

15 September 2005

Corporate Communications
S-103 50 Stockholm, Sweden
Telephone +46-8-788 10 00
Telefax +46-8-788 23 80
www.skandia.com

Office:
Sveavägen 44

INFORMATION FROM SKANDIA'S BOARD OF DIRECTORS

Non-public information provided to Old Mutual in the due diligence process

In connection with Old Mutual plc's announcement early this summer to the Board of Directors of Skandia Insurance Company Ltd (publ.) of its interest in making a public offer for all Skandia shares, Old Mutual requested to perform due diligence of Skandia. The Board accepted this request. Prior to the start of this process, a customary confidentiality agreement was reached.

In connection with the public announcement of its offer to Skandia's shareholders, Old Mutual stated that it plans to distribute a prospectus at the end of September, after which time Skandia's shareholders will have to take a position on the offer.

In view of this and pursuant to the Industry and Commerce Stock Exchange Committee's takeover rules, following is a summary of previously non-public information that was provided to Old Mutual – as well as to certain other parties – in the course of the due diligence process.

Most of the information provided in the course of the due diligence process was either immaterial concerning the valuation of Skandia's shares or confirmatory of existing public information. However, the Board has determined that there were three areas of disclosure that could have an impact on the valuation of Skandia's shares. These are:

- Business plans for the years 2005–2007
- A project regarding identification of cost reduction opportunities and synergies within the group, over and above plan (the “Turbo plan”)
- A special assessment of embedded value as per 31 March 2005 performed by Tillinghast, a business unit of Towers Perrin

These areas are summarised below. Further information on Tillinghast's work is provided in a presentation on Skandia's website: www.skandia.com/en/ir/otherevents.shtml. All of this information was originally prepared for internal use and has not been subject to a review by Skandia's auditors. The results from the review of the Turbo plan and Tillinghast's assessment are over and above the business plan and were developed independently of each other. Tillinghast's work did not consider the synergies identified.

Business plans 2005–2007

Skandia's business planning process involves an annual updating of the business plans for all business units, plus a mid-year update for the larger business units.

Skandia has previously not reported any forecasts regarding parts of or the entire group. There are several reasons for this. The outcome of operations is ultimately dependent on a variety of factors within and outside of the Skandia group, which are difficult to predict. A number of unspecified assumptions must be made. This applies to, among other things, factors in the general operating environment as well as company-specific conditions, both of which affect the value of new business (VNB) and the result of operations. Added to this, it should be noted that Skandia's business plans were originally prepared exclusively as internal decision-making documentation in various respects. Consequently, they contain goal-related aspects concerning the company's various business units, which naturally are associated with further uncertainty regarding the possibility to achieve the results indicated. The actual outcome for the periods in question can therefore significantly exceed or fall short of indicated amounts. This uncertainty must be taken into account by any party intending to make an assessment of the value of Skandia's shares based on this information.

The most recent business plans were developed in the autumn of 2004, and financial projections for 2005–2007 were prepared in November 2004. For the larger operating units, these were subsequently updated in spring/summer 2005. A summary of these updated projections, consolidated for the group, is shown below.

Restructuring costs, NAV hedges, American Skandia annuitisation¹ and other nonrecurring items have been taken into account in 2005. No provision has been made for the arbitration proceedings with Skandia Liv.

¹ See further the 2004 Annual Report, page 91, regarding annuity contracts in American Skandia.

Consolidated projections 2005–2007, SEK billion, (A)ctual and (P)lan

| | 2002 A | 2003 A | 2004 A | 2005 H1 A | 2005 P | 2006 P | 2007 P | CAGR 04-07 |
|---|--------|-------------------|--------|--------------|--------------------|--------------------|--------------------|---------------|
| New sales ^{1) 2)} | 10.6 | 10.8 | 13.0 | 7.5 | 14.3 | 15.9 | 17.9 | 11.3% |
| of which, unit linked | 8.5 | 8.6 | 10.0 | 5.6 | 10.0 | 11.0 | 12.3 | 7.3% |
| Sales | 69 | 75 | 98 | 60 | 105 | 118 | 132 | 10.5% |
| Pre-tax result of operations ^{1) 3)} | 2.2 | 4.4 ⁴⁾ | 1.6 | 0.9 | 2.9 | 5.4 | 6.5 | 59.3% |
| Pre-tax IFRS result ¹⁾ | n/a | n/a | -1.2 | -0.6 | -0.2 | 1.6 | 2.3 | n/a |
| Pre-tax value of new business, unit linked | 1.2 | 1.2 | 1.9 | 1.1 | 2.1 | 2.3 | 2.7 | 12.1% |
| Net asset value | | 29.1 | 30.2 | 32.0 | 33.5 ⁵⁾ | 37.4 ⁵⁾ | 42.1 ⁵⁾ | 11.7% |
| Debt-equity ratio (net of cash holdings) | | | 11% | 11% | 25% | 25% | 23% | |

¹⁾ Excluding discontinued business.

