440	472	-	-	4,390	(2,671)
Net investment result on Group investments	172	172	(5)	430	845	823	378	418	65	125	90	92	220	326	-	-	1,764	2,384
Net investment income on Group investments	165	169	319	492	956	815	336	309	58	46	79	68	297	260	-	-	2,209	2,157
Net capital gains/(losses) and impairments on Group investments	7	3	(324)	(62)	(111)	8	42	108	7	79	11	24	(76)	66	-	-	(445)	227
Net investment result on unit-linked investments	(59)	13	(5,010)	4,165	(1,233)	620	(61)	19	(868)	356	(660)	348	(602)	258	-	-	(8,493)	5,780
Net investment income on unit-linked investments	31	(3)	1,225	1,235	17	9	5	1	133	90	11	(1)	189	308	-	-	1,611	1,640
Net capital gains/(losses) on unit-linked investments	(90)	16	(6,236)	2,930	(1,250)	611	(66)	18	(1,001)	266	(671)	349	(791)	(49)	-	-	(10,104)	4,140
Other income	3	1	264	217	189	156	36	29	-	-	36	38	91	78	-	-	618	518
Total revenues	361	413	(4,391)	(1,484)	1,649	3,220	1,436	1,400	(675)	606	(249)	722	149	1,135	-	-	(1,721)	6,011
Insurance benefits and losses, net of reinsurance	142	127	330	(6,566)	1,932	1,732	1,035	958	39	23	168	139	502	466	-	-	4,148	(3,121)
Policyholder dividends and participation in profits, net of reinsurance	(55)	14	(5,144)	4,235	(945)	907	70	159	(825)	469	(663)	358	(639)	273	-	-	(8,200)	6,415
Underwriting and policy acquisition costs, net of reinsurance	(23)	(91)	493	397	190	144	83	64	49	41	88	73	83	76	-	-	962	702
Administrative and other operating expenses	48	48	234	228	198	188	120	84	39	27	93	94	181	149	-	-	914	817
Amortization and impairments of intangible assets	6	11	61	17	22	20	-	-	-	-	1	2	2	1	-	-	92	51
Interest expense on debt and other interest	87	89	37	57	114	110	14	20	-	-	14	1	10	10	-	-	276	287
Total benefits, losses and expenses	205	197	(3,988)	(1,632)	1,513	3,101	1,321	1,284	(699)	560	(299)	666	139	974	-	-	(1,808)	5,150
Net income before income taxes	156	215	(403)	148	135	119	115	116	23	46	50	56	11	161	-	-	87	861
Income tax benefit/(expense) attributable to policyholders	-	-	580	(83)	(13)	(17)	-	-	2	(8)	-	-	35	(23)	-	-	604	(130)
Net income before shareholders' tax	156	215	176	65	122	103	115	116	26	37	50	56	46	139	-	-	691	731
Business operating profit	149	214	200	160	134	101	122	96	25	35	46	35	91	79	-	-	766	721

Global Life (unaudited)

Emerging markets

in USD millions, for the six months ended June 30

	ZIS		Hong Kong		Latin America		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Insurance deposits	886	718	101	103	21	21	–	–	1,008	842
Gross written premiums and policy fees	97	100	39	30	183	142	(2)	(2)	317	270
Net earned premiums and policy fees	82	91	35	26	169	128	–	–	285	245
Net investment result on Group investments	18	11	21	25	50	56	–	–	90	92
Net investment income on Group investments	13	12	17	16	48	40	–	–	79	68
Net capital gains/(losses) and impairments on Group investments	5	(1)	4	8	2	16	–	–	11	24
Net investment result on unit-linked investments	(598)	282	(45)	45	(17)	21	–	–	(660)	348
Total benefits, losses and expenses	(495)	403	9	90	187	174	–	–	(299)	666
Business operating profit	21	8	1	4	24	23	–	–	46	35

