

Swiss Life Holding Financial Statements

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Review of Operations

Swiss Life Holding increased its profit in the 2011 financial year by CHF 38 million to CHF 238 million.

The annual profit was largely generated from the dividend payouts by subsidiaries. These fell slightly from CHF 197 million in 2010 to approximately CHF 191 million in 2011.

Total income improved significantly vis-à-vis the previous year, climbing from CHF 208 million to CHF 249 million. The additional income is chiefly derived from income and fees earned on loans and guarantees granted to subsidiaries in the previous year. In the year under review, a new loan for CHF 200 million was granted to Swiss Life Ltd, which will further increase future interest income. As a result of higher income tax, total expenditure rose by CHF 3 million to CHF 11 million.

In order to continue to finance the insurance business, CHF 200 million was made available to Swiss Life Ltd and CHF 87 million to Swiss Life International Holding AG, which comprises the foreign insurance companies. The total value of participations thus grew from CHF 3258 million to CHF 3545 million.

Swiss Life Holding's profit distribution to shareholders in the period under review came to CHF 144 million or CHF 4.50 per share. This took the form of a reduction in par value of the Swiss Life Holding share from CHF 9.60 to CHF 5.10. The company's nominal share capital thus totals CHF 163.6 million.

Swiss Life Holding was financed exclusively by equity during the period under review; no interest was paid on borrowings.

Swiss Life Holding's liquid assets (liquid funds, time deposits, and bonds and investments) amounted to CHF 615 million on 31 December 2011. Liquid funds and time deposits contracted slightly from CHF 306 million to CHF 279 million, while easily tradable bonds and capital-protected investments accounted for CHF 336 million at the end of the year. These share certificates are all eligible for repos and can generate liquidity at any time.

Statement of Income

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER

In CHF million

	2011	2010
Dividends received	191	197
Realised gain/loss on non-current assets	1	2
Unrealised gain/loss on non-current assets	5	3
Other finance income	40	42
Other financial expense	-1	-1
Foreign currency gains/losses	-8	-42
NET INVESTMENT INCOME	228	201
OPERATING EXPENSE	-7	-7
OTHER INCOME	21	7
OTHER EXPENSES	-	-
INCOME TAX	-4	-1
NET PROFIT	238	200

Balance Sheet

BALANCE SHEET

In CHF million

	31.12.2011	31.12.2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	149	266
Time deposits and similar investments	130	40
Receivables from Group companies	15	19
Receivables from third parties	0	0
Accrued income	4	5
TOTAL CURRENT ASSETS	298	330
NON-CURRENT ASSETS		
Shares	19	16
Debt securities	285	394
Participations	3 545	3 258
Loans to Group companies	795	653
Other assets	60	93
TOTAL NON-CURRENT ASSETS	4 704	4 414
TOTAL ASSETS	5 002	4 744
LIABILITIES AND EQUITY		
LIABILITIES		
Payables to Group companies	200	2
Liabilities towards third parties	52	86
Total short-term liabilities	252	88
TOTAL LIABILITIES	252	88
EQUITY		
Share capital	164	308
General reserves	32	1 139
Reserve for treasury shares	26	19
Capital contribution reserve	1 533	-
Total legal reserves	1 591	1 158
Free reserves	2 753	2 986
Balance carried forward from previous year	4	4
Net profit	238	200
Total profit shown in the balance sheet	242	204
TOTAL EQUITY	4 750	4 656
TOTAL LIABILITIES AND EQUITY	5 002	4 744

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

	Currency	Authorised	Direct share	Currency	Authorised	Direct share
		share capital in 1000			share capital in 1000	
		31.12.2011			31.12.2010	
Swiss Life AG, Zürich	CHF	587 350	100.00%	CHF	587 350	100.00%
Swiss Life Beteteiligungs GmbH, Hannover	EUR	25	100.00%	EUR	25	100.00%
Swiss Life Intellectual Property Management AG, Zürich	CHF	250	100.00%	CHF	250	100.00%
Swiss Life International Holding AG, Zürich	CHF	1 000	100.00%	CHF	1 000	100.00%
Swiss Life Investment Management Holding AG, Zürich	CHF	50 000	100.00%	CHF	50 000	100.00%

LOANS TO GROUP COMPANIES – CHF 362 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

	31.12.2011	31.12.2010
Talanx AG	9.27%	9.31%
Carsten Maschmeyer & Sons	–	5.05%

SHARE CAPITAL – As at 31 December 2011, the share capital of Swiss Life Holding consisted of 32 081 054 fully-paid shares with a par value of CHF 5.10 each. In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of his own shares and those he represents. As at 31 December 2010, Swiss Life Holding had 32 081 054 registered shares outstanding with a par value of CHF 9.60 per share. Conditional share capital was CHF 12 032 868.60 as at 31 December 2011 (2010: CHF 22 650 105.60).

