Results and Course of Business

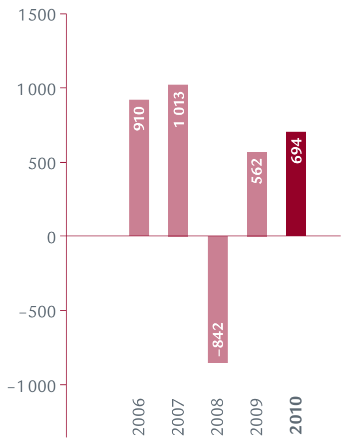
Summary of Group Results — Swiss Life more than doubled its net profit in 2010 from CHF 277 million to CHF 560 million. This increase is mainly attributable to improvements at operational level, a reduction in costs and an outstanding investment result. The Group achieved profitable growth in all key markets. Thanks to the MILESTONE revitalisation programme, Swiss Life has made further substantial progress in improving margins and in capital management.

In 2010, Swiss Life doubled its net profit to CHF 560 million (2009: CHF 277 million). This corresponds to diluted earnings per share of CHF 17.37 and a return on equity of 7.6%. In investment management Swiss Life achieved a net investment result on the insurance portfolio of CHF 4.6 billion. This represents a very strong net investment return of 4.1% (2009: 3.9%).

GROWTH — Focus remains on profitable growth — Swiss Life successfully achieved profitable growth in all units, despite the difficult market conditions. The Group generated premium volume of CHF 20.2 billion, which represents a currency-adjusted increase of 4% over the previous year. It grew in its key markets of Switzerland, Germany and France and was able to confirm its top-level position in business with high net worth individuals. In Switzerland, premium income climbed 2% to CHF 7.6 billion. Premium income (currency adjusted) in France rose by 9% to CHF 5.3 billion, and in Germany by 4% to CHF 2.1 billion. The Insurance Other segment, with premiums earned primarily through business with high net worth individuals, was able to further expand its premium volume on a currency-adjusted basis to CHF 5.2 billion compared with the previous year (+4%). Swiss Life Investment Management's assets under management totalled CHF 120 billion (a currency-adjusted increase of 9%). These include third-party assets under management (CHF 9.9 billion in total, as in the previous year), in which the Group achieved growth of CHF 1.2 billion and was thus able to offset the negative currency effects. Insurance reserves totalled CHF 122 billion – a currency-adjusted increase of 7%. AWD improved its sales revenues by 4% to EUR 547 million.

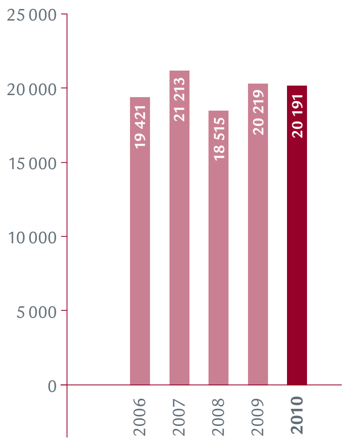
Result from operations

In CHF million



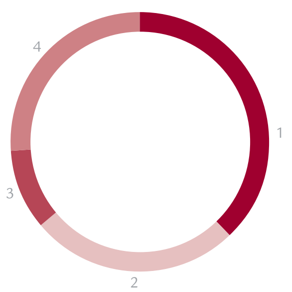
Gross written premiums, policy fees and deposits received

