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CONVERIUM HOLDING AG

Form 6-K

March 17, 2006

Form 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of March, 2006

CONVERIUM HOLDING AG

(Translation of registrant's name into English)

Baarerstrasse 8
CH-6300 Zug
Switzerland

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- Not Applicable

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Converium Holding Ltd, Zug

Zug, Switzerland - March 15, 2006 - Converium reports net income of US\$ 68.7 million for the full year 2005.

In the financial year 2005 Converium has produced net income of US\$ 68.7 million. This result primarily reflects:

- o a satisfactory underwriting performance of Converium's ongoing operations, which produced total segments' income of US\$ 173.8 million;
- o a net pre-tax impact of US\$ 164.8 million from the following major natural catastrophes: winter storm Erwin, the Continental European floods and hurricanes Katrina, Rita and Wilma;
- o a net positive impact of prior accident years on the technical result of US\$ 12.1 million, mainly due to the continuing stabilization of

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Converium's prior accident years' loss reserves;

- o the successful progression of the Converium Reinsurance (North America) Inc. (CRNA) run-off and commutation strategy, which resulted in a total reduction of net liabilities of US\$ 653.1 million to approximately US\$ 1.1 billion, and a net income benefit from commutations of US\$ 60.5 million.
- o total operating and administration expenses of US\$ 210.8 million, a decline of 4.1% compared with 2004, despite significant additional expenses arising from the internal review and restatement, as well as Converium's operational restructuring; and
- o a total investment result of US\$ 350.4 million, or an average total investment income yield of 4.4%, which is equal to 2004.

For the fourth quarter of 2005 Converium reports net income of US\$ 34.2 million, largely driven by:

- o a satisfactory underwriting performance of Converium's ongoing operations, which produced total segments' income of US\$ 63.2 million;
- o hurricane Wilma, which caused net pre-tax losses for the entire Company of approximately US\$ 46.5 million;
- o operating and administration expenses of US\$ 63.2 million, representing an increase of US\$ 22.9 million compared with the third quarter of 2005, primarily due to expenses associated with the internal review and the restatement;
- o successful commutations of CRNA liabilities resulting in a net income benefit of US\$ 22.0 million; and
- o a total investment result of US\$ 111.6 million or an average annualized total investment income yield of 6.0%, including net realized capital gains of US\$ 33.6 million, primarily from the sale of equity securities.

Based on Converium's financial performance in 2005 and the Company's strong capitalization, the Board of Directors proposes a gross cash dividend of CHF 0.10 per share to the Annual General Meeting of April 11, 2006.

Inga Beale, Chief Executive Officer, commented: "The unprecedented string of natural catastrophes experienced in 2005 has served as a reminder that we are in the business of risk. Nevertheless I am encouraged by Converium's financial results for 2005. Based on the underlying quality of our ongoing business, the stability of prior accident years' loss reserves and the progress in running-off and commuting CRNA liabilities, we have been able to absorb significant catastrophe losses and to generate net income of close to US\$ 70 million."

Inga Beale continued: "After my first six weeks at the helm of Converium I am convinced that our franchise is stable, our business strategy appropriate and our underwriting expertise top class. I therefore strongly believe that 2006 will see further progress towards Converium's sustainable recovery."

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Financial results of the fourth quarter and the full year 2005

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Key metrics (in US\$, unless noted)

	Three months ended December 31, 2005	Full ye
o Gross premiums written	375.4 million	1,994.3
o Income before tax	38.8 million	84.3
o Pre-tax operating income	2.8 million	U100.8
o Ongoing total segment income(1)	63.2 million	173.8
o Impact from winter storm Erwin, Continental European floods and hurricanes Katrina, Rita and Wilma	60.4 million	164.8
o Net income	34.2 million	68.7
o Ongoing non-life combined ratio(2)	110.8%	
o Impact on combined ratio from winter storm Erwin, European floods and hurricanes Katrina, Rita and Wilma	14.9 pts	
o Adjusted ongoing non-life combined ratio (excluding Erwin, floods and hurricanes)	95.9%	
o Average annualized total investment income yield (pre-tax)	6.0%	
o Shareholders' equity		1,653.4

For the full year 2005, Converium reported pre-tax operating income of US\$ 100.8 million and net income of US\$ 68.7 million. This result reflects a negative impact of US\$ 164.8 million from the following major natural catastrophes: winter storm Erwin, the Continental European floods and the hurricanes Katrina, Rita and Wilma. However, the financial performance benefited from a net positive impact of prior accident years on the technical result of US\$ 12.1 million resulting from net positive development of prior accident years' loss reserves of US\$ 75.5 million, offset by reductions in premiums, related losses and acquisition costs of net US\$ 63.4 million. Additional positive effects were recorded due to the successful progression of the CRNA run-off and the effective execution of its commutation strategy. Converium also reported a satisfactory underwriting performance of its ongoing operations, which produced total segment income of US\$ 173.8 million. The ongoing non-life combined ratio was 107.2%. Finally, the full year performance benefited from a decline in total operating and administration expenses by 4.1% to US\$ 210.8 million in 2005 - despite significant additional legal, audit and consulting expenses, mainly arising from the internal review and restatement of prior years' financial information as well as the Company's operational restructuring.

