

PRESS INFORMATION**Länsförsäkringar AB's acquisition of Länsförsäkringar Fondliv from Länsförsäkringar Liv completed – campaign to become best pension partner for business owners**

The acquisition of the unit-linked insurance company, Länsförsäkringar Fondliv, is part of Länsförsäkringar's campaign in the occupational pension market. Resources for improving the fund range and product and business development are being strengthened to meet the demands of the business owner. The efforts also include an expanded focus on the life insurance broker market.

“Our long-planned acquisition of Länsförsäkringar Fondliv marks the start of Länsförsäkringar's campaign to become small businesses' first choice of pension partner, and thereby number one on the occupational pension market,” says Sten Dunér, President of Länsförsäkringar AB.

“The timing of the acquisition has naturally been expedited due to trends in the financial markets and the need to assist the traditional life assurance company strengthen its key figures. With the unit-linked insurance company as a base, we are taking an important step in our long-term strategy of standing alongside our customers by offering advisory services from the start of their pension savings to actual pension payment. We want to ensure customised savings based on customers' individuals circumstances,” continues Sten Dunér.

Länsförsäkringar AB, which is owned by the 23 regional insurance companies, will acquire all of the shares in Länsförsäkringar Fondliv Försäkringsaktiebolag from Länsförsäkringar Liv Försäkringsaktiebolag. The purchase price amounts to SEK 4,400 M, plus an additional purchase price of SEK 950 M, which will be paid in equal sums over seven years, meaning that the present value of the purchase consideration totals approximately SEK 5 billion. The purchase is contingent on the relevant authorities not raising any objections to the transaction and Länsförsäkringar continuously providing information about the transaction to the Swedish Financial Supervisory Board. The parties engaged in an extensive negotiation process, which was performed with the assistance of external advisors. The negotiated terms of the transaction were subsequently examined by three independent parties appointed by the purchaser and the seller. For more detailed information about the acquisition, refer to Appendix 1.

Länsförsäkringar's long-term strategy is to conduct pension activities in a profit-distributing company that, together with the banking activities, is owned by the 23 regional insurance companies. The changes that are now being implemented are part of

The Länsförsäkringar Alliance comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. Customers are provided with a complete offering of banking and insurance services through their local, regional insurance companies. We offer animal and crop insurance through Agria Djurförsäkring and total solutions for reliable mortgage transactions are offered through Länsförsäkringar Fastighetsförmedling.

this strategy but have been accelerated by the trends prevailing on the financial markets and Länsförsäkringar Liv's need to reduce the risks inherent in its investment assets.

About the campaign in the occupational pension market

The very core of the pension systems has altered over the past 20 years. The responsibility for pensions has been transferred successively from the state and employer to the individual. The amount of future pensions depends on the ability of the individual to successfully manage the funds saved under a pension scheme. More and more people perceive pension savings to be complex and difficult to understand.

Traditional guarantee products will gradually decline since the trends in the financial markets have rendered them too risky and expensive. Solutions based on promises of pension amounts have instead been replaced in a number of areas by solutions that are based on reserving a certain premium every year.

Meanwhile, pension savings have become more important than ever before since the gap between salary and national pension is gradually widening and will be large for an increasing number of Swedes. Pension savings are particularly important to owners of small businesses who do not have collective agreement pensions as those received by employees at workplaces with such agreement schemes through their employment.

“The basis of our campaign is that there is a rapidly increasing need to improve pensions in a variety of ways. It is essential to start saving in good time and reserve a sufficiently large amount. It is also very important to manage these pension savings in the best possible way to receive as high a pension as possible for every penny saved. Länsförsäkringar will assist its customers all the way to improve their savings. The more often we meet our customers over the course of their entire savings period, the better the individual advice that we will be able to provide,” says Mats Wester, Länsförsäkringar's Savings Expert.

More than 40% of Länsförsäkringar's total life-assurance sales are made by brokers. An increasing number of companies are opting to be represented by an insurance broker. Länsförsäkringar's focus on customer meetings has accelerated process and product development and the changes and measures that Länsförsäkringar is now taking.

