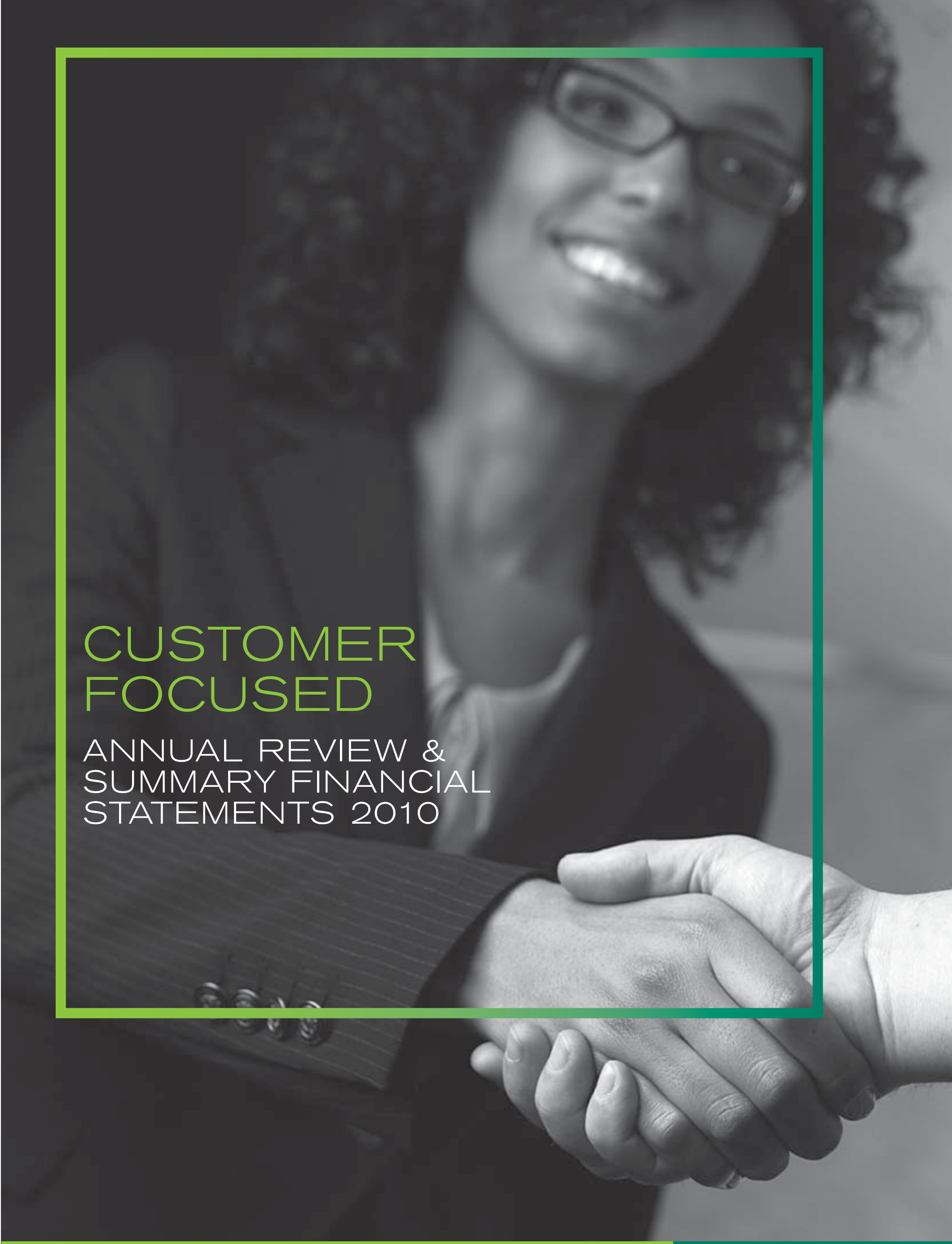


CUSTOMER FOCUSED

ANNUAL REVIEW & SUMMARY FINANCIAL STATEMENTS 2010

OLD MUTUAL

INSURANCE • INVESTMENT • SAVINGS • BANKING

FAST READ

MANAGEMENT STATEMENTS

BUSINESS REVIEW

RISK AND RESPONSIBILITY

GOVERNANCE

FINANCIAL

MCEV

SHAREHOLDER INFORMATION

WHAT'S ONLINE

Annual Report:
www.oldmutual.com/ar2010.oldmutual.com

Corporate site:
www.oldmutual.com

Glossary of financial terms:
www.oldmutual.com/ar2010.oldmutual.com

FAST READ

WELCOME

Our strategy is to build a long-term savings, protection and investment group by leveraging the strength of our people and capabilities in South Africa and around the world. We will focus, drive and optimise our businesses to enhance value for shareholders and customers.

Our vision is to be our customers' most trusted partner – passionate about helping them achieve their lifetime financial goals.

OUR VALUES:

INTEGRITY

RESPECT

ACCOUNTABILITY

PUSHING BEYOND BOUNDARIES

OUR BUSINESS AT A GLANCE

Below is a high-level summary of the Group and our four principal business units

GROUP

Old Mutual is an international long-term savings, protection and investment Group.

Adjusted operating profit (AOP) 2010

£1,481m

2009: £1,133m

Funds under management 2010

£309.3bn

2009: £275.4bn

Number of employees

55,730[1]

2009: 53,706

Primary locations

- Long-Term Savings – southern Africa, Europe, Colombia, Mexico, India and China
- US Asset Management – US
- Banking – southern Africa
- Short-term insurance – southern Africa

Operational highlights

- Profits up in each business unit, with Group Return on Equity (RoE) of 12.2%
- Earnings per Share (EPS) constant currency growth of 20%
- Capital position strengthened: FGD (Financial Groups Directive) surplus increased from £1.5 billion to £2.1 billion
- Total dividend for year increased from 1.5p to 4.0p
- Good progress towards the 2012 financial targets

For more information see page 20

LONG-TERM SAVINGS (LTS)

We provide investment management and innovative life assurance-based solutions which address both protection and retirement savings needs.

Adjusted operating profit (AOP) 2010

£897m

2009: £636m

Funds under management 2010

£131.8bn

2009: £105.5bn

Number of employees

24,044

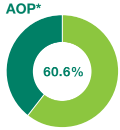
2009: 22,269

Operational highlights

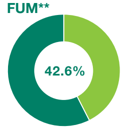
- Strong sales and earnings momentum
- Annual Premium Equivalent (APE) margin improvement to 13%, improved product mix with better margins
- Unit trust sales up 28% on a constant currency basis to £8.8 billion with strong performance from Wealth Management and Emerging Markets
- Net Client Cash Flow (NCCF) doubled during the year to £5 billion, with positive contribution from Emerging Markets

Contribution to Group

AOP*



FUM**



For more information see page 32

[1] This includes: US Life, Bermuda and Group Head Office.

*Pre-tax AOP of core operating segments less finance and other corporate costs.

**FUM of core operating segments.

BANKING

We have a majority shareholding in Nedbank, one of South Africa's leading banks, which also has banking interests in other countries in southern Africa.

For more information see page 48

Adjusted operating profit (AOP) 2010

£601m

2009: £470m

Tier 1 adequacy ratio 2010

11.7%

2009: 11.5%

Number of employees

27,525

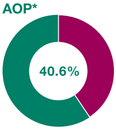
2009: 27,047

Operational highlights

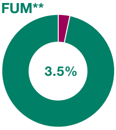
- Headline earnings growth of 15%
- Improved credit loss ratio from 1.52% to 1.36%
- Capital adequacy ratios above targets, liquidity remains sound
- On track to meet medium- to long-term financial targets in 2013

Contribution to Group

AOP*



FUM**



SHORT-TERM INSURANCE

We provide short-term insurance solutions in southern Africa through Mutual & Federal.

For more information see page 54

Adjusted operating profit (AOP) 2010

£103m

2009: £70m

Combined ratio 2010

92.4%

2009: 98.0%

Number of employees

2,222

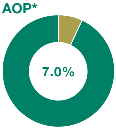
2009: 2,115

Operational highlights

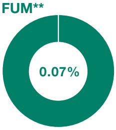
- Strong performance following renewed focus
- Better claims experience, resulting in good underwriting result
- Solvency strengthened
- Step Change Programme implemented
- Launch of iWYZE direct insurance

Contribution to Group

AOP*



FUM**



US ASSET MANAGEMENT

Old Mutual Asset Management, a multi-boutique investment organisation consisting of 18 distinct asset managers, serves individual and institutional investors around the world.

For more information see page 58

Adjusted operating profit (AOP) 2010

£87m

2009: £83m

Funds under management 2010

£166.6bn

2009: 161.5bn

Number of employees

1,537

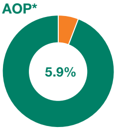
2009: 1,544

Operational highlights

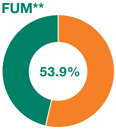
- Profits up 4%
- Funds Under Management (FUM) up 3% with market movement and inflows more than offsetting outflows
- New affiliate: Echo Point Investment Management

Contribution to Group

AOP*



FUM**



KEY PERFORMANCE INDICATORS (KPIS)

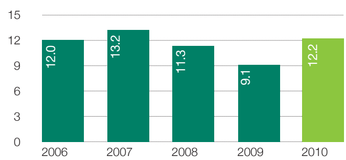
Set out below are the KPIs that we used to monitor the performance of the business.

Financial KPI Definition	Relevance

Return on Equity (RoE)%

A relative measure expressed as a percentage, calculated by dividing IFRS[3] Adjusted Operating Profit (AOP) (post-tax and minority interests) by the average capital tied up in the business, where capital is defined as shareholder equity excluding hybrid capital.

Return on Equity is an indicator of our profitability and efficiency, demonstrating how much profit has been generated given the resources provided by our shareholders.

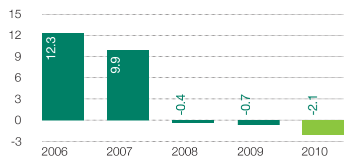


Net Client Cash Flow (NCCF)/Opening Funds under Management %

This measure indicates the extent to which client funds are either retained or lost during the year. Inflows are driven by premiums, deposits and investments, whereas outflows are driven by claims, surrenders, withdrawals, benefits and maturities.

NCCF/Opening Funds Under Management (FUM) measures our success in attracting new business and retaining existing customers, and provides a good indication of investor confidence in our ability to effectively manage their funds.

NCCF/Opening Funds under Management %[1]



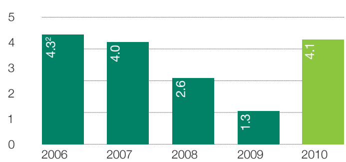
The LTS businesses achieved positive NCCF of £5bn in 2010. The USAM business had outflows of £11.7bn. For more discussion please see the Finance Director's Report on page 20.

Group Value Creation % (Long-Term Savings only)

Calculated as the Market Consistent Embedded Value (MCEV) value of new business plus the MCEV experience variances divided by the opening MCEV balance, expressed as a percentage.

Group Value Creation for the Long-Term Savings covered business measures the contribution to Return on Embedded Value from management actions of writing profitable new business, and managing expense, persistency, risk and other experience compared with that which was assumed.

Group Value Creation %[1]



Notes

1 Numbers are as reported and historical figures have not been restated to make consistent with 2010/2009.

2 EEV basis.

3 IFRS – International Financial Reporting Standards.

Financial

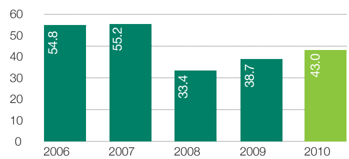
IFRS Operating profit margin (basis points)

Calculated as pre-tax adjusted operating profit divided by the average funds under management for the period, expressed in basis points.

Relevance

IFRS Operating profit margin measures the profit margin we have earned on the funds we manage. An improved basis point margin is an indicator of the success a company is having in growing its revenue at a greater rate than its expenses.

IFRS Operating profit margin (basis points)[1]

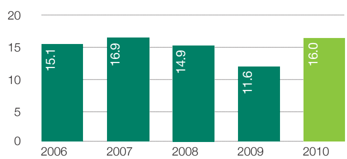


Adjusted Operating Earnings per Share (pence)

Calculated as post-tax adjusted operating profit divided by the adjusted weighted average number of shares (WANS), held by our investors.

Adjusted Operating Earnings per Share (EPS) is an indicator of our profitability that measures how much we earn for each share held. The trend in the movement of EPS demonstrates our rate of growth.

Adjusted Operating Earnings per Share (pence)[1]



Non-Financial

Engagement Survey

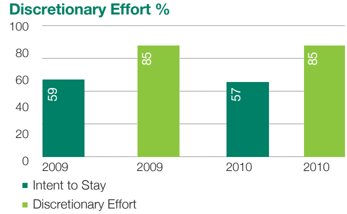
Measured by the average percentage of positive responses gathered via employee survey to two questions measuring Intent to Stay, and three questions measuring Discretionary Effort.

In 2011 we will replace the Engagement Survey with a Culture Survey which will facilitate the tracking of the overall health of our culture.

Relevance

Intent to Stay is a lead indicator of retention and Discretionary Effort is a lead indicator of performance. These two factors correlate with business performance and total shareholder return.

Employee Intent to Stay and Discretionary Effort %



In 2011 we will be reporting on customer KPIs

DELIVERING ON OUR STRATEGY

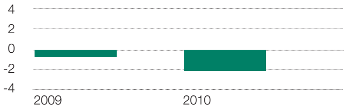
Our strategy is to build a long-term savings, protection and investment group by leveraging the strength of our people and capabilities in South Africa and around the world.

Our strategic priorities	Progress 2010
1. Develop the customer proposition and experience We are passionate about developing the best proposition for our customers, by building on our history of innovation and resolute customer focus. This includes expanding our product range, developing our advice capability which is a fundamental part of the value we provide to our customers and endeavour to treat customers fairly everywhere.	■ Conducted strategic reviews to identify core competencies and best market opportunities for growth ■ Board agreed a set of customer metrics across the business ■ Started to close product gaps and developed a clear path for more product sharing ■ Begun to close distribution gaps (launched iWYZE: a direct short-term insurance offer between Mutual & Federal (M&F) and Old Mutual (SA), and opened 117 Old Mutual Finance branches in South Africa over the last 2 years)
2. Deliver high performance in all business units To ensure that we provide value to shareholders and customers, we need to drive high performance in our businesses by delivering profitable growth, operational efficiency, and by optimising risk and return.	■ All BUs achieved and exceeded their profitability targets (with the exception of US Asset Management) ■ On target to achieve cost reduction & RoE targets ■ Business units continue to deliver their improvement programmes (e.g. M&F step-change, Wealth Management transformation) ■ Improved relationships with key stake holders (Financial Service Authority (FSA), Reserve Bank, South African Government & Reserve Bank and governing bodies in Sweden) ■ Old Mutual (SA) achieved and Nedbank maintained Broad-Based Black Economic Empowerment level 2 status; M&F achieved level 3 status and Nedbank recognised as the most sustainable bank in Africa
3. Share skills and experience across the Group We will use our capabilities in South Africa and around the world to drive revenue and cost improvements across the Group, by leveraging policy administration capabilities in South Africa, driving global IT and procurement synergies and sharing product development ideas.	■ Key appointments made to drive sharing of skills (Heads of IT, Product & Distribution in Long-Term Savings (LTS)) ■ Clear implementation plan developed for sharing product across LTS ■ LTS IT synergy plan ready for implementation ■ Created IT and administration jobs in South Africa to support the Retail Europe business unit
4. Build a culture of excellence A key to our success is that we demand and reward excellence in leadership, teamwork and delivery of results – for all our people. This includes defining and embedding a high-performance leadership model, against which we can assess, develop and remunerate our leaders.	■ Launched the Group Vision and Strategy ■ Implemented the Group Operating Model (GOM) ■ Launched our ACT NOW! Leadership actions ■ Agreed consistent performance management across the Group and implemented consistent incentivisation across LTS
5. Simplify our structure to unlock value To deliver the full value of the Group to shareholders we need to optimise our structure. This means that we will exit non-core and sub-scale businesses, reduce exposure to businesses that fall outside our Group risk appetite, run-off non-disposable assets for value and optimise our structure for strategic, regulatory, capital and governance purposes.	■ Substantially improved FGD (Financial Group Directive) surplus ■ US Life sale close to completion ■ Stabilised the Bermuda business ■ Commenced exploring an IPO (Initial Public Offering) for US Asset Management

We will focus, drive and optimise our businesses to enhance value for customers and shareholders.

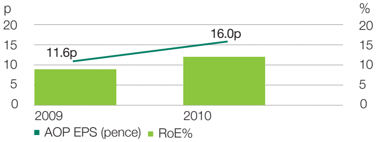
2010 Trend

NCCF % (NCCF/Opening FUM)

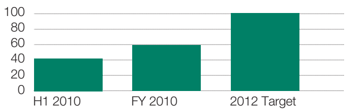


The LTS businesses achieved positive NCCF of £5bn in 2010. The USAM business had outflows of £11.7bn. For more discussion please see the Finance Director's Report on page 20.

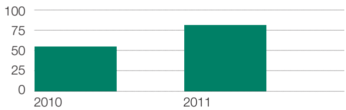
AOP EPS and RoE performance



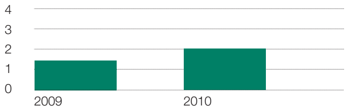
Cost savings (£m) run-rate achieved in 2010 and 2012 target



LTS employees with a common performance measure



FGD £bn



2011 Priorities

- Improve the customer experience across all markets
- Expand and improve the product proposition
- Expand and improve our distribution capability
- Develop and use meaningful customer information to better serve our customers
- Continue to build and strengthen the Old Mutual brands

- Deliver 2011 business plan
- Secure plans to pay off £1.5bn of net debt
- Continue to drive strategic transformation in our business units
- Continue to drive profitable growth
- Build an Investment Management business leveraging our existing capabilities

- Deliver the Long-Term Savings IT plan and continue to improve operational efficiency across the Group
- Build strong functional communities across the Group
- Deliver the Group Intranet
- Implement a framework to increase international mobility for employees

- Continue to build strong executive teams in all our business units and develop the next generation of young leadership potential
- Align executive performance management and remuneration across the Group
- Measure the shift towards our ACT NOW! Leadership actions by implementing the Old Mutual Group Culture Survey
- Embed risk management as a value driver across the Group

- Complete the sale of US Life
- Explore the partial IPO for the US Asset Management business unit
- Continue to manage the run-off of the Bermuda business to reduce risk to the Group
- Hold business units accountable against operational targets and risk appetite

FAST READ

KEY FEATURES

Below are some of the key features of the business that support the delivery of our vision to our customers.

Old Mutual Group

0.92%

of pre-tax profit invested in community programmes

US Asset Management

29%

of client base located outside the US
2009: 25%

Banking

7.4%

Growth in number of customers who hold primary accounts with Nedbank

LTS Nordic

Skandiabanken awarded most prominent brand and best reputation in Norway

Source: RepTrak Pulse survey in 2010

LTS Emerging Markets

R13.7 billion (£1.2bn) invested in infrastructure funds and R8.5 billion (£0.8bn) in housing funds

LTS Emerging Markets

Old Mutual (SA) awarded best customer service, in the Ask Afrika Orange Service Excellence Awards (Long-Term insurance) for the third year in a row.

LTS Wealth Management

Winner

Best UK platform.
Source: Professional Adviser Awards

LTS Wealth Management

£5.7 billion

Single premiums up 34% to £5.7 billion and mutual funds sales up 56% to £3.3 billion

UK and South Africa

Top 10%

Old Mutual ranked in the top 10% of UK and SA companies reporting to the Carbon Disclosure Project

South Africa

Level 2

Old Mutual (SA) and Nedbank rated Level 2, BBBEE (Broad-Based Black Economic Empowerment), Mutual & Federal rated Level 3.

Old Mutual Group

More than £10 billion of mutual funds sold in the Group

CHAIRMAN'S STATEMENT

In 2010 we started to deliver on our promises, and we remain firmly focused on achieving our goals.

Overview of 2010

The Board's focus in 2010 was on restructuring the Group, reducing debt and improving financial performance. I am pleased to be able to report substantial progress towards our short-term performance goals and a good start towards attainment of our medium-term restructuring targets.

The Company achieved adjusted operating earnings per share on an IFRS basis of 16.0p for the year, a very satisfactory 38% increase over the 11.6p for 2009 (as restated). The results reflect management's determination to improve underlying performance in our various businesses while setting industry-leading risk management standards in our operations.

The sale of our US Life business, expected to complete soon, will improve the Group's overall risk profile significantly. We have taken a write-down of £827m in the value of US Life, based on the agreed sale transaction terms, leading to a loss from discontinued operations of £713m and an overall Group basic IFRS loss for the year of £24m.

Building on our leading presence in South African markets, we are making progress in transforming our Long-Term Savings business – not only in Emerging Markets, but also in those developed markets of Europe where we have or can build sustainable competitive advantage. Although we were disappointed that negotiations to sell our controlling stake in Nedbank fell through during the year for reasons beyond our control, we remain very satisfied with the earnings stream from this investment and continue to see the bank as a key contributor to the Group. The Group is committed to achieving its target, announced in March 2010, of reducing debt by an aggregate £1.5 billion by the end of 2012.

Board developments

At the start of my chairmanship, I committed to a gradual restructuring of the Board. This process is well under way. Richard Pym retired from the Board in August 2010 at the end of his first three-year term because of the pressure of other commitments. He was replaced by Roger Marshall, who joined as an independent non-executive director and succeeded Richard as chairman of our Group Audit Committee. Alan Gillespie joined as an independent non-executive director in November 2010. He will succeed Rudi Bogni as our Senior Independent Director when Rudi retires at the 2011 AGM. Nigel Andrews also retires at this year's AGM. We were delighted to announce the appointment of our first female director at plc level, Eva Castillo, in February 2011.

I would like to extend my thanks to Richard, Rudi, Nigel and the other non-executive directors for their wisdom and contribution during my first year in the chair and their willingness to commit their knowledge and experience in helping reshape our strategy. In formally welcoming Eva, Roger and Alan, I know we have a Board which can face up to the challenges of strategy implementation and future growth. We continue to look to renew and refresh the Board's mix of skills and experience from a broad stakeholder point of view.

On behalf of my Board colleagues, I would also like to express our sincere appreciation for the continued dedication and efforts of the Group's employees during 2010 – especially to our colleagues at Nedbank, for their focus on delivering improved results during a period of significant uncertainty.

Dividend

The Board is recommending an increased final dividend for the year ended 31 December 2010 of 2.9p per share (or its equivalent in other applicable currencies). It will be paid on 31 May 2011, subject to approval by shareholders at this year's AGM. Together with the interim dividend of 1.1p per share paid in November 2010, this makes a total of 4.0p for the year. The Board has confirmed its commitment to a progressive dividend policy for the future.

Following the successful launch of our scrip dividend scheme last year, we are again offering eligible shareholders the opportunity to increase their shareholdings in the Company by receiving new shares instead of the cash dividend. Further details of how to participate in the scheme are available on the Company's website.

Annual General Meeting

This year's AGM will again be webcast from our offices in London, where it will take place on Thursday 12 May 2011. There will be an opportunity for shareholders to submit questions in advance, if they wish, to be dealt with during the AGM. The AGM circular enclosed with this report includes further details of the webcast, the resolutions to be proposed and the procedure for submitting questions ahead of the meeting.

Future

In 2010 we started to deliver on our promises, and we remain firmly focused on achieving our remaining goals.

This Group has an illustrious past, which has been tarnished by some poor strategic decisions during the past 11 years. We have begun reshaping and improving our businesses and financial structure so that the next decade will see us delivering real shareholder value and playing our full part in the continued development of the markets in which we operate, while recognising the opportunities and commitments that come with our position in South Africa.

Patrick O'Sullivan
Chairman
8 March 2011

GROUP CHIEF EXECUTIVE'S STATEMENT

Introduction

Our operating results for 2010 are significantly ahead of the prior year results as reported with profits up in each of our businesses. This excellent performance was largely due to strong growth in new business sales, our continued focus on cost control, improved persistency and favourable exchange rates.

In addition to strong financial performance, we also focused on delivering our strategy and have made good progress in 2010. We have agreed to sell US Life, a business that was outside our Group risk and return profile, for $350 million, resulting in an IFRS charge of £713 million. We are awaiting regulatory approval, and expect the transaction to close at or around the end of the first quarter of 2011. The next two years will see a continued single-minded focus to meet our strategic objectives.

The Group is in sound financial shape. At 31 December 2010 our FGD surplus was £2.1 billion and we had total liquidity headroom of £1.4 billion.

Strategy Update

In 2010, we set out a new strategy for the Group. Our strategy is to build a long-term savings, protection and investment group by leveraging the strength of our people and capabilities in South Africa and around the world. Through the delivery of this strategy, we will drive our businesses to enhance value for both our customers and shareholders, increasing our international cash earnings and overall return on equity. During the year, we entered into exclusive negotiations to sell our shareholding in Nedbank, but these discussions did not conclude with a formal offer being made. In 2011, we will continue to work with Nedbank to build shareholder value.

We are now one year into a three-year process to deliver this strategy and are making significant operational progress. We are rationalising our activities over time, reducing the complexity of the Group and improving our structure as we manage our business with a disciplined approach to risk management, governance and allocation of capital. We have taken steps to simplify our Group by selling the US Life business, subject to regulatory clearance, and will continue to maintain our strict criteria for keeping businesses within the Group:

they must meet our capital and risk targets; be capable of achieving a 15% return on equity; add value to other parts of the Group; and be capable of creating future value for shareholders.

We have previously said that we will explore the possibility of listing a minority of the US Asset Management business and this remains our intention. The timing of the IPO will be dependent on margin progression, investment performance and growth.

We have set challenging group-wide performance targets for the end of 2012: reducing costs by £100 million; improving return on equity for our Long-Term Savings (LTS) business to between 16% – 18%; and reducing debt by £1.5 billion through proceeds of rationalisation and retained earnings. We have already delivered £59 million of run-rate savings and are committed to deliver our debt reduction target. Return on equity for the LTS business was 18.5% at the year-end, as we benefited from positive, non-recurring items in both the Nordic and Wealth Management businesses. Plans are in place to ensure this performance is sustained within the target range.

We have implemented a new, more effective, governance and control system giving our businesses local autonomy but ensuring that they work within Group structures and disciplines, particularly on risk and product underwriting standards. This new approach has been implemented effectively and has resulted in the level of one-off operational losses reducing significantly across the Group in 2010. We continue to manage risk effectively and have tightly managed the US Life bond portfolio and our business in Bermuda.

We continue to assemble a strong management team, and recently appointed Peter Bain as CEO of US Asset Management, and Peter Todd as Managing Director of Mutual & Federal. These are key roles for the Group as we look to drive the growth of these businesses.

We are clear on our strategy and are committed to delivering it.

"We are now one year into a three-year process to deliver this strategy and are making significant operational progress"

Julian Roberts
Group Chief Executive

Long-Term Savings (LTS)

Our LTS division delivered very strong results for the year with operating profits up 26% on a constant currency basis. This was driven by strong profit performance by all of the businesses within LTS. Life sales for the year were up 7% and unit trust sales were up 28% on a constant currency basis. Funds under management (FUM) increased and margins improved.

We continued to strengthen the LTS management team and we appointed new CEOs to the Nordic business and the investment business in South Africa (OMIGSA) as well as new heads of Product and IT, roles which are critical to leveraging our capability and delivering the strategy.

£1,481m

Adjusted Operating Profit

We made significant strides in implementing the LTS strategy in 2010. The business delivered run-rate savings of £44 million, against the targeted cost reduction of £75 million. This was primarily driven by Wealth Management which removed £35 million of costs in 2010 against its stated target of £45 million by 2012. We are seeking to leverage our IT and administration capabilities in South Africa to drive economies of scale and in December we opened a new office in Cape Town to provide customer service processing and IT support for Retail Europe's customers in Germany, Poland and Austria. Launching new and innovative products through easily accessible distribution channels is key to our aim of becoming our customers' most trusted partner. Whilst this work is still at an early stage, we introduced a number of new initiatives in 2010. Old Mutual South Africa (OMSA) and Mutual & Federal jointly developed a new short-term insurance product iWYZE for the retail mass market in South Africa. This product is distributed through traditional mass market models but also through digital channels and in the nine months since it launched, has already attracted nearly 5,000 customers. To date, iWYZE has also created approximately 150 new jobs in South Africa, primarily for young people.

GROUP CHIEF EXECUTIVE'S STATEMENT
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Through our joint venture in India, Kotak Mahindra Old Mutual Life Insurance, we launched an online portal allowing customers to buy term insurance at a cheaper rate than through normal distribution channels. In Mexico, a unit-linked product was redesigned in conjunction with our team in South Africa and has since proved a key driver of our increased sales in the country. We also introduced a new Mass Retail distribution team into Mexico in December.

LTS: Emerging Markets

In South Africa, our business delivered a strong performance with life sales up 7% and unit trust sales up 17%. There was a noticeable improvement in sales in the second half as interest rates were cut and as the economic environment in South Africa stabilised. We saw good sales growth in both the Retail Affluent and Mass Foundation segments, with a particular focus on savings products. The latest economic data is encouraging for the performance of the business in 2011.

We launched the Futuregrowth *Agri-Fund* focusing on responsible equity investments in agricultural land, agri-businesses and farming infrastructure. OMIGSA attracted more than R8 billion into social infrastructure investment. Responsible funds are an important part of our commitment to helping build South African infrastructure and increase jobs for all parts of society.

Mexico saw growth of 36% due to the introduction of a regular premium savings product in the first half of the year. In China, our joint venture with Guodian had a strong year with APE sales up 77% to CNY163 million in 2010, following a new channel diversification strategy.

We have set a target for our profits from our rest of African insurance operations to be the equivalent of 10% of our South African profits by 2012, and 15% by 2015. To do this, we will leverage our experience and knowledge of the mass market sector in South Africa to grow our distribution channels through tied-agents and bancassurance and drive product development. We will also look to exploit new channels as they are established. For example, in Kenya we have seen initial success in distribution through mobile phones.

We see other opportunities for growth in Africa, but remain mindful of our strict criteria for investment and any expansion must be within appropriate risk-adjusted returns.

We have a solid foundation in South Africa from which we can drive growth in other emerging markets, and we are adapting our senior management structures, roles and responsibilities to achieve this. Our priorities for 2011 include growing our sales force; designing and adapting products for a wide range of customers; making it easier for our customers to access financial services and promoting a savings culture in the markets in which we operate. We have confidence in the underlying business and are well-positioned to exploit business opportunities as the economies of the Emerging Markets grow.

LTS: Nordic

The Nordic economies experienced positive GDP growth in 2010 and our Nordic business also had a good year, delivering a 66% uplift in profit. Life sales were down 21% on the prior year, in line with management expectations, following the closure of an unprofitable business line in 2009. Our Danish business grew strongly. FUM was up 14% on the prior year, mainly due to improved equity markets, which also contributed to strong growth in mutual funds, up 37%.

During 2010, the Nordic business focused on building distribution and product offerings, increasing efficiency and optimising its structures and risk frameworks. The management team was strengthened and a new CEO appointed.

2011 is a critical year for Nordic as it focuses on delivering its cost savings target of £10 million per annum. The cost of delivering these savings is likely to have a negative impact on the profitability of the business in the coming year. The management will continue to focus on driving sales, increasing margins and delivering an improved distribution and product offering for the future development of the businesses in a rapidly changing marketplace. The economic outlook for the year is positive across all the geographies and we expect the Nordic savings markets to grow, albeit in a more competitive and fragmented market environment.

LTS: Retail Europe

Retail Europe delivered a very positive performance in 2010, in the context of GDP growth in all its markets. Equity markets were up, with the DAX showing a 16% gain for the year. Profits for Retail Europe were up 140% on the prior year, with APE sales up 7% and mutual funds flat. FUM was up 23%.

Retail Europe continued to focus on building an integrated organisation and reducing operating costs. As part of the focus on costs, IT and client administration services for Retail Europe are being transferred to South Africa. One-off costs associated with the transfer will impact profitability in 2011, before the benefits start to come through in 2012.

The uplift in sales was driven by new product launches in Germany, Poland and Switzerland. We also improved our marketing and sales drives to customers and built strong, more fruitful relationships with our distributors in 2010 and these proved to be significant drivers of the business's improved profits.

