



SwissLife

Swiss Life Group | Business Review 2008



Perspectives

Business Review 2008

Perspectives

In 2008 the Swiss Life Group made further progress in the implementation of its strategy.

**Focus on retirement needs** | Swiss Life significantly strengthened distribution in 2008 and improved its competitive position in all markets thanks to innovative products.

**Focus on growth opportunities** | The acquisition of the AWD Group is central to the future success of Swiss Life. The product factory for variable annuities and the expansion of reach in the business with high net worth individuals have laid the foundations for future growth.

**Focus on functional excellence** | Swiss Life wants to bring innovative and profitable products to market more rapidly. The new Group Product Management business area and strict cost management are key success factors. Active capital and risk management has proven its worth.

**Foster commitment** | Employee commitment remained high in 2008. Swiss Life promotes a performance culture and is intensifying client-orientation and innovativeness.

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## Strategy and Markets

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Swiss Life is well positioned to benefit from increasing demand over the long term for life insurance and pension solutions.

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## Page 22–27

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## Results and Course of Business

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Net profit for 2008 amounted to CHF 345 million. The result was impacted by negative developments on the financial markets.

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## Page 28–41

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## Other Success Factors

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Employee satisfaction, comprehensive risk management, responsible corporate conduct and an attractive brand are key success factors.

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## Page 42–51

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## Corporate Governance

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Swiss Life ensures the implementation of responsible, transparent and risk-aligned corporate governance.

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## Page 52–73

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## Financial Statements

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The audited figures are transparent and facilitate comparisons.

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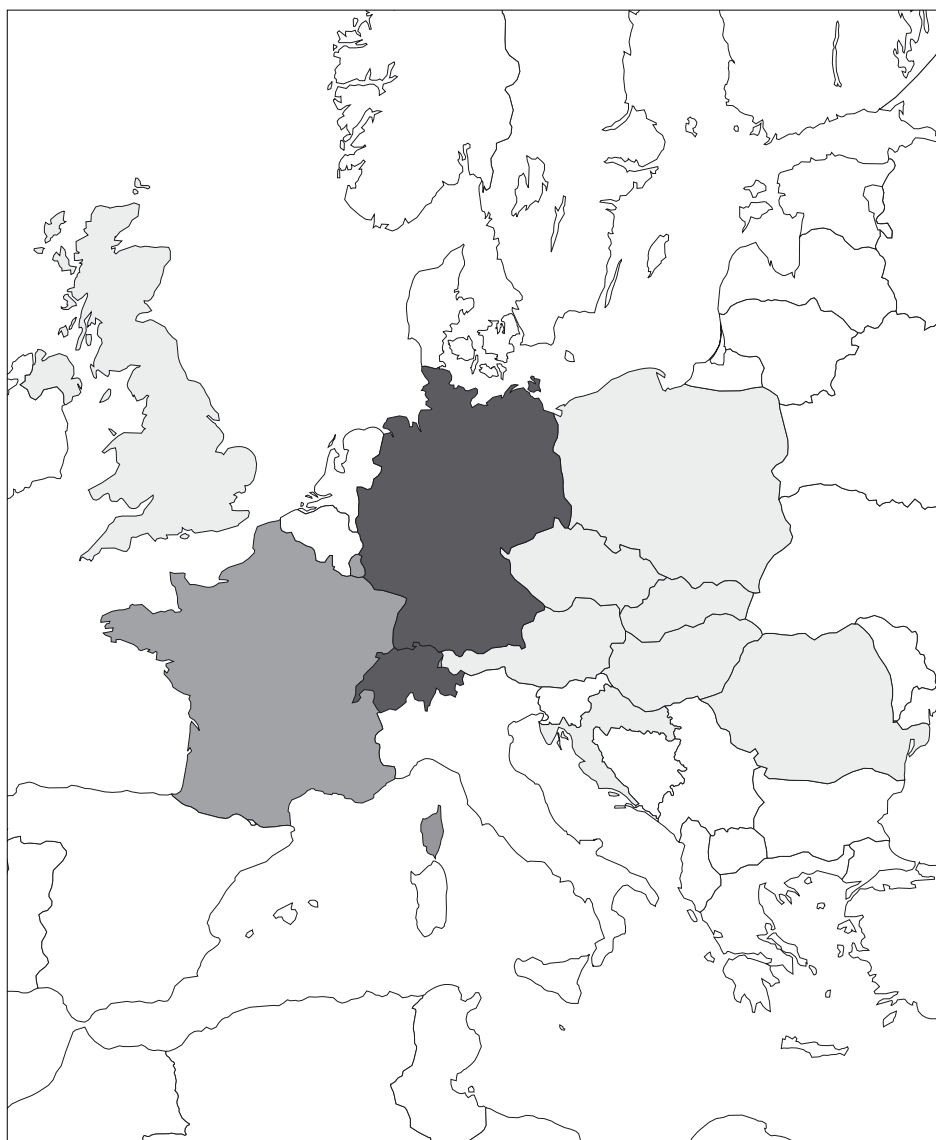
## Page 82–87

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**Swiss Life at a Glance** | The Swiss Life Group is one of Europe's leading providers of life insurance and pension solutions. In Switzerland, France and Germany, the Group offers individuals and corporations comprehensive advice and a broad range of products through its own sales force as well as brokers and banks. Swiss Life provides international corporations with employee benefits solutions from a single source, and is one of the global leaders in structured life and pension products for international high net worth individuals.

The AWD Group has been part of the Swiss Life Group since 2008. AWD is one of the leading European financial services providers in the medium and high-income client segments. It employs over 6000 financial consultants and active intermediaries in ten European countries.

Swiss Life Holding Ltd, registered in Zurich, was founded in 1857 as Schweizerische Rentenanstalt. The shares of Swiss Life Holding Ltd are listed on the SIX Swiss Exchange (SLHN). The Swiss Life Group employs a staff of around 9000.



Swiss Life/AWD
  Swiss Life
  AWD

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#### Insurance Switzerland

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In its home market, Swiss Life remained the leading provider of life insurance and pension solutions in 2008.

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### Page 34–35

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#### Insurance France

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Swiss Life has consistently improved its market position in France.

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### Page 36

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#### Insurance Germany

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Its expertise and quality of service make Swiss Life in Germany a preferred partner among insurance brokers.

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### Page 37

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#### Insurance Other

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Swiss Life serves high net worth individuals and international companies from its subsidiaries in Liechtenstein and Luxembourg.

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### Page 38

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#### Investment Management

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Swiss Life's Investment Management achieved a result at the previous year's level, despite a difficult market environment.

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### Page 39

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#### AWD

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AWD has consolidated its market position in Germany and Switzerland.

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### Page 40–41

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Swiss Life employs a workforce of around 9000 worldwide. Despite the diversity of cultures, locations and activities, they all have the same goal: To provide clients with secure, forward-looking and attractive life and pension solutions.

Swiss Life is committed to helping people create a financially secure future. This guiding principle has been communicated externally as our mission and core competence of our company, and is also lived within the enterprise. A company with vision does not have to redefine itself over and over again. It is reassuring to know that all those involved with Swiss Life are provided with long-term perspectives.



Bruno Gehrig

We took the right measures at the right time to protect our core capital, which remains solid.

## Dear Shareholders

The world economy experienced a wave of dramatic changes in 2008. Your company, the Swiss Life Group, was also unable to escape the damage inflicted by this crisis. Our financial result and the performance of our share price in no way reflect our expectations. However we introduced the right measures at the right time to protect our solid core capital. We have made further progress in the implementation of our strategy. Swiss Life can therefore face the current challenges with confidence.

However, due to the negative developments on the financial markets, we were unable to achieve our targets in 2008. The crisis on the US real estate market, by which Swiss Life was in no way directly affected, negatively impacted almost all asset classes. The necessary impairments on investments and the realisation of losses to reduce risks resulted in a reduction in the financial result from CHF 4.9 billion to only CHF 0.5 billion. Thanks to gains realised on the sales of the Dutch and Belgian business as well as of Banca del Gottardo amounting to CHF 1.5 billion, the Swiss Life Group was still able to post a profit for 2008. Net profit for the year amounted to CHF 345 million. On the basis of this result and taking the current market environment into consideration, the Board of Directors proposes that the General Meeting of Shareholders approve a distribution of profit of CHF 5 per share, following payment of CHF 17 per share last year. As in previous years, the distribution of profit to shareholders will take the form of a reduction in par value.

An important step in the implementation of our strategy was the acquisition in 2008 of the AWD Group, the largest European provider of independent financial advisory services. This substantial strengthening of distribution is key to the future success of Swiss Life. Providers of independent financial advisory services will continue to gain in significance. Thanks to the partnership with AWD, Swiss Life is also able to diversify its income, receive additional market information, and gain efficient access to growth markets in Central and Eastern Europe, where Swiss Life is not currently active. The cooperation between Swiss Life and AWD has got off to a good start in both Germany and Switzerland. AWD itself achieved a good result for 2008 in Germany and Switzerland in the given circumstances. Growth in Central and Eastern Europe is still strong. Work on the refocussing of business activities in the United Kingdom is on track and the issues in Austria are being addressed with high priority. The downturn vis-à-vis the previous year in sales revenues and in the profits of the AWD Group can be attributed to clients' liquidity-oriented approach to investments in times of crisis, but also in particular to the changes in the United Kingdom and Austria. The AWD Group intends to grow sales revenues from about EUR 630 million to EUR 1 billion and achieve operating income before interest and tax of EUR 130 million by 2012.

In connection with the increasing significance of independent financial advisory services in the area of retirement provision, we also acquired a stake in the German financial services provider MLP last year. Although the benefits of a closer cooperation between Swiss Life, AWD and MLP are obvious given the current crisis and the consolidation among financial services providers in Germany, we were not able to achieve our targets in this regard. The strategic partnership with Talanx, announced in March 2009, is a good solution for this situation. Talanx and Swiss Life will cooperate in distribution through AWD, in the international business with life insurance solutions, in life reinsurance, in operations involving



selected products in certain defined areas, and in the reciprocal use of public investment funds. To reinforce this partnership, Talanx will purchase a stake of up to 9.9% in Swiss Life. Talanx will also acquire a 8.4% participation in MLP from Swiss Life. Swiss Life intends to reduce its remaining participation in MLP from 15.9% to below 10%. Independently of each other, Swiss Life and Talanx will each seek to cooperate with MLP within the new structure. Both companies will fully respect MLP's current business model as an independent financial services and asset management provider.

Swiss Life is synonymous with expertise in life and pensions, security and reliability in all markets. This profile has proven its worth in the crisis. In Switzerland, Swiss Life has maintained its position as market leader. New products, further increases in efficiency and an organisation that is geared even more closely to client needs will continue to improve our competitive position in our home market. In France, we have consistently outperformed the market in recent years, thanks to a well-diversified distribution network, an attractive range of products, and our excellent position in the health insurance business. In Germany, Swiss Life has been a preferred provider in the broker distribution channel for many years. The cooperation with AWD and the launch of the first product in the promising variable annuity family have significantly strengthened our competitive position going forward.

Our concept of asset and liability management worked well, even in the difficult conditions of the past financial year. The risks we assumed were within the bounds of our business model and our risk capacity at all times. Given the distortions on the financial markets in the second half of the year, we greatly reduced the risks carried on the balance sheet to protect core capital from any further negative impacts arising from the financial market crisis. In response to continued market volatility, we adjusted the asset allocation and discontinued the share buyback programme. These measures proved effective in recent months. Our capital base is solid and our investments are structured to generate earnings exceeding the benefits guaranteed to our clients, even under persistently difficult market conditions and at today's low interest levels.

In addition to the strategic management of the company and taking steps to overcome the financial market crisis, one of the most important tasks of the Board of Directors in 2008 was to ensure the best possible composition of the Board of Directors and the Corporate Executive Board. Ivo Furrer, CEO Switzerland, Charles Relecom, CEO France, and Klaus Leyh, CEO Germany, joined the Corporate Executive Board in the course of the year. Manfred Behrens, CEO Germany since 2004 and Member of the Corporate Executive Board since May 2008, assumed the function of Co-CEO of AWD on 1 September 2008. In this capacity he also remains a Member of the Corporate Executive Board. Paul Müller, CEO Switzerland, stepped down after an impressive career spanning over thirty years, the last six of which he spent at Swiss Life. Jacques Richier, CEO France, who joined Swiss Life in 2000, decided to take up a new position outside the Swiss Life Group. The Board of Directors extends its sincere thanks to Paul Müller and Jacques Richier for their major contribution to the company's successful development.

We were able to inform you well in advance of the planned change in the position of Chairman of the Board of Directors. Bruno Gehrig will not be standing for re-election at the next General Meeting of Shareholders in May 2009. Rolf Dörig, who was elected to the Board of



Rolf Dörig

The cooperation between Swiss Life and AWD has got off to a good start and is progressing to plan.

Directors by the General Meeting of Shareholders in May 2008, will succeed him as Chairman. After serving on the Board of Directors for six years, Pierfranco Riva will not be standing for re-election as he has reached the statutory age limit. We wish to thank Pierfranco Riva warmly for his valuable contribution to the work of the Board of Directors over the past years. We are delighted that both Frank Schnewlin, former CEO of the Bâloise Group, and before that, a Member of the Group Executive Committee of the Zurich Financial Services Group, and Carsten Maschmeyer, founder of AWD, have accepted nominations to the Board of Directors. Frank Schnewlin, a proven authority on the international insurance market, will be an asset to the Board of Directors. Likewise, Carsten Maschmeyer, with his profound knowledge of the market and outstanding expertise in distribution, will be a welcome addition.

Dear Shareholders, we are facing great challenges. The global economy is in recession and the financial markets are extremely volatile. There is no sign of a speedy recovery. We are confident that we at Swiss Life have created the necessary environment to successfully weather this difficult period. Firstly, we are in a business with long-term growth prospects. The demand for privately-financed life insurance and pensions solutions will continue to grow due to demographics and the intensifying pressure on state budgets. Secondly, the crisis has greatly increased clients' appreciation of professional advisory services and products that offer security and protection. This improves the competitive position of specialised life insurance and pension providers such as Swiss Life. Thirdly, thanks to strengthening its distribution and innovative capacity, measures to increase efficiency, active capital and risk management, a solid capital base, and its clear positioning as a leading life and pensions specialist, Swiss Life has created the necessary conditions to grow and to increase profitability, even in today's difficult market environment.

Success in our business is built on long-term performance and trust. We would like to thank all our dedicated employees who work towards this success every day, and all those who have placed their trust in us.



**Bruno Gehrig**  
Chairman of the Board of Directors



**Rolf Dörig**  
Delegate of the Board of Directors



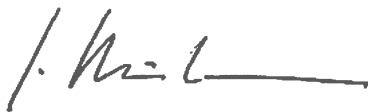
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## On Bruno Gehrig's resignation

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### Dear Shareholders

After serving on the Board of Directors for six years, Bruno Gehrig will not be standing for re-election at the next General Meeting of Shareholders in May 2009. As with all his decisions, Bruno Gehrig planned this step carefully, held discussions with the parties involved and finally decided to do what he believes is in the best interests of the company. Bruno Gehrig was an ideal choice for the Swiss Life Group in every respect. His experience in the financial industry, his outstanding leadership qualities, his knowledge of the financial markets, his tight-knit network among the business community, political circles, central banks and universities and, last but not least, his pleasant nature, made him a key player in the successful turnaround of 2003 and 2004. He soon gained the confidence of employees, clients and shareholders. With great consistency and persistency he established corporate governance practices that meet today's requirements and ensured the optimum conditions for the smooth functioning of the Board of Directors and its committees. These executive bodies have been put to the test in the extremely challenging market environment of the past year. In addition to the business successes, the 150-year anniversary of Swiss Life in 2007 was a highlight of his tenure at Swiss Life, and clearly showed the strength of his ties with the company and its employees. His close involvement in the anniversary year was not a foregone conclusion, however. Bruno Gehrig suffered a stroke in November 2005. Happily, his recovery was a speedy one and he could return to work in March 2006. He was determined to settle the matter of his successor as early as possible. He originally intended to step down at the General Meeting of Shareholders in 2010. However, after being elected to the Board of Directors of UBS in October 2008, Bruno Gehrig changed his plans. His reason for accepting this function is also typical of Bruno Gehrig: He felt obliged to UBS, his former employer, and to the Swiss economy as a whole, the well-being of which hangs to a great extent on the performance of the financial centre. We would like to thank Bruno Gehrig warmly for his sterling contribution to Swiss Life and wish him every success and the best of health for the future.



**Gerold Bühler**

Vice Chairman of the Board of Directors



**Rolf Dörig**

Delegate of the Board of Directors

**“In times of crisis, security is valued more highly.”**

Bruno Pfister has served as Swiss Life’s Group Chief Executive Officer since May 2008. In this interview he explains how the financial market crisis has impacted corporate strategy and results, and why the prevailing market environment also offers opportunities for a focused pension provider such as Swiss Life.



“We are convinced, that the life and pensions business will grow over the long term.”

**Mr Pfister, three years ago you were travelling parts of the Silk Road. Which do you think was more difficult: Steering Swiss Life through the financial crisis or making it along the Silk Road from Europe to China 500 years ago?**

It’s hard to say. Communication channels at the end of the Middle Ages were far inferior to those available today. It was impossible to reliably assess the risks involved in journeying from Europe to China. Nobody knew what could happen on the Silk Road.

**But the journey through the 2008 financial year was also anything but smooth.**

That’s true. The capital markets took a major beating in 2008, and Swiss Life did not escape unscathed. In contrast to the crisis six years ago, practically all asset classes have been affected. It wasn’t possible to predict the full extent and the consequences of this development.

**Several banks and insurance companies were not able to survive this crisis without help. What did Swiss Life do differently?**

Those insurance companies that concentrated on their core business also had risks under control in 2008. We kept within our available risk capacity at all times. As the situation intensified in the second half of the year, our disciplined approach to risk management enabled us to take measures and protect our capital rapidly, thus ensuring the company's survival.

**The subject of risk leads us to targeted returns. Were return expectations too high in recent years?**

On the basis of our business model and taking market expectations into account, we set ourselves a target of 12% return on equity. This is not at all excessive. The crisis is now forcing everyone to rethink their return expectations, however.

**Results are disappointing due to the huge decline on the financial side. In what areas has the Swiss Life Group nevertheless made progress in 2008?**

Most certainly in product management. In Germany we launched our first flexible product with variable guarantees – also known as variable annuities – and have built up a product platform in Luxembourg. In the individual markets we have made progress with new products, and have also improved the product development process. We now focus much more closely on real client requirements, instead of being swayed by technical considerations as we were so often in the past.

**What about distribution?**

The cooperation with AWD is beginning to bear fruit. By realigning two products to the needs of AWD target clients in the German market we have achieved pleasing results. Admittedly this is a small segment, but the experiences gained will help us with the further development of cooperation. We have also developed a new product in Switzerland and successfully introduced it at AWD. These first steps show how the cooperation with AWD can improve our products, making them easier to sell, not just by AWD, but also by other distribution channels.

**By acquiring the AWD Group Swiss Life significantly increased its distribution capacity overnight.**

This has radically changed our organisation. A few years ago only one in five employees worked in distribution. Today, including the independent advisors that work for AWD, every other employee is part of distribution. The majority of our employees now have direct client contact.

**You have suffered a setback in the international insurance business for high net worth individuals, your private placement life insurance business. Was this due exclusively to the financial market crisis?**

The collapse of the markets, particularly in October 2008, greatly unsettled wealthy clients. This is understandable; this client segment lost a great deal of money. But another reason is the legal uncertainties in Germany – an important market for us. We have since realigned our products to the new conditions, however.



*“In the current environment, solutions that offer security and limit risks are valued more highly.”*

**How do you assess the potential for this area of business?**

Wealth management for international private clients will undergo significant changes in the coming years. I therefore see great opportunities for our range of products and services. I believe that this business will return to growth. We have therefore increased our global reach with a branch office in Singapore and a sales location in Dubai. The first few weeks of 2009 make me optimistic.

**Premium volume of the Swiss Life Group fell a total of 13% to CHF 18.5 billion. Why was that?**

When making comparisons with the previous year you must bear in mind that the first half of 2007 also includes premium volume of about CHF 1.9 billion from the French ERISA companies that we sold. Without the ERISA component, the fall in premiums is only 4%. The welcome premium growth in France could not quite offset negative premium trends in the other markets, although we were able to defend our leading position in Switzerland. In Germany the single premium business declined significantly in 2008 due to the market environment, but we were very successful with policies carrying periodic premiums and concluded over 50 000 policies for the first time in our history.

**What impact will the disappointing financial results have on strategy? Should we expect adjustments?**

Swiss Life's strategy is based on our conviction that the life and pensions business will grow over the long term, and to a greater extent than the rest of the economy. There are two main reasons for this: demographic developments and the increasing pressure on public-sector finances in many countries. As a result, the state-financed part of retirement provision will become relatively less significant, while the privately-financed part will need to be strengthened if the standard of living is to be more or less maintained after retirement. The current market environment does not fundamentally change this state of affairs.

**And what does this mean for the strategy of Swiss Life?**

We expect pension gaps to widen in the coming years, thereby increasing demand for pension provision. With this in mind, our strategy is the right one and there is no reason to change anything. The financial crisis restricts our financial flexibility, however. As a result, our growth targets have faded into the background and capital protection has become the highest priority in this phase.

**Swiss Life's distribution strategy and the acquisition of AWD is still criticised in public. How do you respond?**

I can understand the criticism insofar as we must now produce numbers and facts over the next few years to prove that the acquisition was the right move. By acquiring AWD we plan to diversify our income stream and to expand our distribution capacity in Germany in particular in order to exploit the potential of Swiss Life more effectively. In Switzerland, AWD enables us to take a large step towards our vision of multichannel distribution. AWD also gives us access to markets in which we are currently not represented, such as those of Central and Eastern Europe. And thanks to AWD we now have access to additional market intelligence with regard to client requirements and product trends. AWD also benefits, as Swiss Life helps AWD to make its own business more efficient and to increase revenue. The experiences of the past few months have shown that the perspectives for adding value with this partnership are still intact.



“By acquiring AWD we plan to diversify our income stream and to expand our distribution capacity.”

