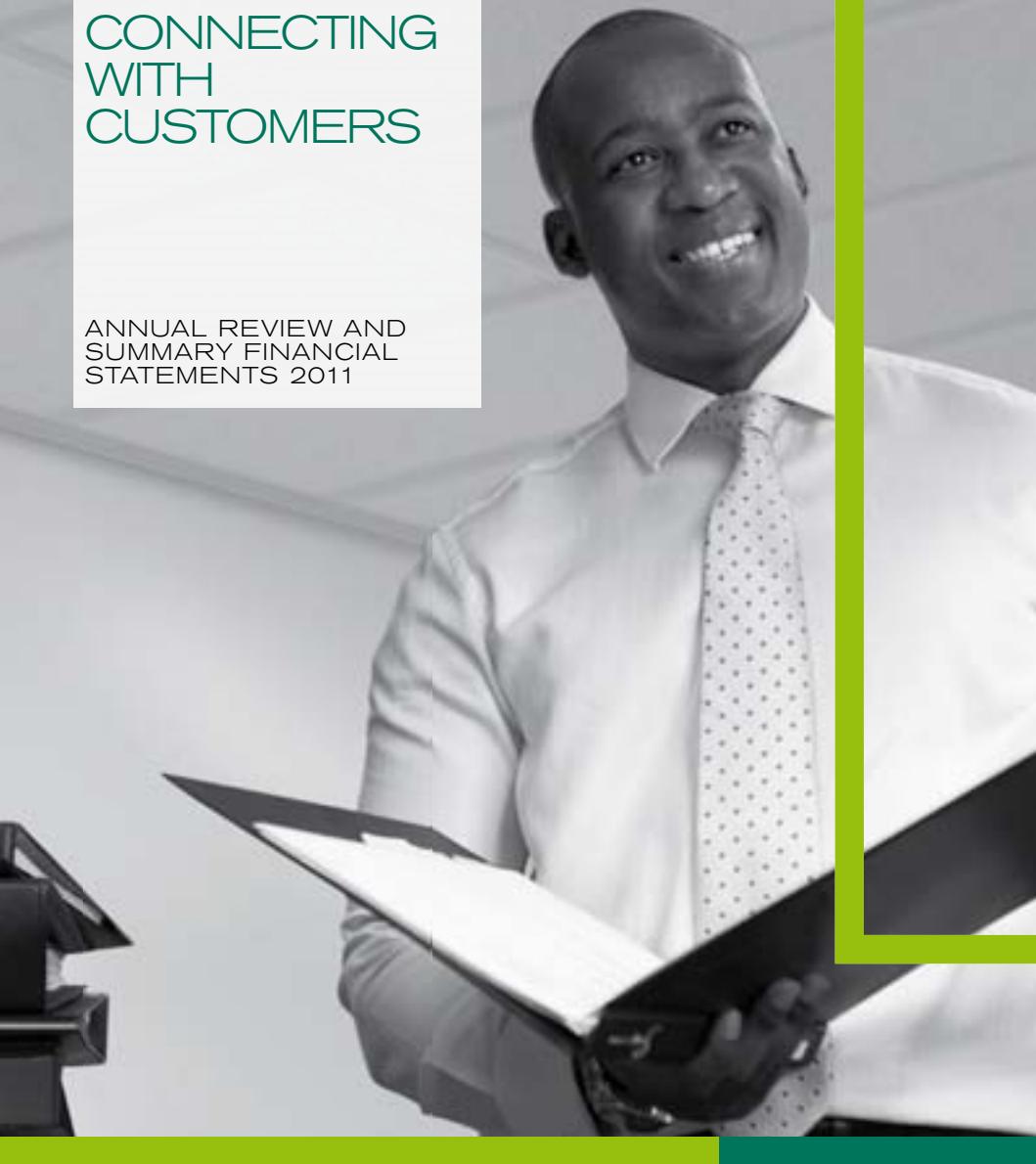


CONNECTING WITH CUSTOMERS

ANNUAL REVIEW AND
SUMMARY FINANCIAL
STATEMENTS 2011



OLD MUTUAL

INSURANCE • INVESTMENT • SAVINGS • BANKING

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

OVERVIEW

- 2** Our business at a glance
- 4** Key successes
- 6** Delivering on our strategy
- 8** Business model
- 10** Key performance indicators
- 12** Strategy in action
- 18** Chairman's statement
- 20** Group Chief Executive's statement
- 24** Group Chief Executive's Q&A

BUSINESS REVIEW

- 26** Long-Term Savings
- 32** Banking
- 36** Short-Term Insurance
- 40** US Asset Management
- 45** Non-core business operations
- 46** Group Finance Director's Statement

RISK AND RESPONSIBILITY

- 51** Risk and capital management
- 55** Responsible business

WHAT'S ONLINE

Annual Report

www.oldmutual.com/a2011

Corporate website

www.oldmutual.com

Reporting centre

www.oldmutual.com/reportingcentre

If each shareholder elected to read the Annual Report online, a thousandth of a tonne of paper would have been saved per shareholder. Sign up for electronic communication at www.oldmutual.com/ecomms

Cover picture: Tavaziva Madzinga, Old Mutual Kenya.

GOVERNANCE

- 58** Board of directors
- 62** Summary of the Corporate Governance Report
- 68** Summary of the Remuneration Report

FINANCIAL

- 80** Independent auditor's report to the members of Old Mutual plc
- 81** Consolidated income statement
- 82** Reconciliation of adjusted operating profit to profit after tax
- 83** Consolidated statement of financial position
- 84** Notes to the consolidated financial statements
- 89** Adjusted Group MCEV by line of business
- 90** Adjusted operating Group MCEV statement of earnings
- 91** Components of Group MCEV and Adjusted Group MCEV

SHAREHOLDER INFORMATION

- 92** Shareholder information



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



For more information on how we are embedding our values across the business, see **pages 55 to 57**

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) 2011

£1,515m
2010: £1,371m

Funds under management (FUM) 2011

£267.2bn
2010: £295.2bn

Number employed¹ 2011

57,430
2010: 55,730



Primary locations

- LTS – Southern Africa, Europe, Colombia, Mexico, India and China
- US Asset Management – US
- Banking – Southern Africa
- Short-term insurance – Southern Africa

Operational highlights

- AOP per share up 10% to 15.7p
- Full dividend for the year increased 25% to 5.0p
- Financial Groups Directive (FGD) surplus of £2.0 billion
- Well on track to deliver 2012 financial targets

LONG-TERM SAVINGS (LTS)

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

Our brands

 OLD MUTUAL  skandia

Adjusted operating profit (AOP) 2011

£793m
2010: £787m

Funds under management (FUM) 2011

£108.5bn
2010: £117.9bn

Number employed 2011

22,851
2010: 21,729



Operational highlights

- Net client cash inflows of £3.2 billion, despite worsening European sentiment in H2
- Non-covered sales, up 14%, on a constant currency basis, to £12,836 million
- Life sales (annual premium equivalent (APE) basis) decreased by 6% to £1,207 million, with reduced Legacy sales in Wealth Management
- APE margins increased to 15%, with improved margins in Wealth Management and Emerging Markets

Contribution to Group

AOP²



FUM³



¹ Includes Group Head Office, Bermuda, Nordic and US Life.

² % of total operating business unit AOP after tax and non-controlling interests.

³ % of FUM in Group Core operations.

⁴ Excluding operating results from affiliates held for sale or disposed of at 31 December 2011 and adding back \$12 million of restructuring costs.

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.

Our brand



Adjusted operating profit (AOP) 2011

£755m

2010: £601m

Core tier 1 ratio

11.0%

2010: 10.1%

Number employed 2011

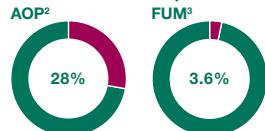
28,494

2010: 27,525

Operational highlights

- Strong headline earnings growth of 26% on a constant currency basis
- Non-interest revenues up 17% and net interest income up 9%, on a constant currency basis
- Credit loss ratio improved to 1.14% from 1.36% in 2010
- Core tier 1 ratio 11.0% up from 10.1% in 2010

Contribution to Group



SHORT-TERM INSURANCE

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

Our brands



Adjusted operating profit (AOP) 2011

£89m

2010: £103m

Underwriting margin

5.0%

2010: 7.6%

Number employed 2011

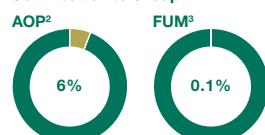
2,390

2010: 2,222

Operational highlights

- Underwriting result reduced to £30 million, reflecting softening rates and the expected normalisation in claims patterns
- Gross premiums increased by 5%
- iWyze progressed well and continued to meet premium growth targets
- M&F remains well capitalised, with a 66% international solvency margin

Contribution to Group



US ASSET MANAGEMENT

We aim to grow our customers' savings and wealth, whether through active and direct asset management or the selection of funds and managers for customers to invest in.

Some of our brands*



BARCLAYS, BARCLAY'S, BARCLAYCARD & STYLUS, INC.

Adjusted operating profit (AOP) 2011

£67m

2010: £72m

Funds under management (FUM) 2011

£148.8bn

2010: £166.4m

Number employed 2011

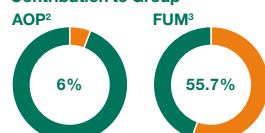
1,564

2010: 1,537

Operational highlights

- Investment performance continued to improve
- The new USAM management team are in the process of divesting several affiliate firms to improve USAM's longer term financial performance
- AOP was up 16% (constant currency) to £82 million in USAM's continuing operations⁴
- Net client cash outflows in USAM's continuing operations⁴ reduced to £4.2 billion from £7.9 billion (on a constant currency basis)

Contribution to Group



(* See full list of affiliates on page 42)

Below are some of the key successes achieved by our businesses that support the delivery of our vision to our customers.

Skandia International

Winner

Best International Life Group by the Professional International Adviser Fund and Product Awards

Skandia Investment Group Award

Germany Skandia European Best Ideas Fund – A rating



1.

Old Mutual South Africa

Sunday Times Top Brands
Long-Term Insurance
(Business to Consumer)



2.

Banking

Winner

Nedbank awarded by the Ombudsman for Banking services **Best bank for service resolution**



Find out more online:
[www.oldmutual.com/
reportingcentre](http://www.oldmutual.com/reportingcentre)

Growth in Group value of new business

11%

Group Return on Equity

14.6%

Growth in Ordinary Dividend

+25%



Winner

Old Mutual South Africa
won the award for the best
customer service in the
ASK Afrika Orange Service
Excellence Awards for the
fourth year in a row

Skandia UK
Awarded Company of the
Year by FT Adviser.com
Online Service Awards

**Growth in APE sales
of Mass Foundation Market
(South Africa)**

28%

**Group Funds under
Management (core
operation)**

£267.2bn



1. Sarah Guehring (German Team) and
Marian Dudler-Petoors (Austrian Team)

2. Busi Ntsokota (Branch Manager,
Old Mutual Finance) and **Lwanda David
Monareng** (customer)

3. Marko Campher (Nedbank
Business Banking)

4. Rose Keanly (Managing Director
Old Mutual Service, Technology
and Administration)

5. Ralph Mupita (Chief Executive Officer
Old Mutual Emerging Markets)

DELIVERING ON OUR STRATEGY

Old Mutual's vision is to become our customers' most trusted partner – passionate about helping them achieve their lifetime financial goals.

Our five strategic priorities	Progress during 2011
<p>1. Develop the customer proposition and experience</p> <p>Since 2009, we have made a concerted effort across the Group to put the customer first in everything we do. We will continue to deepen our understanding of our customers' needs and accordingly improve the product offering, the customer experience and the channels through which they are served.</p>	<ul style="list-style-type: none"> ■ Good progress on expanding and improving the product proposition across the Group, with a number of new product launches ■ The dedicated customer team has made progress towards improving the customer proposition and experience across the Long-Term Savings (LTS) business ■ Improvement in reporting of customer information
<p>2. Deliver high performance in all business units</p> <p>To ensure that we provide value to shareholders and customers, we will continue to drive high performance in our businesses by delivering profitable growth and operational efficiency, and by optimising risk and return.</p>	<ul style="list-style-type: none"> ■ 2011 business plan exceeded and RoE targets delivered ■ Circa £600m of debt repaid by January 2012 ■ Good progress in transformation of Nedbank Retail and Nordic ■ iCRaFT delivered to time, quality and budget
<p>3. Share skills and experience across the Group</p> <p>We will continue to drive revenue and cost improvements across the Group, by leveraging and sharing our capabilities in South Africa and around the world.</p>	<ul style="list-style-type: none"> ■ Improvement in our international mobility ■ Significant strengthening of functional communities across the Group ■ Launch of a Group Intranet ■ Improved knowledge-sharing across LTS businesses, supported by dual reporting in new functions ■ Commenced implementation of LTS IT plan ■ South African <i>Greenlight</i> product launched in Mexico and plans to launch in other markets
<p>4. Build a culture of excellence</p> <p>We will continue to embed our ACT NOW! Leadership behaviours across the Group and measure our progress through the Barrett Culture Survey.</p>	<ul style="list-style-type: none"> ■ Significant progress in building a strong management team ■ Consistent and improved executive performance management processes implemented ■ Application of pool-based approach to reward implemented in LTS, Head Office and Mutual & Federal (M&F) ■ Culture Survey implemented successfully and strong focus on actions to address survey results
<p>5. Simplify our structure to unlock value</p> <p>To deliver the full value of the Group to shareholders we will continue to optimise our structure.</p>	<ul style="list-style-type: none"> ■ Sale of US Life completed ■ Sale of Nordic business agreed ■ Sale of Skandia Finland agreed ■ Preparation of US Asset Management (USAM) for Initial Public Offering (IPO) ■ Continued progress of the run-off process at Bermuda

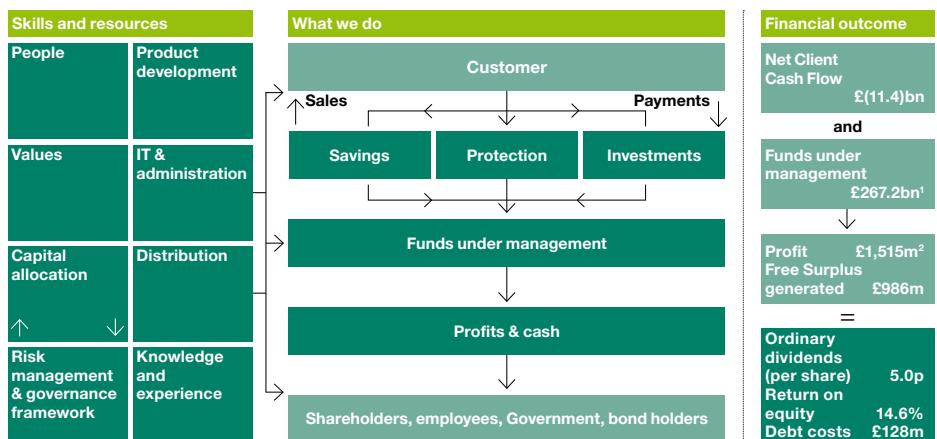
Our strategy is to build a long-term savings, protection and investment group by leveraging the strength of our people and capabilities in South Africa and around the world.

2011 Trend	Priorities for 2012												
<p>LTS Net Client Cash Flow (NCCF) % (NCCF/Opening FUM)¹</p> <table border="1"> <thead> <tr> <th>Year</th> <th>NCCF %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>1.7%</td> </tr> <tr> <td>2010</td> <td>4.6%</td> </tr> <tr> <td>2011</td> <td>2.7%</td> </tr> </tbody> </table>	Year	NCCF %	2009	1.7%	2010	4.6%	2011	2.7%	<ul style="list-style-type: none"> Be customer-focused in everything we do Ensure a positive customer experience across the Group Improve customer insight and segmentation to serve customer needs better Improve Skandia UK and Skandia International's product offering and platform functionality Develop our investment management capability to support key customer segments and attract platform flows 				
Year	NCCF %												
2009	1.7%												
2010	4.6%												
2011	2.7%												
<p>Adjusted Operating Profit (AOP) Earnings Per Share (EPS) and RoE performance¹</p> <table border="1"> <thead> <tr> <th>Year</th> <th>AOP EPS (pence)</th> <th>RoE %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>10.2p</td> <td>10.4%</td> </tr> <tr> <td>2010</td> <td>14.3p</td> <td>14.2%</td> </tr> <tr> <td>2011</td> <td>15.7p</td> <td>14.6%</td> </tr> </tbody> </table>	Year	AOP EPS (pence)	RoE %	2009	10.2p	10.4%	2010	14.3p	14.2%	2011	15.7p	14.6%	<ul style="list-style-type: none"> Deliver or exceed the 2012 business plan Improve USAM business flows and margin Deliver M&F step change targets Continue Nedbank Retail repositioning and focus on growing Non-Interest Revenue (NIR) Invest to improve LTS businesses in UK, International and South Africa Develop Luxembourg hub for European affluent business Leverage iCRaFT to drive a risk-adjusted approach to profitability
Year	AOP EPS (pence)	RoE %											
2009	10.2p	10.4%											
2010	14.3p	14.2%											
2011	15.7p	14.6%											
<p>Cost savings (£m) run-rate achieved and 2012 target¹</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Cost savings (£m)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>56</td> </tr> <tr> <td>2011</td> <td>89</td> </tr> <tr> <td>2012 Target</td> <td>90</td> </tr> </tbody> </table>	Year	Cost savings (£m)	2010	56	2011	89	2012 Target	90	<ul style="list-style-type: none"> Collaboratively explore and pursue African growth opportunities (Nedbank, M&F and Old Mutual Emerging Markets (OMEM)) Develop our Global Distribution capability to attract incremental asset flows Encourage and support mobility between businesses Leverage core capabilities across Group (eg in the areas of IT, back-office processing and product knowhow) 				
Year	Cost savings (£m)												
2010	56												
2011	89												
2012 Target	90												
<p>Cultural entropy and engagement 11%-27% 42%-66%</p> <p>The range of Cultural Entropy scores across the Group businesses. This is a new measure from the Culture Survey: the lower the score, the healthier the culture.</p>	<ul style="list-style-type: none"> Embed ACT NOW! behaviours across the Group and measure progress through the annual Culture Survey Develop the leadership pipeline and invest in the next generation of leaders Improve diversity of senior teams 												
<p>Financial Groups Directive (FGD) surplus £bn</p> <table border="1"> <thead> <tr> <th>Year</th> <th>FGD surplus (£bn)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>1.5</td> </tr> <tr> <td>2010</td> <td>2.1</td> </tr> <tr> <td>2011</td> <td>2.0</td> </tr> </tbody> </table>	Year	FGD surplus (£bn)	2009	1.5	2010	2.1	2011	2.0	<ul style="list-style-type: none"> Take actions to meet £1.7bn enhanced debt reduction target Complete the sale of the Nordic and Finnish businesses and return capital to shareholders Continue to explore options for an IPO of USAM Actively manage Bermuda to mitigate risks Optimise Group balance sheet and capital structure Ensure corporate functions are fit for purpose and cost-effective 				
Year	FGD surplus (£bn)												
2009	1.5												
2010	2.1												
2011	2.0												

¹. Numbers restated for discontinued operations

BUSINESS MODEL

We bring a range of resources, expertise, people and processes together across our businesses in order to develop the customer proposition and experience, thereby driving value for shareholders, employees and bond holders.



¹ Group Core operations

² AOP before tax and non-controlling operations

Our five strategic priorities

- 1** Develop the customer proposition and experience
- 2** Deliver high performance in all business units
- 3** Share skills and experience across the Group
- 4** Build a culture of excellence
- 5** Simplify our structure to unlock value

Our business model is simple – driving value for shareholders by harnessing the resources and skills we have across the Group into Savings, Protection and Investments.

Meeting customer needs

In our long-term savings, protection and investment business we look after and grow our customers' money, offering financial security against single or multiple events.

For example, we provide for them in retirement through pensions and annuities and help them to save for their children's education.

We provide them with appropriate and tax-efficient investment products, and protection products offering life assurance and disability benefits. In emerging markets we also provide products to help them save for their own and their family's funerals – these have particular cultural importance in many of the countries we serve.

Multiple customer interactions

Customers buy our products either directly or through an intermediary such as an independent financial adviser. This generates inflows of cash.

At the same time we also make payments to our customers – returning their money in line with our promise. This generates outflows of cash.

Our aim is that, in any period, our net flow – ie inflows less outflows – should be positive. This increases our overall funds under management.

Investment dynamics

We invest customers' funds, and their value rises or falls with the underlying markets.

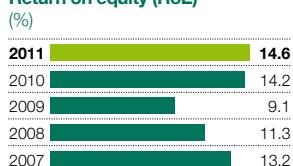
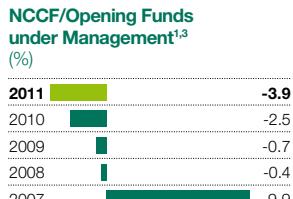
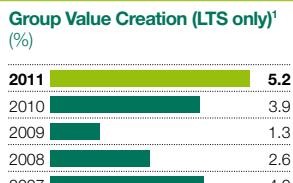
We earn fees on the funds we manage. This, combined with tight expense management, generates profits and cash. Cash generated is used both to invest in future growth and to reward our shareholders.

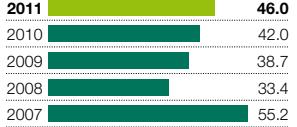
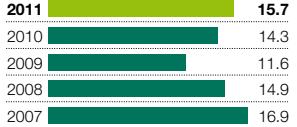
Long-term need for our products

Our markets are characterised by resilience and stability. Whatever happens in the world economy or the equity and currency markets, the basic need of consumers around the world to save for critical life events and for retirement, against a background of declining state and corporate support, does not change.

