



**Pohjola joins Skandia and Storebrand
to create the leading Nordic P&C company**

Press Conference

Helsinki, Oslo and Stockholm, June 23, 1999

AN IDEAL PARTNERSHIP

- Pohjola, Skandia and Storebrand share a common view on the dynamics of the P&C industry
- All parties regard the P&C insurance market as attractive and see significant potential for value creation in Nordic consolidation
- The P&C activities of Pohjola, Skandia and Storebrand all have leading positions in their domestic markets
- Each company brings particular skills and strengths which will substantially increase the competitiveness of the combined firm
- The companies bring three strong management teams and similar organisational cultures and values

HIGHLIGHTS OF THE TRANSACTION

- Pohjola contributes its non-life activities to the P&C company being created by Skandia and Storebrand
- Merger of equals
- Newco will have an estimated pro forma market share across the Nordic countries of 20%
- Cost synergies from the transaction are estimated at SEK 540 million, to be realised within 3 years from completion date
- The owners expect to list the company within two years

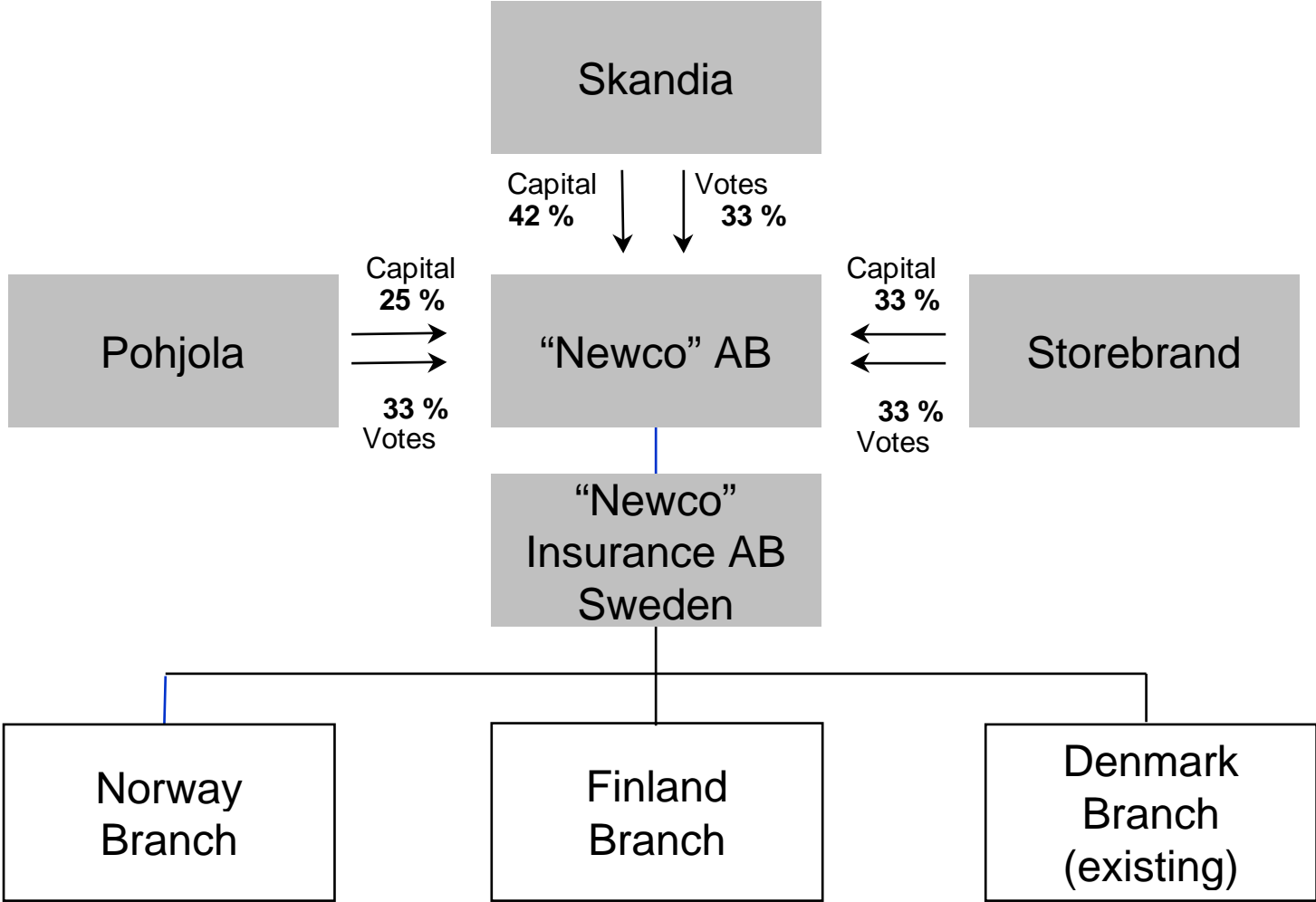
HIGHLIGHTS OF THE TRANSACTION (CONTINUED)

- Pohjola will own 25%, Skandia 42% and Storebrand 33% of the capital of Newco
- Voting rights will be equally shared among Pohjola, Skandia and Storebrand
- The P&C activities of Pohjola and Storebrand will be organised as branches of a Swedish operating company to maximise operating and capital synergies
- “Centres of Excellence” will be established in Helsinki, Oslo and Stockholm in due course to reflect the particular strengths of each company

- Newco will be capitalised to obtain a “A” financial strength rating
- We assume that the solvency ratios will be set at 55% for the activities contributed by Skandia and Storebrand and 65% for Pohjola
- Pohjola’s higher solvency ratio means it will contribute c. SEK 440 million additional capital to Newco
- This has been agreed to compensate for Pohjola’s larger relative share of long-dated liabilities and investment assets, which increases its investment returns but also results in higher investment risks
- Newco will manage their own call centres and service centres, and will enter into an agreement with Pohjola, Skandia and Storebrand regarding sale through local distribution networks