**You mentioned the rapid expansion of distribution, but the biggest and best distribution network can only function if it has competitive products to sell. Where do you stand in this regard?**

Innovativeness improved significantly in 2008 in particular. Product management is now much more closely aligned to client needs. The expertise provided by AWD helped here, as the success stories in Germany and also in Switzerland demonstrate. The potential of the cooperation between Swiss Life and AWD will not be realised overnight, however. It will take time, because we must take care not to undermine AWD's successful business model of independent financial advice, but rather to strengthen it. This requires a cautious and carefully thought out approach.

**Your principal markets are quite saturated. Does this impose limitations?**

The various analyses we have performed show that Europe is the world region where the life insurance business is still growing most in absolute terms. Growth may be lower here in percentage terms than in other regions, but because the base is so much larger the European life insurance market is still attractive, even in terms of growth. And as I already mentioned, demand for pensions and privately-financed pension solutions will grow significantly.

**So you could say that bad news is good news for insurance companies?**

I'm quite sure that financial crises in particular heighten clients' understanding of risks. In the current environment, solutions that offer security and limit risks are valued more highly.

**And finally the most difficult question: Have you ever tried to explain your job to your son?**

No, not yet. I think it would be difficult to explain the concept of life insurance to a five-year-old. It would be too much for both him and me. He knows where I work, however, and visits me every now and then.

**And if he were to ask you?**

Then I would tell him that we make people's lives and the future more secure. And with the protection that we guarantee for him, his friends and their parents and relatives, we give a lot of people a bit of security and hope.



“We give a lot of people a bit of security and hope.”

## **“Success depends on professional skills and soft skills in equal measure.”**

As Head of Human Resources at Swiss Life in France, Isabelle Sonnevile recruits and supports staff in a wide variety of professions. Interviewed along with trainee Sebastian Reinke from Swiss Life in Munich, she discusses what makes a talented employee. The 24-year-old Sebastian Reinke is participating in a training programme at Swiss Life which combines practice and study.

### **What does Human Resources do for Swiss Life?**

ISABELLE SONNEVILLE (IS): We aim to directly help the company meet its goals by recruiting the best people, encouraging them and motivating them. Swiss Life requires staff from a very wide variety of professions, all of whom need to be recruited and supported. We employ not only specialists from many different professional walks of life, but also managers and project managers. It's our job in Human Resources to provide them all with attractive development opportunities.

SEBASTIAN REINKE (SR): This vast range of disciplines is what always attracted me to the insurance business. I am very fortunate at Swiss Life because I can combine my theoretical studies with on-the-job experience: I get to work in a lot of departments and can talk with, and learn from, interesting people. In this way, I get to see the big picture and can build up a good network of contacts.

### **What are the success factors for motivated employees?**

IS: It's important that our employees are able to work professionally and, at the same time, are able to build up good relationships with the people they work with. They need to be flexible and, if required, to be

prepared to reshape their careers and discover areas of the company with which they are not so familiar. Employees who maintain their employability remain attractive to the employer. In return, Swiss Life offers the resources necessary to promote the success of every individual.

SR: For me to remain committed and motivated, I need to receive due recognition from management and HR for my abilities, and to receive the appropriate encouragement and opportunities to apply my skills. Fortunately, this is the case at Swiss Life. So everyone stands to gain: Swiss Life, myself, and, of course, the client.

### **Let's talk about the future. What are your priorities?**

IS: We have to further shape the Human Resources area so that it becomes a true strategic partner working in the interests of management and staff. We want to align ourselves even more strongly with our corporate goals and the market. And to do this we need employees who want to make a difference. Motivation is a real success factor. We want our clients to immediately sense that Swiss Life employees are truly competent and motivated. This engenders trust.

SR: Right. We want clients to perceive us as successful and motivated. Focussing on our





clients and fulfilling their needs is what our business is all about. With this in mind, we hold workshops in which we cast a critical eye on our work and discuss how we can do things even better.

**Sebastian Reinke is just embarking on his career. What advice can you give him?**

IS: He should, first of all, become a good specialist in his field, by building up his knowledge and becoming familiar with the business challenges the company faces. But, it is also essential that he develops his soft skills: We need employees who can network, create synergies and strengthen cooperation. Success depends on professional skills and soft skills in equal measure ...

SR: ... which Swiss Life sets great store on. As part of my training programme, I'm assigned placements in various departments where I can build up the specialist knowledge I need. Swiss Life also encourages my personal development by providing me with regular feedback, for instance. I consider myself in good hands at Swiss Life, which motivates me even more in my work.

Encouragement – Motivation

Isabelle  
Sonneville  
&  
Sebastian  
Reinke



Encouragement -  
Motivation

## **“Product development starts with the client.”**

In the opinion of Claudia Schneberger, actuary in the Corporate Clients business at Swiss Life in Munich, products have to pay off. For this to happen, client needs must be identified and translated into suitable products, as Dejan Perunski from Group Product Management in Zurich explains.

### **What makes for a good life insurance product?**

DEJAN PERUNSKI (DP): It combines various features. Demand is very strong for products delivering a good combination of security and return. The client wants to preserve capital, yet increase assets. Guarantees play an important role in this. It is particularly important – when the financial markets are fluctuating sharply – that our products offer a high degree of security along with opportunities for returns. This also applies to risks like disability, death and longevity.

CLAUDIA SCHNEBERGER (CS): The tax advantages of the product concerned continue to be another significant factor. A high degree of product flexibility is equally important.

### **That sounds very general. How can Swiss Life differentiate itself from its competitors?**

DP: By focusing our products squarely on the needs of our clients which were not given enough attention before. With “Swiss Life Champion Duo”, Swiss Life has launched a solution on the Swiss market which enables clients to tailor the savings process and the risk to their current situation in life; if they stop working for a while, for example. This is particularly helpful for younger women.

CS: Personal consultation plays a central role. Our clients should have the feeling that they are getting the right service for every stage of life. Insurance is a complicated subject, and an important part of our job is to make it as transparent as possible. That’s why we’re now working on making our client documentation even more understandable and clearly structured.

### **What does this imply for product development?**

DP: Product development starts with the client. First of all, we have to know what requirements our clients want our products to meet. Only then can we get down to developing the product itself. Besides actuaries and lawyers, market researchers as well as experienced sales force and marketing staff must be involved right from the onset. Another key factor is cooperation between different specialist areas and across geographic lines, so we can benefit even more from each other’s resources. And we also shorten a product’s time to market, while boosting the chances that the new product will be a success.

### **Just how closely do you have to tailor products to specific conditions in the individual countries?**

CS: As Dejan Perunski already mentioned, clients want a high degree of security and, at the same time, the highest possible return. Their requirements are always very similar.





DP: True. We conducted a market study in 2008 for all the countries in which we do business. And we found that client needs are very much the same everywhere, although not always to the same extent. The biggest differences are definitely in relation to the legal and regulatory environment in individual countries.

**What is the central issue for you personally when a new product is under development?**

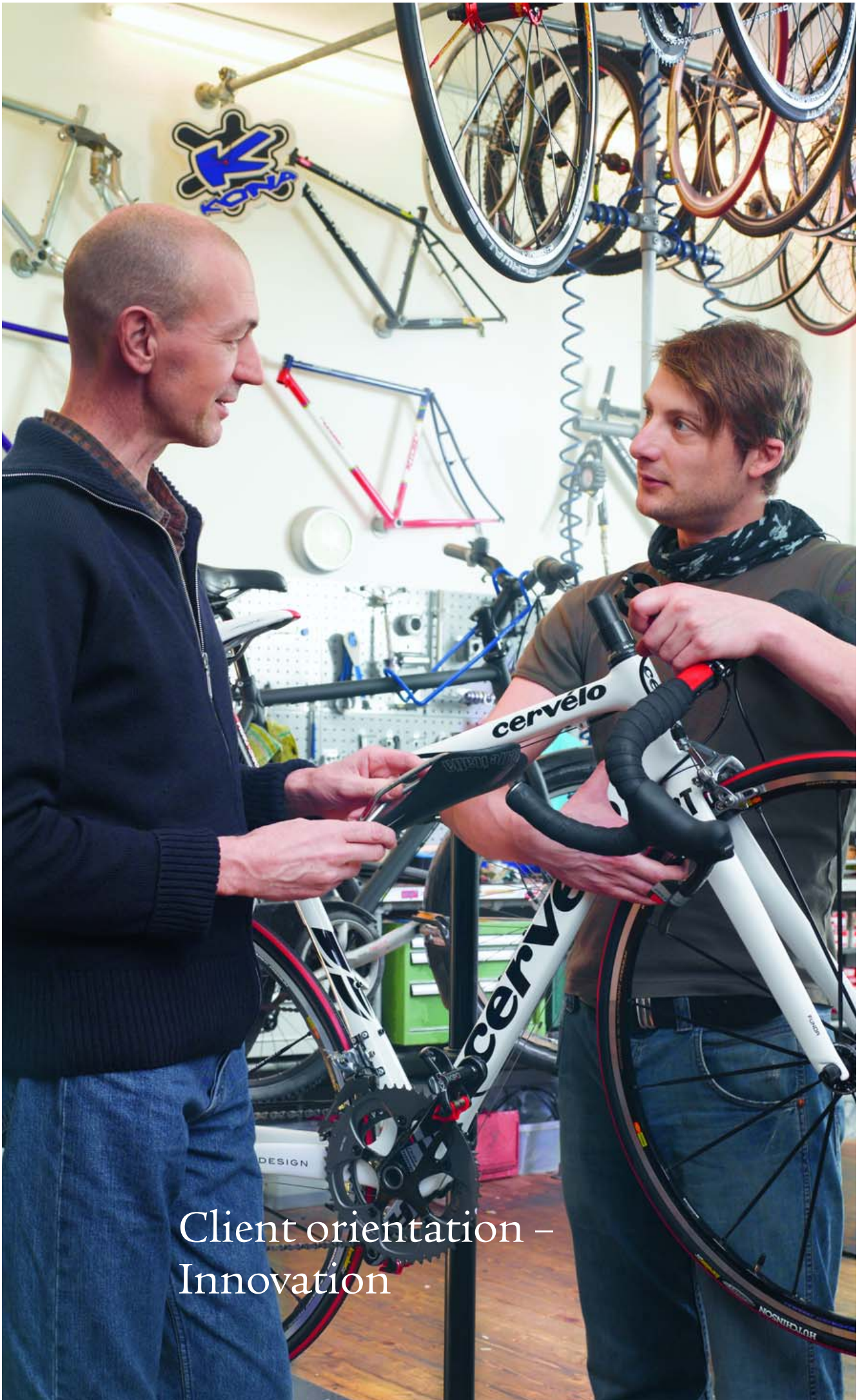
CS: For me as an actuary, the technical features of the product are important. What risks does the product need to cover? What benefits can I promise the client? At the end of the day, a product is only good if it is both attractive to the client and profitable for Swiss Life.

DP: Absolutely. The key to success is client orientation, cooperation across organisational and geographic lines, and pragmatic and entrepreneurial ideas and actions. We are thus well placed to become even more innovative in future.

Client orientation – Innovation

Claudia  
Schneberger  
&  
Dejan  
Perunski





Client orientation –  
Innovation

**“By applying our combined strengths we can achieve a lot more.”**

Lotti Fischer, financial planner and advisor to private and corporate clients at Swiss Life in Zurich, and Achim Broschk, team manager at AWD in Hanover, have been working under the same corporate roof since 2008. They exchange ideas about the Swiss Life and AWD partnership, client advisory services and future potential.

**Swiss Life and AWD now belong together but are still operating independently in the market. How does that work, and what’s the gain?**

ACHIM BROSCHK (AB): We have a strategic partnership, combining AWD’s strong distribution capability with the outstanding products and quality provided by Swiss Life. It’s a win-win situation. And I think we can perform even better in the market by working together.

LOTTI FISCHER (LF): AWD helps Swiss Life achieve its growth targets. This partnership may still be young – and, of course, we’re still gathering experience – but Swiss Life’s 150 years in the life insurance and pensions business, combined with AWD’s profound knowledge of local market conditions and of client needs, harbours potential.

AB: I totally agree. By applying our combined strengths we can achieve a lot more. Because AWD carries products from various suppliers, our knowledge of the market and market participants is very comprehensive. We can incorporate this expertise into Swiss Life’s product development, enabling Swiss Life to bring the right products to market more quickly. And, at the end of the day, all distribution channels will benefit from better products.

**Apropos “independence”: Will AWD be able to continue providing independent advice, or will it have to sell primarily Swiss Life products?**

AB: Independent advice is one of AWD’s traditional strengths and will remain so. If AWD only marketed Swiss Life products, that would be the end of the business model. Our clients want us to give them a choice.

LF: That’s exactly the way I see it. AWD and Swiss Life have different strengths and thus their own corporate cultures. It would be wrong to try and make them alike. And because the needs of clients are so different, there’s plenty of room for both. What matters is that the clients are well advised.

**What is particularly important in delivering advice?**

LF: Clients should not get the impression that we’re simply selling them products. They need to feel that they’re receiving comprehensive advice and support. It’s also important to me that clients should not be overloaded with too much information. Less is often more, even when it comes to advice. I listen carefully and try to get to know the clients and understand their requirements as thoroughly as possible by asking the right questions. This creates trust. After all, the client doesn’t just trust a company, but above all, a person.





AB: In my experience, if the advisors do a good job, the clients will be satisfied with them and their suggestions. For me, this means asking very specific questions to form a picture of the client's overall situation in life before presenting a solution. In this respect, good advice is like seeing a doctor: The doctor also makes a thorough examination before giving a diagnosis and prescribing effective treatment.

Trust – Vision

Lotti  
Fischer  
&  
Achim  
Broschk

Trust – Vision



## Strategy and Markets

Swiss Life has become a focused European life insurer in recent years. Swiss Life's mission: "We are committed to helping people create a financially secure future. For life." has gained in importance with the financial market crisis and its implications for the real economy. Swiss Life is well positioned to benefit from increasing demand over the long term for life insurance and pension solutions.



**Strategy and Markets** | As a specialist in life and pensions, Swiss Life is well positioned to benefit from the increasing demand for life insurance and pension solutions. However, due to the negative developments on the financial markets, the financial targets for 2008 could not be reached. Swiss Life is confident that the measures introduced will enable it to make further progress in implementing its strategy and to return to profitability in 2009.

Swiss Life's mission: "We are committed to helping people create a financially secure future. For life." has gained in importance with the financial market crisis and its implications for the real economy. In times of uncertainty, clients want professional advice and a partner they can trust for their life insurance and pensions. This is exactly what Swiss Life has to offer. As life expectancy rises and birth rates fall, demand for life insurance and pensions will continue to grow over the long term. Against the backdrop of the challenges facing states and their governments in trying to overcome the current economic crisis, privately funded pension solutions will gain in significance. In a recent study, the management consulting firm Oliver Wyman confirmed its 2004 forecast that the global life insurance industry is poised to generate USD 1600 billion in shareholder value by 2014. As a leading international specialist in life and pensions, Swiss Life is well positioned to benefit significantly from this development.

In times of uncertainty, clients want professional advice and a partner they can trust.

**LEADING SPECIALIST FOR LIFE INSURANCE AND PENSIONS** | Swiss Life has become a focused European life insurer in recent years. The company is one of only a few independent enterprises in Switzerland, France and Germany that concentrates on life and pensions.

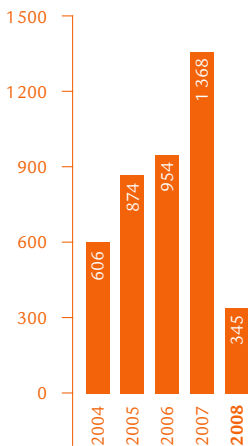
In its home market Switzerland, Swiss Life, with a share of around 30%, remains the market leader for pensions, despite increasingly tough competition. Swiss Life improved its market position in 2008 thanks to a number of product innovations, particularly in the area of non-traditional products. Furthermore, the cost base has been continuously reduced over the last few years, thereby enhancing competitiveness.

In France, Swiss Life holds a leading position in the health insurance sector and in the pension business it is a preferred alternative to large national providers, especially for high net worth individuals and independent entrepreneurs. Swiss Life has steadily improved its market position in recent years, thanks to an innovative range of products and a well-diversified distribution network.

In Germany, Swiss Life is one of the preferred partners among insurance brokers, due to its professional competence and high service quality standards. Through its close cooperation with AWD, Swiss Life can now exploit its potential even more effectively.

## Net profit

In CHF million



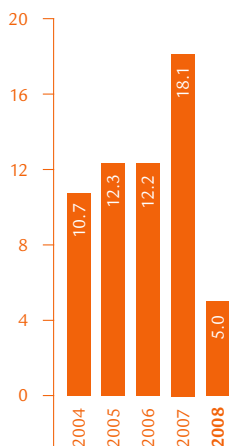
AWD plays a key role in the strategic development of Swiss Life. Life insurance and pensions is a business that will continue to involve considerable advisory services. The role played by professional financial sales companies that offer independent advice and allow clients to choose the product that suits them best will continue to grow. In addition to strengthening the distribution capabilities of the Swiss Life Group and facilitating access to new markets, AWD also improves Swiss Life's understanding of client needs when designing products and contributes to the diversification of earnings. In 2012, the AWD Group aims to achieve earnings of EUR 1 billion and EBIT of EUR 130 million.

Swiss Life is a leading player in cross-border private placement life insurance. Swiss Life targeted this business area for further expansion in 2008 with the opening of a branch office in Singapore and a sales office in Dubai. However, the growth momentum slowed temporarily in this area, especially in the second half of the year, due to the financial market crisis and the legal uncertainties that have arisen in some markets. Nevertheless, Swiss Life still sees promising market potential for this business which combines individual asset management with attractive pension planning solutions.

Swiss Life offers customised employee benefits solutions for international companies. The Swiss Life Network, the reinsurance business in Zurich and the international corporate client business of Swiss Life in Luxembourg form the basis of its global relationships. In order to more efficiently provide international companies with products and services in the area of employee benefits, the Swiss Life Group consolidated these areas in 2008 to form the Corporate Solutions business unit. The employees of this business unit serve their clients from Zurich, London, Luxembourg, Paris, Hamburg, Copenhagen and Singapore. The Swiss Life Network is made up of over 50 partners and serves in excess of 400 multinational companies in more than 70 countries around the globe.

## Return on equity

In %



**STRATEGY FURTHER DEVELOPED AND CONSISTENTLY IMPLEMENTED** | At the end of 2007 Swiss Life presented its new pensions leadership strategy. Swiss Life wants clients, distribution partners, investors and employees to regard it as the first choice for life insurance and pension solutions. Whoever thinks of financial security and retirement provision should first think of Swiss Life. The company concerns itself with the pension needs of people, not just before, but also after retirement. Swiss Life seizes growth opportunities in its existing markets, in international business and in attractive growth markets. To further improve efficiency, enhance international cooperation and optimise capital management, a functional management structure was established. Swiss Life pressed ahead with the implementation of its corporate strategy in 2008 by expanding its distribution capacity, strengthening its position in all markets thanks to product innovations, and enhancing competitiveness by introducing measures to improve efficiency. Furthermore, Swiss Life introduced the right measures at the right time to ensure solid core capital despite the turbulence on the financial markets. The risk management processes introduced and continuously developed over the last few years have borne fruit in the extremely challenging market environment of the past business year.

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 Focused life and pensions specialist
 

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**Mission** | We are committed to helping people create a financially secure future. For life.

**Ambition** | We aim to become a leading international life and pensions specialist.

Focus on retirement needs

Focus on growth opportunities

Focus on functional excellence

Foster employee commitment

**MULTICHANNEL DISTRIBUTION STRENGTHENED** | Direct contact with clients is a key success factor in the life insurance and pensions business. With the acquisition of AWD, targeted smaller-scale takeovers in France and measures to boost sales performance through tied distribution channels, Swiss Life further strengthened its multichannel distribution structure in 2008. Including AWD advisors, Swiss Life increased the proportion of employees working in distribution from less than 25% to over 50%.

The cooperation between Swiss Life and AWD is progressing well. Swiss Life products in Germany have already been included in AWD's "best select" range in various product categories. The sales volumes of these products have risen accordingly. The improved positioning also led to an increase in sales of the corresponding products via the existing broker channel. In Switzerland, AWD introduced its first Swiss Life product in November 2008. This innovative product was developed in close cooperation between specialists from Swiss Life and AWD to meet the needs of AWD target clients. Initial experiences have been positive here too. The cooperation consistently follows AWD's "best select" model. The independent financial advisor business model is not affected.

**INNOVATIVE PRODUCTS SUCCESSFULLY LAUNCHED** | Client needs are clearly moving towards an optimum combination of liquidity, security and return. Unit- or index-linked solutions with selectable, flexible guarantees, such as variable annuities, are in demand. Not only are such products better aligned to client needs, they also provide greater clarity as to where the added value comes from and how it is allocated. This, and the fact that these products tie up less risk capital, is advantageous for shareholders, too. Swiss Life has therefore expanded its range of non-traditional products in all markets and increased the share of this product category in new business to 40% in 2008.

An important step in the further expansion of the product mix in favour of non-traditional products was the start-up of the product factory for variable annuities according to schedule. Swiss Life successfully launched the first product in this growth segment in Germany in the third quarter. Additional product launches are set for 2009. The product factory's location in Luxembourg allows Swiss Life to market these solutions throughout the European Union.

In order to strengthen product development throughout the Group, Swiss Life established the Group Product Management business area in 2008. In this way, Swiss Life wants to promote the exchange of knowledge in product development and bring innovative products that meet client needs and profitability requirements to market more rapidly.

**EFFICIENCY INCREASED BY STREAMLINING CORPORATE CENTER** | Following the various efficiency programmes at the business units, Swiss Life is now streamlining its Corporate Center in Zurich. The division of responsibilities between the Corporate Center and the business units is being adjusted and clearly allocated, and the number of centrally implemented IT projects reduced. The new Corporate Center will concentrate on Group functions and on delivering shared services for collective use by the business units. All other tasks will be assumed directly by the business units or will be discontinued. The aim is to increase cost transparency, delegate greater responsibility to the business units and tighten up the cost base. With these measures, Swiss Life will reduce costs by around CHF 90 million by 2012.

