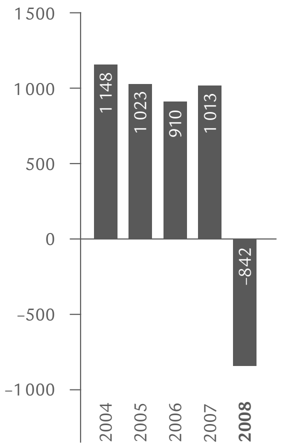
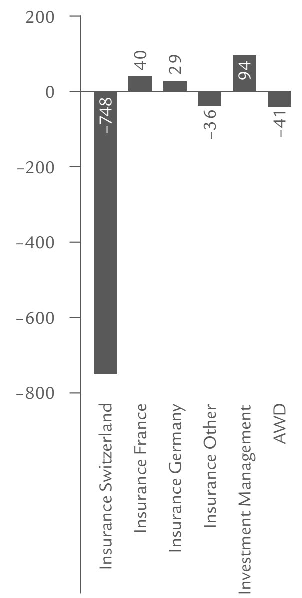
Profit from operations

In CHF million



Segment result

In CHF million



Summary of Group Results | The Swiss Life Group made further progress in 2008 in the implementation of its strategy. However, the financial market crisis cut into the financial result. The net profit, which includes extraordinary gains on disposals, came to CHF 345 million. Continuing operations recorded a loss of CHF 1.1 billion. The capital base remains solid with equity at a level of CHF 6.6 billion.

CONSOLIDATED RESULT | The Swiss Life Group posted a net profit of CHF 345 million for 2008. After allowing for minority interests, the profit attributable to shareholders came to CHF 350 million. This translates into (diluted) earnings per share of CHF 10.88 and a return on equity of 5.0%. The stated profit includes extraordinary gains after taxes on the sales of the Dutch and Belgian business as well as of Banca del Gottardo amounting to CHF 1488 million. Continuing operations resulted in a loss of CHF 1143 million, compared with a profit of CHF 726 million in the previous year. This disappointing outcome is attributable to the negative trend in the financial markets and its impact on the financial result. This declined steeply from the previous year's CHF 4.9 billion and stood at CHF 0.5 billion, due to the impairments which became necessary on investments and the losses realised in the course of minimising risks. The profit also includes an impairment of CHF 159 million (EUR 100 million) on the stake in MLP.

RESULT FROM OPERATIONS HIT BY DEVELOPMENTS ON THE FINANCIAL MARKETS | Continuing operations produced a segment loss of CHF 842 million. The insurance business in Switzerland was hit the hardest by the distortions on the financial markets. Swiss Life recorded a loss of CHF 748 million for this segment. The previous year still saw a profit of CHF 650 million for this figure. The operating results from the insurance business in France and Germany also recorded a significant decline against the previous year due to the impact of the financial market crisis on the financial result. A segment profit of CHF 40 million was generated in France and of CHF 29 million in Germany. The loss of CHF 36 million in the Insurance Other business segment, which comprises the companies in Luxembourg and Liechtenstein, is mainly attributable to the investments in building up the new product platform in Luxembourg and the geographical expansion of business with high net worth individuals. At CHF 94 million, the Investment Management segment achieved a result in line with the previous year's figure, despite the adverse market environment.

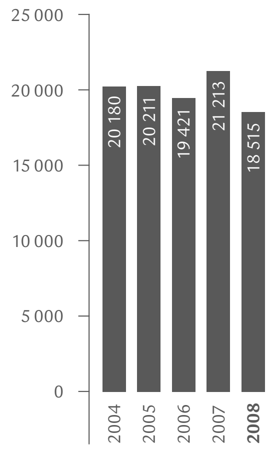
The AWD Group has been consolidated in the figures reported by the Swiss Life Group since the end of March 2008 and is published as a segment. This segment turned in a loss of CHF 41 million. AWD's operating results were down significantly due to developments in the United Kingdom and Austria caused by the financial market crisis. The segment result also includes restructuring costs amounting to CHF 40 million for the refocusing of business in the United Kingdom and amortisation expenditure of CHF 21 million for client relationship assets taken on in the acquisition. The result for the Other segment, which mainly comprises financing and holding companies, dropped from CHF 62 million to CHF 9 million due to currency effects. Unallocated corporate costs increased from CHF 73 million in the previous year to CHF 116 million. The rise was primarily caused by one-off expenses for projects relating to the implementation of the strategy.

GROWTH MOMENTUM SLOWED | The Swiss Life Group posted gross premiums, policy fees and deposits received under insurance and investment contracts totalling CHF 18.5 billion in 2008. When making comparisons with the previous year, it must be noted that the figures for the first half of 2007 contain the French ERISA companies' premium volume, which came to some CHF 1.9 billion. These companies have since been sold. Without ERISA's contribution the decline in premiums came to 4%. Above all, the downturn is due to the lower income from deposits under insurance and investment contracts. At CHF 13.3 billion, net earned premiums were held at the previous year's level. In Switzerland, Swiss Life registered gross premiums of CHF 8.2 billion, which represents 44% of total premium volume. In France, Swiss Life grew premium income on a comparable basis by 4% to CHF 5.8 billion, with French operations contributing 31% to total volume for 2008. In Germany, premium income receded by 8% to CHF 2.0 billion owing primarily to the market-driven collapse of the single premiums business. German insurance operations made up 11% of total premium volume. The companies in Liechtenstein and Luxembourg, which mainly conduct cross-border business, posted gross premiums amounting to CHF 2.6 billion in 2008. This represents a 20% decline on the prior-year figure and primarily reflects the focus of high net worth individuals on liquidity as a result of the financial market crisis. This segment contributed 14% to total premium volume.

