

Letter to Shareholders

Financial Year 2012

Dear Shareholders

Swiss Life proved its mettle in 2012 in two respects. Firstly, Swiss Life again improved its operational effectiveness. Secondly, through our new Group-wide programme "Swiss Life 2015" we have set the course for further profitable growth.

Last year, Swiss Life brought its Group-wide programme MILESTONE, launched in 2009, to a successful conclusion and strengthened the profitability and financial solidity of the company in a sustainable way. In so doing, Swiss Life has created the business conditions for the next stage of its journey. In 2012 profit from operations far exceeded expectations: adjusted for one-off effects earnings were 26% up on the previous year at CHF 993 million. Net profit at CHF 93 million was significantly lower than in the previous year (2011: CHF 606 million), mainly due to the one-off impairment in the value of AWD's intangible assets of CHF 578 million, additional provisions for litigation and restructuring costs arising from the new Group-wide programme "Swiss Life 2015".

In the 2012 financial year premium income remained at the prior-year level in spite of the adverse market conditions and low interest rate environment. With an investment performance of 8.5% (2011: 7.5%), Investment Management achieved an investment result of CHF 5.7 billion as well as an excellent, by peer comparison, net investment return of 4.8% (2011: 3.8%), which enabled further substantial strengthening of our technical reserves. In the year under review, shareholders' equity rose by 12% to CHF 10.3 billion, while Group solvency climbed from 213% in 2011 to 242% by the end of 2012.

The fact that our operational progress in recent years has been achieved in extremely challenging markets, not to mention the less than favourable operating conditions, testifies to the resilience of our business model. Our upgrade in 2012 by the rating agency Standard & Poor's to A- was equally encouraging. This confirms the progress we have made in recent years and is all the more pleasing as the upgrade runs counter to the general negative trend for financial services companies. Our employees played a key part in this success and we owe them our gratitude for the commitment they give our company on a daily basis.

In short: Swiss Life further improved its operational excellence. The Board of Directors will therefore propose to the Annual General Meeting a distribution from the capital contribution reserve of CHF 4.50 per share. Swiss Life will adhere to its dividend policy over the next few years and envisages maintaining a payout ratio of 20% to 40% going forward.

Swiss Life also proved itself in 2012 in terms of its corporate future. The Board of Directors and the Corporate Executive Board have set the course for Swiss Life for the next few years. We need to adapt our business model to the economic reality in light of the persistently record-low interest rates, far-reaching regulatory changes and financial market uncertainty – and this goes hand in hand with our ambition to create added value for customers, partners, employees and shareholders.

Through our new corporate programme “Swiss Life 2015”, which we presented at our Investors' Day in November 2012, we are continuing along our path of profitable growth and adapting our business areas to reflect changing market conditions. We will do this by pursuing different business strategies in our various markets: Swiss Life in Switzerland will develop from a pure life insurer to a comprehensive life and pensions and financial solutions provider, and in Germany to a financial advisory and insurance company under one roof. In France, the Group will continue to build on its strong position as a “private and personal insurer”. In our international business we will offer protection, financial solutions and advice in selected markets. In asset management we will grow our business with external customers through our new brand “Swiss Life Asset Managers”.

From now on Swiss Life will manage all its production and distribution organisations for each market under one roof to optimise market development, further improve advisory expertise and become more efficient. In this connection the companies which previously operated in the market as AWD will now operate under the brand name “Swiss Life Select”.

From a financial perspective, Swiss Life is committed to continuity and discipline in executing its objectives. On the one hand, we will focus on diversifying profit sources and enhancing earnings quality. On the other hand, we aim to further protect the balance sheet, steadily optimise in-force business and increase the profitability of new business. We aim to achieve a return on equity of 8% to 10% by 2015 and a new business margin of over 1.5%. Furthermore, we are targeting additional cost savings of CHF 130 to 160 million. In the context of diversifying profit sources, we are aiming for a 60% to 70% profit share from risk business, such as death and disability, and fee business.

The progress we have made in recent years gives us confidence that we can achieve these aims. Our operational effectiveness allows us to exploit the opportunities offered even in today's difficult market environment. All the conditions are in place for Swiss Life to strengthen its position in the market for comprehensive life and pensions and financial solutions – loyal customers, professional expertise, engaged employees, financial solidity and a strong brand. We would like to thank you, our shareholders, most sincerely for your loyalty and commitment in giving your support to the further development of our Group.



