Investors’ Day 2006
Optimising the market position in Switzerland

Paul Müller, CEO Switzerland
Martin Suter, CFO Switzerland
Zurich, 5 December 2006
Agenda

1. Positioning
   - Paul Müller

2. Client segmentation and potential

3. Product innovations
   - Martin Suter

4. Distribution efficiency

5. Operational efficiency

6. Summary and outlook
   - Paul Müller
### Swiss Life Switzerland strategy up to 2008

<table>
<thead>
<tr>
<th>Growth</th>
<th>Efficiency</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create best solutions to meet increasing customer needs for pensions</td>
<td>Reduce dependency on financial result</td>
<td>Enable decisions close to the needs of the market</td>
</tr>
<tr>
<td>● Maintain market leadership</td>
<td>● Basic insurance result CHF 150 million</td>
<td>● Customer focus 80 index points (out of 100)</td>
</tr>
<tr>
<td>● Customer satisfaction 4.25 index points (out of 5)</td>
<td>● Reduce administration costs</td>
<td>● Commitment 80 index points (out of 100)</td>
</tr>
<tr>
<td>Improve opportunities for getting in touch with customers</td>
<td>Design more efficient processes and reduce costs</td>
<td>Enforce company values based on excellence</td>
</tr>
<tr>
<td>● Premiums CHF 8.5 billion</td>
<td>● Tighten structures</td>
<td>● (out of 100)</td>
</tr>
<tr>
<td>● Growth 1% above market</td>
<td></td>
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</tr>
</tbody>
</table>
### Swiss Life: Leader in Life market Switzerland

**Individual life 2004**

<table>
<thead>
<tr>
<th>Position</th>
<th>SVV</th>
<th>Market share GWP in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Swiss Life</td>
<td>9.2 (18%) 9.2 billion CHF</td>
</tr>
<tr>
<td>2</td>
<td>Winterthur</td>
<td>1.2</td>
</tr>
<tr>
<td>3</td>
<td>Generali</td>
<td>1.0</td>
</tr>
<tr>
<td>4</td>
<td>Bâloise</td>
<td>0.9</td>
</tr>
<tr>
<td>5</td>
<td>Zurich Group</td>
<td>0.9</td>
</tr>
<tr>
<td>6</td>
<td>Helvetia Patria</td>
<td>0.7</td>
</tr>
<tr>
<td>7</td>
<td>Allianz Suisse</td>
<td>0.6</td>
</tr>
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**Group life 2004**

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<tr>
<td>3</td>
<td>Zurich Group</td>
<td>2.5</td>
</tr>
<tr>
<td>4</td>
<td>Bâloise</td>
<td>1.8</td>
</tr>
<tr>
<td>5</td>
<td>Helvetia Patria</td>
<td>1.3</td>
</tr>
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<td>Allianz Suisse</td>
<td>1.0</td>
</tr>
<tr>
<td>7</td>
<td>Generali Gruppe</td>
<td>0.1</td>
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<td>7</td>
<td>PAX</td>
<td>0.5</td>
</tr>
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</table>

1) Estimate based on media reports and assumptions by Swiss Life; Source: FOPI

- Position of Swiss Life strengthened
- Market volume stabilised
- Stable premium development of CHF 7.8bn for 2006 expected, despite market decline
- Swiss Life with stable market share in group life business

SVV = Swiss Insurance Association (Schweizerischer Versicherungsverband)
<table>
<thead>
<tr>
<th>Value Chain</th>
<th>Client needs</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients</td>
<td>“I want excellent service”</td>
<td>• Process and service quality increase</td>
</tr>
</tbody>
</table>
| Products    | “I want financial security, reliability and attractive participation in financial markets performance” | • Individual life: Innovations focused on performance-oriented products  
• Group life: Flexible solutions to cover client-specific complexity and risk appetite |
| Distribution| “I want expertise and accessibility” | • Specialised sales force for appropriate client segments  
• Further invest in education of sales staff  
• Organize and allocate distribution resources among market potentials |
| Administration | “I want cost-efficient solutions” | • Strategic efficiency projects |
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   Paul Müller