In CHF million



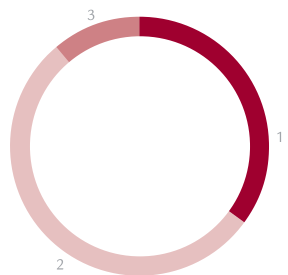
EARNING POWER — Positive performance in all business areas — The Swiss Life Group's profit from operations climbed from CHF 562 million to CHF 694 million. Around 80% of the increase in profits was driven by operational improvements. All segments have made a valuable contribution. In Switzerland, Swiss Life increased its segment result by 4% to CHF 488 million, chiefly as a result of major new operational improvements and a further reduction in costs of 8%. In France, thanks to a rise in productivity and a better financial margin, Swiss Life increased its result from operations by 10% (currency adjusted) to CHF 162 million and improved its new business margin. As a result of a one-off negative effect (CHF –80 million) caused by the raising of the retirement age, the segment result in France stood at CHF 82 million. Germany improved its segment result by 11% to CHF 102 million. In the Insurance Other segment, where Swiss Life made further investments last year in expanding its global business and in the product platform in Luxembourg, losses were reduced by 19% to CHF –35 million. With a 34% increase in result over the previous year, Investment Management contributed CHF 103 million to the Group result. Following its successful reorganisation, AWD posted an impressive operating profit of EUR 49 million (2009: EUR –41 million), improving its EBIT margin to 9% (2009: –7.8%).

Gross written premiums, policy fees and deposits received by country



1	Switzerland	38%
2	France	26%
3	Germany	10%
4	Other	26%

Direct written premiums by type of insurance

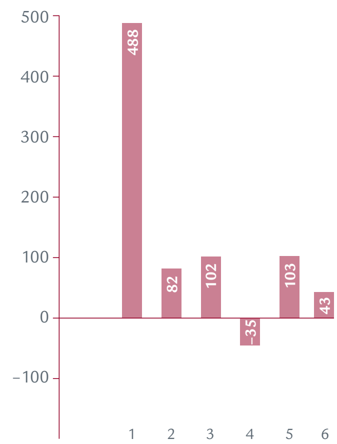


1	Group	35%
2	Individual	54%
3	Other	11%

MILESTONE — Significant advances at all levels — Swiss Life succeeded in making considerable improvements in all aspects of its MILESTONE revitalisation programme in 2010. Through consistent margin management, the Group was able to improve its new business margin to 1.4%, compared with the previous year's figure of 0.9%, thus more than offsetting the negative impacts of historically low interest rates. The value of new business grew by 70% to CHF 209 million, representing an improvement in all units over the previous year. Swiss Life also succeeded in increasing the share of new business generated with modern and risk products from 64% in the previous year to 69%. In addition, the Group was able to reduce costs by a further CHF 121 million. Of the CHF 350-400 million cost savings announced as part of the MILESTONE programme, CHF 311 million had already been achieved by the end of 2010. Progress was also made in optimising in-force business and in balance sheet management – in asset and liability management for example, by lowering borrowings, increasing reserves and implementing a new reinsurance strategy. Thanks to MILESTONE, Swiss Life has been able to substantially reduce interest rate sensitivity.

Segment result

In CHF million



1 Insurance Switzerland
2 Insurance France
3 Insurance Germany
4 Insurance Other
5 Investment Management
6 AWD

SOLVENCY — Solid capital base and improved solvency ratio — Swiss Life has a sound capital base. Shareholders' equity stood at CHF 7.4 billion at the end of 2010, up 3% on the previous year's CHF 7.2 billion. The Group's solvency ratio climbed to 172% (2009: 164%). Without taking into account unrealised gains and losses on bonds, the solvency ratio was 166% (2009: 161%). Based on its internal model, Swiss Life comfortably meets the Swiss Solvency Test requirements.

