

Old Mutual Group

ANNOUNCEMENT OF THE OLD MUTUAL GROUP'S BLACK ECONOMIC EMPOWERMENT TRANSACTIONS

Tuesday, 19 April 2005.

Old Mutual plc,

Old Mutual (SA),

Nedcor

Mutual & Federal
("the Old Mutual Group")

SLIDE 1 – 00:00

Jim Sutcliffe

Good afternoon everybody and welcome.

Thank you very much for coming to this presentation of the BEE deal that we've announced this morning. This is an exciting day for Old Mutual and one we've been working hard towards for a long time. I believe that these transactions secure the future of our South African businesses for all our stakeholders.

SLIDE 2 – 01:13

Our agenda this afternoon is as follows, after I've introduced the arrangements we are proposing, our new partners will explain why they wanted to link up with us and how we expect to work together. And then the Chief Executive of each business unit will explain the arrangements in more detail, and of course, at the end we'll take questions.

As a matter of housekeeping you'll find in your in slide packs that there are a number of slides that are not in the presentation that we're going to be speaking to and they are there for your detail – I'd ask you to keep flipping along until you see the slide if you're watching it in front of you rather than on the screens.

Although I think everyone up on the stage today is well known to you all, I'd like first to introduce everybody. On my left is Louisa Mojela, Chief Executive Officer

of WIPHOLD; to her left is Gloria Serobe Chief Executive Officer of WIP Capital; next is Fred Robertson, Executive Deputy Chairman of Brimstone; beyond him, Professor Jakes Gerwel, Chairman of Brimstone; next to Jakes is Bruce Campbell, Chief Executive of Mutual and Federal; beyond Bruce is Siphon Pityana who is Chairman of Izingwe which is part of the Mtha group, one of our partners. And Siphon, as you probably know, was former Director General of Foreign affairs and more recently a Nedcor Senior Executive. Beyond Siphon is Tom Boardman, Chief Executive of Nedcor; and then to Tom's left, Pulane Kingston Executive Director of Sphere Holdings, part of the WIP Consortium; next to Pulane is Roddy Sparks, Managing Director of Old Mutual South Africa Life Insurance and Asset Management operations. And at the end of the table Bulelani Ngcuka, Chairman of Mtha-We-Mpumelelo, part of the Brimstone Consortium and our partner at Mutual and Federal in their own right.

SLIDE 3 – 02:03

As I've said, today is a very important day in Old Mutual's history. We are putting in place structures that will help ensure the success of our South African businesses into the future. Our stated strategy, as many of you know, is to build a powerful international business off our strong South African base. Now Old Mutual does play a large role in this South African economy through our three businesses, but we can only build internationally if those three businesses are first strong at home. It's not possible to have an international strategy without first having the home base secure. The strength of these businesses at home and

their ability to grow their customer bases does rely on the normalization of South African society, and therefore, the successful participation of all South Africans, and particularly black South Africans in the economy.

We of course can help this to occur by embracing the principles of black economic empowerment - as we do - and we will contribute to the development of that participation, but we also gain from the success of BEE, because BEE ensures the emergence of new generations of customers for our businesses.

In the recent past we've been addressing many key aspects of black economic empowerment, but today we are announcing our own approach to the ownership issues that we've developed over the last two years. This is a crucial milestone in our development.

SLIDE 4 – 03:29

In thinking about today's presentation, there are three points that I'd like to make in particular.

Firstly, what we are announcing is a transformational set of deals, and it will secure those future returns and those future returns are for all of our stakeholders. It will be a catalyst to change our company, not only in ownership, but internally as well, to face the customer markets of the future.

Secondly, the deals are very broad in their reach. Our employees, the providers of quality service to our customers, and the key drivers of shareholder value will play a major role and at the end of these transactions, all of our South African employees will have an interest in one or other of the shares of the group. Our clients and distributors are directly involved, as you'll see, the many tens of thousands of individuals and corporate customers expected to have an interest in the shares. We will also be adding to the commitment we make to our communities, we always rely - and we know we always rely - on the support of those around us for our success. And our business partners, as we will explain, are themselves very broad-based institutions with hundreds and thousands of beneficial owners.

And thirdly and crucially, each element of this proposal is designed to accelerate the growth of the business. It's a virtuous circle. This is a business deal that will build our future customer base, and thereby the success of the businesses.

SLIDE 5 – 04:57

So what are we proposing to do? We are proposing three transactions. One in relation to each of the listed public companies in our group. The transactions will introduce new direct black shareholders to each of those companies. The three transactions are interdependent, that is to say that although there are three companies, this is a proposal that must be judged as one set.

We'll go through the details shortly, but in total the transactions have the effect that there will be direct black ownership of the businesses to a total of 12.75% of the value of Old Mutual South Africa business. We believe strongly that the transactions will produce significant benefits in excess of their costs, the costs themselves are in line with South African financial services transactions and the funding arrangements, again which we'll come to in a minute, have largely been arranged internally. Now, public company, and in particular Old Mutual plc, shares are being issued in this deal and that is a rather different approach to some of the others.

We feel that the involvement of our employees and our partners at the same level as all of our shareholders is the best way to align everyone's interests – we're all going to win together. Of course, in this way the shares also carry the same dividend and voting rights as all other shares, another feature that hasn't always been present in black economic empowerment arrangements. And we should emphasize that this is only a component of our overall commitment to black economic empowerment. It isn't just about ownership, we're putting huge effort into training and development. Our annual commitment runs to thousands of person days each year. Our procurement practices you'll hear a bit more of, Access, the Mzansi account, Tom will speak to, but not least funding where we around the Group have provided in excess of R10 billion of funding to BEE and infrastructural deals.

And all in all our BEE arrangements are likely to reach about 500,000 South African, black South African, across all nine provinces.

SLIDE 6 – 07:05

Let me talk a bit more about that broad-basedness. As you can see from the slide, a very large number of groups are included in our plans. Each of the three subsidiaries has four groups. Our employees are a large component in each case, common principles have been applied across the Group and the primary principle is that we should offer packages that are competitive in the market. So we have taken cognisance of other deals. In fact all our South African employees who are not in any management plan will get R7,500 worth of shares and Roddy, Tom and Bruce will provide more detail when they speak.

For those in our client base, or are potential clients, we have some innovative new propositions. In Nedcor, all black retail clients, and that includes those potential clients, will have the opportunity to buy four shares for the price of three, and black SMME and corporate clients are also included. OMSA and Mutual & Federal have some very interesting plans to support the SMME sector through the distributor trusts that Bruce and Roddy will talk about.

We do already have substantial commitments to the communities we live in, but these proposals will place the proceeds of over R700 million worth of shares at the disposal of trusts with mandates to help the poorer parts of the community.

And we have been fortunate, extremely fortunate, in finding high caliber partners, who themselves are broad-based in ownership as well as having the ability to add value to our business. The substantial part to be played by women in our partnership arrangements is also very appealing given the increasing role played by women in the economy. And Gloria will touch further on this subject.

But today, I have already taken this morning the opportunity, but perhaps I can do so again, the opportunity to welcome WIPHOLD and Sphere, Brimstone and Mtha formally to the family. We're looking forward to a long and happy association.

