

A STRONG FOUNDATION. A NEW FUTURE.



OLD MUTUAL | plc

EMPOWERING
THE GROUP



Old Mutual plc

James Poole

Director - Corporate Affairs

Tel: +44 20 7002 7121
Fax: +44 20 7002 7221
Mob: +44 77 6899 1096
e-Mail: james.poole@omg.co.uk

Nad Pillay

Head: Group Communications

Tel: +27 11 523 9612
Fax: +27 11 523 9615
Tel: +27 21 504 8026
Fax: +27 21 504 8027
Mob: +27 82 553 7980
e-Mail: nad.pillay@omg.co.uk

Old Mutual (South Africa)

Stephen Bowey

Chief Communications Officer

Tel: +27 21 509 3318
Fax: +27 21 504 8484
Mob: +27 82 453 2083
e-Mail: sbowey@oldmutual.com

Nedcor

Don Bowden

Tier 1 Investor Relations

Tel: +27 21 702 3102
Fax: +27 21 702 3107
Mob: +27 82 555 8721
e-Mail: don@tier1ir.co.za

Mutual & Federal

Laurien Comyn

Tel: +27 11 374 2458
Fax: +27 11 834 3914
e-Mail: lcomyn@mf.co.za

Carol Dundas

Clear Distinction

Tel: +27 11 444 0650
Fax: +27 11 444 0690

WIPHOLD Consortium

Debra Marsden

Tel: +27 11 715 3521
Fax: +27 11 728 8889
Mob: +27 82 467 2271
e-Mail: dmarsden@wipcapital.com

BRIMSTONE Consortium

Tiloshani Naidoo

Tel: +27 21 683 1444
Fax: +27 21 683 1285
Mob: +27 84 449 9100
e-Mail: tnaidoo@brimstone.co.za

A strong foundation

A new future

➤ ***Empowering the Old Mutual Group***

Agenda



- | | |
|---------------------------|-----------------------|
| ■ Introduction & overview | Jim Sutcliffe |
| ■ WIPHOLD Consortium | Gloria Tomatoe Serobe |
| ■ BRIMSTONE Consortium | Fred Robertson |
| ■ Old Mutual (SA) | Roddy Sparks |
| ■ Nedcor | Tom Boardman |
| ■ Mutual & Federal | Bruce Campbell |
| ■ Conclusion & questions | Jim Sutcliffe |



- “Building a world class international financial services group off a strong SA base”
- Strength of our SA business relies on normalisation of society through successful black participation in the economy
- The Group has been addressing other key aspects of black economic empowerment
- Ownership is now the crucial milestone

➤ ***Transformation a business imperative***

Today's transactions



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- Sustainable transformation
- Broad-based empowerment
- Adding value, accelerating our businesses

➤ ***Building our future***

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Sustainable transformation



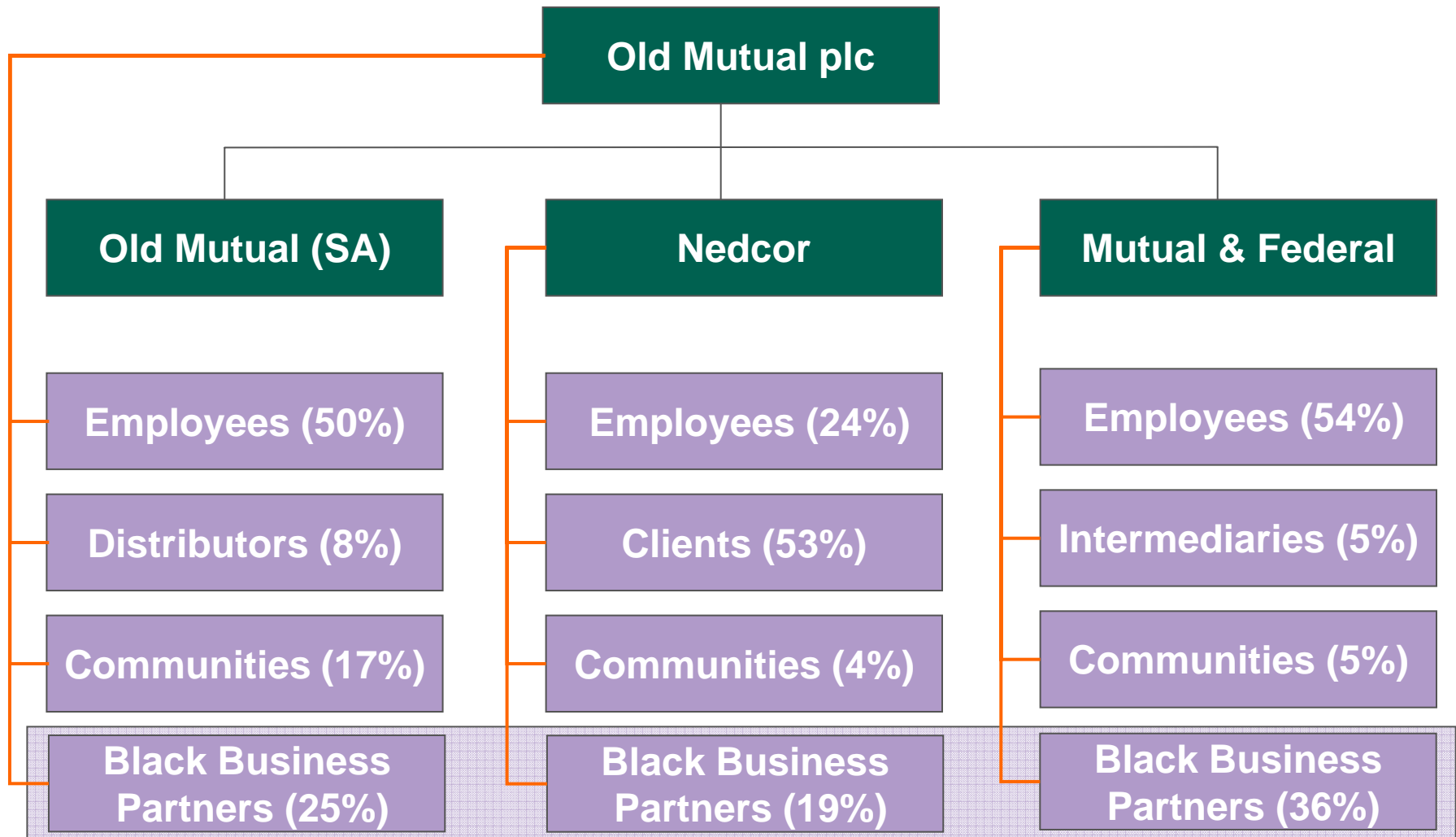
- Introducing new black shareholders through three separate but inter-dependent, broad-based transactions
- Resulting in black ownership worth 12.75% of SA businesses
- Costs in line with peers, substantially internally funded
- First Group offering shares in international listed entity
- Direct black ownership – full dividends & voting rights
- Part of a broader commitment by the Group to BEE

➤ ***Aimed at 500 000 people throughout SA***

Broad-based empowerment



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Accelerating our businesses



- Deal size in each company maximises value
- Every employee in every company incentivised
- Short term cost exceeded by long term benefits
- 10 year arrangement
- Entrepreneurial Black Business Partners incentivised
- Measurable performance contracts negotiated annually

➤ ***Makes good business sense***

- Funds lent/granted to Employee Share Trusts & SPVs to subscribe for shares
- Vendor financing for Black Business Partner SPVs
 - 8.16% interest (fixed, NACA)
 - Performance can increase / reduce funding cost by 1.5% of market value at inception
- Loans to other trusts at favourable rates

Values of transactions OLD MUTUAL | plc

Transactions	% of share capital post transaction	Value of shares		% of SA business under black ownership
		(Rm)	(£m)	
Old Mutual	5.64	3 448	296	13.48
Nedcor	9.47	3 085	265	11.50
Mutual & Federal	11.14	663	57	11.00
		<u>7 196</u>	<u>618</u>	<u>12.75</u>

Pro forma financial effects



Year ended 31 December 2004

SA cents	Before the Group transactions	After the Group transactions	% change
Adjusted operating EPS	181.1	175.7	(3.0)
Basic EPS	166.2	156.8	(5.7)
Adjusted embedded value per share	1 508.0	1 475.0	(2.2)

Accounting basis: UK GAAP as at Dec 2004

We will be disclosing IFRS results on or about 3 May 2005

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Pro forma financial effects *(continued)*



Year ended 31 December 2004

UK pence	Before the Group transactions	After the Group transactions	% change
Adjusted EPS	15.3	14.8	(3.3)
Basic EPS	14.1	13.3	(5.7)
Adjusted embedded value per share	139.1	136.0	(2.2)

Accounting basis: UK GAAP as at Dec 2004

We will be disclosing IFRS results on or about 3 May 2005

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Booklet only

Pro forma financial effects *(continued)*



Year ended 31 December 2004

Rm	Economic cost	Old Mutual plc portion	% of SA business value
Old Mutual (SA)	799	799	3.15
Nedcor	968	492	3.66
Mutual & Federal	166	146	3.13
Old Mutual plc (% of market capital)		1 437	2.49
Old Mutual plc (% of SA businesses)		1 437	3.31

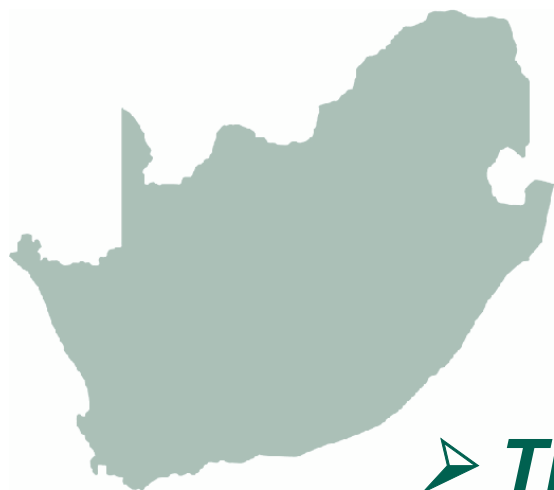
Black shareholder groupings



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Gross value (Rm)	Old Mutual (SA)	Nedcor	Mutual & Federal	Total
Employees	1 689	739	357	2 785
Clients & distributors	288	1 593	30	1 911
Black Business Partners	864	590	238	1 692
Communities	576	118	30	724
	3 417	3 040	655	7 112
Existing black shareholders				889
				8 001

- Schemes aim to reach beneficiaries throughout SA
 - 17 541 black employees (29 260 total employees) countrywide
 - Clients in all provinces
 - Distributors, in order to grow black clients nationally
 - Communities in the poorest areas
 - Black Business Partners represented in all provinces in SA



***Aimed at 500 000
participants living in
all provinces***

➤ ***Truly South African transactions***

Employee involvement



- Key step in creating a fully representative work force
- All black SA employees within Group eligible to participate
- Tailored schemes to retain & promote black leadership
- Trusts compliant - full ownership & benefits with black people

	Old Mutual (SA)	Nedcor	Mutual & Federal	Total
Number of black participants	7 458	8 813	1 270	17 541

➤ ***Comprehensive ownership schemes***

Building the client base



Clients & distributors

- Old Mutual (SA) / Mutual & Federal:
 - Grow distribution channels through empowering black SMME distributors
- Nedcor:
 - Opportunity for black retail banking clients to own shares
 - Corporate scheme to support black entrepreneurs

Communities

- Unique plan for education benefits for union members
- Additional schemes to benefit broad cross-section of community

➤ ***Unique schemes, supporting business strategy***

Entrepreneurial business partners



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- Broad-based empowerment credentials
- Organisations of substance & track record
- Strong, clear leadership
- Share the Group's values
- Financial services experience
- Capacity to invest some capital
- Interests aligned during extensive discussions
- Measured performance criteria with incentives agreed

➤ ***Partners with transformation track records***

Building for the future



- Introducing direct black ownership of the SA businesses totalling 12.75%
- Broad-based participation
 - Employees
 - Clients & distributors
 - Communities
- High quality partners with measurable performance contracts
- Substantially internally funded
- Costs in line with industry norms – embedded value dilution 2.2%
- Benefits expected to exceed costs

➤ ***Key part of strategy to build future client base***

Black Business Partners

Gloria Tomatoe Serobe (WIPHOLD Consortium)

Fred Robertson (BRIMSTONE Consortium)

Black Business Partners



WIPHOLD Consortium

82%



- Focused on financial services sector
- Over 1 200 direct & 18 000 indirect women beneficiaries
- 17.5% held by WIPHOLD NGO Trust
- 32.5% held by Old Mutual (SA)

3%

WIPHOLD NGO Trust

- Over 300 000 black women beneficiaries
- Constituent NGOs span all 9 provinces
- Effective 17.4% stake in consortium
- Spans all 9 provinces
- Development programmes for women & children

15%



- Extensive financial services experience
- Driving transformation in investee companies
- 74.5% black owned & wholly black managed
- Broad-based shareholding, national reach, focus on education of women & youth
- 13% held by Nedcor

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Why we chose the Group



- Leader in the industry
- Most comprehensive financial services group
- International profile
- Identify with Group strategic direction
- Common values

Where we add value



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- Assist in retention & attraction of business
- Guide strategic & holistic transformation of the Group
- Further enhance the profile of the Group
- Broad constituencies

➤ ***Already actively engaged in the sector***

Black Business Partners



BRIMSTONE Consortium

67%

33%



BRIMSTONE
INVESTMENT CORPORATION LIMITED



- Private equity & corporate investment company
- Over 3 700 black shareholders & over 19 000 employees in associate companies
- JSE market cap of R240m
- 9.95% of 'N' ordinary shares held by Old Mutual (SA)
- New players in the BEE environment (Chestnut Hill & Izingwe)
- Broad-based groupings representing over 7 000 black legal & medical professionals (NADEL, BLA, SAMDP)
- Expertise in financial services & health industries
- Proven ability to drive transformation in large institutions

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Why we chose the Group



- Established business relationship
- Understand the business
- Believe that we can add to the Group's success
- Common values

Performance contracts



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- Specific & detailed measurable performance agreements
 - In excess of 70 different activities being monitored
 - Performance measure in terms of specific criteria:
e.g. *“Specified business from identified new client prospect list secured & flowed of R2.5bn lump sum equivalent with a minimum secured OMEB business of R1bn”* – this would rate as satisfactory performance
- Semi-annual performance monitoring by board committees
- Annual incentive fee can increase or decrease funding (rate 8.16% NACA) by up to 1.5% of initial cost

➤ **Fully committed to the Group businesses**

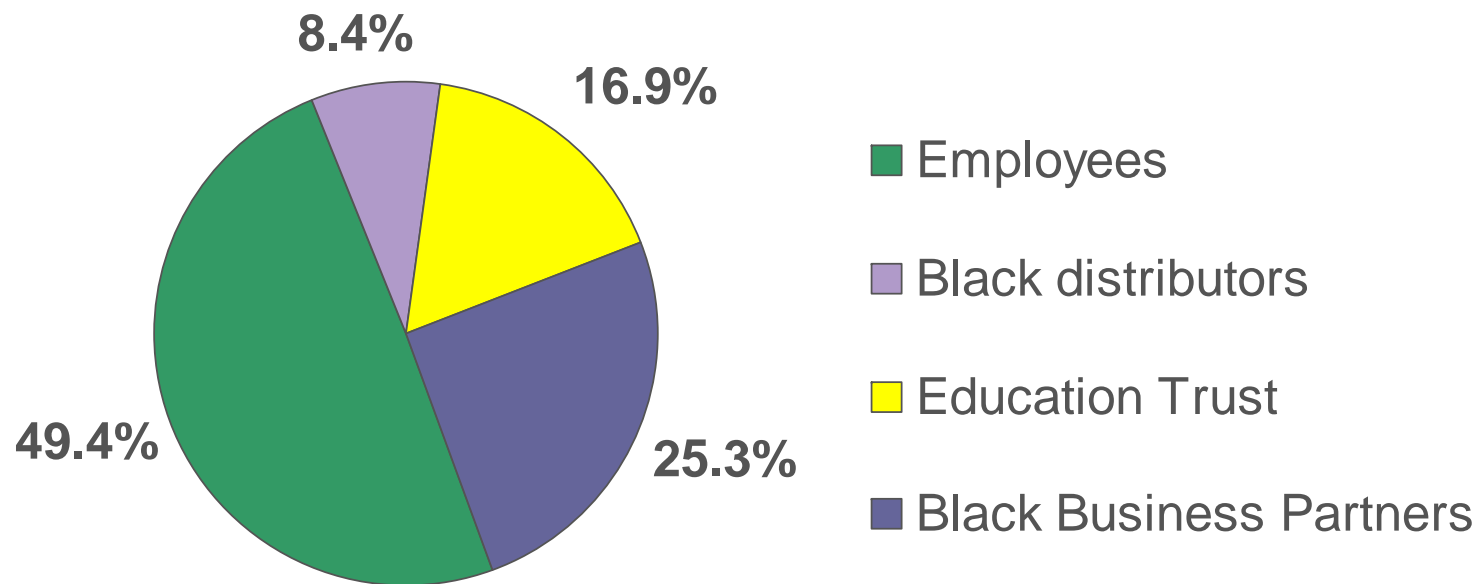
Old Mutual (SA) Transaction

Roddy Sparks

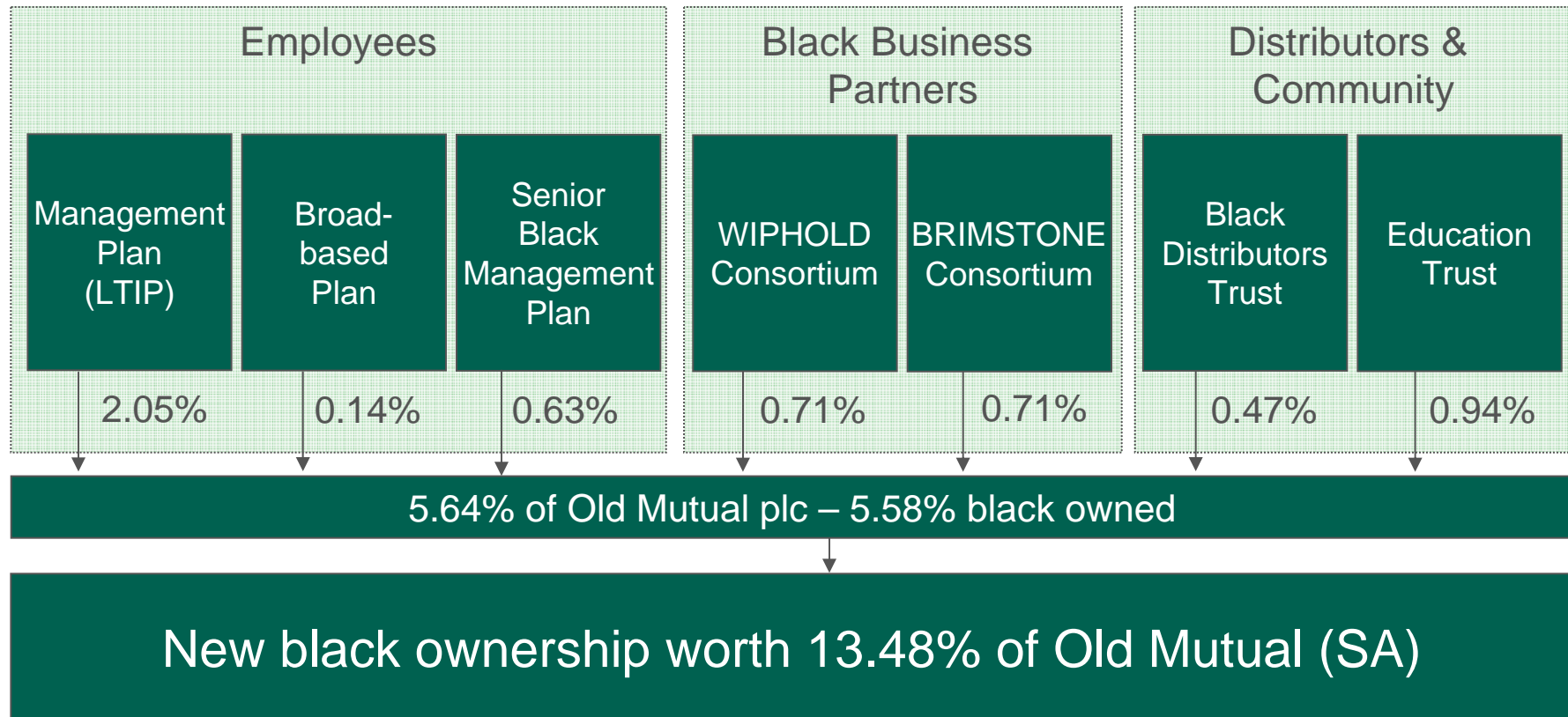
Highlights



- Direct black ownership worth 13.48% of Old Mutual (SA)
- Includes 7 458 black staff participants
- Unique schemes benefit union members & intermediaries

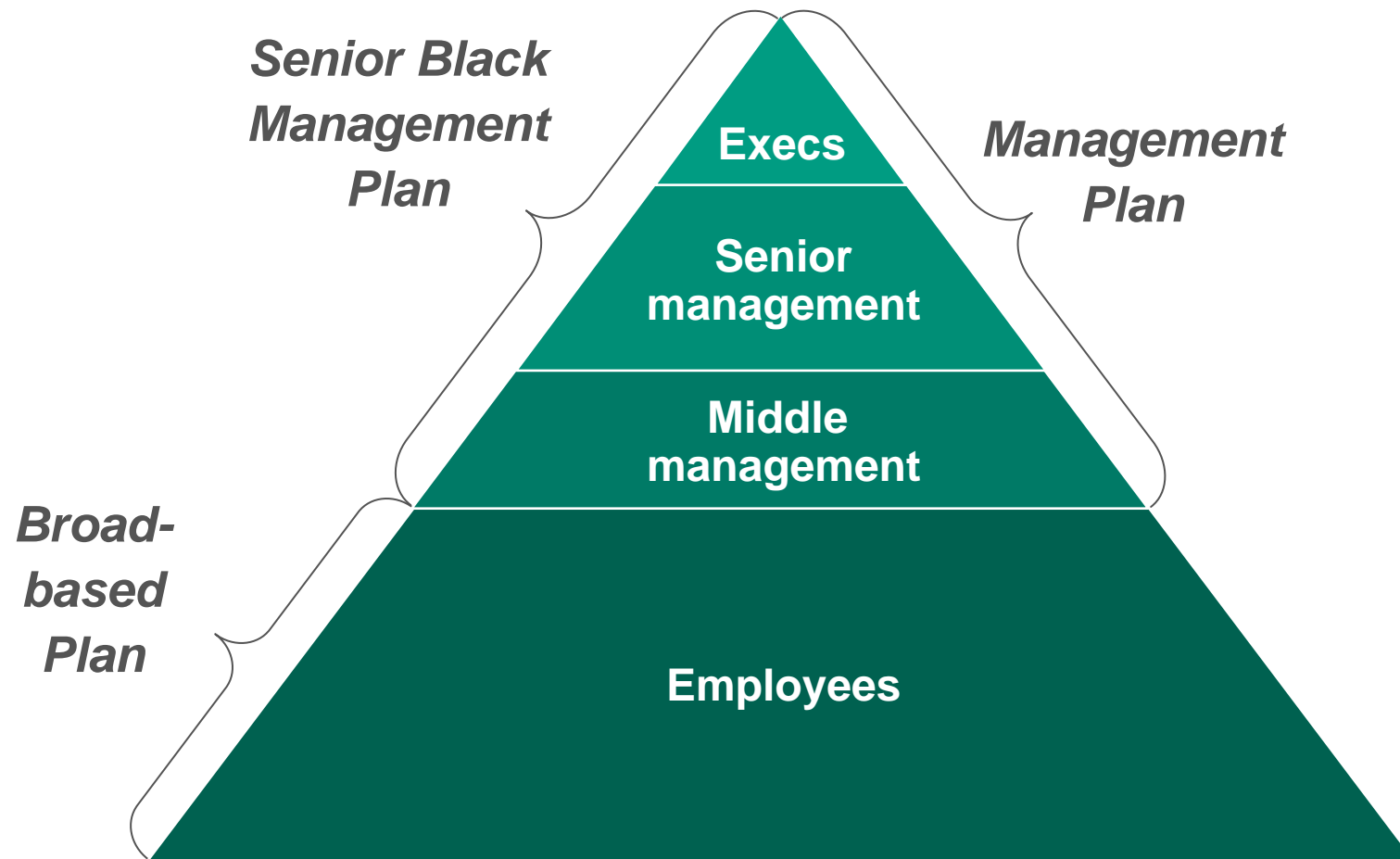


Proposed structure



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Employee plans



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Employee plans

(continued)



	SENIOR BLACK MNGT	MANAGEMENT	BROAD-BASED
% value post trans	0.63	2.05	0.14
Option : share grant	0 : 100	77 : 23	0 : 100
Vesting criteria	4, 5 & 6 years	3 years	5 years
Duration	10 years	9 years	5 years
Black employees only	Yes	Yes	No

Senior Black Management Plan ***(1.53%)***



- Initial once-off restrictive share plan (RSP) share award to senior black management
- For current & future employees
- Senior black managers also entitled to participate in Management Scheme
- Subject to performance & market-related compensation
- Delivery after 4 years (1/3), 5 years (1/3) & 6 years (1/3)
- Shares forfeited on resignation prior to vesting & used for future black management
- Trust to be set up, holding shares in Old Mutual plc
- Funded by means of a grant

Management Plan ***(4.93%)***



- Replaces current management incentive scheme
- 2.05% of Old Mutual plc shares (worth 4.93% of Old Mutual (SA)) reserved solely for current & future black management
- Expect to increase proportion of black management
- Subject to performance & market-related compensation
- A combination of 50% share options & 50% RSP share awards
- Trust to be set up for black management, holding R1.3bn of Old Mutual plc shares for future allocation up to 2014
- White management to be allocated incentives by the existing trust
- Funded by interest-free loans

Broad-based Plan ***(0.20% black)***



- Once-off award of Old Mutual plc shares - value of R7 500
- All permanent employees who have not previously participated in share schemes
- Shares held in a trust on employees' behalf for five years
- Shares transferred after five year period & can sell after this
- Retain shares even if they leave during five year period
- Trust to be set up, holding shares in Old Mutual plc
- Funded by means of a grant
- Designed in accordance with new tax rules

Black Distributors Trust

(1.14%)



- Recognises need to reach under-serviced market more effectively
- Shares worth R288m to be placed into trust to provide finance to set up black brokers & agents in business
- Supplements work of Old Mutual's Academy for Financial Planners
- Supports creation of SMME's

Education Trust

(2.27%)



- Benefits black members of participating client trade unions
- Shares worth R576m to be placed into trust to fund tertiary education bursaries
- More than 1 000 bursaries over 10 years
- Initial participants (representing 600 000 members):
 - Democratic Nursing Organisation of SA
 - National Education Health & Allied Workers Union
 - National Teachers Union
 - SA Commercial Catering & Allied Workers Union
 - SA Democratic Teachers Union

Funding structure



- Old Mutual plc shares issued to four SPVs for:

Old Mutual (SA) Black
Distributors Trust

Old Mutual (SA)
Education Trust

Black Business
Partners x 2

- Issued for Rand equivalent of 10 pence per share (par value Old Mutual plc) in cash plus cash undertaking
- Black Business Partners each invest 2.5% upfront
- Balance of Black Business Partners' par value & other SPVs owned by Black Distributors Trust & Education Trust par value to be funded by third party loans
- SPVs to pay further cash amounts due on 1 May 2015
- Black Business Partners: large part of performance fees & all dividends to repay third party loans & then Old Mutual obligations

Funding structure

(continued)



- Other SPVs: part of dividends used to repay third party loans & Old Mutual obligations
- Advantages of funding approach include:
 - Structure easy to implement
 - No exposure to expensive third party financing
 - Avoid lengthy negotiations with third party funders
 - Flexible structure – different funding instruments for each scheme
 - Relatively inexpensive structure
 - Ability to pass benefits to participants - attractive funding rates

Economic effects



	Rm
Value of Old Mutual (SA) post transaction	25 534
Value of Old Mutual (SA) transaction	3 448
Less: white component of broad-based scheme	(31)
Black ownership portion	3 417
Black ownership portion as % of value of Old Mutual (SA)	13.48%
Estimated economic cost	799
Economic cost as % of value of Old Mutual (SA)	3.15%

Value adding, broad-based



- Black ownership of Old Mutual (SA) will reach R4.3 billion in value
- Truly broad-based transaction
- Almost 50% of new shares allocated will be for black employees
- Value adding, broad-based Black Business Partners
- Unique Client & Distributor schemes to benefit black distributors & trade union members

➤ ***Another milestone - the road to transformation***

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Nedcor Ownership Plan

Tom Boardman

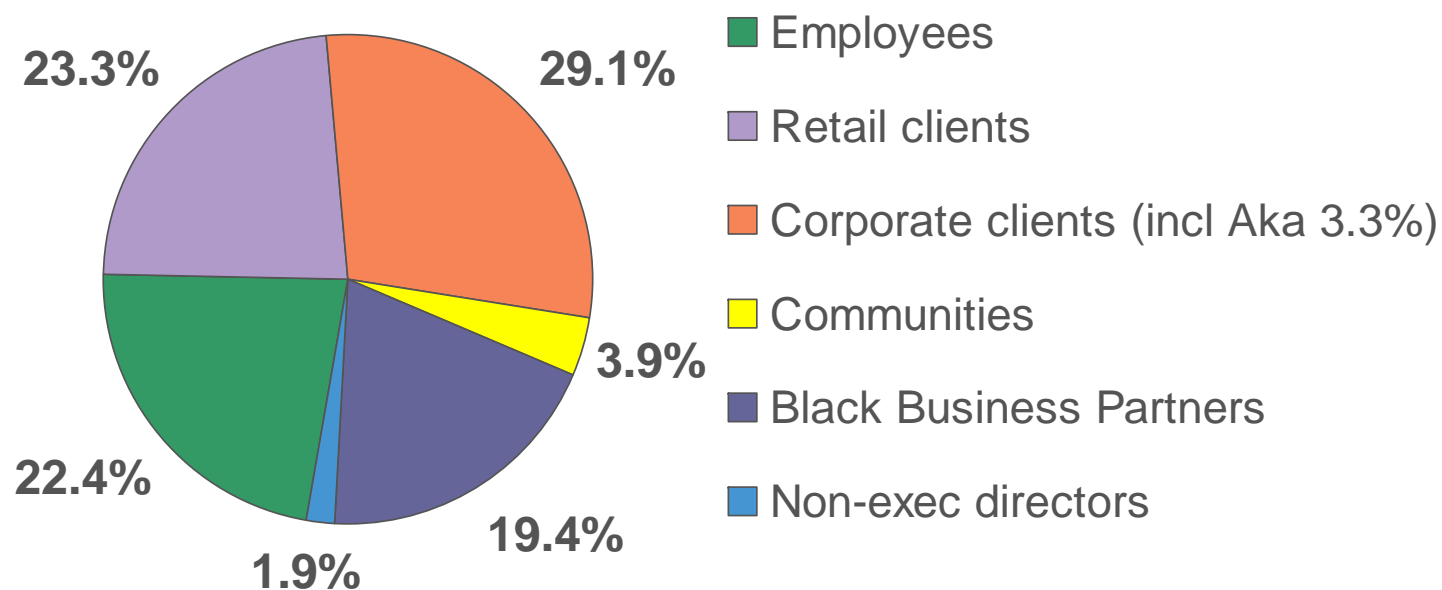
“With the commitments from the private sector as demonstrated by the banks, it is clear that together, as South Africans, we are set to make a determined effort to speed up broad-based black economic empowerment and small business development.”