²⁾ New sales in all business areas (unit linked, mutual funds, traditional life and other).

³⁾ Approximately 5% of the result of operations for 2005-07, according to plan, comes from the embedded value profits for mutual fund business in subsidiaries other than Skandia Global Funds, Skandia Fonder in Sweden and companies in the UK and relate to funds under management of approximately SEK 38.8 billion at year-end 2004.

⁴⁾ Includes one-time change in assumptions of SEK 1,637 million.

⁵⁾ For 2005-07, according to plan, this includes the value of business in force, similarly to note 3 above. Approximately 2% of NAV relates to the value of business in force for covered mutual fund business.

In autumn 2005 a new review will be carried out of business plans for the years 2006–2008. It should be noted that in the future, Skandia does not intend to make public any forecasts regarding its business. These are now being provided due to the need to provide equal access to the information provided in the due diligence process.

Identification of cost-reduction opportunities and synergies within the Skandia group, over and above the 2005-2007 business plans (“Turbo plan”)

During winter/spring 2005, Skandia’s management carried out a project which sought to identify

- an improved configuration and synchronisation of group activities, and
- further opportunities for cost-reduction and revenue enhancement opportunities over and above plan,

with a view to improving the group’s profitability and meeting rising competition. This project was assisted by external consultants.

The measures identified in the Turbo plan entail, among other things, a co-ordination of central and regional resources for the group’s various business units. This co-ordination encompasses a large part of the group’s total resources, from support functions such as finance departments, IT and HR administration, to product development. Some of the measures reported within the framework of the Turbo plan consist of efficiency-improvements that do not require changes in the group structure.

On 30 May 2005, Skandia’s management presented a report on the project work for the Turbo plan to the Board of Directors. It should be noted that the report was relatively general in scope and contained preliminary calculations. No detailed action programme (activities, persons responsible, effects, timetable) existed. Consequently, a detailed critical examination of the prospects for implementing the proposed measures outlined in the report has not been possible.

The table below summarises the preliminary savings and revenue enhancements reported to the Board, together with the implementation costs.

| Estimated result effects of identified savings and revenue enhancements, SEK billion, before tax | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Product & customer administration | - | 0.1 | 0.1 | 0.2 | 0.2 |
| Support functions | 0.0 | 0.1 | 0.3 | 0.4 | 0.4 |
| Joint-group | - | 0.1 | 0.2 | 0.2 | 0.2 |
| Other changes | 0.1 | 0.2 | 0.3 | 0.4 | 0.4 |
| Gross result effects ¹⁾ | 0.1 | 0.5 | 0.9 | 1.1 | 1.2 |
| Development costs | -0.2 | -0.7 | -0.6 | -0.3 | -0.1 |
| Net result effects ¹⁾ | -0.1 | -0.2 | 0.3 | 0.8 | 1.1 |

¹⁾ Cases where the table does not sum up are attributable to rounding differences.

The measures described above are a natural continuation of the work already begun on creating better forms of working, both within and between business units. Consequently, the financial effects of these measures can be added to the 2005–2007 business plan.

It should be noted that the Turbo plan is an expression of the executive management's best assessment, taking into account the significant degree of uncertainty that is naturally associated with this type of group-wide efficiency-improvement project. It should also be noted that the management in Skandia UK through Nick Poyntz-Wright, acting head of the UK, Asia Pacific & Offshore division and Managing Director of Skandia UK, expressed a differing view to the Board and had reservations about the plan's focus as well as about its potential to achieve the reported effects.

The approved implementation of the Turbo plan has been delayed due to the fact that substantial resources necessary for its implementation have been required to meet the information requirements that have arisen as a result of the bid process.

Tillinghast's assessment of the value of life assurance subsidiaries

In May 2005 Tillinghast was instructed to prepare appraisal reports showing the components of value of certain Skandia life assurance subsidiaries as part of the sales process. These reports were prepared in reports to Skandia to allow prospective bidders to place a value on the company, and to ensure that they were aware of all potential sources of value.

