HALF-YEAR REVIEW

Swiss Life
Rentenanstalt

1ST HALF 2003

September 2003

Key figures. In CHF million (unless indicated otherwise)	**2003 HY**	2002 HY	+/– %
	6 months	6 months	
Gross written premiums, policy fees and deposits under investment contracts	**11 836**	11 684	+1.3
of which Core	***10 133***	*9 808*	*+3.3*
Financial result	**2 916**	3 274	–10.9
Operating result	**207**	243	–14.8
Net result before tax and minority interests	**162**	–460	n.a.
Net result	**66**	–587	n.a.
	30.6.2003	31.12.2002	+/– %
Assets under management	**188 638**	184 013	+2.5
Equity	**4 620**	4 170	+10.8
Core capital	**9 003**	7 540	+19.4
Number of employees (Full Time Equivalents)	**10 726**	11 541	–7.1

DEAR READER,

Following a loss of CHF 1.7 billion in the previous year the Swiss Life Group generated a profit of CHF 66 million in the first half of 2003. At the same time, we were able to strengthen our capital base and make further risk reductions. These results show that our strategic and operational measures are beginning to take effect.

The principal contributing factors in the return to profitability as of 30 June 2003 were the operational improvements in all business areas and the positive trend on the financial markets. Gross written premiums increased by 1%. The decline in premiums in Switzerland, compared with the strong previous year, was offset by increased premium income in the other markets. The efficiency drive is proceeding according to plan. In addition to the cost savings of CHF 212 million achieved in 2002 and the 724 positions already shed, the first six months of 2003 saw further economies totalling CHF 107 million and a headcount reduction of 488 positions. Thus, at the mid-point of 2003, 60% of the targeted cost reductions and 80% of the planned headcount reductions had been achieved. As far as cost savings are concerned, we know that the most difficult part is yet to come. However, in light of the progress made so far, we are confident of achieving our targets on schedule by the end of 2004.

The Group's financial strength received a further boost. Equity rose by 11% to CHF 4.6 billion. Core capital, which includes liabilities with equity features, improved by 19% to CHF 9.0 billion. The solvency of the original parent company, Swiss Life/Rentenanstalt, which accounts for 70% of the Group's insurance business and around 90% of its mathematical reserves, rose from 180% at the beginning of the year to 199%.

In spite of difficult market conditions for divestments, we managed to find appropriate solutions for STG Schweizerische Treuhandgesellschaft and the units in Spain and the United Kingdom, thus freeing up risk capital and management capacity which we can devote to our core business. We have further reduced the risks. Examples include the reduction of goodwill by CHF 252 million and additional impairments in the private equity portfolio to the tune of CHF 103 million.

The systematic management of assets and liabilities plays a particularly important role in reinforcing our financial strength and in reducing the economic risk on the balance sheet. Within the context of the redefined ALM process we are striving to achieve a greater harmony between the outflow of promised benefits and the expected investment returns (cashflow matching). Since the duration of our commitments on the liabilities side of the balance sheet is considerably higher than the duration of the investments on the assets side, we have extended the holding period of our investments. These steps have released risk capital amounting to around CHF 1 billion.

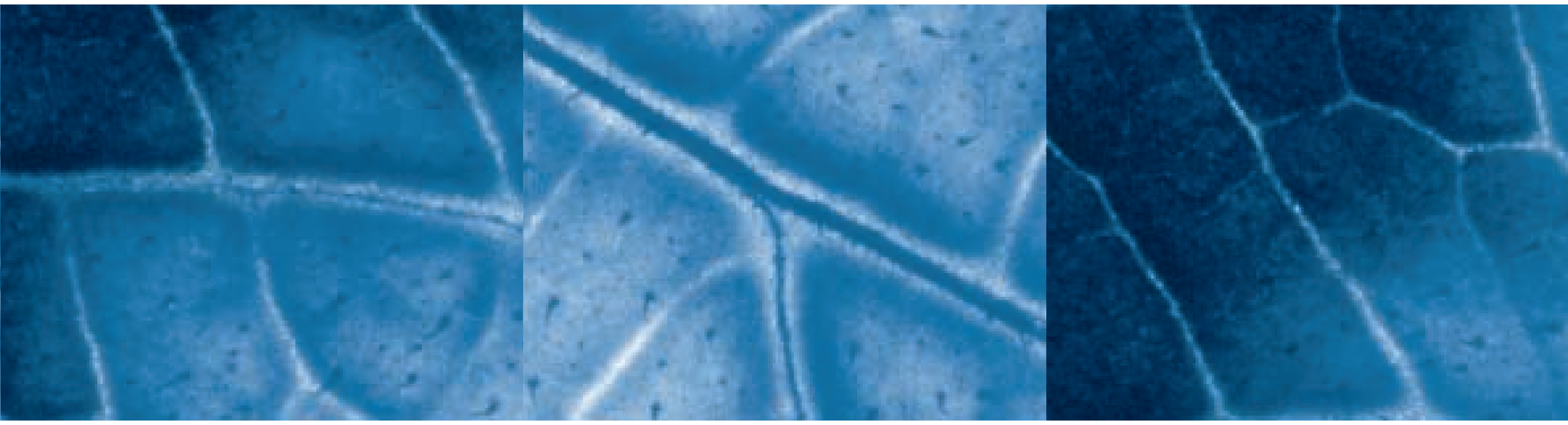
The strategic and operational measures which have been introduced are proving to have the desired impact and the new management team is better able to direct these processes with its newly defined control systems. Such progress reinforces our conviction that we are on the right road to reaching our medium-term goals. Moreover, share performance from the second quarter 2003 onwards – with the share price bouncing back to over CHF 160 from its historic low of CHF 42 in March – demonstrates that investors have also recovered their confidence in us.

One of the crucial factors will be a return to sustainable profits in the occupational provisions business in Switzerland. This is another area where we have already taken the first steps through the ongoing cost-reduction programme and the repricing measures that have been introduced. But this is not enough. Parameters must be set in line with the economic and demographic realities. If this does not happen, insurers will have no option but to pass on the risks engendered by the capital market and increasing life expectancies to the employer or the insured. Some of our competitors have already begun to do just that. Such a development reduces the security of occupational provisions. We intend to stick by the guarantee we give our customers. To do so we need parameters which are in keeping with reality. Switzerland is envied for her Three Pillar System of future provisions around the globe, especially for the fully funded system of occupational provisions and the way employers and employees share the financial load. We should not throw this advantage away. It is, in fact, worth fighting for.

Dear Reader, we don't just want to be successful as an enterprise, we also want to actively contribute to the security of sustainable future provisions. We are well equipped to do both. In the past few months we have discovered that more and more people are relying on us once again to fulfil this role. Thank you for the confidence you have placed in us.

Bruno Gehrig
Chairman of the Board

Rolf Dörig
Group CEO



COURSE OF BUSINESS IN THE FIRST HALF OF 2003

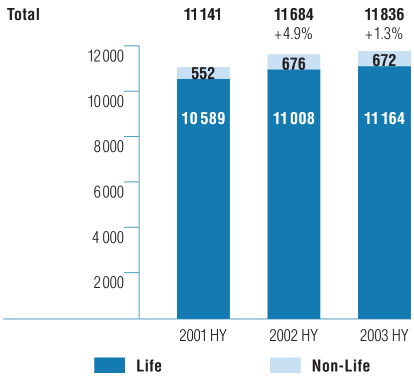
In the first half of 2003 the Swiss Life Group generated a profit of CHF 66 million (loss in first half of 2002: CHF 587 million). Operating improvements in all business areas and positive trends on the financial markets were factors in this result. At the same time, the capital base was successfully strengthened and further risk reductions made. Strategy implementation proceeded according to plan.

