

**IMMEDIATE**

**24 MAY 2007**

## **Royal & SunAlliance announces a recommended cash offer by RSA Overseas Holdings B.V. to purchase all of the minority shares in Codan**

*In accordance with a decision reached by the Danish Financial Supervisory Authority (the "FSA") on 14 May 2007 the Tender Offer for which this is the announcement is not governed by the Danish Securities Trading Act, (Consolidated Act No. 479 of 1 June 2006, as subsequently amended) and the Executive Order on Tender Offers (the Executive Order No. 416 of 8 May 2006 on Tender Offers and Shareholder Disclosure Requirements as in the opinion of the FSA the Tender Offer is not made with a view to acquiring a controlling shareholding in Codan. Irrespective of the above, this pre-offer announcement (the "Pre-Offer Announcement") and the Tender Offer are made in accordance with the Executive Order No. 416 of 8 May 2006 on Tender Offers and Shareholder Disclosure Requirements (the "Executive Order").*

*Not for release in or into Canada, Australia or Japan.*

Royal & Sun Alliance Insurance Group plc (R&SA) through its wholly-owned subsidiary RSA Overseas Holdings B.V. (RSA BV) today announces a cash tender offer (the "Tender Offer") for all of the outstanding Codan shares which it does not own (the "Codan Minority Shares"). The Tender Offer is open to all Codan shareholders (except those in Canada, Australia or Japan or any other jurisdictions in which the making of the Tender Offer or the acceptance thereof would be contrary to the laws of the relevant jurisdiction) at a price of DKK 605 per share, valuing the Codan Minority Shares at DKK 6,414 million (£584 million).

R&SA has agreed to make available to RSA B.V. the cash resources necessary to complete the Tender Offer. Consistent with R&SA's objective of maintaining financial flexibility and rating agency capital R&SA will fund its commitment through a combination of around £300m of equity and existing resources; however, the completion of the Tender Offer is not dependent on R&SA securing such funding. The transaction will simplify the Group structure and capital position.

The Codan Board has unanimously recommended the Tender Offer to Codan's shareholders. The three directors who are R&SA employees did not participate in the deliberations or the Board resolution.

### **Andy Haste, Group CEO commented**

"We have a strong portfolio of businesses and are committed to delivering sustainable profitable performance. Codan is a core part of the Group. The acquisition of the minority shareholding demonstrates the strategic importance of Codan and enhances our platform for delivering profitable growth. The transaction is expected to be mildly earnings accretive in 2008 and I am confident in the long term prospects for this business.

We have made a strong start to the year and we reaffirm our expectation that the Group will deliver a combined operating ratio of better than 95% for 2007.”

## **Tender Offer**

- The consideration offered under the Tender Offer is DKK 605 in cash per Codan share. The Tender Offer, unless extended, will expire on 21 June 2007 at 20:00 (CET). If the conditions of the Tender Offer are either met or waived at this time, settlement is expected on or before 29 June 2007.
- The offer price represents a premium of 15% to Codan's closing share price of DKK 525 on 23 May 2007 and 18% to the 6-month volume weighted average.
- As Codan is core to R&SA and its objective of delivering sustainable profitable performance, RSA BV welcomes any additional shares it can obtain. Consequently, this Tender Offer is not subject to a specific acceptance level.
- As of market close on 23 May, RSA BV held 71.66% of Codan share capital, or 75.34% of the share capital excluding the treasury shares currently held by Codan (the "Treasury Shares). On 13 March 2007, Codan announced that it held 4.89% of its share capital as Treasury Shares and Codan is currently in the process of cancelling these shares.
- If upon settlement RSA BV owns more than 90% of Codan's outstanding share capital, RSA BV intends to initiate compulsory acquisition procedures and seek to de-list Codan shares from the Copenhagen Stock Exchange (the "CSE").
- Completion of any compulsory acquisition procedures is expected to be early January 2008.
- For more information about the Tender Offer, including information on all terms and conditions and instructions on how to accept the Tender Offer, reference is made to the Tender Offer document (released today through the "CSE").
- For more information on the declaration by the Codan Board in respect of the Tender Offer, reference is made to Codan's announcement (released today through the "CSE").
- The Offer Document, including the acceptance form and the advertisement published pursuant to Danish law requirements, will be distributed to Codan's registered shareholders by Codan, except to shareholders resident in jurisdictions in which the Tender Offer or the acceptance thereof would be contrary to applicable law (including, but not limited to Canada, Australia and Japan).
- Copies of the Offer Document are available on request from ABN AMRO, tel. +45 3396 1200, and will also be available on [www.royalsunalliance.com](http://www.royalsunalliance.com).

