

Press Release

Stockholm, March 6 2001

Year- End Report 2000

Premium income increased 6 percent

- Premium income of Alecta pensionsförsäkring, ömsesidigt (formerly Försäkringsbolaget SPP, ömsesidigt) increased 6.4 percent, to SEK 16,608 M (1999: 15,615).
- The collective reserve increased to SEK 71.9 billion (66.5), and the solvency margin was 127 percent (124).
- The expense ratio amounted to 3.4 percent (2.9) and management expense ratio to 0.20 percent (0.19).
- As of December 31, 2000, investments had a market value of SEK 353.3 billion (355.0). The total return on investments was 6.2 percent (20.0). Alecta seeks long-term, orderly growth in value, with a good risk-adjusted return on investments; at year-end it had approximately 48 percent (invested) in interest-bearing assets, 42 percent in equity, and 10 percent in real estate.
- Profit for the year amounted to SEK 3.2 billion (49.3). The decline in profit was due primarily to the fact that the return of capital decreased by SEK 42.5 billion. The return on equity was negative and amounted to -1.9 percent (50.4), while the return on interest-bearing investments was 9.2 percent (-1.5 percent), and the return on real estate was 19.4 percent (16.2). Profit was charged with a special provision of SEK 6.7 billion to the premium reserve, for the reduced premium reserve interest rate approved by the Financial Supervisory Authority in 1999. The new Swedish Insurance Business Act, adopted in 2000, does not permit continuing allocations based on so-called "transition grounds," as Alecta had earlier decided to apply over a ten-year period. The remaining provision of SEK 18.1 billion will be recognized as income not later than December 31, 2001.
- Alecta paid out SEK 8.0 billion (8.1) in insurance payments, and bonuses amounted to SEK 7.5 billion (7.9). During 2000 customer companies claimed SEK 17 billion from the 1994-1998 excess consolidation funds for pensions of SEK 78 billion. An additional SEK 48 billion remains for the same purpose. Insured persons will receive SEK 12 billion from the surplus consolidation, and SEK 5 billion will remain for future pension improvements.
- The capital gain as a result of the sale of SPP Liv, SPP Fonder and the SPP brand name to Handelsbanken amounted to SEK 6.9 billion and will be included in Alecta's accounts for 2001.

Alecta develops, offers and manages collectively agreed pension plans. The company's core business is 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 is the largest manager of pension assets in the Nordic region with SEK 350 billion in assets under management. In recent years Alecta has developed extensive competence in the area of health and rehabilitation. Alecta has 600 employees who provide service to 28,000 client companies and administer 1.4 million insurance contracts. Annual premium income amounts to more than SEK 15 billion

Comment by the president

Increased efficiency and focusing make me optimistic

Since February 1, 2001, Alecta pensionsförsäkring, ömsesidigt has been the name of the former Försäkringsbolaget SPP, ömsesidigt. We are the largest pension fund manager in the Nordic region and we have a single objective: to offer customers the best collective-agreement pension plans. The rapidly growing operations in the competitive market have a new owner that is taking over the old brand name.

Alecta has about four fifths of the assets managed in the old SPP Group, about half of the employees and approximately 60 percent of the premium income. We manage the ITP pension plan for SAF and PTK and thus do not compete with the market's life insurance and pension insurance companies.

On March 7, Handelsbanken is taking over SPP Liv, SPP Fonder and the SPP brand name. SPP Liv will thereby be able to continue its special concept that focuses on the workplace as a marketplace. The bank is being provided with a sales channel that is rather unique in the Swedish market. SPP's successes in premium pension selection showed the strength of the brand name and of the market position that SPP Liv has established.

Alecta will conduct a large-scale homogeneous business with a high degree of efficiency, and is in a position to become highly cost-effective. We will be suppliers of defined-benefit collective-agreement pension plans, with our core business in ITP. There are important challenges for us in the new agreement that the parties are negotiating, also when there is a need for a central coordinating organ.