Rolf Dörig
Chairman of the Board of Directors



Bruno Pfister
CEO



SWISS LIFE GROUP HISTORICAL COMPARISON

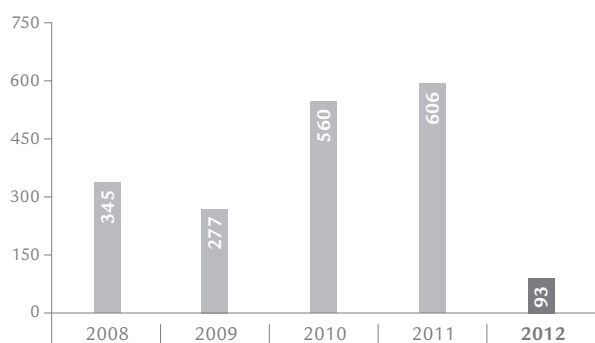
In CHF million (if not stated otherwise)

	2012	2011	2010	2009	2008
PREMIUM VOLUME					
Gross written premiums, policy fees and deposits received	17 046	17 143	20 191	20 219	18 515
FIGURES FROM CONSOLIDATED STATEMENT OF INCOME					
Net earned premiums	11 871	11 599	11 753	11 867	13 254
Net earned policy fees	309	295	298	268	260
Financial result (without share of results of associates)	6 043	4 459	4 368	4 588	600
TOTAL INCOME	19 075	17 291	17 844	17 816	15 356
Net insurance benefits and claims	-13 819	-12 614	-12 704	-11 884	-12 915
Policyholder participation	-1 104	-791	-1 073	-1 539	429
Operating expense	-3 552	-2 913	-3 062	-3 478	-3 319
TOTAL EXPENSE	-18 728	-16 592	-17 150	-17 254	-16 198
RESULT FROM OPERATIONS	346	699	694	562	-842
Net result from continuing operations	93	606	560	324	-1 143
Net result from discontinued operations	-	-	-	-47	1 488
NET PROFIT	93	606	560	277	345
Net profit attributable to					
Equity holders of Swiss Life Holding	92	605	557	278	350
Non-controlling interests	1	1	3	-1	-5
FIGURES FROM CONSOLIDATED BALANCE SHEET					
Equity	10 286	9 162	7 437	7 245	6 652
Insurance reserves	137 973	128 089	122 279	122 616	113 308
Balance sheet total	163 400	151 875	147 203	143 948	134 791
FURTHER KEY FIGURES					
Return on equity (in %)	0.9	7.3	7.6	4.0	5.0
Assets under control	181 330	164 604	149 899	148 186	134 326
Year-end embedded value ¹	9 628	7 728	7 595	6 877	8 457
Value of new business ¹	158	150	209	123	78
Number of employees (full-time equivalents)	7 046	7 168	7 483	7 820	8 291

¹ Up to 2008, traditional embedded value methodology used; from 2009, market consistent embedded value methodology applied.

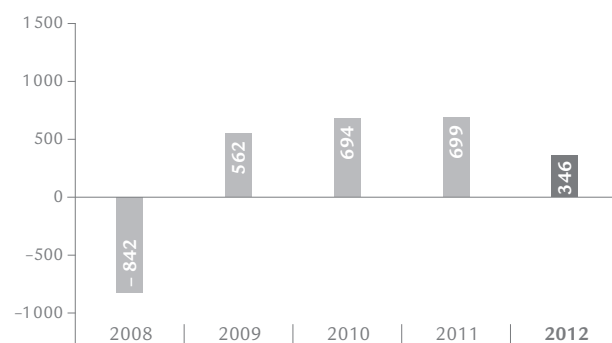
Net profit

In CHF million



Result from operations

In CHF million



SHARE PERFORMANCE

Amounts in CHF

	as at 2012	2012	2011	2010	2009	2008
Number of shares	31.12.	32 081 054	32 081 054	32 081 054	32 081 054	35 084 554
Annual high	23.11.	130.70	164.50	152.70	140.20	298.66
Annual low	04.06.	75.85	83.65	100.30	43.00	63.90
Year-end price	28.12.	121.40	86.40	135.20	132.00	72.40
Performance Swiss Life (in %)		+41	-36	+2	+82	-74
Swiss Market Index (SMI)	28.12.	6 822	5 936	6 436	6 546	5 535
Performance Swiss Market Index (SMI) (in %)		+15	-8	-2	+18	-35
Dow Jones STOXX 600 Insurance Index (in EUR)	31.12.	177.11	133.25	154.45	152.08	134.68
Performance Dow Jones STOXX 600 Insurance Index (in %)		+33	-14	+2	+13	-47
Average trading volume		172 732	140 620	220 061	264 910	377 109
Market capitalisation (in CHF million)	28.12.	3 895	2 772	4 337	4 235	2 540
Basic earnings per share		2.88	18.97	17.46	8.86	10.88
Diluted earnings per share		2.86	18.87	17.37	8.83	10.88
Dividend paid per share ¹	27.04.	4.50	4.50	2.40	5.00	17.00
Total dividend payout to shareholders (in CHF million)	27.04.	144	144	77	160	596
Dividend yield on year-end price (in %)	28.12.	3.71	5.21	1.78	3.79	23.48