4.0p

Total dividend for 2010 (1.5p in 2009)

Macro-economic factors will continue to influence the business in 2011. Positive equity and bond market performances will raise consumer confidence although we expect there to be continued concern over unemployment levels.
We have a programme of product innovation for the markets in Germany and Poland which should underpin growth in these attractive markets.

LTS: Wealth Management

This has been a significant year for Wealth Management. APE sales were up 19%, and it delivered an 86% growth in profit, driven by delivery of £35 million of run-rate savings, against its 2012 target of £45 million.

Investor confidence was boosted by the return to growth in equity markets which led to increased funds under management in all of our businesses. In the UK, we saw a continuation of the trend of IFAs converting to platform sales, for both wrapped and unwrapped sales. This was particularly noticeable in the first half as IFAs moved large blocks of business on to our platform ahead of the tax year-end. Skandia's market share in the UK continued to grow, and at the end of the third quarter we had captured 7.4% of all industry channels, versus 6.4% in the fourth quarter in 2009. Skandia Investment Group's (SIG) *Spectrum* risk-targeted funds had a successful year with funds under management at more than £750 million with the funds now available on all the major IFA platforms in the UK. SIG also provided the technical expertise to allow the Nordic business to launch its own risk-targeted funds, based on the *Spectrum* concept, into Sweden.

During 2011, Wealth Management will continue to focus on cost reduction, improving efficiency and meeting its 2012 targets, increasing risk controls and improving the functionality of the platform and the richness of the product offering. We are seeing an increasing demand from customers for products and services that are focused on their needs, are easy to understand and do not rely on heavy up-front commission to drive sales and with the forthcoming Retail Distribution Review, governments having to roll-back state retirement provision and the corresponding need for personal retirement savings, our Wealth Management business is well placed to meet customer demand. We plan for the platform to add to the profits of the Wealth Management business in 2012.

Nedbank

Household finances improved in South Africa as debt started to reduce and interest rates eased to the lowest levels in 36 years. The recovery in the credit cycle has proved to be more modest compared to previous cycles. The ratio of household debt to disposable income reduced marginally and at the same time debt service levels decreased to 7.5% and are now at a level that is more conducive to improving economic growth in the consumer sector. In the corporate sector, excess capacity and uncertainty over the sustainability of the local and global recovery limited spending.

Nedbank showed solid earnings growth in a challenging economic environment. Headline earnings increased by 15% to R4,900 million, and non-interest revenue increased 11% to R13.2 billion. Net interest income increased 2% to R16.6 billion.

GROUP CHIEF EXECUTIVE'S STATEMENT
CONTINUED

Nedbank's credit loss ratio improved to 1.36% for 2010, its liquidity position remains sound and its capital ratios remain above target levels. The Tier 1 capital adequacy ratio of 11.7% marginally improved from that at 31 December 2009, and the total capital adequacy ratio ended the period at 15.0%.

Nedbank is a strongly performing business and a significant contributor to the Group. We have a clear strategy for growth with the key thrusts being the repositioning of Nedbank retail, growing non-interest revenue, focusing on areas that yield higher economic profit and increased focus on the rest of Africa.

20%

EPS up 20% (constant currency basis)

Mutual & Federal

2010 was a good year for Mutual & Federal with profits up 27% and a strong underwriting performance following the cancellation of unprofitable business, a relatively benign claims environment and a greater focus on claims cost control.

During 2010, we introduced the step-change programme at M&F. Peter Todd has been appointed as Managing Director of M&F and will drive the delivery of the step-change programme over the next three years. The objectives of the programme are to embed profitable and sound underwriting; to develop better products; to be more customer-focused; grow our customer base by offering the right distribution models; and improve efficiency. As part of the step-change programme, we aim to improve profitability through growth in the direct and broker channels and through the reduction of claims costs and expenses. During the year, we entered the direct insurance channel via iWYZE, the joint initiative with OMSA. This is the first step in extracting greater value from M&F's position within the Old Mutual Group following the buy-out of minorities.

With its strong balance sheet and increased focus on alternative distribution channels, we are confident that we can grow revenue while improving our expense ratios.

US Asset Management (USAM)

USAM profits improved 4% over 2009 due primarily to higher average FUM. We saw net inflows into fixed income products, which were offset by outflows from equity, alternative and stable value products leading to an overall negative NCCF of $18.0 billion. During the recent market dislocation, a number of our affiliates underperformed in certain of their strategies, but we are confident that they will deliver outperformance in time. Echo Point began operating as a USAM affiliate in October launching with $1.7 billion funds under management in international growth equities.

Non-US clients represented more than a quarter of total funds under management and a key objective for us is to grow and diversify this base. We have expanded our global distribution through the hiring of new staff and we are expanding our distribution presence in the Middle East, resulting in US Asset Management now operating out of 13 countries. Growing the international element for US Asset Management is a priority for the business and we continue to work toward improving our margin with a target of 25-30% by the end of 2012 and improving investment performance.

Peter Bain has been appointed CEO of US Asset Management. Peter has a proven track record in growing a boutique asset management company and his appointment is a key milestone for the US Asset Management business as we look to grow the business.

We believe in our boutique model, with its 18 affiliates and 160 investment strategies. As investor confidence improves, and with our extensive diversified product portfolio including non-US equity exposure, we believe we have the opportunity to capture a share of these flows.

We continue to explore the possibility of a partial IPO by the end of 2012.

Dividend
The Board has considered the position in respect of a final dividend for year ended 31 December 2010, and is recommending a final dividend of 2.9p per share (or its equivalent in other currencies). This makes a total dividend payment for the year of 4.0p compared to 1.5p in the previous year. A scrip alternative will be offered to eligible shareholders.

South African Empowerment
In South Africa in 2010, OMSA achieved and Nedbank maintained a Level 2 rating status and Mutual & Federal a Level 3 rating status as BBBEE contributors.

Outlook
We have made some significant operational progress and we expect 2011 to be a year of further delivery. We are committed to our three-year strategy and meeting our stated operational targets.

Julian Roberts
Group Chief Executive
8 March 2011

GROUP CHIEF EXECUTIVE'S Q&A'S

Julian Roberts answers a range of questions on how Old Mutual is delivering its strategy – and what lies ahead for the Group.

1

It has been a year now since you unveiled your strategic review. How much progress have you made?

Our strategy is to build a long-term savings, protection and investment group. One year into a three-year process, we have made significant operational progress.

When we announced our strategy, we said we would streamline and simplify the Group where we could create shareholder value. We have set some criteria to test this, which are:

- Does the business meet or can it meet our RoE target?
- Does the business contribute to or can it contribute to other parts of the Group?
- Can it become meaningful in the context of the Group's earnings?

As a result of applying these criteria, we have agreed to sell our US Life business for US$350 million.

We are making good progress in achieving the operational targets we set. We have delivered £59 million of run-rate savings against our target of £100 million. For our Long-Term Savings business, we set a return on equity target of 16-18%: last year, its RoE was 18.5% and we aim to ensure that this is sustained. We remain committed to reducing our debt by £1.5 billion by 2012.

In addition, we have implemented a new, more effective governance and control system. This is already working well, with the number of one-off operational losses reducing significantly during 2010. We have strengthened our management team with new CEOs in Nordic, US Asset Management, Mutual & Federal (M&F) and OMIGSA.

So we have made a good start to meeting our strategic objectives – though we recognise we still have a lot of work to do over the next two years.

2

What are the major challenges and opportunities for the Group in 2011?

We have achieved a lot in 2010. The challenge now is to ensure we maintain that rate of progress.

We saw good profit growth last year, and sustaining that momentum is crucial. While the global outlook remains somewhat volatile, we believe that, as long as we maintain what we have been doing, we can continue to grow our sales and profits.

This year we must deliver further on our strategy. We need to continue to deliver cost savings, reduce our debt and work on leveraging our strengths across the Long-Term Savings division.

In Emerging Markets, we will focus on designing new products for our customers and ensuring we have the right methods of selling to them. We are excited by the opportunities we see in Emerging Markets and the potential for expanding our footprint in sub-Saharan Africa.

Our restructuring programme in Nordic is intended to reduce its costs and increase its profitability. Retail Europe is rolling out a suite of new products and Wealth Management will continue reducing costs and improving efficiency.

We have a new CEO at US Asset Management, whose declared priorities are maintaining investment discipline to improve performance and net client cash flow, driving growth and improving margins. We are continuing to explore a partial IPO of this business.

At Mutual & Federal, our new MD will be driving its Step Change Programme, which is necessary to refocus and grow the business. And Nedbank has a clear strategy for growing its retail business and non-interest revenue.

3

How are you putting the customer at the centre of everything you do?

Putting the customer at the centre requires us to understand what our customers need, offering them the right products through the right distribution channels in each of our markets, while providing unrivalled customer service. This will create long-term, sustainable competitive advantage.

We have to develop specific products, distribution systems and processes to meet the needs of customers in two distinct types of market: developed countries and emerging markets.

In the UK, for example, we offer flexible, transparent products primarily through our Skandia platform. Evidence of the development of the platform business can be found through our growing share of the UK savings market: by the end of the third quarter of 2010 we had achieved a 7.4% share, up from 6.4% at the end of 2009.

In Emerging Markets, we have a wider product set, often centred on regular-premium protection products and distributed through the channels that suit our customers. We focus on delivering value – making sure that our products are transparent, our fees are clear and our customers get what they want and need.

4

How would you judge Old Mutual's performance last year?

I am very pleased with our performance in 2010 and would say it has been a year of substantial improvement. Our adjusted operating profit was up 14%, adjusted earnings per share were up 20% and Group return on equity was up from 9.1% to 12.2%. In light of these strong results, our Board has recommended an increased final dividend of 2.9p, making a total of 4.0p for the year.

Our funds under management increased during the year to £309 billion and our financial position remains robust.

Looking at our performance in more detail, we saw 7% growth in life sales on an APE basis and 28% growth in unit trust sales in Long-Term Savings. Each of our Long-Term Savings businesses grew its profits during the year. Our Wealth Management business had a particularly good year, with profits up 86%, and the UK platform attracted gross inflows of £5.2 billion. Nordic grew its profits by 66% and Emerging Markets also achieved good sales and profit growth.

Our short-term insurance business, Mutual & Federal, had one of its best underwriting performances to date. And Nedbank reduced impairments, increased non-interest revenue and grew headline earnings by 15%.

So we achieved a good performance overall, with all our businesses delivering progress. Our focus going forward will be on keeping up the good work.

GROUP FINANCE DIRECTOR'S STATEMENT

"... a very strong improvement in results compared to the prior year... AOP earnings per share were 16.0p and return on equity grew to 12.2%..."

Philip Broadley
Group Finance Director

During the year to 31 December 2010 ("the year") Old Mutual showed a very strong improvement in results compared to the prior year. Adjusted Operating Profit (AOP) earnings per share were 16.0p for 2010 compared to 11.6p for 2009. This was driven by improved operational performance across the Group and positive currency movements. Funds under management (core and continuing businesses) grew by 12% compared to the prior year, largely due to improved market conditions. Return on equity grew to 12.2%, primarily as a result of improved margins and favourable foreign exchange movements.

IFRS AOP on a pre-tax basis of £1,481 million for the year was £348 million higher than in the prior year. This was made up of £181 million (52%) due to improvement in trading results, and £167 million (48%) from the positive benefit of currency movements. On a constant currency basis, the AOP for 2009 was £1,300 million. Strong growth in new business sales, lower credit losses in banking, a close focus on overall cost control, improved persistency and higher profits in our general insurance business drove the underlying performance.

Net client cash flows (NCCF) doubled in LTS to £5 billion, and were positive in all our European businesses and in our Retail South African businesses. This was offset by outflows in the Corporate and OMIGSA businesses in South Africa, and in certain affiliates of USAM. The NCCF contribution from Wealth Management was particularly strong, increasing by 56% to £3.9 billion largely from the UK Platform and Italy.

Funds under management increased to £309 billion (core and continuing businesses) although there were periods of substantial market movements in the year. Across all our principal equity markets, second quarter falls more than eclipsed first quarter rises. Markets steadily rose from August onwards, all recording their 2010 highs in the last week of the year. The JSE All Share index rose by 16% in the year, the FTSE rose by 9%, the S&P-500 by 13% and the Swedish SAX:OMX by 23%.

Management Discussion and Analysis of Results for 2010

The principal businesses of the Group are the LTS division, Nedbank, Mutual & Federal and US Asset Management. During the period, Old Mutual owned on average 54% of Nedbank. At 31 December 2010 the market capitalisation of Nedbank was £6.2 billion. The results for each of the LTS businesses, Nedbank, Mutual & Federal and US Asset Management are discussed separately in the Business Review which follows this Report.

FINANCE DIRECTORS AROUND THE GROUP


Iain Pearce
Group Head Office


Katie Murray
Emerging Markets


Marek Rydén
Nordic


Markus Deimel
Retail Europe


Mark Satchel
Wealth Management


Raisibe Morathi
Nedbank


Debbie Loxton
Mutual & Federal


Matt Berger
US Asset Management


Barry Ward
US Life


Michael Sakoulas
Bermuda

Summarised Financial Information

	£m 2010	£m 2009	% Change
IFRS results			
Adjusted operating profit (IFRS basis, pre-tax)[1]	**1,481**	1,133	31%
Adjusted operating earnings per share (IFRS basis)[1]	**16.0p**	11.6p	38%
Basic loss per share	**(6.5p)**	(7.8p)	17%
IFRS profit/(loss) after tax	**(24)**	(118)	80%
Sales statistics			
Life assurance sales – APE basis	**1,583**	1,381	15%
Life assurance sales – PVNBP basis	**12,155**	10,217	19%
Value of new business	**172**	167	3%
Unit trust/mutual fund sales	**10,305**	7,567	36%
MCEV results			
Adjusted Group MCEV (£bn)	**11.0**	9.0	22%
Adjusted Group MCEV per share	**202.2p**	171.0p	18%
Adjusted operating profit Group MCEV earnings (post-tax and non-controlling interests)	**830**	562	48%
Adjusted operating Group MCEV earnings per share	**15.5p**	10.7p	45%
Financial metrics			
Return on equity[1, 2]	**12.2%**	9.1%	
Return on Group MCEV	**10.9%**	10.7%	
Net client cash flows (£bn)	**(6.2)**	(2.7)	(130%)
Funds under management (£bn)	**322.8**	285.0	13%
Interim dividend	**1.1p**	–	–
Final dividend	**2.9p**	1.5p	93%
FGD (£bn)	**2.1**	1.5	40%

1 The year ended 31 December 2009 has been restated to reflect US Life as discontinued.
2 RoE is calculated as IFRS AOP (post-tax) divided by average shareholders' equity of core businesses (excluding the perpetual preferred callable securities).

GROUP FINANCE DIRECTOR'S STATEMENT
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Summary adjusted operating profit statement

£m	Year ended 31 December 2010	Year ended 31 December 2009[1]	% Change
Revenue			
Net earned premiums	**3,278**	2,746	19%
Investment return (non-banking)	**10,585**	10,903	(3%)
Banking interest and similar income	**4,082**	3,989	2%
Fees & commissions	**3,160**	2,538	25%
Other revenue	**298**	311	(4%)
Total revenues	**21,403**	20,487	4%
Expenses			
Net claims and benefits incurred	**(4,564)**	(3,126)	46%
Change in investment contract liabilities	**(6,899)**	(8,341)	(17%)
Bank interest	**(2,500)**	(2,627)	(5%)
Other expenses	**(5,966)**	(5,262)	13%
Total expenses	**(19,929)**	(19,356)	3%
Share of associated undertakings profit/(loss) after tax	**7**	2	250%
Adjusted operating profit/(loss) before tax and non-controlling interests	**1,481**	1,133	31%

1 The year ended 31 December 2009 has been restated to reflect US Life as discontinued.

The improvement in our AOP earnings was principally driven by increased income from rising markets, better underwriting performance in all our insurance businesses, growth in Nedbank's non-interest revenue stream, and the benefit of positive currency movements.

The 19% increase in net earned premiums reflected the growth in new business sales, most notably, in Emerging Markets, Mutual & Federal and Wealth Management. The majority of the fee and commission income growth arose in Wealth Management, largely attributable to the increase in FUM over the period, and in Nedbank, reflecting a growing customer base. Investment return is driven by dividend and interest income, and gains and losses on the fair value of investments and securities, a large proportion of which are held attributable to investment contract holders. The decline in investment return in the year broadly matches the corresponding movement in investment contract liabilities in Wealth Management and Nordic given the investment nature of the contracts written in those businesses. However, in Emerging Markets the increase in investment return is not closely matched by a similar change in investment contract liabilities due to its larger proportion of insurance type products, and because substantial shareholder capital is held in South Africa. Other expenses grew by 13% over the period, reflecting increased levels of new business written, FX movements (primarily the strengthening of the rand) and increased remuneration costs in South Africa.

	Net Margin (bps)	
	2010	2009
LTS	**72.2**	64.8
Nedbank	**98.8**	95.4
USAM	**5.5**	5.8
TOTAL[1]	**43.0**	38.7

1. Includes M&F and corporate costs. Margins are calculated on the average balance of funds under management and banking assets during the year.

Group net margin (measured as net profits earned on average assets) increased by 4.3 basis points over the period from 38.7 basis points to 43.0 basis points. Of this, the European LTS businesses generated 3.9 basis points as the uplift in profits significantly exceeded their average asset growth, and 0.3 basis points came from Emerging Markets, where AOP grew at a marginally higher rate than growth in average assets, resulting in a small increase. The increase in profit from the non-LTS businesses resulted in a further 1.6 basis points increase, and the reduced LTIR contribution resulted in a decrease of 1.5 basis points.

Operating profit analysis

Finance costs increased mainly as a result of inclusion of a full-year interest charge on the £500 million seven-year 7.125% fixed rate senior bond placed in October 2009. The interest payable to non-core operations reflects the interest payable on the loan note

Operating profit analysis

£m	Year ended 31 December 2010	Year ended 31 December 2009 (constant currency)	% Change	Year ended 31 December 2009[1] (as reported)	% Change
Long-Term Savings	**897**	713	26%	636	41%
Nedbank	**601**	548	10%	470	28%
Mutual & Federal	**103**	81	27%	70	47%
US Asset Management	**87**	84	4%	83	5%
Finance costs	**(128)**	(104)	23%	(104)	23%
LTIR on excess assets	**31**	91	(66%)	91	(66%)
Interest payable to non-core operations	**(55)**	(40)	38%	(40)	38%
Interest receivable from non-core operations	**16**	12	33%	12	33%
Other net income and expenses	**(71)**	(85)	(16%)	(85)	(16%)
Adjusted operating profit	**1,481**	1,300	14%	1,133	31%

1 The year ended 31 December 2009 has been restated to reflect US Life as discontinued.

Reconciliation of Group AOP and IFRS profits

		£m
	Year ended 31 December 2010	Year ended 31 December 2009[1]
Adjusted operating profit	**1,481**	1,133
Adjusting items	**(482)**	(973)
Non-core operations – Bermuda	**(3)**	1
Profit before tax (net of policyholder tax)	**996**	161
Income tax attributable to policyholder returns	**149**	192
Profit before tax	**1,145**	353
Total income tax	**(456)**	(400)
Profit/(loss) from continuing operations after tax	**689**	(47)
Profit/(loss) from discontinued operations after tax	**(713)**	(71)
Profit/(loss) after tax for the financial year	**(24)**	(118)
Other comprehensive income for the financial period	**1,151**	1,228
Total comprehensive income for the financial period	**1,127**	1,110
Attributable to		
Equity holders of the parent	**594**	709
Non-controlling interests		
Ordinary shares	**428**	334
Preferred securities	**105**	67
Total comprehensive income for the financial period	**1,127**	1,110

1 The year ended 31 December 2009 has been restated to reflect US Life as discontinued.

GROUP FINANCE DIRECTOR'S STATEMENT
CONTINUED

arrangement between Bermuda and Group following a change to the terms of the arrangement. The decline in other net income and expenses is mainly attributable to a stamp duty reserve tax refund received in the first half of the year (£16 million) and higher dividend income (£5 million). Group costs for 2010 were £60 million (2009: £70 million).

As anticipated, the LTIR on the shareholder assets decreased from £91 million to £31 million. This was a result of the 390 basis point reduction to 9.4% in the rate applied to shareholder assets within Emerging Markets. This reflected the expected return from the asset allocation of 25% equities and 75% cash in 2010. The LTIR rate in Mutual & Federal was similarly reduced by 390 basis points in 2010. The LTIR rate for Emerging Markets and Mutual & Federal has been further reduced in 2011 to 8.4% to reflect the prevailing low interest rate environment in South Africa.

Reconciliation of Group AOP and IFRS profits

The key adjusting items between our AOP and IFRS profits for the year are deductions of £214 million in respect of acquisition accounting (mainly the amortisation of acquired present value of in-force business), £83 million for short-term fluctuations in investment return (of which £71 million relates to the smoothing of previous years' deferred tax assets), and £203 million in respect of the impact of marking-to-market of Group debt, as the improvement in the external valuation of Group debt in the year negatively impacted profit after tax for the year. This reverses previous years' mark-to-market gains on Group debt. Other adjustments net to £18 million.

As previously reported, the prior year AOP results benefited from the structural tax efficiency applicable to UK companies writing unit-linked business in the UK, together with the smoothing of previous years' deferred

Progress against RoE and margin targets

	2010	2009	2012 Target
Long-Term Savings[1]			
Emerging Markets	**25%**	23%[2]	20%-25%
Nordic	**11%**	12%	12%-15%
Retail Europe	**20%**	9%	15%-18%
Wealth Management	**14%**	8%	12%-15%
LTS Total	**18.5%**	14.8%[3]	16%-18%
USAM Operating Margin	**18%**	18%	25%-30%

1 RoE is calculated as IFRS AOP (post tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles.
2 Within Emerging Markets, OMSA is calculated as return on allocated capital. Full year 2009 has been adjusted to the 2010 LTIR rate.
3 Long-Term Savings 2009 restated from 14.9%.

Progress against 2012 cost reduction targets

£m	**2010[1]**	Cost to achieve in 2010	2012 Target
Long-Term Savings			
Emerging Markets	**–**	–	5
Nordic	**3**	5	10
Retail Europe	**6**	5	15
Wealth Management	**35**	27	45
LTS Total	**44**	**37**	**75**
USAM	**15**	8	10
Group-wide corporate costs	**–**	–	15
Total	**59**	**45**	**100**

1 Run-rate savings delivered to date.

tax assets. These assets arose during the significant market volatility of the preceding two years where falls in the value of policyholder assets resulted in the recognition of significant deferred tax assets in the IFRS income statement, which were spread forward under AOP. The pre-tax smoothing for 2010 gave rise to a profit of £71 million, a similar amount to 2009. For 2011, the pre-tax impact will be a profit of £27 million, falling to nil thereafter.

The profit on continuing operations of £689 million was offset by a loss on discontinued operations of £713 million, resulting from the impairment of the US Life business in anticipation of its sale at the terms agreed with the purchaser. The Group produced a loss after tax of £24 million on an IFRS basis. In addition to this the Group generated other comprehensive income of £1,151 million largely from favourable currency movements. There was therefore an increase in net assets of £1,127 million in the period.

Group cost savings and ROE and margin targets

At the 2009 Preliminary Results and Strategy Update, the Group introduced three-year cost saving and return on equity targets. The improvement in RoE has been driven by the achieved cost savings, and increased FUM resulting from strong growth in new business sales and positive market levels.

We are in the process of delivering the reduction in the cost base of our businesses as announced in March 2010. Wealth Management has made good progress with £35 million of run-rate savings achieved to date against the 2012 target of £45 million. Retail Europe has achieved £6 million of run-rate savings as a result of reduced staff costs and centralisation of functions in Berlin. US Asset Management delivered around £15 million of actual savings in the year as a result of restructuring in 2009, and therefore on a run-rate basis, the business is already exceeding its target. Costs to achieve this in 2010 totalled £45 million. Our focus in 2011 and 2012 will be on continued execution, particularly in Wealth Management, Nordic and Retail Europe, while maintaining the reductions we have achieved to date. The costs of executing the cost reduction process will restrict 2011 profits from these businesses. Nordic restructuring costs are anticipated to be approximately £30 million in 2011.

Summary MCEV results

	p
Adjusted Group MCEV per share at 31 December 2009	**171.0**
Adjusted operating Group MCEV earnings per share	**15.5**
Covered business	11.0
Non-covered business	4.5
Below the line effects	**15.7**
Economic variances and other	11.2
Foreign exchange movements	15.9
Dividends to shareholders	(2.7)
Nedbank market value adjustment	1.7
M&F dilution	(7.1)
BEE and ESOP adjustment	1.1
Marking debt to market value	(4.4)
Adjusted Group MCEV per share at 31 December 2010	**202.2**

GROUP FINANCE DIRECTOR'S STATEMENT
CONTINUED

Summary MCEV results

The adjusted Group MCEV increased 22% from £9.0 billion at 31 December 2009 to £11.0 billion at 31 December 2010. The adjusted Group MCEV per share increased by 18% (or 31.2p) from 171.0p to 202.2p over the same period.

The adjusted operating Group MCEV earnings per share increased by 4.8p from 10.7p for 2009 to 15.5p for 2010.

Non-covered business operating earnings per share, at 4.5p, were 3.2p higher for 2010 compared to the 2009 result of 1.3p, as a result of:

- Higher profits in the asset management businesses, arising from higher funds under management, and
- Higher sterling profits in the banking business due to greater fee income and lower bad debt charges.

Covered business operating MCEV earnings of 11.0p were 1.6p higher in 2010 compared to 9.4p in 2009 as a result of:

- A strong turn-around in the contribution from experience variances, due to improved persistency experience relative to the assumption changes made at December 2009, and improved expense experience;
- Lower contribution from operating assumption changes, particularly for persistency and expenses; offset by
- A lower expected existing business contribution, mainly resulting from a reduction from the contribution made by US Life due to lower yields on the corporate bond portfolio at the start of 2010 compared to the start of 2009; and
- An adverse contribution from methodology changes and error corrections, (reflected as part of other operating variances).

The net risk-free return from investment in new business in LTS (calculated as VNB based on the risk-free return, divided by the free surplus invested in new business) has increased from 35p per £1 in 2009 to 48p per £1 in 2010, with all LTS businesses contributing to the improvement.

Risk management using Economic Capital and Market Consistent Embedded Value

The Group's current internal Economic Capital models form the basis of the Risk Appetite and limit-setting framework, which is applied on the basis of Market Consistent valuation methodologies and assumption setting processes. In this way the Group is able to ensure that Risk Appetite and exposures are derived with respect to a risk-neutral benchmark, which adds value by ensuring that the Group makes explicit decisions regarding risk assumption inherent in New Business and management of the in-force book. We believe that this disciplined approach facilitated better decision-making around risk assumption over the past year. The new Solvency II internal model builds on the work done under the current Economic Capital model, and will be used in future to generate benefit in respect of making decisions which formally quantify potential investment and market risk exposures, hence support better informed decision-making.

Free surplus generation

The Group generated £759 million of free surplus in the period (2009: £434 million), of which £503 million (2009: £581 million) was generated by the LTS division. £519 million (2009: £249 million) of the £759 million was generated from covered business (which includes US Life and Bermuda). We anticipate that the value of our in-force business will generate £3 billion of free surplus from the covered business over the next five years. Free surplus generated from the in-force business is used to cover investment in new business, to pay dividends, and to provide free cashflow to the Group.

Sources and uses of free surplus

Gross inflows from core and continuing operations were £1,016 million (2009: £1,064 million), and new business spend was £419 million (2009: £438 million). Total net free surplus generated of £645 million was lower than the £782 million in 2009 due to cash costs of restructuring in 2010 and the acceleration of cash flow in respect of the VIF financing for Skandia International in 2009.

Capital, liquidity and leverage Capital

The Group's regulatory capital surplus, calculated under the EU Financial Groups Directive, at 31 December 2010 was £2.1 billion. The Group followed the FSA's requirements, and gave it six months advance notice of its right to call a £300 million Lower Tier 2 instrument at the first call date of 21 January 2011. The bond was subsequently called on this date. As a result of that notice, the Lower Tier 2 instrument had been excluded from the regulatory capital surplus calculations as at 31 December 2010. On a like-for-like basis, the regulatory capital surplus at 31 December 2010 was £2.4 billion (31 December 2009: £1.5 billion). The FGD of £2.1 billion represented a coverage ratio of 146%, compared to 135% at 31 December 2009. The increase in the coverage ratio since 31 December 2009 comprises statutory profits in LTS (Emerging Markets and UK) and Nedbank, reduced resilience risk capital requirement in Bermuda due to hedging and a reduction in Nedbank's capital requirement reflecting a change to the "capital floor" regime operated by the South African Reserve Bank. These positive changes have been partially offset by increased capital requirements in Emerging Markets, deduction of intangible assets in Nedbank for the first time and by the payment of Group ordinary and preferred dividends. On completion of the US Life transaction, and as previously announced, we would anticipate a reduction in FGD surplus of approximately £100 million.

As shown in the table below all our major business units have robust local solvency surpluses, a number of them do not make a positive contribution to the Group's FGD position. The corollary of this is that a disposal of a business unit at a value equal to or greater than its net asset value will normally have the effect of increasing the Group's FGD surplus.

We have set a target to reduce the Group's debt by at least £1.5 billion on a cash basis by the end of 2012, whilst ensuring also that the Group's balance sheet and the holding company's liquidity continues to be prudently managed against our internal targets. In 2010 the holding company repaid £97 million of Old Mutual senior debt and on 21 January 2011 the Group repaid its £300 million Lower Tier 2 security.

Liquidity

As a Group we continue to maintain effective dialogue and strong commercial relationships with our banks and credit investors. As of 31 December 2010, the Group has available cash and committed facilities of £1.4 billion (31 December 2009: £1.2 billion). Of this cash on hand at the holding company was £0.4 billion (31 December 2009: £0.4 billion).

In addition to the cash and available resources referred to above at the holding company level, each of the individual businesses also maintains liquidity to support their normal trading operations.

Net inflows from businesses less expenses increased compared to 2009 and included a net remittance from US Life of £51 million. The holding company made ordinary dividend payments in the period of £65 million and offered a scrip dividend election. Of the total other movements of £334 million, £183 million is in respect of the revaluation of the fair value of Group bonds relating to improved credit spreads and the balance is foreign exchange movements and other net flows.

Dividend

Dividend policy

The Board intends to pursue a progressive dividend policy consistent with our strategy, having regard to overall capital requirements, liquidity and profitability, and targeting dividend cover of at least 2.5 times IFRS AOP earnings over time.

Final dividend for 2010

The Board has carefully considered the position in respect of a final dividend for 2010, and is recommending the payment of a final 2010 dividend of 2.9p per share (or its equivalent in other applicable currencies). A scrip option is also being offered.

Corporate disposals and acquisitions and related party transactions

As set out in the Strategy Update in March 2010, the Group continues to simplify its structure and reduce its spread of businesses to focus on areas of key competence and competitive strength, and drive operational improvements.

On 6 August 2010, the Group announced the disposal of the US Life operations to Harbinger Capital Partners. In February 2011, we agreed to enter into an amended SPA with an affiliate of Harbinger Capital Partners LLC. The Board of Harbinger Group Inc. – a public company listed on the NYSE – has recently agreed to acquire this affiliate. We await regulatory approval for the transaction, and closing is expected at or around the end of the first quarter of 2011. The US Life business has been classified as a non-core discontinued operation, and as such its profits are excluded from the Group's IFRS adjusted operating profit. US Life made a trading profit of £51 million before the deduction of inter-company interest paid to Group. In accordance with IFRS 5, the assets and liabilities of US Life have been classified as held for sale in the statement of financial position for the current year. The amount

Subsidiary businesses' local statutory capital cover

	At 31 December 2010	At 31 December 2009
Business unit	**Ratio**	Ratio
OMLAC(SA)	**3.9x**	4.1x
Mutual & Federal	**2.02x**	1.53x
US Life	**350%**	312%
Nordic	**9.8x**	10.8x
UK	**2.8x**	2.9x
Nedbank[1]	**Core Tier 1: 10.1%**	Core Tier 1: 9.9%
	Tier 1: 11.7%	Tier 1: 11.5%
	Total: 15.0%	Total: 14.9%

1 This includes unappropriated profits.

GROUP FINANCE DIRECTOR'S STATEMENT
CONTINUED

recognised as the impairment on remeasuring the business to fair value (less the costs to sell) was £827 million. The loss after tax on the sale was £713 million. A summarised review of the operating performance of US Life is set out in the Review of Non-core and Discontinued Business Operations which follows the core operating Divisions.

