

**Annual General Meeting of Swiss Life Holding Ltd**  
**Zurich, 5 May 2011**

**Bruno Pfister**  
**Group CEO**

(The German spoken text is definitive)

Dear Shareholders

On my behalf I would also like to welcome you to today's Annual General Meeting.

It must be said that there have been years when the task of presenting the Group's results was an onerous one for the CEO. Not so today. After all, 2010 was an excellent year for Swiss Life in many respects. On the one hand, we succeeded in significantly increasing the company's earning power thanks to operational advances. On the other hand, one and a half years ago we set out on a programme of change which made great demands on our employees. This did not yet have an immediate effect on last year's results. The programme of change will, however, have a positive impact over the medium and long term. Nevertheless, the fact that we can already

report substantial improvements is no mean feat and thus extremely pleasing.

2010 was an eventful year for Swiss Life, and a very intensive one for employees and management alike. The markets were challenging. Customers were holding back, influenced by the low interest rates and the aftermath of the financial crisis. And we were also occupied with regulatory discussions. On top of that, the pace we had set ourselves for our programme of change was an ambitious one.

We had set ourselves challenging goals, particularly in the context of MILESTONE, our programme to sustainably strengthen Swiss Life's efficiency and competitiveness.

The figures we are presenting today deliver a clear message. At least in relation to the question of whether we have successfully set the course for the future with our revitalisation programme. And whether we are equipped to respond to intensifying competition and increasingly difficult market conditions.

I think it's fair to say that with today's figures we have already demonstrated that we are addressing the right areas and that

we will continue to do so with engagement, consistency of purpose, and success.

The results represent a first stage victory for all of us in the Group. No more and no less than this. We are delighted with the outcome, but are also aware that a great deal of work lies ahead.

Swiss Life more than doubled its net profit in 2010, from 277 million to 560 million Swiss francs. The major contributions to the positive result came from operational improvements, a more systematic margin management and continued cost reduction. This enabled us to further reduce our dependence on the financial result.

Swiss Life is growing profitably in all segments. But growth for its own sake is not an objective, neither now nor in the future. After adjusting for currency effects, we grew our premium volume by 4% in 2010.

We also generated an outstanding investment result. In spite of the tough conditions on the financial markets, we were able to achieve a result of 4.6 billion Swiss francs on our insurance portfolio. This corresponds to a very pleasing net investment return of 4.1%, compared with 3.9% the year before.

The repositioning of AWD is bearing fruit. Our AWD team delivered a result that was 90 million euros higher than the previous year's, bringing it to 49 million euros, with an EBIT margin of 9%. That's a great performance.

I am proud to be able to report today that we have made significant advances in all key areas of Swiss Life. This is chiefly thanks to our MILESTONE revitalisation programme, where strong progress was made in all the strategic thrusts.

For example, Swiss Life increased its share of modern products and risk products in new business from 64 to 69%, which means we have already almost achieved our medium-term goal of 70%.

I am also proud of what we achieved last year in the area of margin management. Our new business margin came to 1.4% for 2010, a rise of 0.5 percentage points over the previous year. This enabled us to more than offset the negative impact of the historically low interest rates and the weak euro.

In addition, we increased the value of new business by 70% to 209 million Swiss francs. The intensive work on our new business margin and on the value of new business will have a sustainable positive impact on the Group. Nevertheless, there

is still a long way to go if we are to achieve our goal of 2.2% for the new business margin by 2012.

Turning to the cost side, we have already achieved savings of 311 million Swiss francs by the end of 2010, compared with the base year 2008. This corresponds to a target achievement rate of over 75% on the cost reduction target of 350 million to 400 million Swiss francs for 2012. In the past year alone, we succeeded in reducing costs by 121 million Swiss francs.

More than 80% of the improvements in the results for last year are due to operational progress.

Ladies and Gentlemen, our achievements in 2010 represent an excellent springboard for the coming years.

We are still not quite where we want to be, however. With MILESTONE we have set ourselves clear targets for 2012, and we continue to work systematically towards achieving them. “Hard work” remains our recipe for success.

