Swiss Life

Rentenanstalt

REVIEW OF OPERATIONS 2002

SWISS LIFE GROUP REVIEW OF OPERATIONS 2002

Key Figures

Group In CHF million (unless indicated otherwise)	**2002**	2001 (restated)	+/– %
Gross written premiums, policy fees and deposits under policyholder investment contracts	**19 473**	19 980	– 2.5
of which Life	***18 401***	*19 025*	*– 3.3*
of which Non-Life	***1 072***	*955*	*+ 12.3*
of which Core	***16 377***	*16 616*	*– 1.4*
of which Non-Core	***3 096***	*3 364*	*– 8.0*
Gross written premiums and policy fees	**15 757**	15 630	+ 0.8
Net earned premiums and policy fees	**15 265**	15 129	+ 0.9
Net investment income including net trading income	**7 017**	5 912	+ 18.7
Net realised and unrealised gains/losses	**– 2 304**	– 141	–
Operating result	**3 455**	3 600	– 4.0
Operating result adjusted for one-off impacts	**2 716**	2 928	– 7.2
Gross result	**– 788**	80	–
Net result before tax and minority interests	**– 1 847**	– 103	–
Net result	**– 1 694**	– 115	–
Assets under management	**183 233**	194 224	– 5.7
of which Core	***126 415***	*136 834*	*– 7.6*
of which Non-Core	***56 818***	*57 390*	*– 1.0*
Equity	**4 170**	4 982	– 16.3
Core capital	**7 540**	7 744	– 2.6
Number of employees	**11 541**	12 265	– 5.9
of which Core	***7 244***	*7 672*	*– 5.8*
of which Non-Core	***4 317***	*4 598*	*– 6.0*

Review of Operations 2002

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Letter from the Chairman of the Board of Directors

The Swiss Life Group reported a loss of CHF 1.7 billion for 2002, mainly due to a disappointing financial result and extraordinary write-downs. Through its strategic realignment, conversion to a holding structure, changes in senior management and a capital increase the enterprise has created a good framework for the future.

Dear Shareholders, Clients
and Members of Staff

Crisis as an opportunity: this is something of a cliché these days, but we have lived through just such an episode in a dramatic fashion in 2002. It is an experience that has left its mark. We forthrightly acknowledged the errors that occurred and worked hard to help rectify them.

The Swiss Life Group reported a loss of CHF 1.7 billion for 2002. The year under review witnessed a disappointing financial result (because the reduction of our equity exposure, which was undertaken to safeguard the capital base, necessarily involved the realisation of losses), together with a negative result for our business in Switzerland (where falling interest rates caused a further deterioration in underlying conditions) and extraordinary write-downs. In spite of this loss, the enterprise has an adequate capital base. Compared to the previous year, gross written premiums fell by 3% to CHF 19.5 billion. Operating expenses fell by 4% to CHF 3.5 billion. In view of the overall negative result, the Board of Directors will ask the General Meeting of Shareholders to forgo a dividend.

We have drawn lessons and have reset our course for the future by defining a new strategy and making changes to the top management. The new holding structure gives the Swiss Life Group an opportunity to accommodate all its participations efficiently under one roof. Thanks to the capital increase we now have sufficient equity available to implement our new strategic realignment even in today's challenging environment.

In the wide-ranging debate surrounding occupational provisions in Switzerland, which began last year and is by no means over yet, we campaigned resolutely for parameters to be set in this area that correspond to economic and demographic realities. In doing so we attracted criticism from many quarters. However, the latest developments, such as providers abandoning this line of business altogether and autonomous pension funds facing a shortfall, illustrate the importance of not overburdening the system and of only making promises to the workforce that can be kept. The measures required to guarantee a secure system of occupational benefits may not be popular, but they are urgently needed.

The two accounting errors and the LTS investment company for members of the former Corporate Executive Board damaged the Group's reputation in a manner that far exceeded their material importance. The Board of Directors and the Corporate Executive Board have drawn the necessary conclusions. The changes made to the management team, the division of responsibilities between Chief Financial Officer and Chief Investment Officer, the improvements to quality management and reinforcement of staff on the financial side of the business, as well as more detailed reporting, all serve to underscore the efforts being made with regard to corporate governance and transparency.

It is especially important to me in difficult times like these to thank our members of staff for their commitment. Despite the gruelling circumstances and the criticism levelled at our enterprise, their commitment and dedication have played a role in the Swiss Life Group's realignment. I would like to address particular words of thanks to all those shareholders who are convinced that our company is a successful one and who underlined this by participating in the capital increase. I would also especially like to thank our customers, whose loyalty represents our capital for the future. And I would personally like to express my gratitude to my colleagues of many years on the Board of Directors who will be stepping down along with me or who have already done so in the course of the past year. In recent years we worked together for the company in a difficult environment.

Naturally, I would have preferred to have been able to present a better picture in my final year as Chairman of the Board of Directors. Nevertheless I am confident that we have now set the right course for the future and laid the groundwork for creating new opportunities. I wish all of you who bear responsibility for our enterprise, both today and in future, the necessary strength and wisdom to live up to the confidence and trust that has been placed in you.

Andres F. Leuenberger
Chairman of the Board


Bruno Pfister Martin Senn


René van der Smeede


Michael Koller


Rolf Dörig


Paul Müller


Reto Himmel

Letter from the Chief Executive Officer

Despite the negative result, there were definitely positive aspects to 2002, which has emerged as a watershed year. With our decision to concentrate on core business and the measures introduced to boost efficiency we have set out in the right direction. However, considerable effort is still required if we are to achieve enduring success with our ambitious goals in this challenging market environment.

Dear Shareholders, Clients
and Members of Staff

You may well have asked yourselves why I accepted the position of Swiss Life Group CEO at the start of November 2002. My motives were essentially a combination of a realistic assessment and evaluation of the opportunities and risks, a belief in both the company's soundness and its potential, and professional ambition and confidence in my own abilities, as well as my confidence in a new Corporate Executive Board and the many existing teams throughout the enterprise which were already functioning well.

The Swiss Life Group is situated at the focal point of politics and the economy, which I view as both a challenge and an obligation. We operate in a very special kind of business by virtue of our services, making a significant contribution towards enabling a large number of people to safeguard their own future. However, the terms of reference have changed dramatically within a very short space of time. In the 1990s policyholders and shareholders benefited from the high returns on investments. The slump in equity markets and the historically low interest rates led to a marked reduction in capital adequacy levels throughout the industry. We have adapted our strategy in line with this changed environment. It is based on five cornerstones:

- concentration on core business
- streamlined structure
- operational excellence
- financial strength
- performance culture

We are concentrating on life insurance and pensions and aim to be one of the leading companies in Europe in this sector. We are therefore focusing on those regional markets which promise attractive growth and where we have a strong market position that can be built upon.

We have simplified our management structure and reduced organisational complexity. The management model is closely aligned with the value chain. The resulting functional organisation is reflected in the division of responsibilities both at Corporate Executive Board level and in the core markets.

As far as efficiency is concerned, we have made it our goal to lower operating costs by CHF 515 million by 2004, compared to their 2001 level. In 2002 we already managed to make savings amounting to CHF 212 million, which is more than 40% of our goal.

With the capital increase at the end of 2002 the Swiss Life Group raised additional equity of CHF 1.1 billion (gross), giving the Group greater leeway to pursue its new strategic direction and allowing it to carry out the planned divestments without being pressed for time.

In order to promote a performance culture we are establishing a system of binding financial and functional objectives. These will be complemented by appropriate tools for measuring the achievement of targets and detecting any deviations at an early stage.

Taken as a whole, these measures will make us a harder-hitting, higher-quality and more efficient organisation. They establish a foundation that will enable us to continue to improve our products and services for customers, offer added value to our shareholders and open up interesting prospects for our employees.

2003 will be another difficult year for the insurance industry in general as well as the Swiss Life Group. I am convinced, however, that with our abilities, dedication, staying power and above all, team spirit, we will put ourselves firmly back on the road to success, step by step. Together with my colleagues on the Corporate Executive Board, and with our employees' support, I will do everything in my power to allow us to make clear and unmistakable progress in 2003.

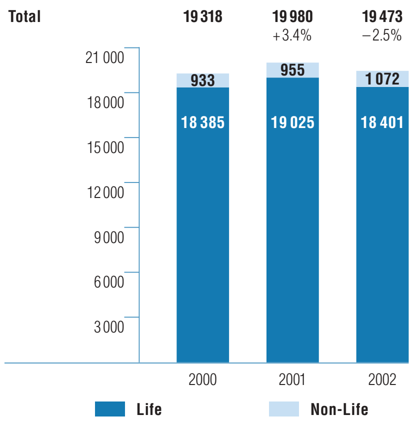
Rolf Dörig
Chief Executive Officer

The Swiss Life Group reported a loss of CHF 1.7 billion for 2002 (after a loss of CHF 115 million in 2001). The poor result primarily stems from declines in the value of shares held and losses realised during the reduction of the equity exposure in the investment portfolio (net CHF 800 million), as well as extraordinary write-downs of goodwill (CHF 832 million). Gross premium volume declined 3% from the previous year to CHF 19.5 billion. Operating expenses were brought down by CHF 145 million. With equity totalling CHF 4.2 billion, the Swiss Life Group has sufficient resources at its disposal to pursue its new strategic direction.

The 3% decline in gross premiums in 2002 to CHF 19.5 billion was principally caused by the markedly lower demand for unit-linked products (deposits under policyholder investment contracts), which fell by 17%. In pure insurance business, premiums remained at the level of the previous year in the life segment, while increasing by 12% in the non-life segment. The improvement in non-life resulted from the transfer of the health insurance business from Swiss Life/Rentenanstalt to «La Suisse» and the corresponding reclassification in the non-life sector. 1

1 **Gross premiums**

in CHF million

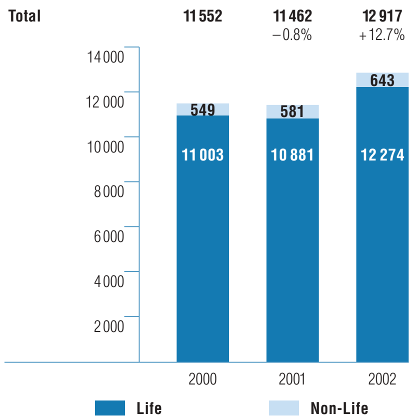


Steep rise in disability benefits

Insurance benefits increased by 13% to CHF 12.9 billion. Apart from those benefits not subject to individual influence (expiration of policies, together with job changes and dismissals affecting group contracts) there was a pronounced increase in disability benefits and in surrenders, due to economic trends. The outlay on bonuses and participation in surplus was around 50% lower at CHF 340 million. In comparison with the previous years, the amount reserved for payment of future bonuses shrank by 14% to CHF 4.4 billion. 2

2 **Insurance benefits paid**

in CHF million



Negative financial result

The financial result declined to CHF 4.7 billion, a drop of 18% from the previous year's level. Interest and dividend income contracted slightly to CHF 5.5 billion, a decline of 2%. Realised and unrealised net losses came to CHF 2.3 billion (previous year's loss CHF 141 million). Adjusted for hedging transactions, the profit from which has been included in trading income, realised and unrealised net losses amounted to CHF 800 million. It should be pointed out that the figure for net losses also includes capital gains of CHF 330 million from the sale of participations in the hedge fund sector.

Costs reduced considerably

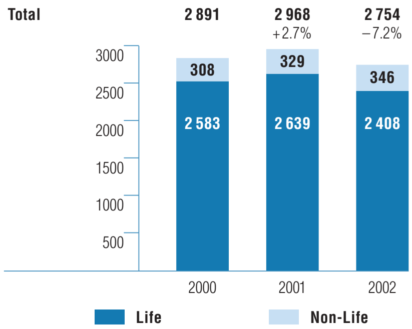
Operating expenses were reduced by CHF 145 million to CHF 3.5 billion as a direct result of the cost-cutting programme which has been introduced. In the insurance business, operating expenses fell by 7% to CHF 2.7 billion. 3 CHF 212 million of the total of CHF 515 million in economies targeted for 2004 have already been achieved in 2002, i.e. over 40%. Amortisation of goodwill stood at CHF 1.1 billion, of which CHF 832 million consisted of extraordinary write-downs (Banca del Gottardo: CHF 745 million; Schweizerische Treuhandgesellschaft: CHF 87 million).

Core capital is sound

With the measures taken to strengthen the core capital in the fourth quarter of 2002 the Swiss Life Group raised additional equity totalling CHF 1.1 billion, gross. As of 31 December 2002 total equity amounted to CHF 4.2 billion. The Group therefore has sufficient resources available in order to fully pursue its new strategic direction. The Group's core capital fell only slightly in the course of the year under review from CHF 7.7 billion to CHF 7.5 billion. 4

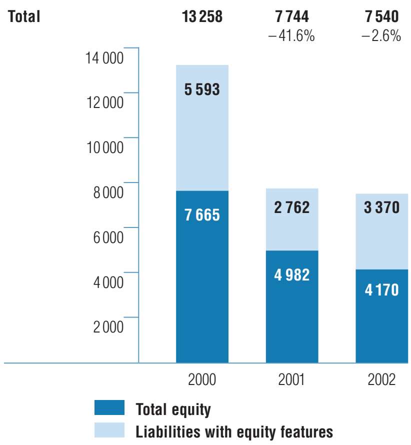
3 **Operating expenses (insurance business)**

in CHF million



4 **Total core capital as of 31.12.**

in CHF million



Distinct decline in assets under management for third parties

Assets under management totalled CHF 183.2 billion on 31 December 2002. This corresponds to a decline of 5.7% compared with the previous year, and is mainly attributable to the lower level of assets managed on behalf of third parties. 5

The concept of assets under management has been redefined. They are now taken to comprise:

- on-balance-sheet investments and cash and cash equivalents
- on-balance-sheet separate account (unit-linked) assets
- assets managed for third parties by the Group
- minus insurance assets managed by third parties and alternative investments managed by third parties

Staff reductions underway

The number of employees as of 31 December 2002 corresponded to 11 541 full-time equivalents. 6 This represents a reduction of 6% compared with the preceding year, distributed as follows:

Switzerland (Swiss Life/Rentenanstalt)	149
France	68
Germany	70
Netherlands	72
Belgium/Luxembourg	45
Private Banking	314
Investment Management	67

Other (non-core): Increase of 61 FTEs

All staff numbers are based on full-time equivalents.

Restructured presentation of accounts

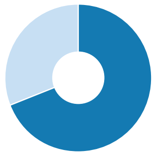
Results are reported in line with the new strategic orientation and reflect the following segmentation: life, core; life, non-core; non-life, private banking and investment management. Figures for the preceding year have been adjusted accordingly. The Financial Statements contain the following accounts:

- Consolidated Financial Statements Swiss Life Group in accordance with IAS (International Accounting Standards)/IFRS (International Financial Reporting Standards)
- Financial Statements Swiss Life Holding for the period 17 September 2002 to 31 December 2002
- Financial Statements Swiss Life/Rentenanstalt with its branches in France, Germany, the Netherlands and Belgium, based on local legal and regulatory accounting standards (basis for reporting to the Federal Office of Private Insurance).

