



Shareholders' Meeting

The Annual General Meeting 2005 is to be held at 10:30 a.m. local time on Tuesday, April 12, 2005 at the Casino in Zug, Switzerland.

Key share data for 2004

Shares registered as at December 31, 2004	146,689,462
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SWX Swiss Exchange

Share price as at December 31, 2004 in CHF	10.15
Year High in CHF	37.03
Year Low in CHF	7.42
Average price in 2004 in CHF	22.57
Average daily trading volume	1,063,672
Market capitalization	
as at December 31, 2004 in CHF	1,488,898,039
Loss per share in CHF	-14.89
Book value per share	
as at December 31, 2004 in CHF	13.37

New York Stock Exchange

ADS price as at December 31, 2004 in US\$	4.64
Year High in US\$	29.57
Year Low in US\$	3.15

Performance versus benchmarks since the IPO

Converium Ordinary Shares*	-75.4%
Bloomberg European Insurance Index*	-39.4%
Swiss Market Index*	-10.0%

Converium ADSs**	-67.6%
Bloomberg US Insurance Index**	8.1%
Dow Jones Industrial Index**	9.0%

Performance versus benchmarks in 2004

Converium Ordinary Shares*	-69.6%
Bloomberg European Insurance Index*	5.8%
Swiss Market Index*	3.7%

Converium ADSs**	-70.2%
Bloomberg US Insurance Index**	10.0%
Dow Jones Industrial Index**	3.2%

* underlying figures in CHF

** underlying figures in US\$

First listed December 11, 2001 on the SWX Swiss Exchange and on the New York Stock Exchange.

Converium publishes quarterly, half-year and annual reports. Shareholders and others can gain access to reporting and other information about Converium at www.converium.com, or by contacting:

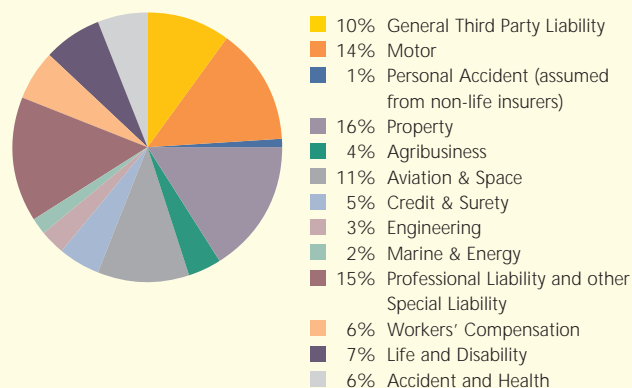
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Business profile

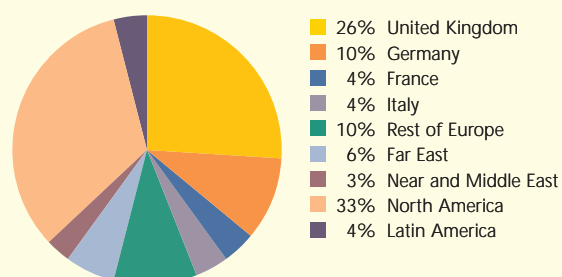
By line of business

Total US\$ 3,553.0 million (net premiums written)



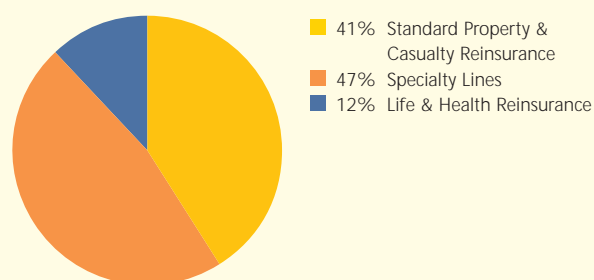
By region of premium origin

Total US\$ 3,840.9 million (gross premiums written)



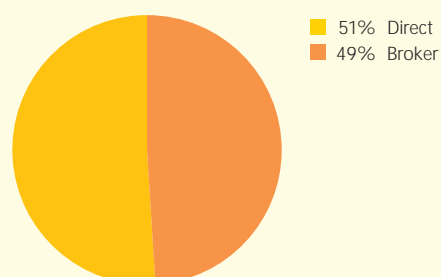
By business segment

Total US\$ 3,553.0 million (net premiums written)



