

Letter to Shareholders

Financial Year 2009

Dear Shareholders

2009 proved an eventful and challenging year for the global economy. With notable upward trends, the financial markets began to show signs of recovery from the financial crisis. Investor and consumer trust is also starting slowly to return. Yet, it would be a mistake to think we can just go back to business as usual. The financial market crisis has raised some fundamental global questions for which there are no simple answers. It has left its mark – on politics and

citizens to take action. Ensuring our financial security is becoming the personal responsibility of each and every one of us. Life insurance, with its secure and flexible pensions solutions, will therefore gain in importance.

Swiss Life has emerged from the financial market crisis in good shape overall – thanks to our excellent net worth, our financial stability, our close and diverse client rela-



Rolf Dörig

“The Group has emerged from the financial crisis in good shape – thanks to our excellent net worth, our financial stability, our close and diverse client relationships, and also the engagement of our workforce.”

on the economy – but also on our everyday lives. It is to be expected that, after the turbulence of recent years, calls for dramatic change are increasingly being heard. It is also perfectly understandable that the general public has become more mistrustful of the business world. But we must keep a sense of proportion and not jeopardise the achievements of a dynamic free market economy with over-regulation or allow fear and risk aversion to threaten economic and technological progress.

As a provider of life and pensions solutions for private individuals and companies, Swiss Life contributes to the stability of pension systems in the markets in which it operates. Our core business for over 150 years of creating a financially secure future for our clients is one of the central themes guiding our society. Demographic trends and the limits on state pensions are forcing governments and their

relationships, and also the engagement of our workforce. The strategic cornerstones we set have proven themselves. We improved our operating results significantly in 2009 vis-à-vis 2008. Net profit from continuing operations stood at CHF 324 million, compared to a loss of CHF 1.1 billion the previous year. Premium volume grew by 9% to CHF 20.2 billion. The Board of Directors proposes that the Annual General Meeting of Shareholders approve a distribution of profit of CH 2.40 per share (previous year: CHF 5).

In Switzerland, we have succeeded in maintaining our strong position as the leading life and pensions provider. In France, Swiss Life is participating in a growth market which offers good opportunities for further development and, in Germany, we recorded stronger growth than the competition due to our excellent market position. Our

international business with high net worth individuals played a substantial role in boosting premium volume, helping us to increase our share of new business generated with modern products, and thus reduce our dependence on the financial results. Following its restructuring

“Swiss Life set the course for profitable growth in 2009. We are not interested in maximising profit in the short term. Our goal is to improve competitiveness and boost profitability on a sustainable basis.”

and reorganisation activities, AWD is now well equipped to exploit opportunities in financial advisory services for private clients.

Swiss Life set the course for profitable growth in 2009. We are not interested in maximising profit in the short term. Our goal is to improve competitiveness and boost profitability on a sustainable basis. We, in the management team, thus launched the MILESTONE programme throughout the Group in 2009. This initiative will bring substantial changes to key areas of the value chain by 2012. Firstly, we are improving value to customers and boosting product profitability. Secondly, we are strengthening our distribution power – in terms of both the quality of advice and the expansion of channels. Thirdly, we are improving our operational efficiency and reducing costs. Fourthly, we are further strengthening our balance sheet and our capital base. And, finally, our fifth goal centres on the disciplined execution of our measures.

Already in 2009, our employees have succeeded in substantially improving the company's economic potential. This deserves recognition. We would like to extend our thanks to all our employees for their hard work and dedication. Rest assured that we, on the Board of Directors



Bruno Pfister

and the Corporate Executive Board, are committed to ensuring that, in the interests of our clients, investors and employees, Swiss Life reinforces its position as a key player in the international life and pensions market going forward.

Rolf Dörig
Chairman of the Board of Directors

Bruno Pfister
Group CEO

SWISS LIFE GROUP HISTORICAL COMPARISON

In CHF million (if not stated otherwise)