LEGAL RESERVES – Legal reserves comprise the general reserves (plus the additional paid-in capital in excess of the par value, net of transaction costs), the reserve for treasury shares (equivalent in value to own Swiss Life Holding shares held by the Swiss Life Group) and the new capital contribution reserve of CHF 1533 million established on 1 January 2011. Of this amount CHF 1363 million is recognised by the Federal Tax Administration, while the legal qualification of CHF 170 million is still open and is to be reassessed according to future legal developments.

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

TREASURY SHARES – In the year under review the companies in the Swiss Life Group purchased a total of 66 900 Swiss Life Holding shares at an average price of CHF 127.86. In the same period, they sold 473 shares at an average price of CHF 118.50. As at 31 December 2011, the Swiss Life Group held 224 330 treasury shares.

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

CONTINGENCIES — Swiss Life Holding acts as warrantor for all Swiss Life Ltd liabilities with regard to the various tranches of the subordinated perpetual step-up loan (hybrid debt), which amounted to an equivalent value of CHF 2308 million at the balance sheet date.

Swiss Life Holding further gives several capital guarantees for a maximum net asset value of CHF 750 million to Swiss Life Ltd, CHF 150 million to Swiss Life Funds, CHF 150 million to Swiss Life Funds (Lux) Management Company and CHF 97 million to Swiss Life Products.

In addition, Swiss Life Holding grants a credit line of CHF 37 million to Swiss Life Products.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

In CHF million

	2011	2010
SHARE CAPITAL		
Balance as at 1 January	308	385
Reduction in par value	-144	-77
TOTAL SHARE CAPITAL	164	308
LEGAL RESERVES		
General reserves		
Balance as at 1 January	1 139	1 139
Allocation to capital contribution reserve	-1 107	-
Total general reserves	32	1 139
Reserve for treasury shares		
Balance as at 1 January	19	25
Allocation to reserve for treasury shares	7	-6
Total reserve for treasury shares	26	19
Capital contribution reserve		
Balance as at 1 January	-	-
Allocation to capital contribution reserve	1 533	-
Total capital contribution reserve	1 533	-
TOTAL LEGAL RESERVES	1 591	1 158
FREE RESERVES		
Balance as at 1 January	2 986	2 939
Allocation to free reserves	200	40
Reserve for own shares (incl. reduction in par value)	-7	7
Allocation to capital contribution reserve	-426	-
TOTAL FREE RESERVES	2 753	2 986
PROFIT SHOWN IN THE BALANCE SHEET		
Balance as at 1 January	204	44
Allocation to free reserves	-200	-40
Net profit	238	200
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	242	204
TOTAL EQUITY	4 750	4 656

RISK ASSESSMENT – For information on risk assessment, please refer to Note 5 of the Swiss Life Group's Consolidated Financial Statements.

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 2011 – The specifications below take into consideration the transparency regulations relating to compensation set out in the Swiss Code of Obligations Art. 663b^{bis} and Art. 663c and the directives on information relating to corporate governance issued by the SIX Swiss Exchange as well as Circular 2010/1 of the Swiss Financial Market Supervisory Authority FINMA on minimum standards for remuneration schemes of financial institutions. Further information on compensation and benefit expenditure can be found in the Corporate Governance section on pages 21 to 31 and in the Consolidated Financial Statements (Notes 24 and 32) on pages 154 to 159 and 168 to 169.

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 of 2010. The variable cash compensation to the Corporate Executive Board members (the cash bonus and the new deferred compensation in cash introduced on 1 January 2012) for the 2011 financial year, which was determined by the Board of Directors at the beginning of 2012, is published in the compensation tables on an accrual basis as compensation for 2011. As a matter of new policy, the members of the Board of Directors are granted exclusively fixed compensation, payable 70% in cash and 30% in Swiss Life Holding shares, which are subject to a three-year blocking period. This replaces the previous arrangements, whereby Board of Director members received variable compensation in the form of blocked shares amounting to a maximum of 15% of the fixed compensation, depending on the business results.

The compensation received by each member of the Board of Directors and the Chairman of the Corporate Executive Board (Group CEO) is disclosed individually.

