

Letter to Shareholders

Financial Year 2010

Dear Shareholders



Rolf Dörig and Bruno Pfister

2010 proved a very successful year for Swiss Life. The results speak for themselves and confirm that we have made substantial progress. As a Group we are steadily expanding our entrepreneurial scope.

Swiss Life achieved a net profit of CHF 560 million, which was more than double the previous year's figure. Improvements at an operational level, disciplined cost and margin management, and a strong investment performance all contributed to this very good result. In particular, we have made significant progress in increasing our new business margin. This rose from 0.9% to 1.4%, despite historically low interest rates and an unfavourable exchange rate with the euro. Furthermore, with a continued emphasis on profitable growth, we grew in all key markets. Overall our achievements in the past year represent an important milestone on the path towards our goals for 2012, but we still have a lot of work ahead of us.

Our claim, "The future starts here.", represents our promise as a company. It expresses our commitment to do everything we can to ensure a secure future for our clients, our employees and our shareholders. We also accept our socio-political responsibility. Through our work we make an essential contribution to people's financial security and independence. This not only makes good sense, it is actually enormously important for society. Global demand for the type of solutions we offer is growing – as a result of demographic developments and also due to the increasing importance of private life and pensions solutions, as state pension funds come under rising pressure.

Despite a promising outlook in general, major developments will pose a challenge to our industry in the coming years. Regulatory changes will have an impact on our products and services at all levels. For example, the risk-based solvency requirements embodied by the Swiss

Solvency Test (SST), in force since January 2011, have major implications. An analogous solvency model (Solvency II) is set to come into force in Europe in 2013 at the earliest. We certainly welcome its introduction, but it is of crucial importance for the Swiss insurance industry that the SST is construed in a reasonable manner and coordinated with the European model. And this is what we are advocating at Swiss Life.

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Operational excellence is indispensable if we are to remain competitive in the attractive life and pensions market. Along with cost efficiency, improvements in service quality and faster product launches are essential. Swiss Life will also make further developments in its range of products and innovative services, as the new capital requirements cause insurers to reduce guarantees on their balance sheets. Nevertheless guarantees respond to a real customer need, particularly in uncertain times, and this is where innovative solutions come in.

A key factor for our industry remains the quality of our client relationships; this is what determines future growth. We want to develop our multichannel strategy into an important competitive advantage. The distribution of innovative products requires more than just a good salesperson. Clients would like to have advisory services further stepped up and to be optimally supported over the years. Everything we do is based on trust. In an ever more complex world, trust is increasingly becoming a prerequisite for success.

Swiss Life and its committed and dedicated employees are extremely well equipped to take advantage of the opportunities offered by these developments. Our Group stands for expertise, openness, engagement, proximity and clarity. With a tradition going back over 150 years. We sincerely appreciate the trust and support of you our shareholders, and we look forward to working together with you to build a successful future for Swiss Life.



Rolf Dörig
Chairman of the Board of Directors



Bruno Pfister
CEO

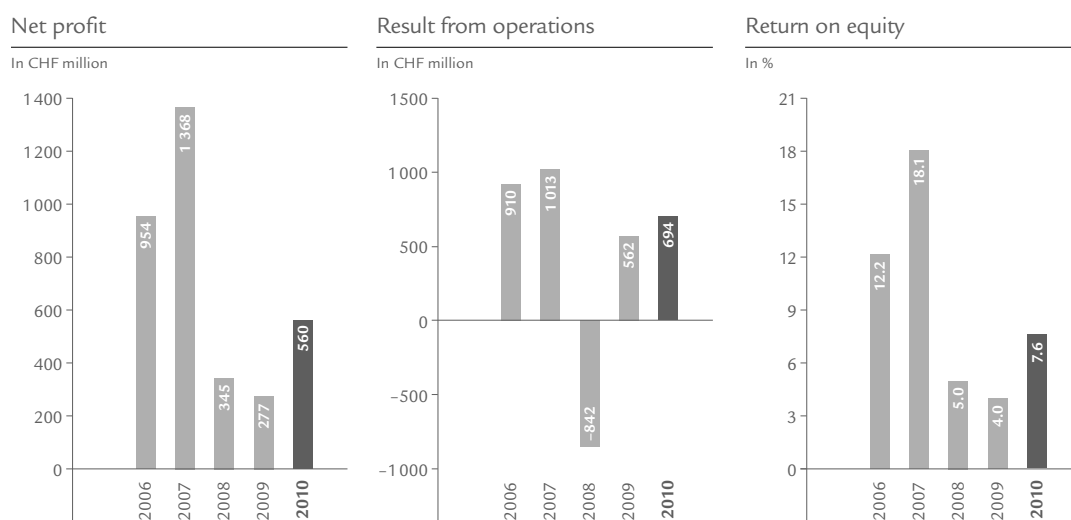
SWISS LIFE GROUP HISTORICAL COMPARISON

In CHF million (if not stated otherwise)