KEY FIGURES FOR THE SWISS LIFE GROUP

Amounts in CHF million

	2010	2009	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**20 191**	20 219	–0.1%
Net earned premiums and policy fees	**12 051**	12 135	–0.7%
Commission income	**922**	934	–1.3%
Financial result (without share of results of associates)	**4 368**	4 588	–4.8%
Other income	**503**	159	n/a
TOTAL INCOME	**17 844**	17 816	0.2%
Net insurance benefits and claims	**–12 704**	–11 884	6.9%
Policyholder participation	**–1 073**	–1 539	–30.3%
Interest expense	**–311**	–353	–11.9%
Operating expense	**–3 062**	–3 478	–12.0%
TOTAL EXPENSE	**–17 150**	–17 254	–0.6%
RESULT FROM OPERATIONS	**694**	562	23.5%
Net result from continuing operations	**560**	324	72.8%
Net result from discontinued operations	**–**	–47	n/a
NET PROFIT	**560**	277	n/a
Equity	**7 437**	7 245	2.7%
Insurance reserves	**122 279**	122 616	–0.3%
Assets under management	**133 000**	132 022	0.7%
Assets under control	**149 899**	148 186	1.2%
Return on equity (in %)	**7.6**	4.0	+3.6 ppts
Number of employees (full-time equivalents)	**7 483**	7 820	–4.3%

ASSET ALLOCATION ON FAIR VALUE BASIS AS AT 31 DECEMBER (INSURANCE PORTFOLIO AT GROUP'S OWN RISK)

Amounts in CHF million

	2010	2010	2009	2009
Equity securities and equity funds	**4 266**	**3.8%**	3 803	3.4%
Alternative investments	**1 083**	**1.0%**	1 958	1.7%
Real estate	**14 139**	**12.6%**	13 284	11.8%
Mortgages	**5 332**	**4.7%**	5 553	4.9%
Loans	**10 078**	**9.0%**	12 109	10.8%
Bonds	**74 849**	**66.6%**	70 517	62.6%
Cash and cash equivalents and other	**2 586**	**2.3%**	5 387	4.8%
TOTAL	**112 333**	**100.0%**	112 611	100.0%
Net equity exposure		**2.4%**		1.8%
Duration of bonds		**10.3 years**		8.5 years

Segment Reporting – Swiss Life not only reports its insurance business by country (Switzerland, France, Germany), it also discloses separately the results of its cross-border segments, namely Insurance Other, AWD, and Investment Management. In 2010, Swiss Life generated an overall segment profit from operations of CHF 694 million (2009: CHF 562 million). Insurance Switzerland made the strongest contribution to this solid result.

2010 was a strong year for Swiss Life. The company posted a profit of CHF 488 million in its home market Switzerland, CHF 82 million in France and CHF 102 million in Germany. The Investment Management segment generated a profit of CHF 103 million, and AWD a profit of CHF 43 million. Only the Insurance Other segment reported an investment-related loss (CHF 35 million).

All segments generated significant operational improvements and therefore higher profit from operations. AWD successfully returned to profitability. Gross written premiums, policy fees and deposits received for all segments remained at the previous year's level of CHF 20.2 billion.

INSURANCE SWITZERLAND – Swiss Life in Switzerland posted a segment result of CHF 488 million for 2010, an increase of 4% on the previous year. This increase is particularly pleasing bearing in mind the low interest rate environment, a collapse in the value of key currencies, and the strong pressure on margins in the life business.

The good result was driven on the one hand by previously implemented efficiency measures, and on the other by long-term initiatives such as the restructuring of risks on the investment side, the strengthening of the multichannel distribution strategy, and the sustainable reduction of costs. The financial result was maintained at a high level of CHF 2.5 billion, a decline of around 7% on the previous year. Although direct investment income increased by 5% to CHF 2.8 billion, negative currency effects led to an overall decrease in the financial result. This is more than compensated by the foreign currency gain of CHF 396 million in hybrid capital, which was entered under other income.

According to the Swiss Insurance Association (SIA), premiums in the Swiss life insurance market increased by 2% to CHF 28.5 billion. Premiums rose by 5% in group insurance while declining by 6% in individual insurance. Overall, Swiss Life was able to increase its premium volume by 2% to CHF 7.6 billion, thereby matching the growth of the market. Occupational benefits insurance contributed 79% of premium income, a rise of 4% on the previous year. The market share in group insurance fell slightly to 29.2%. In individual insurance, premium income fell by 7%; the market share amounted to 19.5%. In the year under review, the sale of products through AWD (as measured on the basis of production volume) rose slightly to CHF 197 million.

