



SwissLife



Summary Review 2005

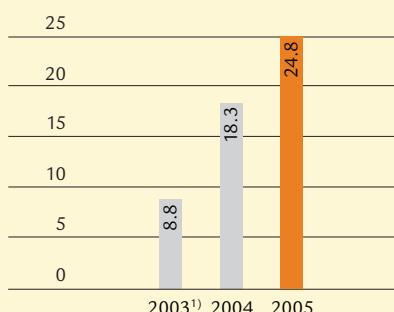
Key Figures

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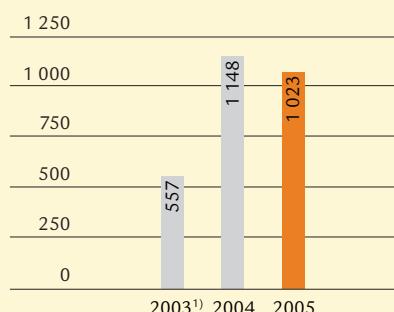
Profit for the period CHF million



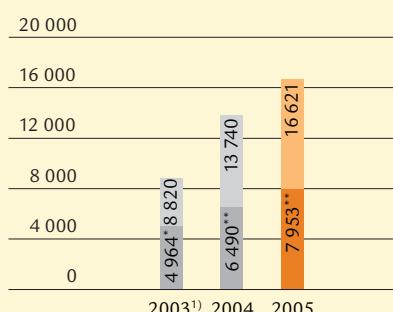
Diluted earnings per share CHF



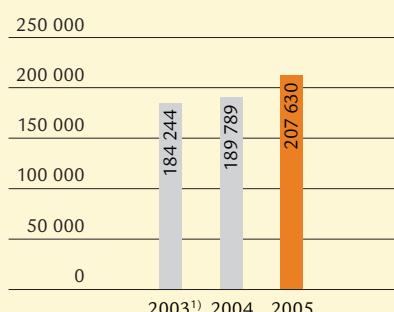
Profit from operations CHF million



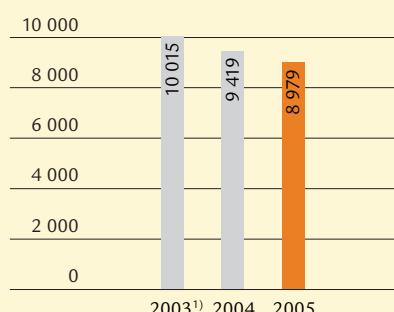
Core capital CHF million



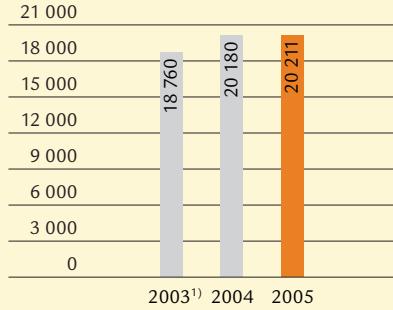
Assets under management CHF million



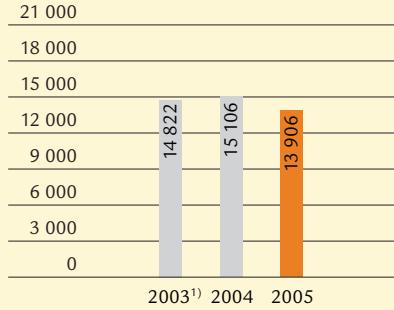
Employees (full-time equivalents)



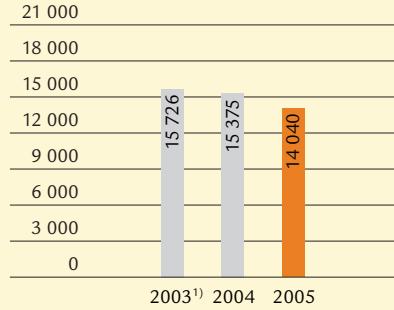
Gross written premiums, fees and deposits received CHF million



Net earned premiums and fees CHF million



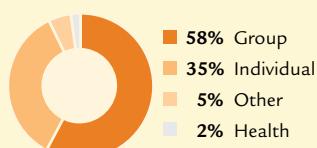
Net insurance benefits, claims and claim settlement costs CHF million



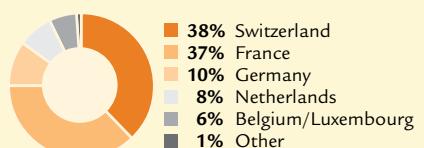
Segment result



Direct written premiums by type of insurance



Gross written premiums, fees and deposits received by country²⁾



1) The 2003 figures were not adjusted to the financial reporting requirements as per 1 January 2005.

