COMPETING IN THE AGE OF AUSTERITY

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OLD MUTUAL
INSURANCE • INVESTMENT • SAVINGS • BANKING

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Agenda

- Introduction to Old Mutual
  - H1 2010 Financial overview
- Changing our business and the way we operate
- Simplifying the Group to unlock value
  - US Life transaction
  - Nedbank transaction
- Clear strategy, balanced portfolio, set clear criteria for our businesses
  - LTS, protection and investment at the core of Old Mutual
  - 2012 cost reduction and ROE targets

H1 2010 financial overview

	H1 2010	H1 2009[1]	Change
Adjusted operating profit[2] (IFRS)	**£735m**	£513m	43%
Adjusted operating EPS (IFRS)	**8.3p**	4.9p	69%
Return on equity[3]	**11.6%**	7.6%	400bps
Net client cash flows	**(£1.6bn)**	£0.2bn	(>100%)
Funds under Management	**£292.3bn**	£285.0bn[4]	3%
Dividend per share	**1.1p**	-	-

- Strong sales performance
  - Substantial inflows to the UK platform
  - Strong retail sales in South Africa
- Operating result up 43% on H1 2009
  - More profitable product mix
  - Tight focus on cost management
  - Underlying profit improvement in all businesses

1. H1 2009 AOP, EPS and RoE restated to exclude Bermuda (treated as non-core)
2. Pre-tax and MI
3. Annualised
4. As at 31 December 2009

We are changing our business and the way we operate

Clear strategic imperative	▪ Deliver a clear business focus ▪ Leverage skills, strengths & intellectual capital ▪ Coherent and easily communicated strategy
Complexity	▪ Streamline & simplify ▪ Remove the distraction of businesses that do not fit the portfolio
Governance and control	▪ Clarify roles & responsibilities; effective Group Operating Model ▪ Drive accountability for results throughout the business ▪ Continue to strengthen subsidiary boards
Capital and risk	▪ Align capital with risk; capital-light products with lower risk ▪ Reduce risk exposures which are outside risk appetite ▪ Operate robust process of capital request & allocation
Shareholder value	▪ Detailed analysis of options confirms proposed strategy, maximises potential shareholder return

Clear criteria for our businesses

- Balanced portfolio:
  - Mature businesses with high cash and profit returns
  - Cash generative businesses with high profit growth potential
  - Younger businesses with high growth potential
- We expect each of our businesses to:
  - Operate within our capital and risk requirements
  - Be capable of achieving 15% ROE
  - Add value to another part of the Group
  - Have growth potential in their markets
  - Have a clear plan to deliver profitable, sustainable growth
  - Create shareholder value into the future

US Life transaction summary

- Risk exposures outside the Group's risk appetite
- Unlikely to meet Group targeted returns
- Little overlap with rest of Long-term Savings division and more likely to fulfil potential under different ownership
- $350m+ of proceeds to be used to repay debt
- Uplift in MCEV, write off of IFRS NAV
- State regulatory approvals required

Nedbank transaction summary

- In exclusive discussions with HSBC to sell our controlling stake
- Major step in the delivery of reducing Group complexity and £1.5bn reduction of international Group debt
- Reinvestment of proceeds in SA and various emerging markets
- To be implemented by way of a partial offer to all Nedbank shareholders to acquire up to 70% of the Nedbank shares
- Approval required by SA regulators, Nedbank Board and Old Mutual shareholders

Balance sheet profile

30 June 2010	Asset basis (£m)	
	Adjusted Group MCEV	Excl. goodwill and MTM adjustments[1]
LTS	7,064	6,898
Nedbank	2,706	2,298
US Asset Management	1,516	313
Others	401	377
	11,687	9,886
Net Debt	(2,619)	(2,825)
Per share (p)	**166.6**	**129.8**

IFRS book value

H1 2010: 154p / share
FY 2009: 147p / share

1. To bring Nedbank to tangible NAV, the adjustment is £495m which results in an Old Mutual defined tangible value of 120.7p / share

Savings market secular trends

From	To
Closed pricing	Open pricing
Capital heavy	Capital light
Profits from spreads and investment gains	Fees on funds under management and underwriting profits