Rest of the world

in USD millions, for the six months ended June 30

	Total		of which			
	2008	2007	Italy		Spain	
	2008	2007	2008	2007	2008	2007
Insurance deposits	603	723	289	405	214	165
Gross written premiums and policy fees	487	508	117	127	129	103
Net earned premiums and policy fees	440	472	121	133	110	88
Net investment result on Group investments	220	326	106	112	39	130
Net investment income on Group investments	297	260	117	99	86	74
Net capital gains/(losses) and impairments on Group investments	(76)	66	(10)	13	(46)	56
Net investment result on unit-linked investments	(602)	258	(126)	22	(127)	69
Total benefits, losses and expenses	139	974	82	250	46	212
Business operating profit	91	79	31	22	25	23

Global Life (unaudited)

Total investments	in %, as of															
	United States		United Kingdom		Germany		Switzerland		Ireland		Emerging markets		Rest of the world		Total	
	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07
Total Group investments	93.1	92.8	14.9	14.5	83.5	82.6	97.2	97.0	29.4	28.9	34.9	35.7	60.7	58.9	49.8	47.4
Cash and cash equivalents	4.5	6.3	15.2	9.7	2.9	1.7	2.5	2.5	8.4	8.0	7.8	10.6	2.6	2.6	4.7	3.9
Equity securities	4.2	3.6	3.8	7.8	6.3	8.0	9.6	8.9	18.0	21.4	5.2	5.4	11.5	12.0	7.4	8.6
Debt securities	84.9	84.0	66.8	68.5	42.3	43.1	54.2	55.5	67.9	65.2	77.7	75.1	77.6	77.2	56.4	57.4
Investments in associates	–	–	0.2	0.2	–	–	–	–	–	–	–	–	1.0	1.0	0.1	0.1
Other investments	6.4	6.0	14.0	13.9	48.6	47.2	33.7	33.1	5.7	5.3	9.4	8.9	7.3	7.2	31.3	30.0
Investments for unit-linked contracts	6.9	7.2	85.1	85.5	16.5	17.4	2.8	3.0	70.6	71.1	65.1	64.3	39.3	41.1	50.2	52.6
Total investments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Global Life – Reserves for life insurance contracts and liabilities for investment contracts, net of reinsurance	in USD millions, as of																	
	United States		United Kingdom		Germany		Switzerland		Ireland		Emerging markets		Rest of the world		Eliminations		Total	
	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07	06/30/08	12/31/07
Unit-linked insurance and investment contracts	827	856	66,665	73,400	8,610	8,768	1,735	1,630	7,295	7,324	7,434	7,525	9,367	9,570	–	–	101,933	109,072
Other life insurance liabilities	4,814	4,803	5,635	5,971	46,549	43,672	16,106	15,086	1,531	1,536	2,967	2,955	8,458	8,018	(2)	3	86,057	82,044
Total reserves and liabilities	5,641	5,658	72,300	79,371	55,158	52,439	17,841	16,716	8,826	8,860	10,401	10,479	17,826	17,589	(2)	3	187,991	191,117

Additional information (unaudited)

Principal exchange rates	USD per foreign currency unit	Balance sheets		Income statements and cash flows	
		06/30/08	12/31/07	06/30/08	06/30/07
		Euro	1.5749	1.4601	1.5298
Swiss franc	0.9800	0.8822	0.9526	0.8146	
British pound sterling	1.9903	1.9849	1.9745	1.9701	

Currency translation impact on key financial figures – General Insurance	variance over the prior period, for the six months ended June 30, 2008	in USD		change	
		in millions	in %	in USD	in local currency
Gross written premiums and policy fees		1,336	7%	8%	1%
Net investment income on total investments		85	5%	8%	3%
Net capital gains/(losses) and impairments on total investments		4	6%	(260%)	(265%)
Insurance benefits and losses, net of reinsurance		(701)	(7%)	(7%)	–
Business operating profit		127	7%	22%	15%

Currency translation impact on key financial figures – Global Life	variance over the prior period, for the six months ended June 30, 2008	in USD		change	
		in millions	in %	in USD	in local currency
Insurance deposits		283	5%	2%	(3%)
Gross written premiums and policy fees		516	11%	(3%)	(13%)
Net investment result on Group investments		208	9%	(26%)	(35%)
Net investment income on Group investments		227	11%	2%	(8%)
Net capital gains and impairments on Group investments		(19)	(8%)	(296%)	(288%)
Net investment result on unit-linked investments		(374)	(6%)	(247%)	(240%)
Insurance benefits and losses, net of reinsurance		(495)	(16%)	(233%)	(217%)
Business operating profit		53	7%	6%	(1%)