5 Assets under management as of 31.12.2002

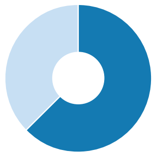
in CHF million

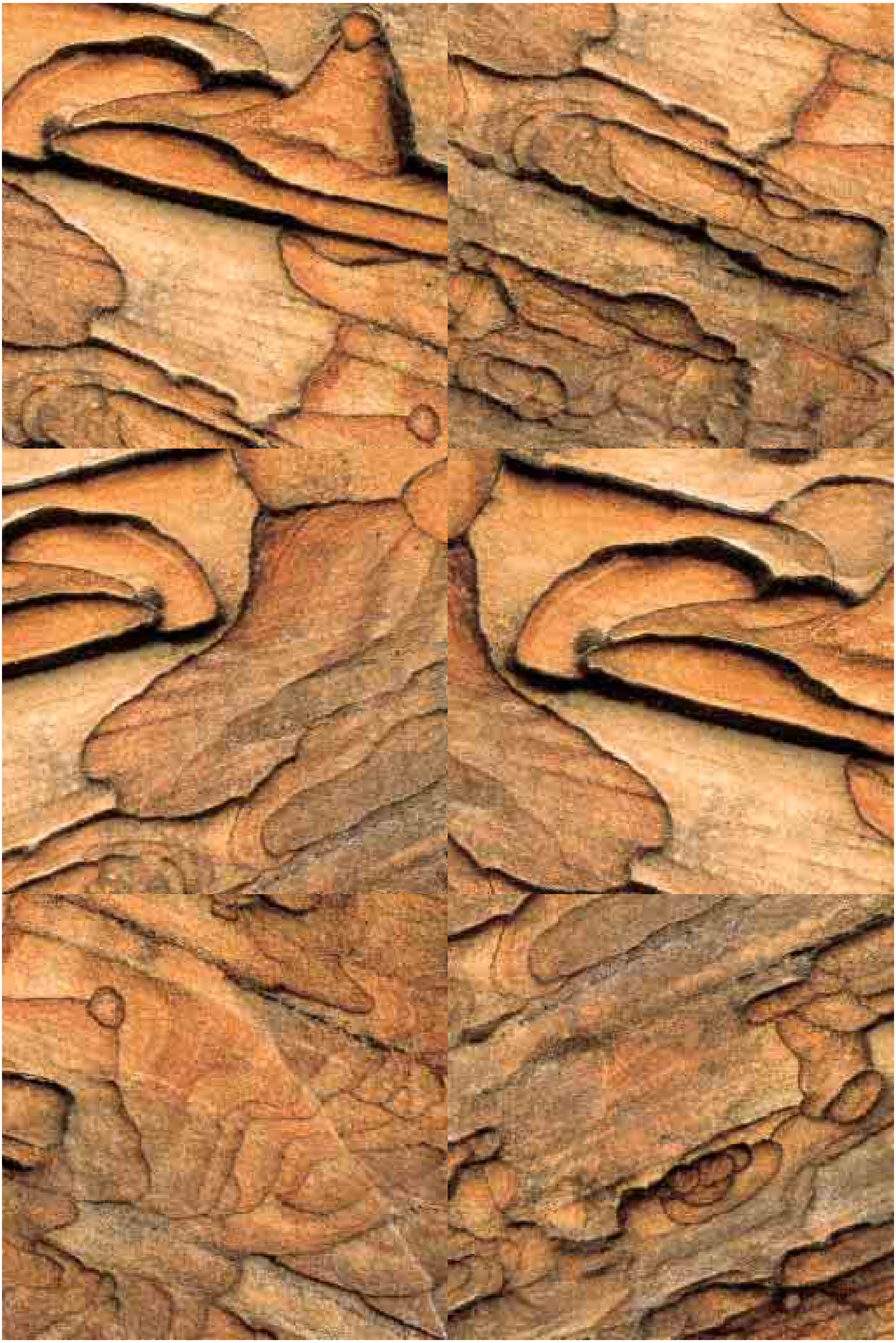
126 415	Core
56 818	Non-Core
183 233	Total



6 Number of employees as of 31.12.2002

7 224	Core
4 317	Non-Core
11 541	Total





New Strategic Direction

The Swiss Life Group is focusing on its traditional strengths in the life insurance and pensions business. It aims to be one of the leading players in Europe in this sector and will therefore concentrate on those regional markets which promise attractive growth and where it has a strong market position. Other important elements of its strategic realignment include a streamlined structure, operational excellence, financial strength and the promotion of a performance-oriented corporate culture. The Swiss Life Group expects its restructuring to be completed by the end of 2004.

The conditions prevalent in the European life insurance sector have changed dramatically within a very short period of time. In the 1990s returns on investments allowed insurers to turn in an attractive performance for both policyholders and shareholders. In the 2001–2002 period a slide in share prices led to a marked reduction in equity levels throughout the industry and, along with historically low interest rates, to a noticeable decline in profit potential. Leaving aside the current developments on the financial markets, the pensions business remains interesting due to demographic changes and the necessity for individuals to supplement their state pensions and benefits through private provisions.

This was the background against which the Swiss Life Group reviewed its strategic direction. The intention was to define a strategy that would contain sustainable promise for policyholders, shareholders and employees alike. This strategy will serve as a basis enabling the Group to continue to offer its customers competitive solutions with the requisite security, to generate a 10% return on equity for shareholders in the medium term and to be seen as an attractive employer of which its employees are proud.

The new strategy has five cornerstones:

- concentration on core business
- streamlined structure
- operational excellence
- financial strength
- performance culture

Concentrating on traditional strengths

The Swiss Life Group will concentrate on its life insurance and pensions business. In view of demographic developments and the increasing importance of private retirement provisions, this is an area which offers attractive prospects for growth and a promising earnings outlook. This will enable the Group to build on its traditional strengths. These strengths include product knowledge and risk expertise, quality of advice and services, established sales networks, advantages of size and a powerful brand.

The Group will concentrate on the core markets of Switzerland, France, Germany, the Netherlands and Belgium / Luxembourg. These are markets which combine the prospect of sustainable, profit-driven growth with a strong existing or potential market position for the Swiss Life Group. The enterprise is the market leader in its domestic market of *Switzerland,* where it has its own efficient sales and distribution system. This particular market is enjoying stable growth in demand. The Swiss Life Group is also actively campaigning within Switzerland to have the conditions governing occupational provisions adjusted in line with economic and demographic realities. A reliable distribution network is also the foundation for success in *France*. Where the prospects for growth are good, thanks to the fact that Swiss Life is able to offer its customers above-average bonuses. The reason for this is that transactions in the past have generated profits which are passed on to policyholders in the form of bonuses, in accordance with contractual obligations. Health insurance has been integrated into life insurance and the organisational links between the two lines of business strengthened, thus allowing additional synergies to be exploited. In *Germany* Swiss Life has attractive growth prospects thanks to its good reputation with its expanding broker channel. In the group insurance business, which is continuing to grow steadily in the German market, Swiss Life is already one of the top ten providers. In addition, the most important competitors have backtracked on bonus promises, thus further improving the market environment. In *the Netherlands* the Swiss Life Group ranks number six in the market. In this expanding market, the company represents an attractive alternative to the local market leaders and has been very successful in establishing brand awareness. In *Belgium and Luxembourg*, whose markets have been placed under joint management, a sound distribution network of brokers and banks provides the foundation for Swiss Life's position as one of the ten largest providers of life insurance and protection products.

These markets also offer the greatest potential for strengthening cooperation and realising synergies within the Group. The market volume in these countries amounted to approx. CHF 300 billion in 2002. The Swiss Life Group's share of the market stood at around 5%. The enterprise thus occupied fifth position in its chosen markets in terms of premium volume.

Multinational enterprises will continue to be provided with comprehensive employee benefit solutions in future through the Swiss Life Network, the world's leading partner network.

The markets in the United Kingdom, Italy and Spain, the non-life business in Belgium and France and the private banking segment, which includes Banca del Gottardo and Schweizerische Treuhandgesellschaft, were not defined as belonging to the core business. The future role in the domestic market of the «La Suisse» subsidiary, active in both life and non-life insurance, is currently under review.

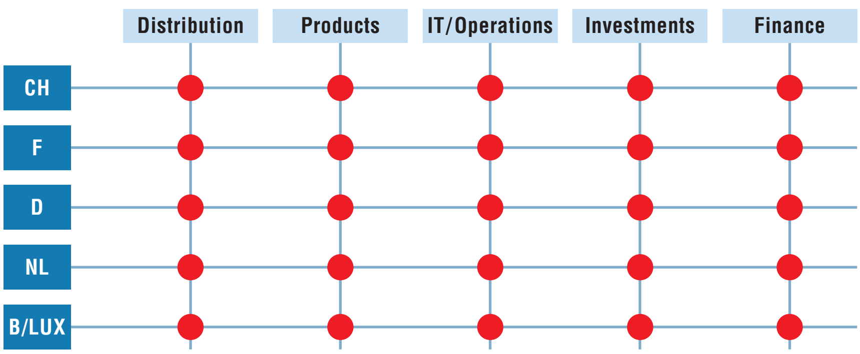
Those activities which have not been classified as core business still represent a significant value to the company, in spite of partly negative results in 2002. A carefully implemented process of divestment over the next two to three years should guarantee that appropriate proceeds are realised from the various sales. In the meantime, these units will continue to be managed with a view to increasing their value.

Streamlined management structure – creating clear responsibilities and reducing complexity

The Swiss Life Group is now organised and run as an integrated enterprise. The management structure has been simplified. The new management model is aligned with the value chain and structured around the five main business functions. The resulting functional organisation is reflected in the division of responsibilities both at Corporate Executive Board level and in the core markets. 1

This management structure, with responsibilities allocated along functional lines and across borders, improves transparency and makes it easier to share knowledge and resources. Functional organisation also enables the company to reduce dupli-

1 Functional organisation reflects the value chain



cation of effort – especially with regard to management and staff functions – and at the same time to maintain a close rapport with customers. The new management structure is, for the most part, already in place in the core markets.

Operational excellence – reducing costs, achieving a balance between risk and return

The business model of the future must be economically viable even without the high capital gains of the 1990s. Product features, for example interest rate promises, must be brought in line with economic and demographic realities.

For this reason the Swiss Life Group reduced the equity exposure in its investment portfolio last year from 16% to less than 2%. The aim is to further keep this exposure in the long-term at a level between 0% and 5%. As a result of the general trends on the international financial markets, the Group anticipates that it will deliver a lower financial result in future than in recent years. In order for its activities to remain profitable under these circumstances efficiency must be increased and product terms must be adjusted to market conditions.

The measures to increase efficiency launched in 2002 should reduce operating costs by CHF 515 million by 2004, compared to 2001. CHF 212 million in savings have already been made during 2002 (adjusted for one-off impacts). These savings are a result of the streamlining of processes and structures, coherent organisation reflecting the value chain and discontinued activities.

The Swiss Life Group has also addressed the need to adjust product terms. From the start of 2003 Swiss Life increased premiums for occupational provisions in Switzerland by an average 13% to counteract the sharp rise in disability benefits and the fact that cost premiums failed to cover expenses. Despite the Federal Council lowering the minimum rate of interest required from 4% to 3.25% with effect from 1 January 2003, given the current interest environment the legal parameters still do not conform to economic and demographic realities. As of 31 March 2003 the minimum interest rate was still around 75 basis points higher than the risk-free rate (10-year Swiss government bonds) and the currently applicable 7.2% conversion rate for pensions is also based on interest rates that are too high and a life expectancy that is too low, making it all the more difficult for this area of business to re-enter the profit zone. Swiss Life is therefore planning further measures, in consultation with the appropriate supervisory authorities, that will allow it to achieve a balance between risk and return in this area of business and continue to make a contribution to a secure system of future provisions in Switzerland.

Financial strength – safeguarding the capital base

With the successful capital increase at the end of 2002 the Swiss Life Group raised CHF 1.1 billion in additional equity, Standard & Poor's subsequently confirmed Swiss Life/Rentenanstalt's single "A" rating, thus sending an important signal at this crucial stage to both policyholders and shareholders. The additional equity gives the Group greater financial leeway in pursuing its new strategic direction, allowing it to carry out the planned divestments without being pressed for time and to exploit growth opportunities in core markets. In order to maintain its financial strength and restrict the impact of international stock market volatility to a manageable degree, the Group noticeably reduced the equity exposure in its investment portfolio.

Performance culture – setting clear targets

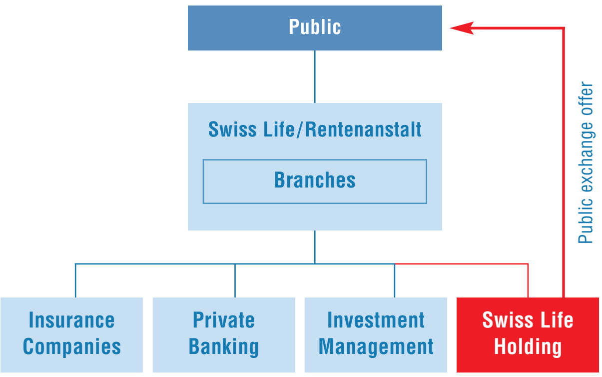
Clear medium-term goals for returns and value creation are the foundation upon which a performance-oriented corporate culture can be built. In the medium term the Swiss Life Group intends to generate a return on equity (under IAS/IFRS) of 10%. Together with the price adjustments which have already been implemented or are planned, the expense ratio for technical reserves is to be reduced from 2.2% in 2002 to 1.6% in 2004 as part of the Swiss Life Group's efforts to improve product margins to 30–45 basis points in 2004. Achieving these targets should allow it to maintain a good rating and achieve a dividend payout ratio of 25–30%. A newly introduced system of performance indicators, more closely attuned to the new strategy, will support the process of managing and monitoring the achievement of these goals.

Conversion to a Holding Company Structure

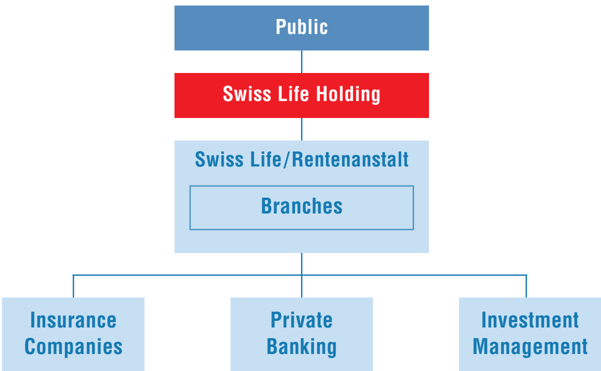
Swiss Life Holding is the new parent company of the Group. The holding structure offers the Swiss Life Group the possibility of accommodating all its participations efficiently under the one roof. The shares of Swiss Life Holding have been listed on the SWX Swiss Exchange since 19 November 2002.

The new holding structure enables the Swiss Life Group to accommodate its participations efficiently under one roof. The Group's flexibility with regard to capital allocation and the funding of individual areas of business, as well as in partnership and cooperation agreements, is increased. Transparency is improved for shareholders and there are advantages when it comes to fiscal planning. Swiss Life/Rentenanstalt shareholders created the formal conditions for the conversion to a holding structure by approving the relevant motions at the Extraordinary General Meeting on 23 October 2002.
To implement this change in structure, Swiss Life/Rentenanstalt set up Swiss Life Holding, with its registered office in Zurich. 1
The Articles of Association of the new company are largely identical to those of the former Swiss Life/Rentenanstalt, although the article stating its purpose has been adapted to accommodate the functions of a holding company. In October 2002 Swiss Life Holding submitted a public offer for the exchange of all Swiss Life/Rentenanstalt shares. This offer allowed shareholders to exchange each Swiss Life/Rentenanstalt share they held for a newly created share in Swiss Life Holding.
By the end of the extension period on 6 November 2002 a total of 10 834 704 Swiss Life/Rentenanstalt registered shares had been tendered to Swiss Life Holding for exchange (92.2% of the 11 747 000 outstanding shares). Swiss Life Holding thus controls 92.2% of the Swiss Life/Rentenanstalt share capital and votes.
With the successful completion of the exchange offer, Swiss Life Holding became the parent company of Swiss Life/Rentenanstalt. 2 The shares of Swiss Life Holding have been listed on the SWX Swiss Exchange since 19 November 2002 (ticker symbol: SLHN).

1 Change in structure



2 Structure from 19 November 2002



Capital Increase

With the successful conclusion of its capital increase, the Swiss Life Group has sufficient equity at its disposal to pursue its realignment to completion. The subscription rights for shares and the mandatory convertible securities, an innovation in the Swiss market, met with high demand. The capital increase raised a total of CHF 1.1 billion in additional equity.