In addition, strict cost management continues to have high priority in all areas. Swiss Life consistently works on further enhancing efficiency. The Operations area, for example, implements the lean management method, which focuses on the continuous improvement of a company's processes, organisation and products. In addition to the short-term optimisation of all processes, this method strives to embed continuous improvement in the work-flows themselves. Initial projects have already begun.

**SOLID CAPITAL BASE PROTECTED THANKS TO TIMELY MEASURES** | Swiss Life can ground the further implementation of its strategy on a solid capital base: As part of its active capital management policy, Swiss Life introduced a number of measures, particularly from September 2008 onwards, to shield its equity from the negative repercussions of the turbulence on the financial markets. Balance sheet risks were drastically reduced, the current share buyback programme was discontinued, and the proposed distribution of profit was significantly reduced. Furthermore, Swiss Life made a timely decision to utilise the possibility created by the International Accounting Standards Board to post certain bonds at market value to the IFRS balance sheet as per 1 July 2008 under the position of loans; these bonds had previously been carried as financial assets available for sale but for which a liquid market no longer exists. This eliminates the short-term impact of the fluctuations in the market value of these securities due to the illiquid market situation. This better reflects the liabilities associated with these investments and the long-term focus of the business. In the fourth quarter of 2008, Swiss Life structured its investments to generate earnings exceeding the benefits guaranteed to clients, even though market conditions were difficult and interest rates remained low.

**PERFORMANCE CULTURE FURTHER STRENGTHENED** | A key prerequisite for making further progress in implementing strategy is employee commitment. Swiss Life wants to further strengthen its performance culture, with special emphasis on client orientation and innovativeness. A survey is conducted every year to measure employee commitment. Employee commitment comprises job satisfaction and identification with work. Despite the intensification of the financial market crisis in the second half of the year and the very challenging market environment, Swiss Life achieved a commitment value of 76 on a scale of 10 to 100 in the September 2008 Employee Survey. This is a very good score in comparison to other companies. The commitment value has improved steadily over the past few years and the target value of 80 was exceeded in many areas.

**PRIORITIES FOR 2009: FOCUS ON INNOVATION AND EFFICIENCY** | Swiss Life was unable to escape the damage inflicted by the financial market crisis in 2008. The annual result is disappointing and the financial targets have not been met due to the negative developments on the financial markets. However, Swiss Life made further progress in the implementation of its strategy. It significantly expanded distribution, strengthened its position in all markets thanks to product innovations, and created the prerequisites for further efficiency improvements.

In March 2009 Swiss Life announced a strategic partnership with Talanx, the third largest insurance group in Germany in terms of premium income. The two companies will cooperate in certain defined areas. With this partnership, Swiss Life aims to drive international growth and to strengthen its market position in Germany further. To reinforce this partnership, Talanx will purchase a stake of around 10% in Swiss Life. Talanx will also acquire a 8.4% participation in MLP from Swiss Life. Swiss Life intends to reduce its remaining participation in MLP from 15.9% to below 10%. Independently of each other, Swiss Life and Talanx will each seek to cooperate with MLP within the new structure.

Due to the volatile market environment, Swiss Life has decided not to redefine its long-term targets at present. In 2009, Swiss Life will concentrate on protecting its solid capital base, consistently implementing its strategy with a focus on efficiency and innovation and thus on exploiting the available potential even more effectively.

The market for life insurance and pensions will continue to grow over the long term. As a leading international life and pensions specialist, Swiss Life is well positioned to benefit significantly from this market development and to create attractive added value and open up interesting perspectives for its shareholders, clients and employees.

## Results and Course of Business

The Swiss Life Group posted a net profit of CHF 345 million in 2008. Due to the negative developments on the financial markets, Swiss Life was unable to achieve its financial targets. However, the right measures were introduced at the right time to protect core capital, which remains solid. Swiss Life has thus created the necessary conditions to successfully weather the financial crisis, to continue to grow in this difficult market environment, and to increase profitability.



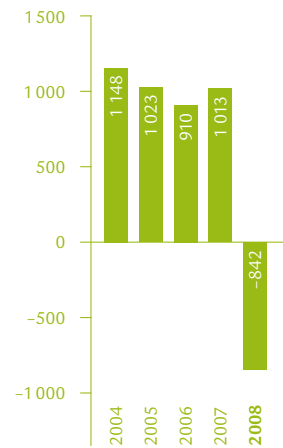
**Summary of Group Results** | The Swiss Life Group made further progress in 2008 in the implementation of its strategy. However, the financial market crisis cut into the financial result. The net profit, which includes extraordinary gains on disposals, came to CHF 345 million. Continuing operations recorded a loss of CHF 1.1 billion. The capital base remains solid with equity at a level of CHF 6.6 billion.

**CONSOLIDATED RESULT** | The Swiss Life Group posted a net profit of CHF 345 million for 2008. After allowing for minority interests, the profit attributable to shareholders came to CHF 350 million. This translates into (diluted) earnings per share of CHF 10.88 and a return on equity of 5.0%. The stated profit includes extraordinary gains after taxes on the sales of the Dutch and Belgian business as well as of Banca del Gottardo amounting to CHF 1488 million. Continuing operations resulted in a loss of CHF 1143 million, compared with a profit of CHF 726 million in the previous year. This disappointing outcome is attributable to the negative trend in the financial markets and its impact on the financial result. This declined steeply from the previous year's CHF 4.9 billion and stood at CHF 0.5 billion, due to the impairments which became necessary on investments and the losses realised in the course of minimising risks. The profit also includes an impairment of CHF 159 million (EUR 100 million) on the stake in MLP.

**RESULT FROM OPERATIONS HIT BY DEVELOPMENTS ON THE FINANCIAL MARKETS** | Continuing operations produced a segment loss of CHF 842 million. The insurance business in Switzerland was hit the hardest by the distortions on the financial markets. Swiss Life recorded a loss of CHF 748 million for this segment. The previous year still saw a profit of CHF 650 million for this figure. The operating results from the insurance business in France and Germany also recorded a significant decline against the previous year due to the impact of the financial market crisis on the financial result. A segment profit of CHF 40 million was generated in France and of CHF 29 million in Germany. The loss of CHF 36 million in the Insurance Other business segment, which comprises the companies in Luxembourg and Liechtenstein, is mainly attributable to the investments in building up the new product platform in Luxembourg and the geographical expansion of business with high net worth individuals. At CHF 94 million, the Investment Management segment achieved a result in line with the previous year's figure, despite the adverse market environment.

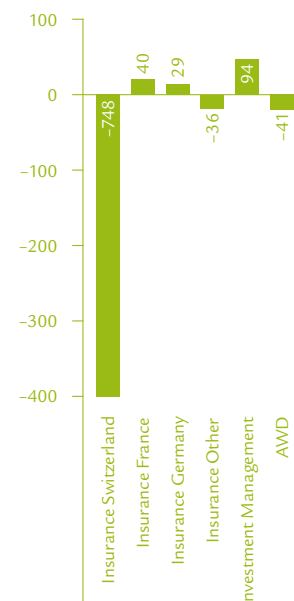
### Profit from operations

In CHF million



### Segment result

In CHF million



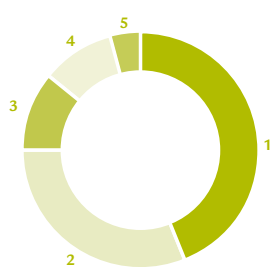
### Gross written premiums, policy fees and deposits received

In CHF million



### Gross written premiums, policy fees and deposits received by country

Total 100%



- 1 Switzerland 44%
- 2 France 31%
- 3 Germany 11%
- 4 Liechtenstein 10%
- 5 Luxembourg 4%

The AWD Group has been consolidated in the figures reported by the Swiss Life Group since the end of March 2008 and is published as a segment. This segment turned in a loss of CHF 41 million. AWD's operating results were down significantly due to developments in the United Kingdom and Austria caused by the financial market crisis. The segment result also includes restructuring costs amounting to CHF 40 million for the refocusing of business in the United Kingdom and amortisation expenditure of CHF 21 million for client relationship assets taken on in the acquisition. The result for the Other segment, which mainly comprises financing and holding companies, dropped from CHF 62 million to CHF 9 million due to currency effects. Unallocated corporate costs increased from CHF 73 million in the previous year to CHF 116 million. The rise was primarily caused by one-off expenses for projects relating to the implementation of the strategy.

**GROWTH MOMENTUM SLOWED** | The Swiss Life Group posted gross premiums, policy fees and deposits received under insurance and investment contracts totalling CHF 18.5 billion in 2008. When making comparisons with the previous year, it must be noted that the figures for the first half of 2007 contain the French ERISA companies' premium volume, which came to some CHF 1.9 billion. These companies have since been sold. Without ERISA's contribution the decline in premiums came to 4%. Above all, the downturn is due to the lower income from deposits under insurance and investment contracts. At CHF 13.3 billion, net earned premiums were held at the previous year's level. In Switzerland, Swiss Life registered gross premiums of CHF 8.2 billion, which represents 44% of total premium volume. In France, Swiss Life grew premium income on a comparable basis by 4% to CHF 5.8 billion, with French operations contributing 31% to total volume for 2008. In Germany, premium income receded by 8% to CHF 2.0 billion owing primarily to the market-driven collapse of the single premiums business. German insurance operations made up 11% of total premium volume. The companies in Liechtenstein and Luxembourg, which mainly conduct cross-border business, posted gross premiums amounting to CHF 2.6 billion in 2008. This represents a 20% decline on the prior-year figure and primarily reflects the focus of high net worth individuals on liquidity as a result of the financial market crisis. This segment contributed 14% to total premium volume.

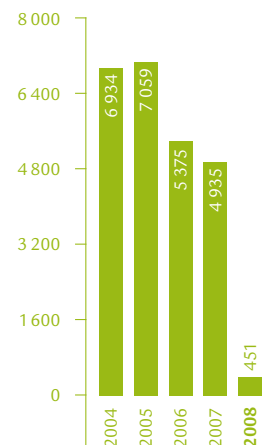
Fee income from asset management and other commission income increased due to the first-time consolidation of AWD from CHF 196 million to CHF 950 million.

Key figures for the Swiss Life Group			
In CHF million	2008	2007	+/-
Gross written premiums, policy fees and deposits received	18 515	21 213	-12.7%
Net earned premiums and policy fees	13 514	13 705	-1.4%
Asset management and other commission income	950	196	n.a.
Financial result	451	4 935	-90.9%
Other income	292	147	98.6%
<b>Total income</b>	<b>15 207</b>	<b>18 983</b>	<b>-19.9%</b>
Net insurance benefits and claims	-12 915	-13 268	-2.7%
Policyholder participation	429	-1 746	n.a.
Interest expense	-393	-455	-13.6%
Operating expense	-3 319	-2 489	33.3%
<b>Total expense</b>	<b>-16 198</b>	<b>-17 958</b>	<b>-9.8%</b>
<b>Profit from operations</b>	<b>-991</b>	<b>1 025</b>	<b>n.a.</b>
<b>Net profit</b>	<b>345</b>	<b>1 368</b>	<b>-74.8%</b>
Equity	6 652	7 334	-9.3%
Insurance reserves	113 308	121 829	-7.0%
Assets under management	120 364	121 167	-0.7%
Assets under control	134 326	138 946	-3.3%
Return on equity (in %)	5.0	18.1	n.a.
Number of employees (full-time equivalents)	8 184	8 556	-4.3%

**FINANCIAL RESULT IMPACTED BY HIGH IMPAIRMENTS** | The crisis on the US real estate market, by which Swiss Life was in no way directly affected, negatively impacted almost all asset classes in 2008. The necessary impairments on investments and the realisation of losses to reduce balance sheet risks resulted in a huge reduction in the financial result from investments held at own risk in insurance business for this extraordinary year from CHF 4.2 billion to CHF 0.3 billion. Direct investment income matched the previous year's level, however, and a direct return on investment of 4.1% was achieved. Taking into account asset changes relevant to the income statement, losses realised in connection with the reduction of balance sheet risks, and asset management costs, the net investment return came to 0.3% (2007: 3.8%). The total investment return of 0.5% (2007: 1.0%) also includes the asset changes directly reflected in equity. When the fair value of investments not reported at market value on the balance sheet is factored in, the overall performance was -0.7%. Swiss Life significantly reduced the risks carried on the balance sheet in the wake of the dramatic developments on the financial markets in the second half of 2008. The adjusted asset allocation is geared to generate earnings exceeding the benefits guaranteed to clients, even under persistently difficult market conditions and at today's low interest levels. These measures proved effective in recent months.

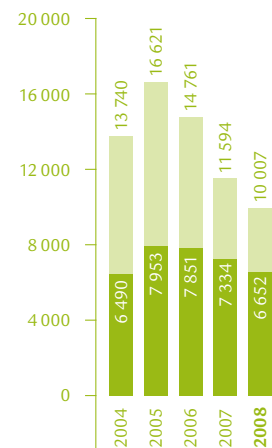
## Financial result

In CHF million



## Core capital

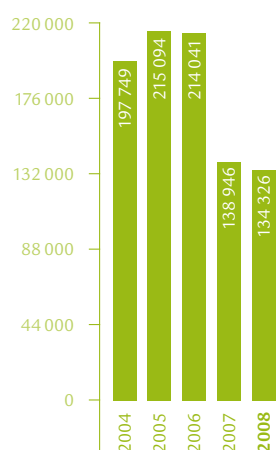
In CHF million



Equity incl. minority interest

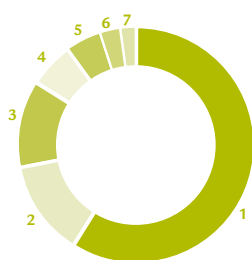
## Assets under control

In CHF million



## Asset allocation as at 31.12.2008 (insurance portfolio)

Total 100%



- 1 Bonds 59%
- 2 Loans 13%
- 3 Real estate 12%
- 4 Cash and cash equivalents and other 6%
- 5 Mortgages 5%
- 6 Alternative investments 3%
- 7 Equity securities and equity funds 2%

**FURTHER EFFICIENCY GAINS TARGETED** | Insurance benefits and the change in the mathematical reserve showed a net reduction of 3% to CHF 12.9 billion. The significantly lower financial result and the special situation in several countries due to valuation differences between local valuation guidelines and IFRS guidelines resulted in policyholder participation income of CHF 429 million for Swiss Life. Operating costs climbed 8% on a comparable basis as a result of investments in new business areas and growth initiatives. In Switzerland, on the other hand, operating costs were reduced by a further 3% on a comparable basis.

Strict cost management continues to be a high priority for Swiss Life. In this connection Swiss Life announced plans in November 2008 to streamline its Corporate Center in Zurich, leading to further cost savings of CHF 90 million. Primarily as a result of the first-time consolidation of the AWD Group, operating expenses increased from CHF 2.5 billion to CHF 3.3 billion overall. Because of the dissolution of tax provisions no longer required and current losses which could only be partially deferred, the company posted a tax income of CHF 29 million. Tax expenses totalled CHF 122 million in 2007.

**SOLID CAPITAL BASE** | Liabilities from insurance operations declined by 7% to CHF 113.3 billion. More than half of this reduction is due to currency effects. Contract terminations in Switzerland and the negative developments of assets in the business with high net worth individuals also contributed to the decline. Despite the severity of the financial market crisis in the second half of 2008, the capital base is still solid. Swiss Life significantly reduced its balance sheet risks at the right time in the second half of 2008 to shield its equity from further negative repercussions of the financial market crisis. Shareholders' equity for the Swiss Life Group stood at CHF 6.6 billion on 31 December 2008, representing a decline of less than 10% on the prior-year figure. The Group solvency ratio on an IFRS basis came to 159% at the end of the year. The core capital declined from CHF 11.6 billion to CHF 10.0 billion. Assets controlled by the Swiss Life Group totalled CHF 120.4 billion (-1%).

### Asset allocation on fair value basis as at 31 December (insurance portfolio)

In CHF million	2008	2007
Equity securities and equity funds	2 335 2.2%	8 967 8.0%
Alternative investments	3 272 3.1%	6 025 5.3%
Real estate	12 662 11.9%	12 252 10.9%
Mortgages	5 644 5.3%	5 784 5.1%
Loans	13 355 12.6%	14 518 12.9%
Bonds	62 350 58.6%	61 849 54.9%
Cash and cash equivalents and other	6 709 6.3%	3 263 2.9%
<b>Total</b>	<b>106 327</b>	112 658
<i>Net equity exposure</i>	<b>0.8%</b>	7.5%
<i>Duration of bonds</i>	<b>9.2 years</b>	8.7 years

**Segment Reporting** | Swiss Life reports its insurance business results by country. Further segments are Investment Management and AWD. The areas sold in insurance and banking in 2008 are disclosed separately. The negative developments on the financial markets led to an overall segment loss for continuing operations of CHF 726 million.

Following the disposals of the Dutch and Belgian insurance business and of Banca del Gottardo, which were announced in November 2007, Swiss Life adapted its reporting last year to reflect the new situation. Continuing insurance operations have been broken down by country into Insurance Switzerland, Insurance France, Insurance Germany and Insurance Other. Insurance Other comprises the results of the companies in Liechtenstein and Luxembourg. Two further segments are Investment Management and Other, the latter containing the financing and holding companies. Following acquisition of a majority stake in the AWD Group, AWD operations have been fully consolidated and reported as a new segment since the end of March 2008. The Segment Reporting section of the Financial Statements discloses the results for the areas sold separately. The units were fully consolidated until the respective transactions were finalised: on 29 April 2008 for operations in the Netherlands and Belgium, and on 7 March 2008 for Banca del Gottardo.

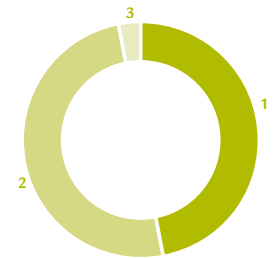
As a result of the high impairments on investments resulting from the financial market crisis, continuing operations posted a segment loss of CHF 726 million for 2008. The Investment Management segment, with a result of CHF 94 million, matched the previous year's performance, but all other segments declined. Insurance Switzerland was affected the most by the distortions on the financial markets, recording a segment loss of CHF 748 million, despite the progress made in implementing the strategy. The AWD segment also posted a loss. In addition to the decline in profit from operations in connection with the crisis as well as investments in the future positioning of the company, this was primarily due to restructuring costs of CHF 40 million for the refocussing of activities in the United Kingdom.

Gross written premiums for continuing operations amounted to CHF 18.5 billion. Without including premium income from the ERISA companies which were sold in 2007, premium volume in France declined 4% in 2008 vis-à-vis the previous year.

Discontinued operations generated a result of CHF 1099 million for the Insurance segment and CHF 595 million for the Banking segment as a result of gains made on disposals.

#### Direct written premiums by type of insurance

Total 100%

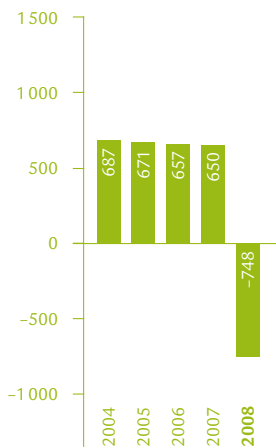


- 1 Group 47%
- 2 Individual 50%
- 3 Other 3%



## Segment result Insurance Switzerland

In CHF million



**INSURANCE SWITZERLAND** | Swiss Life maintained its leading market position in Switzerland in 2008 and made further progress in the implementation of its strategy. Operating costs were reduced by an additional 3%, a number of product innovations were successfully brought to market, the effectiveness of the sales force was enhanced, and the cooperation with AWD got underway. However, the distortions on the financial markets led to high impairments on investments, particularly in the fourth quarter, resulting in a loss of CHF 25 million for the financial result. A positive result of CHF 2556 million was achieved in the previous year. A segment loss of CHF 748 million was posted, vis-à-vis a segment profit of CHF 650 million for the previous year.

According to estimates by the Swiss Insurance Association (SIA), premiums in the Swiss Life insurance market increased 2.7% to CHF 28.5 billion in 2008. The increase in premiums amounted to 3.2% for group insurance and 1.4% for individual insurance. Following strong growth of 11% the previous year and the company's reserved approach with regard to the promotions offered by many competitors, Swiss Life posted a slight drop in premiums of 3% to CHF 8172 million for the 2008 financial year. Around 80% of premium volume was derived from occupational benefits insurance. Premium volume, at CHF 6476 million, was down 3% in this area. Swiss Life's share of the market stood at 32% (2007: 34%). Premium income for individual insurance declined by 1% to CHF 1696 million, and the market share also receded slightly to 19%. With an overall market share of 28%, Swiss Life maintained its leading position in its home market in 2008.

Insurance benefits, including changes in insurance reserves, fell by 8% to CHF 8059 million. This reduction is primarily due to a reduced need for provisions for future risks and lower savings premiums. The favourable claims experience also had a positive impact. The collapse of the financial result translated into reduced policyholder participation. This position declined from CHF 458 million in 2007 to CHF 112 million.

### Key figures for Insurance Switzerland

In CHF million	2008	2007	+/-
Gross written premiums, policy fees and deposits received	8 172	8 413	-2.9%
Net earned premiums and policy fees	7 963	8 200	-2.9%
Asset management and other commission income	49	38	28.9%
Financial result (without share of results of associates)	-25	2 556	n.a.
Other income	292	-24	n.a.
<b>Total income</b>	<b>8 279</b>	<b>10 770</b>	<b>-23.1%</b>
Net insurance benefits and claims	-8 059	-8 758	-8.0%
Policyholder participation	-112	-458	-75.5%
Interest expense	-141	-133	6.0%
Operating expense	-715	-771	-7.3%
<b>Total expense</b>	<b>-9 027</b>	<b>-10 120</b>	<b>-10.8%</b>
<b>Segment result</b>	<b>-748</b>	<b>650</b>	<b>n.a.</b>
Assets under control	70 365	74 996	-6.2%
Insurance reserves	64 462	67 256	-4.2%
Number of employees (full-time equivalents)	2 743	2 792	-1.8%

On the expenses side, Swiss Life was able to continue the positive trend of the last few years. Adjusted operating expenses were reduced by a further 3%, thanks to efficiency gains from the finalised integration of «La Suisse», the optimisation of processes, and the successful completion of projects. Total operating expenses declined by 7% to CHF 715 million.