SLIDE 7 – 09:05

As I've said, our proposals are driven by commerciality. They have been carefully designed to support our business imperatives. The size of the deals has been driven from the bottom up to help achieve our goals. We haven't sought to tick boxes, but we've rather thought how to achieve the best long-term value for our company in the long run. And we believe that the arrangements that we're proposing today will put us at a competitive advantage and will help us to win business. Of course having all our employees in South Africa in receipt of share-based payments is a considerable step forward, it's a good thing for shareholders as well the employees. It will help ensure that we do extract the benefits, and the upfront costs, which are not insignificant, are exceeded by the benefits over the ten years of the plan. Our partners, apart from being broad-based are

entrepreneurial they do have very relevant skill-bases. And the performance contracts that you'll hear about during this presentation are detailed and measurable and Fred Robertson will touch on this more fully.

Growing the size and profit of our South African business, as I said, is key to Old Mutual's strategy and our proposals will give us considerable additional leverage in the coming years. In short, they are good business sense.

SLIDE 8 – 10:26

Let me talk a bit about the funding. As I've said, funds will be lent from internal resources to employee share trusts and SPV's to allow participants to take up their shares. Repayments of the loans will in fact only be due at the end of the ten year period, in 2015, and then will be limited to the value of the shares they hold. This makes for a very robust structure and allows us to concentrate on that value adding, that business focus, that I've talked about. There are some grant elements, they largely relate to the community component and the grant element of R7500 across the board allocation, to those parts of the employee components. All of these are set out in the documentation and in those extra slides I spoke about. For the business partners, funding has been provided at the rate of 8.16%, roughly the risk-free rate, but the potential for this to increase or decrease by roughly 1.5 % of the initial market value of the stake in the light of and consequence on delivered performance. This is a substantial incentive, which for the BBP's (black business partners) as a whole, can amount to from top

to bottom about R30 million each year. Loans to other trusts are either at favourable rates or equivalent value discounts are provided.

SLIDE 9 – 11:47

Let me turn to a series of financial measures, financial issues relating to the plans. Firstly, just to make the obvious point, this is a big transaction. The value in currency terms for the shares to be issued you can see on the slide in total is some R7.2 billion. And at the left hand side of the screen, you can see how those shares are valued as a percentage of the enlarged capital, post the transaction. If you look at the shares to be issued to black groups, which is actually R7.1 of the R7.2 billion, and express that as a percentage of the value of the business, the result is on the right. And you can see that each of our businesses is in excess of the 10% FSC target, just illustrating again that we have not stuck rigidly or tick-boxed anything, we have rather sort to find the most effective, and value-adding proposal as possible. Each business will have a black shareholder base that will put it in position to grow the size of its customers, or its customer-base perhaps, rather than its customers.

SLIDE 10 – 12:50

Let me look at the impact on Old Mutual plc most used financial statistics. Now the numbers are calculated on our 2004 accounting principles. Now I suspect that everybody, in this audience in particular, knows that we are going to move over to IFRS with effect from the 1st January 2005, and that we will in fact be

providing information on that issue on the 3rd May in a couple of weeks time, but for today, we are making the comparisons on the published information, the 2004 UK GAAP numbers. As you can see the impact on Old Mutual plc's adjusted earnings per share is a 3% dilution, the basic earnings per share is 5.7% reduction, and that there is a 2.2% impact on embedded value per share. These are well in line with our discussions with our analysts and our shareholders over recent months. Of course the impact IFRS on share-based payments is significant. And as I say, we will talk about that in a couple of weeks.

Now some of the accounting impacts are not intuitive, and I say that as an actuary. We thought it might be helpful if we showed you our internal assessment of the economic cost of the arrangements. As you can see on the slide, business by business, all the figures are in the 3-4% range when expressed as a percentage of the value of the South African business. In Old Mutual plc you can see that when you look at the number as a percentage of market capital, when you include the US businesses, the number is rather lower.

SLIDE 13 – 14:23

I think it's also instructive just to look at how the overall shares to be issued are split into the various groups. As you can see from this slide, the bulk, the largest component about 40% is allocated to employees. There's a slightly lower percent at Nedcor where there are components of the remuneration plan that have not been included because of the uncertainty over the optimal funding method.

Clients will be included as I've said at all three, but the Nedcor plans, which give our clients significant opportunities for participation, do stand out. Clients and distributors are just over 25% of the total. Our partners are also about 25% and we do expect them to play a full and active part in the development in all three subsidiaries. R724 million worth of shares is a very significant allocation for communities and will provide many hundreds of people with education and other support.

SLIDE 15 – 15:22

As I've said, our employees, and the employee trusts are the largest component. And our arrangements are structured to make us an attractive employer to help us to recruit, retain and motivate the best staff. They're a key step in creating a truly representative workforce for all three organizations. All of our black staff will receive share-based benefits under our plans and nobody will be worse off. As I've said, at the end, when we've put this into effect all of our South African staff will be aligned with the company's interest, because all will have an interest in our future success, all will have share-based payments. Our plans are competitive with the market and we've tailored them to help build our black leadership. And on this axis alone, over 17,000 black South Africans will get a stake in their and our future.

SLIDE 16 – 16:13

Clients of course are the lifeblood of any business, it's only when they feel good about us that the business will thrive. Roddy, Tom and Bruce will tell you about the detail, but suffice it for me to say that we'd like to see the SMME beneficiaries of Old Mutual South Africa and Mutual & Federal plans reach into the thousands. The Nedcor client plans recognize some strong historical relationships, valuable historical relationships and they could include in the future, tens or even hundreds of thousands of black South Africans across the country. Education of course is a key national imperative, and I'm very pleased that we've been able to link up with key unions and unions who are great supporters of ours in the business world to provide bursaries for poorer students and to broaden the extent of our already serious commitment.

SLIDE 17 – 16:59

As I've said, I think we are very lucky, we have been very lucky to have found the partners you see on the stage before you. And one of the firm instructions we've received from our Board was to make sure that we had clear and specific criteria for choosing partners. These covered such things as broad-based empowerment credentials, we were looking for people with substance, people with a track record. We were looking for strong clear leadership that shared our values in these organizations. We looked for people with financial services expertise, and the capacity to contribute capital, to put some of their own money at risk. And so we are very pleased to have found the WIPHOLD and Brimstone consortia with their partners Sphere and Mtha because they fit those criteria well. Now as I said

before, we've been engaged with this project for many months, in fact Gloria and I were talking earlier, we first met almost exactly two years ago, and Bulelani for example, I met a year ago. And over that time there's been the opportunity for our management and our partners to get together extensively. We've built up our knowledge of each other, the needs and capabilities each have. And these extensive discussions are a very solid basis for a full involvement in helping reshape Old Mutual to reflect South Africa, to ensure our success. Out of those discussions, has emerged extensive detailed performance agreements, and as I've said, these agreements are backed up by meaningful incentive arrangements.

SLIDE 18 – 18:30

Just before I hand over to Gloria, can I repeat the high points again. What we're proposing today is the introduction of direct black share ownership into Old Mutual South African businesses worth 12.75% of those businesses. A significant transaction in any terms, but a major leap into the future for us. It is a very wide set of arrangements that reach half a million of South Africans. Many areas geographically and many types of people. Employees, clients, distributors, communities, our partners and their stakeholders. And we do have some hardworking, value-adding partners who've taken the time to sit down with us and develop those measurable performance contracts. And our partners and all our employees will now have valuable share-based incentives. The arrangements are predominantly internally funded at a cost in line with industry norms. They

produce embedded value dilution for Old Mutual plc shareholders of 2.2% for the plc as a whole upfront, but we certainly expect to reap at least as much value over the next ten years. Ladies and gentlemen it's an exciting time for us all, our future is what we make, our past we benefit from today. We've got here today with a great deal of strength, but it's our future that is ahead of us. It's our future that we are going to make with these arrangements we're announcing today. I now hand over to Gloria.