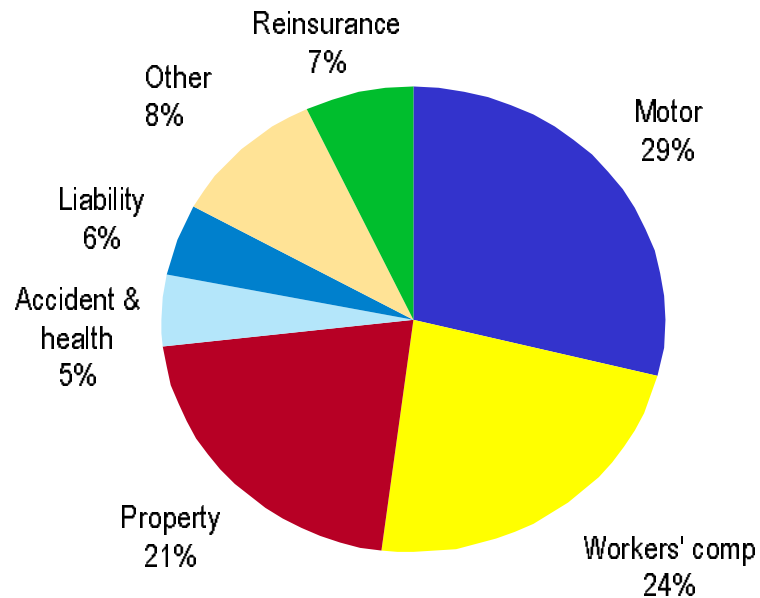
- The Executive Committee will be chaired by Åge Korsvold, and other members of the Executive Committee will include Pirkko Alitalo, Idar Kreutzer, Lars-Eric Petersson, Ulf Spång and Iiro Viinanen
- Bo Ingemarson, Senior Executive Vice President of Skandia, will be CEO of Newco
- Knut Francke, Per-Erik Hasslert, Gunn Ovesen, Tom Rathke, Jan Svensson and Veli Kalle Tavakka will all be part of the executive management

STRUCTURE OF THE NEW GROUP

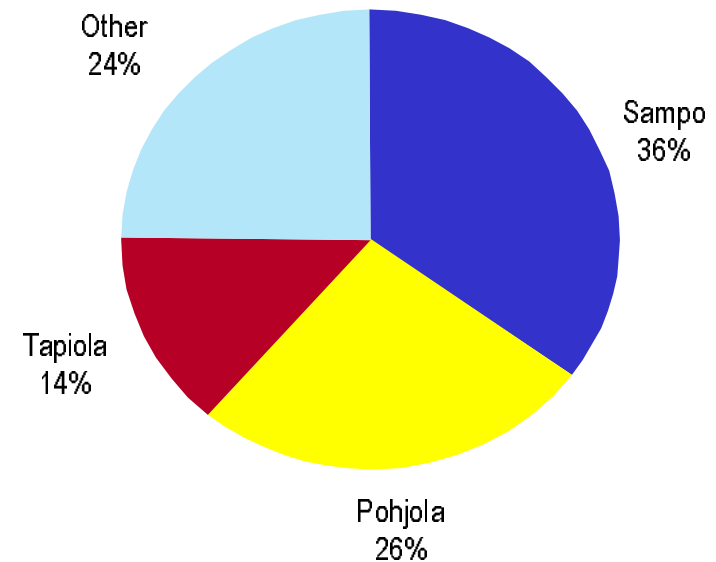


OVERVIEW OF THE FINNISH P&C MARKET

NON-LIFE MARKET BREAKDOWN (1998)
TOTAL PREMIUMS SEK 20.1 bn



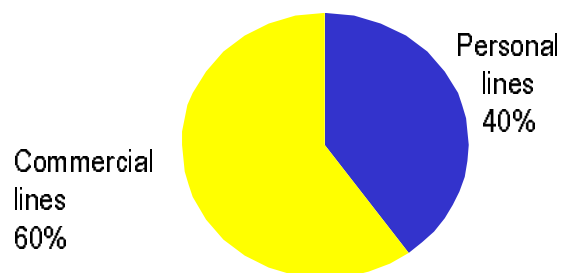
NON-LIFE MARKET SHARES (1998)
TOTAL DIRECT PREMIUMS SEK 18.6 bn



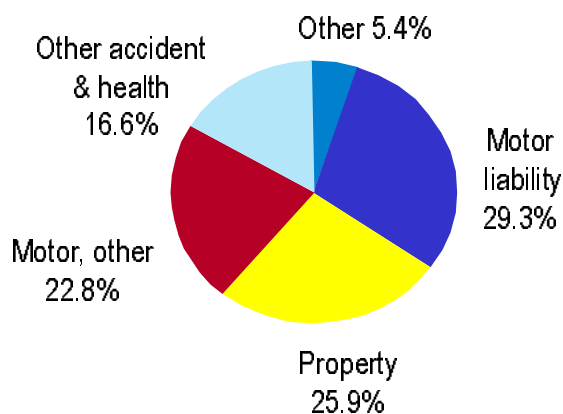
- Competitive market but few large players and limited cross-border competition
- Workers' compensation relatively important line:
 - tariffs are currently being deregulated. Premium levels automatically adjusted for previous years' loss experience
 - 40% of premium income from small and medium-sized companies and 60% from large corporates
- Substantial technical reserves due to annuity portfolios (motor liability and workers' compensation) - investment income key
- Internet and mobile phones gaining ground as service channels due to very high customer acceptance of technological developments

- Finland's second largest non-life insurer with stable market share of 26%
- Major restructuring programme finalised in 1998:
 - distribution, claims handling and IT systems have been reorganised into separate companies to enhance transparency of operating results and improve efficiency
 - new product platform introduced which integrates all product lines in a single, flexible policy fully available through the internet

