PRESS RELEASE

Stockholm, 15 December 2011

Skandia Liv acquires Skandia
– One of the largest customer-owned bank and insurance groups in Sweden is formed

Skandia Liv acquires Skandia AB from Old Mutual for SEK 22.5 billion. A new mutual Skandia group is formed and one of the largest independent customer-owned alternatives within savings and insurance in Sweden is created with approximately SEK 440 billion of assets under management and more than 2 million customers.

Livförsäkringsaktiebolaget Skandia ("Skandia Liv") becomes an independent company which acquires Försäkringsaktiebolaget Skandia (publ) ("Skandia AB") with the Nordic insurance- and banking businesses Skandia Link, Skandiabanken and Skandia Lifeline (health insurance), from Old Mutual plc ("Old Mutual"). Following the acquisition, Skandia Liv will initiate a mutualisation process. After completion of the mutualisation, Skandia Liv will be a mutual, i.e. customer-owned, company. The new group will have leading positions within savings and insurance in the Swedish market with approximately SEK 440 billion of assets under management. For Skandia Liv, the acquisition of Skandia AB is carefully considered and a strategically important investment, as the acquisition and mutualisation will bring significant cost and revenue synergies for the benefit of its customers, which could not be achieved in the current corporate structure.

- *Today, a new chapter in Swedish corporate history is written. Through Skandia Liv's acquisition of Skandia AB we create a focused customer-owned company with roots from the 19th century. The investment is strategically important for Skandia Liv, with the ultimate objective of creating value for our policyholders. The transaction creates value in two ways, both through an expected attractive return on the investment and through synergies,* says Gunnar Palme, Chairman of the Board of Skandia Liv.

The transaction will create a financially strong group, where the new ownership structure better promotes the co-operation between Skandia Liv and Skandia AB. The group will achieve significant synergies and become more efficient and thereby also more competitive.

- *Skandia is today a well-managed group with a Nordic business generating high returns. In the short term, this transaction will not entail any changes for our just over two million customers in the Nordic region since they already today, to a large extent, see Skandia as one brand. In the long term we will have a better platform to improve our offering and competitiveness. The new entity will be an independent customer-owned alternative to the large banks,* says Bengt-Åke Fagerman, CEO of Skandia Liv and CEO designate in the new Skandia group.

The transaction has been initiated by Skandia Liv's independent board members, who represent the interests of Skandia Liv's customers.

- *The transaction is positive for Skandia Liv's customers. An increased business focus will become possible as the company will be run with one sole purpose, to benefit the customers, i.e. the policyholders. The transaction is also beneficial for our customers from an investment return perspective as the expected return from this investment exceeds the average return on our current investment portfolio. Going forward, customer influence will increase as policyholders will obtain direct influence through the AGM,* says Leif Victorin, policyholder representative on the Board of Skandia Liv.

The Board of Old Mutual considers the transaction to be in the best interest of Old Mutual's shareholders and creates value for both parties.

- *The sale of Skandia AB to Skandia Liv represents a truly unique opportunity to create value for both Skandia Liv's policyholders and Old Mutual's shareholders through unlocking significant synergies from the combination of the two entities. These synergies would not have been available to the same extent in the absence of the transaction given the specific nature of Skandia Liv's hybrid corporate structure and the restrictions on realising efficiencies that it imposes. The creation of a strong and efficient Nordic champion represents a valuable opportunity for Old Mutual's shareholders and Skandia Liv's policyholders,* says Julian Roberts, Group Chief Executive of Old Mutual.

Invitation to press conference
Today at 10.00 am (CET) a press conference will be held at Skandia's headquarters, at Lindhagensgatan 86 in Stockholm, where Gunnar Palme, Chairman of the Board of Skandia Liv, Bengt-Åke Fagerman, CEO of Skandia Liv and CEO designate of the new Group, and Leif Victorin, policyholder representative on the Board of Skandia Liv, will participate. Journalists interested in participating, please contact Annie Sebelius via e-mail, annie.sebelius@skandia.se or telephone +46 (0)8-788 4614.

The transaction in brief

Skandia Liv is currently one of Sweden's leading traditional life insurance companies and has over the last 15 years generated an average annual return of approximately 7.7 per cent. Even this year, when equity markets have plunged, Skandia Liv has generated positive returns. This is explained i.a. by Skandia Liv investing in e.g. fixed-income securities, unlisted companies, real estate and infrastructure, which have balanced the stock market developments.

The new Skandia group will operate as an independent customer-owned business as from the closing of the acquisition of Skandia AB. During the mutualisation process, which is expected to take up to one and a half years to complete, Skandia Liv will be owned by a newly established foundation. The purpose of the foundation will be to promote the interests of Skandia Liv's customers' during the transition period. Bo Eklöf (Chairman), Leif Victorin and Kajsa Lindståhl have been appointed board members of the foundation.

The foundation will acquire Skandia Liv from Skandia AB for a price corresponding to book value of SEK 600,000. Skandia Liv will simultaneously acquire Skandia AB from Old Mutual for SEK 22.5 billion. The consideration will be paid in cash and will be financed through the disposal of other investment assets.

Skandia AB includes:

- Skandia Link's operations in Sweden and Denmark with approximately SEK 115 billion in unit-link assets.

- Skandia AB's health insurance business, under the brand Skandia Lifeline, with annual premiums of approximately SEK 1.0 billion.

- Skandiabanken, with a loan portfolio of approximately SEK 56 billion, of which more than 90 per cent consists of retail mortgage loans in Sweden and Norway, with low risk, fully funded through household deposits.