By distribution channel

Total US\$ 3,840.9 million (gross premiums written)



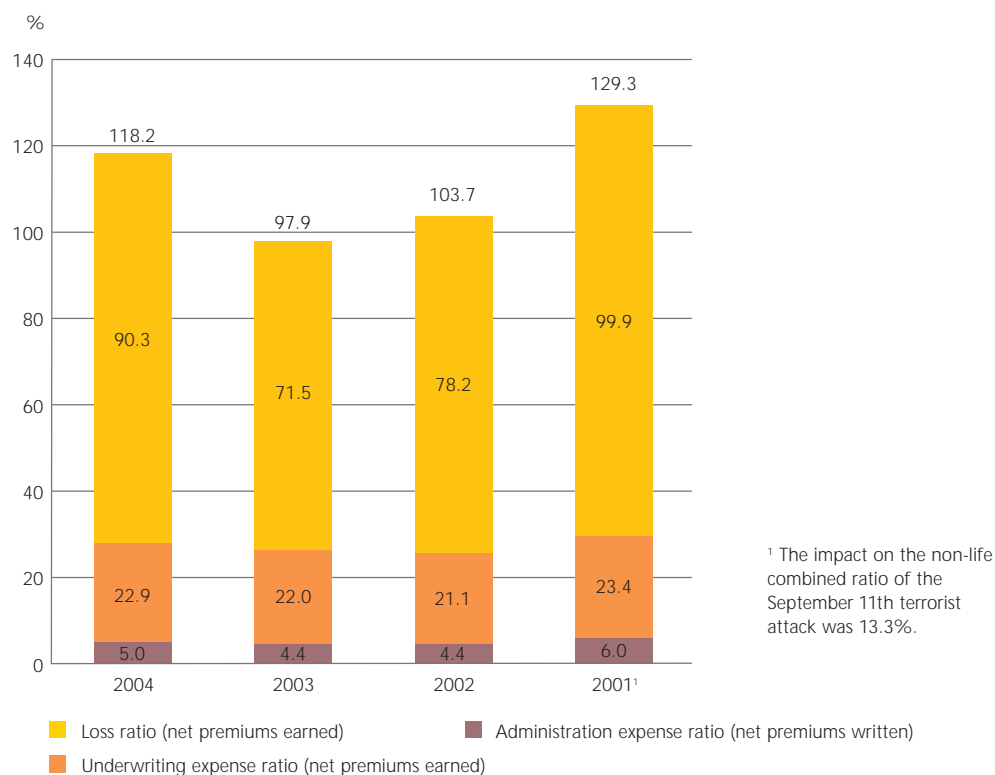
Please note all percentage figures rounded.

Financial highlights

(US\$ million)	2004	2003	2002	2001
Gross premiums written	3,840.9	4,223.9	3,535.8	2,881.2
Net premiums written	3,553.0	3,827.0	3,322.2	2,482.6
Net premiums earned	3,685.1	3,676.5	3,165.5	2,295.2
Total investment results	358.1	251.4	241.5	210.3
(Loss) income before taxes	-422.6	224.4	57.4	-537.3
Net (loss) income	-760.8	185.1	106.8	-367.4
Basic (loss) earnings per share (US\$) ¹	-12.00	2.33	1.34	-4.61
Total equity	1,720.2	2,083.3	1,738.0	1,570.8
Total underwriting reserves, net of reinsurance	9,297.2	8,075.1	6,736.0	5,263.1
Total invested assets	7,804.4	7,528.7	6,117.3	4,915.9
Pre-tax return on equity (%)	-20.3	12.9	3.7	-49.4
Loss ratio non-life (%)	90.3	71.5	78.2	99.9
Expense ratio non-life (%)	27.9	26.4	25.5	29.4
Non-life combined ratio (%)	118.2	97.9	103.7	129.3
Book value per share (US\$)	11.76	52.38	43.55	39.27
Dividend per share (CHF)	-	1.50	1.00	-

¹ For periods 2001 through 2004, the information is based on the Rights Offering that occurred in October 2004.

Actual non-life combined ratio



Letter from the Chairman

Dear shareholders,

When I wrote to you in Converium's 2003 Annual Report, I had every reason to believe that 2004 would be another successful year for our Company. Today I write with the clear realization that this was not the case. I share your unhappiness and disappointment in the results we report in the pages that follow.

