

Review of Operations | The 2008 financial statements of Swiss Life Holding are shaped by the strategic acquisition and disposal of business units. The company's annual profit came to CHF 1921 million. This significant increase vis-à-vis the previous year can be attributed in particular to the distribution of an extraordinary dividend by the subsidiary Swiss Life Insurance and Pension Company.

Swiss Life Holding and its subsidiaries effected various transactions in the 2008 financial year which had a considerable impact on the parent company's financial statements. Swiss Life Holding sold Banca del Gottardo to BSI for a profit of CHF 486 million. Swiss Life Insurance and Pension Company sold its Dutch and Belgian arms to SNS Reaal and, based on the realised gain, distributed an extraordinary dividend of CHF 1551 million. On the other hand, Swiss Life invested in its distribution capabilities. Through its subsidiary Swiss Life Beteiligungs GmbH, Hanover, Swiss Life Holding built up its participation in AWD Holding AG to 96.7% and took over a 24.3% stake in MLP.

Swiss Life's Holding's net investment income grew from CHF 337 million to CHF 1919 million, mainly as a result of the above-mentioned disposals. Other financial expenses and income increased to a net CHF 40 million due to the rise in interest received on loans to Group companies. In particular Swiss Life Holding granted a loan of EUR 300 million to Swiss Life Beteiligungs GmbH, Hanover, to partly finance the takeover of AWD Holding AG and the stake in MLP. The reported currency loss of CHF 78 million can be attributed to the fact that a considerable proportion of the loan was issued in euros. Operating expenses were up slightly on the previous year from CHF 8 million to CHF 9 million. All in all, Swiss Life Holding generated an annual profit of CHF 1921 million.

As a result of the disclosed transactions, Swiss Life Holding's liquid assets (liquid funds plus time deposits and comparable instruments) rose significantly from CHF 159 million to CHF 801 million.

The value of participations increased from CHF 2665 million to CHF 3147 million following the acquisition of the stakes in AWD and MLP and the takeover of Swiss Life Selection AG from the sale of Banca del Gottardo. To finance ongoing business operations, Swiss Life carried out a capital increase at Swiss Life Products (Luxembourg) S.A. The sale of Banca del Gottardo and the distributed dividend of CHF 185 million in net worth realised from the sale of the Dutch business lowered the value of participations by CHF 1425 million. In addition an impairment of CHF 149 million was taken, based on the valuation of MLP.

Within the context of the share buyback programme, Swiss Life Holding repurchased 3 003 500 shares with a value of CHF 686 million. An impairment totalling CHF 691 million had to be made on own shares repurchased and already held. The unrealised loss on investments thus amounted to CHF 840 million.

Swiss Life Holding's profit distribution to shareholders in the reporting period came to CHF 596 million or CHF 17 per share. It took the form of a repayment of par value. The par value of the Swiss Life Holding share was thereby reduced from CHF 34 to CHF 17 and the share capital decreased from CHF 1189 million to CHF 596 million. This includes a CHF 3 million increase in share capital due to the conversion of outstanding convertible bonds into shares. The nominal value of the convertible bonds issued in 2004 at CHF 317 million and set to expire in June 2010, was thereby reduced to CHF 42 million. The conversion price at the time of writing is CHF 200.20. Apart from the convertible bond issue, Swiss Life Holding is financed entirely by equity.

Statement of Income

Statement of Income for the years ended 31 December

In CHF million	2008	2007
Dividends received	2 307	331
Realised gain on non-current assets	490	10
Unrealised loss on non-current assets	-840	-30
Other finance income	47	25
Other financial expense	-7	-6
Foreign currency gains/losses	-78	7
Net investment income	1 919	337
Operating expense	-9	-8
Other income	10	7
Income tax	1	-1
Net profit	1 921	335

Balance Sheet

Balance Sheet

In CHF million	31.12.2008	31.12.2007
Assets		
Cash and cash equivalents	20	9
Time deposits and similar investments	781	150
Short-term investments at fair value	-	2
Receivables from Group companies	9	4
Receivables from third parties	7	3
Accrued income	-	4
Current assets	817	172
Shares	297	519
Debt securities	5	5
Hedge Funds	10	-
Participations	3 147	2 665
Loans to Group companies	668	218
Non-current assets	4 127	3 407
Total assets	4 944	3 579
Liabilities and equity		
Liabilities		
Payables to Group companies	1	-
Liabilities towards third parties	32	33
Total short-term liabilities	33	33
Convertible securities	42	68
Total long-term liabilities	42	68
Total liabilities	75	101
Equity		
Share capital	596	1 189
<i>General reserves</i>	<i>1 139</i>	<i>1 117</i>
<i>Reserve for treasury shares</i>	<i>1 167</i>	<i>618</i>
Legal reserves	2 306	1 735
Free reserves	43	216
<i>Balance carried forward from previous year</i>	<i>3</i>	<i>3</i>
<i>Net profit</i>	<i>1 921</i>	<i>335</i>
Profit shown in the balance sheet	1 924	338
Total equity	4 869	3 478
Total liabilities and equity	4 944	3 579

Notes to the Financial Statements

Accounting Rules

Assets and liabilities are stated in the balance sheet in accordance with the provisions of the Swiss Code of Obligations (CO).