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Swiss Life sets focus on unexploited market segments

Market penetration
(customers per age group / population per age group)

Swiss Life customer base

Unexploited customer potential

% of premium paying customers in age group

Young People
Swiss Life with low market penetration

Retired, Pre-Retired People
Swiss Life with large customer base, yet low business
## Market segment "young people": Different clients addressed with a different sales approach

Goal: Increase market penetration in market segment "young people"

<table>
<thead>
<tr>
<th>Sales approach</th>
<th>Implementation</th>
</tr>
</thead>
</table>
| **Choose the right people:**  
"Young and hungry" sales agents | **Q405:**  
– Develop concept  
– Recruit agents  
– Build infrastructure |
| **Build the right team:**  
Centralised agency, unique team training, concentrated on young clients only | **Q1, Q206:**  
– Training and experience on the market with very positive feedback from clients |
| **Choose the right access:**  
Sales process, documents and products tailored to young clients | **Q306:**  
– Spread sales approach throughout decentralized sales agencies |
| **Ensure the right service:**  
Quality checks through “mystery” shopping |
Sales agency "young people" addresses target market

New business production of sales agency "young people" in % of average sales agency 2006

- Production after Q3 above average sales agency
- 95% of sales from dedicated agency within target market “young people”

New business production confirms next step: Spread sales, training and recruiting approach throughout decentralized sales agencies
Market segment “retired and pre-retired people”: Large potential

Population growth 2005-2015 (Switzerland)

<table>
<thead>
<tr>
<th>Age</th>
<th>Growth until 2015</th>
<th>Population in million (2015 exp.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 50</td>
<td>+ 4 %</td>
<td>5.2</td>
</tr>
<tr>
<td>50-64</td>
<td>+ 14 %</td>
<td>1.6</td>
</tr>
<tr>
<td>65-79</td>
<td>+ 22 %</td>
<td>1.1</td>
</tr>
<tr>
<td>&gt; 80</td>
<td>+ 33 %</td>
<td>0.4</td>
</tr>
</tbody>
</table>

- Significant shift of market potential due to demographic change
- Old age ratio 1) (“Altersquotient”) to double by 2030
- Expected market growth for retirement provision to grow by 7% to 10% p.a. in Western Europe (McKinsey, Mercer Oliver Wyman)
- Need for retirement provision generally rises with higher income

Focused life insurers like Swiss Life have a big opportunity to help 50+ close their pension gap

1) Population aged 65+ as % population aged 15-64
Targeting needs for clients before and after retirement

Needs

- Capital accumulation
- Security and liquidity
- Financial retirement planning
- Tax solutions
- Succession planning
- Pensions
- Dissavings
- Money management
- Care
- Housing
- Heritage planning

Life period

55 65 80 Age

Swiss Life coverage

Preparation for retirement
Active retirement
Passive retirement

Initiatives to exploit potential at Swiss Life

Market analysis
Solutions
Implementation
Market penetration

1.4.06 31.12.06 1.1.07 30.6.07 1.7.07 31.12.07 1.1.08
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Individual business: Strong in traditional segment with opportunities in non-traditional segment

Gross premium growth 2005 in %

-9%  -2%  -1%  -2%  +26%  -21%  +24%  +73%
Annuities  Mixed Endowment  Risk only  Capital protected (UL) Insurance  Unit-Linked (UL) Insurance  Funds (asset growth)

Swiss Life  Market

Full risk coverage  No Risk Coverage

- Strong position in annuities successfully strengthened
- Overall market growth in specific non-traditional segments:
  - Products offering performance potential with capital protection are most successful
  - Customer expectations focused on both performance and security