Additional information (unaudited)

in USD millions, for the six months ended June 30

Investment result

	Net investment income		Net capital gains/ (losses) on investments and impairments ¹		Investment result	
	2008	2007	2008	2007	2008	2007
Group investments						
Cash and cash equivalents	271	318	–	–	271	318
Equity securities	372	360	(438)	928	(67)	1,288
Debt securities	2,967	2,868	(579)	(449)	2,388	2,420
Real estate held for investment	251	213	22	85	273	297
Mortgage loans	331	261	–	–	331	260
Other loans	315	278	(9)	(6)	306	272
Investments in associates	4	12	(4)	(2)	–	11
Other investments:	27	96	581	(53)	608	43
<i>Short-term investments</i>	16	38	1	–	16	38
<i>Investments held by investment companies</i>	–	1	197	98	197	100
<i>Other</i> ²	12	57	383	(151)	395	(94)
Investment result, gross, for Group investments	4,538	4,406	(426)	503	4,111	4,909
Investment expenses for Group investments ³	(136)	(125)	–	–	(136)	(125)
Investment result, net, for Group investments	4,402	4,282	(426)	503	3,975	4,785
Investments for unit-linked contracts						
Investment result, net, for investments for unit-linked contracts	2,046	1,769	(11,450)	4,484	(9,404)	6,253
Total investments						
Investment result, net, for total investments	6,448	6,051	(11,877)	4,987	(5,429)	11,037

¹ Impairment (charges)/ reversals on investments amounted in total to USD (495) million and USD (6) million for the six months ended June 30, 2008 and 2007, respectively. Thereof impairments on equity securities comprised USD (315) million and USD (7) million, on debt securities USD (171) million and USD 6 million, and on mortgage loans and other loans USD (9) million and USD (5) million for the six months ended June 30, 2008 and 2007, respectively.

² Including net capital gains/ (losses) on derivative financial instruments of USD 359 million and USD (170) million for the six months ended June 30, 2008 and 2007, respectively, of which net capital losses on derivatives attributable to cash flow hedges ineffectiveness amounted to USD 3 million and USD 12 million for the six months ended June 30, 2008 and 2007, respectively.

³ Including rental operating expense for real estate held for total investments of USD 94 million and USD 87 million for the six months ended June 30, 2008 and 2007, respectively.

Additional information (unaudited)

Details of
investments
by category

as of

	Group investments				Investments for unit-linked products		Total investments	
	06/30/08		12/31/07		06/30/08	12/31/07	06/30/08	12/31/07
	USD millions	% of total	USD millions	% of total	USD millions	USD millions	USD millions	USD millions
Cash and cash equivalents	14,682	7.5	13,943	7.2	5,690	2,993	20,372	16,936
Equity securities (including trading equity portfolios in capital markets and banking activities):								
Fair value through profit or loss	4,015	2.1	4,042	2.1	88,765	100,178	92,780	104,220
<i>of which: trading</i>	2,896	1.5	2,768	1.4	–	–	2,896	2,768
<i>of which: trading equity portfolios in capital markets and banking activities</i>	1,529	0.8	1,606	0.8	–	–	1,529	1,606
Available-for-sale	13,465	6.9	14,547	7.5	–	–	13,465	14,547
Total equity securities	17,481	9.0	18,589	9.6	88,765	100,178	106,245	118,767
Debt securities:								
Fair value through profit or loss	8,466	4.3	8,843	4.6	10,250	10,112	18,717	18,954
<i>of which: trading</i>	565	0.3	616	0.3	–	–	565	616
Available-for-sale	109,039	55.9	109,278	56.4	–	–	109,039	109,278
Held-to-maturity	5,696	2.9	5,642	2.9	–	–	5,696	5,642
Total debt securities	123,202	63.2	123,762	63.9	10,250	10,112	133,452	133,874
Real estate held for investment	8,236	4.2	7,563	3.9	7,006	7,823	15,242	15,386
Mortgage loans	13,804	7.1	12,718	6.6	–	–	13,804	12,718
Other loans	14,192	7.3	12,936	6.7	2	2	14,195	12,938
Investments in associates	236	0.1	238	0.1	–	–	236	238
Other investments:								
Short-term investments	1,570	0.8	1,944	1.0	1,333	985	2,903	2,929
Investments held by investment companies	1,588	0.8	1,827	0.9	–	–	1,588	1,827
Other	75	0.0	80	0.0	–	–	75	80
Total other investments	3,233	1.7	3,851	2.0	1,333	985	4,567	4,836
Total investments	195,066	100.0	193,600	100.0	113,047	122,092	308,113	315,693