Fee income from asset management and other commission income increased due to the first-time consolidation of AWD from CHF 196 million to CHF 950 million.

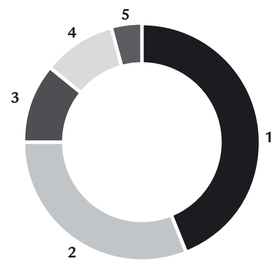
Gross written premiums, policy fees and deposits received

In CHF million



Gross written premiums, policy fees and deposits received by country

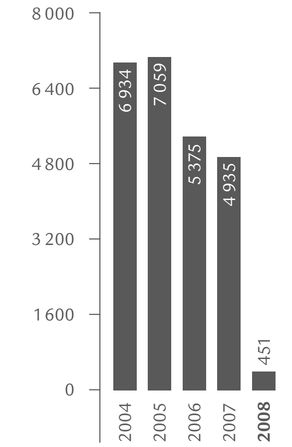
Total 100%



1 Switzerland 44%
2 France 31%
3 Germany 11%
4 Liechtenstein 10%
5 Luxembourg 4%

Financial result

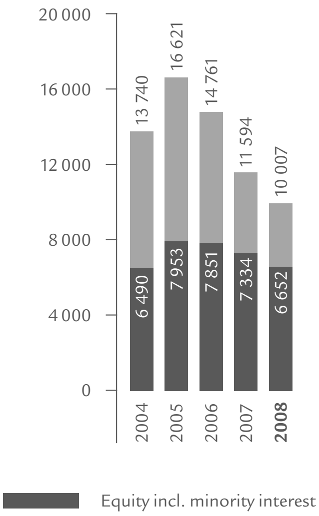
In CHF million



Key figures for the Swiss Life Group			
In CHF million	**2008**	2007	+/–
Gross written premiums, policy fees and deposits received	**18 515**	21 213	–12.7%
Net earned premiums and policy fees	**13 514**	13 705	–1.4%
Asset management and other commission income	**950**	196	n.a.
Financial result	**451**	4 935	–90.9%
Other income	**292**	147	98.6%
Total income	**15 207**	18 983	–19.9%
Net insurance benefits and claims	**–12 915**	–13 268	–2.7%
Policyholder participation	**429**	–1 746	n.a.
Interest expense	**–393**	–455	–13.6%
Operating expense	**–3 319**	–2 489	33.3%
Total expense	**–16 198**	–17 958	–9.8%
Profit from operations	**– 991**	1 025	n.a.
Net profit	**345**	1 368	–74.8%
Equity	**6 652**	7 334	–9.3%
Insurance reserves	**113 308**	121 829	–7.0%
Assets under management	**120 364**	121 167	–0.7%
Assets under control	**134 326**	138 946	–3.3%
Return on equity (in %)	**5.0**	18.1	n.a.
Number of employees (full-time equivalents)	**8 184**	8 556	–4.3%

Core capital

In CHF million



FINANCIAL RESULT IMPACTED BY HIGH IMPAIRMENTS | The crisis on the US real estate market, by which Swiss Life was in no way directly affected, negatively impacted almost all asset classes in 2008. The necessary impairments on investments and the realisation of losses to reduce balance sheet risks resulted in a huge reduction in the financial result from investments held at own risk in insurance business for this extraordinary year from CHF 4.2 billion to CHF 0.3 billion. Direct investment income matched the previous year's level, however, and a direct return on investment of 4.1% was achieved. Taking into account asset changes relevant to the income statement, losses realised in connection with the reduction of balance sheet risks, and asset management costs, the net investment return came to 0.3% (2007: 3.8%). The total investment return of 0.5% (2007: 1.0%) also includes the asset changes directly reflected in equity. When the fair value of investments not reported at market value on the balance sheet is factored in, the overall performance was –0.7%. Swiss Life significantly reduced the risks carried on the balance sheet in the wake of the dramatic developments on the financial markets in the second half of 2008. The adjusted asset allocation is geared to generate earnings exceeding the benefits guaranteed to clients, even under persistently difficult market conditions and at today's low interest levels. These measures proved effective in recent months.

FURTHER EFFICIENCY GAINS TARGETED | Insurance benefits and the change in the mathematical reserve showed a net reduction of 3% to CHF 12.9 billion. The significantly lower financial result and the special situation in several countries due to valuation differences between local valuation guidelines and IFRS guidelines resulted in policyholder participation income of CHF 429 million for Swiss Life. Operating costs climbed 8% on a comparable basis as a result of investments in new business areas and growth initiatives. In Switzerland, on the other hand, operating costs were reduced by a further 3% on a comparable basis.

Strict cost management continues to be a high priority for Swiss Life. In this connection Swiss Life announced plans in November 2008 to streamline its Corporate Center in Zurich, leading to further cost savings of CHF 90 million. Primarily as a result of the first-time consolidation of the AWD Group, operating expenses increased from CHF 2.5 billion to CHF 3.3 billion overall. Because of the dissolution of tax provisions no longer required and current losses which could only be partially deferred, the company posted a tax income of CHF 29 million. Tax expenses totalled CHF 122 million in 2007.