Explanations on the Balance Sheet and Statement of Income

PARTICIPATIONS

	31.12.2008			31.12.2007		
	Currency	Authorised share capital in 1000	Direct share	Currency	Authorised share capital in 1000	Direct share
Banca del Gottardo, Lugano	-	-	-	CHF	70 000	100.0%
Swiss Life/Rentenanstalt, Zürich	CHF	587 350	100.0%	CHF	587 350	100.0%
Swiss Life Beteiligungs GmbH, Hannover	EUR	25	100.0%	EUR	25	100.0%
Swiss Life Intellectual Property Management AG, Zürich	CHF	250	100.0%	CHF	250	100.0%
Swiss Life International Holding AG, Zürich	CHF	1 000	100.0%	CHF	1 000	100.0%
Swiss Life Investment Management Holding, Zürich	CHF	50 000	100.0%	CHF	50 000	100.0%
Swiss Life Products (Luxembourg) S.A. (formerly Pulse S.A.), Strassen	EUR	35 031	100.0%	EUR	31	100.0%
Swiss Life Selection AG	CHF	250	100.0%	-	-	-

LOANS TO GROUP COMPANIES | CHF 191 million of the loans to Group companies is classified as subordinated.

MAJOR SHAREHOLDERS | The following shareholders hold over 5% of Swiss Life Holding's share capital:

As % of total share capital	31.12.2008	31.12.2007
Carsten Maschmeyer & Sons	5.56%	-

SHARE CAPITAL | As at 31 December 2008, the share capital of Swiss Life Holding consisted of 35 084 554 fully-paid shares with a par value of CHF 17 each. In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of their own shares and those they represent. As at 31 December 2007, Swiss Life Holding had 34 960 439 registered shares with a par value of CHF 34 per share. Conditional share capital was CHF 40 109 562 as at 31 December 2008 (2007: CHF 84 439 034).

LEGAL RESERVES | Legal reserves comprise the general reserves (plus the additional paid-in capital in excess of the par value, net of transaction costs) and the reserve for treasury shares (equivalent in value to own Swiss Life Holding shares held by the Swiss Life Group).

FREE RESERVES AND RETAINED EARNINGS | Free reserves and retained earnings contain accumulated retained earnings which have not been distributed to the shareholders, or which have not been allocated to the reserve for treasury shares.

Explanations on the Balance Sheet and Statement of Income (continued)

ISSUANCE OF CONVERTIBLE DEBT IN 2004 | On 10 June 2004 Swiss Life Holding issued CHF 317 million in 0.625% convertible bonds (2004 to 2010) convertible into Swiss Life Holding registered shares. The conversion price is currently CHF 200.20.

In 2008, convertible bonds of CHF 25 961 000 were converted into 124 115 Swiss Life Holding shares with a corresponding increase of share capital and share premium.

TREASURY SHARES | In the year under review the companies in the Swiss Life Group purchased a total of 3 083 540 Swiss Life Holding shares at an average price of CHF 230.61. In the same period, they sold 617 876 shares at an average price of CHF 215.53. As at 31 December 2008, the Swiss Life Group held 4 619 466 of its treasury shares.

PERSONNEL EXPENSES | No direct staff costs are included under operating expenses.

CONTINGENCIES | Swiss Life Holding acts as warrantor for all Swiss Life/Rentenanstalt liabilities with regard to the various tranches of the subordinated perpetual step-up loan (hybrid debt), which amounted to an equivalent value of CHF 2316 million at the balance sheet date.

Swiss Life Holding further gives a capital guarantee for a maximum net asset value of CHF 300 million to Swiss Life Funds.