We will achieve further operational improvements in 2011 – primarily by keeping a sharp focus on the disciplined execution of MILESTONE. This should be reflected in particular in a further improvement in the new business margin and greater

cost efficiency. Today I can confirm the Group's targets for 2012:

1. We want to achieve a new business margin of at least 2.2%
2. The share of modern and risk products in new business should be over 70%
3. We would like Swiss Life products to represent a 20 to 25% share of the products placed by AWD in the categories relevant to us
4. We want to lower our cost base by 350 to 400 million Swiss francs from the 2008 level
5. We want a return on equity of between 10 and 12%, combined with a dividend payout ratio of 20 to 40%
6. And finally, we want to continue to comply comfortably with the SST requirements.

The key to accomplishing all this remains the same: the disciplined execution of our ambitions, plans and specific measures.

We are satisfied with the way we have started 2011. In our statement for the first quarter released yesterday, we were able to announce further operational advances – even with premium development in which profitability is put before

growth. The main drivers here are the positive margin development, further improvements in the product mix and ongoing cost savings. The investment result is another reason for optimism – performance over the first three months exceeded our expectations. We are confident that we will be able to maintain these positive trends during the current financial year.

It goes without saying that we are already exploring our options for the period after 2012. We are working on medium- and long-term plans to keep us moving in the right direction.

Innovations in our range of products and services, broader customer access and even more consistent customer centricity will certainly provide us with great opportunities in which to develop further.

We also intend to put a stronger emphasis again on growth in the years to come, even though profitability remains our top priority.

We are certain that Swiss Life is well equipped and well positioned to be successful in the growing market for risk, life and pensions solutions. And to develop new customer

segments and markets going beyond its current sphere of activity.

I would like to take this opportunity today to speak about two topics which are the subject of repeated debate concerning Swiss Life. One is AWD and the other is the global business with high net worth individuals.

AWD has triggered huge media interest, particularly in recent months. This centres on legal cases in Germany, which are approaching the end of the statute of limitations. The surrounding debate has nothing to do with the AWD of today. Of course we examine carefully every individual case of alleged negligent advice. We believe the allegations of “the systematic provision of misleading advice” to be unfounded. This has been confirmed by all the court rulings to date.

Unfortunately the picture conveyed in the media and the reality which our AWD teams experience in the market are worlds apart. It is often forgotten that AWD has developed very well over the last two years – both in relation to earning power and in the context of customer appreciation. Recent customer satisfaction surveys in Germany and Switzerland in particular testify to the good quality of the advice provided by AWD advisors. Furthermore, AWD has been working with renowned



product partners and highly regarded competitors such as Allianz, AXA, Generali or Talanx for years. They are all convinced of the quality of the advisory services AWD provides.

The figures in the 2010 annual report confirm the progress made. The achievements of our colleagues at AWD deserve our respect. We consider our key task to be to consistently drive this development in order to further expand on AWD's strong market position.

AWD plays a vital role in the implementation of Swiss Life's strategy. The company generates income from its advisory and brokerage activities, which contributes to the diversification of sources of income at the Swiss Life Group. AWD provides additional distribution capacity for Swiss Life in Germany and supplements the strong agency distribution network in Switzerland. Furthermore, as a major distribution channel, AWD supports Swiss Life in shifting its focus from traditional products to modern and risk products. There is also successful and fruitful cooperation in the context of product development. What is more, AWD enables Swiss Life to access new markets and segments.

We should be proud to have such a powerful, modern distribution company in our ranks.

Another topic which comes under media scrutiny from time to time is our business with high net worth individuals. Here we are accused of encouraging tax evasion. My response to this: We don't want any undeclared money and will do all we can to avoid being misused for the purpose of tax evasion. Anyway, we have no need of this money; after all, our solutions provide a number of different benefits for customers.

Benefits which can only be realised when the funds brought in are declared. For example:

- in asset and investment protection and optimisation of the net income of underlying investments

- in cross-generational comprehensive wealth planning or estate planning

- in asset protection and optimisation of their net investment income

- in the coverage of biometric risks

in the fact that our solutions offer a high degree of flexibility.