President Thabo Mbeki
(State of the Nation
Address, February 2005)

Highlights

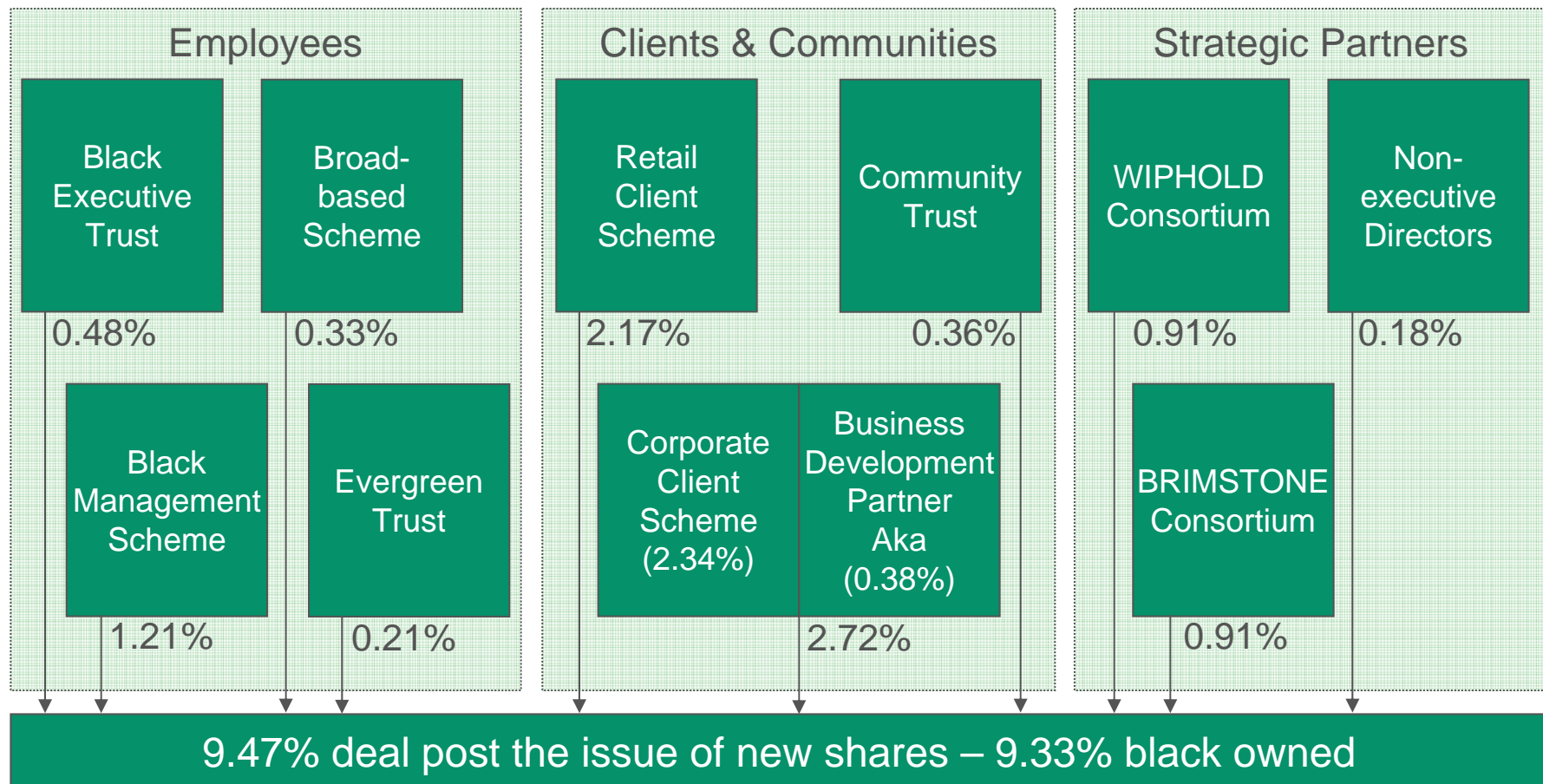


- Unique retail & corporate client schemes
- 11.5% of value of SA businesses
- Benefits all stakeholders



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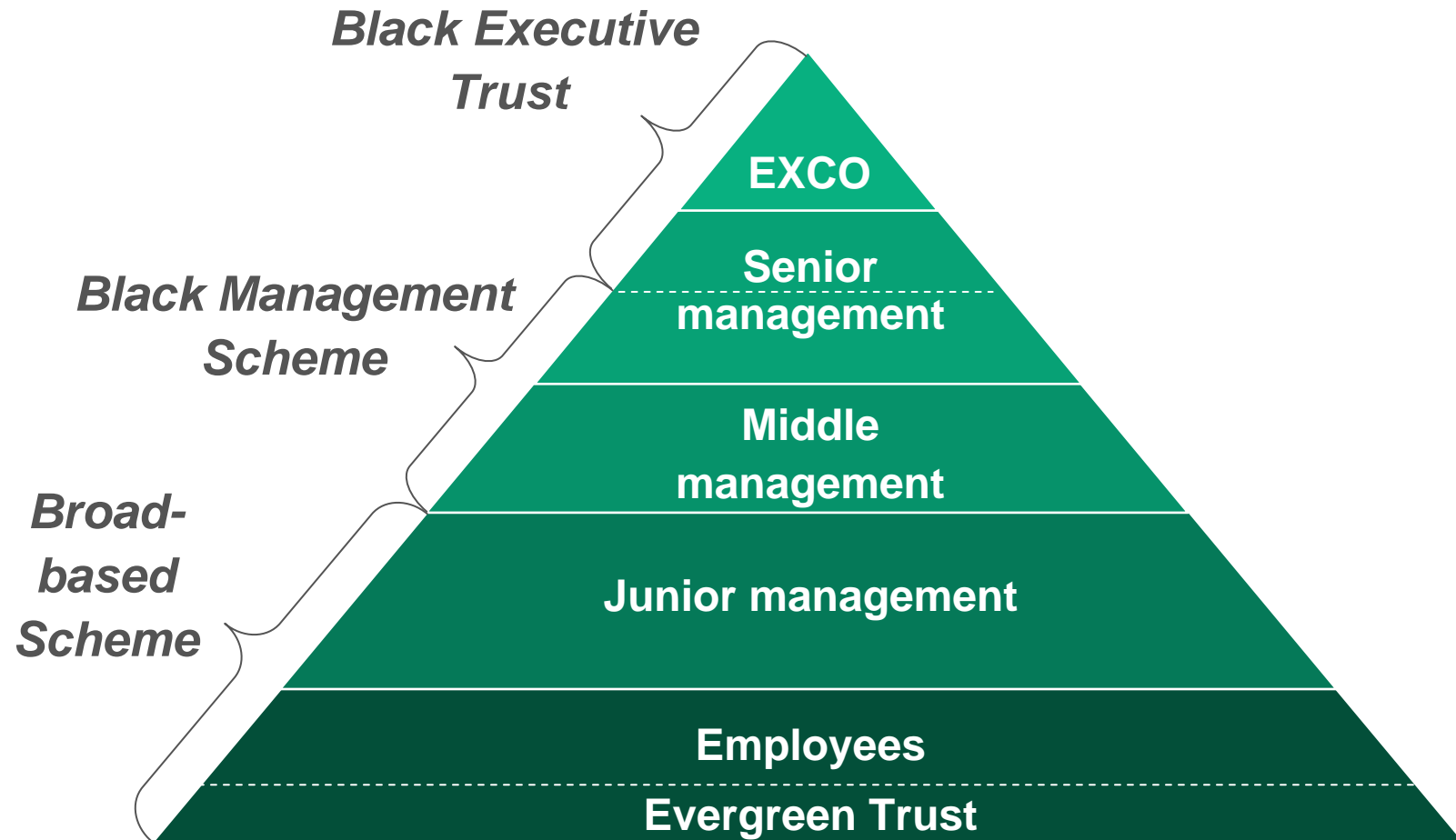
Proposed structure



Black ownership = 11.5% of value of Nedcor's SA businesses

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Employee schemes



Employee schemes

(continued)



	BLACK EXEC	BLACK MNGT	BROAD-BASED	EVERGREEN
% value post trans	0.48	1.21	0.33	0.21
Option : share grant	75 : 25	90 : 10	0 : 100	N/A
Vesting criteria	4, 5 & 6 years	4, 5 & 6 years	5 years	N/A
Duration	7 years	7 years	5 years	Evergreen
Black employees only	Yes	Yes	No	Yes

Employee schemes

(continued)



- Targeted schemes: structured to meet differing profiles of various categories of employees & to align with needs of the business
- Relatively large proportion of scheme 33% structured via share grants to employees - resultant higher economic benefit per share
- Provides employees with greater economic benefits in short to medium term
- Scheme in addition to normal long term incentivisation - new LTIP not included (2.23% expected to be awarded to black employees over next 10 years)
- Most black employees will qualify for participation in the Retail Scheme
- Optimal mix for attraction & retention of employees
- Unique Evergreen Trust for upliftment of lower income black employees

Employee schemes

(continued)



- Black Executive Trust (0.48%)
 - New & existing senior black managers - identified by position
- Black Management Scheme (1.21%)
 - New & existing middle & senior black managers earning > R278k p/a
- Broad-based Scheme (0.33% - 0.19% black)
 - Employees (black & white) not participating in Nedcor's share option scheme or the above two schemes
 - R7 500 of Nedcor shares for no consideration – 100% issued upfront
 - Designed in accordance with new tax rules
- Evergreen Trust (0.21%)
 - Upliftment of black employees earning < R83 455 p/a
 - Trustee flexibility (i.e. education, housing assistance, etc.)

Retail scheme (2.17%)



- In line with savings objective of FSC
- Buy three shares at market price & receive a bonus share at end of vesting period
- Pay for shares upfront or via debit order over time
- Includes Peoples Bank, Old Mutual Bank & Pick 'n Pay Go Banking clients
- Capital guarantee – no downside for clients
- Applicants to hold 'primary' account for a minimum period

➤ ***In line with strategy to grow Retail***

Retail scheme

(continued)



- Strict definition of clients that can participate:
 - Defined as black in FSC
 - 18 years & older
- Must have or open a “primary” account with the Nedcor group, including a current, transmission or Mzansi account
 - Salary/wage (or other regular income) must be paid into account
 - Transact at least four times per month through the account
- Scheme to be launched after shareholder approval
 - Likely to be in 3rd quarter 2005
 - Preceded by education & awareness campaign

Corporate scheme (2.72%)



- Commitment to assist new business development of participants
- Black business clients & former Peoples Bank partners
- Initially over 20 groups
- Good faith commitments include reasonable efforts to:
 - Conduct transactional banking with Nedbank
 - Offer funding & advisory mandates to Nedbank
- Scheme includes Aka Capital as a business development partner
 - With specific performance agreement

➤ ***Supporting black entrepreneurs***

Non-executive directors (0.18%)



- Recognition of value-add & insight – retain skills
- No performance agreements – independence not impaired
- Participation in their individual capacities
- Do not participate if they participate in other Nedcor schemes
(except Retail Scheme)

➤ ***Alignment of directors' interests with stakeholders***

Community Trust (0.36%)



- Further enhances Nedcor's leadership in sustainable community initiatives
 - Nedcor rated second best corporate grant maker by NGOs & communities
- Funded 25% by way of grant & 75% by way of loan - Trust can commence distributions in first year from dividends received
- Initial focus on:
 - SME education & support
 - Education for people entering the financial sector

➤ ***Component of sustainability strategy***

- Employee Schemes
 - Black controlled employee trusts created in each scheme
 - Funded by way of grants/interest-free loans
 - Dividends service interest-free loans

Funding

(continued)



	Aka Capital	Corporate/ Non-execs	Black Bus. Partners	Retail	Community
Issue price	Par	Par	2.5% of MV	Par	Par
Upfront payment paid by participants	Par	Nil (fully funded)	2.5% of MV	75% of MV	Nil (fully funded)
Term	6 years	6 years	10 years	3 years	6 years
Notional opening balance	75% of MV	75% of MV	97.5% of MV	75% of MV	75% of MV
Notional rate (fixed, NACA)	11.83%	11.83%	8.16 (+/- 1.5% of MV)	11.83%	11.83%
Performance adjuster	Yes	No	Yes	No	No

- Business Development Partner (Aka Capital), Corporate Client, Non-executive Director, Black Business Partner, Retail Client & Community Schemes mechanics
 - Nedcor issues new ordinary shares at a nominal price
 - At termination, a calculation of terminal value is made, being original notional funding balance rolled up at notional funding rates
 - Nedcor then has a call option (at nominal price) to buy-back shares, with a market value at that time equal to terminal value

Funding

(continued)



- Advantages of funding approach include:
 - Structure easy to implement
 - Flexible structure – enables different funding instruments for each scheme
 - Relatively inexpensive
 - Ability to pass benefits to participants - attractive funding rates
 - Capital neutrality achieved (modest increase in Primary Capital)
 - Compliant with s38 of the Companies Act (Senior Counsel sign-off)

Economic effects



	Rm
Value of Nedcor (South Africa) post transaction	26 438
Value of Nedcor Ownership Plan	3 085
Less: white component of employee broad-based scheme	(45)
Black ownership portion	3 040
Black ownership portion as % of value of Nedcor (SA)	11.5%
Estimated economic cost	968
Economic cost as % of value of Nedcor's SA businesses	3.66%

Pro forma financial effects



Nedcor

year ended 31 December 2004

Cents	Before the transaction	After the transaction	% change
Attributable earnings per share (EPS)	270	270	(0.05)
Headline earnings per share (HEPS)	401	400	(0.14)
Ordinary shareholders' equity (Rm)	18 095	18 177	0.45
Net asset value (NAV) per share	4 590	4 594	0.10
Tangible NAV	3 357	3 366	0.27

Primary capital will increase initially only by value of shares that are paid for in cash upfront - capital adequacy neutral

We will be disclosing IFRS results on or about 3 May 2005

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An inclusive deal



- 11.5% of the value of Nedcor's SA businesses going to black shareholders throughout SA
- Wide black stakeholder representation
- Black partners will add value to the group
- Clearly in line with strategies of:
 - Growing Retail
 - Expanding transactional banking
 - Transformation of the group



Mutual & Federal Transaction

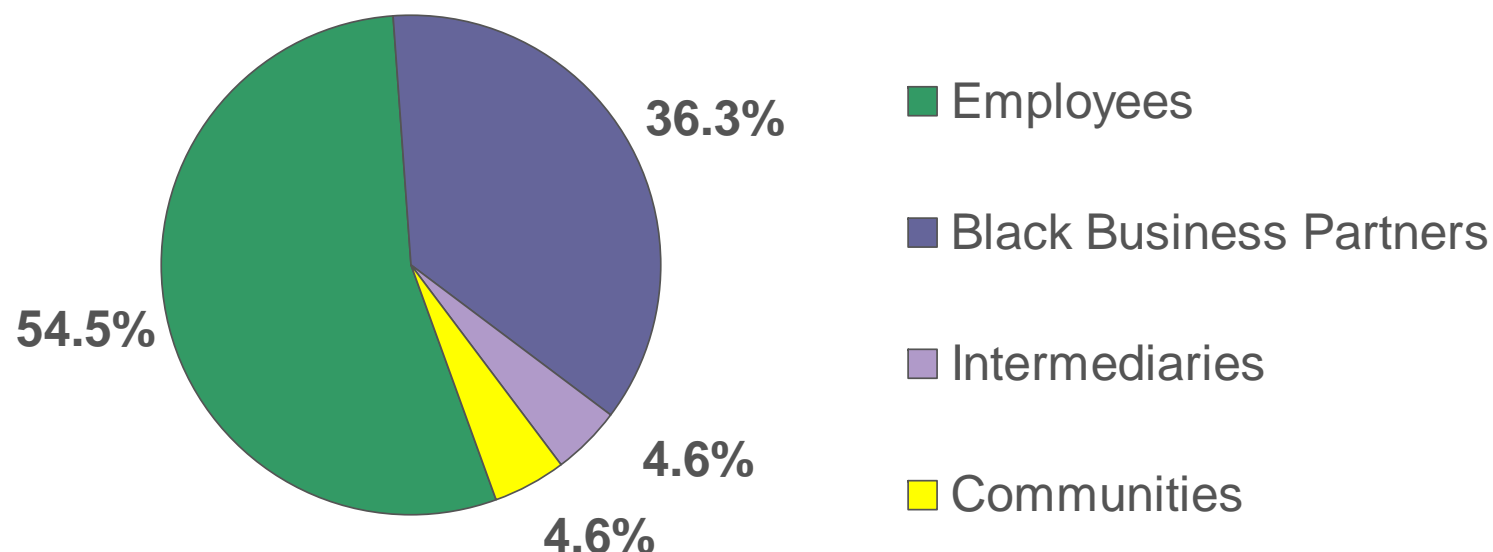
Bruce Campbell

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Highlights

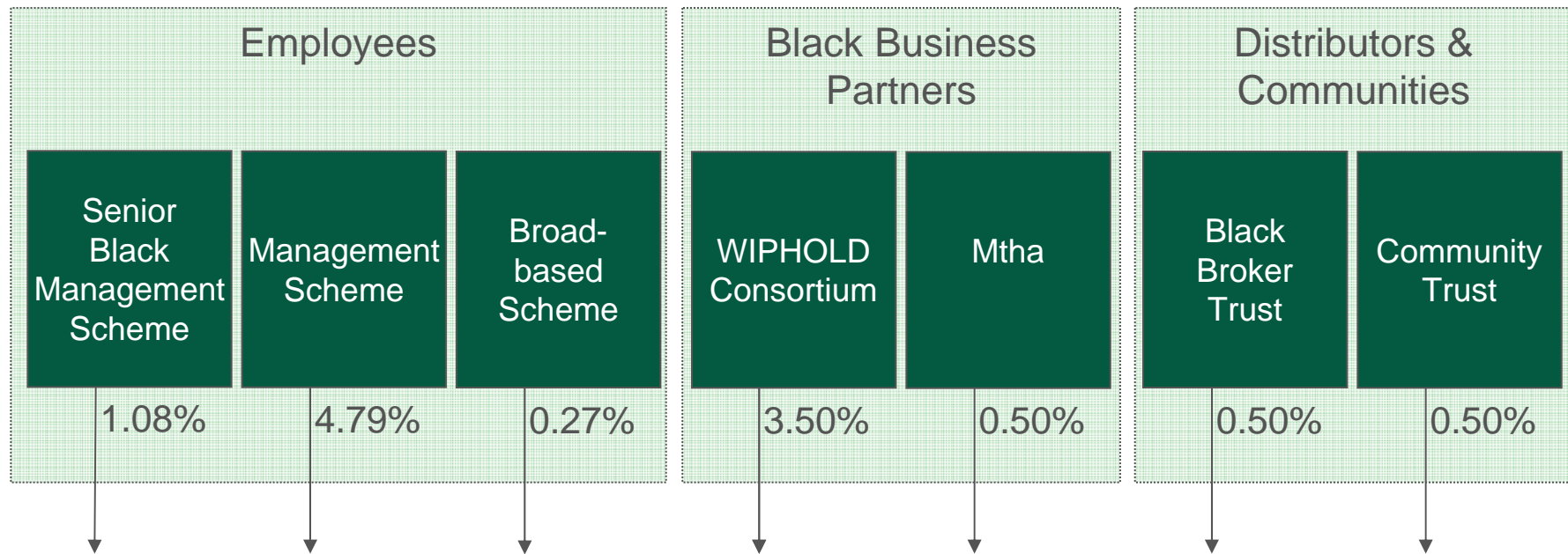


- Direct black ownership worth 11.0% of Mutual & Federal
- Includes 1 270 black staff participants
- Unique Black Broker Trust
- New Community Trust



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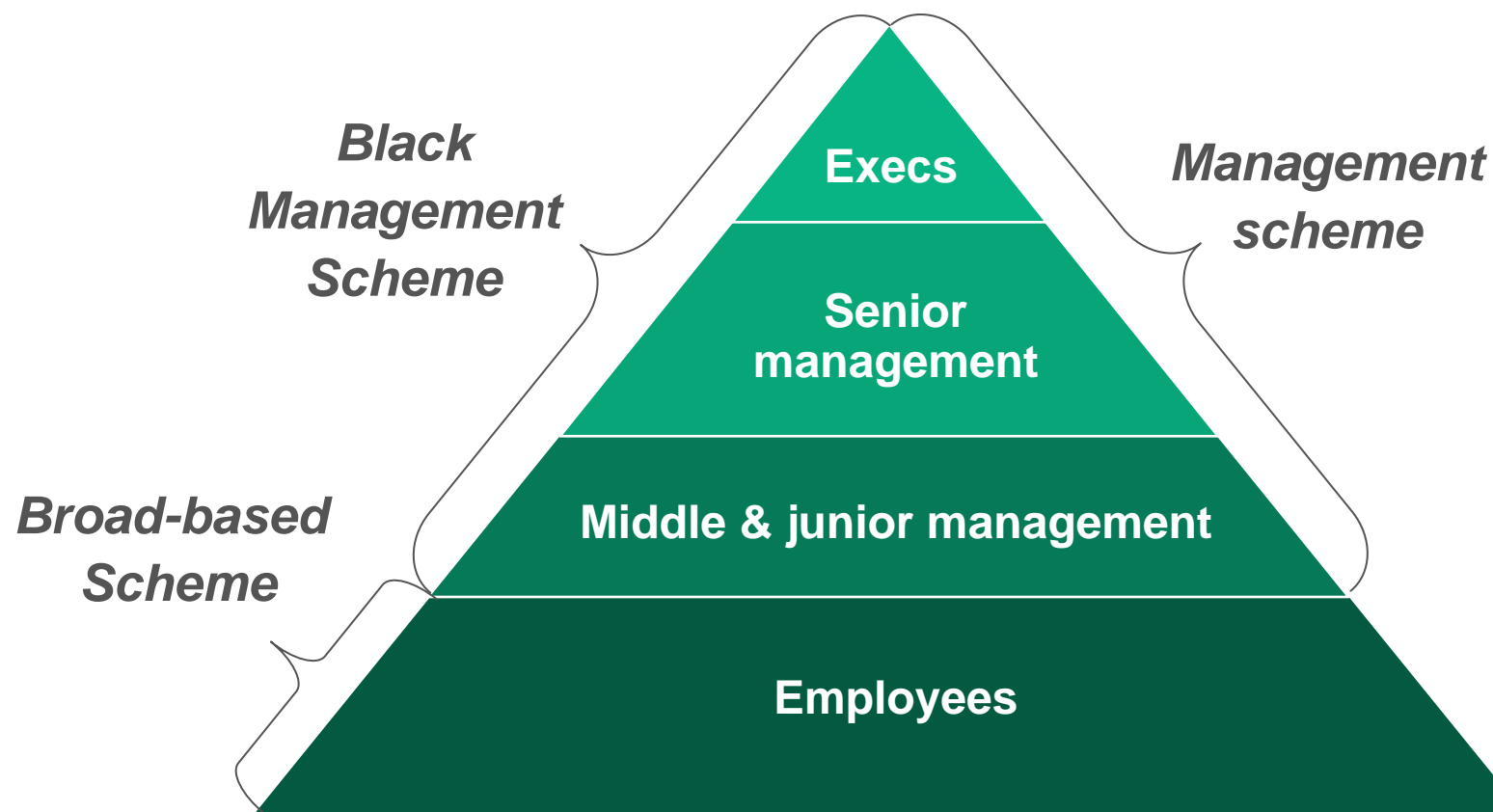
Proposed structure



11.14% deal post the issue of new shares – 11.00% black owned

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Employee schemes



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Employee schemes

(continued)



	SENIOR BLACK MNGT	MANAGEMENT	BROAD-BASED
% value post trans	1.08	4.79	0.27
Option : share grant	0 : 100	77 : 23	0 : 100
Vesting criteria	4, 5 & 6 years	3, 4 & 5 years	5 years
Duration	7 years	8 years	5 years
Black employees only	Yes	Yes	No

Senior Black Management Scheme (1.08%)



- Once-off share award to selected senior black management
- For current & future employees
- Senior black managers also entitled to participate in Management Scheme
- Delivery after 4 years (1/3), 5 years (1/3), 6 years (1/3)
- Shares forfeited on resignation prior to vesting
- Trust to be set up holding shares in Mutual & Federal
- Funded by means of a grant

Management Scheme (4.79%)



- Replaces current management incentive scheme
- Shares reserved for current & future black management
- Combination of 50% share awards & 50% share options
- Trust to be set up holding shares in Mutual & Federal
- Funded by interest-free loans

Broad-based Scheme (0.13% black)



- Once-off award of Mutual & Federal shares to the value of R7 500
- Permanent employees who do not participate in any other share scheme
- Trust to be set up holding shares in Mutual & Federal
- Shares transferred after five year period & can sell after this
- Retain shares even if they leave during five year period
- Funded by means of a grant
- Designed in accordance with new tax rules

Black Broker Trust (0.50%)



- Provide finance to set up black short-term insurance brokers in business
- Assist in development of black brokers
- Trust to be set up
- Funded by loan

➤ ***Extension of intermediary-focused strategy***

Community Trust (0.50%)



- Provide finance to selected community projects
- Trust to be established
- Funded by a combination of a loan & a grant

➤ ***A new focus for Mutual & Federal***

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Funding



	Black Business Partners	Black Broker	Community
Issue price	2.5% of MV	Par	Par
Upfront payment paid by participants	Issue price	Issue price	Issue price
Term	10 years	10 years	10 years
Notional opening balance	97.5% of MV	MV less issue price	-
Notional rate (fixed, NACA)	8.16 +/- 1.5% of market value	8.16%	-
Performance adjuster	Yes	No	No

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- Black Business Partners & Black Broker Scheme mechanics
 - Trusts created for Black Broker Scheme
 - Special purpose companies created for each Black Business Partner
 - Trust subscribes for shares at par value - funded by Old Mutual
 - Black Business Partner special purpose companies subscribe for shares at 2.5% of market value - Black Business Partners fund down payment
 - Mutual & Federal granted call option by Black Business Partner special purpose companies & Black Broker Trust to acquire shares on termination at issue price - market value of shares equal to notional funding balance

Funding

(continued)



- Community Scheme mechanics
 - Trust created for Community Scheme
 - Trust subscribes for shares at par value - funded by Old Mutual
 - Dividends utilised to settle Old Mutual funding & balance available for distribution by trustees

- Advantages of funding approach include:
 - Structure easy to implement
 - No exposure to expensive third party financing
 - Avoid lengthy negotiations with third party funders
 - Flexible structure – different funding instruments for each scheme
 - Relatively inexpensive structure
 - Ability to pass benefits to participants - attractive funding rates

Economic effects



	Rm
Value of Mutual & Federal post transaction	5 285
Value of Mutual & Federal transaction	663
Less: white component of employee scheme	(8)
Black ownership portion	655
Black ownership portion post the issue of new shares	11.0%
Estimated economic cost	166
Economic cost as % of value of Mutual & Federal SA business	3.13%

Pro forma financial effects



Mutual & Federal

year ended 31 December 2004

Cents	Before the transaction	After the transaction	% change
Basic earnings per share (EPS)	467	472	1.07
Fully diluted basic earnings per share	463	430	(7.13)
Headline earnings per share (HEPS)	475	480	1.05
Fully diluted HEPS	471	438	(7.01)
Ordinary shareholders' equity (Rm)	3 579	3 600	0.59
Net asset value (NAV) per share	1 447	1 443	(0.28)
Tangible NAV per share	1 377	1 374	(0.22)

A new future



- Broad-based deal
- Nationwide reach
- Employees receiving more than half the shares
- A transaction in line with intermediary-driven strategy
- Committed Black Business Partners

Conclusion

Jim Sutcliffe

A strong foundation. A new future.

What happens next?



OLD MUTUAL | plc

- Final approval of regulators
- Circulars posted to shareholders
- Extraordinary general meetings - require 75% approval of ordinary shareholders of:
 - Old Mutual plc
 - Nedcor
 - Mutual & Federal
- High Court approval
- Board appointments

Objective



- Building a world class financial services group off our strong South African base
- Underpinning growth in our South African client base through BEE ownership
- Securing the future strength of our South African businesses

Building for the future



OLD MUTUAL | plc

- Transformational deal that secures future returns for all stakeholders
- Breadth of involvement
 - 500 000 potential beneficiaries
 - Employees, clients, distributors & intermediaries
 - Leading entrepreneurial BEE groupings & their many participants
- Each of these transactions adds value
 - Focused on delivering business benefits
 - Aligned interests – measurable performance agreements
 - Accelerates the Group's SA businesses

➤ ***Key part of strategy to build future client base***

Questions?

A strong foundation. A new future.

Thank you

A strong foundation. A new future.

Transaction Announcement



Old Mutual plc
ISIN code: GB0007389926
JSE share code: OML
NSX share code: OLM
Issuer code: OLOML
("Old Mutual plc")



Nedcor Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1966/010630/06)
JSE share code: NED
ISIN code: ZAE000004875
("Nedcor")



Old Mutual (South Africa) Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1998/012276/06)
("Old Mutual (SA)")



Authorised Financial Services Provider
Mutual & Federal Insurance Company
Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1970/006619/06)
JSE share code: MAF,
NSX share code: MTF
ISIN code: ZAE000010823
("Mutual & Federal")

Overview

Rationale

Old Mutual plc is a very significant participant in the South African economy through its three subsidiaries Old Mutual (SA) (our life assurance and asset management businesses), Nedcor and Mutual & Federal. Our strategy is to create a powerful international financial services company using our strong South African businesses. The strength of those businesses and the growth of our customer base requires the normalisation of South African society and the establishment of successful black participation in the economy.

Accordingly, Old Mutual plc has been actively addressing various aspects of Black Economic Empowerment (BEE) over the past few years. Today, we announce a crucial milestone on this journey. We are proposing three separate but inter-dependent transactions designed under a common set of principles which will introduce new broad-based black ownership into each of our South African subsidiaries.

Proposal

We propose to issue new ordinary shares to black controlled entities beneficially owned by our black employees (39%), clients and distributors (27%), communities (10%) and our Black Business Partners (24%) to the value of:

- 13.48% of the value of Old Mutual (SA) (Old Mutual plc shares)
- 11.50% of the value of Nedcor's South African business (Nedcor shares)
- 11.00% of Mutual & Federal (Mutual & Federal shares)

For Old Mutual plc as a whole, shares to the value of 12.75% of the value of its South African business will be placed under direct black ownership. The total value of all the shares to be issued under this proposal is R7.2bn of which R7.1bn will be to black shareholders.

Internal funding arrangements are proposed for each South African subsidiary to allow them to acquire the shares.

The total number of shares to be issued under this proposal will amount to (as a percentage of the enlarged share capital of each entity):

- 5.64% of Old Mutual plc
- 9.47% of Nedcor
- 11.14% of Mutual & Federal

Financial impact

The financial impact of these proposals is a reduction in the embedded value of Old Mutual plc of 3.1p (33c) per share (2.2%) and a 3.3% and 5.7% dilution in adjusted and basic earnings per share respectively. The impact at Nedcor is a 0.10% accretion in NAV per share and a 0.14% dilution in headline earnings per share. At Mutual & Federal, there will be a 0.28% dilution in NAV per share and a 1.05% accretion in headline earnings per share. There will be an additional dilutive impact from the effects of share based payments which will be more apparent when accounts are prepared under new IFRS conventions.

The economic cost for each South African subsidiary is as follows:

	<u>Economic cost as a % of the value of South African business</u>	<u>Economic cost as a % of the value of indicative market capitalisation</u>
The OMSA Transaction	3.15%	-
The Nedcor Transaction	3.66%	3.28%
The Mutual & Federal Transaction	3.13%	3.13%
Old Mutual plc (effect of three transactions)	3.31%	2.49%

We are confident that the cost of this proposal will be amply repaid over its ten year life.

Very Broadly Based

As a result of this proposal, all of our South African employees will have share interests in our companies with the incentivisation that share ownership provides. Uniquely, many of our clients and distributors will also acquire an interest in our shares which will support our strategy greatly.

Quality Partners with Detailed Performance Agreements

We believe that our Black Business Partners will add value to our businesses and we are extremely pleased to have the WIPHOLD and BRIMSTONE Consortia becoming shareholders in our businesses, as well as Mtha at Mutual & Federal. All are leading entrepreneurial BEE groupings with wide spread beneficial ownership. Our agreements with the Black Business Partners include detailed measurable performance agreements with significant financial incentives for delivery, and require a substantial commitment of time and energy.

Summary

In summary, our proposals today, form a transformational deal that secures future returns for all our stakeholders.

The breadth of involvement means that over 500 000 South African's across all nine provinces, amongst all our stakeholders – employees, clients, distributors, communities, will have an interest in our success.

