Swiss Life

Rentenanstalt

Annual Report 1999

We strive to be the calming influence in hectic times.

KEY FIGURES

Swiss Life/Rentenanstalt Group Key Figures — **in million CHF (if not noted otherwise)**

	Life		Non-life		Total	
	1999	1998	**1999**	1998	**1999**	1998
Gross premiums	**15 596.0**	15 217.5	**2 274.1**	1 541.5	**17 870.1**	16 759.0
	+ 2.5%		+ 47.5%		+ 6.6%	
Claims paid (gross)	**10 226.2**	8 239.8	**1 533.0**	1 090.7	**11 759.2**	9 330.5
	+ 24.1%		+ 40.6%		+ 26.0%	
Indemnity factor (net)	**n/a**	n/a	**69.9%**	76.5%	**n/a**	n/a
Operating expenses	**1 598.5**	1 473.5	**641.2**	362.9	**2 239.7**	1 836.4
	+ 8.5%		+ 76.7%		+ 22.0%	
Cost factor (net)	**10.4%**	9.8%	**31.9%**	27.6%	**n/a**	n/a
Combined ratio (net)	**n/a**	n/a	**101.8%**	104.1%	**n/a**	n/a
Investment income (net)					**7 952.6**	6 646.3
					+ 19.7%	
Investments					**135 010.8**	111 516.3
					+ 21.1%	
Technical provisions					**114 372.7**	95 950.0
					+ 19.2%	
Total assets					**154 669.2**	117 504.2
					+ 31.6%	
Assets under management					**192 191.8**	116 109.3
					+ 65.5%	
Consolidated profit for the year, before taxes and minority interests					**638.3**	349.8
					+ 82.5%	
Consolidated profit for the year, after taxes and minority interests					**387.1**	273.4
					+ 41.6%	
Members of staff (number)					**11 119**	8 616
					+ 29.1%	

Annual Report 1999

Swiss Life / Rentenanstalt

CHAIRMEN'S STATEMENT

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Swiss Life/Rentenanstalt achieved a great deal in 1999. Through four significant acquisitions – Banca del Gottardo, Schweizerische Treuhandgesellschaft STG, Lloyd Continental and UTO Albis – the company came considerably closer to achieving its strategic target. Profits grew by a substantial 41.6% to CHF 387.1 million. Premium volume reached about CHF 17.9 billion.

In 1999, Swiss Life/Rentenanstalt made decisive progress in realising its strategy of broadening services to transform an insurance company into a financial services provider. Thanks to a number of acquisitions, the company was able to add complementary service and product capabilities, as well as to access interesting additional distribution channels serving new client segments in Switzerland and abroad. With the acquisition of Banca del Gottardo, the company substantially expanded its position in private banking and the financial investment sector. Another important step was the acquisition of Schweizerische Treuhandgesellschaft STG on January 1, 2000. STG's know-how is an ideal supplement in the areas of client consultancy services and financial planning.

Swiss Life/Rentenanstalt also expanded abroad in 1999, significantly strengthening its position in France. This was made possible by acquiring Lloyd Continental and a majority holding in ERISA, an insurance subsidiary of Crédit Commercial de France, CCF.

In Switzerland, the company strengthened its position in direct sales and real estate management. Following the termination of an alliance with UBS, it acquired UBS's shares in the former joint-ventures of UBS Swiss Life, now called Swiss Life Direct, and LIVIT. After acquiring UTO Albis, LIVIT became the largest real estate management company in Switzerland.

In 1999, Swiss Life/Rentenanstalt also adjusted its corporate structure to better suit the company's new strategy. Business operations in Switzerland, comprising Swiss Life/Rentenanstalt Switzerland, «La Suisse» and Swiss Life Direct, were given a joint management and the activities of the individual units were realigned. By creating a new «E-Business» Division at the beginning of 2000,

Swiss Life/Rentenanstalt emphasised that it not only wants to follow market trends, but also be ahead of them.

Our company has been a public limited company only since the middle of 1997. Nevertheless, growth in profits again surpassed expectations with an increase to CHF 387.1 million. This pleasing result was registered despite soaring profits in 1998.

The realisation of our strategy has entailed and will continue to entail a number of changes. These changes are supported by highly motivated employees at all levels. The Board of Directors and the Corporate Executive Board take this opportunity to express their thanks to all of our staff.

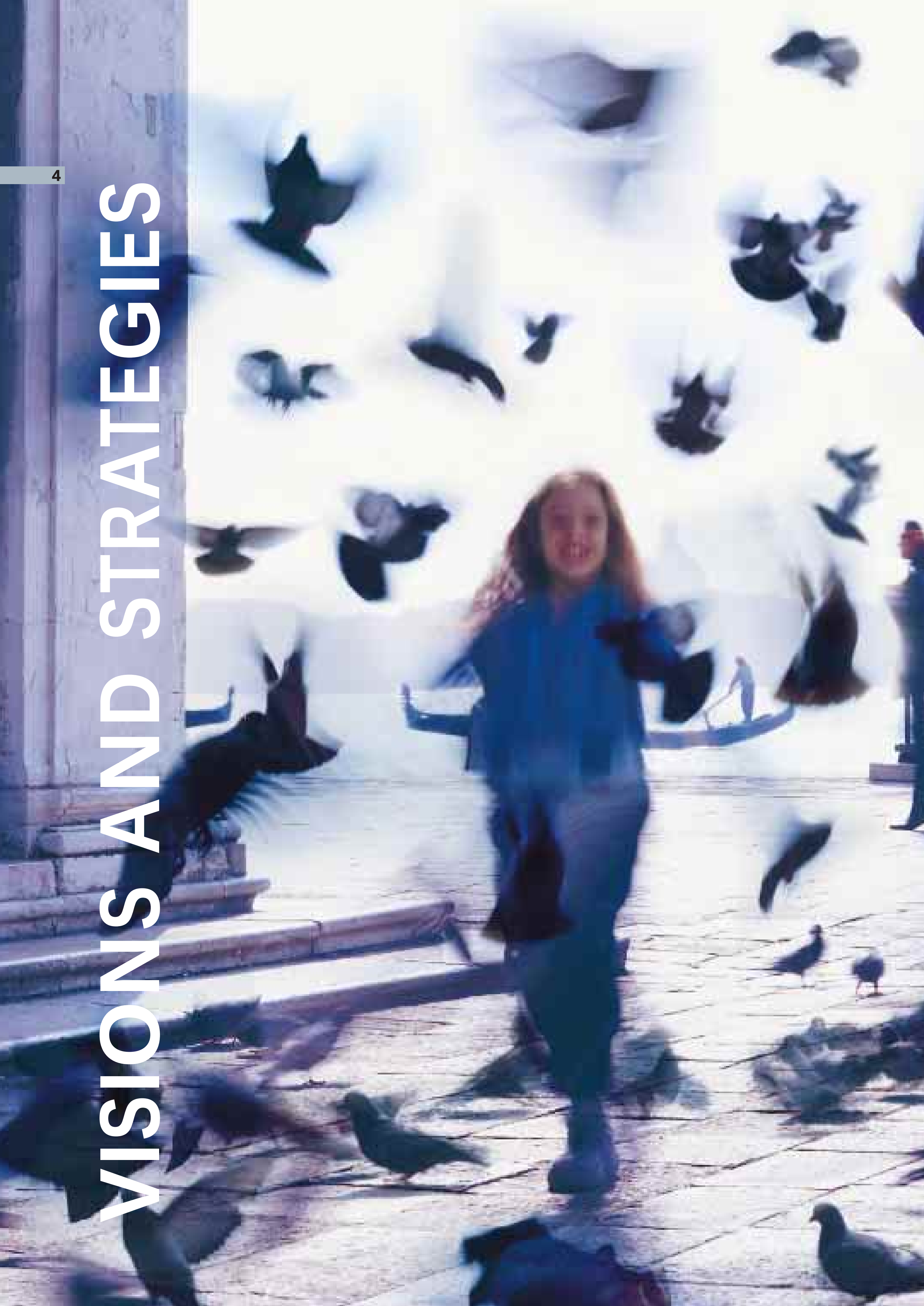
Many thanks also go to our clients for their loyalty to our company. We hope that results have shown shareholders that we are doing our utmost to increase our company's success.

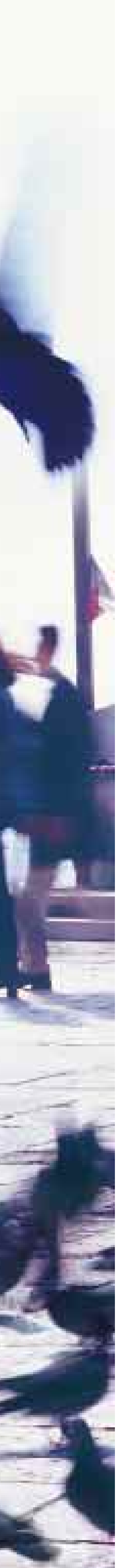
E. Rüesch Zobl

Ernst Rüesch
Chairman of the
Board of Directors

Manfred Zobl
President of the
Corporate
Executive Board

VISIONS AND STRATEGIES





VISIONS AND STRATEGIES

Swiss Life/Rentenanstalt has achieved much in its transformation from an insurance company to a financial services provider. Swiss Life/Rentenanstalt's strategy is clearly defined. The focus is on providing a range of client segments in the growing long-term savings market with a broad range of innovative financial products and solutions through a variety of distribution channels.

Swiss Life/Rentenanstalt came considerably closer in 1999 to achieving its target of being a leading, independent European provider of long-term savings solutions combining asset and risk management.

Acquisitions and synergies

Four acquisitions strengthened Swiss Life/Rentenanstalt's future position. They included the take over of Banca del Gottardo, UTO Albis, Schweizerische Treuhandgesellschaft (as per 1/1/2000) and Lloyd Continental, a large French private insurer. A majority holding also was acquired in the CCF insurance subsidiary ERISA.

The use of synergies within the group is just as important as external growth. Thus, Swiss Life/Rentenanstalt Switzerland, «La Suisse» and Swiss Life Direct were given a joint management.Together with a coordinated and complementary approach to the market, this reorganisation has strengthened the company enormously in the domestic market.

Following a termination of the company's alliance with UBS, a close cooperation was agreed to with the Zürcher Kantonalbank. This means that the group has a banking partner well established in the Zurich economic area.

Broad client base and new distribution channels

Thanks to newly-acquired companies, Swiss Life/Rentenanstalt substantially broadened its client base in 1999. The company increased its penetration of the wealthy private client sector, significantly strengthening its position in this highly competitive market segment.

The decision to emphasise e-business was an important investment for the future. The company believes in the potential offered by Internet technologies in opening up new markets. Swiss Life/Rentenanstalt will use this opportunity to build up a leading position in online fields.

Well positioned for the future

The following points underline Swiss Life/Rentenanstalt's strategic direction:

- Focus on the growing long-term savings market for a range of targeted client segments (retail, institutional investors, wealthy private clients),
- Expansion of core competencies in financial planning and asset management,
- Selective growth strategy in major European markets through enlarging multi-channel distribution.

Earnings power and transparency

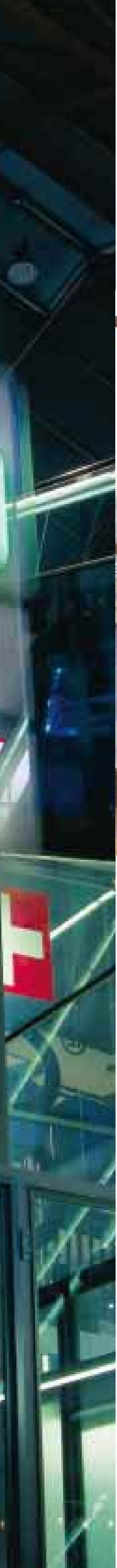
Swiss Life/Rentenanstalt has a long-term target of continually increasing added-value for its shareholders. This goal was achieved in 1999 through a significant growth in profits. New and ambitious targets have been set for 2000 and the following years aimed at continuing the company's successful performance.

Both increasing growth in profits and achieving improved transparency are of paramount importance for the company. The planned conversion to International Accounting Standards (IAS) has created a necessary prerequisite.

High expectations on the part of investors, clients and employees motivate Swiss Life/Rentenanstalt to achieve the highest performance. The company is well prepared for this challenge.

ORGANISATION

ORGANISATION



Corporate Executive Board
Karl Mühlebach Ernst Schneebeli Roland Chlapowski
Dominique P. Morax Manfred Zobl Markus Weisskopf Hannes A. Meyer

Swiss Life/Rentenanstalt's corporate structure was adjusted to better suit the company's new strategy. Swiss business operations were given a joint management and the European Division was strengthened.
At the beginning of 2000, two new divisions were created: «Finance & Risk Management» and «E-Business».

Board of Directors

Urs B. Rinderknecht resigned from the Board of Directors at the 1999 general shareholders' meeting following the termination of an alliance between UBS and Swiss Life/Rentenanstalt. The company thanks him for his commitment in the interests of the cooperation.