I am very optimistic about the future for Alecta. The key to success in the years immediately ahead lies in our ability to maintain a return on capital that is above average, and in our gradually becoming even more efficient in managing the ITP plan. In this way Alecta can position itself to play a distinct role in the new ITP agreement that will probably be the result of the current negotiations.

Lars Otterbeck
President of Alecta

For further information please contact:

Lars Otterbeck, President and CEO, +46 (0) 8 441 60 50

Kerstin Stenberg, Senior Vice President, Corporate Accounting, Control and Administration, +46 (0)8 441 61 40

Cecilia Schön Jansson, Senior Vice President, Corporate Communications, +46 (0)8 441 69 75

Profit and Loss Account, Balance Sheet and Investment Income Chart

Profit and Loss Account (SEK m)

	Alecta Group		Alecta (parent company)	
	2000	1999	2000	1999
Premiums written	16,608	15,615	16,608	15,615
Investment income	16,602	59,135	15,605	59,978
Claims incurred	-7, 999	-8,110	-7, 999	-8,110
Change in other technical provisions	-18,801	-14,748	-18,801	-14,748
Operating expenses	-565	-447	-565	-447
Other	-44	-7	131	-
Tax on profit for the year	-2,636	-2,119	-2,600	-2,108
Net profit for the year	3,165	49,319	2,379	50,180

Balance Sheet (SEK m)

	Alecta Group		Alecta (parent company)	
	31 Dec 2000	31 Dec 1999	31 Dec 2000	31 Dec 1999
Investments	350,235	350,882	348,921	350, 447
Other assets	10,880	9,946	9,808	9,077
Total Assets	361,115	360,828	358, 729	359,524
Untaxed reserves	-	-	501	501
Bonus funds	155,880	177,838	153,791	176,762
Technical provisions	198,757	178,357	198,757	178,357
Other liabilities	6,478	4,633	5,680	3,904
Total shareholders' equity, provisions and liabilities	361,115	360, 828	358,729	359,524

Investment Income

Alecta	Market value 31 Dec 2000		Net invest 2000	Change in values		Market value 31 Dec 2000		Total return %	
	SEK bn	%		SEK bn	%	SEK bn	%	2000	1999
Fixed-income excl. direct loans	167.5	47.4%	-35.0	6.1	3.4%	196.4	47.4%	9.2%	-1.5%
Swedish	119.8	33.9%	-39.5	3.5	2.7%	155.8	37.6%	8.4%	-1.1%
Non Swedish	47.7	13.5%	4.5	2.6	5.4%	40.6	9.8%	11.2%	-3.1%
Direct loans	4.4	1.2%	-0.4	0.0	0.6%	4.8	1.1%	7.1%	4.9%
Equities	146.5	41.5%	-29.0	-5.4	-3.5%	180.9	43.7%	-1.9%	50.4%
Swedish	80.1	22.7%	-20.0	-3.9	-4.7%	104.0	25.1%	-3.0%	66.1%
Non Swedish	66.4	18.8%	-9.0	-1.5	-2.2%	76.9	18.6%	-0.6%	32.0%
Real estate	34.9	9.9%	-1.5	4.1	12.9%	32.3	7.8%	19.4%	16.2%
Total investments (excl promissory note)	353.3	100.0%	-65.9	4.8	1.3%	414.4	100.0%	5.4%	20.0%
Less promissory note SPP Liv	-		59.4			-59.4		-5.0%	
Total investments	353.3		-6.5	4.8	1.3%	355.0		6.2%	

During 2000 Alecta redeemed its 1997 promissory note to SPP Livförsäkring AB by transferring liquid funds in the amount of SEK 59.4 billion. The promissory note was issued when Alecta reorganized its insurance portfolio. Occupational pensions and obligations, apart from the ITP assignment, were transferred from Alecta to SPP Liv, without any ownership transfer of corresponding investment assets. The promissory note amounted to SEK 38 billion. The company's annual report in English will be distributed at the beginning of April.