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**For further information:**

ABN AMRO Bank N.V., Copenhagen Branch  
Amaliegade 35  
P.O. Box 71  
1003 Copenhagen K  
Denmark  
Tel.: +45 3396 12 00  
Fax: +45 3396 13 00

<b>R&amp;SA Analysts</b>	<b>R&amp;SA Press</b>
Shona Cotterill	Phil Wilson-Brown/Sarah Hilyer
+44 (0) 20 7111 7212	+44 (0) 20 7111 7047/7327
Andrew Wigg	Matthew Newton (Finsbury)
+44 (0) 20 7111 7138	+44 (0) 20 7251 3801

**Notes to editors:**

1. R&SA is a leading general insurer with operations in 27 countries. It is committed to delivering sustainable profitable performance, targeted growth and continuous operational improvement. The business has strong positions within each of its markets and is well positioned to continue delivering a profitable performance. In 2006 the business delivered an operating result of £780 million and in 2007 the Group expects to deliver a combined ratio better than 95%.
2. Codan (together with its subsidiaries and subsidiary undertakings, the "Codan Group") is the third largest insurer in the Nordic region and a material part of the R&SA Group. As reported in the R&SA Annual Report and Accounts for the year ended 31 December 2006, Codan's net written premiums totalled £1.4bn, representing 25% of the net written premiums of the R&SA Group. Its main operations are in Denmark, Sweden, Latvia and Lithuania, with smaller operations in Norway and Finland.
3. As reported in the Codan Annual Report and Accounts for the year ended 31 December 2006, Codan made a pre-tax profit of DKK 1,227 million (approximately £112 million). The gross assets of the Codan Group as at 31 December 2006 were DKK 50,456 million (approximately £4,558 million). In 2007, Codan expects to deliver a combined ratio of between 90-92%.
4. The Codan management team will continue to be headed by its current Chief Executive Rickard Gustafson.
5. The consideration per Codan share is subject to an adjustment for dividends and other distributions, if any, declared or paid by Codan prior to the settlement of the Tender Offer.
6. The Tender Offer as well as acceptance thereof shall be subject to Danish law.
7. Exchange rate as at 23 May 2007 £1 = 10.99 DKK

## Disclaimer

*This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice in any jurisdiction. In particular, this announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for securities in the United States or any other jurisdiction and should not be relied upon in connection with any decision to dispose of Codan shares or acquire any shares issued pursuant to the proposed placing by R&SA. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") and may not be offered, sold or transferred within the United States except pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from R&SA and that will contain detailed information about R&SA and its management, as well as financial statements.*

*This announcement may contain "forward-looking statements" (as defined in the US Private Securities Litigation Reform Act of 1995) with respect to certain of the R&SA Group's (including R&SA and RSA B.V.) and/or Codan's plans and their current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the R&SA Group (including R&SA and RSA B.V.) and/or Codan, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which the R&SA Group (including R&SA and RSA B.V.), Codan and their respective affiliates operate. As a result, the actual future financial condition, performance and results of the R&SA Group (including R&SA and R&SA B.V.) and/or Codan may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Neither the R&SA Group (including R&SA and RSA B.V.) nor Codan undertakes any obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation.*

*No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earning per share of R&SA or Codan for the current or future financial years would necessarily match or exceed the historical published earnings per share of either company.*