The general meeting renewed the mandates of Gilbert Coutau, Pierre de Chastonay, Josef Kühne, Ulrich Oppikofer, Jean-Jacques Cevey and Argante Righetti after they expired on June 17, 1999.

At the beginning of 1999, Swiss Life/Rentenanstalt learned that Fritz Honegger, former Federal Councillor, Honorary Chairman and former President of the Supervisory Board, had passed away. Swiss Life/Rentenanstalt holds his memory in great respect.

Corporate Executive Board

All Swiss business operations including Swiss Life/Rentenanstalt Switzerland, «La Suisse» and Swiss Life Direct now are under the joint management of Roland Chlapowski. Activities in Europe were divided into two business units as per January 1, 2000 and are now managed by Markus Weisskopf and Ernst Schneebeli. Christopher G. Ide, former head of the European Division, left the group on February 1, 2000. The new «Finance & Risk Management» Division is headed by Dominique P. Morax; Hannes A. Meyer is in charge of the new «E-Business» Division.

BOARD OF DIRECTORS

Board of Directors

Fritz Honegger
Former Federal Councillor, Rüschlikon
Honorary Chairman
Deceased 3/4/1999

Ernst Rüesch
Former member of the Council of States, former State Councillor, St. Gall
Chairman
Term of office until 2000

Rino Rossi
President and Delegate of the Board of Directors of V-Zug AG, Zug
First Vice Chairman
Term of office until 2000

Ulrich Oppikofer
Seltisberg
Second Vice Chairman
Term of office until 2002

Heinz Allenspach
Former National Councillor, Fällanden
Term of office until 2000

Christine Beerli-Kopp
Lawyer, member of the Council of States, Bienne
Term of office until 2000

Jean-Jacques Cevey
Former National Councillor, Montreux
Term of office until 2000

Pierre de Chastonay
Lawyer, Notary Public, former National Councillor, Sierre
Term of office until 2002

Gilbert Coutau
Economics consultant, former member of the Council of States, President of the Geneva Chamber of Commerce and Industry, Geneva
Term of office until 2002

Albert Eggli
Former National Councillor, Winterthur
Term of office until 2000

Maria Luisa Garzoni-Barberi
Garzoni SA, General contractors, Lugano
Term of office until 2001

Riccardo Jagmetti
Former member of the Council of States, President of the Swiss Insurance Association, Zurich
Term of office until 2001

Josef Kühne
Farmer, National Councillor, President of Swiss Milk Producers SMP, Benken SG
Term of office until 2002

Andres F. Leuenberger
Vice Chairman of the Board of Directors of Roche Holding AG, Chairman of Vorort, Riehen
Term of office until 2001

Georges Muller
Chairman of the Board of Directors of «La Suisse», Lausanne
Term of office until 2000

Erwin Reinhardt
Lawyer, Chairmann of the Board of Directors of Sihl+Eika Papier AG, Muri BE
Term of office until 2001

Argante Righetti
Lawyer, former State Councillor, Bellinzona
Term of office until 2000

Urs B. Rinderknecht
Co-President of UBS AG, Ennetbaden
Resigned as per 6/17/1999

Board of Directors' Committee

Ernst Rüesch
Chairman

Rino Rossi
First Vice Chairman

Ulrich Oppikofer
Second Vice Chairman

Pierre de Chastonay

Riccardo Jagmetti

Andres F. Leuenberger

Erwin Reinhardt

Urs B. Rinderknecht
Resigned as per 6/17/1999

Finance Committee

Ernst Rüesch
Chairman

Heinz Allenspach

Dominique P. Morax

Rino Rossi

Ernst Schneebeli

Manfred Zobl

Group Auditors and Statutory Auditors

PricewaterhouseCoopers

CORPORATE EXECUTIVE BOARD

Corporate Executive Board

Manfred Zobl
Chairman of the Corporate Executive Board, President,
1946, at Swiss Life/Rentenanstalt Group since 1992

Roland Chlapowski
Co-President
1951, at Swiss Life/Rentenanstalt Group since 1995

Christopher G. Ide
Co-President until January 31, 2000,
1950, at Swiss Life/Rentenanstalt Group since 1973

Hannes Anton Meyer
Co-President,
1943, at Swiss Life/Rentenanstalt Group since 1985

Dominique P. Morax
Co-President
1948, at Swiss Life/Rentenanstalt Group since 1997

Karl Mühlebach
Co-President,
1943, at Swiss Life/Rentenanstalt Group since 1970

Ernst Schneebeli
Co-President,
1945, at Swiss Life/Rentenanstalt Group since 1972

Markus Weisskopf
Co-President,
1944, at Swiss Life/Rentenanstalt Group since 1977

ORGANISATIONAL CHART

Chairman Board of Directors
Ernst Rüesch

Chairman Corporate Executive Board
Manfred Zobl

Corporate Center
Manfred Zobl

Switzerland
Roland Chlapowski

- **Swiss Life / Rentenanstalt** – Roland Chlapowski
- **«La Suisse»** – Charles Relecom
- **Swiss Life Direct** – Hans Ulrich Edelmann
- **Pendia AG** – Esther Sager

Europe I
Ernst Schneebeli

- **The Netherlands** – René van der Smeede
- **Belgium** – Louis Durieux
- **Great Britain** – Steve Burnett
- **Luxembourg** – Patrick Schols

Europe II
Markus Weisskopf

- **Germany** – Jürgen Strauss
- **France** – Jean-Antoine Chabannes
- **Spain** – Alberto Ferrando
- **Italy** – Italo Maffei

International
Karl Mühlebach

- **Advisory Services Network (ASN) AG** – Pascal Fanti

Finance + Risk Management
Dominique P. Morax

- **Banca del Gottardo** – Marco Netzer
- **STG Schweizerische Treuhandgesellschaft** – Sergio Taddei
- **Livit AG UTO Albis AG** – Samuel Gerber
- **Vermögensverwaltung AG** – Fred Siegrist

E-Business
Hannes A. Meyer

Branch offices and subsidiaries: as on 2/1/2000

COURSE OF BUSINESS

BUSINESS ON A GROUP LEVEL

The group's profit increased significantly once again. At CHF 387.1 million net (+41.6%), net profit was well above expectations. Gross premiums rose 6.6% to about CHF 17.9 billion. Share of premiums generated by foreign business was more than 46%, closer to our target of 50%. Shareholders' equity increased once again, reaching CHF 9.4 billion. Taking into consideration hybrid capital, which was raised during the course of the year, shareholders' equity was around CHF 11 billion. Assets under management increased 65.5% to more than CHF 190 billion.

Swiss Life/Rentenanstalt's consolidated financial statements are based on ARR recommendations for annual financial reports and consolidated financial accounts of insurers. Valuation of investments is at current value (detailed valuation principles can be found on pages 9 through 11 of the financial report). The difference between current value and purchase price is included in revaluation reserves. Treatment of deferred taxes is explained on page 11 of the financial report.

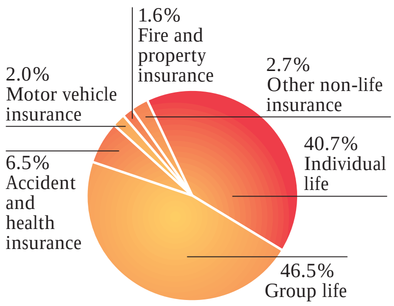
1999 financial year

The financial year under review was extremely successful. The group's profit for the year surpassed that of the previous year by 41.6% to reach CHF 387.1 million. Newly-consolidated companies also contributed to this gratifying result. Despite goodwill charges, a good return was achieved as a whole on invested capital. Swiss Life/Rentenanstalt privately placed a Euro-denominated subordinated perpetual step-up loan on March 31, 1999. Due to the conditions agreed upon, this form of funding is treated as equity (hybrid capital). Taking this transaction into account, shareholders' equity increased to around CHF 11 billion. This increase was influenced primarily by a rise in revaluation reserves as a result of positive stock exchange and currency translation developments.

Despite certain negative business conditions, which are explained in the reports on individual areas of operation, **premium income** increased once again (+6.6% to about CHF 17.9 billion). Newly-consolidated companies in France and a gratifying performance by branch offices contributed to this group result. The group almost reached its medium-term target of having premiums stem 50% from Swiss operations and 50% from foreign business: More than 46% of premiums was generated abroad in 1999.

Group	in million CHF	
	1999	1998
Regular premiums	**7 796.0**	7 243.4
Single premiums	**7 800.0**	7 974.1
Life business	**15 596.0**	15 217.5
Non-life business	**2 274.1**	1 541.5
Total gross premiums	**17 870.1**	16 759.0

Breakdown of 1999 gross premiums



The total of **claims paid** rose substantially (+26%). This figure primarily includes regular terminations (pure endowment sums, new pensions), but also so-called irregular terminations (service terminations, surrenders, contract terminations). The increase in claims paid is due to demographic factors and the economic environment.

Some CHF 8.4 billion was allocated to **technical reserves** (1998: CHF 9.5 billion). An excellent business performance allowed for changes in longevity and disability risk to be taken into consideration. The decrease in the allocation to technical reserves compared to the previous year reflects a substantial rise in insurance benefits that became payable. These are faced by slightly higher premium income.

Operating expenses rose 22%. Extraordinary factors such as the transition to the Euro (in particular in the investment sector) and preparations for the Y2K project were responsible for this increase. Acquisitions also had a particular affect on this figure. In evaluating an acquisition additional costs are incurred; and in the first year after a successful acquisition, costs are involved in consolidating a new company. Expenses relating to banking operations are shown separately in the profit and loss account.

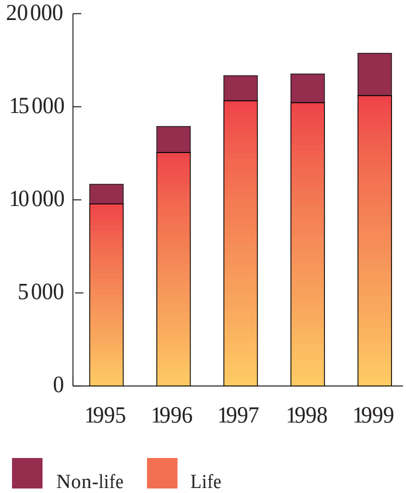
As in the previous year, **net investment income** was extraordinary and increased markedly (+ 19.7%). Realised net gains and, even more important, reactivated depreciations from the previous year contributed to this excellent result. The revaluation reserves (after deducting deferred taxes) of about CHF 6.5 billion (+ 43.8%) form a good basis for this year's investment activities.

Policyholders' **participation in profit** reached CHF 1.9 billion.

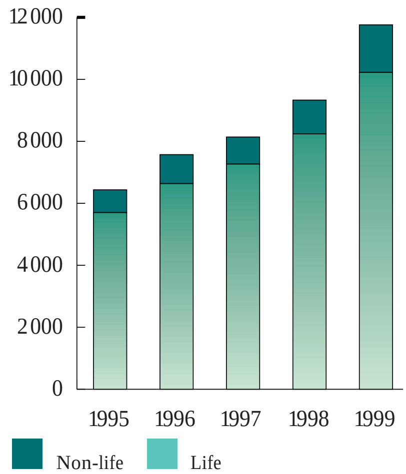
Excellent results from investment activities and a favourable risk profile resulted in a significantly higher **consolidated net profit for the year.** At CHF 387.1 million (+ 41.6%), this figure was well above expectations.

Assets under management increased from CHF 116.1 to 192.2 billion (+ 65.5%). Figures of STG Schweizerische Treuhandgesellschaft are not yet included (consolidation as per 1/1/2000).

Gross premiums
in million CHF



Claims paid
in million CHF



BUSINESS IN SWITZERLAND

Overall operations in Switzerland developed positively in the year under review. Nevertheless, the results of Swiss Life/Rentenanstalt, «La Suisse» and Swiss Life Direct present varying pictures. The three companies operating in the Swiss market were given a joint management and repositioned in the Swiss Division.

	1999	1998
Inflation	**0.81%**	0.02%
Unemployment	**2.72%**	3.85%
Return on government bond issues	**3.51%**	2.52%
GDP	**1.60%**	2.10%

The life insurance business in Switzerland was affected in the year under review once again by external factors. Single premium insurance for private individuals declined rapidly in 1999 as a result of a stamp duty introduced in 1998. However, Swiss Life/Rentenanstalt launched two new product lines – Swiss Life Calmo, a pension-linked life insurance, and Swiss Life Temperament, a unit-linked life insurance – and thus was able to compensate a portion of the decline. Furthermore, private individual business was affected also in 1999 by a decrease in the technical interest rate from 3$^1/_2$ to 2$^1/_2$ percent.

The economic environment remained erratic, but as a whole positive. The economy went through a noticeable revival and the unemployment rate fell successively to a low not seen for some time. The number of new companies founded continued to rise. Moreover, a general restructuring within the Swiss economy continues. On the one hand, this process is characterised by mergers, takeovers, reorganisations and shutdowns. On the other hand, new economic sectors are being created. Wages increased only marginally in 1999. Changing economic trends are having a particularly strong influence on group insurance business.