In 2005, gross premiums written decreased by 49.9%, net premiums written by 51.3% and net premiums earned by 38.6%. This decline in gross and net premiums written reflects the reduction in overall business volume due to the ratings downgrades in 2004 and the placement of CRNA into orderly run-off. Overall, full-year gross premiums written are closely in line with the previously stated volume expectation of approximately US\$ 2 billion.

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- (1) Total segment income (loss) is defined as net premiums earned plus total investment results minus losses, loss expenses and life benefits, acquisition costs and other operating and administration expenses.
 - (2) Ongoing non-life combined ratio is defined as non-life loss ratio (to premiums earned) plus non-life acquisition costs ratio (to premiums earned) plus non-life administration expense ratio (to premiums written).

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Based on the developments of 2004, Converium placed its North American reinsurance operations into run-off and started to implement and execute a vigorous commutation strategy. In 2005, CRNA commuted net liabilities of US\$ 372.9 million. As a result, total net liabilities of CRNA decreased by 36.9% to approximately US\$ 1.1 billion. Based on the commutations a net income benefit of US\$ 60.5 million was recorded.

Converium reported an ongoing non-life combined ratio of 107.2% for the full year 2005, as compared with 106.1% for 2004. Adjusted for the losses from winter storm Erwin, the Continental European floods as well as hurricanes Katrina, Rita and Wilma, the ongoing non-life combined ratio was 99.5%, which reflects a satisfactory underlying underwriting performance.

The Life & Health Reinsurance segment reported segment income of US\$ 17.6 million for the year ended December 31, 2005, as compared with US\$ 16.7 million for the previous year.

Converium reported net investment income for 2005 of US\$ 324.9 million and an average net investment income yield of 4.1%, an increase as compared with 2004. This improvement was achieved despite a lower asset base and largely resulted from a higher allocation to fixed maturities securities. The Company's average total investment income yield for the year ended December 31, 2005 remained unchanged at 4.4% compared with 2004 and reflects net realized capital gains of US\$ 25.5 million, which occurred primarily in the fourth quarter of 2005.

For the fourth quarter of 2005, Converium reported pre-tax operating income of US\$ 2.8 million and a net income of US\$ 34.2 million. The quarterly result was largely driven by a total impact from natural catastrophes of US\$ 60.4 million. Hurricane Wilma accounted for US\$ 46.5 million, with the residual impact being attributable to further developments for hurricanes Katrina and Rita, offset by loss reserve reductions relating to the 2004 Asian tsunami. The financial performance of the fourth quarter of 2005 was also impacted by operating and administration expenses of US\$ 63.2 million, representing an increase of US\$ 22.9 million compared with the third quarter of 2005. This development is reflective of extraordinary legal, audit and consulting fees of approximately US\$ 15 million mainly associated with the internal review and the restatement of prior years' financial accounts.

The negative effects from natural catastrophes and increasing operating and administration expenses were partially offset by a net positive impact of prior accident years on the technical result of US\$ 6.8 million resulting from net positive development of prior accident years' loss reserves of US\$ 31.9 million, and premiums, related losses and acquisition costs of net US\$ 25.1 million. In addition, a net income benefit of US\$ 22.0 million was recorded as a result of the successful commutation of CRNA liabilities. The performance of Converium's ongoing operations is reflected in total segment income of US\$ 63.2 million.

Gross premiums written in the fourth quarter of 2005 decreased by 13.6% to US\$ 375.4 million, net premiums written by 15.2% to US\$ 314.5 million and net premiums earned by 35.5% to US\$ 441.5 million, as compared with the same period in 2004. These decreases in premiums are largely due to the rating downgrades in 2004 and the placement of CRNA into orderly run-off.

For the fourth quarter of 2005, Converium reported net investment income of US\$ 78.0 million and an average annualized net investment income yield of 4.2%, a slight increase as compared with 2004. The Company's average annualized total investment income yield was 6.0%, as compared to 4.3% in the fourth quarter of 2004. This is a result of net realized capital gains of US\$ 33.6 million.