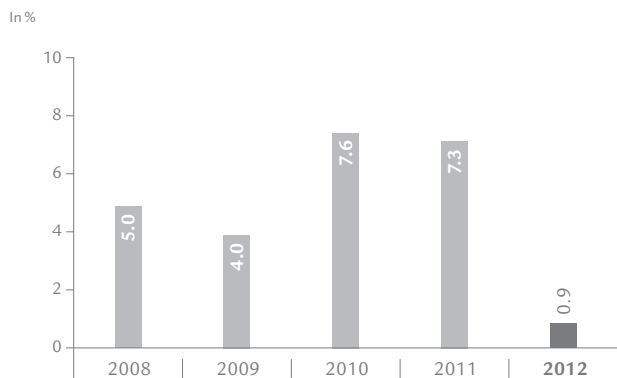
Source: Bloomberg

¹ For the 2012 financial year the Board of Directors proposes a distribution from the capital contribution reserve of CHF 4.50 per share.

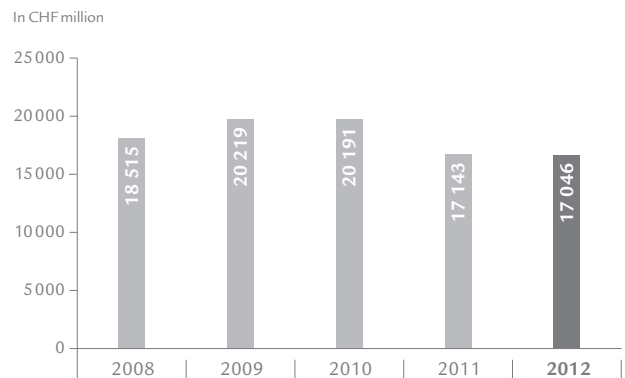
SWISS LIFE SHARE DETAILS

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

Return on equity



Gross written premiums, policy fees and deposits received



KEY FIGURES SEGMENTS

In CHF million

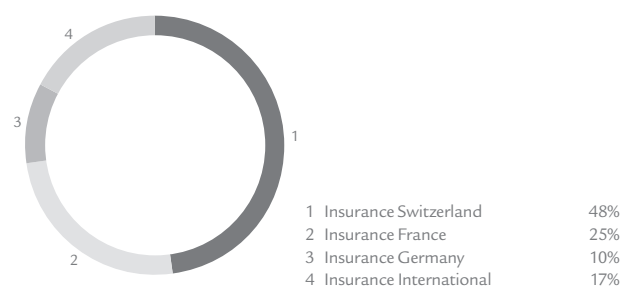
	2012	2011	+/-
INSURANCE SWITZERLAND			
Gross written premiums, policy fees and deposits received	8 292	8 123	2.1%
Segment result	634	476	33.2%
INSURANCE FRANCE			
Gross written premiums, policy fees and deposits received	4 260	4 379	-2.7%
Segment result	157	124	26.6%
INSURANCE GERMANY			
Gross written premiums, policy fees and deposits received	1 692	1 739	-2.7%
Segment result	69	58	19.0%
INSURANCE INTERNATIONAL			
Gross written premiums, policy fees and deposits received	2 892	3 033	-4.6%
Segment result	-34	-10	n/a
INVESTMENT MANAGEMENT			
Commission income	338	301	12.3%
Segment result	138	130	6.2%
AWD			
Commission income	583	692	-15.8%
Segment result	-591	-13	n/a

Segment results

In CHF million



Gross written premiums, policy fees and deposits received by segment



IMPORTANT DATES**ANNUAL GENERAL MEETING 2013**

23 April 2013, Hallenstadion Zurich

INTERIM STATEMENT Q1 2013

23 May 2013

HALF-YEAR RESULTS 2013

14 August 2013

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

The German text is definitive.

ANNUAL REPORT 2012

The Annual Report 2012 can be found at:

www.swisslife.com/report

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There may be minor discrepancies in total figures and percentages in this report due to rounding effects.

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The future starts here.

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