Last year I wrote that even the best-made plans can be shaken. At that time my colleagues on the Board and I had no indications that Converium's reserve position would be challenged by the unexpected. The assessments during the course of 2003 gave us reason to believe that our reserves were adequate overall.

As you know, a material deficiency in the casualty provisions of Converium's US subsidiary developed during the second quarter of 2004. The shortfall was mainly the result of a higher than modeled US casualty loss emergence, primarily related to the underwriting years 1997 to 2001.

Concerted and comprehensive reaction

Your Board responded swiftly and decisively. We chose to cease underwriting business in our US subsidiaries, to place our reinsurance operations there into run-off, and in future to write selective US business in Zurich. Although the US generates the largest premium volume of any country in the world, underwriting results there have generally been unsatisfactory from our perspective. In contrast, much of our business outside the United States – and especially that written in recent years – has proven both profitable and resilient. Your Board has decided to focus Converium's capital and talent on reinsurance acceptances in more rewarding areas of business.

I have always indicated that, as a Board, we would be closely involved in the activities of your Company. We increased our oversight in 2004, as well as our interaction with Converium's management. To strengthen day-to-day cooperation and communication between your Board and senior executives, Terry G. Clarke was appointed Managing Director with a view to working actively with management in order to enhance the effectiveness of strategic and operational decision-making and to ensure that the Board and management are working in concert. Following Dirk Lohmann's departure on February 23, 2005, Terry G. Clarke stepped back as Managing Director and has since assumed the position of Chief Executive Officer.

While I am sincerely dissatisfied and disappointed by the blows inflicted on Converium by its past, I am not disillusioned about its present, or disheartened over its future. You have expressed trust in your Company by approving a US\$ 420 million rights issue at the Extraordinary General Meeting that was held on September 28, 2004, and we will do the utmost to meet your trust. Converium has many strengths on which to trade forward. Not least of these is the operational and underwriting strategy developed since 2001. Having taken the decision to withdraw from underwriting through US subsidiaries and adjust the local corporate governance structure, I believe that our existing strategy remains sound in the current environment.

Many clients have expressed their confidence in Converium by continuing to do business with us. This gives me personal confidence in the inherent value of our organization. These clients have cleared up a great uncertainty which loomed over Converium in 2004: we have indeed been able to maintain our franchise. Our performance during the important renewal season of January 1, 2005 was in line with our expectations and targets. From the financial standpoint, as per the end of 2004, Converium's tangible equity was US\$ 1.6 billion, about the same as it was in early 2003. We now have a very strong capital base on which to rebuild, especially in view of our reduced premium volume. That said, I do not wish to deny the seriousness of the events of 2004, nor to refute the challenges which lie ahead.

Securing the future

In a business where capital entry is easy and much of the product is undifferentiated, we possess a proven resource to provide value-added services. Our current strategy has proven robust: Specialty Lines underwriting, long-term joint ventures, and our relationships with specialist syndicates at Lloyd's have insulated Converium from some of the pressures arising from the fall in our financial strength ratings.

Ratings are critical in aviation, but Converium has drawn upon the support of its partners in the Global Aerospace Underwriting Managers Ltd. (GAUM) pool, to sustain our access to this preferred portfolio of aviation risk. Repositioning our life reinsurance segment to focus on new business in Continental Europe has provided a steady revenue stream. In total these strategic business undertakings, implemented since the Initial Public Offering (IPO) in 2001, yield approximately US\$ 800 million in annual premium income. They provide a foundation on which to restore Converium's market position.

Similarly, the strength of the direct business relationships built by our Client Relationship Managers has proven to be enormously beneficial in preserving our franchise. Although we have suffered certain business losses as a direct result of rating actions, Converium continues to receive strong support from many client segments. This is due in part to the value placed upon our technical skills, and on our expertise in specialist areas such as credit and surety, asset liability management, and natural catastrophe hazard modeling. This strong client support is also a clear benefit of increased client contact, whether initiated by Converium or facilitated by intermediaries.