The first six months of 2003 were marked by a sluggish economy and historically low interest rates. In this challenging environment the Swiss Life Group managed to return to the profit zone. Gross written premiums rose by 2% to CHF 9.9 billion, compared to the first half of 2002. Deposits under policyholder investment contracts (for example, unit-linked products) declined slightly compared to the same period last year, while overall premium volumes increased by 1% to CHF 11.8 billion. In its core business the Swiss Life Group recorded a 3% growth in premium volume to CHF 10.1 billion.

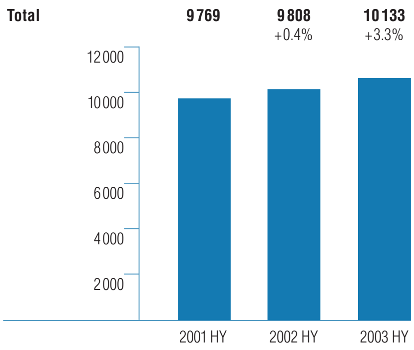
Insurance expenses rose slightly

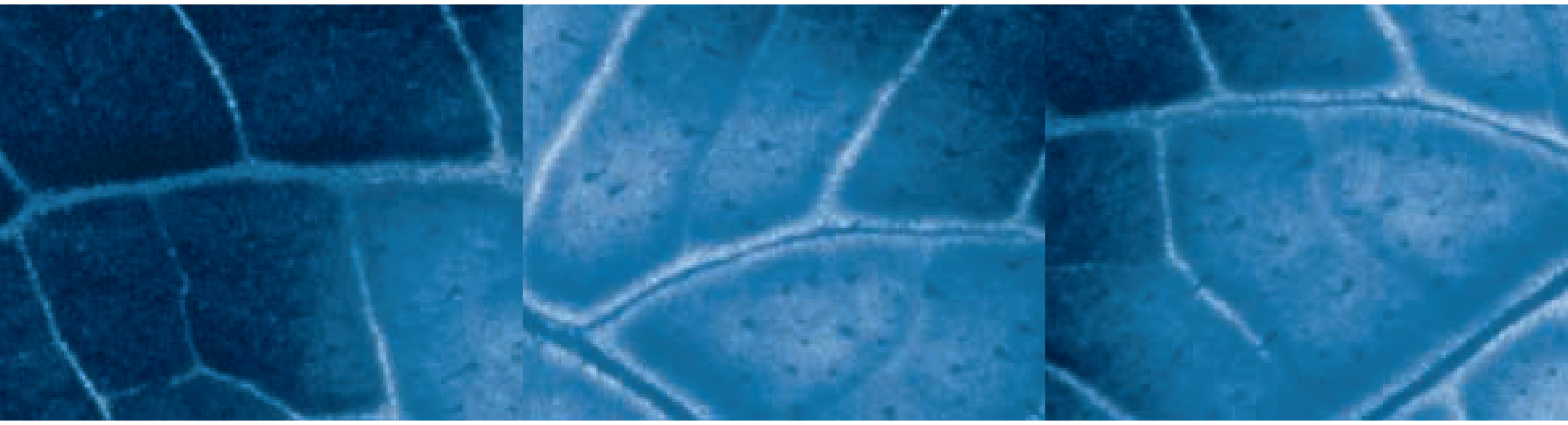
Compared to the previous year, technical insurance expenses rose by 2% to CHF 10.6 billion. Insurance benefits paid and the changes in insurance reserves fell by 1% to CHF 10.1 billion. The decrease was matched by a considerable rise in outflows for policyholder bonuses and participation in surplus, which increased by 155% to CHF 448 million; this reflected the fact that, while guarantees were lowered, on foreign markets the bonuses were increased. The amounts set aside for payment of future policyholder bonuses went up by 24% to CHF 5.5 billion. This figure includes the policyholders' statutory participation in the capital appreciation of investments, under the laws in force in certain countries (legal quota).

Gross premiums
CHF million



Gross premiums, core business, life
CHF million





Low interest and asset impairments adversely affect the financial result

The financial result of CHF 2.9 billion was 11% lower than the result for the first half of 2002. Owing to markedly lower interest rate levels and declining dividend income, resulting from the large reduction in the Group's equity exposure, direct investment income fell by 5%. The realised and unrealised net gains on investments plus trading income resulted in a positive balance of CHF 226 million (previous year: CHF 440 million). This figure also includes the loss of CHF 105 million on the sale of STG Schweizerische Treuhandgesellschaft to the LGT Group and impairments on investments totalling CHF 274 million (gross). CHF 103 million of these impairments was attributable to adjustments in the private equity portfolio.

Efficiency drive proceeding according to plan

Operating expenses were successfully reduced by 12% to CHF 1.4 billion compared with the same period in the previous year. In the life core segment operating expenses fell by 10% to CHF 926 million. The measures to boost efficiency proceeded according to plan. In addition to the savings in operating costs of CHF 212 million achieved in 2002 and the 724 positions already shed, the first six months of 2003 saw further cost economies of CHF 107 million and a headcount reduction of 488 positions. Thus, at the mid-point of 2003, 60% of the targeted cost reductions and 80% of the headcount reductions planned by the end of 2004 had been achieved. On 30 June 2003 the Swiss Life Group employed 10 726 members of staff (full-time equivalents).

Core capital reinforced – solvency at 199%

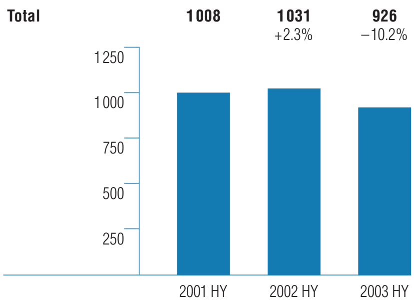
Since the turn of the year shareholder's equity has increased 11%, expanding from CHF 4.2 billion to CHF 4.6 billion. Besides the net profit of CHF 66 million, the increase in unrealised gains on assets and positive currency effects were contributing factors. Core capital for capital adequacy purposes stood at CHF 9.0 billion as of 30 June 2003, thus recording a 19% rise for the period under review. The solvency of the original parent company, Swiss Life/Rentenanstalt, which encompasses 70% of the premium volume and around 90% of the Group's mathematical reserves, climbed from 180% at the beginning of the year to 199%. This figure does not include the additional funds raised by Swiss Life Holding's capital increase at the end of 2002. Group solvency, calculated in accordance with the model applied by the French regulators who are responsible for the Swiss Life Group within the European Union, increased from 138% in the first half of 2003 to 147% (including the Banca del Gottardo).

Increase in assets under management

Assets under management have gone up 3% since the end of 2002 to CHF 188.6 billion. The removal from the books of the approximately CHF 5 billion in assets under management by STG Schweizerische Treuhandgesellschaft was more than made up for by the inflow of new funds and the positive financial market trend in the second quarter of 2003. CHF 136.1 billion, or 72% of the assets under management, were attributable to core business as of 30 June 2003.

