Investors' Day 2007
Investments

Patrick Frost, Chief Investment Officer
Zurich, 4 December 2007

Agenda

1. Achievements and new targets — Rolf Dörig
2. Capital management — Thomas Müller
3. Key thrusts and market initiatives — Bruno Pfister
4. **Investments — Patrick Frost**
5. Wrap-up — Rolf Dörig

Key messages

Exposure to structured credit: no issue

- **Swiss Life's exposure to structured credit is minimal**
  - Less than 0.5% of AuM in CDOs, CLOs and similar instruments
  - Less than 0.1% of AuM with some component of US subprime debt

Investment Management is adding value

- **Specialised asset manager** for life and pension assets contributing to the creation of shareholder value
- **Ongoing improvement of efficiency**

Swiss Life is a specialised investment manager for life and pension assets

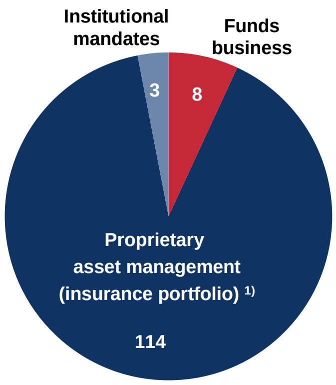
Swiss Life Investment Management

- **Support Swiss Life's "Pensions Leadership" strategy**
  - Delivering steady investment returns to the insurance business
  - Supporting the insurance business in product development
  - Leveraging investment management expertise to service institutional clients
- **Functional excellence and efficiency**
  - Uniform and competitive Group-wide investment management organisation to facilitate growth of insurance business
  - Competitive and profitable funds business

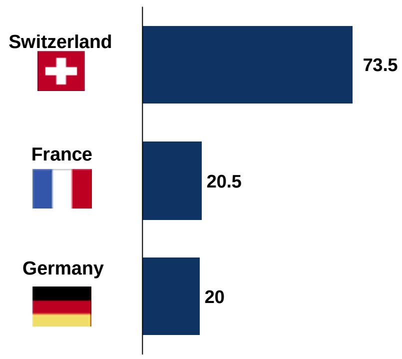
Proprietary Asset Management (PAM) is most important pool of assets and today's focus

CHF billion, HY 07

Investment Management: 125



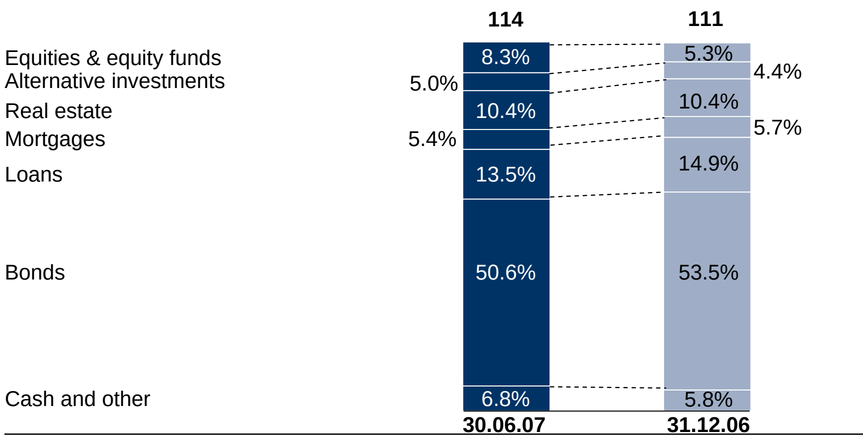
Proprietary asset management: 114



1) Asset allocation w/o ERISA, NL & Belgium in HY 07 CHF million (IFRS basis)

Well diversified insurance portfolio

YE 06 and HY 07, CHF billion



	30.06.07	31.12.06
Net equity exposure	7.7%	6.8%

1) Asset allocation w/o ERISA, NL & Belgium in HY 07 CHF million (IFRS basis)

Exposure to CDOs and US subprime mortgages reduced in 2nd half 2007

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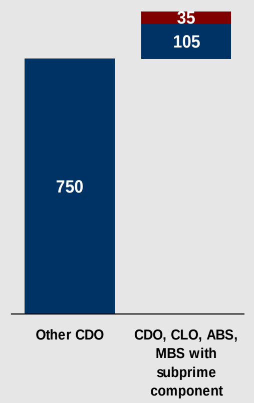
Basis: ~ CHF 135 billion invested assets (insurance portfolio incl. NL & B)