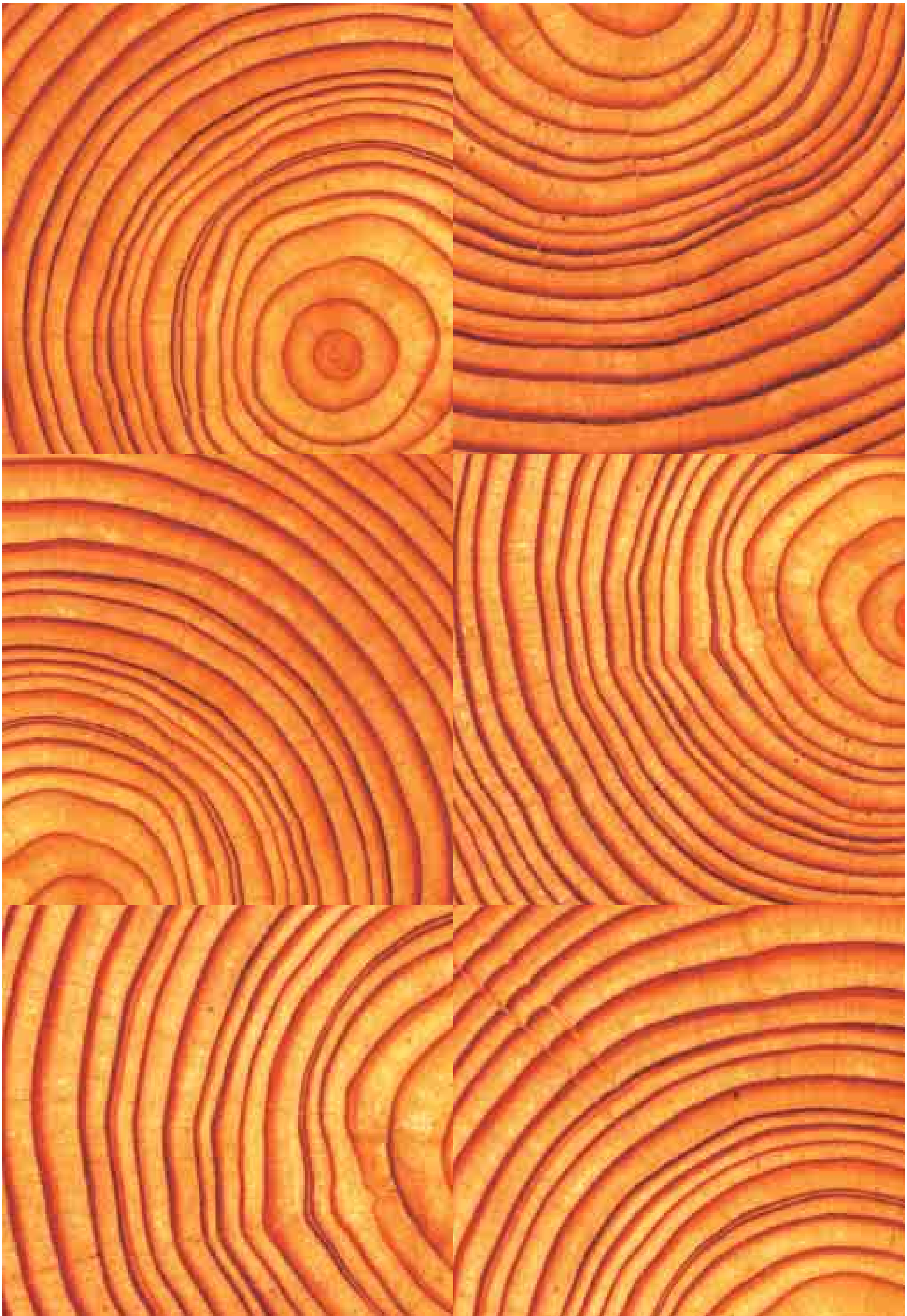
With the successful conclusion of its capital increase in December 2002, Swiss Life Holding raised CHF 1.1 billion in additional equity, thus achieving an important milestone in the implementation of its new corporate strategy. The additional resources will give the Group greater financial leeway during its strategic realignment and allow it to complete its planned divestments without being pressed for time. Swiss Life Holding used two financial instruments to raise new capital, granting subscription rights for new shares and issuing mandatory convertible securities.

New shares

Each registered Swiss Life Holding shareholder was granted negotiable subscription rights which they could either exercise or sell. New shares could be subscribed for on a one-to-one basis, at a price of CHF 79 per share. Swiss Life Holding issued a total of 10 839 704 new registered shares with a par value of CHF 50 per share. This share issue raised a total of CHF 856 million in additional equity for the company.

Convertible bond issue

The issuance of mandatory convertible securities brought in a further CHF 250 million in equity resources. Mandatory convertible securities are a special kind of convertible bond. Units will automatically be converted into Swiss Life Holding shares, on 19 December 2005 at the latest, provided they have not been redeemed by the holder at an earlier date. The mandatory convertible securities thus effectively represent an advance sale of equity. The convertible bonds were initially offered to existing shareholders in the form of non-negotiable advance subscription rights. The consortium of banks responsible for the issue was able to place on the market all those shares not subscribed by shareholders. For the issuer this instrument, which was being used for the first time in Switzerland, has the advantage of carrying an equity feature and enabling the company to participate in future positive trends in the share price.



Operational Risks, Risk Management and Investment Policy

It is a life insurer's job both to assume risks such as old age, death and disability on behalf of its clients and also to generate a return on invested funds. The risks taken on by the company have to be measured and controlled using risk management techniques to ensure that the company's exposure structure matches both its capacity and tolerance for risk. As a rule, the following types of risk can be distinguished: investment risks, underwriting risks, asset and liability management risks and operational risks.

Investment risks

A life insurer's largest quantifiable risks are found on the asset side of its balance sheet. Investment risks are subdivided into market risks, credit risks and liquidity risks. Market risk refers to the risk of changes in the value of securities such as stocks and bonds or of real estate holdings, as well as to fluctuations in foreign exchange rates. Credit risk involves the possibility that a debtor may no longer be able to meet his obligations.

Market risks

The losses resulting from high stock market volatility over the past two years provide a perfect example of market risk. 1 Diversification, quality and the ability to cash in on an investment play a central role in keeping market risk in check. The Swiss Life Group places great importance on a high degree of diversification both in the structure of its investment portfolio (asset allocation) and with regard to individual investments. A major part of the currency risk was hedged during the course of the year.

Credit risks

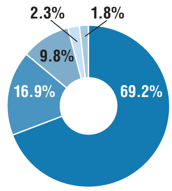
The Swiss Life Group applies very strict guidelines to the risk structure of its bond portfolio, which must be widely diversified and of a very high quality. As of 31 December 2002, 86% of all bond investments had a double "A" rating or higher. A clear majority of bond investments had either a triple "A" rating or consisted of government/treasury bonds. 2

1 Performance	1999	2000	2001	2002
in %				
SMI	+5.7	+7.5	–21.1	**–27.8**
DAX 30	+39.1	–7.5	–19.8	**–43.9**
CAC 40	+51.1	–0.5	–22.0	**–33.8**
Dow Jones Industrial Average	+25.2	–6.2	–7.1	**–16.8**
FTSE 100	+17.8	–10.2	–16.2	**–24.5**

2 Credit rating of bond portfolio 2002

in CHF million

51 050	AAA and government/treasury bonds
12 454	AA
7 244	A
1 722	BBB and lower
1 354	no rating



Liquidity risks

To make sure it always has sufficient liquidity to guarantee its ability to meet payments coming up in the short term, such as endowment sums or annuities, the Swiss Life Group continuously forecasts its expected cash flows on both sides of the balance sheet. As an additional precaution, the greater part of its investments are placed in securities which are readily realisable.

Underwriting risks

In the life business a distinction is made between the following types of technical risk:

- longevity
- death
- disability

These risks can be countered by setting adequate premiums and strengthening reserves.

Longevity

In 1881 the life expectancy for a 60-year-old man was 12.4 years. On average men of that age now live 19.3 years longer, i.e. an increase of more than 50% after the age of 60. The greater historical longevity leads to life annuities becoming more expensive. Looked at from this angle, it becomes clear that insurance companies must regularly review and analyse the mortality structure of their portfolios of customers. The Swiss Life Group normally does this on an annual basis. If it is established that a portfolio of pensioners does not have sufficient reserves due to a greater drop in mortality, the necessary additional reserves are calculated and set aside.

Special circumstances apply to the Swiss Life Group's portfolio of pensioners with regard to occupational provisions in Switzerland (BVG), where a minimum conversion rate of 7.2% is stipulated. According to the Swiss Life Group's calculations this rate is about 20% too high, because the life expectancy used as a basis is set too low and the interest rate component too high. A very close eye is being kept on the reserves created for this position, since to a large extent it is contingent on changes in regulatory constraints and is also influenced by whether insureds opt to have their entitlements paid out as a lump sum or a pension.

Death

Endowment insurance provides for the payment of an agreed sum of money at the end of the term of insurance or on the death of the insured, if this occurs earlier. The risk of having to pay out the insured sum in the event of death before the policy expires (death risk) changes over the course of time and is also subject to yearly analysis. As a result of the increased life expectancy among the general population this risk can normally be kept well under control. A cluster of deaths in a particular year, such as that caused by outbreaks of influenza in the late 1960s, would represent an exception.

Disability

Alongside endowment insurance, life insurers also offer risk cover for the consequences of disability (a lump-sum amount or income payments in the event of disability). The frequency of disability claims is subject to greater fluctuation over a period of time than the frequency of deaths, because the former is linked to economic conditions. When the economy is booming there is work for almost everyone, but when the economy is weak it becomes more difficult for persons with a diminished capacity for work to find a job. The Swiss Life Group thus noted a strong rise in the number of disability cases during the year under review and consequently had to adjust premiums accordingly.

The analyses applied to monitor death risk are also used to control disability risk, complemented by individual evaluations which allow a better assessment of the risk structure. This enables the setting of premium rates to be refined, resulting in fairer prices being offered to the customer. Thanks to the introduction of industry-based and experience-based ratings in group insurance in Switzerland, each group insurance contract can be examined individually and assessed in terms of its profitability.

Asset and liability management risks

Asset and liability management (ALM) is concerned with the interaction between assets and liabilities and the associated risks. The reduction of the capital base in the year under review is the outcome of the originally high equity exposure in the insurance portfolio, that for its part offers the prospect of benefits, the bulk of which can be likened to bond yields. The reduction of the share exposure to less than 2%, and the ensuing build-up of the position in fixed-income investments, have reduced the volatility of the equity base. However, the dependency on bond yields has increased as a result. 3

The decline in bond coupons and yields over the last few years has reduced the insurance portfolio's direct returns. In order to quantify the corresponding ALM risk these returns on the asset side of the balance sheet have to be compared with the required flows on the liability side (the technical interest rate). In the Swiss Life Group's case the average interest income required on the life insurance portfolio in 2003 amounts to approximately 3.1% in Swiss francs and approximately 3.7% in euro. During a prolonged period of low interest rates the Group faces the risk that the portfolio's direct income will drop below the technical interest rate, thereby entailing losses. To counter this the Swiss Life Group lowered the technical interest rates, wherever necessary, over the last few years. However, an insurance company is not free to determine interest rates in every segment of its business because statutory provisions apply in some areas. The stipulated minimum rate of interest for occupational provisions in Switzerland stood at 4%. This rate was lowered to 3.25% with effect from 1 January 2003. However, this minimum interest rate is still inappropriate given the current interest environment and poses a structural threat to the entire spectrum of occupational provisions, thus destabilising the system. In order to minimise the attendant risk for the Swiss Life Group, its shareholders and customers, binding conditions are only being offered in this product category for very limited terms. In addition, the corresponding premium scales are constantly being adjusted to meet the latest requirements.

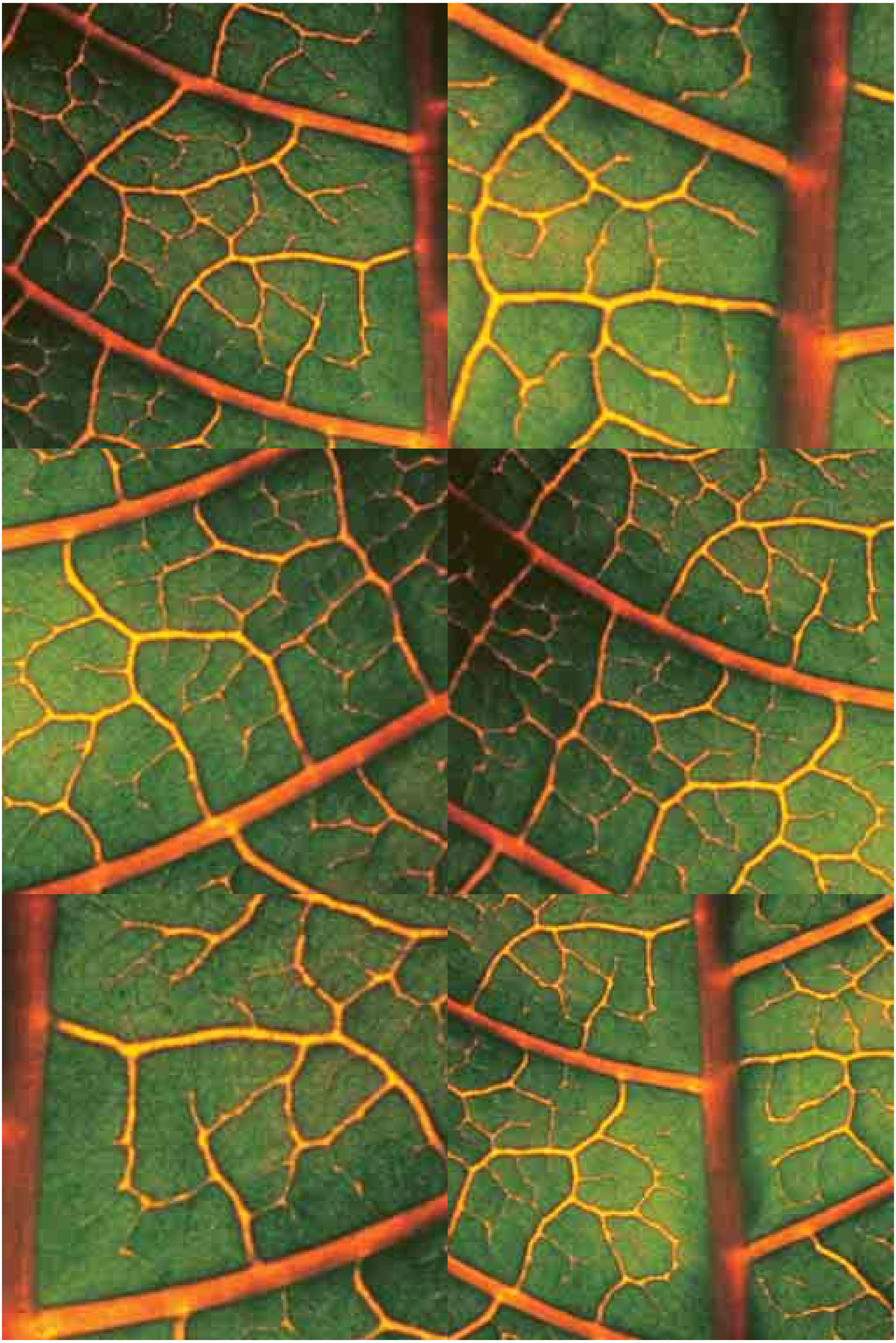
Operational risks

Alongside the financial risks outlined above, operational deficiencies or limitations represent an additional form of risk, which also affects a variety of other enterprises, and which includes human error or moral hazard risks (programming errors, fraud, etc.), process risks, technology risks and risks resulting from changes in the economic, fiscal or legal environment. Last year the two greatest losses arising from operational risks at the Swiss Life Group were put down to bookkeeping errors and the reputation problem. In order to avoid such problems in future, far-reaching operational and HR measures have been introduced.