COMPENSATION POLICY PRINCIPLES – The Board of Directors as a whole is responsible for establishing guidelines on the Group's compensation policy (incl. variable compensation and equity compensation plans) and on employee benefit institutions. 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 in line with the market environment and must be competitive. The individual overall compensation takes into account the employee's professional skills, engagement and personal performance. It is made up of the basic salary, a variable bonus based on achievement of the annual objectives, which is generally paid in cash and possibly in shares, if applicable deferred compensation in cash and a mid- to long-term equity compensation plan, as well as contributions for occupational provisions and risk insurance. The salary is determined according to the employee's function and skill set, and is annually reassessed and adjusted if appropriate. Salary comparison studies and recognised job evaluation systems are used to check appropriateness and to ensure internal and external comparability.

Salary	
Variable compensation	
Compensation component based on achievement of annual objectives (Bonus in cash and possibly in shares)	Deferred mid- to long-term compensation component (Equity compensation plan and, if applicable, deferred compensation in cash)
Contributions to occupational provisions and risk insurance	

The variable compensation components are linked to the strategic objectives of the Group and the individual divisions, and the associated financial and HR-related targets. They are based on the achievement of annual objectives defined in advance for a period of three years as part of medium-term planning and determined on the basis of the actual performance of individuals or teams (performance-linked payment) in relation to the objectives set and on the degree of achievement of the Swiss Life Group targets as reflected in its annual result (share in the company's success). Quantitative and qualitative performance is also always assessed on the basis of the competencies required for the function held, such as professional expertise, entrepreneurship, task fulfilment, cooperation and leadership. The percentage weighting between the individual and/or team performance and the share in the company's success depends on the position and responsibilities of the function holder.

The share in the company's success is measured using quantitative Group objectives (Key Performance Indicators, KPIs), which are defined in advance for a period of three years as part of medium-term planning. The main KPIs, besides the key figures relating to annual profit, costs, business volume, investment return, return on equity and solvency, are the profitability of in-force and new business, margin performance and the share of non-traditional products in new business. In order to avoid conduct aimed at the short-term achievement of key indicators with a higher weighting, the individual KPIs are not mechanically weighted in advance; their individual weighting is determined by the Board of Directors at the end of each financial year.

Personal performance based on the specified quantitative and qualitative objectives is assessed annually in the employee appraisal procedure implemented throughout the Group (Group Performance System, GPS). Two assessment elements/models are used for determining objectives and evaluating performance: the Group Objectives Model (GOM) relating to qualitative and quantitative objectives and the Group Competency Model (GCM) for measuring and assessing individual competencies and behaviour, incl. the compliance regulations.

For persons responsible for risk management and risk control, the quantitative objectives are set in such a way that performance is not linked to the result of the monitored business unit, specific products or transactions.

In order to be eligible for any variable compensation, a GPS target achievement of at least 80% is required.

Permanent employment contracts in Switzerland contain notice periods of between three and twelve months, depending on position and seniority. All current employment contracts with members of the Corporate Executive Board in Switzerland specify a notice period of twelve months. Contracts abroad are adapted to local circumstances.

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 Nomination and Compensation Committee (NCC) is responsible for putting forward appropriate proposals. The Board of Directors as a whole also establishes the guidelines for the Group's compensation policy. In doing so, it takes into consideration the compensation policies of other companies in the financial services industry, drawing its findings from publicly available information and studies by independent external experts. Comparable companies in the insurance sector in Switzerland used for the purposes of providing relevant information for the current compensation policy included Baloise Insurance, Swiss Re, Zurich Financial Services, Allianz and AXA.

The Board of Directors as a whole sets the level and distribution of the variable compensation pool for all employees on the basis of its compensation policy guidelines and taking into consideration a proposal by the Nomination and Compensation Committee. When determining the level of the allocation to the compensation pool, it takes into consideration the annual result, as well as medium-term planning and the degree of target achievement. The Board of Directors as a whole is also responsible for determining the individual compensation of members of the Corporate Executive Board. It carries out an annual performance assessment of all members of the Corporate Executive Board,

based on preparatory work by the Nomination and Compensation Committee. In addition, current aspects of HR policy and in particular succession planning are regularly discussed at meetings of the Nomination and Compensation Committee and the Board of Directors as a whole.

COMPENSATION TO MEMBERS OF THE BOARD OF DIRECTORS – As a matter of new policy, the members of the Board of Directors are granted exclusively fixed compensation. The previous arrangements, according to which members of the Board of Directors were allocated variable compensation in the form of blocked Swiss Life Holding shares of up to a maximum of 15% of the fixed compensation, depending on the business results, no longer apply. The total compensation is now paid 70% in cash and 30% in Swiss Life Holding shares with a three-year blocking period. The proportion of shares has thus been increased in comparison with the previous arrangements, under which 20% of the basic compensation was granted in the form of blocked Swiss Life Holding shares.