Operating expenses declined by 11% to CHF 765 million. The actual reduction in costs amounted to 8% after adjustment for a positive one-off effect arising from the Swiss Life pension fund changeover from a defined benefit system to a defined contribution system in 2010. This further reduction in costs is the consequence of a sustainable efficiency programme that is yielding results in staff and advisor costs in particular. At the same time, investment has been channelled into the future: The main areas of focus include distribution and the new, efficient IT platform in group insurance.

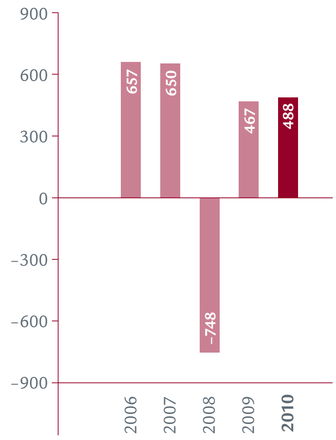
Insurance benefits, including changes in insurance reserves, increased by 9% to CHF 8.6 billion. This rise is primarily attributable to the increased need for reserves for future risks and to the higher premiums (savings deposits). The higher insurance reserves are also the reason for the significantly lower allocation to reserves for policyholder bonuses.

The new products launched in 2010 were a key driver of premium growth, as well as ensuring the continued increase in the share of business generated with modern life and pensions solutions and risk products, together with healthy sales via the AWD distribution channel. In the area of individual insurance, Swiss Life launched its unit-linked life and pensions solutions Swiss Life Champion Uno and Swiss Life Champion Timeplan in the first semester. Since the second semester, the spectrum of products has also included Swiss Life Premium Select, a non-tax-qualified (pillar 3b) unit-linked life insurance product. In addition, Swiss Life also launched a savings product especially for children and a pure risk insurance solution for customers who prefer an online solution. For corporate clients, Swiss Life launched Swiss Life Business Invest in the first semester, an attractive life and pensions solution with a modern investment concept.

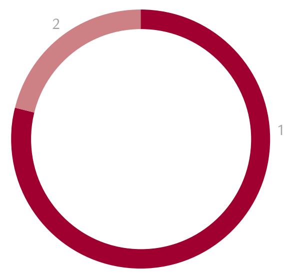
Swiss Life is looking to grow further in 2011 too, with an even stronger focus on the client. The service mentality is to be enhanced and response times accelerated. Further innovations in relation to products and marketing will follow. The acquisition of the group life portfolio of Nationale Suisse, announced in January 2011, will contribute further to the profitable growth of Swiss Life thanks to the realisation of economies of scale. Moreover, the two partners are signing a distribution cooperation agreement. Swiss Life will continue to strive for efficiencies and will undertake additional optimisations to increase both distribution capabilities and profitability.