And our proposals are good business sense – they build our customer base, incentivise our employees, and add the strength of our partners towards the achievement of our strategy.

These transactions are an important investment in our future.

Jim Sutcliffe

Chief Executive, Old Mutual plc

A Strong Foundation, A New Future





Empowering the Old Mutual Group

TRANSACTION SUMMARY

The Old Mutual Group (which comprises Old Mutual plc, its subsidiaries, joint ventures and associates) proposes three separate but inter-dependent transactions which will introduce new direct broad-based black ownership in each of its South African subsidiaries which equates to:

- 13.48% of Old Mutual (SA) which includes all of Old Mutual plc's South African businesses with the exception of its investments in Nedcor and Mutual & Federal, through the issue of new ordinary share capital of Old Mutual plc which will amount to 5.58% of the enlarged issued share capital of Old Mutual plc. Shareholders will be requested to approve the issue of 5.98% of Old Mutual plc's current issued share capital;
- 11.50% of Nedcor's South African businesses, through the issue of new ordinary share capital of Nedcor which will amount to 9.33% of the enlarged issued share capital. Shareholders will be requested to approve the issue of 10.46% of Nedcor's current issued share capital; and
- 11.00% of Mutual & Federal, through the issue of new ordinary share capital of Mutual & Federal which will amount to 11.00% of the enlarged issued share capital. Shareholders will be requested to approve the issue of 12.54% of Mutual & Federal's current issued share capital, collectively the "Group Transactions".

Based on Old Mutual plc's effective interest in each of these subsidiaries, the Group Transactions will result in the introduction of direct black ownership worth 12.75% of the value of Old Mutual plc's South African businesses and are subject to the various conditions precedent set out in this announcement which include shareholder, regulatory and various other approvals.

							
							Total value of direct black shareholding
(SA businesses)	Rm	% ⁽¹⁾	Rm	% ⁽¹⁾	Rm	% ⁽¹⁾	Rm
Employees & Management	1 689	6.66	680	2.57	357	6.00	2 726
Clients & Distributors	288	1.14	1 593	6.03	30	0.50	1 911
Non-executive directors	-	-	59	0.22	-	-	59
Communities	576	2.27	118	0.45	30	0.50	724
Black Business Partners	864	3.41	590	2.23	238	4.00	1 692
	3 417	13.48	3 040	11.50	655	11.00	7 112

BLACK STAFF & MANAGEMENT	BLACK CLIENTS & DISTRIBUTORS	BLACK COMMUNITIES	WIPHOLD CONSORTIUM	BRIMSTONE CONSORTIUM
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⁽¹⁾ Percentage of value of South African business value

Rationale for the Group Transactions

Old Mutual plc is an international financial services group with significant business interests in Africa, the United States and the United Kingdom. South Africa is the core of the business and, through clients' savings, the Old Mutual Group (or the "Group") is a significant financial participant in the South African

economy. It is, therefore, important that Old Mutual plc's shareholders' long-term interests are aligned with the success of South Africa as a country. We believe that Black Economic Empowerment ("BEE") is a key requirement for the promotion of sustainable economic growth and social development in South Africa and is therefore fundamental to the interests of our employees, clients and shareholders.

As an active participant in the development of the Financial Sector Charter ("FSC"), the Old Mutual Group is committed to the goals and targets set out in the FSC. Along with the South African Insurers Association, the Life Offices' Association and the Banking Association amongst others, the Old Mutual Group is a signatory to the FSC signed on the 17 October 2003 and views the FSC as setting minimum standards for financial sector participants. The Group Transactions have been designed to complement the Group's overall strategy towards implementing broad-based empowerment in its businesses. The Group Transactions are truly broad-based and include employees and management, clients, distributors, black trade union members, professional bodies, entrepreneurs, women's and community groupings throughout South Africa.

The owners of shares to be issued in the Group Transactions are set out below:

- **Employees and management** – The Group recognises the importance of creating an employee and management complement that is representative of South Africa's demographics. Acknowledging that the Group is not fully representative and that transformation comes from within, the Group proposes to set aside shares with a market value of R2 726m to recruit, retain and incentivise black employees and management. These shares will initially be distributed to an estimated 29 260 Group employees of which approximately 17 500 are black.
- **Clients and Distributors** – Part of the Group's strategy is to focus on black clients. An aggregate of R1 911m worth of shares have been set aside for clients and distributors throughout South Africa. R288m worth of Old Mutual plc shares have been assigned to develop black distributors in underserved markets. R1 593m of Nedcor shares will be made available to black retail and corporate banking clients and R30m of Mutual & Federal shares have been set aside to support black people wishing to develop broker businesses.
- **Communities** – Since 1994, the Group has invested over R750m in community development around South Africa. As part of the Group Transactions, an additional R148m will be allocated to black communities and charitable organisations in every province throughout South Africa. In addition R576m of Old Mutual plc shares have been assigned to assist with the education of black members of unions who do business with Old Mutual (SA).
- **Black Business Partners** – The WIPHOLD and BRIMSTONE Consortia (in the case of Old Mutual (SA) and Nedcor) and the WIPHOLD Consortium and Mtha-we-Mpumelele ("Mtha") (in the case of Mutual & Federal) have been chosen as active Black Business Partners to assist in growing the business and driving transformation.

Principles of the Group Transactions

In designing the Group Transactions, the Group developed a set of principles aimed at sustainable, broad-based empowerment. These principles include:

- **Transformation** – The Group has designed the Group Transactions to accelerate operational transformation. This extends to employment equity, particularly at the management level, client acquisition, strategies for underserved markets, profiling the Group and community involvement. The

Group Transactions are being implemented as part of the Group's comprehensive, overarching approach to rapid transformation.

- **Broad-based approach** – The Group Transactions are designed to directly or indirectly benefit more than half a million black South Africans across the country, including employees and management, clients and women's groupings, black trade union members, entrepreneurs and communities. The Group has sought to achieve an equitable balance between individuals that are internal and external to the Group. In the process, the ultimate beneficiaries of the Group Transactions have been reviewed to ensure that no individual benefits unduly. Employees and management will be the prime beneficiaries of the Group Transactions.
- **Alignment of value added to benefits received** – No one individual or ultimate beneficiary will be rewarded out of proportion to the value that they add.
 - Performance agreements (in the form of binding memoranda of understanding) have been negotiated with the Black Business Partners to ensure mutually beneficial, enduring partnerships. The performance agreements have been designed to incentivise the Black Business Partners by aligning their rewards which they receive under the performance agreements to the value that they add to the businesses;
 - The Group Transactions aim to balance the economic participation by internal and external individuals, the consequence of which is that no single external individual benefits more than the Group's most highly paid South African employee; and
 - The Group Transactions seek to ensure that benefits are earned incrementally over the term of the agreements.
- **Full economic benefits and voting rights** – From the inception of the Group Transactions, shareholders and beneficiaries must have the full benefits of the voting rights and the economic benefits attached to equity ownership. Trusts, which have been or will be formed to acquire and hold Old Mutual plc, Nedcor or Mutual & Federal shares, have been or will be structured so as to comply with the ownership and control requirements of the FSC in that the majority of trustees will be independent black people and beneficiaries will be black people.
- **Estimated benefits to exceed the estimated costs of the Group Transactions** – In designing the Group Transactions, the Group sought to ensure that over time the commercial benefits of implementing the Group Transactions would outweigh the costs, and that the costs are in line with BEE transactions concluded in the financial sector to date.
- **Existing black shareholding to be excluded from the calculation of black ownership in terms of the Group Transaction** – Old Mutual plc had 1.46% (at 1 January 2004) existing black shareholding which translates into 3.50% of the value of Old Mutual (SA). In calculating the black ownership in Old Mutual (SA) post the implementation of the Group Transactions, existing black shareholding has not been taken into account.
- **Maximising long-term shareholder value** – The overall cost of the Group Transactions equates to approximately 3.31% of the value of the Group's South African businesses. The initial impact is a reduction in embedded value per share of 2.2%. Initial costs associated with implementation of the Group Transactions have been excluded from adjusted operating profit such that the impact on adjusted operating earnings per share of 3.3% results from costs associated with managing the schemes and the dilution of the Old Mutual Group's holdings in Nedcor and Mutual & Federal.

While the Group Transactions are dilutive to earnings and embedded value per share in the short term, they will reposition the Old Mutual Group in the longer term enabling it to transform and grow within South Africa. The Group expects the benefits of the different elements of the Group Transactions to significantly outweigh the costs over the longer term.

Transaction Summary

Subject to the fulfilment of the conditions precedent set out in paragraphs 3.14, 4.15 and 5.11 below, which include, *inter alia*, the approval of Old Mutual plc, Nedcor and Mutual & Federal shareholders, the Old Mutual Group proposes to facilitate three separate but inter-dependent transactions that will result in direct black ownership worth over 10% of each of its South African subsidiaries namely Old Mutual (SA), Nedcor and Mutual & Federal. The Group Transactions, as defined below, include:

- the issue of 5.98% of Old Mutual plc's current issued share capital with resulting black shareholding worth 13.48% of Old Mutual (SA) (the "Old Mutual (SA) Transaction");
- the issue of 10.46% of Nedcor's current issued share capital with resulting black shareholding worth 11.50% of Nedcor's South African business (the "Nedcor Transaction"); and
- the issue of 12.54% of Mutual & Federal's current issued share capital with resulting black shareholding worth 11.00% of Mutual & Federal's South African businesses (the "Mutual & Federal Transaction").

As part of this process, Old Mutual plc has signed various legal agreements and binding Memoranda of Understanding ("MOUs") with the WIPHOLD and BRIMSTONE Consortia with respect to the Old Mutual (SA) Transaction. Further, detailed, binding MoUs have been entered into between Nedcor and the WIPHOLD and BRIMSTONE Consortia respectively and between Mutual & Federal and the WIPHOLD Consortium and Mtha respectively, setting out the terms of their participation as well as related performance criteria together with the implications of not meeting or exceeding those criteria. It is expected that the MoUs will be replaced by final legal agreements prior to the posting of the required circulars to Old Mutual plc, Nedcor and Mutual & Federal shareholders.

In summary, the table below sets out the number and value of shares which will be issued through the Group Transactions.

Summary of the Group Transactions											
Total deal						Black ownership portion					
	Number of shares	% of shares issued pre the Group Transactions	% of shares issued post the Group Transactions	Value of shares			Number of shares	% of shares issued post the Group Transactions	Value of shares		Value as a % of South African businesses post issue of shares
	m			Rm	£m		m		Rm	£m	
Old Mutual (SA)											
Transaction	230.6	5.98%	5.64%	3,448	296		228.5	5.58%	3,417	293	13.48%
Nedcor											
Transaction	41.3	10.46%	9.47%	3,085	265		40.7	9.33%	3,040	261	11.50%
Mutual & Federal											
Transaction	31.1	12.54%	11.14%	663	57		30.7	11.00%	655	56	11.00%
				7,196	618				7,112	610	

Based on Old Mutual plc's effective interest in each of these businesses, the Group Transactions will result in the introduction of direct black ownership of 12.75% in Old Mutual plc's South African businesses.

This announcement sets out the details and financial effects of the Old Mutual (SA) Transaction, the Nedcor Transaction and the Mutual & Federal Transaction and the combined financial effects for Old Mutual plc shareholders.

1. Impact of the Group Transactions on Old Mutual plc Shareholders

1.1. Accounting Treatment of the Group Transactions

In accordance with the rules of the UK Listing Authority ("UKLA") and the JSE Securities Exchange South Africa ("JSE"), the underlying accounting treatment is in accordance with the accounting policies set out in the last published audited financial information. In presenting the consolidated impact for Old Mutual plc of the Group Transactions, information is to be presented in accordance with UK GAAP as it existed at 31 December 2004.

The accounting treatments adopted may require transactions to be accounted for in a different manner to their legal substance and form. The accounting treatment described below has been determined based on accounting advice and emerging interpretations.

Effective 1 January 2005, the Old Mutual Group will prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). It has therefore been necessary to consider the accounting treatments under both bases of reporting. Restated 31 December 2004 results on an IFRS basis will be published by Old Mutual plc on 3 May 2005.

The following accounting principles are applicable:

- **Consolidation of Special Purpose Vehicles ("SPVs")** – where control is deemed to remain within the Old Mutual Group, the entities established to support the Group Transactions are regarded as subsidiaries. The acquisition of Old Mutual plc shares by the consolidated SPVs are regarded as issues of treasury shares, resulting in a reduction in equity within the consolidated financial statements.
- **Earnings per share** – the weighted average number of shares is impacted by the Group Transactions only to the extent that any issue of shares is not regarded as treasury shares for the purpose of the consolidated financial statements.
- **Embedded value per share** – the number of shares in issue will increase to include the Old Mutual plc shares acquired by all SPVs. Where deferred consideration is to be received for the issue of the shares, an adjustment to the embedded value is required to represent the discounted present value of the consideration.

1.2. Combined Pro forma Financial Effects for Old Mutual plc Shareholders

The pro forma financial effects of the Group Transactions for the financial year ended 31 December 2004 are set out in the table below to assist Old Mutual plc shareholders to assess the impact of the Group Transactions on adjusted operating earnings per share ("Adjusted EPS"), basic earnings per share ("Basic EPS") and adjusted embedded value per share ("Adjusted EV per share").

The pro forma financial effects have been prepared in accordance with UK GAAP as it existed at 31 December 2004. They are provided for illustrative purposes only. Due to the unaudited pro forma nature of the information, it may not give a true reflection of the Group's financial position after completion of the Group Transactions, nor the effect on the Group's future earnings.

United Kingdom pence	Before the Group Transactions and the issue of shares	After the Group Transactions and the issue of shares	change %
Adjusted EPS ⁽¹⁾	15.3	14.8	(3.3)
Basic EPS ⁽¹⁾	14.1	13.3	(5.7)
Adjusted EV per share ⁽²⁾	139.1	136.0	(2.2)

South African cents	Before the Group Transactions and the issue of shares	After the Group Transactions and the issue of shares	change %
Adjusted EPS ⁽¹⁾	181.1	175.7	(3.0)
Basic EPS ⁽¹⁾	166.2	156.8	(5.7)
Adjusted EV per share ⁽²⁾	1 508.0	1 475.0	(2.2)

Notes:

- (1) The "Before the Group Transactions and issue of shares" column reflects the audited earnings and adjusted earnings per Old Mutual plc share for the year ended 31 December 2004. The "After the Group Transactions and issue of shares" column reflects the earnings adjusted for the financial effects of the various Group Transactions based on the assumption that the Group Transactions were implemented on 1 January 2004.

The financial effects on earnings include the initial impact of entering into the Group Transactions of £10m (R120m) and the first year of annual impact of £18m (R203m). The initial impact is excluded from the adjusted operating profit, and hence adjusted EPS. As a result of the Group Transactions, Old Mutual plc's interests in its subsidiaries Nedcor and Mutual and Federal will be reduced. The financial effects take into account a reduction in the Group's share of earnings from these subsidiaries accordingly.

- (2) The "Before the Group Transactions and issue of shares" column reflects the audited adjusted EV per Old Mutual plc share at 31 December 2004. In determining adjusted EV per share, the total number of shares in issue as at 31 December 2004 of 3 854m includes 383m treasury shares, consisting of 92m shares held in ESOP Trusts and 291m shares held in policyholder funds. The "After the Group Transactions and issue of shares" column reflects the adjusted EV per share after the considerations received from the various scheme and an enlarged number of shares based on the assumption that the Group Transactions were implemented on 31 December 2004. In determining the adjusted EV per share, the number of shares in issue of 4 085m includes all Old Mutual plc shares issued under the Group Transactions.

The financial effects on embedded value "After the Group Transactions and issue of shares" include the initial consideration received on the issue of Old Mutual plc shares to SPVs which are considered external to the Old Mutual Group. Embedded value is unchanged for the initial consideration received in respect of treasury shares issued to consolidated SPVs. A pro-forma uplift adjustment is included to reflect the discounted present value of the deferred consideration to be received from external parties in respect of all schemes.

- (3) The weighted average number of shares in issue remains unchanged. Shares issued to consolidated SPVs are to be excluded as they are accounted for as treasury shares. Shares issued to unconsolidated SPVs are excluded due to the restricted nature of the issue. The weighted average number of shares in issue used in calculating basic EPS as at 31 December 2004 was 3 432m. The weighted average number of shares in issue used in calculating adjusted EPS, after allowing for shares held in policyholders' funds, was 3 748m.

IFRS financial effects

The accounting treatment under IFRS differs from the accounting treatment under UK GAAP as it existed at 31 December 2004 to the extent that IFRS 2 "Share based payments" applies to the Group Transactions. As the additional IFRS 2 costs incurred are in respect of equity settled share based payment transactions, the charge to the profit and loss account will result in a corresponding credit to an equity reserve and, therefore,

has no impact on the embedded value. There are no other differences in the calculation of adjusted EV per share.

1.3. Opinions and Recommendations

1.3.1. Opinion of the Old Mutual plc board

The board of Old Mutual plc, together with its advisors, has structured the direct black ownership initiative in an attempt to ensure that it is in line with the BEE strategy of the Old Mutual Group.

Although not required in terms of the UKLA Listing Rules, nor the JSE's Listings Requirements, the board of Old Mutual plc appointed Deutsche Securities (SA) (Proprietary) Limited ("Deutsche Securities") to consider the terms of the Group Transactions from a financial point of view.

Deutsche Securities in giving their financial advice to the director's of the board of Old Mutual plc have relied upon the board of Old Mutual plc for the commercial assessment of the Group Transactions. The board of Old Mutual plc, having received this advice, considers the terms and conditions of the Group Transactions to be fair and reasonable.

Accordingly, the board recommends that ordinary shareholders vote in favour of the resolutions to approve the Group Transactions. In respect of their personal holdings in Old Mutual plc, the board members currently intend to vote in favour of the proposed resolutions.

2. Black shareholder groupings

2.1. Employee and management schemes

Current and future employees are a critical component of the Group's transformation strategy. By reserving a significant portion of shares for the benefit of current and future black managers and employees, the Group Transactions will assist in transforming and creating a dynamic, effective workforce.

To this end, each of the Group Transactions incorporates a broad-based component which allows for an award of shares to the value of R7 500 to employees who have not participated in any other employee and management share scheme of the Group.

The employee and management schemes also provide the Group with sufficient resources to meet the ongoing employment equity targets of the FSC.

2.2. Client and distributor schemes

In the spirit of broad-based empowerment, current and future clients and distributors, where appropriate, will be invited to participate in the Group Transactions. To this end, Old Mutual (SA), Nedcor and Mutual & Federal have designed specific client and distributor schemes. Old Mutual (SA) has created a trust to support the emergence of new black distributors as set out in paragraph 3.4.1. Nedcor has designed specific schemes for its corporate and retail clients detailed in paragraphs 4.4.1 and 4.4.2 below. Mutual & Federal has established a Black Broker Trust to support black people wishing to develop broker businesses as detailed in paragraph 5.5 below.

2.3. Community Schemes

Community Schemes enhance the broad-based nature of the Group Transactions and supplement existing community social initiatives undertaken by the Group.

2.4. Black Business Partners

2.4.1. Overview of the Black Business Partner selection process

The Old Mutual Group has selected the WIPHOLD and BRIMSTONE Consortia as its Black Business Partners. The selection process involved the assessment of the potential Black Business Partners against the following criteria:

- **Empowerment credentials and broad-based criteria** – an assessment of the shareholding and the ultimate beneficiaries of the Black Business Partners with the specific objective of ensuring that potential partner companies are black-owned and controlled companies, representing a broad-base of beneficiaries. Consideration was also given as to whether directors and management of the potential Black Business Partners comprised predominantly black people, as defined in the FSC.
- **Leadership and values** – an assessment of whether the potential Black Business Partners had strong, clear leadership and shared the Group's values. Regard was also given as to whether the leadership of the potential Black Business Partners would be able to commit sufficient time and resources to focus on business development and transformation.
- **Experience** – an assessment of whether the potential Black Business Partners had a demonstrable track record of transformational ability as well as financial services sector experience.
- **Risk and reward philosophy** – an assessment of whether the potential Black Business Partners would be able to place their own capital at risk and therefore make a capital contribution of 2.5% of the transaction value.

A further assessment of each of the potential Black Business Partners' ability to assist Old Mutual (SA), Nedcor and Mutual & Federal with each of the following objectives was undertaken:

- the retention of existing business and the attraction of additional business;
- the strategic and holistic transformation of the Group in response to a changing business environment; and
- improving the corporate profile and image of the Group in the market and helping to position the business.

This process assisted the Group to determine the level of participation of each of the Black Business Partners in the Group Transactions.

2.4.2. Performance agreements

The Black Business Partners have each concluded binding performance MOUs (referred to hereinafter as "performance agreements") with the relevant Group companies, which will govern the relationship with and performance and remuneration of the Black Business Partners.

It is intended that on an annual basis the Black Business Partners will meet with each of the business units of Old Mutual (SA), Nedcor and Mutual & Federal, as appropriate, in order to detail the specific tasks to be performed in the following twelve month period. The Black Business Partners have agreed the first set of performance criteria with the Group which will benchmark future performance agreements in terms of the type and the amount of work required and which will apply to the eighteen month period from 1 July 2005.

In terms of the performance agreements, the WIPHOLD and BRIMSTONE Consortia will commit substantial time and resources to the business units of Old Mutual (SA), Nedcor and Mutual & Federal in order to meet the requirements of their respective performance agreements. Progress will be monitored semi-annually.

The Black Business Partners will be paid an annual performance fee that will be linked to performance targets achieved in terms of the performance agreements. The annual fee will range between Rnil and R36.5m, Rnil and R25m and Rnil and R10m for Old Mutual (SA), Nedcor and Mutual & Federal respectively. A portion of this performance fee will be used to cover pre-agreed working capital requirements of the Black Business Partners. The balance in the case of Old Mutual (SA) will be applied to satisfy the amounts remaining due in respect of the Old Mutual shares issued to the relevant SPV. In the case of Nedcor and Mutual & Federal, the balance will be utilised to acquire new Nedcor and Mutual & Federal shares as detailed in the paragraphs dealing with the funding arrangements in the separate Old Mutual (SA), Nedcor and Mutual & Federal sections below.

2.4.3. Key terms of the Group's agreements with the Black Business Partners

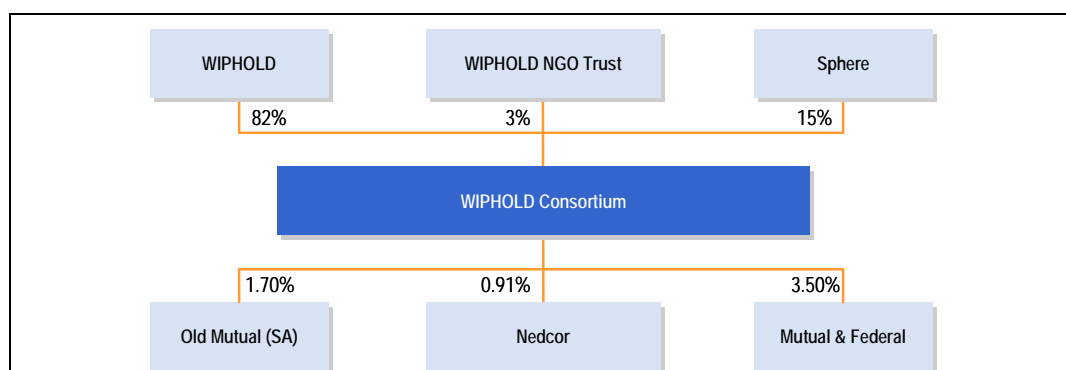
Subject to the terms of the subscription agreements the Black Business Partners:

- Must remain black companies as defined in the FSC during the 10 year lock-in period;
- May not dispose of Old Mutual plc, Nedcor and/or Mutual & Federal shares acquired as a result of the Group Transactions during such lock-in period;
- May not enter into equity transactions or substantial relationships with any of the Old Mutual Group's competitors; and
- May not take up any directorships with any of the Old Mutual Group's competitors.

2.4.4. The Women Investment Portfolio Holdings Limited ("WIPHOLD") Consortium:

The WIPHOLD Consortium will acquire:

- 0.71% of the enlarged issued share capital of Old Mutual plc, which equates to 1.70% of Old Mutual (SA);
- 0.91% of the enlarged issued share capital of Nedcor; and
- 3.50% of the enlarged issued share capital of Mutual & Federal.



The WIPHOLD Consortium is led by WIPHOLD (82.0% of the WIPHOLD Consortium) – WIPHOLD was founded 10 years ago by four successful women executives as an organisation dedicated to women's empowerment. With 1 200 direct beneficiaries and 18 000 indirect beneficiaries through the WIPHOLD

Investment Trust, and over 300 000 indirect beneficiaries through the WIPHOLD NGO Trust, whose constituent Non-Government Organisations ("NGOs") span all nine provinces, WIPHOLD is one of the most genuinely broad-based black empowerment companies in South Africa. WIPHOLD is a majority black owned company, with in excess of 50% of the shareholding in the hands of women. All shareholdings are direct and unencumbered. As at December 2003, the WIPHOLD Investment Trust had distributed R46m to its beneficiaries.

Old Mutual (SA), has an effective 32.5% stake in WIPHOLD, demonstrating the strength of its existing relationship.

WIPHOLD's current business activities are focused in three areas:

- Financial services (advisory, asset management, stockbroking, treasury services);
- Ownership of infrastructure assets; and
- Diversified investments (in telecommunications, tourism, manufacturing and power & automation).

The directors of WIPHOLD include two of the original founding members, Louisa Mojela, CEO of WIPHOLD and Gloria Tomatoe Serobe, CEO of Wipcapital (Pty) Limited.

Wendy Luhabe (2% of WIPHOLD's 82% in the WIPHOLD Consortium), one of the other original founding members of WIPHOLD, will be contributing her experience in the areas of financial services and human resource development as a further operational value-add by the WIPHOLD Consortium.

WIPHOLD has also included Sphere Holdings (Proprietary) Limited ("Sphere") in its consortium (15% of the WIPHOLD Consortium). Sphere is a new generation empowerment company, comprised of experienced individuals with a proven track record in private equity, investment banking and asset management. Sphere's ownership structure promotes broad-based empowerment whilst incentivising founder shareholders and management. Sphere's directors and management include Itumeleng Kgaboesele, CEO, Executive Directors Pulane Kingston and Aadil Carim and Associate Director, Marang Denalane. Directors and management hold the majority shareholding of Sphere (57%). 17.5% of Sphere's shareholding are reserved for broad-based groupings that have a particular focus on education and the economic upliftment of black women. These groups include Ditikeni Investment Company Limited (an investment vehicle for 24 NGOs involved in education and training, health (HIV/AIDS), housing and rural development) and the Student Sponsorship Programme (a non-profit organisation offering scholarships to previously disadvantaged students) to which shares have already been allocated. Nedbank Limited owns 13% of Sphere.

The remaining 3% of the WIPHOLD Consortium's stake will be held by the WIPHOLD NGO Trust. The WIPHOLD NGO Trust was established in 2004 with the aim of further enhancing the black and female profile of WIPHOLD, as well as its broad-base of beneficiaries. Louisa Mojela and Gloria Tomatoe Serobe serve as trustees. A majority of independent trustees will be appointed.

The Trust has two primary objectives:

- To empower and support NGOs whose primary focus is development programmes pertaining to black women and/or children; and
- The inclusion of NGOs with the ability to contribute strategically to the activities of WIPHOLD.

The ten organisations that currently form part of the WIPHOLD NGO Trust are: The Democratic Nursing Organisation of South Africa; the South African Democratic Teachers Union (women's chapter); National

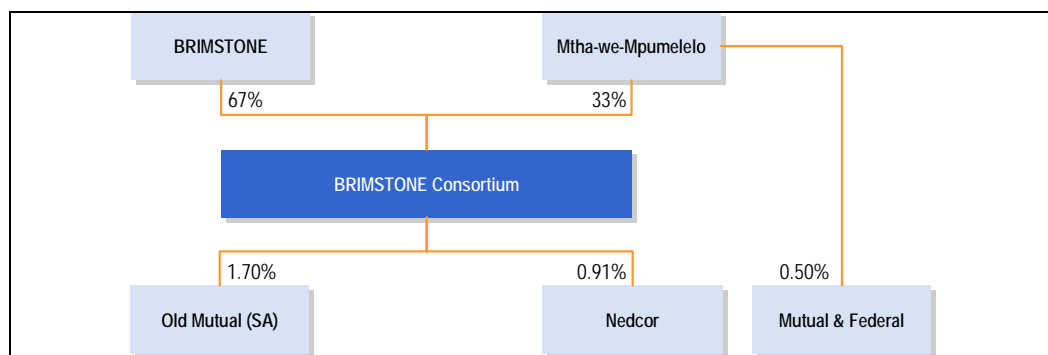
Baptist Church, Kwa Drabo Trust; People Opposing Women Abuse; the Thusanang Development and Training Project; Tshwarangang Legal Advocacy Centre; Tshepang Educare Trust; Young Women's Christian Association and the Thandanani Association.

2.4.5. The Brimstone Investment Corporation Limited ("BRIMSTONE") Consortium:

The BRIMSTONE Consortium will acquire:

- 0.71% of the enlarged issued share capital of Old Mutual plc, which equates to 1.70% of Old Mutual (SA); and
- 0.91% of the enlarged issued share capital of Nedcor.

Mtha, a 33% shareholder in the BRIMSTONE Consortium, will acquire 0.50% of the enlarged issued share capital of Mutual & Federal.



- The BRIMSTONE Consortium is led by BRIMSTONE (67.0% of the BRIMSTONE Consortium) – BRIMSTONE was incorporated in South Africa on 2 October 1995 as an investment vehicle for black South Africans and listed in the "Investment Companies" sector of the JSE in 1998. The company's mission is to be profitable, empowering and to have a positive social impact on the businesses and individuals with whom it is involved, including shareholders, employees, suppliers, customers and the community. BRIMSTONE currently has a market capitalisation of approximately R240m.

The directors of BRIMSTONE include two of its original founding members, Mustaq Brey, Chief Executive Officer, and Fred Robertson, Executive Deputy Chairman, both of whom have long and extensive experience across the financial services sector. BRIMSTONE's board is chaired by Professor Jakes Gerwel, former Director General in the Office of President Nelson Mandela and Secretary of the State in the first Government of National Unity.

BRIMSTONE is a focused black controlled and managed investment holding company seeking to achieve above average returns for its shareholders by investing in businesses and entering into alliances to which it contributes capital, ideas, management, impeccable empowerment credentials and a value driven corporate identity. BRIMSTONE has strategic investments in the following sectors of the South African economy:

- Industrial sector: investments in the manufacturing of upmarket men's clothing, packaging and fishing;
- Financial Services sector: investments in insurance broking, consulting, and short-term insurance; and
- Healthcare sector: investments in one of South Africa's largest private hospital groups and smaller investments in the supply of medical equipment to this sector.

More than 52% of BRIMSTONE's economic value is held by approximately 3 700 black South Africans. The company has a black board of directors and operational management is in black hands.

BRIMSTONE employs approximately 1 100 employees directly in its subsidiaries and more than 19 300 in its associate companies and has sought to empower its people through extensive employee participation in the equity of BRIMSTONE.

Old Mutual (SA) holds 9.95% of BRIMSTONE's 'N' ordinary shares.

The BRIMSTONE Consortium includes Mtha-we-Mpumelelo ("Mtha") (33% of the BRIMSTONE Consortium) which is comprised as follows:

- Chestnut Hill is a 35% shareholder in Mtha and the shareholders of Chestnut Hill include Bulelani Ngcuka, Chairman, Sango Ntsaluba, Non-executive Chairman of Sizwe Ntsaluba and Chief Executive Officer of Amabubesi Investments (Proprietary) Limited ("Amabubesi") and Thabiso Tlelai, Chair of the Tourism Business Council of South Africa. Other shareholders include Mveleleli Booli, currently an Executive at Amabubesi, Gilimamba Mahlali, Chairman of Risk Monitor Group and Kennedy Memani, Director of KREM Investment Holdings and the Senior Partner in XK Memani, Ruiters and Associates.
- Izingwe Financial Investments, an associate company of Izingwe Capital, is a 35% shareholder in Mtha. Izingwe's Chairman is Sipho M. Pityana, formerly a Group Executive Director of Nedcor Investment Bank Holdings, managing director of Strategic Business Development at Nedbank Corporate and the Director General of the Departments of Foreign Affairs and Labour. Other directors include Ashley Ally, the former CEO of the Legal Aid Board, Tsakani Matshazi, a Chartered Accountant, Phillip Dexter, the former Executive Director of Nedlac, and Mark Sifris, a corporate attorney.