KEY PERFORMANCE INDICATORS (KPIs)

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

Financial KPI definition	Relevance											
Return on Equity (RoE)%	Return on Equity is an indicator of our profitability and efficiency, demonstrating how much profit has been generated from the resources provided by our shareholders.	Return on equity (RoE)¹ (%)  <table> <tr> <td>2011</td> <td>14.6</td> </tr> <tr> <td>2010</td> <td>14.2</td> </tr> <tr> <td>2009</td> <td>9.1</td> </tr> <tr> <td>2008</td> <td>11.3</td> </tr> <tr> <td>2007</td> <td>13.2</td> </tr> </table>	2011	14.6	2010	14.2	2009	9.1	2008	11.3	2007	13.2
2011	14.6											
2010	14.2											
2009	9.1											
2008	11.3											
2007	13.2											
Net Client Cash Flow (NCCF)/Opening Funds under Management %	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 manage their funds effectively.	NCCF/Opening Funds under Management^{1,3} (%)  <table> <tr> <td>2011</td> <td>-3.9</td> </tr> <tr> <td>2010</td> <td>-2.5</td> </tr> <tr> <td>2009</td> <td>-0.7</td> </tr> <tr> <td>2008</td> <td>-0.4</td> </tr> <tr> <td>2007</td> <td>9.9</td> </tr> </table>	2011	-3.9	2010	-2.5	2009	-0.7	2008	-0.4	2007	9.9
2011	-3.9											
2010	-2.5											
2009	-0.7											
2008	-0.4											
2007	9.9											
Group Value Creation % (Long-Term Savings only)	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 (LTS only)¹ (%)  <table> <tr> <td>2011</td> <td>5.2</td> </tr> <tr> <td>2010</td> <td>3.9</td> </tr> <tr> <td>2009</td> <td>1.3</td> </tr> <tr> <td>2008</td> <td>2.6</td> </tr> <tr> <td>2007</td> <td>4.0</td> </tr> </table>	2011	5.2	2010	3.9	2009	1.3	2008	2.6	2007	4.0
2011	5.2											
2010	3.9											
2009	1.3											
2008	2.6											
2007	4.0											

Financial KPI definition	Relevance											
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.	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 Margin¹ (basis points)  <table> <tr> <td>2011</td> <td>46.0</td> </tr> <tr> <td>2010</td> <td>42.0</td> </tr> <tr> <td>2009</td> <td>38.7</td> </tr> <tr> <td>2008</td> <td>33.4</td> </tr> <tr> <td>2007</td> <td>55.2</td> </tr> </table>	2011	46.0	2010	42.0	2009	38.7	2008	33.4	2007	55.2
2011	46.0											
2010	42.0											
2009	38.7											
2008	33.4											
2007	55.2											
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 Share¹ (pence)  <table> <tr> <td>2011</td> <td>15.7</td> </tr> <tr> <td>2010</td> <td>14.3</td> </tr> <tr> <td>2009</td> <td>11.6</td> </tr> <tr> <td>2008</td> <td>14.9</td> </tr> <tr> <td>2007</td> <td>16.9</td> </tr> </table>	2011	15.7	2010	14.3	2009	11.6	2008	14.9	2007	16.9
2011	15.7											
2010	14.3											
2009	11.6											
2008	14.9											
2007	16.9											
Non-financial KPI definition	Relevance											
Customer numbers Measured by the total number of customers of the Long-Term Savings division.	The size of the customer base is an indication of the scale of the business. Growth in the number of customers indicates that we have an attractive proposition for new customers and are satisfying the needs of our existing customers.	Customer numbers⁴ (millions)  <table> <tr> <td>2011</td> <td>7.0</td> </tr> </table>	2011	7.0								
2011	7.0											

¹ Numbers are as reported and historical figures have not been restated to make consistent with 2011/2010.

² IFRS – International Financial Reporting Standards.

³ The core continuing business (excluding Dwight, Lincluden and OMCAP, which were held for sale at 31 December 2011) showed an improvement from -1.1% in 2010 to -0.1% in 2011.

⁴ Customer numbers are reported for the first time in 2011. Customer numbers prior to 2011 are not available.

Helping customers make the most of their lives is something we have been doing for over 165 years. The following three case studies highlight how we offer financial solutions, as well as being there for our customers when it really matters.



Willem Esau believes that the full recovery he has made from his heart attack is not only down to good medical care, but also to the years of sound financial advice received from his Personal Financial Adviser, Christof Spies.

Willem fell ill while travelling, so Christof arranged for him to be taken to the specialist heart unit of a nearby hospital. Willem's medical plan covered almost all of his hospital costs, while *Greenlight*, Old Mutual's leading risk cover solution, provided for loss of earnings while he recuperated.

Within a month of lodging his claim with Old Mutual, Willem received his payout which he has invested, once again following Christof's advice. This has enabled Willem to concentrate on making a full recovery without the stress of worrying about money.

"Tens of thousands of people survive heart attacks each year," Christof says. "But they may not be able to work for some time, and that can be really worrying. Knowing you're financially prepared is good for your peace of mind. And I should know: I have the same cover as Willem."

Above: Willem Esau Old Mutual customer

Right: Christof Spies Old Mutual Personal Financial Adviser and Willem Esau



Our offering for customers not only focuses on choosing the best possible solutions, but also on personal service, when it really matters.

Christof Spies (on the left) with Willem Esau
Personal Financial Adviser



STRATEGY IN ACTION

We are here to help and guide through difficult times when we can.



Early in 2011, a Skandia customer transferred no fewer than 18 separate UK pension schemes to Aurora Quantum – our market-leading overseas pension scheme based in Guernsey.

Following our customer's untimely death, his widow needed detailed financial planning and taxation advice which we were able to help provide. As a result, she has been able to minimise UK inheritance tax on the fund, achieve flexible and tax-efficient income in the future as a UK resident and structure her investments so as to manage

potential inheritance tax on her own estate for her heirs.

Together with the customer's Independent Financial Adviser, we have been able to help our customer at a traumatic time, and to structure her affairs securely and efficiently, using a number of separate trusts and solutions from Skandia International and Royal Skandia.

In fact, she was so satisfied with our service that she subsequently used us for a substantial additional investment.

Above and right: Bill Davey, Independent Financial Adviser and his assistant, Rebecca Ward



Making the right decisions about your finances involves more than just choosing a good product. We are here for our clients to guide them through every stage of their life.

Bill Davey

Independent Financial Adviser

STRATEGY IN ACTION

We are dedicated to going that little bit further for our customers.



One long-standing customer is a 91-year old grandmother, who has no telephone and lives in a remote part of KwaZulu-Natal in South Africa.

When an issue arose with her pension, she couldn't come to see us, so we had to go to see her.

Old Mutual prides itself on going the extra mile for customers, and Bongani Ncanana certainly did that. He drove more than 200 kilometres in a 4x4 along some of the roughest back roads, to get to where she lives.

He had to cross a river – which had no bridge – and he was glad of an offer from local people to push his car if it got stuck.

The customer was surprised to see him. Normally, she said, insurance people would only come when they were looking to sell something!

However, the reason for Bongani's trip was just the opposite. She had not submitted a certificate of existence to Old Mutual for almost 20 years, and was entitled to a substantial payout. This was made to her in full just a few days later.

Above and right: Bongani Ncanana, Old Mutual Corporate Consultant



We are always
willing to go the
extra mile for
our customers.

Bongani Ncanana
Old Mutual Corporate Consultant



It is very satisfying to report to you that, having committed ourselves to a significant re-shaping of our Group and improved financial performance, 2011 marks a milestone in the achievement of those goals.

Our asset disposal programme not only allows us to restructure and substantially strengthen our balance sheet, but also to deliver real shareholder value through the proposed special dividend to be paid once the sale of our Nordic business has been completed. Reflecting the progress that has been made, particularly during the last year, your company was, as the year began, the best performing insurance stock in the FTSE 100 Index in terms of total shareholder return over the past three years.

During 2011, we completed the sale of our US Life operation and the closure of our Swiss business, in line with the commitments to simplify the Group that we gave to shareholders and our wider stakeholder interest group in 2010. We are on track to complete the disposal of our Nordic businesses later this month. We have recently announced the sale of our business in Finland and of Dwight, one of our US Asset Management affiliates. We have also repaid £0.6 billion of debt to date as we move to complete our £1.5 billion debt repayment programme by the end of the current year.

While AOP IFRS earnings per share grew to 15.7p from 14.3p (after taking account of our Nordic operations being treated as discontinued), our net result after tax and minorities recorded a profit of £667 million following a loss of £282 million in 2010. With the benefit of the forthcoming receipt of the proceeds of sale from our Nordic operations, we have indicated our intention to increase our overall debt repayment target by a further £200 million beyond the previously-targeted figure of £1.5 billion in due course.

The Company's recovery and progress during the past three years are reflected in the remuneration of senior management, as described in more detail in the Remuneration Report, showing that we have successfully aligned management incentives with

the delivery of shareholder value. I am pleased to note that the value created will also benefit the many participants around the Group in our various employee share schemes.

Board

We have continued the process of refreshing the Board, with the retirements of Rudi Bogni and Nigel Andrews at last year's AGM and the recruitment, announced today, of Nku Nyembezi-Heita. We believe that her experience of the South African business world will be directly relevant to our strategy to grow our emerging markets businesses and I welcome her to the Board. Her appointment, along with that of Eva Castillo which I reported last year, has helped us already to achieve our 2013 year-end target for gender diversity on the Board.

Dividends and share consolidation

As well as the 18p per share special dividend that is to be paid following the completion of the Nordic sale, we have announced a significantly increased final dividend for the year of 3.5p per existing share, equivalent to 4.0p per new ordinary share once our shares have been consolidated. The final dividend will be paid on 7 June 2012 at the same time as the special dividend and I would draw to your attention the full timetable for the final and special dividends and the share consolidation, which is set out in the Shareholder Information section of this document. We anticipate further progression in our ordinary dividends over the coming years. In light of the complexity involved in our share consolidation, we have decided not to offer a scrip dividend alternative for this year's final dividend and the Board will decide later this year whether to offer such an alternative for the 2012 interim dividend.

Annual General Meeting

Our AGM will be held in London on 10 May 2012 and will again be webcast. There will also be an opportunity for shareholders to submit questions to be dealt with at the

As we complete our three-year turnaround plan this year, we look to the future with confidence that we will continue to grow value for shareholders, while meeting our obligations to all our stakeholders.



meeting. The shareholder circular relating to the AGM includes further details of these matters.

Shareholder communications

We are seeking to improve the efficiency with which we communicate with shareholders and to reduce our environmental footprint. To this end, we will be moving, later in 2012, towards using electronic communications to a greater extent than currently. Over 50,000 of our shareholders already use electronic communications and we anticipate that significant savings can be achieved through a more general migration to electronic communications as the default option. Further details of what is involved (including an option to continue to receive physical documents) will be sent to shareholders later this year.

Other matters

I am conscious of the role that companies like ours need to play in the wider communities in which we operate. I am therefore particularly pleased to see the success of our Infrastructure, Housing and Agricultural funds in Africa and the real difference these are making to local people.

I would like to express my and the Board's appreciation for the exceptional work that employees of the Group have done during the year. Our recovery and current strength are due to the continuing efforts of all of our staff around the world.

Future

The Group enjoys a much stronger balance sheet and greater strategic focus as a result of the achievements of the past year. The strength of our businesses in South Africa encourages the Group to explore new African markets selectively, while we are also aiming to improve our wealth management businesses so that they will succeed in the ever more demanding developed markets driven by regulatory changes. As we complete our three-year turnaround plan this year, we look to the future with confidence that we will continue to grow value for shareholders, while meeting our obligations to all our stakeholders.

Patrick O'Sullivan

Chairman
9 March 2012

GROUP CHIEF EXECUTIVE'S STATEMENT



Introduction

A year of delivery

This has been a year of both operational and strategic delivery for Old Mutual, including the imminent sale of our Nordic operations, which are therefore not included in the Group's adjusted operating results for 2011. Our IFRS basis adjusted operating profit (IFRS AOP or AOP) was up 14% due to improved trading and the operational improvements implemented by management over the last few years. Group return on equity (RoE) was up 40 basis points at 14.6%.

This excellent performance was delivered against a backdrop of testing macro-economic conditions and continued economic uncertainty in a number of our markets. We have continued to focus on delivering our strategy and remain on track to meet, and in some cases exceed, our 2012 targets.

The Group is in a strong financial position. At 31 December 2011, our FGD surplus was £2.0 billion and we had total liquidity headroom of £1.5 billion. On 21 March 2012 we expect to receive £2.1 billion in cash from the disposal of the Nordic business.

Streamlining and simplifying the business

In 2011, we made significant progress in delivering our strategy: to build a long-term savings, protection and investment group by leveraging the strength of our people and capabilities in South Africa and the rest of the world, which will enhance value for both our customers and shareholders, and enhance our overall RoE.

When we announced this strategy in March 2010, we undertook to create value for both shareholders and policyholders. In 2011, we have made significant progress in this regard. We continued to streamline and simplify our business:

- Concluded the sale of US Life for \$350 million
- Closed Switzerland to new business
- Agreed the sale of our Nordic business to Skandia Liv for £2.1 billion
- Announced the sale of our Finnish business to OP-Pohjola Group
- Decided to consolidate our other European businesses under one management team.

We continue to explore a partial IPO of our US Asset Management (USAM) business in line with our stated strategy, but we remain focused on building margins, improving investment performance and driving growth in the business.

While we have already taken considerable steps in restructuring the Group, we will continue to evaluate the optimum shape of the business and will consider all options in the pursuit of creating value for shareholders and policyholders alike. We will continue to be guided by our strict criteria for keeping businesses within the Group.

Meeting our targets

In March 2010, we set ourselves challenging targets: two thirds of the way through our three-year strategy, we have either met, exceeded or are well on track to achieve these goals. We set ourselves a target of reducing £100 million of costs across the Group and at the 2011 year end had delivered £111 million in run-rate savings. Our Long-Term Savings (LTS) business was tasked with improving its RoE to between 16% and 18%; in 2011, it achieved an RoE of 20% (18% including Nordic). We said we would reduce our Group net debt by £1.5 billion by the end of 2012 and, with the proposed disposal of the Nordic business, we will achieve this target and now intend to repay debt of £1.7 billion, having achieved a £0.6 billion reduction so far.

Focusing the business

Our strategic imperative is to become more customer-focused and to leverage our strengths across our businesses. We have refocused our LTS businesses to ensure that they are aligned with customer needs and have identified four key customer segments which we will serve: the Retail Mass market in Emerging Markets; the Retail Affluent market, primarily in Europe and South Africa; the International Affluent; and the Institutional market.

We are rolling out a measure of customer advocacy, the Net Promoter Score, across our Group to monitor how satisfied our customers are with our service. Our businesses in South Africa, the UK, Sweden and the Skandia International business all won various awards in 2011 for superior customer service. Nedbank successfully launched mobile banking in South Africa, with 652,000 customers already signed up.

We have continued to seek ways of leveraging our strengths across our businesses. We are looking to roll out our *Greenlight* protection product into more

territories this year, following its successful launch into Mexico in 2011. Our tied agency force in Mexico has benefited from the expertise we have in South Africa. We launched a new product into Colombia, with South Africa providing the back office servicing, information technology (IT) and product support.

We will continue our restructuring programme with USAM, working to achieve the required operating margin and net client cash flow (NCCF) targets and we will invest in Mutual & Federal (M&F) to strengthen its franchise.

£1,515m
Adjusted Operating Profit

We have further strengthened our operational management team across the Group. Ian Gladman, previously Co-Head of Financial Institutions, EMEA for UBS Investment Bank, was appointed Group Strategy Director and a member of the Group Executive Committee (GEC). As part of the strategy portfolio handover, Don Hope has now stepped down from the GEC and will retire at the end of 2012. Sue Kean was appointed Group Risk Officer and has joined the GEC; Ralph Mupita has been appointed Chief Executive of LTS's Emerging Markets business; Paul Feeney, formerly head of distribution of BNY Mellon, has been appointed Chief Executive of LTS's Asset Management business; and Peter Todd has been appointed Managing Director of M&F.

Looking forward

We now have an attractive and resilient business portfolio. We have three excellent businesses in South Africa: the life and savings business of Old Mutual; Nedbank; and M&F. We have significant presence in selected emerging markets which have sizeable populations, under-penetrated financial services markets and strong gross domestic product (GDP) growth. We also have specialist, low-risk businesses in European markets, which include the leading platform in the UK. The new management team at USAM is addressing the issues of margin, investment performance and growth.

While there has been a significant amount of change over the past two years, we remain committed to

GROUP CHIEF EXECUTIVE'S STATEMENT

CONTINUED

building a long-term savings, protection and investment Group and to drive and support Nedbank to become Africa's most admired bank. We will continue to put the customer at the centre of the business and provide them with innovative, transparent and flexible products. We will maintain tight control on costs; a disciplined approach to risk management, governance and allocation of capital; we will seek to ensure that everything we do improves the businesses we own and will provide value to our shareholders and our customers.

Our vision, strategy and strategic priorities remain unchanged. We will continue to deliver shareholder value by putting the customer first in everything we do, building high performance businesses, sharing our core competencies across the Group, embedding our culture of excellence and simplifying the Group's structure to unlock shareholder value.

Review of Operations

Long-Term Savings

Our LTS division delivered strong results for the year with operating profits of £793 million, up 3% on a constant currency basis. This was driven by strong profit growth in our Emerging Markets business. We have strengthened the capabilities of these businesses and are seeing cohesion in the management of business units across geographies.

Emerging Markets

This has been another good year for Emerging Markets, with the business continuing its growth momentum and showing an increasing breadth across its geographic and customer footprints. Local currency sales were up and NCCF showed a particularly good uplift from the prior year.

In 2011 South Africa delivered another good performance, with AOP growing by 5%. The Mass Foundation Cluster had another excellent year and we expect this strong growth to continue. In Retail Affluent, we saw double-digit profit growth and we believe that it will continue to show good growth potential for us.

Our South African Corporate business had an excellent second half. Additionally, the Group created more than 1,500 jobs in 2011.

We see exciting growth opportunities for Old Mutual across sub-Saharan Africa and we are actively exploring means for organic and inorganic growth on the continent. As part of this growth plan, and as we announced in February 2012, our non-binding offer has been accepted by Ecobank Transnational Incorporated (ETI) for the purchase of Oceanic Life, a Nigerian life assurance company acquired by ETI when it bought the Oceanic Group in November 2011. Oceanic Life has a Net Asset Value of \$16 million and approximately 2% of the Nigerian life assurance market. ETI, with whom Nedbank has a strategic alliance, is the leading

independent regional banking group in Africa, with operations in 32 countries across the continent. We have signed a 10-year agreement with ETI in Nigeria to distribute our products through their branch network.

We already have a management team in Nigeria and Nigeria will act as a hub for our expansion into West Africa. Similarly we plan to expand into East Africa from our established base in Kenya and into other African countries where we see value-creating opportunities. This expansion will be via our 'business in a box' model which uses common products, IT, systems and processes that can be replicated across markets, after allowing for local market requirements, with limited customisation. We are on track to meet our target of the Rest of Africa recording profits equal to 10% of South Africa's profits by the end of 2012 and 15% by the end of 2015.

Wealth Management

Wealth Management performed well, building on 2010's momentum, despite the effects of the eurozone crisis. In the UK, we saw a continuation of the trend of Independent Financial Advisers (IFAs) transferring their business to platforms. We now have around 9,000 IFAs using our platform, with our assets increasing by 13% to approximately £19 billion and NCCF of a pleasing £3.3 billion.

We see a number of areas of growth for our platform which we are actively addressing, including increasing decumulation options, alternative investment options and passive investments. It is apparent that our platform customers would like to have more online access to their investments on our platform, and we are working with IFAs to determine the level of demand for them to be able to authorise wider access to the platform for their customers. We are excited about the opportunities we believe that the Retail Distribution Review (RDR) will present to our business and we are confident that we are well placed to succeed through: our size, as the platform with the most funds under management (FUM); our financial strength and stability; and our effective technology. Skandia International is also developing a market-leading end-to-end wealth management service called 'Wealth Interactive', which will also be RDR-compliant for UK clients.

We are combining our Wealth Management Continental Europe business, which comprises France and Italy, with Skandia Retail Europe to create Wealth Management Europe. This new business unit will increasingly focus on the Retail Affluent market, which encompasses 30 million households, holding €2.3 trillion of assets, growing at 5% per annum and is a market we believe is currently underserved. The new business unit brings together 736,000 customers, over €11 billion of FUM and 800 employees. The integration will continue throughout 2012 and we will be implementing further

plans to improve our product offering and customer service. Wealth Management Europe will be reported as part of Wealth Management in future.

Asset Management

We have appointed Paul Feeney as Chief Executive of the LTS Asset Management business, which primarily comprises Old Mutual Investment Group South Africa (OMIGSA) and Skandia Investment Group (SIG). In line with our client-centric business philosophy, OMIGSA is splitting its central research team to align the research analysts better with specific equity boutiques and their unique philosophies.

During the period, OMIGSA raised R9.3 billion for its Housing Impact fund, which aims to provide 120,000 new low-cost houses, and a further R1.2 billion for a schools and education fund in South Africa. In total across Old Mutual, we had £2.8 billion of FUM in social, environmental and transformation-related investments, including OMIGSA's Housing Impact fund, the South African Schools and Education fund, *Futuregrowth's* Agri fund in South Africa and the African Infrastructure Investment Managers fund.

We will continue to deliver shareholder value by putting the customer first in everything we do.

Nedbank

Nedbank performed well for the year, reflecting the benefits of disciplined execution of its business plans and excellent progress with key strategic initiatives. Headline earnings grew strongly, by 26.2%, to R6,184 million for the year (2010: R4,900 million), driven primarily by 16.6% growth in non-interest revenue (NIR), net interest margin expansion and continued improvement in Nedbank Retail's credit loss ratio.