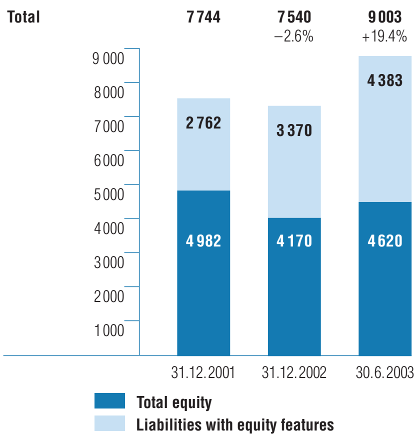
Operating expenses, core business, life

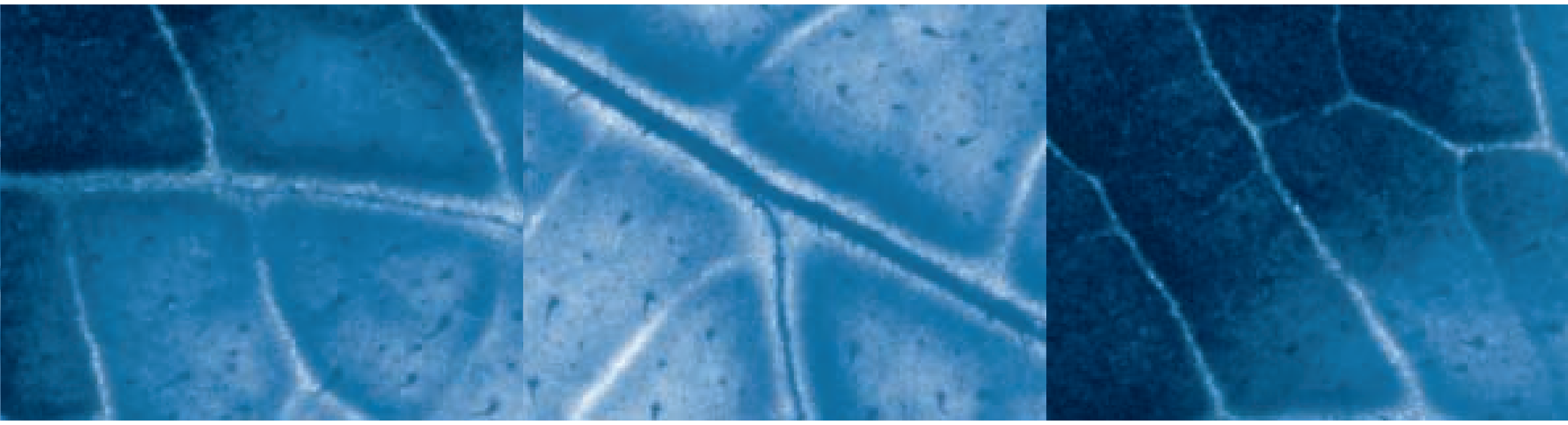
CHF million



Core capital

CHF million





Results by segment

In the **life core** segment (Switzerland, France, Germany, the Netherlands, Belgium/Luxembourg), gross premium volume, including deposits under policyholder investment contracts, grew by 3% to CHF 10.1 billion. In group life business premium income totalled CHF 6.1 billion, equivalent to growth of 19%, thanks to a newly concluded contract in the Netherlands which brought in allocations of around EUR 600 million. In individual insurance, on the other hand, gross written premiums declined by 20% to CHF 2.1 billion, a contraction chiefly caused by the economic environment and low interest rate levels. At CHF 2.5 billion, the financial result was 7% lower than in the previous year. Technical insurance expenses increased by 4% to CHF 9.3 billion. The rise consisted of an increase in insurance benefits paid, an allocation to the insurance reserves (which was 53% lower at CHF 1.4 billion) and a doubling of the outlay on policyholder bonuses and participation in surplus to CHF 414 million. The 10% reduction in operating expenses led to a segment result of CHF 93 million. This means the result of the prior-year period was upheld, in spite of the substantially lower financial result.

In **Switzerland** the first half of 2003 was shaped by the systematic implementation of the strategic realignment. Premium income came to CHF 4.9 billion, which corresponds to a decline of 13% compared to the very strong first-half 2002. While premium volumes were maintained in group insurance business, individual insurance saw a noticeable falling off. The economic environment and historically low interest levels had a negative impact on the sales of single premium products in particular. Renewals of expiring contracts were only possible to a limited extent. In the first quarter of 2003 the damage to our reputation sustained in 2002 was still reverberating. Insurance benefits paid and changes in insurance reserves fell by 13% to CHF 5.5 billion. Contract terminations, an above average number of contracts reaching expiry and a higher incidence of disability claims led to a 34% rise in insurance benefits paid. This increase was offset by the fact that the contract terminations and expiries resulted in a drop in the allocation to insurance reserves. Operating expenses fell by CHF 31 million (a drop of 10%). The number of staff, based on full-time equivalent positions (FTEs), totalled 2 750 as at 30 June 2003, equivalent to a reduction of 258 FTEs, or 9%, in the first six months of 2003. This underscores the fact that the efficiency drive is continuing to move forward ahead of schedule.

In **France** premium volume in the first half of 2003 came to EUR 1.6 billion (up 4%). Some welcome stimulus came from new and innovative products such as Swiss Life Liberté, which was well received on the market. Swiss Life Liberté combines the advantages of classic insurance, such as capital protection, with the potential returns of a unit-linked product. There was also an agreeable trend in sales via the banking channel. In spite of the increase in the number of staff in the life core business in France (a rise of 8 to 1566 FTEs), operating costs fell by 2% compared to the prior-year figure. There was an overall headcount reduction in France of 26 FTEs (–1%). The pursuit of the strategic realignment proceeded according to plan.

As in Switzerland, the main concern in **Germany** in the first half of 2003 was regaining the confidence of the market. The brokers, our most important sales channel in this market, played a central role. The 2% growth in premium volume to EUR 548 million, compared with the previous year, demonstrates that the concerted efforts to cultivate relationships are bearing fruit. New business developed in a particularly satisfactory manner; the 24% increase represented a result significantly above the market average. And, what is more, the increased volume was generated with lower costs. Operating expenses were cut by 5% and the number of FTEs reduced by 21 to 859 (a drop of 2%).

Compared to the previous year, premium volume doubled in the **Netherlands** to EUR 1.1 billion. EUR 600 million of this figure was attributable to a contract with a mid-sized construction company which transferred its pension fund to Swiss Life. Service improvements for corporate customers continued. Service software developed at the Belgian branch was quickly and successfully adapted to the requirements of the clientele in the Netherlands and put into use. In spite of the doubling in premium volume, operating costs were cut in the period under review by 1% and the number of staff reduced by a further 30 positions to 760 FTEs (a drop of 4%).

In **Belgium/Luxembourg** premium income totalled EUR 180 million, successfully maintaining volume at the same level as in the first half of 2002 in spite of the more difficult market environment. The strategic realignment was steadfastly pursued in this market, too. The stake in Crédit Agricole (Belgium) was disposed of, and cost reductions continued to be systematically implemented. Operating costs were cut by 28% and an additional 82 positions were shed (–14%).

In the **life other** segment («La Suisse» Vie, the United Kingdom, Italy and Spain) strategic decisions came to the fore in the last few months. In August the Swiss Life Group announced it would be selling its business in Spain to VidaCaixa.