Outlook

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The continuing resilience of Converium's franchise as evidenced in the January renewals as well as the improving financial performance demonstrates that the Company's current business strategy is a promising basis for a sustainable recovery.

Based on the successful January renewals and barring any exceptional catastrophe losses, adverse financial markets developments or other unexpected adverse developments, Converium expects a further improvement of its financial results in 2006.

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Business Development

The following are comments on the development of Converium's three ongoing business segments, the Run-Off segment and the Corporate Center. Reference is made to the tables attached to this press release.

Standard Property & Casualty Reinsurance represented approximately 40.7% of total net premiums written in 2005. For the full year 2005 and the fourth quarter the Standard Property & Casualty Reinsurance segment of Converium reported segment income of US\$ 46.7 million and US\$ 24.0 million, respectively. For the same periods of 2004 the segment reported income of US\$ 91.5 million and a loss of US\$ 29.4, respectively.

The positive segment result in 2005 was achieved despite a string of severe natural catastrophe losses, reflecting the quality of the segment's underlying book of business. The combined ratio for the full year 2005 was 109.5%, as compared with 101.6% in 2004. The headline losses in 2005 added 15.4 percentage points to the segment's combined ratio: winter storm Erwin (US\$ 32.5 million or 3.7 percentage points), the Continental European floods (US\$ 24.8 million or 2.8 percentage points), hurricane Katrina (US\$ 25.6 million or 2.9 percentage points), hurricane Rita (US\$ 11.2 million or 1.3 percentage points) and hurricane Wilma (US\$ 41.6 million or 4.7 percentage points). In addition, the segment's combined ratio reflects an increased administration expense ratio due to the reduced premium volume in 2005. For the fourth quarter of 2005, the Standard Property & Casualty Reinsurance segment reported a combined ratio of 116.4%, which includes an impact of 25.8 percentage points due to hurricane Wilma and 3.4 percentage points relating to additional claims for hurricane Katrina. The combined ratio for the fourth quarter of 2005 compares with 124.4% for the same period of 2004.

The segment's 2005 result benefited from a net positive impact of prior accident years on the technical result of US\$ 19.7 million resulting from net positive development of prior accident years' loss reserves of US\$ 30.7 million, offset by reductions in premiums, related losses and acquisition costs of net US\$ 11.0 million. The largest developments in prior accident years' loss reserves relate to property (net positive development of US\$ 73.3 million), motor (net adverse development of US\$ 25.0 million) and general third party liability (net adverse development of US\$ 23.4 million). For the fourth quarter of 2005, the Standard Property & Casualty Reinsurance segment recorded a net positive impact of prior accident years on the technical result of US\$ 8.1 million resulting from net positive development of prior accident years' loss reserves of US\$ 21.0 million, offset by reductions in premiums, related losses and acquisition costs of net US\$ 12.9 million.

For the year ended December 31, 2005, gross premiums written decreased by 46.8% to US\$ 803.1 million, net premiums written by 46.4% to US\$ 739.0 million and net premiums earned by 36.7% to US\$ 880.8 million. In general, premium volume was impacted by the ratings downgrades in 2004, the placement of CRNA into orderly

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run-off as well as by the decision to reduce writings for profitability reasons. More specifically, for the full year 2005 the reduction in net premiums written in the Standard Property & Casualty Reinsurance segment by line of business included:

- o Motor, which decreased by 56.9% to US\$ 188.4 million;
- o Property, which declined by 25.8% to US\$ 390.6 million;
- o General third party liability, which went down 61.3% to US\$ 146.7 million; and
- o Personal accident (assumed from non-life insurers), which decreased by 61.4% to US\$ 13.3 million.

For the fourth quarter of 2005, gross premiums written decreased by 58.7% to US\$ 92.1 million, net premiums written by 53.3% to US\$ 77.8 million and net premiums earned by 39.8% to US\$ 161.4 million.

Specialty Lines represented approximately 40.6% of total net premiums written in 2005. For the full year 2005 and the fourth quarter, the Specialty Lines segment of Converium reported segment income of US\$ 109.5 million and US\$ 32.6 million, respectively. This performance compares with segment losses of US\$ 7.3 million and US\$ 41.8 million for the respective periods of 2004.

The segment's combined ratio for the full year 2005 was 105.4%, as compared with 110.6% in 2004. In 2005, the segment's performance was negatively affected by a total net pre-tax impact of US\$ 13.5 million of losses from hurricanes Katrina, Wilma and Rita. For the fourth quarter of 2005, the segment reported a combined ratio of 108.4%, as compared with 118.3% for the same period of 2004. This positive trend was offset by an increased administration expense ratio due to the reduced premium volume in 2005 as well as the fronting commission for the business written through Global Aerospace Underwriting Managers Ltd. (GAUM).