Länsförsäkringar's long-term venture involves an enhanced approach with advisory services provided continuously throughout the savings process, from the very beginning when savings are first started, throughout the savings period, prior to and while pension payments are made.

Under this new venture, Länsförsäkringar will, over the next three years, contact the majority of all of Sweden's small companies with 0-9 employees to review their pensions and discuss their total requirements for insurance, pension and banking services.

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APPENDIX 1

Länsförsäkringar AB acquires Länsförsäkringar Fondliv from Länsförsäkringar Liv

Länsförsäkringar AB and Länsförsäkringar Liv have signed an agreement concerning Länsförsäkringar AB's acquisition of Länsförsäkringar Fondliv from Länsförsäkringar Liv. Länsförsäkringar AB owns Länsförsäkringar Bank AB. In turn, the Länsförsäkringar AB Group is owned by the 23 regional insurance companies.

Länsförsäkringar expects to generate major benefits from the acquisition, including increased sales opportunities. Länsförsäkringar Fondliv's leading position in the occupational pension market will provide a solid basis for developing new and attractive savings products for private customers and businesses. Accordingly, Länsförsäkringar's complete offering and competitiveness will be strengthened.

The acquisition is also part of efforts to minimise the risks in Länsförsäkringar Liv's balance sheet where key figures have been under intense pressure due to falling long-term interest rates and the decline in the equities market.

“The purchase price amounts to SEK 4,400 M, plus an additional purchase price of SEK 950 M, which will be paid in equal sums over seven years, meaning that the present value of the purchase consideration totals approximately SEK 5 billion. The capital strength of the 23 regional insurance companies is highly favourable, meaning that the acquisition can mostly be financed through equity. In conjunction with the acquisition, Länsförsäkringar AB will implement a new share issue of SEK 3 billion from the 23 regional insurance companies,” says Malin Rylander Leijon, CFO of Länsförsäkringar AB.

In 2010, Länsförsäkringar Fondliv had premium income of SEK 6,345 M and reported net profit of SEK 132 M. The corresponding figures for the first six months of 2011 were SEK 3,856 M and SEK 102 M respectively.

Financial data – Länsförsäkringar Fondliv

SEK M	2008	2009	2010	2011 (first 6 months)
Premium income	5,022	5,794	6,345	3,856
Net profit/loss	-77	20	132	102
Fund assets under management	31,676	45,822	53,982	54,473
Shareholders' equity	571	591	1,123	1,225

In terms of profit, the acquisition of Länsförsäkringar Fondliv will make a positive contribution to the Länsförsäkringar AB Group's earnings, excluding amortisation of acquisition-related intangible assets. The transaction is also anticipated to make a positive contribution to the Länsförsäkringar AB Group's net profit within a few years. The acquisition is expected to enhance the attractiveness and competitiveness of Länsförsäkringar Fondliv's operations, which is expected to increase future earnings.

Advisors and Fairness Opinion

Lenner & Partners served as the financial advisor to Länsförsäkringar AB and UBS Investment Bank was the financial advisor for Länsförsäkringar Liv for this transaction. Hammarskiöld & Co served as Länsförsäkringar AB's legal advisor.

An independent Fairness Opinion (statement on the fairness of a purchase consideration) was obtained from The Royal Bank of Scotland on behalf of Länsförsäkringar AB.

JP Morgan has submitted a Fairness Opinion to Länsförsäkringar Liv. Clas Bergström, Professor in Finance and Law at the Stockholm School of Economics, has examined the transaction and presented a statement to Länsförsäkringar Liv's Policyholders' Association.

APPENDIX 2

Many small businesses have no or insufficient savings

Only about half of small businesses have private occupational pension savings. A third of self-employed people have no pension savings at all. They do not have private savings or save through a company.

Some 5% of self-employed people save less than SEK 2,000 per month. To reach the same level received by employees with an occupational pension, self-employed people should be saving 5% of their gross income from the age of 25 for their pension. If they start saving later in life, the annual savings will need to be higher.

The main reason that self-employed people do not pay themselves an occupational pension is that they believe that they cannot afford it. Other reasons are that they do not see the need since a pension is insured in another way and many people do not know who an occupational pension works or do not believe they have had the opportunity to learn about the pension system.