Mtha includes the investment vehicles of three broad-based groupings that represent black professionals namely:

- The Black Lawyers Association ("BLA") (10% of Mtha) – The BLA represents approximately 900 black legal professionals and 300 legal students. It is a voluntary association whose objectives include the support and development of black lawyers and the provision of legal education and services to the black community.
- National Association for Democratic Lawyers ("Nadel") (10% of Mtha) – Nadel is a voluntary organisation of lawyers, which has the primary goal of ensuring access to justice for previously disadvantaged individuals. Its members comprise all legal practitioners including attorneys, advocates, judges, paralegals and law students. Nadel provides legal advocacy and various legal support programmes, including judicial skills training.
- South African Medical and Dental Practitioners ("SAMDP") (10% of Mtha) – SAMDP represents black medical and dental practitioners. It has 5 000 members and is an active player in the transformation of the health industry. It also plays a significant role in ensuring ethical standards, quality service and accessible healthcare throughout South Africa.

2.4.6. Resolved conflicts

The Old Mutual Group identified and sought to address any perception of potential conflicts of interests between the Group and its potential Black Business Partners. Three key conflicts are identified and disclosed below:

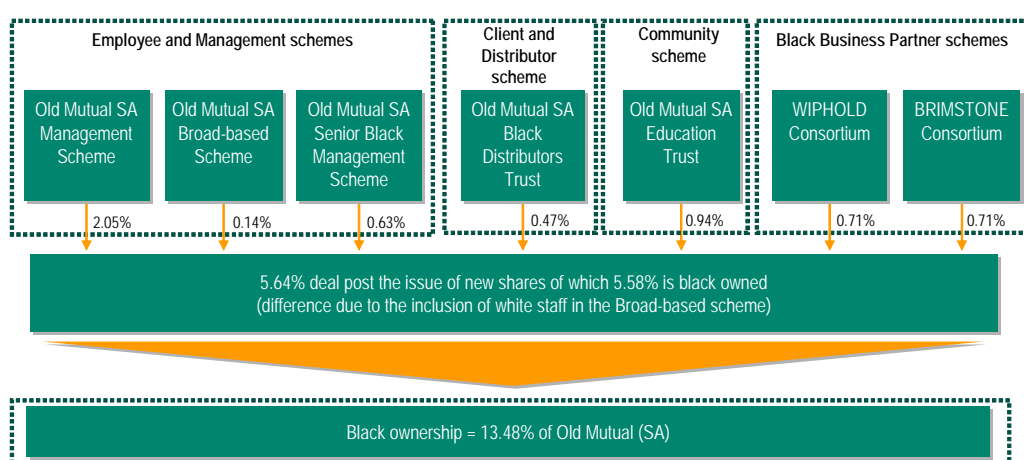
- Pulane Kingston, a 20.3% shareholder in Sphere and a senior member of the WIPHOLD team, is married to a member of the advisory team from Deutsche Securities. The Old Mutual plc board has considered this issue and is of the view that this potential conflict is not material.
- The board of Old Mutual plc is aware of the fact that the majority of the board members and shareholders of Chestnut Hill are common to the board and shareholders of Amabubesi. An Old Mutual (SA) executive who is a shareholder of Amabubesi is however not a shareholder or board member of Chestnut Hill. Old Mutual (SA) holds a 20% stake in Amabubesi. The Old Mutual plc board has considered this issue and is of the view that it does not give rise to a potential conflict.
- Professor Jakes Gerwel already sits on the board of Old Mutual Life Assurance Company (South Africa) Limited ("OMLACSA"). He is the Chairman of BRIMSTONE. The Old Mutual plc board has considered this issue and is of the view that it does not give rise to a potential conflict.

3. Overview of the Old Mutual (SA) Transaction

Key Highlights:

- 13.48% of the value of Old Mutual (SA)
- 5.64% of Old Mutual plc's enlarged issued share capital following the issue of new shares
- Key black stakeholders included: Employees and management (50%), Clients and Distributors (8%), Community Scheme (17%) and Black Business Partners (25%)
- Aimed at 7 458 black employees
- Unique Client and Distributor scheme to include black distributors
- Performance agreements with broad-based Black Business Partners – The WIPHOLD and BRIMSTONE Consortia
- Aligned with empowerment strategy to preserve and grow business

3.1. Proposed Old Mutual (SA) Transaction structure



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3.2. Direct black shareholding as a result of the Old Mutual (SA) Transaction

As part of Old Mutual (SA)'s ongoing commitment to transformation, Old Mutual (SA) is proposing a number of schemes aimed to benefit a wide group of stakeholders including employees and management, distributors, trade union members and their beneficiaries, communities and Black Business Partners.

Shares in Old Mutual plc, the UK listed entity, will be issued in order to facilitate the Old Mutual (SA) Transaction. Old Mutual (SA) is a 100% held South African subsidiary of Old Mutual plc. 230.6m shares (5.64% of Old Mutual plc's current issued share capital) will be issued in respect of the various employee and management schemes and to the various SPVs to be formed for the Old Mutual (SA) Transaction at the same price of R14.95 per share, which represents the 10 day volume weighted average price of Old Mutual plc shares to 15 April 2005. The introduction of black shareholding of 5.58% of the enlarged issued share capital of Old Mutual plc, represents 13.48% of the value of Old Mutual (SA). The total level of black ownership in Old Mutual (SA) relative to the value of Old Mutual (SA) increases to 16.98%, if the existing direct black ownership of 1.46% in Old Mutual plc which equates to 3.50% of the value of Old Mutual (SA) as at 1 January 2004 is included.

The table below sets out the total deal size at Old Mutual (SA) as well as the black ownership at Old Mutual (SA) using the enlarged issued share capital of Old Mutual plc to facilitate the Old Mutual (SA) Transaction.

	Using Old Mutual plc shares			At Old Mutual (SA) level		
	Total deal		Black ownership	Total deal	Black ownership	
	No of shares	Deal value	Shareholding (post issue of new shares)	Shareholding (post issue of new shares)	Shareholding (post issue of new shares)	
	m	Rm				
Employee and Management Schemes	115.0	1 720	2.82%	2.76%	6.78%	6.66%
Old Mutual (SA) Management Scheme	83.7	1 252	2.05%	2.05%	4.93%	4.93%
Old Mutual (SA) Senior Black Management Scheme	25.8	386	0.63%	0.63%	1.53%	1.53%
Old Mutual (SA) Broad-based Scheme	5.5	82	0.14%	0.08%	0.32%	0.20%
Client & Distributor Scheme						
Black Distributors Trust	19.3	288	0.47%	0.47%	1.14%	1.14%
Community Scheme						
Education Trust	38.5	576	0.94%	0.94%	2.27%	2.27%
Black Business Partners	57.8	864	1.41%	1.41%	3.41%	3.41%
WIPHOLD Consortium*	28.9	432	0.71%	0.71%	1.70%	1.70%
BRIMSTONE Consortium*	28.9	432	0.71%	0.71%	1.70%	1.70%
Total Old Mutual (SA) Transaction	230.6	3 448	5.64%	5.58%	13.60%	13.48%
Existing black shareholders	59.5	889	1.46%	1.46%	3.50%	3.50%
Total	290.1	4 337	7.10%	7.04%	17.10%	16.98%

* Figures rounded up to 2 decimal places

3.3. The Old Mutual (SA) Employee and Management Schemes (worth 6.66% of Old Mutual (SA))

Old Mutual (SA) firmly believes that its employees and management are critical catalysts in transforming its business. The Old Mutual (SA) employee and management schemes comprise three different elements:

3.3.1. The Old Mutual (SA) Management Scheme (worth 4.93% of Old Mutual (SA))

The existing Old Mutual (SA) Management Scheme is to be replaced by a new Old Mutual (SA) Management Scheme, the primary purpose of which is to attract, reward and retain senior and middle management of Old Mutual (SA). Old Mutual plc will issue new ordinary shares to the new employee share trust which will be funded by employer companies within the Old Mutual (SA) Group, primarily from OMLACSA. The new employee share trust will own 2.05% of the enlarged issued share capital of Old Mutual plc (which equates to 4.93% of Old Mutual (SA)).

This new employee share trust will be used to fund the long-term share incentives that Old Mutual (SA) expects to allocate to black management in the normal course of business to 2014. By reserving a

significant portion of the Old Mutual plc shares for black management, Old Mutual (SA) is demonstrating its unequivocal commitment to transform its business fundamentally. The quantum of these long-term incentives are considered to be in line with international standards.

Share allocations for white management will also be made in terms of the new Old Mutual (SA) Management Scheme, but will only be matched by the existing employee share trust at the time that the allocations are made.

Shares will be allocated in terms of Old Mutual (SA)'s current allocation policy, subject to regular market testing and individual performance. The current policy is to make allocations in a combination of Restricted Share Plan ("RSP") share awards and share options. The RSP share awards will vest immediately (subject to the condition that the participant remains in Old Mutual (SA)'s employment for a period of time), while the share options will be exercisable after 3 years (but within 6 years). Participants are to be paid the dividends in respect of the RSP share awards and will be entitled to exercise the voting rights in respect of the relevant Old Mutual plc shares, but will have no dividend or voting rights in respect of the unexercised share options. The entire interest of 2.05% in Old Mutual plc shares held by the new employee share trust will count for black ownership given that the trust has been structured so as to comply with the ownership and control requirements of the FSC.

3.3.2. The Old Mutual (SA) Senior Black Management Scheme (worth 1.52% of Old Mutual (SA))

The Old Mutual (SA) Senior Black Management Scheme will operate for the benefit of the senior black management employed by Old Mutual (SA). A new trust will be formed to operate the scheme. Old Mutual plc will issue new ordinary shares to this trust, to be funded by means of a grant, primarily from OMLACSA, such that the trust will own 0.63% of the enlarged issued share capital of Old Mutual plc (which equates to 1.53% of Old Mutual (SA)).

The trustees, on instruction from the Old Mutual (SA) Remuneration Committee, will make awards to existing (50%) and future (50%) participants. The scheme will comprise a once-off allocation with the possibility of an increase in allocation on promotion. This allocation will be in addition to the normal allocations made in terms of the Old Mutual (SA) Management Scheme and will be made by means of RSP share awards over Old Mutual plc shares.

The RSP share awards will vest immediately but participants will only take delivery of the relevant Old Mutual plc shares after 4 years (one third), 5 years (one third) and 6 years (one third).

The RSP share awards will be based on individual performance and subject to a multiple of annual remuneration with participants having to remain in Old Mutual (SA)'s employment for a period of time.

3.3.3. The Old Mutual (SA) Broad-based Scheme (worth 0.32% of Old Mutual (SA))

This scheme will operate for the benefit of all Old Mutual (SA) employees who do not participate in any other share scheme of the Group. This scheme will thus operate for the benefit of both black and white employees employed by Old Mutual (SA), 67% of which are black. The same trust that operates the Old Mutual (SA) Senior Black Management Scheme will operate the Old Mutual (SA) Broad-based Scheme. This trust will own 0.14% of Old Mutual plc's enlarged issued share capital (which equates to 0.32% of Old Mutual (SA)), to be funded by means of a grant primarily from OMLACSA.

An RSP share award of R7 500 per employee will be made upfront to all qualifying employees, subject to a 5-year delivery period.

3.4. Old Mutual (SA) Client and Distributor Scheme (worth 1.14% of Old Mutual (SA))

The Old Mutual (SA) Client and Distributor Scheme allows Old Mutual (SA) to demonstrate its commitment to its current and future black distributors through the creation of the following client and distributor scheme:

3.4.1. Black Distributors Trust (worth 1.14% of Old Mutual (SA))

The objective of the Black Distributors Trust will be to provide or secure finance for black brokers and agents, as well as distribution businesses owned and managed by black South Africans. The finance or security made available by the trust will be utilised by such black distributors to acquire assets required in order to commence operations in a productive manner. The trust will be formed and will acquire 0.47% of Old Mutual plc's enlarged issued share capital (which equates to 1.14% of Old Mutual (SA)).

There is a clear and present need for the development of a network of black distributors in order to serve previously underserved markets. Old Mutual (SA) recently launched the Old Mutual Academy for Financial Planners, an academy which provides the training required to operate as intermediaries to black South Africans. The Black Distributors Trust will augment the Academy and, through providing or securing funding required by black distributors to acquire relevant operational assets (which is often hard to obtain especially given the variable nature of distribution income), will ensure and fast track the productive entry by black distributors into the market.

The Black Distributors Trust will be funded using the same funding mechanism as the Black Business Partners as detailed in paragraph 3.8.1 below.

3.5. Community Scheme (worth 2.27% of Old Mutual (SA))

The Old Mutual (SA) Education Trust allows Old Mutual (SA) to demonstrate its commitment to its union customer base.

3.5.1. Education Trust (worth 2.27% of Old Mutual (SA))

Complementing Old Mutual (SA)'s current focus on training and education, the purpose of the Education Trust is to provide a meaningful benefit to black trade union members who are clients and important stakeholders of Old Mutual (SA). The trust will be formed and will acquire 0.94% of the enlarged issued share capital of Old Mutual plc (which equates to 2.27% of Old Mutual (SA)).

The overall focus of the Education Trust will be to assist with the education needs of black members of participating unions. Given the need for and importance of education in South Africa, especially amongst the black communities, the Education Trust will provide tertiary education scholarships to black members of participating unions and their dependents.

A number of trade unions with which Old Mutual (SA) has a business relationship will be invited to participate in the initiative, and black members of such participating unions will benefit directly from the Education Trust.

The following trade unions, which represent a membership of more than 600 000, have already registered their support for the Education Trust initiative:

- Democratic Nursing Organisation of South Africa;
- National Education Health and Allied Workers Union;
- National Teachers Union;
- South African Commercial, Catering and Allied Workers Union; and
- South African Democratic Teachers Union.

The Education Trust will be funded using the same funding mechanism as the Black Business Partners as detailed in paragraph 3.8.1 below.

3.6. Old Mutual (SA) Black Business Partners (worth 3.41% of Old Mutual (SA))

The WIPHOLD and BRIMSTONE Consortia will each acquire 0.71% of Old Mutual plc's enlarged issued share capital, representing 1.70% each of the value of Old Mutual (SA)'s South African business and will be funded on the basis detailed in paragraph 3.8.1 below.

3.7. Proposed appointments to the Old Mutual (SA) Board

Once the Old Mutual (SA) Transaction has been effected, and all conditions precedent have been met, Gloria Serobe from the WIPHOLD Consortium will be invited to join the OMLACSA Board. Professor Jakes Gerwel who currently sits on the OMLACSA board will remain on the OMLACSA board post implementation of the Old Mutual (SA) Transaction, representing the BRIMSTONE Consortium.

3.8. Mechanism to implement the Old Mutual (SA) Transaction

3.8.1. Old Mutual (SA) Structure

For Old Mutual (SA) employees and management schemes, black-controlled trusts will be created and funded directly by Old Mutual (SA) employer companies.

The Old Mutual plc shares will be issued to the four UK incorporated SPVs (set up for and wholly owned by each of the Old Mutual (SA) Black Distributors Trust, the Old Mutual (SA) Education Trust and two South African holding companies, (which in turn are wholly owned subsidiaries of the WIPHOLD Consortium and the BRIMSTONE Consortium respectively) for the rand equivalent of 10 pence per share (the par value of the Old Mutual plc shares) in cash and an undertaking given by the SPVs to pay a further cash amount as part of the subscription price (in rand) to Old Mutual plc on 1 May 2015 and to pay any dividends on Old Mutual plc shares and the major portion of performance fees earned by the Black Business Partners upon receipt to Old Mutual plc by way of early discharge of part of the amount specified below (the "cash undertaking"). The Black Business Partners will each make a capital contribution of 2.5% to the relevant South African holding companies, which in turn will capitalize the SPVs, with the balance of the par value funded by the SPVs from rand-denominated third party loans. In the case of the SPVs owned by the Black Distributors Trust and the Education Trust, third party rand denominated loans will fund the entire par value. Dividends received by the SPVs from their holdings of Old Mutual plc shares and the major portion of the performance fees earned by the Black Business Partners will be used first to repay the third party loans (in the case of the Black Distributors Trust and the Education Trust, a portion of these dividends will be applied to fund the objectives of these trusts) and thereafter will be paid to Old Mutual plc towards satisfaction of the SPVs' obligations (in part) under the cash undertaking (part of the subscription price).

The payment due on 1 May 2015 to discharge the balance of the cash undertaking will be (subject to a minimum of one rand) the lesser of:

- the difference between the rand equivalent of the market price of the shares shortly before the allotment date and the rand equivalent of 10 pence par value per share plus an escalation factor and less any amounts paid by the SPVs in partial satisfaction of the undertaking. This amount will be calculated on an annual basis and will be increased annually by 1.5% of the market value at inception. ; and
- the rand equivalent of the market value of the Old Mutual plc shares at the highest price quoted on the London Stock Exchange during the period between 1 January 2015 and the business day before 1 May 2015.

	Black Distributors Trust	Education Trust	Black Business Partners
Issue price of shares	Par value and cash undertaking	Par value and cash undertaking	Par value and cash undertaking
Upfront amount paid by SPV	Par value (funded by third party financiers)	Par value (funded by third party financiers)	Par value (all but 2.5% funded by third party financier)
Date on which cash undertaking is payable	1 May 2015	1 May 2015	1 May 2015
Escalation factor (fixed, NACA) on cash undertaking	9.3%	8.16%	8.16%

3.8.2. UK Scheme of Arrangement: Court sanction of the issue of the shares

Owing to the dilutive nature of the proposals on Old Mutual plc shareholders, the Board of Old Mutual plc intends to seek the approval of its shareholders and the sanction of the High Court of Justice in England for a scheme of arrangement (the "Scheme") between Old Mutual plc and its members under section 425 of the UK Companies Act 1985 for the issue of shares to or for the benefit of Old Mutual (SA) Black Distributors Trust, the Old Mutual (SA) Education Trust, the WIPHOLD Consortium and the BRIMSTONE Consortium. If the Scheme is sanctioned by the High Court of Justice in England, it will become binding on Old Mutual plc and all of its shareholders.

3.9. Value of the Old Mutual (SA) Transaction

The Old Mutual plc Board appointed Deutsche Securities to perform a valuation of its South African businesses, excluding Nedcor and Mutual & Federal. Deutsche Securities has derived a value of R25 354m for these businesses, which translates into 44% of the market capitalisation using the 10 day volume weighted average price of Old Mutual plc shares to 15 April 2005.

The value of the Old Mutual (SA) Transaction is based on the indicative market capitalisation of Old Mutual plc at 15 April 2005 of R57 622m, using the 10 day volume weighted average price of R14.95 per share to that date.

3.10. Estimated Economic Cost of the Old Mutual (SA) Transaction

Old Mutual (SA) has estimated the economic cost of the Old Mutual (SA) Transaction to be R799m. This translates into 3.15% of the value of Old Mutual (SA).

3.11. Accounting Treatment of the Old Mutual (SA) Transaction

In accordance with the rules of the UK Listing Authority and the JSE, the underlying accounting treatment is in accordance with the accounting policies set out in the last published audited financial information. In presenting the consolidated impact for Old Mutual plc of the Old Mutual (SA) Transaction, information is to be presented in accordance with UK GAAP as it existed at 31 December 2004.

The accounting treatments adopted may require transactions to be accounted for in a different manner to their legal substance and form. The accounting treatment described below has been determined based on accounting advice and emerging interpretations.

Effective 1 January 2005, the Old Mutual Group will prepare its consolidated financial statements in accordance with IFRS. It has therefore been necessary to consider the accounting treatments under both bases of reporting. Revised 31 December 2004 results on an IFRS basis will be published by Old Mutual plc on 3 May 2005.

The following accounting principles are applicable:

- **Consolidation of Special Purpose Vehicles ("SPVs")** – where control is deemed to remain within the Old Mutual Group, the entities established to support the Old Mutual (SA) Transaction are regarded as subsidiaries. The acquisition of Old Mutual plc shares by the consolidated SPVs are regarded as issues of treasury shares, resulting in a reduction in equity within the consolidated financial statements.
- **Earnings per share** – the weighted average number of shares is impacted by the Old Mutual (SA) Transaction only to the extent that any issue of shares is not regarded as treasury shares for the purpose of the consolidated financial statements.
- **Embedded value per share** – the number of shares in issue will increase to include the Old Mutual plc shares acquired by all SPVs. Where amounts received in terms of the cash undertaking are received for the issue of the shares, an adjustment to the embedded value is required to represent the discounted present value of the consideration.

3.12. Pro forma Financial Effects of the Old Mutual (SA) Transaction

The pro forma financial effects of the Old Mutual (SA) Transaction for the financial year ended 31 December 2004 are set out in the table below to assist Old Mutual plc shareholders to assess the impact of the Old Mutual (SA) Transaction on adjusted operating earnings per share ("Adjusted EPS"), basic earnings per share ("Basic EPS") and adjusted embedded value per share ("Adjusted EV per share").

The pro forma financial effects have been prepared in accordance with UK GAAP as it existed at 31 December 2004. They are provided for illustrative purposes only. Due to the unaudited pro forma nature of the information, it may not give a true reflection of Old Mutual plc's financial position after completion of the Old Mutual (SA) Transaction.

South African cents	Before the Old Mutual (SA) Transaction and the issue of shares	After the Old Mutual (SA) Transaction and the issue of shares	change %
Adjusted EPS ^{(1) (3)}	181.1	179.7	(0.8)
Basic EPS ^{(1) (3)}	166.2	162.6	(2.2)
Adjusted EV per share ^{(2) (3)}	1 508.0	1 475.0	(2.2)

Notes:

(1) The "Before the Old Mutual (SA) Transaction and issue of shares" column reflects the audited earnings and adjusted earnings per Old Mutual plc share for the year ended 31 December 2004. The "After the Old Mutual (SA) Transaction and issue of shares" column reflects the earnings adjusted for the financial effect of the various Old Mutual (SA) Transaction based on the assumption that the Old Mutual (SA) Transaction were implemented on 1 January 2004. The financial effects on earnings include the initial impact of entering into the Old Mutual (SA) Transaction of R75m and the first year of annual impact of R49m. The initial impact is excluded from the adjusted operating profit, and hence adjusted EPS.

(2) The "Before the Old Mutual (SA) Transaction and issue of shares" column reflects the audited adjusted EV per Old Mutual plc share at 31 December 2004. In determining adjusted EV per share, the total number of shares in issue as at 31 December 2004 of 3 854m includes 383m treasury shares, consisting of 92m shares held in ESOP Trusts and 291m shares held in policyholders' funds. The "After the Old Mutual (SA) Transaction and issue of shares" column reflects the adjusted EV per share after the considerations received from the various schemes and an enlarged number of shares based on the assumption that the Old Mutual (SA) Transaction was implemented on 31 December 2004. In determining the adjusted EV per share, the number of shares in issue of 4 085m includes all Old Mutual plc shares issued under the Old Mutual (SA) Transaction.

The financial effects on EV "After the Old Mutual (SA) Transaction" include the initial consideration received on the issue of Old Mutual plc shares to SPVs which are considered external to the Old Mutual Group. EV is unchanged for initial consideration received in respect of treasury shares issued to consolidated SPVs. A pro-forma uplift adjustment is included to reflect the discounted present value of the deferred consideration to be received from external parties in respect of all schemes.

(3) The weighted average number of shares in issue remains unchanged. Shares issued to consolidated SPVs are to be excluded as they are accounted for as treasury shares. Shares issued to unconsolidated SPVs are excluded due to the restricted nature of the issue. The weighted average number of shares in issue used in calculating basic EPS as at 31 December 2004 was 3 432m. The weighted average number of shares in issue used in calculating adjusted EPS, after allowing for shares held in policyholders' funds, was 3 748m.

IFRS financial effects

The accounting treatment under IFRS differs from the accounting treatment under UK GAAP as it existed at 31 December 2004 to the extent that IFRS 2 "Share based payments" applies to the Old Mutual (SA) Transaction. As the additional IFRS 2 costs incurred are in respect of equity settled share based payment transactions, the charge to the profit and loss account will result in corresponding credit to an equity reserve and, therefore, has no impact on the embedded value. There are no other differences in the calculation of adjusted EV per share.

3.13. Measuring the black ownership of the Old Mutual (SA) Transaction

	Rm
Value of Old Mutual (SA)	25 354
Value of OMSA Transaction	3 448
Less: white employee component of Old Mutual (SA) Broad-based Scheme	(31)
Black ownership portion of Old Mutual (SA) Transaction	3 417
Black ownership portion of Old Mutual (SA) Transaction as a % of the value of Old Mutual (SA)	13.48%

Note:

- 1) This excludes existing black shareholding of 3.50% of Old Mutual (SA) based on direct black shareholding of 1.46% in Old Mutual plc at 1 January 2004.

3.14. Conditions Precedent to the Old Mutual (SA) Transaction

- The sanction by the High Court of Justice in England of the Scheme as described in 3.8.2 above and the Scheme becoming effective in accordance with its terms;
- The passing of the appropriate resolutions by the shareholders of Old Mutual plc to implement the Group Transactions. In this regard, the required circular is expected to be posted to ordinary shareholders of Old Mutual plc in due course;
- Written notice having been received by Old Mutual plc from the WIPHOLD and BRIMSTONE Consortia that they have received appropriate shareholder approval;
- Written notice having been received by Old Mutual plc of approval of the Old Mutual (SA) Transaction by the shareholders of BRIMSTONE to the extent such approval is required by the JSE;
- No breach of certain clauses of the subscription agreement having been committed by any SPV or the WIPHOLD or BRIMSTONE Consortia;
- Third party funding is obtained by the WIPHOLD and BRIMSTONE Consortia to fund the payment of the par value of the Old Mutual plc shares;
- The admission of the Old Mutual plc shares to the Official List of the London Stock Exchange in accordance with paragraph 7.1 of the UK Listing Rules and the admission of the shares to trading becoming effective in accordance with paragraph 2.1 of the Admission and Disclosure Standard produced by the London Stock Exchange;
- The adoption by the SPVs, their holding companies or the shareholders (as the case may be) of their constitutional documents and any shareholders' agreement in such form as Old Mutual plc may approve in writing;
- Any other regulatory approvals required by Old Mutual plc or the SPVs in order to effect the Old Mutual (SA) Transaction; and
- Old Mutual plc being satisfied that each of the Group Transaction proposals set out in this announcement shall have received all consents, sanctions and approvals to which each such transaction is subject and that each such transaction will be implemented in accordance with its terms.

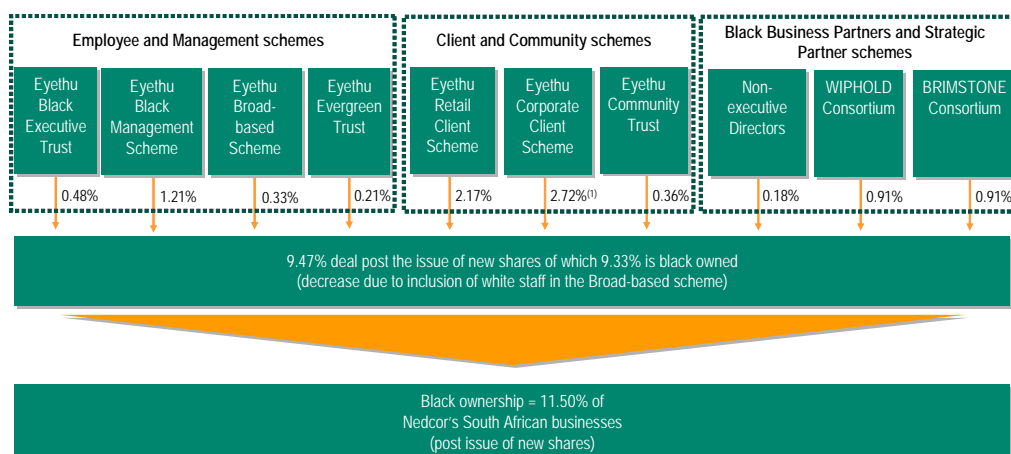
The last mentioned condition is capable of variation with Old Mutual plc's approval and can be waived in whole or in part by Old Mutual plc.

4. Overview of the Nedcor Transaction

Key Highlights:

- Represents 11.50% of the value of Nedcor's South African businesses
- Key black stakeholders included: Employee and Management (23%), Clients (52%), Non-executive directors (2%), Black Business Partners (19%) and Community Trust (4%)
- Unique retail and corporate client schemes
- Benefits many tens of thousands of participants
- Performance agreements with broad-based Black Business Partners - the WIPHOLD and BRIMSTONE Consortia, and with a Business Development Partner – Aka Capital (Proprietary) Limited ("Aka Capital")
- Aligned with empowerment strategy to preserve and grow business

4.1. Proposed Nedcor Transaction structure



⁽¹⁾ Includes Aka Capital as a Business Development Partner with a stake of 0.38%

4.2. Direct black shareholding as a result of the Nedcor Transaction

Further to the cautionary announcement of 4 April 2005 Nedcor is pleased to announce that, as part of its ongoing programme of transformation, and subject to the fulfilment of the conditions precedent set out in paragraph 4.15 below, Nedcor is proposing the introduction of direct, broad-based black ownership into the Nedcor Group by way of the issue of new ordinary shares in the share capital of Nedcor ranking *pari passu* in all respects with the existing issued ordinary shares of Nedcor. Accordingly a diverse group of black stakeholders consisting of employees, clients, community interest groups, non-executive directors and strategic Black Business Partners, have been selected to participate as shareholders.

The proposed transaction achieves strong alignment with the overall strategic objectives of Nedcor in a number of key respects. These include:

- positioning of Nedbank as a "bank for all";
- repositioning of the Nedbank brand in the retail segment with a potential increase in retail clients;
- assisting in the attainment of employment equity targets, particularly at senior employee levels;
- repositioning the bank internally and culturally to better serve the requirements of a changing external market;

- improving market share in the public sector;
- assisting with targeted expansion and growth into Africa and specifically sub-Saharan Africa;
- protecting existing business and market share by meeting and exceeding the ownership and control requirements of the FSC;
- participating in a meaningful way in the development of emerging BEE corporates and securing future growth together with these corporates;
- building on a leading position in the BEE financing market;
- rewarding employee and client loyalty; and
- aligning with Nedcor's overall programme of promotion of women's interests.

The table below sets out the total deal size at Nedcor as well as the black ownership at Nedcor using the enlarged issued share capital of Nedcor to facilitate the Nedcor Transaction.

	Total deal			Black ownership	
	No of shares	Deal value	Shareholding (post issue of new shares)	Shareholding (post issue of new shares)	As a % of Nedcor's South African business value
	m	Rm			
Employee and Management Schemes	9.7	725	2.23%	2.09%	2.57%
Eyethu Black Executive Trust	2.1	156	0.48%	0.48%	0.59%
Eyethu Black Management Scheme	5.3	393	1.21%	1.21%	1.49%
Eyethu Broad-based Scheme	1.4	107	0.33%	0.19%	0.23%
Eyethu Evergreen Trust	0.9	69	0.21%	0.21%	0.26%
Client-orientated Schemes	21.3	1 593	4.89%	4.89%	6.03%
Eyethu Retail Client Scheme	9.5	708	2.17%	2.17%	2.68%
Eyethu Corporate Client Scheme	11.8	885	2.72%	2.72%	3.35%
Nedcor Non-executive directors	0.8	59	0.18%	0.18%	0.22%
Black Business Partners	7.9	590	1.81%	1.81%	2.23%
WIPHOLD Consortium*	3.9	295	0.91%	0.91%	1.12%
BRIMSTONE Consortium*	3.9	295	0.91%	0.91%	1.12%
Eyethu Community Trust	1.6	118	0.36%	0.36%	0.45%
Total	41.3	3 085	9.47%	9.33%	11.50%

* Figures rounded up to 2 decimal places

4.3. The Nedcor Employee and Management Schemes (2.23%)

Nedcor believes that its employees will be a major contributor to the success of its business and that a significant component of the empowerment scheme should be appropriately directed at a broad base of black employees: senior executives, senior and middle management, junior employees and future black managers and employees. The name of the scheme, Eyethu, which means "ours" in the Nguni languages, epitomises the inclusive and uniquely South African identity of this scheme. The Employee and Management Schemes are incremental to the proposed Nedcor Group Share Incentive Scheme specified in the notice to the Annual General Meeting dated 4 May 2005.