These results were underpinned by continued delivery on our key strategic focus areas of repositioning Nedbank Retail, growing NIR and implementing the portfolio tilt strategy. In the Rest of Africa we deepened our strategic alliance with ETI by providing a facility in support of ETI's corporate development programmes, including its transformational banking acquisition in Nigeria, and as a result secured rights to acquire up to 20% of ETI within two to three years.

Mutual & Federal

M&F delivered a sound underwriting result in 2011, with results reflecting a more normalised year compared

to the very favourable trading conditions and benign claims environment in 2010. Management is focused on managing its expense base and on driving premium growth through alternative distribution channels including: direct through iWyze; underwriting management agencies; and niche businesses. iWyze continues to meet its targets for growth in premiums and is performing in line with our expectations.

As part of the Group's ongoing capital management programme, M&F restructured its capital base and paid nearly R1 billion in ordinary and special dividends in 2011.

US Asset Management

The new management team at USAM are focused on building the multi-boutique business around long-term, institutionally-driven, active asset management to generate alpha for our clients. This focus has led to the announcement of the disposal of the Dwight, Old Mutual Capital (OMCAP) and Lincluden affiliates. Building our global distribution capability is key for USAM's future growth and we have appointed Julian Ide, who was previously Head of Institutional Business at BBVA Asset Management, to lead OMAM UK and the global distribution effort.

In USAM's continuing operations we are seeing improving margins and an improvement in investment performance at the affiliates. For the year ended 31 December 2011, 62% of assets outperformed benchmarks, compared to 57% at 31 December 2010. Over the three- and five-year periods to 31 December 2011, 68% and 67% of assets outperformed benchmarks, compared to 49% and 65% at 31 December 2010. The increase was driven by improving performance in International Equity and Global Fixed Income. There are early signs of an improvement in NCCF and we believe that this trend will continue, providing we maintain good investment performance.

South African Empowerment

In South Africa in 2011, OMSA and Nedbank maintained a Level 2 rating status and M&F a Level 3 rating status as Broad-Based Black Economic Empowerment contributors.

Outlook

While we remain cautious over the timing of any end to the current uncertain and volatile economic climate, we are confident that our unique mix of businesses, and our financial strength and flexibility, will allow us to continue to deliver value to our shareholders.

Julian Roberts

Group Chief Executive
9 March 2012

Julian Roberts answers questions on Old Mutual's achievements in 2011 and what lies ahead for the Group.

1. What do you see as the Company's key achievements over the course of 2011?

This has been a year of significant delivery both operationally and strategically for Old Mutual. We have seen good growth across the Group and a particularly pleasing performance from our Emerging Markets business, and I am delighted the Board was able to declare a total dividend for the year of 5p per share, 25% up on 2010 and in line with our progressive dividend policy. This is in addition to the planned special dividend of 18p per share following the sale of our Nordic operation.

We have remained focused on delivering the strategy that we announced in March 2010 and on creating sustainable, long-term shareholder value.

We said we would streamline and simplify the Group and have taken significant steps towards doing this. We have sold our Nordic business for a cash consideration of £2.1 billion subject to shareholder approval; we have agreed the sale of our Finnish business; we have closed Switzerland to new business; and we have completed the sale of US Life. Furthermore, we are consolidating our mainland European businesses – Retail Europe and the Italian and French businesses – under a new entity to be managed within the Wealth Management unit.

In March 2010, we set out a number of targets to achieve by the end of 2012 and, two years into this three-year programme, we are well on the way to meeting our aims. Excluding Nordic, we have delivered £89 million of run-rate savings versus our target of £90 million a year, the target having been adjusted for the Nordic sale. For our Long-Term Savings business, we set a return on equity target of 16% to 18%, and in 2011 it achieved an RoE of 20%.

We are making good progress in achieving our £1.5 billion debt-reduction target for the end of 2012, with £600 million already repaid by March 2012. Following the sale of our Nordic business, we have decided to look to repay an additional £200 million of debt in due course.

2. Now you have sold the Nordic business, what is next for Old Mutual in 2012?

Our vision and strategy remain unchanged. We are focused on building a long-term savings, protection and investment business group.

We will continue to put our customers first. We believe that for us to be successful, understanding what our customers want, and providing it in a transparent and flexible manner will be key to our future growth.

In 2012, we must ensure that we keep building value in the Long-Term Savings businesses.

Our Emerging Markets business has grown very well over the past two years, and we will aim to maintain this level of growth. In the UK, this is a vital year as the Retail Distribution Review will be implemented from 1 January 2013. While we have the largest market share of assets under management amongst UK platforms, a key focus will be to broaden customer choice by offering more of our own products that customers can elect to include on the platform and therefore capture more margin. At US Asset Management, the volatile markets in 2011 made it a challenging year for our asset managers, but we have seen our investment performance continue to improve. It is critical that we maintain this improvement in 2012 as better investment performance should lead to improved net inflows.

While we did not actively try to sell the Nordic business, we have always said that we will look to create shareholder value where we can. In our view this deal creates value for both Old Mutual shareholders and Skandia policyholders.

3. How are you developing the Group's footprint in both developed and emerging markets?

In emerging markets, our focus is very much on sub-Saharan Africa, where we are already the largest life insurance and asset management company and where we plan to become a dominant financial services company.

These are markets that are demonstrating very attractive growth levels and have a rapidly growing population that is increasing its wealth, has limited Government provision of welfare and is currently underserved by financial services companies.

We have more than 165 years of experience of operating in Africa. We will look to build on our existing capabilities and technical expertise in South Africa to drive our growth. We know how to design and distribute products in emerging markets. We are experienced in running tied agency forces which we believe are key to distribution in Africa, but we are also harnessing new distribution channels such as cell phones. We can use a world-class and low-cost administrative base in South Africa.

We have stated our objective that Africa's profit contribution to the Group will be 15% of South Africa's by 2015. We will look to expand our footprint in the Rest of Africa through infill acquisitions and/or new business investment.

In developed markets, financial services are evolving rapidly, driven by regulatory developments, changing customer demand and reduced state support for people in retirement. The business models that will succeed in these markets are capital-efficient and offer transparency, choice and flexibility to consumers. We have the business model to thrive in this environment.

4. How are you leveraging the strengths of your operations in different regions across the globe?

This is one of the cornerstones of our strategy and I am pleased to say that we are making significant progress, although we still have more to achieve.

Our greatest asset is the deep and broad experience of our people and to this end we have substantially improved international mobility and opportunities. I am very pleased with how this has gone and provided role models for others.

We have used our expertise of running a tied agency in South Africa to help improve the productivity of our Mexican agency force. We believe this agency expertise will be vital when it comes to building our franchise in sub-Saharan Africa where we see using agents to distribute our products as key to growth.

In terms of product-sharing, we have launched the South African *Greenlight* product into Mexico and have already sold 1,534 policies. We see further opportunities to roll out *Greenlight* into other markets we operate in, for example in the UK. The joint venture between Old Mutual South Africa and Mutual & Federal to provide a direct offering, iWyze, is meeting our internal targets and Old Mutual Finance is interacting with our Mass Foundation customers in a way that they value and that leads to better service and lower costs.

We are able to benefit from leveraging our strength as a Group in our deployment of Information Technology and we have already taken some significant steps to achieve cost synergies in this area. These include outsourcing of voice and data infrastructure network services for our three South African businesses to Dimension Data and a seven-year deal with T-Systems for IT support services for Old Mutual South Africa and Mutual & Federal. We have set ambitious targets for further IT savings as we apply best practice techniques, remove duplication and redundancy, and improve delivery standards and customer service.

Key financial highlights**Adjusted operating profit
(pre-tax)****£793m**

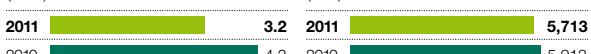
2010: £787m

Funds under management**£108.5bn**

2010: £117.9bn

Number of employees**22,851**

2010: 21,729

**Return on equity (RoE)
(%)****APE sales
(£m)****NCCF
(£bn)****MCEV (covered business)
(£m)****Non-covered sales
(£m)****Value creation – (VNB+experience
variance)/MCEV (%)****Our brands**

OLD MUTUAL



skandia

Long-Term Savings CEO and new members of the LTS Executive Committee**1 Paul Hanratty**CEO Long-Term Savings and
Chairman, Old Mutual South Africa**2 Ralph Mupita**Chief Executive Officer,
Emerging Markets, LTS**3 Rose Keanly**Director LTS Customer Services
and Administration**4 Paul Feeney**Chief Executive Officer,
Asset Management, LTS**5. Carlton Hood**

LTS Strategic Marketing Director

6. Bryce Johns

LTS Products & Proposition Director

The Long-Term Savings (LTS) division offers life assurance, pensions and investment products and operates in southern Africa, Europe, Asia and Latin America.

Overview

In each of our LTS markets, our vision is to be our customers' most trusted partner, passionate about helping them achieve their lifetime financial goals. We continue to develop LTS-wide management roles to ensure we exploit synergies and establish centres of excellence. These roles – covering IT, product, LEAN methodology, asset management and strategic marketing – are helping us to gain competitive advantage by delivering appropriate products and services efficiently. During 2011 we made continued progress in implementing this strategy, creating a centralised LTS Asset Management team and an LTS Strategic Marketing team.

The customer – at the heart of everything we do
Successful financial services businesses are those that understand their customers and put them at the very heart of the business. We aim to help them achieve their lifetime financial goals by providing these services through our life assurance, pensions and investment products:

- Advice (financial planning and investment)
- Savings solutions (for shorter-term goals)
- Investments (for long-term goals including retirement)
- Decumulation (post-retirement)
- Protection (life assurance and personal lines).

To help us put the customer at the heart of everything we do we are structuring the business around these customer segments. In future annual reports we will also review the LTS results using these customer segments.

Our current customer segments are split across the business units for which we disclose results in this report: Emerging Markets, Nordic, Retail Europe and Wealth Management. But following the corporate actions in Nordic and in Retail Europe referred to in the Group Chief Executive's review for 2011, we will operate LTS in two main business units in future, serving their own distinct territories:

- Emerging Markets will serve South Africa, sub-Saharan Africa and new emerging markets
- Wealth Management will serve the UK, International and Continental Europe.

These are described in more detail below:

Emerging Markets: Old Mutual South Africa (OMSA) is one of the largest and longest-established financial services providers 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. In Latin America we operate in Mexico and Colombia. In sub-Saharan Africa we operate across a broad range of countries including Swaziland, Namibia, Zimbabwe, Malawi, Kenya and Nigeria. In Asia we operate joint ventures with Kotak Mahindra in India and Guodian Corporation in China.

Wealth Management: Operating mainly under the Skandia brand we serve customers in the UK, across our offshore International bases and in selected European markets. Our offer is based on open and guided architecture accessed through unit-linked life insurance, pensions and mutual funds.



Find further details of the operational results of the business within the Financial Disclosure Supplements on: www.oldmutual.com/ir

LONG-TERM SAVINGS

CONTINUED

LTS provides high returns combined with high growth

High RoE and cash generation:	High revenue growth potential:	Opportunities to grow:
<ul style="list-style-type: none"> ■ South Africa Retail Affluent ■ South Africa Corporate ■ Namibia ■ Colombia 	<ul style="list-style-type: none"> ■ Wealth Management ■ South Africa Mass Foundation 	<ul style="list-style-type: none"> ■ Rest of Africa ■ Asia ■ Mexico
<ul style="list-style-type: none"> ■ Slower growth ■ Large market share ■ Generate high cash returns that fund new business, allow for acquisitions and support Group dividend 	<ul style="list-style-type: none"> ■ Lower profit generation relative to enterprise value ■ Higher cost bases ■ Potential for rapid profit growth on restructuring/efficiency gains ■ New business and growth largely self-funded ■ New business tends to be cash intensive where we pay for distribution 	<ul style="list-style-type: none"> ■ Require funding, at least until break-even ■ Rapid sales growth ■ New business tends to be capital-intensive ■ Potential to grow embedded/enterprise value rapidly ■ Cash generation in the medium term

During 2011 we made continued progress in streamlining our structure – announcing the sale of our US Life, Nordic and Finnish business units and the closure to new business of Skandia Switzerland. In the results disclosed in this report, Nordic has been treated as a discontinued business. In early 2012, we announced that we would be consolidating our Retail Europe business with Skandia France and Skandia Italy into Wealth Management Europe, within our Wealth Management business and alongside the UK and International businesses. This will allow us to serve our customer segments better in these countries, while giving shareholders an improved RoE.

Strategy

Our strategy aims to:

- Complement our strong, highly profitable and mature South African business by leveraging its 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
- Exploit capital, cost and revenue synergies between the various businesses.

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

For the next three years we have five strategic priorities:

- Build stronger relationships with our end customers across LTS
- Invest to build leading businesses in each of our chosen geographical areas
- Invest in core competencies to strengthen business performance
- Standardise and industrialise core systems and processes
- Build a single LTS organisation and culture.

Review of 2011 results

On a reported basis the Emerging Markets business accounts for: 72% of the LTS IFRS AOP earnings, 46% of LTS FUM, 43% of LTS APE sales; 63% of LTS operating MCEV earnings (covered business, post-tax); and 55% of LTS MCEV per share (covered business).

The analysis below is presented on a constant currency basis.

Continued operational delivery despite difficult markets

Key performance statistics:

	£m			
2011	Emerging Markets	Wealth Management	Retail Europe	Total
AOP (IFRS basis, pre-tax)	570	179	44	793
NCCF (£bn)	0.4	2.5	0.3	3.2
FUM (£bn)	49.9	54.4	4.2	108.5
Life assurance sales (APE)	524	611	72	1,207
PVNBP	3,295 ¹	5,269	549	9,113
Non-covered sales ²	8,147	4,669	20	12,836
Value of new business	99 ¹	70	8	177
Operating MCEV earnings (covered business, post-tax)	349	184	19	552
Adjusted MCEV per share (covered business)	56.9p	35.2p	10.6p	102.7p
Return on embedded value ⁴	11.9% ¹	9.3%	3.0%	9.3%
(VNB + experience variance)/MCEV (covered business) ⁴	6.8% ¹	5.0%	1.1%	5.2%

	£m			
2010 (constant currency) ³	Emerging Markets	Wealth Management	Retail Europe	Total
AOP (IFRS basis, pre-tax)	524	197	51	772
NCCF (£bn)	—	3.9	0.4	4.3
FUM (£bn)	46.6	55.9	4.8	107.3
Life assurance sales (APE)	473	734	70	1,277
PVNBP	3,175 ¹	6,380	519	10,074
Non-covered sales ²	6,762	4,507	23	11,292
Value of new business	83 ¹	66	7	156
Operating MCEV earnings (covered business, post-tax)	333	112	67	512
Adjusted MCEV per share (covered business)	49.7p ¹	36.2p	11.1p	97.0p
Return on embedded value ⁴	13.2% ¹	6.1%	12.8%	10.8%
(VNB + experience variance)/MCEV (covered business) ⁴	4.7% ¹	3.1%	2.2%	3.9%

	£m			
2010 (as reported) ³	Emerging Markets	Wealth Management	Retail Europe	Total
AOP (IFRS basis, pre-tax)	539	197	51	787
NCCF (£bn)	—	3.9	0.4	4.3
FUM (£bn)	57.0	55.9	5.0	117.9
Life assurance sales (APE)	487	734	69	1,290
PVNBP	3,269 ¹	6,380	513	10,162
Non-covered sales ²	6,962	4,507	23	11,492
Value of new business	86 ¹	66	7	159
Operating MCEV earnings (covered business, post-tax)	344	112	66	522
Adjusted MCEV per share (covered business)	60.7p ¹	36.2p	11.4p	108.3p
Return on embedded value ⁴	13.2% ¹	6.1%	12.8%	10.8%
(VNB + experience variance)/MCEV (covered business) ⁴	4.7% ¹	3.1%	2.2%	3.9%

¹. PVNBP and value of new business excluded Zimbabwe, Kenya, Malawi and Swaziland (the other African countries) in 2011 and 2010. The other African countries were excluded from Adjusted MCEV per share in 2010. Return on embedded value and (VNB + experience variance)/MCEV metrics for 2011 and 2010 excluded the other African countries from opening MCEV when calculated.

². Includes unit trust/mutual fund sales.

³. The year ended 31 December 2010 has been restated to reflect Nordic as discontinued.

⁴. Return on embedded value and (VNB + experience variance)/MCEV (covered business) were calculated in local currency, except for LTS where they were calculated on a reporting currency basis.

LONG-TERM SAVINGS

CONTINUED

These five core competencies will be key to our success as an integrated division:

- Advice-led distribution
- Insurance and investment solutions
- Superior investment returns
- Customer insight
- Digital connectivity.

In South Africa we already have scale and exceptional levels of quality, straight-through processing and low unit costs. We are experienced in developing products for sophisticated markets as well as simple products for low-income markets, and we have experience in pricing diverse risks. We run multiple distribution channels and have a comprehensive understanding of different types of distribution. We already have experience in leveraging these capabilities into high-growth markets such as India by sharing product experience, people and professional skills, systems and processes, and distribution knowledge.

Our Skandia businesses have built excellent market positions as capital-efficient businesses in the UK and offshore providers in many other international markets. They have a history of innovation, and the customer value that they deliver presents opportunities to take market share from more traditional, less customer-orientated competitors. As our customers move online, we are investing in the ability to provide world-class IT tailored for local markets while achieving international economies of scale. We aim to grow revenues while constraining costs and ultimately driving up operating performance through LEAN methodology.

As we leverage our capabilities in South Africa into emerging markets and improve the operational performance of our European businesses, we see opportunities to achieve synergies between them. Our businesses connect at a capital level and are well placed to benefit from the implementation of Solvency II expected in 2013. There are opportunities for both cost and revenue synergies. The cost synergies lie primarily in IT and in outsourcing some work to South Africa. The revenue opportunities lie in sharing product knowledge and ideas as well as what we know about building distribution channels.

Achieving our targets

To create shareholder value by rationing capital in an appropriate and sustainable way, we focus on four main areas. Each has associated measures to track performance, with targets clearly linked to management incentives:

- Driving revenue growth
- Reducing cost
- Synergies
- Capital efficiency.

Customer services and administration

Each LTS regional organisation currently has its own administration and IT structure, but these share many common products, processes, IT platforms and customer/intermediary interfaces. In line with our aim of putting the customer at the heart of everything we do, we have decided to operate customer service and administration across LTS in a more integrated manner in future. In December 2011 we announced that Rose Keanly had been appointed Director LTS Customer Services and Administration, with responsibility for customer service and administration in South Africa and all other LTS businesses.

Her immediate priorities are:

- Improving customers' service experience across the lifetime of their relationships with LTS
- Driving down unit costs
- Reducing operational risks
- Enabling faster entry into new markets, and launch of new products into existing markets, by maximising re-use
- Leveraging our South African capability and other areas of expertise more actively across the whole of LTS.

We are structuring the business around customer segments.

Outlook

In January 2012, we announced that we planned to bring together Wealth Management's Continental Europe business (France, Italy) and Retail Europe (Germany, Austria, Poland, Switzerland) to form one new business: Wealth Management Europe. The combined business brings together 736,000 customers across Europe and over €11 billion of FUM. Wealth Management Europe will be reported under the Wealth Management business unit in future.

We will proceed with the integration of the Retail Europe business during 2012. The product portfolio and customer service offering will be improved and organisational structures amended accordingly.

Job creation in South Africa, particularly in the public sector, is likely to see good growth in the medium term, underpinned by the Government's planned infrastructure spending.

In South Africa we anticipate that the full potential impacts of the FAIS regulatory exams will only emerge in 2012 and 2013. We have implemented extensive training plans and other measures to help our representatives pass the exams ahead of the revised 30 June 2012 deadline.

Together with other companies in the Group, Emerging Markets will continue actively to explore means for organic and inorganic growth in Africa. We are well positioned to grow into the rest of Africa by leveraging our established business bases in South Africa, Namibia and Zimbabwe. Using our expertise in these businesses we are able to design and export relevant products and low-cost IT infrastructure into new markets.

Our distribution capacity and use of technology to increase customer reach and reduce costs will accelerate in 2012. In particular we expect continued growth in our tied agency operations, with growth in the number of advisers and productivity. Higher new business standards will be the additional drivers of expected premium growth and the quality of new business.

The European government debt crisis diminished investor confidence, particularly in Q4 of 2011, reducing European investment market demand in the short-term. There was a particularly strong impact in the weaker European economies such as Italy. However, we expect steady progress for 2012 as a whole.

Our early and decisive management action in the UK positioned us well to deal with the impending changes to the industry brought about by the Retail Distribution Review (RDR). With the potential ban on cash rebates and the development in operating margins for legacy businesses we believe our plan for a fully unbundled charging structure, under which we will pass on rebates to customers, will give us an advantage over our peers. We are actively developing new protection and asset management products in anticipation of the new market structures. We are also testing new forms of interaction with customers that help their advisers provide services more efficiently.

Total gross sales on the UK Platform were £4.9 billion (2010: £4.9 billion), reflecting challenging markets especially in Q4. However, we believe our share of the Platform market continued to grow over the period. Taxation uncertainty and regulatory delays may impede our ability to act as swiftly as we wish, but we are confident that reform will be implemented in line with our expectations. UK sales growth may be constrained in 2012 by the lead-up to the RDR announcement and resulting investor uncertainty.

We anticipate the completion of the sale of our Finnish business in mid-2012. Post-tax profits for the business were approximately £12 million and were included in Wealth Management for 2011.