The compensation takes into account membership of the Board of Directors of Swiss Life Holding and its subsidiary Swiss Life Ltd, as well as membership of the individual Board Committees, and is commensurate with the individual's function and workload. The compensation is determined annually by the Board of Directors. The amount of compensation granted to members of the Board of Directors has been adjusted in the 2011 financial year in connection with the new compensation arrangements (transition to exclusively fixed compensation, payable 70% in cash and 30% in blocked shares), taking into consideration compensation paid to board members in comparable companies within the insurance sector (Balaise Insurance, Swiss Re, Zurich Financial Services, National, Helvetia and Vaudoise).

As Chairman of the Board of Directors, Rolf Dörig is affiliated to the employee benefits institutions of Swiss Life for the purpose of occupational provisions. No such affiliation exists for other members of the Board of Directors and no contributions have been made on their behalf.

COMPENSATION TO MEMBERS OF THE CORPORATE EXECUTIVE BOARD – Compensation remitted to members of the Corporate Executive Board comprises the basic salary, variable compensation in cash and other compensation (child allowances, company cars, premium contributions to 3rd pillar pension plans). The variable compensation in cash is allocated as a bonus and, if applicable, as deferred compensation in cash. The deferred compensation in cash, which was introduced on 1 January 2012, is paid out after a period of three years has elapsed and provided that the regulatory requirements have been satisfied. In addition, a mid- to long-term compensation component is in place in the form of an equity compensation plan (RSU plan) linked to the performance of the Swiss Life Holding share price. It gives an entitlement to Swiss Life Holding shares after a period of three years has elapsed and provided that the relevant requirements are satisfied at the time of allocation.

Salary is determined annually by the Board of Directors, on the basis of a proposal by the Nomination and Compensation Committee, taking into account the individual member's function-related responsibility and the current market conditions.

The variable compensation components are determined by the Board of Directors in accordance with the described compensation policy principles and based on the company result and the achievement of personal goals assessed in the employee appraisal procedure implemented throughout the Group (Group Performance System, GPS). The variable compensation in cash (bonus in cash and, if applicable, deferred compensation in cash) is set at a maximum of 117% of the fixed basic salary ("bonus cap") and requires that all objectives have been considerably exceeded. The allocation of subscription rights to Swiss Life Holding shares (equity compensation plan, RSU plan) is also limited in value to 117% of the fixed basic salary; if deferred compensation in cash, which on its part is subject to the bonus cap mentioned above, is simultaneously allocated, the maximum limit is 64% of the fixed basic salary.

At Corporate Executive Board level, the amount of the variable compensation depends 60% directly on the company's success. As mentioned above, the following key figures are included in the Key Performance Indicators (KPIs) used to assess company success: the annual profit, costs, business volume, investment return, return on equity and solvency, as well as the profitability of in-force and new business, margin performance and the share of non-traditional products in new business.

40% of the variable compensation is based on Corporate Executive Board members' achievement of specified personal goals. On the one hand, these personal goals are linked back to the company's success, in that each Corporate Executive Board member has to meet personal quantitative objectives contributing to the company's success in relation to his division. On the other hand, the personal goals cover qualitative factors, namely project targets, risk management and compliance goals, as well as requirements relating to leadership and to supporting and further developing corporate culture.

In the year under review, the profit and costs targets used to measure the success of the Swiss Life Group were exceeded. Investment return and return on equity were also above the target levels. The volume and margin expectations for in-force and new business were only partially satisfied. The target share of non-traditional products in new business was achieved. As far as the weighting of these KPIs is concerned, the Board of Directors took the targets for annual profit and return on equity, which directly impact the interests of shareholders and policyholders, into greater consideration than the other targets in view of the economic environment which prevailed during the year under review.

Within the framework of the compensation arrangements for members of the Corporate Executive Board, "deferred compensation in cash" was introduced as a new compensation component on 1 January 2012. On the basis of the corresponding regulations, the Board of Directors determines every year from what amount and, if applicable, what portion of the variable cash compensation is not paid immediately but is allocated as deferred compensation in cash. The Board of Directors determined that, for the 2011 financial year, as of a variable cash compensation level of CHF 500 000, a 23% share of the total variable cash compensation will be paid as deferred compensation in cash.