2) On consolidated basis

* Equity

** Equity (incl. minority interest)

Highlights

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- Profit reaches CHF 874 (+44%) for a return on equity of 12.3%
- Shareholders' equity up 22% to CHF 7.7 billion
- Growth momentum undiminished abroad (premiums: +19%)
- Basis for sustainable profitability created in Switzerland
- Operating expenses reduced 2%
- Insurance and banking strategy reviewed and further developed with clear objectives for 2008

Swiss Life in brief

The Swiss Life Group is one of Europe's leading providers of pension and life insurance products. The Swiss Life Group offers individuals and companies comprehensive advice across a broad range of products via agents, brokers and banks in its domestic market, Switzerland, where it is market leader, and selected European markets. Multinational companies are serviced with tailor-made solutions by a network of partners in over 60 countries and regions. With Banca del Gottardo, the Swiss Life Group is also a provider of banking services. The Bank, with its head office

in Lugano, has an extended national and international network and around CHF 40 billion in customer assets under management.

Swiss Life Holding, registered in Zurich, dates back to the Swiss Life Insurance and Pension Company founded in 1857. Shares of Swiss Life Holding are listed on the SWX Swiss Exchange (SLHN). The Swiss Life Group employs a staff of about 9000.

Dear Shareholders,

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The Swiss Life Group again achieved a good result in 2005, and by further developing its strategy is on track for a successful future. Group profit increased by 44% to CHF 874 million compared to the previous year. All segments and markets contributed significantly to these gratifying results. The trend in earnings underscores the strategic and operational advances made by the company. The return on equity amounts to 12.3% and the profit per share to CHF 24.82. On the strength of these results, the Board of Directors will recommend an increase in the dividend from CHF 4 to CHF 5 at the General Meeting on 9 May 2006. As in the previous year, the dividend will take the form of a repayment of par value.

Growth in premiums – reduction in costs Premium income amounting to CHF 20.2 billion represents 8% growth compared to the previous year. In the home market, Switzerland, market share was maintained. In a market characterised by declining turnover, premium income was down 5% on a comparable basis. The growth momentum continued undiminished abroad. Premium growth in our European markets totalled 19%. Despite the clear premium growth it was possible to reduce our operating costs by a further 2%. Strict cost management is still a top priority in all units. The efforts to further simplify structures and processes and to realise synergies within the Group will lead to a marked increase in efficiency in the coming years.

In the period under review, Swiss Life was able to reinforce its financial strength, thereby increasing the financial flexibility of the company. Equity amounted to CHF 7.7 billion (+22%) as per 31 December 2005.

The total of outstanding borrowings dropped by around CHF 1.9 billion to CHF 4.4 billion, and the goodwill position was reduced to below CHF 700 million. This strong capitalisation led Standard & Poor's to confirm its "A-" rating for the operating companies and to change the forecast from "negative" to "stable" in July 2005. The share price also reflects this positive business trend. With a performance of 44% in 2005 Swiss Life Holding shares were up with the best in the Swiss Market Index. Market capitalisation was CHF 8.0 billion as per 31 December 2005. It has more than tripled in the past three years.



Bruno Gehrig



Rolf Dörig

Growing by optimising the distribution and product mix

Our strategic priorities for the coming years are growth, efficiency and leadership. Growth is based on positioning Swiss Life as the provider of choice for pensions and long-term savings while continuing to improve customer satisfaction levels. We are following a multi-channel strategy in every country and working at fine-tuning our marketing capabilities. The further development of our product range is also moving ahead briskly.

The new Swiss Life brand, introduced in 2004, supports this market success. It underscores the positioning of the company as a specialist in financial provisions for the future, and as a trustworthy partner for private individuals and companies.

Further improving efficiency In our business the overall result is made up of three components: the risk result, the cost result and the financial result. In order to realise our profit target of CHF 1 billion by 2008 we cannot simply assume that we will continue to achieve a high financial result as in the past two years. We must continue to improve our risk and cost results. These two components are fundamental to the basic insurance result.

We are targeting a basic insurance result of CHF 500 million by 2008. In 2005 we achieved CHF 148 million. We have various drivers to help us achieve the necessary improvement. But it is clear that an increase in efficiency has a direct, one-on-one effect on our basic insurance result. For this reason, increasing efficiency has top priority in all our markets.

Encouraging and promoting corporate responsibility

Our task where leadership is concerned is to develop our corporate culture further, based on our values. On the one hand, leadership means that Swiss Life as a company wants to establish itself as an authoritative voice in the political debate surrounding the framework conditions regarding pensions.

On the other hand, leadership means that we want to systematically promote the leadership skills of our management and the entrepreneurial responsibility of our staff. The annual employee survey is an important yardstick in this area. Over 80% of the Swiss Life Group's employees took part in this survey last year. The key measurement in the results of this survey is Commitment. This value is a combination of employee job satisfaction and identification with the company. In 2005 it stood at 70 out of 100 index points across the whole Group. In comparison to the previous year, this represented an encouraging increase of 9 index points.

Banca del Gottardo as an important part of the Group

Banca del Gottardo is an important part of the Swiss Life Group. The bank makes a major contribution to the earning power of our Group and to the achievement of our strategic objectives. In future, the bank will concentrate on private banking. Geographically the emphasis will be on Switzerland for onshore and offshore business together with Italy as the most important market abroad. Despite the various changes introduced during the period under review, the bank posted a good return for the 2005 financial year.