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The segment's result in 2005 benefited from a net positive impact of prior accident years on the technical result of US\$ 23.1 million resulting from net positive development of prior accident years' loss reserves of US\$ 55.3 million, offset by reductions in premiums, related losses and acquisition costs of net US\$ 32.2 million. The largest developments in prior accident years' loss reserves related to aviation & space (US\$ 41.6 million). They were partially offset by smaller net adverse developments in the workers' compensation, engineering and marine & energy lines of business. For the fourth quarter of 2005, the Specialty Lines segment recorded a net positive impact of prior accident years on the technical result of US\$ 3.7 million resulting from net positive development of prior accident years' loss reserves of US\$ 7.7 million, offset by premiums, related losses and acquisition costs of net US\$ 4.0 million.

For the year ended December 31, 2005, gross premiums written in the Specialty Lines segment decreased by 49.7% to US\$ 833.1 million, net premiums written declined by 52.9% to US\$ 737.7 million and net premiums earned declined by 23.7% to US\$ 1,059.2 million. This development is due to the lowering of Converium's financial strength ratings in 2004 and the placement of CRNA into orderly run-off. More specifically, it reflects:

- o Aviation & space, which decreased by 40.2% to US\$ 241.8 million; o Credit & surety, which fell by 71.4% to US\$ 58.4 million;
- o Professional liability and other special liability, which declined by

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35.2% to US\$ 282.8 million;

- o Engineering, which decreased by 41.6% to US\$ 65.5 million; and
- o Marine & energy, which declined by 22.4% to US\$ 64.0 million.

These decreases in net premiums written were partially offset by growth in agribusiness, where net premiums written increased by 221.9% to US\$ 36.7 million, reflecting the success of Converium's strategy to expand this line of business in Europe. In the fourth quarter of 2005 gross premiums written decreased by 53.7% to US\$ 239.5 million, net premiums written by 60.7% to US\$ 195.7 million and net premiums earned by 47.6% to US\$ 215.3 million due to the ratings downgrades in 2004 and the placement of CRNA into orderly run-off.

Life & Health Reinsurance represented approximately 16.9% of total net premiums written in 2005. For the full year 2005 and the fourth quarter, the Life & Health Reinsurance segment of Converium reported segment income of US\$ 17.6 million and US\$ 6.6 million, respectively, as compared with US\$ 16.7 million and US\$ 5.8 million, respectively, in the same periods of 2004. The segment reported a technical result for the full year 2005 and the fourth quarter of US\$ 14.2 million and US\$ 1.3 million, respectively, as compared with US\$ 16.4 million and US\$ 6.1 million in the previous year. Technical result is defined as net premiums earned minus losses, loss expenses and life benefits minus acquisition costs plus other technical income, mainly technical interest.

The decrease in the technical result during 2005 was primarily attributable to Converium's decision to cancel existing reinsurance transactions in Latin America and the establishment of an additional provision for the Asian tsunami.

For the year ended December 31, 2005, gross premiums written in the Life & Health Reinsurance segment decreased by 2.8% to US\$ 318.8 million, net premiums written by 2.2% to US\$ 306.4 million and net premiums earned by 1.2% to US\$ 314.8 million. The reductions occurred mainly in the health line of business which contracted by 30.8% to US\$ 23.1 million, primarily attributable to Converium's decision to cancel existing business in the Middle East in 2004. In the fourth quarter of 2005, gross premiums written decreased by 12.7% to US\$ 55.0 million, net premiums written declined by 27.8% to US\$ 53.0 million and net premiums earned fell by 24.1% to US\$ 71.6 million. The reduced premium volumes were mainly driven by the update of underlying information for the actuarial calculations of financing treaties.

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The Run-Off segment reported segment income for the full year 2005 and the fourth quarter of US\$ 47.6 million and US\$ 15.0 million, respectively, as compared with a segment loss of US\$ 296.0 million and segment income of US\$ 87.8 million for the same periods of 2004.

For the full year 2005, the segment result was negatively affected by hurricanes Katrina, Rita and Wilma with a total net impact of US\$ 15.6 million in losses, offset by a net income benefit of US\$ 60.5 million from commutations. In the fourth quarter, CRNA commuted net liabilities of US\$ 141.4 million, which resulted in a net income benefit of US\$ 22.0 million.

For the full year 2005 the Run-Off segment recorded a net adverse impact of prior accident years on the technical result of US\$ 30.7 million resulting from net adverse development of prior accident years' loss reserves of US\$ 10.5 million and reductions in premiums, related losses and acquisition costs of net US\$ 20.2 million. For the fourth quarter of 2005, the Run-Off segment recorded a net adverse impact of prior accident years on the technical result of US\$ 5.0

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million, with no significant underlying movements.