The allocated deferred compensation in cash represents an entitlement during the three-year deferral period. The underlying "deferred cash plan" also provides for adjustment and reclaiming mechanisms (clawback). Full or partial reduction of the deferred compensation is provided for in the following cases: negative impact of the key figures applying to the allocation of deferred compensation due to a restatement of the annual accounts or damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards by participants of the plan. If the employment relationship is terminated by a participant during the three-year deferral period, the entitlements expire worthless.

As a mid-to long-term compensation component linked to the performance of the Swiss Life Holding share price, an equity compensation plan has been in place since 2004 for members of the Corporate Executive Board and other key performers within the Swiss Life Group, who are determined by the Corporate Executive Board with the approval of the Nomination and Compensation Committee. Based on this plan, participants are granted future subscription rights to Swiss Life Holding shares free of charge after a period of three years has elapsed and provided that the requirements under the plan are satisfied at that point.

Pursuant to the regulations of the 2009 and 2010 equity compensation plans, future subscription rights were allocated in the form of Performance Share Units (PSUs), according to which share allocation after expiry of the three-year period was based on two objective performance criteria, each weighted at 50%. 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 shares 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. 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 (2009 plan) or 2.0 (2010 plan) or drop to zero. The number of PSUs entitling the participant to receive shares after the three-year term is determined in accordance with the following: One half of the PSUs allocated is multiplied by the factor resulting from the TSR Swiss Life Holding target being met, and the other half by the factor resulting from the TSR Outperformance target being met. The factor is 1 or 100% if a performance of 30% (2009 plan) or 35% (2010 plan) is achieved for the first performance criterion, the TSR Swiss Life Holding. Interim values are determined by linear interpolation. In the case of the second performance criterion, TSR Outperformance, the factor is 1 or 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 (TSR Swiss Life Holding factor multiplied by one half of the PSUs and the TSR Outperformance factor multiplied by the other half) are added together. The sum is the number of PSUs, which translates into an entitlement to an equal number of Swiss Life Holding shares. Performance requirements for the 2010 equity compensation plan were increased over the 2009 plan to the extent that 35% performance (previously 30%) is required in the TSR Swiss Life Holding for factor 1 and at least 50% performance (previously 40%) for the maximum factor. The maximum factor was in turn increased from 1.5 or 150% to 2 or 200%.

In the year under review, participants in the 2011 equity compensation plan, which was launched on 1 April 2011, were allocated Restricted Share Units (RSUs) instead of PSUs. As with PSUs, RSUs grant the holder future subscription rights, entitling them to receive Swiss Life Holding shares free of charge after a three-year period has elapsed, but without any additional leverage effect. The attribution of shares after the expiry of the three-year deferral period is effected on a 1:1 basis (1 RSU = 1 share): the plan is therefore very simple, transparent throughout the whole term and directly linked to the performance of the Swiss Life share. The value of RSUs during the three-year term develops linear with the Swiss Life Holding share price and thus symmetrically corresponds with shareholder interests. 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.

The attribution of mid- to long-term compensation components (RSU plan) is deferred for a period of three years from the date of allocation in the same way as the deferred compensation in cash. Likewise, the RSU plan provides for adjustment and reclaiming mechanisms (clawback) in the event of a negative impact of the key figures applying to the allocation of deferred compensation due to a restatement of the annual accounts or damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards. If the employment relationship is terminated by a participant during the three-year deferral period, the entitlements expire worthless.

PERSONNEL CHANGES TO THE BOARD OF DIRECTORS AND THE CORPORATE EXECUTIVE BOARD IN 2011 – There were two resignations from the Board of Directors in the period under review. After serving for eight years on the Board of Directors of Swiss Life Holding, Paul Embrechts did not stand for re-election at the General Meeting of Shareholders in 2011 and no longer serves on the Board of Directors. Carsten Maschmeyer, who was elected to the Board of Directors of Swiss Life Holding at the 2009 General Meeting of Shareholders, resigned as a member of the Board of Directors on 7 December 2011.

There were no personnel changes on the Corporate Executive Board during the year under review.

COMPENSATION TO THE BOARD OF DIRECTORS IN 2011 — For comparison purposes, the corresponding details of the compensation for 2010, as published in the Annual Report 2010, are shown in a separate table below the compensation table for 2011.