Personnel and organisational changes In connection with the Group's strategic priorities, we decided to fine tune the assignment of responsibilities in the Corporate Executive Board as of 1 January 2006. Bruno Pfister, formerly Chief Financial Officer (CFO), assumes responsibility for the Group's international business as CEO International. Thomas Müller, formerly CFO of Banca del Gottardo, succeeds him as CFO. Reto Himmel, formerly Chief Technology Officer, is being given a slightly different portfolio of responsibilities in his role as Chief Technology & Operations Officer. His focus will be directed entirely to the implementation of Group-wide synergies in IT and operations.

Georges Muller, member of the Board of Directors, will not be standing for another term at the General Meeting on 9 May 2006. With his comprehensive experience of internationally operating companies and his outstanding specialist knowledge, in particular in the field of financial market law and corporate governance, he has made a decisive contribution to the successful development of the Swiss Life Group. We would like to thank Georges Muller warmly for his committed contribution as a member of the Board of Directors and for the pleasant professional relationship we enjoyed.

Martin Senn, who has been a member of the Corporate Executive Board and Chief Investment Officer of the Swiss Life Group since January 2003, has decided to leave Swiss Life. He has been appointed Chief Investment Officer and member of the Group Executive Committee of the Zurich Financial Services Group as of 1 April 2006. We would like to thank Martin Senn for his major contribution to the successful turnaround of the company and wish him every success in his new role.

Thank you We would like to thank all our customers, our shareholders and our business partners for their trust and loyalty to Swiss Life. In particular, we would like to thank our employees for their contribution to the successful development of our company in the previous year, and for their unstinting commitment. We are convinced that, with the same level of enthusiasm and commitment, we shall be able to successfully master the challenges that lie ahead and reach our ambitious goals.

Bruno Gehrig
Chairman of the
Board of Directors

Rolf Dörig
Chairman of the
Corporate Executive Board

Strategy

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Swiss Life wants to achieve a position of pensions leadership. Swiss Life means to be the first choice for customers, investors and employees in this sector. Based on the three strategic directions – growth, efficiency and leadership – our company is right on track to realising this ambition.

The business of providing financial benefits for the future is a sustainable growth market in the long term. With increasing life expectancy and the rising percentage of retired people in the total population, the need for individual retirement solutions in the form of pensions and long-term savings is also growing. Swiss Life is assuming that, in coming years, the market growth in Europe for both private and occupational benefits will be considerably above the general economy.

With a share of around 5%, Swiss Life is the major international provider of pension solutions in its target markets. In its home market of Switzerland it is the market leader again in terms of premium volume. Thanks to its competence, effective sales channels and strong brand, especially for affluent clients and in the group life business, Swiss Life is a preferred alternative to domestic providers in the French, German, Dutch, Belgian and Luxembourg markets.

With Banca del Gottardo, the Swiss Life Group is also a provider of banking services. The bank makes an important contribution to the Group's earning power, independent of the insurance business. Banca del Gottardo will in future concentrate more fully on private banking in the Swiss and Italian markets.

Ambitious goals Swiss Life aims to be first choice for its clients, by setting standards with regard to quality of advice, products and service. This will lay the groundwork for Swiss Life to record a profit of CHF 1 billion and a sustainable return on equity above 10% by 2008. Shareholders should be adequately compensated by regular dividends for making risk capital available. Swiss Life wants to be an attractive employer for its staff – a company they are proud to work for.

To realise this ambition, Swiss Life is concentrating on growth, efficiency and leadership as its strategic directions.

Growth Swiss Life intends to benefit from the growing pensions market and position itself in its markets as the preferred provider of pension solutions for individuals and companies. Swiss Life wants to grow by at least 1% above the market average in all the countries in which it operates. Continuous improvement in customer satisfaction is an important driver for this, which puts a high priority on the quality of products, services and customer care in every market. Distribution in the individual markets will be more strongly diversified in order to create additional possibilities for customers to make contact.

Efficiency Swiss Life intends to continue improving its basic insurance profitability and to reduce its dependence on the financial result. A basic profitability of CHF 500 million should be achieved by 2008. In 2005 the figure came to CHF 148 million. Along with the necessary increase produced by setting premiums consistent with the costs and risks, the above goal is to be achieved by simplifying and optimising operational processes, reducing the complexities across the entire value chain and sticking to strict cost management. Viewed overall, Swiss Life was able to lower operating costs another 2% despite substantial growth in premiums and the ongoing strategic initiatives.

Leadership Swiss Life wants to promote a performance-oriented culture and an entrepreneurial approach. Another important element in the strategy is the further improvement of employee job satisfaction and commitment by 2008. These advances will be driven by shorter decision-making processes, a performance-oriented remuneration system and the systematic recording and development of employees' skills and abilities.

Summary of Group Results

The Swiss Life Group generated a profit of CHF 874 million and a return on equity of 12.3% in 2005. The company continued its dynamic growth momentum abroad and laid the groundwork for a sustainable increase in profitability in Switzerland.

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The Swiss Life Group increased its profits by 44% to CHF 874 million compared to the previous year. After allowing CHF 14 million for minority interests, CHF 860 million is available for the shareholders of Swiss Life Holding. This translates into (diluted) earnings per share of CHF 24.82 and a return on equity of 12.3% (2004: 10.7%). The strategic and operational advances are also reflected in the 8% growth in premium income on a comparable basis to CHF 20.2 billion and a further reduction in operating costs by 2%.