Successful launch of performance-oriented products since September 2005 to exploit market opportunities and diversify risks
Individual Life: Product development is focusing on performance oriented products

**GarantiePlus:** Unit-linked insurance with capital protection, single premium, regular premium

**Vitality:** New unit linked insurance without capital protection

**AccountPlus:** Special account without insurance protection (in cooperation with BdG)

**3a-Account:** Tax-exempted savings account without insurance protection (in cooperation with BdG)
Individual Life: Initiative in performance oriented products with good market perception

New business gross premium; CHF million

- GarantiePlus 90/100 single
- GarantiePlus 100 periodic
- 3a-Account
- AccountPlus

[Bar chart showing new business gross premium for different periods and products]
Group Life: Introduced a new cost-efficient, yet client-specific solution

<table>
<thead>
<tr>
<th>Starting point</th>
<th>Target</th>
<th>Solution</th>
<th>Customer benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increasing cost and price awareness of clients</td>
<td>• Offer attractively priced basic solution for cost-conscious clients</td>
<td>• Modula Basic:</td>
<td>• Favourable premiums for simple, clearly defined basic solution with 100% insurance protection</td>
</tr>
<tr>
<td>• Different client expectations concerning flexibility and scope</td>
<td>• Allow client to extend basic solution stepwise with additional services and benefits</td>
<td>- A hassle-free, low-priced, no-frills core solution, which covers the basics</td>
<td>• Only pay for additional benefits used, tailored to needs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Especially designed for start-ups</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Unique on the market</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Modula Options:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Several options to upgrade to more comprehensive solutions</td>
<td></td>
</tr>
</tbody>
</table>
Modula Line: A solution which addresses cost-sensitive customers

True value added for the client: Low premium, simple and transparent solution, you only pay for what you need

Options:
- Employee-segment specific coverage
- Non-mandatory customized coverage
- Non-mandatory standard coverage

Basic:
- Mandatory BVG-minimum coverage
- Pay per transaction
- Cost-efficient
- Tailored to start-ups

Swiss Life Modula
- Employee-segment specific
- Customized non-mandatory
- Standard non-mandatory

Modula Basic

Traditional
- "all-inclusive"

Traditional

Employee-segment specific

Customized non-mandatory

Standard non-mandatory

Basic

Modula Options

Modula Basic

Traditional

"all-inclusive"
Product development: Profitable growth is primary target

CHF million

- 2005: Sound new business growth while further improving profitability
- 2006: Growth potential limited due to tense interest rate situation
Individual Life: In comparison with competitors
Swiss Life is positioned in midfield

Comparison offers in mixed endowment ¹)

To protect profitability we are not offering the highest net return
Rising interest rates lead to increase in bonuses

¹) Single premium of CHF 100 000, man, age at entry with 50, period of 10 years
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Staff is developed systematically with new training architecture

Number of sales staff, excluding new hires

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Underperformer</td>
<td>218</td>
<td>137</td>
<td>146</td>
</tr>
<tr>
<td>Watch list</td>
<td>134</td>
<td>154</td>
<td>188</td>
</tr>
<tr>
<td>Performer</td>
<td>117</td>
<td>191</td>
<td>230</td>
</tr>
</tbody>
</table>

Initiatives

- Simplify and shorten basic training course (sales employee serves market after 12 weeks)
- Focus on success-driven sales orientation (promote sales skills and step up closure)
- Build and ensure standards for a common Swiss Life advisory standard

Own fixed costs not covered by sales staff
Positive contribution, but below budget
Above production budget, strong contribution
Enhancing distribution efficiency and strengthening greater Zurich area

Streamlined organisation since 1 January 2006

- Increased sales power, regional sales directors focus on sales force management
- Increased efficiency
- Streamlined support processes, concentrated in one centralised unit

Strengthen greater Zurich area, greater management attention since January 2007

- Additional sales region
- Bolster management in zones with growth potential
- Due to streamlined organisation no additional administration costs
Distribution mix: Broker channel with increasing importance