It is common for such reports to identify additional sources of value that are not included for accounting purposes.

Tillinghast addressed:

- Embedded value as at 31 March 2005
- The value added by new business for business written in 2004

The table below summarises the results of Tillinghast's work. Values are shown at the risk discount rates adopted by Skandia for published embedded value reporting² and allowing for the cost of capital based on 100% of EU minimum solvency margin.

² Main assumptions are shown in the 2004 Annual Report and 31 March 2005 Interim Report.

| | As published by Skandia (SEK bn) | Tillinghast appraisal (SEK bn) |
|---|-------------------------------------|-----------------------------------|
| Embedded value as at 31 March 2005 | 31.6 | 34.4 ¹⁾ |
| Value added by new business written in 2004 | 1.28 ²⁾ | 1.62 ¹⁾ |

¹⁾ Tillinghast assessed eight subsidiaries covering 94% of the published value of in force business at 31 March 2005 and 97% of the 2004 value added by new business. The calculations were carried out on Skandia's internal systems and rely on information and analyses provided by Skandia. Information from Q2 2005 financial reporting was not available to Tillinghast at the time of their work.

²⁾ Post tax and adjusted to reflect assumptions at 31 December 2004. Pre-tax and adjusted to reflect assumptions at 31 December 2004 the value added was SEK 1.83 billion. Pre-tax and using assumptions as at 1 January 2004 the value added was SEK 1.87 billion.

The valuations that Tillinghast prepared included items of value that are not reflected in Skandia's valuations prepared for accounting purposes. Some of these items either reflect more up-to-date assumptions than were available at the time assumptions were set for the year-end financial reporting or relate to items of value that are not normally included in embedded values for financial reporting purposes. In addition, certain of the assumptions used in the financial reporting valuation were amended to remove any areas of prudence.

The major factors accounting for the increase in value are set out in the following table and explained below:

| Adjustment | Amount (SEK bn) In-force |
|--|--------------------------------|
| Distribution compensation from fund managers | 1.4 |
| Policy lapse rates | 0.7 |
| Retention of post-retirement funds | 0.6 |
| Other | 0.1 |
| Total | 2.8 |

Distribution compensation from fund managers that is included in Tillinghast's valuation reflects the most recent experience and the results of management's focus on negotiating better terms with fund managers. Whereas it may be appropriate to update this to some extent in the published valuation, we do note that there is concern that in some territories, current levels are unsustainable.

Policy lapse rates have been updated to reflect most recent experience. In addition, the assumptions have been updated in a number of areas to remove prudence included to offset potential future adverse developments.

The value in respect of the post-retirement funds arises in Sweden from both late retirements and the retention of funds within Skandia following retirement. It is not Skandia's practice to include this value in reported embedded values.

The extent to which any changes are made when full-year results are reported will be subject to the normal scrutiny of Skandia's Audit Committee, having regard to the current operating experience and economic conditions.

In addition to the results above, potential bidders were also provided with calculations on a market-consistent basis (MCEV)³. These results showed that after allowing for Skandia's assessment of agency costs (1% p.a. on the shareholders' value) the value of in-force was almost the same as the traditional basis disclosed above. The value of new business on this basis marginally increased.

It should also be recognised that actual future results will vary from those projected in deriving the above values. Deviations in the parameters used to reflect the environment could alter the projected results substantially. Key parameters are stock-market movements, policy lapse rates, levels of distribution compensation from fund managers, and management expenses. Finally, deviations from "most probable" experience are normal and are to be expected. Even without any change in perceived environments and in parameters used to reflect them, actual results from year to year will vary from those projected due to normal random fluctuations.

The estimates of value above include provisions only for the claims made by policyholders in the normal course of business under the terms of the policies issued to them. No attempt has been made by Tillinghast to determine the effect upon value of any claims by or against Skandia.

³ MCEV is described in more detail in the presentation accompanying this press release to be found on www.skandia.com/en/ir/otherevents.shtml.

Statement by the Board of Directors regarding Old Mutual's offer

Skandia's Board of Directors plans to announce its opinion regarding Old Mutual's offer on 23 September 2005.

For further information, please contact:

Hans-Erik Andersson, President and CEO, tel. +46-8-788 25 00

Jan Erik Back, Chief Financial Officer, tel. +46-8-788 37 20

Harry Vos, Head of Investor Relations, tel. +46-8-788 36 43