	2010	2009	2008	2007	2006
PREMIUM VOLUME					
Gross written premiums, policy fees and deposits received	20 191	20 219	18 515	21 213	19 421
FIGURES FROM CONSOLIDATED STATEMENT OF INCOME					
Net earned premiums	11 753	11 867	13 254	13 316	12 283
Net earned policy fees	298	268	260	389	390
Financial result (without share of results of associates)	4 368	4 588	600	4 923	5 364
TOTAL INCOME	17 844	17 816	15 356	18 971	18 219
Net insurance benefits and claims	-12 704	-11 884	-12 915	-13 268	-12 012
Policyholder participation	-1 073	-1 539	429	-1 746	-2 143
Operating expense	-3 062	-3 478	-3 319	-2 489	-2 432
TOTAL EXPENSE	-17 150	-17 254	-16 198	-17 958	-17 309
RESULT FROM OPERATIONS	694	562	-842	1 013	910
Net result from continuing operations	560	324	-1 143	726	576
Net result from discontinued operations	-	-47	1 488	642 ¹	378
NET PROFIT	560	277	345	1 368	954
Net profit attributable to					
Equity holders of Swiss Life Holding	557	278	350	1 345	933
Non-controlling interests	3	-1	-5	23	21
FIGURES FROM CONSOLIDATED BALANCE SHEET					
Equity	7 437	7 245	6 652	7 334	7 851
Insurance reserves	122 279	122 616	113 308	121 829	153 800
Balance sheet total	147 203	143 948	134 791	179 757	186 950
FURTHER KEY FIGURES					
Return on equity (in %)	7.6	4.0	5.0	18.1	12.2
Assets under control	149 899	148 186	134 326	138 946	214 041
Year-end embedded value ²	7 595	6 877	8 457	12 837	10 665
Value of new business ²	209	123	78	118	121
Number of employees (full-time equivalents)	7 483	7 820	8 291	8 556	8 693

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.



SHARE PERFORMANCE

Amounts in CHF

	as at	2010	as at	2009
Number of shares	31.12.	32 081 054	31.12.	32 081 054
Annual high	11.01.	152.70	16.10.	140.20
Annual low	16.08.	100.30	17.02.	43.00
Year-end price	30.12.	135.20	30.12.	132.00
Performance Swiss Life (in %)		+2		+82
Swiss Market Index (SMI)	30.12.	6 436	30.12.	6 546
Performance Swiss Market Index (SMI) (in %)		-2		+18
Dow Jones STOXX 600 Insurance Index (in EUR)	31.12.	154.45	31.12.	152.08
Performance Dow Jones STOXX 600 Insurance Index (in %)		+2		+13
Average trading volume		220 061		264 910
Market capitalisation (in CHF million)	30.12.	4 337	30.12.	4 235
Basic earnings per share		17.46		8.86
Diluted earnings per share		17.37		8.83
Dividend paid per share ¹	29.07.	2.40	27.07.	5.00
Total dividend payout to shareholders (in CHF million)	29.07.	77	27.07.	160
Dividend yield on year-end price (in %)	30.12.	1.78	30.12.	3.79

Source: Bloomberg

¹ For the 2010 financial year, the Board of Directors proposes a dividend of CHF 4.50 per share.

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

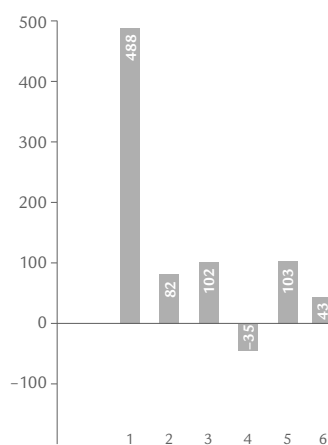
KEY FIGURES FOR INSURANCE

In CHF million

	2010	2009	+/-
SWITZERLAND			
Gross written premiums, policy fees and deposits received	7 631	7 518	1.5%
Segment result	488	467	4.5%
FRANCE			
Gross written premiums, policy fees and deposits received	5 307	5 297	0.2%
Segment result	82	159	-48.4%
GERMANY			
Gross written premiums, policy fees and deposits received	2 073	2 169	-4.4%
Segment result	102	92	10.9%
OTHER			
Gross written premiums, policy fees and deposits received	5 206	5 263	-1.1%
Segment result	-35	-43	-18.6%

Segment result

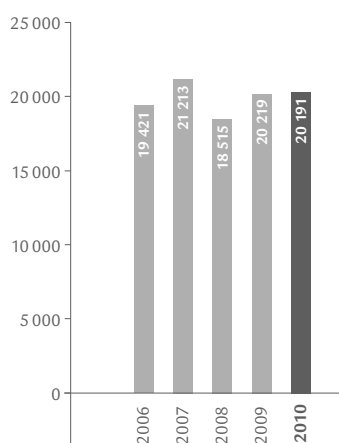
In CHF million



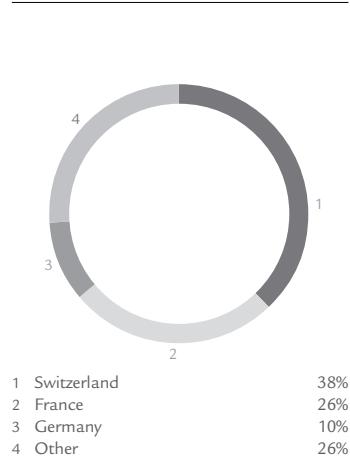
- 1 Insurance Switzerland
- 2 Insurance France
- 3 Insurance Germany
- 4 Insurance Other
- 5 Investment Management
- 6 AWD

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 2011**

3 May 2011

ANNUAL GENERAL MEETING 2011

5 May 2011, Hallenstadion Zurich

HALF-YEAR RESULTS 2011

17 August 2011

INTERIM STATEMENT Q3 2011

15 November 2011

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

The German text is definitive.

ANNUAL REPORT 2010

The Business Review and the Financial Statements for 2010 can be found at:

www.swisslife.com/report

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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The future starts here.