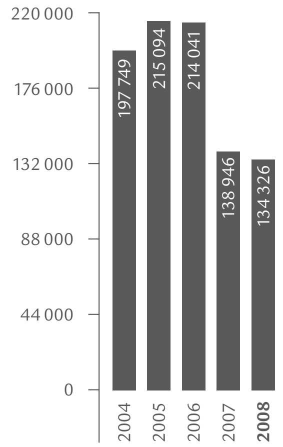
SOLID CAPITAL BASE | Liabilities from insurance operations declined by 7% to CHF 113.3 billion. More than half of this reduction is due to currency effects. Contract terminations in Switzerland and the negative developments of assets in the business with high net worth individuals also contributed to the decline. Despite the severity of the financial market crisis in the second half of 2008, the capital base is still solid. Swiss Life significantly reduced its balance sheet risks at the right time in the second half of 2008 to shield its equity from further negative repercussions of the financial market crisis. Shareholders' equity for the Swiss Life Group stood at CHF 6.6 billion on 31 December 2008, representing a decline of less than 10% on the prior-year figure. The Group solvency ratio on an IFRS basis came to 159% at the end of the year. The core capital declined from CHF 11.6 billion to CHF 10.0 billion. Assets controlled by the Swiss Life Group totalled CHF 120.4 billion (–1%).

Asset allocation on fair value basis as at 31 December (insurance portfolio)

In CHF million	**2008**		2007	
Equity securities and equity funds	**2 335**	**2.2%**	8 967	8.0%
Alternative investments	**3 272**	**3.1%**	6 025	5.3%
Real estate	**12 662**	**11.9%**	12 252	10.9%
Mortgages	**5 644**	**5.3%**	5 784	5.1%
Loans	**13 355**	**12.6%**	14 518	12.9%
Bonds	**62 350**	**58.6%**	61 849	54.9%
Cash and cash equivalents and other	**6 709**	**6.3%**	3 263	2.9%
Total	**106 327**		112 658	
Net equity exposure		***0.8%***		*7.5%*
Duration of bonds		***9.2 years***		*8.7 years*

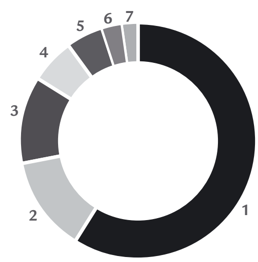
Assets under control

In CHF million



Asset allocation as at 31.12.2008 (insurance portfolio)

Total 100%



1 Bonds 59%
2 Loans 13%
3 Real estate 12%
4 Cash and cash equivalents and other 6%
5 Mortgages 5%
6 Alternative investments 3%
7 Equity securities and equity funds 2%

EMBEDDED VALUE | The embedded value serves as an indicator of the value of the existing insurance portfolio. It is made up of three components: the present value of future profits (PVFP) minus the present value of the cost of holding capital (CoHC) plus the adjusted net asset value (ANAV). Future new business is not included.

For the model PVFP calculations, the best possible assumptions are made regarding a number of factors, in particular returns on investment, the development of costs and claims, policyholder participation and the risk discount rate. Business is also assumed to be continuing at the same level (going concern) and the current cost ratios – adjusted for inflation – are thus assumed to hold good for the future as well. The opportunity costs of the capital to be provided by shareholders to cover the solvency margin arising from the existing insurance contracts for their current maturities is charged to the PVFP.

The extent to which the embedded value is dependent on the assumptions made can be seen in the “Economic sensitivities” table on the next page.

DEVELOPMENT IN 2008 | Embedded value for the Swiss Life Group came to CHF 8457 million as at 31 December 2008. This corresponds to a decline of CHF 4380 million compared with the previous year and an embedded value per share of CHF 241. The changes in embedded value are shown in the “Analysis of change” table on the following page. Extraordinary impacts arose in 2008 from the unfavourable development of the capital market (impact of CHF 3568 million after taxes for 2008) and from the expectation of lower future returns (impact of CHF 1017 million after taxes). Operational improvements and demographic trends had a positive effect of CHF 408 million on the embedded value. Due to the higher volatility of investments in the second half of 2008, the solvency margin used as the basis for the valuation was increased from 100% to 150% of the statutory minimum. This led to additional solvency costs of CHF 484 million.

Embedded Value of the Swiss Life Group as at 31 December

In CHF million	**2008**	2007	+/–
Switzerland	**2 311**	4 847	**–52.3%**
Europe without Switzerland	**2 577**	4 996	**–48.4%**
ANAV Swiss Life Holding [1,2]	**3 569**	2 994	**+19.2%**
Swiss Life Group	**8 457**	12 837	**–34.1%**
thereof ANAV [1]	**6 088**	8 705	
thereof PVFP [3]	**3 502**	4 880	
thereof cost of holding capital	**–1 133**	–748	

1 Adjusted Net Asset Value
2 Equity of Swiss Life Holding including revenue from disposals, less book value of Swiss Life/Rentenanstalt
3 Present Value of Future Profits

Assumptions for embedded value calculations	Switzerland current	Switzerland in 5 years	Europe without Switzerland current	Europe without Switzerland in 5 years
Risk discount rate	**7.0%**	7.0%	**8.0%**	8.0%
Total weighted return on new money	**2.7%**	3.5%	**3.9%**	4.8%
Return assumptions per asset class				
Return on bonds	**2.4%**	3.3%	**3.5%**	4.7%
Real estate return	**4.8%**	4.7%	**5.1%**	5.4%
Equities return	**6.5%**	6.5%	**7.5%**	7.5%
Return on alternative investments	**6.5%**	6.5%	**7.5%**	7.5%