Explanations on the Balance Sheet and Statement of Income (continued)

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

In CHF million	2008	2007
Share capital		
Balance as at 1 January	1 189	1 385
Reduction in par value	-596	-245
Converted Swiss Life Holding shares	3	49
Total share capital	596	1 189
Legal reserves		
General reserves		
Balance as at 1 January	1 117	918
Converted Swiss Life Holding shares	22	199
Total general reserves	1 139	1 117
Reserve for treasury shares		
Balance as at 1 January	618	66
Reserve for treasury shares	549	552
Total reserve for treasury shares	1 167	618
Total legal reserves	2 306	1 735
Free reserves		
Balance as at 1 January	216	508
Allocation to free reserves	335	250
Reserve for treasury shares (incl. reduction in par value)	-508	-542
Total free reserves	43	216
Profit shown in the balance sheet		
Balance as at 1 January	338	253
Allocation to free reserves	-335	-250
Net profit	1 921	335
Total profit shown in the balance sheet	1 924	338
Total equity	4 869	3 478

RISK ASSESSMENT | For information on risk assessment, please refer to Note 5 of the Swiss Life Group's consolidated financial statements.

Explanations on the Balance Sheet and Statement of Income (continued)

Disclosure of compensation to the Board of Directors and the Corporate Executive Board in accordance with the Swiss Code of Obligations (CO) Art. 663b^{bis} and Art. 663c

COMPENSATION IN 2008 | The specifications below take into consideration the new transparency regulations on compensation set out in the Swiss Code of Obligations (CO), Art. 663b^{bis} and Art. 663c, and the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange. Further information on compensation and benefit expenditure can be found in the Swiss Life Group's Annual Report 2008 (Corporate Governance and Notes 24 and 31 of the Financial Statements).

The description of the compensation received by the members of the Board of Directors and the Corporate Executive Board and the tables showing the relevant amounts are based on those in the Annual Report 2007. For comparison purposes, details of the compensation for 2007, as published in the Annual Report 2007, are shown in a separate table below the compensation table for 2008.

The compensation received by each member of the Board of the Directors and the Chairman of the Corporate Executive Board (Group CEO) is disclosed individually. In view of the fact that Rolf Dörig held the positions of Group CEO until the Annual General Meeting of Swiss Life Holding on 8 May 2008 and Delegate of the Board following his election to the Board of Directors, his compensation in the period under review is shown in its entirety under the compensation to the Corporate Executive Board. As, during the year under review, the position of Group CEO was transferred, as of 9 May 2008, to Corporate Executive Board member Bruno Pfister, who was previously CEO International, the compensation to Bruno Pfister, as the new Group CEO, is also reported individually for the 2008 financial year.

COMPENSATION POLICY PRINCIPLES | Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for establishing the guidelines on the Group's compensation policy (incl. bonuses, equity compensation plans and share option plans) and with regard to employee benefits. The compensation policy underpins the performance culture required by the corporate strategy and forms part of the HR policy. The aim is to retain well-qualified employees and gain new, highly skilled staff. The compensation system is to be competitive and in line with the market environment. The overall compensation takes into account the employees' professional skills, commitment and personal performance. Individual compensation is made up of a basic salary and variable short-, medium- and long-term salary components as well as contributions to retirement and risk insurance. The basic salary is determined according to the employee's function and skill-set, and is annually reassessed and adjusted if appropriate. The variable salary components are linked to the strategic objectives of the Group and the individual divisions and the associated financial and HR-related targets. Personal performance and target achievement are assessed annually in the employee appraisal procedure implemented throughout the Group (Group Performance System) and taken into consideration when applying the defined compensation policy.

PRACTICE AND PROCEDURE | Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for determining the level and make-up of compensation for its members, whereas the Chairman's Committee, in its capacity as a Compensation Committee, is responsible for putting forward corresponding proposals. The Board of Directors also establishes the guidelines for the company's compensation policy. In doing so, it takes into consideration the compensation policies of other organisations of comparable size and in comparable industries, drawing its findings from publicly available information and, as necessary, studies by external experts. Based on these guidelines, the Chairman's Committee determines the compensation for the individual members of the Corporate Executive Board and informs the entire Board of Directors accordingly.

Explanations on the Balance Sheet and Statement of Income (continued)

COMPENSATION TO MEMBERS OF THE BOARD OF DIRECTORS | Compensation remitted to members of the Board of Directors in the year under review comprised the basic compensation, additional compensation in cash and a variable compensation component in shares. The basic compensation covers membership of the Board of Directors of Swiss Life Holding and its subsidiary Swiss Life/Rentenanstalt as well as membership of the individual Board Committees. The additional compensation in cash is commensurate to the function and workload and is determined annually by the Board of Directors. If Swiss Life Group's business operations have proved successful, a further, variable compensation component is remitted in the form of Swiss Life Holding shares, decided upon by the Board of Directors taking into consideration the business result. The shares are allocated at economic value, which is equal to the tax value, taking a blocking period of three years into account.