The Corporate Center carries certain administration expenses such as the costs of the Board of Directors, the Global Executive Committee, and other corporate functions as well as other expenses not allocated to the operating segments. For the full year 2005 and the fourth quarter, operating and administration expenses were US\$ 50.1 million and US\$ 22.8 million, respectively, as compared with US\$ 38.2 million and US\$ 12.7 million for the same periods of 2004. The increase in 2005 was mainly due to extraordinary legal, audit and consulting fees of approximately US\$ 15 million, mainly related to the internal review and restatement of prior years' financial accounts in the fourth quarter of 2005.

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Financial highlights: Income statement, return on equity	Three months ended December 31,		Year ended December 31,	
In US\$ million, unless noted	2005	2004 restated	2005	2004 restated
Gross premiums written	375.4	434.5	1,994.3	3,978.7
- change (%)	-13.6%		-49.9%	
Net premiums written	314.5	370.8	1,815.7	3,726.1
- change (%)	-15.2%		-51.3%	
Net premiums earned	441.5	684.6	2,383.2	3,882.2
- change (%)	-35.5%		-38.6%	
Ongoing non-life loss ratio(3)	68.8%	83.1%	77.4%	77.6%
- change in percentage points	-14.3pts		-0.2pts	
Ongoing non-life acquisition costs ratio(4)	33.8%	32.5%	22.9%	24.5%
- change in percentage points	+1.3pts		-1.6pts	
Ongoing non-life administration expense ratio(5)	8.2%	4.6%	6.9%	4.0%
- change in percentage points	+3.6pts		+2.9pts	
Ongoing non-life combined ratio(6)	110.8%	120.2%	107.2%	106.1%
- change in percentage points	-9.4pts		+1.1pts	
Life & Health technical result(7)	1.3	6.1	14.2	16.4
- change (%)	-78.7%		-13.4%	
Total investment result(8)	111.6	89.1	350.4	359.2
- change (%)	+25.3%		-2.4%	
Average total investment income yield(9)	6.0%	4.3%	4.4%	4.4%
- change in percentage points	+1.7pts		-	
Total investment return(10)	54.9	110.0	312.0	334.1
- change (%)	-50.1%		-6.6%	
Pre-tax operating income (loss)(11)	2.8	-2.0	100.8	-321.1
- change (%)	n.m.		n.m.	
Net income (loss)	34.2	10.9	68.7	-582.5
- change (%)	+213.8%		n.m.	

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Basic earnings (loss) per share (US\$)	0.23	0.08	0.47	-9.19
- change (%)	+187.5%		n.m.	
Return on equity(12)	8.1%	3.5%	4.0%	-30.2%
- change in percentage points	+4.6pts		n.m.	

- (3) Ongoing non-life loss ratio is defined as losses and loss expenses divided by net premiums earned.
- (4) Ongoing non-life acquisition costs ratio is defined as acquisition costs divided by net premiums earned.
- (5) Ongoing non-life administration expense ratio is defined as other operating and administration expenses divided by net premiums written, excluding Corporate Center segment expenses.
- (6) Ongoing non-life combined ratio is defined as non-life loss ratio (to premiums earned) plus non-life acquisition costs ratio (to premiums earned) plus non-life administration expense ratio (to premiums written).
- (7) Life & Health technical result is defined as net premiums earned minus losses, loss expenses and life benefits minus acquisition costs plus other technical income, mainly technical interest.
- (8) Total investment result is defined as net investment income plus net realized capital gains (losses).
- (9) Average total investment income yield is defined as net investment income plus net realized capital gains (losses) divided by average total invested assets (including cash and cash equivalents), pre-tax and annualized for quarterly yield.
- (10) Total investment return is defined as net investment income plus net realized capital gains (losses) plus change in net unrealized capital gains (losses) divided by average total invested assets (including cash and cash equivalents), pre-tax and annualized for the quarterly yield.
- (11) Pre-tax operating income (loss) is defined as pre-tax (loss) income excluding pre-tax net realized capital gains (losses), impairment of goodwill, amortization of intangible assets and restructuring costs.
- (12) Return on equity is defined as net (loss) income (after-tax) divided by shareholders' equity at the beginning of the period, annualized for the quarterly return on equity.