Analysis of change	
In CHF million	
Embedded value of the Swiss Life Group as at end of 2007	**12 837**
Dividend payments	**–596**
Unwind 2008	**+782**
2008 investment return: variance from assumptions made at the end of 2007	**–3 568**
Future investment return: variance from assumptions made at the end of 2007	**–1 017**
Effects of the increase of the solvency margin to 150%	**–484**
Effects of changes in demographic and operational assumptions	**+408**
Fiscal effects: variance from assumptions made as at the end of 2007	**+240**
Change in currency exchange rate	**–238**
Value of new business 2008	**+78**
Various	**+15**
Embedded value of the Swiss Life Group as at the end of 2008	**8 457**

Economic sensitivities In CHF million	Switzerland	Europe without Switzerland	ANAV Swiss Life Holding	Total
Embedded value of the Swiss Life Group as at the end of 2008	**2 311**	**2 577**	**3 569**	**8 457**
Impact of 100 bps increase in investment return	**+421**	**+313**		**+734**
Impact of 100 bps decrease in investment return	**–618**	**–303**		**–921**
Impact of 100 bps decrease in risk discount rate	**+272**	**+199**		**+471**
Impact of 100 bps increase in return on new bond investments	**+41**	**+207**		**+248**

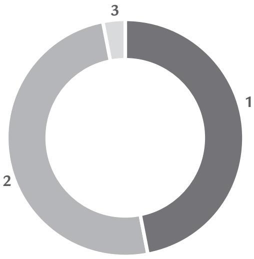
New business sensitivities	
In CHF million	
Value of new business 2008	**78**
Impact of 100 bps increase in investment return	**+49**
Impact of 100 bps decrease in risk discount rate	**+34**
Impact of 100 bps increase in return on new bond investments	**+29**

Attestation regarding embedded value information as at 31 December 2008
“PricewaterhouseCoopers has reported to the Board of Directors that, based on the procedures performed, in their opinion:
- The methodology set out in the EV-Guidelines, in all material respects and with due regard to the nature of the business, is appropriate and consistent for the purpose of the (traditional) embedded value;
- The local implementation of the methodology is, in all material respects and with due regard to the nature of the business, consistent with the prescriptions of Swiss Life and in line with general market practice;
- The assumptions determined by the Swiss Life Group are reasonable to derive the embedded value information;
- The embedded value information has been properly compiled on the basis of the chosen assumptions and methodology.

The assurance report issued by PricewaterhouseCoopers to the Board of Directors, where the assumptions made, the work performed and the results are outlined, can be seen on www.swisslife.com.”

Direct written premiums by type of insurance

Total 100%



1 Group 47%
2 Individual 50%
3 Other 3%

Segment Reporting | Swiss Life reports its insurance business results by country. Further segments are Investment Management and AWD. The areas sold in insurance and banking in 2008 are disclosed separately. The negative developments on the financial markets led to an overall segment loss for continuing operations of CHF 726 million.

Following the disposals of the Dutch and Belgian insurance business and of Banca del Gottardo, which were announced in November 2007, Swiss Life adapted its reporting last year to reflect the new situation. Continuing insurance operations have been broken down by country into Insurance Switzerland, Insurance France, Insurance Germany and Insurance Other. Insurance Other comprises the results of the companies in Liechtenstein and Luxembourg. Two further segments are Investment Management and Other, the latter containing the financing and holding companies. Following acquisition of a majority stake in the AWD Group, AWD operations have been fully consolidated and reported as a new segment since the end of March 2008. The Segment Reporting section of the Financial Statements discloses the results for the areas sold separately. The units were fully consolidated until the respective transactions were finalised: on 29 April 2008 for operations in the Netherlands and Belgium, and on 7 March 2008 for Banca del Gottardo.

As a result of the high impairments on investments resulting from the financial market crisis, continuing operations posted a segment loss of CHF 726 million for 2008. The Investment Management segment, with a result of CHF 94 million, matched the previous year's performance, but all other segments declined. Insurance Switzerland was affected the most by the distortions on the financial markets, recording a segment loss of CHF 748 million, despite the progress made in implementing the strategy. The AWD segment also posted a loss. In addition to the decline in profit from operations in connection with the crisis as well as investments in the future positioning of the company, this was primarily due to restructuring costs of CHF 40 million for the refocussing of activities in the United Kingdom.

Gross written premiums for continuing operations amounted to CHF 18.5 billion. Without including premium income from the ERISA companies which were sold in 2007, premium volume in France declined 4% in 2008 vis-à-vis the previous year.

Discontinued operations generated a result of CHF 1099 million for the Insurance segment and CHF 595 million for the Banking segment as a result of gains made on disposals.

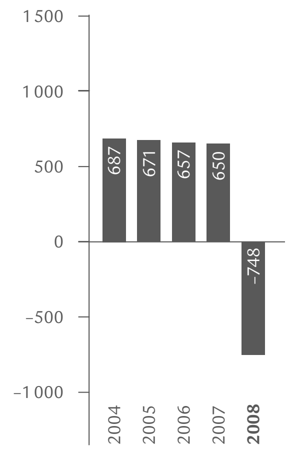
INSURANCE SWITZERLAND | Swiss Life maintained its leading market position in Switzerland in 2008 and made further progress in the implementation of its strategy. Operating costs were reduced by an additional 3%, a number of product innovations were successfully brought to market, the effectiveness of the sales force was enhanced, and the cooperation with AWD got underway. However, the distortions on the financial markets led to high impairments on investments, particularly in the fourth quarter, resulting in a loss of CHF 25 million for the financial result. A positive result of CHF 2556 million was achieved in the previous year. A segment loss of CHF 748 million was posted, vis-à-vis a segment profit of CHF 650 million for the previous year.