As Chairman of the Board, Bruno Gehrig is affiliated to the employee benefits institutions of Swiss Life for the purpose of occupational provisions. This also applies to Rolf Dörig in his role as Delegate of the Board of Directors, a position he has held since 9 May 2008 following his election to the Board. No such affiliation exists for other members of the Board of Directors; no contributions have been made on their behalf.

COMPENSATION TO MEMBERS OF THE CORPORATE EXECUTIVE BOARD | The compensation remitted to members of the Corporate Executive Board comprises the salary, a variable bonus in cash, other compensation (child allowances, allowance for years of service, company cars, premium contributions to 3rd-pillar pension plans) and variable compensation in the form of shares. The salary is determined annually by the Chairman's Committee in its capacity as Compensation Committee, taking into account the individual member's function-related responsibility and workload. If the Group's business operations have proved successful, a variable cash bonus and variable compensation in the form of shares is added, decided upon by the Chairman's Committee under consideration of the personal target achievement of the members of the Corporate Executive Board.

As part of the compensation policy, a long-term equity compensation plan was introduced in 2004 for members of the Corporate Executive Board and other senior management members of the Swiss Life Group. Under this programme, participants have been granted future subscription rights to Swiss Life Holding shares in the form of Performance Share Units (PSUs) since 2005. These subscription rights entitle them to receive Swiss Life Holding shares free of charge after a period of three years insofar as the relevant conditions have been satisfied.

Explanations on the Balance Sheet and Statement of Income (continued)

Pursuant to the regulations of the 2007 and 2008 equity compensation plans, two objective performance criteria have been defined, each weighted at 50%. Depending on the fulfilment of the two performance criteria within the three-year period, the number of PSUs can increase by up to a factor of 1.5 or drop to zero. The first criterion is the Total Shareholder Return on the Swiss Life Holding share (TSR Swiss Life Holding), requiring a performance of over 20% for a subscription right to share allocation to arise after three years. The second criterion involves a comparison of the Swiss Life Holding share's TSR with the TSRs of the shares of the companies included in the Dow Jones STOXX 600 Insurance Index (TSR Outperformance). A subscription right arises if the performance on expiry of the three-year term is above the first quartile in comparison with the companies in question.

50% of PSU x Factor		50% of PSU x Factor	
TSR Swiss Life Holding	Factor	TSR Outperformance	Factor
≤ 20%	0%	≤ 1 st Quartile	0%
= 30%	100%	= Median	100%
≥ 40%	150%	≥ 3 rd Quartile	150%

The number of PSUs entitling the participant to receive shares after the three-year term is determined in accordance with the table above as follows: One half of the PSUs allocated is multiplied by the factor resulting from the TSR Swiss Life Holding target achievement, and the other half by the factor resulting from the TSR Outperformance target achievement. The factor equals 1, i.e. 100%, if a performance of 30% is attained for the first performance criterion, the TSR Swiss Life Holding. Interim values are determined by linear interpolation. In the case of TSR Outperformance, the second performance criterion, the factor is 1, i.e. 100%, if the TSR Swiss Life Holding is equal to the median of the benchmark index (Dow Jones STOXX 600 Insurance Index). Here, too, interim values are determined by linear interpolation. The results (factor TSR Swiss Life Holding multiplied by one half of the PSUs and the factor TSR Outperformance multiplied by the other half) are added up. The sum is the number of PSUs, which translates into an entitlement to an equal number of Swiss Life Holding shares.

The value of the PSUs allocated equals the fair value as at 1 April of the year of allocation. It is determined by an independent consultancy company.

Explanations on the Balance Sheet and Statement of Income (continued)

PERSONNEL CHANGES TO THE BOARD OF DIRECTORS AND THE CORPORATE EXECUTIVE BOARD IN 2008 | There were no resignations from the Board of Directors in the period under review. Within the context of succession planning at Board of Director and Corporate Executive Board level, Rolf Dörig was elected to the Board of Directors of Swiss Life Holding as an additional member on 8 May 2008.

Various personnel changes occurred in the Corporate Executive Board vis-à-vis the previous year. Bruno Pfister was appointed Group CEO with effect from 9 May 2008. On the same date, Manfred Behrens, CEO Germany, became a member of the Corporate Executive Board. He assumed the position of Co-CEO of AWD on 1 September 2008. CEO France, Charles Relecom, and the new CEO Germany, Klaus Leyh, joined the Corporate Executive Board on 1 July 2008 and 1 October 2008, respectively. Paul Müller handed over his position as CEO Switzerland to Ivo Furrer as of 1 September 2008. The Corporate Executive Board, including Rolf Dörig as Group CEO, thus consisted of up to ten members during the period under review (2007: six members).