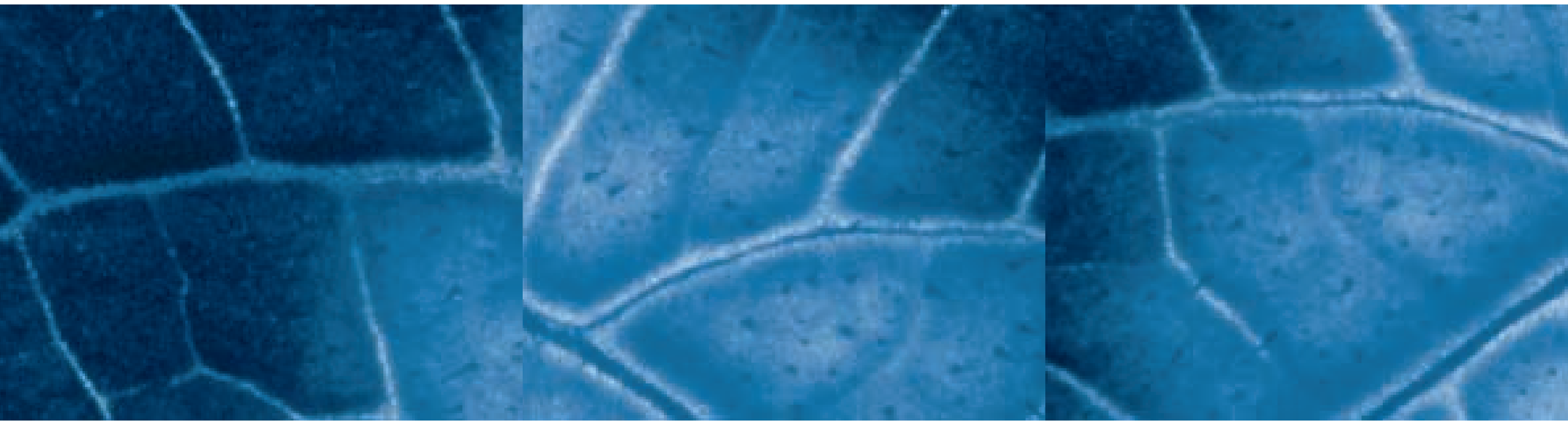
Consolidated statement of income. In CHF million	**2003 HY**	2002 HY
	6 months	6 months
Revenue		
Net investment income	**2 690**	2 834
Net realised and unrealised gains/losses on investments	**505**	–380
Net trading income	**–279**	820
Investment management, banking and other fee income	**262**	307
Insurance premiums and policy fees[1]	**9 547**	9 379
Other income	**32**	70
Total revenue	**12 757**	13 030
Benefits, losses and interest expenses		
Interest credited to investment contracts, customer deposits and other funds on deposit	**–380**	–464
Interest on borrowings	**–105**	–210
Other interest expenses	**–30**	–53
Benefits paid and changes in insurance reserves	**–10 140**	–10 241
Policyholder bonuses and participation in surplus	**–448**	–176
Total benefits, losses and interest expenses	**–11 103**	–11 144
Operating expenses		
Investment management and banking expenses	**–338**	–389
Insurance-underwriting and policy-acquisition costs	**–742**	–872
Other operating and administrative expenses	**–367**	–382
Total operating expenses	**–1 447**	–1 643
Operating result	**207**	243
Amortisation of goodwill	**–45**	–703
Net result before tax and minority interests	**162**	–460
Income tax expenses	**–80**	–107
Net result before minority interests	**82**	–567
Minority interests	**–16**	–20
Net result	**66**	–587
Basic earnings per share (in CHF)	**3.07**	–37.54
Diluted earnings per share (in CHF)	**3.00**	–37.54

[1] Under the accounting principles adopted, deposits under investment contracts are not recognised as income:

Insurance premiums and policy fees as reported	**9 547**	9 379
Deposits under investment contracts	**1 893**	1 925
Insurance premiums, policy fees and deposits	**11 440**	11 304

CONSOLIDATED BALANCE SHEET (unaudited)

Consolidated balance sheet. In CHF million	**30.6.2003**	31.12.2002
Assets		
Investments		
Held-to-maturity securities	**4 364**	4 416
Available-for-sale securities	**89 477**	80 821
Financial assets held for trading	**3 239**	3 552
Investment property	**10 870**	10 770
Loans originated by the enterprise	**27 118**	31 650
Investments in associates	**202**	181
Other investments	**946**	1 003
Total investments	**136 216**	132 393
Other assets		
Cash and cash equivalents	**7 285**	4 217
Insurance and other receivables	**4 982**	4 259
Reinsurance assets	**1 608**	1 533
Deferred acquisition costs	**2 686**	2 576
Property and equipment	**1 679**	1 625
Goodwill and other intangible assets	**1 131**	1 386
Deferred tax assets	**1 518**	1 721
Other assets	**735**	1 075
Separate account (unit-linked) assets	**9 263**	8 781
Total other assets	**30 887**	27 173
Total assets	**167 103**	159 566
Liabilities and equity		
Liabilities		
Financial liabilities held for trading	**1 669**	1 585
Investment contracts, customer deposits and other funds on deposit	**29 283**	28 086
Insurance reserves	**105 789**	100 638
Borrowings	**7 541**	6 534
Deferred tax liabilities	**2 410**	2 516
Insurance and other payables	**4 082**	3 793
Other liabilities	**1 818**	3 001
Separate account (unit-linked) liabilities	**9 344**	8 738
Total liabilities	**161 936**	154 891
Minority interests	**547**	505
Equity		
Share capital	**1 172**	1 172
Share premium	**1 711**	1 716
Treasury shares	**–24**	–36
Gains/losses recognised directly in equity, net of taxes	**851**	537
Foreign currency translation differences	**–111**	–174
Retained earnings	**1 021**	955
Total equity	**4 620**	4 170
Total liabilities and equity	**167 103**	159 566



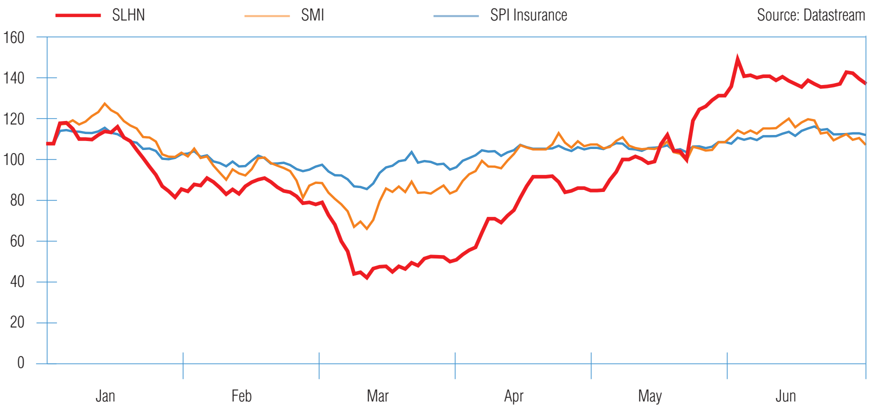
Swiss Life (UK) will run off its individual life business and is selling the major part of its group risk business to UnumProvident. As far as «La Suisse» is concerned, there will be no reversal of the decision, first announced in September 2002, that the enterprise is not a part of the Group's core business. Gross written premiums, including deposits under policyholder investment contracts, decreased by 14% in this segment to CHF 1.1 billion. The substantial improvement in the segment result to CHF 80 million was owing to one-off impacts.

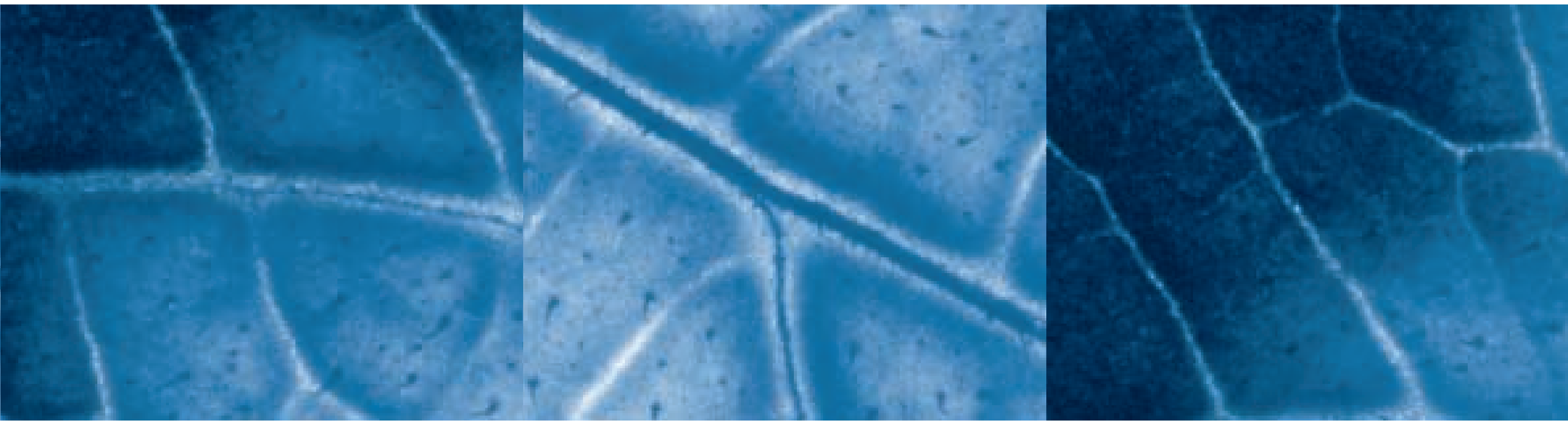
In the **non-life** segment (property insurance in Belgium and France, non-life business at «La Suisse») gross written premiums totalled CHF 676 million, remaining at the prior-year level. The price increases were balanced against a lower volume of new business. Despite the marked improvement from 117% to 107%, the combined ratio is still not adequate and the measures to make business profitable will be resolutely pursued. Following the loss of CHF 16 million the previous year, this segment reported a profit of CHF 17 million for the first half of 2003.