Operating profit totalled CHF 1023 million. Insurance contributed CHF 918 million. The decline of CHF 123 million in the result for the insurance segment compared to the previous year is mainly attributable to a clearly higher allocation to reserves for policyholder bonuses as a result of realised gains on bonds. Swiss Life created additional risk capital on the books to provide more flexibility in its investment policy during the period of the lowest interest rates. The operating profit in banking business came to CHF 117 million (2004: CHF 73 million), in Investment Management CHF 61 million (2004: CHF 59 million).

Revenue came to a total of CHF 21.5 billion (-4%). However, it must be noted that in the income statement, in accordance with the international accounting standards (IFRS), only the earned premiums are incorporated and not the gross premium income including investment contracts, as in the usual premium comparisons. While the investment contracts rose by 40% to CHF 6.0 billion in the period under review, net earned premiums fell by 9% to CHF 13.2 million.

The financial result for investments held at own risk amounted to CHF 7.0 billion and is thus 2% higher than the previous year's result. The slightly lower direct earnings on investments are offset by higher realised and unrealised capital gains. The direct return on insurance portfolio investments is 3.7% (2004: 4.1%). The total return was 5.5% (2004: 6.4%). Net equity exposure stood at 4.1% as per 31 December 2005.

Tight cost management led to a further reduction in operating costs by 2% to CHF 2.0 billion. Overall operating expenses increased by 1% to CHF 3.4 billion. As of 31 December 2005 the Swiss Life Group employed a workforce of 8979 on a full-time equivalent basis (end 2004: 9419).

Compared to 2004, insurance benefits declined by 9% net to CHF 14.0 billion in line with the premium income earned. The total bonus distribution to policyholders increased by 43% to CHF 2.2 billion. This is primarily due to the above-mentioned allocation to the reserves for policyholder bonuses. Interest expense (excluding borrowing costs) decreased by 5% to CHF 862 million.

Shareholders' equity rose by 22% to CHF 7.7 billion in the period under review. As well as the profit for the period, the increase in the revaluation reserves for bonds and the conversion into shares of the mandatory convertible securities falling due in December 2005 contributed to the increase. Core capital for capital adequacy purposes rose by 21% to CHF 16.6 billion.

Assets under management by the Swiss Life Group stood at CHF 207.6 billion (+9%) as per 31 December 2005.

Segment Result

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The bulk of the operating profit of CHF 1023 million was made up by the insurance business, with a contribution of CHF 918 million.

Insurance Swiss Life consolidated its leading position in the company's home market of Switzerland and established the conditions for growth in profitability. The growth momentum continued undiminished abroad. The segment result for the insurance segment came to CHF 918 million.

Switzerland For Swiss Life 2005 was a year of laying the groundwork for a successful future. Swiss Life integrated the life insurance business of «La Suisse» and the Vaudoise group life business into its own operations, entered into new sales agreements, made excellent progress on the project to simplify administrative systems and improved its product range. Gross premium income totalling CHF 7807 million represents an 11% decline from the previous year. Group insurance premiums dropped by 14% to CHF 5624 million. A large portion of this drop can be traced to the new independent status of the contingency fund. This was transferred to an autonomous foundation as at 1 January 2004 and temporarily taken over in its entirety by «La Suisse» during the 2004 transitional year. If this event is screened out, the decline in group insurance amounts to 6%, the greater portion of which is attributable to lower single premiums. Swiss Life's written premiums for individual insurance advanced 4% from the prior-year figure to stand at CHF 1831 million so that Swiss Life maintained its position as market leader in its home market. The Swiss Life market share in group business amounted to some 30% and in individual business 21%.

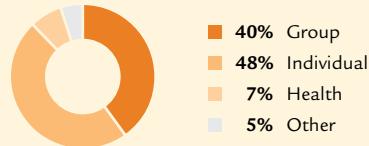
The financial result of CHF 2938 million was just below the result of the previous year (-2%). Investment income dropped 6% to CHF 2150 million, mainly as the result of the lower interest rate level. This drop was only partially offset by higher realised and non-realised capital gains.

Net insurance benefits (including claims and claim settlement costs, net) dropped by 14% to CHF 7983 million. This reduction is due to a lower premium volume and decreased need for provisions for future risk. The drop in insurance benefits also reflected the improved claims experience. On the other hand, the increase of the minimum BVG interest rate from 2.25% to 2.5% as at 1 January 2005 increased insurance benefits by CHF 31 million. A considerable increase in policyholder bonuses was recorded, from

CHF 450 million to CHF 939 million due to a significantly higher allocation being made to the bonus reserves for the formation of risk capital.

Operating expenses increased by CHF 67 million. These costs contain three special factors: Restructuring costs in connection with the integration of «La Suisse», a one-off amortisation of the cash value of future profit on the group insurance business acquired from Vaudoise, and the extraordinary write-downs on deferred acquisition costs due to altered actuarial assumptions. On a comparable basis, operating expenses declined by 9%. This produced an operating result of CHF 620 million (-10%).