4.3.1. The Eyethu Black Executive Trust (0.48%)

The Eyethu Black Executive Trust ("the Executive Trust") will operate for the benefit of the top black executives employed by Nedcor. Nedcor will issue new ordinary shares to the Executive Trust partly on a grant basis (25%) and partly on an interest-free loan basis (75%), such that the Executive Trust will own 0.48% of the enlarged issued share capital of Nedcor (which equates to 0.59% of Nedcor's South African businesses). The trustees, on instruction from the Nedcor Remuneration Committee, will make awards to existing (30%) and future (70%) qualifying participants for retention and attraction/promotion purposes respectively. Awards will be subject to 4, 5 and 6 year vesting periods.

4.3.2. The Eyethu Black Management Scheme (1.21%)

The Eyethu Black Management Scheme will operate for the benefit of black senior and middle management of Nedcor presently earning more than R278 000 per annum. Nedcor will issue new ordinary shares to the Eyethu Black Management Scheme Trust ("the Management Trust") partly on a grant basis (10%) and partly on an interest-free loan basis (90%), such that the Management Trust will own 1.21% of the enlarged issued share capital of Nedcor (which equates to 1.49% of Nedcor's South African businesses). The trustees, on instruction from the Nedcor Remuneration Committee, will make awards to existing (60%) and future (40%) qualifying participants for retention and attraction/promotion purposes respectively. Awards will be subject to 4, 5 and 6 year vesting periods.

4.3.3. The Eyethu Broad-based Scheme (0.33%)

The Eyethu Broad-based Scheme will operate for the benefit of all qualifying employees of Nedcor who do not participate in any other share scheme of the business. This scheme will thus operate for the benefit of both black and white employees of Nedcor. 58% of the scheme participants will be black. The Eyethu Broad-based Scheme will own 0.33% of the enlarged issued share capital of Nedcor (black participation equates to 0.23% of Nedcor's South African businesses). An award of R7 500 per employee will be made upfront to all qualifying participants, subject to fulfilment of a 5 year holding period.

4.3.4. The Eyethu Evergreen Trust (0.21%)

It is intended that the Eyethu Evergreen Trust ("the Evergreen Trust") be a long-term holder of Nedcor shares and utilise the dividends on the same to repay partly the funding provided by Nedcor to the trust with the remainder available to pay out grants to qualifying beneficiaries to meet social expenditure needs (education, health, etc). The proposed initial qualifying participants will be black employees currently earning less than R83 455 per annum. Applications will be considered by the trustees and assessed on the basis of need.

Nedcor will issue new ordinary shares to the Evergreen Trust on an interest-free loan basis such that the Evergreen Trust will own 0.21% of the enlarged issued share capital of Nedcor (which equates to 0.26% of Nedcor's South African businesses). Half of the dividends received by the Evergreen Trust will be used to partly settle the loan owing to Nedcor, with the remainder available to the trustees to make cash awards to beneficiaries.

4.4. Nedcor Client Schemes (4.89%)

The Client Schemes allow Nedcor to demonstrate its broad-reaching commitment to be inclusive of all its key current and future black stakeholders, and help to position the group as a "bank for all". The Client Schemes comprise the following two elements:

4.4.1. The Eyethu Retail Client Scheme (2.17%)

The Eyethu Retail Client Scheme will operate for the benefit of existing and new black Nedbank Retail clients and aims to provide access to shares to a broad-base of South Africa's black population, many of whom will be first time share owners. The scheme will be accompanied by an education campaign.

The Eyethu Retail Trust will sell approximately 9.5m Nedcor shares (which equates to 2.68% of Nedcor's South African businesses) to new and existing Nedbank Retail clients. Applicants, who must be black as defined in the FSC, will subscribe to purchase Nedcor shares from the Eyethu Retail Trust. For every three shares purchased, participants will qualify to receive an additional bonus share, subject to participants maintaining a primary transactional account with Nedbank Retail for a period of three years from the first purchase of Nedcor shares. Participants will be entitled to elect whether they wish to make either a lump sum payment or a monthly debit order. Participants will enjoy capital protection on their investment.

The details of the share offer pursuant to the Eyethu Retail Client Scheme are in the process of being finalised and will be made available to existing and potential black retail clients (including employees meeting the other requirements of the scheme) in due course, with the actual offer itself being launched post the fulfilment of the conditions precedent to the overall transaction.

4.4.2. The Eyethu Corporate Client Scheme (2.72%)

Nedcor has set aside a portion of the BEE scheme as part of an overall programme to develop BEE corporates by assisting them in their growth opportunities and strategies. To this end, Nedcor shares under the Eyethu Corporate Client Scheme will be made available primarily to existing BEE clients of the bank, as well as to selected other BEE clients and past partners of Nedcor. It is anticipated that more than 20 participants will participate in the Scheme, including a portion not allocated upfront to cater for potential future BEE client relationships. This scheme will afford Nedcor an opportunity to strengthen existing client relationships, while providing access to new business opportunities as these clients grow and prosper. The scheme will endure for a period of six years and will be funded on the basis described in paragraph 4.9 below.

The Eyethu Corporate Trust will acquire an effective interest of 2.72% of the enlarged issued share capital of Nedcor (which equates to 3.35% of Nedcor's South African businesses). The shares will be held by the Corporate Trust on behalf of the scheme participants for six years from the date of purchase.

Participants will each be required to enter into agreements with Nedcor setting out the terms of the scheme as well as the strategic nature of the business relationship being struck between the participant concerned and Nedcor.

With the exception of Aka Capital, each participant in the Eyethu Corporate Client Scheme will be allocated similar shareholdings and individual shareholders will not be permitted to benefit by more than 0.04% as a result of their shareholding in the participating company.

As one of the selected participants in the Eyethu Corporate Client Scheme, Aka Capital, a key corporate client (and previous partner of Old Mutual and Nedcor in Quaystone Asset Management) will additionally fulfill the role of Business Development Partner and will be the single largest participant in the scheme with an interest of 0.38%. Aka Capital has been an important contributor to Nedbank Capital's business over the last few years, and this is anticipated to continue into the future. Aka Capital has undertaken, through entering into a detailed, binding memorandum of understanding with Nedcor, to assist in developing Nedcor's strategy in a number of key business areas in the Nedbank Capital and Nedbank Corporate clusters.

Aka Capital was formed in 1998 and is one of South Africa's leading black-owned private equity and investment holdings groups. The firm benefits from a seasoned and professional leadership team that is well respected in business, government and academic circles. Aka Capital's key interests include Datacentrix and Corobrick. Aka Capital has a long standing relationship with the Old Mutual Group, with Old Mutual (SA) and Nedcor each having a 20% interest in Aka Capital. The balance is held by management. The directors of Aka Capital include Reuel Khoza, Sam Nematswerani and Gary Morolo.

4.5. Non-executive Directors (0.18%)

The Nedcor Transaction includes an allocation of 0.18% of Nedcor's enlarged issued share capital to black non-executive directors (which equates to 0.22% of Nedcor's South African businesses). The holding of shares by non-executive directors creates an alignment of their interests with those of other shareholders.

The structuring and funding of the non-executive directors' scheme will be on a similar basis to the Eyethu Corporate Client Scheme. In order not to compromise directors' independence, no specific performance conditions will apply to individual directors' shareholdings. Holdings and vesting period conditions will apply.

4.6. Eyethu Community Trust (0.36%)

0.36% of Nedcor's enlarged issued share capital (which equates to 0.45% of Nedcor's South African businesses) will be set aside through the "zero-finance" mechanism (referred to in 4.9 below) for a Community Trust to be run in conjunction with the Nedcor Foundation. The Eyethu Community Trust's aim is to supplement existing community social initiatives on a co-ordinated and consistent basis. The initial focus of the Eyethu Community Trust will be the training of SME entrepreneurs in basic business and financial skills. The trust will be funded partly on a grant basis (25%) with the remaining funding to be on the basis detailed in paragraph 4.9 below.

4.7. Nedcor Black Business Partners (1.81%)

The WIPHOLD and BRIMSTONE Consortia will each acquire an effective 0.91% of the enlarged issued share capital of Nedcor (which equates to 1.12% of Nedcor's South African businesses), which will be funded on the basis as detailed in paragraph 4.9 below.

To this end, the WIPHOLD and BRIMSTONE Consortia have each entered into a detailed, binding Memorandum of Understanding ("MoU") with Nedcor setting out the terms of their participation as well as related performance criteria together with the implications of not meeting or exceeding those criteria. It is expected that the MoUs will be replaced by final agreements prior to the posting of the required circular to Nedcor shareholders.

4.8. Proposed appointments to the Nedcor Board

Once the Nedcor Transaction has been effected and all conditions precedent have been met, Gloria Serobe from the WIPHOLD Consortium, Mustaq Brey from the BRIMSTONE Consortium and Reuel Khoza from Aka Capital will be invited to join the Nedcor Board of Directors.

4.9. Mechanics / funding to implement the Nedcor Transaction

For the Nedcor employee and management schemes black-controlled employee trusts will be created and funded directly by Nedbank, either by way of an interest-free loan or a grant as discussed in paragraph 4.3 above. Dividends will be applied to paying down the capital portion of the loan, or distributed to beneficiaries in the case of grant-funded shares. Cash received on the exercise of share options will be applied to paying down the capital portion of the loan.

For all the other schemes, Nedcor has developed a mechanism which involves Nedcor issuing the scheme shares at or about par value to the various scheme participants. On the applicable termination dates for each scheme, Nedcor will be entitled to call back as many of the scheme shares as, based on their then market value, equate in value to the terminal balance of a notional calculation model. The notional calculation model will calculate at pre-agreed notional funding rates. The fundamental parameters of the structure for each of the schemes are set out below:

	Eyethu Corporate Client Scheme		Black Business Partners	Eyethu Retail Client Scheme	Eyethu Community Trust (non-grant element)
	Aka Capital	Other participants			
Issue price of scheme shares	Par	Par	2.5% of market value	Par	Par
Upfront amount paid by underlying participants	Issue price	None (issue price funded on an arms length basis by Old Mutual)	Issue price	Effectively 75% of market value on allocation (par value into trust funded on an arms length basis by Old Mutual)	None (issue price funded on an arms length basis by Old Mutual)
Term	6 years	6 years	10 years	3 years	6 years
Notional opening balance	75% of market value	75% of market value	97.5% of market value	75% of market value	75% of market value
Notional rate (fixed, NACA)	11.83%	11.83%	8.16% + 1.5% of the market value at inception	11.83%	11.83%
Performance adjusters	Yes	No	Yes	No	No

Further detail on the proposed structure will be furnished to shareholders in the forthcoming circular to shareholders, but the essential features of the structure are:

- creation of separate black-controlled vehicles as appropriate for the respective participants ("SPVs");
- the subscription by those SPVs for ordinary shares in Nedcor at par value of R1.00 per share (in the case of the Black Business Partner SPVs, at a small premium to par value representing a 2.5%

downpayment paid by the Black Business Partners). The par value payment in respect of the Corporate Scheme SPV (other than Aka Capital as per the note above), the Retail Scheme SPV and the Community Trust SPV will be Group funded, but not by Nedcor;

- the grant to Nedcor of a call option against the SPVs for a formulaically determined number of Nedcor ordinary shares held in the SPVs, exercisable on the termination date of the particular scheme at the same price per share at which the shares were issued to the SPVs;
- the application of the formula referred to above replicates the same economic consequences that would ensue if the Nedcor Transaction were funded by way of fixed rate preference share funding;
- the SPVs will be granted a call to acquire the same number of shares as acquired by Nedcor exercising its call at the then market value; and
- the effective obligatory re-investment of cash receipts (dividends and a portion of performance fees in the case of Black Business Partners) by recipients into Nedcor shares. In the case of dividends, Nedcor will, through the period of the schemes, undertake semi-annual capitalisation awards with a cash dividend election, and the participants will waive their cash dividend election upfront. In the case of performance fees, the Black Business Partners will be obliged to re-invest the cash portion in subscribing for new Nedcor shares.

4.10. Value of the Nedcor Transaction

The value of the Nedcor Transaction is based on the indicative market capitalisation of Nedcor at 15 April 2005 of R29 494m, using the 10 day volume weighted average price of R74.75 per share to that date.

4.11. Estimated economic cost of the Nedcor Transaction

The estimated economic cost of the Nedcor Transaction to Nedcor is R968m. This translates into 3.66% of the value of Nedcor's South African businesses.

4.12. Accounting treatment of the Nedcor Transaction

The rules of the JSE require that the starting point for calculation of the pro forma adjustments is consistent with the accounting policies used in preparing the latest published audited financial information. The audited 2004 financial information was prepared in accordance with SA GAAP, which was effective for the year ended 31 December 2004. As a result, the pro forma adjustments are based on SA GAAP, as it existed at 31 December 2004.

Effective 1 January 2005, Nedcor will prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). To date, no IFRS information has been published to use as a starting position for the pro forma financial effects. The restated 31 December 2004 financial results on an IFRS basis will be disclosed on or about the 3 May 2005. Revised 31 December 2004 pro forma financial effects of the transaction along with its first quarter trading update on an IFRS basis will be disclosed by Nedcor on or about the 5 May 2005. In the context of this transaction, the impact of IFRS is a broadening of the application of accounting for share based payments in accordance with IFRS 2 "Share based Payments". This results in additional costs that are required to be recognised in respect of the Nedcor Transaction. In all other aspects, the accounting treatment is substantially the same under IFRS and SA GAAP, as it existed at 31 December 2004.

4.13. Pro forma financial effects of the Nedcor Transaction

The pro-forma financial effects of the Nedcor Transaction for the financial year ended 31 December 2004 are set out in the table below. The pro-forma financial effects have been prepared for illustrative purposes only in order to provide information on how the Nedcor Transaction might have affected the financial results and position of the Nedcor consolidated results from 1 January 2004 for Income Statement effects and at 31 December 2004 for the Balance Sheet effects, and, because of their nature, these financial effects may not give a true reflection of the actual financial effects of the Nedcor Transaction.

	Before the Nedcor Transaction and issue of shares (cents)	After the Nedcor Transaction and issue of shares (cents)	change %
Attributable earnings per share ("basic EPS") ⁽¹⁾⁽³⁾	270	270	(0.05)
Fully diluted EPS ⁽⁴⁾	269	254	(5.65)
Headline earnings per share ("HEPS") ⁽¹⁾	401	400	(0.14)
Fully diluted HEPS	400	377	(5.86)
Ordinary shareholders equity (Rm)	18 095	18 177	0.45
Net asset value ("NAV") per share ⁽²⁾⁽⁵⁾	4 590	4 594	0.10
Tangible net asset value ("TNAV") per share ⁽²⁾⁽⁵⁾	3 537	3 366	0.27

Notes:

- (1) The "Before the Nedcor Transaction and issue of shares" column reflects the audited earnings and headline earnings per Nedcor share for the year ended 31 December 2004. The "After the Nedcor Transaction and issue of shares" column reflects the earnings and headline earnings adjusted for the financial effects of the various schemes based on the assumption that the Nedcor Transaction was implemented from 1 January 2004.
- (2) The "Before the Nedcor Transaction and issue of shares" column reflects the audited net asset value per Nedcor share at 31 December 2004. The "After the Nedcor Transaction and issue of shares" column reflects the net asset value per Nedcor share after the consideration received from the various schemes and an enlarged number of shares based on the assumption that the Nedcor Transaction was implemented on 31 December 2004.
- (3) The "Before the Nedcor Transaction and issue of shares" column weighted average number of shares in issue used in calculating basic EPS was 360.88m and in calculating fully diluted EPS was 361.75m.
- (4) The "After the Nedcor Transaction and issue of shares" column weighted average number of shares in issue used in calculating basic EPS was 362.30m and in calculating fully diluted EPS was 385.25m (this includes Nedcor shares expected to vest under the transaction).
- (5) In calculating NAV and TNAV per share the number of shares in issue as at 31 December 2004 was 394.21m and in determining the pro forma NAV and TNAV per share, the number of shares in issue was 395.63m (including 1.4m shares that vest immediately as a result of the Nedcor Transaction).

4.14. Measuring the black ownership of the Nedcor Transaction

	Rm
Value of Nedcor's South African businesses	26 438
Value of Nedcor Transaction	3 085
Less: white employee component of Nedcor Broad-based Scheme	(45)
Black ownership portion of Nedcor Transaction	3 040
Black ownership portion of Nedcor Transaction as a % of the value of Nedcor's South African businesses	11.50%

4.15. Conditions precedent to the Nedcor Transaction

The implementation of the Nedcor Transaction is subject to the fulfilment of the following conditions precedent:

- Approval of the requisite majority of Nedcor ordinary shareholders in general meeting to the issue of new Nedcor shares to each of the structures devised. In this regard, the required circular is expected to be posted to ordinary shareholders of Nedcor in due course;
- Written notice having been received by Nedcor from the WIPHOLD and BRIMSTONE Consortia that they have received appropriate shareholder approval;
- Written notice having been received by Nedcor of approval of the Nedcor Transaction by the shareholders of BRIMSTONE to the extent such approval is required by the JSE;
- Obtaining of the necessary regulatory approvals (including, as necessary, the JSE and the Banking Supervision Department of the South African Reserve Bank);
- Sanctioning of the Scheme, relating to the Old Mutual (SA) Transaction, by the High Court of Justice in England and the Scheme becoming effective in accordance with its terms; and
- Old Mutual plc being satisfied that each of the Group Transaction proposals set out in this announcement shall have received all consents, sanctions and approvals to which each such transaction is subject and that such feature will be implemented in accordance with its terms.

The last mentioned condition is capable of variation with Nedcor's and Old Mutuals plc's approval and can be waived in whole or in part by Nedcor with Old Mutual plc's consent.

Shareholders' attention is drawn to the notice of Annual General Meeting dated 4 May 2005 specifying the proposed name change of the Nedcor Group to 'Nedbank Group Limited'.

4.16. Opinions and recommendations for the Nedcor Transaction

4.16.1. Directors' recommendation

The board is of the unanimous opinion that the terms and conditions of the Nedcor Transaction are fair and reasonable to the ordinary shareholders of Nedcor. Accordingly, the board recommends that ordinary shareholders vote in favour of the scheme and the resolutions to be proposed at the general meeting to be held to consider the transactions. In respect of their personal holdings in Nedcor, the relevant board members intend to vote their shares in favour of the scheme and the resolutions to be proposed at the aforementioned general meeting. In arriving at this recommendation, the board has taken cognisance of the opinion furnished by JP Morgan referred to in paragraph 4.16.3 below.

4.16.2. Position of Old Mutual plc

Subject to the obtaining of the necessary approvals of the shareholders of Old Mutual plc in general meeting and in respect of the Scheme, Old Mutual plc (a 50.8% shareholder in Nedcor) intends voting its shares in favour of the Nedcor Transaction and the resolutions to be proposed at the general meeting of Nedcor ordinary shareholders to be held to consider the transaction.

4.16.3. Independent expert's opinion

Although not required in terms of the Listings Requirements of the JSE, the board of directors of Nedcor appointed JP Morgan as an independent expert to advise the board on whether the terms and conditions of the Nedcor Transaction are fair and reasonable to Nedcor. JP Morgan has considered the terms and conditions of the Nedcor Transaction and, based on a review of the information made available to it and

discussions with management of Nedcor, is of the opinion that the scheme is fair and reasonable from a financial point of view, to Nedcor.

4.16.4. Senior counsel view of the structure of the Client Scheme, the Non-executive Director Scheme, the Black Business Partners and the Community Trust

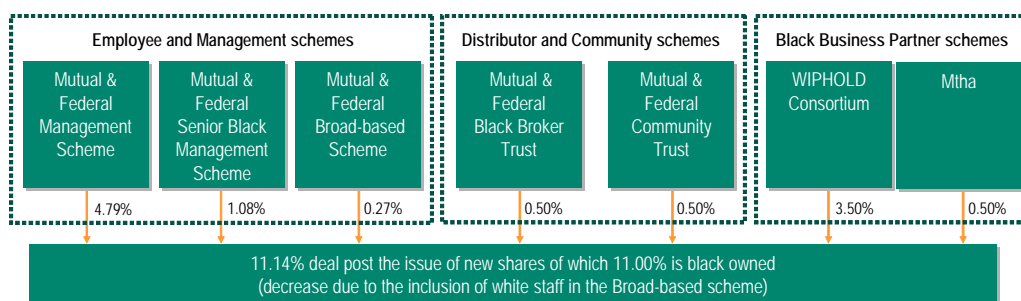
Nedcor has sought the opinion of senior counsel on the "zero finance" structure which it proposes to adopt for the above mentioned schemes and has been furnished with written opinions to the effect that the structure as devised and as described in paragraph 4.9 above complies with all requirements of the Companies Act, Act 61 of 1973, as amended.

5. Overview of the Mutual & Federal Transaction

Key Highlights:

- Resultant direct black ownership of 11.00% at Mutual & Federal
- Key black stakeholders include: Employees and Management (55%), Black Business Partners (36%) and Intermediary and Community schemes (9%)
- Aimed at 1 248 black employees participants
- Intermediary-orientated schemes to include black brokers and community initiatives
- Performance agreements with broad-based Black Business Partners – the WIPHOLD Consortium and Mtha
- Aligned with empowerment strategy to preserve and grow business

5.1. Proposed Mutual & Federal Transaction structure



5.2. Direct black shareholding as a result of the Mutual & Federal Transaction

Further to the cautionary announcement dated 4 April 2005, Mutual & Federal is pleased to announce that, as part of its ongoing commitment to transformation of its business, and subject to the fulfilment of the conditions precedent set out in paragraph 5.11 below, Mutual & Federal is proposing the introduction of direct, broad-based black ownership into Mutual & Federal by way of the issue of new ordinary shares in the share capital of Mutual & Federal ranking *pari passu* in all respects with the existing issued ordinary shares of Mutual & Federal.

The table below sets out the total deal size at Mutual & Federal as well as the black ownership at Mutual & Federal utilising the enlarged issued share capital of Mutual & Federal to facilitate the Mutual & Federal Transaction.

	Using Mutual & Federal shares			Black ownership Shareholding (post issue of new shares)
	Total deal		Shareholding (post issue of new shares)	
	No of shares	Deal value		
	m	Rm		
Employee and Management Schemes	17.1	365	6.14%	6.00%
Mutual & Federal Management Scheme	13.4	285	4.79%	4.79%
Mutual & Federal Senior Black Management Scheme	3.0	64	1.08%	1.08%
Mutual & Federal Broad-based Scheme	0.7	16	0.27%	0.13%
Black Broker Trust	1.4	30	0.50%	0.50%
Community Trust	1.4	30	0.50%	0.50%
Black Business Partners	11.2	238	4.00%	4.00%
WIPHOLD Consortium	9.8	208	3.50%	3.50%
Mitha	1.4	30	0.50%	0.50%
Total	31.1	663	11.14%	11.00%

5.3. Mutual & Federal Employee and Management Schemes

The Mutual & Federal employee and management schemes comprise three different elements:

5.3.1. Mutual & Federal Management Scheme (4.79%)

The existing employee share option scheme is to be replaced by the Mutual & Federal Management Scheme, the primary purpose of which is to attract, reward and retain senior and middle management. Mutual & Federal will issue new ordinary shares to the new employee share trust which will be funded by interest-free loans and/or grants from Mutual & Federal. The new employee share trust will own 4.79% of the enlarged issued share capital of Mutual & Federal.

This new employee share trust will be used to fund the long-term share incentives that Mutual & Federal expects to allocate to black management in the normal course of business to 2013. By reserving a significant portion of the Mutual & Federal shares for black management, Mutual & Federal is demonstrating its unequivocal commitment to transform its business fundamentally.

Shares will be allocated in terms of Mutual & Federal's current allocation policy subject to regular market testing and individual performance. The current policy is to make allocations in a combination of RSP share awards and share options. The RSP share awards will vest immediately (subject to the condition that the participant remains in Mutual & Federal's employment for a period of time), while the share options will be exercisable commencing after 3 years (but within 6 years). Participants are to be paid the dividends in respect of the RSP share awards and will be entitled to exercise the voting rights in respect of the relevant Mutual & Federal shares, but will have no dividend or voting rights in respect of the unexercised share options. Accordingly, the entire interest of 4.79% in Mutual & Federal shares held by the new employee share trust will count for black ownership given that the trust has been structured so as to comply with the ownership and control requirements of the FSC.

5.3.2. Mutual & Federal Senior Black Management Scheme (1.08%)

The Mutual & Federal Senior Black Management Scheme will operate for the benefit of selected senior black management of Mutual & Federal.

A new trust will be formed to operate the Mutual & Federal Senior Black Management Scheme. This new trust will acquire upfront 1.08% of the enlarged issued share capital of Mutual & Federal and will be funded by means of a grant from Mutual & Federal.

The trustees, on instruction from the Mutual & Federal Remuneration Committee, will make awards to existing (25%) and future (75%) participants for retention and attraction purposes respectively. The scheme will comprise a once-off allocation with the possibility of an increase on promotion. This allocation will be in addition to the normal allocations made in terms of the Mutual & Federal Management Scheme and will be made by means of an RSP award.

5.3.3. Mutual & Federal Broad-based Scheme (0.27%)

This scheme will operate for the benefit of all employees of Mutual & Federal who will not participate in either the management scheme or the Mutual & Federal Senior Black Management Scheme. This scheme will thus operate for the benefit of both black and white employees employed by Mutual & Federal, of which 50% are black. The allocation will be made by means of an RSP share award over Mutual & Federal shares of R7 500 per participant.

The same trust that operates the Mutual & Federal Senior Black Management Scheme will operate the Mutual & Federal Broad-based Scheme. The trust will acquire upfront 0.27% of the enlarged issued share capital of Mutual & Federal and will be funded by means of a grant from Mutual & Federal.

5.4. Mutual & Federal Community Trust (0.50%)

The Mutual & Federal Community Trust will be established to provide meaningful benefit to selected community and charitable projects. The trust will acquire a 0.50% interest of the enlarged issued share capital of Mutual & Federal and will be funded on the basis detailed in paragraph 5.8 below.

5.5. Mutual & Federal Black Broker Trust (0.50%)

A new trust will be formed and will acquire 0.50% of the enlarged issued share capital of Mutual & Federal. The objective of the trust will be to provide or secure finance to black people wishing to develop broker businesses to service the short term insurance market in South Africa. The finance made available by the trust will be utilised by such black distributors to acquire assets required in order to commence operation in a productive manner.

The Black Broker Trust will be funded on a similar basis as the Black Business Partners as detailed in paragraph 5.8 below.

5.6. Mutual & Federal Black Business Partners (4.00%)

The WIPHOLD Consortium will acquire 3.50% of the enlarged issued share capital of Mutual & Federal and will be funded on the basis as detailed in paragraph 5.8 below. In addition, Mitha will acquire 0.50% of the enlarged issued share capital of Mutual & Federal and will be funded on the basis detailed in paragraph 5.8 below.

To this end, the WIPHOLD Consortium and Mtha have each entered into a detailed, binding MoU with Mutual & Federal setting out the terms of their participation as well as related performance criteria together with the implications of not meeting or exceeding those criteria. It is anticipated that the MoUs will be substituted with final agreements prior to the posting of the required circular to Mutual & Federal shareholders.

5.7. Proposed appointments to the Mutual & Federal Board

Once the Mutual & Federal Transaction has been effected and all conditions precedent have been met, Louisa Mojela from the WIPHOLD Consortium and Bulelani Ngcuka from Mtha will be invited to join the Mutual & Federal Board of Directors.

5.8. Mechanism / funding to implement the Mutual & Federal Transaction

5.8.1. Mutual & Federal Funding Structure

For the employee schemes, comprising 6.14% of the enlarged issued share capital of Mutual & Federal, black-controlled employee trusts will be created and will be funded directly by Mutual & Federal, either by way of an interest-free loan or a grant as discussed in paragraph 5.3.

For the Community Trust, comprising 0.50% of the enlarged issued share capital of Mutual & Federal, a black controlled trust, the benefits of which are to be determined by black trustees for black beneficiaries in the community, will be created and will be funded through a loan from an Old Mutual Group company, amounting to the par value of the Mutual & Federal shares acquired. The Community Trust will subscribe for new shares in the ordinary share capital of Mutual & Federal amounting to 0.50% of the enlarged issued share capital of Mutual & Federal with a par value of 10 cents per share.

Mutual & Federal will have no shareholdings in the Black Business Partner SPVs nor will Mutual & Federal be represented on the board of the Black Business Partner SPVs. Mutual & Federal is entitled to appoint one trustee to the Community Trust and Black Broker Trust respectively.

For the Black Business Partner and Black Broker schemes, comprising 4.00% and 0.50% of the enlarged issued share capital of Mutual & Federal respectively, Mutual & Federal has developed a mechanism which involves Mutual & Federal issuing the scheme shares at or about par value to the various scheme participants. On the applicable termination dates for each scheme, Mutual & Federal will be entitled to call back as many of the scheme shares as, based on their then market value, are equal in value to the terminal balance on a notional calculation model at the original issue price. The notional calculation model will calculate at pre-agreed notional dividend funding rates.

	Black Broker Scheme	Black Business Partner
Issue price of scheme shares	Par	2.5% of market value
Upfront amount paid by underlying participants	Issue price	Issue price
Term	10 years	10 years
Notional opening balance	Market value less issue price	97.5% of market value
Notional rate (fixed, NACA)	8.16%	8.16% + 1.5% of the market value at inception
Performance adjusters	No	Yes

Further detail on the proposed structure will be furnished in the circular to shareholders, but the essential features of the Black Business Partner and Black Broker Schemes are:

- creation of the separate black-controlled vehicles as appropriate for the respective participants ("SPVs");
- the subscription by the SPVs for ordinary shares in Mutual & Federal at par value of 10 cents per share (in the case of the Black Business Partner SPVs, at a small premium to par value representing a 2.5% downpayment paid by the Black Business Partners), in the case of the Black Broker Trust, the par value will be funded through a loan from an Old Mutual Group company;
- the grant to Mutual & Federal of a call option against the SPVs for a formulaically determined number of Mutual & Federal ordinary shares held in the SPVs, exercisable on the termination date of the particular scheme at the same price per share at which the shares were issued to the SPVs;
- the application of the formula referred to above, replicates the same economic consequences that would ensue if the Mutual & Federal Transaction were funded by way of fixed rate preference share funding;
- the SPVs will be granted a call to acquire the same number of shares as acquired by Mutual & Federal exercising its call at the then market value; and
- the effective obligatory re-investment of cash receipts (dividends and portion of performance fees in the case of Black Business Partners) by recipients into Mutual & Federal shares. In the case of dividends, Mutual & Federal will through the period of the schemes, undertake semi-annual capitalisation awards with a cash dividend election, and the SPVs, in the case of the Black Business Partners will waive 100% of their cash dividend election and in the case of the Black Broker Trust, will waive 50% of their cash dividend election upfront. In the case of performance fees, the Black Business Partners will be obliged to re-invest a portion in subscribing for new Mutual & Federal shares.

5.9. Value of the Mutual & Federal Transaction

The value of the Mutual & Federal Transaction is based on the indicative market capitalisation of Mutual & Federal at 15 April 2005 of R5 285 m, using the 10 day volume weighted average price of R21.33 per share to that date.

5.9.1. Estimated Economic Costs of the Mutual & Federal Transaction

Mutual & Federal has estimated the economic cost of the Mutual & Federal Transaction to be R166 m. This translates to 3.13% of the value of Mutual & Federal.

5.9.2. Accounting treatment of the Mutual & Federal Transaction

In accordance with the rules of the JSE, the underlying accounting treatment is in accordance with the accounting policies set out in the last published audited financial information. In presenting the consolidated impact for Mutual & Federal, information is to be presented in accordance with SA GAAP as it existed at 31 December 2004.