Additional Information (unaudited)

Equity securities
(including trading
equity portfolios
in capital markets
and banking
activities)

	Group investments				Investments for unit-linked contracts		Total investments	
	06/30/08		12/31/07		06/30/08	12/31/07	06/30/08	12/31/07
	USD millions	% of total	USD millions	% of total	USD millions	USD millions	USD millions	USD millions
Common stocks, including equity unit trusts	11,720	6.0	12,418	6.4	79,180	90,593	90,900	103,011
Unit trusts (debt securities, real estate, short-term investments)	3,112	1.6	3,291	1.7	9,585	9,585	12,697	12,876
Common stock portfolios backing the participating with-profit policyholder contracts	1,119	0.6	1,274	0.7	–	–	1,119	1,274
Trading equity portfolios in capital markets and banking activities	1,529	0.8	1,606	0.8	–	–	1,529	1,606
Total equity securities	17,481	9.0	18,589	9.6	88,765	100,178	106,245	118,767

Information for the three months ended June 30 (unaudited)

in USD millions, for the three months ended June 30

Income
statements
by business
segment

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenues														
Direct written premiums and policy fees	8,864	8,494	2,361	2,291	–	–	84	107	–	–	(11)	1	11,299	10,893
Assumed written premiums	538	316	26	19	–	–	473	487	28	38	(40)	(61)	1,024	799
Gross written premiums and policy fees	9,402	8,810	2,387	2,310	–	–	557	594	28	38	(50)	(60)	12,323	11,692
Less premiums ceded to reinsurers	(1,827)	(1,464)	(181)	(7,413)	–	–	1	(10)	(4)	(38)	50	60	(1,961)	(8,864)
Net written premiums and policy fees	7,575	7,345	2,205	(5,103)	–	–	558	584	24	1	–	–	10,363	2,828
Net change in reserves for unearned premiums	387	(14)	8	10	–	–	2	2	5	2	–	–	402	1
Net earned premiums and policy fees	7,962	7,331	2,213	(5,093)	–	–	560	586	29	4	–	–	10,765	2,827
Farmers management fees and other related revenues	–	–	–	–	607	551	–	–	–	–	–	–	607	551
Net investment result on Group investments	901	914	696	1,159	23	41	177	306	252	310	(248)	(313)	1,803	2,417
Net investment income on Group investments	979	919	1,127	1,096	23	46	225	284	133	187	(248)	(313)	2,239	2,220
Net capital gains/(losses) and impairments on Group investments	(77)	(5)	(431)	63	–	(5)	(48)	22	119	123	–	–	(437)	198
Net investment result on unit-linked investments	–	–	(98)	3,780	–	–	(298)	275	–	–	–	–	(396)	4,055
Net gain/(loss) on divestments of businesses	–	(3)	5	2	–	–	1	–	–	(1)	–	–	5	(2)
Other income	199	161	345	263	–	15	36	39	236	202	(299)	(254)	516	426
Total revenues	9,062	8,405	3,161	111	631	608	476	1,206	517	514	(547)	(568)	13,300	10,277
Intersegment transactions	(341)	(288)	(1)	(86)	(19)	(11)	112	(29)	(298)	(154)	547	568	–	–