SLIDE 19 – 20:10

Gloria Serobe

Thank you very much Jim, the WIPHOLD and the Brimstone consortia are delighted to be Old Mutual's partners of choice. We are looking forward to our partnership which we know is going to further enhance the leadership position of the Old Mutual Group. In choosing Old Mutual as our partners, we are mindful of the task ahead in terms of delivering performance. We are however, ready and very excited. I think that today is a day when the women of South Africa should salute Old Mutual, because women are to be major beneficiaries of this transaction. The transaction itself signifies the increasing influence of women in the South African economy and it also demonstrates the Old Mutual Group's commitment to putting women's economic and social empowerment at the heart of its South African strategy. And so Jim, the women salute you and we are ready for the task at hand. We do hope however, that you too are ready for all the women.

SLIDE 20 – 21:33

Just a little bit about the WIPHOLD consortium. In putting together this consortium, we were mindful of our delivery performance per the performance contract and so the WIPHOLD consortium comprised of WIPHOLD, Sphere and the WIPHOLD NGO Trust which is strongly focused on the financial services sector. Through WIP Capital and Sphere we bring extensive financial services expertise which will augment those of the Old Mutual Group. We also acknowledge the presence of Wendy Luhabe in the consortium, one of the founders of WIPHOLD who brings with her a wealth of experience which is quite desired for this performance. We pride ourselves on our genuine broad-base with some 350,000 beneficiaries extending all the nine provinces, most of whom are women. This broad-base brings a powerful distribution capacity to the Old Mutual Group. We have an established relationship with Old Mutual and with Nedcor, so we know how to work together.

SLIDE 21 – 23:02

Why did we choose the Group? It was very easy actually. We wanted to partner with leaders. And so Old Mutual is the industry leader. It is at the forefront of the financial services sector, it was the leader in the design and implementation of the financial sector charter and it has a broad-spectrum product offering. Secondly, we are supportive of Old Mutual's strategy of building an international presence off a South African strong-base and we salute the Group for doing the

Old Mutual part of this transaction at a plc level. We believe this will raise the profile of black economic empowerment on the international stage. Thirdly, we identify with the strategic direction of the Old Mutual Group and have complimentary strategy goals. And lastly, through our existing relationship, and in the detailed transaction discussions, it has become very clear to us that we have a very similar philosophy. We identify with the Old Mutual's values which we understand to be accountability, respect, integrity and pushing beyond boundaries.

SLIDE 22 – 24:36

Where do we add value? Between us and the Brimstone consortium we have risked our own capital in the business, and so it is in our interest to make sure that this transaction does deliver good value to ourselves and the Old Mutual Group. We have spent many, many months getting to understand the three businesses and so we know what their challenges and needs are. Practically, we see ourselves intimately involved in the business, particularly in growing it. We also don't want this to be confused with us being the executive management, there's a difference. We have extensive, relevant experience which we can put to practical use where we are incentivised to add value. In particular, we bring our strategic skills, our financial services expertise, our networks and our distribution capacity. We believe that our own profile and credentials combined with those of the Old Mutual Group to create a unique combination which will maximize value. Our preference is to invest in companies where we can add value and be

operational through the performance based contract this transaction gives us the opportunity to do so. We are delighted about this and are very ready to deliver. Lastly, our objective in this transaction is to deliver substantial value to all of our stakeholders and to, as at today, by our women WIPHOLD consortium, Brimstone consortium, and the Old Mutual Group. I will now hand over to Fred, thank you.

SLIDE 23 – 26:56

Fred Robertson

Thank you Gloria, thank you Jim. Good afternoon ladies and gentlemen. The Brimstone Consortium and WIPHOLD Consortium are extremely excited and proud of our participation in the Old Mutual Group Empowerment transaction. You've heard that from Gloria. Our companies WIPHOLD and Brimstone are each almost ten years old. I think they've both paid our school fees as empowerment companies. Together our shareholder base comprises of many historically disadvantaged individuals stretching from Mitchell's Plain to Khayelitsha to Polokwane and Messina. From Hondeklipbaai to KwaMashuand for those who know the Liesbeek River to the Limpopo. The Brimstone Consortium comprises of Mtha which means "Rays of Success" and Brimstone Investment Corporation a listed company on the JSE. Mtha comprises of Chestnut Hill which is lead by Bulelani Ngcuka. Bulelani, who as you know, was the National Prosecutor and has more recently joined the private sector, and we welcome his expertise and experience into our fold. He's now learning new terms

such as embedded value, capital adequacy reserves etc. His company has experience in financial services, healthcare and legal sectors. You will agree with me that Bulelani himself has proven to have significant skills in the areas of transformation and organization building and reconstruction. Siphon Pityana is Chairman of Izingwe Capital, a financial services company with significant financial and transformational skills. Siphon himself has experience in banking, transnational negotiations and labour relations and negotiations. Mthethwa has a broad-base grouping representing over 7,000 black legal and medical professionals from Black Lawyers Association, from NADEL and the South African Medical and Dental Practitioners. Mthethwa holds an effective 33% in the Brimstone Consortium. Brimstone Investment Corp is in an investment holding as you know, with industrial and healthcare and financial services interests. We hold an effective 67% in the consortium. You might ask us, who are we and where do we come from? Our name Brimstone is derived from a butterfly found at the foot of Table Mountain. Our mission is to be profitable, empowering and have a positive social impact. We have more than 3,700 shareholders whose shares are fully paid for. More than 300 of them pitch at our AGMs every year. We employ over 19,000 people in our subsidiaries and associate companies. Old Mutual holds about 10% of our 'N' ordinary shares. Brimstone invests in new businesses, start-ups that is, in turnarounds and in existing blue chips. And in this instance, a green chip.

SLIDE 24 – 30:27

We are thankful to the Old Mutual Group for choosing the Brimstone and WIPHOLD consortia and our partners Mtha and Sphere Holdings as their black business partners. The question that might now arise is why did we choose the Old Mutual Group? The reasons are simple. Some of us, some of our executives in Brimstone have a long-standing relationship with Old Mutual spanning more than 25 years. We understand this business, and we now have an opportunity of real participation in an international financial services business of significant size and stature. We believe that we can add to the Group's success and add value to the existing shareholders as well as to the new shareholders. We have come to realize over the years that we have common values and mutual respect for our divergent backgrounds and our common South African heritage and passion. More recently, whilst we were intensely negotiating this transaction, we have come to realize that we have a business chemistry that will work well for us in the future. This deal, ladies and gentlemen, is mutually beneficial and mutually reinforcing, excuse the pun.

SLIDE 25 – 31:44

The deal is unique and so are the performance agreements which the consortia have agreed to. In terms of the agreements, both Brimstone and WIPHOLD consortia are measured in excess of 70 different activities which will be regularly monitored on both a formal and informal basis. We have set aside two semi-annual performance monitoring meetings which will evaluate the effectiveness of the many working days to which we have committed in terms of those

performance agreements. Let's have a look at the overhead and see a specific extract from one of our agreements where we have to deliver R2.5 billion of lump sum business to the Old Mutual Employee Benefits. There are other specific criteria in Old Mutual Group schemes, in Old Mutual Asset Management in OMSFIN, in Old Mutual Property and in the healthcare divisions. In our Nedcor transaction, we have similar agreements. The annual incentive fee that you have read about serves us well for out-performance and huge disincentive if we only pay lip service to this agreement. Ladies and gentlemen, I can assure you, that the WIPHOLD, Sphere consortia and the Brimstone and Mtha Consortia, and the individuals in the form of Gloria Serobe, Prof. Jakes Gerwel, Louisa Mojela, Wendy Luhabe, Pulane Kingston, Bulelani Ngcuka, Siphon Pityana, Mustaq Brey and myself, together with our companies and our broad shareholder base, we are committed to adding value to all stakeholders in the Old Mutual Group, thank you. And I now hand over to Roddy Sparks.