ADJUSTMENT OF COMPENSATION WITH REGARD TO THE 2008 FINANCIAL YEAR | Shares were allocated to the members of the Board of Directors in 2008 as part of the basic compensation and also as a variable compensation component relating to the 2007 financial year performance.

For the 2008 financial year, no variable compensation in shares will be paid to the members of the Board of Directors.

The compensation in cash received by the members of the Corporate Executive Board in the period under review includes a cash bonus of CHF 4 700 000 for the 2007 financial year, which was paid out in 2008. Furthermore in 2008 the members of the Corporate Executive Board were allotted a total of 7 724 shares, with a three-year blocking period, as a variable compensation component for the 2007 financial year performance.

For the 2008 financial year, no cash bonus and no variable compensation in shares will be paid to the members of the Corporate Executive Board.

Explanations on the Balance Sheet and Statement of Income (continued)

COMPENSATION TO THE BOARD OF DIRECTORS IN 2008 | For comparison purposes, the corresponding details of the compensation for 2007, as published in the Annual Report 2007, are shown in a separate table below the compensation table for 2008.

Amounts in CHF	Compensation in cash		Total compensation in cash	Compensation in shares ¹		Total compensation in cash and shares (amount)	Expenditure for occupational provisions		Aggregate total (amount) ³
	Basic compensation	Additional compensation		Number	Amount		Regular contributions ²	Extraordinary contributions	
Bruno Gehrig, Chairman of the Board of Directors	555 000	100 000	655 000	385	89 218	744 218	104 827		849 045
Gerold Bühler	128 000	110 000	238 000	441	63 764	301 764			
Volker Bremkamp	96 000	30 000	126 000	301	40 968	166 968			
Paul Embrechts	72 000	10 000	82 000	218	28 972	110 972			
Rudolf Kellenberger	104 000	10 000	114 000	312	41 108	155 108			
Henry Peter	72 000	10 000	82 000	218	28 972	110 972			
Peter Quadri	72 000	10 000	82 000	218	28 972	110 972			
Pierfranco Riva	72 000	10 000	82 000	218	28 972	110 972			
Franziska Tschudi	72 000	10 000	82 000	218	28 972	110 972			
Rolf Dörig ⁴ Group CEO until 08.05.2008, BoD Delegate from 09.05.2008									
Total Board of Directors	1 243 000	300 000	1 543 000	2 529	379 918	1 922 918	104 827		2 027 745

¹ The compensation in shares was, on the one hand, part of the basic compensation (in total 1 518 shares) and, on the other, a variable compensation component in shares for the 2007 financial year, allocated in 2008 (in total 1 011 shares). The allocation of shares was effected on 31.03.2008, 24.06.2008 and 16.12.2008 at economic value, which is equal to the tax value (CHF 231.7351, CHF 227.7469 and CHF 60.4526 respectively), taking into account a blocking period of three years. The share prices (closing prices) on the days of allocation were CHF 276.00, CHF 271.25 and CHF 72.00 respectively. No variable compensation component in shares will be allocated for the 2008 financial year.

² Pursuant to the pension fund regulations, occupational provisions are financed by the employer and the employee at a ratio of 2/3 to 1/3.

³ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV amounted to a total of CHF 96 047 in the year under review.

⁴ The 2008 compensation to Rolf Dörig, as Group CEO and BoD Delegate, is disclosed in its entirety under the compensation for the Corporate Executive Board members (see tables below).

COMPENSATION TO THE BOARD OF DIRECTORS IN 2007

Amounts in CHF	Compensation in cash		Total compensation in cash	Compensation in shares ¹		Total compensation in cash and shares (amount)	Expenditure for occupational provisions		Aggregate total (amount) ³
	Basic compensation	Additional compensation		Number	Amount		Regular contributions ²	Extraordinary contributions	
Bruno Gehrig, Chairman of the Board of Directors	555 000	100 000	655 000	312	79 898	734 898	197 992	652 961	1 585 851
Gerold Bühler	128 000	110 000	238 000	235	60 187	298 187			
Volker Bremkamp	96 000	30 000	126 000	152	38 937	164 937			
Paul Embrechts	72 000	10 000	82 000	108	27 653	109 653			
Rudolf Kellenberger	104 000	10 000	114 000	153	39 199	153 199			
Henry Peter	72 000	10 000	82 000	108	27 653	109 653			
Peter Quadri	72 000	10 000	82 000	108	27 653	109 653			
Pierfranco Riva	72 000	10 000	82 000	108	27 653	109 653			
Franziska Tschudi	72 000	10 000	82 000	108	27 653	109 653			
Total Board of Directors	1 243 000	300 000	1 543 000	1 392	356 486	1 899 486	197 992	652 961	2 750 439