Information for the three months ended June 30 (unaudited)

in USD millions, for the three months ended June 30

Income
statements
by business
segment

	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Benefits, losses and expenses														
Losses and loss adjustment expenses, net of reinsurance	5,651	5,488	12	22	–	–	323	195	–	(5)	3	14	5,989	5,714
Life insurance death and other benefits, net of reinsurance	13	11	2,356	1,648	–	–	119	101	32	5	1	(8)	2,520	1,755
(Decrease)/increase in future life policyholders' benefits, net of reinsurance	–	–	(425)	(6,886)	–	–	65	(58)	(22)	(43)	(3)	(6)	(386)	(6,994)
Insurance benefits and losses, net of reinsurance	5,664	5,499	1,943	(5,217)	–	–	507	237	9	(43)	–	–	8,123	475
Policyholder dividends and participation in profits, net of reinsurance	7	3	(171)	3,996	–	–	(385)	303	–	–	–	–	(549)	4,302
Underwriting and policy acquisition costs, net of reinsurance	1,471	1,304	481	292	–	–	112	143	–	(6)	–	–	2,064	1,732
Administrative and other operating expense	895	723	467	412	297	257	22	59	238	249	(286)	(240)	1,634	1,461
Amortization and impairments of intangible assets	38	18	49	28	14	13	1	–	5	2	–	–	107	62
Interest expense on debt	59	85	5	4	2	3	45	53	295	376	(257)	(321)	150	199
Interest credited to policyholders and other interest	61	70	135	138	–	–	26	43	2	2	(4)	(6)	220	247
Total benefits, losses and expenses	8,196	7,703	2,909	(349)	313	272	329	838	550	580	(547)	(568)	11,749	8,476
Net income/(loss) before income taxes	867	702	252	460	318	336	147	369	(33)	(65)	–	–	1,550	1,799
Income tax benefit/(expense) attributable to policyholders													120	(50)
Income tax expense attributable to shareholders													(357)	(444)
Net income attributable to minority interests													(60)	(19)
Net income attributable to shareholders													1,254	1,286
Business operating profit	1,048	703	429	403	317	341	152	321	(161)	(226)	–	–	1,785	1,542

Information for the three months ended June 30 (unaudited)

in USD millions, for the three months ended June 30

Reconciliation of net income before income taxes and business operating profit by business segment	General Insurance		Global Life		Farmers Management Services		Other Businesses		Corporate Functions		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net income/(loss) before income taxes	867	702	252	460	318	336	147	369	(33)	(65)	1,550	1,799
Less income tax benefit/(expense) attributable to policyholders	–	–	120	(50)	–	–	–	–	–	–	120	(50)
Net income/(loss) before shareholders' taxes	867	702	372	410	318	336	147	369	(33)	(65)	1,670	1,749
Adjusted for: net capital (gains)/losses on investments and impairments	77	5	1,429	(2,831)	–	5	366	(288)	(59)	(142)	1,812	(3,252)
Policyholder allocation of net capital gains/(losses) on investments and impairments	–	–	(1,369)	2,746	–	–	(361)	241	–	–	(1,730)	2,988
Net income attributable to minority interests	(8)	(7)	–	–	–	–	–	–	(51)	(12)	(60)	(19)
Net (gain)/loss on divestments of businesses	–	3	(5)	(2)	–	–	(1)	–	–	1	(5)	2
Restructuring provisions and other	111	1	2	82	–	–	–	(1)	(17)	(7)	98	75
Business operating profit	1,048	703	429	403	317	341	152	321	(161)	(226)	1,785	1,542

Information for the three months ended June 30 (unaudited)

in USD millions, for the three months ended June 30

General Insurance
– overview

	Global Corporate		North America Commercial		Europe General Insurance		International Businesses		Group Reinsurance		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Gross written premiums and policy fees	1,900	1,879	2,997	3,093	3,704	3,170	972	806	111	139	(282)	(277)	9,402	8,810
Net earned premiums and policy fees	1,244	1,183	2,280	2,363	3,759	3,188	669	570	10	27	–	–	7,962	7,331
Insurance benefits and losses	1,014	921	1,611	1,570	2,677	2,560	395	382	(33)	66	–	–	5,664	5,499
Policyholder dividends and participation in profits	3	2	3	2	–	(1)	–	(1)	–	–	–	–	7	3
Total net technical expenses	277	213	646	644	958	758	220	180	10	6	(4)	1	2,108	1,802
Net underwriting result	(50)	48	20	147	124	(129)	54	8	33	(45)	4	(1)	184	27
Net investment income	180	175	314	310	413	364	52	58	36	55	(16)	(43)	979	919
Net capital gains/(losses) on investments and impairments	(42)	(8)	(25)	(19)	(9)	12	(1)	10	–	–	–	–	(77)	(5)
Net non-technical result	(5)	(33)	(101)	(77)	(121)	(114)	(8)	(14)	4	(47)	12	45	(219)	(239)
Net income/(loss) before income taxes	83	181	208	361	406	133	97	63	73	(37)	–	1	867	702
Business operating profit	141	176	290	381	451	134	93	48	73	(37)	–	–	1,048	703
Ratios, as % of net earned premiums and policy fees														
Loss ratio	81.5%	77.9%	70.6%	66.4%	71.2%	80.3%	59.1%	67.0%	nm	nm	n/a	n/a	71.1%	75.0%
Expense ratio	22.6%	18.1%	28.5%	27.3%	25.5%	23.8%	32.9%	31.6%	nm	nm	n/a	n/a	26.6%	24.6%
Combined ratio	104.1%	96.0%	99.1%	93.8%	96.7%	104.1%	92.0%	98.6%	nm	nm	n/a	n/a	97.7%	99.6%