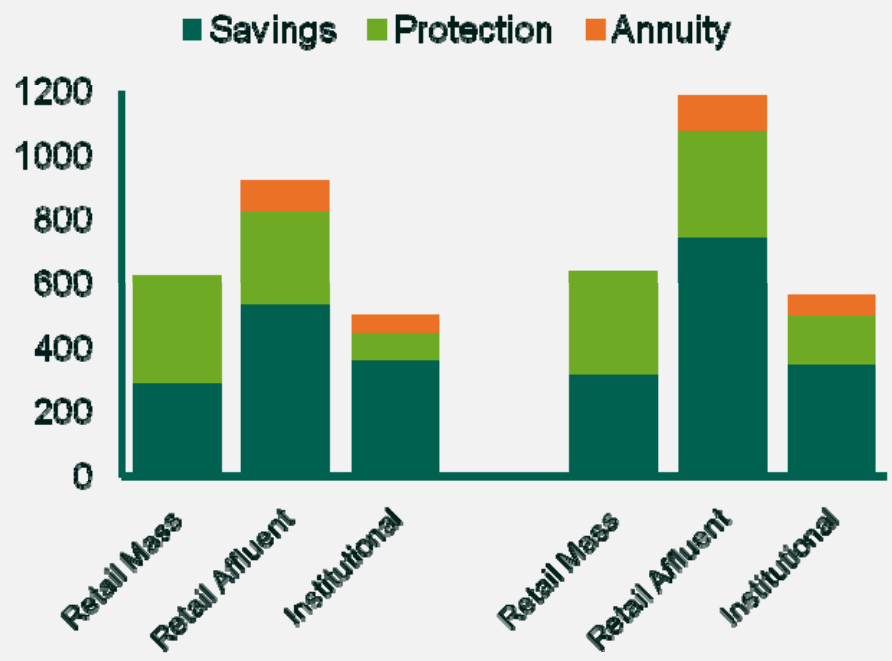
OMSA has strong market share, sales and APE margins

Industry	Measure	Old Mutual 2009 Market Share
Savings (SARB)	% of Total Industry Assets	12.0%
Life (ASISA)	Total Premium Income	25.3%
Unit Trusts (ASISA)	Unit Trusts (incl Money Market)	6.7%
	Unit Trusts (excl Money Market)	7.7%
Asset Management	Assets Under Management (incl Life Assets)	17.4%

Product shifts: Burial plans ➔ Healthcare & education savings ➔ Pension savings and property & casualty products

Customer shifts: Corporate ➔ Individual - White HNW ➔ Black Middle Class

South Africa sales by segment and product



H1 2009
Total R2,054m
(£150m)

H1 2010
Total R2,396m
(£209m)

Asset management trends

- Positive backdrop for growth in underlying assets despite elevated market volatility
- Diversification through growth in international assets
- Increase in specialism through directed allocation by style and asset classes
- Improved margins in our Emerging Markets and US Asset Management businesses
- Broadening distribution capability throughout the Group