¹ The allocation of shares was effected on 30.03.2007, 25.06.2007 and 17.12.2007 at economic value, which is equal to the tax value (CHF 256.0841, CHF 270.5675 and CHF 243.2798 respectively), taking into account a blocking period of three years. The share prices (closing prices) on the days of allocation were CHF 305.00, CHF 322.25 and CHF 289.75 respectively.

² Regular annual employer contribution of CHF 99 492 and subsequent contribution of CHF 98 500. Pursuant to the regulations, occupational provisions are financed by the employer and employee at a ratio of 2/3 to 1/3.

³ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV amounted to a total of CHF 170 134 in the year under review.

Explanations on the Balance Sheet and Statement of Income (continued)

COMPENSATION TO THE CORPORATE EXECUTIVE BOARD IN 2008 | For comparison purposes, the corresponding details of the compensation for 2007, as published in the Annual Report 2007, are shown in a separate table below the compensation table for 2008.

Amounts in CHF	Compensation in cash			Total compensation in cash	Compensation in shares for 2007 ⁴		Total compensation in cash and shares (amount)
	Salary	Bonus for 2007 paid in 2008 ²	Other compensation ³		Number	Amount	
Rolf Dörig ¹ Group CEO until 08.05.2008, BoD Delegate from 09.05.2008	1 525 000	1 250 000	96 806	2 871 806	1 905	441 455	3 313 261
Bruno Pfister CEO International until 08.05.2008, Group CEO from 09.05.2008	1 000 000	850 000	53 193	1 903 193	1 587	367 764	2 270 957
Other members of Corporate Executive Board ⁵	3 908 057	2 600 000	260 893	6 768 950	4 232	980 703	7 749 653
Total Corporate Executive Board	6 433 057	4 700 000	410 892	11 543 949	7 724	1 789 922	13 333 871

¹ Group CEO until 08.05.2008, BoD Delegate from 09.05.2008. Salary / compensation in cash was fixed at CHF 1 200 000 per year for the position of BoD Delegate.

² The bonus paid in 2008 relates to the 2007 financial year. No bonus will be paid for the 2008 financial year.

³ Child allowances (CHF 12 830), allowances for years of service (CHF 31 570), company cars (CHF 110 221), premium contributions to 3rd-pillar pension plans (CHF 174 401), other (CHF 81 870), each in total.

⁴ The allocation of the shares for the 2007 financial year was effected on 31.03.2008 at economic value, which is equal to the tax value (CHF 231.7351), taking into account a blocking period of three years. The share price on the day of allocation was CHF 276.00. No variable compensation in shares will be paid out for the 2008 financial year.

⁵ Eight individuals were taken into account in the period under review. Compensation for 2008 membership in the Corporate Executive Board is given on a pro-rata basis for Manfred Behrens, Charles Relecom, Paul Müller, Ivo Furrer and Klaus Leyh.

Amounts in CHF	Expenditure for occupational provisions		Aggregate total compensation in cash and in shares and occupational provisions expense (amount) ⁸
	Regular contributions ⁶	Extra-ordinary contributions	
Rolf Dörig Group CEO until 08.05.2008, BoD Delegate from 09.05.2008	195 656		3 508 917
Bruno Pfister ⁷ CEO International until 08.05.2008, Group CEO from 09.05.2008	755 148		3 026 105
Other members of Corporate Executive Board	813 420		8 563 073
Total Corporate Executive Board	1 764 224		15 098 095

⁶ Regular annual employer contribution and subsequent contributions. Pursuant to the regulations, occupational provisions are financed by the employer and employee at a ratio of 2/3 to 1/3.

⁷ Regular contribution of CHF 156 648 and a subsequent contribution of CHF 598 500 in accordance with the pension fund regulations due to the increase in the insured income.

⁸ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV amounted to a total of CHF 1 223 286 in the year under review.

