



SwissLife

Letter to Shareholders | Financial Year 2008

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.

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

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

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 basis, 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



Bruno Pfister
Group Chief
Executive Officer

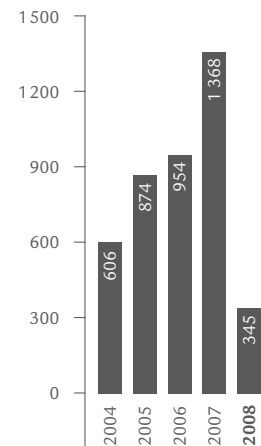
Year-on-year comparison Swiss Life Group			
In CHF million (if not stated otherwise)	2008	2007	+/-
Premium volume			
Gross written premiums, policy fees and deposits received	18 515	21 213	-12.7%
Figures from consolidated statement of income			
Net earned premiums	13 254	13 316	-0.5%
Net earned policy fees	260	389	-33.2%
Financial result	451	4 935	-90.9%
Total income	15 356	18 971	-19.1%
Net insurance benefits and claims	-12 915	-13 268	-2.7%
Policyholder participation	429	-1 746	n.a.
Operating expense	-3 319	-2 489	33.3%
Total expense	-16 198	-17 958	-9.8%
Result from operations	-842	1 013	n.a.
Net result from continuing operations	-1 143	726	n.a.
Net profit from discontinued operations	1 488	642 ¹	n.a.
Net profit	345	1 368	-74.8%
<i>Net profit attributable to</i>			
Equity holders of Swiss Life Holding	350	1 345	-74.0%
Minority interest	-5	23	n.a.
Figures from consolidated balance sheet			
Equity incl. minority interest	6 652	7 334	-9.3%
Insurance reserves	113 308	121 829	-7.0%
Balance sheet total	134 791	179 757	-25.0%
Share performance			
Basic earnings per share (in CHF)	10.88	40.76	-73.3%
Diluted earnings per share (in CHF)	10.88	39.60	-72.5%
Dividend paid per share (in CHF)	17.00	7.00	142.9%
Total dividend payout to shareholders	596	245	143.3%
Year-end price (in CHF)	72.40	283.00	-74.4%
Year-end market capitalisation	2 540	9 894	-74.3%
Further key figures			
Return on equity (in %)	5.0	18.1	-72.4%
Assets under control	134 326	138 946	-3.3%
Year-end embedded value	8 457	12 837	-34.1%
Value of new business	78	118	-33.9%
Number of employees (full-time equivalents)	8 184	8 556	-4.3%

¹ 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, Swiss Life adjusted the presentation of its Financial Statements as of 2007 in accordance with the relevant regulations, gearing them to continuing operations. The units sold were fully consolidated up to the completion of the transaction concerned, but only their net contribution to the net profit was included in the Consolidated Statement of Income. The 2007 figures in the Statement of Income also include the contribution from the ERISA companies, which have since been sold.

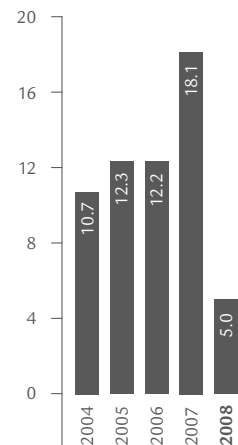
Net profit

In CHF million



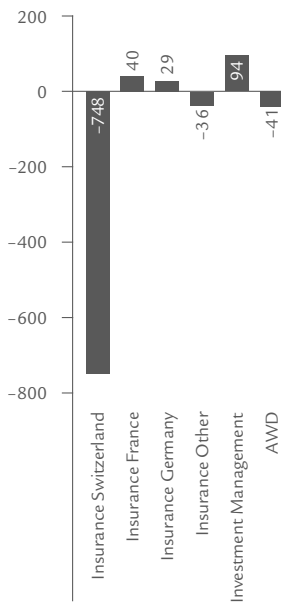
Return on equity

In %



Segment result

In CHF million



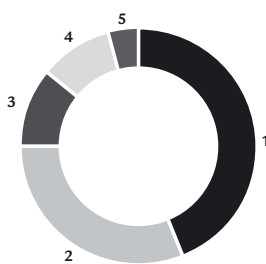
Key figures for Insurance

In CHF million	2008	2007	+/-
Switzerland			
Gross written premiums, policy fees and deposits received	8 172	8 413	-2.9%
Segment result	-748	650	n.a.
France¹			
Gross written premiums, policy fees and deposits received	5 763	7 411	-22.2%
Segment result	40	324	-87.7%
Germany			
Gross written premiums, policy fees and deposits received	1 977	2 158	-8.4%
Segment result	29	65	-55.4%
Other			
Gross written premiums, policy fees and deposits received	2 639	3 294	-19.9%
Segment result	-36	8	n.a.

¹ The figures for 2007 also include the contribution from the ERISA companies, which have since been sold. On a comparable basis, the premium volume grew by 4% (8% in local currency) and the segment result decreased from CHF 187 million to CHF 40 million.

Gross written premiums, policy fees and deposits received by country

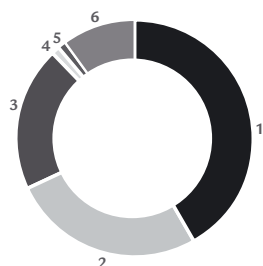
Total 100%



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

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

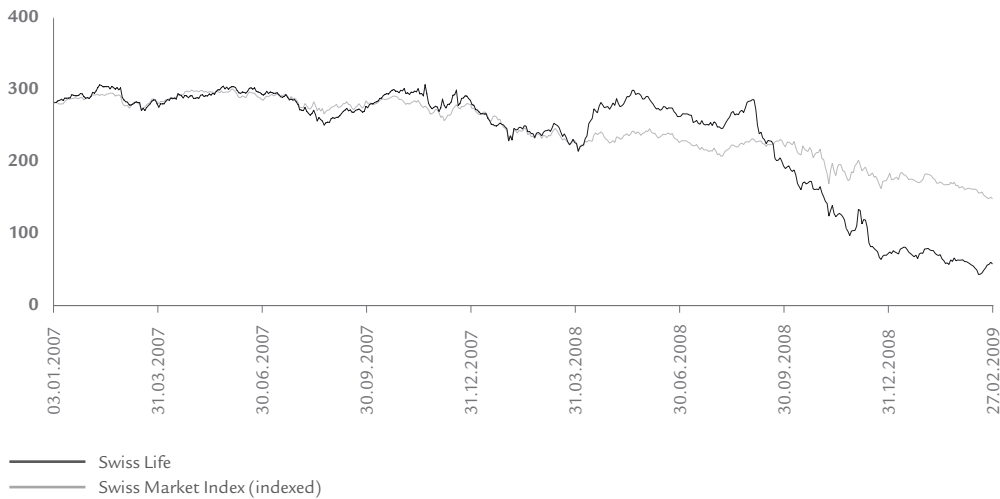
Total 8184 employees



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

Swiss Life share price chart 03.01.2007 – 27.02.2009

Share price in CHF



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

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
Total	194 538	100.00

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

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This Letter to Shareholders is also available in German, French and Italian. The German text is definitive.

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Important dates

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

Annual Report

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