



PRESS RELEASE

November 7, 2001

Finalising the merger of If and Sampo's Property & Casualty Insurance business

- The pan-Nordic P&C insurance company If and Sampo's P&C business merge their operations, as announced in May
- Sampo will own 38.05 per cent of the enlarged If, Storebrand will own 22.47 per cent and Skandia will own 19.36 per cent. Varma-Sampo Mutual Pension Insurance Company will own 10.06 per cent, following a direct primary share issue. Skandia Liv will acquire 10.06 per cent of the ownership in If from Skandia on the same terms as Varma-Sampo.
- Capital base significantly strengthened by shareholder contributions totalling SEK 3 Bn
- Pro forma at 30 September 2001: solvency ratio risk capital 65%, net asset value SEK 17.3 Bn
- CEO and President of the Company will be Bo Ingemarson, Hannu Kokkonen will be first executive vice president and deputy CEO and Knut W Francke will be senior executive vice president. Kari Stadigh, Deputy CEO of Sampo, will be the Chairman of the Company.
- The parties expect to obtain the necessary confirmations and approvals from the authorities so as to complete the transactions by the end of this year.

The new If will be the undisputed leading P&C insurance company in the Nordic region. The enlarged If will have a Nordic market share of 24 per cent and 3.7 million customers and be managed in a pan-Nordic business-area organisation. The enlarged If will substantially benefit from economies of scale and geographic diversification.

The rationale behind the merger remains as compelling as when the merger was first announced in May, i.e. to take advantage of the strong market presence the two companies have in their respective regions and to continue the development of one strong Nordic P&C insurance company. The focus on P&C will enable If to provide new and improved services and products to our customers. The transaction will allow If to increase its capital strength and realise significant cost synergies, which have been jointly identified.

If's and Sampo's customers will benefit from the more cost efficient new company through modern and innovative distribution channels and claims handling service.

The mission of the enlarged company is to be a leading P&C insurance company operating at an efficient level of capitalisation and servicing our clients by offering a broad range of P&C products and related risk management services.

In Finland, existing Sampo customers will be serviced by Sampo's distribution network. Distribution will be further developed to be more client oriented, by developing present and new sales and service channels. Policies will be branded Sampo but will be underwritten by If's subsidiaries in Finland.

Board of directors and management

A new Board of Directors will be established. The new Board will consist of eight members, three from Sampo and one from Varma-Sampo and two each from Skandia and Storebrand. Kari Stadigh, Deputy CEO of Sampo, will be the Chairman.

Bo Ingemarson is CEO and President of the enlarged company. Hannu Kokkonen, currently Head of the Sampo P&C operations, will take the role as first executive vice president and deputy CEO and Knut W Francke, Head of business area Private in If, will assume responsibility as senior executive vice president.

Transaction structure and highlights

The transaction entails a share swap, whereby Sampo receives newly issued If shares as consideration for 100% of the shares in the Sampo P&C companies together with a cash payment of MEUR 209. Varma-Sampo will contribute capital through a directed primary share issue. Varma-Sampo does not contribute any new business to If. Skandia Liv will acquire 10 per cent of the ownership in If from Skandia on the same terms as Varma-Sampo.

The owners of If will contribute in total SEK 3 Bn of capital. A minimum of SEK 2.4 Bn of capital will be put to shareholders' equity, with the remainder expected to be used for potential reserve strengthening.

Upon completion, Sampo will own 38.05%, Storebrand 22.47%, Skandia 19.36%, Skandia Liv 10.06% and Varma-Sampo 10.06% of If's share capital.

The enlarged If will have pro forma gross written premiums for the first 9 months 2001 of SEK 27.5 Bn (EUR 3.0 Bn). Pro forma, as at 30 September 2001, the net asset value was SEK 17.3 Bn.

Sizeable cost synergies have been identified. These are estimated to be in the range of MSEK 150-200 per annum, over and above the earlier identified cost synergies at the creation of If. In addition to the identified cost synergies, the merger creates significant further value potential through transfer of best practices from both sides and joint transformation.

Market position

Sampo is Finland's largest P&C insurance company with 34 per cent market share and 1.1 million customers. For the first 9 months of 2001, gross written premiums amounted to SEK 7.9 Bn (EUR 0.9 Bn). Sampo also has a leading market position in Estonia together with operations in Latvia, Lithuania, Poland and Russia.

If was created in 1999 when Storebrand and Skandia merged their P&C businesses. Following the merger with Sampo P&C, If will have a Nordic market share of 24 per cent. The market share will be 34 per cent in Finland (#1), 37 per cent in Norway (#1), 23 per cent in Sweden (#2) and 5 per cent in Denmark (#6). The transaction does not change If's focus on profitability before market share.

Comment from Bo Ingemarson, CEO and President:

"If will strive to provide best price/value to customers across the Nordic region and the Baltic Rim by offering modern and flexible services. The merger will also provide If with a larger database which If can use to improve and broaden the product offering and provide individualised, competitive pricing.

The merger of If and Sampo's P&C Insurance business positions the Company for further expansion and participation in the current restructuring of the Nordic and Northern European market."

If was advised by Morgan Stanley & Co. Limited in connection with this transaction.

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Teleconference

A teleconference will be held at 5.30 PM CET. Bo Ingemarson, CEO If, Kari Stadigh, Deputy CEO Sampo, Idar Kreutzer, CEO Storebrand and Ulf Spång, CFO Skandia will be present. Please call +46 8 500 521 36 at 5.25 PM. For presentation, please visit www.if-insurance.com.