Solvency II, Risk Allocation and iCRaFT and Financial Controls Initiative project update

Our integrated Capital, Risk and Finance Transformation ("iCRaFT") project is progressing well. The Group has entered the FSA's internal model approval process, and is on track to deliver all requirements for Solvency II compliance. We were the first major UK retail group to submit our Group QIS5 results and the Self Assessment Questionnaire in respect of the internal model to the FSA. In 2011, we will enter the "Use Test" phase, during which we will demonstrate the extent to which we have embedded the new tools and processes, and will hold dry runs of selected Solvency II processes. We expect to be ready to make our full internal model application at the earliest date that the FSA is ready to accept such submissions.

In the LTS showcase presented on 13 October 2010, we published the Group's target risk profile versus current risk profile, along with a range of risk preferences, which considered the trade-offs between capital required to back different classes of liabilities, the risk assumed when underwriting these liabilities, and the margins available from doing so. The work that we have done is focused on ensuring that we deploy capital to underwrite risks that increase shareholder value, within a framework that fully protects promises made to policyholders. The Business Planning process requires business units to define and adopt their risk strategies, indicating how they intend to manage their existing liabilities and which products they wish to offer in future, within the framework of applying capital to these risks in order to create value at the BU level. We are satisfied that we are making good progress with this activity, and that we are achieving our objective to delivering better outcomes, within a stronger risk, capital and value framework.

In 2010, we completed the implementation of our Financial Controls Initiative project putting in place an internal certification framework across all the Group's financial reporting processes to a standard broadly equivalent to the US Sarbanes-Oxley requirements.

Tax and non-controlling interests

The effective tax rate on adjusted operating profits was 23% (2009: 25%). The effective rate reduced as an increased proportion of profits were earned on low-taxed dividends and capital profits, utilisation of group relief against taxable UK income in appreciating markets, and the benefit of secondary tax on companies (STC) credits in OMSA. This was partially offset by increased provisions and deferred tax assets not being recognised on losses arising in the UK. Looking forward, and depending on profit mix, we would anticipate the long term effective tax rate on AOP returning to the 25% to 28% range.

The non-controlling interests' share of adjusted operating profit increased by £34 million reflecting the minority share of higher Nedbank earnings, supported by the strengthening of the rand.

Risks and Uncertainties

There are a number of potential risks and uncertainties that could have a material impact on the Group's performance and cause actual results to differ materially from expected and historical results.

Whilst world economic conditions have improved from a year ago a number of other factors could impact the Group's ability to create value. Increasingly, governments are recognising the need for effective retirement provision, which provides future opportunities. At the same time, the regulatory environment is moving towards more transparency and providing consumers with more choice, protection and better value for money. Whilst we believe that many of our products align with this requirement, increased consumerism could lead to adverse reputational outcomes across the industry, which may have an impact on our business even though our products may not be the ones leading to such outcomes. Regulatory developments are also impacting on commission structures. The increased regulatory activity may increase the cost of doing business and drive margins down, resulting in a more competitive environment and competition for customers is increasing from both traditional and new players in all markets.

Continued economic uncertainty has contributed to lower consumer confidence, and may influence product preferences to lower risk investment products and affect termination experience in respect of existing and new business. There is also an increased drive from consumers for products with increased capital protection rather than complexity. Movements in asset prices lead to changes in funds under management and the fees that the Group earns from those funds. In instances where these lead to reduced fund values and fees, such movements will have an adverse impact on earnings.

The Group monitors these uncertainties, takes appropriate actions wherever possible, and continues to meet Group and individual entity capital requirements and day to day liquidity needs. Progress has been made with the US Life sale, effective management of Bermuda Variable Annuity guarantee risks and initial activity to explore the US Asset Management IPO.

The implementation of the new operating model is almost complete. Changes designed to implement the "strategic controller" model at the Group level through revision of the governance structure and processes, clarifying roles and responsibilities of Group and business units, and increasing Group presence on business unit Boards and Committees are progressing. Risks remain and may arise from the implementation of cost reduction programmes, streamlining of businesses and processes and other strategic initiatives. Business Performance Executives were appointed in 2010 and form a key part of the Operating Model, increasing engagement and understanding between the Group Head Office and Business Units, focusing on strategic delivery and informing the appropriate decisions.

The Group continues to strengthen and embed its risk management framework, with increasing importance placed upon ensuring business decisions are within Risk Appetite, and that risk exposures are monitored against Appetite, allocated limits and budgets. Risk Appetite limit allocation is now a key part of the Business Planning Process and the Group is progressing in embedding the Risk Appetite process by increased challenge on risks and management actions, as part of the Quarterly Business Reviews.

The Board of Directors has the expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements contained in this document.

Philip Broadley
Group Finance Director
8 March 2011

GROUP EXECUTIVE COMMITTEE

Julian Roberts (53), B.A., F.C.A., M.C.T.
Group Chief Executive
Julian has been Group Chief Executive of Old Mutual plc since September 2008. He is also a non-executive Director of Nedbank Group Limited, Nedbank Limited and Old Mutual Life Assurance Company (South Africa) Limited. He joined Old Mutual in August 2000 as Group Finance Director, moving on to become CEO of Skandia following its purchase by Old Mutual in February 2006. Prior to joining Old Mutual, he was Group Finance Director of Sun Life & Provincial Holdings plc and, before that, Chief Financial Officer of Aon UK Holdings Limited.

Philip Broadley (50), M.A., F.C.A.
Group Finance Director
Philip has been Group Finance Director since November 2008. He was previously Group Finance Director of Prudential plc from May 2000 until March 2008. Prior to joining Prudential, he was a partner in Arthur Andersen from 1993 to 2000. He has been Chairman of the 100 Group of Finance Directors, a founding member and trustee of the CFO Forum of European Insurance Company Finance Directors, and a member of the IASB's Insurance Working Group. He is a member of the Code Committee of the Takeover Panel.

Peter Bain (52), B.A., J.D.
President and Chief Executive Officer, Old Mutual Asset Management (US)
Peter is President and Chief Executive Officer of Old Mutual Asset Management, the US based global asset management business of Old Mutual plc. He has more than two decades of experience leading and advising firms in the investment management industry. Previously he was a Senior Executive Vice President at Legg Mason, Inc, where he held leadership positions from 2000 to 2009. Most recently he served as Head of Affiliate Management and Corporate Strategy, with responsibility for overseeing the firm's investment managers. Prior to that, he was Chief Administrative Officer, responsible for the firm's overall administration and operations.

Andrew Birrell (41), B.Bus. Sc (Hons), FASSA, FFA, ASA, CERA
Group Risk and Actuarial Director
Andrew has been Group Risk and Actuarial Director since March 2009. He joined Old Mutual South Africa in August 2007 as Chief Risk Officer and was appointed Group Chief Actuary at Old Mutual plc in July 2008. Previously he was Chief Operating Officer and Chief Financial Officer at Investec Securities. Prior to that, he was Chief Financial Officer at Capital Alliance Holdings. His early career was at Metropolitan Life.

Mike Brown (44), BCom, Dip Acc, CA (SA), AMP
Chief Executive, Nedbank Group
Mike Brown has been Chief Executive of Nedbank Group Limited since March 2010. He was previously the Chief Financial Officer of Nedbank Group and Nedbank Limited from November 2004. Prior to that, he headed Property Finance at Nedbank and before that he was an executive director of BoE Limited.

Paul Hanratty (49), B.Bus Sc. (Hons), FIA
Chief Executive Officer, Long-Term Savings and Chairman, Old Mutual South Africa
Paul was appointed Head of Long-Term Savings in March 2009 and Chairman of Old Mutual South Africa in September 2009. He has been with Old Mutual South Africa (OMSA) since 1984. He is a fellow of the Institute of Actuaries and has held a number of roles at Old Mutual.
These included Head of Product Development, General Manager, Finance and Actuarial and Head of the Retail business of OMSA. He joined the Board of the OMSA life business in 2003 and became Managing Director of OMSA in 2006.

Don Hope (54)
Head of Strategy Development
Don was appointed Head of Strategy Development at Old Mutual in March 2009. He joined Old Mutual as Group Treasurer in May 1999, with responsibility for developing the Group's international treasury function. He is Chairman of Old Mutual (Bermuda) Limited and a non-executive director of Nedbank Group Limited and Nedbank Limited.

Don Schneider (53), B.A., M.A.
Group Human Resources Director
Don joined Old Mutual in May 2009 from Merrill Lynch, where he was Senior Vice President and Head of Human Resources for their Global Wealth Management Division. Prior to that, he headed HR for their Global Markets and Investment Banking Division. Don originally joined Merrill Lynch in 1997 as Head of International Human Resources, based in London, where he was responsible for all HR activities outside the US. Prior to that, Don worked for Morgan Stanley for 13 years and he held a variety of senior HR roles in both New York and London. Don started his career as a consultant in human resources.

From the left:
Peter Bain, Don Hope, Mike Brown, Julian Roberts, Andrew Birrell, Don Schneider, Philip Broadley, Paul Hanratty.

LONG-TERM SAVINGS

KEY FINANCIAL HIGHLIGHTS

Adjusted operating profit (pre-tax)

£897m

2009: £636m

Funds under management

£131.8bn

2009: £105.5bn

Return on equity (RoE) %

2010	18.5
2009	14.8

Net Client Cash Flow (NCCF)/Funds Under Management (FUM) %

2010	4.7
2009	2.6

Unit trust sales (£m)

Emerging Markets	2010	3,668
	2009	2,765
Nordic	2010	581
	2009	393
Retail Europe	2010	23
	2009	24
Wealth Management	2010	4,507
	2009	3,210

Value added (VNB + Experience Variance)/MCEV %

2010	4.1
2009	1.3

Number of employees

24,044

2009: 22,269

Some of our brands

OLD MUTUAL
OLD MUTUAL Investment Group
MARRIOTT
skandia
skandia investment group
Futuregrowth
SYmmETRY

APE sales (£m)

Emerging Markets	2010	487
	2009	393
Nordic	2010	201
	2009	235
Retail Europe	2010	69
	2009	67
Wealth Management	2010	734
	2009	617

MCEV (£m)

Emerging Markets	2010	3,953
	2009	2,971
Nordic	2010	1,836
	2009	1,548
Retail Europe	2010	637
	2009	543
Wealth Management	2010	2,148
	2009	1,996

LTS EXECUTIVE COMMITTEE[1]

Kuseni Dlamini CEO
OMSA & Emerging Markets

Mårten Andersson CEO
Nordic

Jonas Jonsson CEO
Retail Europe

Bob Head CEO
Wealth Management

Richard Boynett
CIO Long-Term Savings

Steven Levin
Director Group Product

Rose Keanly
Managing Director OMSTA and Head of LEAN, LTS

Mike Harper
Managing Director Customer Solutions

1 Andrew Birrell, Don Hope and Don Schneider, members of the Group Executive Committee, are also on the LTS Executive Committee.

The Long-Term Savings (LTS) division offers life assurance, pensions and investment products and operates through four main business units: Emerging Markets, Nordic, Retail Europe and Wealth Management.

Overview

In each of these markets our vision is to be "our customers' most trusted partner, passionate about helping them achieve their lifetime financial goals". Our strategy to achieve this vision is to build a cohesive long-term savings, protection and investment division through leveraging the strength of our people and capabilities both in South Africa and around the world.

Business units:

Emerging Markets: Old Mutual South Africa (OMSA) is one of the largest and longest-established financial services provider in South Africa, providing individuals, businesses, corporates and institutions with long-term savings, protection and investment solutions. Because we are now leveraging the business into other high growth economies, we have combined it with our Latin American, Asian and African businesses.

Nordic: Operating in Sweden, Norway and Denmark under the Skandia brand, we offer banking and insurance services for individuals and corporates.

Retail Europe: Operating in Austria, Germany, Poland and Switzerland under the Skandia brand, we are one of the leading unit-linked providers – offering innovative and flexible products and strong investment knowledge.

Wealth Management: Operating mainly under the Skandia brand with businesses in the UK, Italy, France and in our offshore International bases. Our offer is based on open and guided architecture accessed through unit-linked life insurance, pensions and mutual funds.

Paul Hanratty
CEO Long-Term Savings and Chaiman, Old Mutual South Africa

"Our key strengths are our knowledge of managing distribution, product design and controls and efficient administration. Our challenge is to develop this across all of our LTS businesses."

Strategy

Within LTS we have three different types of businesses which together provide high returns combined with high growth:

- **High returns on equity (RoE) and high cash generation businesses**
- **High revenue growth potential businesses** but which are not operationally efficient at this stage. Because of their product design and structure these businesses are very capital-efficient and new business is self-financing
- Businesses in emerging markets, which we have the **opportunity to grow**. These will require funding for a number of years but in the long run will produce growth and value for shareholders.

The funding needs of the latter two business types are modest in relation to the rest of the portfolio, so in combination the three different categories provide an excellent mixture of high RoE and good growth potential, in both the medium and longer term.

Our strategy aims to:

- complement our strong, highly profitable and mature OMSA business by leveraging our South African capabilities to grow and develop our businesses in selected African, Latin American and Asian markets
- operate capital-efficient, fast-growth businesses in selected UK and European markets
- exploite capital, cost and revenue synergies between the various businesses.

The strategy is underpinned by building a culture of customer focus and value creation internationally.

LONG-TERM SAVINGS
CONTINUED

Long-Term Savings

Key performance statistics for the LTS division are as follows:

2010	**Emerging Markets**	**Nordic**	**Retail Europe**	**Wealth Management**	**Total**
					£m
Life assurance sales (APE)	**487**	**201**	**69**	**734**	**1,491**
PVNBP	**3,269**	**1,104**	**513**	**6,380**	**11,266**
Value of new business	**86**	**41**	**7**	**66**	**200**
Unit trust/mutual fund sales	**3,668**	**581**	**23**	**4,507**	**8,779**
NCCF (£bn)	**–**	**0.7**	**0.4**	**3.9**	**5.0**
FUM (£bn)	**57**	**14**	**5**	**56**	**132**
Adjusted operating profit (IFRS basis, pre-tax)	**539**	**110**	**51**	**197**	**897**
Operating MCEV earnings (covered business, post-tax)	**344**	**45**	**66**	**112**	**567**
(VNB + Exp Var)/MCEV (covered business)	**4.7%**	**4.7%**	**2.2%**	**3.1%**	**4.1%**

2009 (as reported[1])	Emerging Markets	Nordic	Retail Europe	Wealth Management	Total
					£m
Life assurance sales (APE)	393	235	67	617	1,312
PVNBP	2,834	1,150	537	5,042	9,563
Value of new business	65	44	(5)	49	153
Unit trust/mutual fund sales	2,765	393	24	3,210	6,392
NCCF (£bn)	(1.6)	1.0	0.5	2.5	2.4
FUM (£bn)	44	11	4	47	106
Adjusted operating profit (IFRS basis, pre-tax)	446	62	22	106	636
Operating MCEV earnings (covered business, post-tax)	212	81	(44)	(4)	245
(VNB + Exp Var)/MCEV (covered business)	0.5%	7.5%	(5.1%)	0.6%	1.3%

1 The year ended 31 December 2009 has been restated to reflect US Life as discontinued.

Review of Results 2010

LTS AOP earnings benefited from higher fees generated from positive net client cash flows particularly in Wealth Management, rising funds under management and the strengthening of the rand and Swedish krona against sterling. On a constant currency basis, earnings were up 26%.

The Emerging Markets business accounts for 60% of the LTS IFRS AOP earnings, 43% of LTS FUM, and 33% of LTS APE sales. This compares to 70% of restated AOP, 41% of FUM, and 30% of APE sales in 2009.

APE sales increased by 14% for the LTS division as a whole, with the growth coming largely from the regular premium products in the Retail businesses of Emerging Markets, and Wealth Management single premium products, notably in the UK and Italy. A managed shift in business mix in Nordic was executed with sales decreasing from prior year levels. There was encouraging growth in both single and recurring premiums in Retail Europe. Sales for the second half of 2010 were ahead of the first half for Emerging Markets and Retail Europe, and evenly spread across the year in Nordic. Wealth Management sales were slightly higher in the first half of the year than the second given the usual seasonal weighting to the first quarter of the year, and the benefit of the short-term Italian tax shield.

Mutual fund sales were up by £2,387 million, with strong performance in Wealth Management and Emerging Markets particularly in the second half of the year.

Across LTS as a whole, new business APE margins improved to 13% for 2010 (2009: 12%). This reflects the focus on selling more profitable products with better margins, notably in Nordic, and increased sales of a higher margin product in the first half of the year in Emerging Markets. The APE margin in Emerging Markets increased from 16% to 18%. In Nordic, the APE margin has increased from 19% to 21%, benefiting from the managed reduction of low margin product sales such as *Link regular*. In Retail Europe, the APE margin has improved considerably to 11% from a negative position in the comparative period.

Across Wealth Management, the APE margin increased from 8% to 9%, with the UK increasing from 2% to 3%, and International from 18% to 19%. The most significant increase in APE margin was in respect of the Continental European markets, which increased from 3% to 8% as result of the increase in volumes in Italy. Sales of mutual funds, which make up the bulk of Wealth Management's sales, are not included in the APE margin. The IFRS operating margin rose to 38bps from 25bps for Wealth Management as a whole. For LTS as a whole the PVNBP margin improved to 1.8% (2009: 1.6%).

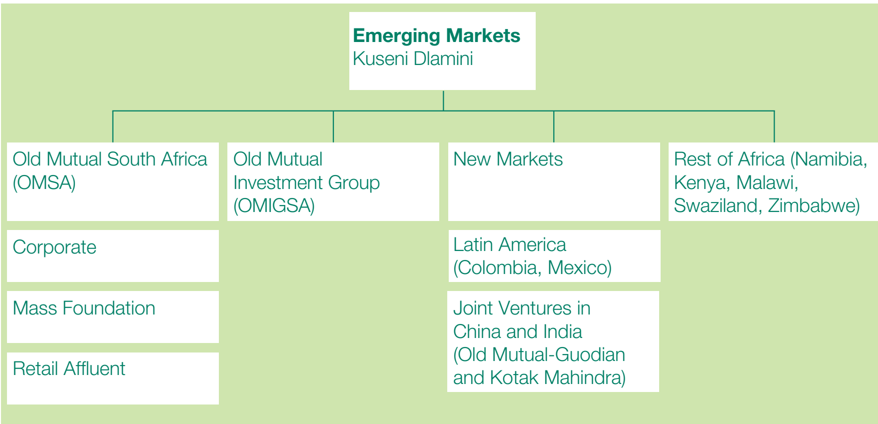
The market-consistent value of new business (VNB) improved for all of our LTS businesses, with the exception of Nordic, where although the underlying margins of the business improved, the absolute value of new business fell as a result of the decline in new business volumes (due to the cessation of sales of an unprofitable recurring premium product) and changes in assumptions.

The LTS net client cash flows more than doubled as improvements in Wealth Management and Emerging Markets more than outweighed the lower net flows in Nordic given lower sales volumes. Funds under management for LTS at 31 December 2010 increased by 25% to £131.8 billion (31 December 2009: £105.5 billion) although there were periods of substantial market movements during the year, with notable falls in the second quarter and increases towards the end of the year.

The rand started the year at 11.92 against sterling, strengthening to 11.45 at 30 June 2010, and to 10.28 by 31 December 2010. The US dollar and Swedish krona also strengthened, although to a lesser degree, appreciating 4% and 10% respectively in the year. The average exchange rates to sterling over the year were 11.31 (2009: 13.17), 1.55 (2009: 1.57) and 11.14 (2009: 11.97) for the rand, US dollar and Swedish krona respectively. The cumulative effect of foreign exchange movements for LTS was an increase of £77 million on IFRS profitability.

EMERGING MARKETS

Emerging Markets



Good results combined with strong growth in regular premium sales

Highlights (Rm, unless otherwise stated)	2010	2009	% Change
Adjusted operating profit (IFRS basis, pre-tax)	**6,099**	5,879	4%
Return on local equity	**25%**	25%	
Return on allocated capital (OMSA only)	**25%**	26%	
Life assurance sales (APE)	**5,505**	5,178	6%
Unit trust/mutual fund sales	**41,488**	36,421	14%
PVNBP	**36,975**	37,339	(1%)
Value of new business	**972**	853	14%
APE margin	**18%**	16%	
PVNBP margin	**2.6%**	2.3%	
Operating MCEV earnings (covered business, post-tax)	**3,877**	2,794	39%
Return on embedded value (covered business, post-tax)	**13.2%**	9.8%	
Net client cash flows (Rbn)	**0.2**	(20.5)	101%
Funds under management (Rbn)	**585.7**	518.4	13%

Overview

Equity markets in the Emerging Markets have enjoyed a strong year, with the JSE increasing by 16%. The South African rand appreciated 13% against the US dollar and 14% against sterling. Low inflation contributed to interest rate cuts in South Africa from 10.5% to 9%.

We continue to focus on innovation and product improvements which will benefit our customers. In South Africa we developed and launched a new direct short-term insurance product, iWYZE, in conjunction with Mutual & Federal – and its success has exceeded expectations. Old Mutual Corporate launched *Old Mutual SuperFund*, the largest multi-employer or umbrella fund in South Africa with over 300,000 members, to provide a simple, affordable and strictly-governed platform enabling employees to save for their retirement. We launched the *Futuregrowth Agri-Fund* in March 2010, focusing on responsible equity investments in agricultural land, agri-businesses and farming infrastructure. As a Socially Responsible Investment fund, it seeks long-term returns and tangible social and developmental impacts.

We are integrating social, environmental and economic principles into our core business. OMSA achieved Level 2 Broad-Based Black Economic Empowerment (BBBEE) status in October 2010. Furthermore, OMIGSA attracted more than R8 billion from institutional investors into social infrastructure investment.

Our sales improved in the year, notably in the second half. This resulted in a 6% increase in APE sales compared to 2009, and we benefited from improved persistency. Our NCCF improved significantly, and we saw increasing contributions from new markets, with non-South African NCCF higher than South African NCCF (excluding flows relating to the Public Investment Corporation of South Africa).

IFRS AOP results

IFRS AOP (pre-tax) increased by 4% from R5,879 million to R6,099 million, with strong asset management profits (up 62% to R1,550 million), partially offset by lower long-term investment return (R1,221 million compared to R1,658 million in 2009).

Rm	**2010**	2009	% Change
Long-term business AOP	**3,328**	3,263	2%
Asset management AOP	**1,550**	**958**	**62%**
Long-term investment return (LTIR)	**1,221**	1,658	(26%)
AOP (IFRS basis, pre-tax)	**6,099**	5,879	4%

The growth in long-term business profits is mainly due to the significant improvement in Retail persistency in 2010 following the significant strengthening of the basis in 2009 as well as continued business effort to improve retention experience. Good investment performance in the annuity and permanent health insurance (PHI) portfolios and increased asset-based fees due to higher equity market levels also contributed to profit growth. The comparable 2009 life profits benefited from a number of large non-recurring items, including the impact of assumption changes and profits from the Nedbank joint ventures in the first five months of 2009. Excluding these items, underlying life profits increased by 37% over the comparative period.

Asset management profits grew significantly as a result of higher fees being earned from higher FUM, stronger performance fees in OMIGSA, a first full-year contribution from ACSIS (acquired in the second half of 2009), a higher contribution from OMF due to growth in the business, and mark-to-market profits in Old Mutual Specialised Finance (OMSFIN). These were partially offset by lower transactional income.

The LTIR decreased by 26% to R1,221 million in 2010 reflecting the reduced rate applied to OMLAC(SA) assets due to the implementation of a higher ratio of cash to equity in the asset portfolio backing the Capital Adequacy Requirement.

Life APE sales summary

APE sales increased by 6% from R5,178 million to R5,505 million, driven largely by strong growth in regular premium sales across the majority of our Emerging Markets businesses.

OMSA

Regular premium sales

Regular premium sales grew by 13% compared to 2009 and by 25% in the second half of 2010 compared to the first half, with particularly strong growth in savings sales in the second half in the Mass Foundation Cluster which benefited from lower overall cancellation rates, higher average premiums, improved adviser productivity and significant improvement in the direct channel sales performance.

Retail Affluent sales growth was driven by *Max Investments* savings products, experiencing 21% and 31% growth for Life and LISP wrappers respectively in 2010, following the stabilisation of the economic outlook. *Greenlight* experienced a lower than expected growth of 6% over 2009 in some measure due to increased turnover of the Retail Affluent sales force. Corporate sales increased by 26% in 2010 – driven primarily by savings sales in the umbrella market, where the *Evergreen* umbrella fund grew its membership by two thirds to just over 56,000. Corporate risk sales grew strongly due to our success in selling a number of new policies to large schemes in this highly competitive market. Corporate sales have more than doubled since 2008 due to innovative product introductions.

Single premium sales

Single premium sales decreased by 2% relative to 2009, due mainly to lower institutional flows. Retail Affluent achieved strong *Investment Frontiers Fixed Bond* sales in the first half and an increase in new contracts issued to clients with unclaimed maturities. Annuity sales declined by 16%, driven by lower CPI-linked annuity sales in the Corporate segment as very few annuity tenders floated in 2010 were concluded. With-profit annuity sales did show a marked improvement, increasing by 48% as we continued to lead in this market segment. Retail Affluent annuity sales stabilised in the fourth quarter, following improvements in annuity rates, to end marginally below the 2009 level.

Rest of Emerging Markets

Namibian regular premium sales in the Retail Mass and Retail Affluent segments increased by 6% and 5% respectively, mainly as a result of solid sales growth from tied agents despite difficult economic conditions. Corporate segment regular premium sales decreased by 14% due to lower Orion sales volumes. Single premium sales decreased by 10%, with lower new business inflows from both Retail Affluent and Corporate businesses.

Sales growth of 36% in Mexico was largely driven by the introduction of a minimum premium for the regular premium savings product in the first half of 2010, implemented as a consequence of working closely with South Africa. We introduced a Retail Mass distribution team in December. We will continue to grow this team in the coming months and its pipeline is very promising.

Included in the 2009 comparative is R28 million APE relating to the Chilean business which was sold in 2009.

APE sales in China increased by 77% from CNY92 million in 2009 to CNY163 million in 2010, despite poor sales during the first half. The significant improvement in the second half is mainly due to increased management focus on sales, supported by execution of our joint venture's product and channel diversification strategy (new bank, broker and telemarketing products were launched during the second half). The reopening of the Bank of China distribution channel in Beijing (with the assistance of our JV partner), following a three-month suspension of sales during the first half of 2010, further contributed to this improvement. Sales at our Indian joint venture, Kotak Mahindra Old Mutual Life Insurance, increased by 6% compared to 2009.

A more detailed analysis of sales by segment is included in the Financial Disclosure Supplement, available at www.oldmutual.com.

Unit trust / mutual fund sales summary

Rm	2010	2009	+/-%
OMSA	**21,452**	18,384	17%
Rest of Africa	**5,360**	4,546	18%
New Markets	**14,676**	13,491	9%
Total Emerging Markets	**41,488**	36,421	14%

In South Africa, unit trust sales recovered in the second half of 2010 following a weak first half. We achieved growth of 17% from the 2009 level, mainly due to significant flows into Old Mutual Unit Trust money market funds during the third quarter and improved flows into OMIGSA's Marriott affiliate following revised asset allocations.

We have made progress towards our goal of becoming our customers' most trusted partner, evidenced by the number of awards received during the year – including our third Ask Afrika Orange Index award for service excellence in the long-term insurance business category, and the number one position in South Africa's 500 best managed companies.

In the rest of Emerging Markets, unit trust sales also performed well. Namibian sales increased by 18% to R5.4 billion following strong inflows from institutional and corporate clients as a result of more competitive investment returns. Unit trust sales in Mexico and Colombia (COLMEX) were 9% ahead of the prior year in rand (25% in US dollars), with strong growth in Colombia resulting from a successful marketing campaign and stronger relationships with corporate and institutional customers. We increased productivity, with greater sales from fewer advisers. Mexico benefited from a large scheme acquired in September 2010 and improved performance in both fixed income and equity portfolios.

Value of new business and margins
The value of new business increased by 14% to R972 million, with a strengthening performance during the course of the year. The APE margin increased from 16% to 18% due to a higher proportion of sales of higher-margin smoothed-bonus and with-profit annuities in OMSA's Corporate business and *Investment Frontier Fixed Bonds* in Retail Affluent.

MCEV results
Operating MCEV earnings (post-tax) increased by 39% from the 2009 level. This was mainly due to positive experience variances and operating assumption changes in 2010, compared to negative variances in 2009. The improvement in experience variances is mainly due to an improvement in persistency, partly due to the 2009 assumption changes, and partly because management actions improved persistency. These were partially offset by a significant decrease in the expected existing business contribution due to the reduction in one year swap yields during 2009.

In addition to the effects above, other significant movements affecting the closing MCEV include a large positive impact from economic variances due to a combination of better than assumed equity returns and the effect of the changes in the shape of the swap yield curve. This was partially offset by modelling enhancements to the economic scenario generator used to calculate the investment guarantee reserve, which caused a decrease in the margin (buffer) held to protect against future market volatility, resulting in less value being released as profits in the future. The net impact of these resulted in a growth in MCEV of 16% over 2010.

We made good progress towards implementation of Solvency II as part of the overall Group programme, and also in respect of the South African equivalent framework known as SAM (Solvency Assessment and Management), launched in 2010 by the South African regulator.

Net client cash flow
NCCF for the year was R0.2 billion, a significant improvement on 2009 outflows of R20.5 billion.

South African NCCF benefited from significantly lower PIC outflows of R5.1 billion (R16.2 billion in 2009), improved inflows across a number of OMIGSA boutiques (mainly Electus and Futuregrowth), improved net flows in retail businesses and lower outflows in Corporate. Excluding PIC outflows, OMSA's NCCF for the second half of 2010 was positive R1.8 billion compared to negative R6.3 billion in the second half of 2009. Further PIC outflows are expected in 2011.

The rest of our Emerging Markets business delivered R7.6 billion in NCCF. In Colombia and Mexico NCCF increased by 12% from R4.3 billion in 2009 to R4.8 billion in 2010. The Colombian business attracted new customers within targeted segments, experiencing lower surrenders on core products and improved sales of Retail voluntary products. In Namibia, NCCF increased by R1.0 billion to R1.4 billion due to improved unit trust inflows and R672 million inflows from the rebalancing of the Government Institutions Pension Fund portfolios.

Funds under management
FUM increased by 13% to R586 billion as a result of higher market levels and overall neutral NCCF for the year. Of the total, R498 billion (2009: R449 billion) is in South Africa.

Overall, OMIGSA investment performance (over three years) was average, with satisfactory performance in specialist areas contrasted against mixed performance in our balanced capabilities.

Outlook
We have confidence in the underlying performance of the business, despite the low investment return assumptions in 2011 and mark-to-market gains recorded in the asset management results in 2010. We will continue to strive for a balance that combines strong risk management and governance with a culture that encourages innovation, across our four main strategic themes:

- Continuing to invest in our Emerging Market business
- Improving OMIGSA's investment performance and value creation for customers
- Putting the customer at the centre of our business
- Enhancing our high-performance culture and further developing our Emerging Markets management team.

Growing our sales force remains a priority, as does promoting a savings culture in Emerging Markets, designing and adapting products that are relevant to a wide range of customers, and providing easier access to financial services for our customers across our businesses.

With these strategies in place we are well positioned to optimise business opportunities in 2011 and further strengthen a highly successful Emerging Markets business.