Hedge fund FoF exposure
Fixed income exposure

30 June 2007

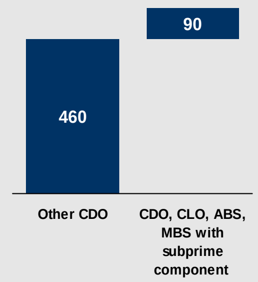


Analysis of change

<u>CDO without US subprime component</u>
Exposure reduced from CHF 750 m to CHF 460 m due to:
- **CHF 280 m redemption of maturing CDOs before end of 2007**
- **expected unrealised losses of roughly CHF 10 m**

<u>US subprime</u>
Exposure, including Alt-A, reduced from CHF 140 m to CHF 90 m due to:
- **CDO, CLO, ABS, MBS: realised and unrealised losses of about CHF 30 m**
- **net short exposure in hedge funds (not included in CHF 90 m)**

FC 31 Dec 2007



Swiss Life's total exposure to CDOs as of end 2007 is below CHF 550 m. CHF 390 m or more than 70% is AAA rated; only 10% is rated lower than A. The exposure to CDS is no issue for Swiss Life; we primarily bought protection against deteriorating markets.

Swiss Life's fixed income securities portfolio maintains high quality

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(redemption of CDOs maturing before end of 2007 included)

Category	Market value (CHF m)	Ratings AAA	AA	A	BBB	Below BBB or unrated	Comments
CDO / CLO (details see next slide)	546	72%	8%	10%	3%	7%	CDO, CLO, ABS, MBS: note volume with US suprime and Alt-A components totals CHF 88 m
ABS	374	69%	2%	13%	13%	3%	70 % in credit card ABS; realised and unrealised losses < CHF 10 m
MBS	544	93%	7%	0%	0%	0%	88% of collateral are domestic Dutch mortgages; realised and unrealised losses < CHF 10 m
Capital notes in market value SIV's	56	0%	0%	100%	0%	0%	Realised and unrealised losses and currently estimated potential impairments < CHF 30 m; additional commitments to a SIV of about CHF 10 m exist
Capital notes in Specialist Finance Companies	575	0%	100%	0%	0%	0%	Currently no impairment potential
Bonds	82 348	62%	18%	11%	6%	3%	Loans and mortgages not included
Total	**84 443**	**62%**	**18%**	**11%**	**6%**	**3%**	Swiss Life bought protection through CDS for about CHF 130 m notional and sold protection through index CDS for about CHF 20 m notional; Swiss Life has no other off-balance sheet credit exposure Additional indirect exposure in ABS of CHF 30 m through fixed income mutual funds

Impact on Swiss Life's balance sheet and P&L expected to be minor

(redemption of CDOs maturing before end of 2007 included)

Category (all amounts in CHF m)	Market value	Instruments with US subprime component 1)	Unrealised loss	Impairments/ realised loss	Year of maturity		
					2008	2009 - 2012	after 2012
CDO with ABS collateral	141	88	-5	-22	0	34	107
CDO/CLO corporates	405	0	-10	0	171	139	95
Total	**546**	**88**	**-15**	**-22**	**171**	**173**	**202**

Category	Market value (CHF m)	Ratings				
		AAA	AA	A	BBB	Below BBB or unrated
CDO with ABS collateral	141	53%	11%	5%	3%	28%
CDO/CLO corporates	405	79%	7%	11%	3%	0%
Total	**546**	**72%**	**8%**	**10%**	**3%**	**7%**

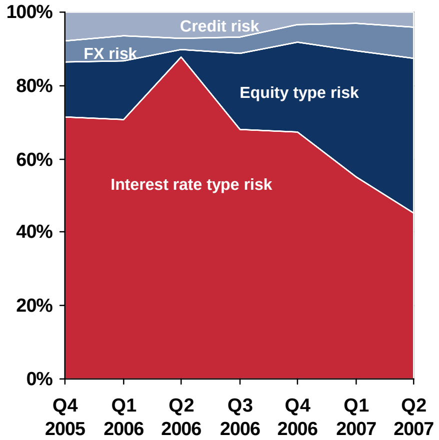
1) US subprime exposure in % of notional amount in CDO/CLO positions with a US subprime component < 10 %

Well integrated into Swiss Life's acknowledged strong enterprise risk management approach

- Group-wide investment activities are well integrated into budget process and ALM approach, ensuring risk-oriented and cost-efficient implementation
- Steady statutory / IFRS investment income has top priority to protect shareholder value
- Diversified use of risk capital as basis for high-performance investment management, allowing efficient generation of steady returns and compliance with regulatory framework
- Efficient organisation built around Swiss Life's Group-wide investment process