The Swiss Division was subject to a realignment of its individual business units and its overall organisation. The three companies operating in the Swiss market were given a joint management and repositioned. This reorganisation combined with a whole range of measures aimed at promoting growth and efficiency will ensure a coordinated and complementary approach to the market in the future.

Swiss Life/Rentenanstalt achieved a premium volume of CHF 8.3 billion in the year under review. Compared to the previous year, regular premiums increased. However, single premiums fell substantially, mainly as a result of a stamp duty on single premium insurance for private individuals that was introduced in 1998.

Swiss Life/Rentenanstalt's total premium volume in Switzerland amounted to CHF 8.3 billion. This was a decrease of 3.7% compared to 1998. Regular premiums rose about 1% to CHF 3.45 billion, while single premiums fell 7% to CHF 4.7 billion. The main reason for this decrease was a stamp duty on single premium insurance that was introduced in 1998 and took effect in 1999. However, growth in single premiums for pension-linked life insurance was able to compensate for a portion of the decrease.

Insurance benefits

Benefits paid increased by 19.3%, mainly in the group insurance sector. This was due to higher pure endowment sums as well as rising benefit payments for service and contract terminations. Benefits paid for individual insurance grew by 4.3%. Higher benefits in the case of survival are faced by a decrease in surrenders.

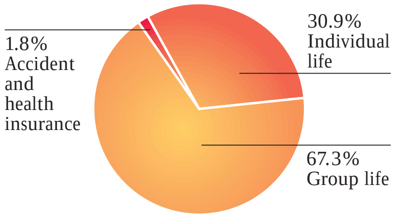
The claims profile remained constant with only slight growth in benefits for death and disability.

Operating expenses

Operating expenses amounted to CHF 720 million in 1999. This was an increase of 10.7% compared to the previous year. The reasons for this were higher distribution expenses (increase in production and the variable costs related to production as well as new laptops for the field service sector) and rising administration costs. Costs included an increase in personnel expenses and a range of larger expenditures that were fully written off in the year under review (such as expenditure for the new administration centre Binz in Zurich that was opened in autumn 1999). The cost ratio was 8.7%.

SL/RA Switzerland	in million CHF	
	1999	1998
Regular premiums	**3 454.4**	3 431.1
Single premiums	**4 694.9**	5 050.0
Life business	**8 149.3**	8 481.1
Non-life business	**161.0**	151.0
Total gross premiums	**8 310.3**	8 632.1

Breakdown of 1999 gross premiums



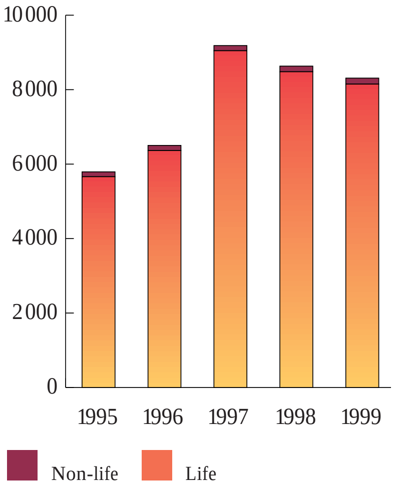
Becoming a financial services provider

The life insurance industry is in the midst of fundamental change. Borders between insurance companies and banks are slowly disappearing. The importance of long-term savings is increasing; and the range of products to satisfy this demand is growing accordingly. Swiss Life/Rentenanstalt is moving closer to becoming a financial services provider. In the year under review, for example, unit-linked life insurance covering six different, newly-issued Swiss Life funds was included in the company's product range. This innovative product line was a great success as it complements classic insurance. There is a great need for real asset accumulation through the use of funds. In the future, Swiss Life/Rentenanstalt will take advantage of these new market opportunities to launch further innovations.

Reorganisation

Changing market conditions, particularly the trend toward combined financial services, required a realignment of corporate structures, business processes and market strategies. Within the context of the AVANTI project, necessary steps were introduced in the second half of 1999. Since then, a good portion of reorganisation measures have been realised. The company's goals are: a clear alignment of activities to target individually-defined client segments, a consistent client focus, more efficient and more dynamic business processes, as well as optimisation of costs, and earnings growth. Another part of the AVANTI project involved a clear positioning of the three companies operating in the Swiss market. Within the newly-organised Swiss Division, Swiss Life/Rentenanstalt is the specialist for individual and group long-term savings products through its comprehensive distribution channels and through the personal consultancy skills of its well-trained employees.

Gross premiums
in million CHF



Distribution

Swiss Life/Rentenanstalt's goal is to cover all regions and all interesting client segments within the Swiss market. This is achieved through diversified distribution – making use of own and other distribution channels.

The dominant channel is the company's own field service. It is spread throughout the whole of Switzerland with around 800 employee benefits' consultants at 72 general agencies supported by seven regional service centres. The field service provides about 80% of new business from private individual clients and a significant share of new group business, especially from small and medium-sized companies. The changes in the market also pose challenges for field service employees. For this reason, a further training programme was developed to turn consultants into financial planners or employee-benefits consultants.

Independent insurance mediators, also known as brokers, are gaining in importance. Swiss Life/Rentenanstalt works together with professional brokers both in the private individual and group insurance sectors. Specialised teams at head office and at the regional service centres are responsible for serving brokers and ensuring top quality professional support.

A team of management consultants provide consultancy and other services to medium-sized and large clients. These teams are regionally organised, close to the client, and therefore can offer the best of service in the employee benefits sector (occupational employee benefits, accident and indemnity insurance).

Private individual business

A significant development in the private individual sector was the introduction of two new product lines.

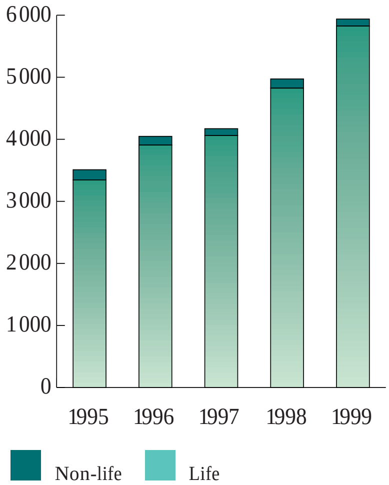
Life pensions (annuities) were reorganised under the name of Swiss Life Calmo. Through this reorganisation, a classic life insurance product became much more flexible and responsive to changes in clients' long-term savings requirements.

As the graph on page 18 shows, the Swiss Life Calmo line satisfied a market need. The line was launched on April 1st, 1999.

On August 1st, 1999, the private individual sector's product range was enlarged with the introduction of Swiss Life Temperament, a unit-linked life insurance. This product's success surpassed all expectations. Within a few months, the new product line generated almost half of all new business.

Endowment insurance in the single premium sector fell by 50.4%. This slump was primarily the result of a stamp duty introduced on April 1st, 1998.

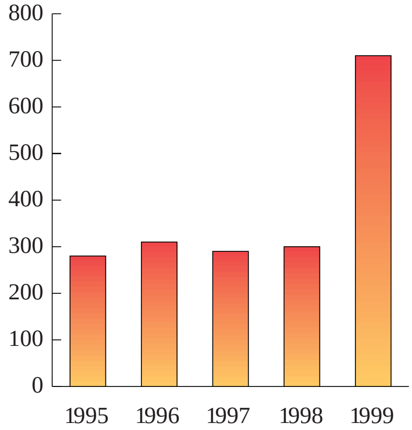
Claims paid
in million CHF



However, new product lines were able to compensate for a major portion of this drop in classic single premiums. As a result, regular premiums increased by 2.6%, although total premium income fell 5.7% to CHF 2.6 billion.

The volume of paid claims remained stable. Disability risk remained at a high level, although the result improved substantially in comparison with the previous year. Efforts to improve quality and efficiency in the client services sector paid off. A service benchmark for banks and insurance companies placed Swiss Life/Rentenanstalt amongst the leaders in the individual client sector.

Life pension premiums
in million CHF



Group business

Premium income

At CHF 5.7 billion, premium income was 2.8% lower than the previous year's exceptionally high level. Single premiums caused this slight decrease as they fell 4.9% to CHF 3.42 billion. On the other hand, regular premiums increased once again by 1.1% to more than CHF 2.1 billion.

Insurance benefits

At 25.6%, insurance benefits in the year under review increased significantly. Thus, a trend set in previous years continued. Reasons for the most recent increase can be found once again in rising staff fluctuations that caused another increase in surrenders of portable credit policies and service terminations. There was also a significant rise in contract terminations as a result of shutdowns, mergers and a reduction in employee benefits institutions. On the other hand, disability cases decreased as measures implemented two years ago to decrease such benefits finally bore fruit.

Administration

Thanks to excellent preparation, the critical turn of the millennium posed no problems. At the start of 2000, all administrative work proceeded smoothly. However, intensive efforts continued to improve processing and productivity.

New administration centre

The first organisational units moved to their state-of-the-art work stations in the new administration centre called Binz 2000 in autumn 1999. This centre will include all group sales and administration units. By concentrating all employees working in the same business sector, synergies in administration and client services can be exploited to the full.

Business units

A shift of insurance portfolios to new client service units in Lausanne and Lugano continued in the year under review.
The client segment «small companies» with up to 20 employees generated income totalling CHF 868 million. This is an increase of 2.4%. Overall income is divided into regular premiums of CHF 411 million and single premiums of CHF 457 million. This result was influenced by a further shift of business processes to the local field service.
At CHF 1.15 billion, the business unit responsible for medium-sized companies fell short of the previous year's total premium income. The reasons for this decline are a slight increase in contract terminations and a transfer of portfolios to other business units. As regards insurance benefits, service terminations – which experienced a relatively strong increase in recent years – stabilised at the previous year's level.
Distribution via brokers and independent consultants are increasingly important for company business in the occupational employee benefits sector. This is reflected in the rise in premium income as well as the increased number of contracts and insured persons that are served by the group insurance central office for brokers.

The «large companies and associations» business unit was able to build on the previous year's extraordinary premium volume of CHF 3.05 billion. Single premiums dropped to CHF 2.08 billion, which was slightly less than in the previous year. This is the result of a conscious limitation on the share of an investment product called Assur-Invest. Nevertheless, single premiums continued to clearly dominate regular premiums in the year under review. The general-contractor concept – tailor-made «bundling» of insurance and investment products and services – was further developed and received a positive reaction from the market. This concept is specifically directed at autonomous pension funds. Clients appreciated a newly-offered service module called «pension fund accounting according to international standards». The Swiss Life occupational employee benefits foundations expanded their product range in 1999. Thus, clients can have their assets managed by various asset managers so as to profit from a broader range of services. The volume of contributions increased from CHF 550 million to CHF 620 million. The foundations' savings contributions are not consolidated in Swiss Life/ Rentenanstalt's premium volume.

The business unit responsible for the French-speaking and Italian-speaking areas of Switzerland reported a gratifying year. At 513.2 million, premium volume was well above the previous year's figure. This increase was mainly the result of a portfolio shift from the segment for medium-sized companies. Restructuring measures realised in 1998 are beginning to bear fruit. Closeness to the client was intensified.

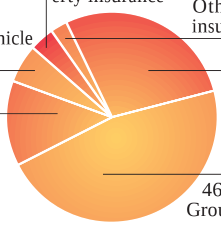
The group indemnity insurance business unit can look back on another positive business year. Premium income rose 7.3% to CHF 142.5 million. An increase in insurance benefits was limited to 3.9%. Active claims management once again resulted in an improvement in the claims profile. An SQS-Certificate ISO 9001 was acquired in order to optimise quality management and standards.

With CHF 948.7 million in premium income, the «La Suisse»-Group looks back on a positive financial year.
A project aimed at renewal and reorganisation was launched under the title «500 jours». This project is being realised in close coordination with another project entitled AVANTI.

Gross premiums in the life and non-life sectors amounted to CHF 948.7 million in 1999.
In the life sector, «La Suisse» achieved a very good result with CHF 709 million. Premium volume remained almost stable, even though fiscal measures in the individual life insurance sector hampered new business. Group insurance reported a positive development. Insurance benefits were supervised regularly and continued to develop within a normal framework.
In the non-life sector («La Suisse» Accidents), premiums increased once again to reach CHF 239.7 million. This pleasing result was achieved despite a saturated market. Insurance benefits – already on a low level in the previous year – decreased, but only slightly, despite the fact that 1999 was marked by a variety of natural disasters such as avalanches, storms and floods. Thanks to comprehensive reinsurance, the effects of these events remained within bounds in the annual accounts. This allowed «La Suisse» Accidents to increase reserves for disasters and to create provisions to settle corresponding claims.
1999 was marked by the launch of the largest project in the history of «La Suisse»: «500 jours». This project's goals are to simplify business processes for clients and to gear consultancy services even more toward their needs. This is to be achieved by unifying the product range and making services to clients more efficient. The goal is to shorten answer periods and, accordingly, increase client satisfaction. «La Suisse» continues to work on strengthening its reputation as a specialist in insurance matters for small and medium-sized companies. The company's strength in this segment of the market was improved through reorganisation and optimisation of the client service network and through intense efforts in recruiting and training general agents and insurance consultants. In addition, special software was developed and given to brokers on CD-ROM in order to simplify collaboration between brokers and «La Suisse». This software has a labour-saving effect and allows for a quicker reaction to market requirements.
As a result of these investments in the future of the company, costs increased slightly compared to the previous year.