Explanations on the Balance Sheet and Statement of Income (continued)

Amounts in CHF	Performance Share Units (PSU) ^{11,12}		Aggregate total incl. PSUs (amount) ¹³
	Number	Amount	
Rolf Dörig ⁹ Group CEO until 08.05.2008, BoD Delegate from 09.05.2008	-	-	3 508 917
Bruno Pfister ¹⁰ CEO International until 08.05.2008, Group CEO from 09.05.2008	5 924	1 062 173	4 088 278
Other members of Corporate Executive Board	17 771	3 186 341	11 749 414
Total Corporate Executive Board	23 695	4 248 514	19 346 609

⁹ In 2008 no PSUs were allocated to Rolf Dörig as a result of his transfer from the Corporate Executive Board to the Board of Directors. Disregarding the cash bonus paid for the 2007 financial year and the variable compensation in shares, the total compensation paid to Rolf Dörig for 2008 amounted to CHF 1 817 462.

¹⁰ Disregarding the cash bonus paid for the 2007 financial year and the variable compensation in shares, the total compensation paid to Bruno Pfister for 2008 amounted to CHF 2 870 514.

¹¹ The PSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the relevant conditions are then met. Depending on the fulfilment during the three-year term of the two performance criteria defined, the number of PSUs can increase by a factor of 1.5 or drop to zero.

¹² The allocation of PSUs as at 01.04.2008 was effected at a fair value of CHF 179.30, as calculated by an independent consultancy firm.

¹³ Including a cash bonus for 2007, paid in 2008, and a variable compensation component in shares for 2007, paid in 2008. For the 2008 financial year, no cash bonus and no variable compensation in shares will be paid to the members of the Corporate Executive Board.

COMPENSATION TO THE CORPORATE EXECUTIVE BOARD IN 2007

Amounts in CHF	Compensation in cash			Total compensation in cash	Compensation in shares ²		Total compensation in cash and shares (amount)
	Salary	Bonus for 2006 paid in 2007	Other compensation ¹		Number	Amount	
Rolf Dörig, Group CEO	1 980 000	1 450 000	80 001	3 510 001	1 554	447 143	3 957 144
Other members of Corporate Executive Board ³	2 588 400	3 350 000	123 842	6 062 242	4 671	1 344 020	7 406 262
Total Corporate Executive Board	4 568 400	4 800 000	203 843	9 572 243	6 225	1 791 163	11 363 406

¹ Child allowances (CHF 12 840), allowances for years of service (CHF 10 938), company cars (CHF 50 056), premium contributions to 3rd-pillar pension plans (CHF 130 009), each in total.

² The allocation of the shares was effected as at 30.03.2007 at economic value, which is equal to the tax value (CHF 287.7370), taking into account a blocking period of one year. The share price (closing price) on the day of allocation was CHF 305.00.

³ Five individuals were considered in the period under review.

Amounts in CHF	Expenditure for occupational provisions		Aggregate total compensation in cash and in shares and occupational provisions expense (amount) ⁵
	Regular contributions ⁴	Extra-ordinary contributions	
Rolf Dörig, Group CEO	238 856	-	4 196 000
Other members of Corporate Executive Board	587 089	-	7 993 351
Total Corporate Executive Board	825 945	-	12 189 351

⁴ Regular annual employer contribution and subsequent contributions. Pursuant to the regulations, occupational provisions are financed by the employer and employee at a ratio of 2/3 to 1/3.

⁵ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV amounted to a total of CHF 579 310 in the year under review.

Explanations on the Balance Sheet and Statement of Income (continued)

Amounts in CHF	Performance Share Units (PSU) ^{6, 7}		Aggregate total incl. PSUs (amount)
	Number	Amount	
Rolf Dörig, Group CEO	6 717	1 270 991	5 466 991
Other members of Corporate Executive Board	17 727	3 354 303	11 347 654
Total Corporate Executive Board	24 444	4 625 294	16 814 645

⁶ The PSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the relevant conditions are then met. Depending on the fulfilment during the three-year term of the two performance criteria defined, the number of PSUs can increase by a factor of 1.5 or drop to zero.

⁷ The allocation of PSUs as at 01.04.2007 was effected at a fair value of CHF 189.22, as calculated by an independent consultancy firm.

SHARE OWNERSHIP / PARTICIPATION RIGHTS AS AT 31.12.2008 | As at the balance sheet date, current members of the Board of Directors and Corporate Executive Board (including closely linked parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Performance Share Units (PSUs).

BOARD OF DIRECTORS

Number	31.12.2008
	SLH shares
Bruno Gehrig, Chairman of the Board of Directors	2 021
Gerold Bühler	2 166
Volker Bremkamp	1 043
Paul Embrechts	776
Rudolf Kellenberger	1 022
Henry Peter	1 856
Peter Quadri	1 556
Pierfranco Riva	3 181
Franziska Tschudi	776
Rolf Dörig ¹ Group CEO until 08.05.2008, BoD Delegate from 09.05.2008	
Total Board of Directors	14 397

¹ Share ownership and the number of PSUs are shown in their entirety under the relevant details for the Corporate Executive Board (see tables below).