Diversified use of risk capital allows efficient generation of steady returns

Indicative figures on risk allocation for representative business unit

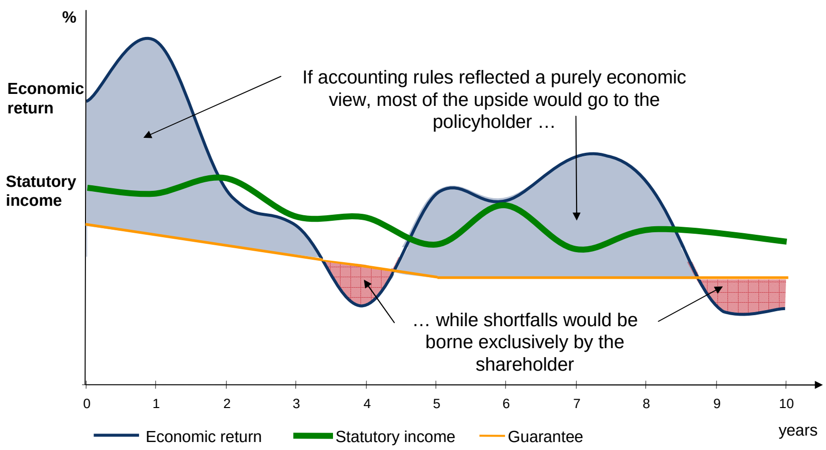


- We move further away from purely interest rate related risks
- Our diversified approach is applied consistently to each individual risk category
  - Capital exposed to interest rate type risks is mainly consumed by CHF investments, while 30-year EUR government bonds have a beneficial diversification effect
  - Exposure to credit risks is comparably low as more than 60% of Swiss Life's fixed income portfolio has an AAA rating
  - Equity type risks include shares, alternative investments and the equity-linked part of real estate
  - Swiss Life's equity portfolio strategy is index-oriented

Increasingly diversified allocation of risk

Considering guarantees and the legal quote, steady accounting returns enhance shareholder value

Illustrative example



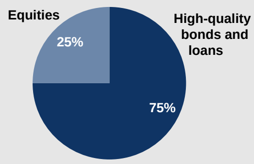
Strong incentive to smooth returns because of asymmetry introduced by guarantees and legal quote

1) based on Swiss Life's current diversified portfolio using historic market data

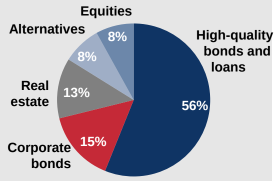
Attractive returns despite reduced volatility

Illustrative example

Undiversified strategy



Swiss Life's diversified strategy



Asset class	Risk premiums[1] (i.e. return targets)	Undiversified strategy	Swiss Life's diversified strategy
High-quality bonds and loans	0.1%	75%	56%
Corporate bonds	1.2%	0%	15%
Real estate	2.5%	0%	13%
Alternatives	3.0%	0%	8%
Equities	3.5%	25%	8%
Expected risk premium		1.0%	1.1%
Economic volatility		5.0%	2.6%
Statutory investment income volatility		5.0%	1.9%

- Swiss Life's diversified strategy yields competitive returns
- The diversification of Swiss Life's current portfolio reduces economic volatility by almost half (from 5.0% to 2.6%) compared to an undiversified strategy
- Accounting effects lower statutory investment income volatility further (below 2%)

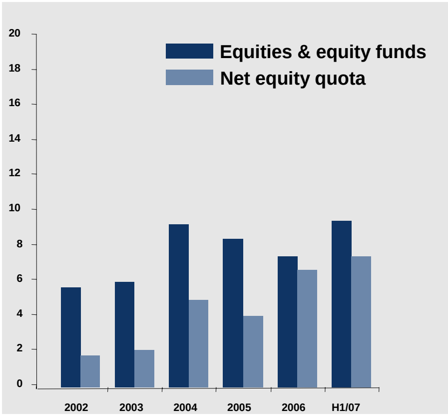
1) Risk premium = excess return above 10-year government bond