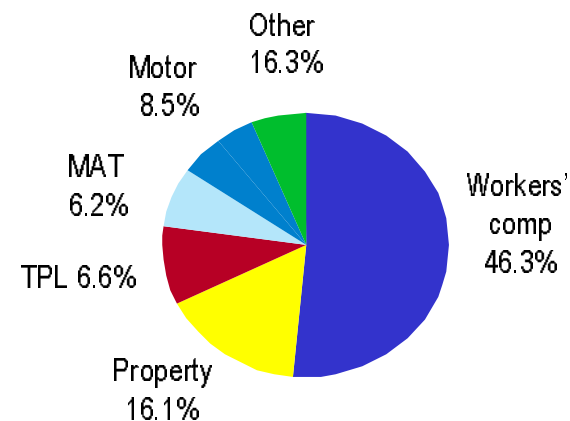
TOTAL NON-LIFE PREMIUMS
1998 GPW SEK 5,021 m

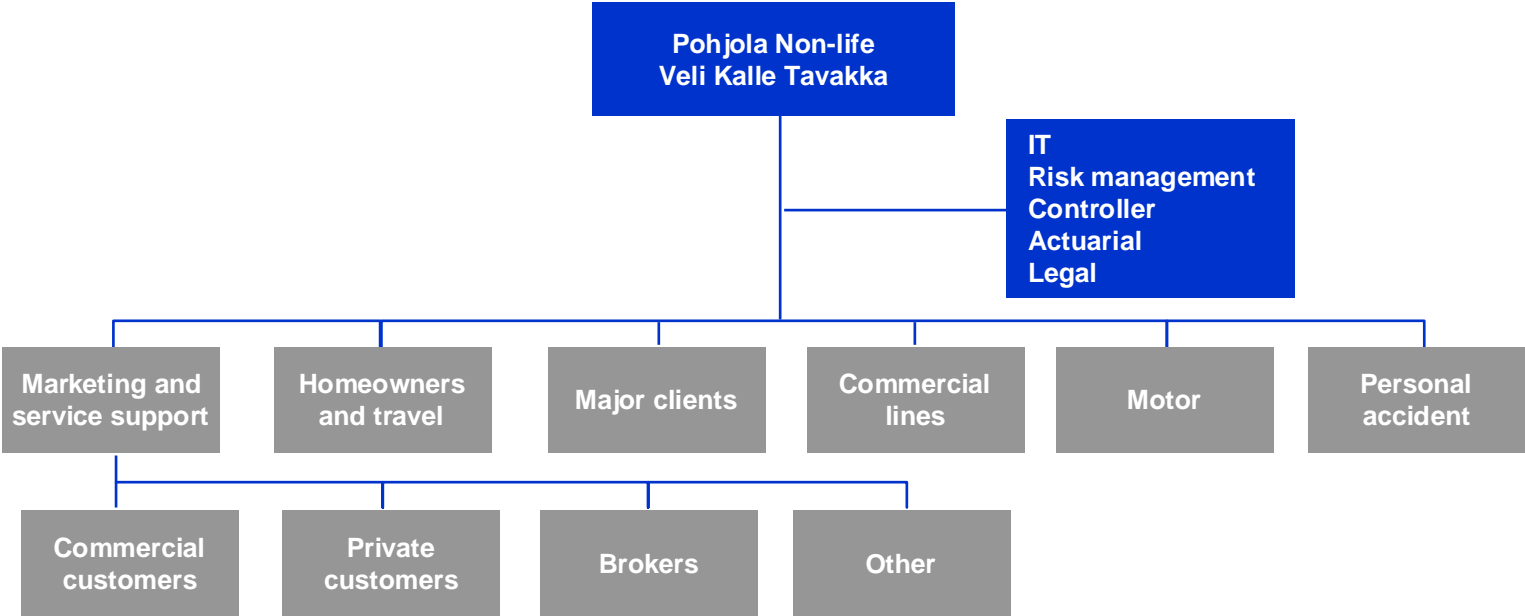


PERSONAL LINES
1998 GPW SEK 2,019 m

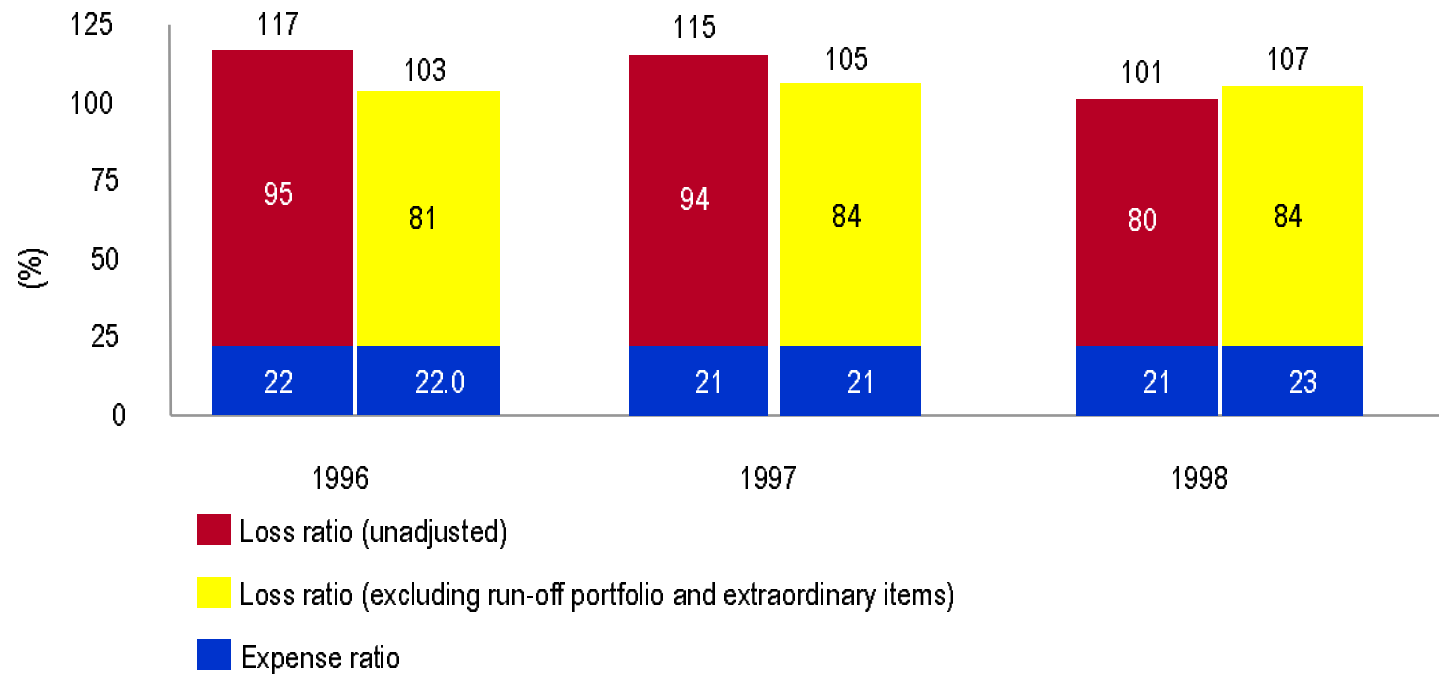


COMMERCIAL LINES
1998 GPW SEK 3,002 m

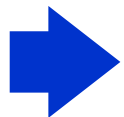
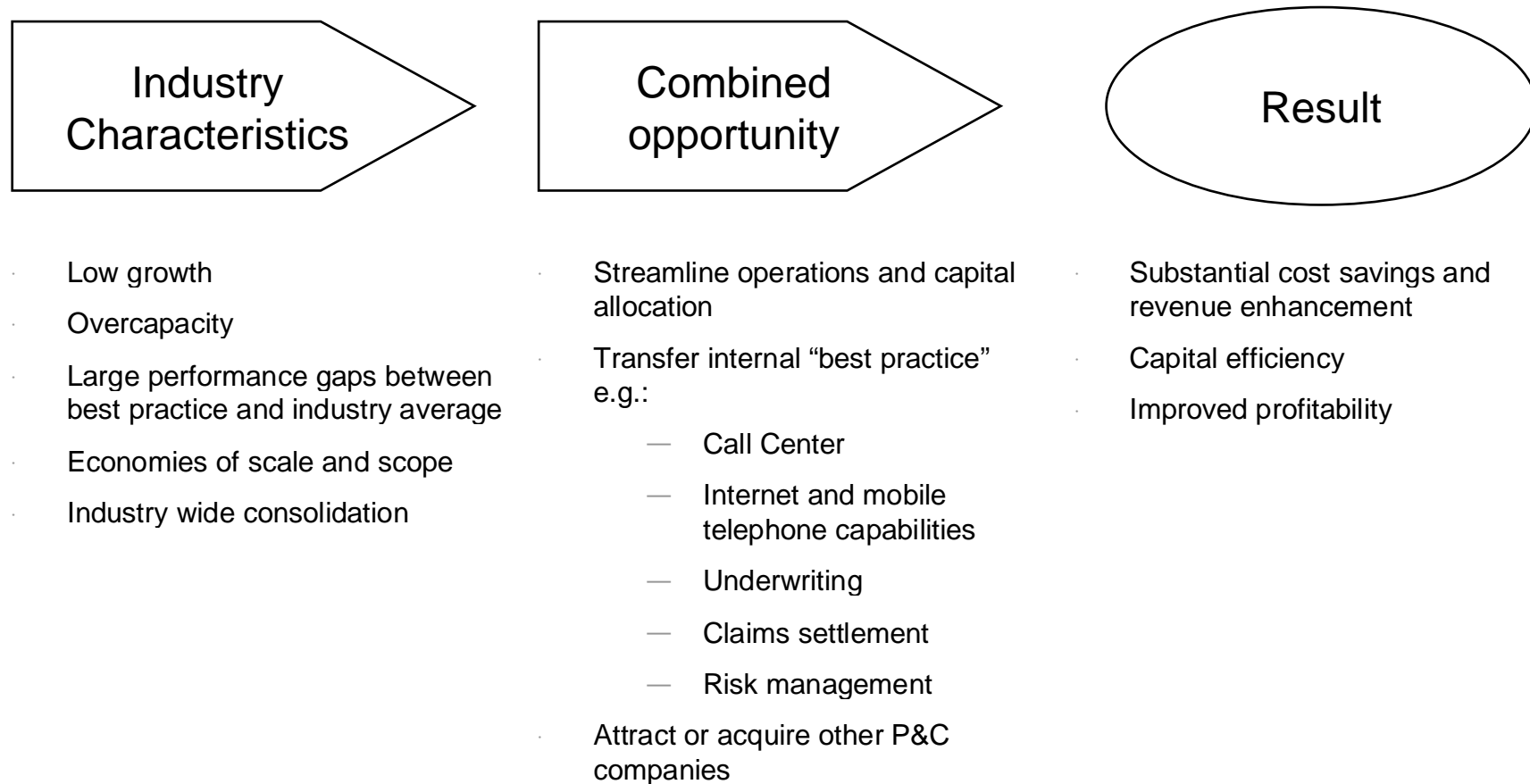




Pohjola Non-life organised by client and/or product category



After adjusting for Pohjola's run-off operations (net technical reserves SEK 1,003 million), Pohjola's combined ratio has averaged 105% between 1996 and 1998



The New Group creates a strong Nordic platform for future growth

- Establish a financially strong and capital efficient structure as a basis for continued development of the business
- Establish a P&C organisation with unparalleled scale and core skills in the Nordic region
- Establish an integrated organisation capable of achieving substantial synergies



To create the leading P&C company in the Nordic region

Product offering

- Complete range of P&C insurance products for individuals and corporates

Geographic focus

- The leading P&C insurer in the Nordic region, with a strong market position in each market