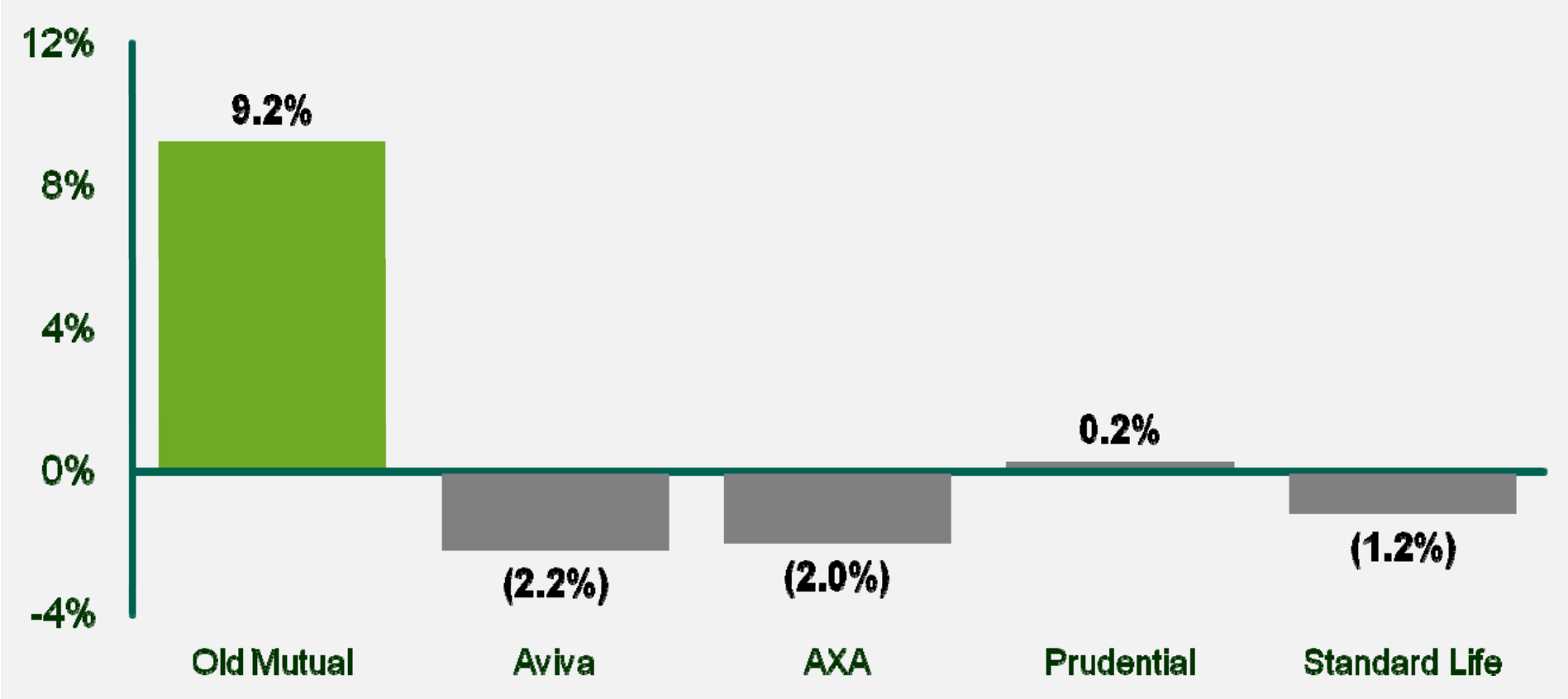
UK product sales and H1 performance

UK product sales (£m)	H1 2010	H1 2009	%
Life APE			
Pensions	153	92	66%
Bonds	30	19	58%
Protection	5	4	25%
Savings	5	2	150%
Total	**193**	**117**	**65%**
Unit trusts			
Institutional	145	100	45%
Mutual funds	816	404	102%
ISAs	705	326	116%
Total	**1,666**	**830**	**101%**

- UK NCCF £1.3bn
- UK FUM up 4% from 31 Dec 2009 despite 9% drop in FTSE 100
- IFRS AOP up 60% to £75m in H1'10
- c. £1bn inflows onto platform per quarter in H1'10
- Driving for NCCF and ROE, not market share