Key financial highlights

Adjusted operating profit
(pre-tax and minorities)

£755m

2010: £601m

Total Assets

£51.4bn

2010: £58.9bn

Number of employees

28,494

2010: 27,525



**Return on equity (excl. goodwill)
(%)**

2011	15.3
2010	13.4

**Net interest income
(£m)**

2011	1,549
2010	1,468

**Non-interest revenue
(£m)**

2011	1,324
2010	1,168

**Net interest margin
(%)**

2011	3.46
2010	3.35

**Credit loss ratio
(%)**

2011	1.14
2010	1.36

**Core tier 1 ratio
(%)**

2011	11.0
2010	10.1

Our brand



Banking



Mike Brown

Chief Executive, Nedbank

Nedbank is one of the four largest banking groups in South Africa measured by assets, with a strong deposit and wholesale banking franchise.

Overview

Nedbank is listed on the JSE Limited in South Africa as well as on the Namibian Stock Exchange, with a market capitalisation of £5.9 billion at the end of 2011. Old Mutual has a majority shareholding and owned 51.6% of Nedbank at 31 December 2011.

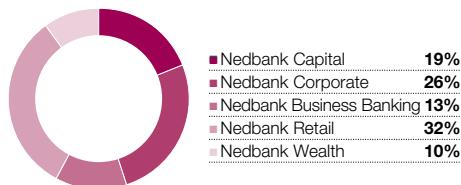
Nedbank is positioned as a bank for all and provides a wide range of wholesale and retail banking services and a growing insurance, asset management and wealth management offering through five main business clusters; Nedbank Capital, Nedbank Corporate, Nedbank Business Banking, Nedbank Retail and Nedbank Wealth.

Focused on southern Africa, Nedbank's vision is to build Africa's most admired bank by its staff, clients, shareholders, regulators and communities. Nedbank's key strategic areas for growth include the repositioning of Nedbank Retail, growing non-interest revenue and implementing the portfolio tilt strategy. In the rest of Africa Nedbank has recently deepened its strategic alliance with Ecobank by providing finance for a transformational banking acquisition in Nigeria and, in so doing, secured rights to acquire up to 20% of Ecobank Transnational Inc. within two to three years.

Nedbank is focused on entrenching and integrating economic, environmental, social and cultural sustainability across its businesses. Well acknowledged for its sustainability leadership as South Africa's 'green bank', Nedbank is the first and only carbon-neutral financial services organisation in Africa and continues to play a leadership role in environmental issues through participation in Conference of the Parties 17 (COP17), maintaining carbon neutrality, leading in water stewardship and being a signatory to the CEO Water Mandate of the United Nations Global Compact.

Nedbank is headquartered in Sandton, Johannesburg, with large operational centres in Durban and Cape Town, a regional branch network throughout South Africa and facilities in other southern African countries. These facilities are operated through Nedbank's eight affiliated banks and subsidiaries, as well as through branches and representative offices in certain key global financial centres that meet the international banking requirements of Nedbank's South African multinational clients.

Percentage of 2011 Headline Earnings from operating units



Find further details of the operational results of the business within the Financial Disclosure Supplements on: www.oldmutual.com/ir

Well positioned to build on the momentum from 2011

Highlights	2011	2010	Rm % change
AOP (IFRS basis, pre-tax)	8,791	6,799	29%
AOP (IFRS basis, pre-tax) (£m)	755	601	26%
Headline earnings*	6,184	4,900	26%
Net interest income*	18,034	16,608	9%
Non-interest revenue*	15,412	13,215	17%
Net interest margin*	3.46%	3.35%	
Credit loss ratio*	1.14%	1.36%	
Cost to income ratio*	56.6%	55.7%	
Return on equity*	13.6%	11.8%	
Return on equity (excluding goodwill)*	15.3%	13.4%	
Core tier 1 ratio*	11.0%	10.1%	

* As reported by Nedbank in its report to shareholders for the year ended 31 December 2011.

The full text of Nedbank's results for the year ended 31 December 2011, released on 29 February 2012, can be accessed on our website http://www.oldmutual.com/mediacentre/pressReleases/viewPressRelease.jsp?pressItem_id=16311. The following is an edited extract:

Review of 2011 results

Nedbank performed well for the year ended 31 December 2011, reflecting the benefits of disciplined execution of its business plans and excellent progress with key strategic initiatives.

Nedbank recorded strong headline earnings growth of 26.2% to R6,184 million for the year (2010: R4,900 million), driven primarily by 16.6% growth in NIR, net interest margin (NIM) expansion and continued improvement in the Nedbank Retail credit loss ratio.

Diluted headline earnings per share increased 25.4% to 1,340 cents (2010: 1,069 cents) and diluted earnings per share 27.7% to 1,341 cents (2010: 1,050 cents) in line with Nedbank's trading statement issued on 6 February 2012.

Return on average ordinary shareholders' equity (RoE), excluding goodwill, increased to 15.3% (2010: 13.4%) and RoE to 13.6% (2010: 11.8%), with the benefit of return on assets (RoA) improving to 0.99% (2010: 0.82%), partially offset by a reduction in gearing. Nedbank generated economic profit (EP) of R924 million (2010: economic loss of R289 million).

Nedbank is well capitalised, with the core tier 1 capital ratio at 11.0% (2010: 10.1%). Funding and liquidity levels remain sound. Liquidity buffers increased R18.0 billion to R24.0 billion and the long-term funding ratio increased to Nedbank's target level of 25.0%.

Net asset value per share continued to increase, growing by 9.4% to 10,753 cents at 31 December 2011 (2010: 9,831 cents).

During 2011 Nedbank continued to deliver on its vision of building Africa's most admired bank and its commitments to all stakeholders. Highlights for the key stakeholders include:

- For staff: creating 969 additional job opportunities, investing R303 million in leadership development programmes and continuing the positive shift in corporate culture
- For clients: paying out R116 billion in new loans; expanding the range of distinctive client-centred offerings; launching various new product innovations; keeping fee increases at or below inflation, with average retail banking fees remaining at levels similar to those in 2005; increasing footprint by 121 new staffed outlets and 389 ATMs; further extending banking hours in 59 branches and Sunday banking in 49 branches and, through restructures, having kept 13,900 families in their homes since 2009
- For shareholders: generating a 15.3% total shareholder return, delivering R924 million EP, declaring a total dividend up 26.0% as well as winning numerous reporting awards and the Financial Times and Banker magazine's Bank of the Year in South Africa for 2011
- For regulators: increasing capital levels and remaining well positioned for Basel III and the Solvency Assessment and Management regime; being one of the first South African banks to receive South African Reserve Bank (SARB) approval for using the advanced approaches for all three applicable risk types, and making cash contributions of R5.1 billion relating to direct, indirect and other taxation

■ For communities: making banking more accessible for the entry-level market and remote rural communities with initiatives such as Vodacom m-pesa; extending R1.8 billion in loans to black small to medium enterprises with a turnover of up to R35 million; assisting over 934 entrepreneurs under skills development programmes, including the emerging agriculture sector; contributing R78 million to social development; remaining a Department of Trade and Industry (DTI) level 2 contributor and increasing the DTI score to 95.2 from 89.5; spending R6.6 billion on local procurement and playing a leadership role in environmental sustainability through participation in COP17, maintaining our carbon neutrality, leading in water stewardship and being a signatory to the CEO Water Mandate of the United Nations Global Compact.

Prospects

Nedbank is well set for continued growth in 2012, building on the earnings momentum created in 2011 and the focus and success of the delivery on Nedbank's strategic initiatives.

There is potential for further uplift from any acceleration of the economic cycle, as Nedbank NIM should benefit from the positive effect of increased interest rates on endowment income, improved levels of advances growth and the prospect of lower credit loss ratios.

These drivers, along with Nedbank's operational and financial gearing, are likely to enable continued improvement in Nedbank's RoA and RoE.

Nedbank's medium- to long-term targets remain unchanged and are included in the table below, with an outlook for performance against these targets for 2012:

Metric	2011 performance	Medium- to long-term targets	2012 outlook
RoE (excluding goodwill)	15.3%	5% above average cost of ordinary shareholders' equity target.	Improving, remaining below target.
Growth in diluted headline earnings per share	25.4%	≥ consumer price index + GDP growth + 5%	Above the target level.
Credit loss ratio	1.14%	Between 0.6% and 1.0% of average banking advances	Improving into upper end of target.
NIR-to-expenses ratio	81.5%	> 85%	Improving, remaining below target.
Efficiency ratio	56.6%	< 50.0%	Improving, remaining above target.
Core tier 1 capital adequacy ratio (Basel II)	11.0%	7.5% to 9.0%	Strengthening, remaining above target.
Economic capital	Capitalised to 99.93% confidence interval on economic capital basis (target debt rating A, including 10% buffer)		
Dividend cover policy	2.26 times	2.25 to 2.75 times	2.25 to 2.75 times.

In the context of Nedbank's 2012 forecast for GDP growth, inflation and interest rates in South Africa, Nedbank's guidance for 2012 is as follows:

- Advances to grow at mid single digits
- NIM to remain at levels similar to those in 2011 and to benefit from interest rate increases
- The credit loss ratio to continue improving into the upper end of Nedbank's through-the-cycle target range
- NIR (excluding fair value adjustments) to grow at low double digits, maintaining Nedbank's ongoing improvement in the NIR-to-expenses ratio
- Expenses, including investing for growth, to increase by mid to upper single digits
- Nedbank to maintain strong capital ratios and continue to strengthen funding and liquidity in preparation for Basel III.

Key financial highlights

**Adjusted operating profit
(pre-tax)**

£89m

2010: £103m

Combined ratio

95.0%

2010: 92.4%

Number of employees

2,390

2010: 2,222



**Underwriting result
(£m)**

2011 30

2010 46

**Underwriting margin
(%)**

2011 5.0

2010 7.6

**Return on equity
(%)**

2011 14.9

2010 19.0

**Gross premiums
(£m)**

2011 761

2010 746

Some of our brands

MUTUAL & FEDERAL



Short-Term Insurance



Peter Todd

Managing Director

Mutual & Federal (M&F) is our short-term insurer in South Africa, with operations in Namibia, Botswana and Zimbabwe.

Overview and strategy

M&F provides a full range of short-term insurance products to commercial and domestic customers in five principal portfolios: Commercial, Corporate, Personal, Risk Finance and Credit.

Our strategy is to deliver strong underwriting profit and revenue growth by building a profitable multi-channel business through which we can deliver competitive customer value propositions. Our vision is to become the short-term insurer of choice.

Over the coming years, M&F will continue focusing on delivering operational efficiencies and driving growth through the core broker business as well as alternative channels including direct through iWyze, underwriting management agencies and niche businesses.

Our five strategic drivers are to:

- 1 Embed profitable and sound underwriting processes
- 2 Develop compelling and innovative offerings for targeted customer and broker segments
- 3 Grow our customer base by servicing customers through their channel of choice
- 4 Deliver value through efficient and customer-centric processes
- 5 Transform our business to benefit our people and other stakeholders.

Percentage of 2011 gross premiums



Find further details of the operational results of the business within the Financial Disclosure Supplements on: www.oldmutual.com/ir

SHORT-TERM INSURANCE

CONTINUED

Business profile	
Commercial	The Commercial portfolio is the largest, with a broad spectrum of customers ranging from small to medium businesses. It covers primarily property, liability, motor, engineering, marine and crop insurance risks.
Corporate	The Corporate portfolio focuses on corporate clients, from mid-size companies to large multinationals. Corporate offerings include protection, fire policies, accident policies and motor fleet insurance. The portfolio is staffed by specialists in corporate insurance, who support the major brokers in this sphere with expertise in mining, engineering, chemical production, motor manufacture and other major sectors.
Personal	The Personal portfolio provides household, motor and all-risk short-term insurance products to domestic customers of all ages and various financial groups. Our comprehensive personalised branded product, <i>Allsure</i> , continues to enjoy significant market support from the broker community. The portfolio also offers various white-labelled intermediary-branded products. It includes iWyze, the direct channel valubables insurance product, as well as a hospital cash plan, personal accident policies and low-cost products covering livestock and informal dwellings.
Risk Finance	The Risk Finance portfolio, comprising alternative risk transfer products, is provided by a well-regarded team which is recognised in the industry as one of South Africa's largest suppliers of risk financing solutions, primarily to medium-sized commercial customers.
Credit	The Credit portfolio is underwritten by a subsidiary of M&F with a market-leading position in credit insurance.

Review of 2011 results

M&F delivered a sound underwriting result in 2011, with results reflecting a more normalised year compared to the very favourable trading conditions and benign claims environment in 2010.

We increased our focus on achieving premium growth through alternative distribution channels, including direct through iWyze, underwriting management agencies and niche business.

iWyze, M&F's direct insurance joint venture with the Emerging Markets Mass Foundation distribution team, is progressing well and continues to meet premium growth targets. While there was continued investment in this start-up phase, including an increased headcount from 52 in 2010 to 206 in 2011, we are on track to deliver underwriting profitability in accordance with expectations.

As part of its ongoing capital management programme with the rest of the Group, M&F restructured its capital base and paid almost R1.0 billion of dividends in 2011. The company remains well capitalised, with a 66% international solvency ratio (the ratio of net assets to net premiums) at 31 December 2011. Working closely with the FSB and Group, M&F continues to make good progress in its preparation for Solvency II and its South African equivalent, Solvency Assessment and Management (SAM).

Solid performance while building a strong foundation for growth

Highlights	2011	2010	Rm % change
Underwriting margin	5.0%	7.6%	
Underwriting result	354	519	(32%)
Long-term investment return (LTIR)	625	639	(2%)
AOP (IFRS basis, pre-tax)	1,039	1,162	(11%)
Gross premiums	8,865	8,442	5%
Earned premiums	7,039	6,859	3%
Claims ratio	65.2%	63.8%	
Combined ratio	95.0%	92.4%	
International solvency ratio	66%	73%	
Return on equity	14.9%	19.0%	

Underwriting and IFRS AOP results

AOP was 11% down on 2010, due to a decrease in the underwriting result and a marginal decrease in the LTIR due to the lower prescribed rate applied in 2011.

RoE reduced from 19.0% to 14.9%, reflecting reduced after-tax profits compared to 2010.

Premiums increased modestly as softening rates offset unit growth. The commercial portfolio performed well in terms of client retention and underwriting profit. iWyze achieved outstanding premium growth in its first full year of operation and has already become a meaningful competitor in the direct market for personal insurance.

The underwriting result was 32% down on 2010, impacted by softening rates and the expected normalisation in claims patterns which saw the claims ratio increase from 63.8% in 2010 to 65.2%. The 2010 claims ratio benefited from unusually benign claims conditions in H2 2010, with abnormally low levels of commercial losses and very favourable climatic conditions.

Expenses increased, primarily due to investment in change management initiatives to improve client service and drive operating efficiencies, as well as development costs associated with iWyze.

The Credit Guarantee operation performed particularly well over the period, with other portfolios generating solid returns. The businesses in Namibia and Botswana continued to deliver satisfactory contributions.

Outlook

We anticipate real top-line growth in 2012, with increased contributions from alternative channels including direct through iWyze and underwriting management agencies.

Our further investment in change management initiatives over the next two years will directly improve the claims ratio while reducing the expense base over the medium-term. We expect this to lead to an underwriting margin that is sustainable throughout the underwriting cycle in the long-term and in line with the 2011 margin.

We continue to partner Old Mutual Emerging Markets in the rest of Africa to identify opportunities and exploit synergies.

iWyze achieved outstanding premium growth in its first full year of operation and has already become a meaningful competitor in the direct market for personal insurance.

Key financial highlights**Adjusted operating profit (pre-tax):**
Results from Continuing Operations^{1,2}**£82m**

2010: £73m

Operating margin (before NCI):
Results from Continuing Operations¹**22%**

2010: 20%

Number of employees**1,564**

2010: 1,537

**Adjusted operating profit (pre-tax):**

2011 £67m

2010 £72m

Funds under management:Results from Continuing Operations¹

2011 £128.8bn

2010 £133.5bn

Net client cash outflow:Results from Continuing Operations¹

2011 £4.2bn

2010 £8.2bn

Operating margin (before non-controlling interests (NCI)):

2011 18%

2010 18%

Funds under management:

Reported results

2011 £148.8bn

2010 £166.4bn

Net client cash outflow:

Reported results

2011 £15.3bn

2010 £12.0bn

¹ Excludes results of Old Mutual Capital, Lincluden, and Dwight Asset Management, as well as £7.5 million of restructuring costs in 2011.² Excludes gains/losses on seed capital which have been captured at the Group level. The comparative period has been restated accordingly.**US Asset Management****Peter Bain**

President and Chief Executive Officer

Trading as Old Mutual Asset Management (OMAM) and based in Boston, US Asset Management (USAM) delivers institutionally-driven, active investment management through its multi-boutique framework.

Overview

USAM's 17 boutique firms (affiliates) offer a diverse set of products to a wide range of institutions around the globe.

USAM supports its affiliates from the centre by providing selected product distribution, seed capital, risk management, technology, legal and internal audit capabilities. With strong support from a global wealth management organisation, affiliates can remain focused on generating superior investment performance for their clients.

2011 Funds under management mix



The new management team at USAM has taken steps to refine strategy and refocus the business. As part of that effort, several affiliate firms are being divested to improve USAM's longer-term financial performance. USAM is therefore presenting its results on two bases: reported results, and results from continuing operations. Results from continuing operations exclude the operating results of the affiliates being divested and certain restructuring costs.¹

Markets and strategy overview

US investors experienced highly volatile and unpredictable market conditions throughout 2011, with relatively flat equity market performance for the year. Globally, equities experienced declines in 2011, impacted by concerns over sovereign debt and the pace of the global economic recovery. Fixed income, alternative strategies, and emerging market equities were favoured by investors during 2011, while the other equity strategies, particularly US equities, continued to experience outflows.

Over 140 investment strategies across a wide array of categories

US Equities	Global & Non-US Equities	Fixed Income	Alternatives
<ul style="list-style-type: none">■ Large, mid, small, all-cap■ Growth, value, core	<ul style="list-style-type: none">■ Global, international, regional■ Emerging markets	<ul style="list-style-type: none">■ Long duration, intermediate, short-term■ Core, core plus, high yield■ TIPS■ Global, international, emerging markets	<ul style="list-style-type: none">■ Market neutral■ Hedge fund seeding■ Hedge fund emerging managers■ Managed futures■ Real estate (public, private, global)■ Timber

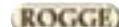


Find further details of the operational results of the business within the Financial Disclosure Supplements on: www.oldmutual.com/ir

US ASSET MANAGEMENT

CONTINUED

USAM boutique investment managers (Continuing Operations)¹

Affiliate	Established	Investment style	Funds under management 31 December 2011
 RBC GAMMA, RETAIL INVESTMENT & STRATEGIC INC.	1979	Fundamental US global & international value equity & US fixed income manager	\$59.7bn
 ROGGE	1981	Fundamental global fixed income manager	\$45.0bn
 ACADIAN	1986	Quantitative US, global & international equity manager	\$42.2bn
 HEITMAN A REAL ESTATE INVESTMENT MANAGEMENT FIRM	1966	Public and private real estate, real estate debt manager	\$19.2bn
 TSW Thompson, Seigle & Walbridge LLC PENSION INVESTMENTS	1969	Fundamental US/international value equity & fixed income manager	\$6.8bn
 OLD MUTUAL ASSET MANAGERS	1986	Fundamental & quantitative global and fixed income manager	\$6.2bn
 Analytic INVESTORS	1970	Quantitative equity & fixed income manager	\$5.9bn
 Campbell SOUTHERN	1981	Timber investment management company	\$5.8bn
 Ashfield CAPITAL PARTNERS	1973	Fundamental US growth manager	\$3.4bn
 ICM	1972	Fundamental US value equity manager	\$1.9bn
 ECHO POINT INVESTMENT MANAGEMENT	2010	Fundamental international growth equity manager	\$1.5bn
 Copper Rock CAPITAL PARTNERS	2005	Fundamental US small/SMID growth & global equity manager	\$1.2bn
 LARCH LANE ADVISORS LLC	1999	Multi-strategy fund of hedge funds manager & hedge fund seeding specialist	\$0.9bn
 360 GLOBAL INVESTMENT GROUP	1951	Fundamental US growth manager	\$0.4bn
 2100Xenon GLOBAL INVESTMENT GROUP	2005	Quantitative commodity trading adviser of managed futures portfolios	\$0.2bn

¹. Excludes two affiliates held for sale: Old Mutual Capital and Dwight Asset Management.

Continuing operations achieve improved financial results and reduced net outflows despite challenging markets

Highlights	2011	2010	\$m change
Reported results			
AOP (IFRS basis, pre-tax)			
AOP (IFRS basis, pre-tax)	107	111	(4)%
Operating margin, before non-controlling interests	18%	18%	
Operating margin, after non-controlling interests	15%	15%	
Net client cash flows (\$bn)	(24.6)	(18.4)*	(34)%
Funds under management (\$bn)	231.5	258.3*	(10)%
Results from continuing operations			
AOP (IFRS basis, pre-tax)			
AOP (IFRS basis, pre-tax)	131	113	16%
Operating margin, before non-controlling interests	22%	20%	
Operating margin, after non-controlling interests	19%	17%	
Net client cash flows (\$bn)	(6.7)	(12.6)*	47%
Funds under management (\$bn)	200.3	207.4*	(3)%

* 2010 NCCF and FUM were restated to exclude some of Larch Lane's funds, which were also included in Emerging Markets' NCCF and FUM.

Review of 2011 results

We are presenting our results on two bases: reported results, and results from continuing operations. Results from continuing operations exclude the operating results of the affiliates being divested and certain restructuring costs.¹ The key impact of these strategic actions, reflected in the continuing operations, is a reduction in net cash outflows from \$24.6 billion to \$6.7 billion and an increase in operating margin from 18% to 22%. In addition, fees on average assets under management increase from 28 basis points to 31 basis points on a continuing basis.

