NEWS **RELEASE**

Old Mutual plc

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OLD MUTUAL PLC ANNUAL GENERAL MEETING

Old Mutual plc will be holding its Annual General Meeting at 11am (UK time) today, 25 May 2017. At the meeting, Chief Executive Bruce Hemphill will give an update on trading for the year and an update on the managed separation. On 11 April 2017, we published the Old Mutual plc Annual Report & Accounts which includes risk disclosures.

Old Mutual plc Chief Executive Bruce Hemphill said: "*We are very pleased with the progress we have made since announcing managed separation. We have said we would create four independent businesses, and with the recently announced transactions in respect of OMAM, that business is now independent.*

"We are aiming to complete the two listings that will materially deliver the managed separation at the earliest opportunity in 2018 after our full year results, subject to regulatory and other approvals."

Operational update

Old Mutual plc no longer reports on a quarterly basis. OM Asset Management ("OMAM"), Nedbank Group ("Nedbank") and Old Mutual Wealth ("OMW") have made their own public announcements in respect of business performance for Q1 2017 and outlook for the rest of the year. In addition, on 2 May 2017, OMW announced it had terminated its contract with IFDS for the UK Platform transformation programme and contracted with FNZ to deliver platform and outsourcing services and provided updated guidance on timing and costs.

On 3 April 2017, we announced the appointment of Peter Moyo as Chief Executive of Old Mutual Emerging Markets ("OMEM"). Peter has deep financial services experience, having been CEO of Alexander Forbes from 2005 to 2008 and prior to that Deputy Managing Director of Old Mutual South Africa from 2000 to 2005, having joined as divisional manager in 1997. He is currently the non-executive Chairman of Vodacom Group, a leading African communications company.

In relation to OMEM, the tough macro-environment in South Africa, exacerbated by the sovereign downgrades, has meant that our customers continue to face financial challenges. This has contributed to April year-to-date gross sales and NCCF tracking below prior year as well as a slight deterioration in persistency. We have however seen an improvement in underwriting experience in both P&C and our Corporate book, following management actions taken and continue to manage expenses tightly. OMEM continues to have expectations for moderate full year earnings growth.

Strategic update

The managed separation strategy we announced on 11 March 2016 is expected to deliver value through the removal of London head office central operational costs, by unlocking the conglomerate discount and by delivering enhanced performance of the underlying businesses. We believe that the current structure inhibits efficient funding of future growth plans for the individual businesses, restricting them from their full potential. Following the managed separation, the lead regulator for each business unit will then be the same as the local regulator. Implementation requires a balance to be struck between value, time, cost and risk relative to our broad stakeholder interests.

Since our update on managed separation progress on 9 March 2017, we have taken a number of other significant steps:

- On 25 March 2017, we announced that we had agreed to sell a 24.95% shareholding in OMAM to HNA Capital US in a two-step transaction for gross cash consideration of approximately $446 million. The first tranche of the two-step sale of OMAM shares to HNA Capital US has completed. The first tranche consisted of 9.95% of OMAM for a price of $15.30 per share resulting in gross proceeds of approximately $175 million. We expect completion of the second tranche which is subject to receipt of certain additional regulatory approvals to take place in the second half of 2017.
- On 27 April 2017, we announced that we had agreed to sell our 26% stake in Kotak Mahindra Old Mutual Life Insurance Limited to our joint venture partner, Kotak Mahindra Bank Limited. The gross consideration for the transaction was INR 12,927 million (£156 million equivalent based on the spot exchange rate on the day of announcement) and is in line with OMEM's revised strategic focus on sub-Saharan Africa.
- On 16 May 2017, we announced that we had conducted a secondary offering of 17.3 million shares in OMAM at a price to the public of $14.55 per share and entered into a repurchase agreement with OMAM for a further 5 million shares also at $14.55 per share. Old Mutual will realise proceeds less the underwriting discount from the offering and repurchase transactions of $321.9 million. Following the sale, Old Mutual now holds 22.4% of OMAM.
- At our preliminary results in March, we highlighted that we hold cash and liquidity buffers centrally to support the plc under both normal and stressed conditions. This was inclusive of £200 million of undrawn support for OMW. These liquidity buffers and cash will transition from plc Head Office where appropriate as part of the preparations for the independence of the unlisted subsidiaries. In an initial step in this process we have contributed £200 million of capital into OMW with a consequential reduction in plc's liquidity support and centrally held liquidity buffers for OMW of £130 million.

Our cash and liquid assets position as at end of April was £586 million and on a pro-forma basis, allowing for the completed transactions described above was approximately £750 million. The impact of business activity and completed corporate transactions year-to-date has increased the Group's Solvency II ratio since year end by circa 5%.

As previously guided, there are significant actual and potential demands on our cash and liquidity during the managed separation and plc wind down. As we proceed with the next steps of our managed separation strategy, cash utilisation will continue not only for the current plc structure, but also the resolution of contingent liabilities and managed separation and business readiness costs across the plc head office and the underlying businesses.

We have previously stated that the managed separation would be materially complete by the end of 2018. To that end, we intend to pursue one or more transactions which will ultimately deliver two separate entities, listed on both the London and Johannesburg stock exchanges, into the hands of Old Mutual plc's then shareholders. One will consist principally of the OMW operations and the primary means of achieving this outcome is likely to be through a demerger, with the possibility of a small Initial Public Offering.

There will be a new South African holding company, to be named "Old Mutual Limited", which will initially consist of OMEM, the Group's Nedbank shareholding and Old Mutual plc. Old Mutual plc is considering all its options with regard to its cash, debt and contingent liabilities, taking into account the cash proceeds from disposals and requirements of the standalone balance sheets of the subsidiaries. These options include retaining debt in Old Mutual plc after the point of separation.

The timing for the next stage of managed separation will in part be dependent on receipt of the required regulatory approvals but we currently anticipate the listing of OMW and the South African holding company to take place at the earliest opportunity in 2018 after Old Mutual plc's 2017 full year results. The subsequent distribution of a significant proportion of the shareholding in Nedbank from Old Mutual Limited would follow in due course, and in an orderly manner, as previously announced.

Old Mutual Limited will retain an appropriate strategic minority shareholding in Nedbank to underpin the ongoing commercial relationship.

Reporting timetable

Old Mutual expects to report next to shareholders on 11 August 2017 with its Interim Results.

Enquiries

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Notes to Editors

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