UK retail net client cash flows[1] / FUM

H1 2010 UK NCCF[1] / FUM sourced from IFA distribution

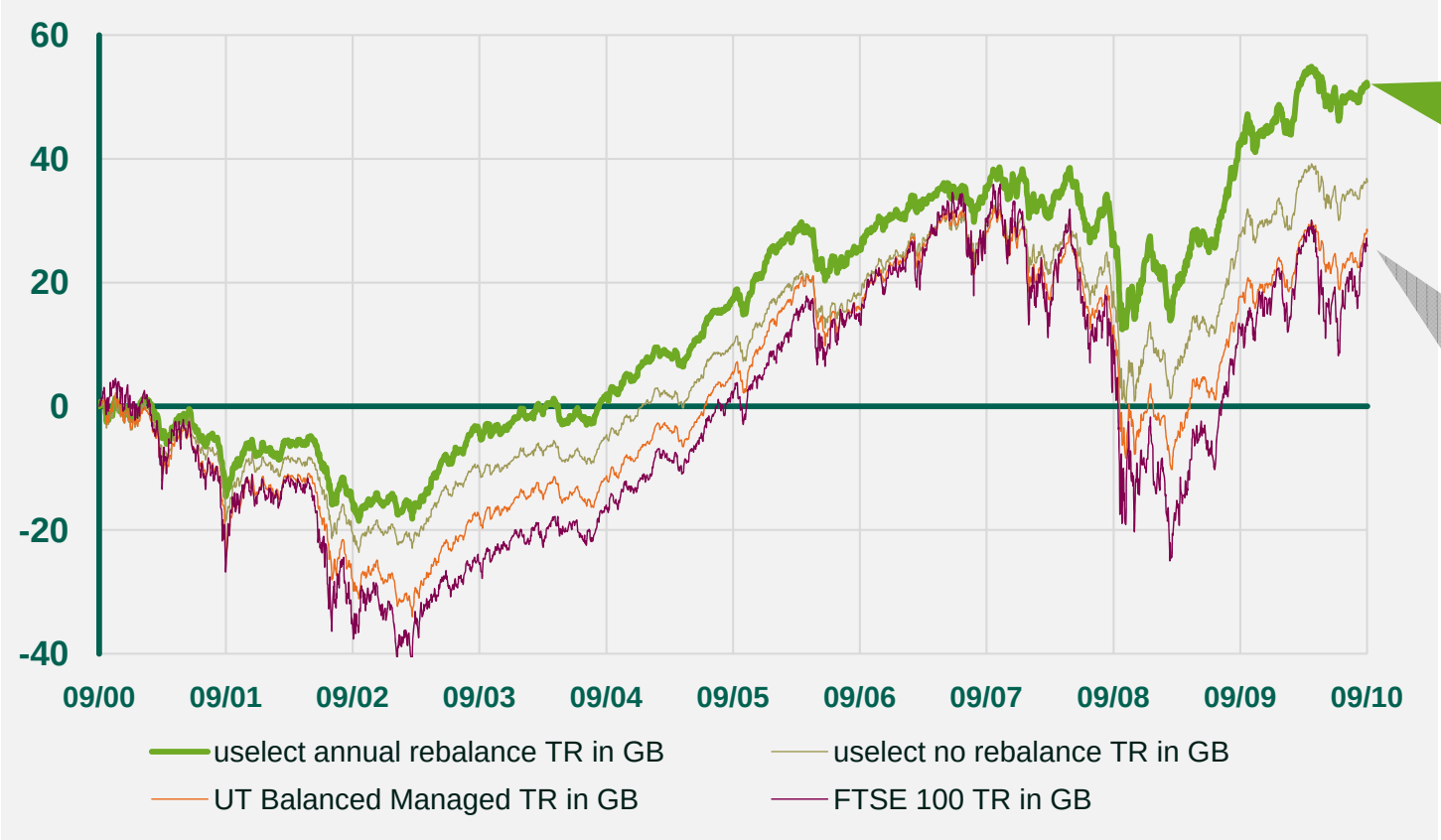


1. NCCF as a percentage of opening FUM on an annualised basis

Source: Company announcements, Aviva and AXA derived from segmental company information

Skandia Platform added value

Last ten years – plan or hope for the best?