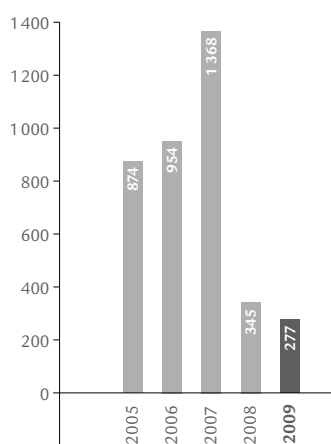
	2009	2008	2007	2006	2005
PREMIUM VOLUME					
Gross written premiums, policy fees and deposits received	20 219	18 515	21 213	19 421	n/a
FIGURES FROM CONSOLIDATED STATEMENT OF INCOME					
Net earned premiums	11 867	13 254	13 316	12 283	13 512
Net earned policy fees	268	260	389	390	394
Financial result (without share of results of associates)	4 588	600	4 923	5 364	7 056
TOTAL INCOME	17 816	15 356	18 971	18 219	21 542
Net insurance benefits and claims	-11 884	-12 915	-13 268	-12 012	-14 040
Policyholder participation	-1 539	429	-1 746	-2 143	-2 227
Operating expense	-3 478	-3 319	-2 489	-2 432	-3 390
TOTAL EXPENSE	-17 254	-16 198	-17 958	-17 309	-20 519
RESULT FROM OPERATIONS	562	-842	1 013	910	1 023
Net result from continuing operations	324	-1 143	726	576	n/a
Net result from discontinued operations	-47	1 488	642 ¹	378	n/a
NET PROFIT	277	345	1 368	954	874
Net profit attributable to					
Equity holders of Swiss Life Holding	278	350	1 345	933	860
Non-controlling interests	-1	-5	23	21	14
FIGURES FROM CONSOLIDATED BALANCE SHEET					
Equity	7 245	6 652	7 334	7 851	7 953
Insurance reserves	122 616	113 308	121 829	153 800	139 252
Balance sheet total	143 948	134 791	179 757	186 950	177 597
FURTHER KEY FIGURES					
Return on equity (in %)	4.0	5.0	18.1	12.2	12.3
Assets under control	148 186	134 326	138 946	214 041	215 094
Year-end embedded value ²	6 877	8 457	12 837	10 665	8 887
Value of new business ²	123	78	118	121	48
Number of employees (full-time equivalents)	7 820	8 291	8 556	8 693	8 979

¹ Including reserve release of CHF 304 million due to change in Dutch law.

² Up to 2008, traditional embedded value methodology used; from 2009, market consistent embedded value methodology applied.

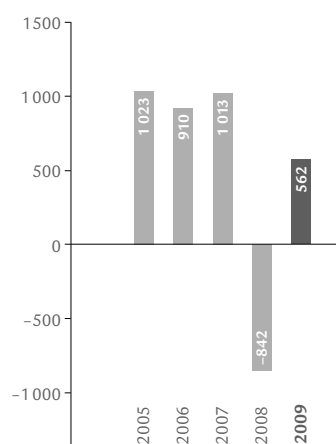
Net profit

In CHF million



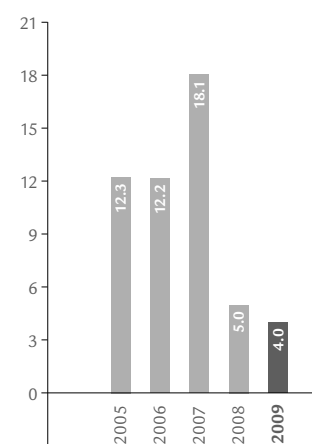
Result from operations

In CHF million



Return on equity

In %



SHARE PERFORMANCE

Amounts in CHF

	as at 2009		as at 2008	
Number of shares (incl. conversions in 2008)	31.12.2009	32 081 054	31.12.2008	35 084 554
Annual high	16.10.2009	140.20	02./05.05.2008	298.66
Annual low	17.02.2009	43.00	21.11.2008	63.90
Year-end price	30.12.2009	132.00	30.12.2008	72.40
Performance Swiss Life (in %)		+82		-74
Swiss Market Index (SMI)	30.12.2009	6 546	30.12.2008	5 535
Performance Swiss Market Index (SMI) (in %)		+18		-35
Dow Jones STOXX 600 Insurance Index (in EUR)	30.12.2009	151	30.12.2008	134
Performance Dow Jones STOXX 600 Insurance Index (in %)		+13		-47
Average trading volume		264 910		377 109
Market capitalisation (in CHF million)	30.12.2009	4 235	30.12.2008	2 540
Basic earnings per share	31.12.2009	8.86	31.12.2008	10.88
Diluted earnings per share	31.12.2009	8.83	31.12.2008	10.88
Dividend paid per share	27.07.2009	5.00	29.07.2008	17.00
Total dividend payout to shareholders (in CHF million)	27.07.2009	160	29.07.2008	596
Dividend yield on year-end price (in %)	30.12.2009	3.79	30.12.2008	23.48

Source: Bloomberg

SWISS LIFE SHARE DETAILS

Swiss security number	1 485 278
ISIN	CH 001 485 278 1
Ticker symbol SIX	SLHN
Reuters	SLHN.VX
Bloomberg	SLHN VX