Information for the three months ended June 30 (unaudited)

Global Life –
overview

in USD millions, for the three months ended June 30

	United States		United Kingdom		Germany		Switzerland		Ireland		Emerging markets		Rest of the world		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Insurance deposits	132	131	949	1,218	450	305	17	31	293	383	431	466	337	345	–	–	2,610	2,878
Gross written premiums and policy fees	179	172	406	554	977	864	343	268	97	86	171	138	225	234	(10)	(5)	2,387	2,310
Net earned premiums and policy fees	124	116	361	(6,736)	950	839	342	267	70	68	154	128	212	224	–	–	2,213	(5,093)
Net investment result on Group investments	84	87	(38)	209	285	411	158	162	43	70	25	44	140	176	–	–	696	1,159
Net investment income on Group investments	82	84	136	235	503	426	172	146	32	27	40	38	163	141	–	–	1,127	1,096
Net capital gains/(losses) and impairments on Group investments	2	3	(174)	(26)	(217)	(15)	(14)	17	10	43	(15)	6	(23)	35	–	–	(431)	63
Net investment result on unit-linked investments	(11)	14	273	2,626	(70)	493	(13)	14	(130)	236	(79)	231	(68)	167	–	–	(98)	3,780
Net investment income on unit-linked investments	30	1	623	685	1	–	4	–	84	60	8	(2)	151	265	–	–	900	1,009
Net capital gains/(losses) on unit-linked investments	(41)	13	(350)	1,941	(71)	493	(17)	14	(214)	176	(87)	232	(219)	(98)	–	–	(998)	2,771
Other income	–	1	158	114	99	71	21	17	–	–	17	19	54	45	–	–	349	265
Total revenues	198	217	754	(3,787)	1,265	1,814	507	460	(18)	374	116	421	338	612	–	–	3,161	111
Insurance benefits and losses, net of reinsurance	73	69	181	(6,752)	993	915	305	256	12	12	87	78	291	205	–	–	1,943	(5,217)
Policyholder dividends and participation in profits, net of reinsurance	(9)	15	188	2,612	(70)	620	51	41	(96)	299	(87)	234	(147)	176	–	–	(171)	3,996
Underwriting and policy acquisition costs, net of reinsurance	(34)	(105)	246	185	121	76	39	30	26	23	42	33	41	50	–	–	481	292
Administrative and other operating expenses	22	24	126	120	101	87	53	39	19	14	42	52	104	77	–	–	467	412
Amortization and impairments of intangible assets	2	6	31	11	14	9	–	–	–	–	1	1	1	1	–	–	49	28
Interest expense on debt and other interest	44	44	18	27	59	55	6	9	–	–	7	–	6	5	–	–	140	142
Total benefits, losses and expenses	98	52	791	(3,796)	1,219	1,762	453	374	(39)	348	92	398	296	513	–	–	2,909	(349)
Net income before income taxes	100	164	(37)	9	47	52	54	86	21	27	24	23	42	98	–	–	252	460
Income tax benefit/(expense) attributable to policyholders	–	–	119	(22)	(2)	(7)	–	–	(3)	(6)	–	–	5	(15)	–	–	120	(50)
Net income before shareholders' tax	100	164	82	(13)	45	46	54	86	19	21	24	23	47	83	–	–	372	409
Business operating profit	96	163	115	71	68	47	65	47	19	20	21	13	45	41	–	–	429	403