«La Suisse»		in million CHF
	1999	1998
Regular premiums	**362.4**	378.2
Single premiums	**346.6**	339.7
Life business	**709.0**	717.9
Non-life business	**239.7**	234.7
Total gross premiums	**948.7**	952.6

Breakdown of 1999 gross premiums



Swiss Life Direct

Swiss Life Direct, formerly UBS Swiss Life, earned premium income of CHF 332.1 million in 1999. A strong decline compared to the previous year was due to the implementation of a stamp duty. Profitline, a phone sales channel, launched a successful fund shop.

The 1999 financial year was marked by two events: the transition of the UBS Swiss Life joint venture to Swiss Life Direct, a subsidiary held one hundred percent by Swiss Life/Rentenanstalt; and the implementation of a stamp duty on single premium insurance. The latter resulted in a shortfall in sales of over 70% compared to the previous year. Premium income amounted to CHF 332.1 million in 1999.

Tasks relating to the demerger and reorganisation were top priorities in the year under review. The company was repositioned and given a new corporate identity. Within the framework of the reorganisation project entitled AVANTI, the basis was laid for a promising future for the new Swiss Life Direct. «Direct» refers to direct sales, and to closeness to clients and partners. Thus, Swiss Life Direct plays an important role in Swiss business operations. In its role as an alternative distribution channel, it currently concentrates on banks and brokers as distribution partners as well as on phone and Internet sales via «Profitline».

Swiss Life Direct was almost exclusively specialised in single premiums. In the first quarter of 1998, it achieved an extraordinary increase in premium income. Accordingly, a stamp duty of 2.5% on single premium insurance introduced on April 1st, 1998, had a very negative effect on business operations. However, in the wake of this development, the phone sales channel Profitline was extremely successful in launching a fund shop in May 1999. ProfitlineDeLuxe, a product concept, offers leading funds with standard pricing for all participating fund companies and funds. As early as the end of the year under review, the new fund shop contributed 25% to sales volume. These amounts, however, are not recorded as insurance premiums. For this reason, they are not shown in the table below.

Swiss Life Direct	in million CHF	
	1999	1998
Regular premiums	**8.1**	1.8
Single premiums	**324.0**	1 269.4
Life business	**332.1**	1 271.2
Non-life business	**–**	–
Total gross premiums	**332.1**	1 271.2

New management

Swiss Life Direct has been under the management of Hans Ulrich Edelmann since April 1st, 1999.

BUSINESS IN EUROPE

1999 was an excellent financial year for Swiss Life/Rentenanstalt in Europe. Premium income increased 40% to CHF 8.35 billion. This increase is the result of both internal and external growth. At the end of 1999, more than 46% of the Swiss Life/Rentenanstalt Group's total premium income was earned abroad.

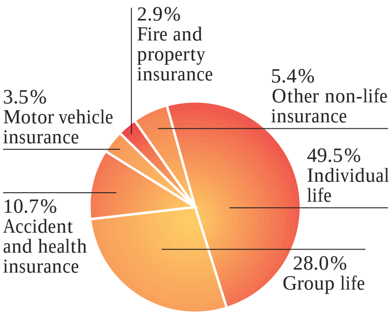
In 1999, consolidation in the financial services sector in Europe continued. Swiss Life/Rentenanstalt responded to this trend by acquiring Lloyd Continental and a majority holding in ERISA in France. Acquisitions were carried out on the condition that they added value for shareholders. For the same reason, a majority holding in the Hungarian insurance company Glória was transferred to Wiener Städtische in Austria, one of Swiss Life/Rentenanstalt's network partners.

Overall, 1999 was an excellent financial year in Europe for Swiss Life/Rentenanstalt. Activities were successfully expanded in all countries where the company operates. This led to an increase in premium income of approximately 40%. A trend from traditional to unit-linked business continued as in the years before. This tendency was especially visible in Belgium and the Netherlands. But Swiss Life (España) was also able to launch successfully unit-linked policies at the end of 1999, thanks to a new Spanish law regarding tax privileges on unit-linked insurance policies. As a result of the full consolidation of ERISA-Vie as on July 1st, 1999, single premiums in European business doubled. This is without taking into account unit-linked premiums. Regular premiums from traditional business operations also grew by about 10%. The take-over of Lloyd Continental, a company offering mainly accident and health insurance, resulted in an increase in non-life premiums of 62%. At the end of 1999, more than 46% of Swiss Life/Rentenanstalt's group premiums were generated abroad.

Thanks to excellent preparation in all countries, the turn of the millennium proceeded smoothly. In particular in France, additional reserves were augmented. They covered the effects of storm Lothar and the shipwreck of tanker Erika at the end of 1999. Especially due to excellent reinsurance coverage, however, these catastrophic events influenced the financial accounts insignificantly.

Europe	in million CHF	
	1999	1998
Regular premiums	**4 036.5**	3 510.0
Single premiums	**2 434.5**	1 315.0
Life business	**6 471.0**	4 825.0
Non-life business	**1 882.6**	1 164.4
Total gross premiums	**8 353.6**	5 989.4

Breakdown of 1999 gross premiums



Germany

1999 was once again an above-average year for the German branch office. Premium income increased almost 16% to about DEM 2.1 billion. More insurance was taken out in fear of a German government plan to introduce a tax on life insurance. However, the tax was not approved by federal parliament.

	1999	1998
Inflation	**0.65%**	0.61%
Unemployment	**9.10%**	9.45%
Return on government bond issues	**5.36%**	3.87%
GDP	**1.40%**	1.95%
Exchange rate EUR	**1.6063**	

1999 was a record year for the German life insurance industry. Political debate on the future of state pension funds and tax increases on asset-building insurance products pushed premium growth. But, more important, the debate activated a large part of the population to look at private retirement alternatives. As a result, there was a major increase in new business, particularly in the second half of the year. This development illustrates the German population's confidence in the performance of the life insurance industry.

Federal parliament rejected a German government plan to introduce a tax on life insurance. To ensure a necessary build up in private and employee retirement plans, clear tax signals now are required.

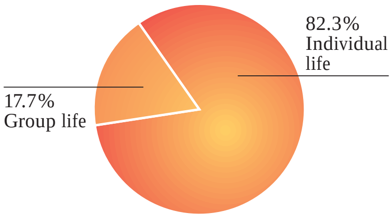
The problem of the pay-as-you-go social insurance system can only be resolved through fundamental change. If contribution rates are to be stabilised at their already high level, around one third of benefits from state pension funds must be replaced in the long term by private insurance plans. This calculation was made by independent specialists. The hope is that the government will quickly turn discussion into real reform so as to avoid increasing the burden to be carried by future generations.

1999 financial year in Germany

Against this background, the German branch office produced an above-average performance. Premium income increased almost 16% to about DEM 2.1 billion. At the same time, the life insurance market in Germany as a whole grew by a more modest around 12%. New business at the German branch office increased by 46%. Growth was mainly the result of new contracts in the individual insurance sector. Group insurance – a traditionally strong business – would have been less affected by tax changes, and subsequently did not have such a boost from new business. Return on investments fell slightly to 7.5%, but still remained on a high level. Work continued on the updating of administration systems. Annual profit rose by 66%.

Germany	in million DEM	
	1999	1998
Regular premiums	**1 606.1**	1 293.4
Single premiums	**485.5**	514.6
Life business	**2 091.6**	1 808.0
Non-life business	**–**	–
Total gross premiums	**2 091.6**	1 808.0

Breakdown of 1999 gross premiums



France

In 1999, the French branch office Société suisse posted a consolidated gross premium volume of FRF 15.9 billion. Thanks to the acquisition of Lloyd Continental and a majority holding in ERISA-Vie and ERISA IARD (fully consolidated since July 1st, 1999), Swiss Life/Rentenanstalt's position in the French market expanded considerably.

	1999	1998
Inflation	**0.62%**	0.68%
Unemployment	**11.03%**	11.73%
Return on government bond issues	**5.48%**	3.89%
GDP	**3.10%**	3.38%
Exchange rate EUR	**1.6036**	

In an advantageous international environment, the French economy developed much better than expected. A dynamic trend in the export sector increased demand for production and investments. Economic growth of 3.1% and a slight decrease of 0.62% in inflation led to a reduction in the state deficit. At the same time, unemployment fell to 11.03%. The stock exchange index CAC 40 rose by more than 50% – an increase last achieved in 1987.

Global economic growth also resulted in an increase in long-term interest rates from 3.89% to 5.48% at the end of 1999.

Insurance market

1999 was marked by a substantial rise in premium income to FRF 496 billion in the life and asset creation insurance sectors within the French insurance market. This is a 15% increase following a 15% decrease in the previous year. There are two reasons for this gratifying development: the favourable situation in the financial markets; and the fact that, for the first time in four years, tax privileges on life insurance were not cut in 1999. Life insurance, the most popular financial product in France, developed strongly in 1999, achieving a yield of 4.5% to 6%, depending on the company. This makes life insurance an extraordinarily profitable financial investment. The health and accident insurance sector recorded a slightly higher increase in premiums of 1% to FRF 59.3 billion.

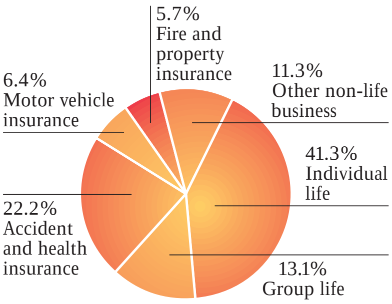
1999 financial year in France

Société suisse continued its dynamic expansion in 1999. At the beginning of last year, Lloyd Continental, a leading individual health insurance company, was acquired, making Société suisse number 4 in the French health insurance market. Furthermore, the company acquired a majority holding in ERISA-Vie and ERISA IARD, the insurance subsidiaries of Crédit Commercial de France (CCF). CCF has been Swiss Life/Rentenanstalt's partner for over ten years.

In 1999, Groupe Société suisse in France reported a consolidated gross premium volume of FRF 15.9 billion. FRF 8.7 billion or 54% was attributable to the life and asset creation insurance sectors; FRF 5.2 billion or 34% was generated by the health insurance and benefit plan sector, while FRF 2 billion or 12% was attributable to property insurance. Assets under management at the end of 1999 amounted to FRF 70 billion.

France		**in million FRF**
	1999	1998
Regular premiums	**4 350.9**	3 444.2
Single premiums	**4 307.5**	1 089.8
Life business	**8 658.4**	4 534.0
Non-life business	**7 263.9**	4 317.9
Total gross premiums	**15 922.3**	8 851.9

Breakdown of 1999 gross premiums



The Netherlands

In 1999, Zwitserleven earned premium income of NLG 1.7 billion. Thus, premium income grew 20.8% compared to the previous year. The branch office has been under the management of René van der Smeede since the end of 1998.

	1999	1998
Inflation	**2.02%**	1.81%
Unemployment	**3.13%**	3.97%
Return on government bond issues	**5.49%**	3.95%
GDP	**3.20%**	3.68%
Exchange rate EUR	**1.6036**	

The Netherlands was able to profit as in 1998 from extremely favourable economic conditions. Real gross domestic product increased more than 3% and helped reduce unemployment to the lowest rate since 1980. The consumer index climbed to an all-time high, while inflation remained within bounds. This gratifying development is said to be the result of the «Polder model», which created a productive consensus between unions, employers and the government. The Euro was introduced in capital markets on January 1st. However, preparations with regard to the turn of the millennium and the decrease of the technical interest rate from 4% to 3% had a much stronger direct impact on activities and required additional efforts from IT-departments.

1999 financial year in the Netherlands

In 1999, Zwitserleven was able to surpass the previous year's excellent performance. Total gross premiums increased by 20.8% to NLG 1713 million. New business written also grew substantially compared to the previous year.

Growth recorded in 1999 also resulted in strongly increased costs in serving clients. Nevertheless, the company was able to keep costs within bounds. This was despite extraordinary EDP expenses incurred in connection with the turn of the millennium that were made in addition to strategic EDP investments to support future growth.

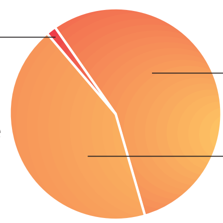
Success in keeping costs under control was based on the implementation of a new organisational structure. Zwitserleven is now divided into three main divisions: marketing & sales, technology & development and insurance operations. This allows Zwitserleven to focus even more strongly on the sale of innovative, client-oriented products.