NORDIC

Nordic

Nordic
Mårten Andersson

- Sweden
- Norway
- Denmark

Improved profitability, higher funds under management and strong APE margin

Highlights (SEKm, unless otherwise stated)	2010	2009	% Change
Adjusted operating profit (IFRS basis, pre-tax)	**1,227**	737	66%
Return on local equity[1]	**11%**	12%	
Life assurance sales (APE)	**2,238**	2,819	(21%)
Unit trust/mutual fund sales	**6,466**	4,708	37%
PVNBP	**12,292**	13,774	(11%)
Value of new business	**460**	526	(13%)
APE margin	**21%**	19%	
PVNBP margin	**3.7%**	3.8%	
Operating MCEV earnings (covered business, post-tax)	**503**	965	(48%)
Return on embedded value (covered business, post-tax)	**3.3%**	8.1%	
Net client cash flows (SEKbn)	**7.4**	11.6	(36%)
Funds under management (SEKbn)	**145.4**	127.2	14%

1 Return on local equity is IFRS AOP (post-tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles.

Overview

The economies in the Nordic countries experienced a strong recovery in 2010, with positive GDP growth (estimated at 5.6% in Sweden, 2.0% in Denmark and 2.2% in Norway). The Swedish equity market grew by 23% in 2010. The Nordic business delivered a strong IFRS AOP result in 2010. With changes in the management team, including a new CEO Mårten Andersson, we are delivering on our key priorities of strengthening distribution power and product offerings, stimulating future NCCF growth, increasing operational efficiency to secure profitable growth, and optimising structures and risk frameworks to unlock value. However, we face a challenging year of change for the business in delivering our 2011 operating sales, efficiency and profitability targets in a rapidly changing business environment.

Life sales summary

APE sales at SEK2,238 million were down by 21% compared to 2009, following management action in the Swedish Retail segment to close the unprofitable *Link Regular* product in late 2009. The APE of the Corporate business decreased by 14%, mainly due to slower sales of the highly competitive *TPS Regular* product. Denmark performed strongly, with product success in the unit-linked and healthcare markets. APE grew by 22% to SEK514 million.

Unit trust / mutual fund sales summary

Mutual fund sales of SEK6,466 million were up 37% on 2009. This was driven by improved retail investment activity spurred by rising global equity markets. However, fourth quarter sales showed a decrease compared to the same period in 2009 due to changing product demand and customer behaviour in Skandiabanken.

SEKm	2010	2009	+/-%
Skandiafonder	**2,431**	1,510	61%
Skandiabanken	**4,035**	3,198	26%
Total Nordic	**6,466**	4,708	37%

IFRS AOP results

The IFRS AOP (pre-tax) increased by 66% to SEK1,227 million compared to 2009. The key driver behind the improvement was higher client funds, which increased fund-based fees and rebates in the long-term business. In particular the unit-linked business performed strongly in the second half. A gain realised from divestment of a private equity holding in the first half contributed profit of SEK126 million.

SEKm	2010	2009	% Change
Long-term business AOP	**1,016**	502	102%
Banking business AOP	**181**	193	(6%)
Asset management AOP	**30**	42	(29%)
AOP (IFRS basis, pre-tax)	**1,227**	737	66%

The Healthcare business showed a strong turnaround in 2010 as pricing and product changes and underwriting discipline helped stabilise claims costs in the Lifeline business – which delivered AOP of SEK26 million compared to a negative SEK42 million in 2009. The 2010 figure includes divestment costs of SEK20 million for the Lifeline branch in Norway.

Skandiabanken's results were below 2009 levels, due mainly to lower net interest income and increased development costs. Skandiabanken Sweden suffered from the exceptionally low base interest rate during the first half, although this increased towards the end of the year. Credit losses remained very low (0.09% in 2010 compared to 0.14% in 2009), reflecting the traditionally low-risk nature of our lending business. Skandiabanken Norway grew its profits, due mainly to higher net interest income.

Value of new business and margins

The value of new business decreased compared to 2009, driven by lower new sales, negative operating assumption changes for anticipated price pressure in the Corporate segment, and expectations of more adverse persistency in the future. The APE margin increased from 19% to 21% due to a more profitable business mix resulting from a higher proportion of TPS business sales in Sweden and Match product sales in Denmark.

MCEV results

Operating MCEV earnings after tax declined to SEK503 million, due to the negative assumption changes driving the decline in the value of new business. However, total MCEV increased over the year, due mainly to positive client fund performance.

The Nordic business is making good progress towards the implementation of Solvency II, as a component of the overall Group Solvency II initiative.

Net client cash flow

NCCF for the year was SEK7.4 billion, a decrease of 36% compared to 2009. This was driven by a combination of higher surrenders (because of higher fund value and an increase in partial surrenders), lower single premium sales and higher paid-ups in the occupational pension business.

Funds under management

FUM were SEK145.4 billion at 31 December 2010, up 14% from the previous year. The increase is mainly due to the positive movement of equity markets.

The investment performance in the Swedish unit-linked portfolio was good in the fourth quarter, and our average client enjoyed investment performance of 6.2% for the quarter and 10.9% for the year. Clients have generally increased their risk exposure, with the majority of all net investments being allocated to Swedish, Asian and Emerging Markets equity funds. Fund performance has been strong over the 12-month period, with 63% of our funds performing above average compared to their peers.

LONG-TERM SAVINGS
CONTINUED

Outlook

The economic outlook for 2011 is positive, with forecast GDP growth of over 3% in Sweden and Norway and around 2% in Denmark, and public spending is under control. We believe household incomes will increase, that the debate over credit expansion is turning the emphasis towards savings, and increased activity in the equity market is attracting inflows. As a result of this, the Nordic savings market is expected to grow despite some ongoing concerns around the continued high level of unemployment. The competitive environment will continue to be challenging, with competition pushing down fee levels. The market is heading towards further fragmentation into two main segments: the advised market, with high levels of added value from financial advisers, and the 'self-service' market.

Management action continues to focus on improved sales, healthy margins over the long-term, reductions in the cost base, and improvement of the distribution and product offerings to enhance NCCF. We delivered cost savings of £2.5 million in 2010. In 2011, cost reduction activity will increase and we estimate restructuring costs of £30 million in the year.

RETAIL EUROPE

Retail Europe

Retail Europe
Jonas Jonsson

Austria | Germany | Poland | Switzerland

Foundations laid for further development of the business

Highlights (€m, unless otherwise stated)	2010	2009	% Change
Adjusted operating profit (IFRS basis) (pre-tax)	**60**	25	140%
Return on local equity[1]	**20%**	9%	
Life assurance sales (APE)	**80**	75	7%
Unit trust/mutual fund sales	**27**	27	–
PVNBP	**597**	603	(1%)
Value of new business	**9**	(6)	150%
APE margin	**11%**	(8%)	–
PVNBP margin	**1.4%**	(1.0%)	
Operating MCEV earnings (covered business, post-tax)	**77**	(49)	157%
Return on embedded value (covered business, post-tax)	**12.8%**	(7.9%)	
Net client cash flows (€bn)	**0.5**	0.6	(17%)
Funds under management (€bn)	**5.8**	4.7	23%

1 Return on local equity is IFRS AOP (post-tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles.

Overview

GDP growth improved in all our markets throughout 2010 following government stimulus packages and better conditions in export markets. Although labour markets improved in Germany and Switzerland, unemployment in Austria and Poland increased slightly. Equity markets rebounded from their 2009 lows, with the German DAX index posting a 2010 gain of 16%. Our customers continued to demand primarily guaranteed products and IFAs still view unit-linked policies with caution, preferring traditional life policies.

In the light of these challenges, Retail Europe's performance in 2010 has been very positive. Our sales improved on 2009 levels, primarily driven by Germany and Poland, we continued the formation of the Retail Europe organisation, and we reduced operating costs.

In addition to our sales and marketing activities, which were focused on the end customer, we also developed initiatives to maintain and grow relationships with our existing distribution partners. These initiatives, underpinned by strong cost containment, ensured significant improvement in our IFRS, MCEV and value of new business, with IFRS profits more than doubling. The transfer of our IT and client administration functions to South Africa continues, and our office in South Africa was officially opened in December 2010.

Life sales summary

APE sales reached €80 million, an increase of 7% compared to 2009. Sales in Poland increased markedly, while Austria and Switzerland showed a slight decline. Although the unit-linked market in Germany has declined slightly, we increased our share of this market

LONG-TERM SAVINGS
CONTINUED

from 1.9% in the fourth quarter of 2009 to 2.2% in the fourth quarter of 2010.

The main driver of increased sales was new product launches. In Germany we launched the new single premium *Investmentpolice* product towards the end of the year, combining the tax benefits of a unit-linked contract with the transparency of a pure investment contract. In Poland we launched a new regular premium product, and in Switzerland we launched *Easy Combi*. All these launches were successful and we expect their impact to continue in 2011. We also made concerted efforts to improve our distributor relationships through marketing campaigns designed to support our partners during these difficult times.

IFRS AOP results
IFRS AOP has increased significantly to €60 million, due to improved results in all countries. The main factors were lower administration expenses and higher fees – driven by higher fund-based fees resulting from improved equity markets.

Net client cash flow
NCCF was €465 million for the year. The decline of €86 million on 2009 reflected the increase in fund values of surrenders due to positive equity markets, although persistency levels were broadly stable year-on-year.

Funds under management
FUM of €5.8 billion at 31 December 2010 reflected a rise of 23% compared to 2009, largely driven by positive stock market performance.

Value of new business and margins
The value of new business increased by €15 million to €9 million, with a PVNBP margin for the year of 1.4% and an APE margin of 11%. The main reasons for the improvement were higher new sales and successful expense management.

MCEV results
The operating MCEV earnings after tax increased by over €100 million to €77 million compared to 2009, driven by positive experience variances and positive assumption changes for rebates and persistency.

Although the Retail Europe business expects to be a Standard Formula entity under Solvency II, we have made excellent progress as part of the Group iCRaFT programme in ensuring that all of our processes and governance structures will be Solvency II compliant.

Outlook
We anticipate that macro-economic factors will continue to have a significant impact on our markets in 2011. The development of equity and bond markets will continue to be the key to restoring consumer confidence after the financial crisis. Our customers will also be impacted by unemployment levels and their own sense of job security. Ongoing Solvency II developments and the low interest rate environment will also provide challenges for traditional insurers. While this should be positive for the unit-linked market, it may intensify competition.

Our focus in 2011 is to extend our product range and distribution through growth initiatives in Germany and Poland. At the same time we will maintain our focus on capital efficiency and cost containment through our consolidated base in Berlin and our operations in South Africa. We will incur further implementation costs for outsourcing the administration and IT support teams to South Africa but will gain scope for operational leverage in due course.

WEALTH MANAGEMENT

Wealth Management

Wealth Management
Bob Head

- Skandia UK
- Skandia International
- France, Italy
- Skandia Investment Group

A very positive year for Wealth Management

Highlights (€m, unless otherwise stated)	2010	2009	% Change
Adjusted operating profit (IFRS basis, pre-tax)	**197**	106	86%
Return on local equity[1]	**14%**	8%	
Life assurance sales (APE)	**734**	617	19%
Unit trust/mutual fund sales	**4,507**	3,210	40%
PVNBP	**6,380**	5,042	27%
Value of new business (post-tax)	**66**	49	35%
APE margin	**9%**	8%	
PVNBP margin	**1.0%**	1.0%	
Operating MCEV earnings (covered business, post-tax)	**112**	(4)	
Return on embedded value (covered business, post-tax)	**6.1%**	(0.3%)	
Net client cash flows (£bn)	**3.9**	2.5	56%
Funds under management (£bn)	**55.9**	46.9	19%

1 Return on local equity is IFRS AOP (post-tax) divided by average shareholders' equity, excluding goodwill, PVIF and other acquired intangibles.

Overview

Wealth Management enjoyed a very positive year in 2010. We achieved significant year-on-year sales growth, margins improved and the cost reduction programme delivered £35 million of run-rate savings which contributed to improved profitability. The FTSE100 grew by 9% during the year, contributing to continued positive investor sentiment which in turn led to strong growth in FUM across our markets.

Sales grew across the business, particularly in the UK and Continental Europe. We continue to see a rapid shift in the UK towards both platform business with an insurance wrapper and mutual fund products. Although we do not target growth in market share as a KPI, Skandia UK's market share continued to grow in the third quarter of 2010, to 7.4% across all industry channels compared to 6.4% in the fourth quarter of 2009, suggesting the increased importance of the platform model. This is a record for Skandia in the UK and compares to a range of 3.5% to 5.5% over 2001-2007. The scale of our UK Platform, and our investment to deliver reliability and flexibility, position us ideally to lead and benefit from this industry shift; we are actively looking at how to further enhance our platform offering and rationalise our suite of products over the coming year. We are making good progress in building the Wealth Management operations and systems on a single operating model.

Throughout 2010, Skandia Investment Group's (SIG's) highly successful *Spectrum* range of risk-targeted funds has been launched on all the UK's major financial adviser platforms. The FUM of *Spectrum* exceeded the £750 million mark, and this range has now been successfully exported to Sweden as the *Skala* range.

LONG-TERM SAVINGS
CONTINUED

Life covered sales summary
APE sales were £734 million, a 19% increase on 2009. This is mainly attributable to sales in the UK and in Continental Europe, which improved by 28% (£76 million) and 50% (£52 million) respectively compared to 2009.

Unit trust / mutual fund sales summary

£m	2010	2009	+/-%
UK	**3,256**	2,090	56%
International	**1,228**	1,100	12%
Continental Europe	**23**	20	15%
Total Wealth Management	**4,507**	3,210	40%

The strong UK platform performance reflects the continued conversion of IFAs to platform business and particularly strong sales during the first half in the lead-up to the end of the tax year. APE sales of £239 million were up £100 million on 2009. Second half volume growth decreased, with re-registering activity slowing and a greater impact from the UK holiday season. The majority of the mutual fund sales growth was from the platform, where buoyant markets and increased ISA allowances made positive contributions in 2010 and late 2009. Gross inflows onto the platform were £5.2 billion in 2010 (2009: £3.3 billion) – an indicator of our proposition's success.

Continental Europe APE sales volumes of £157 million were strongly ahead of 2009's £105 million. Italy has been the main contributor to increased Europe sales, with very high sales earlier in the year partially driven by changes in tax legislation. The period covered by these tax changes has now expired, and volume growth has returned to normal levels as we continue to make progress through good distributor relationships.

APE sales volumes of £225 million in the offshore International market were 5% lower than the £236 million achieved in 2009, impacted by a managed decline in regular premium sales in Finland as a result of legislation changes in 2009.

The UK Legacy business APE sales volumes of £113 million were down by £24 million compared to 2009, due to a shift in market sentiment towards platform offers. Following a review of the legacy products, we decided to close some legacy products to new business.

IFRS AOP results
IFRS AOP (pre-tax) increased by 86% to £197 million, primarily due to higher FUM, which provided a healthy boost to returns on equity because of the operating leverage in the business. FUM growth remains strongly positive, driven by NCCF and market growth.

As previously reported, the prior year AOP results benefited from the structural tax efficiency applicable to UK companies writing unit-linked business in the UK, together with the smoothing of previous years' deferred tax assets. These assets arose during the significant market volatility of the preceding two years where falls in the value of policyholder assets resulted in the recognition of significant deferred tax assets in the IFRS income statement, which were spread forward under AOP. The pre-tax smoothing for 2010 gave rise to a profit of £71 million, a similar amount to 2009. For 2011, the pre-tax impact will be a profit of £27 million, falling to nil thereafter. Within the MCEV earnings, these profits are recognised as they arise as investment variances.

With continued equity and bond market growth, the UK Life Companies have moved into a full XSI tax position. This raises the effective tax rate because it means that only a relatively small proportion of the Life dividend income is treated as belonging to the shareholder. This has increased the overall effective tax rate for Wealth Management to 22% in 2010 (2009: 19%).

Value of new business and margins
The value of new business increased by £17 million to £66 million due to strong sales in UK platform and Continental Europe combined with operating assumption changes at year-end 2010 across all markets in Wealth Management. This was partially offset by economic assumption changes in UK and Continental Europe (as a result of decreased assumed growth rates and increased future inflation) and the shift from UK Legacy to UK Platform offerings.

2010 PVNBP margin was level with 2009 at 1.0%, as growth in volumes and cost reductions were fully offset by the shift to the UK platform offering, the decline in regular premium business sales and higher acquisition expenses in International.

MCEV results

Covered business adjusted operating MCEV post-tax earnings increased by £116 million to £112 million. 2009 was significantly impacted by operating assumption changes reflecting surrender experience in International and UK Legacy. In 2010 VNB was higher and overall we saw a significant improvement in experience effects, especially persistency and rebates. However, persistency has worsened on the UK Legacy pension business as the market anticipates the implementation of the Retail Distribution Review. This has resulted in some product closures and consequently the MCEV assumptions have been strengthened. Planned return on MCEV was lower than in 2009 as a result of the reduction in the one-year yield on risk-free investments.

We have made excellent progress in implementing our Solvency II readiness programme, in conjunction with the Group-led iCRaFT initiative.

Net client cash flow

NCCF for the year was £3.9 billion, up 56% on 2009, driven by strong contributions from the UK platform and Italy, which outweighed surrenders in the UK Legacy book.

Funds under management

FUM grew 19% to £55.9 billion, driven by strong NCCF and the positive market movements.

Outlook

Our outlook for 2011 is optimistic, based on continuing positive investor sentiment. So far 2011 sales are in line with our expectations but below those of the prior year which included the one-off positive impact of the Italian tax shield and particularly significant UK platform sales in the build up to the 2010 tax year-end. These were helped by April 2010 changes in pension rules coupled with rising investor confidence at the time of the 2010 ISA season.

We anticipate continued strong support for the platform model in all our markets and the shift in the UK market towards a simplified investment and pension product suite. Following the closure of a number of our UK Legacy products during 2010, we have put retention strategies in place for this part of the business – anticipating that we will continue to see net client outflows from this book of business in the build-up to implementation in 2013 of the changes resulting from the Retail Distribution Review (RDR). We expect final clarification of the review in a Policy Statement during the first half of 2011. We believe that we are well-placed for the RDR changes since a large proportion of our new business is already written on the basis of client-agreed adviser remuneration. In addition, we are considering plans to introduce a fully unbundled charging structure, under which we will pass on rebates to the customer in advance of December 2012.

Our focus on cost reduction will continue and we remain confident that we will meet our 2012 expense and RoE targets.

BANKING

KEY FACTS

Nedbank Group is South Africa's fourth largest banking group measured by assets, with a strong deposit franchise and the second largest retail deposit base. Old Mutual owned on average 54% of Nedbank Group during 2010. Nedbank is listed on the Johannesburg and Namibian Stock Exchanges. As at 31 December 2010, its market capitalisation was £6.2bn.

Adjusted operating profit (pre-tax and minorities)

£601m

2009: £470m

Number of employees

27,525

2009: 27,047

Total Assets

£58.9bn

2009: £47.7bn

Some of our brands

NEDBANK

fairbairn PRIVATE BANK

BoE PRIVATE CLIENTS

Return on equity (ROE) %

2010	11.8
2009	11.8

Core Tier 1 ratio %

2010	10.1
2009	9.9

Net interest income £m

2010	1,468
2009	1,238

Net interest margin %

2010	3.35
2009	3.39

Overview

Nedbank Group provides a wide range of wholesale and retail banking services and a growing insurance, asset management and wealth management offering through five main business clusters, namely Nedbank Capital, Nedbank Corporate, Nedbank Business Banking, Nedbank Retail and Nedbank Wealth.

Focused on southern Africa, but with an aspiration to grow its business reach across the whole of the African continent, Nedbank Group is positioned as a bank for all – from both a retail and a wholesale banking perspective.

Mike Brown
Chief Executive, Nedbank

Acknowledged for its sustainability leadership, Nedbank Group is the first and only carbon-neutral financial services organisation in Africa.

The business plan for 2011 to 2013 will see Nedbank Group focus on:

- building enduring primary banking relationships with more retail and wholesale clients in South Africa
- improving its primary banking positioning across all businesses
- becoming the leader in business banking for South Africa
- becoming the public sector bank of choice
- continuing as one of the top two wholesale banks
- ramping up the wealth and asset management, and insurance businesses
- leveraging the Imperial Bank integration
- becoming the leader in client service delivery
- building on its position as a leader in, and influencer of, integrated sustainability.

The Nedbank Group will also continue to evolve its strategy of building Africa's most admired bank by:

- implementing its three-tier strategy to grow its physical network in the southern African Development Community
- leveraging boutique investment banking opportunities
- leveraging the Ecobank Nedbank Alliance to provide clients with access to a Pan-African network
- evaluating selective investment opportunities.

Solid earnings growth

Highlights (Rm)	2010	2009	% Change
Adjusted operating profit (IFRS basis, pre-tax)	**6,799**	6,192	10%
Headline earnings[1]	**4,900**	4,277	15%
Net interest income[1]	**16,608**	16,306	2%
Non-interest revenue[1]	**13,215**	11,906	11%
Net interest margin[1]	**3.35%**	3.39%	
Credit loss ratio[1]	**1.36%**	1.52%	
Cost to income ratio[1]	**55.7%**	53.5%	
RoE[1]	**11.8%**	11.8%	
RoE (excluding goodwill)[1]	**13.4%**	13.4%	
Core Tier 1 ratio	**10.1%**	9.9%	
Adjusted operating profit (IFRS basis, pre-tax) (£m)	**601**	470	28%

1 As reported by Nedbank Group in its report to shareholders as at 31 December 2010
Certain of the Nedbank Group's reporting ratio calculations have been adjusted. The ratios for RoE have been restated with the denominator changing from simple average to daily average for equity and total asset values, respectively. The calculation of the credit loss ratio has been changed from simple-average advances to daily-average banking advances (thereby excluding trading advances from the calculation). Comparatives have been restated accordingly.

The current strong capital position of the Nedbank Group, combined with these strategic focus areas, places it in a position for sustainable growth.

The full text of Nedbank Group's results for the year ended 31 December 2010, released on 28 February 2011, can be accessed on Nedbank Group's website http://www.nedbankgroup.co.za/financial/2010AnnualResults/downloads/NedbankGroup.pdf.

Banking environment

Real gross domestic product (GDP) in South Africa grew by 2.8% in 2010 compared with a decline of 1.7% in 2009. The local economy had a strong start to the year, primarily driven by improved global demand for commodities and a rebound in manufacturing production off the depressed levels of 2009.

Economic activity was also boosted by strong infrastructural spending ahead of the FIFA 2010 World Cup and by the event itself, with consumer spending rising steadily for most of the year. However, fixed investment by the private sector contracted for the second year off the elevated levels seen in 2008.

Growth in both the emerging and some parts of the developed world surprised on the upside, underpinned by China's economic strength and continued demand for commodities and capital goods. Massive liquidity injections by major central banks and historically low interest rates helped to stimulate economic growth further, particularly in emerging economies. In contrast, the underlying economic and financial environment remained fragile in the developed world, with fiscal difficulties in parts of Europe and America, continued weakness in credit markets, limited employment growth and inflationary concerns returning in emerging economies.

Household finances improved in South Africa as debt started to decrease and interest rates eased to the lowest levels in 36 years. The recovery in the credit cycle has proved to be more modest compared with previous cycles. Household demand for credit was contained by the consumer debt burden remaining relatively high, increased regulatory requirements, policy uncertainty and employment growth only resuming late in the year. Against this background the ratio of household debt to disposable income declined marginally to 78.2% from just over 80% at the end of 2009. At the same time debt service costs decreased to 7.5%, the lowest level since June 2006, and are now at a level that is more conducive to improving economic growth in the consumer sector.

In the corporate sector excess capacity and uncertainty over the sustainability of the local and global recovery limited spending. Government fixed-investment spending, although continuing to contract, emerged as the main foundation for growth.

Review of results

Nedbank showed solid earnings growth in a challenging economic environment. After a strong fourth quarter Nedbank finished the year with earnings marginally ahead of management's expectations set out in the third-quarter trading update. Headline earnings increased by 14.6% from R4,277 million to R4,900 million. Diluted headline earnings per share increased by 8.7% from 983 cents to 1,069 cents, slightly above the forecast range of 0% to 8% provided in the third-quarter trading update. Diluted earnings per share (DEPS) decreased by 5.3% from 1,109 cents to 1,050 cents. As previously reported, 2009 DEPS included a once-off International Financial Reporting Standards (IFRS) revaluation gain of R547 million (after taxation) from the acquisition and consolidation of the Nedbank Wealth joint ventures.

Nedbank recorded a return on average ordinary shareholders' equity (RoE), excluding goodwill, of 13.4% and a RoE of 11.8%.

Nedbank maintained its well-capitalised balance sheet with core Tier 1 capital at 10.1% (2009: 9.9%), while advances grew by 5.5%, with market share gains in most lending classes aside from home loans.

The net asset value per share grew by 8.0% from 9,100 cents in December 2009 to 9,831 cents in December 2010. This is a pleasing result given the increase in the average number of shares in issue following the acquisition of the joint ventures from Old Mutual and scrip dividend distributions last year.

Financial performance

Net interest income (NII)

NII increased by 1.9% to R16,608 million (2009: R16,306 million) and Nedbank's net interest margin held up well at 3.35% (2009: 3.39%), despite the impact of lower interest rates. Average interest-earning banking assets increased by 3.0% (2009 growth: 9.0%).

Margin compression was less than expected. Margin pressure primarily resulted from a smaller endowment from lower average interest rates and the cost of lengthening the funding profile. This was partially offset by the widening of margins from asset pricing and a change in asset mix, including strong growth in Nedbank's retail motor finance and personal loans businesses, a relative prime/Johannesburg Interbank Agreed Rate (JIBAR) reset benefit as a result of less aggressive interest rate cuts during 2010 compared with 2009, and a decline in the market cost of term liquidity during the last quarter of the year.

Impairments charge on loans and advances

The credit loss ratio on the banking book improved to 1.36% for the period (2009: 1.52% (restated)).

The reduction in the impairments charge was driven mostly by Nedbank Retail, particularly in the secured portfolios that had lagged the recovery in the unsecured portfolios. Lower interest rates and the stabilising of job losses contributed to the retail credit loss ratio improving significantly from 3.17% in 2009 to 2.67%. Nedbank further strengthened its provisioning by reducing certain security assumptions in specific impairments, increasing levels of portfolio provisioning on debt restructures of R97 million and lengthening the bad debt emergence period assumptions within Nedbank Retail home loans at an additional cost of R114 million within portfolio impairments.

The credit portfolios in Nedbank Corporate, Nedbank Business Banking and Nedbank Wealth are of high quality and credit loss ratios remained within or below the respective clusters' through-the-cycle levels. Nedbank Capital impairments increased in the higher-risk private equity portfolio.

Defaulted advances declined by 1.04% to R26,765 million (2009: R27,045 million). Defaulted advances to total advances decreased from its peak of 6.01% in June 2010 to 5.63%. Total impairment provisions increased by 14.6% to R11,226 million (2009: R9,798 million) resulting in strengthened coverage ratios.

Non-interest revenue (NIR)

Nedbank's focus on NIR generated growth across all the clusters. NIR increased 11.0% to R13,215 million (2009: R11,906 million). On a comparable basis NIR growth was 10.5% after adjusting for the acquisitions in 2009 of the Nedbank Wealth joint ventures and before fair-value adjustments. The ratio of NIR to expenses improved to 79.6% (2009: 78.8%).

Core fee and commission income grew strongly by 13.7% (like-for-like growth of 11.2%, adjusting for the Nedbank Wealth joint ventures) through volume growth, new products and new client acquisitions. Nedbank reduced its retail transactional banking charges in 2006 and 2007. Since then price increases have been modest, with 2010 increases in line with inflation, resulting in current banking charges being similar to 2005 levels.

Insurance income grew 39.8% (18.4% on a like-for-like basis, adjusting for the Nedbank Wealth joint ventures) primarily as a result of the provision of insurance on a fast-growing personal loans book as well as the introduction of new products and improved levels of cross-selling.

Trading income increased by 13.9% to R2,096 million (2009: R1,841 million). In 2009 interest rates decreased at a rapid pace and created favourable trading conditions. Low volatility in the first half of 2010 resulted in difficult conditions for global markets and continued pressure on foreign exchange volumes and margins. This was offset by improved equity trading in the second half of the year.

Private equity markets remained constrained throughout the year. Listed-property private equity investments showed some modest gains. Overall NIR from the private equity portfolios decreased by 25.0%.

NIR was negatively impacted by R213 million (2009: R6 million profit) over the period as a result of the adverse fair-value adjustments of Nedbank's subordinated debt resulting from the narrowing of credit spreads. Nedbank Corporate also reflected a negative fair-value adjustment of R55 million (2009: R72 million profit) due to a downward movement in the yield curve and related convexity in the fixed-rate advances book and associated interest rate swaps.

Expenses

Nedbank has maintained a strong cost discipline over an extended period, resulting in the increase in expenses remaining below the market guidance given at the beginning of 2010. Expenses grew by 9.9% to R16,598 million (2009: R15,100 million). The increase was partly due to the acquisition of the Nedbank Wealth joint ventures and the consolidation of Merchant Bank of Central Africa. Expenses increased by 8.5% on a comparable basis.

Taxation
The taxation charge (excluding taxation on non-trading and capital items) increased by 10.9% to R1,366 million (2009: R1,232 million) arising from profit growth adjusted for dividend income as a proportion of total income being lower than in 2009, the lower provision for secondary tax on companies, owing to an increase of shareholders (81.5%) who elected to take scrip for the 2009 final dividend distribution (2008 final dividend distribution: 32.0%), and the reduced accounting effect from structured finance transactions that continued to unwind.

The effective tax rate increased marginally from 20.2% to 20.7%.

Non-trading income
Income after taxation from non-trading and capital items decreased to a R89 million loss from a R549 million profit in 2009. The main component of this was an anticipated R34 million writedown on Imperial Bank computer software following the acquisition. The 2009 profit arose from the accounting-related revaluation of BoE (Pty) Limited and Nedgroup Life Assurance Company Limited on the acquisition of the remaining shares in the joint ventures.

Capital
Nedbank's capital adequacy ratios remain well above its internal targets and marginally ahead of December 2009. This resulted from ongoing capital and risk-weighted asset optimisation, a strategic focus on 'managing for value' and a 0.6% increase in capital from higher levels of scrip takeup and other share issues for staff incentives and black economic empowerment (BEE) structures. This growth was offset by the approximately 1.3% negative impact on Nedbank's capital adequacy ratios from the cash acquisition of 49.9% of Imperial Bank and the treatment of capitalised software as an intangible asset rather than as a fixed asset for capital adequacy purposes.

Liquidity
Nedbank's liquidity position remains sound. Nedbank continues to focus on diversifying its funding base, lengthening its funding profile and maintaining appropriate liquidity buffers. Nedbank increased its long-term funding ratio from increased capital market issuances under the domestic medium-term note programme (R6.23 billion) and also increased the duration in the money market book. Nedbank's liquidity position is further supported by a strong loan-to-deposit ratio of 97% and a low reliance on interbank and foreign currency funding. Nedbank is able to leverage off its favourable retail, commercial and wholesale deposit mix, which compares well with domestic industry averages.

Loans and advances
Nedbank continued to make good progress in improving asset quality, and active management of the bank's portfolios towards higher-economic-profit businesses resulted in slower asset growth in selected areas. Nedbank grew advances ahead of the industry at 5.5% to R475 billion (2009: R450 billion).

Deposits
Deposits increased by 4.5% to R490 billion (2009: R469 billion). Optimising the mix of the deposit book remains a key focus in reducing the high cost of longer-term and professional funding. This is critical as banks compete more aggressively for lower-cost deposit pools with longer behavioural duration and as they start to take cognisance of the possible Basel III liquidity ratios. Low interest rates, coupled with low domestic savings levels and the deleveraging of consumers, led to modest growth in retail deposits during 2010. Relatively higher deposit growth in the wholesale sector indicated increasing working capital and available capacity among corporates. Throughout the year demand for higher-yielding negotiable certificates of deposit remained strong within the professional funds and corporate markets.

Outlook
Lower domestic interest rates and rising levels of income should boost consumer spending. Together with improving global demand, this is expected to increase confidence levels and lead to better consumer demand and capital formation in 2011 and further momentum in 2012.

Capital adequacy	**2010 ratio**	2009 ratio	Target range	Regulatory minimum
Core Tier 1 ratio	**10.1%**	9.9%	7.5% to 9.0%	5.25%
Tier 1 ratio	**11.7%**	11.5%	8.5% to 10.0%	7.00%
Total capital ratio	**15.0%**	14.9%	11.5% to 13.0%	9.75%

Capital adequacy ratios include unappropriated profit.

Retail banking credit growth should fare better as household credit demand improves, house prices edge higher and impairments moderate. Corporate markets are expected to show modest improvement, while the small and medium enterprise (SME) market is likely to remain under pressure until fixed-investment activity improves.