Summary of quarterly consolidated financial information (unaudited)

Summary of
quarterly
consolidated
financial
information

in USD millions, for the three months ended	06/30/08	03/31/08	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06	06/30/06
Gross written premiums and policy fees	12,323	14,052	11,476	10,924	11,692	13,380	11,246	10,593	11,171
Net earned premiums and policy fees	10,765	10,678	10,694	10,069	2,827	10,190	10,731	9,874	9,612
Net investment result on Group investments	1,803	2,173	2,627	2,682	2,417	2,368	2,455	2,600	2,165
Net investment income on Group investments	2,239	2,163	2,208	2,101	2,220	2,062	2,050	1,977	1,958
Net capital gains/(losses) on Group investments and impairments	(437)	10	420	580	198	305	406	623	207
Net investment result on unit-linked investments	(396)	(9,008)	17	872	4,055	2,198	5,064	3,430	(2,306)
Other revenues	1,129	1,017	1,046	1,101	975	1,029	836	859	906
Total revenues	13,300	4,860	14,386	14,722	10,277	15,783	19,087	16,764	10,376
Insurance benefits and losses, net of reinsurance	8,123	8,138	7,811	7,560	475	7,445	7,846	7,414	7,182
Policyholder dividends and participation in profits, net of reinsurance	(549)	(8,485)	321	1,259	4,302	2,661	5,451	3,720	(2,101)
Other expenses	4,176	3,790	4,379	3,978	3,701	3,689	3,956	3,749	3,659
Total benefits, losses and expenses	11,749	3,442	12,510	12,799	8,476	13,796	17,252	14,883	8,741
Net income before income taxes	1,550	1,418	1,876	1,924	1,799	1,988	1,836	1,880	1,635
Net income attributable to shareholders	1,254	1,427	1,529	1,509	1,286	1,390	1,294	1,315	1,201
Business operating profit	1,785	1,764	1,796	1,627	1,542	1,741	1,612	1,482	1,549

Financial Supplement (unaudited)

Explanatory notes

The information contained within the Financial Supplement is unaudited. This document should be read in conjunction with the Zurich Financial Services Group Annual Report 2007.

Information regarding accounting policies and embedded value performance measures is located in the notes to the Consolidated Financial Statements and the Embedded Value Report in the Annual Report 2007.

The Group

Business operating profit – This measure is the basis on which we manage all our business units. It indicates the underlying performance of our business units by eliminating the impact of financial market volatility and other non-operational variables. Business operating profit reflects adjustments for shareholders' taxes, net capital gains on investments and impairments (except for the capital markets and banking operations included in Other Businesses and investments in hedge funds and certain securities held for specific economic hedging purposes), policyholders' share of investment results for the life businesses, non-operational foreign exchange movements, and significant items arising from special circumstances, including gains and losses on divestments of businesses. **Adjusted business operating profit** is adjusted for notional investment income on the difference between the average actual IFRS equity and the average allocated IFRS equity using one global swap rate. Allocated IFRS equity is equal to a segment's pro rata share of the Group's risk based capital at the respective period end. These measures are not a substitute for net income as determined in accordance with International Financial Reporting Standards (IFRS).

Business operating profit (after-tax) return on common shareholders' equity – This measure indicates the level of business operating profit or loss relative to resources provided by common shareholders. It is calculated as business operating profit or loss, annualized on a linear basis and adjusted for preferred shareholder dividends and taxes, divided by the average value of common shareholders' equity on a simple basis using the value at the beginning and end of the period. **Adjusted business operating profit return on common shareholders' equity** is based on average IFRS Group equity and is allocated to each segment based on its share of risk-based capital.

Investments – The line item total investments on our consolidated balance sheets includes Group investments and investments for unit-linked products. Our **Group investments** are those for which we bear part or all of the investment risk. They also include investments related to investment policies with discretionary participation features. Average invested assets exclude cash collateral received for securities lending. We manage our diversified Group investments portfolio to optimize benefits for both shareholders and policyholders while ensuring compliance with local regulatory and business requirements under the guidance of our Asset/Liability Management and Investment Committee. **Investments for unit-linked products** include such investments, where the policyholder bears the investment risk, and are held for liabilities related to unit-linked investment contracts and reserves for unit-linked insurance contracts. They are managed in accordance with the investment objectives of each unit-linked fund. The investment result for unit-linked products is passed to policyholders through a charge to policyholder dividends and participation in profits.