3 Interest on government bonds

in %	1999	2000	2001	**2002**	Current interest[1]
Swiss Federal Bonds	3.6	3.6	3.6	**2.7**	2.5
Basket of 10-year bonds from EU states	5.3	4.8	4.8	**4.4**	4.1
US Treasury Bonds (10-year)	6.4	5.1	5.0	**4.0**	3.8
British Government Bonds (10-year)	5.5	4.8	5.1	**4.5**	4.3

[1] As of 31 March 2003



Life, Core

Gross premiums in the core life segment fell by 1% to CHF 16.4 billion. While individual insurance premium income recorded a small increase, premium income from group business dropped. Insurance benefits increased by 4% to CHF 13.8 billion. Assets under management totalled CHF 121.8 billion on 31 December 2002 (down 7.7%). Thanks to strict cost management, costs were reduced by 15%. 1

Switzerland 2

Swiss Life / Rentenanstalt held a 24% share of its domestic market. Its most important sales channels are the 55 general agencies with their approximately 800 employees. The growth in premium volume in the life insurance market was initially estimated at around 7% for the year as a whole, despite the difficult market conditions.

During the year under review, the corporate strategy, organisation and resources were adjusted to respond to the changed market environment. Premium income amounted to CHF 8.2 billion (down by 3%). One reason for this drop was the transfer of the short-term disability benefit portfolio to «La Suisse». In the second half of the year, moreover, the negative publicity concerning the company accentuated the decline. Premium volume in individual insurance came to CHF 2.4 billion (down by 3%), as higher income from single-premium business offset the clear downturn in unit-linked products. Group insurance premium income fell by 3% to CHF 5.7 billion, although it must be noted that all the insurance providers in this market were very conservative about writing new business. The rise of 6% in insurance benefits – bringing them to CHF 9.1 billion – was due above all to the expiry of a special single-premium contract with a five-year term and to an above-average increase in policy surrenders in connection with the bad publicity. The higher figure for disability claims was also a reflection of the generally weaker economy. Assets under management edged down by 0.2% to stand at CHF 64.5 billion. The cost-reduction programmes launched last year have already achieved savings of 18% in administrative costs – which include the Group's head office expenses – bringing the figure down to CHF 800 million.

1 Key figures for life, core

in CHF million	2002	2001	+/– %
Gross premiums, incl. deposits under policyholder investment contracts	**16 394**	16 624	– 1.4
of which individual insurance	***7 288***	*7 167*	*+ 1.7*
of which group insurance	***7 777***	*8 139*	*– 4.4*
of which health insurance	***906***	*865*	*+ 4.7*
Assets under management	**121 839**	131 991	– 7.7
Insurance benefits[1]	**13 805**	13 336	+ 3.5
Costs[2]	**2 045**	2 413	– 15.3

2 Key figures for Switzerland[3]

in CHF million	2002	2001	+/– %
Gross premiums, incl. deposits under policyholder investment contracts	**8 196**	8 453	– 3.0
of which individual insurance	***2 426***	*2 493*	*– 2.7*
of which group insurance	***5 697***	*5 881*	*– 3.1*
Assets under management	**64 502**	64 646	– 0.2
Insurance benefits[1]	**9 119**	8 615	+ 5.9
Costs[2]	**935**	1 095	– 14.6
of which variable acquisition costs	***133***	*113*	*+ 17.7*
of which administrative costs	***801***	*982*	*– 18.4*
Number of employees	**3 007**	3 157	– 4.8

[1] incl. loss adjustment expenses
[2] excl. loss adjustment expenses
[3] IAS figures, before consolidation

Staff cuts proceeded according to plan, with full-time equivalents reduced by around 5%.

The parameters governing the provision of occupational pensions have deteriorated again. The guaranteed minimum interest rate on these funds was indeed lowered from 4% to 3.25% at the beginning of 2003, but the risk-free interest rate fell to the vicinity of 2% in the first quarter of the year. The pension conversion rate remained unchanged at a high 7.2%. Meanwhile, there was a steep rise in disability insurance claims. Swiss Life/Rentenanstalt adjusted its premium rates accordingly at the beginning of 2003. Key priorities for the year now underway include systematic implementation of the new Group strategy and continued strict attention to the management of costs.

France 3

In France, the second biggest European insurance market, Swiss Life ranks thirteenth with a market share of 2.3% and holds fourth place in health insurance with a share of 9%. Close relations with brokers, a large network of agents, a salaried external sales force and good access to Erisa's banking channel through the joint venture with Crédit Commercial de France (part of the HSBC Group) have laid the groundwork for successful multichannel distribution. Life insurance remained the favourite savings instrument for French households in 2002, although premium volume only expanded by around 1%. Premium growth was 5% in the health insurance sector, mainly due to higher premiums being charged.

Swiss Life's premium volume in France went up to EUR 3.3 billion in 2002, a growth rate of 10%. This was clearly above the expansion of the market as a whole and resulted in a further increase in the company's market share. The growth in premiums was generated above all by the subsidiary Société suisse vie, whose premium volume expanded by 33% to EUR 1 billion. The strong advance has been mainly driven by above-average policyholder bonuses, at a level of 7%. These bonuses are drawn from profits on an earlier transaction financed by policyholders' funds. Under French law, such profits must be distributed to the policyholders within a period of eight years. Reserves for policyholder bonuses remain high. Improvements to communication such as the new internet portal for agents have also contributed further momentum for growth. Health insurance premiums recorded an expansion of 4% to stand at EUR 0.9 billion. The upward movement in insurance benefits ran parallel to the acquisition of new business. Despite poor conditions on the financial markets, assets under management – driven by premium growth – went up 8.9% to EUR 16 billion. The risk exposure in the investment portfolio was cut back substantially, to limit the impact on the portfolio of volatility on the financial markets. Cost-reduction programmes and the simplification of management structures made it possible to trim expenditure by 3%, notwithstanding the strong expansion in premiums.

3 Key figures for France[1]

in EUR million	**2002**	2001	+/– %
Gross premiums, incl. deposits under policyholder investment contracts	**3 261**	2 977	+ 9.5
of which individual insurance	***1 870***	*1 498*	*+24.8*
of which group insurance	***452***	*572*	*–21.0*
of which health insurance	***939***	*907*	*+3.5*
Assets under management	**16 026**	14 719	+ 8.9
Insurance benefits[2]	**1 008**	851	+ 18.4
Costs[3]	**401**	413	– 2.9
Number of employees	**1 481**	1 515	– 2.2

[1] IAS figures, before consolidation
[2] incl. loss adjustment expenses
[3] excl. loss adjustment expenses

As a result of the new orientation of the Swiss Life Group, the strategy has been reviewed in France with future emphasis on "Protection de la Personne", an area which encompasses life, pension, accident and health insurance. A partner is being sought for the property & casualty sector. Swiss Life plans to exploit the full potential of its multidistribution capabilities even further, and especially to improve the utilisation of its health insurance client base (numbering 1.5 million customers) for cross-selling purposes. Another key strategic objective for 2003 is boosting customer retention and expanding market share among the self-employed and SMEs (small and medium-sized enterprises).

Germany 4

With a market share of around 1.6%, Swiss Life (Schweizerische Rentenanstalt) is one of the twenty largest life insurers in Germany. At the beginning of 2002 the company was voted the best life insurer in Germany by insurance brokers. As one of the leading providers of occupational pensions and also as a result of its excellent reputation amongst brokers, the company's position in the attractive German market is very strong. The importance of occupational and private retirement provisions in Germany will continue to increase. In 2002 market growth in life insurance business as a whole was around 5%. The market, which is still very fragmented, was for a long time characterised by promises of high bonuses, which were financed to some extent by capital gains from the good stock market years. Following the sharp drop in these gains, the level of the promised bonuses has also fallen considerably: the thirty largest companies have reduced their promised bonuses, which stood at 6.1% last year, to an average of 4.8% for 2003.

2002 was a year of strategic reorientation in Germany as well. The first half of the year saw a number of strategic options being examined, followed in September 2002 by a clear commitment on the part of the Swiss Life Group to the German market.

Gross premiums (including deposits under policyholder investment contracts) dropped to EUR 1.1 billion (down 2%). This fall is a result of the large reduction in bonuses; the premiums earned which were not affected by this rose by 2%. Individual insurance, with a premium volume of EUR 860 million, experienced a 7% drop in premiums, which was mostly due to the decrease in demand for single premium contracts resulting once again from the reduction in bonuses. Premium income from group insurance rose by 17% to EUR 244 million. The "Credit Life" product (creditor's insurance) also contributed to this increase. Benefits paid including the change in reserves fell within the expected range of 9%, mainly due to the reduction in bonus distributions. The company made significant progress in managing costs. More efficient procedures led to the elimination of seventy positions. The new Internet portal for brokers which was introduced in 2002 made it easier for brokers to provide customers with advice, supported broker training and simplified the processing of insurance policies. This all served to underline Swiss Life's reputation amongst brokers as a service leader.

4 Key figures for Germany[1]

in EUR million	**2002**	2001	+/– %
Gross premiums, incl. deposits under policyholder investment contracts	**1 104**	1 129	–2.2
of which individual insurance	***860***	*921*	*–6.6*
of which group insurance	***244***	*208*	*+17.3*
Assets under management	**9 846**	9 611	+2.4
Insurance benefits	**1 080[2]**	1 184[3]	–8.8
Costs	**199[4]**	316[3]	–37.0
of which variable acquisition costs	***81***	*119*	*–31.9*
of which administrative costs	***118***	*198*	*–40.4*
Number of employees	**880**	950	–7.4

[1] IAS figures, before consolidation
[2] incl. loss adjustment expenses
[3] 2001 cost base incl. loss adjustment expenses and with high intercompany double-counting
[4] excl. loss adjustment expenses

For 2003 Swiss Life in Germany is promising policyholders a 5% bonus distribution. At the end of 2002 it was granted authorisation to set up both a company pension fund (*Pensionskasse)* and an employee pension fund (*Pensionsfonds)* and is now able to offer a comprehensive range of solutions for private and occupational retirement provisions, benefitting from increased momentum for growth in this area. In January 2003 a new efficiency programme was launched, which will result in further cost savings. The transfer of data from individual and group insurance to a new IT system will continue during 2003, to be completed in 2004.

The Netherlands 5

Ranked seventh in the highly concentrated Netherlands life insurance market, the Swiss Life Group is among the country's most important providers. Its position as an attractive alternative to local insurers is based on the brand's high recognition value (ZwitserLeven) and the Group's close links to brokers, the only sales channel. The Netherlands is a highly developed market and its growth only ranged from 3% to 4% in the year under review, well below the average for the previous year.

Pressure on premium rates caused premium income to contract by 3% to EUR 955 million in 2002, leading the organisation to focus even more intensely on the specific criteria essential for its profitability. The drop in premium income was largely attributable to the 8% decline in premium volume for individual insurance. This in turn can be traced to the tax reforms (reduction in tax benefits for life insurance) that came into force in 2001, and in the effects of additional bonuses in the form of lower premiums that were awarded in celebration of ZwitserLeven's hundredth anniversary. Premium income in group insurance increased by 1% to EUR 511 million, with growth held back by the lack of pay rises. This was especially the case for contracts with large corporations. There was a pronounced decline in demand for unit-linked solutions, as customers became increasingly averse to taking greater investment risks. All in all, insurance benefits contracted by 3% to EUR 891 million, while assets under management grew by 9.6% to EUR 9.1 billion. Expenses came to EUR 124 million, a reduction of 5%. Leaving aside an additional amortisation of deferred acquisition costs of EUR 5 million, costs declined by 9%. Swiss Life has taken many measures to improve and streamline its processes and systems in connection with the functional organisation introduced during the year under review. The introduction of a software package for customer relationship management and the launch of an extranet for brokers are aimed at strengthening connections with customers and brokers. In the Netherlands, the organisaton will continue to

5 Key figures for the Netherlands1[1]

in EUR million	**2002**	2001	+/– %
Gross premiums, incl. deposits under policyholder investment contracts	**955**	987	– 3.2
of which individual insurance	***444***	*480*	*– 7.5*
of which group insurance	***511***	*507*	*+ 0.8*
Assets under management	**9 099**	8 299	+ 9.6
Insurance benefits[2]	**891**	914	– 2.5
Costs[3]	**124**	131	– 5.3
of which variable acquisition costs	***14***	*8*	*+ 75.0*
of which administrative costs	***110***	*123*	*– 10.6*
Number of employees	**790**	862	– 8.4

[1] IAS figures, before consolidation
[2] incl. loss adjustment expenses
[3] excl. loss adjustment expenses

focus on developing and expanding its brand in 2003. New pension insurance products for private customers will be introduced to respond to changes in the market and customers' needs. The company acquired a small pension fund in January 2003. The impact of this acquisition corresponds to a single premium of around EUR 570 million. The future is likely to offer more such opportunities for profitable growth.

Belgium/Luxembourg 6

Swiss Life enjoys a strong position in the group insurance market in Belgium and Luxembourg, ranking sixth in Belgium and first in Luxembourg in 2001. For the life insurance market as a whole, Swiss Life was in ninth place in Belgium and eleventh in Luxembourg that same year. Some 46% of its premium income in Belgium was generated via the broker channel; the corresponding share of direct sales came to 23% in Belgium and 57% in Luxembourg.

Based on initial estimates by insurance associations, in 2002 the 8% growth in premiums experienced by Belgian life insurers, and the 7% posted by those in Luxembourg, were considerably higher than the growth rate for the economy as a whole.

In Belgium and Luxembourg Swiss Life experienced a 16% decline in premium volume, bringing the figure down to EUR 366 million. The setback was due above all to the individual insurance business in Belgium, where it was primarily the demand for unit-linked products that recorded a pronounced decline. Other factors influencing the drop in premiums included the decision to refrain from aggressively matching various price adjustments in the market and the effect of the restructuring measures. The 2% growth in insurance benefits to EUR 179 million was in line with expectations. In 2002 functional responsibilities were laid down clearly, distribution was reorganised (agents with fixed employment contracts became independent, but continue to maintain an exclusive relationship with the organisation) and a wide-ranging early retirement programme was implemented following successful negotiations between labour and management. Despite this restructuring, costs rose by only 9%. The impact of the savings (which are already reflected in part in the staff reductions) will be fully felt starting with the next business year.

Swiss Life intends to systematically exploit the synergies between Belgium and Luxembourg on both the cost and the revenue side in 2003. Above all, this applies to cross-border business, which has so far been below average in terms of market share. The restructuring which got underway in Belgium in the period under review will be concluded during the course of 2003.

6 Key figures for Belgium/Luxembourg[1]

in EUR million	**2002**	2001	+/– %
Gross premiums, incl. deposits under policyholder investment contracts	**366**	438	–16.4
of which individual insurance	***153***	*223*	*–31.4*
of which group insurance	***212***	*214*	*–0.9*
Assets under management	**2 248**	2 335	–3.7
Insurance benefits[2]	**179**	176	+1.7
Costs[3]	**74**	68	+8.8
of which variable acquisition costs	***5***	*4*	*+25.0*
of which administrative costs	***69***	*64*	*+7.8*
Number of employees	**426**	466	–8.6

[1] IAS figures, before consolidation
[2] incl. loss adjustment expenses
[3] excl. loss adjustment expenses

Swiss Life Network

Swiss Life Network is a pioneer in the field of international pooling solutions and in the year under review reaffirmed its role as a leading provider. The Network was further expanded with the addition of a number of new partners. Despite the unfavourable state of the economy, the volume of business increased once again. In the multinationals segment Swiss Life Network continues to hold a commanding market position with about 40% of the "Fortune 100" companies numbering amongst its customers.

With a good third of the market, Swiss Life Network remained the leading provider of group insurance for multinationals in the year under review. The Swiss Life Group has been the clear market leader since introducing the pooling concept 42 years ago. Although the price war in this market led to increased competition, and stagnating salaries and staff numbers amongst its customers cut into premium volumes, business volume continued to expand to almost CHF 2 billion.