Segment result Insurance Switzerland

In CHF million



Premiums for Switzerland, by type of insurance



1 Group 79%
2 Individual 21%

KEY FIGURES FOR INSURANCE SWITZERLAND

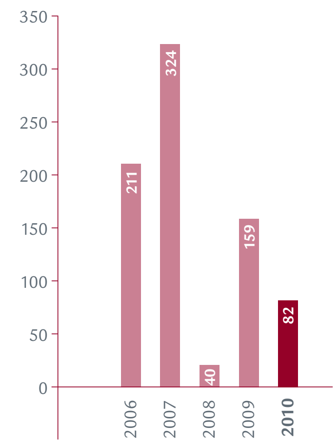
Amounts in CHF million

	2010	2009	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**7 631**	7 518	1.5%
Net earned premiums and policy fees	**7 365**	7 288	1.1%
Commission income	**18**	31	–41.9%
Financial result	**2 512**	2 704	–7.1%
Other income	**487**	103	n/a
TOTAL INCOME	**10 382**	10 126	2.5%
Net insurance benefits and claims	**–8 609**	–7 887	9.2%
Policyholder participation	**–429**	–806	–46.8%
Interest expense	**–91**	–106	–14.2%
Operating expense	**–765**	–860	–11.0%
TOTAL EXPENSE	**–9 894**	–9 659	2.4%
SEGMENT RESULT	**488**	467	4.5%
Assets under control	**79 014**	73 841	7.0%
Insurance reserves	**67 599**	65 406	3.4%
Number of employees (full-time equivalents)	**2 217**	2 489	–10.9%

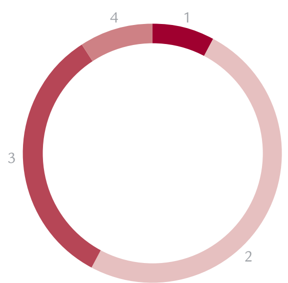
INSURANCE FRANCE — Swiss Life in France posted a segment result of CHF 82 million. Adjusted for the negative one-off effect of pension reform (CHF 80 million), this represents an increase of 10% in local currency terms. This is mainly attributable to the improved financial margin and efficiency gains, achieved through strict cost discipline.

Segment result Insurance France

In CHF million



Premiums for France, by type of insurance



1 Group 8%
2 Individual 50%
3 Health insurance 33%
4 Property 9%

The French insurance market experienced slight growth of 4%, with an increase of 16% in savings and pensions, 4% in health and disability insurance and 1% in property insurance.

Swiss Life in France generated premium volume of CHF 5.3 billion, which equates to a 9% increase in local currency terms. The increase in net inflow of 24% in savings and pension business, principally attributable to unit-linked insurance, was achieved in a market which – despite high net inflows of EUR 50 billion – nevertheless declined by 1%. At 22%, premium income derived from unit-linked insurance was also substantially above the market average of 13%, mainly due to the continuing success in 2010 of promotional campaigns for structured unit-linked products aimed at affluent and high net worth individuals. In this segment, Swiss Life Banque Privée achieved vigorous growth in 2010, posting an increase in net banking income of 25% and returning to profitability. In a highly competitive market, health and disability insurance grew by 3%, while property insurance remained at the prior-year level.

In 2011, Swiss Life in France aims to reinforce its leading position both in life insurance for affluent and high net worth individuals and also in health and disability insurance by expanding multichannel distribution.

KEY FIGURES FOR INSURANCE FRANCE

Amounts in CHF million

	2010	2009	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	5 307	5 297	0.2%
Net earned premiums and policy fees	2 724	2 952	–7.7%
Commission income	89	77	15.6%
Financial result	878	983	–10.7%
Other income	6	26	–76.9%
TOTAL INCOME	3 697	4 038	–8.4%
Net insurance benefits and claims	–2 100	–2 135	–1.6%
Policyholder participation	–251	–407	–38.3%
Interest expense	–183	–206	–11.2%
Operating expense	–1 081	–1 131	–4.4%
TOTAL EXPENSE	–3 615	–3 879	–6.8%
SEGMENT RESULT	82	159	–48.4%
Assets under control	26 029	29 127	–10.6%
Insurance reserves	20 965	23 003	–8.9%
Number of employees (full-time equivalents)	2 223	2 194	1.3%

INSURANCE GERMANY — Swiss Life in Germany posted a segment result of CHF 102 million, an increase of CHF 10 million on the previous year.