The value of the unit-link operations, including Skandia Lifeline, based on existing long-term insurance policies, is estimated at approximately SEK 16.5 billion pro forma as of mid-December 2011.[1] In addition to existing unit-link insurance policies, Skandia Link generates additional value through new written premiums from unit-link insurance products. The value of one year's new sales estimated by Skandia Liv amounted to approximately SEK 590 million on an annualised basis, based on the outcome during the first two quarters of 2011.

In valuation terms the value of Skandiabanken should also be added. As of 30 June 2011 Skandiabanken's shareholders' equity amounted to SEK 2.8 billion.

Furthermore, the transaction is expected to generate additional value for the customers of Skandia Liv, both through cost synergies which are estimated by Skandia Liv to amount to approximately SEK 350 million annually as well as through revenue synergies through an enhanced growth potential and cross selling opportunities within the new Skandia group which, over time, are estimated by Skandia Liv to amount to approximately SEK 500 million per year.

Skandia AB will account for approximately 8 per cent of Skandia Liv's total assets of approximately SEK 290 billion. Skandia Liv's current solvency and debt coverage ratios significantly exceed the requirements of the Swedish Financial Supervisory Authority ("SFSA"). The transaction is well-balanced from a risk perspective and will only have a marginal impact on these key metrics. Going forward, Skandia Liv will continue to be a well-capitalised and strong company.

The transaction has been initiated by the independent members of Skandia Liv's Board of Directors and is recommended by Old Mutual's Boards of Directors and is expected to be finalised towards the end of the first quarter of 2012, following necessary approvals from financial supervisory authorities and competition authorities in relevant countries, as well as the shareholders of Old Mutual. The newly established foundation requires approval from the SFSA for the contemplated acquisition of the shares in Skandia Liv, which entails carrying out ownership and management assessment. Skandia Liv has informed the SFSA of the intended transaction.

Background and rationale

Skandia Liv, currently a subsidiary of Skandia AB, is operated under mutual principles, which means that profits generated by the business are attributable to the policyholders of Skandia

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[1] The valuation is based on a recognised method, Market Consistent Embedded Value (”MCEV”), which Skandia AB reports on a half year basis as part of Old Mutual's official reporting, with the latest reporting date being 30 June 2011. The calculated value has been estimated by Skandia Liv and its advisors as at the middle of December taking into account, inter alia, the effects of the transaction. For additional information regarding the MCEV valuation method please see www.cfoforum.nl/embedded_value.html.

Liv. Skandia Liv and Skandia AB today co-operate through shared administration, sales and marketing. Since Skandia Liv is, by law, not entitled to distribute dividends to Skandia AB, it has been crucial to ensure that any form of co-operation between the two companies does not allow any value transfers. In practice, this has resulted in significant control functions being set up within each organisation to ensure that no profit margins arise under any form of interaction between the two companies. This has resulted in high administrative costs and difficulties to fully utilise business opportunities between Skandia AB and Skandia Liv, limiting efficiency and, as a result, value for policyholders. Increasing market challenges and intensified competition make it increasingly important to fully realise the positive combination effects between the two companies.

The independent board members of Skandia Liv, whose objective is to protect policyholder interests, have concluded that the most attractive solution for the policyholders of Skandia Liv is to create a corporate structure that enables increased integration of the two organisations and that the new entity will be customer-owned. The independent board members of Skandia Liv have therefore initiated this process which will lead to Skandia Liv becoming an independent company that subsequently acquires Skandia AB and initiates the process of mutualisation. Following completion of the transaction, the new Skandia group will have assets under management of approximately SEK 440 billion from more than 2 million customers in Sweden, Norway and Denmark.

The transaction will benefit both Skandia Liv's and Skandia AB's customers as the group will become more efficient and customer focused as a result of the transaction and mutualisation. In the short term, the transaction will not entail any changes for customers, but in the long term the transaction will create a strong platform to improve the new group's market position and to offer the best products possible to the new group's customers.

The acquisition is expected to generate higher returns than the average of the current investment portfolio. Hence, the Board of Skandia Liv believes the transaction to be an attractive investment for the policyholders of Skandia Liv.

Skandia Liv has followed established principles for managing conflicts of interest throughout the entire acquisition process. Non-independent members of Skandia Liv's Board of Directors; Lars Otterbeck, Mårten Andersson and Marek Rydén have not participated in any decisions.

The acquisition of Skandia AB has been reviewed by two mutually independent legal advisors with specific expertise within the insurance industry. In addition, on behalf of Skandia Liv's independent board members, Fairness Opinions have been obtained from J.P. Morgan and Lazard.

Preliminary timetable

15 December 2011:	Announcement of the transaction
February/March 2012:	Approvals from regulatory authorities
End of first quarter 2012:	Closing of the transaction
During 2013:	Mutualisation of Skandia Liv completed

Advisors

Carnegie and Lenner & Partners have acted as financial advisors to Skandia Liv in the transaction. Mannheimer Swartling has been legal advisor to Skandia Liv.

Fairness Opinions have been obtained from J.P. Morgan and Lazard on behalf of Skandia Liv's independent board members.

Deloitte has advised Skandia Liv in the due diligence process of Skandia AB. Actuary advisors Mårten Ajne from Global Associated Actuaries and Nordic Specialist Finance have participated on behalf of Skandia Liv.

Lars Edlund from Grönberg Advokatbyrå and Johan Danelius from Hamilton Advokatbyrå have reviewed the transaction and spoken on behalf of the policyholders.

For additional information please contact:

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Information to customers, of both Skandia AB and Skandia Liv, will be distributed in connection with the closing of the transaction.

Also see www.skandia.se