Swiss Life Network is made up of companies in the Swiss Life Group and leading local life insurers in the countries in which the Group is not directly active. It consists of 51 partners in a total of 44 countries. The year under review saw the addition of three new partners: in Chile Cruz del Sur, which belongs to the Grupo Angelini; in Poland Compensa Życie, which is part of the Wiener Städtische Gruppe; and in Sweden Danica Fondförsäkring, which was founded in 1999 and is a wholly owned subsidiary of Swiss Life Network's long-time partner Danica Pension. A second Swiss Life Asia Pacific office was opened in Singapore to supplement the Regional Sales Office in Sydney. This new office will be responsible for servicing customers in Korea, Japan, Malaysia, Singapore and Taiwan.

Wide-ranging expertise and experience in combination with a high-quality, stable partner network with global reach are the success factors in this important segment. The broad spectrum of modular products in the Swiss Life Network portfolio allows customers to combine individually tailored employee benefits plans with the desired degree of risk assumption, thereby optimally controlling the cost factors. This unique, flexible system secured the Swiss Life Group's position as market leader in the period under review. Around 40% of the top "Fortune 100" companies from outside the insurance sector number among its customers.

Within the framework of the general strategic realignment premium rates and controlling were further refined and process improvements were introduced to increase efficiency and profitability.

Europe/Africa

Austria	Wiener Städtische
Belgium	Swiss Life (Belgium)
Czech Republic	Kooperativa
Denmark	Danica Pension
	International Health Insurance (IHI)*
	PFA Pension
Finland	Ilmarinen
	Suomi Group
France	Société suisse (France)
Germany	Schweizerische Rentenanstalt (Swiss Life)
Greece	Aspis Pronia
Hungary	Union Biztosító
Ireland	Irish Life
Italy	Swiss Life (Italia)
Luxembourg	Swiss Life (Luxembourg)
Norway	Vital Forsikring ASA
Poland	Compensa Życie
Portugal	Império
Russia	Rosgosstrakh
Slovakia	Kooperativa
South Africa	Momentum Employee Benefits
Spain	Swiss Life (España)
Sweden	Danica Fondförsäkring
Switzerland	Swiss Life (Head office)
	«La Suisse» (Non-Life)
The Netherlands	ZwitserLeven (Swiss Life)
United Kingdom	Swiss Life (UK)

* Health insurer for Swiss Life Network's international clients

North and South America

Argentina	Galicia Vida Compañia de Seguros
Brazil	Icatu Hartford Seguros
Canada	Canada Life
Chile	Cruz del Sur
Columbia	Seguros Bolívar
Guatemala	Seguros de Occidente
Mexico	Seguros Inbursa
Panama	Aseguradora Mundial de Panama
USA	Hartford Life
	Swiss International Services
Venezuela	Seguros Comerciales Bolívar

Asia Pacific

Australia	Swiss Life International Services Asia Pacific
	Hannover Life Re of Australasia
Hong Kong	CMG Asia Life Assurance
Japan	Meiji Life
	Yasuda Life
Korea	Korea Life
Malaysia	Hong Leong Assurance
New Zealand	Hannover Life Re of Australasia
Philippines	First Guarantee Life
Singapore	NTUC Income
Taiwan	Kuo Hua Life
Thailand	Bangkok Life Assurance

Life, Non-Core

Gross premium income in the non-core life business fell by 16% to CHF 2.0 billion in the year under review. There was a drop in premium income in both individual and group insurance. Insurance benefits paid decreased by 5%. Assets under management amounted to CHF 11.2 billion (down by 0.5%). 1

«La Suisse» Vie

In the Swiss insurance market «La Suisse» Vie ranks as the seventh largest provider of life insurance. Premium volume for the 2002 financial year totalled CHF 700 million, which represents a decline of 5% compared to the previous year. Last year's figures were not duplicated in either individual or group insurance lines. Group insurance premium income fell by 5% due to the large number of policy surrenders.

One-off impacts were responsible for the 166% rise in operating costs to a total of CHF 194 million. These included, in particular, pension fund reserves and an additional amortisation of deferred acquisition costs. Adjusted for one-off impacts, costs remained at the same level as the previous year. «La Suisse» Vie's assets under management rose by 2% to CHF 5.8 billion. Equity exposure stood at 0% at the end of the year.

In autumn 2002 the Swiss Life Group announced that «La Suisse» no longer formed part of the Group's core business. This decision will be reviewed by the summer of 2003 in the context of a general analysis of the Group's positioning in the Swiss market.

1 Key figures for life, non-core

in CHF million	**2002**	2001	+/– %
Gross premiums, incl. deposits under policyholder investment contracts	**2 045**	2 434	– 16.0
of which individual insurance	***511***	*681*	*– 25.0*
of which group insurance	***1 525***	*1 730*	*– 11.8*
Assets under management	**11 235**	11 290	– 0.5
Insurance benefits[1]	**1 657**	1 744	– 5.0
Costs[2]	**363**	226	+ 60.6

[1] incl. loss adjustment expenses

[2] excl. loss adjustment expenses

United Kingdom

Swiss Life holds a leading position in the UK protection sector. In group protection, which is the main business segment, it is the third largest player.

2002 was another very successful year for Swiss Life in the UK. Premium volume grew by 3% to GBP 386 million. In the core sector, the protection business, premium growth was 13%. Assets under management decreased in the course of the year from GBP 1.9 billion to GBP 1.4 billion.

The insurance branch acknowledged the company's achievements with several industry awards, including Group Risk Provider of the Year, Best Group Critical Illness Provider and Best Individual Income Protection Provider as well as with other second and third place mentions. Furthermore, Swiss Life was singled out for its commitment to employees by being named Employer of the Year in the UK.

In February 2003 a new administration system for individual life business was successfully implemented. The implementation of the Financial Services Authority's Integrated Prudential Sourcebook in 2004 will place the entire financial sector (e.g. banking and insurance) under one regulatory regime. The areas addressed include distribution, management of with-profits business (participating life insurance contracts), and the regulation of insurance products, pensions, capital adequacy and systems and control requirements.

Spain

In Spain Swiss Life is a specialist in the occupational provisions market and ranked eleventh in this market segment in 2002.

Swiss Life once again captured a good share of the *exteriorización* business (the legally required transfer of on-balance-sheet employee benefit liabilities and pension obligations to insurance policies or employee benefits institutions) and significantly increased the number of clients and contracts.

Gross written premiums and deposits under policyholder investment contracts decreased by 12% in 2002. However, compared to the premium income for 2000 this still left an increase of 76%. Especially positive was the strong 67% growth in periodic premiums in 2002. The rapidly growing business also led to a remarkable increase of 24% in assets under management in the year under review.

In 2002, Swiss Life implemented most of the modules of the very sophisticated new group insurance administration system. The final module will be introduced in 2003.

Italy

Swiss Life in Italy also focused on the occupational provisions market.

Premium growth was influenced by a decrease in individual business (no sales network to develop new business). On the other hand the retention rate for group life business was very positive. The claims ratio on the whole portfolio, as in the past, is still low. Since 2001 great efforts have been undertaken to streamline administration procedures by implementing IT projects.

Non-Life

The non-life segment comprises property insurance business in Belgium and France, and the non-life segment of «La Suisse». Gross premium volume in the year under review increased by 12% to CHF 1.1 billion. Thanks to the transfer of the short-term disability benefit portfolio within the Group to «La Suisse», the latter was able to expand its non-life business by 50%. 1

Non-life business provides sales support for the life business, and serves to maintain and strengthen certain distribution channels. It is not, however, a core business for the Swiss Life Group. Considering various structural changes made in 2002, the figures for 2001 have been adjusted to facilitate comparisons.

Premium income rose by 12% during the year under review. Restructuring of the portfolios and conservative underwriting practices were continued. The claims ratio deteriorated from 81.3% to 86.5% as reserves in Belgium needed to be bolstered (October's storms) and because of higher claims in «La Suisse»'s health and accident portfolio.

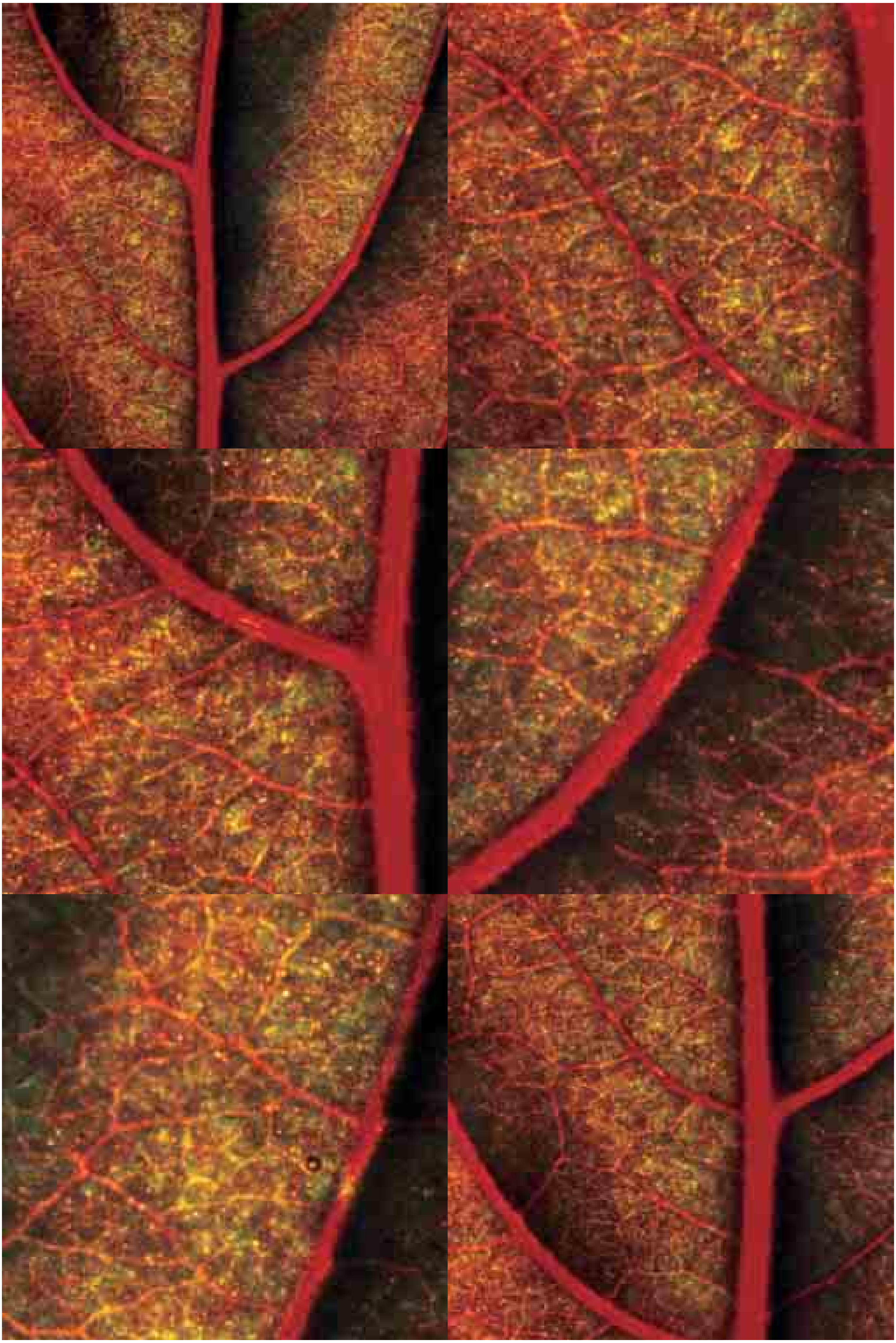
Gross premiums for «La Suisse»'s non-life business swelled by 50% to CHF 393 million. This increase is mostly due to the integration of Swiss Life/Rentenanstalt's short-term disability benefit portfolio, which took effect on 1 January 2002. This put «La Suisse» in fourth place in the Swiss market for group health insurance. Its expense ratio was brought down to 24%. As a result of the unfavourable performance in liability insurance, the claims ratio is higher than for the previous year.

In 2003 the focus will be on defining a strategic solution for property insurance business in France and Belgium.

1 Key figures for non-life

in CHF million	2002	2001	+/– %
Gross premiums	**1 080**	962	+12.3
Earned premiums (net)	**1 004**	866	+15.9
Claims ratio	**86.5%**	81.3%	+5.2[1]
Expense ratio	**34.2%**	37.4%	–3.2[1]
Combined ratio	**120.7%**	118.7%	+2.0[1]

[1] percentage points



Private Banking

The private banking segment, composed mainly of the companies Banca del Gottardo and Schweizerische Treuhandgesellschaft (STG), reported a loss of CHF 109 million. This figure is largely attributable to extraordinary write-downs, valuation adjustments and higher provisions at Banco del Gottardo. Assets under management totalled CHF 41.5 billion on 31 December 2002.

The private banking segment covers investment consultancy services and asset management for wealthy clients. Services include all personalised banking products and wealth management services, such as fiduciary solutions, financial advice, estate planning, investment services, portfolio management and brokerage. 1

The Swiss Life Group largely conducts its private banking business via two channels: the Ticino-based Banca del Gottardo and the Schweizerische Treuhandgesellschaft (STG), registered in Basel. Banca del Gottardo offers services in private banking and asset management internationally to private customers and institutions. In its home market in Ticino it operates as a full-service bank, offering a broad range of products and services to local companies and individuals.

STG offers tax advice, fiduciary and asset management services, and is oriented toward wealthy private clients.

The private banking segment's income statement showed a loss of CHF 109 million (after inter-segment dividends). This represented a decline in profit of approximately CHF 209 million compared to the previous year. It was primarily the result of extraordinary write-downs, valuation adjustments and the strengthening of provisions at Banca del Gottardo.

1 Key figures for private banking

in CHF milllion	**2002**	2001	+/– %
Segment result	**–109**	100	n.a
Assets under management	**41 472**	49 704	–16.6
Operating expenses	**588**	562	+4.6
Number of employees	**1 595**	1 918	–16.8

On 31 December 2002 the Swiss Life Group's private banking segment had assets under management totalling CHF 41.5 billion. This meant a reduction of CHF 8.2 billion compared to the previous year. The chief causes were in the stock market slump and unfavourable exchange rate developments.

Banca del Gottardo

In a business year marked by the persistence of difficult economic conditions, Banca del Gottardo generated gross income of CHF 447 million, a decline of 8% compared to the previous year (all figures in this section on statutory basis). This was largely the result of a drop in revenue from commissions and services. Operating expenses fell by around 3% to CHF 335 million. The cost-reduction programme introduced in 2001 has begun to show results and will achieve its full effect in the 2003 financial year with a planned reduction of CHF 50 million. Gross profit came to CHF 112 million, a decline of 20%.

In view of the markets' performance and changed expectations, all positions on the asset side of the balance sheet were reviewed during the course of 2002. The reassessment of various items led to extraordinary write-downs, adjustments and provisions totalling CHF 200 million. Banca del Gottardo made substantial adjustments to goodwill in the investment portfolio, in its own real estate and on Westdeutsche Landesbank (Schweiz) AG, which it acquired in 2000. This resulted in a loss of CHF 160 million. Customer assets under management declined by 14% compared to the previous year to stand at CHF 36.8 billion. Around CHF 1 billion of this derived from the sale of the asset management company Gesfid SA; a further CHF 2 billion was withdrawn in connection with the Italian tax amnesty. The greatest part of the decline was caused by the continuing poor performance of the markets and a weakening of the euro and US dollar against the Swiss franc. Consolidated equity stood at CHF 830 million on 31 December 2002.

Banca del Gottardo will continue to systematically pursue its business strategy in 2003. The main emphasis will be on expanding business activities in Switzerland and through its subsidiary in Italy. The measures to increase efficiency will have a positive effect on results in the current year. The bank aims to achieve a return on equity (ROE) in excess of 10% in 2003, which would correspond to a profit of CHF 80 million.

