Annual General Meeting of Swiss Life Holding Ltd

Zurich, 5 May 2011

Rolf Dörig

Chairman of the Board of Directors

(The German spoken text is definitive)

Dear Shareholders

Thank you for taking the time to come and hear first hand about Swiss Life's 2010 business operations. On behalf of the Board of Directors and the Corporate Executive Board, I would like to welcome you to this year’s general meeting of shareholders.

Ladies and gentlemen, 2010 proved a very successful year for Swiss Life. The results speak for themselves and confirm that we have made substantial progress on the path towards profitable growth.

Let me pick out some key facts and figures. Swiss Life was able to more than double net profit at 560 million Swiss francs and to improve its result from operations by 23% compared with the previous year, to 694 million Swiss francs.

Improvements at operational level, disciplined cost and margin management and a strong investment performance all contributed to this very good outcome. Furthermore, with a continued emphasis on profitable growth, we are growing in all key markets. Our Group solvency ratio climbed 8% to 172%. With our internal model, we are able to comfortably meet the requirements of the Swiss Solvency Test. And equity rose by 3% in 2010 to 7.4 billion Swiss francs. In other words, we enjoy a solid capital base. As a result of the good course of last year, the Board of Directors is proposing a distribution of profit in the form of a repayment of par value amounting to 4.50 Swiss francs per share, almost double the previous year's figure.

The 2010 results are proof that we have set the right strategic course for Swiss Life. Since the financial crisis in 2008, we have once again been steadily expanding our entrepreneurial scope as a Group. The disciplined and systematic execution of our plans is having its effect. Of course, we on the Board of Directors and the Corporate Executive Board are delighted with the good result. But we are also aware that the figures are no more than an initial stage victory – however important – on the way to our 2012 targets.

The key to success is to further improve our competitiveness in all key areas and thus achieve profitable growth on a sustainable basis. The fact that we are able to report on significant operational advances today says a lot about the hard work of our employees and the trust of our customers. So I would like to take this opportunity to thank our employees for their engagement and our customers for their loyalty.

Following my opening remarks, Group CEO Bruno Pfister will go into the course of business in 2010 in more detail.

Ladies and gentlemen,

Swiss Life is facing great opportunities in the life and pensions market. The most important trends in this connection remain unchanged: Firstly, people are living longer. And secondly, countries are increasingly unable to finance the state pension systems to support their citizens' standard of living after retirement. Life and pensions solutions are accordingly becoming ever more important, with private solutions being needed to plug the gaps in cover. This is where we excel, and where we can build on our position as Swiss Life. It is our ambition to become a leading international specialist for risk, life and pensions solutions. We are committed to helping people create a financially secure future. For life. This is not just a promise to our customers. It is also an immense corporate commitment, and at the same time an opportunity which we intend to make the most of.

Swiss Life has made great progress in the last 10 years – thanks also to its excellent and highly engaged employees. When I say great progress, I am thinking about the following areas, but not only:

Efficiency / product innovation / risk and investment management / quality of advisory services / costs / management style / balance sheet management and
above all earning power.

This was also a reason why Swiss Life came through the financial crisis reasonably well and without any outside help or additional capital. Yet the repercussions of the financial crisis are still being felt. That's obvious. The relatively low share prices of life insurance companies in particular have two causes. One is the continuation of historically low interest rates. This dulls the appetite for pension products and makes it very difficult to generate attractive investment returns without taking on excessive risk. The second reason is the continuing uncertainty regarding the new solvency rules for these companies. In Switzerland, this means the Swiss Solvency

Test (the SST) and, in Europe, Solvency II. As shareholders, you’ll no doubt agree with me: because investors do not like uncertainty.

What we are advocating is that the SST be configured in a way that it strengthens and not weakens the Swiss insurance industry. <u>In principle</u>, Swiss Life welcomes the introduction of the SST. Compared to the previous rules under Solvency I, it definitely represents progress. It is more comprehensive and more explicit on how to assess a company's risk capacity.

So far, so good.

However, there are developments in this connection which are giving us cause for concern as private life insurers. At the moment our solvency rules in Switzerland are considerably stricter than those in the EU. I’m not saying that stricter rules are a bad thing as such. But at the moment they put insurance companies domiciled in Switzerland at a disadvantage. And excessive deviations between solvency systems will significantly weaken Switzerland as a financial centre over the long term, relative to other countries. What's more, the Solvency II regulations will not take effect in the EU until 2013 at the earliest. But probably even later, given the heated debates going on in Germany and France, for example.

We can simply not allow ourselves to be placed at a disadvantage against our EU competitors. Nor can we leave the configuration of the SST in Switzerland to highly qualified actuaries alone. Decisions on how the solvency regulations should be applied are a political issue since they affect national and economic interests. This has long been recognised within the EU, where solvency policy is a governmental matter. Not so in Switzerland. And that needs to change. It's high time that politicians were also actively involved in discussions on the configuration of the SST. Not just in the interests of our customers and you, our shareholders. But also in the interests of the Swiss financial centre and of a <u>strong Swiss insurance industry, which is of vital socio-political importance to our country as well</u>.

However, we need to bear the following in mind: Tougher regulations do not automatically mean a more secure system. For instance, if you wanted to get absolute security in aviation, you would need to ground all the planes. Is that really the idea? Hardly. Exaggerated regulation can not only undermine competitiveness. It also means that private insurance companies may stop offering guarantees to their insured persons because it is no longer economically viable for them to do so.