Premiums by type of insurance



Key figures Insurance

In CHF million	2005	2004	+/-%
Gross written premiums, fees and deposits received	20 251	20 206	0.2%
Net earned insurance premiums and policy fees	13 552	14 742	-8.1%
Financial result	6 524	6 660	-2.0%
Other income	845	326	n.a.
Total income	20 921	21 728	-3.7%
Net insurance benefits, claims and claim settlement costs	-14 087	-15 406	-8.6%
Policyholder participation	-2 228	-1 555	43.3%
Interest expense	-778	-860	-9.5%
Operating expense	-2 910	-2 866	1.5%
Segment result	918	1 041	-11.8%
Assets under management	154 684	139 401	11.0%
Insurance reserves	141 218	131 734	7.2%
Number of employees (full-time equivalents)	7 452	7 788	-4.3%

France In 2005 Swiss Life expanded its gross written premiums in the life insurance business by 26% to a level of CHF 5276 million, thus considerably outpacing market growth. Swiss Life's share of the French market works out at 3%. With an increase of 74% Swiss Life also enjoyed significantly above-average growth in the market for unit-linked insurance products. The premium volume from traditional insurance products rose by 19%. Gross premiums from Swiss Life's health insurance business rose by 7% to CHF 1541 million. Premium volume in property insurance, which makes 8% of Swiss Life's premiums, dropped by 2%. All sales channels contributed to Swiss Life's strong growth in premiums.

Swiss Life's revenue in France rose by 8% to CHF 4748 million, which can be attributed to higher premium and fee income as well as to an improved financial result. Net insurance benefits (including claims and claim settlement costs, net) increased by 4% to CHF 2198 million during the reporting year. The outlay for bonuses increased by 50% to CHF 816 million, largely reflecting the course of business but also tax provisions which were released and partially credited to policyholders. Operating expenses decreased 7% to CHF 1083 million. The drop in expenditures is largely due to the amortisation of goodwill in 2004. Nevertheless, expenditures in 2005 grew at a slower pace than premiums, even without this amortisation. All in all, the operating profit increased from CHF 14 million to CHF 98 million.

The French market offers further growth opportunities due to heightened awareness of retirement savings as an important concern and the corresponding change in legislation; Swiss Life will enjoy an above-average benefit from this due to its positioning. The company is concentrating primarily on self-employed individuals with above-average incomes and on small and medium-sized companies. Cost management continues to have a high priority.

Germany Swiss Life, which holds some 2% of the German market, increased its gross written premiums there by 8% compared with the previous year. This above-market-average premium growth was mainly possible thanks to a strong second half. The total earnings rose by 8% to CHF 2795 million compared with the previous year. This was driven above all by the increase in gross written premiums and capital gains realised on investments.

Insurance benefits paid rose in connection with premium growth by 15% from the previous year to stand at CHF 2066 million. The slight reduction of participation in surplus, and the considerably lower outlay for deferred policyholder bonuses, led to a drop in the total expenditure for policyholder bonuses to CHF 231 million. The 57% increase in operating expenses over the previous year to CHF 384 million can be particularly attributed to the more conservative model assumptions used to calculate the deferred acquisition costs, which led to a significantly higher cost for their amortisation. Additional expenditures in connection with the optimisation of internal processes also contributed to the increase in operating costs. This produced an operating profit of CHF 80 million, which is CHF 16 million (+25%) more than in the previous year.

Individual retirement savings solutions will continue to gain in importance in Germany as well. With its outstanding expertise and its market position as a specialist in retirement solutions, Swiss Life is poised to profit from this development. Swiss Life sees considerable growth potential for occupational benefits through its membership in the MetallRente consortium, Germany's largest super-annuation scheme.

Netherlands In 2005 Swiss Life achieved gross written premiums of CHF 1592 million, representing a drop of 19% from the previous year. This decline is explained by the acquisition, concluded in 2004, of the group business of the Dutch insurer De Goudse (EUR 300 million). On a comparable basis, premium volume rose by 6% over the previous year.

In total, earnings decreased by 22% to CHF 2025 million. In addition to the lower premium income, the financial result, down by CHF 140 million, also contributed to this fall, although an extraordinary profit of CHF 135 million was achieved on the sale of the mortgage business in 2004.

Total insurance benefits and losses from the insurance business dropped by CHF 542 million (-27%) to CHF 1456 million. This development reflects the disposal of a large portfolio in 2005 and the acquisition of the De Goudse group business in 2004. Operating expenses were reduced to CHF 212 million (-15%) mainly due to significantly lower write-downs on deferred acquisition costs. Bonuses for policyholders rose from CHF 63 million to CHF 229 million. This rise was largely the result of an increase in gains realised on investments for separate accounts. The operating result dropped from CHF 284 million to CHF 111 million, primarily due to the extraordinary gain on the sale of the mortgage portfolio in 2004.

In 2005, Swiss Life continued the process of focusing its processes more consistently on customer needs in the Netherlands. Among other things, the company introduced a system for large group contracts that makes it possible for customers to have direct administrative access to contract data. Swiss Life is continuing its initiatives to boost efficiency and is committed to a multi-channel distribution strategy.