SLIDE 26 – 33:41

Roddy Sparks

Thank you very much, and thank you Fred and thank you Gloria, thank you very much for those kind words. Our relationship with both WIPHOLD and Brimstone goes back in both cases our business relationship in 1997 when we acquired our first stake in Brimstone at the time and co-funded a transaction with WIPHOLD in the same year, so today is a culmination of a relationship that has been a long time in the making. When we looked at this transaction, we believe we were

faced with two twin challenges: one is the national social imperative on one hand, and the other is the shareholder imperative on the other. The national social imperative demands of a company such as Old Mutual or any other big company in South Africa that we play our rightful role in a meaningful transformation of society around us. And so we responded to that by saying that we had to do a deal that is fundamentally broad-based in nature and that drove us into the selection of partners that you've heard today. Companies that are broad-based themselves. It also informed our thinking around bringing in our staff in a meaningful way. As well as reaching in to our customers, the lower end of our customer base and also into the black distributors, the people who work for us or who will work for us in future in distributing our product. And also, to respond to the national social imperative, we're making sure that the benefits of this deal are translated on a nationwide basis, on a regional basis, as well as ensuring that there was a sufficient emphasis on women in our transaction. But at the same time, we rose to the shareholder challenge, executives at Old Mutual sat and said how do we extract the maximum value from this transaction, how do we ensure that the R800 million which is the economic cost of this transaction, is more than met in terms of the long-term benefits that the shareholders will see. And that drove our thinking in a number of respects. First of all again, around the empowerment of our staff, making sure that we could attract and retain the best black skills in the industry and accelerate our transformation and also through the broad-based scheme, to engender loyalty in the organization. But also around business development, how could we deepen and entrench our relationships with

our key union partners, as well as building out new forms of distribution into new parts of the market. And I believe that we rose very effectively to the shareholder challenge at the same time.

SLIDE 27 – 35:51

In a nutshell, and Jim has covered some of this, that the direct black ownership as a result of this transaction equates to some 13.5% of OMSA and includes directly some 7,500 black staff participants in the transaction. The pie chart shows the split out between those four key constituencies.

SLIDE 28 – 36:10

Now if we look at the proposed structure of the transaction, you see there are three key blocks – the employee block, the black business partners and the distributors block. Together adding up to some 5.5% of Old Mutual plc. Which when you translate it on a value to value basis it equates to 13.5% of the value of OMSA. That ratio is the value of OMSA as a proportion of the underlying entities of Old Mutual plc, excluding of course the value of Nedcor and Mutual & Federal, Mutual and Federal held via OMSA. We equate, OMSA equates to 44% of the building blocks of Old Mutual plc, add to that Nedcor, Mutual and Federal, US Life, US Asset Management, UK and other, we amount to 44% of that, and that gets us from 5.5 to 13.5. Within the employee plan I'll go into a little bit more detail, but there are three key constituencies; the management plan; the broad-based plan; and the senior black management plan. You've heard about our

partners and our selection of our partners, so I won't dwell on that any further, and then I will spend time, briefly, on the distributors trust and the education trust.

SLIDE 29 – 37:15

On the employee plans, and at the outset let me say that we have worked very hard with our colleagues at Nedcor and Mutual & Federal to ensure that we mirror, at least at the level of some of the key principles aspects of our employee plans, and Tom and Bruce will cover theirs in a minute. We've introduced the notion of a senior black management plan, a new plan that has been put in place with some R400 million worth of shares that has been put into it. These shares will be awarded to present and future members of black management. As I stand here today, we have 400 members of black management out of a management component of 1,600 people, in fact a number I'm quite proud of, 25%, it's a good number but we do have a long way to go, but this will enable us to take that aspect of our business into the future in a very powerful way and make us even more competitive in the attraction and retention of black skills which in itself, as you all know, creates competitiveness in the market place. On the management plan, we have an existing long-term incentive plan, what we are doing here is taking, based on the same set of rules that we have in our existing plan, setting up a new trust which will be purely for the purpose of black management, the white management will remain in the existing trust, the black management will be ceded with shares, the shares will carry votes, the black management will elect their own trustees, a majority of whom will be black, and those shares will be

actively voted. What we've done in this process is ceded, as I've said, enough shares on our current estimates for the next ten years and that in itself will create a further impetus to transformation in our business given the very real financial commitment we're making at this point in time around our commitment to building black management in the future, again a very significant step forward. Then the broad-based plan goes to the remaining employees in the Group, people who are not otherwise on any of the above plans, so that's the remaining in the case of OMSA 11,400 people, our total component 13,000. Every single person, black and white will receive R7,500 worth of shares, and those shares will accrue effectively to them in five years time. Again, something I believe is designed to engender loyalty and commitment to the organization, at the end of this, every single employee is a shareholder in our company, and that I believe is powerful.

SLIDE 34 – 39:35

In something which management thought long and hard about, is how do we do something that really can build our business and take us into the future, and one of the areas, together with the rest of the industry we've really struggled to access is the emerging black middle market, something which is under-serviced in terms of black brokers or brokers generally. And so we felt in fact, last year we felt this was an issue and we set up a black broker academy, Old Mutual's Academy for Financial Planners, but we've taken this one step forward to ensure that through this trust we put in place sufficient funding that there will be an annual income stream which we will utilize to set young black brokers and

advisors internal advisors into our PFA sales force and our Group Scheme sales force as well as independent brokers up in business for the first time. That thereby getting them off the ground and from our point of view of course broadening and deepening our reach into that very fast growing part of the market. This also by the way, underscores Old Mutual's very real commitment to the development of SMME's in our country, because each one of those brokers is an SMME in its own right.

SLIDE 35 – 40:45

On the Education Trust, again one of the things we'd looked at is operating in our market very successfully as we do in the group scheme's part of the market with very close alliances with a large number of trade unions. We thought that we needed to take advantage of the opportunities created in this transaction, so we set in place, set up an Education Trust which again will be ceded with shares and there'll be an annual income stream, the annual income stream will be applied to tertiary education bursaries for the children of members of trade unions with whom we do business, and we expect that as this income stream matures, we'll be funding about 180 tertiary education bursaries a year which is a very significant commitment in financial terms to the development of the youth and education in South Africa. But equally from our point of view, we believe that this is a very significant step forward in further deepening and entrenching our close relationships with a large number of unions. We have in fact signed up five unions on an initial pilot basis and their names are shown there. But we are in

discussions with others with a view to broadening it in the end we would like to extend it as far as possible to all the unions with which we have business relationships. Again I do believe a way of driving our business forward into the future in a meaningful and commercial way.

SLIDE 38 – 42:05

The economic effects of this transaction have largely been covered by Jim, so if I can just pick out a few highlights. 13.5% of OMSA in the form of this transaction moves into black hands at an estimated economic cost of R800 million, and my commitment, as leader of management is to ensure that we extract every bit of that from the benefits of this deal in its entirety over the period of time, and I believe we will through the commercial contracts we've signed with our partners and through the different funds and mechanisms we've put in place. The economic cost of that R800 million is just over 3% which I believe is well within the norms of such a transaction.