The **private banking** segment reported a loss of CHF 66 million for the first six months of 2003. This was due to the loss realised on the sale of STG Schweizerische Treuhandgesellschaft to the LGT Group, transacted on 25 June 2003. Prior to this extraordinary impact, a profit of CHF 39 million had been generated. Progress in cost management is also discernible in this segment, which, following the sale of STG, mainly consists of the Banca del Gottardo. Operating expenses (excluding variable commissions) were reduced by 12% against the corresponding period of the previous year, to CHF 222 million.

In the **investment management** segment the Swiss Life Group generated a profit of CHF 60 million in the first half of 2003. Income fell by CHF 70 million to CHF 134 million, lacking the one-off impact of the sale of Swiss Life Hedge Fund Partners Ltd in the previous year. In connection with the Swiss Life Group's strategic realignment, Swiss Life Real Estate Partners Ltd was integrated into Swiss Life Property. Thus portfolio management structures in the real estate sector were streamlined and duplications of effort eliminated.

Price trend 2003





SWISS LIFE SHARE PERFORMANCE

Swiss Life Holding shares (SLHN) recorded a gain of 27.4% over the first half of 2003, thereby outpacing both the Swiss Market Index (SMI, with a rise of 4.0%) and the Swiss Performance Index Insurance (SPI Insurance), which was down 0.4%.

Swiss Life shares went into the first quarter of 2003 priced at CHF 107.75, dropping to their historic low of CHF 42.15 by 12 March 2003. The share largely tracked the SPI Insurance curve in January's and February's trading, as financial services providers in particular were given a sharply negative reception on the international equity markets under the pall of the uneasy situation in Iraq. The price slide was accelerated by the 2002 earnings outlook announced for the Swiss Life Group on 6 March 2003, and the share stood at CHF 50 as the first quarter closed.

The cautious attitude on the part of investors and analysts came to an end when the results for 2002 were published on 8 April 2003. Swiss Life shares showed a clear advance in April with trading volume again above average. The uptrend was reinforced by positive developments such as the announcement of the new Board of Directors (21 March), the repayment of the loan to Private Equity Holding (15 May) and the sale of STG Schweizerische Treuhandgesellschaft (26 May). Swiss Life shares enjoyed an unusually high level of demand from foreign institutional investors, in particular. On the home front, a positive signal was also forthcoming from the regulatory side with the 22 May 2003 publication of a parliamentary commission's recommendation to the Federal Council (Swiss cabinet) to lower the minimum interest rate on 2nd-pillar occupational pension savings from 3.25% to 2%.

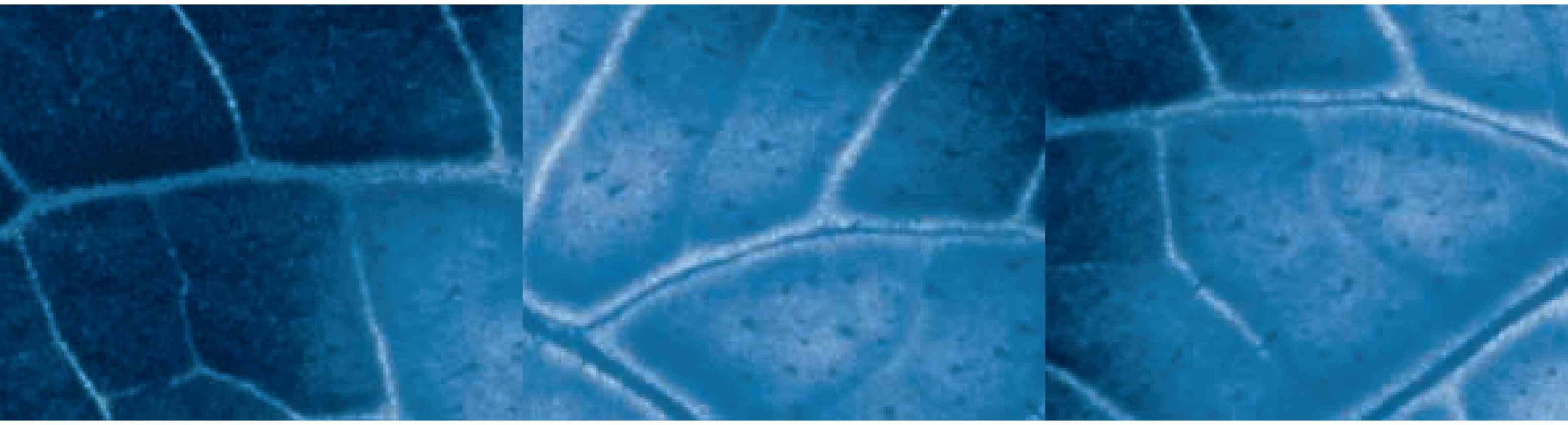
The Swiss Life share closed at CHF 137.25 on 30 June 2003, gaining 27.4% for the first six months as a whole, thanks to the exceptional advance of 174.5% in the second quarter of the year. This was clearly better than the SMI (up 4.0% in the first half) as well as the SPI Insurance index (down 0.4% in the first half). The market value as measured by the shares (stock market capitalisation) thus stood at around CHF 3 billion on 30 June 2003.

Delisting of Swiss Life/Rentenanstalt shares (RAN)

In October 2002 Swiss Life Holding launched a public offer for the exchange of all Swiss Life/Rentenanstalt shares. Swiss Life Holding currently owns some 93% of all Swiss Life/Rentenanstalt registered shares.

When the public tender offer was launched, it was also announced that the Swiss Life/Rentenanstalt shares might be delisted. The SWX Swiss Exchange agreed to Swiss Life/Rentenanstalt's request to remove the Swiss Life/Rentenanstalt shares from the board with effect from 18 September 2003. The last day of trading on the exchange is 17 September 2003, after which over-the-counter trading will be possible until 17 October 2003. Market trading for Swiss Life/Rentenanstalt shares can no longer be assured after the latter date; the rights of shareholders are not affected by the delisting.