Distribution strategy

- Re-engineer the existing distribution networks and create an innovative and flexible organisation with superior distribution capabilities

Strategic position

- Size provides increased strategic flexibility and enables Newco to lead in the restructuring of the Nordic insurance sector

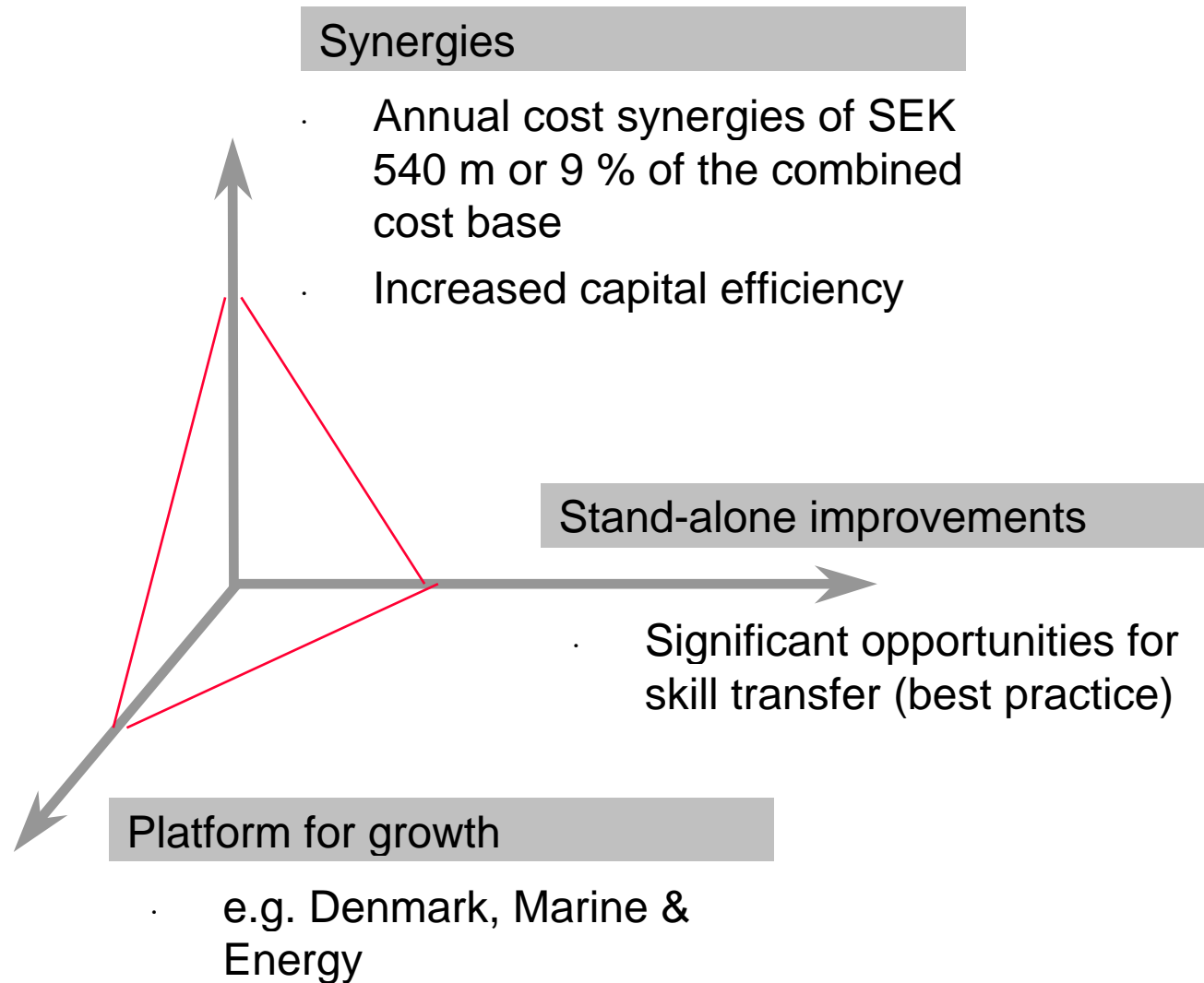
- Leverage strong existing brands and distribution capability
- Newco has initiated a process to establish a new brand. Co-branding with current brands following completion of the transaction
- Service channels to include:
 - call centres
 - sales and service centres
 - sales representatives
 - distribution agreements with Pohjola, Skandia and Storebrand
 - internet
 - mobile telephony
- Distribution alliances will be considered



Strengthened platform for efficient distribution

- Anticipated synergy gains, leading market position and financial strength create the foundation for sustainable earnings growth
- Newco will be capitalised to obtain a “A” financial strength rating
- Target return on solvency capital over the insurance cycle is risk free interest rate plus 6%
- Pohjola, Skandia and Storebrand have agreed to seek a listing for Newco in two years

SOURCES OF VALUE CREATION



BREAK-DOWN OF SYNERGIES

	Total SEKm
Production and underwriting	135
Distribution	100
Administration	90
Claims handling	35
Support functions and other	180
Total annual synergies	540

- Synergies to be realised within three years from completion

KEY FIGURES FOR NEWCO

As of December 31 1998 (SEKbn)	Pohjola	Skandia ⁽²⁾	Storebrand	Newco ⁽²⁾
Gross premium written	5.0	8.7	9.7	23.4
Total assets ⁽¹⁾	12.9	22.0	15.9	50.8
Net technical reserves	9.9	15.7	11.3	36.9
Net asset value	3.0	6.3	4.6	13.9
No. of customers (000s)	1,000	2,500	1,000	4,500
No. of employees (appr.)	1,100	1,900	2,600	5,600