AOP results and operating margin

Reported results

IFRS AOP was down 4% to \$107 million (2010: \$111 million). These figures exclude gains/losses on seed capital which have been captured at the Group level for 2011 and comparative periods. Seed capital investment returns on strategies managed by our affiliates were \$(0.5) million (2010: \$24.0 million).

Overall revenue was down \$3.6 million due to a 2% decrease in average FUM and lower performance fees, partially offset by higher transaction fees.

Management fees decreased by \$11.6 million or 2% and performance fees were down \$2.7 million or 25%. However, transaction fees were up \$7.3 million or 103% to \$14.4 million for the period.

AOP operating margin before non-controlling interests was consistent with 2010 at 18%.

Results from continuing operations

Excluding operating results from affiliates held for sale or disposed of, and adding back \$12 million of restructuring costs, AOP was up 16% to \$131 million (2010: \$113 million). This was largely due to higher management fees, lower amortisation of deferred acquisition costs and impairments during 2012, and lower central costs.

Management fees were up \$6 million or 1% due to higher average FUM.

AOP operating margin before non-controlling interests was 22%, up from 20% in 2010. Improving operating margin continues to be an area of focus.

Investment Performance

Results from continuing operations

Investment performance continued to improve during the period. For the one-year period ended 31 December 2011, 62% of assets outperformed benchmarks, compared to 57% at 31 December 2010.

Over the three- and five-year periods to 31 December 2011, 68% and 67% of assets outperformed benchmarks, compared to 49% and 65% at 31 December 2010. The increase was driven by improving performance in International Equity and Global Fixed Income.

¹ Excludes results of OMCP, Lincluden, and Dwight Asset Management, as well as \$12 million of restructuring costs in 2011.

US ASSET MANAGEMENT

CONTINUED

	Flows from continuing operations		Flows from disposed of or held for sale affiliates		\$bn	
	2011	2010	2011	2010	2011	2010
Opening FUM	207.4	198.8	50.9	61.9	258.3	260.7
Gross inflows	25.6	25.9	3.8	5.0	29.4	30.9
Gross outflows	(32.3)	(38.5)	(21.7)	(10.8)	(54.0)	(49.3)
Net outflows	(6.7)	(12.6)	(17.9)	(5.8)	(24.6)	(18.4)
Market and other	(0.4)	21.2	(1.8)	(5.2)	(2.2)	16.0
Closing FUM	200.3	207.4	31.2	50.9	231.5	258.3

Outlook

We expect continued improvement in NCCF in 2012 as a result of enhanced investment performance in a number of key products. The improved investment performance over 2011 initially reduced outflows and subsequently increased sales: we believe this trend could lead to positive flows in 2012.

In 2012 and beyond, we expect to make investments in our global distribution capabilities to further leverage Group capabilities and distribution platforms. This will enable USAM to better leverage the affiliates' investment expertise for clients around the world.

We remain committed to achieving our financial goals of 25% to 30% operating margin and expect continued improvement in USAM's margin in 2012, particularly if equity markets remain strong throughout the year and NCCF turns positive. However, we will continue to invest in the business by incurring current expenses which may partially inhibit margin growth in the short term but will achieve important financial and strategic objectives in future years.

The new management team at USAM has taken steps to refine strategy and refocus the business. As part of that effort, several affiliate firms are being divested to improve USAM's longer-term financial performance.

Non-core business – Bermuda

Bermuda remains a non-core business. Its results are excluded from the Group's IFRS AOP, although the interest charged on internal loans from Bermuda to Group Head Office is charged to AOP.

Overview

The business continued to implement its run-off strategy of risk reduction while managing for value. Ongoing business service improvements, enhancements to liability management and further de-risking initiatives, targeted specifically at contracts that have elected the Guaranteed Minimum Accumulation Benefits (GMABs), are designed to accelerate the run-off of the in-force book.

IFRS results

The IFRS post-tax loss of \$286 million (2010: \$41 million gain) was driven by the guarantee performance arising primarily from equity market declines in H2 and a reduction in US interest rates. There was an IFRS post-tax profit of \$76 million in H1. The impact of the dynamic hedging programme over 2011 helped to reduce the losses on the variable annuity guarantees. Notwithstanding the hedging programme, given current equity market conditions the business expects volatility in earnings in the short to medium term.

MCEV results

The 2011 operating MCEV earnings resulted in a gain after tax of \$76 million (2010: \$36 million loss). Operating earnings include positive persistency experience variance and assumption changes in 2011 compared to one-time negative corrections from data migration and modelling changes in 2010.

Total MCEV earnings including economic variances and other non-operating variances were a loss of \$343 million, mainly due to significant underperformance of the variable annuity guarantee business.

We continue to engage with distributors, developing the customer proposition and experience through a strengthened adviser-focused strategy. Bermuda is maintaining high levels of customer service through continued operational and service improvements.

The \$1.2 billion of surrenders across the whole Bermuda book during the period amounted to some 22% of the total 31 December 2010 account value. This was partially attributable to initiatives allowing UGO GMAB contract holders to surrender their contracts without penalty charges. These initiatives increased the rate, value and number of guarantee contract surrenders; overall surrender activity across UGO GMAB was over two and a half times 2010 levels (2011: 2,175 policies; 2010: 796 policies). Management continues to assess demand for similar offers to accelerate further the run-off of the UGO guaranteed book.

Future surrender behaviour will be influenced by the extent to which the underlying fund values of the policyholders are close to or above the level of the guarantee.

Hedging

Over the period, the business continued to dynamically manage the underlying economics of the hedging programme to strike a balance between the potential changes in the income statement, liquidity and transactional costs. At 31 December 2011, hedge coverage over equities was 54% (2010: 58%) and 53% over foreign exchange (2010: 39%), with interest rates remaining unhedged (2010: nil). The exposures are primarily to Asian equities and currencies versus the US dollar.

At 31 December 2011, the total cost of fifth-anniversary top-up payments to policyholders in respect of the GMAB liabilities over the next two years was estimated at \$689 million. The actual cash cost will be affected by any changes in policyholders' account values until the fifth-anniversary date of each policy, offset by hedge gains or losses. At 29 February 2012, rising equity markets had reduced the cash cost of top-up payments required to meet fifth-anniversary guarantees to \$426 million and the GMAB reserve to \$791 million.

In March 2012, Bermuda enhanced its hedging strategy by implementing an option-based hedging arrangement. This strategy will protect against downside risk from further equity market declines relating to meeting the cash cost of the fifth-year anniversary of UGO contract top-up obligations, while maintaining the potential to realise gains if equity markets move higher. The existing futures-based dynamic hedging strategy will remain in place for the variable annuity book exposure beyond five years. Also, the exposure to currency movements impacting the UGO top-ups will continue to be dynamically hedged.

GROUP FINANCE

DIRECTOR'S STATEMENT



Old Mutual showed strong growth in profits... AOP earnings per share were up 10%¹ to 15.7p... RoE increased to 14.6% from 14.2%.

Philip Broadley

Group Finance Director

Overview

Following the proposed sale of the Nordic business, Nordic has been classified as a discontinued operation and its profits have been excluded from AOP. Seed capital investment in strategies managed by USAM affiliates and seed capital investment returns previously recognised within USAM were recorded at Group level for 2011. Comparatives were restated accordingly. USAM's Dwight, Lincluden and OMCAP affiliates were included in all reported results unless otherwise stated. Nordic, US Life and Bermuda results are included in the Group's MCEV results.

During the year to 31 December 2011 ('2011' or 'the year') Old Mutual showed strong growth in profits compared to the year to 31 December 2010 ('2010'). AOP earnings per share were up 10% to 15.7p for 2011 (2010: 14.3p). Pre-tax AOP was £1,515 million, an increase of £144 million on 2010. On a constant currency basis profits increased by £182 million, with notable improvements in profitability in the Mass Foundation Cluster (MFC) and Retail Affluent in our Emerging Markets business and increased non-interest revenue income in our South African banking business. Including Nordic, AOP earnings per share were up 9% to 17.5p (2010: 16.0p).

Group net margin (measured as profit before tax on average assets) increased by 4 basis points over the year from 42 basis points (excluding Nordic) to 46 basis points. The increase was driven by a strong improvement in the net margin at Nedbank. In Wealth Management the net margin, excluding the previously reported smoothing for policyholder tax, has improved from 23 basis points to 27 basis points as a result of the business gaining operational leverage, with increased UK Platform FUM and a more efficient expense base following the cost reduction programme; administrative expenses are now £42 million below the prior year.

RoE increased to 14.6% from 14.2%, as a result of the increased profits, particularly in Nedbank, offsetting an increase in the Group's equity base, which included the net assets of Zimbabwe, Kenya, Malawi and Swaziland for the first time.

While life assurance annual premium equivalent (APE) sales were down 6% to £1,207 million, Emerging Markets APE sales increased, driven by continued strong protection sales in MFC and Retail Affluent. Wealth Management continued to grow its single premium Platform sales but APE sales were down overall, with lower UK Legacy sales reflecting the reduction in the range of Legacy products being offered in 2011 and weakened European sentiment.

Non-covered business sales, including unit trust and mutual fund sales, were up 13%, driven by pension sales in the Colombian business of Emerging Markets. Strong sales continued in Wealth Management, up 4% on 2010.

¹: On a reported basis.

FINANCE DIRECTORS FROM AROUND THE GROUP



Iain Pearce
Group Head Office



Katie Murray
Emerging Markets



Markus Deimel
Retail Europe



Mark Satchel
Wealth Management



Raisibe Morathi
Nedbank



Michael Sakoulas
Bermuda



Dheven Dharmalingam
Mutual & Federal



Stephen Belgrad
OMAM US

Summarised Financial Information

	£m	2011	2010 ¹	% change
IFRS results				
Basic earnings per share		12.9p	(6.5)p	
IFRS profit/(loss) after tax attributable to equity holders of the parent		667	(282)	
Sales statistics				
Life assurance sales – APE basis		1,207	1,290	(6)%
Life assurance sales – PVNBP basis		9,113	10,162	(10)%
Value of new business		177	159	11%
Non-covered sales ²		14,374	13,018	10%
MCEV results³				
Adjusted Group MCEV (£bn)		10.8	11.0	
Adjusted Group MCEV per share		194.1p	202.2p	
AOP Group MCEV earnings (post-tax and non-controlling interests)		1,055	830	27%
Adjusted operating Group MCEV earnings per share		19.4p	15.5p	25%
Financial metrics				
Return on equity ⁴		14.6%	14.2%	
Return on Group MCEV ³		10.7%	10.9%	
Net client cash flows (£bn)		(11.4)	(6.7)	(70)%
Funds under management (£bn)		267.2	295.2	(9)%
Interim dividend		1.5p	1.1p	36%
Final dividend		3.5p	2.9p	21%
Financial Groups Directive (FGD) surplus ⁵ (£bn)		2.0	2.1	(5)%
Net asset value per share		140p	151p	

¹ The year ended 31 December 2010 has been restated to reflect Nordic as discontinued.

² Includes all unit trust and mutual fund sales.

³ Includes Nordic and US Life.

⁴ RoE is calculated as core business IFRS AOP (post-tax) divided by average shareholders' equity (excluding the perpetual preferred callable securities).

⁵ The Group's regulatory capital surplus, calculated under the EU Financial Groups Directive, was £2.0 billion at 31 December 2011. The Group followed the FSA's requirements, and gave six months advance notice of its right in January 2012 to call the remaining £200 million of the £750 million Lower Tier 2 euro bond that was partially redeemed in July 2011. As a result of that notice, the Lower Tier 2 instrument was excluded from the regulatory capital surplus calculations as at 31 December 2011.

GROUP FINANCE

DIRECTOR'S STATEMENT

CONTINUED

Overview of FY 2011 results

					£m
	2011	2010 (constant currency)	% change	2010 (as reported)	% change
Group highlights¹					
Adjusted operating profit (IFRS basis, pre-tax)	1,515	1,333	14%	1,371	11%
Adjusted operating earnings per share (IFRS basis)	15.7	13.9p	13%	14.3p	10%
Group net margin ²	46bps			42bps	4bps
Return on equity ³	14.6%			14.2%	40bps
Life assurance sales – APE basis	1,207	1,277	(6)%	1,290	(6)%
Non-covered sales ⁴	14,374	12,766	13%	13,018	10%
LTS net client cash flow (£bn)	3.2	4.3	(26)%	4.3	(26)%
Net client cash flows (£bn) ⁵	(0.2)	(2.5)	91%	(2.8)	92%
Funds under management (£bn)	267.2	282.3	(5)%	295.2	(9)%
Full dividend for the year	5.0p			4.0p	25%
Total profit/(loss) after tax attributable to equity holders of the parent	667			(282)	

¹ The figures in the table are in respect of core continuing businesses only and the 2010 comparatives have been restated accordingly. Nordic was classified as discontinued business in 2011 as it is subject to a sale agreement.

² Ratio of AOP before tax to average assets under management in the period.

³ RoE is calculated as core business IFRS AOP (post-tax) divided by average shareholders' equity (excluding the perpetual preferred callable securities).

⁴ Includes unit trust/mutual funds sales.

⁵ Total NCCF excludes NCCF from USAM's Dwight, Lincluden and OMCAP affiliates, which were sold or held for sale at 31 December 2011.

All of our LTS businesses saw positive NCCF during the year. The Group had a small net client cash outflow of £0.2 billion (2010: £2.5 billion outflow), excluding £11.2 billion of net outflows from USAM's affiliates which were sold or held for sale at 31 December 2011. The improvement was primarily due to improved NCCF in USAM's continuing business, reflecting markedly improved investment performance on a number of key strategies.

On a constant currency basis closing FUM decreased by 5% driven by negative market movements in H2 and net client cash outflows in USAM. Over the year the FTSE and MSCI World indices fell by 6% and 8% respectively, the JSE All Share and S&P 500 indices were broadly flat and the Dow Jones rose by 6%.

The rand weakened by 3% against sterling, on an average rate, negatively impacting sterling earnings from our South African businesses. The 31 December 2011 rand closing rate was down 22% against 31 December 2010, negatively impacting sterling FUM from our South African businesses. The US dollar weakened by 4% on an average rate, negatively impacting sterling earnings from USAM, but was flat at closing rate.

Proposed Nordic sale

On 15 December 2011 we announced the sale of our Skandia Nordic business, which operates in Sweden, Norway and Denmark, to Skandia Liv for net cash proceeds of £2.1 billion. Following shareholder

approval at the Extraordinary General Meeting on 14 March 2012, completion is expected on or around 21 March 2012. The necessary competition authority and regulatory approvals have been obtained.

The total return on the Skandia Investment

Since purchasing the Skandia businesses in 2006, the Group has made a total return on investment from the acquisition of about £1.8 billion or 45%, giving an internal rate of return of 8%.

	£bn
Net cash flows from Skandia BUs	0.8
Proposed net sale proceeds	2.1
Remaining business valued at MCEV 31/12/2011	2.9
Total proceeds from and remaining value of Skandia BUs	5.8
Purchase price	(4.0)
Surplus	1.8
Internal rate of return	8%

Net cash inflows, including proceeds from disposals, from the Skandia businesses to the Group since acquisition have amounted to £0.8 billion; the proposed net sale proceeds for the Nordic elements of the Skandia businesses are £2.1 billion and the MCEV of the remaining Skandia businesses within the Group (which ignores the value of future new business) is £2.9 billion. The bulk of the £4.0 billion consideration for the Skandia businesses was paid in February 2006, resulting in an implied surplus for shareholders of £1.8 billion from the acquisition.

Dividends and consolidation of shares

Special dividend

Following the proposed Nordic sale, the Board intends to return approximately £1.0 billion of net proceeds from the disposal to ordinary shareholders by means of a special dividend, equivalent to 18p per ordinary share (or its equivalent in other applicable currencies), which we expect to be paid in June 2012. We are also proposing a consolidation of shares following the special dividend of seven new shares of 11½p nominal per share for every eight existing shares of 10p nominal. Reported earnings per share for 2012 and 2011 will be restated accordingly.

No scrip alternative to the 18p per ordinary share special dividend will be offered.

Final dividend for 2011

Given the continued progress in achieving our debt repayment programme, the Board has considered the position in respect of the final dividend for 2011 and is recommending the payment of a final dividend for 2011 of 3.5p per ordinary share (or its equivalent in other applicable currencies), amounting to about £195 million. This is equivalent to 4.0p per new ordinary share once the existing shares are consolidated. Based on this recommendation, the full-year ordinary dividend would be 5.0p, up 25% on 2010.

A scrip dividend alternative is not being made available in relation to this dividend in view of the complexities involved in the share consolidation, and the Board will consider later in 2012 whether to reinstate a scrip dividend alternative for the interim dividend for the current year.

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. In future we expect to set interim dividends routinely at 30% of the prior year's full dividend.

Corporate disposals and acquisitions and related party transactions

During 2011 and the early part of 2012, we have continued to focus on streamlining the Old Mutual business to focus on key competencies, competitive strength and operational improvements. In the 2011 interim results, we reported the completion of the sale of US Life, the closure to new business of our Retail Europe Swiss business and the proposed legal transfer of some of our emerging markets businesses to accord with their operational management.

Since then we have taken further steps to simplify the business structure. In addition to the proposed Nordic sale, we have also announced the sale of Wealth Management's Finnish branch and a number of USAM affiliates.

The sale of the Finnish branch was announced in December 2011. The transaction is subject to regulatory approvals and other customary conditions and is expected to close by the end of H1 2012.

Operating profit analysis

	£m				
	2011	2010 (constant currency)	% change	2010* (as reported)	% change
AOP analysis					
Long-Term Savings	793	772	3%	787	1%
Nedbank	755	584	29%	601	26%
Mutual & Federal	89	100	(11)%	103	(14)%
US Asset Management	67	69	(3)%	72	(7)%
	1,704	1,525	12%	1,563	9%
Finance costs	(128)	(128)	–	(128)	–
LTIR on excess assets	37	31	19%	31	19%
Net interest payable to non-core operations	(23)	(39)	41%	(39)	41%
Corporate costs	(57)	(60)	5%	(60)	5%
Other net (expenses)/income	(18)	4	n/a	4	n/a
AOP	1,515	1,333	14%	1,371	11%

* The year ended 31 December 2010 has been restated to reflect Nordic as discontinued.

GROUP FINANCE

DIRECTOR'S STATEMENT

CONTINUED

The new management team at USAM has taken steps to refine strategy and refocus the business. As part of that effort, several affiliate firms have been or are being divested to improve USAM's longer-term financial performance and move towards the margin targets announced to the market in 2010.

- In September 2011, USAM announced the sale of Lincluden Management to its existing management team. The sale was completed in December 2011.
- In October 2011, USAM announced the sale of OMCAp, its US Retail affiliate, to Touchstone Investments. The sale is expected to close in H1 2012. USAM will continue to act in a sub-advisory capacity and retain a substantial portion of the assets under management. Through the transaction USAM will dispose of its retail administration centre in Denver and the significant costs associated with it.
- On 7 February 2012, we announced the sale of Dwight Asset Management to Goldman Sachs Asset Management. Subject to certain conditions, the sale is expected to be completed in Q2 2012. Dwight managed \$30.7 billion of FUM at 31 December 2011, largely of stable-value asset mandates.

Subject to the approval of the relevant authorities in South Africa and Zimbabwe, the legal transfer of the ownership of the Zimbabwean business from Old Mutual Zimbabwe Limited to Old Mutual Africa Holdings and to local Zimbabweans, including staff and pensioners, as part of Old Mutual's response to Zimbabwean indigenisation legislation, is expected to be completed in H1 2012.

Risks and uncertainties

A number of potential risks and uncertainties could have a material impact on Group performance and cause actual results to differ materially from expected and historical results.

During 2011, global economic activity weakened against initial expectations and became more uneven, confidence fell sharply, and downside risks grew. Against a backdrop of unresolved structural fragilities, a number of shocks hit the international economy, including the devastating Japanese earthquake and tsunami, unrest in some oil-producing countries and the major financial turbulence in the eurozone. Two of the forces now shaping the global economy are high and rising commodity prices and the need for many economies to address large budget deficits. Financial volatility has increased drastically at the year end, driven by concerns about developments in the eurozone and the strength of global activity.

Southern Africa and Emerging Markets generally have strong GDP growth, increasing population sizes, a growing middle class, stable unemployment levels

and moderate inflation. The impact of the financial crisis on these economies was generally less severe than in the more developed countries. However, the current economic environment remains a threat with unstable and volatile equity markets, currency risk and unemployment challenges – particularly in South Africa.

Regulatory changes in the UK – the Retail Distribution Review (RDR) and Solvency II – are likely to have significant effects on the industry as a whole. The RDR has continued to provide opportunities for the UK Platform to grow, but may accelerate the run-off of the more profitable legacy book. UK Platforms are expecting margins to be squeezed both in the lead-up to RDR and afterwards. The implementation of Solvency II requirements continues to occupy the industry and there is still uncertainty about both the implementation timetable and the details of the directive, particularly the issue of contract boundaries, which could materially affect our Solvency II position.

We monitor the external factors and uncertainties, such as market and regulatory developments that could adversely affect our ability to create value and continue meeting the capital requirements and day-to-day liquidity needs of the Group and individual entities. Overall risk trends are going down and Old Mutual is in a solid position to withstand the threat of further economic recession. In this respect we compare favourably to our peers; this is reflected in our Solvency II capital requirement, which we believe is less demanding than those faced by some of our peers. The risks we face in our Bermuda business, although significant, are being effectively managed and closely monitored.

We continue to strengthen and embed our risk management framework. We attach increasing importance to ensuring business decisions are within our risk appetite, and that risk exposures are monitored against appetite, allocated limits and budgets.

The Board of Directors believe 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.

Philip Broadley

Group Finance Director
9 March 2012



We have clear risk appetite limits representing economic capital, cash flow and earnings at risk as well as operational risk and the business performance is monitored against these limits.

