

Zurich, 12 November 2008

Interim statement on 3rd quarter 2008

Swiss Life with satisfactory trend in business operations and good capital base despite difficult market environment – intensification of financial market crisis impacts earnings guidance

In the first nine months of 2008, the Swiss Life Group generated a premium volume of CHF 14.0 billion in continuing operations, a 1% rise on the same period last year. Despite the substantial deterioration in the financial market situation since the end of September, Swiss Life's capitalisation is good. The company has taken various measures to avoid any further negative impact of the financial market crisis on shareholders' equity and results. However, the net profit anticipated at the end of August ranging from CHF 1.8 to 1.9 billion will not be achieved, due to the extraordinarily negative trend experienced on the financial markets since the end of September. In view of the uncertainty on the financial markets, Swiss Life is refraining from updating its earnings guidance.

Bruno Pfister, Group CEO: "Under the current difficult conditions, I am satisfied with the development of business operations. We are convinced that our product and growth initiatives will enable us to further strengthen our position in an ever expanding life and pensions market – especially since, as an insurance company, we can offer our clients security. Despite the severe crisis on the financial markets, we have a good capital base. In recent weeks we have significantly reduced the risks in the balance sheet in order to protect shareholders' equity against further negative repercussions from these extraordinary developments. The pronounced intensification of the financial crisis since the end of September, however, means that we cannot confirm our earnings guidance for 2008. Since reliable predictions are impossible in view of the current uncertainty on the financial markets, we are refraining from updating our earnings guidance."

Capital base remains solid – investment risks clearly reduced

The intensification of the crisis on the financial markets since the end of September affected various asset categories in Swiss Life's investment portfolio. Alternative investments (hedge funds) and bonds issued by financial institutions which have become insolvent in recent weeks were particularly affected. Additional impairments had to be taken on equity holdings in view of the continued substantial deterioration on the international stock exchanges. In light of these developments and the strong rise of the Swiss franc against the euro, Swiss Life will not achieve the net profit of CHF 1.8 to 1.9 billion projected for 2008. Along with the extraordinary gains of CHF 1.5 billion from disposals, Swiss Life will report a clear loss on continuing operations for the 2008 financial year.

Swiss Life retains its good capital base even after the extraordinarily negative trend on the financial markets since the end of September. The company has taken various measures to protect its capital base from short-term effects of the financial market crisis. In particular, Swiss Life made a timely decision to utilise the possibility created by the International Accounting Standards Board to post certain bonds to the IFRS balance sheet at the market value on 1 July 2008 under the position of loans; these bonds had previously been carried as financial assets available for sale but without any intention to sell in the foreseeable future. The effect of this is to eliminate the short-term impact the fluctuations in the market value of these bonds have on shareholders' equity, thus better reflecting the associated liabilities and the long-term focus of business. Swiss Life has reclassified bonds with a book value of around CHF 15 billion as per 1 July 2008. This puts the group solvency ratio at around 150% on 30 September 2008, based on the IFRS balance sheet in accordance with the stipulations of the Swiss Federal Office of Private Insurance. In October, Swiss Life lowered its equity exposure to well below 1% and took measures to reduce the risk on the hedge fund portfolio significantly.

Share buyback programme halted

Based on the current market environment, Swiss Life's Board of Directors has also decided to halt the ongoing share buyback programme. Swiss Life had bought back around 3 million shares by the end of October 2008 for CHF 686 million under the share buyback programme approved at the AGM in May 2008. The Board of Directors will weigh up the definitive result for the year and the overall situation in rendering its decision on the dividend distribution. Given the clearly altered situation, Swiss Life

now no longer assumes that the dividend will come to CHF 600 million, as in the original outlook.