SLIDE 39 – 42:44

In summary then, we are proud that, I believe, we have risen to the challenge of transformation on the national landscape through the intrinsically broad-based aspects of this deal, but equally that we have risen to the shareholder challenge of ensuring that in the form of this transaction, we end up adding value to the corporation rather than detracting value. And I'm proud of the way that we have brought in our black employees and that we do have now the mechanism to

further accelerate the transformation within our business that we are so proud of, but also through the various mechanisms that we are able to build and deepen our relationships with outside parties, with our customers, with our distributors and with our black business partners. At this stage I'd like to hand you over to Tom, thank you very much.

SLIDE 40 – 43:35

Tom Boardman

Thanks Roddy, and at the outset, can I just say how delighted all of us at Nedbank are to be hosting the announcements today. It's fantastic to be having positive, upbeat announcements looking far into the future, and we've had enough of the other kind. On behalf of Nedbank, I would really like to welcome our partners here on the podium, Louisa, Gloria, Fred, Prof Jerwel, Siphon. Siphon welcome home; and Pulane and Bulelani, it really is terrific to have you here with us in our home as our partners. I'd like to acknowledge as well our business development partner in Nedbank, Reuel Khosa, and his team at AKA, Reuel was with us earlier today but he's had to fly overseas on business this evening, and we're very proud of our association of him as well.

Now in his State Of The Nation Address in February this year, President Mbeki, acknowledged the commitment of the private sector as demonstrated by the banks to speed up broad-based black economic empowerment. And in singling out the banks within the financial sector, he recognized the role that banks played

every single day in the economic and social fabric of our country. As banks, we delivered the Mzansi account in October last year, on time, and three weeks ago on the 31st March, the big four banks signed a memorandum of understanding on housing in South Africa with Housing Minister Lindiwe Sisulu. The banking industry is delivering on its Financial Sector Charter commitments. And today, we at Nebank are reaching another milestone with the announcement of our BEE transaction. As the banking subsidiary of Old Mutual we are delivering on another one of our commitments.

SLIDE 41 – 45:39

Now for us the most exciting and I must admit the most challenging part of our transaction is the inclusion of our black customers. This is a first in South Africa. Another highlight is the extent of the inclusion of black women. This is evident in the selection of WIPHOLD as one of our BBPs, it will be evident in seeing the number of groups managed and controlled by women in our corporate scheme, it's in our retail scheme and it's in our staff scheme. We've also included black entrepreneurs and I think they're a crucial, crucial part of the South African economy. And we've also included the disabled, Nedbank has done a great deal of work over the years in the area of the disabled, and we are very pleased to have extended our offering to the disabled community in South Africa.

The pie chart on the screen gives you some idea of the extent of the spread. The very broad-based nature of this transaction will benefit all Nedbank stakeholders

and the 11.5% I believe as Jim has said earlier demonstrates our commitment to going beyond mere compliance with the Financial Sector Charter.

SLIDE 42 – 46:53

Now in the structure, there are four elements to the staff scheme, there are three elements to the client and community schemes, and three elements to the strategic partners. I'd like to deal here with the strategic partners. Jim, Gloria and Fred have already spoken about, and shared with you the rationale for the selection and the process selection of the business partners and the performance contracts, and I just can't stress enough how much work has gone into detailed deliverables, measurable deliverables in those contracts. And I'd like to endorse what they've said, and I look forward to working with them to delivering our commitments to each other, because these contracts are not just a one way street, there are commitments from us to them as well. Our association and business dealings with AKA go back a long way. Our groups have done business together for over ten years. AKA also has a performance agreement, its slightly different in its content to the BBPs but it contains clear deliverables for both parties and we would like to acknowledge the success of our mutually profitable relationships in the past and look forward to ongoing value add for both our groups.

SLIDE 43 – 48:07

I'd like to move on to the employee schemes and suffice to say that in essence they are the same as described by Roddy with perhaps two exceptions. The first is the inclusion of the Evergreen Trust which is that bit at the broad-base of the pyramid, and that is a trust that has been put in place to cater for our black employees in hardship cases, particularly in situations that may arise for medical and educational needs. The second difference, as Jim referred to as well, is that the employee's schemes that we have here are in addition to the existing Nedbank long-term incentive schemes. And we estimate that in our existing schemes, approximately 2.2% of Nedbank's equity will be issued to black staff over the next ten years. If you look at the figures right up front in the percentages schemes, that would move us from the mid-twenties of the total scheme up into the mid-thirties. The broad-based scheme, which is the one at the bottom, which is an outright grant, the same is R7,500. The number of black staff who will benefit from that just in Nedbank is over 8,000 and in the three schemes together, the number of staff that will benefit will be round about 9,000.

SLIDE 47 – 49:29

The retail scheme is the one that I think has perhaps got the widest reaching effect in our country. We've applied our minds to the Financial Sector Charter, and what we have put in place here is not only in line with the savings objectives of the Financial Sector Charter, but for a number of our clients, as with our staff, it will offer them the opportunity to become shareholders for the first time. Now the details are as you see, you buy three shares at market price and you receive a

bonus share at the end of a vesting period. So there are criteria, and there is a commitment that we'll be looking to from our clients for a continued relationship over that period. The scheme is flexible, you can either pay upfront, or you can pay in installments in debit orders. It includes our clients right across all our brands, Nedbank, People's Bank, Old Mutual Bank and Pick and Pay's Go Banking. And there's a capital guarantee, so there is no downside for the clients. The applicants are going to have to hold a primary account with us for that period. I think the crucial thing to us is that it includes also our new Mzansi account holders. It's a great deal. With the capital guarantee, there is no downside other than the opportunity cost. And it presents us with another opportunity to really play our role in financial literacy education in South Africa.

SLIDE 49 – 51:06

The Corporate Scheme, and I think corporate is probably a misnomer because the Corporate Scheme is aimed at small business and it is aimed at black entrepreneurs. I have no doubt that the growth engine of the South African economy is going to be small business. I'm passionate about small business, I know when I started my Boardmans business in the early 80's down in Cape Town with two small shops, I learnt pretty quickly that small businesses very often get lousy service from big banks. And I also saw just how much value big banks could add to small businesses if they put their minds to it. So in this scheme we have initially identified 20 existing black companies, and as I've said including companies and entrepreneurs, companies run by women. More will be

added to this scheme over time. Again, there are minimal conditions attached to the scheme, and it is based on a period on which we would like to see an ongoing transactional relationship with the people in that scheme.

SLIDE 51 – 52:10

On the Community Trust, I would just like to say that I think this will further enhance Nedbank's position as a leader in sustainable community initiatives. The trust will be funded 25% by way of an outright grant and 75% by way of loan, and we will be focusing in this trust as well on SMME education and support, and education for people entering the financial sector, and will be done on a national basis.

SLIDE 56 – 52:38

On the economic effects, on the R26 billion value of Nedcor post the transaction, the estimated economic cost life of the scheme R968 million which as a percentage of our South African businesses comes to 3.66% which is in line with what we've seen for our peer group.

SLIDE 57 – 52:58

The pro forma financial effects – no effect, or minimal impact on SA GAAP, but as Jim said earlier, we will be disclosing the IFRS impact during May and, certainly, looking at the implications of IFRS on other parts of the business, it will have a bigger, negative impact than certainly the SA GAAP indicates.