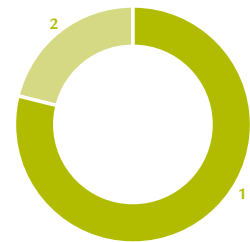
In 2008 Swiss Life introduced a number of product innovations that are geared exclusively to client requirements. Back in the first quarter of 2008 the company launched “Swiss Life VitalityPlus”, a unit-linked product financed by periodic premiums which offers policyholders the option to waive death coverage in order to receive higher savings premiums. In the second quarter, the innovative group insurance product “Swiss Life ReturnPlus” was brought to market, enabling clients with supplementary BVG insurance to waive minimum guaranteed interest in favour of a higher expected return. The “Swiss Life Calmo Fund”, a unit-linked annuity product financed with single premiums, was introduced in the fourth quarter. The first product to be distributed via AWD is called “Swiss Life Champion Duo”. This is a unit-linked savings and risk insurance contract financed by periodic premiums. AWD made a significant contribution to the development of the product, and thus the launch via this distribution channel was also very successful. In addition to enhanced product development and increases in efficiency, the expansion of multichannel distribution, the focus on attractive client segments, and better realisation of the potential of the existing client base were further areas of emphasis for Swiss Life in the 2008 financial year.

On 1 September 2008, Ivo Furrer, formerly CEO Life Switzerland and Member of the Global Life Executive Committee of the Zurich Financial Services Group, joined Swiss Life as the new CEO Switzerland. He replaced Paul Müller, who withdrew from business operations after six successful years with Swiss Life and was appointed to the Board of Directors of the Swiss Financial Market Supervisory Authority in December 2008.

To further intensify client orientation and thus to expand its position as the number one life and pensions specialist, Swiss Life realigned its organisation in Switzerland at the beginning of 2009 and added further functions to the Corporate Executive Board. This creates the necessary conditions for focussing the expansion of multichannel distribution on attractive client segments, promoting innovation and further increasing both quality and efficiency.

#### Premiums for Switzerland, by type of insurance

Total 100%

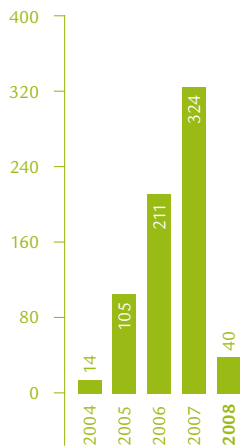


1 Group 79%

2 Individual 21%

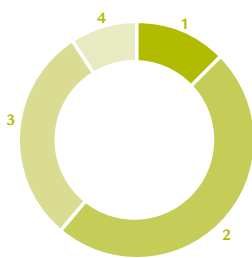
## Segment result Insurance France

In CHF million



## Premiums for France, by type of insurance

Total 100%



- 1 Group 16%
- 2 Individual 41%
- 3 Health insurance 33%
- 4 Property 10%

**INSURANCE FRANCE** | Swiss Life posted a segment result of CHF 40 million in France. The sale of ERISA and ERISA IARD in July 2007 renders a year-on-year comparison difficult. On a comparable basis, the segment result for 2007 amounted to CHF 187 million. The decline was largely caused by the lower financial result – down 93% at CHF 57 million in 2008.

Premium income in the French life insurance market slid 11%. In health insurance, premium volume rose by 5%. Overall, Swiss Life generated premium income of CHF 5763 million. On a comparable basis, Swiss Life grew premium income by 4% (8% in local currency), whereby life insurance was up 7% (11% in local currency) and health insurance gained 2% (5% in local currency). Premium volume at Swiss Life outperformed the market due to the strength of its multichannel distribution and the attractive range of products.

Insurance benefits were up 20% at CHF 2804 million on the back of the higher premium volume. Policyholder participation generated income as a result of large differences between the local, statutory valuation guidelines and IFRS valuation guidelines. Although personnel expenses were down, operating costs rose 12% on a comparable basis. This increase is due in particular to higher expenses for commissions as a result of the growth and costs associated with the expansion of distribution. In addition to acquiring the internet broker Placement Direct, the company intensified relationships with independent financial consultants in particular, and bought a stake in Financière du Capitole, an independent asset management company.

On 1 July 2008, Charles Relecom, formerly CEO of Swiss Life in Belgium, took over as CEO France from Jacques Richier, who has assumed a new challenge outside the Swiss Life Group.

### Key figures for Insurance France

In CHF million	2008	2007	+/-
Gross written premiums, policy fees and deposits received	5 763	7 411	-22.2%
Net earned premiums and policy fees	3 618	3 401	6.4%
Asset management and other commission income	66	46	43.5%
Financial result (without share of results of associates)	57	1 326	-95.7%
Other income	16	155	-89.7%
<b>Total income</b>	<b>3 757</b>	<b>4 928</b>	<b>-23.8%</b>
Net insurance benefits and claims	-2 804	-2 372	18.2%
Policyholder participation	472	-777	n.a.
Interest expense	-219	-287	-23.7%
Operating expense	-1 166	-1 168	-0.2%
<b>Total expense</b>	<b>-3 717</b>	<b>-4 604</b>	<b>-19.3%</b>
<b>Segment result</b>	<b>40</b>	<b>324</b>	<b>-87.7%</b>
Assets under control	25 399	24 071	5.5%
Insurance reserves	20 716	23 657	-12.4%
Number of employees (full-time equivalents)	2 134	2 191	-2.6%

**INSURANCE GERMANY** | Swiss Life posted a segment result of CHF 29 million in Germany. The year-on-year decline of CHF 36 million is a result of the negative performance of the financial result – down to CHF 552 million from CHF 1064 million.

As in the previous year, the German life insurance market advanced only a marginal 0.8% in 2008. Swiss Life saw its premium volume decline by 8% (-5% in local currency) to CHF 1977 million. Although Swiss Life was able to keep periodic premiums stable, income from single premiums was down 25%. In the second half Swiss Life launched new products and realigned existing ones resulting in positive premium income growth. Along with the intensification of the cooperation with AWD, the traditional broker distribution channel also contributed to an upswing in new business.

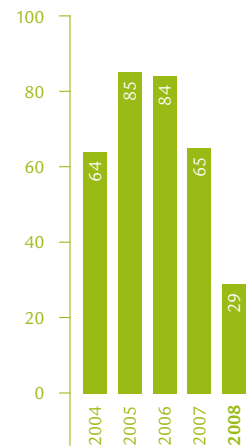
At CHF 1961 million, insurance benefits and policyholder participation were down 25% on the 2007 figure due to the lower premium income and the significantly reduced financial result. The increase in operating expenses by 1% (5% in local currency) to CHF 406 million is mainly due to one-off expenses in connection with the revised law on insurance contracts, the launch of new products and salary increases due to contractual tariff considerations. Successful product innovations in 2008 include “Swiss Life Cash Growth”, a capitalisation product for the reinvestment of final benefits with an attractive return, and “Swiss Life Champion”, a flexible, unit-linked product with guaranteed pension benefits. Swiss Life also received a number of top ratings in 2008, including a “very good” quality rating from the Assekurata rating agency. Assekurata assesses the quality requirements of German primary insurers from the policyholder’s perspective.

Klaus G. Leyh held the position of CEO Germany since 1 October 2008. Previously in charge of distribution, he took over from Manfred Behrens, who is now serving on AWD’s Board of Management as Co-CEO.

Key figures for Insurance Germany			
In CHF million	2008	2007	+/-
Gross written premiums, policy fees and deposits received	1 977	2 158	-8.4%
Net earned premiums and policy fees	1 819	2 009	-9.5%
Asset management and other commission income	27	32	-15.6%
Financial result (without share of results of associates)	552	1 064	-48.1%
Other income	17	4	n.a.
<b>Total income</b>	<b>2 415</b>	<b>3 109</b>	<b>-22.3%</b>
Net insurance benefits and claims	-2 030	-2 119	-4.2%
Policyholder participation	69	-502	n.a.
Interest expense	-19	-22	-13.6%
Operating expense	-406	-401	1.2%
<b>Total expense</b>	<b>-2 386</b>	<b>-3 044</b>	<b>-21.6%</b>
<b>Segment result</b>	<b>29</b>	<b>65</b>	<b>-55.4%</b>
Assets under control	18 873	20 249	-6.8%
Insurance reserves	19 098	21 243	-10.1%
Number of employees (full-time equivalents)	750	732	2.5%

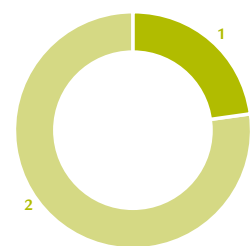
### Segment result Insurance Germany

In CHF million



### Premiums for Germany, by type of insurance

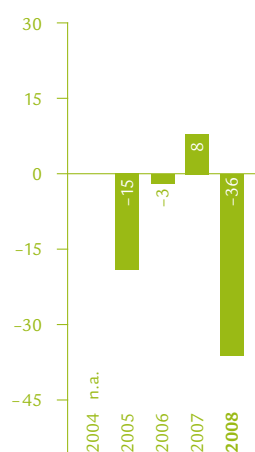
Total 100%



- 1 Group 23%
- 2 Individual 77%

## Segment result Insurance Other

In CHF million



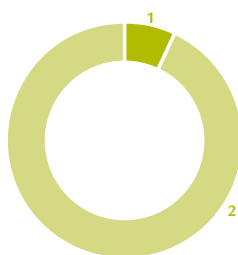
**INSURANCE OTHER** | The segment Insurance Other comprises the companies in Liechtenstein and Luxembourg. Swiss Life operates private placement life insurance in both countries, a business area that specialises in structured pension solutions for high net worth individuals. In Luxembourg, Swiss Life also provides group insurance solutions for international and local corporate clients. Furthermore, Swiss Life operates a platform for variable annuities products in Luxembourg. Expenses generated by the build-up of this platform and the further expansion of the Private Placement Life Insurance business area, together with the lower financial results, resulted in a segment loss of CHF 36 million.

Gross premium income went down 20% to CHF 2639 million due to the negative impact of the financial market crisis on business with high net worth individuals. Premium growth for the Liechtenstein company was also impacted by the legal uncertainties in Germany. In Luxembourg, premiums increased significantly and a positive result was achieved.

Swiss Life still sees a great deal of market potential for private placement life insurance. Swiss Life is one of the leading players in this area and has improved access to markets in Asia and the Gulf region with new locations in Singapore and Dubai, thus creating a solid foundation for further growth. Business with international corporate clients, which is domiciled in Luxembourg, forms part of the Corporate Solutions business unit which also has locations in Zurich, London, Paris, Hamburg, Copenhagen and Singapore. With the Swiss Life Network and its reinsurance business based in Zurich, Swiss Life can offer multinational companies and their employees comprehensive employee benefits solutions. Swiss Life Products (Luxembourg) S.A. launched its variable annuities platform in 2008. The first product, "Swiss Life Champion", was brought to market in Germany mid year.

## Premiums Other, by type of insurance

Total 100%



- 1 Group 7%
- 2 Individual 93%

### Key figures for Insurance Other

In CHF million	2008	2007	+/-
Gross written premiums, policy fees and deposits received	2 639	3 294	-19.9%
Net earned premiums and policy fees	116	103	12.6%
Asset management and other commission income	1	0	n.a.
Financial result (without share of results of associates)	22	34	-35.3%
Other income	-4	5	n.a.
<b>Total income</b>	<b>135</b>	<b>142</b>	<b>-4.9%</b>
Net insurance benefits and claims	-20	-20	n.a.
Policyholder participation	-1	-9	-88.9%
Interest expense	-17	-15	13.3%
Operating expense	-133	-90	47.8%
<b>Total expense</b>	<b>-171</b>	<b>-134</b>	<b>27.6%</b>
<b>Segment result</b>	<b>-36</b>	<b>8</b>	<b>n.a.</b>
Assets under control	9 297	10 200	-8.9%
Insurance reserves	9 101	10 055	-9.5%
Number of employees (full-time equivalents)	192	122	57.4%

**INVESTMENT MANAGEMENT** | The Investment Management segment comprises Group-wide institutional asset management activities. Despite the very challenging market environment, the result for this segment was 1% up on the previous year at CHF 94 million. A CHF 9 million drop in income was more than offset by strict cost management and a reduction in expenses of CHF 10 million. Assets under management fell CHF 8 billion to CHF 112 billion due to outflows from the insurance business and losses in value as a result of the financial crisis. Assets under management comprised CHF 102 billion in insurance assets, around CHF 7 billion in investment funds and CHF 3 billion in third-party mandates.

The optimisation of the organisation introduced at the beginning of 2008 was a high priority for Swiss Life in the period under review. The improvements in cross-border cooperation resulted in increased efficiency. Organisational structures were redefined and streamlined. Swiss Life reintegrated mortgage administration into its own organisation following the sale of Banca del Gottardo. This measure laid the groundwork for a sustainable mortgage administration solution. Governance and risk management continue to gain significance in the current environment. Swiss Life made additional refinements to existing processes and methods, giving due consideration to the revised investment guidelines based on supervisory legislation.

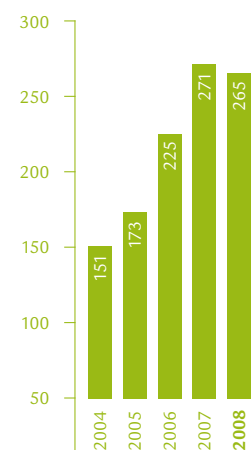
In 2009, the focus will be on the further improvement of Group-wide cooperation and the realignment of third-party asset management. The project launched in 2008 to establish an appropriate, modern infrastructure tailored to contemporary asset management requirements will also be continued.

Key figures for Investment Management			
In CHF million	2008	2007	+/-
Asset management and other commission income	265	271	-2.2%
Financial result (without share of results of associates)	4	3	33.3%
Other income	4	8	-50.0%
<b>Total income</b>	<b>273</b>	<b>282</b>	<b>-3.2%</b>
Interest expense	0	0	n.a.
Operating expense	-179	-189	-5.3%
<b>Segment result</b>	<b>94</b>	<b>93</b>	<b>1.1%</b>
Assets under management <sup>1</sup>	111 519	119 928	-7.0%
Number of employees (full-time equivalents)	613	574	6.8%

<sup>1</sup> incl. intragroup assets

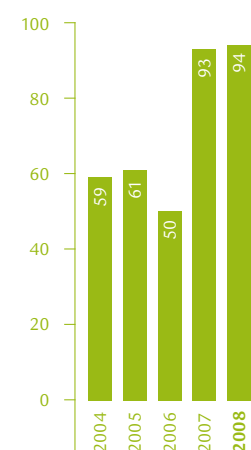
### Asset management and other commission income, Investment Management

In CHF million



### Segment result Investment Management

In CHF million





**AWD** | The AWD Group achieved sales revenues for continuing operations of EUR 633 million for the 2008 financial year, which corresponds to a decline of 12% vis-à-vis the record result of the previous year. The corresponding result before interest and tax amounted to EUR 20 million. The year-on-year decline of EUR 63 million is primarily attributable to developments in Austria and the United Kingdom. Expenses accrued by the recruitment drive and further advisor retention measures also impacted the operating result.

In its home market of Germany, AWD was able to maintain sales revenues at EUR 386 million, the same as the previous year, despite the adverse market environment. AWD also outperformed the market in Switzerland, with sales revenues dipping by only 2% to EUR 69 million. Sales revenues in Austria and Central and Eastern Europe fell by around 31% to EUR 115 million in the period under review. The decline in sales is mainly due to the situation in Austria, where developments in previous years was based on equity and real estate products. The necessary corrective measures have been taken. The markets in Central and Eastern Europe still have strong growth momentum, even if this slowed somewhat in the second half of 2008 in the wake of the economic downswing. In the United Kingdom, AWD recorded a 33% decline in sales revenue to EUR 63 million in 2008. In future, AWD will concentrate in the United Kingdom on the core business with wealth management for private clients and corporate pensions consulting. The cost base was reduced significantly and sales management improved at the same time. The remortgaging business (AWD Home Finance) and other smaller business areas have been sold or discontinued. With this sharply focused business and the attractive existing client base in the high net worth individuals segment, AWD aims to turn in a positive profit contribution in the United Kingdom once again in 2009. Expenses totalling EUR 26 million were booked to the AWD Group for the 2008 financial year to cover the entire restructuring project in the United Kingdom. The AWD Group has been consolidated in the accounts of the Swiss Life Group since the end of March 2008. The AWD segment posted a loss of CHF 41 million for 2008. In addition to the above-mentioned expenses for the reorganisation of operations in the United Kingdom, this loss also contains expenditure for the amortisation of the customer relationship assets taken on in the acquisition.

<b>Key figures for AWD</b>			
In CHF million	2008	2007	+/-
Asset management and other commission income	750	-	n.a.
Financial result (without share of results of associates)	2	-	n.a.
Other income	15	-	n.a.
<b>Total income</b>	<b>767</b>	-	n.a.
Interest expense	0	-	n.a.
Operating expense	-808	-	n.a.
<b>Segment result</b>	<b>-41</b>	-	n.a.
Number of employees (full-time equivalents)	1 749	-	n.a.
Financial advisors	6 009	-	n.a.
Advised clients	429 100	-	n.a.

In the reporting year about 430 000 clients turned to AWD advisors for support in optimising their finances. Around 248 000 of them were core clients and 182 000 new clients. The number of advisors decreased by 5% in 2008 to 6009. This decline was primarily due to higher rates of fluctuation in Austria, Germany and the United Kingdom. AWD Group was also exposed to the intensified competition for qualified advisors. In Germany in particular, increased qualification requirements meant that less-highly-qualified advisors left the market. The number of advisors developed well in the fourth quarter, especially in Germany.

The cooperation between Swiss Life and AWD is developing well. Swiss Life products in Germany have already advanced to AWD's "best select" range in various product categories. Sales volumes for these products have risen accordingly. In Switzerland, AWD successfully introduced its first Swiss Life product in November 2008. The partnership will not affect AWD's "best select" approach and the independent advice business model.

The Board of Management of AWD was extended to include additional members as of 1 September 2008. The underlying reasons for this move are to lay solid foundations for further growth, to combine market proximity with best practice transfer and to fully exploit the potential for efficiency improvements. Carsten Maschmeyer was joined by Manfred Behrens, formerly Swiss Life's CEO Germany, as Co-CEO of AWD. The national CEOs Rolf Wiswesser (Germany) and Marco Baur (Switzerland) have also been promoted to the Board. The Deputy Chairman of the Board, Nils Frowein, has assumed the newly created role of Chief Operating Officer. Martin Jünke, formerly Director of Group Finance, has been appointed the new CFO. Wilhelm Zsifkovits will remain in charge of distribution as Chief Sales Officer.

Despite widespread uncertainty regarding the financial markets and clients' liquidity-oriented approach to investments, the AWD Group expects a significantly improved performance for 2009 vis-à-vis the previous year. The restructuring measures introduced in the United Kingdom, the consolidation of the Proventus Group and the planned expansion of distribution capabilities will all play a role here. AWD intends to grow sales revenues to around EUR 1 billion and achieve operating income before taxes (EBIT) of EUR 130 million by 2012.

## Other Success Factors

Clients, partners and employees alike place their trust – a key component of long-term success in the world of life insurance and pensions – in Swiss Life. This trust is based primarily on the quality of products and services. Yet it is also influenced by success factors such as the commitment of the company's employees, comprehensive, value-oriented risk management, the strength of the brand and the company's commitment beyond its actual field of operations.

**Risk Management** | Swiss Life pursues an integrated, value-oriented risk management approach geared to the protection and best-possible investment of risk capital. This approach proved its worth despite the extraordinary challenges posed in the 2008 financial year.

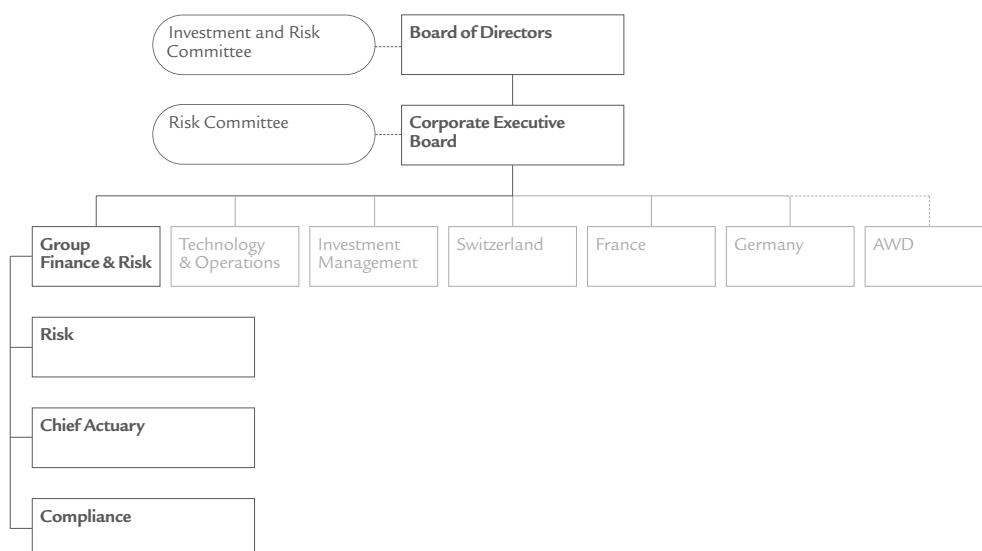
Risk management is a key component of the Swiss Life Group's financial management process. Overall responsibility is borne by the Group Chief Financial & Risk Officer. The Board of Directors' Investment and Risk Committee monitors the process, takes decisions with regard to risk budgeting and keeps the Board of Directors in its entirety informed on the company's risk situation. Further risk management functions are performed by the Corporate Executive Board's Group Risk Committee and the Asset and Liability Management Committees at country level.

**STRATEGIC RISK MANAGEMENT** | Comprehensive management of all risks is vital, given the very demanding economic environment at present. An understanding of the interplay of individual risks is essential in order to take due account of the factors influencing the risk while the strategy is still in the development stage, so that these factors can be steered appropriately.