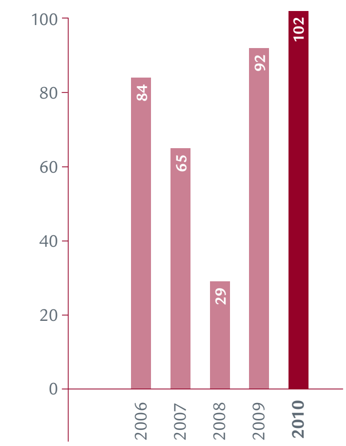
The German life insurance market enjoyed growth of 6% in 2010. Premium volume declined 4% to CHF 2.1 billion, equivalent to a rise of 4% in local currency. Periodic premium income bucked the market trend, rising 2% (in local currency) to CHF 1406 million. The growth drivers were once again the multiple award-winning supplementary occupational disability insurance and the newly-introduced single-premium annuity insurance with premium refund. Insurance benefits and policyholder participation rose 10% overall in 2010, mainly attributable to the rise in policyholder participation to CHF 378 million on the back of the very good financial result. Operating expenses fell by 11% (3% in local currency) while new business premiums increased by 9% (in local currency) to CHF 693 million.

The distribution of products through AWD, measured on basis of production volume, increased by 3% (in local currency +12%) to CHF 596 million.

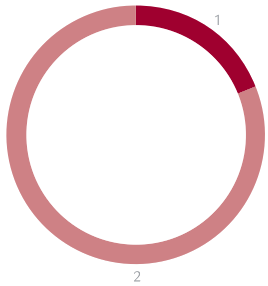
Swiss Life will continue to rigorously pursue the shift to unit-linked insurance and risk products in 2011. The Champion product family has been expanded to include a state-subsidised variant ("Riester") and a more risk-aligned occupational disability insurance solution is being introduced, which can be adapted to individual customer requirements.

Segment result
Insurance Germany

In CHF million



Premiums for Germany,
by type of insurance



1	Group	19%
2	Individual	81%

KEY FIGURES FOR INSURANCE GERMANY

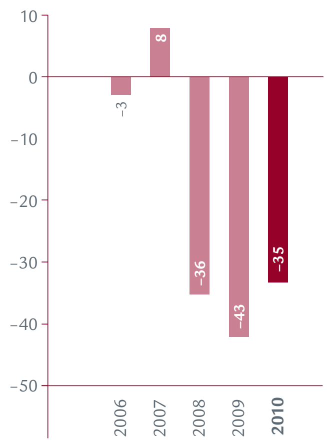
Amounts in CHF million

	2010	2009	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**2 073**	2 169	–4.4%
Net earned premiums and policy fees	**1 814**	1 753	3.5%
Commission income	**34**	24	41.7%
Financial result	**990**	862	14.8%
Other income	**5**	26	–80.8%
TOTAL INCOME	**2 843**	2 665	6.7%
Net insurance benefits and claims	**–1 969**	–1 829	7.7%
Policyholder participation	**–378**	–305	23.9%
Interest expense	**–20**	–21	–4.8%
Operating expense	**–374**	–418	–10.5%
TOTAL EXPENSE	**–2 741**	–2 573	6.5%
SEGMENT RESULT	**102**	92	10.9%
Assets under control	**17 435**	19 930	–12.5%
Insurance reserves	**17 334**	19 924	–13.0%
Number of employees (full-time equivalents)	**734**	747	–1.7%

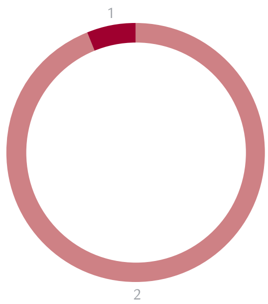
INSURANCE OTHER — The segment Insurance Other comprises the areas Private Placement Life Insurance (PPLI), Corporate Solutions, Swiss Life Products (Luxembourg) S.A., Swiss Life Österreich AG and Payment Protection Insurance (PPI). The segment posted a loss of CHF 35 million in the year under review (previous year: CHF 43 million) due to investments in expansion of global business and in the product platform in Luxembourg. At CHF 5.2 billion, gross written premiums, policy fees and deposits received were roughly at the previous year's level (previous year: CHF 5.3 billion), which represents a rise of 4% in local currency. Due to an increased focus on the pension business, new business in the PPI area is being discontinued as of 2011.