Satisfactory development of business operations despite difficult market environment

In the first nine months of 2008, the Swiss Life Group generated a premium volume of CHF 14.0 billion, representing 1% growth on the prior-year period. Following the strong advance in premium income recorded the previous year, gross written premiums in Switzerland dipped 1% to CHF 6908 million. Swiss Life increased its premium volume outside Switzerland by 3% (5% in local currency) to CHF 7079 million. In a slower French market, Swiss Life achieved 10% growth in premium volume (12% in local currency), bringing it to CHF 4385 million. In Germany premiums went down 7% (6% in local currency) to CHF 1338 million. At CHF 1040 million, the premium volume generated in Liechtenstein for the first nine months was 1% below the prior-year figure. In Luxembourg premium income dropped by 19% (18% in local currency) to CHF 315 million.

In the third quarter of 2008, the Swiss Life Group's premium income came to CHF 3075 million. In Switzerland the third-quarter premium income was increased by 1% over the prior-year figure to CHF 1001 million. The decline of 11% in the overall premium volume compared with the prior-year period is above all due to the adverse market environment and the 45% drop in premium volume in Liechtenstein to CHF 338 million. Along with the financial market crisis, another contributing factor was the uncertainty about the current revision of German tax legislation. On the whole, however, Swiss Life still expects its business in life insurance solutions for high net worth individuals to see clear growth in premium volume by the end of the year.

AWD Group: Position in core business strengthened

In the first nine months of 2008 the AWD Group achieved revenues of EUR 493 million and earnings before interest and taxes (EBIT) of EUR 31 million. The 13% and 50% decline, respectively, on the prior-year figures is due to developments in Austria and the UK, resulting from AWD's focus on home financing in the UK, and on investment funds and real estate equities in Austria. Corrective measures have been implemented in both markets. In Germany, revenues advanced by 2% to EUR 280 million despite the adverse market environment. Owing to currency effects, revenues in Switzerland receded by 2% to EUR 51 million.

AWD continues to record double-digit expansion in the growth regions of the Central and Eastern European (CEE) countries. Together with Deutsche Proventus AG, AWD had 6304 advisors and active intermediaries on 30 September 2008. A successful recruitment initiative brought in around 1000 prospective advisors in the third quarter for the company as a whole – including some 600 in Germany. Overall, 2700 advisors are currently undergoing training at the AWD Group.

In the third quarter of 2008 the AWD Group generated EUR 157 million in revenues, against EUR 175 million in the same period of the previous year (-10%). Earnings before interest and taxes declined from EUR 19 million to EUR 7 million in comparison with the prior-year figure.

The cooperation between Swiss Life and AWD is progressing well. Swiss Life in Germany is already part of the "best select" segment of AWD's product range in various categories. The volume of intermediary business rose accordingly. In Switzerland AWD is launching its first Swiss Life product this month.

Realignment of AWD in the UK

In the United Kingdom, AWD will concentrate on the core business with wealth management for private clients and corporate pensions consulting. The cost base is to be reduced significantly and sales management improved at the same time. The remortgaging business (AWD Home Finance) and other smaller business units will be sold or discontinued. With this sharply focused business and the attractive existing client base in the high net worth individuals segment, AWD aims to again show a positive profit contribution in the UK already in 2009. Provisions were set aside in the 2008 financial year to the amount of around EUR 27 million (around CHF 40 million) for the entire restructuring project in the UK, representing a charge of some CHF 30 million on the Swiss Life Group's net profit.

Successfully pursuing growth initiatives

Swiss Life is advancing its various product and growth initiatives with continuing success. The emphasis is on non-traditional products, in particular. In Germany Swiss Life has launched its first ever variable annuity product under the name of Swiss Life Champion. Variable annuities (VAs) are an ideal combination of traditional insurance and modern investment products, offering customers greater flexibility and opportunities for higher returns in comparison with traditional life insurance products.

These flexible life and pension products with variable guarantees are being developed for the entire Swiss Life Group at a product platform in Luxembourg. The products, adjusted to local market requirements, will be introduced gradually in various countries. After the introduction in Germany, a similar variable annuity product will be brought to market in Switzerland at the beginning of 2009. Another innovation for the Swiss Market is Swiss Life Calmo Funds, launched in October, which combines the advantages of a traditional life annuity with a unit-linked life annuity.