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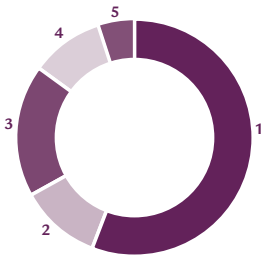
Organisational and governance structure of the risk management functions

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### Rating structure of bond portfolio on fair value basis as at 31.12.2008

Total 100%



- 1 AAA 56%
- 2 AA 11%
- 3 A 18%
- 4 BBB 10%
- 5 Below BBB 5%

**RISK BUDGETING** | The key tasks of risk management comprise the breakdown of risks into risk classes and their analysis, measurement and control. Swiss Life uses the following risk classes in its risk models:

- Market risks: equities, interest and currencies
- Credit risks: investments and reinsurance
- Underwriting risks: mortality, longevity, disability and client behaviour

The risk budgeting process determines the risk capacity for each insurance unit in the Swiss Life Group, to be used as a basis for establishing the risk appetite. Based on the risk appetite, the risk capital limits are determined at the individual units for the market and credit risks assumed. The various units monitor observance of these limits on a monthly basis under a uniform Group-wide system, so that Swiss Life can assess its consolidated risk exposure at all times.

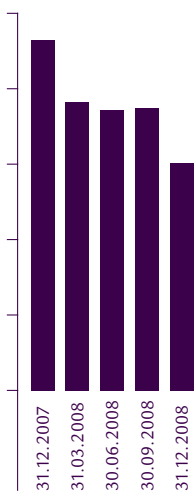
**MARKET RISKS** | The market risk arises from fluctuations on the financial markets which influence the value of investments and liabilities. The types of risk significant for Swiss Life primarily include the risk of changes in interest rates, volatile stock markets and fluctuations in foreign exchange rates against the Swiss franc. Due to the highly volatile financial markets, especially in the fourth quarter of 2008, Swiss Life reduced the consolidated market risk substantially (see chart) in order to minimise potential losses in the current market environment.

**CREDIT RISKS** | Creditors face the risk that counterparties might not meet their obligations. For instance, this could involve a failure to make outstanding interest payments on bonds, loans or mortgages. Credit risks arise in connection with investments and, to a lesser degree, in reinsurance. By issuing Group-wide guidelines on borrowers' creditworthiness and requesting guarantees, Swiss Life endeavours to prevent defaults and to adequately off-set risks taken.

**UNDERWRITING RISKS** | Dealing with underwriting risks entails factoring in the biometric risks (mortality, longevity and disability) while allowing for the unpredictability of client behaviour (surrender rates and commutation rights).

**OPERATIONAL RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM** | Operational risk management (ORM) at Swiss Life includes the methods and processes used for the identification, assessment and steering or avoidance of operational risks. ORM defines operational risk as the danger that losses may result from inadequate or failed internal processes, people and systems, or from external events. Swiss Life's internal control system (ICS) consists of the totality of procedures, methods and measures prescribed by the Board of Directors and the Corporate Executive Board to ensure the orderly conduct of business.

### Consolidated market risks



**ASSET AND LIABILITY MANAGEMENT** | Asset and liability management (ALM), with its long-term approach, uses the findings from the risk assessments and the risk appetite determined in risk budgeting as a basis for the investment strategy. The aim is to be in a position to pay benefits whenever they fall due and always to have sufficient equity to absorb fluctuations in the value of assets and liabilities. Clearly defined criteria on security, yield and liquidity are taken into account when policyholder assets, the company's free reserves and shareholders' equity are invested.

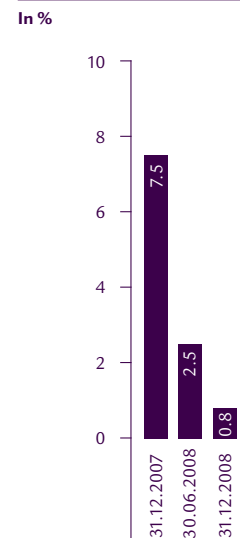
**REGULATORY REQUIREMENTS** | After years of preparation, the new Swiss Financial Market Supervisory Authority (FINMA) commenced operations on 1 January 2009. FINMA brings together the Federal Office of Private Insurance (FOPI), the Swiss Federal Banking Commission (SFBC) and the Anti-Money Laundering Control Authority (AMLCA).

FINMA is responsible for integrated insurance supervision to protect insured persons from the consequences of insolvency or abusive practices. The core element of this approach is the Swiss Solvency Test, serving to determine economic risk exposure and risk capacity. Following a five-year transitional period, solvency in accordance with the SST will become binding for all Swiss insurance companies on 1 January 2011. The quantitative approach is complemented by the Swiss Quality Assessment (SQA) tool, which focuses on qualitative aspects. This process involves assessing companies with regard to corporate governance, risk management and internal controls. Traditional supervisory instruments such as the Solvency I requirements and requirements for tied assets continue to be applied.

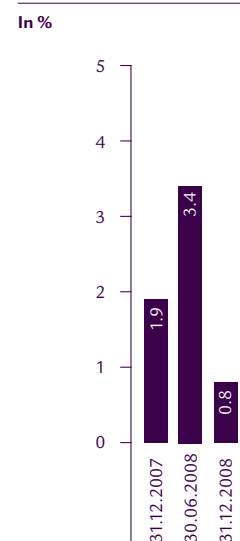
Swiss Life took appropriate measures during the financial year to strengthen risk-based solvency in accordance with the SST. These included the reduction in equity exposure and hedge fund investments, but also the introduction of various additional hedges. Moreover, the suspension of the share buyback programme had a stabilising effect on Solvency I at Group level. Similarly, a lower dividend than originally projected also helps to strengthen Group solvency.

The European Union is also aiming to set up a risk-based solvency supervision mechanism with its Solvency II project. The European Commission published an initial draft directive on 10 July 2007. An amended version followed on 26 February 2008. As things currently stand, however, Solvency II is unlikely to be in operation before 2013, at the earliest. As Swiss Life is domiciled in a non-member state, the EU's rules and regulations with regard to third-party states are extremely important. The EU's framework directive is also aimed at streamlining the group supervision, based on the principle of equivalence. The Swiss insurance industry is working to ensure that this principle is applied to all insurance companies, regardless of where their head office is domiciled, to create equal competitive conditions for all.

Net equity exposure on fair value basis

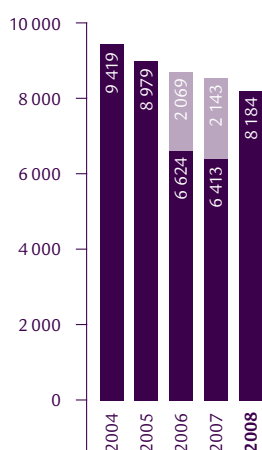


Net currency risk on fair value basis





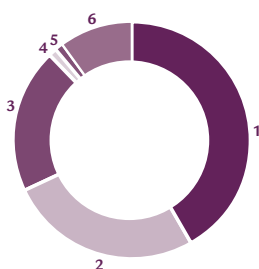
Employees (full-time equivalents)



Continuing operations  
Discontinued operations

Employees (full-time equivalents)  
by country as at 31.12.2008

Total 8184 employees



- 1 Switzerland 3426
- 2 France 2159
- 3 Germany 1613
- 4 Luxembourg 86
- 5 Liechtenstein 93
- 6 Other 807

**Human Capital** | A qualified and committed workforce is one of Swiss Life's strategic success factors. To enhance the commitment and expertise of its employees and management, the company consistently invests in training and development. In 2008 Swiss Life continued to pursue a performance culture and to demonstrate its commitment as a responsible employer.

Swiss Life's success depends on a qualified workforce with an above-average level of commitment. Human capital management measures are thus aimed at finding and retaining the right employees and enabling them to systematically develop their skills. In doing so, Swiss Life consistently applies the corporate strategy and corporate values.

**PERFORMANCE CULTURE** | Swiss Life recognises the value of a performance-oriented corporate culture. The company introduced various measures in 2008 to strengthen this culture.

For instance, management and employees took part in a Group-wide project with the aim of aligning the competency model to the new strategic priorities. The competency model describes the strategy and value-driven behaviour of management and employees. Now, more emphasis is being placed on the competencies of innovativeness, client focus and coping with change. The updated competency model forms part of the employee appraisal system, which is a central element of the performance culture. It will be applied for the first time in the objectives-setting process for 2009.

**COMMITMENT** | One of Swiss Life's key indicators is the commitment value. This reveals to what extent employees identify with the company and their job. In 2008, the average commitment value for staff in the Swiss Life Group was 76 out of a possible 100 index points, thereby remaining stable vis-à-vis the previous year. Some business areas exceeded the target value of 80 index points in the year under review.

Commitment is greatly impacted by the way in which managers behave towards their staff. Taking the competency model as a basis, the Private Placement Life Insurance unit – with locations in Liechtenstein, Switzerland, Luxembourg, Singapore and Dubai – held various events to promote a mutual understanding of leadership, for example.

**TALENT DEVELOPMENT** | One of Swiss Life's priorities is to offer opportunities for further development to employees and management on an ongoing basis, and to motivate them to remain with the company. Swiss Life therefore offers employees who demonstrate a high level of performance and the relevant potential the opportunity to complete a development programme while continuing to work.

Since 2005, eighteen management talents at senior management level have successfully completed an internal development programme of several years' duration. In a series of five modules, the participants worked on strategically relevant subjects such as self-management, client orientation, financial management, strategy and cross-border cooperation. They have thus been thoroughly prepared for future management duties. All participants are still employed at the company. 80% have already assumed a new, more responsible, position within the Group.

Swiss Life's companies and units in the various countries also set great store on offering staff development perspectives. In the process of implementing a new organisational structure, the Corporate Solutions business unit was also able to offer development opportunities to managers. Thus, in 2008, five managerial vacancies were filled by internal candidates.

In Germany, too, Swiss Life has stepped up its investment in the promotion of talent. In 2008, around one third of the vacant managerial positions in Internal Services, the sales force and executive management were filled by existing staff.

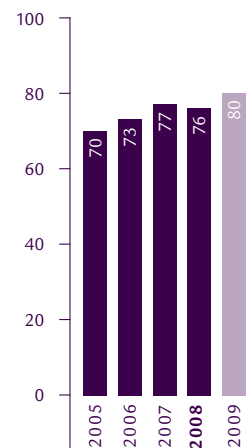
**DEVELOPMENT PERSPECTIVES** | However, Swiss Life does not just focus on providing staff with opportunities for development, training is also important to the company. Expenses for staff training and development in 2008 amounted to approximately CHF 22.5 million – around CHF 3100 per employee. Expressed as a ratio of the entire personnel expenses, the costs for training and development came to 3.1%, as in the previous year.

In Germany, for instance, Swiss Life has implemented a training module in which participants can study business administration and, at the same time, train to become an insurance and financial advisor. In April 2008 the first three Swiss Life employees graduated from the course. One of them came top of the year, getting the best marks of all 200 students. All graduates have assumed new challenges within Swiss Life involving specialist tasks.

**SOCIAL PARTNERSHIP** | Following new legal requirements issued by the European Union, Swiss Life's Corporate Executive Board set up the "Europa Forum" committee organisation (European works council) in 1996. Its aim is to foster and improve dialogue between the Corporate Executive Board and employee representatives. The council is comprised of representatives from all Swiss Life units and all the countries in which Swiss Life operates. The agreement on the Europa Forum was renewed two years ago. It is one of the most extensive, voluntary agreements in the European umbrella organisation and serves as a model for other European companies. In 2008 the Europa Forum's main focus was the consequences of the sale of the Dutch and Belgian businesses and the acquisition of the majority participation in AWD.

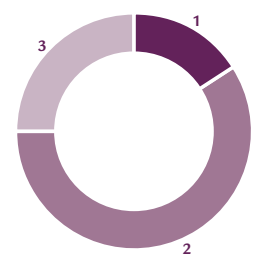
### Employee commitment

(In index points)



### Investments in training and development

Total 100%



- 1 Apprentices and trainees 16%
- 2 Specialist training, social and methodological skills 59%
- 3 Management and talent development 25%

**Responsible Corporate Conduct** | “Swiss Life is committed to helping people create a financially secure future. For life.”

Swiss Life’s mission makes it clear that the life and pensions business requires a long-term view and puts the focus on the individual. It is therefore of paramount importance to the company to fulfill those obligations which go beyond its business activities as such. One of the ways in which Swiss Life accomplishes this task is via its social and political commitment.

Clients, partners and employees alike place their trust in Swiss Life. Responsible corporate conduct is part and parcel of the Swiss Life culture and is based on the corporate values of expertise, proximity, openness, clarity and commitment. These are backed up by specific rules of behaviour laid down in the Code of Compliance. Adherence to these rules is a prerequisite for legally and ethically correct business conduct and for economic profitability.

**SOCIETY** | On the occasion of its 150th anniversary in 2007, Swiss Life founded the Perspectives foundation with the remit of promoting non-profit initiatives in the fields of health, science, education, culture and sports. Support contributions of around CHF 1 million per annum are expected to flow into the foundation over the next few years. One of the institutions that received support in 2008 was pro juventute. Thanks to this aid, it can now counsel children and young people in crisis situations not only over the phone, but also via text message. To mark its 100th anniversary back in 1957, Swiss Life set up the Swiss Life Anniversary Foundation for Public Health and Medical Research, which provides annual contributions to a number of research projects.

Swiss Life is also committed to fulfilling its social responsibility obligation outside Switzerland. At the end of 2008, Swiss Life in France founded the Fondation d’entreprise Swiss Life, which embraces various projects and commitments in connection with healthcare, promotes young talented musicians as well as charitable projects supported by Swiss Life staff. In addition, Swiss Life in France has for many years aided the Institut Curie, a hospital and research facility devoted to the fight against cancer. Since 2007, Swiss Life in Germany has supported the Nicolaidis Foundation, a non-profit organisation that helps families that have lost one parent cope with bereavement.

**POLITICS** | For retirement provisions to function effectively, account must be taken of current demographic and economic challenges. To this end, Swiss Life is involved at various levels of the political debate, where it aims to highlight the necessity and conditions required for the adoption of sustainable concepts. In Germany, for example, in its Salon Palais Leopold series of events in Munich, Swiss Life engages in regular dialogue on key social and political issues with decision makers from the worlds of business, politics and media.



pro juventute helps children and young people via text messaging.

To provide a platform for debate for all those who work intensively in the occupational pensions field, Swiss Life initiated its Munich Specialist Forum series of events in 2007. The second German Swiss Life Pension Day held in October 2008 reached a large audience and featured guests from the world of politics and business leaders, who discussed the issue of increased security through occupational pensions.

**ENVIRONMENT** | As far back as 1998, Swiss Life became a member of Energy Model Zurich, which involved a pledge to increase energy efficiency at its Zurich location by at least 1.5% per year. Swiss Life has taken energy aspects into consideration in the refurbishment of its office buildings and uses environmentally friendly power in Zurich from wholly renewable energy sources. Thanks to the company's well-established waste disposal system, two thirds of all reusable waste is recycled. Gas, heating oil, power, paper and water consumption figures were analysed Group-wide for the first time in 2007. Swiss Life was able to use this data as the basis for developing additional ways of making even more efficient use of resources, which will be adopted over the course of the coming years.

In July 2008, Swiss Life and ten other Swiss companies set up the Swiss Climate Foundation with the mandate of promoting the importance of environmental protection in society as well as within their own organisations. This non-profit foundation supports energy efficiency enhancement and climate protection measures and focuses mainly on small and medium-sized companies in Switzerland.

**SUSTAINABILITY** | Acting sustainably is of prime importance to Swiss Life. The company underscores this in a number of areas. In October 2008, for example, Swiss Life received an award for sustainable real estate investment. Its Seewürfel Zürich project featuring residential and commercial buildings that are built in accordance with the MINERGIE certification standard for low-energy buildings was presented with the Prime Property Award. The award is conferred on European real estate projects that are built according to particularly ecologically friendly criteria and visibly enhance the quality of their surroundings.

Sustainability is also gaining in importance in the investment area, something that Swiss Life recognised at an early stage. Swiss Life Asset Management, a Swiss Life subsidiary, working in collaboration with an independent asset management company for sustainable investments, SAM, was the first provider of sustainability balanced mandates back in 2005. This investment concept uses mixed mandates of both equities and bonds that are selected according to the criteria of economic, ecological and social added value.

In fact, sustainability already starts where people need support with their business processes. For this reason, Swiss Life has been stepping up its efforts to promote the prevention of sickness and accidents at the workplace since 2005. By means of its "Take care" initiative, Swiss Life aims to work in conjunction with corporate clients to reduce disability cases over the long term, prevent claims and improve reintegration following illness and accidents.



Award for sustainable investment: "Seewürfel Zürich" (Lakeside Cubes) real estate property complex.

**Brand Management** | The brand underscores Swiss Life’s image as a specialist in life insurance and pension solutions and as a trustworthy partner for private individuals and companies. Since 2004 Swiss Life has presented a uniform corporate identity across the Group, which has now become firmly entrenched in the public’s mind. By revising the brand strategy, the brand is made even more attractive and thereby contributes to the company’s attainment of its growth target.

In spring 2004 Swiss Life introduced a simplified brand structure and a uniform corporate identity across the Group. The operation of all Swiss Life companies under the same umbrella brand strengthens the employees’ identification with the Group and the potential for international positioning. Under the Swiss Life brand, the companies in the individual countries set their own priorities in advertising campaigns, employing strategies based on their specific market position, sales policy and competitive situation. In Switzerland, Swiss Life uses the brand promise “Prepared for the future” in its campaigns. As market leader, the company has positioned itself in its domestic market with a slogan that bears witness to its confidence: “Provide for the future with the number one.”

**BRAND POSITIONING** | The brand builds mainly on the characteristics of trustworthiness, competence and a focus on the future. Appreciation and recognition values of the Swiss Life brand have been steadily on the rise over the past few years, with the brand’s appeal boosted by a consistent image, by advertising and by sponsorship. Swiss Life’s sponsorship activities in the domestic market focus predominately on football and running, on the one hand, and on classical music and film, on the other. In 2008 Swiss Life accompanied the Swiss national football team to Euro 08 and for, the first time, acted as the main sponsor of the Solothurn Film Festival.





Outside Switzerland, the brand's chief strengths are the associated qualities of Swissness, trust and security. In its marketing campaigns in Germany, Swiss Life lays emphasis on the company's long-standing tradition and reliability. The idea of trustworthiness that is associated with the brand is the strongest image component.

**BRAND STRATEGY** | In December 2007 Swiss Life reformulated its strategic priorities and financial goals, thereby giving rise to the current alignment of the brand strategy with the new business strategy. The aim is to improve brand management, coordinating the brand's use more rigorously across the Group and raising its appeal.

Employees play a major role in this regard: Under the catchphrase of behavioural branding, the brand will be given a sharper image in their daily work and dealings with clients. The measures for achieving this goal will be drawn up during the course of 2009 and are intended to be of a long-term nature. Their aim is to reinforce the corporate identity and thus contribute towards the company's targeted growth.

**VALUES** | The "brand personality" embraces five corporate values which together are an important element of corporate culture and serve as guidance for employees' actions.

**EXPERTISE** | We offer first-class life insurance and pension solutions. This expertise is based on our proven professional competence and many years of experience.

**PROXIMITY** | We foster close relationships with our clients and partners and endeavour to understand their needs. This proximity enables us to provide optimum solutions tailored to their requirements.

**OPENNESS** | We nurture open and direct dialogue both within and outside of our organisation. This approach builds trust in the work we do.

**CLARITY** | We communicate clearly and offer products and services that are comprehensible. This clarity gives our clients and partners a sense of security.

**COMMITMENT** | We work with commitment and enthusiasm to help our clients, staff and shareholders achieve their goals. This commitment forms the basis of long-term partnerships, and enables us to meet our social responsibilities.



The Swiss Life logo combines the company's tradition with its objectives. The red colour and the Swiss cross stand for the roots and origin of the 150-year-old company. The three lines of the logo symbolise the most prominent lines on the palm of the hand.



## Corporate Governance

Good corporate governance ensures responsible, risk-based and transparent management and is conducive to sustainable success. In the interests of shareholders, policyholders and staff, Swiss Life sets great store in corporate governance and the requirements it entails in terms of the management and organisation of the Swiss Life Group.

## Corporate Governance | Swiss Life is committed to implementing the recognised principles of corporate governance.

The corporate governance of Swiss Life Holding Ltd (Swiss Life Holding) is based on the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange and the circular of the Swiss Financial Market Supervisory Authority FINMA on corporate governance, risk management and internal control systems for insurance companies. It is also modelled on leading national and international corporate governance standards, in particular the Swiss Code of Best Practice for Corporate Governance issued by the Swiss Business Federation, *economiesuisse*, as well as the Organization for Economic Cooperation and Development's (OECD) principles on corporate governance.

**MEMBERS OF THE BOARD OF DIRECTORS** | As of the balance sheet date, the Board of Directors was composed of the following members:

Name	Functions	Year appointed/ re-elected	Elected until
Bruno Gehrig	Chairman Chairman's Committee, Chairman	2003/2006	2009
Rolf Dörig	Delegate Chairman's Committee Investment and Risk Committee	2008	2011
Gerold Bühler	Vice Chairman Chairman's Committee Investment and Risk Committee, Chairman	2002/2003/2005/2008 <sup>1</sup>	2011
Volker Bremkamp	Member Audit Committee, Chairman	2003/2004/2007	2010
Paul Embrechts	Member Investment and Risk Committee	2003/2005/2008	2011
Rudolf Kellenberger	Member Chairman's Committee Investment and Risk Committee	2003/2004/2007	2010
Henry Peter	Member Audit Committee	2006	2009
Peter Quadri	Member Audit Committee	2003/2004/2007	2010
Pierfranco Riva	Member Investment and Risk Committee	2003/2006	2009
Franziska Tschudi	Member Audit Committee	2003/2005/2008	2011

<sup>1</sup> Member of the Board of Directors of Swiss Life/Rentenanstalt since 2000



BRUNO GEHRIG | Born 1946, Swiss national

Chairman of the Board of Directors

Bruno Gehrig received his doctorate in economics (Dr. rer. pol.) in 1975 from the University of Berne where, following studies at the University of Rochester, New York, he also qualified as a lecturer in 1978 with a study on monetary policy. From 1971 to 1980 Mr Gehrig was an assistant and lecturer at the University of Berne, becoming Assistant Professor in 1978. In 2006 he received an honorary doctorate from the University of Rochester and became a Doctor of Laws.