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Financial highlights: Balance sheet	Dec. 31, 2005	Dec. 31, 2004 restated
In US\$ million, unless noted		
Total invested assets plus cash	7,281.6	8,467.1
- change (%)	-14.0%	
Claims supporting capital(13)	2,044.6	2,125.9
- change (%)	-3.8%	

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Shareholders' equity	1,653.4	1,734.8
- change (%)	-4.7%	
Book value per share (US\$) (14)	11.29	11.86
- change (%)	-4.8%	
Book value per share (CHF) (14)	14.88	13.49
- change (%)	+10.3%	

Financial highlights: Investment results	Three months ended		Year ended	
	December 31,		December 31,	
	2005	2004	2005	2004
In US\$ million, unless noted		restated		restated
Investment income - Fixed maturities	51.3	54.9	221.3	198.3
Investment income - Equity securities	1.1	1.6	5.9	14.8
Investment income - Funds Withheld Asset	14.3	17.6	62.6	75.1
Other investment income, net	11.3	10.5	35.1	24.5
Net investment income	78.0	84.6	324.9	312.7
Average net investment income yield (pre-tax)	4.2%*	4.1%*	4.1%	3.8%
Net realized capital gains (losses)	33.6	4.5	25.5	46.5
Total investment result	111.6	89.1	350.4	359.2
Average total investment income yield (pre-tax)	6.0%*	4.3%*	4.4%	4.4%
Change in net unrealized (losses) gains (pre-tax)	-56.7	20.9	-38.4	-25.1
Total investment return (pre-tax)	54.9	110.0	312.0	334.1
Average total investment return (pre-tax)			4.0%	4.1%
Average total invested assets (including cash and cash equivalents)	7,443.8	8,215.1	7,874.4	8,125.0

* These figures are presented on an annualized basis

(13) Claims supporting capital is defined as total equity plus debt.

(14) Reflects the impacts of the Rights Offering that occurred in October 2004.

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The company has made it a policy not to provide any quarterly or annual earnings guidance and it will not update any past outlook for full year earnings. It will however provide investors with perspectives selected on its value drivers, its strategic initiatives and those factors critical to understanding its business and operating environment and certain financial guidance.

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About Converium

Converium is an independent international multi-line reinsurer known for its innovation, professionalism and service. Today Converium employs about 600 people in 18 offices around the globe and is organized into four business segments: Standard Property & Casualty Reinsurance, Specialty Lines and Life & Health Reinsurance, which are based principally on ongoing global lines of business, as well as the Run-Off segment, which primarily comprises the business from Converium Reinsurance (North America) Inc., excluding the US originated aviation business portfolio. Converium has a "BBB+" rating (outlook stable) from Standard & Poor's and a "B++" rating (outlook stable) from A.M. Best Company.

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Important Disclaimer

This document contains forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. It contains forward-looking statements and information relating to the Company's financial condition, results of operations, business, strategy and plans, based on currently available information. These statements are often, but not always, made through the use of words or phrases such as 'seek to', 'expects', 'should continue', 'believes', 'anticipates', 'estimates' and 'intends'. The specific forward-looking statements cover, among other matters, the Company's internal review and related restatement, the reinsurance market, the Company's operating results, certain financial guidance such as the corporate tax rate, the reduction of CRNA net liabilities, administration expense ratio and Corporate Center costs, the rating environment, the prospect for improving results and expense reductions. Such statements are inherently subject to certain risks and uncertainties. Actual future results and trends could differ materially from those set forth in such statements due to various factors. Such factors include the impact of our ratings downgrade or a further lowering or loss of one of our financial strength ratings; the impact of the restatement on our ratings and client relationships; uncertainties of assumptions used in our reserving process; risk associated with implementing our business strategies and our capital improvement measures and the run-off of our North American business; cyclicity of the reinsurance industry; the occurrence of natural and man-made catastrophic events with a

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frequency or severity exceeding our estimates; acts of terrorism and acts of war; changes in economic conditions, including interest and currency rate conditions that could affect our investment portfolio; actions of competitors, including industry consolidation and development of competing financial products; a decrease in the level of demand for our reinsurance or increased competition in our industries or markets; a loss of our key employees or executive officers without suitable replacements being recruited within a suitable period of time; our ability to address material weaknesses we have identified in our internal control environment; political risks in the countries in which we operate or in which we reinsure risks; the passage of additional legislation or the promulgation of new regulation in a jurisdiction in which we or our clients operate or where our subsidiaries are organized; the effect on us and the insurance industry as a result of the investigations being carried out by the US Securities and Exchange Commission, New York's Attorney General and other governmental authorities; changes in our investment results due to the changed composition of our invested assets or changes in our investment policy; failure of our retrocessional reinsurers to honor their obligations or changes in the credit worthiness of our reinsurers; our failure to prevail in any current or future arbitration or litigation; and extraordinary events affecting our clients, such as bankruptcies and liquidations, and other risks and uncertainties, including those detailed in the Company's filings with the US Securities and Exchange Commission and the SWX Swiss Exchange. The Company does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Consolidated statements of income	Three months ended		Change	Year ended		Cha
	December 31,			December 31,		
In US\$ million, unless noted	2005	2004 restated	(%)	2005	2004 restated	(
Revenues						
Gross premiums written	375.4	434.5	-13.6	1,994.3	3,978.7	-
Less ceded premiums written	-60.9	-63.7	-4.4	-178.6	-252.6	-
Net premiums written	314.5	370.8	-15.2	1,815.7	3,726.1	-
Net change in unearned premiums	127.0	313.8	-59.5	567.5	156.1	+2
Net premiums earned	441.5	684.6	-35.5	2,383.2	3,882.2	-
Net investment income	78.0	84.6	-7.8	324.9	312.7	-
Net realized capital gains (losses)	33.6	4.5	n.m.	25.5	46.5	-
Other (loss) income	-11.0	1.1	n.m.	-13.4	-8.2	+
Total revenues	542.1	774.8	-30.0	2,720.2	4,233.2	-
Losses, loss expenses and life benefits	-287.3	-491.6	-41.6	-1,775.9	-3,342.5	-