In 1999, client-oriented concepts were developed with the help of a modular product in group insurance (benefit select plan) and a unit-linked savings product in individual insurance. At the core of these products are individual modules, for some of which Zwitserleven entered into a cooperation with external service providers (banks and health insurance companies).

Similar alliances also allow Zwitserleven to provide clients with a larger range of mortgage loans. Business related to mortgages rose strongly in 1999. Zwitserleven and another company were named best provider of mortgage loans in a consumer test.

The Netherlands	in million NLG	
	1999	1998
Regular premiums	**1 099.1**	1 112.0
Single premiums	**600.0**	292.0
Life business	**1 669.1**	1 404.0
Non-life business	**14.3**	14.7
Total gross premiums	**1 713.4**	1 418.7

Breakdown of 1999 gross premiums



Belgium

Swiss Life Group (Belgium) increased premium income by 14% to BEF 14.27 billion. This rise is the result of strong growth in unit-linked products and group insurance.

	1999	1998
Inflation	**1.16%**	0.93%
Unemployment	**8.97%**	9.48%
Return on government bond issues	**5.60%**	4.07%
GDP	**1.88%**	2.70%
Exchange rate EUR	**1.6036**	

Due to a slow economic development in European countries at the beginning of the year and the dioxin crisis in Belgium, the Belgian economy failed to achieve the excellent results of 1997 and 1998. In the year under review, economic growth fell from 2.7% in the previous year to 1.88%. Exports were affected particularly by the dioxin crisis. Following a strong increase in energy prices, inflation rose from 0.93% (1998) to 1.16% (1999).

Insurance market

On January 1st, 1999, the technical interest rate on life insurance decreased from 4.75% to 3.75%. Most insurance companies, however, had used since the beginning of 1999 an anticipated interest rate of 3.25%. This development did not curb the life insurance business's strong development in the Belgian market. In 1998, life premiums were slightly higher than non-life premiums for the first time. In 1999, the share of life premiums reached 58%. The share of life premiums at Swiss Life Group (Belgium) amounted to 83% in 1999.

The main reason for the strong development of life insurance continues to be unit-linked products.

1999 financial year in Belgium

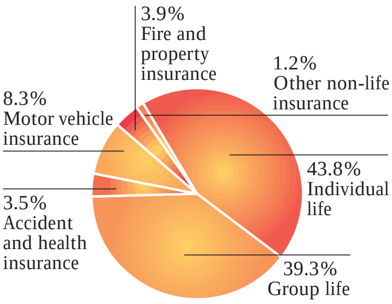
Swiss Life Group (Belgium) comprises the Swiss Life branch office and ZELIA (formerly GAN Belgium) which was acquired in 1996. Since the beginning of 1995, Swiss Life Group (Belgium) has been closely collaborating with Crédit Agricole, in which it has a holding of 33.3%. Swiss Life Group (Belgium) did not attain the previous year's result as regards traditional individual life insurance (–15%). It did, however, achieve growth of 85% in the area of unit-linked products.

Although group insurance business in Belgium was weaker (approximately –2.7%), Swiss Life Group (Belgium) reported an increase of 14% in premiums in 1999. With its new «Liberty Plan», one of the most up-to-date group insurance products belonging to the «Cafeteria Plan» type, Swiss Life Group (Belgium) strengthened its leading position in the Belgian group insurance market.

Contrary to general market expectations, Swiss Life Group (Belgium) increased its earnings from property insurance by 3% instead of 2%.

Belgium	in million BEF	
	1999	1998
Regular premiums	**5 802.8**	7 127.1
Single premiums	**6 064.5**	3 306.8
Life business	**11 867.3**	10 433.9
Non-life business	**2 405.9**	2 296.4
Total gross premiums	**14 273.2**	12 730.3

Breakdown of 1999 gross premiums



Swiss Life (UK) increased its 1999 premium income by 17% to GBP 254.8 million. The individual insurance business in particular recorded above-average growth. Previous investments in personnel and technical infrastructure began to bear fruit.

	1999	1998
Inflation	**2.28%**	2.68%
Unemployment	**4.35%**	4.74%
Return on government bond issues	**5.48%**	4.36%
GDP	**1.83%**	2.18%
Exchange rate GBP	**2.5742**	2.29

Consolidation in the British financial services sector continued in 1999. Large companies made headlines with take-overs, mergers and speculation as to if they would or not. Larger providers tried to increase their market share through acquisitions while smaller companies, such as Swiss Life (UK), concentrated on reaching focused markets in profitable niches, often quite successfully.

1999 financial year in Great Britain

Swiss Life (UK)'s premiums increased by 17% in 1999. Group insurance reported premium growth of 14% as individual insurance grew by 23%. The volume of total regular premiums rose by 16%, as single premiums for managed funds doubled.

In the year under review, Swiss Life (UK) increased its share of new business, which is sold through IFAs (Independent Financial Advisors), in the area of individual risk insurance by 75%. At the same time, the company was able to hold its position as a leading provider of group risk insurance. Swiss Life (UK) increasingly establishes itself as a leading risk insurer in the British IFA market, the niche in which it is mainly active. Its goal is to become a desired provider for other companies engaged in the financial services industry. Another large distribution partner will be added in the course of 2000.

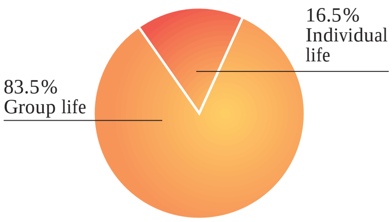
Swiss Life (UK) received various awards in 1999 for the continued good performance of its investments.

Swiss Life (UK) was named Manager of the Year in the sector of pooled funds by the British Professional Pensions Magazine.

The Proteus Investment Fund performed exceptionally well. This UK equity fund ranked 3rd from a total of 66 funds in a five-year-comparison by Standard & Poors. The fund manager of the European Equity Fund, operating from Zurich, was named Fund Manager of the Year by Euro Magazine.

Great Britain	in million GBP	
	1999	1998
Regular premiums	**196.9**	169.1
Single premiums	**57.9**	48.7
Life business	**254.8**	217.8
Non-life business	–	–
Total gross premiums	**254.8**	217.8

Breakdown of 1999 gross premiums



At ESP 12.87 billion, Swiss Life (España) achieved premium growth well above that of the market as a whole. Swiss Life (España) was the first company in Spain to launch a unit-linked product in the group business sector.

Swiss Life (Luxembourg) looks back on a successful financial year in 1999. Premiums increased by 13.6% to LUF 2.5 billion. In the year under review, important investments were made in IT projects.

Spain

	1999	1998
Inflation	**2.23%**	1.80%
Unemployment	**10.10%**	11.64%
Return on government bond issues	**5.56%**	3.98%
GDP	**3.78%**	3.93%
Exchange rate EUR	**1.6036**	

Luxembourg

	1999	1998
Inflation	**1.03%**	0.98%
Unemployment	**2.76%**	2.81%
Return on government bond issues*		
GDP	**4.90%**	4.40%
Exchange rate EUR	**1.6036**	

* no government bond issues outstanding

Spain

At 3.78%, economic growth in Spain in 1999 was well above the European average. At the same time, unemployment fell from 11.64% to 10.1%.
The estimated growth of the Spanish insurance industry was 42%. This was primarily the result of a strong rise in business with unit-linked insurance products. These products are offered increasingly through banking channels. Excluding unit-linked business, growth would have amounted to approximately 13%.

1999 financial year in Spain
At 27%, Swiss Life (España)'s premium growth during the 1999 financial year was more than double the market average.
Swiss Life (España) was the first company in Spain to introduce a unit-linked group insurance product. This step was taken in view of the legally prescribed transfer of internal occupational pension funds to insurance companies by January 2001 (exteriorización). Swiss Life (España)'s internal organisation was simplified so as to ensure improved flexibility and greater efficiency.

Spain	in million ESP	
	1999	1998
Regular premiums	**6 466.9**	6 232.1
Single premiums	**6 407.3**	3 893.9
Life business	**12 874.2**	10 126.0
Non-life business	**–**	–
Total gross premiums	**12 874.2**	10 126.0

Luxembourg

1999 was an excellent year from an economic point of view. Gross domestic product increased in real terms by 4.9% and inflation remained stable at 1.03%. Unemployment declined to a new low of 2.76%. Thus, a very positive previous year was surpassed once again. With the help of two new laws governing the 2nd pillar and international pension funds, Luxembourg laid the foundation for the promotion of occupational employee benefit plans. To achieve this, it is using asset creation insurance schemes.

1999 financial year in Luxembourg
Swiss Life (Luxembourg)'s 1999 annual accounts are extremely gratifying. Thanks to stable growth both in individual and group insurance, gross premiums increased by 13.6% to more than LUF 2.5 billion. At the end of 1999, Swiss Life (Luxembourg) launched a new unit-linked insurance called Flex-Invest, thereby complementing its range with yet another new product.

Luxembourg	in million LUF	
	1999	1998
Regular premiums	**752.6**	564.9
Single premiums	**1 786.2**	1 669.1
Life business	**2 538.8**	2 234.0
Non-life business	**–**	–
Total gross premiums	**2 538.8**	2 234.0

Change in the management
On November 15, 1999, Patrick W. Schols succeeded Jacques Clerc, who passed away in 1999, as the head of Swiss Life (Luxembourg).

Italy

Liberalisation of tariffs in the group insurance business reduced Swiss Life (Italia)'s premium income by about 4% to ITL 62.8 billion. This decrease was compensated in part by strong growth in pension insurance.

Following the third year of budgetary reform, the Italian state deficit was down to 1.9% of GDP in 1999. Total indebtedness, however, is still well above the Maastricht standard. For this reason, there is a great amount of pressure to bridge future financial gaps in social insurance by increasing the retirement age; and thereby limiting unnecessary early retirement which is widespread in Italy. Trade unions, however, only want to realise this reform in 2001.

Insurance market

Life insurance premiums in Italy rose once again by more than 30%. The planned doubling of tax-exempt amounts as well as the implementation of an earmarked third pillar will continue to boost growth in the future.

1999 financial year in Italy

At ITL 62.3 billion, Swiss Life (Italia)'s life insurance premiums were slightly below the previous year's level. This is mainly the result of liberalised group insurance tariffs. Accordingly, Swiss Life (Italia) introduced a new tariff in this sector, which is characterised by lower risk premiums but no entitlement to participation in profits.

Italy		in million ITL
	1999	1998
Regular premiums	**32 793.0**	31 388.3
Single premiums	**29 537.8**	32 831.4
Life business	**62 330.8**	64 219.7
Non-life business	**511.2**	1 140.5
Total gross premiums	**62 842.0**	65 360.2

	1999	1998
Inflation	**1.64%**	2.01%
Unemployment	**11.38%**	11.85%
Return on government bond issues	**5.58%**	4.03%
GDP	**1.08%**	1.58%
Exchange rate EUR	**1.6036**	

BUSINESS IN THE «INTERNATIONAL DIVISION»

In the year under review, the Swiss Life Network strengthened its position as a leading global provider of international benefit plan solutions.

In its 39th year of existence, the Swiss Life Network was able to further expand its leading position. It has a market share of 35% in the international benefit plan sector. In the year under review, approximately 800 new contracts were written and 40 multinationals concluded new international skeleton agreements. Moreover, the Swiss Life Network will launch a state-of-the-art benefit concept for multinational companies in the year 2000.

Within the framework of an examination of the company's position, clients were asked to answer questions on Swiss Life Network's image and clients' satisfaction with its services. This showed that clients judge the Swiss Life Network to be the leading, competent provider of international benefit plan solutions. The Swiss Life Network is a benchmark in the client segment comprising international companies.

In the US, the Swiss Life Network has agreed on exclusive collaboration with its partner Hartford Life (S&P rating AA–). Furthermore, it has been represented in Venezuela by Seguros Comerciales Bolívar since the beginning of 1999.

China

The rather young insurance industry in China is still officially «closed» to foreign insurers and licences are being handed out one at a time. With China's expected entry into the «World Trade Organisation» sometime in the year 2000, it is anticipated that the insurance market will accept new foreign entrants at a faster pace. Swiss Life/Rentenanstalt underlines its intention to operate in this market. In March 1999, it announced the establishment of a CHF 100 million direct investment fund. The «Swiss Life Private Equity China Fund» aims to support the Chinese government's goal of attracting foreign direct investment into China. The fund focuses mainly on PCR companies in the following sectors: agro-based industries, construction-related businesses and infrastructure projects for energy, telecommunications and public transport.

Swiss Life/Rentenanstalt is also working with the Guangdong Provincial Government Development and Research Centre to investigate ways to stimulate domestic demand and economic development in southern China.

Furthermore, the company acted as an active sponsor for various projects. Projects of the insurance industry and those aimed at further developing the Chinese economy received first priority.

In April 1999, Manfred Zobl, President of the Corporate Executive Board, assumed the presidency of the «Swiss-Chinese Chamber of Commerce» in Zurich, an influential organisation that plays an important role in promoting Swiss Chinese business relations.