From 1981 to 1984 Bruno Gehrig was the Head of the Economics Section at the Union Bank of Switzerland. In 1985 he spent a year studying international banking. In 1988 he was promoted to Head of the Stock Markets and Securities Sales Division of the UBS Group. Between 1989 and 1991 Mr Gehrig was Chairman of the Executive Board of Bank Cantrade. From 1992 to 1996 he held the chair as Professor of Business Administration at the University of St. Gallen and was Head of its Swiss Institute of Banking and Finance. In 1996 Mr Gehrig was appointed Member of the Governing Board of the Swiss National Bank as Head of Department III, and served as the Board's Vice Chairman from 2001 to 2003. His political activities include serving as Chairman of the economic policy study group of the Swiss Christian Democratic Party (CVP) from 1984 to 1991. He was a Member of the Swiss Federal Banking Commission between 1992 and 1996.

Due to his election to the Board of Directors of UBS AG in October 2008, Bruno Gehrig will resign from his position as Chairman of the Board of Directors of Swiss Life Holding one year earlier than planned at the General Meeting of 7 May 2009.

Other appointments:

- UBS AG, Member of the Board of Directors
- Roche Holding AG, Basel, Vice Chairman of the Board of Directors
- Swiss Air Transport Foundation, Chairman of the Board of Trustees



ROLF DÖRIG | Born 1957, Swiss national

Delegate of the Board of Directors

Rolf Dörig laid the groundwork for his professional career by obtaining a doctorate in law (Dr. iur.) from the University of Zurich before being called to the bar in Zurich. Joining Credit Suisse in 1986, he assumed a number of executive responsibilities in various areas of banking and in different geographical markets. As a Member of the Executive Board, he was assigned responsibility for Swiss Corporate and Retail Banking from 2000 onwards. In 2002 he assumed the role of Chairman Switzerland. From November 2002 to May 2008 Rolf Dörig held the position of Chairman of the Corporate Executive Board of the Swiss Life Group before he was elected to the role of Delegate of the Board of Directors in May 2008 with responsibility for strategy development and overseeing strategy implementation.

It is envisaged that Rolf Dörig will succeed Bruno Gehrig as Chairman of the Board of Directors of Swiss Life, following the General Meeting of Shareholders in May 2009.

Other appointments:

- Adecco S.A., Chairman of the Board of Directors (from 1.1.2009)
- Kaba Holding Ltd, Rümlang, Vice Chairman of the Board of Directors
- economiesuisse, Zurich, Member of the Board Committee
- Danzer AG, Baar, Chairman of the Board of Directors

GEROLD BÜHRER | Born 1948, Swiss national

Vice Chairman of the Board of Directors

Gerold Bühler graduated in economics (lic. oec. publ.) from the University of Zurich in 1972. Following 17 years with the Union Bank of Switzerland as a member of senior management in its financial sector and a Member of the Executive Board of its fund investment company, he joined Georg Fischer AG in 1991, where he served as a Member of its Executive Board (Finances) from 1991 until 2000. Gerold Bühler was a Member of the Grand Council of the Canton of Schaffhausen from 1982 to 1991 and, from 1991 to 2007, a Member of the Swiss Parliament (National Councillor). He now holds the position of Chairman of economie-suisse and also works as an independent economic consultant.

Other appointments:

- economiesuisse, Zurich, Chairman
- Bank Sal. Oppenheim jr. & Cie. (Schweiz) Ltd, Zurich, Member of the Board of Directors
- Cellere AG, St. Gallen, Member of the Board of Directors
- Georg Fischer Ltd, Schaffhausen, Member of the Board of Directors
- Swiss National Bank, Berne, Member of the Bank Council
- Züblin Real Estate Holding Ltd., Zurich, Member of the Board of Directors

VOLKER BREMKAMP | Born 1944, German national

Member of the Board of Directors

Volker Bremkamp joined Albingia Versicherungs AG in Hamburg (a subsidiary of Guardian Royal Exchange plc, London) in 1963, receiving his qualifications as an insurance expert in 1965. Between 1969 and 1971 he was employed by various insurance companies and brokers in London and Paris. He returned to Albingia Versicherungs AG, Hamburg, in 1971, serving as an Executive Director from 1978 to 1989 and as Chief Executive Officer of Albingia Lebensversicherungs AG and of Albingia Versicherungs AG from 1989 to 2000. Volker Bremkamp was an Executive Director and, at the same time, Group Executive Director, Continental Europe, of Guardian Royal Exchange plc, London, from 1995 to 1999, which was taken over by the AXA Group in 1999. From 1999 to 2000 he held the position of Executive Director of AXA Colonia Konzern AG, Cologne, which is the holding company of AXA Germany. He has been Managing Director of BMB Bremkamp Management- und Beteiligungs-GmbH since 2000 and Managing Director at Xenios Invest GmbH since 2007.



Other appointments:

- AON International Insurance Broker, Hamburg, Chairman of the Supervisory Board
- Everpublic AG, Hamburg, Chairman of the Supervisory Board
- WAVE Management AG, Hamburg, Chairman of the Supervisory Board
- UKE University Clinic Hamburg, Member of the Supervisory Board



PAUL EMBRECHTS | Born 1953, Belgian national

Member of the Board of Directors

Paul Embrechts received his master's degree in mathematics from the University of Antwerp (Belgium) in 1975 and his doctorate (Dr. sc. [Math.]) from the Catholic University of Leuven (Belgium) in 1979. Between 1975 and 1983 he held a post as Research Assistant at the Catholic University of Leuven. From 1983 to 1985 he was a Lecturer in Statistics at the Imperial College, University of London, before taking up a position as Lecturer at the University of Limburg (Belgium), which he held from 1985 to 1989. In 1989 he was appointed Professor of Mathematics at the Swiss Federal Institute of Technology (ETH) in Zurich.



RUDOLF KELLENBERGER | Born 1945, Swiss national

Member of the Board of Directors

Rudolf Kellenberger received his degree in civil engineering from the Swiss Federal Institute of Technology (ETH), Zurich, in 1970. Between 1970 and 1978 he was employed as a project planning engineer in the bridge construction industry, including three years in the United Kingdom. He joined Swiss Re in 1978, where he served as Head of the Engineering Department from 1990 to 1992. In 1993 he was appointed Member of the Executive Board with responsibility for Europe. From 2000 to the end of December 2004 Mr Kellenberger served as Deputy Chief Executive Officer of Swiss Re. He has been appointed to various boards of directors in the area of insurance since retiring in March 2005.

Other appointments:

- Swiss Pool for Aviation Insurance, Chairman
- Captive Mutual (Schweiz) AG, Baar, Chairman of the Board of Directors
- OCAD AG, Baar, Chairman of the Board of Directors
- Infrassure Ltd., Zurich, Member of the Board of Directors

HENRY PETER | Born 1957, Swiss and French national

Member of the Board of Directors

Henry Peter completed his studies in law at the University of Geneva in 1979, and in 1981 he was called to the Geneva bar. Following a pupillage in Geneva, a period of study as a visiting scholar at the University of California in Berkeley and legal work in Lugano, he obtained his PhD at the University of Geneva in 1988. Since 1988 he has been a partner in a law firm in Lugano, currently Peter & Partners. In addition, he has been Professor of Business Law at the University of Geneva since 1997. He became a Member of the Swiss Takeover Board in 2004 and a Member of the Sanction Commission of the SIX Swiss Exchange in 2007.

Henry Peter will be put forward for re-election at the Annual General Meeting of Swiss Life Holding on 7 May 2009.

Other appointments:

- Sigurd Rück AG, Zurich, Chairman of the Board of Directors
- Cassa Pensioni della Città di Lugano, Member of the Board of Directors
- Casino de Montreux SA, Montreux, Vice Chairman of the Board of Directors
- Otis, Fribourg, Member of the Board of Directors
- Autogrill Switzerland LTD, Olten, Member of the Board of Directors
- Swiss Olympic Association, Berne, Vice Chairman of the disciplinary chamber in charge of doping cases

PETER QUADRI | Born 1945, Swiss national

Member of the Board of Directors

Peter Quadri received his master's degree in economics and business administration (lic. oec. publ.) in 1969 from the University of Zurich. In 1970 he joined IBM as a systems engineer and software/operating systems specialist. Following various periods spent in the USA, Denmark and Switzerland, he held the position of CEO of IBM Switzerland from 1998 to April 2006. He now works as a management and technology consultant.

Other appointments:

- Vontobel Holding AG, Zurich, Member of the Board of Directors
- Bühler AG, Uzwil, Member of the Board of Directors
- Zurich Chamber of Commerce, Chairman
- economiessuisse, Zurich, Member of the Board







PIERFRANCO RIVA | Born 1940, Swiss national

Member of the Board of Directors

Pierfranco Riva studied at the universities of Fribourg, Munich and Berlin between 1960 and 1966, and received his Doctorate in Law in 1968. He became a member of the bar in 1970. He has been an attorney and notary with the law firm Felder Riva Soldati in Lugano since 1970. He served as Chairman of the Council of the Bar Association for the Canton of Ticino between 1987 and 1989 and, from 1995 to 1999, was a member of the supervisory authority, Council of Magistrates for the Canton of Ticino.

After serving on the Swiss Life Board of Directors for six years, Pierfranco Riva will not be standing for re-election at the General Meeting in May 2009, as he has reached the statutory age limit.

Other appointments:

- Finter Bank Zürich, Zurich, Vice Chairman of the Board of Directors
- Bank Hugo Kahn & Co. AG, Zurich, Vice Chairman of the Board of Directors
- Fondazione Daccò, Lugano, Member of the Board of Trustees
- Fondazione Nerina Bellingeri ved. Gualdi, Lugano, Member of the Board of Trustees
- Fondazione Rudolf Chaudoire, Lugano, Vice Chairman of the Board of Trustees



FRANZISKA TSCHUDI | Born 1959, Swiss national

Member of the Board of Directors

Franziska Tschudi graduated in law at the University of Berne and passed her bar exam there in 1984. She studied US law at Georgetown University, Washington DC, earning an LL.M., and passed the bar exam for the US states of New York and Connecticut in 1987. Franziska Tschudi also completed her postgraduate studies at the University of St. Gallen (1991 to 1993), receiving an Executive MBA. After initially working as an Assistant for Media Law at the Institute for Constitutional and Administrative Law at the University of Berne, and practising business and media law in Zurich, Washington DC and Geneva, she served as Secretary General at SIG Holding AG from 1992 to 1995. Ms Tschudi then became a Member of the Executive Board of WICOR Holding AG (“Weidmann Group”), Rapperswil in 1995, where she was Head of Corporate Development and, from 1998, Head of the Business Area Electrical Technology Asia/Pacific. She has held the positions of Chief Executive Officer and Managing Director of WICOR Holding AG since 2001.

Other appointments:

- BIOMED AG, Dübendorf, Member of the Board of Directors
- Swiss-American Chamber of Commerce, Member of the Board
- Chamber of Commerce Germany-Switzerland, Member of the Executive Committee
- St. Gallen – Appenzell Chamber of Commerce and Industry, Vice Chairperson

**RESIGNATIONS** | There were no resignations from the Board of Directors during the period under review.

**OUTLOOK** | Swiss Life announced changes to the Board of Directors of Swiss Life Holding on 8 May and 12 December 2008.

As a result of his election to the Board of Directors of UBS AG in October 2008, Bruno Gehrig, who has held the position of Chairman of the Board of Directors of Swiss Life Holding since May 2003, decided to resign from the Board of Directors one year earlier than planned, after the 2009 General Meeting of Shareholders. It is envisaged that, Rolf Dörig, who was Group CEO from November 2002 to May 2008 and who subsequently assumed the role of Delegate of the Board of Directors, will succeed Bruno Gehrig as Chairman of the Board of Directors in May 2009.

After serving on the Swiss Life Holding Board of Directors for six years, Pierfranco Riva will not be standing for re-election at the General Meeting of Shareholders on 7 May 2009, as he has reached the statutory age limit.

At the General Meeting on 7 May 2009 the Board of Directors of Swiss Life Holding will propose to shareholders that Frank Schnewlin and Carsten Maschmeyer be put forward for election to the Board. Frank Schnewlin was formerly CEO of the Bâloise Group and a Member of the Group Executive Committee of the Zurich Financial Services Group. Carsten Maschmeyer is the founder of the AWD Group and long-standing Chairman of its Management Board.

**MEMBERS OF THE CORPORATE EXECUTIVE BOARD** | On 31 December 2008 the Corporate Executive Board of Swiss Life Holding was composed of the following members:

<b>Name</b>	<b>Function</b>	<b>Member of the Corporate Executive Board since</b>
Bruno Pfister	Group CEO	01.08.2002
Ivo Furrer	CEO Switzerland	01.09.2008
Klaus G. Leyh	CEO Germany	01.10.2008
Charles Relecom	CEO France	01.07.2008
Reto Himmel	Group CTO	20.01.2003
Patrick Frost	Group CIO	01.07.2006
Thomas Müller	Group CFO	01.01.2006
Manfred Behrens	Co-CEO AWD	08.05.2008



BRUNO PFISTER | Born 1959, Swiss national

Group Chief Executive Officer (Group CEO)

Bruno Pfister graduated from the University of Geneva with a master's degree in law before being called to the bar in Geneva. Following completion of his business management studies (MBA from the UCLA Graduate School of Management in Los Angeles), the initial stages of his career saw him working for Chase Manhattan Bank in London and Geneva. From 1988 onwards he was a management consultant for McKinsey & Co in Zurich. In 1996 Mr Pfister became Chief of Staff of the Private Banking division at Liechtenstein Global Trust (LGT) where he managed a global strategic project before being appointed Chief Financial Officer of LGT Group and LGT Bank in Liechtenstein in 1998. In 1999, as a Member of the Credit Suisse Group Executive Board, he took over as Head of Customer Segment Management and Product Management at Credit Suisse.

Bruno Pfister has been with the Swiss Life Group since August 2002, initially as Group Chief Financial Officer (Group CFO) and, as of 1 January 2006, Chief Executive Officer International (CEO International). He assumed the position of Group Chief Executive Officer (Group CEO) of the Swiss Life Group in May 2008.

Other appointments:

- Gottex Fund Management Holdings Limited, St. Peter Port, Guernsey, Member of the Board of Directors
- Swiss Insurance Association, Member of the Board and the Board Committee
- Admission Board and Executive Committee of the Admission Board of the SIX Swiss Exchange, Vice Chairman



IVO FURRER | Born 1957, Swiss national

Chief Executive Officer Switzerland (CEO Switzerland)

Ivo Furrer graduated in law from the universities of Zurich and Fribourg and earned his PhD with a thesis on employee benefits. He joined Winterthur Life in 1982, initially working in group insurance marketing and later assuming various project management roles relating to strategy development and expansion of Winterthur's international insurance business in Europe, Canada and the USA. In 1992 he relocated to the USA, where he worked in underwriting. From 1994 to 1997 he held a number of management positions at Winterthur International in London before being appointed Chief Underwriting Officer of this business area. In 1999 he moved to Credit Suisse Group, where he developed and implemented an internet bank in Luxembourg and was subsequently appointed Head of e-Investment Services Europe.

Ivo Furrer began working for Zurich Financial Services in 2002, initially in Germany as head of the international key account business, and in 2005 as a Member of the Global Corporate Executive Committee with responsibility for the development of key account and distribution management at a global level. In 2007 he was appointed CEO Life Switzerland and Member of the Global Life Executive Committee of Zurich Financial Services.

On 1 September 2008 the Board of Directors appointed Ivo Furrer a Member of the Corporate Executive Board and Chief Executive Officer (CEO Switzerland) of the Swiss Life Group.

KLAUS G. LEYH | Born 1966, German national

Chief Executive Officer Germany (CEO Germany)

After graduating with a degree in economics from the University of Augsburg, Klaus G. Leyh worked for two years as a market researcher and advisor in the consumer goods industry. In 1995 he changed to the insurance sector, building up Generali's Market Research department in Munich. He subsequently held management positions in marketing, product management and e-business at Generali Lloyd Versicherung AG, AXA Colonia Konzern and ARAG Lebens- und Krankenversicherung, and received a Master of Business Research (MBR) from the Ludwig Maximilian University of Munich.

In 2001 Klaus G. Leyh joined Swiss Life in Germany as the head of its e-commerce and e-business activities and was assigned responsibility for distribution service, control and promotion in 2002. From January 2006 to September 2008 he held the position of Chief Market Officer and Member of the Executive Board of Swiss Life in Germany with responsibility for the entire sales force, distribution management, service and control.

On 1 October 2008 Klaus G. Leyh was appointed Chief Executive Officer of Swiss Life in Germany (CEO Germany) and a Member of the Swiss Life Group's Corporate Executive Board.

Other appointments:

- German Insurance Association (GDV): Member of the Socio-Political Committee
- DEPPFA Holding Verwaltungsgesellschaft mbH, Düsseldorf, Member of the Supervisory Board





CHARLES RELECOM | Born 1953, Belgian national

Chief Executive Officer France (CEO France)

Charles Relecom graduated from the University of Namur (Belgium) with a degree in mathematics and went on to gain a master's degree in Actuarial Science at the University of Louvain (Belgium). He began his career in 1978 as Chief Actuary and Chief Technology Officer at Swiss Life in Belgium. In 1984 he moved to the head office in Zurich, where he played a significant role in setting up the International Division. From 1988 to 1994 he worked for Elvia Life as Director of Sales in the key accounts business. In 1994 he moved to «La Suisse» and, in 1998, was appointed CEO of the non-life business and Chief Actuary.

In 2000 he became the CEO of «La Suisse», a position he held until 2005 when the company was integrated into the Swiss Life Group. Following the integration, Charles Relecom returned to Swiss Life in Belgium, initially as the CEO of Zelia S.A. and, from February 2006, as CEO for the entire Belgian business.

On 1 July 2008 Charles Relecom was appointed Chief Executive Officer France (CEO France) of the Swiss Life Group and Member of the Corporate Executive Board.



RETO HIMMEL | Born 1956, Swiss national

Group Chief Technology & Services Officer (Group CTSO)

The physicist Reto Himmel (master's degree in physics, Swiss Federal Institute of Technology (ETH), Zurich, 1982) graduated from the Harvard Business School in 1987 with an MBA. He began his career in 1982 as a software engineer with Brown Boveri & Co. in Baden, before joining Credit Suisse in 1985. From 1990 to 1994 he went on to head the General Secretariat at Bank Leu where he was also in charge of Corporate Planning. He then served as Chief of Staff of the Investment and Trading division at Credit Suisse. In 1997 Mr Himmel became a Member of the Executive Board at ABN AMRO Bank (Switzerland), assuming responsibility for the bank's logistics operations. He became Head of Operations at UBS Warburg Switzerland in August 2001.

Reto Himmel has been a Member of the Corporate Executive Board of the Swiss Life Group since January 2003.

Other appointments:

- SIX Group, Member of the Board of Directors
- Technopark Zurich, Member of the Board of Trustees

PATRICK FROST | Born 1968, Swiss national

Group Chief Investment Officer (Group CIO)

Patrick Frost studied at the ETH in Zurich and the universities of Cologne, Basel and Zurich, obtaining degrees in natural science (dipl. Natw. ETH, 1993), economics (Dr. rer. pol., 1998) and law (lic. iur., 2001). He began his professional career in 1996 as a portfolio manager and analyst in financial engineering at Winterthur Group. Between 1999 and 2001 he was employed as a Senior Bond Portfolio Manager at Winterthur Investment Management Corp. in New York. He became the Head of Global Fixed Income at Winterthur Group in 2001, where he played a key role in the further strategic development of its asset management.

Patrick Frost was appointed Group Chief Investment Officer (Group CIO) of the Swiss Life Group in July 2006.

Other appointment:

- Castle Alternative Invest AG, Freienbach, Member of the Board of Directors

THOMAS MÜLLER | Born 1965, Swiss national

Group Chief Financial & Risk Officer (Group CFO)

Thomas Müller studied economics and business administration (lic. rer. pol.) at the University of Berne and earned an MBA from the IMD in Lausanne. His professional career began in 1991 at Swiss Volksbank where he was responsible for asset and liability management. Up to and after the integration of Swiss Volksbank into Credit Suisse Group, he headed the Treasury department from 1994 to 1997. In 1997 he moved to Marc Rich Holding where he was responsible for the group's trading in interest rate instruments. Thomas Müller joined Banca del Gottardo in 2002 as Chief Financial & Risk Officer and Member of the Executive Board.

He became Group Chief Financial Officer (Group CFO) of the Swiss Life Group in January 2006. On 1 April 2008 he assumed the additional position of Group Chief Risk Officer.

Other appointments:

- Swiss Insurance Association, Member of the Economics and Finances Committee
- The Sustainability Forum, Zurich, Member of the Board of Directors







MANFRED BEHRENS | Born 1955, German national

Co-Chief Executive Officer AWD (Co-CEO AWD)

After graduating in law, Manfred Behrens initially worked as an attorney in a Hamburg-based law firm. In 1984 he moved to Hamburg Mannheimer AG, where he assumed various leading positions in the areas of law and sales and went on to become state manager. He joined Volksfürsorge Deutsche Lebensversicherungs-AG in May 1996 and, in 1998, was appointed Member of the Board of Directors with responsibility for sales and marketing. Manfred Behrens moved to Swiss Life in January 2004, where he held the position of Chief Executive Officer of Swiss Life in Germany (CEO Germany) until August 2008.

Manfred Behrens was appointed Co-Chief Executive Officer of AWD (Co-CEO AWD) in September 2008 and has been a Member of Swiss Life's Corporate Executive Board since May of the same year.

