

## Dear Shareholders



Rolf Dörig and Bruno Pfister

2010 proved a very successful year for Swiss Life. The results speak for themselves and confirm that we have made substantial progress. As a Group we are steadily expanding our entrepreneurial scope.

Swiss Life achieved a net profit of CHF 560 million, which was more than double the previous year's figure. Improvements at an operational level, disciplined cost and margin management, and a strong investment performance all contributed to this very good result. In particular, we have made significant progress in increasing our new business margin. This rose from 0.9% to 1.4%, despite historically low interest rates and an unfavourable exchange rate with the euro. Furthermore, with a continued emphasis on profitable growth, we grew in all key markets. Overall our achievements in the past year represent an important milestone on the path towards our goals for 2012, but we still have a lot of work ahead of us.

Our claim, "The future starts here.", represents our promise as a company. It expresses our commitment to do everything we can to ensure a secure future for our clients, our employees and our shareholders. We also accept our socio-political responsibility. Through our work we make an essential contribution to people's financial security and independence. This not only makes good sense, it is actually enormously important for society. Global demand for the type of solutions we offer is growing – as a result of demographic developments and also due to the increasing importance of private life and pensions solutions, as state pension funds come under rising pressure.

Despite a promising outlook in general, major developments will pose a challenge to our industry in the coming years. Regulatory changes will have an impact on our products and services at all levels. For example, the risk-based solvency requirements embodied by the Swiss

Solvency Test (SST), in force since January 2011, have major implications. An analogous solvency model (Solvency II) is set to come into force in Europe in 2013 at the earliest. We certainly welcome its introduction, but it is of crucial importance for the Swiss insurance industry that the SST is construed in a reasonable manner and coordinated with the European model. And this is what we are advocating at Swiss Life.

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Operational excellence is indispensable if we are to remain competitive in the attractive life and pensions market. Along with cost efficiency, improvements in service quality and faster product launches are essential. Swiss Life will also make further developments in its range of products and innovative services, as the new capital requirements cause insurers to reduce guarantees on their balance sheets. Nevertheless guarantees respond to a real customer need, particularly in uncertain times, and this is where innovative solutions come in.

A key factor for our industry remains the quality of our client relationships; this is what determines future growth. We want to develop our multichannel strategy into an important competitive advantage. The distribution of innovative products requires more than just a good salesperson. Clients would like to have advisory services further stepped up and to be optimally supported over the years. Everything we do is based on trust. In an ever more complex world, trust is increasingly becoming a prerequisite for success.

Swiss Life and its committed and dedicated employees are extremely well equipped to take advantage of the opportunities offered by these developments. Our Group stands for expertise, openness, engagement, proximity and clarity. With a tradition going back over 150 years. We sincerely appreciate the trust and support of you our shareholders, and we look forward to working together with you to build a successful future for Swiss Life.



Rolf Dörig

Chairman of the Board of Directors



Bruno Pfister

CEO