This is what we have to resist. After all, private insurers like Swiss Life also have an important socio-political responsibility. Our solutions offer our clients protection for such risks as death, disability and longevity. If we stop offering this possibility, these risks will not just vanish from the system. Instead they will increasingly have to be borne by the individuals. Even by those who are completely unable to do so. The result would be more social costs and problems, which would ultimately have to be resolved by the public as a whole. That is, by the taxpayers.

Financial market supervision is therefore hugely important. The supervisory authority in Switzerland is also legally bound to safeguard the proper functioning of the financial market and to help to enhance the competitiveness of the Swiss financial centre. It must never lose sight of this. None of us should. At Swiss Life, we consider it our duty to act in our customers’ and shareholders’ interests to ensure that Switzerland has the right framework conditions in the future too.

Ladies and gentlemen,

One of the key roles of the Board of Directors is to determine the company’s compensation policy. We set out our compensation policy in detail in the compensation report, which forms part of the annual report. As at the General Meetings of the last two years, we are again submitting the compensation report under agenda item 1.2 separately for your vote.

I would now like to present the key elements of our compensation policy in brief.

The Swiss Life Group's compensation policy underpins the corporate strategy. As an integral part of our HR policy, it aims to retain well-qualified employees and gain new, highly skilled staff. The overall compensation takes employees' professional skills, responsibility and personal performance into account. It is made up of a basic salary, a variable bonus based on achievement of the annual objectives – which is generally paid in cash and possibly in shares. There is also a deferred long-term salary component, known as the equity compensation plan, as well as contributions to occupational provisions and risk insurance.

The salary is determined according to the employee's function and skill set, and is annually reassessed and adjusted if appropriate. Salary comparison studies and recognised job evaluation systems are used to check appropriateness and to ensure internal and external comparability. The variable salary components are linked to the strategic objectives of the Group and the individual divisions, and the associated financial and HR-related targets.

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 Nomination and Compensation Committee is responsible for putting forward appropriate proposals.

The Board of Directors also establishes the guidelines for the company's compensation policy and sets the level and distribution of the variable compensation pool for all employees on this basis and on a proposal by the Nomination and Compensation Committee.

The cash bonus for the financial year concerned is based on the corporate result for the Swiss Life Group and the actual performance of individuals and teams. The corporate result is measured on the basis of specific Group objectives. These include the annual profit, costs, business volume, return on equity and solvency. The profitability of new and in-force business is also taken into account, as well as margin performance.

At Corporate Executive Board level, 60% of the bonus depends directly on the corporate result. 40% of the bonus is based on the Corporate Executive Board members’ achievement of specified personal goals. Each Corporate Executive Board member has to meet personal quantitative objectives contributing to the company’s success in relation to his division. In addition, the personal goals cover qualitative aspects – namely project targets, risk management and compliance goals – as well as requirements relating to leadership and to supporting and further developing the corporate culture.

The cash bonus is set at a maximum of 35% of total compensation and requires that all objectives have been considerably exceeded. In line with current best practice requirements, the level of the bonus is therefore limited from the outset: that is, there's a bonus cap.

In this connection I should stress that the quantitative objectives relating to variable compensation for those persons within the Swiss Life Group who are responsible for risk management and risk control are set in such a way that performance is not directly linked to the result of the business unit monitored.

An equity compensation plan, as mentioned above, exists as a long-term salary component within the framework of the compensation arrangements for members of the Corporate Executive Board and other senior management members of Swiss Life, who are determined by the Corporate Executive Board with the approval of the Nomination and Compensation Committee. Based on this plan, participants are granted future share subscription rights in the form of Performance Share Units, or PSUs for short. These subscription rights entitle them to receive Swiss Life Holding shares free of charge after a period of three years has elapsed, provided that the prerequisites under the plan have been satisfied at that point. The granting of this compensation component is in any case deferred for three years from the date of allocation and thus considers developments in the meantime.

In connection with circular 2010/1 of the Swiss Financial Market Supervisory Authority FINMA on compensation systems which came into force on 1 January 2010, the Board of Directors as a whole has reviewed the compensation policy and, as a result, updated and simplified the parameters of the equity compensation plan with effect from 2011. From 2011, the participants in the equity participation plan will be allocated Restricted Share Units (RSUs) instead of PSUs. As with PSUs, RSUs grant the holder future subscription rights, entitling them to receive Swiss Life Holding shares free of charge after a three-year period has elapsed. The former additional performance leverage is no longer applied, meaning that the attribution of shares after the expiry of the three-year deferral period is effected on a one-to-one basis. The RSU plan also provides for adjustment and reclaiming mechanisms (clawback). These are applied if annual results had to be subsequently corrected or inappropriate actions lead to an adverse result.

Dear shareholders,

I hope my explanation here has given you a slightly better understanding of the principles underlying our compensation arrangements and that I have shown you that the Swiss Life Group has a modern and reasonable compensation policy.

Dear shareholders, the financial crisis has left its mark. Trust in the company and its managers will become even more important in the future. This is of particular importance to Swiss Life, because our business contributes, in the markets we serve, to social systems which have to sustain the financial security of the people who live there. It is this security which Swiss Life has stood for, for more than 150 years. This long tradition obliges us to face the challenges presented by the difficult conditions of the life and pensions market responsibly, and with a view to the long term.

I would like to take this opportunity to thank you on behalf of the Board of Directors and the Corporate Executive Board for supporting Swiss Life in fulfilling its important responsibilities in the European life and pensions market.

And now I will hand over to Bruno Pfister, Group CEO.