According to estimates by the Swiss Insurance Association (SIA), premiums in the Swiss Life insurance market increased 2.7% to CHF 28.5 billion in 2008. The increase in premiums amounted to 3.2% for group insurance and 1.4% for individual insurance. Following strong growth of 11% the previous year and the company's reserved approach with regard to the promotions offered by many competitors, Swiss Life posted a slight drop in premiums of 3% to CHF 8172 million for the 2008 financial year. Around 80% of premium volume was derived from occupational benefits insurance. Premium volume, at CHF 6476 million, was down 3% in this area. Swiss Life's share of the market stood at 32% (2007: 34%). Premium income for individual insurance declined by 1% to CHF 1696 million, and the market share also receded slightly to 19%. With an overall market share of 28%, Swiss Life maintained its leading position in its home market in 2008.

Insurance benefits, including changes in insurance reserves, fell by 8% to CHF 8059 million. This reduction is primarily due to a reduced need for provisions for future risks and lower savings premiums. The favourable claims experience also had a positive impact. The collapse of the financial result translated into reduced policyholder participation. This position declined from CHF 458 million in 2007 to CHF 112 million.

Segment result Insurance Switzerland

In CHF million

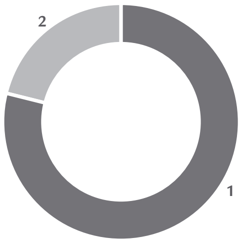


Key figures for Insurance Switzerland

In CHF million	**2008**	2007	+/–
Gross written premiums, policy fees and deposits received	**8 172**	8 413	–2.9%
Net earned premiums and policy fees	**7 963**	8 200	–2.9%
Asset management and other commission income	**49**	38	28.9%
Financial result (without share of results of associates)	**–25**	2 556	n.a.
Other income	**292**	–24	n.a.
Total income	**8 279**	10 770	–23.1%
Net insurance benefits and claims	**–8 059**	–8 758	–8.0%
Policyholder participation	**–112**	–458	–75.5%
Interest expense	**–141**	–133	6.0%
Operating expense	**–715**	– 771	–7.3%
Total expense	**–9 027**	–10 120	–10.8%
Segment result	**–748**	650	n.a.
Assets under control	**70 365**	74 996	–6.2%
Insurance reserves	**64 462**	67 256	–4.2%
Number of employees (full-time equivalents)	**2 743**	2 792	–1.8%

Premiums for Switzerland, by type of insurance

Total 100%



1 Group 79%
2 Individual 21%

On the expenses side, Swiss Life was able to continue the positive trend of the last few years. Adjusted operating expenses were reduced by a further 3%, thanks to efficiency gains from the finalised integration of «La Suisse», the optimisation of processes, and the successful completion of projects. Total operating expenses declined by 7% to CHF 715 million.

In 2008 Swiss Life introduced a number of product innovations that are geared exclusively to client requirements. Back in the first quarter of 2008 the company launched "Swiss Life VitalityPlus", a unit-linked product financed by periodic premiums which offers policyholders the option to waive death coverage in order to receive higher savings premiums. In the second quarter, the innovative group insurance product "Swiss Life ReturnPlus" was brought to market, enabling clients with supplementary BVG insurance to waive minimum guaranteed interest in favour of a higher expected return. The "Swiss Life Calmo Fund", a unit-linked annuity product financed with single premiums, was introduced in the fourth quarter. The first product to be distributed via AWD is called "Swiss Life Champion Duo". This is a unit-linked savings and risk insurance contract financed by periodic premiums. AWD made a significant contribution to the development of the product, and thus the launch via this distribution channel was also very successful. In addition to enhanced product development and increases in efficiency, the expansion of multichannel distribution, the focus on attractive client segments, and better realisation of the potential of the existing client base were further areas of emphasis for Swiss Life in the 2008 financial year.

On 1 September 2008, Ivo Furrer, formerly CEO Life Switzerland and Member of the Global Life Executive Committee of the Zurich Financial Services Group, joined Swiss Life as the new CEO Switzerland. He replaced Paul Müller, who withdrew from business operations after six successful years with Swiss Life and was appointed to the Board of Directors of the Swiss Financial Market Supervisory Authority in December 2008.

To further intensify client orientation and thus to expand its position as the number one life and pensions specialist, Swiss Life realigned its organisation in Switzerland at the beginning of 2009 and added further functions to the Corporate Executive Board. This creates the necessary conditions for focussing the expansion of multichannel distribution on attractive client segments, promoting innovation and further increasing both quality and efficiency.

INSURANCE FRANCE | Swiss Life posted a segment result of CHF 40 million in France. The sale of ERISA and ERISA IARD in July 2007 renders a year-on-year comparison difficult. On a comparable basis, the segment result for 2007 amounted to CHF 187 million. The decline was largely caused by the lower financial result – down 93% at CHF 57 million in 2008.

Premium income in the French life insurance market slid 11%. In health insurance, premium volume rose by 5%. Overall, Swiss Life generated premium income of CHF 5763 million. On a comparable basis, Swiss Life grew premium income by 4% (8% in local currency), whereby life insurance was up 7% (11% in local currency) and health insurance gained 2% (5% in local currency). Premium volume at Swiss Life outperformed the market due to the strength of its multichannel distribution and the attractive range of products.