Our products fully comply with legal and fiscal obligations in all countries and are subject to appropriate supervision. We require all those who express an interest to sign a written statement regarding their declaration and tax obligations. Our internal control system is strict. If customers indicate their intention to invest untaxed money, no transaction takes place.

It will never be possible to guarantee that a customer is entirely truthful. The risk of cases of tax evasion therefore cannot be completely ruled out. The double taxation agreements have been redrafted in such a way that Switzerland is obliged to provide administrative assistance in cases of reasonable suspicion of tax evasion. We meet the standards with our absolute transparency and strict internal processes, while at the same time protecting the customer's private sphere.

Ladies and Gentlemen, let me now finish by looking forward with you to the coming years.

With MILESTONE we have set the course for profitable growth at Swiss Life. Our MILESTONE objectives are a stepping

stone on the way to turning our ambitions into reality. In this and the coming year the work connected with this will demand our full attention.

What does the coming decade look like for the insurance industry? How will we prepare ourselves as Swiss Life for the challenges and opportunities that lie ahead?

Of course, I'm not in the position to predict the future. However, let me present five trends that I believe we will have to deal with in the coming decade and for which we at Swiss Life are already preparing.

**Firstly, the regulatory changes which impact the value proposition on all levels**

Regulators and consumer protection bodies will have more influence on our work than ever before. In particular, questions regarding solvency have an enormous impact on prices and also on our entrepreneurial freedom. On the one hand, due to the Swiss Solvency Test or SST. On the other, in Europe with the discussions surrounding Solvency II. Even if we meet the criteria for both regimes without any difficulty: for us this means that we continue where we have already made huge progress with MILESTONE: strengthening the balance sheet and maintaining financial flexibility – whilst at the same time

further enhancing our risk management. In connection with increasing consumer protection, it must be said that we have to further increase the transparency of our products and services for our customers. This will become increasingly important if we are to attract and excite customers with the services we provide.

**Secondly, operational excellence is an inevitable prerequisite for participating in the game**

We have no option: only those who are operationally fit will be successful in this hard-fought market. We will therefore do everything in our power to further improve our productivity. The most important challenge for us all, however, will be to establish a culture of continuous quality and efficiency improvement at Swiss Life.

**Thirdly, new value propositions and innovative solutions will be one of the main keys to market success**

We are working on new products in all units. The switch from traditional to modern and risk products is still a fundamental issue. In Switzerland, for example, we are changing over to a full-range strategy in BVG business. In addition, we are expanding our advisory services to be relevant to customers throughout their lives.

### **Fourthly, improved customer access will determine future growth**

We are further expanding our multichannel strategy through banks, brokers, independent financial advisors and the internet. AWD remains key here, allowing us access to new segments and markets.

### **Last but not least, trust and reputation are the foundation of every transaction**

We all know how important reputation and trust are for our business. Strong customer relationships in all market units are a clear sign that we have made significant progress in this area over recent years. But it would be fatal to rest on our laurels. In future, only those companies which, on the basis of healthy financial reserves, earn the confidence of their customers, employees and investors and know how to meaningfully implement innovation and change will be successful. Trust and a good reputation are only gained as a result of performance and security. Both played a crucial role in the history of our company. And this will be the case in the future too.

Dear shareholders, our claim, “The future starts here”, represents everything that we as Swiss Life want to stand for. It expresses our ambition to do everything we can to ensure a

secure future. For our customers, our employees and our shareholders. We also accept our socio-political responsibility. Through our work we make an essential contribution to people's financial security and independence. This not only makes good sense, it is actually enormously important for society. Global demand for the type of private life and pensions solutions we offer is growing – as a result of demographic developments but also due to the dwindling financial strength of many countries and their governments, which will have a negative impact on national social insurance and employee benefit institutions.

I would like to thank you for enabling my management team, Swiss Life employees and me to take advantage of the opportunities in the life and pensions market and to create value for our stakeholders.

Thank you for placing your confidence in us.