NEWS **RELEASE**

Old Mutual plc

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OLD MUTUAL WEALTH UPDATE ON UK PLATFORM TRANSFORMATION PROGRAMME

Key highlights:

- Old Mutual Wealth ("OMW") has terminated its contract with IFDS for the "Bluedoor" back-end investment administration platform and associated business process outsourcing and the related work with DST on the "Opendoor" front-end solution.

- OMW has contracted with FNZ to deliver platform and outsourcing services. FNZ is a proven platform supplier and outsourcer with an existing, fully functioning UK platform service of significant scale. FNZ has a number of major UK financial institutions as clients.

- These decisions considerably de-risk OMW's UK Platform Transformation programme. We expect an enhanced customer and adviser proposition supplied by FNZ to be operational for new business by late 2018/early 2019 with migration to follow swiftly thereafter.

- OMW guided the market in October 2016 that the costs of implementing the platform systems with IFDS/DST could be up to £450 million. As at end of April 2017, UK Platform Transformation costs of approximately £330 million have been incurred, of which £110 million was in relation to the Heritage business. The end April total is stated net of a £30 million receivable from our previous supplier.

- Preliminary cost estimates for the operational delivery of the FNZ system are of the order of £120-160 million. This preliminary estimate is supported by our contract with FNZ, but this plan will be confirmed through our joint planning and configuration phases. The new platform is expected to provide additional functionality that was not included in the previous arrangements. Management estimate this would have cost in excess of a further £50 million and taken a further two years post migration to deliver.

- We expect to provide a further update on developments in the autumn.

- These decisions do not affect Old Mutual plc's managed separation.

Paul Feeney, Chief Executive of OMW, said: "Given the cost, effort and time already invested in the programme, we have not taken these decisions lightly. This has been a difficult journey for all stakeholders. We have made tough decisions today but we believe they are the right decisions for our customers, their advisers, our business and our shareholders."

Bruce Hemphill, Chief Executive of Old Mutual plc, said: "Old Mutual Wealth continues to grow and develop its business as demonstrated by its recent strong Q1 net flows and growth in funds under management. Today's announcement on the UK Platform Transformation programme shows decisive action and we do not expect these decisions to affect the managed separation of Old Mutual plc."

FURTHER INFORMATION ON OLD MUTUAL WEALTH'S UK PLATFORM TRANSFORMATION PROGRAMME

Further to the announcement made at Old Mutual plc's preliminary results on 9 March 2017 regarding the UK Platform transformation programme, OMW today gives an update to the market on the programme.

In our statement on 9 March 2017, we explained that there were certain pressures which, potentially, could increase timescales and costs and that we were in active negotiations on these areas to reduce delivery and consequent cost risks and to ensure that we achieved the best outcome for the business. These negotiations have been unsuccessful. Coupled with other existing issues, this resulted in increased concerns about further extended timescales, quality of delivery and consequential increased costs which were shared by our project assurance advisers. We now believe the costs of implementation with IFDS/DST would have been materially greater than those advised to the market in October 2016.

We have, therefore, reached the conclusion that continuing with the current suppliers would not be in the best interests of our customers, their financial advisers, or our shareholders.

Accordingly, we have exercised our termination rights under the contract between Old Mutual Wealth Limited and Old Mutual Wealth Life & Pensions Limited and International Financial Data Services (UK) Limited and International Financial Data Services Limited (together "IFDS") in relation to the "Bluedoor" back-end platform and associated business process outsourcing. We have also notified DST Bluedoor PTY Ltd ("DST") that contractual arrangements with it in relation to the use of the associated "Opendoor" front-end solution in connection with UK Platform transformation which have time expired, will not be renewed nor extended. Our programme to re-platform the closed life book of Old Mutual Wealth Life Assurance Limited (the Heritage business) remains paused as announced in October 2016.

OMW has conducted a comprehensive review of the options available to our UK Platform business and has concluded that FNZ's scale, market-proven and functionally rich offering is the most suitable to meet the current and anticipated needs of the business. In partnership with FNZ, we expect to deliver all the existing functionality of our platform with increased levels of straight-through processing and enhanced functionality including cash accounts, ETFs and investment trusts, adviser back-office system links and a range of other new features. Importantly, we will retain the functionality and user experience of our award-winning adviser portals and our industry-leading client service centre.