Sue Kean

Chief Risk Officer

There has been significant investment in risk and capital management at Old Mutual over the past two years. This has been sponsored from the top of the organisation, at both Executive and Board level, and driven through the new Group operating model and a Group-wide project iCRaFT (integrated Capital Risk and Finance Transformation). The Group's Board Risk Committee which was established in 2010 has overseen these developments in risk management including setting the risk appetite limits and monitoring the Group's risk profile.

We are now at a stage where the new operating model and risk management at Old Mutual is embedded in our businesses, and iCRaFT is becoming part of business as usual. Risk frameworks, governance and the Group's internal capital model are designed and overseen centrally but implemented by our global businesses locally. This is reinforced through senior Group Executive representation in the local business unit boards coupled with a formalised dual reporting for all key control functions.

In 2010 we set out the Group's risk strategy and stated risk preferences. This has guided the business strategy and planning processes for the business units and the Group. We have clear risk appetite limits representing economic capital, cash flow and earnings at risk as well as operational risk and the business performance is monitored against these limits. This is used by the Remuneration Committee as a factor in determining incentive payments.

We are well placed for the forthcoming regulatory changes under Solvency II and the South African equivalent Solvency Assessment and Management (SAM). We have an internal capital model which delivered the first results in June 2011, our risk, capital and liquidity policies and processes have been enhanced and we have much greater line of sight on the key risks in the businesses and how these interact. In particular there is now centralised sign-off of all new products which contain guarantees using risk-based capital metrics, and prior approval for any significant changes to the business unit risk profile. The risks in the Bermuda business, in run-off, remain significant but these are well known and very actively managed and monitored.

The remainder of this section of the report is intended to provide a more granular understanding of our target and actual risk profile, together with a description of each of the key risks. The full description of risk and governance framework is provided on the website. Given the modelling process involved, the data in this report is at 30 June 2011.



Find out more online at:
[www.oldmutual.com/
reportingcentre](http://www.oldmutual.com/reportingcentre)

RISK AND CAPITAL MANAGEMENT

CONTINUED

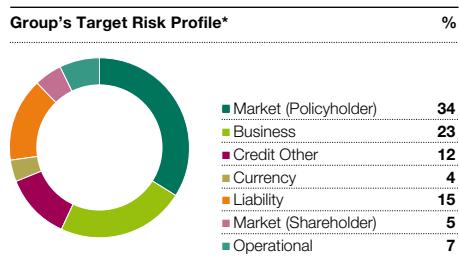
Risk profile – current and target

When we set out the Group's risk strategy and preferences in 2010 we distinguished between the risk and the return preferences. The Group's risk preferences outline our position on different risk types, identifying the risks that we actively seek, avoid or view neutrally. The return preferences are driven by the probability and size of the returns. This is intended to serve as a guide to steer the medium-term planning cycle and hence implementing these preferences will take time. For more information on these, please visit the Risk section on the Group website.

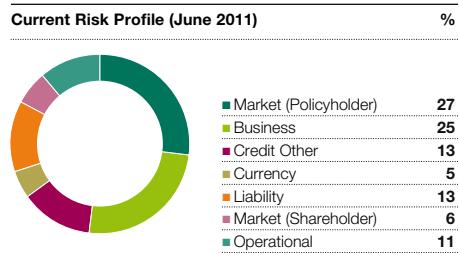
The current and target risk profile of the Group is shown in the pie charts. A comparison of the actual profile in 2011 compared to the profile in 2010 is shown in the table underneath. The introduction of our Solvency II model during 2011 means that the data for 2011 includes some modelling changes. The current and target risk profiles are drawn on a standalone basis, allowing for no diversification of risks within or between business units or risk types – for example, UK business risk is not balanced against UK operational risk.

In 2011 the sale of US Life significantly reduced the proportion of credit risk in the Group. The profile has not yet been adjusted to reflect the proposed sale of Nordic. One of the priorities for 2012 will be to revisit the target risk profile and consequent risk strategy in the light of changes in the composition of the Group.

The business plans for 2011 specifically targeted a reduction in business and operational risk, whilst seeking to take on more liability and market risk where properly priced, for example through more protection products or guarantees. The Market (Policyholder) risk category includes the ALM risk from guarantee business. This remains a central tenet of the Long-Term Savings (LTS)



* This includes all business written in the Group at June 2011. The target profile in the 2010 Accounts did not include Nedbank.



The table below shows the progress the Group made since the risk strategy and target risk profile was rolled out:

Risk Category	Target profile	Risk preference	2010 vs 2011		Marginal impact of extra exposure on economic capital at a Group level (BU=100%)	Expected return relative to target
			2010 profile	2011 profile		
Market (Policyholder)***	34%	For	26%	27%	86%	Excellent
Credit and Other	12%	Against*	22%	13%	64%	Neutral
Business	23%	Neutral	24%	25%	47%	Good
Market (Shareholder)	5%	Against	4%	6%	78%	Poor
Liability	15%	Strongly for**	8%	13%	11%	Excellent
Operational	7%	Strongly against	12%	11%	42%	Very poor
Currency	4%	Against	4%	5%	81%	Poor

* Unless taken in the form of well-governed and managed banking-related credit risk

** Assumes risk is correctly priced

*** This was referred to as ALM risk in the 2010 Accounts

product development strategy. The increase shown above for liability risk appears greater than is the case, as the economic capital figures are expressed in terms of % of the total and hence the reduction in credit risk has increased the % for all other risk areas.

There have also been some changes in the classification and modelling methodology as we have moved to the Solvency II model for June 2011 results production.

Our exposure to operational risk has come down as we have reduced geographical spread and business lines, however, there is still work to do to achieve our target exposure. Over the course of 2011 we have rolled out a new enterprise risk management methodology and system for measuring operational risk losses. This greater focus and measurement has enhanced our ability to manage operational risk and the risk appetite targets are set to reduce this risk type over time.

Our exposure to other risk types are generally in line with our target profile. Reported exposure to these risk types are expected to move marginally from year to year as the model refinements are made and the effect of interactions with other risk types changes.

Looking forward, the Group will continue to manage towards the stated target risk profile. This will be driven by the products we sell (greater focus on protection business in Europe) as well as our focus on strong enterprise risk management (in particular managing our exposure to operational risk).

RISK AND CAPITAL MANAGEMENT

CONTINUED

Embedding risk management culture

We think of culture as 'the way in which we operate'. We have developed a set of behaviours that define the risk management culture we want. These six behaviours are core requirements of any role in the organisation, regardless of where the role reports or what the job is:

- People are responsive to risk information and do not just shrug it off
- Employees think carefully about the risks in their environment and understand how they impact the business
- Employees understand the value of rules and policies, stick to them and challenge when necessary
- Inappropriate decisions and misleading information are pointed out
- Decisions about risk are made with clarity by the right people
- Employees share information openly; teams are transparent with one another and mistakes are not covered up.

Incentivising the right behaviours

To support and incentivise the right behaviours in the executive management team, we have further embedded the governance framework designed in 2010 to align the risk/reward balance with corporate governance objectives and ensure it promotes effective risk management. We have rolled out risk-related objectives to senior management and performance is measured and monitored every six months.

The framework is supported by a remuneration policy that does not encourage risk-taking beyond the Group's risk appetite. This policy has been designed to eliminate conflicts of interest and support business strategy, objectives, values, and the long-term interests of the Group. It is overseen by a Remuneration Committee appointed by the Board, consisting of at least three non-executive directors with relevant experience and a good knowledge of the Group and the environment in which it operates. This enables them to exercise competent judgement on compensation policies and the incentives for managing risk, value and capital in line with stakeholders' expectations.

We have made progress in aligning staff remuneration and incentives, explicitly taking into account the extent to which risk exposures have delivered results, and whether these risk exposures have complied with the agreed risk appetite.

Summary

In 2011 Old Mutual continued to embed tools, methodology and improved processes and governance frameworks that enhance the management and monitoring of risk and capital in order to create value. Our progress is continually driven by the Group's vision to have improved risk management practices and the appropriate behaviours to underpin them.



For more information on our risk appetite and significant risks, please refer to our 2011 Annual Report:
www.oldmutual.com/ar2011



We pursue commercial success in ways that uphold ethical values and respect society and the natural environment.

Don Schneider

Group Human Resources Director

Our approach to responsible business

In 2010 we decided to pull together the various strands of our work in the field of responsible business to create a consistent approach across the Old Mutual Group.

We reported on our work last year. During 2011, we have made positive strides in developing internal networks to share experience, collaborate on finding solutions to key issues and collect the comparable data needed to demonstrate progress. Focusing our approach in these areas has already contributed towards our vision of becoming our customers' most trusted partner.

We have continued to engage with stakeholders to help refine our approach. Our Responsible Business Strategy balances the expectations of our stakeholders while addressing key business issues. Stakeholders with whom we have worked include our customers, employees, suppliers, shareholders, community organisations, Governments and regulators.

However, we recognise that we need to do more to align our responsible business strategy to our overall business priorities, and that we will progress further by prioritising our key issues and improving the quality of management information used to track performance.

Therefore, during 2012, we will prioritise the integration of responsible investment into our businesses, provide Group-wide principles for community and social investments and drive performance to meet our 2020 carbon-reduction targets.

We will continue to invest time and resources across all parts of the Group to develop our responsible business approach, and support our businesses in tailoring their activity to meet local market needs.

Our Responsible Business Committee continued to provide direction and to be accountable for our approach to responsible business practice, with Don Schneider, Group Human Resources Director, reporting issues directly to the Group Executive Committee.

The key issues we address through our Responsible Business Strategy are:

- **Responsible investment**
- **Responsible customer service**
- **Responsible to our employees**
- **Responsible to our communities**
- **Responsible environmental management**

RESPONSIBLE BUSINESS

CONTINUED

Responsible investment: A long-term value approach

We spent time in 2011 establishing the right governance framework for responsible decision-making in our owned and managed investments. We are seeking to build a consistent approach to integrating environmental, social and good governance criteria into investment decisions, using experience gained across the Group. This includes the work of Nedbank as an Equator Principles signatory and Old Mutual Investment Group (South Africa) as a sponsor and signatory to the Code for Responsible Investment South Africa (CRISA).

We also addressed key issues in the emerging markets where our businesses operate by investing in housing, agriculture and education funds.

We conducted our second bribery risk assessment across the Group and updated our Code of Conduct to take into account changes in UK anti-bribery legislation. Nedbank and Old Mutual South Africa successfully implemented new monitoring systems to identify and prevent internal fraud as part of our drive to reduce financial crime.

Responsible customer service: Building trust

In our drive to become our customers' most trusted partner, we have been implementing a Group-wide customer loyalty metric – the Net Promoter Score. By measuring how likely our customers are to recommend Old Mutual as a financial services provider to their friends and family, we can see how and where we need to improve our services and products.

All new products in 2011 were thoroughly assessed to make sure that all aspects of sales, compliance, profitability and appropriateness to customer need were considered. A new formal sign-off process also ensures suitable risk management for our customers and shareholders, and there has been considerable focus on addressing our approach to responsible marketing and selling so that we are transparent about what we do and how we do it.

Our Long-Term Savings division is taking proactive steps to improve its engagement with customers as part of its customer-centric vision.

We are building a consistent approach to integrating environmental, social and good governance criteria into investment decisions.

Responsible to our employees: Building a culture of excellence

During 2011, we asked our employees for their views on the current culture at Old Mutual, and are now working through a programme to build a high performance culture which has the customer at the heart of what we do.

We also launched a Group-wide initiative to increase the number of women in senior positions. Women currently hold 13% of senior management jobs within the Group, with the figure rising to 40% in Mutual & Federal's executive team.

Much of our strength comes from the fact that, as a global business, we have employees from many different backgrounds, cultures and professions. We are committed to increase and leverage diversity as well as encouraging mobility across the Group.

Responsible to our communities: Investing in the future

We have a proud history of social engagement, with a focus on supporting the long-term growth and stability of communities. Through our five Old Mutual Foundations, and directly through our businesses, we donated a total of £11.6 million to social projects last year. Employee volunteering helped to maximise the value of the donations, which were particularly aimed at supporting financial capability, and enterprise and skills development.

We also run programmes that address specific local community and market needs. For example, in 2011, the Old Mutual Foundation in South Africa increased the number of small black-owned businesses and community projects it supports through its Legends Programme by 82%.

£11.6m

Invested in local communities

Our commitment to the transformation of South African society continues, with Old Mutual South Africa and Nedbank maintaining their Level 2 status as Broad-Based Black Economic Empowerment contributors. Mutual & Federal retained its Level 3 status.

Responsible environmental management: An essential role

As an international business, we have a responsibility to contribute to wider global issues such as mitigating climate change, responding to macro changes in populations and using scarce resources responsibly.

We report each year to the UN Global Compact showing our progress in addressing universal issues, which cover human and labour rights, environmental protection and anti-corruption. This year we hosted a debate in London on the role of companies operating in conflict zones. Our businesses took part in, and learnt from, the climate change discussions at COP17 in Durban and we appeared in the 'Leadership Index' of the Carbon Disclosure Project, which we have reported against for over three years.

In 2010, we established our own climate-change strategy with a target of reducing the Group's carbon emissions by 20% by 2020 (from a 2010 baseline). Over the past year, our Carbon Taskforces across the Group have begun to implement the strategy and our performance is shown in the table below.

Old Mutual's carbon emissions

Tonnes of carbon dioxide (equivalent)
per full-time employee from our
employee locations.

-6%

2011	2.33
2010*	2.47

Tonnes of carbon dioxide (equivalent)
per m² of Old Mutual property portfolios.

-10%

2011	0.21
2010*	0.23

* 2010 figures restated due to improved data collection
in 2011.

The future

Over the next year, we will work to ensure our Responsible Business Strategy is completely aligned to our business priorities and vision, with clear targets for the rest of the decade. We will work with our employees and others to highlight their roles in delivering our objectives and empower them to make their own personal contribution to the achievement of those objectives.

Particular focus will be placed on better demonstrating the positive impact we have with communities, progressing our responsible investment work and addressing our key environmental impacts.

We will continue to report through the UN Global Compact, Carbon Disclosure Project and our own communication channels to demonstrate our achievements transparently, while also acknowledging, where applicable, the challenges we face. And we will look to collaborate with others, so that we can continue to learn and create even greater benefit.

For more information on the highlights of 2011 and plans for 2012, please see our 2011 Responsible Business Report.

**1. Patrick O'Sullivan (62)**

M.Sc., B.B.S., F.C.A.
(Ireland) Chairman

Patrick O'Sullivan joined the Board as Chairman in 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 Chairman of the Shareholder Executive and a non-executive director of COFRA Group in Switzerland and Man Group plc and Deputy Governor of the Bank of Ireland.

Mr O'Sullivan has a strong track record of leading financial services businesses through periods of challenge and of tackling strategic issues successfully. His wide-ranging international experience and knowledge of the financial services industry, allied with excellent leadership ability, make him a highly effective Chairman of the Board, as shown by feedback from this year's Board effectiveness review.

**2. Julian Roberts (54)**

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 member of the Nomination Committee, as permitted by the UK Corporate Governance Code, and 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.

Since becoming Group Chief Executive, Mr Roberts has steered the Group successfully through the aftermath of the 2008-9 financial crisis and set clear targets to be achieved by the end of 2012, which the Group is well placed to fulfil. He has also taken steps to strengthen the quality of senior executive management and to improve the Group's governance model. His knowledge of the Group's businesses and his depth of previous experience in the life sector make him a very strong contributor to the Board.

**3. Philip Broadley (51)**

M.A., F.C.A.
Group Finance Director

Philip Broadley has been Group Finance Director since November 2008. He is also a member of the Board Risk Committee and a non-executive director of Old Mutual Asset Management. 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, was a founding member and trustee of the CFO Forum of European Insurance Company Finance Directors, and was a member of the IASB's Insurance Working Group. He is a member of the Code Committee of the Takeover Panel.

Mr Broadley has a deep understanding of, and experience in, the finances of insurance groups. Since he became Group Finance Director, he has implemented significant improvements in the financial reporting and controls of the Group, while also making an important contribution to the Board's discussion of strategy and operational matters.



4. Mike Arnold (64)

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 also a member of the Group Audit and Nomination Committees. 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.

Mr Arnold brings to the Board a detailed understanding of actuarial matters, which enables the Group Audit Committee (of which he is a member) and the Board Risk Committee (which he chairs) to provide technical challenge to the Group's reported results, especially those of its life businesses.



5. Eva Castillo (49)

B.A.s in Business and Law

Independent non-executive director

Eva Castillo was appointed as an independent non-executive director of the Company in February 2011. She is also a member of the Board Risk, Nomination and Remuneration Committees. 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 Telefónica SA since the beginning of 2008.

Ms Castillo has a deep understanding of, and experience in, investment banking, wealth management and financial services, as well as a wide international perspective, which have enabled her to make an important contribution to the Board over the past year.



6. Russell Edey (69)

F.C.A.

Independent non-executive director

Russell Edey has been an independent non-executive director of the Company since June 2004. He chairs the Remuneration Committee and is also a member of the Group Audit and Nomination Committees. 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.

Mr Edey's extensive range of executive and non-executive experience in both the corporate finance and wider industrial field, including those with strong South African connections, have enabled him to make a valuable contribution to the Board over the nearly eight years that he has served. If re-elected this year, Mr Edey will retire at the AGM in May 2013.



7. Alan Gillespie (61)

CBE, B.A., M.A., Ph.D.
Senior Independent Director

Alan Gillespie has been an independent non-executive director of the Company since November 2010 and became the Senior Independent Director in May 2011. He is also a member of the Group Audit, Nomination and Remuneration Committees. 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 plc and Chairman of the Economic & Social Research Council and of the International Finance Facility for Immunization (IFFIm).

Mr Gillespie's background in investment banking and financial services has enabled him to make a valuable contribution to the Board's deliberations during the past year, particularly in discussions of the Group's future strategic direction. He has also taken on the role of Senior Independent Director effectively, participating when required in discussions with significant shareholders and ensuring that their views are made known to the Board.



8. Revel Khoza (61)

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 also a member of the Board Risk and Nomination Committees. He is Chairman of Aka Capital, which is 25% owned by Old Mutual (South Africa). 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.

Mr Khoza's position as Chairman of Nedbank enables the Board to gain direct insight into matters relating to one of the Group's major businesses and serves as an important conduit for managing the relationship between the Company and its South African banking business. More generally, his involvement in the South African business community provides the Board with valuable insights into developing issues in the country.



9. Roger Marshall (62)

B.Sc. (Econ), F.C.A.
Independent non-executive director

Roger Marshall was appointed as an independent non-executive director of the Company and Chairman of the Group Audit Committee in August 2010. He is also a member of the Board Risk and Nomination Committees. 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. Previous 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.

Mr Marshall's long experience of auditing major life companies gives him the ideal background to chair the Group Audit Committee and also enables him to make a valuable contribution to the Board's discussions, particularly in addressing the financial implications of alternative courses of action.



Bongani Nqwababa has been an independent non-executive director of the Company since April 2007. He is also a member of the Group Audit, Nomination and Remuneration Committees. He has been Finance Director of Anglo American 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.

Mr Nqwababa's practical knowledge of the South African business and operating environment and his insight into financial matters make him a valued member of the Board and of the Group Audit Committee.

10. Bongani Nqwababa

(45)

B.Acc., C.A., M.B.A.

Independent non-executive director

10. Bongani Nqwababa

(45)

B.Acc., C.A., M.B.A.

Independent non-executive director



Nku Nyembezi-Heita was appointed as an independent non-executive director of the Company in 9 March 2012. She has been the Chief Executive Officer of ArcelorMittal South Africa, the largest steel producer on the African continent, since March 2008. Prior to this, she served as the Chief Officer of Mergers & Acquisitions for the Vodacom Group and, before that, she was Chief Executive Officer of Alliance Capital (which was at that time the local South African subsidiary of the New York-based global investment management company) for seven years. She is also a non-executive director of the JSE Limited.

Having served as a non-executive director on the board of Old Mutual Life Assurance Company (South Africa) Limited since May 2010 (a position she has relinquished upon taking up her role at plc level), Ms Nyembezi-Heita brings to the Board significant knowledge of one of the Group's major businesses, as well as more general insight into the South African business environment as a result of her current and previous senior executive roles in that country.

11. Nku Nyembezi-Heita (51)

B.Sc., M.Sc., M.B.A.

Independent non-executive director



Lars Otterbeck has been an independent non-executive director of the Company since November 2006. He is also a member of the Board Risk, Remuneration and Nomination Committees. 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 a non-executive director of Skandia Liv and Chairman of Hakon Invest AB.

Mr Otterbeck has made a significant contribution to the Board's discussions during his period of engagement and brings both operational and strategic experience, together with detailed knowledge of the Group's operations in the Nordic region, where he was until recently a Director of Skandia Insurance Company Limited (publ), as well as of Skandia Liv. It is anticipated that, if re-elected at this year's AGM, he will serve one further year on the Board and retire at next year's AGM.

12. Lars Otterbeck (69)

Dr. Econ.

Independent non-executive director

SUMMARY OF THE CORPORATE GOVERNANCE REPORT



Old Mutual views good governance as a vital ingredient in operating a successful business.

Patrick O'Sullivan

Chairman

We continued to refresh the Board's membership during 2011, with the recruitment of Eva Castillo and the retirement at our Annual General Meeting of two of our long-standing non-executive directors, Nigel Andrews and Rudi Bogni. We were also pleased to welcome Nku Nyembezi-Heita to the Board in March 2012.

The Board spent a considerable amount of time during the year addressing strategic issues and the sale of the Group's Nordic business, which we anticipate will complete later in March 2012. This transaction, along with the sale of the US Life business which completed in the first half of 2011, has contributed towards achieving the restructuring objectives that we announced in 2010, enabling the Board now to focus on the longer-term future of the Group.