Other appointments:

- Aareal Bank, Wiesbaden, Member of the Supervisory Board
- Commerzbank, Member of the Federal State Advisory Committee
- German Insurance Association, Member of the Main Committee Life Insurance and Member of the Chairman's Committee

**RESIGNATIONS** | Swiss Life informed on 8 May 2008 that, within the context of the succession planning at Board of Director and Corporate Executive Board level announced on 26 November 2007, Rolf Dörig had been elected to the Board of Directors of Swiss Life Holding at the General Meeting of Shareholders on 8 May 2008 and that Bruno Pfister had succeeded him as Chairman of the Corporate Executive Board on this date.

On 2 June 2008 Swiss Life communicated that Paul Müller would hand over his position as CEO Switzerland to Ivo Furrer as of 1 September 2008 and that he would be put forward for election to the Board of Directors at the General Meeting of Swiss Life Holding on 7 May 2009. In a media release by the Federal Finance Administration of 5 December 2008, the Federal Council informed that Paul Müller had been elected to the Board of Directors of the Swiss Financial Market Supervisory Authority FINMA, which, for autonomy reasons, rules out his election to the Board of Directors of Swiss Life Holding.

## Compensation

Further details on compensation and benefit expenditure for the management and employees of the Swiss Life Group can be found in the Corporate Governance section of the Annual Report, pages 70 to 79 and in the Financial Statements (notes 24 and 31). In addition, the compensation of the members of the Board of Directors and the Corporate Executive Board, and their participation interests, are shown in the notes to the Swiss Life Holding Financial Statements.

In view of the fact that Rolf Dörig held the positions of Group CEO until the Annual General Meeting of Swiss Life Holding on 8 May 2008 and Delegate of the Board following his election to the Board of Directors, his compensation in the period under review is shown in its entirety under the compensation to the Corporate Executive Board. As, during the year under review, the position of Group CEO was transferred, as of 9 May 2008, to Corporate Executive Board member Bruno Pfister, who was previously CEO International, the compensation to Bruno Pfister, as the new Group CEO, is also shown individually for the 2008 financial year.

**COMPENSATION POLICY PRINCIPLES** | Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for establishing the guidelines on the Group's compensation policy (incl. bonuses and equity compensation programmes) and with regard to employee benefit institutions. The compensation policy underpins the performance culture required by the corporate strategy and forms part of the HR policy. The aim is to retain qualified employees and recruit new, highly skilled staff. The chosen compensation system is in line with the market environment and must be competitive. The overall compensation takes into account the employees' professional skills, commitment and personal performance. Individual compensation is made up of a basic salary and variable short-, medium- and long-term salary components, as well as contributions to occupational provisions and risk insurance. The basic salary is determined according to the employee's function and skill-set, and is annually re-assessed and adjusted if appropriate. The variable salary components are linked to the strategic objectives of the company and the individual divisions, and the associated financial and HR-related targets. Personal performance and target achievement are assessed annually in the employee appraisal procedure implemented throughout the Group (Group Performance System) and taken into consideration when applying the defined compensation policy.

**PRACTICE AND PROCEDURE** | Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for determining the level and make-up of compensation for its members, whereas the Chairman's Committee, in its capacity as a Compensation Committee, is responsible for putting forward corresponding proposals. The Board of Directors also establishes the guidelines for the company's compensation policy. In doing so, it takes into consideration the compensation policies of other organisations of comparable size and in comparable industries, drawing its findings from publicly available information and, as necessary, studies by external experts. Based on these guidelines, the Chairman's Committee determines the compensation for the individual members of the Corporate Executive Board and informs the entire Board of Directors accordingly.

**COMPENSATION PAID TO MEMBERS OF GOVERNING BODIES** | The compensation paid in cash to acting members of the Board of Directors and the Corporate Executive Board during the period under review was as follows:

In CHF	2008	2007
Board of Directors	1 543 000	1 543 000
Corporate Executive Board	11 543 949	9 572 243

There were no resignations from the Board of Directors in the period under review. Within the context of succession planning at Board of Director and Corporate Executive Board level, Rolf Dörig was elected to the Board of Directors of Swiss Life Holding as an additional member on 8 May 2008.

Various personnel changes occurred in the Corporate Executive Board vis-à-vis the previous year. Bruno Pfister was appointed Group CEO with effect from 9 May 2008. On the same date, Manfred Behrens, CEO Germany, became a member of the Corporate Executive Board; he assumed the position of Co-CEO of AWD on 1 September 2008. CEO France, Charles Relecom, and the new CEO Germany, Klaus Leyh, joined the Corporate Executive Board on 1 July 2008 and 1 October 2008, respectively. Paul Müller handed over his position as CEO Switzerland to Ivo Furrer as of 1 September 2008. The Corporate Executive Board, including Rolf Dörig as Group CEO, thus consisted of up to ten members during the period under review (2007: six members).

The compensation in cash received by the members of the Corporate Executive Board includes a cash bonus of CHF 4 700 000 for the 2007 financial year, which was paid out in 2008. For the 2008 financial year, no bonus will be paid to the Corporate Executive Board.

Compensation remitted to members of the Board of Directors comprises the basic compensation, compensation in cash and a variable compensation component in shares. The basic compensation takes into account membership of the Board of Directors of Swiss Life Holding and its subsidiary Swiss Life/Rentenanstalt as well as membership of the individual Board Committees. The additional compensation in cash is commensurate to the function and workload and is determined annually by the Board of Directors. It is partly paid in the form of blocked shares. If Swiss Life Group's business operations have proved successful, a further, variable compensation component is remitted in the form of Swiss Life Holding shares, decided upon by the Board of Directors taking into consideration the business result.

The following compensation was received by acting members of the Board of Directors of Swiss Life Holding in 2008 during the period under review.

		Compensation in cash	Shares with three-year blocking period		Total
			Part of basic compensation	Part of variable compensation for the 2007 financial year <sup>1</sup>	
Bruno Gehrig	CHF	655 000	-	385	385
Gerold Bühler	CHF	238 000	282	159	441
Volker Brechkamp	CHF	126 000	212	89	301
Paul Embrechts	CHF	82 000	159	59	218
Rudolf Kellenberger	CHF	114 000	229	83	312
Henry Peter	CHF	82 000	159	59	218
Peter Quadri	CHF	82 000	159	59	218
Pierfranco Riva	CHF	82 000	159	59	218
Franziska Tschudi	CHF	82 000	159	59	218
Rolf Dörig <sup>2</sup>					

<sup>1</sup> The variable compensation component in shares relates to the 2007 financial year and was allocated in 2008. No variable compensation component in shares will be allocated for the 2008 financial year.

<sup>2</sup> The compensation received in the period under review by Rolf Dörig, Group CEO until 8 May 2008 and Delegate of the Board of Directors following his election by the Annual General Meeting, is disclosed in its entirety under the compensation for the Corporate Executive Board.

As Chairman of the Board, Bruno Gehrig is affiliated to the employee benefits institutions of Swiss Life for the purpose of occupational provisions. This also applies to Rolf Dörig in his role as Delegate of the Board of Directors, a position he has held since 9 May 2008 following his election to the Board. No such affiliation exists for other members of the Board of Directors; no contributions have been made on their behalf.

Compensation to the members of the Corporate Executive Board comprises a salary, a variable bonus in cash, other compensation (child allowances, allowances for years of service, company cars, premium contributions to 3<sup>rd</sup>-pillar pension plans) and a variable compensation component in shares. The salary is determined annually by the Chairman's Committee, in its capacity as Compensation Committee, taking into account the function-related responsibility and workload. If the Swiss Life Group's business operations have proven successful, a variable cash bonus and variable compensation in the form of shares are also granted. This is decided on by the Chairman's Committee, taking into account the personal achievement of objectives by the members of the Corporate Executive Board.

As part of the compensation policy, a long-term equity compensation plan was introduced in 2004 for members of the Corporate Executive Board and other senior management members of the Swiss Life Group. Under this programme, participants are granted future subscription rights to Swiss Life Holding shares in the form of Performance Share Units (PSUs). These subscription rights entitle them to receive Swiss Life Holding shares free of charge after a period of three years insofar as the relevant conditions have been satisfied.

Pursuant to the regulations of the 2007 and 2008 equity compensation plans, two objective performance criteria have been defined, each weighted at 50%. Depending on the fulfilment of the two performance criteria within the three-year period, the number of PSUs can increase by up to a factor of 1.5 or drop to zero. The first criterion is the Total Shareholder Return on the Swiss Life Holding share (TSR Swiss Life Holding), requiring a performance of over 20% for a subscription right to share allocation to arise after three years. The second criterion involves a comparison of the Swiss Life Holding share's TSR with the TSRs of the shares of the companies included in the Dow Jones STOXX 600 Insurance Index (TSR Out-performance). A subscription right arises if the performance on expiry of the three-year term is above the first quartile in comparison with the companies in question. The value of the PSUs allocated equals the fair value as at 1 April of the year of allocation. It is determined by an independent consultancy company.

**SHARE ALLOTMENT IN THE YEAR UNDER REVIEW** | During the 2008 financial year, the members of the Board of Directors and the Corporate Executive Board were allotted Swiss Life Holding shares subject to a three-year blocking period as follows:

Some of the shares allotted to the members of the Board of Directors in the period under review formed part of their basic compensation. The remaining shares are variable compensation components, which were allocated on the basis of the results achieved during the previous financial year.

All the shares allotted to the members of the Corporate Executive Board in 2008 represent variable compensation for the results achieved in the 2007 financial year.

For the 2008 financial year, no variable compensation in shares will be paid to the members of the Board of Directors or the Corporate Executive Board.

Board of Directors <sup>1</sup>	2529 shares, allocated at values of CHF 231.74, 227.75 and 60.45 <sup>2</sup> . They are subject to a three-year blocking period.
Corporate Executive Board	7724 shares, allocated at a value of CHF 231.74 <sup>3</sup> . They are subject to a three-year blocking period.

<sup>1</sup> The shares allocated in the period under review to Rolf Dörig, Group CEO until 8 May 2008 and Delegate of the Board of Directors following his election by the Annual General Meeting, are disclosed in their entirety under the compensation for the Corporate Executive Board.

<sup>2</sup> Economic value equal to the tax value, taking the blocking period into account. The share prices on allocation amounted to CHF 276, CHF 271.25 and CHF 72.

<sup>3</sup> Economic value equal to the tax value, taking the blocking period into account. The share price on allocation amounted to CHF 276.



**SHARE OWNERSHIP** | On the balance sheet date, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of Swiss Life Holding registered shares:

<b>Board of Directors</b>	<b>14 397</b>	<b>Shares</b>
Bruno Gehrig	2 021	Shares
Gerold Bühler	2 166	Shares
Volker Breckamp	1 043	Shares
Paul Embrechts	776	Shares
Rudolf Kellenberger	1 022	Shares
Henry Peter	1 856	Shares
Peter Quadri	1 556	Shares
Pierfranco Riva	3 181	Shares
Franziska Tschudi	776	Shares
Rolf Dörig <sup>1</sup>		

<b>Corporate Executive Board</b>	<b>42 889</b>	<b>Shares</b>
Rolf Dörig (Group CEO until 08.05.2008, then BoD Delegate) <sup>1</sup>	28 607	Shares
Bruno Pfister	8 841	Shares
Ivo Furrer	-	Shares
Klaus G. Leyh	53	Shares
Charles Relecom	-	Shares
Reto Himmel	2 010	Shares
Patrick Frost	1 615	Shares
Thomas Müller	1 065	Shares
Manfred Behrens	698	Shares

<sup>1</sup> The shares allocated in the period under review to Rolf Dörig, Group CEO until 8 May 2008 and Delegate of the Board of Directors following his election by the Annual General Meeting, are disclosed in their entirety under the compensation for the Corporate Executive Board.

**HIGHEST TOTAL COMPENSATION, BOARD OF DIRECTORS** | The highest total compensation for a non-executive member of the Board of Directors in 2008 was paid to Bruno Gehrig as Chairman of the Board. The compensation paid to Rolf Dörig in the period under review is disclosed in its entirety under the compensation to the Corporate Executive Board.

The total compensation paid to Bruno Gehrig in the form of cash, shares and contributions to occupational provisions in the year under review is as follows:

Compensation in cash <sup>1</sup>	CHF	655 000	
Shares <sup>2</sup>	CHF	89 218	385 SLH shares at CHF 231.735
Share options			none
Total compensation 2008:			
in cash and shares	CHF	744 218	
including annual contributions to occupational provisions of CHF 104 827	CHF	849 045	
Total compensation 2007:			
in cash and shares	CHF	734 898	
including annual contributions to occupational provisions of CHF 99 492	CHF	834 390	

<sup>1</sup> Basic compensation and additional compensation in cash determined annually by the Board of Directors.

<sup>2</sup> The 385 shares allocated in 2008 relate to the 2007 financial year. They are subject to a blocking period of three years. The share price at the time of allocation was CHF 276; the allocation was effected at an economic value of CHF 231.735, which is equal to the tax value, taking into account the blocking period.

For the 2008 financial year, no variable compensation in shares will be paid to the members of the Board of Directors.

**HIGHEST TOTAL COMPENSATION, CORPORATE EXECUTIVE BOARD** | The compensation received in the period under review by Rolf Dörig as Group CEO and subsequently as Delegate of the Board of Directors following his election by the Annual General Meeting, is disclosed in its entirety under the compensation to the Corporate Executive Board.

The total compensation paid to Rolf Dörig in the form of cash, shares and contributions to occupational provisions in the year under review is as follows:

Compensation in cash <sup>1</sup>	CHF	2 871 806	
Shares <sup>2</sup>	CHF	441 455	1905 SLH shares at CHF 231.735
Share options			none
Total compensation 2008: <sup>1,2</sup>			
in cash and shares <sup>1,2</sup>	CHF	3 313 261	
including contribution to occupational provisions of CHF 195 656	CHF	3 508 917	
Total compensation 2007:			
in cash and shares	CHF	3 957 144	
including contribution to occupational provisions of CHF 238 856	CHF	4 196 000	

<sup>1</sup> Including bonus in cash of CHF 1 250 000 for the 2007 financial year, which was paid in 2008, and other compensation in cash (child allowances, allowance for years of service, company car, premium contribution). As was previously stated, the members of the Corporate Executive Board will not be paid a cash bonus for the 2008 financial year. The members of the Board of Directors and the Corporate Executive Board will also not receive variable compensation components in shares for the 2008 financial year.

<sup>2</sup> The shares allocated in 2008 as variable compensation relate to the 2007 financial year. They are subject to a blocking period of three years. The share price at the time of allocation was CHF 276; the allocation was effected at an economic value of CHF 231.735, which is equal to the tax value, taking into account the blocking period.

Disregarding the cash bonus paid for the 2007 financial year and the variable compensation in the form of blocked shares, the total compensation paid to Rolf Dörig for 2008 amounted to CHF 1 817 462.

As a result of his transfer from the Corporate Executive Board to the Board of Directors following his election by the Annual General Meeting on 8 May 2008, Rolf Dörig was not allocated any future subscription rights on Swiss Life Holding shares in the form of Performance Share Units (PSUs) from the 2008 equity compensation programme in accordance with the compensation regulations pertaining to the Board of Directors.

For the 2008 financial year, Rolf Dörig will not receive a cash bonus or a variable compensation component in shares.

The total compensation paid in cash, shares and occupational provision contributions to Corporate Executive Board member Bruno Pfister in 2008, as CEO International up to 8 May 2008 and Group CEO from 9 May 2008, was as follows

Compensation in cash <sup>1</sup>	CHF	1 903 193	
Shares <sup>2</sup>	CHF	367 764	1587 SLH shares at CHF 231.735
Share options			none
Total compensation 2008: <sup>1,2,3</sup>			
in cash and shares <sup>1,2</sup>	CHF	2 270 957	
including annual contributions to occupational provisions of CHF 156 648	CHF	2 427 605	
including additional contribution to occupational <sup>4</sup> provisions of CHF 598 500	CHF	3 026 105	

<sup>1</sup> Includes a cash bonus of CHF 850 000 for the 2007 financial year, which was paid in 2008, as well as other compensation in cash (child allowances, company car, premium contribution).

As was previously stated, the members of the Corporate Executive Board will not receive a cash bonus for the 2008 financial year. The members of the Corporate Executive Board will also not receive variable compensation components in shares for the 2008 financial year.

<sup>2</sup> The shares allocated in 2008 as variable compensation relate to the 2007 financial year. They are subject to a blocking period of three years. The share price at the time of allocation was CHF 276; the allocation was effected at an economic value of CHF 231.735, which is equal to the tax value, taking the blocking period into account.

<sup>3</sup> Without mathematical value of PSUs allocated.

<sup>4</sup> Additional employer contribution to occupational provisions as subsequent contribution in accordance with pension fund regulations due to increase in insured income.

In addition to compensation in the form of cash, shares and contributions to occupational provisions, Bruno Pfister was allocated 5 924 future subscription rights in the form of Performance Share Units (PSU) as part of the three-year equity compensation programme. These entitle him to Swiss Life Holding shares as at 1 April 2011, provided that the relevant requirements have then been met. Depending on how the two defined performance criteria develop, the number of PSUs can increase by up to a factor of 1.5 or drop to 0. On the allocation date of 1 April 2008, the fair value of one PSU was CHF 179.30.

Taking into account the mathematical value of the PSUs allocated, which came to CHF 1 062 173, Bruno Pfister's total compensation for 2008 amounted to CHF 4 088 278.

Disregarding the cash bonus paid for the 2007 financial year and the variable compensation in the form of blocked shares, the total compensation paid to Bruno Pfister for 2008 amounted to CHF 2 870 514.

For the 2008 financial year, Bruno Pfister will not receive a cash bonus or variable compensation in shares.

**ADJUSTMENT OF COMPENSATION WITH REGARD TO THE 2008 FINANCIAL YEAR |**

Shares were allocated to the members of the Board of Directors in 2008 as part of the basic compensation and also as a variable compensation component relating to the 2007 financial year performance.

For the 2008 financial year, no variable compensation in shares will be paid to the members of the Board of Directors.

Likewise, no cash bonus or variable compensation in shares will be paid to members of the Corporate Executive Board for the 2008 financial year.

## **“People are happier if they have a perspective in life.”**

As Head of Benefits Services Switzerland, Marc Elmiger and his employees process some 5000 disability claims each year. Meanwhile, the Corporate Solutions Regional Sales Director Scandinavia, Michael Hansen, is on the road a lot. These two completely different areas are more closely related than might first appear.

**The two of you work in different countries and in quite different business areas. Is there anything that connects you both?**

MICHAEL HANSEN (MH): Yes, indeed. My success very much depends on the work of Marc and his team. The only way I can build up sustainable client relationships and sell solutions is if he and his team consistently prove that our products work. At the end of the day, we very much rely on each other.

MARC ELMIGER (ME): That's also the way I see it. Just like our sales force, the claims department is our company's selling point. It has to deliver on our promises to clients. If we in the claims department don't manage to do this, the client is justifiably dissatisfied and word soon gets round. That's why we actively communicate with the sales force and clearly determine what promises we can deliver on.

MH: I, for my part, stay in tune with our clients' needs and receive their feedback – on our claims settlement procedures, for instance – which I, in turn, pass onto our internal units. I know my clients personally and pay them regular visits. I have to; I can only deliver good work if I know what my clients need. That's why I travel a great deal and visit each Scandinavian country at least once a month.

**What are the crucial aspects of your job?**

ME: Two things are crucial for us: in the first place, ensuring that each claim is assessed fairly and the due benefits are paid out without any further ado. In the second, our obligation to treat with care the money our clients have entrusted us with. This is why we submit each claim to careful scrutiny and ensure that our clients receive the money they are rightfully due. We engage in active claims management, which means we try to reconcile the interests of our clients with those of Swiss Life. For this, open communication, meticulous clarification and faultless processing are absolutely essential.

MH: In my job not only are the right professional skills crucial, but passion and optimism too. I want my clients to sense this. You have to adopt a positive attitude and communicate this to the outside world. This is the only way to forge good relationships. It is important to think positively and to believe the glass is half full and not half empty.

**What could be improved in the future?**

ME: We have to work even more closely with clients when processing their claims. Paying out pensions to the disabled or the sick is only part of the solution; we need to open up new perspectives for them. Case management is a step in the right direction. This



involves actively seeking contact with our clients, offering them solutions, putting them in touch with doctors and therapists and paying for their retraining; After all, people are happier if they have a perspective in life.

MH: Exactly. We should talk more about people and engage them in debate instead of just focussing on financial problems. It's always better to prevent claims than to have to deal with them at a later point in time. Addressing potential problems before they arise – that's what I would really like to do with my team and my clients. This is what makes prevention a key issue for me.

ME: True. Prevention is very important. By linking up prevention to sales and claims and embedding it in comprehensive client management systems, we can provide genuine added value for our clients.

MH: We cannot yet offer perfect solutions in this regard. But the fact that we can provide and discuss an issue such as prevention with clients at all is a great start. What sets us apart from the competition is not what we are selling, but how well we customise our products and services to our clients and their needs. This approach constitutes the basis for long-term relationships.

Support – Prevention

Marc  
Elmiger  
&  
Michael  
Hansen



# Support – Prevention



**“We want to offer clients services that best meet their needs and their quality and security expectations.”**

As Head of IT Operations at Swiss Life in Paris, Geneviève Balabanian strives to provide all distribution channels with the best possible support. Caroline Bohrer, Sales Director at Swiss Life in Luxembourg, requires state-of-the-art, secure IT if she is to provide her business partners with a comprehensive service.

**IT and sales: What’s the common denominator?**

CAROLINE BOHRER (CB): As Sales Director of Private Placement Life Insurance for the Luxembourg and French markets, my job is to develop and manage partnerships with private banks and insurance brokers. As confidentiality is a legal obligation in Luxembourg, I must be able to rely on smooth, stable, protected and secure internal processes, including our IT services. This especially applies to our internet service for instance, which offers our partners and clients simple and fast access to their contracts.

GENEVIÈVE BALABANIAN (GB): Yes, and that’s exactly what we, in IT, work on ensuring, day in day out. We provide the sales force with suitable and secure internet and extranet applications. And to remain true to Swiss Life’s image as a quality brand, we have to think beyond the pure technical complexity to ensure data security and platform availability.