Reputational damage cannot instantly be reversed. However, I believe that Converium's excellent standing can be restored. The process has begun with your Board's effort to regain your confidence in Converium. It is mirrored by the ongoing work of everyone within your organization to bolster the support of our current, former and future clients. Critically, it includes our ongoing efforts to retain the trust of Converium employees. Although, painful as it may be, our repositioning entails staff reductions worldwide, in order to decrease our cost base. These regrettable necessities are already underway.

I am personally confident that we have the resources and the will to continue to strengthen Converium's franchise and to garner the renewed faith of rating agencies. As always, creation of shareholder value is the fundamental driver of your Board's decision-making. We have always worked to build a modern, sophisticated reinsurance company engineered to create value. Clearly 2004 did not accomplish this, but following the successful rights issue and strategic repositioning, I believe that Converium is leaner and more focussed today.

Some thanks

I am very pleased to welcome Paul Dassenko as President and CEO of Converium Reinsurance (North America) Inc. His extensive run-off experience and strong leadership skills will prove invaluable to Converium's shareholders and clients alike. Dirk Lohmann and Martin Kauer have left their posts as Chief Executive Officer and Chief Financial Officer, respectively. They were great contributors to the Company, and their commitment was critical for its establishment and for the successful IPO. The Board of Directors wishes both of them all the best for the future.

I would like to express my thanks to all shareholders, both new and long-term, for continuing to share my confidence in Converium. I would also like to thank our clients for their ongoing trust. Lastly, I wish to thank management and staff for standing by us through the crisis of 2004. I am thoroughly aware that the past year has been a very dramatic and trying one, but the Board and I look forward to cooperating with you to return Converium to a successful track.

Sincerely,



Peter C. Colombo
Chairman of the Board of Directors

Strategy

Early in 2004 Converium adopted a comprehensive corporate strategy intended to build on its accomplishments since the Company was formed in 2001. Later in the year the Global Executive Committee was forced to adjust the business model in response to developments which led to the decision to cease underwriting in North America, and to the downgrading by Standard & Poor's and A.M. Best Company of Converium AG's insurer financial strength rating to BBB+ and B+, respectively.

In contrast, key elements of Converium's post-IPO strategy have proven both profitable and tactically sound. Business underwritten outside the United States since the IPO has met or exceeded financial targets based on current estimates. Converium's strategic decisions since its independence have reinforced its ability to withstand the legacy-related challenges of the year in review.

Converium continued to attract business in targeted lines and regions during the January 1, 2005 renewals. This success underlines market appetite for a mid-sized, independent reinsurer, and justifies shareholders' decision at the Extraordinary General Meeting in late September 2004 to support Converium as a stand-alone entity delivering consistency and continuity under its existing business model.

Current strengths arising from recent strategic positioning and development include the decision to continue to build direct client relationships in Continental Europe and elsewhere. In general, such relationships have proven more enduring than broker channels in the current business environment. In the specific case of Converium's contract renewals for January 1, 2005, the greatest business continuity achievements were made among clients with which Converium has direct personal relationships at all levels, with or without the involvement of intermediaries.

In addition, the strategic diversification of Converium's income streams has created a more robust organization by gaining access to business at its source. These steps include the development of joint ventures such as that with the Medical Defence Union in the United Kingdom, participation in Global Aerospace Underwriting Managers Ltd., and the formation of Converium's Corporate Name at Lloyd's to support clients operating in that market by providing capital to them directly.

Other successful strategic initiatives include expansion in the Asia-Pacific region, and refocusing and expanding of Converium's Life & Health Reinsurance segment in Europe. Strategic decisions to increase activity supported by knowledge-based underwriting in certain specialty lines markets and to maintain a thoroughly technical and profitability-focused approach to all aspects of Converium's business have also contributed to the Company's resilience.

Looking ahead

Despite the strength of Converium's strategic business model, changes lie ahead. The Company will continue to adjust its client base to concentrate on partnership-focussed professional reinsurance buyers within client segments dependent on reinsurance. This move is supported by Converium's value proposition, built around comprehensive client services such as underwriting support and financial and natural hazard modeling.

Geographically, Converium now focuses its local presence and underwriting on clients located in Europe, Asia Pacific, and Latin America. The Company will continue to serve North American customers selectively from Zurich, following the decision to place Converium Reinsurance (North America) Inc. into an orderly run-off, which will be accompanied by an active commutation strategy. A restructuring process is now underway to ensure that Converium's physical presence matches its strategic outlook.