Segment result Insurance Other

In CHF million



Premiums Other, by type of insurance



1 Group 4%
2 Individual 96%

The PPLI business area specialises in life insurance for high net worth individuals, and is represented in Liechtenstein, Luxembourg, Singapore, Dubai and Switzerland. In 2010, it built on the strong result of the previous year, writing CHF 5 billion in gross premiums. This success stems from the recovery of the markets, the unique global approach and its established international sales team. Thanks to further growth and strict cost management, PPLI turned a profit in 2010.

Corporate Solutions specialises in global life and pensions solutions for multinationals. It increased its access to new business in all countries, and cemented its global market leadership as a provider of comprehensive employee benefits solutions. Growth will be targeted in 2011 too, in alignment with profitability. The emphasis will lie on customer orientation.

KEY FIGURES FOR INSURANCE OTHER

Amounts in CHF million

	2010	2009	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**5 206**	5 263	–1.1%
Net earned premiums and policy fees	**148**	142	4.2%
Commission income	**1**	1	0.0%
Financial result	**34**	40	–15.0%
Other income	**–1**	4	n/a
TOTAL INCOME	**182**	187	–2.7%
Net insurance benefits and claims	**–26**	–33	–21.2%
Policyholder participation	**–19**	–21	–9.5%
Interest expense	**–17**	–19	–10.5%
Operating expense	**–155**	–157	–1.3%
TOTAL EXPENSE	**–217**	–230	–5.7%
SEGMENT RESULT	**–35**	–43	–18.6%
Assets under control	**16 727**	14 612	14.5%
Insurance reserves	**16 409**	14 379	14.1%
Number of employees (full-time equivalents)	**289**	250	15.6%

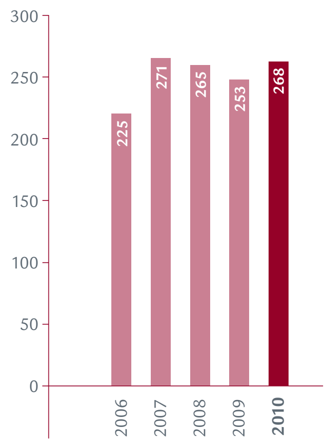
INVESTMENT MANAGEMENT — The Investment Management segment comprises the Group-wide institutional asset management activities. At CHF 103 million, the 2010 segment result is CHF 26 million up on the previous year. This equates to an increase of 34%. Thanks to new business and positive market developments on the one hand, and despite heavy currency-related losses on the other, assets under management increased by CHF 3 billion to just under CHF 120 billion. Insurance assets rose by CHF 3 billion to almost CHF 110 billion. Assets invested in funds and third-party mandates stagnated at around CHF 10 billion. Thanks to a greater volume of assets under management, income rose by 6%. At the same time, expenses fell by 8% due to lower investment and increased efficiency.

In the year under review, the newly developed application for asset management was successfully launched in Switzerland. This tool facilitates more efficient administration of assets under management. The new strategy for the third-party business (TPAM), which was presented on Investors' Day 2009, yielded very good results with a net inflow of CHF 1 billion. Cooperation with the insurance units was successfully stepped up. Among other things, this fed through into the growth of the Swiss Life Investment Foundation, which was one of the strongest growing investment foundations in Switzerland in 2010, just as it had been the previous year.

For 2011, Investment Management is planning to implement the new asset management application in Germany. The launch is scheduled for the start of 2012. In the product area, the focus will lie on supporting the insurance units in the development of modern insurance products and on the introduction of new investment products.

