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Skandia announces sale of Japanese operations

After the acquisition by Millea Holdings Skandia will be able to further develop its international businesses

Skandia announced today that it has reached a definitive agreement with Millea Holdings, under which The Tokio Marine & Fire Insurance Co. Ltd. will acquire 100 per cent of the shares of Skandia Japan. The transaction, valued at 20 billion YEN (approximately 1.4 billion SEK), is subject to Japanese regulatory approval and will further improve Skandia's liquidity position. In comparison with Skandia's report as per 30 September 2003, the transaction will have a positive impact on shareholders' equity of approximately 0.8 billion SEK, net of expenses and before provision for taxes. The impact on net asset value will be positive by approximately 0.5 billion SEK.

Current policyholders of Skandia Japan, and their policies, will be unaffected by this sale.

The transaction results from a strategic review by Skandia of its Japanese business, and demonstrates the resolve of Skandia's Board to implement findings from that review. This decision does not have implications on any of Skandia's other international operations.

The strategic review highlighted Skandia's relative competitive position in Japan and concluded that sale of the Japanese operation to a strategically well-suited company with solid resources would best serve the interests of Skandia's shareholders, as well as the needs of its local employees, distribution partners, and policyholders. Skandia focused on potential buyers that would be better able to reap the rewards of Japan's rapidly growing variable insurance market.

Leif Victorin, Chief Executive Officer of Skandia, said, “While Japan has substantial growth potential in the variable insurance market, our relative competitive advantage would not enable us to fully exploit the growing opportunities in this country.” He added, “The sale of our Japanese operation enables us to best concentrate our capital, financial resources, and management attention in markets where Skandia maintains stronger and more advantageous competitive positions.”

Skandia said it views the Millea Holding Group as an ideal fit for the future of the Japanese business. Employees, distributors, and policyholders will benefit from the Millea Holding Group’s considerable scale in Japan. As Japan’s leading non-life insurance provider, Millea Holdings is in an ideal position to leverage both the growing opportunities in alternative financial institution distribution channels as well as the introduction of a new category of life products to its diversified customer base. Mr. Victorin said, “We are particularly gratified by the importance the Millea Holding Group places on the acquired operation as a strategically vital new business stream going forward.”

HSBC served as financial advisors to Skandia.

Impact on other Skandia operations

The transaction will have no effect on Skandia’s operations in countries other than in Japan, or on relations between customers or other parties and any company in the Skandia Group.

About Skandia

Skandia is an international long-term savings and pension provider. Founded in 1855, Swedish-based Skandia currently operates in over 20 countries, with the United Kingdom and Sweden as its largest markets. Skandia is one of the largest providers of investment products to the independent financial adviser channel worldwide. Additional information on Skandia can be found at www.skandia.com

About Millea Holdings

Millea Holdings was established in 2002 as the holding company of The Tokio Marine and Fire Insurance Co., Ltd. and The Nichido Fire and Marine Insurance Co., Ltd., whereby the managements of the two direct non-life operations had been integrated.

Life insurance subsidiaries of Tokio Marine and Nichido Fire merged to form The Tokio Marine & Nichido Life Insurance Co., Ltd. on October 1, 2003.

Millea Group is the largest non-life insurance group in Japan as well as one of the largest in the world, and is listed on the Tokyo Stock Exchange, Osaka Stock Exchange and Nasdaq.

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