Insurance benefits were up 20% at CHF 2804 million on the back of the higher premium volume. Policyholder participation generated income as a result of large differences between the local, statutory valuation guidelines and IFRS valuation guidelines. Although personnel expenses were down, operating costs rose 12% on a comparable basis. This increase is due in particular to higher expenses for commissions as a result of the growth and costs associated with the expansion of distribution. In addition to acquiring the internet broker Placement Direct, the company intensified relationships with independent financial consultants in particular, and bought a stake in Financière du Capitole, an independent asset management company.

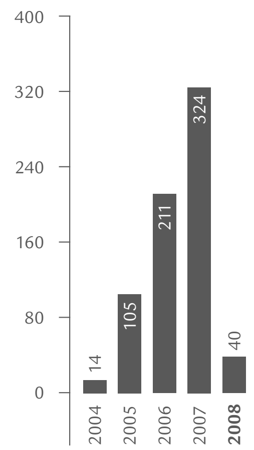
On 1 July 2008, Charles Relecom, formerly CEO of Swiss Life in Belgium, took over as CEO France from Jacques Richier, who has assumed a new challenge outside the Swiss Life Group.

Key figures for Insurance France

In CHF million	**2008**	2007	+/–
Gross written premiums, policy fees and deposits received	**5 763**	7 411	–22.2%
Net earned premiums and policy fees	**3 618**	3 401	6.4%
Asset management and other commission income	**66**	46	43.5%
Financial result (without share of results of associates)	**57**	1 326	–95.7%
Other income	**16**	155	–89.7%
Total income	**3 757**	4 928	–23.8%
Net insurance benefits and claims	**–2 804**	–2 372	18.2%
Policyholder participation	**472**	–777	n.a.
Interest expense	**–219**	–287	–23.7%
Operating expense	**–1 166**	–1 168	–0.2%
Total expense	**–3 717**	–4 604	–19.3%
Segment result	**40**	324	–87.7%
Assets under control	**25 399**	24 071	5.5%
Insurance reserves	**20 716**	23 657	–12.4%
Number of employees (full-time equivalents)	**2 134**	2 191	–2.6%

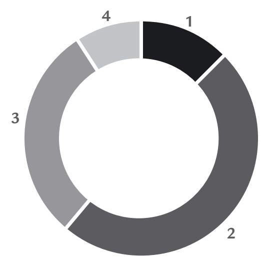
Segment result Insurance France

In CHF million



Premiums for France, by type of insurance

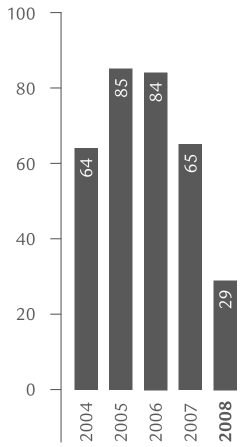
Total 100%



1 Group 16%
2 Individual 41%
3 Health insurance 33%
4 Property 10%

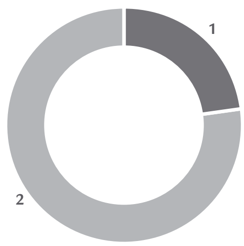
Segment result Insurance Germany

In CHF million



Premiums for Germany, by type of insurance

Total 100%



1 Group 23%
2 Individual 77%

INSURANCE GERMANY | Swiss Life posted a segment result of CHF 29 million in Germany. The year-on-year decline of CHF 36 million is a result of the negative performance of the financial result – down to CHF 552 million from CHF 1064 million.

As in the previous year, the German life insurance market advanced only a marginal 0.8% in 2008. Swiss Life saw its premium volume decline by 8% (–5% in local currency) to CHF 1977 million. Although Swiss Life was able to keep periodic premiums stable, income from single premiums was down 25%. In the second half Swiss Life launched new products and realigned existing ones resulting in positive premium income growth. Along with the intensification of the cooperation with AWD, the traditional broker distribution channel also contributed to an upswing in new business.

At CHF 1961 million, insurance benefits and policyholder participation were down 25% on the 2007 figure due to the lower premium income and the significantly reduced financial result. The increase in operating expenses by 1% (5% in local currency) to CHF 406 million is mainly due to one-off expenses in connection with the revised law on insurance contracts, the launch of new products and salary increases due to contractual tariff considerations. Successful product innovations in 2008 include “Swiss Life Cash Growth”, a capitalisation product for the reinvestment of final benefits with an attractive return, and “Swiss Life Champion”, a flexible, unit-linked product with guaranteed pension benefits. Swiss Life also received a number of top ratings in 2008, including a “very good” quality rating from the Assekurata rating agency. Assekurata assesses the quality requirements of German primary insurers from the policyholder’s perspective.

Klaus G. Leyh held the position of CEO Germany since 1 October 2008. Previously in charge of distribution, he took over from Manfred Behrens, who is now serving on AWD’s Board of Management as Co-CEO.