Share statistics		30.6.2003		31.12.2002
Amounts in CHF (unless noted otherwise)				
No. of shares		**23 447 943**		23 447 943
Earnings per share (based on weighted number)		**3.07**		–104.62
Equity per share		**197.00**		177.84
Share price		**137.25**		107.75
Annual high	(2.6.)	**149.00**	(11.1.)	523.59
Annual low	(12.3.)	**42.15**	(8.10.)	80.44
Market capitalisation		**3 218 230 177**		2 526 515 858
Security number		**1 485 278**		1 485 278
Price/earnings ratio		**44.7**		n.m.
Price/equity ratio		**0.7**		0.6



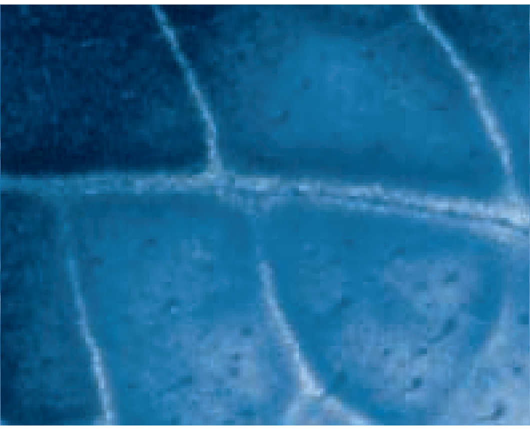
A LOOK AHEAD TO THE SECOND HALF OF 2003

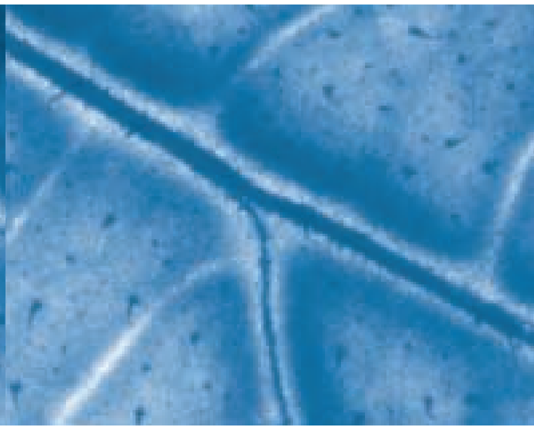
Strategy implementation is proceeding according to plan. Strategic and operational measures are beginning to have the desired effect. The Swiss Life Group expects to report a profit for the 2003 financial year, provided there is no marked deterioration in the economic environment.

Despite the upturn in interest rates over the last few months, in historical terms, they remain at a comparatively low level. This low interest environment presents a great challenge to the industry and stifles growth. Nevertheless, the life insurance and pensions business remains attractive in view of the fact that occupational and private provisions are increasingly in the spotlight throughout Europe owing to demographic trends and the situation facing state-run pension systems.

In the second half of 2003 as well, the Swiss Life Group will not waiver from the resolute pursuit of its aim to concentrate on its core business and core markets. Carrying out the efficiency drive and reducing complexity within the enterprise remain top priorities. As far as risk control is concerned, the newly defined approach to asset and liability management takes precedence. By achieving greater harmonisation between the asset and liability sides of the balance sheet, the economic risks should be further reduced, thus increasing security.

The Swiss Life Group anticipates a slight decline in premium volume for the 2003 financial year, on account of the economic environment and our business priorities. The efficiency drive targets will again be achieved in 2003. Provided there is no further noticeable deterioration in market conditions, the Swiss Life Group expects to report a profit for 2003. Appropriate solutions will be sought for those business areas that do not form part of the core business. Thanks to its ample core capital for capital adequacy purposes, the enterprise can afford to take its time in this respect. The Swiss Life Group is adhering to its medium-term objectives: The enterprise intends to have completed its realignment in 2005, or by 2006 at the latest, and be generating a return on equity of 10%.





CORPORATE GOVERNANCE – INTERVIEW WITH BRUNO GEHRIG

Corporate governance is currently the phrase on everyone's lips. But who really understands what it is all about? Bruno Gehrig, Chairman of Swiss Life Holding's Board of Directors since the Annual General Meeting of 27 May 2003, explains his ideas on corporate governance and sets out what he believes to be the priorities.

Just a few years ago the concept of corporate governance was largely unfamiliar to the general public – now everyone is talking about it. What do you think of this development?

Corporate governance may have become the latest catchphrase, but the developments which have led to this represent a process of change which I view as extremely necessary and correct: shareholders and the general public scrutinising the management processes at the top of companies.

In simple terms, what does corporate governance actually mean?

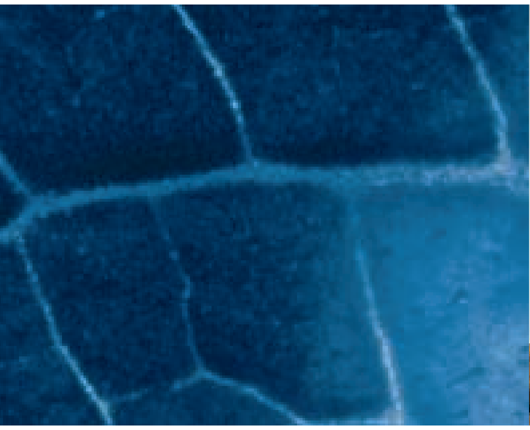
Corporate governance refers to two regulative activities which a company has to perform. One of these is focused inwards and the other outwards. Inside the company, it is concerned with establishing competencies and responsibilities in order to shape the interaction between the Board of Directors, management and internal controls. Externally it is concerned with giving structure to the relations between the company and its stakeholders, in particular shareholders and other sources of financing, customers and, in the case of insurance companies of course, the supervisory authority. These two sets of relationships need to be regulated, ensuring in particular that they function in a balanced way. This is the challenge facing corporate governance.

And what makes for good corporate governance?

Corporate governance is good if all decision-making responsibilities are clear and properly assigned and there is nevertheless still room for a measure of flexibility for the individual corporate bodies and decision-makers involved. Ultimately it must ensure that management uses the money which is made available from shareholders and lenders in a manner consistent with the long-term interests of the owners of the company.

How do you rate the Swiss Life Group with respect to corporate governance?

The Swiss Life Group easily fulfils all the requirements set by the law and the listing regulations. In addition, in contrast to many other companies, it was never admissible at the Swiss Life Group for members to serve simultaneously on the Board of Directors and the Corporate Executive Board. This strict separation between the company's operational management and its control functions is an essential component of corporate governance in an insurance company. In the recent past the company has made great efforts to continue improving corporate governance. This has included, for example, dividing responsibilities for finance, risks and investments between three different members of the Corporate Executive Board. But we intend to do still more.



In which areas do you see room for improvement?

There is a need to give formal structure to the competencies which have in practice already been determined by the company. We will conclude this process within the next few months.

Where will you set the priorities for corporate governance?

Now that we have a new Board of Directors we must first of all make sure that we are able to work together efficiently as a team. The Board of Directors has been reconstituted – into the Chairmen's Committee and the two remaining committees – but we need to work on a definitive routine, a way of working together. This also applies to the work within the Board of Directors, in the exchanges between the Board, the Chairmen's Committee and the remaining committees, and also with the Corporate Executive Board. Concretely, risk management and the organisation of control structures are my priority.

The Corporate Executive Board is involved in day-to-day operations, whereas the Board of Directors meets just a few times each year. How can you ensure an appropriate level of supervision of management in view of this asymmetry?

This is the fundamental challenge underlying the work of the Board of Directors. The Corporate Executive Board always knows much more than the most competent member of the Board of Directors ever can. In my opinion three elements are central to the current situation: training, optimisation and openness. Firstly, we have put together an extensive induction programme for new members of the Board of Directors, which will ensure that they are in a position to ask the right kinds of questions as soon as possible. Secondly the information flows to the Board of Directors need to be optimised. This must counteract the information asymmetry as far as possible. Our concern here is less the quantity of information than its quality. Information which is crucial to the execution of its responsibilities must be available to the Board of Directors. Only if this can be achieved will we be able to live with this asymmetry. Thirdly, we want the Board of Directors to embrace a culture of openness, especially with regard to its cooperation with the Corporate Executive Board, so that the effects of the information asymmetry are minimised. We want to enable and encourage a dialogue that is unconditional and uncompromising. I also wish to build up an appropriate culture of conflict, so that the opposing viewpoints in any discussion can be argued as directly and as clearly as possible.

One topic which is always brought up in connection with corporate governance is the level of compensation awarded to the Board of Directors and the Corporate Executive Board. How is the Swiss Life Group proceeding in this respect?