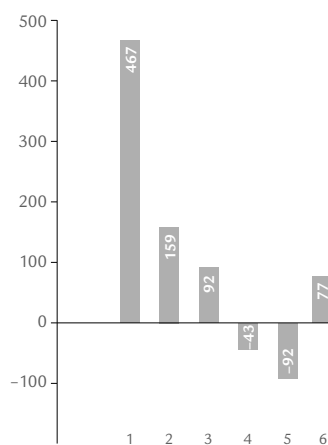
KEY FIGURES FOR INSURANCE

In CHF million

	2009	2008	+/-
SWITZERLAND			
Gross written premiums, policy fees and deposits received	7 518	8 172	-8.0%
Segment result	467	-748	n/a
FRANCE			
Gross written premiums, policy fees and deposits received	5 297	5 763	-8.1%
Segment result	159	40	n/a
GERMANY			
Gross written premiums, policy fees and deposits received	2 169	1 977	9.7%
Segment result	92	29	n/a
OTHER			
Gross written premiums, policy fees and deposits received	5 263	2 639	99.4%
Segment result	-43	-36	19.4%

Segment result

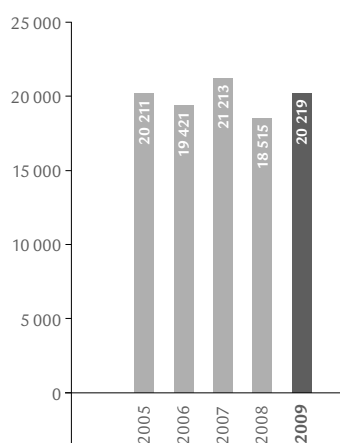
In CHF million



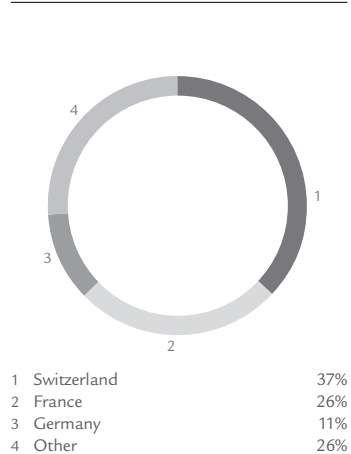
- 1 Insurance Switzerland
- 2 Insurance France
- 3 Insurance Germany
- 4 Insurance Other
- 5 AWD
- 6 Investment Management

Gross written premiums, policy fees and deposits received

In CHF million



Gross written premiums, policy fees and deposits received by country



IMPORTANT DATES**INTERIM STATEMENT Q1 2010**

4 May 2010

ANNUAL GENERAL MEETING OF SHAREHOLDERS 2010

6 May 2010, Hallenstadion Zurich

HALF-YEAR REPORT 2010

18 August 2010

INTERIM STATEMENT Q3 2010

10 November 2010

CONTACTS

Swiss Life

General-Guisan-Quai 40

P.O. Box 2831

CH-8022 Zurich

Tel. +41 43 284 33 11

www.swisslife.com

Investor Relations

Tel. +41 43 284 52 76

Fax +41 43 284 44 41

E-mail investor.relations@swisslife.ch

Shareholder Services

Tel. +41 43 284 61 10

Fax +41 43 284 61 66

E-mail shareholder.services@swisslife.ch

Media Relations

Tel. +41 43 284 77 77

Fax +41 43 284 48 84

E-mail media.relations@swisslife.ch

This **Letter to Shareholders** is also available in German, French and Italian.

The German text is definitive.

ANNUAL REPORT 2009

The Business Review and the Financial Statements for 2009 can be found at:

www.swisslife.com/report

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain projections or other forward-looking statements related to Swiss Life that are subject to known and unknown risks, uncertainties and other important factors. The reader should be aware that these statements are only projections which could differ materially from the actual results, financial situation, development, performance or expectations and that therefore no undue reliance should be placed on such forward-looking statements. Neither Swiss Life nor any of its directors, officers, employees or advisors, nor any other person connected or otherwise associated with Swiss Life, makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this document. Neither Swiss Life nor any of its directors, officers, employees or advisors, nor any other person connected or otherwise associated with Swiss Life, shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this document. All forward-looking statements are based on the data available to Swiss Life at the time the present document was compiled. Unless otherwise required by applicable law, Swiss Life assumes no responsibility to publicly update or alter its forward-looking statements or to adapt them, whether as a result of new information, future events or developments or any other reason.

© Swiss Life Holding Ltd, 2010



SwissLife
The future starts here.