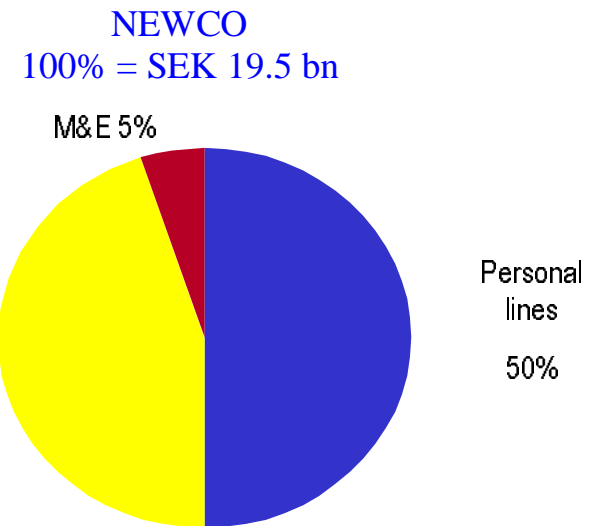
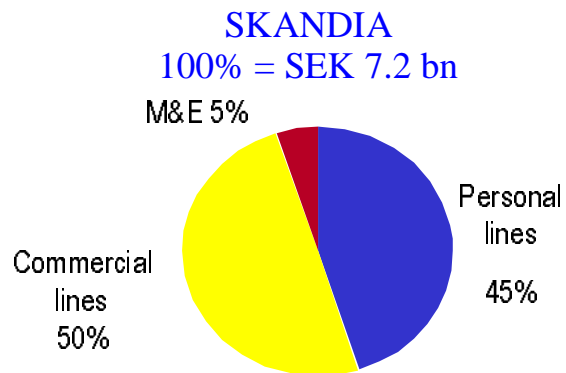
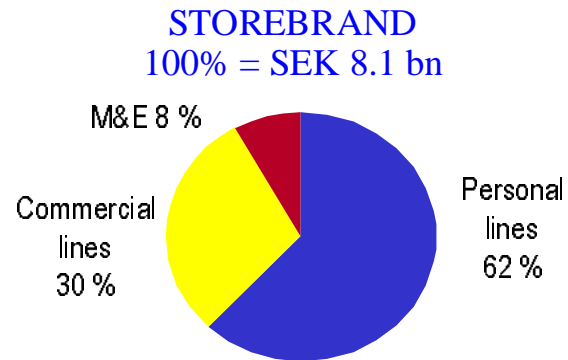
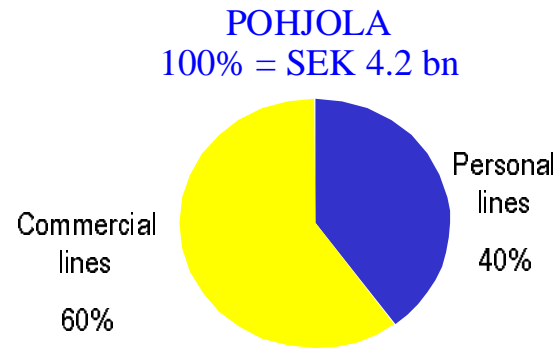
Notes:

(1) Defined as the sum of net technical reserves and net asset value

(2) Vesta, Skandia's Norwegian subsidiary will be prepared for a listing. Hence Vesta is only included in Skandia's and Newco's net asset value (SEK2.4bn). Vesta's 1998 gross premium written was SEK5.2bn and net technical reserves SEK7.9bn