Belgium/Luxembourg In Belgium Swiss Life had gross written premiums in the life business amounting to CHF 684 million. Thanks to the expansion of sales channels and an outstanding product range, the 37% growth achieved was considerably above the market average. The Swiss Life Group is also active in the non-life business in Belgium with Zelia. The non-life premiums, which make up 9% of Swiss Life's total premium volume in Belgium, dropped by 3% in the reporting period. In Luxembourg, Swiss Life managed to double gross written premiums to CHF 473 million. This gratifying development can be primarily attributed to the cross-border insurance business with unit-linked products.

Earnings increased by 10% over the previous year to CHF 592 million. This was due both to greater premium income and to a higher financial result. In the wake of expanding premiums and in connection with restructuring measures in the non-life business, net insurance benefits (including claims and claim settlement costs, net) rose by 22% to CHF 358 million. The operating expenses increased by 16% to CHF 133 million for the same reasons and also due to IT development costs. The operating result dropped to CHF 18 million, from CHF 54 million in the previous year.

In February 2006 Swiss Life announced the appointment of Charles Relecom, then CEO of Zelia, as the new CEO for its entire Belgian insurance business. This designation took place within the context of a plan to merge the activities of the Belgian branch and Zelia S.A., its subsidiary, within a single legal entity under the name Swiss Life (Belgium) S.A.

Liechtenstein Swiss Life (Liechtenstein) AG was founded in November 2004 to take advantage of growth opportunities in the attractive market for structured life insurance products for high net worth individuals. In its first business year, Swiss Life already managed to achieve a premium volume of CHF 163 million.

Italy In Italy Swiss Life is limited to the writing of group risk business. Once again, no new business was written in the individual insurance sector. Swiss Life achieved gross written premiums of CHF 20 million in Italy and managed a positive operating result.

Banking The increase in the segment result for banking, from CHF 73 million to CHF 117 million, can be attributed to operational improvements and the positive trend on the international capital markets. The banking segment of the Swiss Life Group consists primarily of Banca del Gottardo.

Banca del Gottardo The following details regarding Banca del Gottardo refer to the results under local accounting practices. In 2005 the Banca del Gottardo Group achieved a consolidated net profit of CHF 83 million (+17%) and a sound operating profit before extraordinary items and taxes of CHF 92 million (+17%).

The consolidated net income amounted to CHF 493 million (+9%). Commissions and service fees contributed CHF 262 million (+7%), the interest business CHF 146 million (+1%) and trading income CHF 76 million (+48%) to this result.

Consolidated business expenses in 2005 amounted to CHF 335 million (+8%). This rise is largely due to one-off costs for the extensive outsourcing of the IT and back-office services, and to ongoing projects within the context of the strategic focus of the bank.

Customer assets under management, not including custody assets entrusted by third parties for safekeeping, rose in the reporting period from CHF 34 billion to CHF 39 billion. New customer money in the private banking division grew by CHF 440 million.

The year 2005 was marked by far-reaching decisions for the bank. After the resolution in the first half of the year to extensively outsource the IT and back-office services, the future strategy of Banca del Gottardo moved to the forefront in October. The bank is concentrating on private banking. Geographically the emphasis will be on Switzerland for onshore and offshore business together with Italy as the most important market abroad.

Investment Management Swiss Life's Investment Management segment generated a segment result of CHF 61 million.

The fee income for the Investment Management segment rose in comparison to the previous year by 15% to CHF 173 million. Due to an increase in business activity, operating expenses also rose by 16% to CHF 119 million.

Compared to the previous year, assets under management rose by 21% to CHF 80.2 billion, of which CHF 68.8 billion are accounted for by the management of insurance assets and CHF 11.4 billion by third-party mandates.

In the year under review Swiss Life continued focusing and simplifying the structures in Investment Management with the founding of Swiss Life Investment Management Holding AG. The major companies in the investment management segment were incorporated into the new holding company as subsidiaries. The new arrangement brought improvements in the transparency and efficiency of Swiss Life and simplified the management structure.

Corporate Governance

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The Swiss Life Group is committed to good corporate governance for the benefit of its shareholders, policyholders and employees.

The internal competencies and responsibilities are clearly delineated and the cooperation between the Board of Directors, senior management and internal control bodies is optimally structured. Accordingly, the Swiss Life Holding Board of Directors is composed entirely of non-executive directors; there is a strict division of functions between the Chairman of the Board of Directors and the Chairman of the Corporate Executive Board (Group CEO).

Board of Directors The Board of Directors 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 OR) the Board of Directors is responsible, in particular, for the ultimate direction of the Group, including determination of strategy as well as supervision of the Corporate Executive Board. On the balance sheet date the Board of Directors comprised the following members:

Name	Functions	Year appointed/reelected	Elected until
Bruno Gehrig	Chairman	2003	2006
	Chairman's Committee, Chairman Investment and Risk Committee		
Gerold Bührer	Vice Chairman	2002/2003/2005 ¹⁾	2008
	Chairman's Committee Investment and Risk Committee, Chairman		
Volker Bremkamp	Member	2003/2004	2007
	Audit Committee, Chairman		
Paul Embrechts	Member	2003/2005	2008
	Audit Committee		
Rudolf Kellenberger	Member	2003/2004	2007
	Chairman's Committee		
Georges Muller	Member	2002/2003 ²⁾	2006
	Audit Committee		
Peter Quadri	Member	2003/2004	2007
	Audit Committee		
Pierfranco Riva	Member	2003	2006
	Investment and Risk Committee		
Franziska Tschudi	Member	2003/2005	2008
	Investment and Risk Committee		