SLIDE 58 – 53:26

So in conclusion, looking at all the aspects of the scheme and taking them together, we really are pushing beyond boundaries, and as tough as the implementation of the customer schemes may be, we know that it is the best way to reach tens of thousands of black South Africans through our national branch network and our customer base. We've worked hard with our black partners to ensure we have, both have, clearly defined measurable deliverables. We know just how much value this is going to add. Everything that we've put together in this scheme is clearly in line with our vision and our strategy.

The transformation of our Group is part of the transformation of our country, and I think we all know, the political transformation, the miracle of our democracy as we go into the second decade of our democracy, that transformation, the political transformation has to be followed by economic and social transformation. We have an increasing body of evidence to support the fact that part of South Africa's current strong economic growth is in fact being generated by black economic empowerment. And this transaction is not only good for the direct participants and beneficiaries, it is good for all our employees, it is good for all our clients and it is good for all our shareholders, because it is good for South Africa.

Thank you very much, I'd now like to call on Bruce Campbell.

SLIDE 59 – 54:59

Bruce Campbell

Thank you Tom and good afternoon to all of you. If I may say right at the outset, I will be, I'll focus on trying to give you an overview of the key features of the Mutual & Federal transaction without necessarily repeating any of the details on elements that have already been covered by Roddy and by Tom.

SLIDE 60 – 55:27

Really in essence the highlights of the Mutual & Federal transaction the direct black ownership worth 11% of Mutual & Federal that's already been covered by Jim. The scheme impacts on over 1,200 participants directly, that essentially is the black staff component of Mutual & Federal. Of course it impacts also indirectly on the very, very broad-based shareholding of our black business partners, being WIPHOLD and Mtha, and we're delighted to have them with us on board with Mutual & Federal.

A Black Broker Trust has been introduced, Mutual & Federal's strategy really is that of being an intermediary focused insurer, and that in many respects has been the cornerstone of the success of Mutual over many, many years. A Black Broker Trust is undoubtedly very unique in the short-term insurance market. We see it having an enormous amount of application in years to come. Mutual & Federal typically would deal with 11,000 intermediaries plus/minus so clearly, in terms of the trust, there's opportunity for emerging black brokers, wherever they

might be located, in the major metropolitan areas or the rural areas, to approach a trust in terms of assistance in funding and the development of black brokers, and so that is unique and is almost a natural extension of the intermediary focused business model of Mutual & Federal.

And then another highlight is the introduction of a new Community Trust and that really will entail the distribution of funds to communities and charitable operations, again throughout the breadth of South Africa, and again there in particular, we look forward to working with WIPHOLD and Mtha in identifying suitable beneficiaries for those funds, and again hopefully, not just confined to the major metropolitan areas but also to reach and touch in terms of communities, throughout South Africa.

A feature of the Mutual & Federal transaction, and again this is some repeat in terms of what Roddy and Tom have said, is the large allocation of shareholding to the staff of Mutual & Federal and I'm hoping that that creates for Mutual & Federal a competitive advantage, in that very competitive recruitment arena in terms of good skills, but it also, I think, recognizes the really important role that staff will have to play in the internal transformation of Mutual & Federal, and we've got quite a lot of work to do there.

SLIDE 61 – 58:26

The tabulation really details the main components of the structure for Mutual & Federal. On the left hand side of the slide are the employee share schemes, the senior black management scheme, which is an adaptation of our existing scheme, and a broad-based scheme and those in aggregate amount to about 6% of the 11% shareholding. And then, of excitement really, is the anticipation of working with the WIPHOLD consortium in terms of their 3,5% shareholding and the Mtha consortium in terms of their 0,5% shareholding, towards the internal transformation of Mutual & Federal, and then also in terms of the development and growth of our business. Right from the word go, in terms of our discussions with our partners, they had a very quick understanding of the requirements of Mutual & Federal, a realistic appreciation of the strengths and the weaknesses of the company, we've developed very well defined performance contracts, and we're hoping to work constructively with them in terms of adhering to those performance contracts.

And then the distributors and communities, I think I've spoken of my enthusiasm in terms of the Black Broker Trust and the Community Trust respectively, 0,5 and 0,5 of the shareholding and that all culminates in 11,14% deal post the issue of new shares of which 11% is in direct black ownership.

SLIDE 62 – 60:13

The employee share schemes are applied across the hierarchy of Mutual & Federal, and again I don't necessarily want to repeat what Roddy and Tom have

said, the broad-based scheme at Mutual & Federal is exactly along the dimensions of what they have already described, perhaps I can add that the allocation of those shares into the trust entails immediate dividend flows to the participants and the participants also are able to vote their shares through the trust immediately, so from day one, those trusts are compliant. Perhaps if I can single out in terms of the management schemes, the senior management scheme for Mutual & Federal, really that enables us to attract, retain, develop senior black management into Mutual & Federal, again as I've said, it's a very competitive recruitment arena and that's going to help us enormously in terms of bringing this transformation into Mutual & Federal in an area where its certainly required.

Its certainly is the intention of the company leading into 2008 to satisfy all of the employment equity targets as set out by the Financial Sector Charter.

SLIDE 73 – 61:39

Then again, Jim has in fact touched on the economic effects but if I can possibly just bring out some of the highlights, the value of the Mutual & Federal transaction is R663 million, the black ownership portion post the issue of new shares is 11%, the estimated economic cost of the transaction is R166 million and that is 3,13% of the value of Mutual & Federal's South African business.

SLIDE 75 – 62:12

Those really are the main features of the Mutual & Federal scheme. If I can just summarise by looking at a couple of the areas, the dimensions that particularly appealed to me, and the one that is that it really is a broad-based deal and you've heard that a number of times today. Broad-based particularly because of the very, very extensive shareholding of both WIPHOLD and Mtha, and also broad-based in terms of the communities that will derive the benefits of the community and the charitable trust. The nationwide reach, in terms again of the distribution of those funds out of the charitable trust, and a factor which I mentioned at a session this morning, Mutual & Federal for example will have a claim spend in 2005, something in the order of about R4.5 billion, a great deal of that money will be spent into a supply chain of building repairers, motor vehicle repairers, replacements of windscreen glass, carpet replacement people and, Bulelani, even attorneys. So a great deal of money is put out into the economy and those businesses are spread right throughout South Africa, wherever Mutual & Federal has a client, or wherever a client has a claim, that benefit will flow into that supply chain. And again, we look forward to working with WIPHOLD and Mtha in identifying empowerment supply chain areas that we can push that claim spend through.

I have touched on the question of employees having, 6 or 6% of the equity ownership, our employees are spread right throughout the country in every major city and in every major town of South Africa, so again, it's a nationwide reach. The transaction is in line with our intermediary driven strategy, I've spoken about

our passion in terms of the Black Broker Trust, the beneficiaries of the Black Broker Trust in no way have to be located in a metropolitan area, I'd anticipate many of them coming outside the metropolitan areas, and looking to finance and funding and development of their businesses.

And then, committed black business partners, I think all I'm able to say on that score is that almost from day one, when we met WIPHOLD and we met Mtha, we both concluded that the chemistry sat firmly between us, and as I said earlier on, they gained a very quick understanding of our business, and the fact that the transaction still has to go through certain stages of approval, we're already working towards some of the issues and objectives that are set out in the performance contracts, so we certainly know exactly where we're heading with our partners and we're looking forward to the experience ahead.

That's all from me, and if I could hand over back to Jim. Thank you.