Amounts in CHF	Compensation in cash		Compensation in blocked shares ⁴		Expenditure for occupational provisions		Aggregate total (amount)
	Amount	Number	Amount	Total compensation in cash and shares (amount) ⁵	Regular contributions ⁶	Extraordinary contributions	
Rolf Dörig, Chairman of the Board of Directors	1 008 000	4 478	362 839	1 370 839	225 504	–	1 596 343
Gerold Bühler	244 300	1 129	88 014	332 314			
Frank Schneuwlin	244 300	1 129	88 014	332 314			
Volker Bremkamp	129 500	589	46 653	176 153			
Paul Embrechts ¹	34 167	57	6 332	40 499			
Damir Filipovic ²	60 667	298	21 868	82 535			
Carsten Maschmeyer ³	82 000	172	15 223	97 223			
Henry Peter	91 000	413	32 908	123 908			
Peter Quadri	91 000	413	32 908	123 908			
Franziska Tschudi	106 400	480	38 390	144 790			
TOTAL BOARD OF DIRECTORS	2 091 334	9 158	733 150	2 824 484	225 504	–	3 049 988

¹ Left 05.05.2011.

² Joined 05.05.2011.

³ Resigned 07.12.2011. Swiss Life Ltd, AWD Holding AG and their subsidiaries paid a total of EUR 341 800 in fees for consultancy services to a company in which Carsten Maschmeyer has an important shareholding.

⁴ The allocation of shares was effected on 23.06.2011 and 15.12.2011 at economic value, which is equal to the tax value (CHF 111 0817 and CHF 73 3828 respectively), taking into account the blocking period of three years. The share prices (closing prices) on the days of allocation were CHF 132.30 and CHF 87.40 respectively.

⁵ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 179 034 in the year under review.

⁶ Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

COMPENSATION TO THE BOARD OF DIRECTORS IN 2010 — The members of the Board of Directors received variable compensation in the form of blocked shares for the 2010 financial year. This is disclosed on an accrual basis as compensation for 2010.

Amounts in CHF	Compensation in cash		Compensation in blocked shares ²				Total compensation in cash and shares (amount)	Expenditure for occupational provisions		Aggregate total (amount)
	Basic compensation	Additional compensation	Total compensation in cash	As part of basic compensation Number	As variable compensation for 2010 financial year Number	Amount		Regular contributions ³	Extraordinary contributions	
Rolf Dörig, Chairman of the Board of Directors	960 000	0	960 000	1 970	761	302 399	1 262 399	195 656	–	1 458 055
Gerold Bühler	144 000	110 000	254 000	297	184	54 771	308 771			
Frank Schneulin	144 000	30 000	174 000	297	134	48 146	222 146			
Volker Bremkamp	96 000	30 000	126 000	198	96	20 262	146 262			
Paul Embrechts	72 000	10 000	82 000	149	64	23 723	105 723			
Rudolf Kellenberger ¹	50 000	4 167	54 167	110	0	10 501	64 668			
Carsten Maschmeyer ⁵	62 668	10 000	72 668	131	56	20 723	93 391			
Henry Peter	72 000	10 000	82 000	149	64	23 723	105 723			
Peter Quadri	72 000	10 000	82 000	149	64	23 723	105 723			
Franziska Tschudi	82 668	10 000	92 668	169	72	26 988	119 656			
TOTAL BOARD OF DIRECTORS	1 755 336	224 167	1 979 503	3 619	1 495	554 959	2 534 462⁴	195 656	–	2 730 118

¹ Left 06.05.2010.

² The compensation in shares was, on the one hand, part of the basic compensation (3619 shares in total) and, on the other, variable compensation in shares for the 2010 financial year, allocated in 2011 (1495 shares in total). The allocation of shares was effected on 18.06.2010, 15.12.2010 and 04.03.2011 at economic value, which is equal to the tax value (CHF 95.464, CHF 110.242 and CHF 132.492 respectively), taking into account the blocking period of three years. The share prices (closing prices) on the days of allocation were CHF 113.70, CHF 131.30 and CHF 157.80 respectively.

³ Pursuant to the fund regulations, occupational provisions were financed by the employer and the employee at a ratio of $\frac{2}{3}$ to $\frac{1}{3}$.

⁴ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 139 793 in the year under review.

⁵ In the year under review, AWD Holding AG paid a total of EUR 44 625 in consulting fees for services provided to the AWD Group to a company in which the Board of Directors member Carsten Maschmeyer has an important shareholding.

COMPENSATION TO THE CORPORATE EXECUTIVE BOARD IN 2011 – The compensation table below shows the variable compensation in cash for the 2011 financial year which was determined by the Board of Directors at the beginning of 2012. It is disclosed on an accrual basis as compensation for 2011.

The members of the Corporate Executive Board did not receive any compensation in shares for the 2011 financial year. They are participating in the current equity compensation plan, which provides for the allocation of Restricted Share Units (RSUs).

For comparison purposes, the corresponding details of the compensation for 2010, as published in the Annual Report 2010, are shown in a separate table below the compensation table for 2011.