During the year, the Board reviewed output from the first Group-wide survey of culture and values, which provided a helpful benchmark on current strengths and weaknesses. We hope to improve the Group's culture over the coming years as these surveys are repeated annually.

The Board continued to monitor relationships with regulators and received a report from our supervisory regulator, the FSA, on findings from its most recent 'ARROW' visit, which showed an improved picture of the Group's governance and financial stability. We also received continued training on the important implications of Solvency II for our life insurance operations.

An externally facilitated review of Board effectiveness took place towards the end of the year under the auspices of an independent firm, IDDAS. This has provided us with some useful suggestions for how to improve Board performance in the future.

During the first half of 2011, we implemented a transition to paperless meetings through posting of materials on a Sharepoint site with access via iPads. The timeliness and accessibility of information provided to the Board and its Committees have benefited as a direct result of this.

I intend to continue to ensure over the coming year that directors' time is spent on issues that make a real difference to the Group.

Patrick O'Sullivan

Chairman

Approach to governance

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

During 2011, steps were taken to embed around the Group our Group Operating Model, under which we now operate a 'strategic controller' model steered from our head office. This 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 12 members, two of whom are executive and ten of whom are non-executive directors. All of the current directors, except for Eva Castillo (who was appointed to the Board in February 2011), and Nku Nyembezi-Heita (who joined the Board in March 2012), served throughout the year ended 31 December 2011. Nigel Andrews and Rudi Bogni both retired from the Board at the end of the AGM in May 2011, having each served nine years.

2011 operations

Board meetings were held regularly during 2011. As usual, scheduled meetings were co-ordinated 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, ten Board meetings (of which eight were scheduled and two convened ad hoc) were held during the year.

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 2011, the Board held three meetings at the Group's South African and one meeting at its US businesses' premises.

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

- Progress against the Group's strategic targets for the end of 2012;
- Training on the implications for the Group of the introduction of Solvency II; and
- Hedging strategy and scenario-planning for Old Mutual Bermuda.

Group Operating Model

The objectives of the Group Operating Model are:

- (i) 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;
- (ii) 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 in force from time to time;
- (iii) to take due account of the regulatory requirement that boards of regulated entities maintain proper controls over the affairs of their respective businesses; and
- (iv) 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 Group Limited in 2004 setting out the Company's requirements and expectations as its majority shareholder. The 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 agreement.

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. However, it has been decided this year, in line with recommended best practice under the UK Corporate Governance Code, that all of the directors will stand for election or re-election at the 2012 AGM.

SUMMARY OF THE CORPORATE GOVERNANCE REPORT

CONTINUED

The Board, having received and reviewed reports (including input from the externally facilitated Board effectiveness review) on the performance of the directors and the contributions that they have each respectively 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 and in the explanatory notes in the AGM circular.

Board performance review

The Board conducts a review of its performance on an annual basis. The review is designed to ensure, among other things, that each director continues to contribute effectively and to demonstrate commitment to his or her role (including commitment of time for Board and committee meetings and any other duties). The results of the review are considered by the Board and appropriate actions taken, if necessary.

The review for 2011 was conducted externally through IDDAS, an independent board effectiveness consultancy. It was undertaken in line with the Financial Reporting Council's Guidance on Board Effectiveness, including the emphasis on a board's role in creating a high-performance culture and the behavioural aspects of board performance, related to challenge and decision-making. Consequently, for the first time, the Board's performance review included psychometric assessment of Board members. This was designed to provide useful collective insights into how to improve team dynamics, communication effectiveness and constructive challenge further within the Boardroom. This insight information was reviewed by the whole Board in a session facilitated by IDDAS and a plan to address recommendations arising from this review over the coming year is currently under development.

The Board's performance review is now externally facilitated at least every three years in line with the UK Corporate Governance Code.

Skills, experience and diversity

Plans for refreshing and renewing the Board's composition are managed proactively by the Nomination Committee so as to ensure that changes take place without undue disruption and that there is an appropriate balance of experience and length of service. That committee also considers, in making recommendations, the independence of candidates and their suitability and willingness to serve on other committees of the Board. During 2011, it also acknowledged explicitly the benefits of promoting diversity on the Board and has used this as a criterion during its consideration of a number of senior roles, as well as for the Board recruitment. The current Board composition is considered by the Nomination Committee to be suitable for the requirements of the Group's business. However, such matters continue to be kept under active review, having regard to scheduled retirements of non-executive directors and the Group's future strategy.

In September 2011, the Company issued a statement in response to the Davies Report on Women on Boards in which we set a target of increasing female representation on the Board to at least two members by the end of 2013 and to at least three members by the end of 2015. The Company has already achieved the target announced for the end of 2013. It has also appointed Sue Kean to the Group Executive Committee from January 2012 and is taking active steps through a variety of initiatives to encourage female members of staff around the Group to progress to more senior positions.

Independence of non-executive directors

Eight of the nine current non-executive directors other than the Chairman (Mike Arnold, Eva Castillo, Russell Edey, Alan Gillespie, Roger Marshall, Bongani Nqwababa, Nku Nyembezi-Heita and Lars Otterbeck) are considered by the Board to be independent in character and judgement and with no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. The other non-executive director, Reuel Khosa, 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 on 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

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 2011.

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

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.

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 the year under review 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 2011 and 8 March 2012.

Auditors

During the year ended 31 December 2011, fees paid by the Group to KPMG Audit Plc, the Group's auditors, and its associates totalled £13.7 million for statutory audit services (2010: £14.1 million), £0.4 million for other audit and assurance services relating to Old Mutual Market Consistent Embedded Value reporting (2010: £0.5 million), and £3.4 million for tax and other services (2010: £6.0 million). In addition to the above, Nedbank Group paid a further £4.4 million (2010: £4.3 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.

At 31 December 2011	Old Mutual plc Number of shares	Nedbank Group Limited Number of shares
Mike Arnold	12,725	–
Philip Broadley	412,178 ¹	–
Eva Castillo	–	–
Russell Edey	25,000	2,604
Alan Gillespie	–	–
Reuel Khoza	–	3,174
Roger Marshall	40,000	–
Bongani Nqwababa	–	–
Patrick O'Sullivan	104,365	–
Lars Otterbeck	–	–
Julian Roberts	1,128,633 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. These were disposed of during 2011.

SUMMARY OF THE CORPORATE GOVERNANCE REPORT

CONTINUED

Attendance record	Board (scheduled and ad hoc)	Group Audit Committee	Board Risk Committee	Remuneration Committee	Nomination Committee
Number of meetings held:	10	6	7	7	5
Mike Arnold	10/10	6/6	7/7	–	5/5
Philip Broadley	10/10	–	7/7	–	–
Eva Castillo	9/10	–	6/6	5/6	4/4
Russell Edey	8/10	4/6	–	6/7	5/5
Alan Gillespie	10/10	5/6	–	6/7	5/5
Reuel Khoza	9/10	–	7/7	–	5/5
Roger Marshall	10/10	6/6	7/7	–	4/5
Bongani Nqwababa	8/10	5/6	–	5/7	4/5
Patrick O'Sullivan	10/10	–	–	–	5/5
Lars Otterbeck	8/10 ¹	–	7/7	7/7	5/5
Julian Roberts	10/10	–	–	–	5/5
Former directors					
Nigel Andrews	4/4	–	3/3	3/3	3/3
Rudi Bogni	4/4	3/3	–	3/3	3/3

¹ Lars Otterbeck did not participate in one Board meeting (and part of another Board meeting) during the year because of potential conflicts of interest arising from his position as a director of Skandia Insurance Company Limited (publ) and Skandia Liv while the Company was in active negotiations about the sale of the Group's Nordic business.

Attendance record

The table above 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 2011.

Internal control environment

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 2011 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 2011. A total of 331 meetings were

held during the year with investors and analysts in the UK, South Africa, North America and continental Europe, comprising 218 individual institutions. This compared with a total of 244 meetings held in 2010. The majority of meetings involved the Group Chief Executive, the Group Finance Director or another member of the senior management team, although greater use was made of group meetings in order to improve efficiency and provide more institutions with access to management and also to increase the efficient use of management's own time. The Company continued to target smaller institutional investors and those who manage funds for high-net-worth retail clients and charities in both Europe and South Africa with a view to diversifying its shareholder base.

In addition, the Company presented at a number of major investor conferences around the world as well as hosting international investors to a visit to the Group's South African businesses. The Company also hosted the Chairman of the Mandela Institute at its London office, at an evening reception for investors and analysts to discuss the prospects of investing in Agriculture, Infrastructure and Housing in Africa. Copies of all presentations and, where appropriate, transcripts are posted on the Company's website so that they are accessible to shareholders generally.

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.

While local employment policies and procedures are developed by each business according to its own circumstances, employees are recruited, retained, developed and rewarded solely on the basis of their suitability for the job, without discrimination in terms of race, religion, national origin, colour, gender, age, marital status or sexual orientation, subject always to employment equity considerations in South Africa. Further information on employee matters is set out in the Responsible Business section of this document.

Political donations

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

Dividends and dividend policy

Given the continued progress in achieving our debt repayment programme, the Board has considered the position in respect of a final dividend for 2011, and is recommending the payment of a final 2011 dividend of 3.5p per share (or its equivalent in other applicable currencies), which is equivalent to 4.0p per new ordinary share of 11⁹/7p once the existing shares are consolidated following the close of business on 20 April 2012. A scrip dividend alternative is not being made available in relation to this dividend in view of the complexities involved in the share consolidation, and the Board will consider later in 2012 whether to reinstate a scrip dividend alternative for the interim dividend for the current year.

Further information on the final dividend for 2011 and of the special dividend to be paid after completion of the sale of the Group's Nordic business is contained in the Shareholder Information section of this document.

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. In future, we expect to set interim dividends routinely as 30% of the prior year's full dividend.

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 2011 was £580,104,127.70 divided into 5,801,041,277 ordinary shares of 10 pence each (2010: £569,522,432.60 divided into 5,695,224,326 ordinary shares of 10 pence each). During the year ended 31 December 2011, 6,365,088 shares were issued under the Company's employee share option schemes at an average price of 80 pence each, 69,122,462 shares were issued under the scrip dividend alternative for the final dividend for the year ended 31 December 2010 at an effective price of £1.3254 (or its equivalent in other currencies) each

and 30,329,401 shares were issued under the scrip dividend alternative for the interim dividend for the six months ended 30 June 2011 at an effective price of £1.0672 (or its equivalent in other currencies) each.

At 31 December 2011, shareholder authorities were in force enabling the Company to make market purchases of, and/or to purchase pursuant to contingent purchase contracts relating to each of the overseas exchanges on which the Company's shares are listed, its own shares up to an aggregate of 545,683,000 shares. No shares were bought back by the Company during 2011 or during the period up to 8 March 2012.

In the period 1 January to 8 March 2012, 748,309 further shares were issued by the Company under its employee share schemes at an average price of 62.51p each. No shares were bought back during that period and 239,434,888 shares held in treasury were cancelled on 13 January 2012. As a result, the Company's issued share capital at 8 March 2012 was £556,235,469.80 divided into 5,562,354,698 ordinary shares of 10 pence each. The total number of voting rights at that date was also 5,562,354,698.

Major shareholders

At 31 December 2011, the following substantial interests in voting rights had been declared to the Company in accordance with the Disclosure and Transparency Rules:

	31 Dec 2011 Number of voting rights	% of voting rights
Cevian Capital	410,748,581	7.38
Public Investment Corporation of the Republic of South Africa	307,212,664	5.52
Sanlam Investment Management (Pty) Limited	305,691,719	5.50
BlackRock Inc	264,286,239	4.75
Legal & General Group PLC	185,451,357	3.33
Old Mutual Life Assurance Company (South Africa) Limited	185,464,458	3.33

Between 31 December 2011 and 8 March 2012, there have been no notifications to the Company of any changes to the above disclosable interests nor any new such notifications by other shareholders.

By order of the Board

Martin Murray
Group Company Secretary

9 March 2012



In this section, we describe the Company's remuneration practices during 2011 and its policies for 2012 and future years with particular emphasis on the remuneration arrangements for the executive directors.

Russell Edey

Chairman of the Remuneration Committee

I am pleased to present this summary of the Company's annual Remuneration Report. Since I took over the Chairmanship of the Remuneration Committee (the Committee) in May 2011, executive pay has been continuously in the spotlight. There has been significant scrutiny from the media and soul-searching within companies on the issue. External governance guidelines and principles have been revised to reflect changing conditions in the financial sector, where companies have been inundated by recommendations from remuneration advisers and criticism from the public and the media.

I am pleased to say that my predecessor left me in a solid position as regards the governance of remuneration within the Company. Since early 2010, extensive work has been done to develop risk management processes that ensure rewards are appropriately aligned with both short- and long-term performance and do not encourage excessive risk-taking in the Group. All of our major business units now take account of risk-adjusted profit (Economic Profit) in the calculation of bonus pools. Outcomes from these bonus pools are linked to balanced scorecards for all senior executives that have objectives which encourage improved risk management. This approach has been adopted in line with FSA guidelines and the evolving requirements of Solvency II.

No significant change or restructuring has been made to the remuneration or incentive structure for the executive directors in 2012. However, the current long-term incentive plan, the Old Mutual Strategic Incentive Plan (OMSIP), was designed to incentivise a change in the strategic direction and restructuring of the Group over three to four years and the targets used for awards under the OMSIP were agreed for a two-year period (2010 and 2011) only. Accordingly, revised targets for annual long-term incentive awards have been agreed, as described later in this report, to provide an appropriate level of reward for sustained financial performance within agreed risk parameters.

Remuneration Committee

The Committee is a committee of the Board. Its full terms of reference are published on the Company's website. The Committee 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, 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 Group's remuneration policy
- Reviewing, monitoring and approving, or recommending for approval, the Company's share incentive arrangements and awards.

Subsidiary Remuneration Committees

Remuneration committees operate at subsidiary level around the Group to oversee local remuneration. In addition, the Management Remuneration Committee (MRC) co-ordinates policy and governance of executive

remuneration at management tiers immediately below director and Group Executive Committee level and is responsible for the implementation of these in Group Head Office. The MRC and other subsidiary remuneration committees are supported and attended by Group HR and apply common principles, including the following:

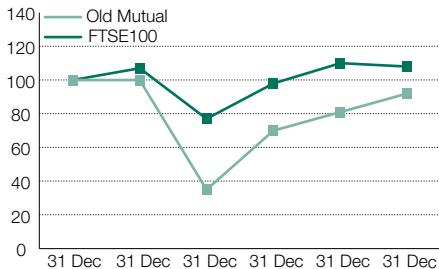
- Remuneration must support the business drivers, corporate vision, strategy and strategic priorities
- Incentives should align the interests of employees with shareholders
- Incentives should be performance-related and effectively linked to success in delivering the chosen strategy
- Pay should be set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

Performance graphs

This graph shows the total shareholder return (TSR) to 31 December 2011 on £100 invested in shares in Old Mutual plc on 31 December 2006 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.

Old Mutual plc TSR Performance: Five-year performance to 31 December 2011



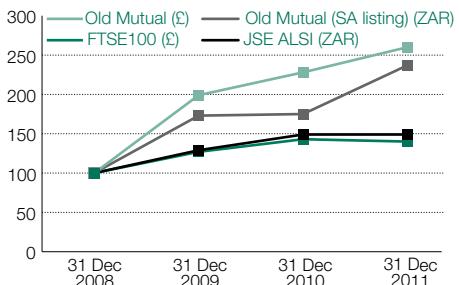
Source: Datastream

SUMMARY OF THE REMUNERATION REPORT

CONTINUED

This graph shows the TSR to 31 December 2011 on £100 invested in shares in Old Mutual plc on 31 December 2008 compared with £100 invested in the FTSE100 index and on R100 invested in shares in Old Mutual plc on 31 December 2008 compared with R100 invested in the JSE ALSI. The three-year period shown coincides with the measurement period for targets set on the long-term incentive awards granted in 2009 and due to vest in 2012.

Old Mutual plc TSR Performance: Three-year performance to 31 December 2011



Remuneration policies

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. The following are the guiding principles that the Committee has applied during 2011 and intends to apply during 2012:

- 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. Large UK insurers and members of the UK FTSE100 index, with particular reference to the subset by market capitalisation, provide the benchmarks for UK-based executive directors
- 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

- 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 2011. It also has discretion to consider corporate performance on environmental, social and governance (ESG) issues, to the extent relevant, when setting their remuneration. 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.

Overview of executive directors' remuneration

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 is as follows:

Element	Description
Basic salary	Reviewed each January, taking into account market benchmarks and the level of increases awarded to all Group employees.
Benefits	The policy is currently to pay an allowance of 35% of basic salary to cover any benefits elected, with any balance paid in cash. Life cover of £1,000,000 and disability cover capped at an annual basic salary of £140,000 are also provided.
Short-term incentive	Payable subject to achievement of agreed financial targets and agreed scorecard objectives. The policy is currently to make a maximum award of 150% of basic salary, 50% in cash and 50% deferred in Company restricted shares for three years, subject to claw-back.
Long-term incentive	The policy is currently a maximum award of 250% of basic salary. Vesting is subject to agreed performance targets and the award is subject to claw-back.

Executive directors' remuneration in 2012

Basic salary and benefits

With effect from 1 January 2012, Julian Roberts' basic salary was increased by 2.35%, from £850,000 to £870,000, and Philip Broadley's basic salary was increased by 2.65%, from £565,000 to £580,000. This compares with similar 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 increases for the executive directors, the Committee considered the salary increases for other employees in the Group as set out above, and had regard to those increases. Benefits equivalent to 35% of basic salary will continue to be payable either as contributions to agreed benefits or monthly in cash, and life cover and disability cover will continue to be provided.

Pensions

Julian Roberts and Philip Broadley will not be contributing to any employer-provided pension scheme of the Group during 2012. The Company will not be making contributions to any such scheme on their behalf.

Short-term incentive

The short-term incentive policy to be applied during the year is described above and there have been no changes to the policy from 2011 to 2012.

Long-term incentives

The Committee approved a change in structure of long-term incentive awards for executive directors in 2010, after extensive consultation with shareholders. This included the use of a one-off award, which was specifically related to the strategic review and rationalisation of the Group, and regular annual share incentive awards, subject to agreed financial targets for awards granted in 2010 and 2011.

2012 Award Targets

Accordingly, revised targets for annual long-term incentive awards have been agreed by the Committee from 2012 onwards, taking into account the market context of the Company and advice received, which emphasised the need for long-term metrics to be:

- Transparent, clear and simple for both shareholders and executives
- Stretching but attainable (so that executives are appropriately rewarded for delivery and not paid for failure)
- Aligned with shareholder interests.

Various approaches were considered and, given the current context and strategic intention of the Group, the following approach was agreed to be most appropriate:

SUMMARY OF THE REMUNERATION REPORT

CONTINUED

- The primary target will be based on cumulative growth over three years in Adjusted Operating Profit (AOP) on a constant-currency basis. This was chosen to incentivise significant growth in operating profit across the Group's principal business units. An adjustment to this outcome will be made based on the relative total shareholder return (TSR) over the three-year period, calculated 50% against the FTSE100 index and 50% against the JSE ALSI. This takes into account relative performance against other listed companies. TSR will be averaged at the start (Q4 2011) and end (Q4 2014) of the three-year performance period.
- In addition, discretionary downward adjustments to the formulaic outcome on the AOP metrics will be considered by the Committee where:
 - there are any negative financial impacts or underperformance in the Group not adequately reflected in AOP, giving the Committee discretion to take broad performance into account; or
 - there is under-performance in the management of Group risk or the agreed risk appetite levels are exceeded. This enables the Committee to factor in the requirement of the FSA and ABI to take account of company risk as a factor in performance measurement.

The level at which the awards vest will be determined by reference to the total aggregate AOP in constant currency achieved over the three-year period, shown in the table below.

AOP Targets – Aggregated over three years

	Threshold	Maximum
AOP (£bn)	2.9	3.5
% Vesting	0% -----Interpolated----- 100%	

Multipled by

Relative TSR Performance*

	Relative TSR vs index	Multiplier
Threshold	4% or more below index	0.85
Target	equal to index	1.00
Maximum	4% or more above index	1.15

* Relative TSR performance against the above ranges, with a multiplier being set on a straight-line basis between the points.

The maximum award for the executive directors, inclusive of the TSR multiplier above, remains at 250% of basic salary at the date of award.

Executive directors' remuneration during 2011

Basic Salary and benefits

Julian Roberts' basic salary was £850,000 and Philip Broadley's basic salary was £565,000. Benefits equivalent to 35% of basic salary were paid monthly in cash. Life cover of £1,000,000 and disability cover capped at an annual basic salary of £140,000 was also provided at a cost of approximately £2,000 each.

Pensions

Julian Roberts is a deferred member of the defined contribution section of the Old Mutual Staff Pension Fund (OMSPF). The accumulated value of Julian Roberts' funds in the OMSPF was £281,900 at 31 December 2011 (£294,700 at 31 December 2010). Philip Broadley does not participate in any employer-provided pension scheme of the Group.

Short-term incentive targets for performance year 2011

The payment of short-term incentives is subject to the achievement of pre-determined financial targets and scorecard objectives based on the key deliverables for each executive director, as reviewed and approved by the Committee. Details of the structure and outcomes of the metrics for Julian Roberts' and Philip Broadley's short-term incentives for 2011 are set out in the following table:

Elements as % of salary	Julian Roberts		Philip Broadley	
	Maximum %	Achieved %	Maximum %	Achieved %
Group Targets				
EPS	56.25	56.25	37.50	37.50
RoE	56.25	46.13	37.50	30.75
Group targets – sub-total	112.50	102.38	75.00	68.25
Scorecard objectives	37.50	35.25	75.00	66.00
Total	150.00	137.63	150.00	134.25
£000 incentive for period	1,275	1,170*	848	759*
Achieved incentive as % of max		91.75		89.50

* These amounts are as reflected in the Directors' emoluments for 2011 table and will be paid 50% in cash and 50% deferred for three years in the form of forfeitable shares awards.