The accounting treatments adopted may require transactions to be accounted for in a different manner to their legal substance and form. The accounting treatment described below has been determined based on accounting advice and emerging interpretations.

Effective 1 January 2005, Mutual & Federal will prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). It has therefore been necessary to consider the accounting treatments under both bases of reporting.

The following accounting principles are applicable:

- **Consolidation of Special Purpose Vehicles ("SPVs")** – where control is deemed to remain within Mutual & Federal, the entities established to support the Mutual & Federal Transaction are regarded as subsidiaries. The acquisition of Mutual & Federal shares by the consolidated SPVs are regarded as issues of treasury shares, resulting in a reduction in equity within the consolidated financial statements.
- **Earnings per share** – the weighted average number of shares is impacted by the Mutual & Federal Transaction only to the extent that any issue of shares is not regarded as treasury shares for the purpose of the consolidated financial statements.

5.9.3. Pro forma Financial Effects of the Mutual & Federal Transaction

The pro forma financial effects of the Mutual & Federal Transaction for the financial year ended 31 December, 2004 are set out in the table below. The pro forma financial effects have been prepared for illustrative purposes only in order to provide information on how the Mutual & Federal Transaction might have affected the financial results and position of the Mutual & Federal consolidated results from 1 January 2004 for Income Statement effects and at 31 December 2004 for Balance Sheet effects. Because of their nature, these financial effects may not give a true reflection of the actual financial effects of the Mutual & Federal Transaction.

	Before the Mutual & Federal Transaction and issue of shares (cents)	After the Mutual & Federal Transaction and issue of shares (cents)	change %
Basic earnings per share ("basic EPS") ⁽¹⁾	467	472	1.07
Fully diluted basic earnings per share	463	430	(7.13)
Headline earnings per share ("HEPS") ⁽¹⁾	475	480	1.05
Fully diluted HEPS	471	438	(7.01)
Ordinary shareholders equity (Rm)	3 579	3 600	0.59
Net asset value ("NAV") per share ⁽²⁾⁽⁵⁾	1 447	1 443	(0.28)
Tangible NAV per share ⁽²⁾⁽⁵⁾	1 377	1 374	(0.22)

Notes:

- (1) The "Before the Mutual & Federal Transaction and issue of shares" column reflects the audited basic earnings and headline earnings per Mutual & Federal share for the year ended 31 December 2004. The "After the Mutual & Federal Transaction and issue of shares" column reflects the basic earnings and headline earnings per Mutual & Federal share adjusted for the financial effect of the various schemes based on the assumption that the Mutual & Federal Transaction was implemented on 1 January 2004.
- (2) The "Before the Mutual & Federal Transaction and issue of shares" column reflects the audited net asset value and tangible net asset value per Mutual & Federal share at 31 December 2004. The "After the Mutual & Federal Transaction and issue of

shares" column reflects the net asset value and tangible net asset value per Mutual & Federal share taking into account the consideration received from the various schemes and an enlarged number of shares based on the assumption that the Mutual & Federal Transaction was implemented on 1 January 2004. No shares are currently held as treasury shares.

- (3) The "Before the Mutual & Federal Transaction and issue of shares" column weighted average number of shares in issue used in calculating basic EPS was 245.9m and in calculating fully diluted EPS was 248.0m.
- (4) The "After the Mutual & Federal Transaction and issue of shares" column weighted average number of shares in issue used in calculating basic EPS was 248.0m and in calculating fully diluted EPS was 271.8m (this includes Mutual & Federal shares expected to vest under the transaction).
- (5) In calculating NAV per share, the number of shares in issue as at 31 December 2004 was 247.4m and in determining the pro forma NAV, the number of shares in issue was 249.5m.

5.10. Measuring the black ownership of the Mutual & Federal Transaction

	<u>Rm</u>
Value of Mutual & Federal	5 285
Value of Mutual & Federal Transaction	663
Less: white employee component of Mutual & Federal Broad-based Scheme	<u>(8)</u>
Black ownership portion of Mutual & Federal Transaction	<u>655</u>
Black ownership post the issue of new shares	11.00%

5.11. Conditions precedent to the Mutual & Federal Transaction

The implementation of the Mutual & Federal transaction is subject to the fulfilment of the following conditions precedent:

- Approval of the requisite majority of Mutual & Federal ordinary shareholders in general meeting to the issue of new Mutual & Federal shares to each of the schemes. In this regard, the required circular is expected to be posted to ordinary shareholders of Mutual & Federal in due course;
- Obtaining of the necessary regulatory approvals to implement the transaction;
- Written notice having been received by Mutual & Federal from the WIPHOLD Consortium that they have received appropriate shareholder approval;
- Sanctioning of the Scheme, relating to the Old Mutual (SA) Transaction, by the High Court of Justice in England and the Scheme becoming effective in accordance with its terms; and
- Old Mutual plc being satisfied that each of the Group Transaction proposals set out in this announcement shall have received all consents, sanctions and approvals to which such transaction is subject and that each such transaction will be implemented in accordance with its terms.

The last mentioned condition is capable of variation with Mutual & Federal's and Old Mutual plc's approvals and can be waived in whole or in part by Mutual & Federal with Old Mutual plc's consent.

5.12. Opinions and recommendations for the Mutual & Federal Transaction

5.12.1. Directors' recommendation

The board of Mutual & Federal recommend that the shareholders of Mutual & Federal vote in favour of the Mutual & Federal Transaction and the resolutions to be proposed at the general meeting to be held to consider the transaction. In respect of their personal holdings in Mutual & Federal, the relevant board members intend to vote their shares in favour of the scheme and the resolutions to be proposed at the aforementioned general meeting.

5.12.2. Position of Old Mutual plc

Subject to the obtaining of the necessary approvals of the shareholders of Old Mutual plc in general meeting and in respect of the Scheme, Old Mutual (SA) a 88% shareholder in Mutual & Federal intends voting its shares in favour of the Mutual & Federal Transaction and the resolutions to be proposed at the general meeting of Mutual & Federal ordinary shareholders to be held to consider the transaction.

5.13. Timetable and documentation

Old Mutual plc, Nedcor and Mutual & Federal shareholders will be advised in due course as to the important dates and times relevant to the Group Transactions.

Circulars setting out the full details of the proposed introduction of direct black ownership, including details of the Group Transactions and Scheme and the meetings required to implement them will be circulated to shareholders in due course.

19 April 2005

Transaction advisor and lead sponsor to Old Mutual plc

Deutsche Securities (SA)
(Proprietary) Limited

Sponsor to Old Mutual plc

Merrill Lynch

Corporate law advisors (SA) to Old Mutual plc

Edward Nathan (Pty) Ltd

Legal advisors as to English Law to Old Mutual plc

Slaughter and May

SA Legal advisors to the Old Mutual Group

Quanta Incorporated Attorneys
and Conveyancers

Independent advisor and lead sponsor to Nedcor

JP Morgan

Transaction advisor and sponsor to Nedcor

Nedbank Capital, a
division of Nedbank
Limited

Sponsor to Nedcor

Merrill Lynch

Corporate law advisors to Nedcor

Edward Nathan (Pty)
Ltd
Lowndes & Associates

**Transaction advisor and
transaction sponsor to Mutual
& Federal**
Nedbank Capital, a division of
Nedbank Limited

**Lead sponsor to Mutual &
Federal**
Merrill Lynch

**Corporate law advisors to
Mutual & Federal**
Edward Nathan (Pty) Ltd
Lowndes & Associates

**Transaction advisors to
WIPHOLD**

Wipcapital (Pty) Ltd

**Corporate law advisors to the
WIPHOLD Consortium**

Edward Nathan (Pty) Ltd

**Legal advisors (UK) to the
WIPHOLD & BRIMSTONE
Consortia**
Linklaters

**Transaction advisors and
transaction sponsor to
Brimstone Investment
Corporation Ltd**

Nedbank Capital, a division of
Nedbank Limited

**Legal advisors (SA) to
Brimstone Investment
Corporation Ltd**

Hofmeyr Herbststein and Gihwala
Inc.

Press Releases



BLACK OWNERSHIP OF OLD MUTUAL SOUTH AFRICA NOW WORTH R4.3BN

Key highlights of today's Old Mutual (SA) empowerment transaction:

- ***Old Mutual South Africa's total black ownership will reach R4.3 billion in value – one of the largest black shareholdings in any South African company in rand terms***
- ***Truly broad-based deal***
- ***Approximately 50% of shares allocated in the deal will be allocated to black staff***
- ***Value adding, broad-based Black Business Partners***
- ***Unique Client and Distributor schemes to benefit black distributors and trade union members***
- ***Another milestone along the road to transformation***

The Old Mutual Group today unveiled its highly anticipated R7.1 billion black economic empowerment transaction that incorporates the separate but inter-dependent transactions of each of its three South African subsidiaries - Old Mutual South Africa (Old Mutual (SA)), Nedcor and Mutual & Federal.

In the case of Old Mutual (SA), the deal will result in new direct black ownership of 13.48%, which will be facilitated by using Old Mutual plc shares. Together with existing black ownership, the Old Mutual (SA) Transaction will result in a total black ownership of Old Mutual (South Africa) worth R4.3bn, one of the largest black shareholdings of any South African company in rand terms.

“For Old Mutual (SA), the sustainable nature of this broad-based transaction ensures that this is another step forward in our journey of transformation,” says local MD Roddy Sparks.

“The inclusion in the deal of a large staff component, customer-orientated schemes and highly incentivised strategic Black Business Partners in the form of the WIPHOLD and BRIMSTONE consortia will enable us to fulfil our dual objectives of adding value to our business, while at the same time contributing positively to the future of this country.”

Our People

Roughly half of the shares allocated in the deal will go to black staff, helping Old Mutual to build on the already strong employment equity foundations laid down over the past decade.

Today, approximately half of the profit stream of Old Mutual (SA) is managed by black executives. Black executive management now numbers 25% of total management and black middle management is up from 18% in 2002 to 30% today. 45% of junior management is black.

Sparks believes that the significant staff component will be a growth enabler for Old Mutual (SA). “If we want to make it in the growing black market, we have to ensure

we have people in place who fully understand and reflect that market. But just as importantly, this deal will have a positive impact on the lives of thousands of current and future Black staff members who are part of the New Old Mutual we are building.”

Our Partners

One of the overriding criteria in appointing strategic Black Business Partners was to ensure that they were black controlled and represented a broad base of beneficiaries rather than one or two high-profile individuals.

Both the WIPHOLD and BRIMSTONE consortia meet this criterion, says Sparks. There are over 300 000 indirect beneficiaries through the WIPHOLD NGO Trust, whose constituent NGO’s span all nine provinces. BRIMSTONE employs approximately 1 100 employees directly in its subsidiaries and more than 19 300 in its associate companies. More than 52% of its economic value is held by approximately 3 700 black South Africans. Mtha, through the Brimstone Consortium, draws in a number of professional associations, with over 6000 individual lawyers and doctors.

Other criteria included in the extensive engagement process included empowerment credentials, leadership, values, experience, and risk and reward philosophy.

Sparks says that Old Mutual wanted to ensure that there were real and tangible benefits back to the group as a result of the deal. “Our starting point with all transformation efforts, is to make sure that transformation builds the business,” says Sparks. “Window-dressing is unacceptable. In the WIPHOLD and BRIMSTONE consortia, we’ve chosen partners who will help us grow and transform our business. They have the skills and networks to make a real difference.”

Sparks says that the expertise and influence within the WIPHOLD and BRIMSTONE Consortiums will be key, as the company seeks to boost its corporate business, in particular. “Old Mutual has long standing business relationships with both WIPHOLD and BRIMSTONE so we know the kind of value they can add to the group”.

To ensure that this value is added, the partners have all signed annual performance agreements that will govern Old Mutual’s relationship with them.

WIPCAPITAL CEO Gloria Serobe will be invited to join the Old Mutual Life Assurance Company (OMLACSA) Board. Brimstone chairman, Professor Jakes Gerwel, who has been a board member of the OMLACSA board since July 2000 will remain on the OMLACSA board post the implementation of the transaction.

Black Distributors’ Trust

A portion of the proceeds of the dividends from the Old Mutual plc shares acquired by the Black Distributors Trust will be used to provide financing to qualified black brokers who are starting out in business, and who require access to capital to do so, thus effectively providing support for the SMME sector.

“We identified the urgent need to grow the Black broker market, and this Trust is an attempt to overcome one of the very real obstacles facing brokers starting their own businesses”, says deputy MD of retail, Paul Hanratty.

“Through the Black Distributors’ Trust, the deal will assist black brokers and agents to set up their businesses, thus extending Old Mutual’s influence and reach in its distribution to the black market”.

Education Trust

CEO of Old Mutual Asset Managers, Thabo Dloti says that the Education Trust was constructed to deal with another very serious issue facing South Africa – that of access to education. “Every year, a portion of the dividends from the Old Mutual plc shares acquired by this trust will be used to provide opportunities at a tertiary education level for approximately 180 children of the members of the Unions associated with the group”.

The following trade unions, which represent a membership of some 600 000, have already registered their support for the Education Trust initiative:

- Democratic Nursing Organisation of South Africa
- National Education Health and Allied Workers Union
- National Teachers Union
- South African Commercial, Catering and Allied Workers Union, and
- South African Democratic Teachers Union.

The Road to Transformation

The broad based nature of the Old Mutual empowerment deal further underpins Old Mutual South Africa’s position as one of the industry leaders in transformation:

- Direct investment into the infrastructure of the country now stands at R2.6 billion
- The company manages R4.9 billion worth of local infrastructure investments.
- Investment of R1.4 billion to facilitate empowerment deals, including, in the last year alone, helping the purchase of stakes in Foodcorp, Brait, Metcash, and Pepkor by black businesses.
- 38% of total ‘influenceable’ spend – procurement spending from non-monopolies and long term contracted suppliers – from empowered companies: R875m.
- R20m a year invested into communities through the Old Mutual Foundation, with a particular focus on rural economic development, job creation, entrepreneurship, Aids orphans, education and holistic community support.

“Ultimately, our growth depends on South Africa’s growth,” says Dloti. “Together with government, civil society and other organizations, we have a role to play in developing this country for the benefit of all its people. To do that Old Mutual has to put even more weight behind its own transformation. This deal helps us to do that.”

For further information please contact:

Roddy Sparks

- Tel: 021 509 2390

Managing Director

Old Mutual (South Africa)

Thabo Dloti

- Tel: 021 509 4667

CEO OMAM South Africa

Stephen Bowey

Chief Communications Officer

Old Mutual (South Africa)

- Tel: 021 509 3318

- Cell 082 453 2083



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



PRESS RELEASE

MUTUAL & FEDERAL ANNOUNCES BEE TRANSACTION

The JSE Securities Exchange South Africa ("The JSE")-listed short-term insurer Mutual & Federal has announced today (Tuesday, April 19) a black economic empowerment ("BEE") transaction that will result in the introduction of direct black ownership of 11.00% of the company. The Mutual & Federal Transaction (the Transaction") is a separate, but inter-dependent transaction which forms part of the Old Mutual Group Transactions. The transaction comprises the following key components:

- Staff and Management – 6.14%,
- Black Business Partners – the WIPHOLD consortium will acquire 3.5% and Mtha-we-Mpumelelo ("Mtha") will acquire 0.5% in the issued share capital of Mutual & Federal (post the transaction);
- Mutual & Federal Black Broker Trust - will acquire 0.5% of the issued share capital in Mutual & Federal (post the transaction) and will be established to provide or secure finance to black people wishing to develop broker businesses ; and
- Mutual & Federal Community Trust - will be established to provide meaningful benefit to selected community and charitable projects and will acquire 0.5% of the issued share capital in Mutual & Federal, post the transaction.

The transaction will directly benefit a significant number of formerly disadvantaged South Africans through these structures and accelerate the transformation of Mutual & Federal in line with the requirements of the Financial Sector Charter.

WIPHOLD is South Africa's leading women's empowerment group, with investments in stockbroking, asset management, treasury services, telecommunications, leisure and gaming, manufacturing and power and automation. The WIPHOLD consortium includes Sphere Holdings, a new generation empowerment company, comprising of experienced individuals with a proven track record in private equity, investment banking and asset management.

The Mtha consortium includes a new investment vehicle, Chestnut Hill, established for the purpose of the Old Mutual Group transaction, and Izingwe Capital and further includes a broad base of other shareholders including legal and medical practitioner groupings.

The deal, which is valued at R663 million, will reduce the shareholding of Old Mutual plc from the current 88% to 78%.

Mutual & Federal's CEO Bruce Campbell says the deal was several months in gestation and has been structured to satisfy several criteria: "First of all, we decided at the outset that the deal had to be broad-based, by which we mean that the economic benefits of the transaction had to be distributed as broadly as possible to constituencies within South Africa.

Secondly, we wanted to ensure that our Black Business Partners introduced measurable value to our group. Additionally, the deal had to be sustainable and make economic sense to the parties involved."

Campbell adds that the Black Business Partners will assist in transforming Mutual & Federal in a variety of ways: "WIPHOLD has a recruiting arm that will assist us in defining and implementing our human resources strategy by giving us access to a pool of talent, and assisting in the mentoring of people once they're on board. The BEE partners will assist in the drive towards employment equity within the group, and also Black Business Partners raise our profile as a transformed organisation. We are also eager to increase our ability to satisfy the insurance needs of lower income groups, and this is another area where our Black Business Partners will be involved in respect of advice and research. "

A key feature of the Mutual & Federal transaction is that the primary beneficiaries are current and future Mutual & Federal staff. A R7,500 grant in the form of Mutual & Federal shares will be made available to all staff not currently participating in any other employee share scheme. This means that approximately 2,300 of Mutual & Federal's total staff complement of 2,800 will receive shares under the Mutual & Federal Broad-based scheme. These shares will be placed in a trust for the benefit of staff, approximately half of whom are previously disadvantaged. Staff will be entitled to receive dividend payments on the shares from day one and will be entitled to take delivery of the shares after five years.

A Mutual & Federal Senior Black Management Scheme valued at R64 million, reserves 1,08% of the group's equity for senior black management. These shares will be placed in a separate trust and the receipt of dividends and voting rights will accrue from the outset, participants will be entitled to take delivery of one-third of the share entitlement after four years, with the delivery of the full entitlement after six years. This scheme is structured to incentivise senior black managers to contribute positively to the development and transformation of the company.

A third scheme, the Mutual & Federal Management Scheme, similar to the existing management scheme, reserves 4,81% of the group's equity for designated levels of management. While the existing management scheme is based on share options, the new scheme will use a combination of shares and share options. Participants will receive the shares element of the allocation at no cost and enjoy full entitlement from the outset. Options will be allocated according to management performance and will be exercisable from years three to six following allocation.

The Mutual & Federal Transaction is underpinned by an agreement that rewards the Black Business Partners according to predetermined performance targets, focusing on three key areas:

- business development and retention;
- human resources development, and;
- transformation and public relations.

The extent to which the Black Business Partners achieve performance targets determines the funding rate provided by Mutual & Federal.

"Hence, there is a very strong incentive for the Black Business Partners to strive for exceptional performance," says Campbell.

"We are very excited by our transaction and what it means for the Mutual & Federal group in terms of introducing new expertise at board, senior management and other levels," says Campbell. "We believe this opens new opportunities for Mutual & Federal that would not otherwise be available to us. In the process of negotiating this transaction we developed a strong co-operative working relationship with our new Black Business Partners, and managed to achieve a remarkable degree of consensus on the way forward for the group, which will be to the benefit of all stakeholders."

ISSUED ON BEHALF OF:
BY:
CONSULTANCY CONTACT:

MUTUAL & FEDERAL
CLEAR DISTINCTION COMMUNICATIONS
CAROL DUNDAS
TEL: (011) 444-0650
FAX (011) 444-0690

MUTUAL & FEDERAL:

LAURIEN COMYN
TEL: (011) 374-2458
FAX: (011) 834-3914



WIPHOLD CONSORTIUM MEDIA RELEASE

Old Mutual BEE Deal to Benefit Women's Empowerment

Women will be major beneficiaries of the Old Mutual Group empowerment transaction, thanks to the participation of the WIPHOLD consortium as black business partners. Speaking at the launch of the deal, Wipcapital CEO, Gloria Tomatoe Serobe, said that the consortium's stakes in the Old Mutual Group's South African businesses being Old Mutual (SA), Nedcor and Mutual & Federal was an indication of the increasing influence of women in the South African economy. More than 60% of WIPHOLD is owned by women.

New empowerment

Serobe said that the Old Mutual Group's conscious decision to partner the WIPHOLD consortium was a demonstration of its commitment to putting women's economic empowerment at the heart of its growth strategy for South Africa. "In the South African context, this makes tremendous business sense as women make up a significant portion of the South African population and it is they who are increasingly making the ultimate consumer spending decisions," continued Serobe. "This factor alone has set the Old Mutual Group apart from its peers".

The Old Mutual Group Transactions gives real meaning to the concept of broad-based empowerment, again shown by the choice of the WIPHOLD consortium as a partner. The consortium brings together WIPHOLD, Sphere and the WIPHOLD NGO Trust.

With 1200 direct beneficiaries and 18000 indirect beneficiaries through the WIPHOLD Investment Trust, and over 300 000 indirect beneficiaries through the WIPHOLD NGO Trust, whose constituent NGOs span all nine provinces, WIPHOLD is one of the most genuinely broad-based black empowerment companies in South Africa today. WIPHOLD is 50.3% held by black people. All shareholding is direct and unencumbered.

In a similar vein, Sphere is 74.4% held by black people and has an ownership structure that promotes broad-based black economic empowerment. Sphere believes that education is a key pillar for the sustainable development of black people and as such has reserved 17.5% of its shareholding for broad-based beneficiaries that predominantly focus on education amongst women and the youth. Currently, Ditikeni Investments (Pty) Limited (the shareholders of which are 24 NGOs spread throughout the country), and the Student Sponsorship Programme are broad based shareholders.

New partnership

At the heart of the empowerment model adopted by the parties to this deal is a recognition of the operational role that the WIPHOLD and Brimstone consortia will play in adding value to the Old Mutual (SA), Nedcor and Mutual & Federal businesses. “The WIPHOLD consortium’s investment preference is to be a value-adding operational investor, and this deal affords us the opportunity to do so”, says Serobe. “We are delighted by the underlying spirit of the Old Mutual Group Transactions, which embodies a commitment by all parties to hard work, business growth and the acceleration of transformation. This commitment is captured in measurable performance contracts, with the structure providing for a dynamic mechanism to give financial recognition to the black business partners for tangible delivery”.

“The proposed structure and funding arrangement enables the black business partners to physically acquire their respective shareholdings and pay for them over an extended period of ten years. This enables the consortia to pay for a substantial portion of their purchase consideration out of dividends generated by their underlying investment in the three businesses,” says Serobe.

The WIPHOLD consortium brings several key capabilities to the table:

Leadership and management teams

At a leadership level, Gloria Serobe, Louisa Mojela, Wendy Luhabe and Pulane Kingston collectively enjoy a business track record of over 50 years, with each of these women occupying positions of influence in the South African and international economic and political landscape.

The management teams of both WIPHOLD and Sphere Holdings comprise experienced professionals in the areas of both financial services and transformation.

Distribution

The consortium also boasts a powerful distribution arm through the WIPHOLD NGO Trust, the WIPHOLD Investment Trust and the 25 NGOs who already have a shareholding in Sphere.

New horizons

For WIPHOLD, the deal also provides the group with the opportunity for international exposure.

“Old Mutual plc is the first plc company to announce a South African black economic empowerment transaction, and we are proud to be part of such a ground breaking event”, says WIPHOLD CEO, Louisa Mojela. “The transaction structure enables the WIPHOLD and Brimstone consortia to acquire an interest in Old Mutual plc, thereby becoming shareholders in a growing global group.”

The Old Mutual element of the Group Transaction is furthermore the first BEE transaction to be implemented in its totality under the laws of another jurisdiction (the UK). WIPHOLD believes that the fact that part of the Group Transaction is subject to UK law transaction processes will enhance the international profile of the transaction and further the objectives and credibility of Black Economic Empowerment in the international community.

“Ultimately, the many BEE deals being concluded in South Africa will need to stand the test of time”, says Pulane Kingston, executive director of Sphere Holdings. “We have every confidence in the ability of this deal to do so. We are in it for the long haul and look forward to it being used ten to twenty years from now as a case study of empowerment that has worked”.

For further enquiries, contact:

Debra Marsden
Transformation & Public Affairs, WIPHOLD
Tel: 011 715 3521
Mobile: 082 4672271
Email: dmarsden@wipcapital.com



BRIMSTONE–STYLE EMPOWERMENT GETS GREEN LIGHT AT OLD MUTUAL

BRIMSTONE is the major shareholder in a consortium with Mtha-we-Mpumelelo, a coalition of South African black business people tied together through the common thread of entrepreneurial spirit. Together they are part of one of South Africa's biggest empowerment deals in the Financial Sector to date, a series of transactions that are aimed at introducing broad-based ownership to the Old Mutual Group's South African subsidiaries, Old Mutual (SA), Nedcor and Mutual & Federal.

In terms of the deal, the BRIMSTONE Consortium will end up with an effective 0.71 percent of Old Mutual plc which amounts to 1.70 percent of Old Mutual (SA), as well as 0.91 percent of Nedcor. At its current share price BRIMSTONE's market capitalisation is around R240 million. Its 67 percent stake in the consortium values its portion of the Old Mutual Transaction at about R500 million over the 10 year period.

The BRIMSTONE Consortium is led by BRIMSTONE's non-executive chairman Professor Jakes Gerwel, executive deputy chairman Fred Robertson and CEO Mustaq Brey. BRIMSTONE holds 67% of the equity of the BRIMSTONE Consortium. The remaining 33% of the BRIMSTONE Consortium is owned by Mtha-we-Mpumelelo, a company whose shareholders include Izingwe Financial Investments founded and chaired by Sipho Pityana, Chestnut Hill Investments headed by Bulelani Ngcuka, South African Medical and Dental Practitioners, the Black Lawyers Association and the National Association of Democratic Lawyers.

For BRIMSTONE, which has established itself as a significant and well managed empowerment company since its 1998 listing, it's the formalisation of a longstanding relationship with Old Mutual that goes back almost 25 years, in the case of some of the BRIMSTONE executives. Old Mutual (SA) owns 9.95% of BRIMSTONE'S 'N' ordinary shares.

Brey says the Old Mutual Group was impressed by BRIMSTONE's active management style, its successful partnership approach and its empowerment profile. "More than 52 percent of our economic value is in the hands of some 3 700 historically disadvantaged individuals. We directly employ 1 100 employees with almost 20 000 in our underlying investments," he says.

Brey says the initial 2.5 percent entry tranche would be funded through BRIMSTONE's current cash resources. "It's obviously an attractively priced deal. What is important to us are the performance agreements, which could see us saving significantly on debt funding over the next five years," he says.

Robertson, who picked up his 10-year long service award at Old Mutual in 1990 before starting his own insurance business, is enthusiastic about the opportunities presented by the empowerment deal. "Our shareholder base which stretches from the Cape Flats to the Limpopo River now has an investment in one of the top company's in South Africa with an international revenue stream. The Old Mutual Transaction is the best endowment policy we could have bought for our shareholders and employees."

"We look forward to our relationship with the Old Mutual Group as an active partnership which will create real value for the shareholders of Old Mutual (SA), Nedcor and Brimstone."

- ends -

For further enquiries please contact:

Tiloshani Naidoo
Brimstone Investment Corporation Limited
Tel: 021 683 1444
Fax: 021 683 1285
Mobile: 08444 99100



OLD MUTUAL DEAL POSITIONS IZINGWE and CHESTNUT HILL AS SIGNIFICANT PLAYERS IN THE BEE SPACE

Sipho Pityana and Bulelani Ngcuka are the lead players of Mtha-we-Mpumelelo (Mtha), which was specifically created for the Old Mutual Group Transaction which introduces broad-based black ownership in to its Old Mutual plc's South African businesses namely Old Mutual (South Africa), Nedcor and Mutual & Federal. Mtha's shareholders are Izingwe Financial Investments, an associate company of Izingwe Capital, Chestnut Hill, which includes various individuals led by Ngcuka, and three broad-based groupings representing black medical and legal professionals.

Pityana, the chairman of Izingwe, said: "With the experience and expertise within the Mtha consortium we believe we can, and indeed are committed to, adding real value to the Old Mutual Group. Furthermore, this partnership will create a platform for us to become meaningful players in the BEE environment."

The deal consolidates Izingwe's presence in the financial services sector. It already has a 20% equity stake in Riscura Solutions, an independent consultant to pension funds, employee benefit schemes and asset managers with funds in excess of R400 billion.

Ngcuka said: "We view our inclusion as a deliberate effort on the part of the country's leading financial services institution to support new BEE players. It is also a recognition of the unique contribution that Mtha's shareholders can make to the Old Mutual Group." This is enhanced by the broad-based groupings that are included in Mtha. These are the National Association of Democratic Lawyers (Nadel), the Black Lawyers Association (BLA) and the South African Medical and Dental Association (SAMDP). Collectively, they represent over 7000 black professionals.

Sipho Pityana and Bulelani Ngcuka have demonstrated in their previous positions that they have the ability to play dynamic roles in driving change and development in large organisations. In addition to his roles as the Director-General of the Departments of Labour and Foreign Affairs, Pityana spent two years as an Executive Director of Nedcor Investment Bank. In his role as the National Director of the National Prosecuting Authority, Ngcuka demonstrated his strong leadership abilities.

In addition to the broad-based groupings, Mtha includes individuals who have complementary skills and who have played key roles in the public and private sectors. It is a group of individuals that can significantly enhance the various businesses within Old Mutual's South African businesses.

-END-

Notes to editor

Other members of the Mtha consortium include:

- Phillip Dexter, an acting executive director of Proudly South Africa, who has a detailed understanding of the Financial Sector Charter, which was born out of processes at NEDLAC during the time when he was Executive Director. He continues to be a key player in its implementation, in his role as a member of the Financial Sector Charter Council;
- Sango Ntsaluba, the Chairman of the accounting firm SizweNtsaluba VSP, who has strong managerial capacity as well as a solid understanding of the short-term insurance industry;
- Gil Mahlati, a specialist surgeon who has extensive experience in the health care and insurance industries;
- Ashley Ally, the CEO of Izingwe, who brings a range of skills and experience including managing and transforming large organisations including the Legal Aid Board, where he served as CEO for two years;
- Tsakani Matshazi, a chartered accountant with extensive knowledge of private equity and development funding;
- Mark Sifris, a corporate lawyer with extensive expertise on empowerment issues and transactions; and
- Mveleli Boo, the former CEO of Gobodo Inc. and expert in the area of strategy formulation, strategic finance and corporate governance.



WIPHOLD

COMPANY PROFILE

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1. **VISION AND OBJECTIVES**

WIPHOLD is driven by a dedication to the empowerment of women and black women in particular. It was borne out of the knowledge that South African women, while the largest contributors to the economy, both as producers and consumers, have historically been the most disadvantaged. The knowledge that financial independence represents a powerful tool for helping women redirect their lives is what motivated the formation of WIPHOLD, still drives it today, and is manifested through:

- the company's ongoing drive to galvanise women into an investment vehicle that makes investments of benefit to women in the areas of:
 - financial services
 - infrastructure and
 - diversified (telecommunications; tourism; manufacturing; power and automation);
- the active participation of WIPHOLD's leadership in influencing the South African financial landscape, and;
- the opportunities provided for talented young black and women professionals to operate at senior levels in the South African world of business, and in the financial sector in particular.

WIPHOLD'S objectives are to:

- be an active and operational investor through representation on the board of directors of companies in which it is invested, and/or through performance-based operational contracts with those companies;
- create and distribute wealth for all its shareholders. The model is one of broad-based ownership;
- enable the participation of women from all levels of society in economic empowerment initiatives and foster entrepreneurship amongst women; and
- empower and support non-governmental organisations whose primary focus is development programmes pertaining to black women and/or children.