Schweizerische Treuhandgesellschaft

Schweizerische Treuhandgesellschaft (STG) also suffered as a result of the weak economy and negative developments on the stock markets in 2002.

Income from services declined during the year under review by 3% to CHF 104 million (all figures in this section on statutory basis). Income from fiduciary and management fees was 11% lower than for the preceding year. Only the income from commissions increased, rising by CHF 2 million to CHF 52 million.

Operating expenses was CHF 3 million higher at CHF 94 million. During the course of the year, the number of staff was reduced by 65 to 329.

Assets managed by STG at the end of 2002 amounted to CHF 5 billion. This is CHF 1.8 billion lower than in the previous year.

Investment Management

During the year under review the investment management segment generated profit of CHF 105 million. Income was 19% down from the previous year at CHF 278 million. Operating expenses decreased by 16% to CHF 172 million. Assets under management on the balance sheet date totalled CHF 81.9 billion. During the course of the year the number of staff declined by 11% to 558. 1

The investment management segment comprises asset management and investment consultancy for institutional clients. Services are rendered to both the Group's insurance business and third-party clients. The range of services includes the following:

- Cash and short-term investments
- Fixed maturity securities
- Mortgages
- Loans
- Property
- Investment funds
- Shares
- Private equity
- Hedge funds
- Derivative instruments

These services are provided by specialised companies that cover the most important European markets.
Asset managers had to contend with an unfavourable environment in which share markets performed poorly throughout the year under review. The investment management segment nevertheless generated a profit of CHF 105 million in 2002. Income from fiduciary and management fees declined by 10% year-on-year. The most important reasons for this were the sale of Swiss Life Hedge Fund Partners Ltd, the low level of purchases and sales in real estate while Swiss Life was developing its new strategy, and reductions in the equity exposure in its investment portfolio.
In spring 2002 the Corporate Executive Board introduced a Group-wide cost-cutting programme. Within this framework staff costs were continually reduced up to the end of the year. Project activities and expenses for consultants were also sharply curtailed. The full effects of these cuts will be visible in the income statement for 2003.
During 2002 Swiss Life Asset Management continued to improve its relationships with both customers and intermediaries. Customer relationship management software (CRM) was implemented successfully.
In spring 2002 the Swiss Life Group sold its subsidiary company Swiss Life Hedge Fund Partners Ltd to the RMF Group, which in turn was sold a few weeks later to the MAN Group of the UK. The two transactions resulted in a net profit for the Swiss Life Group of approximately CHF 330 million.

1 Key figures for Investment Management

in CHF million	**2002**	2001	+/– %
Segment result	**105**	130	– 19.2
Assets under management	**81 965**	90 270	– 9.2
of which for third parties	***14 997***	*15 577*	*– 3.7*
of which insurance	***66 968***	*74 693*	*– 10.3*
Operating expenditure	**172**	206	– 16.5
Number of employees	**558**	625	– 10.7

The ambitious programmes to strengthen corporate governance and enhance transparency were further intensified in 2002. The information that follows is provided in accordance with the Directive on Information Relating to Corporate Governance issued by the SWX Swiss Exchange, which came into force on 1 July 2002.

Group structure and shareholders

Group structure

Swiss Life Holding is a public limited company incorporated under Swiss law with its registered office in Zurich. It was established in 2002 and now brings all Swiss Life Group companies and activities together under a single holding company umbrella.

The most important companies to fall within the scope of consolidation are presented on pages 73 to 77.

Shareholders

On the balance sheet date, the group represented by Premafin Finanziaria S.P.A. Holding di Partecipazioni (consisting of Fondiaria-SAI S.P.A., Florence; Fondiaria Nederland BV, Amsterdam; and Milano Assicurazioni S.P.A., Milan) held a 10.05% stake in Swiss Life Holding. Credit Suisse Group holds, directly and indirectly, 5.74% of Swiss Life Holding shares.

Swiss Life Holding held 8.1% of its own registered shares, directly or indirectly via its subsidiaries Swiss Life/Rentenanstalt, Banca del Gottardo and Swiss Life Funds AG. Following the issue of mandatory convertible securities (MCS), 7.5% of this total was earmarked for the allocation reserve required to carry out the eventual compulsory conversion of the MCS into shares of Swiss Life Holding (c.f. details in the Capital structure section).

No cross-participations exceeding the 5% threshold exist between Swiss Life Holding or its subsidiaries and other limited companies.

Capital structure

Capital and changes in capital

Swiss Life Holding was established in September 2002 with a share capital of CHF 250 000 divided into 5 000 registered shares, each with a par value of CHF 50. By 6 November 2002, in the course of the public exchange offer made to holders of Swiss Life/Rentenanstalt shares, a total of 10 834 704 Swiss Life/Rentenanstalt registered shares with a par value of CHF 50 each had been tendered to Swiss Life Holding and exchanged for an equal number of Swiss Life Holding registered shares, also with a par value of CHF 50 each. With the successful capital increase that followed, in which existing shareholders were granted negotiable subscription rights, the ordinary share capital of Swiss Life Holding rose to CHF 1 083 970 400, divided into 21 679 408 fully paid-up registered shares with a par value of CHF 50 each.

The Swiss Life Holding General Meeting of Shareholders also approved the creation of conditional capital of no more than CHF 270 992 600 through the issuance of a maximum number of 5 419 852 registered shares to be paid in full, each with a par value of CHF 50. In December 2002, following the capital increase, a minimum

number of 1768535 registered shares with a par value of CHF 50 each were issued in connection with mandatory convertible securities (with pre-emptive subscription rights for existing shareholders). As a result, the ordinary share capital expanded by CHF 88426750, from CHF 1083970400 to CHF 1172397150, while conditional capital decreased to CHF 182565850.
Further information concerning the Group's capital structure and the capital increase can be found in the Financial Statements, starting on page 5, and in the offer prospectus for the capital increase of 18 November 2002, published separately.

Shares

The share capital of Swiss Life Holding comes to CHF 1172397150, divided into 23447943 fully paid-up registered shares, each with a par value of CHF 50. Each share is entitled to one vote at the General Meeting of Shareholders. Information on restrictions on voting rights under the Articles of Association can be found in the section on Shareholders' participation rights on page 51.
There are no preference shares or specially issued "voting-right" shares. No participation certificates or dividend right certificates are outstanding. Likewise, there are no provisions restricting transferability.

Limitations on transferability and nominee registrations

According to the Articles of Association, resolutions for the introduction, amendment or repeal of restrictions on transferability must be put before the General Meeting of Shareholders and require approval by both two thirds of the votes per share represented and an absolute majority of the share par value represented.
Swiss and foreign banks, securities brokers and companies acting on their behalf, with shares of Swiss Life Holding held in their custody for the account of the beneficial owners, may be registered as nominees. Professional asset managers may also be registered if, in a fiduciary capacity, they have deposited shares of Swiss Life Holding for the account of third parties with Swiss or foreign banks or securities brokers in their own name. It is essential that nominees are subject to banking or financial market supervision. To register as a nominee, the appropriate application must be filed. The voting rights of nominees are restricted to 10% of the share capital, whereby nominees who are connected under uniform management or contractual agreement will be counted as a single shareholder with regard to capital or voting rights. The Board of Directors may approve exceptions to these restrictions on registration, observing the principle of free decision-making based upon a due assessment of the circumstances. No such exceptions were granted during the period under review.

Convertible bonds and options

Mandatory convertible securities issued by Swiss Life Cayman Finance Ltd. for conversion into registered shares of Swiss Life Holding, and amounting to CHF 250000000, remained outstanding on the balance sheet date. The specific conditions attached to the MCS, and further applicable details, can be found on page 55 of the Financial Statements, as well as in the offer prospectus of 9 December 2002, published separately.
Information on options granted by issuers or by Group companies on rights to participate in equity under equity compensation plans for employees can be found on page 50 of the Financial Statements.

Board of Directors

Function

The Board of Directors has a key role in public limited companies. It is responsible for all matters that are not reserved for the consideration of the General Meeting of Shareholders (formally the supreme decision-making body of a public limited company) under the terms of Art. 698 of the Swiss Code of Obligations (OR) or of the company's Articles of Association.
In addition to its non-transferable duties (stipulated in Art. 716a of the Swiss Code of Obligations) the Board of Directors is answerable, in particular, for the strategic management of the company. This area is the responsibility of the Board of Directors alone.

Elections and terms of office

In accordance with the Articles of Association, the Board of Directors shall consist of no fewer than five and no more than fourteen members. Individual members of the Board are elected by the General Meeting of Shareholders for a term of office not exceeding three years. This is initially done on a staggered basis, so that, as far as possible, equal numbers are re-elected each year. If a member departs during his or her term of office, a successor will serve for the rest of that term.
The Organisational Regulations stipulate that a member of the Board of Directors shall automatically resign from the Board at the Annual General Meeting of Shareholders in the year in which he or she reaches age 70.

Composition

The Board of Directors of Swiss Life Holding currently consists entirely of non-executive directors with no duties related to operational management within Swiss Life Holding, and who have not exercised such duties during the past three financial years. No member of the Board moreover has any significant business relationship with Swiss Life Holding, Swiss

Life/Rentenanstalt or any of the Group companies.
On the balance sheet date the Board of Directors comprised the following members: 1

Andres F. Leuenberger
Born 1938
Swiss national
Chairman of the Board
Following studies in Economics at the University of Basel and in Economics and Social Sciences at the University of St. Gallen, Andres F. Leuenberger graduated in 1963 with a Master's Degree, before going on to complete his Doctorate in Economics at the University of Neuchâtel. He joined F. Hoffmann-La Roche & Co. Ltd in 1968 and served as President and CEO of their Tokyo branch, Nippon-Roche K.K., from 1973 to 1980. He was appointed to the Executive Committee of F. Hoffmann-La Roche & Co. Ltd in Basel in 1980, and became a Member of the Board in 1983. From 1994 to 2000 he was Chairman of the Vorort (Swiss Federation of Commerce and Industry) and in 2000 and 2001 served as Chairman of economiesuisse (Swiss Business Federation). He was a member of both the Bank Council and Bank Committee of the Swiss National Bank from 1994 to 2002. Mr Leuenberger joined the Swiss Life/Rentenanstalt Board of Directors in June 1998, becoming its Chairman in 2000.
He has also served as Chairman of the Board of Swiss Life Holding since that organisation was established in 2002. In 2000 he took over as head of the Finance Committee of Swiss Life/Rentenanstalt, and in November 2002 assumed the same responsibilities at Swiss Life Holding.
Mr Leuenberger has announced his intention to resign from the Board of Directors as of the Swiss Life Holding Annual General Meeting of Shareholders on 27 May 2003.
Other appointments:
- Roche Holding Ltd, Vice Chairman BoD
- Givaudan AG, Vice Chairman BoD
- MCH Swiss Exhibition Ltd, Member BoD
- Metall Zug AG, Member BoD

Rino Rossi
Born 1933
Swiss national
First Vice Chairman of the Board
Rino Rossi studied mechanical engineering at the Federal Institute of Technology (ETH) Zurich, prior to pursuing further studies in production engineering and systems technology at the Technical University of Berlin. In 1965, after six years as a researcher at the ETH's Department of Business Economics, he joined V-ZUG AG, where he was a Senior Vice President from 1970 to 1980. From 1980 to 1996 he was a managing director of V-ZUG AG. He has been a Member of the Board of Directors since 1988 and was appointed Chairman in 1996.
Mr Rossi took a seat on the Swiss Life/Rentenanstalt Supervisory Board in 1988. After being appointed to the Supervisory Committee in 1994, he was named First Vice Chairman of that body as well as of the Supervisory Board. In 1997 he was chosen to be First Vice Chairman of the Board of Directors and the Board of Directors' Committee. He joined the Finance Committee in that same year. In November 2002 he was elected as First Vice Chairman of the Board of Directors of the newly established Swiss Life Holding.
Mr Rossi will be leaving the Board of Directors with effect from the Swiss Life Holding Annual General Meeting of Shareholders on 27 May 2003 for reasons of age.

1 Members of the Board of Directors. 31.12.2002

Name	Board member since	Term expires
Andres F. Leuenberger	1998	2004[1]
Rino Rossi	1997	2003[2]
Ulrich Oppikofer	1997	2004[1]
Gerold Bührer	2000	2003
Gilbert Coutau	1997	2005[1]
Maria Luisa Garzoni	1997	2004[1]
Josef Kühne	1997	2005[1]
Henri B. Meier	2001	2004[1]
Georges Muller	1997	2003

[1] Andres F. Leuenberger, Ulrich Oppikofer, Gilbert Coutau, Maria Luisa Garzoni, Josef Kühne and Henri B. Meier have announced that they will be resigning their seats with effect from the Swiss Life Holding General Meeting of Shareholders on 27 May 2003.
[2] Rino Rossi will be stepping down from the Board of Directors at the same time for reasons of age.

Other appointments:
– Belimed AG, Chairman of the Board
– EBN Immobilien AG, Chairman of the Board
– F. Gehrig AG, Chairman of the Board
– Sauter AG, Chairman of the Board
– Sibir Haushaltstechnik AG, Chairman of the Board
– WEZ Kunststoffwerk AG, Chairman of the Board
– Landis Bau AG, Member of the Board
– Rapid Holding AG, Member of the Board
– Zurich Chamber of Commerce, Member of the Board and the Board Committee
– Welfare Foundation of V-Zug AG, Chairman of the Board

Ulrich Oppikofer
Born 1934
Swiss national
Second Vice Chairman of the Board of Directors
Ulrich Oppikofer took a Doctorate in Law at the University of Zurich before joining Sandoz Ltd. in 1959 as a legal specialist. He was appointed CEO of Sandoz United States Inc. in 1981 and joined the Executive Board of both Sandoz Ltd. and Sandoz Pharma Ltd. five years later. He became part of the executive management team of Novartis International Inc. in 1997.
In 1986 Mr Oppikofer joined the Supervisory Board of Swiss Life/Rentenanstalt. After being appointed to the Supervisory Committee in 1991, he was designated Second Vice Chairman of that body as well as the Supervisory Board in 1996. In 1997 Mr Oppikofer was named Second Vice Chairman of the Board of Directors and Board of Directors' Committee of Swiss Life/Rentenanstalt, becoming Chairman of the Audit Committee in 2001.
From 1990 on, Mr Oppikofer has served alternately as Chairman and Member of the Board of Trustees of Swiss Life/Rentenanstalt's employee benefits foundations. In November 2002 he was elected as Second Vice Chairman of the Board of Directors of the newly established Swiss Life Holding.
Mr Oppikofer will be resigning his position on the Board of Directors of Swiss Life Holding with effect from the Annual General Meeting of Shareholders on 27 May 2003.
Other appointments:
– Takeover Board, Board Vice Chairman
– Foundation Novartis for Mangement Development, Member of Board of Trustees
– Wohlfahrtsstiftung der Novartis AG, Chairman of the Board of Trustees

Gerold Bührer
Born 1948
Swiss national
Member of the Board
Gerold Bührer was awarded a Master's Degree in Political Economy (lic. oec. publ.) from the University of Zurich in 1972. After 17 years as a member of management in the Financial Sector of Union Bank of Switzerland and as a Member of the Executive Board of the bank's investment company, he joined Georg Fischer Ltd, where, as Head of Finance, he was a member of the Corporate Executive Board from 1991 to 2000. He is currently an independent economic consultant. In June 2000, he was made a member of both Swiss Life/Rentenanstalt's Board of Directors and its Finance Committee. In addition, in 2000 he became a member of the Board of Trustees for the company's own employee benefits foundations. In November 2002 he was subsequently elected to the Board of Directors of the newly established Swiss Life Holding.
Mr Bührer will be put forward for re-election at the Swiss Life Holding Annual General Meeting of Shareholders on 27 May 2003.