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Acquisition costs	-147.2	-213.1	-30.9	-575.6	-912.4	-
Other operating and administration expenses	-63.2	-59.3	+6.6	-210.8	-219.8	-
Interest expense	-8.0	-8.3	-3.6	-31.6	-33.1	-
Impairment of goodwill	-	-	-	-	-94.0	-
Amortization of intangible assets	-0.2	-7.6	n.m.	-21.5	-9.9	+1
Restructuring costs	+2.6	0.7	n.m.	-20.5	-2.7	-
Total benefits, losses and expenses	-503.3	-779.2	-35.4	-2,635.9	-4,614.4	-
Income (loss) before taxes	38.8	-4.4	n.m.	84.3	-381.2	-
Income tax expense	-4.6	15.3	n.m.	-15.6	-201.3	-
Net income (loss)	34.2	10.9	213.8	68.7	-582.5	-1
Basic earnings (loss) per share (US\$)	0.23	0.08	n.m.	0.47	-9.19	-
Diluted earnings (loss) per share (US\$)	0.23	0.08	n.m.	0.47	-9.19	-

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Consolidated balance sheets	Dec. 31,	Dec. 31,
In US\$ million, unless noted	2005	2004 restated
Invested assets		
Held-to-maturity securities:		
Fixed maturities	793.6	850.4
Available-for-sale securities:		
Fixed maturities	4,169.8	4,834.8
Equity securities	362.6	399.4
Other investments	253.1	279.2
Short-term investments	35.1	117.3
Total investments	5,614.2	6,481.1
Funds Withheld Asset	1,020.1	1,305.1
Total invested assets	6,634.3	7,786.2
Other assets		
Cash and cash equivalents	647.3	680.9
Premiums receivables	1,059.3	1,832.2
Reserves for unearned premiums, retro	37.8	55.2

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Reinsurance assets:		
Underwriting reserves	805.1	937.9
Insurance and reinsurance balances receivable	37.6	139.3

Funds held by reinsureds	1,817.4	1,737.7

Deposit assets	183.4	170.4

Deferred policy acquisition costs	304.3	482.7

Deferred income taxes	1.0	6.2

Other assets	298.4	358.6

Total assets	11,825.9	14,187.3

Liabilities		

Reinsurance liabilities:		

Unpaid losses and loss expenses	7,568.9	8,908.3

Future life benefits, gross	405.6	407.1

Insurance and reinsurance balances payable	226.3	583.5

Reserves for unearned premium, gross	610.8	1,247.7

Other reinsurance liabilities	127.8	70.8

Funds held under reinsurance contracts	332.9	194.8

Deposit liabilities	300.6	356.5

Deferred income taxes	8.1	8.2

Accrued expenses and other liabilities	200.3	284.5

Debt	391.2	391.1

Total liabilities	10,172.5	12,452.5

Shareholders' equity		

Common stock	554.9	554.9

Additional paid-in capital	1,354.2	1,360.5

Treasury stock	-1.5	-7.7

Unearned stock compensation	-3.5	-7.5

Total accumulated other comprehensive income		
Accumulated other comprehensive income	-4.9	-7.7

Net unrealized gains on investments, net of taxes	42.7	105.2

Cumulative translation adjustments	96.9	191.2

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Total accumulated other comprehensive income	134.7	288.7
Retained deficit	-385.4	-454.1
Total shareholders' equity	1,653.4	1,734.8
Total liabilities and shareholders' equity	11,825.9	14,187.3