Key figures for Insurance Germany

In CHF million	2008	2007	+/–
Gross written premiums, policy fees and deposits received	**1 977**	2 158	–8.4%
Net earned premiums and policy fees	**1 819**	2 009	–9.5%
Asset management and other commission income	**27**	32	–15.6%
Financial result (without share of results of associates)	**552**	1 064	–48.1%
Other income	**17**	4	n.a.
Total income	**2 415**	3 109	–22.3%
Net insurance benefits and claims	**–2 030**	–2 119	–4.2%
Policyholder participation	**69**	–502	n.a.
Interest expense	**–19**	–22	–13.6%
Operating expense	**–406**	–401	1.2%
Total expense	**–2 386**	–3 044	–21.6%
Segment result	**29**	65	–55.4%
Assets under control	**18 873**	20 249	–6.8%
Insurance reserves	**19 098**	21 243	–10.1%
Number of employees (full-time equivalents)	**750**	732	2.5%

INSURANCE OTHER | The segment Insurance Other comprises the companies in Liechtenstein and Luxembourg. Swiss Life operates private placement life insurance in both countries, a business area that specialises in structured pension solutions for high net worth individuals. In Luxembourg, Swiss Life also provides group insurance solutions for international and local corporate clients. Furthermore, Swiss Life operates a platform for variable annuities products in Luxembourg. Expenses generated by the build-up of this platform and the further expansion of the Private Placement Life Insurance business area, together with the lower financial results, resulted in a segment loss of CHF 36 million.

Gross premium income went down 20% to CHF 2639 million due to the negative impact of the financial market crisis on business with high net worth individuals. Premium growth for the Liechtenstein company was also impacted by the legal uncertainties in Germany. In Luxembourg, premiums increased significantly and a positive result was achieved.

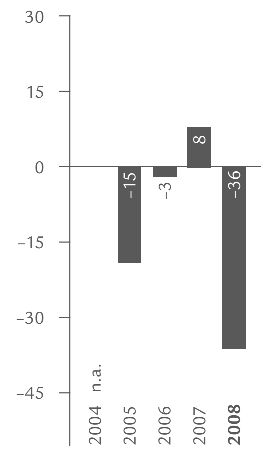
Swiss Life still sees a great deal of market potential for private placement life insurance. Swiss Life is one of the leading players in this area and has improved access to markets in Asia and the Gulf region with new locations in Singapore and Dubai, thus creating a solid foundation for further growth. Business with international corporate clients, which is domiciled in Luxembourg, forms part of the Corporate Solutions business unit which also has locations in Zurich, London, Paris, Hamburg, Copenhagen and Singapore. With the Swiss Life Network and its reinsurance business based in Zurich, Swiss Life can offer multinational companies and their employees comprehensive employee benefits solutions. Swiss Life Products (Luxembourg) S.A. launched its variable annuities platform in 2008. The first product, "Swiss Life Champion", was brought to market in Germany mid year.

Key figures for Insurance Other

In CHF million	**2008**	2007	+/–
Gross written premiums, policy fees and deposits received	**2 639**	3 294	–19.9%
Net earned premiums and policy fees	**116**	103	12.6%
Asset management and other commission income	**1**	0	n.a.
Financial result (without share of results of associates)	**22**	34	–35.3%
Other income	**–4**	5	n.a.
Total income	**135**	142	–4.9%
Net insurance benefits and claims	**–20**	–20	n.a.
Policyholder participation	**–1**	–9	–88.9%
Interest expense	**–17**	–15	13.3%
Operating expense	**–133**	–90	47.8%
Total expense	**–171**	–134	27.6%
Segment result	**–36**	8	n.a.
Assets under control	**9 297**	10 200	–8.9%
Insurance reserves	**9 101**	10 055	–9.5%
Number of employees (full-time equivalents)	**192**	122	57.4%

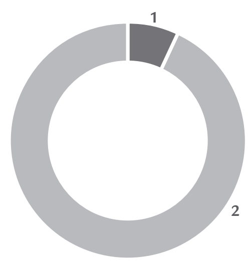
Segment result Insurance Other

In CHF million



Premiums Other, by type of insurance

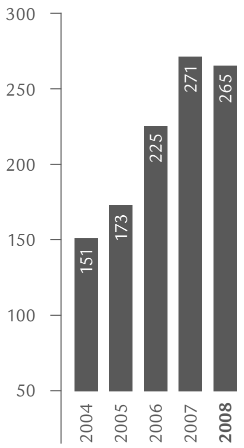
Total 100%



1 Group 7%
2 Individual 93%

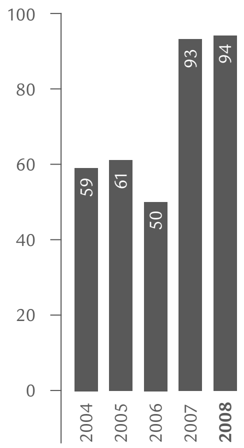
Asset management and other commission income, Investment Management

In CHF million



Segment result Investment Management

In CHF million



INVESTMENT MANAGEMENT | The Investment Management segment comprises Group-wide institutional asset management activities. Despite the very challenging market environment, the result for this segment was 1% up on the previous year at CHF 94 million. A CHF 9 million drop in income was more than offset by strict cost management and a reduction in expenses of CHF 10 million. Assets under management fell CHF 8 billion to CHF 112 billion due to outflows from the insurance business and losses in value as a result of the financial crisis. Assets under management comprised CHF 102 billion in insurance assets, around CHF 7 billion in investment funds and CHF 3 billion in third-party mandates.

The optimisation of the organisation introduced at the beginning of 2008 was a high priority for Swiss Life in the period under review. The improvements in cross-border cooperation resulted in increased efficiency. Organisational structures were redefined and streamlined. Swiss Life reintegrated mortgage administration into its own organisation following the sale of Banca del Gottardo. This measure laid the groundwork for a sustainable mortgage administration solution. Governance and risk management continue to gain significance in the current environment. Swiss Life made additional refinements to existing processes and methods, giving due consideration to the revised investment guidelines based on supervisory legislation.