OMW guided the market in October 2016 that the costs of implementing the platform systems with IFDS/DST could be up to £450 million. As at end of April 2017, UK Platform transformation costs of approximately £330 million have been incurred, of which £110 million was in relation to the Heritage business. The end April total is stated net of a £30 million receivable from our previous supplier which is triggered as a result of our termination today and is payable over the next three years. Preliminary cost estimates for the operational delivery of the FNZ platform are of the order of £120-160 million. This preliminary estimate is supported by our contract with FNZ, but this plan will be confirmed through our joint planning and configuration phases. The new platform is expected to provide additional functionality that was not included in the previous arrangements. Management estimate this would have cost in excess of a further £50 million and taken a further two years post migration to deliver.

Based on the work done to date, we believe that through the successful implementation of the FNZ contract, we can deliver the new operational platform and complete the outsourcing to FNZ, at lower risk for three key reasons:

- We will be configuring and adopting an existing, proven UK solution with a single supplier rather than converting an overseas system to work in the UK market.

- FNZ has an established track record of successful platform implementations, continuing investment and system upgrades.

- We have a strong customer-focussed contract with appropriate risk sharing.

We have a strong platform business and continue to invest in maintaining our existing systems to ensure we meet the needs of our customers and advisers. We expect to provide a further update on developments in the autumn.

Conference call

A conference call for investors and sell side research analysts will be held today, 2 May 2017, at 10.30am UK/11.30am SA time. Those wishing to participate in the call should dial the following numbers and quote the pass-code 98395213#:

- UK/International: +44 (0)203 139 4830
- South Africa: 021 672 4008
- US: 718 873 9077

Playback will be available for 30 days from 2 May 2017 using pass-code 686844#:

- UK/International +44 20 3426 2807
- South Africa: 0800002877
- US: 866 535 8030

Investor Relations website

http://www.oldmutualplc.com/ir

Enquiries

External communications
Patrick Bowes +44 20 7002 7440

Investor relations
Dominic Lagan +44 20 7002 7190

Media
William Baldwin-Charles +44 20 7002 7133
+44 7834 524833

Notes to Editors

Prior to publication, the information contained within this announcement was deemed to constitute inside information under the Market Abuse Regulation (EU) No 596/2014

Old Mutual

Old Mutual provides investment, savings, insurance and banking services to 19.4 million customers in Africa, the Americas, Asia and Europe. Originating in South Africa in 1845, Old Mutual has been listed on the London and Johannesburg Stock Exchanges, among others, since 1999.

Old Mutual is executing its strategy of managed separation, which will entail separating its four businesses into standalone entities. The four businesses are:

Old Mutual Emerging Markets: an attractive business with a dominant position in South Africa, well-placed to capitalise on sub-Saharan African growth as a diversified financial services provider with strong operations in key East and West African markets.

Nedbank: one of South Africa's four largest banks with very strong corporate, commercial and property finance franchises, and a growth opportunity in the retail market, as well as pan-African optionality through its stake in Ecobank Transnational Inc (ETI).

Old Mutual Wealth: a leading, integrated wealth management business, focused on the UK upper and middle market, with strong prospects in a rapidly growing £3 trillion market.

OM Asset Management: an institutionally focussed, multi-boutique asset management business, delivering strong, diversified growth in attractive asset classes through organic initiatives and acquisitions.

For the year ended 31 December 2016, Old Mutual reported an adjusted operating profit before tax of £1.7 billion and had £395 billion of funds under management. For further information on Old Mutual plc and the underlying businesses, please visit the corporate website at www.oldmutualplc.com

FNZ

"FNZ is a global provider of outsourced technology, transaction processing and asset servicing to financial institutions, enabling wealth management and banking across direct, intermediated and workplace channels.

We build long-term partnerships with our customers, that help people achieve their financial goals through digital engagement, lower costs, seamless service and personalised solutions. https://www.fnz.com/"