Taking advantage of different characteristics of asset classes

		Accounting treatment	Expected medium-term returns	Treatment in group risk model	Downside capital protection feasibility	Rationale for investment
Fixed income	Government bonds	++	+	++	++	ALM
	Investment grade corporate bonds	+	++	+	+	Current income, equity substitute
	High-yield corporate bonds	+	+++	0	+	Current income, equity substitute
	Mortgages & loans	++	++	0	--	Capturing liquidity premiums
Equities		-	++++	--	++	High return expectations
Alternative investments	Private equity	-	++++	--	0	Diversification, high return expectations
	Hedge funds	-	+++	-	0	Asymmetric return distribution, equity substitute, sound return expectations
Real estate		+	+++	+	--	Current income, sound return expectations
Cash		0	0	-	n.a.	Liquidity

Equity volatility requires downside capital protection measures

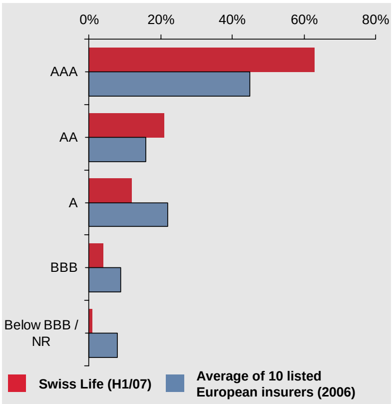
Swiss Life's equity quota



- Equities are a major source of returns in our diversified investment approach, despite their unfavourable accounting treatment and high risk capital consumption
- To protect capital, we apply static or dynamic hedging measures driven by market assessment and prevailing hedging costs

Corporate bonds as substitute for equity exposure

Rating profile of Swiss Life's fixed income portfolio



- Favourable accounting treatment compared to equities and attractive yield pick-up explain growing interest in corporate bonds among life insurers and pension funds
- Corporate bonds are regarded as a substitute for equity exposure
- Throughout 2007, we continuously increased our diversified exposure to investment grade corporate bonds
- As we prefer plain vanilla investments over structured products, exposure to subprime loans and CDOs was kept very low
- Build-up of high yield corporate bond portfolio partly outsourced to external manager in September 2007

Source for European industry average: Lehman Brothers, European Insurance, August 30, 2007

Efficient organisation is key to reaching our targets

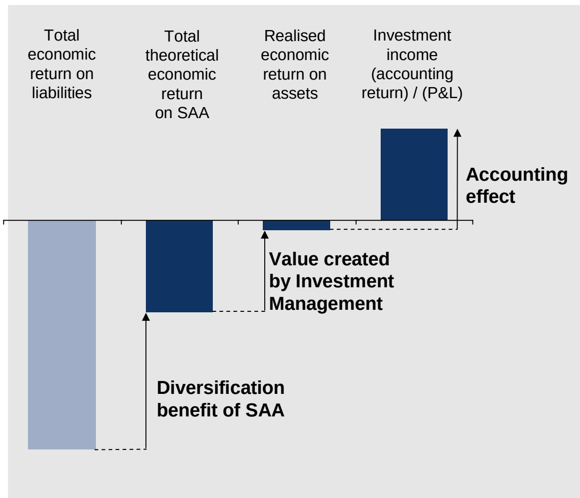
- Outsourcing of management for specific asset categories due to efficiency reasons:

Asset class	In-house	Outsourced	Rationale
Fixed income: AAA - BB	●		Core competency of a life insurer
Fixed income: single B		●	
Real estate	●		Mainly direct investments
Equities	●		Active indexing: no stock picking
Hedge funds		●	
Private equity		●	

- Implementation of functional governance for investment management
  - Country CIOs report directly to Group CIO as of 01.01.2008
  - Group-wide investment process ensures consistent investment policy
- Competence centres supporting efficiency and leverage of best practice
  - Proprietary asset management in Zurich for equities, corporate bonds and alternative investments
  - Concentration of fund asset management in Zurich and Paris

First HY 2007 was an example of good value creation by Investment Management

Indication of economic and accounting returns H1/07 for representative business unit



Equities

- Shift to cost efficient active indexing completed
- Following the positive view on the asset class, exposures were close to limits throughout H1/07
- Hedges to protect capital were implemented at low cost

Fixed income

- Shortened duration (realised loss) up to mid-May, duration gap steadily reduced thereafter until August

Alternative investments

- Diversified hedge funds portfolio outperformed benchmark in H1/07 and continued to do so throughout H2/07

Key messages

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- Swiss Life's exposure to structured credit is minimal
- Swiss Life's investment management is a specialised asset manager for life and pension assets and contributes to the creation of shareholder value
- Ongoing improvement of efficiency

Cautionary statement regarding forward-looking information

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Financial calendar

Results 2007	27 March 2008
Annual General Meeting 2008	8 May 2008
Half-Year Results 2008	28 August 2008

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