Government spending should continue to underpin growth, although this is expected to be limited by the reduction in fiscal deficits over the medium term. Government's stronger focus on job creation is also positive and much will depend on the ability to create a more enabling environment for business growth. Key to this will be improvements in the building of infrastructure and a more conducive and certain regulatory and policy environment to reduce the medium-term constraints on economic growth.

Nedbank is well placed for earnings growth in 2011 and remains on track to meet its medium- to long-term financial targets in 2013. Nedbank will continue to invest to generate sustainable revenue growth, underpinned by ongoing cost optimisation and efficiency improvements. Growing the bank's overall franchise and maintaining momentum on the turnaround in the Retail Cluster, supported by a liquid and well-capitalised balance sheet, are key to delivering sustainable growth.

Margins should widen slightly, given that interest rates are expected to remain unchanged, and hence the negative effect of assets repricing quicker than liabilities out to three months will decrease. In addition, the cost of term liquidity is expected to decline as more expensive deposits mature and as below-trend economic growth continues, albeit at higher levels than last year. Overall advances growth is expected to be in the mid to upper single digits.

Impairments are expected to continue reducing in line with the improved quality of assets supported by asset pricing on new advances that appropriately reflects risk and the related cost of funds. The credit loss ratio is currently expected to decrease but to remain above Nedbank's target range in 2011.

Transactional volumes are expected to increase as the economy improves and Nedbank's focus on growing primary clients is maintained.

Nedbank's medium-term targets remain unchanged.

Nedbank Group's medium- to long-term targets

Metric	2010 Performance	Medium- to long-term target	2011 Outlook
ROE (excl goodwill) improving, impairments charge	13.4%	5% above monthly weighted average cost of ordinary shareholders' equity	Improving, remaining below target
Growth in diluted headline earnings per share (EPS)	8.7%	At least consumer price index + GDP growth + 5%	Forecast to exceed target
Impairments charge (credit loss ratio)	1.36%	Between 0.6% and 1.0% of average banking advances	Improving, remaining above target
NIR:expenses ratio	79.6%	> 85%	Improving, remaining below target
Efficiency ratio	55.7%[1]	< 50.0%	Improving, remaining above target
Basel II core Tier 1 capital adequacy ratio	10.1%	7.5% to 9.0%	Improving, remaining above top end of target range
Basel II Tier 1 capital adequacy ratio	11.7%	8.5% to 10.0%	Improving, remaining above top end of target range
Basel II total capital adequacy ratio	15.0%	11.5% to 13.0%	Improving, remaining above top end of target range
Economic capital	Capitalised to 99.93% confidence interval on economic capital basis (target debt rating A including 10% buffer)		
Dividend cover policy	2.30%	2.25 to 2.75 times	2.25 to 2.75 times

1 Actual efficiency ratio is 55.7% including BEE costs.

SHORT-TERM INSURANCE

KEY FACTS

Mutual & Federal (M&F) is the second-largest short-term insurer in South Africa, with operations in Namibia, Botswana and Zimbabwe. It provides a full range of short-term insurance products to commercial and domestic customers in five principal portfolios: Commercial including Agriculture, Corporate, Personal, Risk Finance, and Credit.

Adjusted operating profit (pre-tax)

£103m

2009: £70m

Number of employees

2,222

2009: 2,115

Combined ratio

92.4%

2009: 98.0%

Our brands

MUTUAL&FEDERAL

iwyze valuables insurance

Underwriting result (£m)

2010	45.9
2009	10.6

Gross premiums (£m)

2010	746.4
2009	642.1

Overview

In 2009, Old Mutual plc announced its intention to buy out the minority stake in M&F, making it a wholly-owned subsidiary. On completion of the transaction in 2010, M&F delisted from the Johannesburg Stock Exchange and developed a three-to-five-year strategic programme to deliver a real step change for the company. To drive delivery of the programme, Peter Todd was appointed as Managing Director in December 2010, following Keith Kennedy's decision to retire in 2011.

Peter Todd
Managing Director
Appointed, December 2010

Market context

In 2010, although market conditions had improved compared to 2009, tough economic conditions prevailed for consumers, and spending was constrained.

The improvement in market conditions resulted from several factors – including successive interest rate cuts during the year, which reduced the cost of debt; consumer inflation declining and remaining within the target range, and improved customer confidence. GDP grew at the expected rate of 3.0% by the end of 2010, a turnaround from the 1.8% decline in 2009. Car sales increased as a result of car rental company purchases for the 2010 Soccer World Cup, and consumers bought motor vehicles in anticipation of the new CO_2 emissions tax. Lastly, there was growth in the short-term industry market – particularly in the mass market area, where penetration is still low.

On the other hand, challenges were presented by debt-income ratios and unemployment that remained high, constraining spending, particularly retail expenditure. Market competition has intensified with the entry and growth of direct businesses, aggregators and banks in the short-term insurance space. In addition, the short-term insurance industry has had to face increased legislation such as the Financial Advisory and Intermediary Services Act (FAIS) Amendment to the General Code of Conduct enacted in October 2010.

SHORT-TERM INSURANCE
CONTINUED

Strong performance following renewed focus

Highlights (Rm)	2010	2009	% Change
Underwriting result	**519**	140	271%
Long-term investment return (LTIR)	**639**	791	(19%)
Restructuring costs	**(8)**	(13)	38%
Income from associates	**12**	–	–
Adjusted operating profit (IFRS basis, pre-tax)	**1,162**	918	27%
Gross premiums	**8,442**	8,456	–
Earned premiums	**6,859**	6,874	–
Claims ratio	**63.8%**	68.7%	
Combined ratio	**92.4%**	98.0%	
Solvency ratio	**73%**	56%	
Return on equity	**19.0%**	21.2%	
Adjusted operating profit (IFRS basis, pre-tax) (£m)	**103**	70	47%

Review of results 2010

Mutual & Federal delivered a very strong underwriting result in 2010, with exceptional performance from the commercial, corporate and credit insurance portfolios assisted by a relatively benign claims environment. As a result of seasonal weather factors our performance in the second half is traditionally stronger than the first half, which is affected by heavy rains. This was particularly marked in 2010, when our performance steadily improved throughout the year after a weak first quarter, also helped by the absence of significant fire claims.

We were pleased to record an improvement in client service in 2010. This was confirmed when we took second place in the Ask Afrika Orange survey on short-term insurance, which assesses customer service standards. The year also marked our first entry into the direct insurance market, with the launch of our iWYZE initiative in May. This has progressed extremely well, although it will continue to require investment in the near term. We are also making good progress in our preparation for Solvency II and its equivalent in South Africa, which is known as Solvency Assessment and Management (or SAM).

Underwriting and IFRS AOP results

Premiums remained flat on 2009 levels, largely as a result of the cancellation in late 2009 and early 2010 of some unprofitable portfolios that had consistently run at claims ratios above 80%. Our claims ratio decreased from 68.7% to 63.8% due to the favourable trading environment and focused management of claims costs.

The improving quality of our book of business, combined with a focus in 2010 on claims costs and improved pricing, allowed the business to deliver an underwriting result of 7.6%. Our operations in Namibia and Botswana continued to generate about 11% of our underwriting result between them.

Our expenses increased by 13% – primarily driven by inflation and profit-related pay, given the improved underwriting result.

Solvency margin

There has been a pleasing improvement in the solvency ratio (the ratio of net assets to net premiums) from 56% to 73%. This reflects the capital generated from the much-improved underwriting result and investment income.

Outlook

In 2011 we will continue to see the benefits of increased collaboration with OMSA, both in further growth of the iWYZE initiative, and as we identify opportunities for capital optimisation. Under our new Managing Director, Peter Todd, we have begun delivering our three-year strategic Step Change Programme. This aims to enhance profitability by focusing on growth while improving operating efficiencies across the business. However, the benign local claims environment in 2010 is likely to see a softening in rates in 2011, which will put some pressure on underwriting margins.

While we will continue to maintain our focus on the broker market and look to grow our share of this channel through improved systems and service, 2011 will see a growing contribution from alternative channels. Besides the expected growth from iWYZE, we will increase our focus on niche businesses through alternative channels.

Following the successful buy-out of minorities in 2010, the business is well positioned to extract more value from full membership of the Old Mutual Group. Coupled with a strong balance sheet and a greater focus on building new distribution channels, this should see us grow revenue while improving our expense ratios.

US ASSET MANAGEMENT

KEY FACTS

Trading as Old Mutual Asset Management (OMAM) and based in Boston, US Asset Management (USAM) is a global multi-boutique investment organisation serving institutional and individual investors around the world. Our 18 boutique firms specialise in active investment management, offering more than 160 investment strategies that span an array of asset classes and investment solutions.

Adjusted operating profit (pre-tax)

£87m

2009: £83m

Number of employees

1,537

2009: 1,544

Funds under management

£166.6bn

2009: £161.5bn

Selected affiliates

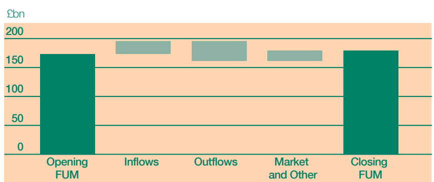
ROGGE

DWIGHT ASSET MANAGEMENT COMPANY

ACADIAN

BARROW, HANLEY, MEWHINNEY & STRAUSS, INC.

Net client cash flows



US ASSET MANAGEMENT

Linda Gibson
Executive Vice President,
Chief Operating Officer
Acting CEO in 2010

Markets and strategy overview

The investment environment in 2010 was characterised by a continued rebound in equity markets globally, although investors remained cautious in the wake of the global financial crisis. As a result, fixed income and alternative strategies remained in high demand among both individual and institutional investors while equity strategies (excluding emerging markets) broadly experienced outflows.

Peter Bain
President and Chief
Executive Officer
Appointed February 2011

USAM seeks to become the leading multi-boutique investment organisation globally, with several sources of competitive advantage:

- A proven model for multi-boutique management. Over the past 10 years, USAM has demonstrated the ability to manage and develop a diverse portfolio of investment firms successfully. Our boutiques enjoy investment autonomy and equity incentives that attract and retain talented investors and promote business continuity. We enhance our boutiques' growth and profitability through central services, including distribution, product development, capital support, strategic planning, risk management and a scaled shared services platform.
- Investment-focused and broadly diversified. As boutique investment managers singularly focused on asset management, our firms succeed when our clients succeed. Our boutiques invest with conviction and discipline, employing rigorous and consistent investment processes focused on delivering long-term results. Our firms serve institutional and individual investors around the world and benefit from the insights gained through a global client base.
- Well-positioned for profitable growth. Our boutiques offer sought-after traditional and alternative products with significant FUM capacity. Capital investments offer the potential to accelerate growth by funding acquisitions and lift-outs, seeding new products, and making operating investments. With access to the breadth and depth of a large international financial services company like Old Mutual, USAM is well-positioned to continue its expansion outside the US.

USAM represents an attractive business partner for talented investment managers. The business continues to invest in growth by expanding investment capabilities and growing its global client base through international distribution.

US ASSET MANAGEMENT
CONTINUED

Profits up 4% on higher average FUM, improving investment performance as markets began returning to fundamentals

Highlights ($m, unless otherwise stated)	2010	2009	% Change
Adjusted operating profit (IFRS basis, pre-tax)	**135**	130	4%
Return on Capital	**4.2%**	4.1%	
Operating margin	**18%**	18%	
Net client cash flows ($bn)	**(18.0)**	(7.1)	(254%)
Funds under management ($bn)	**259**	261	(1%)
Adjusted operating profit (IFRS basis, pre-tax) (£m)	**87**	83	5%

Review of results 2010
FUM across all affiliates totalled $259 billion, of which $217 billion (84%) was in long-term investment products and $42 billion (16%) was in short-term products. Long-term investment products were broadly diversified across equities ($127 billion, 49%), fixed income ($60 billion, 23%) and alternative investments ($29 billion, 11%). Short-term products comprised stable value funds ($41 billion, 16%) and cash ($1 billion, <1%).

USAM profits improved 4% over 2009 due primarily to higher average FUM, although year-end FUM were flat versus 2009. Gains from market appreciation and net inflows into fixed income products were offset by net outflows from equity, alternative and stable value products.

In February 2011, we announced the appointment of Peter Bain as USAM's new Chief Executive Officer. Peter has over two decades of experience in leading and advising asset management firms, and his appointment is a key milestone in the firm's growth plans.

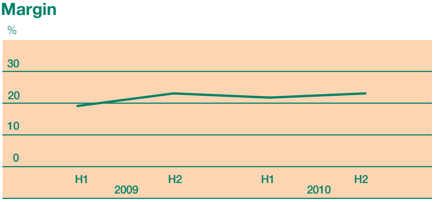
Investment performance
Investment performance improved during the year across global equity, non-US equity and fixed income products. US equity strategies underperformed for the year as a whole, but showed improvement in the fourth quarter as the return to fundamentals began in US markets. Stable value products underperformed due to the impact of prior years' underperformance in current-year returns.

In aggregate, 51% of FUM across all strategies outperformed their respective benchmarks for the year, while 38% and 67% of FUM outperformed over three- and five-year time periods. This compared to 51%, 58% and 61% in 2009. Excluding short-term products, 60%, 45% and 60% of long-term assets outperformed over one-, three- and five-year periods. Management remains confident that its multi-boutique model, which encourages investment conviction and retention of investment talent, will deliver investment outperformance over full market cycles.

IFRS AOP results
IFRS adjusted operating profit increased 4% or $5 million to $135 million in 2010, benefiting from higher average FUM. Management fees were up $50 million or 8%, while other revenues were flat. Performance fees increased during the second half compared to the second half of 2009, reflecting recent improvements in investment performance.

Operating margin and cost management
Our operating margin of 18% was consistent with 2009, although we realised annual expense savings of $23 million through restructuring actions undertaken in 2009.

Total expenses were 8% or $46 million higher than 2009. The increase was driven by higher variable compensation, in line with revenue growth, one-time charges associated with acceleration of the DAC write-off given net client cash outflows in 2010, and equity plan implementations.

Margin


Net client cash flows
Net client cash outflows totalled $18.0 billion (2009: $7.1 billion) as net inflows into fixed income products were offset by outflows in equity, alternative and stable value products. Similar trends were observed in our US peer group. Net outflows were primarily driven by rebalancing-related withdrawals from continuing clients as both institutions and individuals continued to favour fixed income over equity investments during the year. The bulk of the net outflows concentrated in three affiliates and was weighted towards the second half, traditionally a peak period for mandate changes. Gross inflows from new accounts exceeded $10 billion as all 18 USAM affiliates won new business during the year, with fixed income and international equity products attracting the bulk of new investment.

Funds under management

FUM were $259 billion at the year-end (2009: $261 billion). The USAM business is broadly diversified, with, for example, international and global equity products accounting for 22% of the FUM. Non-US clients accounted for 29% of FUM. The addition of Echo Point Investment Management in October 2010 brought $1.6 billion in FUM, while the sale of Thomson Horstmann & Bryant reduced FUM by $1.7 billion. The restructuring of the discontinued US Life business portfolio resulted in the transfer of $5.4 billion of FUM from USAM during the year.

Affiliate developments

Echo Point Investment Management began operation as a USAM affiliate on 1 October 2010, launching with $1.6 billion in FUM in international growth equities. During the fourth quarter the firm received additional investment commitments from two current clients as it demonstrated its ability to operate effectively in a multi-boutique structure.

Product and distribution developments

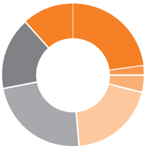
Barrow, Hanley, Mewhinney & Strauss surpassed $1.9 billion FUM in its international value product as investors bought into this non-US equity application of the firm's proven expertise in value investing. The firm also launched a global equity product in the fourth quarter, and with a mandate from Old Mutual's South African business, the product now has $1.0 billion in FUM.

Larch Lane Advisors launched the Alpha Evolution Fund, a fund of hedge funds that leverages the firm's expertise in early-stage hedge funds by identifying and investing in smaller and/or newer funds. Target investors for Alpha Evolution are primarily institutions that are unable to commit to a long lock-up of their capital because of liquidity guidelines, but want the potential benefits of an investment in early-stage hedge funds.

USAM affiliates launched several new UCITS vehicles in 2010 to tap global investors' growing preference for registered pooled vehicles. Rogge Global Partners (Global High Yield), Acadian Asset Management (Emerging Market Equities) and Heitman (Global REIT) each introduced new UCITS products that expand the global marketability of their respective investment capabilities.

Our global distribution continued to expand, with the addition of new staff and the opening of an office in the Middle East. We continue to focus our US retail distribution efforts on professional buyer channels that value the institutional orientation of USAM affiliates.

US Asset Management: fund mix



	2010	2009
US Value	59	56
US Growth	6	7
US Core	10	12
Non-US	51	45
Fixed Income	61	59
Stable value/cash	42	47
Alternative/Real Estate/ Cash Collateral	30	35

Outlook

During the recent period of market dislocation, investors and their advisers increased their focus on macro investment performance rather than investing on a fundamentals basis. Many USAM affiliates found it challenging to deliver superior performance in these conditions, and this contributed to net client cash outflows. However, 2010 saw the beginning of a return to fundamentals-based investing and our investment performance improved as a result. If US markets maintain this trend in 2011, we are well positioned to achieve further improvements in investment performance and, over time, a reversal of net client cash outflows. In an environment where investors begin to increase their risk appetite and migrate towards equities, our extensive equity product portfolio is positioned to capture its share of growing flows. The growing attractiveness of non-US equity exposure in both investment allocation and equity management should favour the USAM business model and strategy.

NON-CORE AND DISCONTINUED BUSINESS OPERATIONS

US Life

Life sales summary

APE sales at $143 million increased by 34% relative to the comparative period. Fixed indexed annuities, which represent more than half of the total APE, increased 30% in 2010 compared to 2009. The increase was driven by product revisions and competitive annuity rates. The sales levels are within the range set for the business and reflect the approach to managing capital within the business. Our top 10 annuity distribution partners who have represented an average of 60% of our total sales volume over the past five years grew sales collectively by 62% in 2010.

IFRS results

The IFRS pre-tax profit for the year for the US Life business was $50 million (2009: loss of $195 million), with financial performance benefiting from lower impairment losses and the reversal of prior impairments, partially offset by higher deferred policy acquisition costs amortisation as a result of higher gross profits.

Funds under management

Funds under management ended the year at $17.2 billion, up $0.5 billion from the opening position, primarily due to a $0.8 billion increase in the market value of the investment portfolio for the year and increased net investment income. Net client cash flows improved by 47% in 2010 compared to 2009 primarily due to lower surrender activity and higher sales in 2010. Net cash and short term holdings at 31 December 2010 were $630 million.

Investment portfolio

The net unrealised position on the fixed income security portfolio improved to a net gain of $309 million at 31 December 2010 ($497 million net unrealised loss at 31 December 2009 and $138 million net unrealised gain at 30 June 2010). Although the increase in Treasury yields during the fourth quarter of 2010 negatively affected the net unrealised position, as credit spreads were tighter overall on a year-on-year basis, the unrealised position improved compared to the prior year. In addition, management undertook selective de-risking of the investment portfolio. As at 31 December 2010, $546 million of the total $551 million of the specified securities in the stock purchase agreement with Harbinger Capital Partners had been sold at terms better than those expected on signing of the sale agreement. The remaining $5 million of specified securities have been sold since the year end.

The quality of the investment portfolio improved throughout the year and 92% of the total portfolio had a market-to-book value ratio greater than 90% at the end of 2010. The market to book value ratio of the fixed income portfolio improved from 97% at the beginning of the year to 102% at 31 December 2010.

There were no defaults in 2010. Net realised gains in 2010 of $19 million include $22 million of trading gains on previously impaired securities that had recovered in fair value and $70 million of losses realised on the sale of securities in anticipation of the sale of the company. US Life also generated $64 million of net gains on de-risking trades during favourable market conditions. Expected cash flows on certain previously impaired structured securities improved significantly in 2010, resulting in $54 million of revaluation gains. These revaluation gains were partially offset by impairments.

During 2010, IFRS impairments were $50 million, generally in line with our long-term assumption of $48 million, and compared to $389 million in 2009. The 2010 impairments on 42 securities related primarily to structured securities, with the losses due to adverse changes in expected cash flows, or the likelihood of diminished loss coverage from distressed monoline insurers that guaranteed the performance of the security. The impairment losses were primarily in RMBS ($30 million), ABS ($8 million), and CMBS ($6 million).

Capital

OM Financial Life‘s risk-based capital ratio increased from 312% as at 31 December 2009 to 350% as at 31 December 2010. Regulatory capital grew $83 million during 2010 driven by strong statutory operating earnings. OM Financial Life’s required capital decreased (at the targeted 300% level) primarily due to a lower risk investment portfolio offset by capital required for new business growth. The US Life Group distributed a total of $109 million to Old Mutual plc in 2010 comprising of $59 million from OM Financial Life Insurance Company and $50 million from OM Re.

Bermuda

As disclosed in our Preliminary Results in March 2010, Bermuda remains a non-core business, and as such its profits are therefore excluded from the Group’s IFRS adjusted operating profit. A review of the operating performance of Bermuda is set out below:

Overview

The business continued to perform well against its strategy with significant enhancements delivered in 2010 including business service improvements, further enhancements to liability management and to management information to improve the dynamic management of exposures and further de-risk the Guaranteed Minimum Accumulation Benefits (GMABs) attached to certain of the in-force variable annuities.

Surrender activity in 2010 occurred largely in respect of variable annuity contracts without GMABs, with the business instituting a focused conservation strategy supported by high customer interaction in order to retain as much of this profitable business as possible. Surrender behaviour with respect to variable annuity contracts with GMABs is directly influenced by the differential between the value of the underlying funds and the nominal level of the guarantee, as well as the financial circumstances of the policyholder. The recovery across global equity markets, particularly in the fourth-quarter in 2010, resulted in an increase in the number of contracts where the underlying fund values were greater than the level of the guarantee. This resulted in a sharp increase in the levels of contracts with GMABs surrendering in the fourth quarter of 2010, with overall surrender activity across GMAB contracts for the year at close to double 2009 levels (2010: 1,211 policies; 2009: 638 policies). Further gains across global equity markets in 2011 would be expected to result in increased levels of surrenders across variable annuity contracts with GMABs, accelerating the run-off of these contracts. Ultimately, surrender activity will determine the speed of the run-off and the extent and timing of any associated capital, or cash release for this business. In February 2011, the business launched an offer to account holders with non-Hong Kong UGO contracts permitting them to surrender their contracts without incurring penalties. The special offer increased the rate and number of surrenders across this book, further de-risking the business. The take-up rate was 6.2% at 4 March 2011. Management will continue to assess demand for similar such offers in the future.

IFRS Results
The IFRS pre-tax profit for the year for the Bermuda business was $34 million (2009: $34 million), with financial performance benefiting from lower guarantee losses as a result of the improved effectiveness of the hedging programme, improved basis risk management, favourable equity markets and currency movements. The impact of the dynamic hedging programme over the course of 2010 was also beneficial in reducing losses in respect of GMABs and favourable equity markets over the course of the year further resulted in lower GMAB reserve requirements at the end of the year.

MCEV results
The 2010 operating MCEV earnings resulted in a loss after tax of $36 million, a marginal decrease relative to the comparative period. Operating earnings include negative corrections and modelling changes in 2010 compared to significant positive corrections and modelling changes in 2009. This is however partially offset by much improved persistency experience variances in 2010 and large negative persistency assumption changes in 2009 that were not repeated.

In addition to the effects above, other significant movements affecting the closing MCEV related to the movement in GMAB reserve requirements due to market performance and changes in economic conditions, net of the effects of hedging guarantees. Performance benefited from favourable equity and currency markets, with improved basis risk management and effectiveness of the hedging programme. This was dampened by reductions in interest rates as hedges were lifted early on in the year.

Reserves
Of total insurance liabilities of $6,106 million (2009: $6,741 million), $4,495 million (2009: $4,688 million) is held in the separate account, relating to variable annuity investments where all risk is borne by policyholders. The remaining reserves amount to $1,611 million (2009: $2,053 million), which is split into $672 million (2009: $766 million) in respect of GMAB / GMDB liabilities on the variable annuity business, and $939 million (2009: $1,290 million) in respect of policyholder liabilities which are supported by the fixed income portfolio (these liabilities include deferred and fixed indexed annuity business as well as variable annuity fixed interest investments). Non-separate account reserves are calculated on a policy-by-policy basis, updated frequently and verified independently.

GMAB / GMDB reserve calculations rely on the mapping of policyholder investment funds to hedgeable indices to determine market-consistent assumptions. Fund mapping updates are performed at least quarterly, the results of which better allocate exposures to Asian and other emerging markets (which require higher levels of reserving given their higher inherent volatility) thereby improving the accuracy of the reserve calculations. Overall, this market-consistent valuation methodology is guided by the fund mapping process. Throughout the year, the business continued to maintain a very significant statutory capital surplus against its minimum required capital of $250,000, ending the year with statutory surplus capital of $625 million (2009: $586 million).

Investment portfolio
No defaults or impairments were recorded during 2010 (2009: $20 million). The net unrealised position improved to a gain of $31 million as at 31 December 2010 ($29 million loss as at 31 December 2009) as a result of de-risking efforts within the portfolio through the sale of a number of holdings offsetting gains and losses and the narrowing of corporate spreads. The book value of the portfolio reduced from $1.0 billion at the end of 2009 to $0.8 billion as at 31 December 2010, largely as investments were sold to meet surrender activity and withdrawals. The fixed income portfolio remained at an average credit quality of A2 (Moody's rating scale), with investment grade quality holdings continuing to represent more than 90% of the portfolio. As at 31 December 2010, the book value of the investment portfolio with a market value to book value ratio of 80% or less was $3 million (compared to $71 million at 31 December 2009).

Management of hedging

Over the course of 2010, the business continued to dynamically manage the underlying economics of the hedging programme in order to strike a balance between the potential changes in the income statement, available cash, liquidity and transactional costs arising from movements in market levels. A number of adjustments to the hedging programme were made over the course of 2010 as a result of turbulent market conditions, with the business ending the year approximately 57% hedged against adverse equity and foreign exchange market movements. The accumulated unrealised profit or loss, as measured by the stop-loss metric from the time the current hedge framework was implemented on 17 September 2009 was a gain of $145 million by 31 December 2010 (2009: $104 million). The hedging team evaluates the hedging strategy, including the most appropriate level of hedges on a continuing basis, with any proposed changes to the strategy subject to strict oversight. The stop-loss protocol established in September 2009 remains in place, and continues to be monitored daily by Group to ensure that a common understanding of the resultant impact on capital, cash and profit and loss on a timely basis.

Outlook

Whilst turbulent market conditions could have a material impact, the business has performed credibly over the past year, with the key priorities for 2011 focused on continuing this momentum through continued efforts to de-risk the GMAB exposure in the variable annuity book, through a range of measures. These include execution against the stated dynamic hedging strategy to contain key risk exposures; continued implementation of the conservation strategy to better retain profitable non-guaranteed business, supported by enhanced customer and service offerings; ongoing prudent management of capital and liquidity; ongoing evaluation of risk management and key business decision-making processes across the business to align with Group's Enterprise Risk Management framework; and maintenance of cost discipline, with a focus on delivering further planned expense reductions.

RISK AND CAPITAL MANAGEMENT

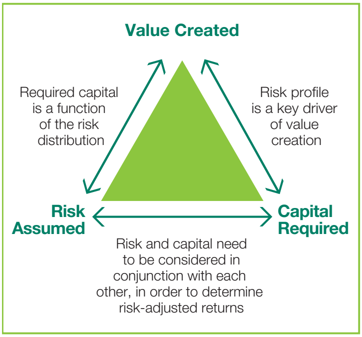
Embedding a risk and value management culture

"We view risk not only as a threat or uncertainty, but also as an opportunity to grow and develop the business, within the context of our risk appetite."

Andrew Birrell
Group Risk and Actuarial Director

One of our major strategic objectives for 2010 was to align capital management more closely with our risk profile at both Group and business unit level, thus enhancing our capability to create value within a clearly defined risk appetite. Our revised operating model, in conjunction with a more robust risk management framework, has enabled us to make more informed decisions to take risks in areas where we:

Risk and Capital Drive Value



- Understand the nature of the risks we are taking and the consequences of those risks
- Demonstrate the ability to accurately determine the capital required to assume these risks
- Model and validate the range of returns that we can earn on the capital required to back these risks
- Optimise the risk adjusted rate of return we can earn by reducing the range of adverse outcomes and increasing the range of acceptable return.

Andrew Birrell
Group Risk and Actuarial Director

RISK AND CAPITAL MANAGEMENT
CONTINUED

These are some of the most significant risks the Group faced during 2010:

Significant risks to Old Mutual

Risk type	Risk as a threat and uncertainty	Mitigating actions and opportunities
Business risk	We operate in a highly competitive environment. If we are not able to compete successfully there is a risk of reduced market share, revenues or profitability. Business risks arise where business performance falls below projections as a result of negative variances in new business volumes, margin, lapse experience and expenses. The profitability of our businesses could be adversely affected by a worsening of economic conditions. Changes to the distribution environment (for example through regulation or failure of distribution providers) could have an impact on our business.	We offer innovative products to suit different clients and needs, enabling us to find opportunities even in challenging market conditions. Business units pay great attention to product strategy, with increased focus on product profitability and improved persistency. We closely monitor lapse rates and persistency information, adapting our business approach as necessary. Old Mutual is diversified across geographies and product lines, minimising the impact of sector- or territory-specific economic downturns. We monitor developments in the distribution sectors across all geographies and our strategic planning and research teams help position us to reduce this risk.
Credit risk	The Group is exposed to the risk of credit defaults. This includes counterparty risk where an asset (in the form of a monetary claim against counterparty) is not repaid in accordance with the terms of the contract. Credit risk also encompasses lending risk (for example within our banking businesses), where a borrower may be unable to repay amounts owed. Credit risk also arises from financial guarantees that the banking businesses have to act on where clients default on their obligations with respect to the financial guarantees.	The Group has adopted a policy of only dealing with approved counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the financial loss from defaults. We continuously monitor the Group's exposure and the credit ratings of counterparties. As part of getting ready for Solvency II regulations, developments are underway to enable reporting on and analysing credit exposure holistically across the Group.
Market risk	The risk that adverse changes in market values of assets and liabilities negatively impact future earnings. Market volatility is a specific concern for us insofar as the Group may be unprepared in conditions of extreme market volatility resulting in unexpected capital calls and stressed liquidity. Some of our life assurance businesses contain investment guarantees and options. A reduction in interest rates and equity markets can cause more of these to be in-the-money, with a potentially adverse impact on profit.	The upside presented by market risk is evident when equity values rise or interest rates move favourably. Then the Group is well positioned to gain over and above the benchmark, particularly in retail and institutional asset management products and activities, since fee income will rise faster than associated expenses. Business units exposed to downside market risk as a consequence of the liabilities they have underwritten are required to take account of the structure of their asset and liability portfolios as well as the local regulatory environment and Group policy requirements. Actions used by individual business units to manage market risk include asset-liability matching, interest rate swaps and hedges to manage interest rate risk, equity hedges to manage equity risk and currency swaps, currency borrowings and forward foreign exchange contracts to mitigate currency risk.