Amounts in CHF	Compensation in cash			Total compensation in cash	Compensation in shares		Total compensation in cash and shares (amount)
	Salary	Bonus for 2011 paid in 2012 ²	Other compensation ³		Number	Amount	
Bruno Pfister, Group CEO	1 437 510	1 200 000	47 996	2 685 506	0	0	2 685 506
Other members of Corporate Executive Board ¹	3 811 229	3 140 500	155 743	7 107 472	0	0	7 107 472
TOTAL CORPORATE EXECUTIVE BOARD	5 248 739	4 340 500	203 739	9 792 978	0	0	9 792 978

¹ Six individuals were taken into account in the period under review.

² The bonus paid in 2012 relates to the 2011 financial year.

³ Child allowances (CHF 4150), company cars (CHF 101 439), premium contributions to 3rd pillar pension plans (CHF 93 762), other (CHF 4388), each in total.

Amounts in CHF	Expenditure for occupational provisions		Aggregate total compensation in cash and in shares and occupational provisions expense (amount) ⁵
	Regular contributions ⁴	Extraordinary contributions	
Bruno Pfister, Group CEO	225 504	0	2 911 010
Other members of Corporate Executive Board	1 052 844	0	8 160 316
TOTAL CORPORATE EXECUTIVE BOARD	1 278 348	0	11 071 326

⁴ Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

⁵ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 503 257 in the year under review.

Amounts in CHF	Deferred compensation in cash		Restricted Share Units (RSUs) ^{7,8}		Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
	Amount ⁶		Number	Amount	
Bruno Pfister, Group CEO	360 000		6 350	889 318	4 160 328
Other members of Corporate Executive Board	795 500		17 280	2 420 064	11 375 880
TOTAL CORPORATE EXECUTIVE BOARD	1 155 500		23 630	3 309 382	15 536 208

⁶ The deferred compensation in cash is paid out after a deferral period of three years, provided the requirements are satisfied at that point.

⁷ The RSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the requirements are satisfied at that point.

⁸ The allocation of RSUs as at 01.04.2011 was effected at a fair value of CHF 140.05, as calculated by an independent consultancy firm.

COMPENSATION TO THE CORPORATE EXECUTIVE BOARD IN 2010 — The compensation table below shows the bonus in cash for the 2010 financial year which was determined by the Board of Directors at the beginning of 2011. It is disclosed on an accrual basis as compensation for 2010.

The members of the Corporate Executive Board did not receive any compensation in shares for the 2010 financial year.

Amounts in CHF	Compensation in cash			Compensation in shares for 2010		Total compensation in cash and shares (amount)	
	Salary	Bonus for 2010 paid in 2011 ²	Other compensation ³	Total compensation in cash	Number		Amount
Bruno Pfister, Group CEO	1 237 530	1 200 000	47 905	2 485 435	–	0	2 485 435
Other members of Corporate Executive Board ¹	3 627 025	3 275 000	213 535	7 115 560	–	0	7 115 560
TOTAL CORPORATE EXECUTIVE BOARD	4 864 555	4 475 000	261 440	9 600 995	–	0	9 600 995

¹ Six individuals were taken into account in the period under review.

² The bonus paid in 2011 relates to the 2010 financial year.

³ Child allowances (CHF 12 150), allowance for years of service (CHF 45 840), company cars (CHF 102 363), premium contributions to 3rd pillar pension plans (CHF 91 413), other (CHF 9674), each in total.

Amounts in CHF	Expenditure for occupational provisions		Aggregate total compensation in cash and in shares and occupational provisions expense (amount) ⁷
	Regular contributions ⁴	Extra-ordinary contributions	
Bruno Pfister, Group CEO ⁵	234 220	0	2 719 655
Other members of Corporate Executive Board ⁶	976 910	0	8 092 470
TOTAL CORPORATE EXECUTIVE BOARD	1 211 130	0	10 812 125

⁴ Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of $\frac{2}{3}$ to $\frac{1}{3}$.

⁵ Regular contribution of CHF 185 230 and supplementary payment of CHF 48 990 in accordance with the pension fund regulations due to an increase in insured salary.

⁶ Regular contribution of CHF 848 645 and supplementary payment of CHF 128 265 in accordance with the pension fund regulations due to an increase in insured salary.

⁷ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 401 435 in the year under review.

Amounts in CHF	Performance Share Units (PSUs) ^{8,9}		Aggregate total incl. PSUs (amount)
	Number	Amount	
Bruno Pfister, Group CEO	6 500	974 870	3 694 525
Other members of Corporate Executive Board	18 200	2 729 636	10 822 106
TOTAL CORPORATE EXECUTIVE BOARD	24 700	3 704 506	14 516 631

⁸ 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 2.0 or drop to zero.