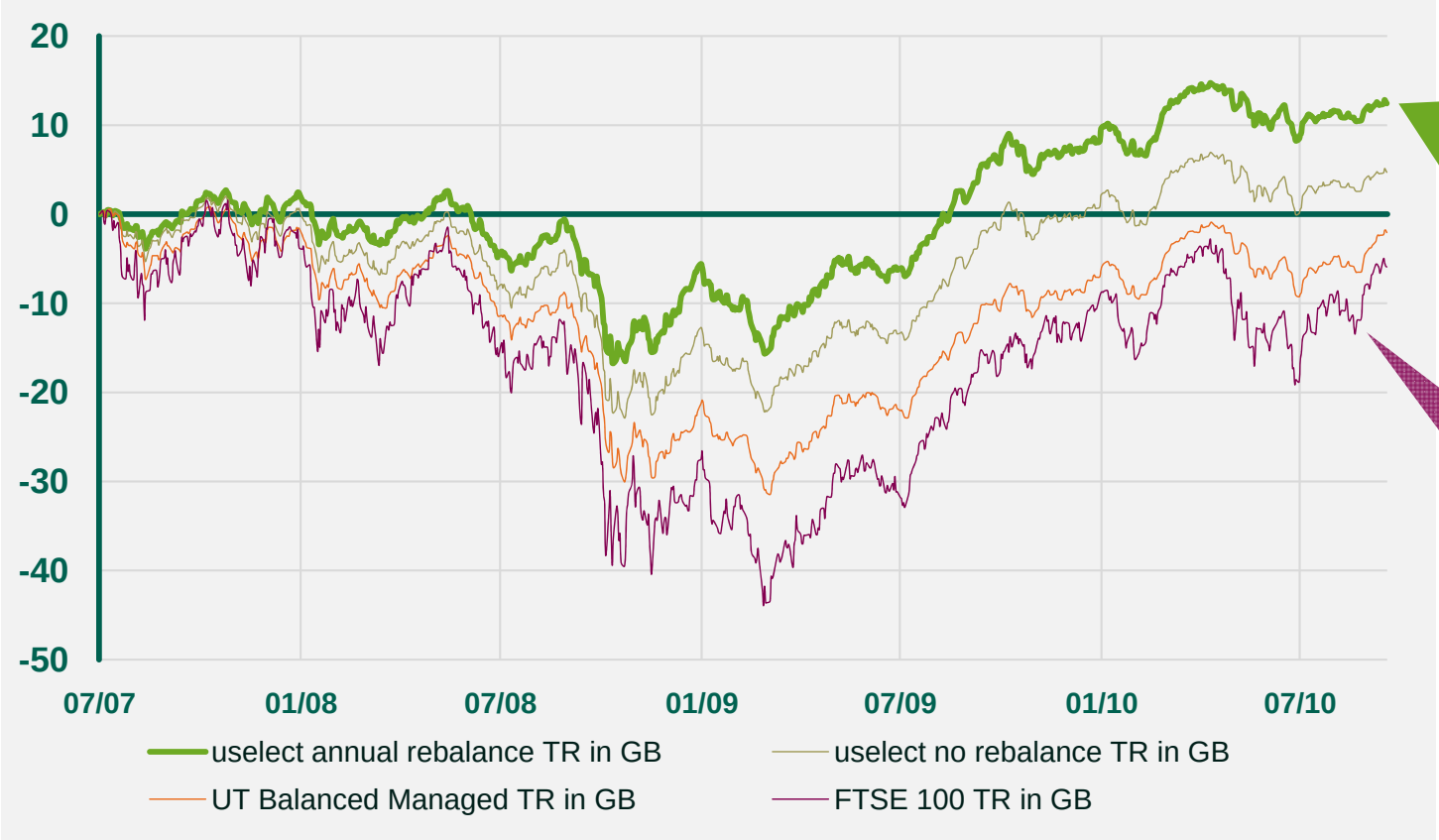


Annual rebalance using Skandia platform up **49.8%**

Traditional managed fund total return up 26.8% and FTSE 26.7%

Skandia Platform added value

Since market peak – plan or hope?



Skandia Platform with annual rebalancing was up **12.8%** from the peak

Whereas FTSE total return was down 5.4%

Progress against 2012 cost reduction targets

	H1 2010[1]	2012 Target
Long-Term Savings[2]		
- Emerging Markets	-	£5m
- Nordic	-	£10m
- Retail Europe	£6m	£15m
- Wealth Management	£17m	£45m
LTS Total	**£23m**	**£75m**
USAM	£19m	£10m
Group-wide corporate costs	-	£15m
Total	**£42m**	**£100m**

1. Run-rate savings delivered to date
2. Long-Term Savings excluding US Life

Progress against 2012 ROE and margin targets

	FY 2009	H1 2010	2012 Target
Long-Term Savings ROE[1]			
- Emerging Markets	*24%*[2]	**27%**[2]	20%-25%
- Nordic	*12%*	**12%**	12%-15%
- Retail Europe	*9%*	**20%**	15%-18%
- Wealth Management	*8%*	**15%**	12%-15%
Total LTS[3] ROE	*14.9%*	**19.3%**	**16%-18%**
USAM Operating Margin	*18%*	**17%**	25%-30%

1. For Nordic, Retail Europe and Wealth Management, ROE is calculated as IFRS AOP (post tax) divided by average shareholders equity, excluding goodwill, PVIF and other acquired intangibles
2. OMSA only, calculated as return on allocated capital where full year 2009 has been adjusted to the 2010 LTIR rate
3. Long-Term Savings excluding US Life

How we compete in this age of Austerity

- Focus on the customer
  - All their needs in South Africa
  - Open Platform internationally
  - Alpha for investment clients
  - Transparent pricing
- Focus on earning sources
  - Quality enhanced
  - Risk managed

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Q&A

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