1) Member of the Board of Directors of Swiss Life/Rentenanstalt since 2000

2) Member of the Supervisory Board of Swiss Life/Rentenanstalt since 1995 and member of the Board of Directors since 1997

Georges Muller's term of office terminates with the Annual General Meeting of Swiss Life Holding on 9 May 2006. Georges Muller has decided not to stand for another term. The shareholders will be asked to vote on the appointment of Henry Peter to the Board of Directors in his stead. Henry Peter is a professor at the law school of the University of Geneva, and is Head of the Master in Business Law (MBL) postgraduate programme of the universities of Geneva and Lausanne. He is also a lawyer and partner in the law firm Bernasconi Peter Gaggini in Lugano.

Corporate Executive Board The Group CEO directs the business operations of the Group. The Group CEO, together with the Corporate Executive Board, works out the long-term objectives and strategic orientation of the Group for consideration by the Board of Directors and, based on the resolutions of the Board of Directors, ensures the goal-oriented leadership and development of the Group. The Corporate Executive Board can form committees to address specific areas and can delegate competencies to a Corporate Executive Board Committee. The Corporate Executive Board of Swiss Life Holding is composed of the following members:

Name	Position	Since
Rolf Dörig	Group Chief Executive Officer	06.11.2002
Reto Himmel	Group Chief Technology & Operations Officer	20.01.2003
Paul Müller	Chief Executive Officer Switzerland	15.01.2003
Bruno Pfister	Group Chief Financial Officer Chief Executive Officer International	01.08.2002 01.01.2006
Martin Senn	Group Chief Investment Officer	01.01.2003 ¹⁾
Thomas Müller	Group Chief Financial Officer	01.01.2006

1) up to 31.03.2006

As the Swiss Life Group announced on 9 January, Martin Senn, Group Chief Investment Officer (Group CIO), is leaving the company as of 31 March 2006 at his own request.

Compensation Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for determining the level and make-up of compensation for

its members. The Chairman's Committee, in its capacity as a Compensation Committee, is responsible for putting forward corresponding proposals. The Board of Directors also establishes guidelines for the compensation policy within the Group. In so doing, it takes into consideration the compensation policies of other organisations of comparable size and in comparable industries, with its findings drawn from publicly available information or, as necessary, studies by external experts. Based on these guidelines, the Chairman's Committee determines the compensation for individual members of the Corporate Executive Board and informs the entire Board of Directors accordingly.

Within the framework of the compensation arrangements for the members of the Corporate Executive Board and other key performers within the Swiss Life Group, set by the Corporate Executive Board with the concurrence of the Chairman's Committee, a long-term remuneration component was introduced in the year under review based on a corresponding 2004 directive. The equity compensation programme was adjusted slightly in the year under review by defining specific performance criteria. These take account of both the performance of the Swiss Life Holding share and its performance against the market using the Dow Jones STOXX insurance index. Participants in the equity compensation plan are granted future subscription rights, in the form of Performance Share Units (PSU) on Swiss Life Holding shares, entitling them to receive Swiss Life Holding shares free of charge after a period of three years has elapsed to the extent that the relevant prerequisites have been satisfied. The number of PSU can increase by no more than a factor of 1.5, or drop by a factor of 0.5 within three years, assuming the best possible performance.

During the review period 37 members of the Swiss Life Group senior management participated in this equity compensation programme. A total of 67 412 PSU were allocated.

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

In CHF	2005	2004
Board of Directors	1 367 000	1 391 000
Corporate Executive Board	7 633 850	7 826 686

Swiss Life Holding shares were allocated to members of the Board of Directors and the Corporate Executive Board as follows during the 2005 financial year:

Board of Directors	1 645 shares allocated at values of CHF 191.00, 150.96 and 142.55. They are subject to a three-year vesting period.
Corporate Executive Board	6 797 shares ¹⁾ allocated at a value of CHF 160.02. They are subject to a two-year vesting period.

1) The 6797 shares were allocated under the 2004 regulations governing the long-term remuneration component.

The highest total compensation for a member of the Board of Directors was paid to Bruno Gehrig, who was Chairman of the Board in 2005. The total compensation paid in the year under review is as follows:

Compensation	CHF 555 000
Shares ¹⁾	CHF 46 496 308 SLHN shares at CHF 150.96
Share options	none
Total compensation 2005	CHF 601 496
Total compensation 2004	CHF 604 245

1) The 308 allocated shares are subject to a blocking period of three years. The allocation, subject to a three-year blocking period, took place at an economic value of CHF 150.96, which corresponds to the tax value; the share price at the time of distribution was CHF 179.80.