In 2009, the focus will be on the further improvement of Group-wide cooperation and the realignment of third-party asset management. The project launched in 2008 to establish an appropriate, modern infrastructure tailored to contemporary asset management requirements will also be continued.

Key figures for Investment Management

In CHF million	2008	2007	+/–
Asset management and other commission income	**265**	271	–2.2%
Financial result (without share of results of associates)	**4**	3	33.3%
Other income	**4**	8	–50.0%
Total income	**273**	282	–3.2%
Interest expense	**0**	0	n.a.
Operating expense	**–179**	–189	–5.3%
Segment result	**94**	93	1.1%
Assets under management [1]	**111 519**	119 928	–7.0%
Number of employees (full-time equivalents)	**613**	574	6.8%

[1] incl. intragroup assets

AWD | The AWD Group achieved sales revenues for continuing operations of EUR 633 million for the 2008 financial year, which corresponds to a decline of 12% vis-à-vis the record result of the previous year. The corresponding result before interest and tax amounted to EUR 20 million. The year-on-year decline of EUR 63 million is primarily attributable to developments in Austria and the United Kingdom. Expenses accrued by the recruitment drive and further advisor retention measures also impacted the operating result.

In its home market of Germany, AWD was able to maintain sales revenues at EUR 386 million, the same as the previous year, despite the adverse market environment. AWD also outperformed the market in Switzerland, with sales revenues dipping by only 2% to EUR 69 million. Sales revenues in Austria and Central and Eastern Europe fell by around 31% to EUR 115 million in the period under review. The decline in sales is mainly due to the situation in Austria, where developments in previous years was based on equity and real estate products. The necessary corrective measures have been taken. The markets in Central and Eastern Europe still have strong growth momentum, even if this slowed somewhat in the second half of 2008 in the wake of the economic downswing. In the United Kingdom, AWD recorded a 33% decline in sales revenue to EUR 63 million in 2008. In future, AWD will concentrate in the United Kingdom on the core business with wealth management for private clients and corporate pensions consulting. The cost base was reduced significantly and sales management improved at the same time. The remortgaging business (AWD Home Finance) and other smaller business areas have been sold or discontinued. With this sharply focused business and the attractive existing client base in the high net worth individuals segment, AWD aims to turn in a positive profit contribution in the United Kingdom once again in 2009. Expenses totalling EUR 26 million were booked to the AWD Group for the 2008 financial year to cover the entire restructuring project in the United Kingdom. The AWD Group has been consolidated in the accounts of the Swiss Life Group since the end of March 2008. The AWD segment posted a loss of CHF 41 million for 2008. In addition to the above-mentioned expenses for the reorganisation of operations in the United Kingdom, this loss also contains expenditure for the amortisation of the customer relationship assets taken on in the acquisition.

Key figures for AWD

In CHF million	2008	2007	+/–
Asset management and other commission income	**750**	–	n.a.
Financial result (without share of results of associates)	**2**	–	n.a.
Other income	**15**	–	n.a.
Total income	**767**	–	n.a.
Interest expense	**0**	–	n.a.
Operating expense	**–808**	–	n.a.
Segment result	**–41**	–	n.a.
Number of employees (full-time equivalents)	**1 749**	–	n.a.
Financial advisors	**6 009**	–	n.a.
Advised clients	**429 100**	–	n.a.

In the reporting year about 430 000 clients turned to AWD advisors for support in optimising their finances. Around 248 000 of them were core clients and 182 000 new clients. The number of advisors decreased by 5% in 2008 to 6009. This decline was primarily due to higher rates of fluctuation in Austria, Germany and the United Kingdom. AWD Group was also exposed to the intensified competition for qualified advisors. In Germany in particular, increased qualification requirements meant that less-highly-qualified advisors left the market. The number of advisors developed well in the fourth quarter, especially in Germany.

The cooperation between Swiss Life and AWD is developing well. Swiss Life products in Germany have already advanced to AWD's "best select" range in various product categories. Sales volumes for these products have risen accordingly. In Switzerland, AWD successfully introduced its first Swiss Life product in November 2008. The partnership will not affect AWD's "best select" approach and the independent advice business model.

The Board of Management of AWD was extended to include additional members as of 1 September 2008. The underlying reasons for this move are to lay solid foundations for further growth, to combine market proximity with best practice transfer and to fully exploit the potential for efficiency improvements. Carsten Maschmeyer was joined by Manfred Behrens, formerly Swiss Life's CEO Germany, as Co-CEO of AWD. The national CEOs Rolf Wiswesser (Germany) and Marco Baur (Switzerland) have also been promoted to the Board. The Deputy Chairman of the Board, Nils Frowein, has assumed the newly created role of Chief Operating Officer. Martin Jünke, formerly Director of Group Finance, has been appointed the new CFO. Wilhelm Zsifkovits will remain in charge of distribution as Chief Sales Officer.

Despite widespread uncertainty regarding the financial markets and clients' liquidity-oriented approach to investments, the AWD Group expects a significantly improved performance for 2009 vis-à-vis the previous year. The restructuring measures introduced in the United Kingdom, the consolidation of the Proventus Group and the planned expansion of distribution capabilities will all play a role here. AWD intends to grow sales revenues to around EUR 1 billion and achieve operating income before taxes (EBIT) of EUR 130 million by 2012.