

## Dear Shareholders



Bruno Pfister and Rolf Dörig

Swiss Life was not alone in finding 2011 a challenging year. Natural catastrophes such as the one which triggered the Fukushima reactor disaster, the Arab Spring, the legacy of which has yet to emerge, plus the debt crisis and the resulting fall in the euro sent jitters through the global economy. The unforeseeable, or even the unthinkable, has shown many areas in a new light. Security and financial stability cannot be taken for granted – as was harshly demonstrated by the many events of 2011.

Swiss Life successfully negotiated a tough market environment and can look back on a very good year, due in no small measure to the successful implementation of the MILESTONE programme. Our operational improvements enabled us to increase our net profit from CHF 560 million in the previous year to CHF 606 million. We also

improved the quality of our premium income – especially in terms of profitability and the composition of our sources of income. Thanks to our strong asset and liability management and the high intrinsic value of our investment portfolio, we achieved an excellent investment result. We were particularly pleased to see Swiss Life grow in strategically important business areas.

Growth in Swiss corporate client business in particular shows demand for full insurance solutions, which can only be provided by private insurers. These solutions are very important in economic terms, as they make a major contribution to the stability of the Swiss pension system. It is precisely when many Vorsorgewerks (employee benefits units) are experiencing a funding shortfall that customers come to seek a safe haven in Swiss Life and its

solutions. This customer confidence is both an honour and a commitment. We will make every effort, going forward, to ensure the regulatory framework conditions continue to permit these solutions.

Our solid performance in the 2011 financial year comes on the back of our MILESTONE programme, which was launched in 2009 and set the foundations on which we were able to build a more resilient business model. We had already achieved most of our targets by the end of 2011, one year ahead of schedule.

Many ambitious measures launched under MILESTONE helped us to offset the adverse effects of the financial market crisis during the year under review. For instance we increased the share of modern risk and pension products in new business to 70%. We also strengthened our balance sheet, protected our new business margin and increased sales of Swiss Life products through AWD. Our cost discipline also proved a great success. By the end of 2011, Swiss Life had already made the planned savings of CHF 350-400 million announced in 2009. Costs were brought down by over CHF 400 million compared to 2008.

We see the key to doing business successfully as never losing sight of our goal and our responsibility: the loyalty and security of our customers are the compass that we consistently turn to for guidance. Our insurance solutions are gaining in importance. There are two major trends making our work both relevant and demanding: firstly, people are living longer, which means their pension provision also has to last longer. Secondly, countries are finding it more of a strain financing their pension commitments due to their financial situation. The financial market turbulence and historically low interest rates are also preventing assets from appreciating naturally. In fact, it will actually become harder in future to preserve the value of our personal assets and ensure adequate pension provision. Swiss Life's loyal customers, committed

employees, financial solidity, expertise and prominent brand place it in an excellent position to exploit the opportunities of a growing, but also very competitive, pensions market.

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2012 will be a year of consolidation for Swiss Life. We will conclude MILESTONE and present our new plans for the coming years at our Investors' Day on 28 November 2012. We don't anticipate any marked improvement in market conditions. Nevertheless, Swiss Life is in an excellent position to meet the challenges posed by the market, even if operating conditions remain difficult over the longer term.

We are very grateful for your support, as shareholders, for Swiss Life as it pursues this path. We look forward to continuing to work with you towards a successful future for Swiss Life.



**Rolf Dörig**

Chairman of the Board of Directors



**Bruno Pfister**

CEO