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Segments	Three months ended December 31,		Change (%)	Year ended December 31,		Change (%)
	2005	2004 restated		2005	2004 restated	
Standard Property & Casualty Reinsurance						
Gross premiums written	92.1	222.9	-58.7	803.1	1,509.1	-46.8
Net premiums written	77.8	166.7	-53.3	739.0	1,377.5	-46.4
Net premiums earned	161.4	268.1	-39.8	880.8	1,392.3	-36.7
Loss ratio(15)	67.8%	81.2%	-13.4pts	82.8%	72.0%	+10.8pts
Acquisition costs ratio(16)	35.5%	35.8%	-0.3pts	20.6%	25.4%	-4.8pts
Administration expense ratio(17)	13.1%	7.4%	+5.7pts	6.1%	4.2%	+1.9pts
Combined ratio(18)	116.4%	124.4%	-8.0pts	109.5%	101.6%	+7.9pts
Total investment result(19)	39.5	28.4	+39.1	122.0	113.9	+7.1
Segment income (loss)	24.0	-29.4	n.m.	46.7	91.5	-49.0
Retention ratio(20)	84.5%	74.8%	-9.7pts	92.0%	91.3%	+0.7pts
Specialty Lines						
Gross premiums written	239.5	516.8	-53.7	833.1	1,655.3	-49.7
Net premiums written	195.7	498.3	-60.7	737.7	1,565.3	-52.9
Net premiums earned	215.3	410.8	-47.6	1,059.2	1,387.6	-23.7
Loss ratio(15)	69.5%	84.3%	-14.8pts	72.9%	83.2%	-10.3pts
Acquisition costs ratio(16)	32.6%	30.4%	+2.2pts	24.9%	23.6%	+1.3pts
Administration expense ratio(17)	6.3%	3.6%	+2.7pts	7.6%	3.8%	+3.8pts
Combined ratio(18)	108.4%	118.3%	-9.9pts	105.4%	110.6%	-5.2pts
Total investment result(19)	49.5	36.5	+35.6	142.9	147.5	-3.1
Segment income (loss)	32.6	-41.8	n.m.	109.5	-7.3	n.m.
Retention ratio (20)	81.7%	96.4%	-14.7pts	88.5%	94.6%	-6.1pts
Life & Health Reinsurance						
Gross premiums written	55.0	63.0	-12.7	318.8	327.9	-2.8
Net premiums written	53.0	73.4	-27.8	306.4	313.2	-2.2
Net premiums earned	71.6	94.3	-24.1	314.8	318.7	-1.2
Acquisitions costs ratio(16)	27.4%	26.5%	+0.9pts	29.3%	22.7%	+6.6pts
Administration expense ratio(17)	8.1%	5.2%	+2.9pts	5.3%	4.2%	+1.1pts
Total investment result(19)	11.2	5.2	+115.4	29.2	20.9	+39.7
Segment income	6.6	5.8	+13.8	17.6	16.7	+5.4

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Retention ratio(20)	96.4%	116.5%	-20.1pts	96.1%	95.5%	+0.6pts
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(15) Loss ratio is defined as losses and loss adjustment expenses divided by net premiums earned.

(16) Acquisition costs ratio is defined as acquisition costs divided by net premiums earned.

(17) Administration expense ratio is defined as other operating and administration expenses divided by net premiums written, excluding Corporate Center segment expenses.

(18) Combined ratio is defined as non-life loss ratio (to premiums earned) plus non-life acquisition costs ratio (to premiums earned) plus non-life administration expense ratio (to premiums written).

(19) Total investment result is defined as net investment income plus net realized capital gains (losses).

(20) Retention ratio is defined as net premiums written divided by gross premiums written.

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Segments	Three months ended December 31,		Change	Year ended December 31,		Change
In US\$ million, unless noted	2005	2004 restated	(%)	2005	2004 restated	(%)
<hr style="border-top: 1px dashed black;"/>						
Run-Off Segment						
Gross premiums written	-11.2	-368.2	-97.0	39.3	486.4	-91.9
Net premiums written	-12.0	-367.6	-96.7	32.6	470.1	-93.1
Net premiums earned	-6.8	-88.6	-92.3	128.4	783.6	-83.6
Total investment result(19)	11.4	19.0	-40.0	56.3	76.9	-26.8
Segment income (loss)	15.0	87.8	-82.9	47.6	-296.0	n.m.
<hr style="border-top: 1px dashed black;"/>						
Corporate Center						
Other operating and administration expenses	-22.8	-12.7	79.5	-50.1	-38.2	+31.2

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

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registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONVERIUM HOLDING AG

By: /s/ Inga Beale
Name: Inga Beale
Title: CEO

By: /s/ Christian Felderer
Name: Christian Felderer
Title: General Legal Counsel

Date: March 17, 2006

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