In almost all companies, and also in the Swiss Life Group, the Board of Directors determines its own compensation. For this reason it is vital to create transparency and to publish the level of compensation awarded to individuals. The remuneration of the Corporate Executive Board is determined by the relevant Board of Directors' committee. Due to the Board of Directors' role as supervising and control authority, this publishing requirement is not as necessary for the individual members of the Corporate Executive Board. The total remuneration of the Corporate Executive Board is pub-

Members of the Board of Directors

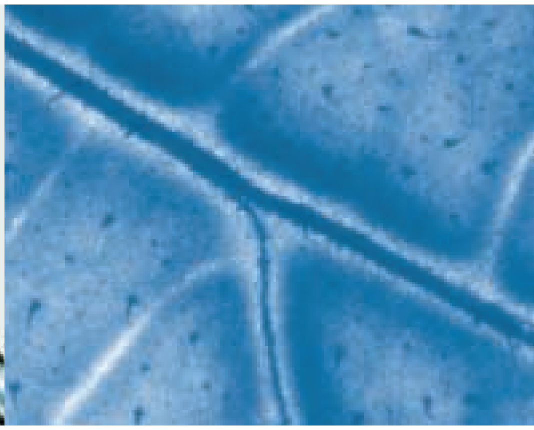
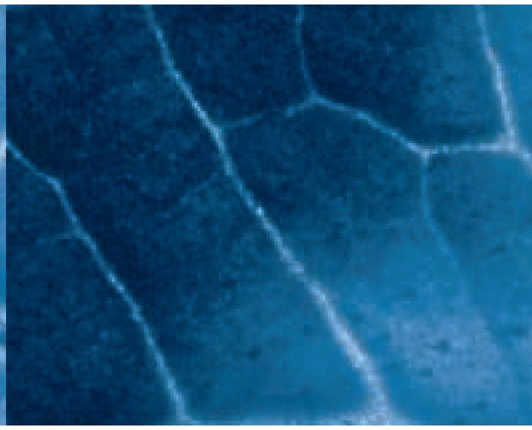
Bruno Gehrig, Chairman
Gerold Bührer, Vice Chairman
Volker Bremkamp
Paul Embrechts
Rudolf Kellenberger
Georges Muller
Peter Quadri
Pierfranco Riva
Franziska Tschudi
meets at least six times annually

Committees of the Board of Directors

Chairman's Committee
(Coordination, Nomination and Compensation Committee)
Bruno Gehrig, Chairman
Gerold Bührer
Rudolf Kellenberger
meets at least six times annually

Audit Committee
Volker Bremkamp, Chairman
Paul Embrechts
Georges Muller
Peter Quadri
meets at least four times annually

Finance Committee
Gerold Bührer, Chairman
Bruno Gehrig
Pierfranco Riva
Franziska Tschudi
meets at least four times annually

lished in the Annual Report, as required by the SWX Swiss Exchange listing regulations.

What criteria are used for determining the compensation awarded to the Corporate Executive Board?

Performance plays a fundamental role. Assessing and measuring this performance, especially the contribution that individual members make to the performance of the Group as a whole, is a crucial and important task of the Board of Directors and of the Chairman of the Board of Directors in particular.

Some companies already report the individual salaries of Corporate Executive Board members. What is your opinion of further transparency requirements and of the viewpoint that the AGM should determine the salaries of top management?

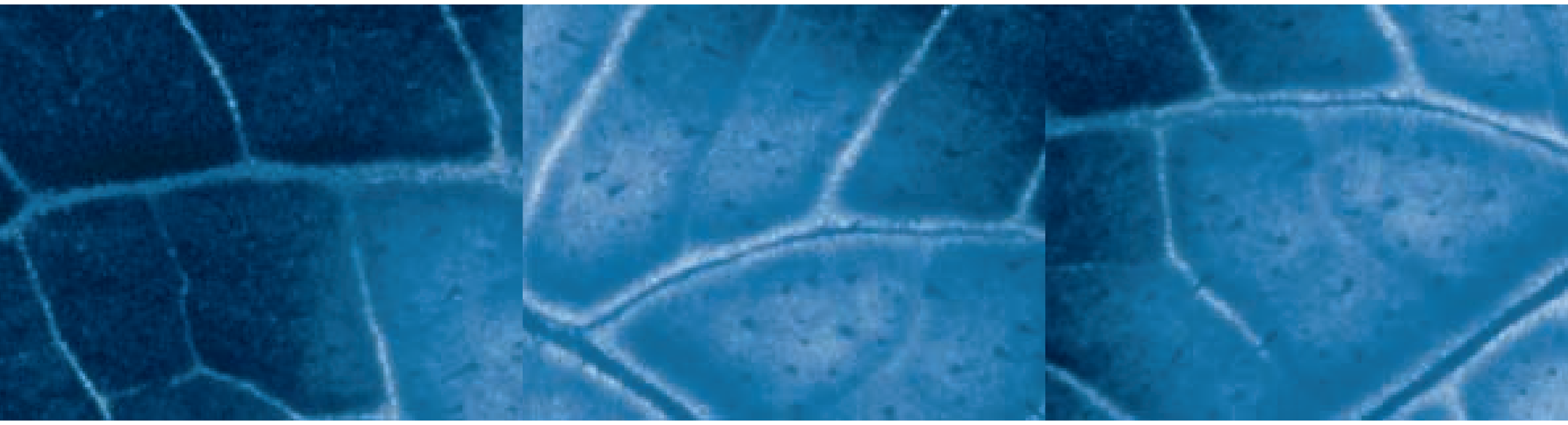
The current heated discussion about managers' wages is evidence of a deep mistrust in the standard of companies' corporate governance to date. It could be argued that if corporate governance is good, no one is interested in the amounts involved, because the control mechanism has already been built into the process for determining remuneration. But because the system has been abused in the past, this mistrust does now exist and therefore there is pressure to ensure total transparency. In my view the improvements to the standards of corporate governance will gradually take the heat off the discussion of managers' wages. I find the idea of allowing the AGM to determine managers' salaries completely inappropriate.

Will the paradigm shift lead to the issue of corporate governance being dropped or is it here to stay?

Companies have made enormous progress and transparency, in particular, will continue to increase. The discussion about corporate governance is definitely not yet over, but the debate will begin to cool down. It is above all up to the boards of directors to regain people's trust in their companies.

Board of Directors' compensation

Chairman (total):	CHF 550 000
Member:	CHF 70 000
Chairman's Committee:	+ CHF 40 000
Other committees:	+ CHF 20 000
Committee chairman:	+ CHF 20 000



GETTING THE RIGHT FIT BETWEEN ASSETS AND LIABILITIES

Asset and liability management (ALM) is a continual fine-tuning of a company's balance sheet assets and liabilities. In the case of an insurance company, it ensures that the promised benefits are covered by returns which can actually be achieved and that core capital will always be able to absorb any fluctuations in the value of assets. For the Swiss Life Group, it is a source of sustained financial strength.

Never make a promise that can't be kept. This is especially true for a life insurance company, where the value of assets and liabilities fluctuates over time and maintaining a proper balance between the two is a very complicated job. Systematic management of assets and liabilities is essential in order to get the balance right in a difficult market environment. The Swiss Life Group started implementing its new ALM concept in the first half of 2003 for this very reason.