Other appointments:
– Vereinigung Schweizer Unternehmen in Deutschland (VSUD/Association of Swiss Companies in Germany), domiciled in Basel, Vice Chairman of the Board
– Lake of Constance Council, Board Committee Member
– Herrenacker Parkhaus AG, Chairman of the BoD
– Meier & Cie AG, Vice President
– Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG, Member BoD
– Cellere AG, Member BoD
– Georg Fischer Ltd, Member BoD
– Hablützel AG, Member BoD
– Strabus AG, Member BoD
Political activities
– 1982 until 1991 Member of the Grand Council of the Canton of Schaffhausen
– Member of the National Council since 1991
– 2001/2002 President of the Liberal Party (FDP) of Switzerland

Gilbert Coutau
Born 1936
Swiss national
Member of the Board
Gilbert Coutau received a Master's Degree in Law (lic. iur) from the University of Geneva in 1959. In 1961 he joined the Geneva office of the Society for the Promotion of Swiss Trade and Industry, and was appointed Secretary in 1970, staying on until 1991, since when he has been an independent consultant for economic affairs and communication. From 1996 to 2002 he headed the Chamber of Commerce and Industry of Geneva. Until June 2002 he was Chairman of the Standing Committee for Finance and Taxes at economiesuisse (Swiss Business Federation). Mr Coutau was elected to Swiss Life/Rentenanstalt's Supervisory Board in 1985, and in 1997 he became a member of the Board of Directors. He has been a member of the Audit Committee since 2001. In November 2002 he was subsequently elected to the Board of

Directors of the newly established Swiss Life Holding.
Mr Coutau will be resigning his position on the Board of Directors of Swiss Life Holding with effect from the Annual General Meeting of Shareholders on 27 May 2003.
Other appointments:
- Nalage SA, Chairman of the Board
- SA du Journal de Genève et de la Gazette de Lausanne, Chairman BoD and Chairman of the Board of Trustees of the employee benefits foundation
- Bank Leu AG, Member BoD
- DMI Administrative Services SA, Member BoD
- Faisal Finance (Switzerland) SA, Member BoD
- «LaSuisse» Vie, Member BoD
- «La Suisse» Accident, Member BoD
- Le Temps, Member BoD and Board of Trustees of the employee benefits foundation
- Swisspipe, Member BoD
- WRG-FM SA, Member BoD
- Gertrude Hirzel Foundation, Member of Board of Trustees

Maria Luisa Garzoni
Born 1936
Swiss
Member of the Board
Maria Luisa Garzoni completed her studies in architecture and hotel management in 1957. From 1957 to 1962 she was manager of the hotels Livadia and Livadia am See. She has been Managing Director, and a Member of the Board of the family-owned company Garzoni SA since 1963. She joined the Supervisory Board of Swiss Life/Rentenanstalt in 1988. She was appointed to the Board of Directors of Swiss Life/Rentenanstalt in 1997. In 1990 she became a Member of Boards of Trustees for the company's own employee benefits foundations. In November 2002 Ms Garzoni was subsequently elected to the Board of Directors of the newly established Swiss Life Holding.
She will be resigning her position on the Board of Directors of Swiss Life Holding with effect from the Annual General Meeting of Shareholders on 27 May 2003.
Other appointments:
- Maluba AG, Chairman of the Board
- Immobiliare Spazio SA, Chairman of the Board
- Gammert & Partner AG, Member BoD
- Gianca AG, Member BoD
- Fondazione Olivio Ferrari, Member Board of Trustees

Josef Kühne
Born 1938
Swiss national
Member of the Board
Josef Kühne received a Master's Diploma in Agriculture in 1969. He managed his own farm from 1966 to 1999. From 1990 to 1999 he was a Member of the SBB Board of Directors (Swiss Federal Railways). In 1991 he was elected to the Supervisory Board of Swiss Life/Rentenanstalt. He has been on that company's Board of Directors since 1997. Since 2000 he has served as an alternate member of the Board of Trustees for employee benefits foundations, and since 2001 he has been on the Audit Committee. In November 2002 Mr Kühne was subsequently elected to the Board of Directors of the newly established Swiss Life Holding.
Mr Kühne will step down from the Board of Directors of Swiss Life Holding with effect from the date of the Annual General Meeting of Shareholders on 27 May 2003.
Other appointments:
- Swiss Milk Producers SMP, Chairman of the Board
- Swiss Milk Producers Holding, Chairman of the Board
- Swiss Milk Producer SMP's Employer-Sponsored Foundation and SMP Employee Benefits Foundation, Chairman of the Board of Trustees
- Emmental Co. Ltd. Exportation Company for Swiss Cheese, Vice Chairman of the Board
- Gerber Cheese Co. Ltd, Member BoD
- Swiss Farmers' Union, Board Member
- Board Member and Chairman of various agricultural organisations
- Bank Linth, Member of the Board of Directors and of the Board of Trustees of both the Employee Benefits Foundation and the Welfare Foundation

Henri B. Meier
Born 1936
Swiss national
Member of the Board
Henri B. Meier gained his Doctorate in Economics from the University of St. Gallen, prior to attending postgraduate studies at Columbia University, New York from 1964 to 1965. He was awarded an honorary doctorate from Basel University in 1999. From 1965 to 1973 Mr Meier held several positions, including Division Chief at both the World Bank and International Finance Corporation in Washington, DC, before joining Motor Columbus Ing. AG in Baden, Switzerland, where he was a member of the Management Board and Head of Marketing and Finance. From 1978 to 1985 Mr Meier was a member of the Executive Board of the Handelsbank/National Westminster in Zurich where he was in charge of Investment Banking.
He joined the Roche Group in 1986 where he served as Group Chief Financial Officer and Member of the Executive Committee until 2000. Mr Meier became a member of the Swiss Life/Rentenanstalt Board of Directors in 2001. In November 2002 he was subsequently elected to the Board of Directors of the newly established Swiss Life Holding.
Mr Meier will be resigning his position on the Board of Directors of Swiss Life Holding with effect from the date of the Annual General Meeting of Shareholders on 27 May 2003.

Other appointments:
– Givaudan Ltd, Chairman of the Board
– HBM Bioventures AG, Chairman of the Board
– HBM Fondation, Chairman of the Board of Trustees
– EUFRA Holding AG, Member BoD
– Grand Hotel Victoria Jungfrau AG, Member BoD
– Privatbank IHAG AG, Member BoD
– Roche Holding Ltd., Member BoD
– Züblin Real Estate Holding Ltd., Member BoD
– "El Refugio" Foundation, Member of Board of Trustees

Georges Muller
Born 1940
Swiss national
Member of the Board
Georges Muller graduated from the University of Lausanne in 1963 with a Degree in Law and Economics and was awarded an LL.M. from Harvard University in 1969. In 1973 he received a Doctorate in Law.
In 1964 he joined the Swiss Federal Tax Administration, and has been a partner with the law office of Bourgeois, Muller, Pidoux & Associés since 1975. From 1984 to 2000 he was an Extraordinary Professor at the University of Lausanne. Mr Muller was elected to the Supervisory Board of Swiss Life/Rentenanstalt in 1995 and in 1997 he became a Member of the Board of Directors. In November 2002 he was subsequently elected to the Board of Directors of the newly established Swiss Life Holding.
Mr Muller will be put forward for reelection at the Swiss Life Holding Annual General Meeting of Shareholders on 27 May 2003.
Other appointments:
– «La Suisse» Vie, Chairman of the Board
– «La Suisse» Accidents, Chairman of the Board
– Serono SA, Chairman of the Board
– SGS Société Générale de Surveillance Holdings Ltd, Chairman of the Board
– S.I. Château de Bonmont SA, Chairman of the Board
– The 2000 Management Corporation, Chairman of the Board
– Bertarelli & Cie., Board Vice Chairman
– Animan Publications SA, Member BoD
– Banca del Gottardo, Member BoD
– Schindler Elevator Ltd., Member BoD
– yousports.com SA, Member BoD
– Actafinance SA, sole Director
– Lavotel SA, sole Director
– Télémédicine SA, sole Director
– Vaudoise Chamber of Commerce and Industry, public office
– Swiss Red Cross, public office
– ISREC, Swiss Institute for Experimental Cancer Research, Chairman of the Board
– "Fondation pour la création d'un musée des beaux-arts" in Lausanne, Chairman of the Board

During the review period the following Members of the Board of Directors stood down with effect from the Annual General Meeting of 24 May 2002:

Christine Beerli
(Member of the Supervisory Board/Board of Directors 1993–2002)
Pierre de Chastonay
(Member of the Supervisory Board/Board of Directors 1985–2002)
Albert Eggli
(Member of the Supervisory Board/Board of Directors 1992–2002)

Internal organisational structure
The following standing committees support the work of the entire Board of Directors, and further special committees may be established to assist with specific tasks and responsibilities:

Coordination, Nomination and Compensation Committee
(Chairmens' Committee)
The Coordination, Nomination and Compensation Committee currently consists of Andres F. Leuenberger (Chairman), Rino Rossi and Ulrich Oppikofer. Its remit includes the following: to coordinate and prepare business matters to be brought to the attention of the Board of Directors, to consider possible candidates for election to the Board of Directors and for the role of Chairman of the Corporate Executive Board, to consider recommendations put forward by the Chairman of the Corporate Executive Board regarding potential candidates for the Corporate Executive Board, to determine the remuneration of the members of the Board of Directors and of the Corporate Executive Board (including incentive schemes) and to approve the compensation (including incentive schemes) for top management within the Group.

Finance Committee
This committee consists of Andres F. Leuenberger (Chairman), Rino Rossi and Gerold Bührer. The remit of the Finance Committee is as follows: to exercise a system of direct financial controls, to approve Group investment directives and verify that these are being adhered to, to make financial decisions within the scope of the allocation of financial competencies, to determine guidelines for long-term investment policies and approve those proposed by the Risk Management Board, and to monitor risk management.

Audit Committee

The Audit Committee consists of Ulrich Oppikofer (Chairman), Gilbert Coutau and Josef Kühne. The Audit Committee has the following remit: to prepare a recommendation on the appointment of the External Auditors and to ascertain the independence thereof, to commission supplementary audits, to review and comment on the External Auditors' conclusions and recommendations, to review and assess the quality of external reporting as well as to analyse the results of the internal audits. Further information on the duties of the Audit Committee can be found in the Auditors section.

The Board of Directors and its Committees normally meet at the following intervals:

Board of Directors	six times a year
Chairmen's Committee	monthly
Finance Committee	four times a year
Audit Committee	four times a year

Meetings may be called more often if the situation requires. Depending on the business to be discussed, the Corporate Executive Board or individual members of the Corporate Executive Board may be invited to attend these meetings in their professional capacity.

Areas of responsibility and control instruments

The Organisational Regulations of Swiss Life Holding provide for the comprehensive delegation of the executive management of the company to the Corporate Executive Board, with the exception of those duties reserved for other bodies in accordance with the law, the Articles of Association or the Organisational Regulations themselves. The Corporate Executive Board is entrusted with the preparation and implementation of the resolutions passed by the Board of Directors, the Chairmen's Committee and the special committees.

The Corporate Executive Board keeps the Chairmen's Committee and the Board of Directors regularly informed about the conduct of business, new business activities and significant projects. Internal auditing procedures represent an efficient means of monitoring and information gathering for the Board of Directors, to which the Corporate Internal Audit department reports directly.

Corporate Executive Board

As of 15 January 2003 the Corporate Executive Board is composed of the following members:

Rolf Dörig
Born 1957
Swiss national
Chief Executive Officer (CEO)
since 6 November 2002

Rolf Dörig laid the groundwork for his professional career by obtaining a Doctorate in Law from the University of Zurich before being called to the Bar of Zurich. Joining Credit Suisse in 1986, he assumed a number of executive responsibilities in various areas of banking and in different geographical markets. He subsequently became Chief of Staff and Chief Communications Officer for the Credit Suisse Group. As a member of the Executive Board of Credit Suisse Financial Services, he was assigned responsibility for Swiss Corporate and Retail Banking from 2000 onwards. In spring 2002 he became Chairman Switzerland for the Credit Suisse Group. Rolf Dörig has been CEO of the Swiss Life Group since November 2002. Alongside his professional career, he also finds time to involve himself in important social projects: examples include the successful joint application by Switzerland and Austria to host the European football championship in 2008 and his work on behalf of Expo.02, where he contributed his expertise in the financial sector on an interim basis. Rolf Dörig is married with three children.

Other appointments:
- Member of the Board of Directors of Kongresshaus AG, Zurich
- Member of the Board of Directors of ANBE AG, Baar
- Member of the "economiesuisse" Board, Zurich
- Board of Directors, Grasshopper-Club Zürich
- Board of Trustees Schweizer Sporthilfe

Bruno Pfister
Born 1959
Swiss national
Chief Financial Officer (CFO)
since 1 August 2002

Bruno Pfister graduated from the University of Geneva with a Master's Degree in Law before being called to the Bar of Geneva. He then turned his attention to business management studies, earning an MBA from the Graduate School of Management in Los Angeles. The initial stages of his career saw Mr Pfister work for Chase Manhatten Bank in London and Geneva. From 1988 onwards he was a Management Consultant for McKinsey & Co. 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 Bank, Liechtenstein in 1998. In 1999 he took over as Head of Customer Segment and Product Management at Credit Suisse. Bruno Pfister has been CFO of the Swiss Life Group since mid-August 2002. He is married.

Other appointments:

- Member of the Board of Directors of Telekurs-Holding Ltd (May 2000 – May 2003)
- Member of the Board of Directors of Banca del Gottardo (from March 2003)

Michael Koller
Born 1964
Swiss national
Chief Risk Officer (CRO)
since 1 October 2001

Michael Koller studied Mathematics at the Swiss Federal Institute of Technology (ETH) Zurich, receiving his Diploma in 1988 and his Doctorate in 1989. He also qualified as an accredited pension actuary, gaining his Swiss Federal Diploma in 1998. He was an Assistant in the Mathematics Department of the ETH Zurich before joining Swiss Life / Rentenanstalt in 1993, since when he has held a number of leading actuarial positions within the company. In October 2001 he became head of the new Actuarial & Financial Techniques division. In addition, since October 2002 Mr Koller has also been responsible for the Swiss Life Group's Products division and was promoted to the position of Chief Risk Officer (CRO) with effect from January 2003. Since July 2002 he has been Professor of Life Insurance Mathematics at the Swiss Federal Institute of Technology Zurich. He has served on various professional bodies and is the author of a large number of publications. Michael Koller is married with two children.

Martin Senn
Born 1957
Swiss national
Chief Investment Officer (CIO)
since 1 January 2003

Martin Senn studied Commerce before graduating from Management courses at INSEAD, Fontainebleau and the Harvard Business School, Boston. He worked at the former Swiss Bank Corporation from 1976 to 1994, where his positions included Treasurer in Hong Kong and Regional Treasurer for Asia/Pacific in Singapore, before ultimately managing the company's Tokyo office. In 1994 he moved to Credit Suisse where his many executive roles included that of Regional Treasurer for Europe and Turnaround Manager with a mandate to restructure and reposition all legal entities of Credit Suisse Group in Japan. A member of the Credit Suisse Executive Board, he was appointed Head of its Trading and Investment Services Division in 2001. Mr Senn has been Chief Investment Officer of the Swiss Life Group since 1 January 2003. He is married with two children.