2. **A BRIEF HISTORY OF WIPHOLD**

WIPHOLD was founded in 1994 by four successful black women executives as an organisation dedicated to women's empowerment. They realised that true economic empowerment would require a process of wealth mobilisation and accumulation, and that this would be especially important in the case of women. This led the founders to examine the use of women's investment clubs as empowerment vehicles. Educational workshops were held on a countrywide basis to develop the idea and to secure the support of women from various socio-economic groups, regions and races. WIPHOLD was launched with a seed capital of R500 000, and initially grew from strength to strength as a passive investment trust.

In 1997 the founders embarked on an Initial Public Offer to women only throughout South Africa that raised R25 million. A rights offer to women in 1998 raised a further R76 million and, during that same year, a private placement with institutions raised R424 million.

In 1999, WIPHOLD became the first women's group to be listed on the Johannesburg Stock Exchange in South Africa.

Later that year WIPHOLD made a conscious decision to become an operational BEE group and strategically decided to target the financial services industry as its core focus. This strategy was implemented by establishing Wipcapital as an advisory and debt and equity arranging business and by embarking on an acquisition strategy of complementary financial services businesses such as Legae Securities. The formation of Wipcapital as an operational financial services wholly owned subsidiary was a direct response to the market's signal at the time that new empowerment models were necessary if empowerment goals were to be achieved, that the model of BEE companies operating only as passive investment vehicles was problematic. Wipcapital was to be and remains a company that:

- actively participates in the companies it invests in, delivering both financial services and transformation expertise; and
- acts as a training ground and role model for black entrants into the financial services arena. Wipcapital's highly qualified staff participate actively in the investment arena on behalf of WIPHOLD, while engaging in a skills transfer drive that empowers a new generation of financial services experts.

Over the next five years WIPHOLD established itself as the leading BEE financial services group in the country and in some areas, such as infrastructure finance for state-owned enterprises, as the leader in financial services generally.

WIPHOLD further expanded its focus in 2003 to also include the ownership of infrastructure assets and resources assets, resulting in a new three-fold focus for the business as follows:

- Financial services;
- Infrastructure and investments; and
- Diversified investments

In 2003 WIPHOLD delisted and in partnership with Old Mutual bought out minorities. This resulted in a greater proportion of the economic ownership of the company resting in the hands of black people and women (see current ownership structure in 3 below).

3. **A ROLE MODEL FOR BROAD-BASED EMPOWERMENT**

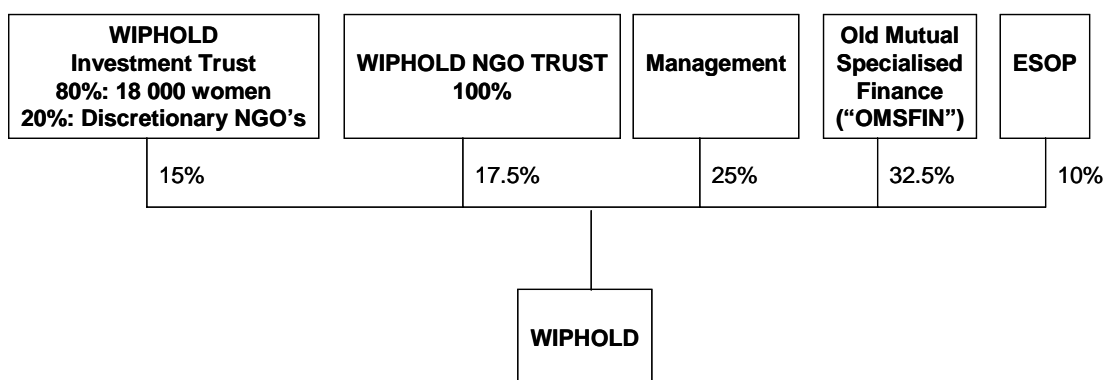
WIPHOLD's core founding principle of the empowerment and advancement of women and black people is embodied at three levels: ownership, employment equity and social investment.

3.1 Shareholding, Ownership and Control

60% of WIPHOLD'S shareholding and economic participation is in the hands of women. 50.3% of its shareholders are black.

The broad-based nature of WIPHOLD's ownership is evidenced by the fact that there are over 1200 direct women beneficiaries, and over 300,000 indirect women beneficiaries through NGOs. These women are represented in all nine provinces.

WIPHOLD is controlled by the WIPHOLD Investment Trust through "A" ordinary shares, which have 100 votes per share. The WIPHOLD Investment Trust is entitled to appoint the majority of the WIPHOLD Board. Both the WIPHOLD Investment Trust and the WIPHOLD NGO Trust have unencumbered shareholdings in WIPHOLD.



3.2 Employment Equity Practices

WIPHOLD's employment equity track record is summarised in the table below:

	Total	HDSA	White	Male	Female
Senior Management	9	67%	33%	33%	67%
Middle Management	22	41%	59%	58%	42%
Admin	9	67%	33%	22%	78%
Support	4	100%	-	25%	75%
	41				

In addition, the companies Executive Directors and its Board members are women, management has acquired a 25% shareholding for cash consideration, and management & ESOP shareholdings are 70% black.

3.3 **Social investment**

Distributions to broad based empowerment shareholders and charitable organisations have been made via the WIPHOLD Investment Trust as follows:

- 2000 – R6.2 million
- 2003 – R25 million.
- 2003 – R3.8 million used to facilitate the shareholding of the newly created WIPHOLD NGO Trust.
- 2004 – R15 million.

4. **BUSINESS ACTIVITIES**

In its 10 years of existence, WIPHOLD has established a sustainable and sound operating and investment track record. Its current business activities are focused in three areas: financial services, ownership of infrastructure assets and diversified investments.

Financial Services	Diversified Investments	Infrastructure investments
Advisory Asset Management Stock Broking Treasury Services	Telecom Tourism Manufacturing Power & Automation	Mining Projects PPP Projects Traditional Projects African Projects

4.1 **Financial Services & Infrastructure**

4.1.1 **Advisory:** WIPHOLD owns 100% of Wipcapital (Pty) Ltd, whose key business focus is as follows:

- **Asset and Infrastructure finance:**
Wipcapital has a team with renowned structuring capability in the areas of domestic and cross-border asset finance and infrastructure finance. The team is the number 1 co-arranger for financing rail infrastructure, the number 1 co-arranger for financing port infrastructure in South Africa, the number 1 global arranger for US leases into South Africa and the number 1 global arranger for South African commercial aircraft.

- **Ownership of infrastructure and mining & resources assets:**

The focus is on the acquisition of stakes in:

- ∂ Traditional infrastructure projects (e.g. toll roads, port infrastructure, etc.);
- ∂ Public/private partnership projects (e.g. property projects);
- ∂ Existing infrastructure assets purchased in the secondary market (e.g. sponsor equity holdings);
- ∂ Infrastructure projects in Africa; and
- ∂ Mining infrastructure assets.

- **Corporate Finance:**

The Wipcapital team has extensive corporate finance experience and has specialist expertise as a provider of solutions for empowerment related transactions across all industries. The team offers the full suite of corporate finance advisory services, including structuring of empowerment transactions, fund raising, mergers and acquisitions, disposals, privatization, capital restructuring, valuations and listings.

The team has advised extensively in the public and private sector, and also advises WIPHOLD (either on its own or as part of a consortium in which it is either a minority or majority owner) on investments and BEE transactions, including on the raising of funding.

- **Retirement Funding solutions:**

Wipcapital provides an advisory service to the Retirement Funding Industry, drawing on extensive experience and relationships with a broad spectrum of role players in the industry.

4.1.2 **Asset Management:**

WIPHOLD has a 40% stake in Futuregrowth Asset Management (Pty) Ltd.

4.1.3 **International Investment Management Services:**

WIPHOLD has a strategic alliance with US-based Frank Russell.

4.1.4 **Stock Broking:**

WIPHOLD owns 49% of Legae Securities (Pty) Ltd. Legae focuses on niche stock broking activities, including:

- Equities and bond trading; and
- Private client services.

Founded in 1996, Legae is the first black owned and managed stock broking firm in South Africa. Legae has a 50% interest in Legae Capital, an institutional fund of hedge fund manager that provides a South African multi-manager hedge fund platform focusing on the preservation of capital and the provision of positive risk-adjusted returns that outperform cash and are non-market correlated.

In 2004, Legae Securities received a BusinessMap award for the “Top unlisted BEE company”.

4.1.5 ***Treasury Services:***

WIPHOLD owns 74% of Wip Treasury Solutions (Pty) Ltd. To extend the service offered to its parastatal and corporate clients, Wipcapital acquired a Treasury and Risk Management services business that offers a spectrum of treasury risk management services in the form of integrated solutions to risk managers and treasurers. WIPTS combines benchmark treasury management technology, "TMS", with specialised expertise, to offer a comprehensive treasury outsourcing solution.

4.2 **Diversified Investments**

Since its inception WIPHOLD has built up a track record as a successful and professional investor across various industries. WIPHOLD's diversified investments are in the following companies:

- ***Telecommunications:*** Ericsson SA Limited
- ***Leisure and Gaming:*** Afrisun Leisure (Sun International)
- ***Manufacturing:*** MCG Industries; Avlock International
- ***Power and Automation:*** ABB SA; Landis+Gyr.

5. **MANAGERIAL CAPACITY**

WIPHOLD is an operational BEE company and has a dedicated management team who look after its investments. WIPHOLD's executives have extensive board experience through executive and non-executive roles in both the public and private sectors.

All four of WIPHOLD's directors are women. Below are the summary cvs of the directors and management of WIPHOLD:

Louisa Mojela (BCom) Executive Director

Louisa is one of the founders and Group CEO of WIPHOLD. Louisa has held positions at Standard Corporate and Merchant Bank ("SCMB"), The Development Bank of Southern Africa (during which time she was seconded to the World Bank in Washington DC), and the Lesotho National Development Corporation. Louisa has completed an Executive Leadership Program at Wharton School of Business at the University of Pennsylvania. In 2000 she was selected as one of 40 women from different continents and countries as "The Leading Women Entrepreneur of the World". Louisa serves on several boards including ABB SA, Ericsson SA, Sun International, SAA and the Financial Services Board.

Gloria Tomatoe Serobe (BCom (Unitra) MBA (Rutgers)) Executive Director

Gloria is a founding member of WIPHOLD and CEO of Wipcapital. She was Transnet Group FD from 1996 to 2001 and member of the board of Transnet and its major subsidiaries. Her professional experience includes positions at Exxon Corporation USA, Munich Reinsurance Company of SA, the Premier Group and SCMB. Gloria serves on several boards including the JSE and the Export Credit Insurance Corporation. She is chairman of the Life Offices Association, and a member of the Financial Sector Charter Council, the Actuarial Society of South Africa, and the BEE Advisory Council. In 2003, Gloria received the Impumelelo Top 300 Award for "Contribution to Transformation, Job Creation, the Economy and as a BEE Role Model", and in 2004 she received the ABSIP "Pioneer of Empowerment" award.

Debra Marsden (BBusSc (Econ Hons)) Executive Director

Debra recently joined WIPHOLD as Head of Transformation Services and Public Affairs. Prior to this she was General Manager: Corporate Affairs and Transformation for Old Mutual, where among other things she was responsible for developing and implementing a transformation plan for the company. During 2002/3 she formed part of the 10 person negotiating team and the drafting committee that developed the Financial Sector Charter. Other positions previously held include: Economic Affairs Director, Consultative Business Movement; Head of the National Economic Forum; and Deputy Director of the National Economic Development and Labour Council (Nedlac). She joined Old Mutual in 1997.

Kari Ann Lagler (CA(SA), BCom (Hons) (Tax)) Non-Executive Director

Kari is a senior tax consultant, specialising in taxation of life offices and financial instruments, at Old Mutual SA. Prior to joining Old Mutual, she was a tax partner at KPMG.

WIPHOLD's dedicated management team consists of the following individuals:

Jannie Stockenström (CA(SA), MCom, HDip Tax)

Prior to joining Wipcapital in September 1999, Jannie held the position of Director at SCMB in charge of global Structured Finance. Prior to this, he was Assistant General Manager at Standard Bank London, heading up the Standard Bank group's cross-border structured finance team. He heads up the Asset & Infrastructure Finance divisions.

Shaun Rosenthal (CA(SA), CFA)

Prior to joining Wipcapital in August 1999, Shaun was a founding member and joint managing partner of Brait Merchant Bank's Corporate Finance Division. Prior to this, he headed up SCMB's Classical Corporate Finance team. He heads up the Investment Banking and Corporate Finance divisions. He is board member of a number of WIPHOLD's investments.

Heather Sonn (BA (Smith College), MBA (Georgetown))

Heather joined Legae Securities as its CEO in January 2003. She is a leading executive who possesses extensive experience in financial markets. She spent a substantial part of her working life in the United States where she worked for Merrill Lynch as an investment banker between 1997 and 1999. On her return to South Africa she worked for Sanlam Investment Management where she was in charge of institutional marketing and empowerment.

Craig Chamberlain (CA(SA))

Craig joined Wipcapital in 1999 where he has been engaged in corporate finance and investment activities. He is a board member of a number of WIPHOLD's investments. His prior experience includes positions in corporate finance at Brait and Deloitte & Touche.

Gugu Mthethwa (CA(SA))

Gugu joined Wipcapital in 2001 where she has been engaged in Corporate Finance and Investment activities. She is a non-executive board member of ABB South Africa, MCG Industries, Avlock International and Landis+Gyr. Previously she was in the Financial Services Banking audit group at PricewaterhouseCoopers.

Gugu Pride Duda (CA(SA))

Gugu recently joined Wipcapital as part of the Infrastructure Finance team. Prior to joining Wipcapital, she was the Chief Financial Officer for the Internet and Telephone Banking division at FNB. Her prior experience includes positions in finance, credit and risk at RMB and Firststrand Bank.

WIPHOLD consortium member:

Wendy Luhabe (BCom), one of the other original founding members of WIPHOLD, also forms part of the WIPHOLD consortium and will be contributing her enviable track record in the areas of financial services and human resource development. Wendy established Alliance Capital in 1998, a company that currently manages assets of approximately R8bn. She is currently on the board of the JSE Securities Exchange South Africa, and is also non-executive Chairperson of the Industrial Development Corporation ("IDC"), Vodacom, Women Private Equity Fund and the International Marketing Council.



WIPHOLD

WIPHOLD NGO TRUST

COMPANY PROFILE

The WIPHOLD NGO Trust was established in 2004 further enhancing the black and women profile of WIPHOLD, as well as its broad-base. The ten non-governmental organisations (NGOs) that form part of the Trust collectively represent a membership of over 300 000. Together these organisations cover the nine provinces of South Africa. Louisa Mojela and Gloria Tomatoe Serobe serve as trustees.

The WIPHOLD NGO Trust has two primary objectives:

- To empower and support non-governmental organisations whose primary focus is development programmes pertaining to black women and/or children.
- The inclusion of non-governmental organizations with the ability to contribute strategically to the activities of WIPHOLD.

The activities of the NGOs forming part of the WIPHOLD NGO Trust are summarised below.

Organisation	Focus	Activities	Area
The Democratic Nursing Organisation of South Africa (DENOSA) (80 000 women)	To represent nurses and midwives / accoucheurs with influence and authority.	Empowerment of women nurses (sustainability of their programmes)	National
The South African Democratic Teachers Union (SADTU) (130 000 women)	Women in education sector	Empowerment of women teachers (sustainability of their programmes)	National
National Baptist Church	To empower women by changing their mindset in the usage of financial instruments; and encourage women to do fundraising on a local level. National level: encourage and teach women to buy shares and invest.	Hold workshops; seminars; informal meetings dealing with social issues.	National

Organisation	Focus	Activities	Area
Kwa Drabo Trust	To empower women in the rural Centani villages focusing on four areas: rural farming; research into thoracic cancer; children education; and AIDS awareness/education.	Workshops, seminars, farming on leased land from the headman & pre-school activities.	Eastern Cape
People Opposing Woman Abuse (POWA)	To create a safe society that does not tolerate violence against women & where women are powerful, self-reliant, equal & respected.	Provide therapeutic service to women who have suffered all forms of abuse (including counseling & crisis intervention); Provide shelter to abused women; Offer legal advice & court preparation; Offer meaningful skills training & relevant self-help programmes; Offer support services to client's children; Provide on-going training & capacity building to volunteers; Offer education awareness programmes to communities; Facilitate economic empowerment projects for survivors of abuse; Offer prevention programmes.	Gauteng
The Thusanang Development & Training Project	Women's skills & business training & development. Job Creation. HIV/AIDS fieldwork.	Oversees more than 70 small businesses in informal settlements outside rural towns impacting directly on the lives of over 800 women. One-on-one counseling.	Free State North West Gauteng
Tshwarangang Legal Advocacy Centre	Work towards eradicating the victimisation of women by the legal system & to make the legal system a vehicle of social change for women by influencing policy and legislation through advocacy, education, training & research.	Provide information desks & 3 Gauteng courts; Training of maintenance investigators, maintenance officers & clerks; conduct Legal Information for Empowerment (LIFE) seminars at 10 informal settlements; Conduct Gender Training workshops in all 9 provinces.	National

Organisation	Focus	Activities	Area
Tshepang Educare Trust	To provide educare programmes to rural communities by: providing women in underserved areas on farms and small towns with ongoing training. Preparing children for school & socialising them for democracy.	Training women to deliver Early Childhood Development (ECD) programmes to children: 126 ECD sites are up & running; 225 women are in various levels of training; 4212 children are in development programmes.	Free State
YWCA	To affirm woman in skills training, economic empowerment & leadership development. Seeks to address all social injustice & targets mostly marginalised women & children.	Encourage participation of women in leadership positions by providing training programmes which will prepare them to develop their potential in their community; participates in effective advocacy work in order to achieve harmony, peace & justice; links local YWCAs whose programmes meet community needs identified by women; mobilises women's collective power for action on issues of vital concern such as women's rights, human rights' peace & the integrity of the environment.	National
Thandanani Association	Committed to protecting & promoting the well-being of children	Shelters for AIDS orphans & other vulnerable children. Child Care workers provide care & comfort to all sick, orphaned & abandoned children at hospitals. Outings for children.	KwaZulu Natal



COMPANY PROFILE

CONTENTS

1. KEY FEATURES OF SPHERE
2. PROFILE OF KEY EXECUTIVES
3. OPERATING STRUCTURE AND BUSINESS MODEL
4. OWNERSHIP STRUCTURE
5. CONTACT DETAILS

COMPANY PROFILE

an introduction to Sphere Holdings (Proprietary) Limited

("SPHERE" OR THE "COMPANY")

Sphere is a new generation empowerment company comprised of experienced individuals with a proven track record in private equity, investment banking and asset management. Sphere's primary activity is private equity fund management through Sphere Private Equity in partnership with Ethos Private Equity while the company has also been organized to pursue strategic investment opportunities in the South African market. Sphere's ownership structure promotes broad-based empowerment whilst incentivising founder shareholders and management. Sphere's directors and management include Itumeleng Kgaboesele, CEO, Executive Directors Pulane Kingston and Aadil Carim and Associate Director, Marang Denalane. Directors and management hold the majority shareholding of Sphere (57%). 17.5% of Sphere's shareholding will be held by broad-based groupings that have a particular focus on education and the economic upliftment of black women.

1. **KEY FEATURES OF SPHERE**

- **Strong management team backed by highly qualified non-executive directors**

Sphere is a new generation empowerment company with a highly qualified executive and non-executive team. The Sphere team comprises experienced individuals with a proven track record in private equity, investment banking and corporate law and asset management. This team has the expertise required to identify attractive investment opportunities, design and implement appropriate transaction structures and to add value to the underlying investments.

- **Excellent relationships with Government and other key stakeholders in the South African economy**

The Sphere team has established an unrivalled and powerful network that covers Government, state-owned enterprises and key corporates in South Africa. This network, has enabled Sphere to develop a comprehensive insight into Government and senior corporate leaders' thinking regarding broad based empowerment and will enable the Company to position itself as a preferred partner to both Government and key corporates in implementing broad based empowerment initiatives.

- **Unique strategic equity partner model designed to create value for Sphere's shareholders and investee companies**

Sphere intends to leverage the experience and skills of its shareholders, management and its well established network to operate as a strategic equity partner that will add significant value to its investee companies by actively participating in the strategic management of these companies. In addition to providing strategic input at board level, the Company intends to partner its investee companies in their transformation process by appointing black professionals with the relevant, specialist skills to executive positions at its investee companies and also advising these companies on organisational transformation strategies including human resources and procurement strategies. These initiatives will result in improved revenue generating prospects and hence improved profitability for the investee companies.

- **Ownership structure**

Sphere's ownership structure promotes broad based empowerment whilst incentivising founder shareholders and management.

- **Strategic alliance with Nedbank and Rand Merchant Bank ("RMB")**

Sphere has formed a strategic partnership with Nedbank Limited ("Nedbank"), which allows Nedbank to participate as a minority equity investor whilst providing Sphere with working capital and access to capital for viable, commercial transactions. In addition, as part of the acquisition of a stake in Ethos Private Equity, Sphere introduced RMB as a strategic minority shareholder alongside Nedbank, which improves the capital raising capacity of Sphere.

2. **PROFILE OF KEY EXECUTIVES**

Sphere's directors and management consist of highly qualified and experienced individuals:

Itumeleng Kgaboesele - Chief Executive Officer ("CEO"). Itumeleng is the CEO and one of the Founder Shareholders of Sphere. He has overall responsibility for the company's strategic, operating and investment activities.

Itumeleng has 7 years of investment banking experience gained in London and Johannesburg. Prior to joining Sphere, he was a Vice President in the Investment Banking Division at Citigroup. Prior to joining Citigroup, he worked at Merrill Lynch and Deutsche Bank. As an investment banker, he has advised the South African Government and numerous South African and international companies on Mergers & Acquisitions and on capital raising projects.

Itumeleng is also a member of the Investment Committee of the National Empowerment Fund Ventures Fund (a venture capital fund established by the NEF and the Industrial Development Corporation).

He graduated from the University of Cape Town with a Bachelor of Commerce and a Post Graduate Diploma in Accounting. Itumeleng completed his articles of clerkship with PriceWaterhouseCoopers and is a Chartered Accountant. Itumeleng is a non-executive director of Ethos (Pty) Ltd.

Pulane Tshabalala Kingston - Executive Director. Pulane is an Executive Director and one of the Founder Shareholders of Sphere. She has primary responsibility for deal origination and marketing within Sphere. She is also the Company Secretary.

She was previously an associate at White & Case (Johannesburg) and prior to that an associate partner at Edward Nathan & Friedland Inc (Johannesburg), specialising in corporate and commercial law.

Pulane has 7 years experience as a commercial lawyer. She has extensive experience in privatisations, listings and restructurings and has advised both private and public sector clients in determining the framework for long-term partnerships. Pulane was involved in the structuring and design of the first phase of empowerment-related transactions and employee share ownership schemes, such as Women Investment Portfolio Holdings, Nozala, Kensani and Real Africa Durolink. Pulane serves on the Boards of Ethos, Babcock Ntuthuko (Pty) Ltd, Business Arts South Africa and Nurturing Orphans of AIDS for Humanity (“NOAH”).

Pulane graduated from the University of Wales with an LLB (Hons) and from the University of Nottingham with an LLM in International Law.

Aadil Carim – Executive Director. Aadil is an Executive Director and shareholder in Sphere. Aadil has primary responsibility for the firm’s private equity strategy and investment activities. Aadil is also the Chief Financial Officer.

Aadil has 7 years experience in project finance and private equity. He was at AMB Private Equity Partners prior to joining Sphere. Prior to AMB, he spent almost 4 years at Ethos Private Equity where he gained exposure to the full spectrum of private equity activities, including fundraising, investing, managing portfolio companies and exiting investments. He gained exposure to project finance whilst at the Industrial Development Corporation, from where he moved to Ethos.

Aadil has significant experience in managing private equity and empowerment investments and has served on the board of directors of Nozala Investments (Pty) Ltd, Siphumelele Investment Limited, Tsebo Outsourcing Group (Pty) Ltd and Credcor Limited, amongst others. Aadil currently serves on the board of Babcock Ntuthuko (Pty) Ltd.

Aadil graduated from the University of the Witwatersrand with a B.Comm and B.Acc. He served his articles of clerkship with KPMG and is a Chartered Accountant.

Marang Denalane – Associate Director. Marang is an Associate Director at Sphere. Marang’s key focus will be on deal generation, execution and the post-investment management of Sphere’s portfolio companies.

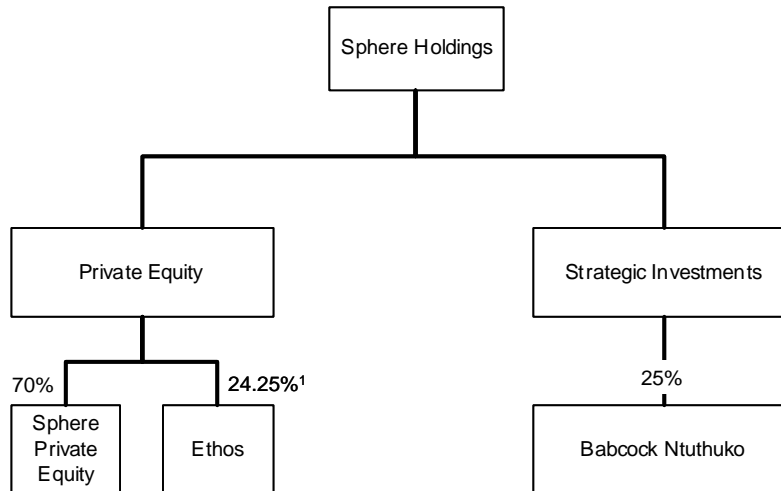
Marang spent two years as a portfolio manager and research analyst at Futuregrowth Asset Management, where her primary responsibilities included in-depth fundamental research, identification and selection of listed equity investments for inclusion in portfolios, portfolio optimisation and business and strategy development.

Prior to joining Futuregrowth, Marang gained four years experience in the investment management industry at SCMB Asset Management. She has gained invaluable exposure to the listed equity environment and has covered a wide range of industry sectors and developed extensive networks in the retirement fund industry.

Marang graduated from the University of the Witwatersrand with a BCom and was awarded a CFA charter from the Association for Investment Management and Research.

3. **OPERATING STRUCTURE AND BUSINESS MODEL**

Sphere's operating structure is set out and discussed below:



¹ held through a company owned 51% by Sphere Holdings and 49% by RMB

Private Equity

Sphere has concluded an agreement with Ethos Private Equity Limited, the number one rated private equity manager in South Africa. The transaction with Ethos consists of Ethos introducing a BEE shareholding of 50.1% in Ethos and the formation of Sphere Private Equity in which Sphere and Ethos hold 70% and 30% respectively. Sphere Private Equity, which will be managed and controlled by Sphere, will benefit from the relationship with Ethos in the following key areas:

- skills transfer resulting from Ethos executives working alongside Sphere executives on transactions;
- transfer of Ethos's private equity technology to Sphere Private Equity, which will ensure that Sphere Private Equity implements leading edge investment processes and disciplines in its investment approach;
- access to Ethos's deal flow, to the extent that the deal flow is appropriate to Sphere Private Equity;

- representation of experienced Ethos executives on Sphere Private Equity's investment committee; and
- co-investment opportunities between Ethos Fund V and Sphere Private Equity.

Sphere and Ethos are currently raising Sphere Fund I and Ethos Fund V, which are independent but linked Funds that will be managed by Sphere and Ethos respectively.

Sphere intends to implement a unique strategic equity partner model that will position it to actively participate in the strategic management of its investee companies. This will be achieved through partnering the investee companies in their transformation process and:

- identifying black professionals from Sphere's well established network and appointing them to senior executive positions at Sphere's investee companies;
- advising investee companies on organisational transformation strategies including culture re-orientation, employment equity strategies, procurement transformation strategies, and structuring of meaningful, sustainable empowerment relationships. Sphere and its network of leading empowerment service providers will offer these strategic services; and
- ultimately driving revenue generation and profitability for the investee companies.

The alignment of Sphere's interest as a shareholder with those of other shareholders in the investee companies will ensure that services rendered by Sphere or its nominated executives will be driven by the objective of creating and maximizing value for all shareholders.

The shareholders and executives of Sphere have considerable expertise in working with key decision makers and policy formers in the government and leading private sector groups. This skills set and experience enables Sphere to provide insight and support to the strategic partners in the implementation of credible and sustainable empowerment oriented strategies in the public and private sectors.

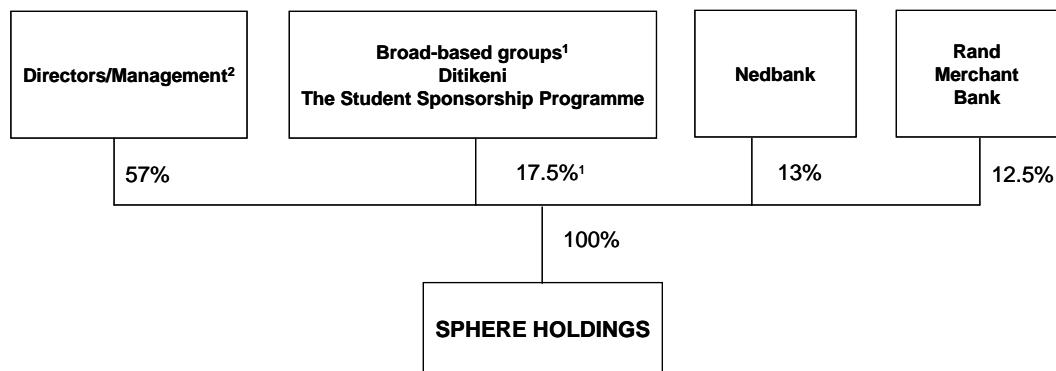
Strategic Investments

Sphere intends to focus on a limited number of strategic investment opportunities where it can draw on the experience of its shareholders and management team to add significant value whilst ensuring that meaningful and sustainable empowerment is achieved. These opportunities would be considered as strategic investments for Sphere only in instances where the opportunity does not fit the requirements of Sphere Private Equity's investment strategy (e.g. opportunities in natural resources or opportunities where there is no exit strategy over the Funds investment horizon).

Sphere has recently acquired a 25% interest in Babcock Nthuthuko Engineering (Pty) Limited, a subsidiary of Babcock Africa Services (Pty) Limited, which is predominantly involved in the maintenance of boilers at Eskom power stations. Babcock Nthuthuko also has a close relationship with the broader Babcock Africa Group, whereby Babcock Nthuthuko will tender for projects with the assistance of Babcock Africa. The intention over time is for Sphere to be the Black Empowerment Partner of the Babcock Africa Group.

4. **OWNERSHIP STRUCTURE**

Sphere's ownership structure is designed to promote broad based empowerment whilst ensuring that directors and management are appropriately incentivised:



1 – 10.9% still to be allocated

2 – Control of the board rests with the executives

- 17.5% shareholding in the Company has been reserved for investment groups / community trusts with broad based beneficiaries:
 - ∂ Ditikeni Investment Company Limited (“Ditikeni”): Ditikeni is an investment vehicle for 24 non-government organisations involved in education and training, health (HIV/AIDS), housing and rural development.
 - ∂ The Student Sponsorship Program (“SSP”): SSP is a non-profit organization offering scholarships to previously disadvantaged students to attend Johannesburg’s best secondary schools. The goal of the programme is to ensure that each student excels, receives university-acceptable marks, and has access to tertiary education. There are currently in excess of 200 students funded by SSP.

- o Sphere is in the process of identifying suitable organisations for the allocation of the remaining shares reserved for broad based groupings. Some of the criteria which have been applied in identifying these groups are their geographic reach, the meaningful impact on Black women and Black youth and the focus on education as a pillar of the sustainable development of Black people.