SLIDE 76 – 65:26

Jim Sutcliffe

Thank you very much Bruce and indeed a big thank you to everyone that's presented here today.

I think you can now all appreciate the huge amount of thought and of work that has gone into these arrangements. And I hope you'll agree that we've introduced

a set of schemes that bring a new dimension to black economic empowerment. I do believe that we have wedded the broadest and best possible application of empowerment principles to good solid business principles. And that this potent combination brings exceptional power to the future of our business. The list of people who have put that thought and effort in is tremendously long. It's certainly headed by Bob Head and there are many of them in the front row here who've done a great job for us, but there are many all over the organization. They come from all three subsidiaries, from our partners and from our advisors. But big thank you to all of you.

SLIDE 77 – 66:23

So what happens next? Projects Stripes for this extraordinary exercise was branded when it first drew breath two years ago, has seen a depth of discussion and thought across those 24 months, that has been truly exhaustive, indeed exhausting on occasions. Now we have the regulatory sign-off, the shareholders meetings to go through, and we have to seek court approval in England because of the plc dimension to our scheme.

There is one more issue I'd just like to talk about today. As I think you'll know, we added Professor Wiseman Nkuklu as an independent non executive director to the plc Board at the time of our year-end results. When the arrangements are all completed, at the end of the all the approvals and so on, we do expect to make appointments to the Boards of our South African companies from the nominees

of our partners. At OMLAC SA, our life assurance company, we already have Prof. Jakes Gerwel on the board, and we expect to be able to add Gloria Serobe from WIPHOLD. At Nedcor, we're able to have Gloria again, which is a great privilege, Mustaq Brey from the Brimstone consortium, and also Reuel Khosa, who Tom has mentioned has had a long association to his AKA business with Nedcor.

And at Mutual & Federal, we're looking to Louisa Mojela to join the Board, along with Bulelani Ngcuka.

Now as Bruce has said, even as the work is going on to implement the schemes, so is our management and our business. And everyone, in partnership with our new business partners, is already working towards the prize – securing those returns that the success of our schemes will bring to all of our stakeholders.

SLIDE 78 – 68:12

Let me just take a step back for just one moment, and think about what we're trying to do as a whole – what our overall objectives are for Old Mutual plc. We are aiming to build a world class financial services group off our strong South African base. We've come some way over the last couple of years, but we've still got a long way to go. But in building that world class financial services group, we are creating wealth for every stakeholder, both here in South Africa and abroad. And we acknowledge the vital part that our South African businesses play in fueling our international journey. We can only be strong internationally if we're

strong here in South Africa first. And in that, we recognize that black economic empowerment is a vital tool. We are whole-heartedly embracing the cause in order to underpin future growth of our South African client base. This is how we'll secure the future strength and vitality of Old Mutual in South Africa.

SLIDE 79 – 69:15

I think there are three big messages that I'd like you to take away today. I'd invite you firstly to recognize the transformational nature of what we've proposed. Secondly, its breadth – and thirdly, the commercial benefit that these schemes bring to everyone who is a part of Old Mutual's world. It is transformational, because of the way it secures the returns for the widest possible group of stakeholders, for the way it will change Old Mutual in the future. It is broad, because amongst the 0.5 million participants, who will take part in this arrangement will be our staff, our clients, our distributors and all of those who do business on our behalf. And then there is that vital component, the leading entrepreneurial empowerment groupings who are our new partners. And finally, the commercial added value of these transactions, which I believe has been achieved by aligning our new business partners interests with our own, and with that of our employees, through true ownership.

Ladies and gentlemen, two years ago we had a vision. We formed our vision for our future in a way that reaches a key point today. Today is a historic day for Old

Mutual. Things will change from today. Strong foundations have got us here - have given us our strength - but today is the day that our new future starts.

Kelebogele. Siyabonga. Thank you very much.

SLIDE 80 – 70:58

We are now ready to take questions. If I could just remind you that this is being webcast to others, so could you mind just getting a microphone from the various people in the aisles before you speak? But we'd love to answer some questions.

Johnny

Hi Jim, thank you. Johnny Lambridis from Smith-Barney. Just a question on I guess dilution, IFRS as well as just the timing of the transaction, Tom pointed out very little dilution to his EPS, but in the formal pack that you sent out this morning, on a diluted basis there was about a 6 / 7% dilution if memory serves me correctly so a: could you just explain that dilution as opposed to the one we saw now, and then the additional dilution as a benchmark in terms of IFRS, I mean, are we going to go from 6% to 9%, and will shareholders actually get to see what the dilution will look like on an IFRS basis before they get to vote on the transaction?

Okay, Johnny. Thanks very much. Tom do you want to just deal with the different measures of dilution that are in the packs because I think that's what you're referring to, isn't it, it's on the different measures in there.

Tom Boardman

Yes, Jim. I think part of the thing lies in the accounting in the shifting in the accounting standards and how you apply that effective economic cost. Now I can't take you line by line through which ones you're looking at but as I acknowledged, we will be in May and Jim, just in terms of the transaction, we will be going to the market with the complete IFRS impact on our businesses and we just didn't feel it was going to be – well, you know people have said, "well why didn't you put it in today, surely you've done some work on it?"- yes, surely we have done some work on it, but we didn't think it was appropriate to just put one piece in, we think its more appropriate for all the analysts to be able to see, and the public to be able to see all the impact of IFRS and we will highlight this one as well.

Jim Sutcliffe

I think Johnny, just to amplify because Tom's exactly right of course, his comment about IFRS applies to all the pieces, you will see everything on the 3rd May which will be well before there is a vote, so absolutely. I think the notes, and I think you're on page 35 of the handout, and I think there is a description of exactly the number of shares that are different between those two numbers and its just to do with the shares you expect to vest.

Do we have any more questions? Can I just ask – are there questions on the conference call – is that Johan something we should check?

Johan

We have a question on the conference call from Andrew MacNulty, please go ahead sir.

Andrew MacNulty

Hi good day, hopefully you can hear me?

Andrew, I can't – I wonder if we could just get the volume turned up because I can't hear that.

Andrew MacNulty

Hi can you hear me?

Jim Sutcliffe

Ja. Go ahead.

Andrew MacNulty

Hi, good day. I've got a few questions. The first one is in connection with the basis for the Old Mutual South Africa businesses excluding Nedcor's and Mutual

& Federal proportion of the greater Old Mutual Group. I just want to ask, that 44% that's shown is the amount that Old Mutual South Africa makes up of the total. There's an inconsistency by the basis that Deutsche have calculated for the South African business and what you're using as a sort of market valuation, which I think you should be taking ex dividend whereas you've taken the valuation before stocks are going to ex dividend as in this week. Can you just give some detail, do you think the regulatory authorities that monitor the compliance of the financial services charter will be happy with your consistency – or lack of in terms of the basis of which you've determined how much South Africa makes off of the total group. And then my second question is, just overall for the entire transaction, very little shares are actually going outside the group, the remaining staff and management arrangements of some form and even your business partners you have high shareholdings on – what is your due, and why will that also satisfy the regulatory authorities when it comes up as a focus. And then, my final question is, can you give us some details on the targets in terms of the incentive fees for your various partners, some kind of crystallized targets on what actually they have to do, because I didn't quite understand the target outlined by Fred Robertson.

Jim Sutcliffe

Thank you very much Andrew. Let's break that up. Let's start with the first question about the calculation of the value of Old Mutual South Africa. Roddy, do you want to just start on that, I didn't quite hear the question about the ex

dividend point, so Andrew, forgive us if, certainly I didn't hear the question properly, but the basic point I think Roddy could you just address please.