⁹ The allocation of PSUs as at 01.04.2010 was effected at a fair value of CHF 149.98, as calculated by an independent consultancy firm.

SHARE OWNERSHIP/PARTICIPATION RIGHTS AS AT 31.12.2011 – As at the balance sheet date, acting members of the Board of Directors and the Corporate Executive Board (including closely related parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs) and Performance Share Units (PSUs).

BOARD OF DIRECTORS

	SLH shares 31.12.2011
Rolf Dörig, Chairman of the Board of Directors	40 486
Gerold Bühner	4 095
Frank Schnewlin	1 748
Volker Bremkamp	2 150
Damir Filipovic	298
Henry Peter	3 651
Peter Quadri	2 351
Franziska Tschudi	1 666
TOTAL BOARD OF DIRECTORS	56 445

CORPORATE EXECUTIVE BOARD

	SLH shares 31.12.2011
Bruno Pfister, Group CEO	3 068
Manfred Behrens	0
Thomas Buess	4 500
Patrick Frost	2 000
Ivo Furrer	0
Klaus Leyh	53
Charles Relecom	0
TOTAL CORPORATE EXECUTIVE BOARD	9 621

	Number Performance Share Units (PSUs) 31.12.2011 ¹	Number Restricted Share Units (RSUs) 31.12.2011 ²
Bruno Pfister, Group CEO	13 000	6 350
Manfred Behrens	5 800	2 880
Thomas Buess	4 800	2 880
Patrick Frost	5 200	3 390
Ivo Furrer	5 700	2 880
Klaus Leyh	4 000	2 540
Charles Relecom	5 400	2 710
TOTAL CORPORATE EXECUTIVE BOARD	43 900	23 630

¹ Total number of PSUs allocated in the years 2009 and 2010 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.

² Total number of RSUs allocated in the year 2011 in connection with the relevant equity compensation plan. The RSUs 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.

SHARE OWNERSHIP/PARTICIPATION RIGHTS AS AT 31.12.2010 – As at the balance sheet date, acting members of the Board of Directors and the Corporate Executive Board (including closely related 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

	SLH shares
	31.12.2010
Rolf Dörig, Chairman of the Board of Directors	35 247
Gerold Bühler	2 782
Frank Schnewlin	485
Volker Bremkamp	1 465
Paul Embrechts	1 094
Carsten Maschmeyer	1 620 861
Henry Peter	2 174
Peter Quadri	1 874
Franziska Tschudi	1 114
TOTAL BOARD OF DIRECTORS	1 667 096

CORPORATE EXECUTIVE BOARD

	SLH shares
	31.12.2010
Bruno Pfister, Group CEO	9 068
Manfred Behrens	698
Thomas Buess	2 500
Patrick Frost	4 013
Ivo Furrer	0
Klaus Leyh	53
Charles Relecom	0
TOTAL CORPORATE EXECUTIVE BOARD	16 332

	Performance Share Units (PSUs) as future subscription rights to SLH shares
	31.12.2010 ¹
Bruno Pfister, Group CEO	18 924
Manfred Behrens	8 407
Thomas Buess	4 800
Patrick Frost	9 149
Ivo Furrer	7 675
Klaus Leyh	4 196
Charles Relecom	5 400
TOTAL CORPORATE EXECUTIVE BOARD	58 551

¹ Total number of PSUs allocated in the years 2008, 2009 and 2010 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 237 856 634. The Board of Directors proposes to the General Meeting of Shareholders that the profit be appropriated in accordance with the table below. If this proposal is adopted, a distribution of CHF 4.50 per share will be made from the capital contribution reserve.

PROFIT SHOWN IN THE BALANCE SHEET

In CHF		
	2011	2010
Balance carried forward from previous year	3 793 683	3 609 395
Net profit	237 856 634	200 184 288
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	241 650 317	203 793 683

APPROPRIATION OF PROFIT

In CHF		
	2011	2010
Dividend	-	-
Allocation to legal reserves	-	-
Allocation to free reserves	240 000 000	200 000 000
Balance carried forward to new account	1 650 317	3 793 683
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	241 650 317	203 793 683

Zurich, 15 March 2012

For the Swiss Life Holding Board of Directors

Rolf Dörig

Gerold Bühler

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 186 to 202), for the year ended 31 December 2011.

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 2011 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 available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Ray Kunz

Audit expert

Auditor in charge

Reto Zemp

Audit expert

Zurich, 15 March 2012