Significant risks to Old Mutual

Risk type	Risk as a threat and uncertainty	Mitigating actions and opportunities
Liquidity risk	Liquidity risk for the Group could materialise where we are unable to sell assets in an illiquid market – leading to potential asset liability matching problems and depleting capital. Liquidity risk could also pose potential losses where the Group is unable to meet its obligations as they fall due (as a result of counterparties providing short-term funding or where they withdraw or do not roll-over the funding).	We aim to maintain a prudent level of liquidity consistent with regulatory expectations. Our group-wide liquidity policy sets out the parameters within which all business units must operate in order to identify, measure and manage liquidity risk. The Group Capital Management function reviews capital and liquidity positions, with the Group Executive Risk Committee providing additional oversight and challenge. By monitoring our liquidity position prudently, we are well positioned to identify surplus liquid assets available. Liquidity headroom is a key risk indicator and control for managing Group liquidity risk. It ensures we have sufficient liquidity to cover both asset liquidity risk and finding liquidity risk.
Operational risk	The risk arising from operational activities, for example a failure of a major system, or losses incurred as a consequence of people and or process failures, including external events. Specific examples include the ability to attract and retain key staff with the necessary skills to help the Group meet its objectives, and adequate protection of people, premises and data (including IT sustainability and infrastructure).	Taking greater operational risk rarely gives the Group greater reward and therefore we aim to minimise our operational risk exposure acrossthe Group. The Group has developed OpenPages as its strategic risk management system which is currently being rolled out and embedded across the various business units. This will increase our understanding of the operational risks in the business and facilitate improvement in the controls to reduce losses. Operational risk is one of the metrics in our risk appetite framework: it is continuously monitored and we take action if it approaches the limit.
Liability risk	Liability risk for long-term insurance business arises through exposure to unfavourable claims experience on life assurance, critical illness and other protection business. For general insurance it also includes the risk of loss from fire, accident or other claim sources. This is the risk that there are more claims than expected or claims are more severe than expected. Liability risk includes underwriting risk, which is the misalignment of policyholders to the appropriate pricing basis or impact of anti-selection, resulting in a loss. The business units which incur significant liability risk are Emerging Markets, which provides long-term insurance, and M&F, which provides short-term insurance.	Liability risk is managed by: ■ Maintenance and use of sophisticated management information systems which provide current data on the risks to which we are exposed ■ Use of actuarial models to calculate premiums and monitor claims patterns using past experience and statistical methods ■ Guidelines for concluding insurance contracts and assuming liability risks – such as underwriting principles and product pricing procedures ■ Reinsurance to limit our exposure to large single claims and catastrophes ■ An effective mix of assets that back insurance liabilities based on the nature and term of these liabilities.
Strategic risk	The risk that discretionary decisions will adversely affect future earnings and the sustainability of the business. Specific exposures include the ability of the Group to successfully implement the current levels of change experienced. Another possible risk could be from external constraints imposed by regulatory or government bodies impacting on our ability to deliver our strategy.	We actively monitor our strategic implementation portfolio for any material changes. Progress and activities are co-ordinated with the Group strategy to ensure that the 2011 strategy can be tracked. This includes actively working with the different business units and Group Executive Committee on change capability development.

RESPONSIBLE BUSINESS INTRODUCTION

FOUNDATIONS FOR THE FUTURE

"Our approach to responsible business is a vital enabler of our corporate vision of becoming our customers' most trusted partner."

Don Schneider
Group Human Resources Director and Chairman of the Responsible Business Committee

Focusing on the issues that matter to our stakeholders

During 2010, we conducted a piece of stakeholder research which helped us identify nine material issue areas that will form the basis of our approach to Responsible Business for the future. These material issue areas are:

- Governance and risk systems
- Responsible marketing and selling
- Customer service
- Our employees
- Indirect impact of investments
- Supply chain
- Financial crime
- Community impact
- Direct environmental impact

Responsible Business highlights from 2010

- First full year of operation of the Responsible Business Committee which oversaw:
  – Responsible Business Policy rolled out across the Group
  – Responsible Investment taskforce set up
- Conducted stakeholder research into responsible business issues
- £13.6 million invested in our local communities focusing on financial education, enterprise development and sustainable community development. For example:
  – £4.6m through the Masisizane Fund including micro-finance
  – £2.7m spent through the five Old Mutual Foundations.

OUR APPROACH TO RESPONSIBLE BUSINESS

Looking forward

We want to be accountable when it comes to responsible business. So we are working to develop a series of key metrics and performance indicators. Our goal is to be able to report back, a year from now, on all that has been achieved. And for this ongoing activity to begin to come together to tell a bigger story about us as a business, and our progress towards building people's trust in us to help them achieve their lifetime financial goals.

The diagram below summarises our evolving approach to responsible business and shows the nine 'material issue' areas, discussed in the following sections, which were identified in our stakeholder research.

MATERIAL ISSUES AND IMPACT AREAS

BOARD OF DIRECTORS

1. Patrick O'Sullivan (61)[3] B.B.S., F.C.A. (Ireland), M.Sc.
Chairman
Patrick O'Sullivan joined the Board as Chairman on 1 January 2010. He also chairs the Nomination Committee. From 2007 until 2009, he was Vice Chairman of Zurich Financial Services, where he had specific responsibility for its international businesses including those in South Africa. He had previously held roles at Zurich as Group Finance Director and CEO, General Insurance and Banking, of its UKISA division. Qualified as a chartered accountant, his prior experience includes positions at Bank of America, Goldman Sachs, Financial Guaranty Insurance Company (a subsidiary of GE Capital), Barclays/BZW and Eagle Star Insurance Company. He is also a non-executive director of COFRA Group in Switzerland, Man Group plc and Bank of Ireland.

2. Julian Roberts (53)[3] B.A., F.C.A., M.C.T.
Group Chief Executive
Julian Roberts has been Group Chief Executive of Old Mutual plc since September 2008. He is also a non-executive Director of Nedbank Group Limited, Nedbank Limited and Old Mutual Life Assurance Company (South Africa) Limited. He joined Old Mutual in August 2000 as Group Finance Director, moving on to become CEO of Skandia following its purchase by Old Mutual in February 2006. Prior to joining Old Mutual, he was Group Finance Director of Sun Life & Provincial Holdings plc and, before that, Chief Financial Officer of Aon UK Holdings Limited.

3. Philip Broadley (50)[2] M.A., F.C.A.
Group Finance Director
Philip Broadley has been Group Finance Director since November 2008. He was previously Group Finance Director of Prudential plc from May 2000 until March 2008. Prior to joining Prudential, he was a partner in Arthur Andersen from 1993 to 2000. He has been Chairman of the 100 Group of Finance Directors, a founding member and trustee of the CFO Forum of European Insurance Company Finance Directors, and a member of the IASB's Insurance Working Group. He is a member of the Code Committee of the Takeover Panel.

4. Nigel Andrews (63)[2, 3, 4] B.Sc., M.B.A.
Independent non-executive director
Nigel Andrews has been an independent non-executive director of the Company since June 2002. He is also non-executive Chairman of the Company's principal US holding company, Old Mutual (US) Holdings, Inc. He is a governor of the London Business School and a trustee of the Victory Funds. Previously he was an Executive Vice President and member of the office of the CEO of GE Capital, having spent 13 years with The General Electric Company, Inc.

5. Mike Arnold (63)[1,2,3] B.Sc., F.I.A.
Independent non-executive director
Mike Arnold has been an independent non-executive director of the Company since September 2009 and chairs the Board Risk Committee. He is a qualified actuary and was formerly Principal Consulting Actuary and Head of Life practice at the consulting actuarial firm Milliman from 2002 to 2009. Prior to that, he had been the senior partner at the practice from 1995, having joined one of its predecessor organisations as a recently qualified actuary in 1971. He is a past Member of Council and Vice Chairman of the Institute of Actuaries, past Chairman of the International Association of Consulting Actuaries and past member of the Board of Actuarial Standards. He is also a non-executive director of Marine and General Mutual Life Assurance Society, Financial Information Technology Limited and the Scottish Equitable Policyholders Trust.

6. Rudi Bogni (63)[1,3,4] D.Econ. (Bocconi)
Senior independent non-executive director
Rudi Bogni has been the senior independent non-executive director of the Company since May 2008, having served on the Board since February 2002. He chairs the Remuneration Committee. He is also Chairman of Medinvest International SCA, Luxembourg, a director of the LGT Foundation, Moody's UK, French and German businesses, Common Purpose CT, Steadfast Advisory Services Limited and Kedge Capital HJ, and a member of The Governing Council of the Centre for the Study of Financial Innovation, of The International Council for Capital Formation and of the Advisory Board of Oxford Analytica. He served previously as a member of the Executive Board and Chief Executive, Private Banking, of UBS AG and, before that, he was Group Treasurer and a member of the Executive Committee of Midland Bank plc.

7. Eva Castillo (48)[2,3,4] B.A.s in Business and Law
Independent non-executive director
Eva Castillo was appointed as an independent non-executive director of the Company on 4 February 2011. She led the Global Wealth Management business of Bank of America Merrill Lynch in Europe, Middle East and Africa (EMEA) from 2006 to 2009, having held a number of other senior positions in Merrill Lynch from 1997, including as head of Global Markets and Investment Banking in Iberia and President of Merrill Lynch Spain and, before that, as Chief Operating Officer for Merrill Lynch EMEA Equity Markets. Previously she had worked for the International Equities division of Goldman Sachs in London between 1992 and 1997. She has been a non-executive director of Telefonica SA since the beginning of 2008.

8. Russell Edey (68)[1, 3, 4] F.C.A.
Independent non-executive director
Russell Edey has been an independent non-executive director of the Company since June 2004. He is Chairman of Avocet Mining Plc, a member of the Conseil de Surveillance of Paris-Orléans, SA and a non-executive director of a number of companies in the Rothschild Group. He retired from the chair of Anglogold Ashanti Limited in May 2010, having served on its board for 12 years. Previously he had also served on the boards of English China Clays plc, Wassall plc, Northern Foods plc, Associated British Ports plc and Express Dairies plc. His career began in the Finance Division of the Anglo American Corporation of South Africa Limited in Johannesburg. In the 1970s he was General Manager – Corporate Finance of Capel Court Corporation in Melbourne. He joined Rothschild in 1977 and was Head of Corporate Finance from 1991 to 1996.

9. Alan Gillespie (60)[1,3,4] B.A., M.A., Ph.D., CBE
Independent non-executive director
Alan Gillespie was appointed as an independent non-executive director of the Company on 3 November 2010. His background is in investment banking and financial services. His banking career began at Citibank, where he spent 10 years from 1976 to 1986. He joined Goldman Sachs in New York in 1986 and was made a partner of the firm in 1990, with responsibility for corporate finance and mergers and acquisitions in the UK and Ireland. He jointly led the firm's financial services practice in Europe and in 1996 established Goldman Sachs' presence in South Africa. After retiring from Goldman Sachs in 1999, he became Chief Executive of the Commonwealth Development Corporation in the UK. In 2001 he became Chairman of Ulster Bank, a subsidiary of Royal Bank of Scotland plc. He is also currently Senior Independent Director of United Business Media Limited and Chairman of the Economic & Social Research Council and of the International Finance Facility for Immunization (IFFIm).

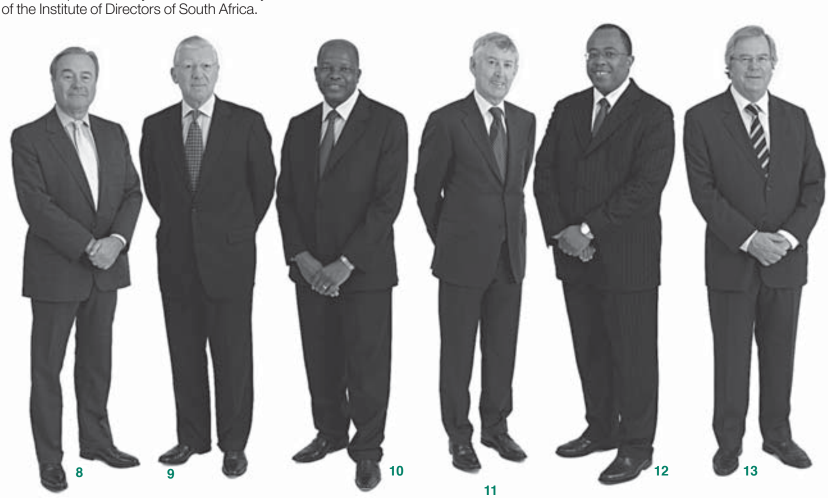
10. Reuel Khoza (60)[2,3] Eng.D., M.A.
Non-executive director
Reuel Khoza has been a non-executive director of the Company since January 2006 and Chairman of Nedbank Group since May 2006. He is Chairman of Aka Capital, which is 25% owned by Old Mutual (South Africa) and the single largest participant in Nedbank's Corporate Client Scheme established as part of its BEE ownership arrangements. He is also a non-executive director of Nampak Limited, Protea Hospitality Holdings Limited and Corobrik (Pty) Limited. His previous appointments include Chairmanship of Eskom Holdings Limited and non-executive directorships of Glaxo Wellcome SA, IBM SA, Vodacom, the JSE, JCI, Standard Bank Group and Liberty Life. He is currently a Fellow and President of the Institute of Directors of South Africa.

11. Roger Marshall (62)[1,2,3] B.Sc. (Econ.), F.C.A.
Independent non-executive director
Roger Marshall was appointed as an independent non-executive director of the Company on 5 August 2010 and became Chairman of the Group Audit Committee at the end of that month. He was formerly an audit partner in PricewaterhouseCoopers, where he led the audit of a number of major groups, including Zurich Financial Services and Lloyds TSB. Outside appointments included six years as a member of the Accounting Standards Board. He is currently Interim Chairman of the Accounting Standards Board, a Director of the Financial Reporting Council and a non-executive director of Genworth Financial's European insurance companies.

12. Bongani Nqwababa (44)[1,3,4] B.Acc., C.A., M.B.A.
Independent non-executive director
Bongani Nqwababa has been an independent non-executive director of the Company since April 2007. He has been Chief Financial Officer of the South African mining group, Anglo Platinum Limited, since 2009, having previously been Finance Director of the South African electricity utility group, Eskom Holdings Limited, from 2004. Prior to joining Eskom, he had been Treasurer and CFO of Shell Southern Africa. He is currently Chairman of the South African Revenue Services (Receiver of Revenue) Audit Committee.

13. Lars Otterbeck (68)[2,3,4] Dr. Econ.
Independent non-executive director
Lars Otterbeck has been an independent non-executive director of the Company since November 2006. Prior to joining the Board he had held various senior business positions in Sweden, including as President and CEO of the Swedish mutual pension insurance company, Alecta, from 2000 to 2004. He is also Deputy Chairman of Skandia Insurance Company Limited and a non-executive director of Skandia Liv. His outside positions include being Chairman of Hakon Invest AB and Näringslivets Börskommitté (Industry and Commerce Stock Exchange Committee) and Deputy Chairman of the Swedish Corporate Governance Board.

Key
1. Member of the Group Audit Committee
2. Member of the Board Risk Committee
3. Member of the Nomination Committee
4. Member of the Remuneration Committee



SUMMARY OF THE CORPORATE GOVERNANCE REPORT

Corporate governance – the bedrock for a successful Group

"We have made good progress during 2010 in improving the governance of Old Mutual to reflect the changing business and regulatory environment".

Patrick O'Sullivan
Chairman

Achievements during 2010

- Roll-out of our new Group Operating Model
- Separation of the functions of the Group Audit and Risk Committee into two Board-level committees
- Addressing other recommendations in the Walker Review
- Board succession and renewal

Priorities for 2011

- Further Board training on Solvency II
- Focus on customer matters
- More Board engagement with the businesses and their key employees and relationships
- Continued emphasis on delivery of our strategic objectives

Chairman's introduction

We have made good progress in a number of areas relating to the Group's governance during 2010. The roll-out of our Group Operating Model, which is designed to provide greater assurance about the effectiveness of the Company's strategic control over the Group's businesses, moved successfully from project mode into business as usual.

At Board level, we established a separate Board Risk Committee alongside the Group Audit Committee in line with recommendations contained in the Walker Review. This new committee has made a sound start and has enabled more time and focus to be dedicated to risk-specific issues, thereby contributing to the Board's own discussions of risk appetite and related issues in the run-up to the implementation of Solvency II. We have also during 2010 widened the membership of the Board's standing committees so that all of the non-executive directors now each serve on at least two such committees.

We have been pleased to appoint three new non-executive directors to our Board. Roger Marshall joined us in August, succeeding Richard Pym as Chairman of the Group Audit Committee. Alan Gillespie was appointed as an independent non-executive director in November and will replace Rudi Bogni as our Senior Independent Director when Rudi retires at the 2011 AGM. Since the year end, we have been delighted to welcome Eva Castillo, the first woman to join the Board, as a director and as a member of various Board Committees. Nigel Andrews will leave the Board when he, too, retires as planned at the forthcoming AGM. Further details of the new directors are contained in the Board of Directors section earlier in this Annual Report.

As we implement our medium-term strategy, we have a newly invigorated view of our core businesses and market strengths and an increased commitment to strengthening our links with Government, regulators and other stakeholders, especially in South Africa.

The Board has been actively engaged in monitoring and guiding progress against the various targets that the Company has set itself for delivery by the end of 2012. We remain committed to seeing these through to a successful conclusion and the effectiveness of our governance arrangements is a key foundation for achieving them.

Patrick O'Sullivan
Chairman
8 March 2011

Patrick O'Sulivan
Chairman

Approach to governance

Old Mutual views good governance as a vital ingredient of operating a successful business, so that we can provide assurance to shareholders, customers and regulators that the Group's businesses are being properly managed and controlled.

During 2010, the Group completed its transition from a highly decentralised federal model of group governance to a more centralised "strategic controller" model steered from our head office, facilitated by the roll-out of our new Group Operating Model.

The new Model establishes clear principles of delegation and escalation that are designed to provide appropriate levels of assurance about the control environment, while retaining flexibility for our businesses to operate efficiently.

Board of Directors

Membership

The Old Mutual Board currently has 13 members, two of whom are executive and eleven of whom are non-executive directors. All of the current directors, except for Roger Marshall (who was appointed to the Board on 5 August 2010), Alan Gillespie (who was appointed to the Board on 3 November 2010) and Eva Castillo (who was appointed to the Board on 2 February 2011), served throughout the year ended 31 December 2010. Richard Pym resigned from the Board at the end of his first three-year term in August 2010 because of the pressure of his other commitments.

2010 operations

Board meetings were held regularly during 2010. Scheduled meetings were coordinated with the Company's reporting calendar to allow for detailed consideration of interim and final results and interim management statements. Sessions were also devoted to strategy and business planning and the Board met ad hoc, as required, to deal with specific matters requiring its consideration. In all, 19 Board meetings (of which eight were scheduled and 11 convened ad hoc) were held during 2010.

Monthly management accounts were circulated to each member of the Board within three weeks of the month end, containing detailed analysis of the businesses' financial performance, including comparisons against budget. Any issues arising from these are addressed at Board meetings or can be raised directly with management.

The Board calendar ensures that all key matters are scheduled for attention over the course of the year, including presentations on the Group's major businesses. During 2010, the Board held meetings at the Group's South African, Wealth Management and Nordic businesses' premises.

In addition to its normal agenda items, the Board also addressed the following matters, among others, during the year:

- Approval of the Group's strategic targets for the end of 2012 that were announced in March 2010 and review of progress against those targets. The Board also held various follow-up discussions about strategy for the Group as a whole and for particular business units;
- Oversight of the sale process for the US Life business and of negotiations for a possible sale of the Group's stake in Nedbank;
- Approval of the introduction of a scrip dividend alternative scheme for future dividends;
- Monitoring progress of the iCRaFT project, which is designed to prepare the Group for the introduction of Solvency II;
- Updates on the embedding of the new Group Operating Model; and
- Consideration of scenario-planning for the Old Mutual Bermuda business.

In addition, the Board received briefings on a number of topics from internal and external experts during the year, as part of its continuing training, including risk in the financial services industry, compliance procedures required for the new UK Bribery Act 2010, and the role of models in bridging risk and capital.

Group Operating Model

The objectives of the Group Operating Model are:

- To establish a clear and comprehensive governance framework, with appropriate procedures, systems and controls, facilitating the satisfactory discharge of the duties and obligations of regulated firms, directors and employees within the Group;
- To provide a clear articulation of Old Mutual plc's expectations (as shareholder) of business unit boards when exercising their powers as set out in their respective constitutions as in force from time to time;
- To take due account of the regulatory requirement that boards of regulated entities maintain proper controls over the affairs of their respective businesses; and
- To protect the interests of the Group's various stakeholders including its shareholders, creditors, policyholders and customers.

The governance relationship with the Group's majority-owned subsidiary, Nedbank Group Limited, recognises the latter's own governance expectations as a separately-listed entity on the JSE Limited and the fact that it has minority shareholders. The Company entered into a relationship agreement with Nedbank

SUMMARY OF THE CORPORATE GOVERNANCE REPORT
CONTINUED

	Old Mutual plc Number of shares	Nedbank Group Limited Number of shares
At 31 December 2010		
Nigel Andrews	7,000	–
Mike Arnold	12,725	–
Rudi Bogni	19,000	–
Philip Broadley	55,353[1]	–
Russell Edey	25,000	2,604
Alan Gillespie	–	–
Reuel Khoza	–	2,062[2]
Roger Marshall	20,000	–
Bongani Nqwababa	–	–
Patrick O'Sullivan	100,000	–
Lars Otterbeck	–	–
Julian Roberts	1,591,644[1]	–

1 These figures do not include rights to restricted shares that have not yet vested, which are described in the Remuneration Report.
2 This figure does not include shares in the Aka-Nedbank Eyethu Trust, one of Nedbank's Eyethu BEE trusts.

Group Limited in February 2004 setting out the Company's requirements and expectations as its majority shareholder. The full text of that relationship agreement is available on the Company's website. Nedbank has also now adopted the Group Operating Model, subject to certain waivers in acknowledgement of its separately-listed and regulated status, which sits alongside that letter.

Rotation and re-election of directors

The Articles of Association of the Company require that any newly-appointed directors should be subject to election at the next following AGM and also that the Chairman, along with at least one third of the directors (excluding those appointed by the Board during the year), should retire by rotation each year.

Accordingly, at the Annual General Meeting (AGM) to be held on 12 May 2011, shareholders will be asked to approve the election of Eva Castillo, Alan Gillespie and Roger Marshall, and the re-election of Patrick O'Sullivan and Russell Edey. Nigel Andrews and Rudi Bogni, having completed nine years on the Board, will retire at the AGM and will not seek re-election. The Board, having reviewed the performance of the directors who are to be proposed for election or re-election and the contributions that they each respectively have made, recommends that they each be elected or re-elected as directors at the AGM. Biographical details of all of the directors are contained in the Board of Directors section of this Annual Report.

In view of the many changes that have taken place in the composition of the Board over the last two years, the fact that the Company is just over one year into a three-year strategic plan and the onerous clearance procedures which new directors of UK financial institutions now have to undergo with the Financial Services Authority, the Company believes that it is not currently appropriate to instigate annual re-election of all directors as recommended by the UK Corporate Governance Code. The Company will, however, keep this matter under review as investors' views and market practice on the subject become clearer and will reconsider its position annually.

Independence of non-executive directors

Nine of the ten current non-executive directors other than the Chairman (Nigel Andrews, Mike Arnold, Rudi Bogni, Eva Castillo, Russell Edey, Alan Gillespie, Roger Marshall, Bongani Nqwababa and Lars Otterbeck) are considered by the Board to be independent in character and judgment and with no relationships or circumstances which are likely to affect, or could appear to affect, their judgment. The other non-executive director, Reuel Khoza, is not considered independent because of his chairmanship of the Group's majority-owned subsidiary, Nedbank Group Limited, and the business relationships between Aka Capital, in which he owns a stake, and Nedbank.

The terms and conditions of engagement of each of the non-executive directors are available in the corporate governance section of the Company's website. These include details of the expected time commitment involved (which each of the non-executive directors has accepted). Other significant commitments of potential appointees are considered by the Nomination Committee as part of the selection process and are disclosed to the Board when recommendation of an appointment is submitted. Non-executive directors are also required to inform the Board of any subsequent changes to such commitments, which must be pre-cleared with the Chairman if material.

	Board (scheduled and ad hoc)	Group Audit & Board Risk	Group Audit	Board Risk	Remuneration Committee	Nomination Committee
Number of meetings held:	19	2	5	5	8	6
Nigel Andrews	19/19	2/2	–	5/5	8/8	6/6
Mike Arnold	15/19	1/2	5/5	5/5	–	4/4
Rudi Bogni	18/19	2/2	5/5	–	8/8	6/6
Philip Broadley	19/19	–	–	5/5	–	–
Russell Edey	17/19	2/2	5/5	–	8/8	6/6
Alan Gillespie	2/2	–	0/1[1]	–	0/1[1]	1/1
Reuel Khoza	14/19[2]	–	–	3/5[2]	–	3/4
Roger Marshall	6/6	–	2/2	2/2	–	2/2
Bongani Nqwababa	18/19	2/2	5/5	–	5/6	4/4
Patrick O'Sullivan	19/19	–	–	–	–	6/6
Lars Otterbeck	17/19	–	–	5/5	6/6	4/4
Julian Roberts	17/19[3]	–	–	–	–	6/6
Former director						
Richard Pym	12/15	2/2	3/3	3/3	2/2	4/4

1 The dates for these meetings had been set before Alan Gillespie joined the Board and he was unable to rearrange prior commitments to attend them.
2 Reuel Khoza did not participate in four Board meetings (and two associated meetings of the Board Risk Committee) during the year because of potential conflicts of interest arising from his position as Chairman of Nedbank Group Limited while the Company was in active negotiations about a possible sale of the Group's stake in that company.
3 Julian Roberts was prevented by illness from attending two Board meetings during the year.
4 A number of Board meetings were held ad hoc at short notice, which prevented some directors from being able to attend them. In such cases, the Chairman consulted those who could not attend about the business to be conducted at the meeting.

Directors' interests

Details of the directors' interests (including interests of their connected persons) in the share capital of the Company and its quoted subsidiary, Nedbank Group Limited, at the end of 2010 are set out in the following table, while their interests in share options and restricted share awards are described in the section of the Summary of the Remuneration Report entitled 'Directors' interests under employee share plans'. There have been no changes to any of these interests between 31 December 2010 and 7 March 2011.

Directors' conflicts of interest

Processes are in place for any potential conflicts of interest to be disclosed and for directors to avoid participation in any decisions where they may have any such conflict or potential conflict. The Company's procedures for dealing with directors' conflicts of interest have operated effectively during 2010.

No director had a material interest in any significant contract with the Company or any of its subsidiaries during the year.

Attendance record

The table below sets out the number of meetings held and individual directors' attendance at meetings of the Board and its principal committees (based on membership of those committees, rather than attendance as an invitee) during 2010.

Auditors

During the year ended 31 December 2010, fees paid by the Group to KPMG Audit Plc, the Group's auditors, and its associates totalled £13.6 million for statutory audit services (2009: £11.9 million), £0.5 million for other audit and assurance services relating to Old Mutual Market Consistent Embedded Value reporting (2009: £0.5 million), and £6.0 million for tax and other services (2009: £2.8 million). In addition to the above, Nedbank Group paid a further £4.3 million (2009: £2.9 million) to Deloitte in respect of joint audit arrangements.

KPMG Audit Plc have expressed their willingness to continue in office as auditors to the Company and, following a recommendation by the Group Audit Committee to the Board, a resolution proposing their reappointment will be put to the AGM. In reaching its decision to recommend the reappointment of KPMG Audit Plc as auditors, the Board took into account the fact that the firm had been the Company's auditors since the Group demutualised in 1999 and that appropriate arrangements are in place for the rotation and renewal of key audit personnel. The Company has not entered into any contractual restriction preventing it from considering a change of auditors and the choice of auditors is kept under review by the Board from year to year, taking into account appropriate benchmarking data.

SUMMARY OF THE CORPORATE GOVERNANCE REPORT
CONTINUED

Arrangements have been made, in conjunction with KPMG Audit Plc, for appropriate audit partner or director rotation in accordance with the requirements of the UK Auditing Practices Board. The current audit engagement director in the UK, Alastair Barbour, joined the audit team as a key audit director in 2005 and succeeded to his current role in 2008. During 2011, he will be succeeded in this position by Philip Smart.

Internal control environment

Responsibility for internal control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, while the implementation of internal control systems is the responsibility of management.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Assessment of the system of internal control

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been in place for the year ended 31 December 2010 and up to the date of approval of this Report.

The Board reviewed the effectiveness of the system of internal control during and at the end of the year. Our annual internal control assessment has not highlighted any material failings. We remain committed to having a robust internal control environment across the Group.

Relations with shareholders and analysts

The Company gives high priority to regular, clear and direct communication with its shareholders, institutional investors and sell-side analysts by means of a proactive Investor Relations (IR) programme. The programme aims to facilitate communication with the global investment community, both equity and debt, and to keep investors updated on the Company's performance, within the constraints of the Listing, Prospectus and Disclosure and Transparency Rules.

The Company has a dedicated IR team which runs its IR programme. Old Mutual continued to increase its communication and engagement with the investment community during 2010. A total of 244 meetings were held during the year with investors and analysts in the UK, South Africa, North America and continental Europe, comprising 193 individual institutions.

In addition, the Company presented at a number of major investor conferences around the world and held a showcase for institutional investors and analysts on businesses within the Group's Long-Term Savings division. Copies of all presentations and, where appropriate, transcripts are posted on the Company's website so that they are accessible to shareholders generally.

The Board is updated regularly by the IR team on issues arising from communication with the investment community. In addition to this, an independent survey is commissioned regularly which provides the Board with the views of major investors on the Company's management and performance.

Charitable contributions

The Group made a wide range of significant donations to charitable causes and social development projects during 2010, as described in more detail in the Responsible Business section of this document.

Employment policy

The Group's employment policies reflect our belief that motivated and talented individuals are critical to our ability to achieve our business objectives. We recognise the value that a diverse workforce brings and believe that it should reflect the diversity of the markets in which we operate. We promote the fair and consistent treatment of all our employees and encourage equal opportunities and diversity across the Group.

Political donations

The Group made no EU or other political donations during the year.

Dividend policy

The Board is recommending the payment of a final dividend for the year ended 31 December 2010 of 2.9p per share (or its equivalent in other relevant currencies). A scrip dividend alternative will also be available for eligible shareholders in relation to this dividend, details of which can be found on the Company's website.

The Board intends to pursue a progressive dividend policy consistent with the Group's strategy and having regard to overall capital requirements, liquidity and profitability, and targeting dividend cover of at least 2.5 times IFRS AOP earnings over time.

Share capital

The Company has a single class of share capital, which is divided into Ordinary Shares of 10 pence each. The Company's issued share capital at 31 December 2010 was £569,522,432.60 divided into 5,695,224,326 Ordinary Shares of 10 pence each (2009: £551,825,295 divided into 5,518,252,950 Ordinary Shares of 10 pence each).

No shares were bought back by the Company during 2010.

Out of the 5,695,224,326 shares in issue at 31 December 2010:

- 239,434,888 shares were held by the Company in treasury; and
- 200,880,214 shares were held by African life and asset management subsidiaries of the Company. Under UK company law, these shares cannot be voted while they are beneficially owned by subsidiaries of Old Mutual plc.

The total number of voting rights in the Company's issued ordinary share capital at 31 December 2010 (which excludes the 239,434,888 shares held in treasury, but includes the shares held by the African life and asset management subsidiaries) was 5,455,789,438.

In the period 1 January to 7 March 2011, 1,048,183 further shares were issued by the Company under its employee share schemes. No shares were bought back during that period. As a result, the Company's issued share capital at 7 March 2011 had increased to £569,627,250.90 divided into 5,696,272,509 Ordinary Shares of 10 pence each and the total number of voting rights at that date, after deducting the 239,434,888 treasury shares, was 5,456,837,621.

Substantial interests in voting rights

At 7 March 2011, the following substantial interests in voting rights had been declared to the Company in accordance with the Disclosure and Transparency Rules:

	Number of voting rights	% of voting rights
Cevian Capital	317,789,951	5.82
BlackRock	309,952,983	5.68
Public Investment Corporation of the Republic of South Africa	307,212,664	5.62
Alliance Bernstein/AXA	271,993,778	4.98
Sanlam Investment Management (Pty) Limited	264,235,775	4.84
Legal & General Group Plc	192,471,495	3.53
Old Mutual Life Assurance Company (South Africa) Limited	186,205,999	3.41

The Group continues to meet group and individual entity capital requirements and day-to-day liquidity needs through its available free cash and credit facilities. The Company's primary existing revolving credit facility of £1,232 million does not mature until September 2012. Additionally, during December 2010, the Company put in place further committed facilities of £275 million to support the Group's liquidity headroom target. These additional facilities mature in June 2012, but will fall away upon completion of the US Life sale. The Company also had significant cash holdings, totalling £438 million, at the year end.

A number of factors, including the levels of world equity markets, defaults in corporate bond portfolios, currency fluctuations, demand for the Group's products and other economic factors, are considered individually and in combination in the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and economic conditions in the markets in which the Group operates. The results show that the Group should be able to operate within the level of available credit facilities and with an adequate level of capital, both at a Group level and within each of its major regulated entities. To the extent that changes in trading performance and economic conditions prove to be more severe than thought reasonably possible, the Group has evaluated and concluded on feasible management actions that would be possible in such circumstances so as to ensure that adequate levels of liquid and capital resources are maintained.