Roddy

Thanks Jim. The way we calculate it, and the way Duetsche calculated it was taking the value of OMSA, and in this case excluding Nedcor & Mutual & Federal because we're doing separate transactions in respect of their businesses. So although the stakes of Mutual & Federal and Nedcor are held via OMSA we have excluded it in determining the value of OMSA, that's why that number 44 is lower than the number that we usually show when we present the plc results, we usually show Old Mutual South Africa including Nedcor and Mutual & Federal, so it's a little bit lower. What we've done is we've taken the value of OMSA as a proportion of the add-up value of the underlying subsidiaries of Old Mutual plc. So add OMSA, Nedcor, Mutual & Federal, US Life, US Asset Management and UK businesses and the rest of the world, and OMSA makes up 44%. I'm satisfied that that's a sensible way of doing it and it's the way that we have typically, in fact, disclosed our results to analysts time and again. I also wasn't quite sure of Andrew's point on the ex dividend nature, Jim. I'm not sure if maybe it's something you could pick up afterwards.

Jim

I think its something we can pick up afterwards, but certainly just to reinforce Roddy's point, I think we produced for you a pie chart with each result which

shows you the sum that Roddy's talking about and its entirely consistent with that, and I think I'm not aware of any inconsistency, so perhaps we'd have to pore over the detail with you to find out exactly what concern you have. I think lastly you asked were we comfortable with I suppose the Charter Council scoring method, and I'm glad to have on my right a member of the Charter Council, and I don't know Gloria if there's anything you'd like to add from that perspective.

Gloria Serobe

I will add it as a business partner, so that I'm not in trouble. I think we must be very careful about what kind of partners we put into the business because what this question is almost saying is that your management and executives who know more about the business are seen to be internally focused and therefore cannot be counted for the financial sector charter. I do not believe that that charter meant that, so it is an interpretation issue. The most important thing is that you are looking for partners who are going to actively add value to the business, and your first prize is going to be your executives and management. That actually your very point where the competition is going to be very tense between competitors, because the skills are going to be very scarce and if you cannot tie your own employees into your own business then you have a problem because with the charter its no longer useful to be poaching from one business to another, you are going to run out of numbers and so there is an issue about building these deals and also retaining the ones you have, and where acting as the business partners we were supportive of that is because we too are partnering employees

and management, and we would like them to be staked in the business. And I guess on the charter council side, they can only count the shareholding as compliant because it is black employees and management.

Roddy

Could I pick up also on Andrew's specific point on the Charter Council which was around would the charter council will acknowledge or go through the same process as we did in terms of determining the value of the South African businesses as a percentage of the whole. Specifically in terms of the charter, there is a clause 10.6, which is very specific around the grossing up provision in exactly the same way and we've complied precisely with the provisions of 10.6. So I'm certainly happy that it is charter compliant.

Jim

I think that's right, I think we've also made sure that we've complied with the legal structure of the Group, absolutely. If I could just pick up Andrew's second point which is how do we feel about the shares that we own in Brimstone and WIPHOLD, and I don't know Fred, if you'd just like to comment on the background to how we own the shares in Brimstone in particular.

Fred

That is Old Mutual owning shares in Brimstone. When we, before we listed, we went on a road show. We've known Old Mutual for a very long time, we

originated in the Cape and Old Mutual would have been a natural place to go and look for an investor, an institutional investor. So they invested in our company before we listed and they've been there for a long time.

Jim.

Thank you. And Tom is there anything that you'd add just from the perspective of Nedcor owning shares in the two businesses?

Tom Boardman

No Jim, I think you've covered it and suffice it to say that obviously we are looking at the financial sector charter and looking at the guidelines that have been put out by DTI and Government, and there are some new answers in terms of seeing look-throughs and we've taken cognizance of all of those in arriving at what we believe are the correct percentages.

Jim

Andrew, the other thing that I would just add that we haven't talked about much, is that we haven't in this scoring system taken any credits in the numbers we've put up in front of you today, although there are some numbers I think in your packs for the direct black share ownership that exists in Old Mutual plc anyway irrespective of the transactions that have been announced today, and those do count for Charter purposes. Lets just move on to Andrew's third question which was about targets and the way performance agreements work or will work,

Andrew I think what I will say, and just to really echo what Fred said, because I thought Fred's presentation was very clear, but what we have done and it has taken months of serious discussion, is establish about 70 different areas in which we all agree that the partners can add value. Some of those are inputs to the business, some of those are measurable outputs to the business and on each of those in the agreement, there is a detailed description of what is expected from the partners and what the partners can expect from us, wherever possible those are measured in hard numbers, and I think Fred quoted a specific hard number in relation to the employee benefits business. I think Fred also said those kinds of targets at that level cover Group Schemes, Old Mutual Asset Management, OMSFIN and many more besides Roddy's business, it goes across the base of Nedcor, although it's Mtha rather than Brimstone at Mutual & Federal there are some equivalent things there. So, I'm not sure what more I can say other than they are very detailed, they are measured, they are specific. I think you also asked about the financial effect and its roughly, its not precise, but if you understand that there's a 1.5% interest difference up or down from the central number, the numbers in your pack are presented on 8.16% which is the central number, the mechanics – you'd have to go through the detail, but its roughly 1.5% up or down, so if the partners outperform the contract then the rate of interest is effectively about 6.6 – if it's the other way and we're all very disappointed, its 9.6. To translate that into rand, and it is actually expressed in rands as a performance fee, which is why I'm going around the subject as to

whether its actually 1.5, its actually expressed in rands, its about R30 million per annum swing from the best performance to the minimum performance.

Perhaps we could just ask if there are more questions in the room here in Jo'burg.

Can we get questions on the web Johan, is that possible as well?

Yes, if there are any question on the web could you make them known please.

Johan

We have one further question from the teleconference.

Okay, go ahead please.

Our question comes from Greg Saffey of Investec, please go ahead.

Greg Saffey of Investec

Good evening, I have one quick question relating to the Nedcor transaction. As part of the funding structures, it appears that you propose to issue shares at or slightly above par value, can you give us an idea of what the tax consequence is for the black economic empowerment participants are.

Jim

Tom or we can get some help from the floor here.

I have conveniently made sure that our tax advisors are sitting right in the very front row, so microphone down here please.

(Tax advisor)

It's very difficult to separate out one single element of the tax consequences for the black economic empowerment partners. The overall tax consequences of the transaction and the structuring of the transaction have been carefully assessed and provide a favourable result for the partners, suffice it to say that all relevant tax issues have been carefully considered.

Tom Boardman

Greg, if I could just add. It's probably the area in which we have had to do the most real in-depth digging and consulting and getting opinions, is around a number of the tax issues, and in fact a number of the Companies Act issues. Those really being part of what has made us burn the midnight oil and we are happy that we have the answers to all those questions.

Thank you.

We've got a little bit of time left, I can't read, its 30-something, I'm not sure if its seconds or minutes, sorry but, are there any more questions in the room? Okay, last call on the telephone.

Johan (Operator)

There are no further questions from the teleconference.

Jim Sutcliffe

Okay, in that case, can I thank you all for coming today. We've enjoyed the opportunity to talk about what is a most exciting opportunity for all of the Old Mutual companies and we look forward to I'm sure there's cup of tea outside, and chatting a bit more and seeing you over the coming weeks. Thanks again.

ENDS