Converium will continue to serve and develop clients that will benefit from its strong capitalization following the 2004 rights issue. Converium's existing targeting of strategic alliances and joint ventures will continue, especially for rating-sensitive specialty lines underwriting. Although 2004 was a challenging year for Converium, the validity of its incumbent strategic path outside the United States has been clearly endorsed. Converium's business model will be further enhanced in 2005, with a clear line-of-business and geographical focus, an emphasis on expertise and service, and a rigorous technical approach.

Organizational structure and outlook 2005

4

Organizational structure

Converium is organized into three global business segments: Standard Property & Casualty Reinsurance, Specialty Lines and Life & Health Reinsurance. The lines of business by segment include the following:

Standard Property & Casualty Reinsurance

General Third Party Liability, Motor, Personal Accident (assumed from non-life insurers), Property

Specialty Lines

Agribusiness, Aviation & Space, Credit & Surety, Engineering, Marine & Energy, Professional Liability and other Special Liability, Workers' Compensation

Life & Health Reinsurance

Life and Disability, Accident and Health

The three business segments include all lines of business and markets. In addition, Converium has several business support functions which assist the three segments in the underwriting process. They comprise: Actuarial and Risk Modeling Services, Claims, Risk Pooling, Transactional Legal Services, Underwriting Technical Services and Risk Management. Converium also has certain departments, which provide services to all segments and functions globally. These include Finance, Information Technology, Human Resources, Internal Services, Corporate Legal Services, the Strategic Project Office and Corporate Communications and Development. Converium is reorganizing Converium Reinsurance (North America) Inc. (CRNA) in order to ensure an effective and orderly run-off of business under a new management. As at December 31, 2004 Converium had 771 employees worldwide.

Outlook 2005

Converium succeeded in meeting its targets for the January 1, 2005 renewal, which represents a significant proportion of its total business. A large share of clients showed strong support, particularly those in Continental Europe and the Middle East. Nonetheless, the Company has begun the year significantly changed. Only small volumes of US business are expected to be underwritten from Converium's Zurich headquarters, and rating-sensitive buyers and intermediaries in markets such as the UK and Australia (where the insurance supervisor mandates a minimum acceptable security rating) are unlikely to return to Converium until a rating upgrade has been achieved. In other markets Converium was able to maintain most relationships, albeit in many instances with reduced shares. While the initial impact is a reduction in premium written, it is encouraging to see that many clients "left the door open" to Converium and clearly signalled that a return to our former position in their reinsurance panel was a real possibility following an eventual upgrade in our rating.

Although ratings are an important selection criteria for all clients, Converium achieved a satisfactory renewal in markets where Client Relationship Managers have unrestricted access to customers. In many instances the level of service clients have received from Converium was an important factor in their decision to renew, as was their desire to continue to have a medium-sized, independent reinsurer such as Converium as part of their overall panel of reinsurers. As for the renewed business itself, terms and conditions were relatively stable. Underwriting standards were not relaxed, with the exception of the pricing formula which was modified to

reflect our changed tax situation. Overall our target returns, although somewhat lower than in the peak of the hard cycle, remain in excess of our long-term return objectives as Converium's focus remains on improved risk diversification and reduced economic risk. In the wider market, competition is increasing in most lines, and the trend towards price reductions continues. So far the market has remained disciplined in the main, but capital increases continued throughout 2004, as the reinsurance industry completed its recapitalization and grew stronger in terms of its capital base than it was before the losses of September 11, 2001 (source: Benfield). Insurance prices for some large property, specialty liability, and airline exposures are likely to continue to decline, and catastrophe reinsurance prices have resumed a slight downward course where no losses have occurred, as capacity remains abundant for most exposures.

In other lines, including European motor, small enterprise property, and many liability exposures, rates remained stable or increased upon renewal and are likely to remain satisfactory over the course of the year. As a result, in the absence of major catastrophic events the market as a whole is on track to achieve satisfactory profitability in 2005. Converium expects to deliver another profitable underwriting year, as its technical and disciplined approach is steadfastly enforced. In the autumn of 2004 we expected our non-US premium volume for the underwriting year 2005 to be reduced by up to 40% compared to 2004. All indications to date suggest that the Company will achieve those revenue goals, without sacrificing underwriting integrity and the maxim of profit over top-line performance.

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