Australia

Swiss Life International Services (SLIS) Asia Pacific is located in Sydney, Australia. The country offers a stable political and economic environment, which makes it the ideal base for SLIS's sales activities. SLIS Asia Pacific advises clients in the Asia Pacific region with regard to questions on benefit plans, and provides the Swiss Life Network's local insurers in the region with sales support.

The Swiss Life Network

Swiss Life, the pioneer of international employee benefits networks, is the leading provider of occupational group insurance products in the international market. Together with over 50 partners in 44 countries, the Swiss Life Network offers the highest level of service and sophisticated products to meet the needs of its demanding multinational clients.

In today's globalised economy, competitiveness is the key to maintaining growth. This also applies to remuneration and employee benefits, decisive factors in attracting and keeping quality staff and highly skilled employees. Furthermore, as governments around the world are shifting an increasing level of financial responsibility for social benefits to employers, corporations are seeking ways to manage those costs yet offer attractive, innovative insurance plans to employees. The Swiss Life Network assists corporations to face these challenges. Its world-wide team of Network Partners strives to support multinational corporations in all areas of occupational employee benefits. The Network is formed of companies belonging to the Swiss Life Group and leading local life insurers in countries where Swiss Life is not directly active.

The Swiss Life Network provides international clients with cost-effective, flexible employee benefit plans and services. Swiss Life's international insurance programmes include detailed analyses of plans placed with insurers in the Network, which enable clients to manage their employee benefit costs effectively. In addition, significant savings are paid out to clients in the form of international dividends, a system pioneered by Swiss Life in the 60's and known as international experience rating. Last but not least, Swiss Life offers innovative captive, self-insured solutions, as well as a range of expatriate programmes to cover the increasing number of mobile employees.

True to its mission to accompany clients world-wide, Swiss Life has established a regional sales office in Sydney, Australia and representative offices in Beijing and Guangzhou, People's Republic of China, for client support in the Asian Pacific region. Clients in the United States and South America may rely on the first-class, timely advice and assistance from independent sales representatives located across the USA.

Direct Operations

Head Office and Network Center

Switzerland	Swiss Life/Rentenanstalt
Belgium	Swiss Life (Belgium)
France	Société suisse (France)
Germany	Schweizerische Renten-anstalt (Swiss Life)
Great Britain	Swiss Life (UK)
Italy	Swiss Life (Italia)
Luxembourg	Swiss Life (Luxembourg)
Spain	Swiss Life (España)
The Nether-lands	Zwitserleven (Swiss Life)

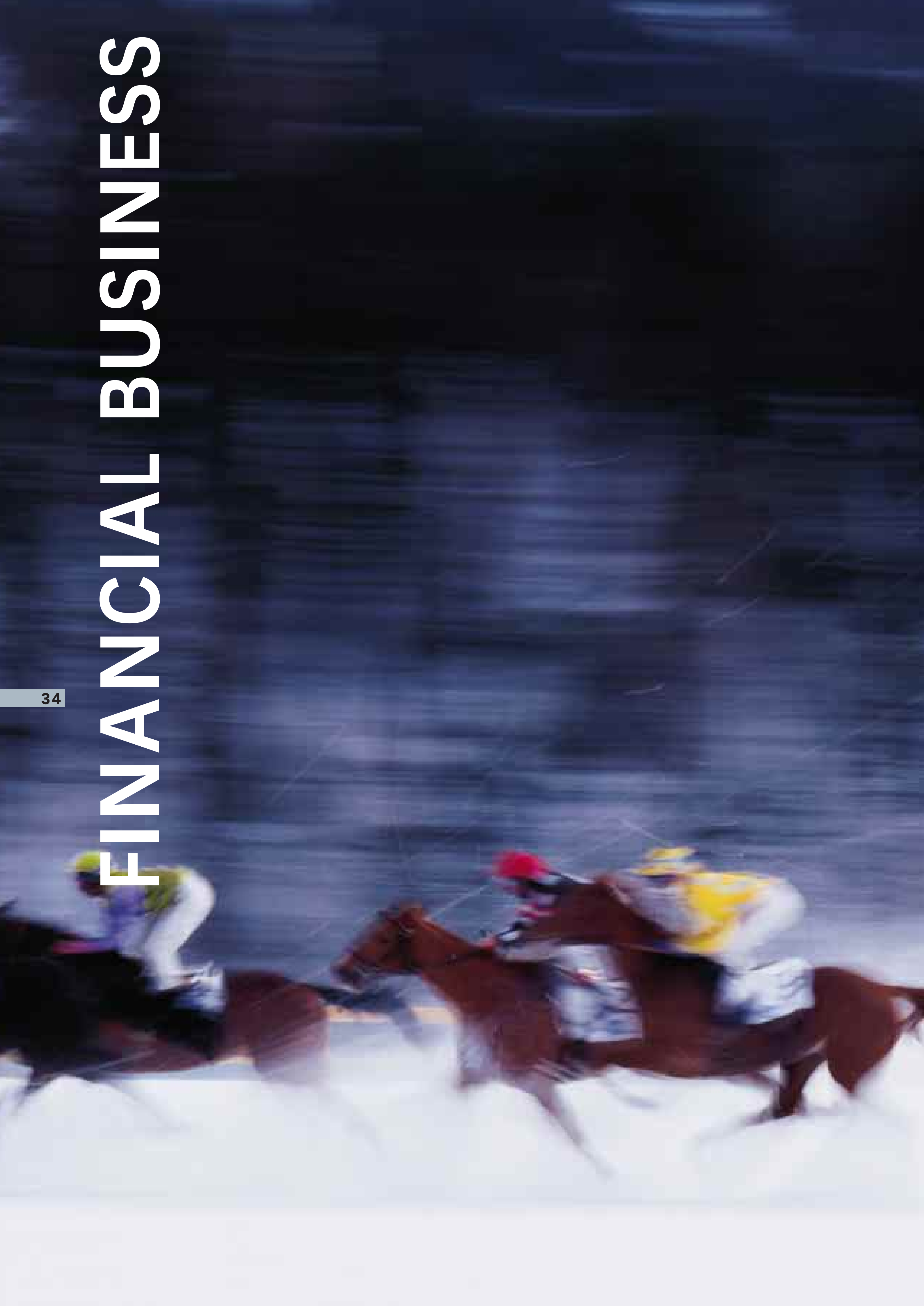
Regional Representative Offices and Sales Offices

Australia	Swiss Life International Services Asia Pacific
China	Swiss Life Beijing Representative Office Swiss Life Guangzhou Representative Office

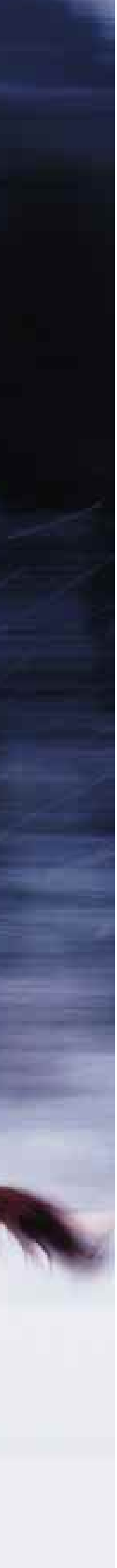
* Health insurance company for international clients of the Swiss Life Network

Network Partners

Argentina	Royal & SunAlliance
Australia	Hannover Life Re
Austria	Wiener Städtische
Brazil	Icatu Hartford
Canada	Canada Life
Chile	Euroamérica Seguros
Colombia	Seguros Bolívar
Czech Republic	Česká Kooperativa
Denmark	Danica, PFA Pension, IHI*
Finland	Ilmarinen, Pohjola Life (both Pohjola-Group)
Greece	Aspis Pronia
Guatemala	Seguros de Occidente
Hong Kong	CMG Asia Life
Hungary	Union Biztosító
Indonesia	Lippo Life
Ireland	Irish Life
Japan	Meiji Life, Yasuda Life
Korea	Korea Life
Malaysia	Hong Leong
Mexico	Seguros Comercial America
New Zealand	Hannover Life Re
Norway	Vital Forsikring ASA
Panama	Aseguradora Mundial
Philippines	First Guarantee Life
Poland	PZU Life
Portugal	Império
Russia	Rosgosstrakh
Singapore	NTUC Income
Slovakia	Kooperativa
South Africa	Momentum Employee Benefits
Switzerland	«La Suisse»
Taiwan	Kuo Hua Life
Thailand	Bangkok Life
USA	Hartford Life, Swiss International Services, Inc.
Venezuela	Seguros Comerciales Bolívar



FINANCIAL BUSINESS



FINANCIAL BUSINESS

Net investment income (including value adjustments) rose by almost 20% to around CHF 8 billion in 1999. As net investment income increased by more than the average volume of financial investments, the overall return on investments increased slightly. Swiss Life/Rentenanstalt received a number of awards for asset management in 1999.

1999 will go down as a turbulent year in international corporate history. Liberalisation of electricity and telecommunication markets, along with a technological race in the computer and telecommunications industries, stimulated competition. Enormous development potential in the communication and technology sectors led to a shift in the weighting of investments. Performance of New Economy securities recorded two- and three-digit growth rates while traditional blue-chip securities developed rather slowly. Alliances and mergers brought economies of scale and synergies that increased returns in the industrial and financial services sectors. Global mergers created new and decisive advantages in competition.

Swiss Life/Rentenanstalt's strategy

Swiss Life/Rentenanstalt reacted to changing market conditions. The company hived off individual investment sectors, reorganising them in specialised companies. It created Swiss Life Hedge Fund Partners AG, Swiss Life Private Equity Partners AG and Swiss Life Real Estate Partners AG. These companies work in part with selected partners. The newly-founded companies are competence centres in their specific investment sectors and manage portions of Swiss Life/Rentenanstalt's assets. In addition, they increasingly provide independent third-party clients with investment products.

In the investment sector, Swiss Life/Rentenanstalt pursues a clear strategy that is focused on client needs. Centrepiece is the positioning of the company in the top segment of quality European asset managers through a major increase in assets under management. Managed assets rose to more than CHF 190 billion in the year under review. Further increases will be achieved through acquisition of third-party client funds and a consistent strengthening of investment performance.

1999 financial market

The global economy recovered faster than expected from a financial crisis originating in Asia. This recovery and anticipated profits in individual technology sectors marked financial markets in the past year. A global recession was prevented by a substantial loosening of monetary policy by leading central banks. Most significantly, US consumer demand remained buoyant. Recovery in other economic regions caused a major rise in the price of raw materials. Thus, inflation expectations returned and resulted in higher capital market interest rates. As a consequence, western central banks returned to a more restrictive interest rate policy through several increases in key rates. In Switzerland, 10-year government bonds yielded 3.5% at the end of 1999, compared to 2.5% at the end of the previous year. In an historic context, this level is still low, especially in view of the fact that the end of 1999 saw all-time highs for the decade in the mood of consumers and companies. A special characteristic of the year under review was that actual inflation figures evidenced an upward trend while still remaining at a comparatively low level. This was despite a higher level of liquidity, increasing costs and a bright economic outlook. Fundamental change brought about by globalisation and further deregulation was one reason for the continuation of this trend. In addition, new technologies and extraordinary progress in productivity compensated for increasing cost pressure. Companies operating in New Economy sectors were regarded by investors as promising opportunities. Stock exchanges within the European economic and monetary zone were buoyed by high demand for securities. Institutional and private investors from member countries invested increasingly in neighbouring countries as they no longer faced currency risks. In 1999, there was a general increase in investment in equities. The Swiss Exchange (+5.7%) stood somewhat apart, due to its sector composition and the fact that Switzerland does not belong to the European monetary union. Compared to the price development of most other European stock exchanges, the Swiss Exchange recorded a below-average year.

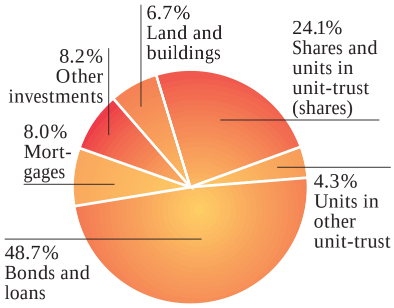
Acquisition of Banca del Gottardo
Swiss Life/Rentenanstalt acquired a majority stake of 53.5% in Banca del Gottardo from Sumitomo Bank. It already had a stake of 4.2%. At the end of 1999, 42.2% of the takeover bid was tendered. By acquiring this universal bank in Ticino, the company took a major step forward in implementing its new strategy of becoming a significant European financial services provider. The bank has a high reputation and a strong position in Switzerland as well as excellent international connections. Its core competencies are found in private banking and asset management. With this acquisition, Swiss Life/Rentenanstalt follows two goals: expansion of its position in the southern European region – particularly in Italy – and diversification of its client base. As a result of this acquisition, assets under management at the Swiss Life/Rentenanstalt Group rose by CHF 30 billion.