The business in insurance solutions for high net worth individuals – private placement life insurance – is also being expanded further. In addition to the existing locations in Switzerland, Liechtenstein, Luxembourg and Singapore, Swiss Life has also received authorisation to open a sales representation office in Dubai, scheduled for November. Swiss Life thus occupies a strong position in this global market, enabling it to find the ideal solutions to the client's requirements.

Swiss Life's Corporate Executive Board again complete

Charles Relecom, previously CEO for Swiss Life in Belgium, assumed his new responsibilities as Swiss Life CEO in France on 1 July. The new CEO Switzerland, Ivo Furrer, took up his duties on 1 September, joining Swiss Life from Zurich Financial Services. Manfred Behrens, previously Swiss Life's CEO Germany, assumed his new role as Co-CEO of AWD on 1 September and remains a member of the Corporate Executive Board. He was succeeded as CEO Germany on 1 October by Klaus Leyh, who was previously Head of Distribution for Swiss Life in Germany. Thus, Swiss Life's Corporate Executive Board is again complete.

Investors' Day on 2 December

At its Investors' Day on 2 December, Swiss Life will report on the progress made in implementing the corporate strategy and on its current priorities. Further topics will be the strategic and financial targets of AWD, the Swiss business, as well as investment and capital management in the current market environment. Because of the present high level of insecurity regarding financial market developments, Swiss Life plans to provide an update on its financial targets at the end of March, in conjunction with the announcement of the annual results.

Telephone conference today for financial analysts, investors and media

A telephone conference will be held in English today at 14.00 (CET) with Bruno Pfister, Group CEO, and Thomas Müller, Group CFO, for financial analysts, investors and the media. Please dial in ten minutes before the telephone conference begins.

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Gross written premiums, policy fees and deposits received (unaudited figures)

CHF m	Q3 2008	Q3 2007	Change (CHF)	Change (local currency)
IFRS basis, unaudited				
Switzerland	1 001	990	+1%	+1%
France	1 217	1 268	-4%	-2%
Germany	430	448	-4%	-2%
Luxembourg	90	111	-19%	-17%
Liechtenstein	338	619	-45%	-45%
Continuing operations	3 075	3 437	-11%	-9%

CHF m	YTD 2008	YTD 2007	Change (CHF)	Change (local currency)
IFRS basis, unaudited				
Switzerland	6 908	6 991	-1%	-1%
France ¹	4 385	3 983	+10%	+12%
Germany	1 338	1 442	-7%	-6%
Luxembourg	315	390	-19%	-18%
Liechtenstein ²	1 040	1 055	-1%	-1%
Continuing operations	13 987	13 862	+1%	+2%

¹ 2007 without ERISA

² Does not include CHF 236 m from CapitalLeben (Q1 2007)

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Swiss Life

The Swiss Life Group is one of Europe's leading providers of life insurance and pension solutions. The Group offers individuals and corporations a broad range of products combined with comprehensive advice through its own sales force as well as brokers and banks in Switzerland, France and Germany. It provides internationally operating corporations with employee benefits solutions from a single source, and is among the global leaders in structured life and pension products for high net worth individuals with its centres of competence in Luxembourg, Liechtenstein and Singapore.

Swiss Life is the majority shareholder of the Hanover-based AWD Group, one of Europe's top financial services providers for the medium- and high-income customer segments. AWD offers its clients independent financial advisory services. Around 6300 advisors and intermediaries work for the AWD Group in ten European countries.

Swiss Life Holding Ltd, registered in Zurich, was founded in 1857 as Schweizerische Rentenanstalt. The shares of Swiss Life Holding Ltd are listed on the SIX Swiss Exchange (SLHN). The Swiss Life Group employs a staff of around 9000.

Cautionary statement regarding forward-looking information

This publication contains specific forward-looking statements, e.g. statements including terms like "believe", "assume", "expect" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the company and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties, readers should not place undue reliance on forward-looking statements. The company assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.