Exchange rate SEK/NOK 1.077 and SEK/FIM 1.475

PREMIUMS BY SEGMENT⁽¹⁾

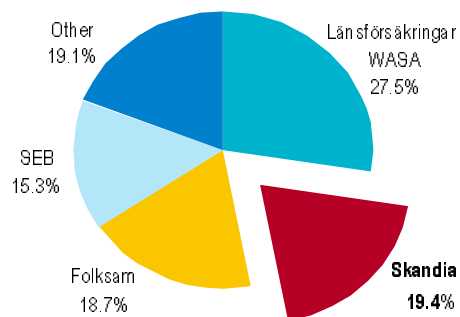


Note:
(1) Net premiums earned, 1998. Excludes Vesta

MARKET SHARES, 1998⁽¹⁾

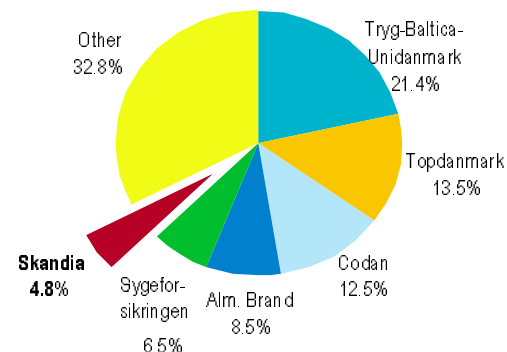
Sweden

Total Gross Premiums: SEK 30.5 bn



Denmark⁽¹⁾

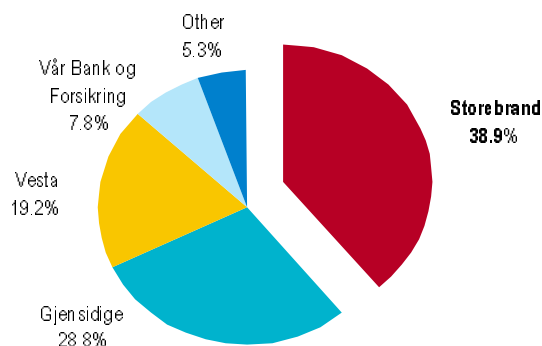
Total Gross Premiums: SEK 32.3 bn



Note:
(1) 1997 data for Denmark

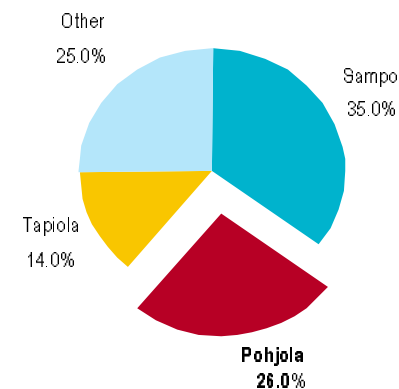
Norway

Total Gross Premiums: SEK 21.1 bn



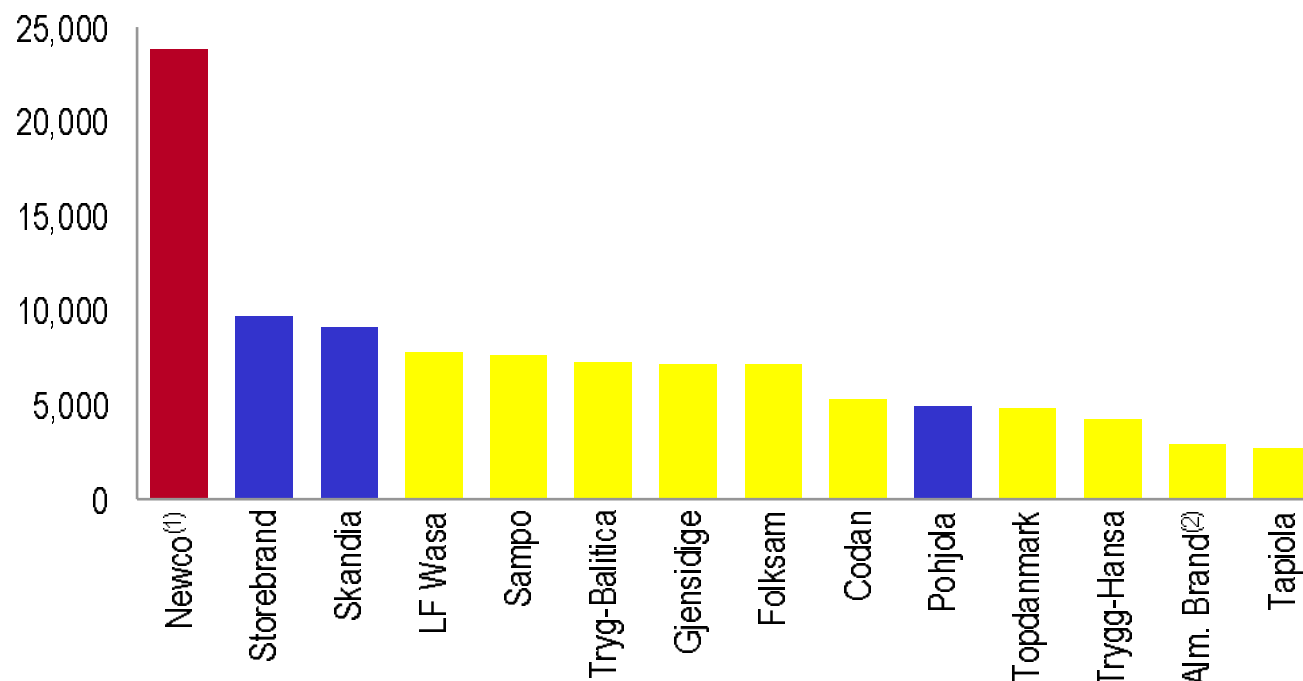
Finland

Total Gross Premiums: SEK 18.6 bn



Newco will have a combined Nordic market share of 20%

GROSS PREMIUMS WRITTEN, SEKm (1998)