Other appointments:

- Member of the Board of Directors of Maerki Baumann & Co. AG, Zurich (since 2002)
- Member of the Board of Directors of Nomura Bank (Switzerland) Ltd., Zurich (since 2002)

Paul Müller
Born 1950
Swiss national
CMO (Chief Markets Officer) and
CEO Switzerland
since 15 January 2003
Paul Müller studied Economics at the University of St. Gallen. After graduating with a Master's degree (lic. oec. HSG) in 1975 he launched his career by joining Winterthur Versicherungen. In 1982 he moved to Bâloise Insurance where he held a number of leading positions. As a member of the Corporate Executive Board he was ultimately responsible for the German, Austrian, French, Belgium and Luxembourg markets. From 1995 Paul Müller served as CEO of Helvetia Patria Assurances' Swiss Division in Basel. Paul Müller took up his new position as Chief Markets Officer (CMO) and CEO Switzerland at the Swiss Life Group in mid-January 2003. He is married with two children.
Other appointments:
– Honorary General Consul of the Republic of Austria in Basel (until June 2003)

René van der Smeede
Born 1948
Dutch national
Head of International Markets
since 1 January 2003
René van der Smeede obtained a university degree as Qualified Actuary in 1976. Until 1984 he worked for the Dutch insurers ENNIA, subsequently heading their subsidiary in Spain as Director. He then went on to hold various management positions at the Dutch insurance company AEGON, serving on their Executive Board in the Netherlands for ten years. In 1998 he became CEO of Swiss Life Netherlands (ZwitserLeven). René van der Smeede was named acting Head of the new International Markets division of the Swiss Life Group in November 2002. He became a Member of the Corporate Executive Board on 1 January 2003. He has served as Vice President of the Netherlands Actuarial Association, President of the Netherlands Association of Life Insurers and was a Board Member of the Dutch Association of Insurers from 1993 to 1998. René van der Smeede is married.

Reto Himmel
Born 1956
Swiss national
Chief Information and Technology
Officer (CTO)
since 15 January 2003
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, playing an active role in the bank's turnaround. He then returned to Credit Suisse where he held the position of Chief of Staff of the Investment and Trading Division. In 1997 Mr Himmel became a member of the Executive Board at ABN AMRO (Switzerland), assuming responsibility for the bank's logistics operations. He became Head of Operations at UBS Warburg Switzerland in August 2001. Mr Himmel took up his new position as Chief Information and Technology Officer at the Swiss Life Group in mid-January 2003. He is married.

The following members of the Corporate Executive Board resigned their seats in the course of 2002:
Manfred Zobl *(as of 28 February 2002)*
CEO
Karl Mühlebach *(as of 31 May 2002)*
Head of International Division
Dominique Morax *(as of 30 September 2002)*
CFO
Hannes A. Meyer *(as of 31 October 2002)*
Head of E-Business Division
Roland Chlapowski *(as of 5 November 2002)*
Head of Swiss Division, Group CEO
Hans-Rudolf Strickler *(as of 7 December 2002)*
Head of European Division

Transfer of management tasks
No management tasks have been contractually assigned to third parties by Swiss Life Holding.

Compensation, participation in equity, loans

Practice and procedure

The Board of Directors is responsible for determining the level and make-up of compensation for its members as well as for the members of the Corporate Executive Board. Pursuant to the Organisational Regulations, the Chairmen's Committee, in its capacity as Coordination, Nomination and Compensation Committee, is responsible both for setting the specific levels of compensation and for stipulating the conditions to which these are subject.

Compensation paid to acting members of governing bodies

Compensation paid to incumbent members of the Board of Directors and the Corporate Executive Board during the period under review was as follows:

Board of Directors	CHF 1 214 000
Corporate Executive Board	CHF 7 138 976

In accordance with the Board of Directors' decision of 13 December 2002, instead of receiving their fixed remuneration in cash, members of the Board of Directors were indemnified for their services in the second half of 2002 with Swiss Life Holding shares (at the market price of 13 December 2002 of CHF 114.75 per share).

No additional severance payments beyond those contractually agreed were made to those members of the Board of Directors who left during the period under review.

Compensation for former members of governing bodies

Compensation of CHF 262 840 was paid to members leaving the Corporate Executive Board prior to the period under review in accordance with contractual agreements for payment of salary. No compensation was paid to former members of the Board of Directors who resigned their seats prior to the period under review.

Share allotment in the year under review

Swiss Life Holding shares were allocated to members of the Board of Directors and the Corporate Executive Board as follows during the 2002 financial year:

Board of Directors	665 shares
Corporate Executive Board	800 shares

No shares were allocated to parties closely linked[1] to such persons within the meaning of the law.

[1] "Closely linked parties" are natural persons and legal entities pursuant to Art. 678 of the Swiss Code of Obligations that have close personal, economic, legal or de facto ties with members of governing bodies. This typically includes spouses, minor children, companies controlled by the member of the governing body and natural or legal persons serving the member of the governing body in a fiduciary capacity.

Share ownership

Members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held a total number of shares on the balance sheet date as follows:

Board of Directors	17 868 shares
Corporate Executive Board	330 shares

Options

The following provides an overview of the options on shares of Swiss Life/Rentenanstalt or Swiss Life Holding allocated to members of the Board of Directors and the Corporate Executive Board in the years 2000, 2001 and 2002.

In connection with the exchange of Swiss Life/Rentenanstalt shares for shares of Swiss Life Holding, the parameters of the corresponding options have been adjusted in accordance with Eurex guidelines.

Board of Directors

Allotment year	
2002	11 400 options
	Option life: 5 years
	Vesting period: 3 years
	Subscription ratio: 1.39
	Exercise price: CHF 257.13
2001	11 250 options
	Option life: 5 years
	Vesting period: 3 years
	Subscription ratio: 1.39
	Exercise price: CHF 784.88
2000	11 250 options
	Option life: 3.5 years
	Vesting period: 3 years
	Subscription ratio: 1.39
	Exercise price: CHF 960.17

Corporate Executive Board

Allotment year	
2002	22 000 options
	Option life: 5 years
	Vesting period: 3 years
	Subscription ratio: 1.39
	Exercise price: CHF 257.13
2001	23 500 options
	Option life: 5 years
	Vesting period: 3 years
	Subscription ratio: 1.39
	Exercise price: CHF 784.88
2000	25 500 options
	Option life: 3.5 years
	Vesting period: 3 years
	Subscription ratio: 1.39
	Exercise price: CHF 960.17

These options had no intrinsic value on the balance sheet date.

Additional honorariums and remunerations

During the period under review there were no additional honorariums or remunerations paid to members of the Board of Directors or the Executive Board that would have been subject to disclosure requirements.

Loans

On the balance sheet date the following loans to members of the Board of Directors and Corporate Executive Board were outstanding in the form of mortgages:

Board of Directors	CHF 1 400 000
Corporate Executive Board	CHF 700 000

The interest rates used for these mortgages are 3.625% and 4% or 3%.

Highest total compensation

The highest total compensation for a member of the Board of Directors comprised the following:

Compensation	CHF 260 000[1]
Shares	200 shares[2]
Share options	5 000 options[2]
Total compensation	CHF 331 550[1]

[1] Half of the fixed remuneration (fixed for the second half of 2002) of CHF 130 000 has been credited in the form of shares of Swiss Life Holding at CHF 114.75, their market price of 13 December 2002.

[2] Based on the market value as of 31 December 2002 of CHF 101.75 per share and CHF 10 per option.

Shareholders' participation rights

Restriction on voting rights

In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of his / her own shares and those he / she represents. Legal entities and partnerships which are connected through capital, voting rights, uniform management or in any other way, as well as individuals or legal entities and partnerships which act in concert by virtue of agreement, syndicate or in any other way, are deemed to be one person.

Any amendment to or revocation of restrictions on voting rights must be approved by at least two thirds of the voting shares represented at the General Meeting of Shareholders and an absolute majority of the share par value represented.

During the year under review, Swiss Life/Rentenanstalt's 10% restriction on voting rights was lifted on the occasion of the Extraordinary General Meeting of Shareholders on 23 October 2002 to enable Swiss Life Holding to exercise in full the voting rights acquired upon completion of the public exchange and assume its function as a Group holding company in actual practice.

Right of representation

The Articles of Association stipulate that a shareholder may be represented only by another shareholder, a legal representative, a management representative, independent voting representative or a representative of deposited shares. Married persons may also be represented by their spouses, who are not required to be shareholders.

Required majorities

In addition to the resolutions provided for by law, a qualified majority (corresponding to at least two thirds of the voting shares represented and an absolute majority of the share par value represented), by analogy with Art. 704 of the Swiss Code of Obligations, is required to:

- change provisions concerning the transferability of registered shares
- change provisions concerning restrictions on voting rights
- dissolve the company (liquidation)
- dismiss more than one third of the Members of the Board of Directors
- change these provisions of the Articles of Association

Convening the General Meeting of Shareholders and drafting the agenda

The rules set out in the Articles of Association for convening a General Meeting of Shareholders and drawing up the agenda encompass the stipulations of the law.

Entry in the share register

Entries can be made in the share register up to, but not including, the day before the General Meeting of Shareholders (AGM). In all cases, however, the company reserves the right to adhere to the legal maximum period of 20 days for refusal to recognise entries in the share register in accordance with Art. 685g of the Swiss Code of Obligations. For administrative reasons (mail delivery times) the deadline for registering to participate in the General Meeting of Shareholders is usually seven calendar days before the meeting takes place.

Voting system

To ensure that decisions of the shareholders at the AGM are recorded correctly, Swiss Life Holding uses a certified electronic voting system which it helped develop. This records the exact number of proxy votes and permits balloting supported by remote-controlled handsets.

Changes of control and defence measures

Duty to make an offer

Swiss Life Holding's Articles of Association provide for neither an "opting up" nor an "opting out" clause within the meaning of Art. 22 and 32 of the Stock Exchange Act.

Clause on changes of control

No agreements exist in favour of the Board of Directors or the Corporate Executive Board for cases concerning changes in control of the company.

Auditors

PricewaterhouseCoopers (PwC) serves as external statutory auditor for 84% of the Swiss Life Group companies that are directly or indirectly held by Swiss Life Holding under its scope of consolidation. PwC is also the Group Auditor for Swiss Life Holding. The remaining auditing mandates for subsidiaries are carried out by Ernst & Young (15%) and other auditing firms (1%).
In the report of the Group Auditors, PwC confirms that it meets the legal requirements concerning professional qualification and independence.

Duration of the mandate and term of office of the lead auditor

At the time Swiss Life Holding was established in 2002, PwC was named as Group Auditor and was charged with reviewing the figures for the first financial year. The Articles of Association stipulate that the External Auditor is to be elected by the General Meeting of Shareholders for one financial year at a time. PwC has served as Group Auditor for Swiss Life/Rentenanstalt since 1994.
The lead auditor, Peter Brand of PwC, was first charged with reviewing the consolidated financial statements of Swiss Life/Rentenanstalt (and now Swiss Life Holding) in 1997.

Auditing fees

In 2002 the auditing fees received by PwC from the Swiss Life Group came to CHF 13.503 million. These include the costs of reviewing Swiss Life/Rentenanstalt's 2002 half-year accounts and of comfort letters issued in connection with the capital increase.

Additional fee payments

In 2002 PwC received additional payments totalling CHF 3.907 million for advisory services. A significant portion of this was for consultancy in connection with optimising the internal auditing system.

Supervisory and control instruments vis-à-vis the auditors

As a matter of corporate governance, the Audit Committee of the Board of Directors is concerned with all aspects of auditing and supports the Board in the performance of its legal responsibilities as regards financial reporting, internal auditing and the coordination of audit processes. The Audit Committee does not itself carry out any auditing, but rather supervises the activities of the internal and external auditors.

The Audit Committee has the following remit:

- to prepare recommendations for the election or re-election of the external statutory auditors for Swiss Life/Rentenanstalt and Swiss Life Holding as well as the Group Auditor
- to commission audits to be performed by internal or external auditors
- to ascertain the independence of the External Auditors, identify possible conflicts of interest affecting them and agree on their fee
- to examine and comment on the External Auditors' findings and recommendations, and receive reports from the management regarding measures taken
- to review and assess the quality of external reporting
- to examine the organisation and effectiveness of internal auditing, and take note of the findings and results of internal auditors' reports.

At least once a year, a joint meeting will be held with the External Auditors, the internal auditors and the responsible members of the Board of Directors. The Audit Committee met four times during the 2002 financial year. The lead auditor from PwC took part in these sessions.

Information policy

In addition to its comprehensive Annual Report and Financial Statements, Swiss Life Holding also reports its half-year results. All Annual Reports and Half-Year Reports of Swiss Life Holding and Swiss Life/Rentenanstalt from 1997 onwards can be accessed via the homepage www.swisslife.com. Twice a year, a Letter to Shareholders with important facts and figures is sent to all those recorded in the share register.

Swiss Life Share Performance

Swiss Life shares declined in value by 85% in the course of the year. Alongside generally challenging economic conditions, which had a particularly negative impact on the financial services sector, there were also company-specific factors that led to a loss of confidence on the part of investors. The successful completion of the capital increase in December 2002 was an indication that shareholders are standing behind the new management as it implements the new strategy.

On the stock markets 2002 was a year of great insecurity and a conspicuous lack of investor confidence. Along with unexpectedly sluggish economies, recurring fears of a new Gulf war became the primary reason for the great reluctance to invest. Negative reports from a variety of major enterprises worldwide also fuelled the fundamentally poor mood of the markets. Many of the indices continued their nosedive against this background. For example, the Swiss Market Index (SMI) recorded a slide of around 28% in 2002; the Dow Jones Euro Stoxx 50 shared a similar fate, falling by 36%, and the Dow Jones Industrial Index was down 17%.

The insurance industry was hit harder than other financial service providers by this disappointing environment. The negative trend on the stock markets had an adverse effect on insurance company balance sheets and caused their profit outlook to deteriorate. In addition, the continued fall in interest rates impacted negatively on the profit situation of insurers. The Swiss Performance Insurance Index fell by 52% for the year. Similar losses were suffered by the Dow Jones Euro Stoxx Insurance Index, which slipped by 51%, the MSCI Europe Insurance Index, down 43% (in US dollars), and the S&P 500 Insurance Index, which fell by 22%.

Swiss Life shares declined in value by 85% in the course of the year. This disappointing development was due in part to the state of the industry as a whole and in part to factors specific to the company itself. The causes include the debate on the reduction of the minimum interest rate for occupational benefits in Switzerland, controversy surrounding the top management and the disclosure of two accounting errors. These events resulted in a widespread loss of confidence among investors in 2002.

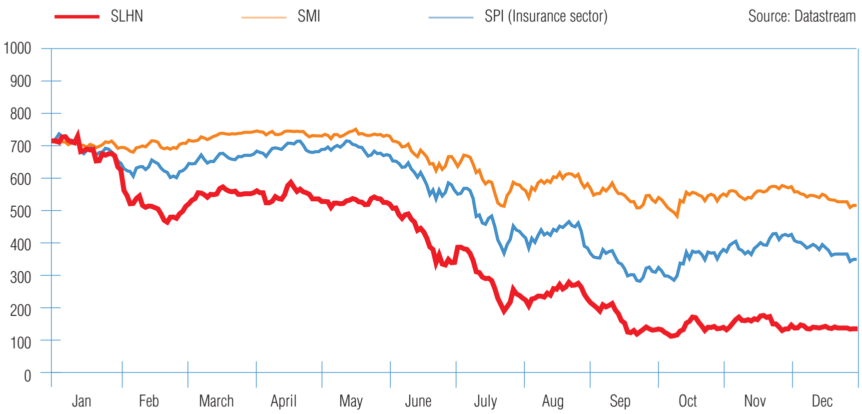
Swiss Life Holding's stock exchange listing

Security Number: 1 458 278
ISIN: CH 001 485 278 1
Ticker symbol: SLHN
Reuters: SLHn.VX
Bloomberg: SLHN VX

Share statistics	31.12.2002[1]	31.12.2001[2]
In CHF (unless otherwise indicated)		
No. of shares	23 447 943	11 747 000
Earnings per share	– 72.2	– 9.8
Equity per share	177.8	424.1
Market price	107.8	715.0
Annual high	(11.1.) 523.6	(15.2.) 1 395.0
Annual low	(8.10.) 80.4	(21.9.) 560.0
Market capitalisation	2 527 688 255	8 399 105 000
Price/earnings ratio	n. m.	n. m.
Price/equity ratio	0.6	1.7
Dividends	–	–

[1] based on the Swiss Life Holding share (SLHN), adjusted
[2] based on the Swiss Life/Rentenanstalt share (RAN)

Price performance 2002



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Important Dates

Annual General Meeting
27 May 2003 (Hallenstadion Zurich)

Presentation of half-year figures
10 September 2003

Press Conference and Analyst Information
on the Annual Results
30 March 2004