

Press release

Stockholm, 27 October 2006

Alecta has lowest costs in the industry

Alecta distinguishes itself among life insurance companies due to its low costs. At the same time, return for the first nine months of 2006 was 5.1 per cent.

Alecta has reduced the operating expenses for its pension products still further from an already low level. The management expense ratio for the first nine months of 2006 was 0.12. This represents a continued improvement over the level for the first six months of 0.13. Alecta's President, Tomas Nicolin, comments: "This means that we have the lowest costs of all our competitors. Our own costs, however, are even lower. Up to now, Collectum's costs and the costs of the parties' information resources have been reported through Alecta. Starting next year, this will be financed differently. If we were to deduct these costs today, the management expense ratio would be 0.10. Making this adjustment, savers can more easily compare our costs with those of other life insurance companies."

Alecta's total return during 2006 thus far amounts to 5.1 per cent. The main explanation for this is rising stock market prices during the third quarter.

"This is a good for return for the period but it is even more important to look at our ability to create a long-term return. We have achieved an average annual return of 6.6 per cent over the past five years," says Tomas Nicolin.

The market for occupational pensions is undergoing change with the new defined contribution ITP Plan. Alecta is one of the life insurance companies participating in the tender process.

Management expense ratio

The management expense ratio is the key ratio that shows a life insurance company's management costs in relation to assets under management.

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Alecta offers the occupational pension ITP – a pension that is paid for by the employer. We manage assets of almost SEK 420 billion. Our clients and owners are 27,000 companies and 1.6 million private individuals. Alecta's assignment comes from the Confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services (PTK). Our cost-effective solutions and service allow employers to provide their employees with financial security both during and after their working lives. Through the disability insurance that is included in ITP, we can also increase client companies' awareness of the correlation between health and profitability. We offer a financial security benefit that suits most people and seek to set the standard for high returns and low costs