Sphere Broad-based Shareholder Base

Organisation	Focus	Activities	Area
Student Sponsorship Programme	Education	SSP is a non-profit organization offering scholarships to previously disadvantaged students to attend Johannesburg's best secondary schools. There are currently in excess of 200 students funded by SSP.	Gauteng
Ditikeni Investment Company comprising: Association for Physically Disabled	Physically disabled people	Various services to over 1 000 physically disabled people through 18 branches	Western Cape
Association for Rural Advancement	Rural poor	Redress past injustices, to secure tenure for all, and to improve the quality of life and livelihoods of the rural poor. AFRA works with black rural people in Kwa-Zulu-Natal whose land and development rights have been undermined, whose tenure is insecure and who do not have sufficient access to land and resources to fulfil their developmental aspirations or basic needs.	Pietermaritzburg, Kwa-Zulu Natal
The Black Sash Trust	Poor women and elderly people.	Aims to put human rights into practice and works towards efficient and honest administration of social benefits, lobbies for effective and equitable legislation and promotes better budgetary allocations for social security.	Cape Town

Organisation	Focus	Activities	Area
Cala University Students Association	Students.	A developmental organization.	Transkei
CDT Foundation Inc.	Churches and church organizations.	Administers funds and investments on behalf of a number of churches and church organizations. It owns numerous church properties, for example an outreach programme in Hillbrow. CDT manages funds for projects such as an AIDS Educational project, support for rural communities. It also provides loans to member churches and their projects.	Johannesburg
Church land Programme	Churches	Helps churches deal with the challenges arising from their own large land tracts. CLP helps churches maintain a dialogue with residents on the land, encourages mutually agreed solutions, works with communities to improve their capacity to negotiate for land rights, conducts audits of church land holdings, and contributes to the theological debate relevant to its field.	Pietermaritzburg
Centre for Early Childhood Development Trust	Children in African countries	The Centre is a national resource providing training, support and advice in the field of early childhood development, by offering courses and programmes aimed at enhancing individual and organizational capacity; by developing and disseminating resources; and by carrying out research especially related to the Southern African context. Programmes include practitioner training, governance training and capacity building, leadership development, combating HIV Aids and organization development.	Based in Cape Town and Pretoria

Organisation	Focus	Activities	Area
Centre for Study of Violence and Reconciliation	Youth and victims of violence, abuse and criminal injustice.	Works for reconciliation through violence prevention initiatives, empowerment of victims, institutional transformation, and the redressing of injustices. Programmes deal with the political transition, youth matters, gender issues, criminal justice, and victim empowerment. Education programmes are carried out to support the programmes.	Johannesburg
Development Action Group	The low-income community.	Supports and implements community housing by securing well-located land for low income housing, and finding appropriate housing finance.	Cape Town
Diakonia Council of Churches		Help its 15 member denominations respond effectively to priority social issues: economic justice, economic empowerment for unemployed people, HIV/Aids, stress and trauma healing for the victims of violence, democracy especially in relation to local government in the eThekweni Municipality. The organization also funds eight community resource centres in the townships and runs the Diakonia Centre as an enabling environment for NGOs, providing office accommodation and conference facilities.	Durban

Organisation	Focus	Activities	Area
Gender Education and Training Networks	Local community.	Works with local authorities to integrate gender perspectives in policy, planning and implementation, carries out educational programmes on masculinity to raise gender awareness, trains local people in the field of gender equality and provides consulting services to numerous public organizations. Publications and training material on gender issues are prepared. Attention is given to the implications of poverty, HIV/Aids and gender-based violence,	Cape Town
Labour Research Service	Large Unions in South Africa	Provides research, training and media services to most of South Africa's largest unions. Programmes include research support for the Community Growth Fund, the unit trust jointly owned by Old Mutual and the unions, a library, a database of wage agreements in collaboration with the Department of Labour, research projects commissioned by unions and education and training courses for shop stewards. LRS initiated South Africa's only radio programme for workers, "Workers World".	Cape Town
Namaqualand Association for Pre-School Education	Pre-school children, staff, committees and parents	Provide services to 1 500 children. The organization won the Northern Cape Premier's Award in 2001. NAPE is an advocacy organization for pre-school education in the province. It was chosen to distribute educational toys by the De Beers Educational Equipment Scheme. NAPE assists with fundraising, and organizes training courses for pre-school staff, committees and parents. NAPE is now planning an after-care service for children with learning problems in three pilot communities.	Northern Cape

Organisation	Focus	Activities	Area
National Institute for Crime Prevention & Reintegration of Offenders (NICRO)	Victims of crime and ex-offenders.	Employs staff and volunteers on programmes such as Prison Art, Victim Support, economic opportunities, and Offender Reintegration. NICRO has moved beyond traditional welfare approaches to developing community-based initiatives and strategic partnerships. NICRO “supports victims of crime and challenges ex-offenders to become constructive members of society”. A major innovation is the “diversion” of young offenders from the criminal justice system towards youth development programmes.	National
New World Foundation	Local communities.	Works in Lavender Hill, one of the poorest communities in the Cape Flats. Its programmes include a pre-school, courses and classes for local residents, and efforts to deal with social problems such as gangsterism. The Foundation was instrumental in having the Vrygrond squatters properly housed and the creation of a Community Aged Centre. Training courses embrace both vocational and “life skills”. Staff are assisted by volunteers.	Cape Town
Nonceba Centre Trust	Child victims of abuse.	Nonceba family Counselling Centre is the only place where the child victims of sexual abuse are assisted in Khayelitsha, which is home to 500,000 people. The centre provides Victim Support through counselling, bringing in appropriate skills for each individual and Prevention of Abuse through education. Four schools with 2,500 children and 70- teachers are participating.	Cape Town

Organisation	Focus	Activities	Area
Non Profit Partnership	Non Profit Organizations	Aims to strengthen the financial sustainability of the non-profit sector. Training courses and well-researched publications assist NGOs to raise and manage finance more effectively. The legal framework gets special attention. NPP also lobbies for improved tax regime for non-profit organizations. Workshops are held in towns and cities countrywide on issues such as governance and fundraising.	Cape Town
Non Profit Partnership contd.		NPP promotes volunteering and through its associated organization, Charities Aid Foundation of Southern Africa, the "Give as you Earn" programme at companies such as BP and ABSA.	
Pietermaritzburg Agency for Christian Social Awareness	Churches and communities.	Works with the Churches and communities to raise awareness of human rights issues. Research on the survival methods of women in extreme poverty; citizenship programmes in rural areas; ecumenical initiatives on economic justice, democracy and Aids; and awareness programmes on conflict resolution and violence affecting women, are among PACSA's programmes.	Pietermaritzburg
Social Change Assistance Trust	Rural development	Offers training to committees and staff, and innovative fundraising incentive scheme to encourage local fundraising. SCAT's clients provide para-legal services to the local community, lobby for infrastructural development from local and regional government, and carry out a variety of local programmes to develop their communities.	Cape Town

Organisation	Focus	Activities	Area
South African Council of Churches	Community assistance.	Operate five Key Programme Areas: Emergency Relief, Ensuring Justice, Health, Poverty, Eradication, and Reconciliation and Healing, in close association with nine provincial councils. Examples of their work include the re-housing of people affected by the 2000 flood disaster in Mpumalanga, Limpopo and North West interaction with the government on restitution for the victims of apartheid and an ethical investment project.	National
Trust for Community Outreach and Education	Rural development	Programmes include adult based education, lobbying to reform (AIDS/HIV matters, local government, access to social grants, access to land), local economic development (income generation programmes) and natural resource utilization. Communities served by TCOE typically identify needs such as clean water, access roads, clinics and grazing fields.	National
Umeme Innovations		Aim to contribute to the empowerment of the oppressed people and the expansion of a self-reliant ethos. Current programmes include peace and anti-racism education, literacy for self-reliance, a joint programme for youth and anti racism with the City of Rotterdam and a partnership with a Northern Ireland youth organization.	Durban
Workers' Education Project	Major Union Federations and Community based organizations	Provides training courses to organized labour. The courses cover topics such as labour and training legislation, financial management, case handling, paralegal and fundraising skills, business skills and writing and presentation skills.	Johannesburg

5. **CONTACT DETAILS**

All communications and enquiries relating to Sphere should be addressed to the individuals listed below:

Itumeleng Kgaboesele	Pulane Kingston
Chief Executive Officer	Executive Director
Tel : +27 11 215 8303	Tel : +27 11 215 8304
i.kgaboesele@sphereholdings.co.za	p.kingston@sphereholdings.co.za

Aadil Carim	Marang Denalane
Executive Director	Associate Director
Tel : +27 11 215 8306	Tel : +27 11 215 8305
a.carim@sphereholdings.co.za	m.denalane@sphereholdings.co.za

BRIMSTONE CONSORTIUM SPV

1. SUMMARY INTRODUCTION

The BRIMSTONE Consortium SPV is a combination of investment capacity and the representative bodies of black legal and medical professionals. It has been specifically created as a value-adding shareholder for the purposes of the Old Mutual Group BEE transactions.

The BRIMSTONE Consortium SPV is led by Brimstone Investment Corporation Limited ("BRIMSTONE"), a JSE listed black investment holding company. BRIMSTONE holds 67% of the equity of BRIMSTONE Consortium SPV. The remaining 33% of BRIMSTONE Consortium SPV is owned by Mtha-we-Mpumelelo (Pty) Ltd ("Mtha"), a company whose shareholders include Izingwe Financial Investments (Pty) Ltd ("Izingwe Financial Investments"), Chestnut Hill Investments 211 (Pty) Ltd ("Chestnut Hill"), South African Medical and Dental Practitioners ("SAM DP"), the Black Lawyers Association ("BLA") and the National Association of Democratic Lawyers ("Nadel").

The investment groupings within the BRIMSTONE Consortium SPV are:

- BRIMSTONE, a listed black investment holding company led by founders Mustaq Brey and Fred Robertson. Mustaq is the founder, and former CEO of KMMT Brey, the largest black auditing practice in the country. BRIMSTONE is chaired by Professor Jakes Gerwel, the former Director General in the Office of President Nelson Mandela and current chairperson of a number of non-profit organizations. Professor Gerwel is chairman of South African Airways and serves on the boards of a number of listed companies;
- Izingwe Financial Investments, an associate company of Izingwe Capital, is an empowerment investment vehicle led by Sipho M. Pityana, the former Director General of the Departments of Labour and Foreign Affairs and the former Managing Director of Nedbank Strategic Business Development; and
- Chestnut Hill, an empowerment grouping led by Bulelani Ngcuka, the former National Director of the National Prosecuting Authority.

The individuals represented in these investment groupings have held high-level positions in both the public and private sectors. They provide a unique blend of complimentary skills including extensive transformation related expertise, strategic visioning and positioning; an extensive understanding of both the public and private sector, as well as solid business development and marketing abilities.

The broad based groupings participating in the Old Mutual Group BEE transactions include bodies that represent black lawyers and medical practitioners in South Africa. These groupings include Nadel, the BLA and SAM DP and provide the Old Mutual Group with critical access to these key emerging markets.

The BRIMSTONE Consortium SPV's structure and stakeholder base ensure that it is able to provide meaningful contribution to the strategic, business and transformational issues faced by the Old Mutual Group. It furthermore provides a platform to assist the Group in tackling its most important markets.

2. **COMPANY PROFILE**

2.1. **Value Add**

The entities and individuals represented through the BRIMSTONE Consortium SPV have various capacities and skills, which contribute to a profile that will provide ongoing benefit to the Old Mutual Group. In general, these abilities can be categorised as follows –

2.1.1. ***Industry skills:***

The BRIMSTONE Consortium SPV includes individuals with experience in a number of areas key to the Old Mutual Group's businesses. These individuals will enable the BRIMSTONE Consortium SPV to meaningfully engage with the Old Mutual Group and to provide relevant input at both a strategic and operational level.

2.1.2. ***A broad professional skills base:***

The BRIMSTONE Consortium SPV, through Mtha, has the support and participation of the representative bodies of black lawyers and medical practitioners in South African through Nadel, the BLA and SAMDP. The participation of these groupings will assist in securing the commitment of a major target market for the Old Mutual Group. The groupings have a multitude of financial services needs and the Old Mutual Group's bancassurance model will go a long way in servicing these needs, both on a professional and a personal level.

2.1.3. ***Diverse and strategic networks and alliances:***

The individuals represented in the BRIMSTONE Consortium SPV have held senior positions in both the public and private sectors. They provide a unique blend of complimentary skills including extensive transformation related expertise, strategic visioning and positioning; an extensive understanding of both the public and private sectors, as well as solid business development and marketing abilities.

They have an intimate understanding of black economic empowerment and transformation generally. This is the result of years of involvement in public sector transformation, playing a significant role in the evolution of government economic and delivery strategies, and successes in driving the restructuring and repositioning of large organisations.

As a result, their reach extends throughout the public sector, private sector (including the industrial, health and financial services sectors), the trade union environment and into the African continent. These individuals will play effective roles in driving the Old Mutual Group's development strategies and will be strong advocates for the Old Mutual Group.

Profiles for each of the entities involved in the BRIMSTONE Consortium SPV are included below.



COMPANY PROFILE

CONTENTS

1. INTRODUCTION
2. MISSION STATEMENT
3. CORPORATE PROFILE AND EMPOWERMENT CREDENTIALS
4. INVESTMENTS
5. CORPORATE SOCIAL INVOLVEMENT
6. KEY MANAGEMENT

1. **INTRODUCTION**

BRIMSTONE was incorporated in South Africa on 2 October 1995 as an investment vehicle for black South Africans and listed on the JSE in 1998. BRIMSTONE's shares are listed in the "Investment Companies" sector of the JSE list and the company has a total market capitalisation of approximately R240m.

2. **MISSION STATEMENT**

BRIMSTONE seeks to be profitable, empowering and to have a positive social impact on the businesses and individuals with whom it is involved, including shareholders, employees, suppliers, customers and the community.

3. **CORPORATE PROFILE AND EMPOWERMENT CREDENTIALS**

BRIMSTONE is a black controlled and managed investment holding company domiciled in the Republic of South Africa. The company seeks to achieve above average returns for its shareholders by investing in businesses and entering into alliances to which BRIMSTONE contributes capital, ideas, management, impeccable empowerment credentials and a value driven corporate identity. BRIMSTONE remains a focused investment holding company with primary investments in the industrial, financial services and healthcare sectors.

The company prides itself on its impressive empowerment profile, with more than 52% of its economic value being in the hands of black South Africans. BRIMSTONE has approximately 3,700 shareholders, majority of whom are individual black South Africans. The company's board of directors consists exclusively of black South Africans and operational management of the company is in black hands.

BRIMSTONE employs approximately 1,100 employees in its subsidiaries and more than 19,300 in its associate companies. The company has sought to empower its people through extensive employee participation in the equity of BRIMSTONE with the result that many of these employees are shareholders in BRIMSTONE. Employee participation in the equity of the company has resulted in economically empowered individuals and has seen an alignment of employee's interests with those of shareholders.

Most recently, BRIMSTONE has won three of the Financial Mail's Top Empowerment Company Awards 2005, as Financial Services sector winner, Management sector winner and was placed fifth overall in the Top Empowerment Company Awards 2005.

4. **INVESTMENTS**

BRIMSTONE is a black investment holding company with strategic investments in the following sectors of the South African economy:

- Industrial sector: investments in House of Monatic (manufacturer of upmarket men's clothing), Lenco (packaging) as well as Sea Harvest Corporation (fishing);

- Financial Services sector: investments in AON (insurance broking and consulting) and Lion of Africa Insurance Company (short-term insurance). The company will further cement its place in this sector through its strategic shareholding in OM and Nedcor; and
- Healthcare sector: investments in Afrox Healthcare (one of South Africa's largest private hospital groups) and The Scientific Group (supplier of medical equipment to the healthcare sector).

The overriding theme running through all facets of BRIMSTONE's business is an active engagement with well-established players in the industries in which BRIMSTONE operates. BRIMSTONE's management has sound technical expertise and, coupled with their extensive industry experience, make them an invaluable asset to BRIMSTONE 's investee companies.

5. **CORPORATE SOCIAL INVOLVEMENT**

BRIMSTONE's Corporate Social Involvement ("CSI") activities are aimed towards its responsibility in uplifting the communities its serves. Focus areas of BRIMSTONE's CSI activities include education, health care, enterprise development, job creation and community empowerment.

In line with this, Brimstone has participated or supported the following projects to facilitate its CSI programme:

- The Business Trust;
- Yabonga Childrens Project (an initiative that supports pregnant women with HIV/AIDS);
- Cape Flats Development Association;
- Winter Warmth Programme;
- Staff education and training through its in-house bursary trust;
- The BRIMSTONE Investments Limited Share Trust which was initiated with the aim of putting an appropriate mechanism in place to reward and incentivise existing management and employees;
- Suid-Ooste Fees; and
- Operation Timbuktu.

6. **KEY MANAGEMENT**

Professor Gert Johannes (Jakes) Gerwel (58)

Non-executive chairman

Professor Gerwel is the former Director-General in the office of President Nelson Mandela and was Secretary of the Cabinet in the Government of National Unity from 1994 to June 1999. He is Chancellor of Rhodes University, Distinguished Professor in the Humanities at the University of the Western Cape, Honorary Professor in the Humanities at the University of Pretoria and Chairman of the Human Sciences Research Council.

Professor Gerwel chairs the Boards of Trustees of the Nelson Mandela Foundation, the Mandela Rhodes Foundation and the African Centre for the Constructive Resolution of Disputes. He is the chairman of South African Airways and serves on the boards of Goldfields, Naspers and OM.

Mustaq Ahmed Brey (51)

Chief Executive Officer

Mustaq was admitted as a partner to Friedberg, Miller Gruft & Company, a firm of chartered accountants, in 1980. Mustaq went on to start his own auditing practice in 1985 that evolved into the country's largest black auditing practice in 1997, namely KMMT Brey Inc.

A founder member of BRIMSTONE, it was under Mustaq's guidance and vision that the company successfully listed on the JSE in 1998. Mustaq currently serves on the boards of Sea Harvest Corporation, Oceana, The Scientific Group and Lion of Africa Insurance Company. Mustaq also serves on the audit committee of the South African Revenue Services.

Frederick (Fred) John Robertson (50)

Executive Deputy Chairman

A former teacher and ex-employee of OM, Fred started his own insurance brokerage, Commlife Holdings in 1990 after 10 years with OM. Commlife Holdings currently has interests in private equity, short-term insurance, life assurance, employee benefits, fund management, insurance broking as well as property administration and development.

Fred is co-founder of BRIMSTONE and together with Mustaq has managed the company since inception. Fred has gained extensive business experience through his directorships of Remgro and Sea Harvest Corporation, as well as chairmanships of Lion of Africa Life Assurance Company, Lion of Africa Insurance Company, House of Monatic and Lobedu Leo Burnett Holdings. He is also a founding trustee of the Business Trust.

Lawrie Zev Brozin (49)

Investment manager

After serving articles with Arthur Andersen in Johannesburg and qualifying as a CA, Lawrie became involved in managing his family's business interests. He was involved in the acquisition of the Spareco Group in 1990 and was instrumental in turning the company around. In 1993 the Spareco Group listed on the JSE as Varex and went on to win the Financial Mail Top Industrial Company award in 1994.

Lawrie joined the management team at BRIMSTONE in October 1996, where he played a valuable role in growing the company to the stage of its listing in July 1998. He was intimately involved in BrimEquity, BRIMSTONE's joint venture private equity fund with Coronation Capital Limited and was responsible for monitoring BRIMSTONE's investments in the fund. Lawrie was responsible for the successful completion of the Afrox Health transaction.

Lawrie is a non-executive director of Nando's Group Holdings Limited.

Nicole Martin (28)

Company Assistant Accountant

Nicole served her articles in Cape Town and is currently studying for her post-graduate degree in accounting, with the intention of qualifying as a CA in the near future.

Nicole joined BRIMSTONE in April 2003 as an assistant accountant and has been a significant contributor to the operational success of the company over the last few years.

Tiloshani Naidoo (30)

Legal and Compliance Officer

Tiloshani completed her LLB at the University of the Western Cape and after attending the School of Legal Practice at the University of Cape Town, joined BRIMSTONE in 2001 as the professional assistant to the CEO. Her dedication and commitment to the group resulted in her becoming BRIMSTONE's Compliance Officer in 2004.

Tiloshani has been instrumental in furthering BRIMSTONE's culture of change and the transformation initiatives in its investee companies.



MTHA-WE MPUMELELO (PTY) LIMITED

COMPANY PROFILE

1. SHAREHOLDERS

Mtha is spearheaded by Sipho Mila Pityana, Bulelani Thandabantu Ngcuka, Mveleli Booï and Tsakani Matshazi who are supported by a large and diverse group of individuals. Brief credentials of all these individuals are included in this document.

Mtha's shareholders are Izingwe Financial Investments, Chestnut Hill, BLA, Nadel and SAMDP. Profiles for each of these entities are included in this document.



I Z I N G W E

COMPANY PROFILE

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1. CORPORATE PROFILE
2. KEY MANAGEMENT

1. **CORPORATE PROFILE**

IZINGWE FINANCIAL INVESTMENTS

Izingwe Financial Investments, a shareholder in Mtha-we-Mpumelelo Investments, is an associate company of Izingwe Capital ("Izingwe"), an empowerment investment vehicle led by Sipho M. Pityana, the former Director General of the Departments of Labour and Foreign Affairs and previously the Managing Director of Nedbank Strategic Business Development.

Izingwe invests in established and successful companies in a variety of sectors. To date, its primary focus has been the manufacturing and engineering, financial services and mining sectors. Izingwe is a long term and active equity holder. It makes focussed interventions to protect and secure new business and to reposition and transform companies to adapt and thrive in the current environment. These focussed interventions are in terms of performance agreements which govern Izingwe's day to day involvement in its investments.

Since its formation in January 2004, Izingwe has established a presence in various key industries, including –

- Power and engineering, where a consortium led by Izingwe recently acquired a 30% stake in Aberdare Cables, Africa's largest cable manufacturer;
- Financial services, through its interest in Riscura Solutions, an independent pension fund and asset management consultancy that represents clients with funds in excess of R400 billion; and
- Paper and pulp, where Izingwe in partnership with Actis and management, acquired Peters Papers from Nampak Limited. Peters Papers distributes over 6,000 paper and associated products to commercial printers and resellers.

Other shareholders include Phillip D. Dexter, the former Executive Director of NEDLAC, Ashley B. Ally, the former Chief Executive Officer of the Legal Aid Board, Tsakani Matshazi, a chartered accountant with significant private equity experience and Mark Sifris, a corporate attorney.

Izingwe has a combination of complementary skills. This includes high level strategic visioning and positioning; extensive understanding of the public and private sector, strong financial, legal and managerial skills and abilities as well as strong business development and marketing.

2. **KEY MANAGEMENT**

Sipho M. Pityana (BA Hon, MSc (London)) is Executive Chairman of Izingwe. He is Non-Executive Chairman of Riscura, Vice Chairman of Aberdare Cables, Non-Executive Director of Bytes Technology Group and a member of NEPAD Business Group Steering Committee. He was a Group Executive Director of Nedcor Investment Bank Holdings and a Managing Director in Nedbank. He was formerly Director General of the Departments of Foreign Affairs and Labour, the Registrar of the University of Fort Hare and the Chairman of the Johannesburg World Summit Company. He serves on several boards of various state entities. He has an extensive understanding of public sector policy due to his pivotal contribution in driving significant public restructuring processes. He has a strong understanding of the dynamics and opportunities on the African continent as a result of his many years of involvement and associations with significant players in the continent.

Ashley B. Ally (MSc (Dortmund), MBA (Oxford Brookes - Current)) is currently the Chief Executive Officer of Izingwe. In 2002 he completed a term as Chief Executive Officer of the Legal Aid Board where he engineered a dramatic turnaround to establish a new board that is financially sound and dynamically adaptable to the changing conditions in South Africa. He was previously the Strategic Executive for the City of Johannesburg responsible for a joint portfolio that covered Metropolitan Planning, Economic Development, Transportation and Marketing and Tourism. He was also the Bid Project Manager for the World Summit on Sustainable Development. As a result he has long successful track record in high-level strategy development and implementation.

Tsakani Matshazi (BCom, PGDA (UCT) (CA (SA))) has primary responsibility for the financial affairs at Izingwe. She completed her articles at PriceWaterhouse Coopers Inc. She has two years of private equity experience with Worldwide Capital Limited where she held a position of Private Equity Executive. This position covered all components relating to identifying investment opportunities, their valuation and transaction implementation and monitoring. From September 2002 to her recent employment at Izingwe, she managed the operations of the business finance unit of the Eastern Cape Development Corporation.

Phillip D. Dexter (BA, MA (UCT)) has recently completed a four year term as the Executive Director of the National Economic Development and Labour Council. In that capacity he was responsible for facilitating national agreement for significant legislation and public policy initiatives. He has strong working relationships with leadership of business, the public sector, labour and communities. Phillip is currently a member of the African National Congress Executive Committee and the National Treasurer of the South African Communist Party. His directorships include SA Tourism and Proudly South African. He was previously a Member of Parliament and the General Secretary of National Health and Allied Workers Union. Phillip is an Executive Director of Izingwe.

Mark Sifris (BCom, LLB (University of the Witwatersrand)) is a corporate attorney with four years experience at Werksmans Attorneys. His particular area of expertise was mergers, acquisitions and disposals, listings and transnational transactions. From 1999 to 2002 he consulted to the Trade Union Investment Movement on BEE. In this capacity, he was involved in implementing a number of transactions, managing a number of large tender processes and developing policy and solutions to implement BEE transformation imperatives. He is currently an Executive Director at Izingwe.

CHESTNUT HILL COMPANY PROFILE

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1. **COMPANY PROFILE**

Chestnut Hill has been established to take advantage of the opportunities that the current BEE environment, particularly the Financial Sector Charter, presents. The company has various capabilities and skills to contribute to the growth of the companies it partners with.

The individuals within the company bring with them various relationships, both in the private and the public sector, which are leveraged for the growth of partner entities.

Chestnut Hill is a BEE company that is built on sound business principles and is owned and controlled by historically disadvantaged South Africans.

Chestnut Hill is led by Bulelani Ngcuka who was the former National Director of Public Prosecutions.

Other shareholders include –

- Mveleli Booï, previously the Chief Executive of Gobodo Incorporated,
- Sango Siviwe Ntsaluba, previously a partner at SizweNtsaluba VSP, a large independent black firm and an Executive Director at Transnet,
- Kennedy Memani is a business strategist who is a Director of KREM Investment Holdings and the Senior Partner in XK Memani, Ruiters and Associates.
- Thabiso Tlelai, the Chief Executive Officer of Don Suite Hotels,
- Gilimamba Sylvester Mahlati a specialist surgeon who has extensive experience in the health care and insurance industry, and
- Bonga Mlambo, an in research methodologies, community facilitation and institutional capacity building

2. **KEY MANAGEMENT**

Bulelani T. Ngcuka, BProc. (Fort Hare), LLB (Unisa), M.A. (University of Webster) is the Executive Chairman of Amabubesi Investments. He is the former National Director of Public Prosecutions (NPA), a position he held since 1998. He is one of South Africa's leading legal practitioners. He was admitted as an attorney in 1980 and subsequently played a significant role as a human rights lawyer and political activist in the United Democratic Front. He was a member of the ANC delegation to CODESA and a leading player in the resultant multi party negotiations. He became the leader of the ANC preparatory delegation to Parliament, an ANC MP and Chief Whip of the ANC in Senate. He also served on the Constitutional Assembly and Constitutional Committee, the Judicial Service Commission and was Deputy Chair of the National Council of Provinces. He serves on various boards including Transnet, V&A Waterfront Holdings (Chairman), The PA Group and STRB Attorneys.

Sango Siviwe Ntsaluba (BCom (Fort Hare), BCompt Hons (Unisa), CA, HDip Tax (RAU)) was previously a partner at SizweNtsaluba VSP, a large independent black firm. He was later the Executive Director at Transnet responsible for restructuring and rail. He is currently the Chief Executive Officer of Amabubesi Investments and a Non-Executive Chairman of SizweNtsaluba. He is a Board member of the National Electricity Regulator, SASRIA, the Eastern Cape Development Corporation and the National Housing Finance Corporation. He was also a member of the BEE commission.

Mveleli Boo (B.Comm. CA (SA), CIMA) is a chartered accountant who was previously the Chief Executive of Gobodo Incorporated. During this time it was one of South Africa's most reputable independent firms of black accountants. He is regarded as an expert in the area of strategy formulation, strategic finance and corporate governance. He is currently the Chairperson of the Audit Committee of LGWSETA and an Executive at Amabubesi Investments.

Kennedy Memani (BComm, H.Dip. Tax, CA (SA)) is a business strategist who is a Director of KREM Investment Holdings and the Senior Partner in XK Memani, Ruiters and Associates. He has extensive experience working with the public sector on restructuring and privatisation programs, including for Telkom and Transnet. He Co-Chaired the search for a strategic equity partner for South African Airways. He is a Board member of the SABC and is Chairman of the Eskom Pension Fund.

Thabiso Tlelai (BComm (Memorial University of Newfoundland, Canada)) is the Chairman and Chief Executive Officer of Don Suite Hotels. He is the majority shareholder of this company. He serves on several boards including South African Tourism and the South African Tourism Association. He is Chair of the Tourism Business Council of South Africa. He has received numerous awards for entrepreneurship.

Gilimamba Sylvester Mahlali (M.B.Ch.B. (University of Natal, Fellow of College of Surgeons of South Africa (University of Cape Town), Clinical Fellow in Liver Surgery King's College Hospital – London)) is a specialist surgeon who has extensive experience in the health care and insurance industry. He is an Executive Director of Amabubesi Health Care. He is consultant to various entities on health care issues including public sector and trade unions. He is the former Managing Director of Strategic Investments at MEEG Bank, and a former executive director at Channel Life.

Bonga Mlambo (BA. Soc. Sc. (Swaziland), MA Soc Sc. (Carlton University – Ottawa)) has particular expertise in research methodologies, community facilitation and institutional capacity building. In 1995 he founded Zizamele Facilitation Services, a black owned consultancy firm specialising in community development and facilitation services. He currently heads Uluntu Investments, a black owned investment vehicle with interest in various sectors.



Black Lawyers Association

COMPANY PROFILE

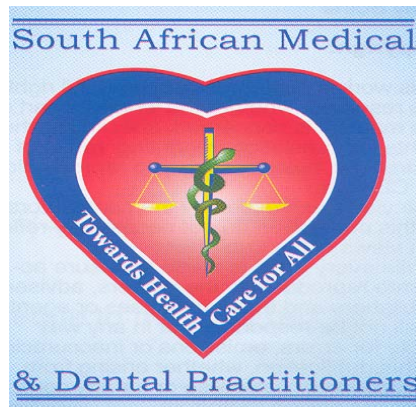
The Black Lawyers Association ("BLA") represents approximately 900 black legal professionals and 300 legal students. It is a voluntary association whose objectives include the support and development of black lawyers and the provision of legal education and services to the black community. It is a representative voice for black legal professionals in South Africa and it administers various programs to support its constituency. Its programs include providing continuous legal education, placing qualified law students and providing salary subsidies to assist firms in employing candidate attorneys.



NATIONAL ASSOCIATION FOR DEMOCRATIC LAWYERS

COMPANY PROFILE

National Association of Democratic Lawyers (“Nadel”) is a voluntary organisation of lawyers, which has a primary goal of ensuring access to justice for previously disadvantaged individuals. Its members comprise all legal practitioners including attorneys, advocates, judges, paralegals and law students. Nadel has representation throughout the country. It participates on various bodies within the legal system including the Law Society, The Attorneys Fidelity Fund Board of Control, the Legal Aid Board and the Judicial Services Commission. Nadel provides legal advocacy and various legal support programs, including Judicial skills training.



SOUTH AFRICAN MEDICAL AND DENTAL PRACTITIONERS

THE SAMDP GROUP HOLDINGS LIMITED

COMPANY PROFILE

The South African Medical and Dental Practitioners Association (SAMDP) represents black medical and dental practitioners. It has 5,000 members. SAMDP is an active player in health industry transformation. It also plays a significant role in ensuring ethical standards, quality service and accessible health care throughout South Africa. It coordinates supporting medical education and the dissemination of information through journals, newsletters and workshops. It has close relationships with the various labour federations, the public sector and civic organisations.

SAMDP Group Holdings (SGH) was founded as a vehicle of wealth creation for members of the SAMDP. The primary aim of SGH is to achieve a realization of participation in mainstream economic activities and to establish itself as a healthcare market leader. Secondly SGH aims to address the specific needs of doctors in meaningful participation in business through capacity building. The markets that are targeted by SGH are in Healthcare Services and related industries within South African, the NEPAD region and international markets.