**What is efficient client service in your view?**

GB: To treat each client as if they were our only one! For us, at IT Operations, delivering an efficient service means, first and foremost, ensuring the highest possible se-

curity permanently and across the board. Innovation also plays a very important role, enabling us to offer clients customised services and the right level of quality and security.

CB: For me, good client service means delivering the right quality of service to our business partners in time – irrespective of whether they are private banks, independent insurance brokers or end clients. We have to ensure that we get it right from the word go. You don’t get a second chance. I’m sure that every employee at Swiss Life knows this.

**So both of you are driven by a focus on quality services and the need to constantly improve on what has been achieved?**

GB: Yes. We are both very client and quality oriented – whether it be, as in Caroline’s case, in direct client contact or, as in mine, in the technical domain. Speaking of enhancing client services, we have just fitted out our telephone network in France with an entirely new voice-recognition system. Clients no longer need to press buttons, they simply state the reason for their call and are then put through to the right unit. This new service has been very much welcomed by our clients and its implementation was an incredibly exciting technological challenge for us.



CB: I totally agree with Geneviève. Our focus – be it on the front line or in the back office – on delivering efficient and high-quality customised services to our business partners and clients, enables us to differentiate ourselves from competitors. Only when our clients and partners are convinced of this will Swiss Life be perceived as a solutions provider.

**Do you have anything else in common?**

CB: We are both women (laughs). Something that you don't see that often in IT or in sales management. However, our Group builds on the diversity of its workforce, giving responsible positions to staff based on their track record and talent, not their gender.

Quality – Security

Geneviève  
Balabanian  
&  
Caroline  
Bohrer





Quality – Security

## Extract from the Financial Statements

Following the disposals of the Dutch and Belgian insurance business and of Banca del Gottardo, which were announced in November 2007, Swiss Life adjusted the presentation of its financial statements, gearing them to continuing operations. The units were fully consolidated until the respective transactions were finalised in 2008. Following acquisition of a majority stake in the AWD Group, AWD's operations have been fully consolidated and reported as a separate segment since the end of March 2008.

## Consolidated Statement of Income

In CHF million	2008	2007
<b>Continuing operations</b>		
<b>Income</b>		
Premiums earned on insurance contracts	13 392	13 455
Premiums earned on investment contracts with discretionary participation	166	107
Premiums ceded to reinsurers	-304	-246
Net earned premiums	13 254	13 316
Policy fees earned on insurance contracts	54	70
Policy fees earned on investment and unit-linked contracts	206	319
Net earned policy fees	260	389
Asset management and other commission income	950	196
Investment income	4 563	4 878
Net gains/losses on financial assets	-6 010	-5
Net gains/losses on financial instruments at fair value through profit or loss	1 853	-179
Net gains/losses on investment property	194	229
Other income	292	147
<b>Total income</b>	<b>15 356</b>	<b>18 971</b>
<b>Expenses</b>		
Benefits and claims under insurance contracts	-12 844	-13 332
Benefits and claims under investment contracts with discretionary participation	-184	-124
Benefits and claims recovered from reinsurers	113	188
Net insurance benefits and claims	-12 915	-13 268
Policyholder participation	429	-1 746
Interest expense	-393	-455
Commission expense	-963	-620
Employee benefits expense	-1 041	-870
Depreciation and amortisation expense	-518	-448
Impairment of property and equipment and intangible assets	-4	-6
Other expenses	-793	-545
<b>Total expenses</b>	<b>-16 198</b>	<b>-17 958</b>
<b>Result from operations</b>	<b>-842</b>	<b>1 013</b>
Borrowing costs	-181	-177
Share of results of associates	-149	12
<b>Result before income tax</b>	<b>-1 172</b>	<b>848</b>
Income tax expense	29	-122
<b>Net result from continuing operations</b>	<b>-1 143</b>	<b>726</b>
<b>Discontinued operations</b>		
<b>Net profit from discontinued operations</b>	<b>1 488</b>	<b>642</b>
<b>Net profit</b>	<b>345</b>	<b>1 368</b>
<i>Net profit attributable to</i>		
equity holders of Swiss Life Holding	350	1 345
minority interest	-5	23
<b>Net profit</b>	<b>345</b>	<b>1 368</b>
Earnings per share from continuing operations attributable to equity holders of Swiss Life Holding		
Basic earnings per share (in CHF)	-35.37	21.33
Diluted earnings per share (in CHF)	-35.37	20.83
Earnings per share attributable to equity holders of Swiss Life Holding		
Basic earnings per share (in CHF)	10.88	40.76
Diluted earnings per share (in CHF)	10.88	39.60



## Consolidated Balance Sheet

In CHF million	31.12.2008	31.12.2007
<b>Assets</b>		
Cash and cash equivalents	9 408	4 555
Insurance and other receivables	3 950	4 152
Derivatives	1 349	463
Assets held for sale	4	40 468
Financial assets at fair value through profit or loss	16 916	19 399
Financial assets available for sale	43 163	68 588
Loans	33 079	20 652
Financial assets held to maturity	7 159	3 624
Investment property	12 663	12 252
Investments in associates	437	72
Reinsurance assets	447	975
Property and equipment	802	864
Intangible assets including intangible insurance assets	4 651	3 151
Current income tax assets	11	1
Deferred income tax assets	97	118
Other assets	655	423
<b>Total assets</b>	<b>134 791</b>	<b>179 757</b>

## Consolidated Balance Sheet

In CHF million	31.12.2008	31.12.2007
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Insurance and other payables	3 465	3 350
Derivatives	346	213
Liabilities associated with assets held for sale	-	37 502
Financial liabilities at fair value through profit or loss	10 805	11 427
Investment contracts	11 135	12 907
Deposits	3 282	2 622
Borrowings	3 123	3 621
Insurance liabilities	91 024	94 492
Policyholder participation liabilities	1 422	3 388
Employee benefit liabilities	2 010	1 980
Current income tax liabilities	229	245
Deferred income tax liabilities	648	485
Provisions	93	116
Other liabilities	557	75
<b>Total liabilities</b>	<b>128 139</b>	<b>172 423</b>
<b>Equity</b>		
Share capital	596	1 189
Share premium	2 690	2 612
Treasury shares	-1 167	-618
Foreign currency translation differences	-195	123
Gains/losses recognised directly in equity	-445	-809
Retained earnings	5 130	4 780
<b>Total shareholders' equity</b>	<b>6 609</b>	<b>7 277</b>
Minority interest	43	57
<b>Total equity</b>	<b>6 652</b>	<b>7 334</b>
<b>Total liabilities and equity</b>	<b>134 791</b>	<b>179 757</b>

## Consolidated Statement of Changes in Equity for the Year 2008

In CHF million	Share capital	Share premium	Treasury shares	Foreign currency translation differences	Gains/ losses recognised directly in equity	Retained earnings	Total shareholders' equity	Minority interest	Total equity
<b>Balance as at 1 January</b>	<b>1 189</b>	<b>2 612</b>	<b>-618</b>	<b>123</b>	<b>-809</b>	<b>4 780</b>	<b>7 277</b>	<b>57</b>	<b>7 334</b>
Changes in foreign currency translation differences	-	-	-	-311	-	-	-311	-8	-319
Changes in gains/losses recognised directly in equity	-	-	-	-	225	-	225	0	225
Disposals of subsidiaries	-	-	-	-7	139	-	132	-4	128
Net profit	-	-	-	-	-	350	350	-5	345
<b>Total recognised income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-318</b>	<b>364</b>	<b>350</b>	<b>396</b>	<b>-17</b>	<b>379</b>
Reduction in par value	-596	49	-	-	-	-	-547	-	-547
Conversion of convertible debt	3	20	-	-	-	-	23	-	23
Obligation to purchase own shares	-	-12	-	-	-	-	-12	-	-12
Equity-settled share-based payments	-	9	-	-	-	-	9	0	9
Purchases of treasury shares	-	-	-711	-	-	-	-711	-	-711
Sales of treasury shares	-	12	150	-	-	-	162	-	162
Disposals of subsidiaries	-	-	12	-	-	-	12	-17	-5
Acquisitions of subsidiaries	-	-	-	-	-	-	-	14	14
Capital contributions from minority interest	-	-	-	-	-	-	-	10	10
Dividends	-	-	-	-	-	-	-	-4	-4
<b>Balance as at 31 December</b>	<b>596</b>	<b>2 690</b>	<b>-1 167</b>	<b>-195</b>	<b>-445</b>	<b>5 130</b>	<b>6 609</b>	<b>43</b>	<b>6 652</b>

## Consolidated Statement of Changes in Equity for the Year 2007

In CHF million	Share capital	Share premium	Treasury shares	Foreign currency translation differences	Gains/losses recognised directly in equity	Retained earnings	Total shareholders' equity	Minority interest	Total equity
<b>Balance as at 1 January</b>	1 385	2 459	-66	61	305	3 435	7 579	272	7 851
Changes in foreign currency translation differences	-	-	-	64	-	-	64	0	64
Changes in gains/losses recognised directly in equity	-	-	-	-	-1 115	-	-1 115	1	-1 114
Disposals of subsidiaries	-	-	-	-2	1	-	-1	-251	-252
Net profit	-	-	-	-	-	1 345	1 345	23	1 368
<b>Total recognised income and expense for the period</b>	-	-	-	62	-1 114	1 345	293	-227	66
Reduction in par value	-245	11	-	-	-	-	-234	-	-234
Conversion of convertible debt	49	173	-	-	-	-	222	-	222
Options on own shares	-	-7	-	-	-	-	-7	-	-7
Obligation to purchase own shares	-	-28	-	-	-	-	-28	-	-28
Equity-settled share-based payments	-	9	-	-	-	-	9	-	9
Purchases of treasury shares	-	-	-1 313	-	-	-	-1 313	-	-1 313
Sales of treasury shares	-	-5	761	-	-	-	756	-	756
Acquisitions of minority interest	-	-	-	-	-	-	-	-12	-12
Capital contributions from minority interest	-	-	-	-	-	-	-	36	36
Dividends	-	-	-	-	-	-	-	-12	-12
<b>Balance as at 31 December</b>	1 189	2 612	-618	123	-809	4 780	7 277	57	7 334

## Share Performance and Historical Comparison

In a reflection of the global financial market crisis, the development of the Swiss Life share price was disappointing in 2008. Following the distribution of profit in 2008 amounting to CHF 17 per share for the 2007 financial year, the Board of Directors will propose a profit distribution of CHF 5 per share for 2008 to the General Meeting of Shareholders in May.

**Share Performance** | The persistent distortion of the financial markets in 2008 weighed down on the price of the Swiss Life share. With the situation becoming increasingly acute, the share price development was particularly disappointing in the second half of the year. The Board of Directors decided in November to suspend the announced buyback programme entirely, due to the further deterioration of the market environment.

Swiss Life share details	
Swiss security number	1 485 278
ISIN	CH 001 485 278 1
Ticker symbol SIX	SLHN
Reuters	SLHN.VX
Bloomberg	SLHN VX

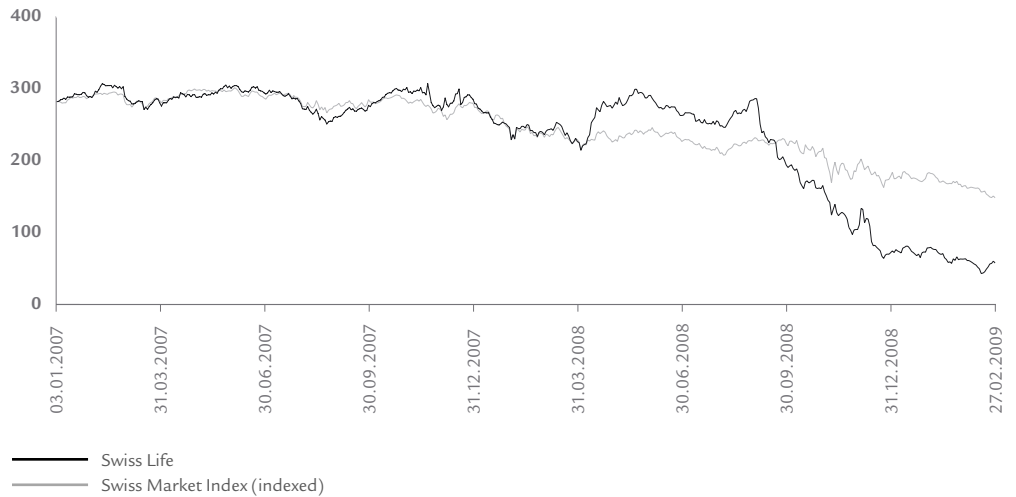
Share performance				
Amounts in CHF	as at	2008	as at	2007
Number of shares (incl. conversions in 2008)	31.12.2008	<b>35 084 554</b>	31.12.2007	34 960 439
Annual high	02./05.05.2008	<b>298.66</b>	06.11.2007	326.00
Annual low	21.11.2008	<b>63.90</b>	16.08.2007	266.50
Year-end price	30.12.2008	<b>72.40</b>	28.12.2007	283.00
Performance Swiss Life (in %)		<b>-74</b>		-5
Swiss Market Index (SMI)	30.12.2008	<b>5 535</b>	28.12.2007	8 484
Performance Swiss Market Index (SMI) (in %)		<b>-35</b>		-3
Dow Jones STOXX 600 Insurance Index (in EUR)	30.12.2008	<b>134</b>	28.12.2007	252
Performance of Dow Jones STOXX 600 Insurance Index (in %)		<b>-47</b>		-12
Average trading volume		<b>241 000</b>		327 843
Market capitalisation	30.12.2008	<b>2 540 121 710</b>	28.12.2007	9 893 804 237
Diluted earnings per share	31.12.2008	<b>10.88</b>	31.12.2007	39.60
Dividend paid per share	29.07.2008	<b>17.00</b>	03.08.2007	7.00
Dividend yield on year-end price (in %)	30.12.2008	<b>23.48</b>	28.12.2007	2.47

Source: Bloomberg

Breakdown of registered shares with voting rights As at 31.12.2008		
Number of shares	Number of shareholders	In % of registered shareholders
1 – 25	161 879	83.21
26 – 100	22 278	11.45
101 – 1 000	9 495	4.88
> 1 000	886	0.46
<b>Total</b>	<b>194 538</b>	<b>100.00</b>

### Swiss Life share price chart 03.01.2007 – 27.02.2009

Share price in CHF



#### Standard & Poor's counterparty credit ratings

As at 31.12.2008	Classification	Outlook
Swiss Life/Rentenanstalt, Zurich	BBB+	stable
Swiss Life Holding Ltd, Zurich	BBB-	stable

#### Standard & Poor's financial strength ratings

As at 31.12.2008	Classification	Outlook
Swiss Life/Rentenanstalt, Zurich	BBB+	stable
Schweizerische Rentenanstalt, Munich (Swiss Life/Rentenanstalt branch)	BBB+	stable

#### Bonds

As at 31.12.2008	Convertible bond	EUR Perpetual nc10 Fiduciary Certificates <sup>1</sup>	EUR Perpetual nc10 Notes <sup>2</sup>
Issuer	Swiss Life Holding, Zürich	J.P. Morgan Bank, Luxemburg	ELM B.V. (independent repackaging vehicle)
S&P rating	BBB-	BBB-	BBB-
Ranking	Senior	Subordinated	Subordinated
Nominal value	CHF 42 703 000	EUR 350 000 000	EUR 700 000 000
Interest rate	0.625%, payable annually	5%, payable annually	5.849%, payable annually
Life	June 2004 – June 2010	November 2005 (issued), perpetual	April 2007 (issued), perpetual
ISIN	CH0018461092	XS0235535035	XS0295383524
Listing	SIX	Luxembourg Stock Exchange	Irish Stock Exchange

<sup>1</sup> The notes are issued by the fiduciary to fund a step-up subordinated perpetual loan to Swiss Life/Rentenanstalt.

<sup>2</sup> The notes are issued by ELM to fund step-up subordinated perpetual loan notes to Swiss Life/Rentenanstalt which are guaranteed by Swiss Life Holding.



<b>Swiss Life Group historical comparison</b>					
In CHF million (if not stated otherwise)	<b>2008</b>	2007	2006	2005	2004
<b>Premium volume</b>					
Gross written premiums, policy fees and deposits received	<b>18 515</b>	21 213	19 421	n.a.	n.a.
<b>Figures from consolidated statement of income</b>					
Net earned premiums	<b>13 254</b>	13 316	12 283	13 512	14 657
Net earned policy fees	<b>260</b>	389	390	394	167
Financial result	<b>451</b>	4 935	5 375	7 059	6 934
<b>Total income</b>	<b>15 356</b>	18 971	18 219	21 542	22 328
Net insurance benefits and claims	<b>-12 915</b>	-13 268	-12 012	-14 040	-15 375
Policyholder participation	<b>429</b>	-1 746	-2 143	-2 227	-1 553
Operating expense	<b>-3 319</b>	-2 489	-2 432	-3 390	-3 341
<b>Total expense</b>	<b>-16 198</b>	-17 958	-17 309	-20 519	-21 180
<b>Result from operations</b>	<b>-842</b>	1 013	910	1 023	1 148
Net result from continuing operations	<b>-1 143</b>	726	576	n.a.	n.a.
Net profit from discontinued operations	<b>1 488</b>	642 <sup>1</sup>	378	n.a.	n.a.
<b>Net profit</b>	<b>345</b>	1 368	954	874	606
<i>Net profit attributable to</i>					
Equity holders of Swiss Life Holding	<b>350</b>	1 345	933	860	579
Minority interest	<b>-5</b>	23	21	14	27
<b>Figures from consolidated balance sheet</b>					
Equity incl. minority interest	<b>6 652</b>	7 334	7 851	7 953	6 490
Insurance reserves	<b>113 308</b>	121 829	153 800	139 252	131 415
Balance sheet total	<b>134 791</b>	179 757	186 950	177 597	164 736
<b>Share performance</b>					
Basic earnings per share (in CHF)	<b>10.88</b>	40.76	27.87	25.67	18.57
Diluted earnings per share (in CHF)	<b>10.88</b>	39.60	26.92	24.82	18.27
Dividend paid per share (in CHF)	<b>17.00</b>	7.00	5.00	4.00	-
Total dividend payout to shareholders	<b>596</b>	245	169	135	-
Year-end price (in CHF)	<b>72.40</b>	283.00	305.25	237.70	165.50
Year-end market capitalisation	<b>2 540</b>	9 894	10 310	8 029	5 590
<b>Further key figures</b>					
Return on equity (in %)	<b>5.0</b>	18.1	12.2	12.3	10.7
Assets under control	<b>134 326</b>	138 946	214 041	215 094	197 749
Year-end embedded value	<b>8 457</b>	12 837	10 665	8 887	7 936
Value of new business	<b>78</b>	118	121	48	41
Number of employees (full-time equivalents)	<b>8 184</b>	8 556	8 693	8 979	9 419

<sup>1</sup> Including reserve release of CHF 304 million due to change in Dutch law.

Due to the sale of its Dutch and Belgian operations and of Banca del Gottardo announced in November 2007, Swiss Life adjusted the presentation of its Financial Statements in accordance with the relevant regulations, gearing them to the continuing operations. The units sold are fully consolidated up to the completion of the transaction concerned, but only their net contribution to the net profit is included in the Consolidated Statement of Income. The previous year's figures have been adjusted accordingly to enhance comparability. In the Balance Sheet, the assets and liabilities of the units sold are stated separately.

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Contacts

Swiss Life  
 General-Guisan-Quai 40  
 P.O. Box 2831  
 CH-8022 Zurich  
 Tel. +41 43 284 33 11  
 www.swisslife.com

Shareholder Services  
 Tel. +41 43 284 61 10  
 Fax +41 43 284 61 66  
 E-mail shareholder.services@swisslife.ch

Investor Relations  
 Tel. +41 43 284 52 76  
 Fax +41 43 284 44 41  
 E-mail investor.relations@swisslife.ch

Media Relations  
 Tel. +41 43 284 77 77  
 Fax +41 43 284 48 84  
 E-mail media.relations@swisslife.ch

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Caution regarding forward-looking statements

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This Business Review is a summary of the Annual Report ([www.swisslife.com/report](http://www.swisslife.com/report)) and is available in German, English and French. The English text is definitive for the extract from the Financial Statements.

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1



**What makes Swiss Life employees tick: Open discussions about values, objectives, perspectives, cultures and core competencies.**

**1 Encouragement and motivation**  
Isabelle Sonnevile, Head of Human Resources France, and trainee, Sebastian Reinke, from Munich, agree that respect, professional skills, personality and the right attitude are equally important in achieving success.



2



**2 Client orientation and innovation**  
The Munich-based actuary Claudia Schneberger and Dejan Perunski from Group Product Management in Zurich explain that many different factors have to be carefully coordinated with one another before a good new pension product sees the light of day.



3



**3 Trust and vision**  
Lotti Fischer, financial planner and advisor to private and corporate clients in Zurich-Kloten, and Achim Broschk, team manager at AWD in Hanover, discuss the ingredients for successful advisory services and the added value to be generated from the strategic partnership between Swiss Life and AWD.



4



**4 Support and prevention**  
Michael Hansen, Corporate Solutions Regional Sales Director Scandinavia, and Marc Elmiger, Head of Benefits Services Switzerland, know that lasting client relationships can only be established when the life and pension products work from the beginning to the end of the performance chain.



5



**5 Quality and security**  
As the Head of IT Operations Paris, Geneviève Balabanian does everything possible to ensure that the clients of the Luxembourg-based Sales Director, Caroline Bohrer, and her colleagues can benefit from the greatest level of security and an impeccable service anywhere and at any time.

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## Important Dates

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### **Interim Reporting**

5 May 2009

### **Annual General Meeting**

7 May 2009

Hallenstadion Zurich

### **Presentation of Half-Year Figures**

26 August 2009

### **Interim Reporting**

11 November 2009

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## Annual Report

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You can find the Annual Report of the Swiss Life Group on the internet: <http://www.swisslife.com/report>

Swiss Life  
General-Guisan-Quai 40  
P.O.Box 2831  
CH-8022 Zurich

Tel. +41 43 284 33 11  
[www.swisslife.com](http://www.swisslife.com)