After making enquiries, the Board of Directors has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

By order of the Board

Martin Murray
Group Company Secretary
8 March 2011

SUMMARY OF THE REMUNERATION REPORT

I am pleased to present this summary of the Company's annual Remuneration Report.

Since 2009, our strategic direction has been focused on a turnaround of the Group and in 2010 we communicated a number of transformational changes which management intend to execute by the end of 2012. To create a direct alignment between the executive directors and our strategy, we introduced a new long-term strategic incentive plan (OMSIP) for 2010 and 2011, which was approved by shareholders at the AGM in May 2010.

This was done after consultation with a number of major shareholders, whose views were taken into account to ensure that the plan, in conjunction with other aspects of remuneration, was clearly aligned with the strategy and delivery of long-term value to shareholders. The Committee continues to welcome such feedback from institutional investors.

This is my last year as a member and Chairman of the Committee as, after nine years on the Board and six years as Chairman of the Committee, I will be retiring at the Company's Annual General Meeting in May. I wish my successor, Russell Edey, well in taking over responsibility for chairing the Committee.

Rudi Bogni
Chairman of the Remuneration Committee
8 March 2011

Rudi Bogni
Chairman of the
Remuneration Committee

Remuneration Committee

The Remuneration Committee (referred to as "the Committee") is a committee of the Board which is responsible for:

- Determining the remuneration, incentive arrangements, benefits and any compensation payments of the executive directors;
- Determining the remuneration of the Chairman of the Board;
- Monitoring and approving the level and structure of remuneration of the executive directors of the Company and its principal operating subsidiaries, the Group Company Secretary, senior executive employees (as identified by the Board) and those who perform a significant influence function or whose activities have, or could have, a material impact on the risk profile of the Company or as defined for compliance with regulations in accordance with the policy; and
- Reviewing, monitoring and approving, or recommending for approval, the Company's share incentive arrangements and awards.

The Management Remuneration Committee (MRC)

The MRC oversees governance of executive remuneration at the tiers immediately below director and Group Executive Committee level, provided such executives fall outside the designated group of employees reviewed individually under the Committee's terms of reference. The MRC reviews and approves, as appropriate, remuneration arrangements and pay review decisions recommended by subsidiary remuneration committees. It is chaired by the Group Chief Executive and includes the Group Finance Director and two other members of the Group Executive Committee. It is supported by Group HR, which supplies supporting materials and analysis in a similar format to those supplied to the Committee. All minutes of MRC meetings are noted at the Committee and the MRC can escalate matters for decision by the Committee as appropriate. The MRC has adopted the following detailed remuneration policies to ensure that the policies agreed by the Committee are properly implemented at the Group's main subsidiaries:

- Remuneration must be viewed in conjunction with wider people-management practices to support a consistent approach to achieving desired culture and behaviour;
- Remuneration must support the business drivers, corporate vision, strategy and strategic priorities;
- Incentives should align the interests of employees with shareholders;
- Incentives should be performance-related and effectively linked to success in delivering the chosen strategy;
- Pay should be set at levels that are both competitive and sustainably affordable;
- Remuneration should not encourage risk that exceeds the Company's risk tolerance;
- All pay must be compliant with local legislation; and
- Underperformance should be dealt with formally according to local policies.

Terms of engagement of the executive directors

The terms of engagement of the executive directors are considered by the Committee to provide a proper balance of responsibilities and security between the parties. The following is a summary of the main provisions:

Provision	Service contract
Contract dates	■ Julian Roberts – 23 January 2009 ■ Philip Broadley – 10 November 2008
Retirement Age*	■ 65
Date current appointment terminates*	■ Julian Roberts – 7 June 2022 ■ Philip Broadley – 31 January 2026
Notice Period	■ 12 months by either the Company or the director
Compensation for loss of office	■ Tailored to reflect the Company's contractual obligations and the obligation on the part of the employee to mitigate loss
Compensation payable on early termination	■ No contractual provision
Remuneration	■ Salary ■ Cash benefit allowance ■ Short-term incentive (50% cash and 50% deferred into Company shares) ■ Long-term incentive ■ Other benefits – Life cover of £1,000,000 and disability cover capped at £140,000 per annum

* The retirement age provision is in the process of being removed from the service contracts of the executive directors to reflect the removal of the default retirement age under UK law with effect from 1 October 2011.

SUMMARY OF THE REMUNERATION REPORT
CONTINUED

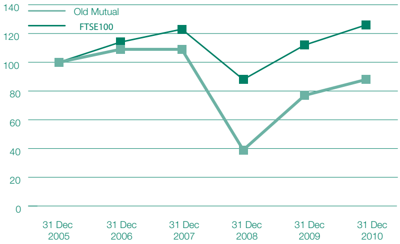
Alignment with strategy and shareholders

The graph on this page shows the total shareholder return to 31 December 2010 on £100 invested in shares in Old Mutual plc on 31 December 2005 compared with £100 invested in the FTSE100 Index. The other points are the comparative returns at the intervening financial year ends.

In the opinion of the directors, the FTSE100 Index is the most appropriate index against which to measure the Company's total shareholder return, as it is an index of which Old Mutual plc is a member and is located where the Company has its primary listing.

In reviewing performance, the Committee also considers a variety of other sector-specific comparators.

Old Mutual plc TSR Performance: five-year performance to 31 December 2010



Remuneration policy for executive directors

The Company embraces the principles of the UK Corporate Governance Code relating to directors' remuneration and complies with its provisions. These are the guiding principles that the Committee has applied during 2010 and intends to apply during 2011:

- To take account of appropriate benchmarks, while using such comparisons with caution and recognising the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance. Members of the UK FTSE100 Index provide the benchmark for UK-based executive directors, with particular reference to subsets of that data within the financial sector and by market capitalisation;
- To be sensitive in determining, reviewing, monitoring and approving matters under its remit in relation to pay and employment conditions around the Group, where relevant;
- To make a significant percentage of total maximum potential rewards in the form of share-based incentives in order to align the executive directors' interests closely with those of shareholders;
- To provide an opportunity for remuneration packages to be in the upper quartile of the comparator group through payments under short-term and long-term incentive schemes if superior performance is delivered;
- To focus attention on the main drivers of shareholder value by linking performance-related remuneration to clearly defined objectives and measurable targets; and
- To design remuneration arrangements that will attract, retain and motivate individuals of the exceptional calibre needed to lead the Group's development.

The Committee has regard to risk-related metrics in reviewing the executive directors' short-term performance and it received and considered a report from the Group Risk and Actuarial Director, which had been approved by the Board Risk Committee, in evaluating the short-term performance outcome for 2010. It also has discretion to consider corporate performance on environmental, social and governance (ESG) issues when setting their remuneration. It aims to ensure that the incentive structures for executive directors do not raise ESG risks by inadvertently motivating irresponsible behaviour. It ensures regulatory requirements relating to remuneration matters are met and that remuneration policies are consistent with, and promote, effective risk management.

The Committee's policy is influenced by the need to be competitive with other international financial services groups, while avoiding any excess. This includes its approach to setting the fixed elements of remuneration at or below appropriate median levels. It reviews this policy regularly and continues to consider it to be appropriate.

Executive directors' remuneration during 2010

The Committee reviews the structure of the executive directors' remuneration packages annually to satisfy itself that the balance between fixed and variable remuneration and short-term and long-term incentives and rewards remains appropriate. The overall make-up of the remuneration packages for the executive directors in 2010 was as follows:

Julian Roberts, Group Chief Executive

Element	Quantum	Additional information
Basic salary	£830,000	Paid monthly in cash. Reviewed with effect from 1 January each year, taking into account market benchmarks.
Benefit allowance	£280,640	Paid monthly in cash – 35% of basic salary less pension contributions.
Pension contribution	£9,860	Paid in lieu of a monthly cash payment under the benefit allowance (now ceased).
Short-term incentive	£1,220,100	147% of a maximum of 150% of basic salary, to be paid half in cash and half deferred for three years under the Old Mutual plc Share Reward Plan. The short-term incentive for 2010 was based on achievement of Group financial targets, as well as delivery of individually agreed objectives.
Long-term incentive	£1,660,000	Annualised expected value of the 2010 award after discounting by 40% for the impact of performance targets. This includes the value of one third of the one-off award granted under the OMSIP in 2010.
Other benefits	£1,933	Life cover of £1,000,000 and disability cover capped at £140,000 a year.
Restricted share release	£110,473, based on the market value of the shares at date of release	On 30 March 2010, Julian Roberts received a release of 90,812 shares held under the deferred short-term incentive restricted share award originally granted in 2007. He retained all of the shares, paying the associated income tax and employee's National Insurance costs.

Philip Broadley, Group Finance Director

Element	Quantum	Additional information
Basic salary	£550,000	Paid monthly in cash. Reviewed with effect from 1 January each year, taking into account market benchmarks.
Benefit allowance	£192,500	Paid monthly in cash – 35% of basic salary.
Short-term incentive	£775,500	141% of a maximum of 150% of basic salary to be paid half in cash and half deferred for three years under the Old Mutual plc Share Reward Plan. The short-term incentive for 2010 was based on achievement of Group financial targets, as well as delivery of individually agreed objectives.
Long-term incentive	£1,100,000	Annualised expected value of the 2010 award after discounting by 40% for the impact of performance targets. This includes the value of one third of the one-off award granted under the OMSIP in 2010.
Other benefits	£1,933	Life cover of £1,000,000 and disability cover capped at £140,000 a year.

SUMMARY OF THE REMUNERATION REPORT
CONTINUED

The Old Mutual Staff Pension Fund

The Old Mutual Staff Pension Fund (OMSPF), established in 1979, is a hybrid scheme which has a defined benefit section that was closed to new members in 1998 and a defined contribution section established in 1997 that was closed to new members in June 2010. The total membership of the OMSPF, including active, deferred and pensioner members (both sections) across the Group, reported in the most recent Annual Report and Accounts of the scheme at 31 December 2009 was 1,389.

Julian Roberts is a deferred member of the defined contribution section of the OMSPF and, during 2010, the Company contributed a total of £9,860 to the scheme in lieu of an equivalent cash payment under his benefit allowance. The accumulated value of Julian Roberts' funds in the OMSPF was £294,700 at 31 December 2010 (£247,400 at 31 December 2009). From 1 July 2010, the Company ceased making contributions on behalf of Julian Roberts to any employer-provided pension scheme.

Philip Broadley does not participate in any employer-provided pension scheme of the Group.

Directors' emoluments for 2009 and 2010

Remuneration for the year ended 31 December 2010 and the preceding financial year, including in each case remuneration from offices held with the Company's subsidiaries, Old Mutual (US) Holdings, Inc. (OMUSH), Old Mutual US Life Holdings Inc. (US Life), Nedbank Group Limited (Nedbank), Skandia Insurance Company Limited, Skandia Liv and SkandiaBanken (Skandia), and Old Mutual Life Assurance Company (South Africa) Limited where relevant, was as follows:

	Salary and Fees		Short-term Incentive[1]		Benefits and benefit allowance[2]		Pension		Total	
	£000 2010	£000 2009	**£000 2010**	£000 2009	**£000 2010**	£000 2009	**£000 2010**	£000 2009	**£000 2010**	£000 2009
Chairman										
Patrick O'Sullivan	**350**	–	**–**	–	**–**	–	**–**	–	**350**	–
Executive directors										
Philip Broadley	**550**	550	**775**	660	**193**	193	**–**	–	**1,518**	1,403
Julian Roberts	**830**	830	**1,220**	952	**319**	303	**10[3]**	20[3]	**2,379**	2,105
Non-executive directors										
Nigel Andrews	**113[4]**	111[4]	**–**	–	**–**	–	**–**	–	**113**	111
Mike Arnold	**86**	22	**–**	–	**–**	–	**–**	–	**86**	22
Rudi Bogni	**94**	80	**–**	–	**–**	–	**–**	–	**94**	80
Russell Edey	**73**	69	**–**	–	**–**	–	**–**	–	**73**	69
Alan Gillespie	**12**	–	**–**	–	**–**	–	**–**	–	**12**	–
Reuel Khoza	**367[5]**	305[5]	**–**	–	**–**	–	**–**	–	**367**	305
Roger Marshall	**38**	–	**–**	–	**–**	–	**–**	–	**38**	–
Bongani Nqwababa	**72**	65	**–**	–	**–**	–	**–**	–	**72**	65
Lars Otterbeck	**227[6]**	176[6]	**–**	–	**–**	–	**–**	–	**227**	176
Former non-executive director										
Richard Pym	**62**	89	**–**	–	**–**	–	**–**	–	**62**	89
Total emoluments	**2,874**	2,297	**1,995**	1,612	**512**	496	**10**	20	**5,391[7]**	4,425

1 The total short-term incentives for the 2009 and 2010 performance years were payable half in cash and half in the form of forfeitable shares awards.
2 Benefits include cash allowances payable to the executive directors, as well as travel costs for directors' spouses to accompany them to certain Board meetings or other corporate events of the Company and its major subsidiaries. The amount of this expenditure is reported to and considered by the Committee, and procedures are in place for such costs to be authorised. The Committee is satisfied that such expenditure is reasonable and in the interests of the Company.
3 The Company made pension contributions in lieu of an equivalent cash payment under Julian Roberts' benefit allowance.
4 Includes fees of £42,000 (2010) and £41,000 (2009) from OMUSH and US Life.
5 Includes fees of £304,000 (2010) and £250,000 (2009) from Nedbank.
6 Includes fees of £159,000 (2010) and £121,000 (2009) from Skandia.
7 The prior-year comparative number as published in the Remuneration Report for 2009 was £4,722,000, which included £297,000 paid to the former Chairman, Chris Collins.

The executive directors were required to waive fees for non-executive directorships held in subsidiary companies totalling £30,400 during the year ended 31 December 2010 (2009: £2,000) in favour of the Company or its subsidiaries. These waivers are expected to remain in force in the future.

Executive directors' remuneration in 2011

With effect from 1 January 2011, Julian Roberts' basic salary was increased by 2.4%, from £830,000 to £850,000, and Philip Broadley's basic salary was increased by 2.7%, from £550,000 to £565,000. This was in line with the expected inflationary rise of 3% for senior executives of other companies in the FTSE100 index and compares with similar inflationary increases for other employees across the Group, ranging from 3% for staff in the UK, Europe and the US to in excess of 5% in South Africa, in line with the local market. Before making the decision on the increase for executive directors, the Committee reviewed the salary increases for the Group as set out above, and had regard to those increases.

The overall make-up of the remuneration packages of the executive directors for 2011 is as follows:

Julian Roberts, Group Chief Executive

Element	Quantum	Additional information
Basic salary	£850,000 p.a.	Paid monthly in cash.
Benefit allowance	£297,500 p.a.	Paid either as contributions to agreed benefits or monthly in cash – 35% of basic salary.
Short-term incentive	£1,275,000 (maximum)	Maximum of 150% of basic salary payable half in cash and half deferred for three years under the Old Mutual plc Share Reward Plan. The short-term incentive for 2011 will be based on the achievement of Group financial targets as well as delivery of individually agreed objectives.
Long-term incentive	£1,275,000*	Expected value of the maximum OMSIP award, after discounting by 40% for the impact of performance targets.

Philip Broadley, Group Finance Director

Element	Quantum	Additional information
Basic salary	£565,000 p.a.	Paid monthly in cash.
Benefit allowance	£197,750 p.a.	Paid either as contributions to agreed benefits or monthly in cash – 35% of basic salary.
Short-term incentive	£847,500 (maximum)	Maximum of 150% of basic salary payable half in cash and half deferred for three years under the Old Mutual plc Share Reward Plan. The short-term incentive for 2011 will be based on the achievement of Group financial targets as well as delivery of individually agreed objectives.
Long-term incentive	£847,500*	Expected value of the maximum OMSIP award, after discounting by 40% for the impact of performance targets.

* Excludes annualised value of a one-off award granted under the OMSIP in 2010.

2011 – OMSIP

The awards to be made to the executive directors under the OMSIP in 2011 will have a face value of 250% of basic salary. The awards will be subject to the achievement of key financial goals of restructuring, split equally between the financial performance of the Company's Long-Term Savings business post-restructuring and absolute TSR targets. The basis for these targets was determined in 2010, with the financial performance of the Company's Long-Term Savings business being measured over a three-year performance period between 2011 and 2013 and with TSR being measured on an absolute basis, 50% in Rand and 50% in £, averaged at the start (Q4 2010) and end (Q4 2013) of the three-year performance period.

SUMMARY OF THE REMUNERATION REPORT
CONTINUED

Directors' interests under employee share plans

The following options and rights over shares in the Company were outstanding at 1 January and 31 December 2010 in favour of the executive directors under the employee share schemes described in the 'Employee share plans' section above. Those granted during 2010 are highlighted in bold and those vested, released, exercised or lapsed during 2010 are shown in italics:

Award type and plan	Reason for award	Performance targets to be met	Grant Date	At 1 Jan 10	Granted	Excercised, Released, Lapsed
Philip Broadley						
Option (SRP)	Joining	No	10-Nov-08	1,315,789	–	–
Total				**1,315,789**	**–**	
Shares (SRP)	DSTI	No	08-Apr-09	44,235	–	–
	DSTI	**No**	**23-Mar-10**	**–**	**262,530**	**–**
Total				**44,235**	**262,530**	
Option (PSP)	Match	Yes	08-Apr-09	442,357	–	–
Total				**442,357**	**–**	
Shares (PSP)	Match	Yes	08-Apr-09	85,805	–	–
	Joining	Yes	08-Apr-09	739,372	–	–
Total				**825,177**	**–**	
Nil cost options OMSIP (PSP)	**Rationalising objectives**	**Yes**	**13-May-10**	**–**	**577,732**	**–**
	Rationalising objectives	**Yes**	**13-May-10**	**–**	**577,731**	**–**
	Financial Objectives	**Yes**	**13-May-10**	**–**	**577,732**	**–**
	Financial Objectives	**Yes**	**13-May-10**	**–**	**577,731**	**–**
Total				**–**	**2,310,926**	
Julian Roberts						
Shares (SRP)	DSTI	No	08-Apr-09	301,594	–	–
	DSTI	**No**	**23-Mar-10**	**–**	**378,849**	**–**
Total				**301,594**	**378,849**	
Option (PSP)	Match	Yes	08-Apr-09	4,436,229		–
Total				**4,436,229**		
Shares (PSP)	Match	Yes	08-Apr-09	860,508		–
Total				**860,508**		
Nil cost options OMSIP (PSP)	**Rationalising objectives**	**Yes**	**13-May-10**	**–**	**871,849**	**–**
	Rationalising objectives	**Yes**	**13-May-10**	**–**	**871,849**	**–**
	Financial Objectives	**Yes**	**13-May-10**	**–**	**871,849**	**–**
	Financial Objectives	**Yes**	**13-May-10**	**–**	**871,849**	**–**
Total				**–**	**3,487,396**	
(SOP)	LTI	Yes	26-Apr-05	304,348	–	–
	LTI	*Yes*	*30-Mar-07*	*307,504*	–	*307,504*
	LTI	Yes	03-Apr-08	426,137	–	–
Total				**1,037,989**	**–**	**307,504**
Shares (RSP)	*DSTI*	*No*	*30-Mar-07*	*90,812*	–	*90,812*
	Match	*Yes*	*30-Mar-07*	*143,766*	–	*143,766*
	DSTI	No	03-Apr-08	93,104	–	–
	Match	Yes	03-Apr-08	186,661	–	–
Total				**514,343**	**–**	**234,578**
Option SAYE		No	09-Apr-09	48,906	–	–
Total				**48,906**		

Notes	At 31 Dec 10	Exercise price per share (p)	Share price at date of exercise/ release (p)	Gain made on exercise/ release	Exercised or released or from which exercisable or releasable	Expiry or vesting date
	1,315,789	57.0	–	–	10-Nov-11	10-Nov-14
	1,315,789					
1, 3	44,235	–	–	–	08-Apr-12	08-Apr-12
2, 3, 4	**262,530**	**–**	**–**	**–**	**23-Mar-13**	**23-Mar-13**
	306,765					
1, 5	442,357	54.1	–	–	08-Apr-12	08-Apr-15
	442,357					
5, 6	85,805	–	–	–	08-Apr-12	08-Apr-12
1, 5	739,372	–	–	–	08-Apr-12	08-Apr-12
	825,177					
4 ,7, 8	**577,732**	**–**	**–**	**–**	**13-May-13**	**12-May-20**
4, 7, 8	**577,731**	**–**	**–**	**–**	**13-May-14**	**12-May-20**
4,7, 9	**577,732**	**–**	**–**	**–**	**13-May-13**	**12-May-20**
4,7,9	**577,731**	**–**	**–**	**–**	**13-May-14**	**12-May-20**
	2,310,926					
1, 3	301,594	–	–	–	08-Apr-12	08-Apr-12
2, 3 , 4	**378,849**	**–**	**–**	**–**	**23-Mar-13**	**23-Mar-13**
	680,443					
1, 5	4,436,229	54.1	–	–	08-Apr-12	08-Apr-15
	4,436,229					
5, 6	860,508	–	–	–	08-Apr-12	08-Apr-12
	860,508					
4, 7, 8	**871,849**	**–**	**–**	**–**	**13-May-13**	**12-May-20**
4, 7, 8	**871,849**	**–**	**–**	**–**	**13-May-14**	**12-May-20**
4, 7,9	**871,849**	**–**	**–**	**–**	**13-May-13**	**12-May-20**
4, 7, 9	**871,849**	**–**	**–**	**–**	**13-May-14**	**12-May-20**
–	**3,487,396**					
	304,348	126.5	–	–	26-Apr-08	26-Apr-11
10	–	*162.6*	–	–		
11	426,137	123.2	–	–	03-Apr-11	03-Apr-14
	730,485					
3,12	–	–	*121.65*	*110,473*	*30-Mar-10*	
10	–	–	–	–		
3	93,104	–	–	–	03-Apr-11	03-Apr-11
11	186,661	–	–	–	03-Apr-11	03-Apr-11
	279,765			**110,473**		
13	48,906	32.0	–	–	01-Jun-14	30-Nov-14
	48,906					

SUMMARY OF THE REMUNERATION REPORT
CONTINUED

1 Options and awards under the PSP and the SRP granted on 8 April 2009 were based on the closing middle-market price of the Company's shares on the London Stock Exchange on 7 April 2009, namely 54.1p.
2 Awards under the SRP granted on 23 March 2010 were based on the closing middle-market price of the Company's shares on the London Stock Exchange on 22 March 2010, namely 125.7p.
3 Dividends are paid and the directors can vote the shares during the vesting period.
4 Awards are subject to a claw-back provision under which the Committee may reduce the number of shares under option or award if financial results or business performance for which the director is responsible is found to have been materially incorrect or misleading or if undue risk was taken, resulting in financial loss to the Company.
5 Subject to the fulfilment of performance targets prescribed by the Committee, under which bonus-matching options and restricted share awards granted in 2009 are subject to targets relating to the Company's IFRS EPS and RoAE.
6 The number of shares awarded under the bonus match on 8 April 2009 was calculated by reference to a price of 55.781p per share, being the price at which the matching shares were acquired by the Old Mutual plc Employee Share Trust.
7 Nil-cost options under the PSP granted on 13 May 2010 were based on the closing middle-market price of the Company's shares on the London Stock Exchange on 12 May 2010, namely 119p.
8 Subject to the achievement of certain initiatives relating to the restructuring of the Group.
9 Subject to the fulfilment of performance targets prescribed by the Committee, under which 50% of the award would be subject to the financial performance of the Company's Long-Term Savings business post restructuring and 50% of the award would be subject to absolute total shareholder return.
10 As a result of the IFRS EPS-based performance targets not being met, the options and bonus-matching restricted share awards granted on 30 March 2007 lapsed on 11 March 2010.
11 As a result of the IFRS EPS-based performance targets not being met, the options and bonus-matching restricted share awards granted on 3 April 2008 lapsed on 8 March 2011.
12 On 30 March 2010, 90,812 shares were released to Mr Roberts in respect of the 2007 deferred short-term incentive restricted share award. Mr Roberts retained all of these shares.
13 The SAYE option price was determined as 20 percent below the average of the Company's share price between 16 and 18 March 2009. The Company's share price at the date of grant (9 April 2009) was 63.3p.

Company share price performance

The market price of the Company's shares was 123.1p at 31 December 2010 and ranged from a low of 97.3p to a high of 145.2p during 2010.

Terms of engagement – Chairman and non-executive directors

Patrick O'Sullivan entered into an engagement letter with the Company in August 2009 setting out the terms applicable to his role as Chairman from January 2010. Under these terms, subject to: (a) 12 months' notice at any time given by either the Company or Patrick O'Sullivan, (b) his being duly re-elected at Annual General Meetings, and (c) the provisions of the Company's Articles of Association relating to the removal of directors, his appointment may continue until his 70th birthday, namely 15 April 2019.

The other non-executive directors are engaged on terms that may be terminated by either side without notice. However, it is envisaged that they will remain in place on a three-year cycle, in order to provide assurance to both the Company and the non-executive director concerned that the appointment is likely to continue. The renewal of non-executive directors' terms for successive three-year cycles is not automatic, with the continued suitability of each non-executive director being assessed by the Nomination Committee. In the absence of exceptional circumstances, the Board has determined that non-executive directors' engagements will not be extended beyond the end of their third three-year cycle.

The original dates of appointment and the dates when the current appointments of the non-executive directors are due to terminate are as follows:

	Date of original appointment	Date of current appointment	Current term as director	Date current appointment terminates
Nigel Andrews	1 Jun 2002	1 Jun 2008	3rd	12 May 2011
Mike Arnold	1 Sep 2009	1 Sep 2009	1st	1 Sep 2012
Rudi Bogni	1 Feb 2002	1 Feb 2008	3rd	12 May 2011
Eva Castillo	2 Feb 2011	2 Feb 2011	1st	2 Feb 2014
Russell Edey	24 Jun 2004	24 Jun 2010	3rd	24 Jun 2013
Alan Gillespie	3 Nov 2010	3 Nov 2010	1st	3 Nov 2013
Reuel Khoza	27 Jan 2006	27 Jan 2009	2nd	27 Jan 2012
Roger Marshall	5 Aug 2010	5 Aug 2010	1st	5 Aug 2013
Bongani Nqwababa	1 Apr 2007	1 Apr 2010	2nd	1 Apr 2013
Lars Otterbeck	14 Nov 2006	14 Nov 2009	2nd	14 Nov 2012

Remuneration – Chairman and non-executive directors

The Company's policy on remuneration for non-executive directors is that this should be:

- Fee-based;
- Market-related (having regard to fees paid and time commitments of non-executive directors of other members of the FTSE100 Index); and
- Not linked to share price or Company performance.

The annual fees for the Chairman and for other non-executive roles for both 2010 (effective from 1 April 2010) and 2011 are set out below. Neither the Chairman nor the other non-executive directors received a fee increase for 2011.

	£
Chairman	350,000
Non-executive directors	
– Base Fee	55,000
– Senior independent director additional fee	10,000
Additional fees payable for Committees	
Board Risk Committee	
– Chairman	25,000
– Member	8,000
Group Audit Committee	
– Chairman	30,000
– Member	10,000
Nomination Committee	
– Member	3,000
Remuneration Committee	
– Chairman	20,000
– Member	6,000

None of the non-executive directors of the Company (including the Chairman) contributed to any Group pension fund during 2010 or had any accrued pension fund benefits in any Group pension fund at 31 December 2010.

Shareholder approval of the Remuneration Report

An advisory vote on the Remuneration Report (of which this is a summary), will be put to shareholders at the AGM on 12 May 2011.

Rudi Bogni
Chairman of the Remuneration Committee,
On behalf of the Board
8 March 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF OLD MUTUAL PLC

For the year ended 31 December 2010

We have examined the Summary Financial Statement for the year ended 31 December 2010 which comprises the Summary Consolidated Income Statement, Summary Consolidated Statement of Financial Position and the related notes set out on pages 92 to 98, and the Summary Remuneration Report set out on pages 78 to 87. We have also examined the Summary Reconciliation of adjusted operating profit to profit after tax which was prepared on the basis set out on page 90.

This statement is made solely to the Company's members, as a body, in accordance with section 428 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review and Summary Financial Statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual Review and Summary Financial Statements with the full annual financial statements and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Annual Review and Summary Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 The auditor's statement on the summary financial statement in the United Kingdom issued by the Auditing Practices Board. Our report on the Group's full annual financial statements describes the basis of our audit opinion on those financial statements and the Directors' Remuneration Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual financial statements and the Directors' Remuneration Report of Old Mutual plc for the year ended 31 December 2010 and complies with the applicable requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

Alastair W S Barbour (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
8 March 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Notes	**Year ended 31 December 2010**	£m Year ended 31 December 2009*
Revenue			
Gross earned premiums		**3,582**	3,020
Outward reinsurance		**(305)**	(267)
Net earned premiums		**3,277**	2,753
Investment return (non-banking)		**10,791**	11,112
Banking interest and similar income		**4,082**	3,989
Banking trading, investment and similar income		**204**	168
Fee and commission income, and income from service activities		**3,061**	2,422
Other income		**159**	196
Total revenues		**21,574**	20,640
Expenses			
Claims and benefits (including change in insurance contract provisions)		**(5,039)**	(3,786)
Reinsurance recoveries		**227**	200
Net claims and benefits incurred		**(4,812)**	(3,586)
Change in investment contract liabilities		**(6,899)**	(8,345)
Losses on loans and advances		**(552)**	(511)
Finance costs		**(269)**	(322)
Banking interest payable and similar expenses		**(2,519)**	(2,627)
Fee and commission expenses, and other acquisition costs		**(963)**	(728)
Other operating and administrative expenses		**(3,714)**	(3,072)
Goodwill impairment		**(1)**	(266)
Change in third-party interest in consolidated funds		**(388)**	(470)
Amortisation of PVIF and other acquired intangibles		**(297)**	(312)
Total expenses		**(20,414)**	(20,239)
Share of associated undertakings' and joint ventures' profit/(loss) after tax		**7**	2
Loss on disposal of subsidiaries, associated undertakings and strategic investments	5	**(22)**	(50)
Profit before tax		**1,145**	353
Income tax expense		**(456)**	(400)
Profit/(loss) from continuing operations after tax		**689**	(47)
Discontinued operations			
Loss from discontinued operations after tax	7	**(713)**	(71)
Loss after tax for the financial year		**(24)**	(118)
Attributable to			
Equity holders of the parent		**(282)**	(340)
Non-controlling interests			
Ordinary shares		**196**	158
Preferred securities		**62**	64
Loss after tax for the financial year		**(24)**	(118)
Earnings per share			
Basic earnings per share based on profit/(loss) from continuing operations (pence)		**8.2**	(6.3)
Basic earnings per share based on loss from discontinued operations (pence)		**(14.7)**	(1.5)
Basic earnings per ordinary share (pence)	4(a)	**(6.5)**	(7.8)
Diluted earnings per share based on profit/(loss) from continuing operations (pence)		**7.4**	(6.3)
Diluted earnings per share based on loss from discontinued operations (pence)		**(13.5)**	(1.5)
Diluted earnings per ordinary share (pence)	4(a)	**(6.1)**	(7.8)
Weighted average number of shares – millions	4(a)	**4,859**	4,758

* The year ended 31 December 2009 has been restated to reflect US Life as discontinued (see note 1).