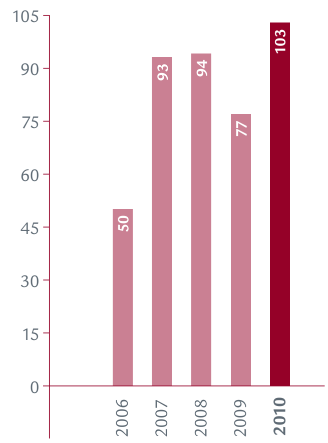
Asset management and other commission income, Investment Management

In CHF million



Segment result Investment Management

In CHF million



KEY FIGURES FOR INVESTMENT MANAGEMENT

Amounts in CHF million

	2010	2009	+/–
Commission income	**268**	253	5.9%
Financial result	**0**	3	n/a
Other income	**1**	1	0.0%
TOTAL INCOME	**269**	257	4.7%
Interest expense	**0**	0	n/a
Operating expense	**–166**	–180	–7.8%
SEGMENT RESULT	**103**	77	33.8%
Assets under management [1]	**119 571**	116 411	2.7%
Number of employees (full-time equivalents)	**572**	582	–1.7%

[1] incl. intragroup assets

AWD — The AWD Group posted a segment result of CHF 43 million, as compared to a loss of CHF 92 million the previous year. This figure also includes expenditure for the amortisation of customer relationship assets taken on as part of the acquisition.

All areas of AWD contributed to the improvement in the result. In the core market of Germany, efficiency improvements such as the merger of the back offices of Horbach and AWD Deutschland GmbH, together with the downsizing of the holding company, made a very significant contribution to the overall result of the AWD Group. The operating result (EBIT) amounted to EUR 58.4 million (2009: EUR 28.8 million). As a result of the restructuring undertaken in previous years and the improvement in advisor quality, AWD UK increased EBIT from EUR 1.2 million the previous year to EUR 6.3 million. In Austria, a restructuring of the business model was initiated in 2009. A number of comprehensive cost-cutting measures have already been put into effect as part of this project. The increased focus on life insurance and risk protection policies brought about a tangible improvement in results in 2010. The presence of group companies in the CEE region (Central and Eastern Europe) is to be further optimised. A return to profitability remains the objective for the Austria & CEE region, which posted an operating loss of EUR 4.5 million (2009: EUR –42.3 million). At AWD Switzerland, rigorous cost discipline resulted in an improvement of the operating result from EUR 6.2 million to EUR 7.8 million.

In the year under review, AWD generated overall sales revenue of EUR 547 million (+3.5%). Commission income from new business rose by 4.7%. Sales of unit-linked products rose by 2.7%, while sales for life insurance and pension products rose by 13.7%. Sales of private health insurance increased by 0.3%, those of property and accident insurance by 8.1%. Sales of investment funds declined by 0.5%.

The successes of restructuring measures played their part in ensuring that AWD once again posted positive EBIT of EUR 49.1 million, an improvement of EUR 90.2 million compared to the previous year. As part of the efficiency improvement programme, administrative costs were cut by EUR 48.4 million compared to the previous year.

At the end of 2010, the AWD Group had 5292 fully trained and registered financial advisors, as well as 2280 trainee advisors under contract. 148 107 new clients were acquired in the year under review.

AWD has once again delivered solid profitability. Only in the Austria & CEE region is a need for further optimisation evident. In 2011, AWD will improve its processes further, with a view to meeting the medium-term financial targets in the Austria & CEE region too.

KEY FIGURES FOR AWD

Amounts in CHF million

	2010	2009	+/–
Commission income	**756**	789	–4.2%
Financial result	**–3**	0	n/a
Other income	**7**	15	–53.3%
TOTAL INCOME	**760**	804	–5.5%
Interest expense	**–2**	–4	–50.0%
Operating expense	**–715**	–892	–19.8%
SEGMENT RESULT	**43**	–92	n/a
Number of employees (full-time equivalents)	**1 445**	1 554	–7.0%
Financial advisors [1]	**5 292**	5 342	–0.9%

[1] without Romania and Croatia