The highest total compensation for a member of the Corporate Executive Board was paid to Rolf Dörig as Group CEO. The total compensation paid in 2005 was as follows:

Compensation ¹⁾	CHF 3 049 465
Shares ²⁾	CHF 271 874 1699 SLHN shares at CHF 160.02
Share options	none
Total compensation 2005	CHF 3 321 339
Total compensation 2004	CHF 3 183 773

1) Including bonus in cash.

2) In accordance with the 2004 regulations, these shares are allocated via the long-term remuneration component and blocked for two years until the end of March 2007. The allocation, subject to a blocking period, took place at an economic value of CHF 160.02, which corresponds to the tax value; the share price at the time of distribution was CHF 179.80.

The complete text on corporate governance can be found in the Annual Report or at www.swisslife.com/report

Consolidated Statement of Income

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Consolidated statement of income for the years ended 31 December

In CHF million	2005	2004 restated
Income		
Insurance premiums earned	13 519	15 520
Insurance premiums ceded to reinsurers	-240	-863
Net earned insurance premiums	13 279	14 657
Policy fees arising from insurance contracts	114	167
Premiums earned on investment contracts with discretionary participation	233	58
Fee income	774	670
Investment income	5 185	5 378
Net gains/losses on financial assets	2 582	1 087
Net gains/losses on financial instruments at fair value through profit or loss	-687	513
Net gains/losses on investment property	-24	-47
Other income	86	-155
Total income	21 542	22 328
Expenses		
Insurance benefits, claims and claim settlement costs	-14 184	-16 013
Insurance benefits, claims and claim settlement costs ceded to reinsurers	144	638
Net insurance benefits, claims and claim settlement costs	-14 040	-15 375
Policyholder participation	-2 227	-1 553
Interest expense	-862	-911
Commission expense	-1 055	-970
Employee benefits expense	-1 208	-1 257
Depreciation and amortisation expense	-750	-687
Impairment of property and equipment and intangible assets	-119	-174
Acquisition and origination costs deferred	572	576
Other expenses	-830	-829
Total expenses	-20 519	-21 180
Profit from operations	1 023	1 148
Borrowing costs	-173	-208
Share of results of associates	3	3
Profit before income tax	853	943
Income tax expense	21	-337
Profit for the period	874	606
<i>Profit for the period attributable to</i>		
equity holders of Swiss Life Holding	860	579
minority interest	14	27
Profit for the period	874	606
Basic earnings per share for the profit attributable to equity holders of Swiss Life Holding (in CHF)	25.67	18.57
Diluted earnings per share for the profit attributable to equity holders of Swiss Life Holding (in CHF)	24.82	18.27

Consolidated Balance Sheet

Consolidated balance sheet as at 31 December

In CHF million	2005	2004	15
		restated	
Assets			
Cash and cash equivalents	14 170	8 649	
Insurance receivables and other receivables	4 175	4 669	
Derivatives	777	1 643	
Financial assets at fair value through profit or loss	23 653	19 363	
Financial assets available for sale	80 031	77 978	
Loans	30 280	29 655	
Financial assets held to maturity	4 256	4 147	
Financial assets pledged as collateral	1 232	878	
Investment property	11 439	11 518	
Investments in associates	76	58	
Reinsurance assets	923	1 031	
Property and equipment	1 263	1 237	
Intangible assets including intangible insurance assets	3 075	3 407	
Current income tax assets	53	14	
Deferred income tax assets	79	30	
Assets held for sale	1 409	–	
Other assets	706	459	
Total assets	177 597	164 736	
Liabilities and equity			
Liabilities			
Insurance payables and other payables	4 455	4 225	
Derivatives	1 881	930	
Financial liabilities at fair value through profit or loss	6 919	4 939	
Investment contracts with discretionary participation	23 652	19 988	
Investment contracts and deposits at amortised cost	7 307	8 181	
Borrowings	4 388	6 313	
Insurance liabilities	106 909	103 068	
Discretionary participation liabilities	7 714	5 680	
Defined benefit liabilities	2 558	2 594	
Current income tax liabilities	273	287	
Deferred income tax liabilities	1 136	1 155	
Provisions	212	193	
Liabilities associated with assets held for sale	1 734	–	
Other liabilities	506	693	
Total liabilities	169 644	158 246	
Equity			
Share capital	1 554	1 689	
Share premium	2 467	2 213	
Less: treasury shares	–42	–38	
Foreign currency translation differences	–11	–115	
Gains/losses recognised directly in equity, net	1 185	890	
Retained earnings	2 502	1 638	
Total shareholders' equity	7 655	6 277	
Minority interest	298	213	
Total equity	7 953	6 490	
Total liabilities and equity	177 597	164 736	

Important dates

Annual General Meeting
9 May 2006

Hallenstadion, Zurich

Presentation of half-year figures
6 September 2006

Contacts

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You can find the Annual Report
for the Swiss Life Group on the
Internet at
<http://www.swisslife.com/report>

**Caution regarding forward-
looking statements**

This Annual Report contains
forward-looking statements about
Swiss Life which involve certain
risks and uncertainties. The reader
should be aware that such
statements represent projections
which could differ materially from
actual outcomes and results. All
forward-looking statements are
based on the data available to
Swiss Life at the time the present
Summery Review was compiled.

This Summery Review is also
available in German, French and
Italian. The German text is
definitive.

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