Explanations on the Balance Sheet and Statement of Income (continued)

CORPORATE EXECUTIVE BOARD

Number	31.12.2008
	SLH shares
Rolf Dörig Group CEO until 08.05.2008, BoD Delegate from 09.05.2008	28 607
Bruno Pfister CEO International until 08.05.2008, Group CEO from 09.05.2008	8 841
Manfred Behrens	698
Patrick Frost	1 615
Ivo Furrer	–
Reto Himmel	2 010
Klaus Leyh	53
Thomas Müller	1 065
Charles Relecom	–
Total Corporate Executive Board	42 889

Number	31.12.2008
	Performance Share Units (PSUs) as future subscription rights to SLH shares ¹
Rolf Dörig Group CEO until 08.05.2008, BoD Delegate from 09.05.2008	13 870
Bruno Pfister CEO International until 08.05.2008, Group CEO from 09.05.2008	17 483
Manfred Behrens	4 263
Patrick Frost	6 610
Ivo Furrer	1 975
Reto Himmel	11 258
Klaus Leyh	373
Thomas Müller	7 543
Charles Relecom	1 502
Total Corporate Executive Board	64 877

¹ Total number of PSUs allocated in the years 2006, 2007 and 2008 in connection with the relevant equity compensation plan. The PSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are then met. In 2008 no PSUs were allocated to Rolf Dörig as a result of his transfer from the Corporate Executive Board to the Board of Directors.

Explanations on the Balance Sheet and Statement of Income (continued)

SHARE OWNERSHIP / PARTICIPATION RIGHTS AS AT 31.12.2007 | As at the balance sheet date, current members of the Board of Directors and Corporate Executive Board (including closely linked parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Performance Share Units (PSUs).

BOARD OF DIRECTORS

Number	31.12.2007
	SLH shares
Bruno Gehrig, Chairman of the Board of Directors	1 636
Gerold Bühler	1 725
Volker Bremkamp	742
Paul Embrechts	558
Rudolf Kellenberger	710
Henry Peter	1 638
Peter Quadri	1 338
Pierfranco Riva	2 963
Franziska Tschudi	558
Total Board of Directors	11 868

CORPORATE EXECUTIVE BOARD

Number	31.12.2007
	SLH shares
Rolf Dörig, Group CEO	12 245
Bruno Pfister	6 723
Paul Müller	6 290
Reto Himmel	903
Thomas Müller	557
Patrick Frost	557
Total Corporate Executive Board	27 275

Number	31.12.2007
	Performance Share Units (PSUs) as future subscription rights to SLH shares ¹
Rolf Dörig, Group CEO	23 508
Bruno Pfister	19 913
Paul Müller	12 847
Reto Himmel	11 808
Thomas Müller	3 594
Patrick Frost	2 661
Total Corporate Executive Board	74 331

¹ Total number of PSUs allocated in the years 2005, 2006 and 2007 in connection with the relevant equity compensation plan. The PSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are then met.

Appropriation of Profit Profit and Appropriation of Profit

The net profit for the year amounts to CHF 1 920 911 041. The Board of Directors proposes to the General Meeting of Shareholders to appropriate the profit in accordance with the table below. If the Board of Directors' proposal is adopted, a distribution in the form of a reduction of CHF 5 in the par value per share will be paid.

Profit shown in the Balance Sheet

In CHF	2008	2007
Balance carried forward from previous year	3 047 818	3 403 418
Net profit	1 920 911 041	334 644 400
Total profit shown in the balance sheet	1 923 958 859	338 047 818

Appropriation of profit

In CHF	2008	2007
Dividend	-	-
Allocation to legal reserves	-	-
Allocation to free reserves	1 920 000 000	335 000 000
Balance carried forward to new account	3 958 859	3 047 818
Total profit shown in the balance sheet	1 923 958 859	338 047 818

Zurich, 23 March 2009

For the Swiss Life Holding Board of Directors

Bruno Gehrig

Gerold Bühner

Report of the Statutory Auditor

Report of the Statutory Auditor
to the General Meeting of
Swiss Life Holding Ltd
Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Swiss Life Holding Ltd, which comprise the statement of income, balance sheet and notes to the financial statements (pages 214 to 228), for the year ended 31 December 2008.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of profit complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Peter Lüssi
Audit expert
Auditor in charge

Daniel Häfeli
Audit expert

Zurich, 23 March 2009