Expansion of real estate management
Up to spring 1999, Livit AG was a joint real estate subsidiary of UBS AG and Swiss Life/Rentenanstalt. With the termination of the alliance between these two companies, Swiss Life/Rentenanstalt acquired the 49% held by UBS AG.
The real estate management sector was strengthened considerably by the acquisition of UTO Albis AG through Livit in the summer of 1999. This acquisition made Swiss Life/Rentenanstalt the largest real estate management company in Switzerland with more than 130 000 properties managed.

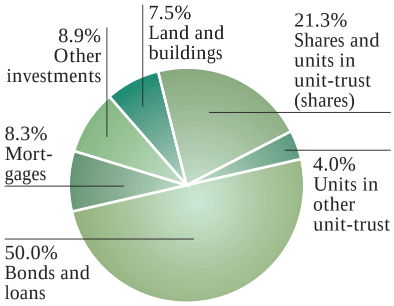
Acquisition of Schweizerische Treuhandgesellschaft (STG)
On January 1, 2000, Swiss Life/Rentenanstalt acquired 100% of Schweizerische Treuhandgesellschaft (STG)'s shares. The goal of this take-over was to expand the company's know-how as an independent provider of solutions in the long-term savings sector and to gain specific strengths in asset management, private banking and risk management. STG manages client assets of more than CHF 9 billion.

1999 investments by category
Swiss Life/Rentenanstalt invests according to a two-tier-system. Taking into account group guidelines relating to specific countries, individual branch offices and subsidiaries are in charge of strategic investment allocation. Technical realisation, however, is the responsibility of the individual investment units. Coordination of investment strategy and risk management take place on a group level. The fundamental thrust of investment allocation remained unchanged in the year under review. Strategy continued to be based on criteria such as security, long-term potential and earnings' power. Fixed-interest investments in the overall investment allocation declined slightly. However, they still make up the main portion of investments at about 49%. Investments in individual shares and equity funds ranked 2nd with a share of more than 24%.

1999 investments by category



1998 investments by category



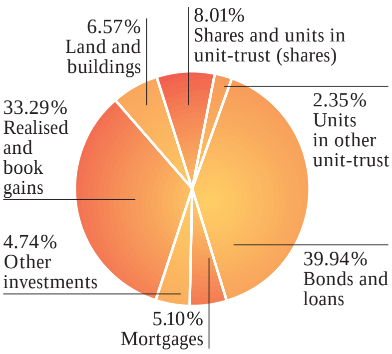
A comparison of the volume of investments made by Swiss Life/Rentenanstalt's business units in the individual countries shows Switzerland's dominant position. With a share of 59% of total investments, it contributes the main portion, followed by France with 16%.

Gratifying 1999 financial result

Net income from investments for which Swiss Life/Rentenanstalt carried the risk, together with that from unit-linked contracts, increased almost 20% to about CHF 8 billion. Earnings from interest and dividends increased by almost 14%. This reflected the state of interest rates on the one hand and a higher volume of underlining investments on the other. Realised gains were well below previous year's figure. Book earnings from both investment instruments and currencies contributed to the result.

Taking deferred taxes into account, revaluation reserves on financial investments increased more than 44% compared to the previous year.
Individual investment categories contributed to the 1999 financial result as follows:

1999 investment income by category



Prestigious awards

By issuing a convertible bond of more than CHF 3 billion, Swiss Life/Rentenanstalt was a centre of attention for the financial press in 1998. During the year under review, Swiss Life (UK) was again given prestigious awards for its successful investment activities. The Proteus European Equity Fund and Proteus UK Equity Fund were declared best performers in the Standard & Poor's Swiss Fund Awards; and they received a «Cash-Lipper Leader-Certificate for High Performance». Proteus Funds belong to the continually growing family of Swiss Life funds, which currently comprises almost twenty investment funds throughout Europe.
The British magazine «Euro» awarded Swiss Life/Rentenanstalt the title of «European Equity Fund Manager of the Year». Moreover, Swiss Life/Rentenanstalt was named «Pooled Fund Manager of the Year».

SHARE

THE SWISS LIFE/ RENTENANSTALT SHARE

At Swiss Life/Rentenanstalt's 1999 annual general meeting, shareholders approved the conversion of bearer shares to registered shares. Approval followed an international trend and further improved transparency for shareholders. With more than 300 000 shareholders, Swiss Life/Rentenanstalt is the largest public limited company in Switzerland.

Bearer shares were converted into registered shares by a consortium of banks headed by the Zürcher Kantonalbank. The first trading day for the new shares was July 12, 1999. Collective safekeeping of shares remains free of charge.

After termination of an alliance with UBS AG at the end of March 1999, a stipulation in the Articles of Association was lifted whereby UBS was able to vote in full its former holding of 25%. No shareholder now can exercise voting rights in excess of 10% of capital held. The UBS holding was divided into tranches below 5%. The shares were placed with a dozen institutional investors.

The prices of all financial stocks were affected by fears concerning interest rates. However, Swiss Life/Rentenanstalt's shares performed well compared to other insurance companies. Nevertheless, share price performance did not reflect the success of Swiss Life/Rentenanstalt's operational performance. With a market capitalisation of approximately CHF 10.9 billion at the end of 1999, it was 13th in the Swiss Market Index.

Major shareholders
(with a share of 5% or more of equity capital as of 12/31/99)

- Swiss Life's Collective BVG Foundation: 6.4% holding.

Share Statistics	amounts in CHF (if not noted otherwise)	
	12/31/1999	12/31/1998
Number of shares issued	**11 747 000**	11 747 000
Profit per share	**33**	23
Shareholders' equity[1] per share	**804**	608
Stock exchange price[2]	**925**	1 020
Market capitalisation	**10 865 975 000**	11 981 940 000
Security code (SWX)	**802 678**	623 098
Price/earnings (ratio)	**28.00**	44.30
Price/shareholders' equity (ratio)	**1.15**	1.68
Dividend[3]	**11.–**	9.–

[1] consolidated [2] annual high/low: 1090.– (01/28/1999) / 781.– (08/10/1999) [3] less withholding tax

Indices adjusted/Source: Datastream

Price development as per 12/31/1999
(Closing price RA/SL: 925.–)

1998 (12/31/97–12/31/98)
RA/SL: – 11.1%
SMI: + 14.3%
SPI/INS: + 33.2%

1999 (12/31/98–12/31/99)
RA/SL: – 9.3%
SMI: + 5.7%
SPI/INS: – 8.2%

Tickersymbols:
Reuters = RA.S
Bloomberg = RA SW
Dow Jones Telerate = ZRA

MAN AND ENVIRONMENT

MAN AND ENVIRONMENT

In its position as the largest life insurance company in Switzerland, Swiss Life/Rentenanstalt assumes active responsibility towards society, the environment and its employees. In 1998 and 1999, the Zurich head office drew up its first systematic ecological reports. In a further move, employees working at head office were able to take advantage in 1999 for the first time of a share participation plan. The plan was a great success.

The 1998/1999 eco-report includes all data covering the group's head office in Zurich that is relevant to the environment. Gathering and evaluating information on office material and energy efficiency is based on VfU standards (Society for Environmental Management in Banks, Savings Banks and Insurance Companies).

This pilot project involved approximately 60% of Swiss Life/Rentenanstalt's 3 085 employees in Switzerland. The information technology centres in Zurich and Adliswil were included, but not staff restaurants. The project will be expanded in steps to cover the Swiss domestic field service as well as subsidiaries and branch offices in Switzerland and abroad.

The result of the 1998 eco-report shows that on the whole Swiss Life/Rentenanstalt has a good record as regards environmental impact at its head office in Zurich. Nevertheless, there is still room for improvement as regards the quality and scope of data included in the report. This should be taken into account when interpreting individual figures. Furthermore, figures relating to transport may present a different picture when expanded to include field services. The eco-report for 1999 will be finalised in the first half of 2000. Information derived from comparing the 1998 and 1999 reports will be used as a basis for planning future improvements.

VfU's 1998 figures for the head office in Zurich

Electricity consumption	5 040 kWh/emp.
Heating consumption[1]	50 kWh/m^2 ESA
Water consumption[1]	65 l/emp. and day
Paper consumption[2]	120 kg/emp.
Share of recycled paper	17%
Photocopy consumption	12 430 A4 sheets/emp.
Waste	240 kg/emp.
Transport [3]	1 440 km/emp.
Share of air transport	69%
Share of passenger car transport	31%
CO_2-emissions	1 820 kg/emp.

As of 02/21/2000, subject to alteration.

1 Smaller office buildings not fully included. > 95% of employees included.

2 Expansion of project to include all of Switzerland. Internal and external publications not included.

3 Rail transport not included.

Abbreviations used:
emp. = employee
ESA = energy supply area

Successful environmental programme in the Netherlands

Environmental awareness is a priority wherever Swiss Life/Rentenanstalt has operations. Zwitserleven, the group's branch office in the Netherlands, laid the foundation for its environmental programme with a declaration of intent in 1997. The declaration targets ecologically-friendly business growth. Its goal is to reduce operational impact on the environment as well as company costs related to the environment. In doing this, both environmental and economic concerns are taken into account to achieve sustainable growth. The following areas are of special importance: purchasing, paper consumption, waste disposal, building maintenance, cleaning, energy, water consumption, transport as well as the restaurant sector. The restaurant, for example, does not offer plastic cups; and seasonings such as sugar, mustard, mayonnaise and ketchup are only offered in dispensers. Realisation of the environmental programme is based on an analysis of the current situation in the individual areas while taking account of the cost-benefit ratio. Only then are targets defined and the measures required drawn up. Periodic reporting also ensures internal communication. An environmental coordinator is responsible for realising and controlling the environmental programme. The data defined as relevant for the environment is gathered with the help of a monitoring system. The plan is to systemise data gathering even more in the future. A special software package will handle administration and evaluation of data. In June 1997, Zwitserleven with its 750 employees moved into a new office building in Amstelveen. This move delayed the full realisation of the first environmental programme in 1997. Furthermore, the programme required adjustment to the changed situation. An external consulting office examined the level of implementation of Zwitserleven's environmental programme. The examination took place within the framework of a project that was supported by the municipality of Amstelveen and in which six other companies took part. Zwitserleven's environmental programme was evaluated positively. However, additional efforts are required to achieve all goals. A new environmental programme will be drawn up by the summer of 2000 for implementation in the years from 2000–2003.

Employees as co-entrepreneurs

Swiss Life/Rentenanstalt in Switzerland offered its employees a share participation plan for the first time in 1999. The company wants to promote employees' interest in Swiss Life/Rentenanstalt's performance and strengthen the identification of the individual with the company, while offering staff an interesting investment opportunity. More than 80% of Swiss Life/Rentenanstalt's employees, who were entitled to take up the offer, took advantage of the option to purchase shares of their own company at a reduced price. A total of approximately 10 500 shares were subscribed, a figure which surpassed all expectations. Based on this positive reaction, it is planned to expand the share participation plan to the entire group in the year 2000. Preparations are currently underway to define the individual groups eligible to participate in the offer, as well as the allocation procedure. Those employees entitled to subscribe will have the opportunity of purchasing a certain number of shares at a reduced price. Basically, participation is not dependent on any predetermined performance targets.

Swiss Life International Management Programme

Swiss Life/Rentenanstalt stated in its corporate vision a desire to be an attractive employer. It wants to give qualified employees a chance to rotate in an exciting international environment marked by rapid technological change. To be attractive also means to efficiently promote junior executives and to offer career planning. Swiss Life/Rentenanstalt's personnel policies apply to the entire group. They stress the importance of promotional and training programmes.

These programmes are based on Swiss Life/Rentenanstalt's vision of being a leading independent provider – focused in Europe – in the long-term savings market. Thus, the company's goal is to promote an increasing number of international managers. Managers and potential junior executives are to be trained to think and act as entrepreneurs. The strategic skills so developed will allow them to strengthen and secure Swiss Life/Rentenanstalt's future in an international environment. Top management must be characterised by excellent social skills as well as high professional qualifications.

For this reason, an internal training programme called the Swiss Life International Management Programme was established throughout the group. This programme is aimed in the first place at members of top management and potential junior executives. Knowledge of the English language is a prerequisite. Participants include members of top management from various branch offices and subsidiaries. This underlines not only the international character of the programme, but also promotes intercultural understanding. Furthermore, it helps to create a strong internal network. The programme is conducted with the help of the Theseus International Management Institute, located in Sophia Antipolis, close to Nice. The school offers both MBA courses and programmes tailor-made for companies. The school already has great experience in this field with other multinational companies.

«Business-driven action learning»

A programme is offered under the motto «business-driven action learning», which is divided into four parts. This programme is concerned with teamwork on strategic projects that stem from Swiss Life/Rentenanstalt's actual business environment. It promotes team activities around a current topic within the company. At the same time, Swiss Life/Rentenanstalt profits from this programme through valuable solutions that are worked out by its own employees.

An introductory week forms the first part of this cycle. Speeches and discussions serve to give participants insight into the current business environment and the resulting corporate challenges. At the same time, specific company-related aspects, such as Swiss Life/Rentenanstalt's strategy, are also discussed. Great importance is also given to social and managerial issues. At the end of the introductory week, the projects to be worked on are selected and the participants are divided into individual teams.

