



NEDCOR LIMITED

MEDIA RELEASE

19 April 2005

BROAD-BASED BLACK STAKEHOLDERS TO ACQUIRE 11,5% OF NEDCOR

Johannesburg – Banking group Nedcor has unveiled its much anticipated black economic empowerment (BEE) transaction which will see a broad range of black stakeholders acquiring direct ownership worth 11,5% of the value of Nedcor's South African businesses.

This equates to a 9,33% holding in Nedcor shares and values the transaction at more than R3 billion.

The transaction incorporates employees, retail and corporate clients, community groups, strategic black business partners and non-executive directors of the group. Over half a million black South Africans, across the country, will be targeted as beneficiaries in this transaction.

This transaction forms part of the broader empowerment transaction concluded by the local subsidiaries of the Old Mutual Group – Old Mutual (SA), Nedcor and Mutual & Federal - which will result in direct black ownership of 12,75% in Old Mutual plc's South African businesses.

Nedcor chief executive, Tom Boardman, said the transaction supports the positioning of Nedbank as a "bank for all South Africans" and will benefit current and future employees, clients and external stakeholders.

"This is a truly broad-based empowerment transaction. We have said all along that we would look to exceed the ownership targets of the Financial Sector Charter (FSC) which we have been able to achieve through this transaction," he said.

Nedcor recognises the role of employees in its long-term success and 2,23% of the group's shares have been allocated to four new schemes which will empower

a broad base of current and future black employees, in addition to the normal long-term incentivisation of staff, both black and white.

The Black Executive Trust will operate for the top black executives of the group and the Black Management Scheme will benefit black senior and middle management earning more than R278 000 per annum. In both these schemes a portion of the shares will be held back for staff promotions and to attract new black talent.

A broad-based scheme will be aimed at black and white employees not participating in existing share schemes and these employees will receive shares to the value of R7 500 each.

The Evergreen Trust will be utilised for social expenditure purposes to support black employees earning less than R83 455 per annum with the trustees able to grant awards to staff beneficiaries in areas such as education and housing.

A unique component of the Nedcor transaction is the broad-based retail and corporate client schemes, accounting for 4,89% of the group's shares.

“The retail client scheme is aligned with the bank's strategy of growing our share of the retail and SME market,” said Boardman. “Clients will receive a bonus share for every three shares purchased. Besides benefiting from dividends and the capital growth on their investments, clients will also receive a capital guarantee on their investment.”

The retail scheme will be launched later in the year and will be aimed at clients of Nedbank Retail, including Old Mutual Bank, Pick 'n Pay Go Banking and Peoples Bank. It is anticipated that in order to qualify, applicants will need to be black, 18 years or older and will be required to hold their primary banking account with Nedbank for a minimum period. Clients will have the choice of paying for their shares upfront or in instalments by debit order.

The corporate client scheme will see over 20 black corporate clients being offered shareholdings in Nedcor.

Boardman said the primary aim of the scheme will be to support and benefit a new generation of black entrepreneurs and allow Nedcor to strengthen existing client relationships and to access new business opportunities.

Aka Capital, a long-standing client and partner of Nedcor, will also participate in the corporate client scheme as a Business Development Partner. Aka has concluded a memorandum of understanding with Nedcor to assist with specifically identified business development plans, in addition to meeting the requirements of the corporate client scheme. In recognition for this role, Aka will acquire an effective 0,38% of Nedcor via the corporate client scheme.

Strategic black business partners have been identified to guide transformation within the broader Old Mutual Group, as well as assist in business development.

The Wiphold consortium (comprising Wiphold, the Wiphold NGO Trust and Sphere) and the Brimstone consortium (Brimstone and Mtha consortium) will each acquire an effective 0,91% of Nedcor post the transaction.

Performance agreements have been concluded to align the interests of these black business partners with other shareholders and to measure and reward their contribution to the business. These two consortia will play active roles in assisting Nedcor with internal transformation across the Nedcor group.

Following the implementation of the transaction, Gloria Serobe of the Wiphold consortium, Mustaq Brey of the Brimstone consortium and Reuel Khoza from Aka Capital will be invited to join the Nedcor board as non-executive directors.

A further 0,18% of Nedcor's share capital will be allocated to black non-executive directors, although no performance conditions will apply ensuring that the independence of directors is not compromised.

Nedcor's ongoing commitment to investing in sustainable community initiatives has been recognised in this BEE transaction. A community trust holding 0,36% of the group's shares will be created to support community projects in conjunction with the Nedcor Foundation.

New trusts will be formed for the employee and management schemes, which will benefit from interest free loan funding from Nedbank and grants of Nedcor shares. For all the other schemes Nedcor has developed a unique "zero-finance" mechanism. The mechanism replicates the economic consequences of a fixed rate vendor funded preference rate deal, without funding cashflows taking place. Effectively the shareholders bear the cost of the scheme through dilution.

To meet the requirements of the FSC, participants in the scheme will be issued with new, listed Nedcor ordinary shares, ranking equal in all respects to the existing shares in issue. These shares will carry full voting rights and all economic entitlements, including dividends.

Boardman said the funding approach adopted by Nedcor allowed for a greater portion of the benefits of the transaction to be passed on to the participants. "The structure is easy to implement and flexible, with different funding instruments being used for each scheme. An advantage is that participants will not have to source third party funding."

The transaction is subject to shareholder and regulatory approval.

Ends

Issued by Tier 1 Investor Relations on behalf of Nedcor

For further information kindly contact
Tier 1 Investor Relations
Tel +27 21 702-3102

Additional information on the transaction is available on the Nedcor website -
www.nedcor.com