Liabilities more volatile than assets

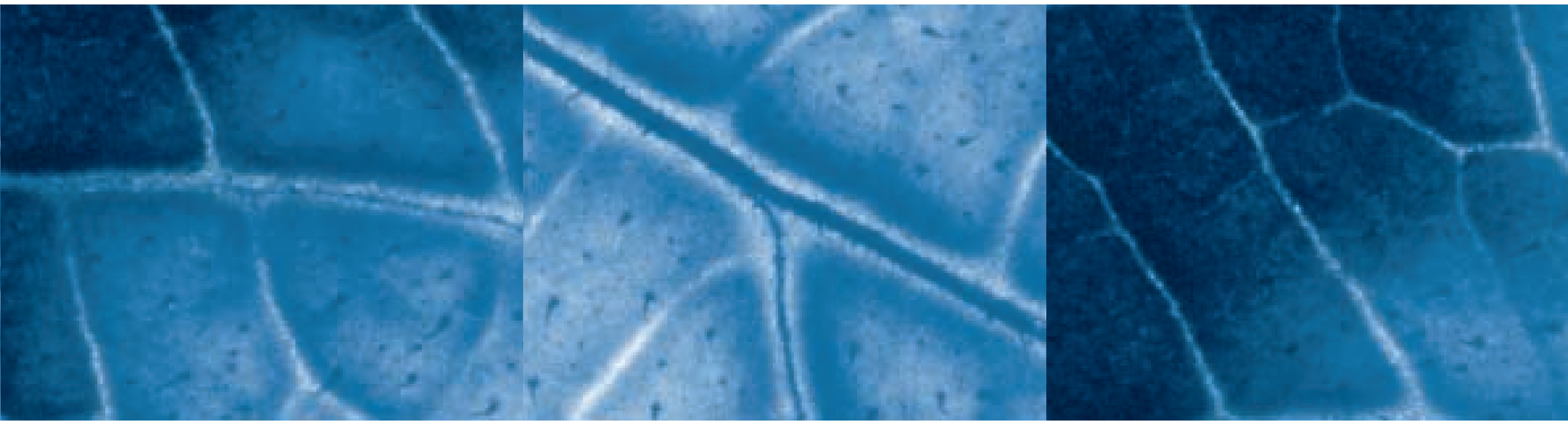
The aim of the new concept is to reduce the economic risk posed by changes in interest rates. Assets and liabilities react differently to interest-rate changes because the invested assets have clearly shorter terms to maturity than the liabilities. This leads to high volatility for the economic equity capital and thus to a higher risk. A rise in interest rates increases a life insurer's economic equity because the value of its liabilities goes down more steeply than the value of its investments: a positive scenario for the insurance company. A decline in interest rates reduces economic equity because the burden on the liabilities side goes up much more rapidly than the value of the investments. This is not only bad news for an insurance company: it can even threaten the company's very existence. Striking a balance between the maturity structure of the commitments and the anticipated streams of investment income is a way of reducing this risk, thereby enhancing the security of both policyholders and shareholders. The Swiss Life Group pursues a two-pronged strategy:

- adjusting the asset allocation to the new business model
- applying economic criteria when setting product conditions

Unwavering focus on added value

In the past, a number of objectives were pursued in the management of balance sheet assets and liabilities which were not always consistent with one another. On the assets side, Investment Management's aim was to generate the greatest possible income; not enough heed was paid to existing commitments on the liabilities side or to the risks implied for core capital. Distribution was primarily interested in generating a high premium volume, without devoting sufficient attention to the profitability of the products themselves. The Swiss Life Group's new ALM process is designed to achieve a better balance between these different interests. The idea is to bring the promised benefits into harmony with the returns that can actually be achieved on the capital market, while taking account of the associated risks on both sides of the balance sheet.

The process is thus aimed at the sustained creation of added value, rather than a single-minded preoccupation with investment performance or premium income. Better understanding of the products, above all with regard to the maturity structure of liabilities, enables



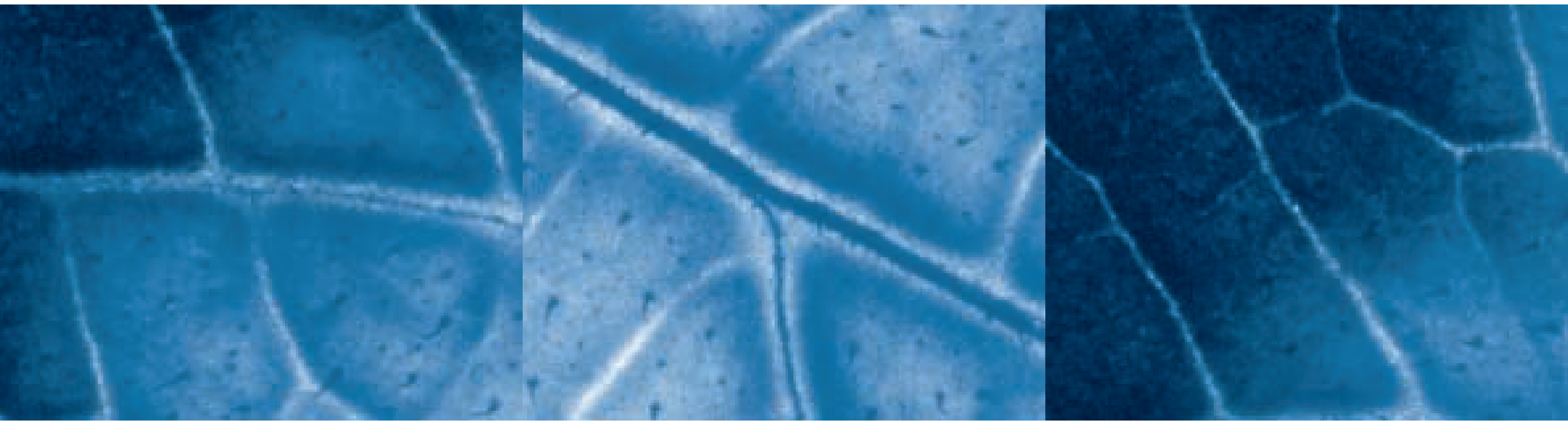
Investment Management to define an appropriate investment strategy with an adequate risk-return profile for each product group. The Distribution team continues to analyse the market as before, recommending new products or additional features, but it now keeps a sharp eye on the products' profitability as well. Finally, Product Management has the job of developing products with the desired conditions, while risk specialists monitor the exposure associated with existing and newly developed products.

The right ALM treatment for each category of liabilities

The ALM process was set up to evolve over time so that the treatment of each type of liability is tailored to its specific features, i.e. a guaranteed interest rate and possible policy dividends (bonuses). A record is kept of all product conditions, and the risks they entail are calculated. The guaranteed (or technical) interest rate is then brought into line with conditions on the capital market – to the extent permitted by regulators and the market itself – thereby reducing the risk. Economic criteria are also a deciding factor in setting conditions whenever new products are developed. In fact, this provides the foundation for defining and implementing the relevant investment strategy. The procedure is then scaled down to country level so that a consistent investment strategy consonant with the liabilities structure can be pursued in all our markets.
The targets for the Swiss Life Group as a whole and for individual units are worked out step-by-step in an iterative process. Each year the ALM Committee establishes the guidelines and targets at Group level which are applied to the individual business units. The business units regularly monitor their adherence to these binding parameters; the individual products are analysed to see how they are meeting their economic targets and investment performance is assessed against the asset allocation on a running basis. The individual ALM processes in turn are used to produce a consolidated picture of the whole, which is examined at Group level on an annual basis.

Strengthening our financial resources for the long term

ALM is grounded in the economics of our business operations, but the accounting treatment is a different story. Our financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which means assets are stated at market values and are thus subject to fluctuation but liabilities – carried at nominal value – are not. The relevant standards bodies are to introduce market-value accounting for liabilities from 2007, but until then the interest-rate risk on the books will only be present on the assets side of the balance sheet.
In other words, additional measures must be planned and, where necessary, put into effect in order to control these risks in a manner consistent with our accounting treatment.
That notwithstanding, and in view of the pending revision of the accounting standards, there is no way to avoid the systematic application of ALM driven by economic factors. Taking an integrated approach makes it possible to harmonise our targets to add more value and mitigates any tendency to focus exclusively on market share or investment performance. Another benefit is that the ALM concept leads to concentration on profitable business and the elimination of unprofitable activities, unless they can be made economically worthwhile.
The bottom line is a sustained improvement in the Group's financial strength.



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IMPORTANT DATES

Press Conference and Analyst
Information 2003
30 March 2004

Annual General Meeting
18 May 2004 (Hallenstadion Zurich)

Further information on the half-year
results is available on the Internet at:
www.swisslife-report.info