



Press Release

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New name for one of Sweden's largest life insurance companies

Effective on 1 February, Alecta will be the name of Sweden's largest occupational pension companies with more than SEK 350 billion in managed assets.

In December last year, it was decided that SPP would sell parts of its operations, including its name and brand, to Handelsbanken¹. The Parent Company is now changing its name to Alecta and will concentrate on administering and managing pensions for the approximately 1.4 million privately employed salaried employees and pensioners who are covered by the ITP Plan.

Assets under management currently total more than SEK 350 billion, which makes Alecta, among other things, one of the largest owners on the OM Stockholm Exchange.

"We will now concentrate on being an efficient and reliable administrator and manager of the ITP Plan with a continued high return on capital. I am convinced we will see continued substantial and growing interest in the stable and simple pension solutions we can offer companies and their employees," says Lars Otterbeck, CEO, Alecta.

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¹Subject to approval from the relevant authorities

Alecta administers and manages the occupational pension ITP, which is based on a collective agreement between the Swedish Employers' Confederation (SAF) and the Federation of Salaried Employees in Industry and Services (PTK). Alecta has some 600 employees who serve 28,000 companies and 1.4 million insured individuals in private industry. Annual premium income amounts to SEK 15 billion. Alecta has managed assets totalling over SEK 350 billion, making it one of the largest investment managers in the Nordic region

Background

Effective on 1 February 2001, Alecta pensionsförsäkring, ömsesidigt, is the name of the company previously called Försäkringsbolaget SPP, ömsesidigt.

In December last year, it was decided that SPP Liv, SPP Fonder and the SPP brand would be sold to Handelsbanken¹. The SPP brand represents security and reliability within long-term savings. The new name, Alecta², has been chosen to emphasise this.

Alecta's core business

Alecta develops and manages most of the ITP Plan, collectively agreed pensions for salaried employees in the private sector, on behalf of SAF and PTK. The pension plan covers 28,000 client companies. The number of employees and pensioners covered by the insurance totals some 1.4 million. Managed assets amount to more than SEK 350 billion. Alecta's success will be based on the catchwords reliable, simple and efficient.

ITP

ITP is a defined benefit insurance, which means it is linked to the employee's salary and not to a premium. ITP is competitively neutral and the content in the ITP Plan is agreed between SAF and PTK. The agreement includes retirement pension, family and disability pension, and ITPK. Pension from ITP represents at least 10 per cent of the insured's final pension and, in addition, accounts for a considerably larger portion at higher salary levels. SEK 8.1 billion was paid in the form of pensions to insured individuals and survivors in 1999.

Asset management

Alecta has more than SEK 350 billion in assets under management, making the company one of the largest owners on the OM Stockholm Exchange. Alecta's investment philosophy is to offer the balance between security, risk and return that its customers seek. The largest investments are in fixed-income securities as well as Swedish and foreign equities. For example, Alecta is the largest Swedish institutional owner in a.o. Ericsson and Hennes & Mauritz with 2.5 per cent. Other large holdings include Nordea, AstraZeneca, Telia and Skandia. Half the equities portfolio is invested outside Sweden.

Since the mid-1990s the then SPP has generated a large surplus from funds which stem from pension agreements according to the ITP Plan. Successful investment management, combined with low inflation, created this growing surplus. Nearly SEK 80 billion of these surplus funds have been distributed to companies or placed at the disposal of the parties to the collective agreement. Alecta recently initiated a review of its rules and routines in order to simplify repayments.

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²Alecta comes from the Greek *Alectos* and means unceasing or constant

Pioneers in the health sector

Alecta conducts an extensive program designed to reduce the number of people on the sick-list for long periods. These efforts mainly focus on prevention and rehabilitation. Alecta also supports a number research projects in this field, in recent years primarily research related to stress and depression.

Organisation

Alecta's operations are divided into three business areas: *Insurance, Investment Management and Health & Welfare* and the company has approximately 600 employees.

Alecta's **CEO** is Lars Otterbeck who was previously with the Axel Johnson Group among other things as CEO of D&D Dagligvaror AB and Dagab AB. Lars Otterbeck holds a doctor's degree in Business Administration from the Stockholm School of Economics. In the 1990s Lars was chairman of the employers' organisation HAO.

Board of Directors: Erik Åsbrink, chairman, Rolf Lundqvist, the Swedish Union of Clerical and Technical Employees in Industry (SIF), first vice chairman, Gunnar Björklund, second vice chairman, Björn Bergman, the Association of Managerial and Professional Staff (Ledarna) Gunilla Dahmm, the Swedish Union of Clerical and Technical Employees in Industry (SIF), Jan-Peter Duker, the Swedish Forest Industries Federation (Skogsindustrierna), Holger Eriksson, the Union of Commercial Salaried Employees (HTF), Lars Hansson, Erik Menckel, SAF, Sven Nyman, Investor AB, Lars Otterbeck, CEO, Bo Sundén, SAF, Jöran Tjernell, the Swedish Association of Graduate Engineers, Rune Westergren, HTF, Britt-Marie Bryngelsson, employee representative FTF, Åke Danielsson, employee representative, the Swedish Confederation of Professional Associations (SACO), Birgit Sandberg, employee representative FTF, Karin Fjellström, employee representative SACO, deputy.

History

The ITP Plan was introduced in 1960 by SAF and PTK. SPP was given the assignment to administer and manage the plan. The main aim of ITP was to give the large industrial companies' salaried employees good and fair pensions. The plan includes retirement pension, family and disability pension, ITPK, and occupational group life insurance TGL. SAF and PTK decide on the content of the ITP Plan and it is managed by Alecta.

Future

Alecta's future focus and operations will be affected by structural changes to the entire pension insurance market in the next few years as well as by the content of the new ITP Plan which is currently being discussed between the parties SAF and PTK.