Operational debt – This non-IFRS term refers to debt items that are excluded from rating agency leverage calculations such as collateralized loans, debt related to banking activities and obligations to repurchase securities.

Other related intangible assets – These assets on our Global Life and Farmers Management Services balance sheets consist of the present value of profits of acquired insurance contracts and attorney-in-fact relationships.

Return on common shareholders' equity (ROE) – This measure indicates the level of profit or loss relative to resources provided by common shareholders. It is calculated as net income after taxes attributable to common shareholders, annualized on a linear basis, divided by the average value of common shareholders' equity on a simple basis using the value at the beginning and end of the period.

General Insurance

The following General Insurance measures are net of reinsurance.

Net underwriting result – This performance measure is calculated as the difference between earned premiums and policy fees and the sum of insurance benefits and losses and net technical expenses.

Total net technical expenses – This line item includes underwriting and policy acquisition costs, as well as the technical elements of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, and other income.

Combined ratio – This performance measure indicates the level of claims and net technical expenses during the period relative to earned premiums and policy fees. It is calculated as earned premiums and policy fees minus the net underwriting result, divided by net earned premiums and policy fees.

Loss ratio – This performance measure indicates the level of claims during the period relative to earned premiums and policy fees. It is calculated as insurance benefits and losses, which include paid claims, claims incurred but not reported (IBNR) and claims handling costs, divided by earned premiums and policy fees.

Expense ratio – This performance measure indicates the level of technical expenses during the period relative to earned premiums and policy fees. It is calculated as the sum of net technical expenses and policyholder dividends and participation in profits, divided by earned premiums and policy fees.

Net non-technical result – This line item includes the non-technical elements of administrative and other operating expenses, amortization of intangible assets, interest credited to policyholders and other interest, other income, as well as net gains and losses on divestments of businesses and interest expense on debt.

Global Life

More detailed information regarding embedded value performance measures is located in the Embedded Value Report in the Annual Report 2007.

Embedded value (EV) principles – This methodology uses a “bottom-up” market consistent approach, which explicitly allows for market risk. In particular, asset and liability cash flows are valued using risk discount rates consistent with those applied to similar cash flows in the capital markets, and options and guarantees are valued using market consistent models calibrated to observable market prices.

Insurance deposits – These deposits, similar to customer account balances, are not recorded as revenues. However, the fees charged on insurance deposits are recorded as revenue within the gross written premiums and policy fees line item. These deposits arise from investment contracts and insurance contracts that are accounted for under deposit accounting. They represent the pure savings part, which is invested.

New business annual premium equivalent (APE) – This measure is calculated as new business annual premiums plus 10 percent of single premiums. **Present value of new business premiums (PVNBP)** is calculated as the value of new business premiums discounted at the risk free rate.

New business value, after tax – This measure reflects the value added by new business written during the period, including allowing for frictional costs, time value of options and guarantees, and the cost of non-market risk, and is valued at the point of sale. It is calculated as the present value of the projected after-tax profit from life insurance contracts sold during the period.

Farmers Management Services

Gross management result – This performance measure is calculated as management fees and other related revenues minus management and other related expenses, which include amortization and impairments of intangible assets.

Managed gross earned premium margin – This performance measure is calculated as gross operating profit of Farmers Management Services divided by the gross earned premiums of the Farmers Exchanges, which we manage but do not own.

Surplus ratio (Farmers Exchanges) – This measure indicates the amount of capital available to support the volume of insurance business written, and is calculated by dividing the end-of-period surplus balance by the net premium written in the preceding twelve-month period.

Disclaimer & Cautionary Statement

This communication is directed only at persons who (i) have professional experience in matters relating to investments or (ii) are persons falling within Article 49 (2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or to whom it may otherwise lawfully be communicated (all such persons together being referred to as relevant persons). This communication 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.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of the full year results.

Persons requiring advice should consult an independent adviser.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.