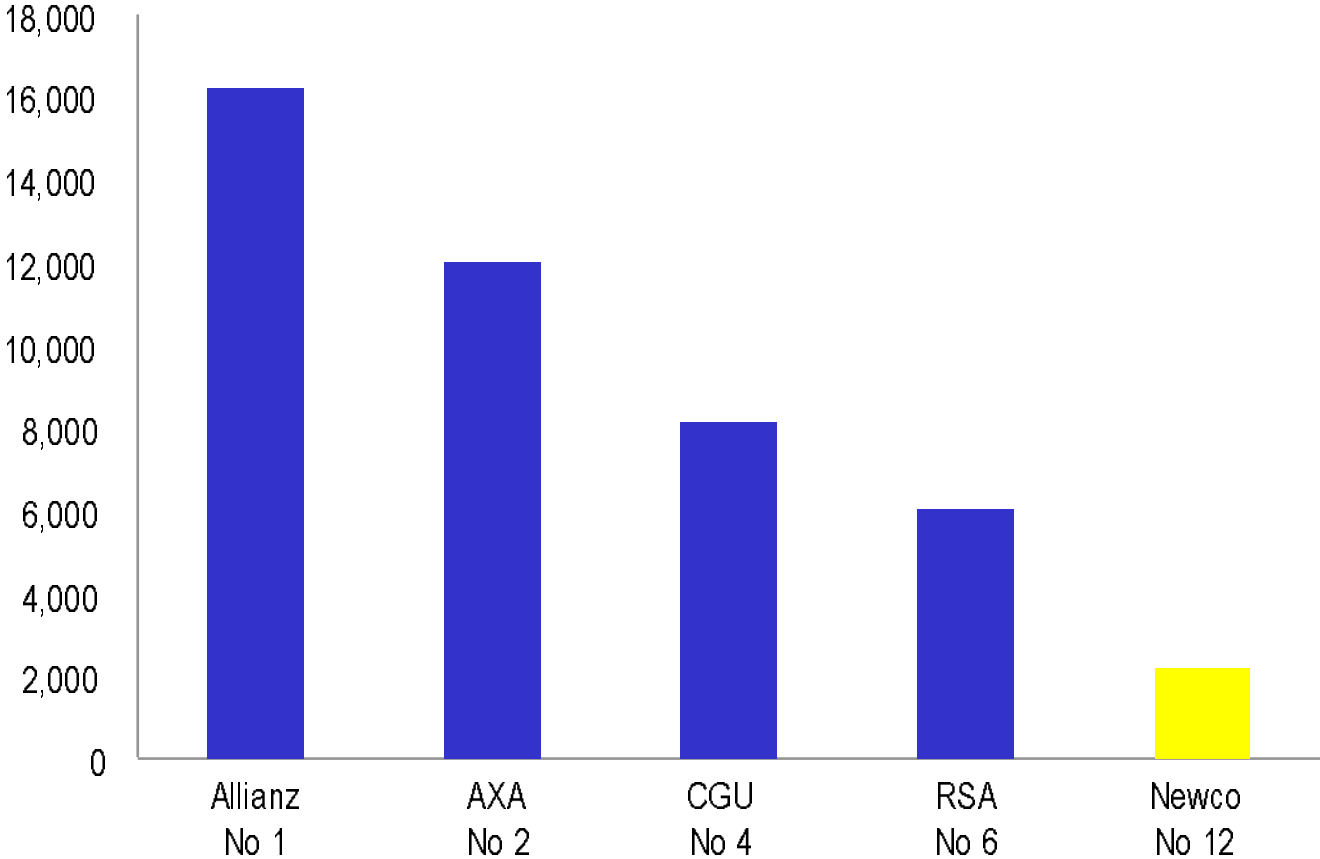
Source: Annual reports

Notes:

(1) Newco and Skandia exclude Vesta, NIG Skandia and Sinsler

(2) 1997 figures

NET PREMIUMS WRITTEN, USDm



1998 PRO-FORMA ACCOUNTS SUMMARY

(SEKbn)	Pohjola	Skandia ⁽¹⁾	Storebrand	Newco
Gross premiums written	5.0	8.7	9.7	23.4
Net premiums written	4.6	7.3	8.4	20.3
Net premiums earned	4.2	7.2	8.1	19.5
Net claims ⁽²⁾	3.5 ⁽³⁾	6.3	6.0	15.8
Net operating expenses ⁽²⁾	0.9	1.8	2.3	5.0
Investment income ⁽⁴⁾	0.7	1.1	0.8	2.6
Operating profit	0.4	0.2	0.7	1.3
Total assets ⁽⁵⁾	12.9	22.0	15.9	50.8
Net technical reserves	9.9 ⁽³⁾	15.7	11.3	36.9
Net asset value	3.0	6.3	4.6	13.9
<i>Claims ratio (%)</i>	<i>84.2</i>	<i>87.7</i>	<i>73.5</i>	<i>81.0</i>
<i>Expense ratio (%)</i>	<i>22.5</i>	<i>25.1</i>	<i>27.8</i>	<i>25.7</i>
<i>Combined ratio (%)</i>	<i>106.6</i>	<i>112.7</i>	<i>101.3</i>	<i>106.7</i>
<i>Inv. return for calculations (%)</i>	<i>5.50</i>	<i>5.00</i>	<i>5.00</i>	<i>5.13</i>

(1) Vesta, Skandia's Norwegian subsidiary will be prepared for a listing. Hence Vesta is only included in Skandia's and Newco's net asset value (SEK2.4bn). Vesta's 1998 gross premium written was SEK5.2bn, net claims SEK3.8bn, operating expenses SEK0.9bn and net technical reserves SEK7.9bn

(2) Claims handling expenses are included as Net claims for Pohjola and Skandia, and Net operating expenses for Storebrand

(3) Net claims for Pohjola have been adjusted for non-recurring items (claims on the run-off portfolio an exchange rate effects). The run-off portfolios have been excluded from its Net technical reserves

(4) Investment income has been standardised at 5.5% for Pohjola and 5.0% for Skandia and Storebrand

(5) Total assets approximated as the sum of net technical reserves and net asset value

Exchange rate SEK/NOK 1.077 and SEK/FIM 1.475

1997 PRO-FORMA ACCOUNTS SUMMARY

(SEKbn)	Pohjola	Skandia ⁽¹⁾	Storebrand	Newco
Gross premiums written	4.5	8.4	9.0	22.0
Net premiums written	4.1	7.0	8.0	19.0
Net premiums earned	4.1	7.0	7.8	18.9
Net claims ⁽²⁾	3.4 ⁽³⁾	6.2	6.1	15.7
Net operating expenses ⁽²⁾	0.9	1.7	2.1	4.7
Investment income ⁽⁴⁾	0.7	1.0	0.8	2.5
Operating profit	0.5	0.1	0.4	1.0
Total assets ⁽⁵⁾	12.1	20.8	16.2	49.1
Net technical reserves	9.5 ⁽³⁾	14.7	11.8	36.0
Net asset value	2.7	6.1	4.4	13.1
<i>Claims ratio (%)</i>	<i>84.0</i>	<i>88.6</i>	<i>77.8</i>	<i>83.1</i>
<i>Expense ratio (%)</i>	<i>21.0</i>	<i>24.3</i>	<i>27.4</i>	<i>24.9</i>
<i>Combined ratio (%)</i>	<i>105.0</i>	<i>112.9</i>	<i>105.2</i>	<i>108.0</i>
<i>Inv. return for calculations (%)</i>	<i>5.50</i>	<i>5.00</i>	<i>5.00</i>	<i>5.13</i>

(1) Vesta, Skandia's Norwegian subsidiary will be prepared for a listing. Hence Vesta is only included in Skandia's and Newco's net asset value (SEK2.5bn). Vesta's 1998 gross premium written was SEK4.8bn, net claims SEK3.5bn, operating expenses SEK0.9bn and net technical reserves SEK7.6bn

(2) Claims handling expenses are included as Net claims for Pohjola and Skandia, and Net operating expenses for Storebrand

(3) Net claims for Pohjola have been adjusted for non-recurring items (claims on the run-off portfolio an exchange rate effects). The run-off portfolios have been excluded from its Net technical reserves

(4) Investment income has been standardised at 5.5% for Pohjola and 5.0% for Skandia and Storebrand

(5) Total assets approximated as the sum of net technical reserves and net asset value

Exchange rate SEK/NOK 1.077 and SEK/FIM 1.475

- Confirmatory due-diligence to be completed during summer
- Regulatory approval and clearance from competition authorities in Finland, Sweden, Norway and the European Union
- Completion of transaction