One to two months later, the second part begins. During this section of the programme, individual teams carry out interviews on the project topic with Swiss Life/Rentenanstalt's employees as well as with clients, external specialists and well-respected companies operating in the specific project field. Interviews provide insight, widen perspectives and form the basis for tackling the project.

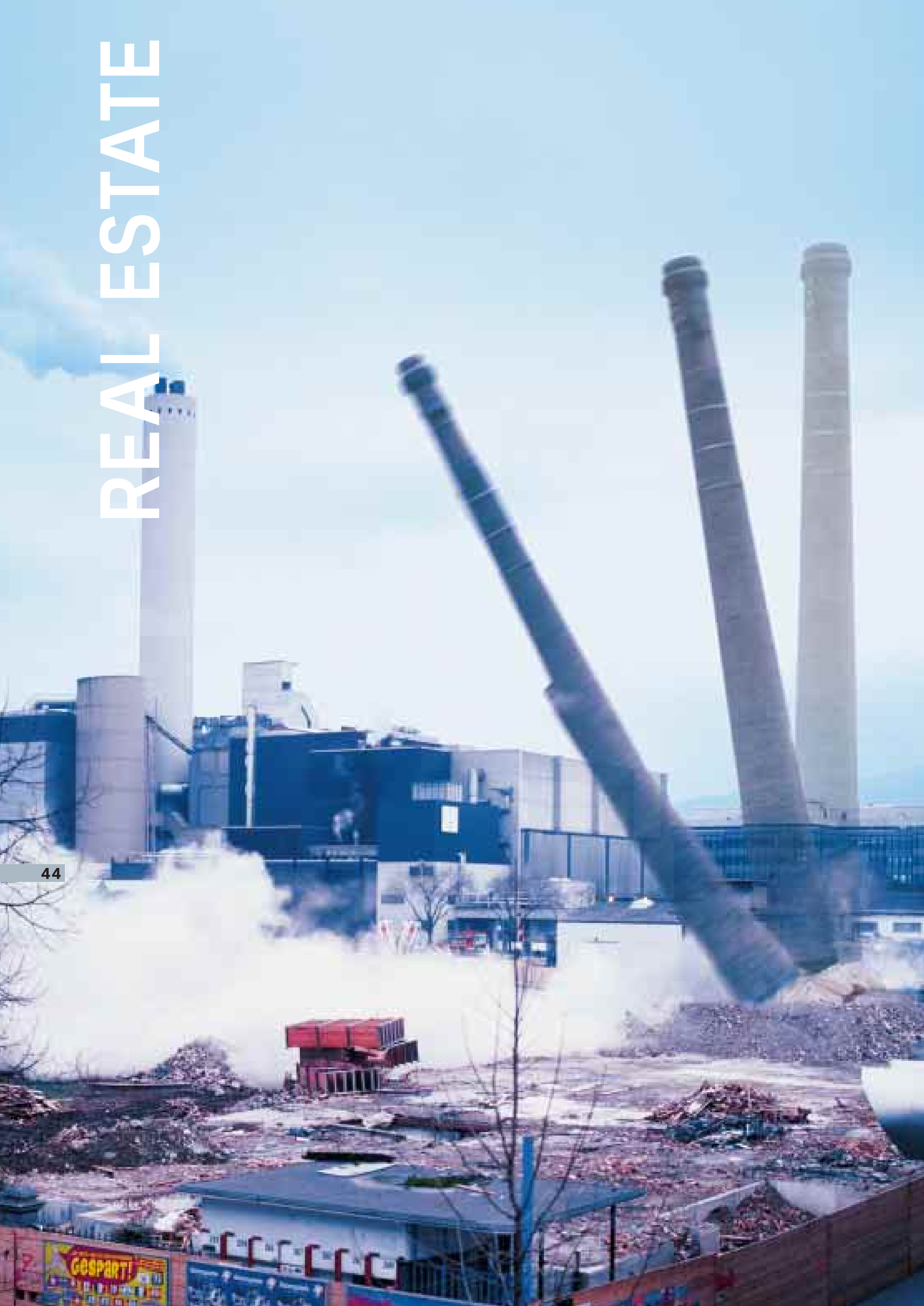
The third part concerns the final presentation. The final presentation is made to members of the Corporate Executive Board, those internally responsible for the project topics and school representatives. Teams have two days to complete their work in detail and prepare their presentations. They are supported by a presentation technique specialist. A trial presentation takes place in the presence of the school staff and the specialist.

Within a few weeks, the Corporate Executive Board will give its opinion on the individual project activities and decide on a possible realisation of ideas and measures.

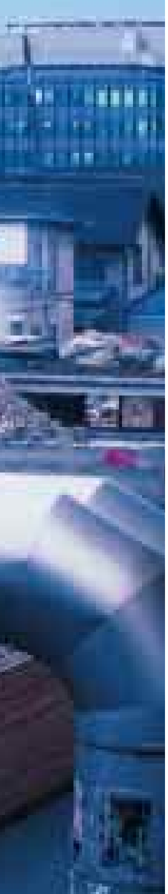
The end of the programme, five or six months after the third part, is a final evaluation by all those involved. Discussion revolves around why certain ideas and measures were realised while others were not.

This intensive course was carried out for the first time in 1999. Participants said the course was a very positive experience. The second Swiss Life International Management Programme is being prepared for the year 2000.

REAL ESTATE



REAL ESTATE IN THE INVESTMENT PORTFOLIO



Swiss Life/Rentenanstalt is currently one of the largest private real estate owners in Switzerland. Our experience shows that investing in real estate is demanding and somewhat costly, but it is also an attractive and secure long-term investment alternative.

Swiss Life/Rentenanstalt safely and profitably invests the capital entrusted to it. In doing so, the company follows generally accepted investment principles as well as our own investment strategies and guidelines. The legal investment framework within which the company operates gives considerable freedom to invest as it thinks best.

From an economic point of view, investing in real estate still offers a number of advantages. After shares, property is considered one of the most profitable long-term investments. Real estate is a useful diversification as movements in property prices do not correlate with stock market fluctuations, thereby providing a stabilising and well-balanced effect in a portfolio. Finally, real estate is a tangible asset with significant growth potential.

22 600 apartments

Even though real estate's share of Swiss Life/Rentenanstalt's investments in Switzerland is relatively small, property still has an important position within the overall portfolio. Approximately 22 600 apartments and numerous commercial properties are valued at around CHF 4.9 billion, making Swiss Life/Rentenanstalt one of the largest real estate owners in Switzerland. Real estate's share of total investments was 9% in 1999. Following a trend in the life insurance industry, real estate's share has decreased slightly in the last few years. There has been a generally cautious approach to property investments for several reasons. On the one hand, managing real estate is very labour intensive; and on the other hand, there has been a shortage of attractive properties. Furthermore, difficulties in the Swiss real estate market has not encouraged investment.

Swiss Life/Rentenanstalt's real estate strategy aims at maintaining and enlarging an optimal long-term portfolio. Individual properties must fulfil a number of conditions.

The most important condition is the location of a property. An attractive location is a decisive factor in maintaining value irrespective of economic fluctuations. A property should be located in a quiet and central area with a good infrastructure. The decision to invest in a particular property depends on its residential quality, the physical state of the building and the potential for return on investment. Great weight also is put on economic efficiency (construction, management, operation and maintenance) as well as optimal ecological and energy conditions.

Swiss Life/Rentenanstalt owns real estate in almost all cantons in Switzerland. One third of these properties is located in the Canton of Zurich (city and canton with one half each). Another third is located in the rest of German-speaking Switzerland, while the remaining third is located in French-speaking Switzerland and Ticino. In view of the long-term potential for real estate development in strong economic regions such as Zurich, Basel, Bern, Geneva and Lausanne, these areas are a top priority for the company.

Construction industry partner

Swiss Life/Rentenanstalt mainly invests in apartment buildings as they are less subject to economic fluctuations. Investments are usually in new housing settlements that form a group independent of other properties in the area. In exceptional cases, individual properties can be of interest, for example those in outstanding locations or those which complement buildings already owned by Swiss Life/Rentenanstalt. At good locations and in the larger cities, the company also owns office buildings and mixed commercial-residential properties. These buildings can provide interesting development opportunities and good returns as can undeveloped building plots. On the other hand, the company does not consider real estate investment in industry, tourism or hotels as it also excludes freehold properties. Renovation of older buildings also offers interesting opportunities. In its real estate activities (purchase, construction and renovation), Swiss Life/Rentenanstalt is an important and reliable partner for the building industry. The basic policy of the company is first to consider its own clients, who are active in the building industry, when assigning construction and renovation projects. This is on the condition that a client's offer is competitive in regard to quality, service and price.

Long-term policies

A successful engagement in a Swiss real estate market that lacks transparency requires that the investing company has adequate size and administrative infrastructure as well as a long-term view that ensures continuity and a wealth of experience. Otherwise the various phases of investment decision-making will not proceed with optimal efficiency. Each real estate portfolio also requires intense and specialised management.

The real estate market went through considerable turbulence and price pressure during Switzerland's recent recession. As a result, the euphoric and speculative price exaggerations of the boom years were corrected. With the return to a friendlier economic climate, more attention justifiably is being paid to real estate once again.

Strengthening real estate management

Swiss Life/Rentenanstalt is active in real estate management in addition to the construction and purchase of buildings. LIVIT AG, which acquired 100% of UTO Albis AG in September 1999, is a subsidiary of Swiss Life/Rentenanstalt and currently manages more than 130 000 properties throughout Switzerland. This figure does not include around 10 000 properties belonging to the Zürcher Kantonalbank which LIVIT began managing recently. This number of properties makes Swiss Life/Rentenanstalt Switzerland's largest provider of real estate management services. Swiss Life/Rentenanstalt takes pride in being a reliable partner for thousands of tenants.

Münchner Tor

In the well-known district of Schwabing in Munich, Schweizerische Rentenanstalt's new head office in Germany – «Münchner Tor» – is currently under construction. The «Münchner Tor» is an impressive building complex with an office area of approximately 17 000 m^2. It will comprise 750 state-of-the-art working stations by the end of 2001. With an expenditure of approximately DEM 126 million, the «Münchner Tor» financially is a substantial real estate investment for Schweizerische Rentenanstalt.

Rotes Schloss

Swiss Life/Rentenanstalt has been the owner of the «Rote Schloss» on General Guisan-Quai in Zurich since 1950. This impressive brick construction is made up of nine apartment buildings in the form of a horseshoe. The building was constructed between 1891 and 1893 by the architect Heinrich Ernst. The building's infrastructure was a sensation at the time. Curious onlookers would gather at night to watch the electric lighting which was fed by a power station within the building. Furthermore, the elevator was powered with water; and each apartment had a refuse chute. Today, the splendid façade still hides many grand apartments as well as medical and legal offices.

FURTHER INFORMATION

GLOSSARY

That which seems clear to the specialist, is not always understandable for the reader. For this reason some of these technical terms are defined in more detail on this page.

Gross / Net premiums
The first insurance business carried out by the insurer as well as accepted reinsurance are reported under gross premiums. If one subtracts the ceded reinsurance business from the gross premiums, the result is the net premiums (premiums for own account) of an insurer.

Life insurance provisions
The life insurance provisions show the expected future liabilities which will result from existing insurance contracts (payments to policyholders). These provisions usually form the most significant item of all technical provisions of a life and health insurance company. In a material sense, life insurance provisions are composed of accumulated, interest-bearing savings premiums and the required amounts in order to cover technical risks. In an actuarial sense, this concerns the discounted cash value on the balance sheet keydate of all future liabilities minus the cash value of future premium income.

First insurance business
The term first insurance business (direct business) applies to the classic service of an insurance company, in other words the granting of contractually determined insurance coverage for a certain period of time. The business partners, the insurance company on the one hand and the policyholders on the other, stand in a direct contractual relationship to one another.

Investment income
Investment income shows the running income stemming from investments (interest, dividends) as well as the realised and book (not yet realised) gains and losses on investment items.

Group accounts
The group accounts are a summary of the most significant companies held by the corporation. It shows the financial position, the results of operations and the cash flows of all group companies in a single account, as if the group were one company.

Reinsurance
Depending on the size of the company and type of business activities, insurance companies transfer a portion of the accepted risks to other insurance companies. This transfer is called reinsurance or "the insurance for insurance companies".
If an insurance company transfers a portion of its business to another insurance company, this is then called ceded reinsurance. The same business for the partner is called accepted reinsurance.

Collected / Earned premiums
Collected premiums are those premiums which were taken in during one business year. The duration of the insurance contracts is not taken into account.
Earned premiums are those premiums taken in from running contracts in one business year. Accruals and deferrals between collected and earned premiums are termed unearned premiums on the balance sheet.

Claims paid
Claims paid include payments granted to the insured during the business year. These are composed of capital and pension payments as well as surrender values in the life business and indemnity and pension payments in the non-life business.

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