CHF million

<table>
<thead>
<tr>
<th>Channel</th>
<th>2004</th>
<th>2005</th>
<th>Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>30</td>
<td>39</td>
<td>+30%</td>
</tr>
<tr>
<td>Brokers</td>
<td>262</td>
<td>445</td>
<td>+70%</td>
</tr>
<tr>
<td>Own distr.</td>
<td>1 822</td>
<td>2 094</td>
<td>+15%</td>
</tr>
<tr>
<td>Total</td>
<td>2 114</td>
<td>2 578</td>
<td>+22%</td>
</tr>
</tbody>
</table>

• Broker production shows especially strong growth thanks to new group business

• Production raised by 18% in individual life and 42% in group life

1) Group life (6*periodic premiums) + Funds (gross inflow) + Individual life (single premiums + 16*periodic premiums); excl. vested benefit accounts at BdG
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**Efficiency projects: Overall savings of CHF 130 million**

Total impact on bottom line; CHF million (IFRS basis)

- Optimize key processes
- Cut internal interfaces
- Reduce reporting complexity
- Concentrating on core business by integrating the sales force and life business
- Realising ongoing synergies in IT & administration
- FTE and administration overhead budget cost cuts
- Reduce IT platforms in individual life from 7 to 1 platform by end of 2007
- Reduced IT costs due to maintaining and updating systems
- Enabling assimilation of portfolios
- Reduced costs in customer services due to more efficient processes
- To date migration of 240k policies out of 300k (equivalent to a mid-sized Swiss insurance company)
- Reduce IT platforms in group life from 6 to 1 platform by end of 2009
- Reduced IT costs due to maintaining and updating systems
- Due to system-supported effective workflow management

**Timeline of projects**

**Cost savings**

**End of project**
Clients recognize our constant efforts to improve service and operations

Impressive increase in customer satisfaction since start of service quality initiative in 2003; target set at 4.25 in 2008

Individual Life customer satisfaction 1)

<table>
<thead>
<tr>
<th>Year</th>
<th>Satisfaction Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>3.98</td>
</tr>
<tr>
<td>2005</td>
<td>3.95</td>
</tr>
<tr>
<td>2004</td>
<td>3.78</td>
</tr>
<tr>
<td>2003</td>
<td>3.61</td>
</tr>
<tr>
<td>2002</td>
<td>3.44</td>
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Group Life customer satisfaction 1)

<table>
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<tr>
<th>Year</th>
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</thead>
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<tr>
<td>2006</td>
<td>3.92</td>
</tr>
<tr>
<td>2005</td>
<td>3.90</td>
</tr>
<tr>
<td>2004</td>
<td>3.42</td>
</tr>
<tr>
<td>2003</td>
<td>n.a.</td>
</tr>
<tr>
<td>2002</td>
<td>n.a.</td>
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1) Source: Regular customer survey; question: How content are you with Swiss Life?
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Optimal market position in Switzerland

- We are targeting under-exploited market segments. Focus today is on “young people” with good start; further initiative will be on “retired / pre-retired people” with an excellent customer base as starting point.

- Product innovations are specific to client needs and market opportunities, however, profitability is most important precondition.

- Our ambitious efficiency projects are well on track and will pay off within the next years, total cost savings of 130 million from projects; cost ratio down 3% points.

- Our constant efforts to improve service and operations quality are recognized by our clients: Continuous increase in customer satisfaction since start of dedicated activities.

We confirm to achieve our profitability target.
Supplementary information
Our latest product: A strong combination of both security and performance

GarantiePlus100: 100% guarantee on gross regular premiums with excellent return potential

- Regular premium product with attractive investment opportunity, due to long duration of contracts
- Swiss Life Fund, fund without fixed maturity
- Dynamic investment: Gradually increase risk exposure at beginning, and decrease towards end of contract

First sales figures confirm market acceptance of product
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