RECONCILIATION OF ADJUSTED OPERATING PROFIT TO PROFIT AFTER TAX

For the year ended 31 December 2010

	Note	**Year ended 31 December 2010**	Year ended 31 December 2009*
			£m
Core operations			
Long-Term Savings		**897**	636
Nedbank		**601**	470
M&F		**103**	70
USAM		**87**	83
		1,688	1,259
Finance costs		**(128)**	(104)
Long-term investment return on excess assets		**31**	91
Interest payable to non-core operations – Bermuda		**(55)**	(40)
Interest receivable from non-core operations – US Life		**16**	12
Other shareholders' expenses		**(71)**	(85)
Adjusted operating profit		**1,481**	1,133
Adjusting items	5	**(482)**	(973)
Non-core operations		**(3)**	1
Profit before tax (net of policyholder tax)		**996**	161
Income tax attributable to policyholder returns		**149**	192
Profit before tax		**1,145**	353
Total income tax expense		**(456)**	(400)
Profit/(loss) from continuing operations after tax		**689**	(47)
Loss from discontinued operations after tax		**(713)**	(71)
Loss after tax for the financial year		**(24)**	(118)

Adjusted operating profit after tax attributable to ordinary equity holders of the parent

	Note	**Year ended 31 December 2010**	Year ended 31 December 2009*
			£m
Adjusted operating profit		**1,481**	1,133
Tax on adjusted operating profit		**(347)**	(283)
Adjusted operating profit after tax		**1,134**	850
Non-controlling interests – ordinary shares		**(217)**	(181)
Non-controlling interests – preferred securities		**(62)**	(64)
Adjusted operating profit after tax attributable to ordinary equity holders of the parent		**855**	605
Adjusted weighted average number of shares – (millions)		**5,359**	5,229
Adjusted operating earnings per share – (pence)	4(b)	**16.0**	11.6

* The year ended 31 December 2009 has been restated to reflect US Life as discontinued (see note 1).

Basis of preparation

The reconciliation of adjusted operating profit has been prepared so as to reflect the directors' view of the underlying long-term performance of the Group. The statement reconciles adjusted operating profit to profit after tax as reported under IFRS as adopted by the EU.

For core life assurance and general insurance businesses, adjusted operating profit is based on a long-term investment return, including investment returns on life funds' investments in Group equity and debt instruments, and is stated net of income tax attributable to policyholder returns. For the US Asset Management business it includes compensation costs in respect of certain long-term incentive schemes defined as non-controlling interests in accordance with IFRS. For all core businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, revaluations of put options related to long-term incentive schemes, profit/(loss) on disposal of subsidiaries, associated undertakings and strategic investments, dividends declared to holders of perpetual preferred callable securities, and fair value profits/(losses) on certain Group debt movements. Bermuda and US Life, which are non-core, are not included in adjusted operating profit.

Adjusted operating earnings per ordinary share is calculated on the same basis as adjusted operating profit. It is stated after tax attributable to adjusted operating profit and non-controlling interests. It excludes income attributable to Black Economic Empowerment trusts of listed subsidiaries. The calculation of the adjusted weighted average number of shares includes own shares held in policyholders' funds and Black Economic Empowerment trusts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	At 31 December 2010	At 31 December 2009
		£m
Assets		
Goodwill and other intangible assets	**4,965**	5,159
Mandatory reserve deposits with central banks	**1,079**	882
Property, plant and equipment	**1,015**	828
Investment property	**2,040**	1,759
Deferred tax assets	**416**	570
Investments in associated undertakings and joint ventures	**162**	135
Deferred acquisition costs	**1,534**	3,138
Reinsurers' share of life assurance policyholder liabilities	**982**	1,296
Reinsurers' share of general insurance liabilities	**122**	120
Deposits held with reinsurers	**2**	146
Loans and advances	**51,778**	42,393
Investments and securities	**106,153**	98,461
Current tax receivable	**156**	169
Client indebtedness for acceptances	**190**	170
Trade, other receivables and other assets	**3,932**	3,051
Derivative financial instruments – assets	**2,503**	2,546
Cash and cash equivalents	**4,132**	2,982
Non-current assets held for sale	**12,391**	1
Total assets	**193,552**	163,806
Liabilities		
Life assurance policyholder liabilities	**98,631**	93,876
General insurance liabilities	**397**	372
Third-party interests in consolidated funds	**3,584**	2,906
Borrowed funds	**4,204**	3,309
Provisions	**260**	263
Deferred revenue	**730**	654
Deferred tax liabilities	**858**	905
Current tax payable	**238**	210
Trade, other payables and other liabilities	**5,661**	4,305
Liabilities under acceptances	**190**	170
Amounts owed to bank depositors	**53,236**	44,135
Derivative financial instruments – liabilities	**1,870**	1,990
Non-current liabilities held for sale	**12,219**	–
Total liabilities	**182,078**	153,095
Net assets	**11,474**	10,711
Shareholders' equity		
Equity attributable to equity holders of the parent	**8,951**	8,464
Non-controlling interests		
Ordinary shares	**1,763**	1,537
Preferred securities	**760**	710
Total non-controlling interests	**2,523**	2,247
Total equity	**11,474**	10,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

1: Accounting policies

Basis of preparation

The Summary Financial Statements have been prepared on the basis of accounting policies set out in the Group's Annual Report and Accounts (the Group Accounts) for the year ended 31 December 2010. The Group Financial Statements included within the Group Accounts have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU. The financial information for the periods shown has been abridged from the Group Financial Statements within the Group Accounts.

The auditors' opinion on the Annual Report and Accounts for the year ended 31 December 2010 was (i) unqualified; (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports; and (iii) did not contain any statements under sections 498 (2) or (3) of the Companies Act 2006.

At 31 December 2010 the Group was in advanced stage negotiations for the disposal of its life assurance operations in the United States, which represent almost the entirety of the US Life operating segment. As a result of this, the assets and liabilities of the US Life disposal group have been classified as held for sale in the statement of financial position for the current year in accordance with IFRS 5. This sale will represent the Group's exit from the life assurance market in the United States and therefore meets the criteria of a discontinued operation. Consequently the comparative information in the income statement and the related notes has been restated where applicable to reflect this. For the purposes of adjusted operating profit, US Life has been reclassified as a non-core operation for the year ended 31 December 2010 with the comparative information restated accordingly.

The disposal is expected to be completed in the first half of 2011 and further details of the impact are provided in note 7.

2: Foreign currencies

The principal exchange rates used to translate the operating results, assets and liabilities of key foreign business segments to Sterling are:

	Income statement (average rate)	Statement of financial position (closing rate)
31 December 2010		
Rand	**11.3095**	**10.2796**
US dollars	**1.5459**	**1.5530**
Swedish kronor	**11.1364**	**10.4227**
Euro	**1.1650**	**1.1614**
31 December 2009		
Rand	13.1746	11.9172
US dollars	1.5655	1.6148
Swedish kronor	11.9743	11.5562
Euro	1.1227	1.1268

3: Dividends

A final dividend of 2.9 pence per 10p share has been recommended by the directors. Subject to shareholders' approval, the dividend will be paid on 31 May 2011 to shareholders on the register at the close of business on 15 April 2011. The dividend will absorb an estimated £142 million of shareholders' funds before taking into account any election for the scrip dividend alternative. The Company is planning to offer a scrip dividend alternative for eligible shareholders. In 2010 dividends of £131 million (2009: £nil) were paid to ordinary equity holders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

4: Earnings and earnings per share

(a) Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity shareholders by the weighted average number of ordinary shares in issue during the year excluding own shares held in policyholder funds, ESOP trusts, Black Economic Empowerment trusts and other related undertakings.

		£m
	Year ended 31 December 2010	Year ended 31 December 2009
Profit/(loss) for the financial year attributable to equity holders of the parent from continuing operations	**431**	(269)
Loss for the financial year attributable to equity holders of the parent from discontinued operations	**(713)**	(71)
Loss for the financial year attributable to equity holders of the parent	**(282)**	(340)
Dividends declared to holders of perpetual preferred callable securities	**(32)**	(32)
Loss attributable to ordinary equity holders	**(314)**	(372)

Total dividends declared to holders of perpetual preferred callable securities of £44 million in 2010 (2009: £45 million) are stated net of tax credits of £12 million (2009: £13 million).

		Millions
	Year ended 31 December 2010	Year ended 31 December 2009
Weighted average number of ordinary shares in issue	**5,422**	5,277
Shares held in charitable foundations	**(7)**	(7)
Shares held in ESOP trusts	**(56)**	(41)
Adjusted weighted average number of ordinary shares	**5,359**	5,229
Shares held in life funds	**(205)**	(236)
Shares held in Black Economic Empowerment trusts	**(295)**	(235)
Weighted average number of ordinary shares	**4,859**	4,758
Basic earnings per ordinary share (pence)	**(6.5)**	(7.8)

Diluted earnings per share recognises the dilutive impact of share options held in ESOP trusts and Black Economic Empowerment trusts which are currently in the money in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full period.

		Millions
	Year ended 31 December 2010	Year ended 31 December 2009
Weighted average number of ordinary shares	**4,859**	4,758
Adjustments for share options held by ESOP trusts	**137**	–
Adjustments for shares held in Black Economic Empowerment trusts	**295**	–
	5,291	4,758
Diluted earnings per ordinary share (pence)	**(6.1)**	(7.8)

No adjustments to the weighted average number of ordinary shares have been effected for 2009 in order to calculate the diluted earnings per ordinary share as any adjustments would be antidilutive.

(b) Adjusted operating earnings per ordinary share

Adjusted operating earnings per ordinary share is determined based on adjusted operating profit. Adjusted operating profit represents the directors' view of the underlying performance of the Group. For long-term and general insurance business adjusted operating profit is based on long-term investment return, including investment returns on life funds' investments in Group equity and debt instruments and is stated net of income tax attributable to policyholder returns. For the US Asset Management business it includes compensation costs in respect of certain long-term incentive schemes defined as non-controlling interests in accordance with IFRS. For all businesses, adjusted operating profit excludes goodwill impairment, the impact of acquisition accounting, revaluations of put options related to long-term incentive schemes, the impact of closure of unclaimed shares trusts, profit/(loss) on disposal of subsidiaries, associated undertakings and strategic investments, dividends declared to holders of perpetual preferred callable securities, income/(expense) from closure of unclaimed shares trusts and fair value gains/(losses) on Group debt instruments.

The reconciliation of profit for the financial year to adjusted operating profit after tax attributable to ordinary equity holders is as follows:

		£m
	Year ended 31 December 2010	Year ended 31 December 2009 Restated
Loss for the financial year attributable to equity holders of the parent	**(282)**	(340)
Adjusting items	**482**	973
Tax on adjusting items	**(36)**	(64)
Non-core operations	**(1)**	(12)
Loss from discontinued operations – US Life	**713**	71
Non-controlling interest on adjusting items	**(21)**	(23)
Adjusted operating profit after tax attributable to ordinary equity holders	**855**	605
Adjusted weighted average number of ordinary shares – (millions)	**5,359**	5,229
Adjusted operating earnings per ordinary share – (pence)	**16.0**	11.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

5: Operating profit adjusting items

Summary of adjusting items

In determining the adjusted operating profit of the Group for core operations certain adjustments are made to profit before tax to reflect the directors' view of the underlying long-term performance of the Group. The following table shows an analysis of those adjustments from adjusted operating profit to profit before and after tax.

	Long-Term Savings				
Year ended 31 December 2010	**Emerging Markets**	**Nordic**	**Retail Europe**	**Wealth Management**	**Long-Term Savings**
Income/(expense)					
Goodwill impairment and impact of acquisition accounting	**(2)**	**(89)**	**(41)**	**(74)**	**(206)**
Loss on disposal of subsidiaries, associated undertakings and strategic investments	**–**	**–**	**–**	**–**	**–**
Short-term fluctuations in investment return	**1**	**(1)**	**1**	**(71)**	**(70)**
Investment return adjustment for Group equity and debt instruments held in life funds	**(10)**	**–**	**–**	**–**	**(10)**
Dividends declared to holders of perpetual preferred callable securities	**–**	**–**	**–**	**–**	**–**
US Asset Management equity plans and non–controlling interests	**–**	**–**	**–**	**–**	**–**
Credit-related fair value losses on Group debt instruments	**–**	**–**	**–**	**–**	**–**
Total adjusting items	**(11)**	**(90)**	**(40)**	**(145)**	**(286)**
Tax on adjusting items	**10**	**3**	**15**	**5**	**33**
Non-controlling interest in adjusting items	**–**	**–**	**–**	**–**	**–**
Total adjusting items after tax and non-controlling interests	**(1)**	**(87)**	**(25)**	**(140)**	**(253)**

	Long-Term Savings				
Year ended 31 December 2009*	Emerging Markets	Nordic	Retail Europe	Wealth Management	Long-Term Savings
Income/(expense)					
Goodwill impairment and impact of acquisition accounting	(1)	(12)	(243)	(167)	(423)
(Loss)/profit on disposal of subsidiaries, associated undertakings and strategic investments	(51)	–	–	(7)	(58)
Short-term fluctuations in investment return	(38)	(1)	1	(88)	(126)
Investment return adjustment for Group equity and debt instruments held in life funds	(109)	–	–	–	(109)
Dividends declared to holders of perpetual preferred callable securities	–	–	–	–	–
US Asset Management equity plans and non-controlling interests	–	–	–	–	–
Credit-related fair value gains on Group debt instruments	–	–	–	–	–
Total adjusting items	(199)	(13)	(242)	(262)	(716)
Tax on adjusting items	(1)	9	14	37	59
Non-controlling interest in adjusting items	–	–	–	–	–
Total adjusting items after tax and non-controlling interests	(200)	(4)	(228)	(225)	(657)

* The year ended 31 December 2009 has been restated to reflect US Life as non-core and discontinued.

				£m
Nedbank	**M&F**	**USAM**	**Other**	**Total**
(6)	**–**	**(2)**	**–**	**(214)**
(1)	**–**	**(21)**	**–**	**(22)**
–	**(7)**	**–**	**(6)**	**(83)**
–	**–**	**–**	**–**	**(10)**
–	**–**	**–**	**44**	**44**
–	**–**	**6**	**–**	**6**
(20)	**–**	**–**	**(183)**	**(203)**
(27)	**(7)**	**(17)**	**(145)**	**(482)**
7	**(4)**	**6**	**(6)**	**36**
30	**–**	**(9)**	**–**	**21**
10	**(11)**	**(20)**	**(151)**	**(425)**

				£m
Nedbank	M&F	USAM	Other	Total
(4)	–	(2)	–	(429)
–	–	1	7	(50)
–	(10)	–	(30)	(166)
–	–	–	–	(109)
–	–	–	45	45
–	–	(1)	–	(1)
–	–	–	(263)	(263)
(4)	(10)	(2)	(241)	(973)
–	3	2	–	64
19	7	(3)	–	23
15	–	(3)	(241)	(886)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

6: Events after the reporting date

On 21 January 2011 the Group redeemed the £300 million Tier 2 bond repayable 21 January, taking the option to redeem at the first call date.

7: Discontinued operations

The results of the Group's United States life business, US Life, are shown as a discontinued operation in these summary financial statements. At 31 December 2010 the Group had entered into an agreement to dispose of the controlling interest in US Life to Harbinger OM LLC, an affiliate of Harbinger Capital Partners, and is seeking to gain regulatory approval for the sale. The disposal is expected to be completed at or around the end of the first quarter of 2011.

US Life has been classified as a discontinued operation in these financial statements. Analysis of the results of discontinued operations is given below.

Income statement from discontinued operations

		£m
	Year ended 31 December 2010	Year ended 31 December 2009
Revenue	**1,608**	1,208
Expenses	**(1,557)**	(1,314)
Profit/(loss) before tax from discontinued operations	**51**	(106)
Loss on remeasurement to fair value less costs to sell	**(827)**	–
Loss before tax	**(776)**	(106)
Tax credit	**63**	35
Loss from discontinued operations after tax	**(713)**	(71)

COMPONENTS OF GROUP MCEV AND ADJUSTED GROUP MCEV INFORMATION

At 31 December 2010

1. Components of Group MCEV

		£m
	At 31 December 2010	At 31 December 2009
Adjusted net worth attributable to ordinary equity holders of the parent	**5,737**	4,417
Equity	**8,951**	8,464
Adjustment to include long-term business on a statutory solvency basis:		
Long-Term Savings	**(2,053)**	(2,238)
Bermuda	**(29)**	(6)
US Life	**260**	(388)
Adjustment for market value of life funds' investments in Group equity and debt instruments held in life funds	**306**	268
Adjustment to remove perpetual preferred callable securities and accrued dividends	**(688)**	(688)
Adjustment to exclude acquisition goodwill from the covered business:		
Long-Term Savings	**(1,010)**	(995)
Value of in-force business	**4,164**	3,212
Present value of future profits	**5,256**	4,255
Additional time value of financial options and guarantees	**(433)**	(416)
Frictional costs	**(276)**	(221)
Cost of residual non-hedgeable risks	**(383)**	(406)
Group MCEV	**9,901**	7,629
Group MCEV value per share (pence)	**181.5**	144.5
Return on Group MCEV (RoEV) per annum from continuing core operations	**10.6%**	6.0%
Return on Group MCEV (RoEV) per annum from continuing non-core operations	**(0.3)%**	(0.4)%
Return on Group MCEV (RoEV) per annum from discontinued operations	**0.6%**	5.1%
Return on Group MCEV (RoEV) per annum	**10.9%**	10.7%
Number of shares in issue at the end of the financial period less treasury shares – millions	**5,456**	5,279

The adjustments to include long-term business on a statutory solvency basis reflect the difference between the net worth of each business on the statutory basis (as required by the local regulator) and their portion of the Group's consolidated equity shareholders' funds. In South Africa, these values exclude items that are eliminated or shown separately on consolidation (such as Nedbank and inter-company loans). For some European countries the value reflected in the adjustment to include long-term business on a statutory solvency basis includes the value of the deferred acquisition cost asset which is part of the equity.

The RoEV is calculated as the adjusted operating Group MCEV earnings after tax and non-controlling interests of £830 million (year ended 31 December 2009: £562 million) divided by the opening Group MCEV.

COMPONENTS OF GROUP MCEV AND ADJUSTED GROUP MCEV INFORMATION

At 31 December 2010

2. Components of adjusted Group MCEV

		£m
	At 31 December 2010	At 31 December 2009
Group MCEV	**9,901**	7,629
Pro forma adjustments to bring Group investments to market value		
Adjustment to bring listed subsidiaries to market value	**715**	805
Nedbank	**715**	623
Mutual & Federal	**–**	182
Adjustment for value of own shares in ESOP schemes*	**85**	71
Adjustment for present value of Black Economic Empowerment scheme deferred consideration	**266**	221
Adjustment to bring external debt to market value	**63**	302
Adjusted Group MCEV	**11,030**	9,028
Adjusted Group MCEV per share (pence)	**202.2**	171.0
Number of shares in issue at the end of the financial period less treasury shares – millions	**5,456**	5,279

* Includes adjustment for value of excess own shares in employee share scheme trusts. The movement in value between 31 December 2009 and 31 December 2010 is the net effect of the increase in the Old Mutual plc share price, the reduction in excess own shares following employee share grants in March 2010 and the reduction in overall shares held due to exercises of rights to take delivery of, or net settle, share grants during the financial period.

NOTES TO THE SUMMARY MCEV BASIS SUPPLEMENTARY INFORMATION

For the year ended 31 December 2010

3. Basis of preparation

The Market Consistent Embedded Value methodology (referred to herein and in the supplementary statements as 'MCEV') adopts Market Consistent Embedded Value Principles issued in June 2008 and updated in October 2009 by the CFO Forum ('the Principles') as the basis for the methodology used in preparing the supplementary information.

The Principles have been fully complied with for all businesses as at 31 December 2010.

The information provided here is an extract from the Group's Annual Report and Accounts.

4. Value of new business (after tax)

The tables below set out the regional analysis of the value of new business (VNB) after tax. New business profitability is measured by both the ratio of the VNB to the present value of new business premiums (PVNBP) as well as to the annual premium equivalent (APE), and shown under PVNBP margin and APE margin below. APE is calculated as annualised recurring premiums plus 10% of single premiums.

£m

	Year ended 31 December 2010	Year ended 31 December 2009
Annualised recurring premiums		
Long-Term Savings (LTS)	**698**	685
Emerging Markets	**325**	249
Nordic	**144**	183
Retail Europe	**63**	62
Wealth Management	**166**	191
US Life	**10**	14
Bermuda	**–**	–
	708	699
Single premiums		
Long-Term Savings (LTS)	**7,932**	6,257
Emerging Markets	**1,611**	1,437
Nordic	**573**	527
Retail Europe	**63**	53
Wealth Management	**5,685**	4,240
US Life	**824**	549
Bermuda	**–**	15
	8,756	6,821
PVNBP		
Long-Term Savings (LTS)	**11,266**	9,563
Emerging Markets	**3,269**	2,834
Nordic	**1,104**	1,150
Retail Europe	**513**	537
Wealth Management	**6,380**	5,042
US Life	**889**	639
Bermuda	**–**	15
	12,155	10,217
PVNBP capitalisation factors*		
Long-Term Savings (LTS)	**4.8**	4.8
Emerging Markets	**5.1**	5.6
Nordic	**3.7**	3.4
Retail Europe	**7.2**	7.8
Wealth Management	**4.2**	4.2
US Life	**6.6**	6.6
Bermuda	**n/a**	n/a

* The PVNBP capitalisation factors are calculated as follows: (PVNBP – single premiums)/annualised recurring premiums.

NOTES TO THE MCEV BASIS SUPPLEMENTARY INFORMATION

For the year ended 31 December 2010

	Year ended 31 December 2010	Year ended 31 December 2009
		£m
APE		
Long-Term Savings (LTS)	**1,491**	1,312
Emerging Markets	**487**	393
Nordic	**201**	235
Retail Europe	**69**	67
Wealth Management	**734**	617
US Life	**92**	68
Bermuda	**–**	1
	1,583	1,381
VNB		
Long-Term Savings (LTS)	**200**	153
Emerging Markets	**86**	65
Nordic	**41**	44
Retail Europe	**7**	(5)
Wealth Management	**66**	49
US Life*	**(28)**	14
Bermuda	**–**	–
	172	167
PVNBP margin		
Long-Term Savings (LTS)	**1.8%**	1.6%
Emerging Markets	**2.6%**	2.3%
Nordic	**3.7%**	3.8%
Retail Europe	**1.4%**	(1.0)%
Wealth Management	**1.0%**	1.0%
US Life	**(3.2)%**	2.2%
Bermuda	**n/a**	n/a
	1.4%	1.6%
APE margin		
Long-Term Savings (LTS)	**13%**	12%
Emerging Markets	**18%**	16%
Nordic	**21%**	19%
Retail Europe	**11%**	(8)%
Wealth Management	**9%**	8%
US Life	**(31)%**	20%
Bermuda	**n/a**	n/a
	11%	12%

* The US Life VNB is negative when calculated on an MCEV basis, due to the reliance on spread in the pricing basis, and the current low risk free swap curve.

The value of new individual unit trust linked retirement annuities and pension fund asset management business written by the Emerging Markets long-term business is excluded as the profits on this business arise in the asset management business. The value of new business also excludes premium increases arising from indexation arrangements in respect of existing business, as these are already included in the value of in-force business.

The value of new institutional investment platform pensions business written in Wealth Management is excluded as this is more appropriately classified as unit trust business.

		£m
Gross premium excluded from value of new business	**Year ended 31 December 2010**	Year ended 31 December 2009
Emerging Markets**	**723**	1,658
Wealth Management	**304**	153

** New business premiums not valued have reduced compared to 2009, mainly because single premium new business figures for 2009 include inflows relating to in-force business following OMSA's acquisition of Futuregrowth and Acsis Life. The results for the year ended 31 December 2009 have also been restated to include Namibia's contribution to new business premiums not valued (£1,625 million excluding Namibia).

SHAREHOLDER INFORMATION

Registrars
The Company's share register is administered by Computershare Investor Services in conjunction with local representatives in various jurisdictions. The following are the contact details:

UK
Computershare Investor Services PLC
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Fax: +263 (0)4 752629
Email: *enquiries@corpserve.co.zw*

Computershare share dealing services
The Company's South African registrars, Computershare Investor Services, administer a telephone and postal sales service for shares held through Old Mutual (South Africa) Nominees (Pty) Limited on the South African branch register and shares held through Old Mutual (Namibia) Nominees (Pty) Limited on the Namibian section of the principal register. If you hold your shares in this way and wish to sell your shares by telephone, Computershare may be contacted on 0861 100 940 (a South African number) between 8.00 a.m. and 4.30 p.m. (local time) on Mondays to Fridays, excluding public holidays. A service fee is payable based on the value of the shares sold.

Internet share dealing: This service provides shareholders with a facility to buy or sell Old Mutual plc ordinary shares on the London Stock Exchange. The commission for deals through the internet is 0.5%, subject to a minimum charge of £15. In addition, stamp duty, currently 0.5%, is payable on purchases. There is no need to open an account in order to deal. Real-time dealing is available during market hours. Orders may also be placed outside market hours. Up to 90-day limit orders are available for sales. To access the service, log on to *www.computershare.com/dealing/uk*. Shareholders should have their Shareholder Reference Number (SRN) available for the purposes of sales. The SRN appears on share certificates and dividend cheques/tax statements. Payment by cheque will be required for purchases. At present, this service is only available to shareholders in certain European jurisdictions. Computershare's website contains an up to date list of these countries.

Telephone share dealing: The commission for deals through Computershare's telephone share dealing service is 1%, subject to a minimum charge of £25. In addition stamp duty, currently 0.5%, is payable on purchases. The service is available from 8.00 a.m. to 4.30 p.m. Monday to Friday, excluding bank holidays, on telephone number 0870 703 0084. Detailed terms and conditions are available on request. Shareholders should have their Shareholder Reference Number (SRN) ready when calling about sales. The SRN appears on share certificates and dividend cheques / tax statements. Payment by cheque will be required for purchases. At present, this service is only available to shareholders in certain jurisdictions outside the UK, which Computershare will confirm upon request. For general enquiries about the dealing service shareholders can call 0870 873 5836.

These services are offered on an execution-only basis and subject to the applicable terms and conditions. This is not a recommendation to buy, sell or hold shares in Old Mutual plc. Shareholders who are unsure of what action to take should obtain independent financial advice. Share values may go down as well as up, which may result in a shareholder receiving less than he or she originally invested.

To the extent that this statement is a financial promotion for the share dealing service provided by Computershare Investor Services PLC, it has been approved by Computershare Investor Services PLC for the purpose of section 21(2)(b) of the Financial Services and Markets Act 2000 only. Computershare Investor Services PLC is authorised and regulated by the Financial Services Authority. Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

Scrip dividend scheme

The Company offers eligible shareholders the option to receive dividends in the form of shares through participation in the Company's scrip dividend scheme. Shareholders who are eligible to make an 'evergreen' election will receive dividends in the form of shares for each dividend for which a scrip alternative is offered while the election remains in place.

Details about eligibility to participate in the scrip dividend scheme are contained in the scrip dividend scheme booklet. This booklet and the accompanying mandate forms can be obtained from the Company's website (*www.oldmutual.com*) or from the relevant registrars (please refer to the contact details on the preceding page). Details of when elections to join the scrip dividend scheme must be received in order to receive the scrip dividend alternative for the final dividend for the year ended 31 December 2010 are set out under the heading 'Financial calendar' below.

Strate

Since January 2002, all transactions in the Company's shares on the JSE have been required to be settled electronically through Strate, and share certificates are no longer good for delivery in respect of such transactions.

The Company wrote to certificated shareholders on its South African branch register in October 2001 to inform them of these changes and of the courses of action available to them. The Company also wrote separately to certificated shareholders on the Namibian section of its principal register in January 2002 to explain the impact of Strate. These included participating in Issuer-Sponsored Nominee Programmes to dematerialise (in the case of South Africa) or immobilise (in the case of Namibia) their previously certificated shareholdings in the Company. Shareholders who have any enquiries about these programmes or about the effect of Strate on their holdings in the Company should contact Computershare Investor Services in Johannesburg on 0861 100 940 or +27 (0)11 870 8211.

Checking your holding online

An online service is situated at the Investor Centre option within the website address *www.computershare.com* which gives shareholders access to their account to confirm registered details, to give or amend dividend mandate instructions, and to obtain a current shareholding balance. A simple calculator function places a market quote against each holding and allows shareholders to estimate its value. There are also a number of downloadable forms from this site such as change of address, dividend mandate and stock transfer forms. Finally, there is an extensive list of frequently asked questions and the facility to contact Computershare Investor Services by email.

Warning to Shareholders – boiler room scams

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation;
- Check that they are properly authorised by the FSA before getting involved by visiting *www.fsa.gov.uk/register/*;
- Report the matter to the FSA either by calling 0300 500 5000 or visiting *www.moneymadeclear.org.uk*;
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at *www.fsa.gov.uk/pages/doing/regulated/law/alerts/form.shtml*

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

More detailed information on this or similar activity can be found on the FSA website *www.moneymadeclear.org.uk*

SHAREHOLDER INFORMATION

Financial calendar

The Company's financial calendar for the forthcoming year is as follows:

Scrip dividend alternative calculation price determined	Last five dealing days up to 31 March 2011
Currency conversion date for the final dividend	31 March 2011
Local currency equivalents and scrip dividend alternative calculation announced	1 April 2011
Scrip dividend alternative closes for shareholders on the African exchanges	12 noon on 15 April 2011
Record date for the final dividend	15 April 2011
Scrip dividend alternative closes for shareholders on the principal UK register	12 noon on 3 May 2011
Annual General Meeting and First Quarter Interim Management Statement	12 May 2011
Final dividend payment date and issue of shares under the scrip dividend alternative	31 May 2011
Interim results	5 August 2011
Third Quarter Interim Management Statement	3 November 2011
Interim dividend payment date	30 November 2011
Final results for 2011	March 2012

Rule 144A ADRs

The Company has a Rule 144A American Depositary Receipt (Rule 144A ADR) facility through The Bank of New York. Each Rule 144A ADR represents 10 ordinary shares in the Company. Any enquiries about the Company's Rule 144A ADR facility should be addressed to The Bank of New York, 101 Barclay Street, New York, NY 10286, USA, tel: 1-888-BNY-ADRS (1-888-269-2377) if you are calling from within the USA. If you are calling from outside the USA, please call +1 212 815 3700. You may also send an email enquiry to *shareowners@bankofny.com*

Websites

Further information on the Company can be found on the following websites:

www.oldmutual.com
www.oldmutual.co.za

Electronic communications and electronic proxy appointment/voting instructions

If you would like to receive future communications from the Company by email, please log on to our website, *www.oldmutual.com/ir/index.jsp*, select the "Shareholder centre" section, click on "Electronic Communication" and then follow the instructions for registration of your details. In order to register, you will need your Shareholder Reference Number, which can be found on the payment advice notice or tax voucher accompanying your last dividend payment or notification. The number is also printed on forms of proxy for the Annual General Meeting.

Before you register, you will be asked to agree to the Terms and Conditions for Electronic Communications with Shareholders. It is important that you read these Terms and Conditions carefully, as they set out the basis on which electronic communications will be sent to you.

You should bear in mind that, in accessing documents electronically, you will incur the cost of online time. Any election to receive documents electronically will generally remain in force until you contact the Company's Registrars (via the online address set out earlier in this section of the Report or otherwise) to terminate or change such election.

The use of the electronic communications facility described above is entirely voluntary. If you wish to continue to receive communications from the Company by post, then you do not need to take any action.

Electronic proxy appointment is available for this year's Annual General Meeting. This enables proxy votes to be submitted electronically, as an alternative to filling out and posting a form of proxy. Further details are set out on the form of proxy. Electronic submission is also available for voting instruction forms.

Annual Review and Summary Financial Statements

The Annual Review and Summary Financial Statements were approved by the Approvals Committee, as authorised by the Board of Directors of the Company, and were signed on the Board's behalf by Philip Broadley, the Group Finance Director, on 8 March 2011.

They are a summary of information in the full Report and Accounts and do not contain sufficient information to allow a full understanding of the results of the Group and the state of the affairs of the Company or the Group. For further information, the full Report and Accounts, including the Auditors' Report on those Accounts, should be consulted. Should you wish to obtain a copy of the full Report and Accounts for 2010, free of charge, or elect to receive the full Report and Accounts in future years, please contact Computershare Investor Services at one of its addresses on page 104.

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Forward-looking statements
This Report contains certain forward-looking statements with respect to Old Mutual plc's and its subsidiaries' plans and expectations relating to their financial condition, performance and results. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond Old Mutual plc's control, including, among other things, UK domestic and general economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties or of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and regulations in territories where Old Mutual plc or its subsidiaries operate.

As a result, Old Mutual plc's or its subsidiaries' actual future financial condition, performance and results may differ materially from the plans and expectations set forth in such forward-looking statements. Old Mutual plc undertakes no obligation to update any forward-looking statements contained in this Report or any other forward-looking statements that it may make.

Acknowledgements
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