Summary of Remuneration paid in 2011

The following table shows the value of remuneration received by the executive directors on a cash basis in 2011. It reflects the gross (pre-tax) value of salary and benefits received in the year, the cash bonus paid in March 2011 (in relation to 2010 performance) and the value of any shares vested together with gains from share options exercised in the year.

	Julian Roberts	Philip Broadley
Basic Salary	£850,000	£565,000
Benefits Allowance	£297,500	£197,750
STI – cash*	£610,050	£387,750
DTI proceeds**	£130,020	£0
LTI proceeds***	£40,174	£659,868
Total	£1,927,744	£1,810,368

* 2010 cash short-term incentive paid in March 2011

** Vesting of 2008 deferred short-term incentive award

*** Gain on exercise of share options

SUMMARY OF THE REMUNERATION REPORT

CONTINUED

Directors' emoluments for 2011

Directors' remuneration for the year ended 31 December 2011 and the preceding financial year, including, in each case, remuneration from offices held with the Company's subsidiaries where relevant, was as follows:

	2011				2010	
	Salary and Fees £000	Short-term Incentive ¹ £000	Benefits and benefit allowance ² £000	Pension £000	Total £000	Total £000
Chairman						
Patrick O'Sullivan	350	-	-	-	350	350
Executive directors						
Philip Broadley	565	759	215	-	1,539	1,518
Julian Roberts	850	1,170	330	-	2,350	2,379
Non-executive directors						
Mike Arnold	93	-	-	-	93	86
Eva Castillo	65	-	-	-	65	-
Russell Edey	83	-	-	-	83	73
Alan Gillespie	80	-	-	-	80	12
Reuel Khoza	382 ³	-	-	-	382	367
Roger Marshall	96	-	-	-	96	38
Bongani Nqwababa	74	-	-	-	74	72
Lars Otterbeck	238 ⁴	-	-	-	238	227
Former non-executive directors						
Nigel Andrews	73 ⁵	-	-	-	73	113
Rudi Bogni	36	-	-	-	36	94
Total emoluments	2,985	1,929	545	-	5,459	5,329 ⁶

¹ The total short-term incentives are payable 50% in cash and 50% deferred for three years in the form of forfeitable shares awards. The figures quoted represent both elements of the short-term incentives.

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 Includes fees of £316,000 (£304,000 in 2010) from Nedbank Group Limited.

⁴ Includes fees of £166,000 (£159,000 in 2010) from Skandia Insurance Company Limited, Skandiabanken and Skandia Liv.

⁵ Includes fees of £47,000 (£42,000 in 2010) from Old Mutual (US) Holdings Inc.

⁶ The prior-year comparative number as published in the Remuneration Report for 2010 was £5,391,000, which included £62,000 paid to the former non-executive director, Richard Pym.

The executive directors were required to waive fees for non-executive directorships held in subsidiary companies totalling £29,100 during the year ended 31 December 2011 (2010: £30,400) in favour of the Company or its subsidiaries. These waivers are expected to remain in force in the future.

Chairman and non-executive directors' remuneration

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

- Fee-based
- Market-related
- Not linked to share price or Company performance.

There was no increase between 2011 and 2012 in the annual fees payable to the Chairman or to other non-executive directors. The relevant fees, applicable for both years, by role are set out below:

	£
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 2011 or had any accrued pension fund benefits in any Group pension fund at 31 December 2011.

SUMMARY OF THE REMUNERATION REPORT

CONTINUED

Directors' interests under employee share plans

The following share options and rights over shares in the Company granted under various employee share schemes were outstanding at 1 January and 31 December 2011 in favour of the executive directors. Those granted during 2011 are highlighted in bold and those vested, released, exercised or lapsed during 2011 are shown in italics:

Award type and plan	Reason for award	Performance targets to be met	Grant Date	Market value per share at grant (p)	At 1 Jan 11	Granted
Mr P Broadley						
Option (SRP)	<i>Joining¹</i>	No	10-Nov-08	57.00	1,315,789	–
Shares (SRP)	<i>DSTI²</i>	No	08-Apr-09	54.10	44,235	–
	<i>DSTI^{2,3}</i>	No	23-Mar-10	125.70	262,530	–
	DSTI^{2,3}	No	11-Apr-11	144.70	–	267,969
Option (PSP)	Match ⁴	Yes	08-Apr-09	54.10	442,357	–
Shares (PSP)	Match ⁴	Yes	08-Apr-09	55.78	85,805	–
	<i>Joining⁴</i>	Yes	08-Apr-09	54.10	739,372	–
Nil cost options OMSIP (PSP)	Rationalising ^{3,5}	Yes	13-May-10	119.00	577,732	–
	Rationalising ^{3,5}	Yes	13-May-10	119.00	577,731	–
	Financial Objectives ^{3,6}	Yes	13-May-10	119.00	577,732	–
	Financial Objectives ^{3,6}	Yes	13-May-10	119.00	577,731	–
	Financial Objectives^{3,6}	Yes	11-Apr-11	144.70	–	488,079
	Financial Objectives^{3,6}	Yes	11-Apr-11	144.70	–	488,079
Total					5,201,014	1,244,127
Mr J Roberts						
Shares (SRP)	<i>DSTI²</i>	No	08-Apr-09	54.10	301,594	–
	<i>DSTI^{2,3}</i>	No	23-Mar-10	125.70	378,849	–
	DSTI^{2,3}	No	11-Apr-11	144.70	–	421,597
Option (PSP)	Match ⁴	Yes	08-Apr-09	54.10	4,436,229	–
Shares (PSP)	Match ⁴	Yes	08-Apr-09	55.78	860,508	–
Nil cost options OMSIP (PSP)	Rationalising ^{3,5}	Yes	13-May-10	119.00	871,849	–
	Rationalising ^{3,5}	Yes	13-May-10	119.00	871,849	–
	Financial Objectives ^{3,6}	Yes	13-May-10	119.00	871,849	–
	Financial Objectives ^{3,6}	Yes	13-May-10	119.00	871,849	–
	Financial Objectives^{3,6}	Yes	11-Apr-11	144.70	–	734,278
	Financial Objectives^{3,6}	Yes	11-Apr-11	144.70	–	734,278
Option (SOP)	<i>LTI⁷</i>	Yes	26-Apr-05	126.50	304,348	–
	<i>LTI⁸</i>	Yes	03-Apr-08	123.20	426,137	–
Shares (RSP)	<i>DSTI⁹</i>	No	03-Apr-08	123.20	93,104	–
	<i>Match⁸</i>	Yes	03-Apr-08	122.89	186,661	–
Option (SAYE)	¹⁰	No	09-Apr-09	63.30	48,906	–
Total					10,523,732	1,890,153

Exercised, Released, Lapsed	At 31 Dec 11	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	–	57.00	107.15	659,868		
–	44,235	–	–	–	08-Apr-12	08-Apr-12
–	262,530	–	–	–	23-Mar-13	23-Mar-13
–	267,969	–	–	–	11-Apr-14	11-Apr-14
–	442,357	54.10	–	–	08-Apr-12	08-Apr-15
–	85,805	–	–	–	08-Apr-12	08-Apr-12
–	739,372	–	–	–	08-Apr-12	08-Apr-12
–	577,732	–	–	–	13-May-13	12-May-20
–	577,731	–	–	–	13-May-14	12-May-20
–	577,732	–	–	–	13-May-13	12-May-20
–	577,731	–	–	–	13-May-14	12-May-20
–	488,079	–	–	–	11-Apr-14	10-Apr-16
–	488,079	–	–	–	11-Apr-15	10-Apr-16
1,315,789	5,129,352			659,868		
–	301,594	–	–	–	08-Apr-12	08-Apr-12
–	378,849	–	–	–	23-Mar-13	23-Mar-13
–	421,597	–	–	–	11-Apr-14	11-Apr-14
–	4,436,229	54.10	–	–	08-Apr-12	08-Apr-15
–	860,508	–	–	–	08-Apr-12	08-Apr-12
–	871,849	–	–	–	13-May-13	12-May-20
–	871,849	–	–	–	13-May-14	12-May-20
–	871,849	–	–	–	13-May-13	12-May-20
–	871,849	–	–	–	13-May-14	12-May-20
–	734,278	–	–	–	11-Apr-14	10-Apr-16
–	734,278	–	–	–	11-Apr-15	10-Apr-16
304,348	–	126.50	139.70	40,174		
426,137	–	123.20	–	–		
93,104	–	–	139.65	130,020		
186,661	–	–	–	–		
–	48,906	32.00	–	–	01-Jun-14	30-Nov-14
1,010,250	11,403,635			170,194		

SUMMARY OF THE REMUNERATION REPORT

CONTINUED

1. On 10 November 2011, Mr Broadley exercised his share option granted on 10 November 2008. Mr Broadley sold 1,024,800 shares to cover the costs of exercise and his income tax and employees' National Insurance Contribution liabilities and retained 290,989 shares.
2. Dividends are paid and the directors can vote the shares held under award during the vesting period.
3. 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.
4. As a result of the EPS and RoE based performance targets being met, the share options and forfeitable shares awards granted under the PSP on 8 April 2009 will vest on 8 April 2012.
5. Subject to the achievement of certain initiatives relating to the restructuring of the Group.
6. Subject to the fulfilment of performance targets, under which 50% of the award is subject to the financial performance of the Company's Long-Term Savings business post restructuring and 50% of the award is subject to absolute TSR.
7. On 4 April 2011, Mr Roberts exercised his share option granted on 26 April 2005. Mr Roberts sold 291,569 shares to cover the costs of exercise and his income tax and employees' National Insurance Contribution liabilities and retained 12,779 shares.
8. As a result of the EPS-based performance targets not being met, the share options and bonus-matching restricted share awards granted on 3 April 2008 lapsed on 8 March 2011.
9. On 4 April 2011, 93,104 shares were released to Mr Roberts in respect of the deferred short-term incentive restricted share award originally granted in April 2008. Mr Roberts sold 47,590 of these shares to cover his income tax and employees' National Insurance Contribution liabilities and retained 45,514 shares.
10. The SAYE option price was determined as 20% 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.

Terms of engagement – 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, as amended on 22 November 2011 Philip Broadley – 10 November 2008, as amended on 22 November 2011
Notice Period	Julian Roberts – 12 months by either the Company or the director Philip Broadley – 12 months by the Company and 6 months by 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

Terms of engagement – Chairman and non-executive directors

Patrick O'Sullivan entered into an engagement letter with the Company in August 2009 (as amended in December 2011) 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 is for an initial term of three years, renewable thereafter for a further three years (subject to the same provisos), followed by up to three additional one-year terms.

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. The Board has determined that, with effect from January 2012, non-executive directors' engagements will be extended on an annual basis (for a maximum of three years) from the end of their second 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
Mike Arnold	1 Sep 2009	1 Sep 2009	1st	1 Sep 2012
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 2012	3rd (1st year)	27 Jan 2013
Roger Marshall	5 Aug 2010	5 Aug 2010	1st	5 Aug 2013
Bongani Nqwababa	1 Apr 2007	1 Apr 2010	2nd	1 Apr 2013
Nku Nyembezi-Heita	9 March 2012	9 March 2012	1st	9 March 2015
Lars Otterbeck	14 Nov 2006	14 Nov 2009	2nd	14 Nov 2012

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 10 May 2012.

Russell Edey

Chairman of the Remuneration Committee

On behalf of the Board

9 March 2012

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

For the year ended 31 December 2011

We have examined the Summary Financial Statements of Old Mutual plc for the year ended 31 December 2011 which comprise the Summary Consolidated Income Statement, the Summary Consolidated Statement of Financial Position and the related notes, set out on pages 84 to 88, and the Summary Directors' Remuneration Report set out on pages 68 to 79. 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 82.

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 an auditors' report 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 report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the 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 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 statements.

Basis of opinion

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

Opinion

In our opinion the Summary Financial Statements are consistent with the full annual financial statements and the Directors' Remuneration Report of Old Mutual plc for the year ended 31 December 2011 and comply with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

Philip Smart (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London E14 5GL
9 March 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	£m	Year ended 31 December 2011	Year ended 31 December 2010*
Revenue			
Gross earned premiums	3,584	3,460	
Outward reinsurance	(325)	(300)	
Net earned premiums	3,259	3,160	
Investment return (non-banking)	(567)	9,553	
Banking interest and similar income	3,669	3,913	
Banking trading, investment and similar income	217	199	
Fee and commission income, and income from service activities	3,035	2,823	
Other income	171	149	
Total revenues	9,784	19,797	
Expenses			
Claims and benefits (including change in insurance contract provisions)	(3,331)	(4,956)	
Reinsurance recoveries	123	222	
Net claims and benefits incurred	(3,208)	(4,734)	
Change in investment contract liabilities	1,889	(5,833)	
Losses on loans and advances	(458)	(548)	
Finance costs	(58)	(269)	
Banking interest payable and similar expenses	(2,095)	(2,441)	
Fee and commission expenses, and other acquisition costs	(1,007)	(917)	
Other operating and administrative expenses	(3,852)	(3,643)	
Goodwill impairment	(264)	(1)	
Change in third-party interest in consolidated funds	2	(299)	
Total expenses	(9,051)	(18,685)	
Share of associated undertakings and joint ventures' profit after tax	10	5	
Profit/(loss) on acquisition/disposal of subsidiaries, associated undertakings and strategic investments	251	(22)	
Profit before tax	994	1,095	
Income tax expense	(225)	(391)	
Profit from continuing operations after tax	769	704	
Discontinued operations			
Profit/(loss) from discontinued operations after tax	198	(728)	
Profit/(loss) after tax for the financial year	967	(24)	
Attributable to:			
Equity holders of the parent	667	(282)	
Non-controlling interests			
Ordinary shares	238	196	
Preferred securities	62	62	
Profit/(loss) after tax for the financial year	967	(24)	
Earnings per share			
Basic earnings per share based on profit from continuing operations (pence)	8.9	8.5	
Basic earnings per share based on profit/(loss) from discontinued operations (pence)	4.0	(15.0)	
Basic earnings per ordinary share (pence)	12.9	(6.5)	
Diluted earnings per share based on profit from continuing operations (pence)	8.0	7.7	
Diluted earnings per share based on profit/(loss) from discontinued operations (pence)	3.7	(13.8)	
Diluted earnings per ordinary share (pence)	11.7	(6.1)	
Weighted average number of shares – millions	4,935	4,859	

* The year ended 31 December 2010 has been restated to reflect Nordic as discontinued (see note 2).

RECONCILIATION OF ADJUSTED OPERATING PROFIT TO PROFIT AFTER TAX

For the year ended 31 December 2011

	£m	Year ended 31 December 2011	Year ended 31 December 2010*
Core operations			
Long-Term Savings	793	787	
Nedbank	755	601	
Mutual & Federal	89	103	
USAM	67	72	
	1,704	1,563	
Finance costs	(128)	(128)	
Long-term investment return on excess assets	37	31	
Net interest payable to non-core operations	(23)	(39)	
Corporate costs	(57)	(60)	
Other net (expenses)/income	(18)	4	
Adjusted operating profit before tax	1,515	1,371	
Adjusting items	(329)	(392)	
Non-core operations	(183)	15	
Profit before tax (net of policyholder tax)	1,003	994	
Income tax attributable to policyholder returns	(9)	101	
Profit before tax	994	1,095	
Total tax expense	(225)	(391)	
Profit from continuing operations after tax	769	704	
Profit/(loss) from discontinued operations after tax	198	(728)	
Profit/(loss) after tax for the financial year	967	(24)	

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

	£m	Year ended 31 December 2011	Year ended 31 December 2010*
Adjusted operating profit before tax	1,515	1,371	
Tax on adjusted operating profit	(341)	(327)	
Adjusted operating profit after tax	1,174	1,044	
Non-controlling interests – ordinary shares	(257)	(217)	
Non-controlling – preferred securities	(62)	(62)	
Adjusted operating profit after tax attributable to ordinary equity holders of the parent	855	765	
Adjusted weighted average number of shares (millions)	5,435	5,359	
Adjusted operating earnings per share (pence)	15.7	14.3	

* The year ended 31 December 2010 has been restated to reflect Nordic as discontinued and non-core (see note 2).

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 acquisition/disposal of subsidiaries, associated undertakings and strategic investments, and fair value profits/(losses) on certain Group debt movements but includes dividends declared to holders of perpetual preferred callable securities. Bermuda, which is non-core, and Nordic and US Life, which are discontinued and non-core, are not included in adjusted operating profit.

Adjusted operating earnings per 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 2011

	£m	At 31 December 2011	At 31 December 2010
Assets			
Goodwill and other intangible assets	3,358	4,965	
Mandatory reserve deposits with central banks	951	1,079	
Property, plant and equipment	925	1,015	
Investment property	2,064	2,040	
Deferred tax assets	339	416	
Investments in associated undertakings and joint ventures	111	162	
Deferred acquisition costs	1,351	1,534	
Reinsurers' share of policyholder liabilities	989	1,104	
Loans and advances	39,764	51,778	
Investments and securities	81,253	106,153	
Current tax receivable	138	156	
Client indebtedness for acceptances	237	190	
Trade, other receivables and other assets	3,348	3,934	
Derivative financial instruments – assets	1,795	2,503	
Cash and cash equivalents	3,624	4,132	
Non-current assets held for sale	22,138	12,391	
Total assets	162,385	193,552	
Liabilities			
Life assurance policyholder liabilities	76,350	98,631	
General insurance liabilities	325	397	
Third-party interests in consolidated funds	1,893	3,584	
Borrowed funds	3,656	4,204	
Provisions	269	260	
Deferred revenue	701	730	
Deferred tax liabilities	504	858	
Current tax payable	199	238	
Trade, other payables and other liabilities	4,243	5,661	
Liabilities under acceptances	237	190	
Amounts owed to bank depositors	40,978	53,236	
Derivative financial instruments – liabilities	1,755	1,870	
Non-current liabilities held for sale	20,417	12,219	
Total liabilities	151,527	182,078	
Net assets	10,858	11,474	
Shareholders' equity			
Equity attributable to equity holders of the parent	8,488	8,951	
Non-controlling interests			
Ordinary shares	1,652	1,763	
Preferred securities	718	760	
Total non-controlling interests	2,370	2,523	
Total equity	10,858	11,474	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

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 2011. 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 2011 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.

2: Significant corporate activity and business changes

Disposal of US Life

As previously reported, at 31 December 2010 the Group was in advanced stage negotiations for the disposal of its life assurance operations in the United States, which represented almost the entirety of the US Life operating segment. Following US regulatory approval the disposal of US Life was completed on 7 April 2011. The sale represented the Group's exit from the life assurance market in the United States and therefore met the criteria of a discontinued operation. For the purposes of adjusted operating profit US Life has been classified as a discontinued and non-core operation and consequently is not included.

Skandia Liv and the disposal of Nordic

In line with previous periods the consolidated financial statements do not include the company

Livförsäkringsaktiebolaget Skandia (Skandia Liv) and its subsidiaries. Skandia Liv's business is a mutual life assurance company that is highly regulated within a strict legal framework for mutual life assurance companies in Sweden, particularly in relation to its relationship with its holding company. The Group does not have the power to control Skandia Liv in such a way as to access the benefits usually associated with share ownership due to the legal and regulatory restrictions. Those benefits accrue to the policyholders of Skandia Liv. Consequently, Skandia Liv is not consolidated. The shares in Skandia Liv are accounted for in accordance with the accounting policies for equity financial instruments.

As announced on 15 December 2011, the Group has agreed to sell the Nordic business unit comprising the life assurance, asset management and banking operations in Sweden, Denmark and Norway to Skandia Liv. As a result the assets and liabilities of the Nordic 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 result in the Group's exit from the life assurance, asset management and banking operations in the Nordic region 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, Nordic has been reclassified as a discontinued and non-core operation for the year ended 31 December 2011 with the comparative restated accordingly.

Disposal of the Finnish branch in Wealth Management

On 21 December 2011 the Group announced that it had agreed terms to sell the Finnish branch of Wealth Management to OP-Pohjola osk. As a result of this the assets and liabilities of the Finnish branch have been classified as held for sale in the statement of financial position for the current year.

Further details of the impact for discontinued operations is provided in note 7. In addition, certain comparative information has been revised in accordance with changes to presentation made in the current year.

Consolidation of other African businesses

In preparing the consolidated financial statements for the year ended 31 December 2010 the Emerging Markets segment included its South African and Namibian businesses but excluded all other African businesses. This was consistent with prior periods. Nedbank and Mutual & Federal consolidated the results of all African businesses under their control.

Following a period of greater political and currency stability in Zimbabwe and an expectation that the Group will be able to extract benefits from its Zimbabwean business the Group re-evaluated its ability to control this business within the meaning of accounting standards. As a result the Group's Zimbabwean business has been consolidated for the first time together with operations in Kenya, Malawi, Swaziland and Nigeria (collectively the other African businesses), with this being effective from 1 January 2011.

The acquisition has been accounted for at the net asset value of the underlying businesses on 1 January 2011, being the fair value of the Group's investment in these operations for the assets and liabilities acquired. Deemed consideration for the acquisition is the fair value of the Group's investment immediately prior to control. The result was a gain for the Group in these businesses that is accounted for as a profit on acquisition in the year. This profit has been excluded from adjusted operating profit. On initial recognition the assets directly associated with other African businesses consisted of £290 million of investment property, £576 million of investments and securities and £115 million of other assets, with liabilities at this time being £624 million of policyholder liabilities and £108 million of other liabilities.

The trading results of the other African businesses for the year ending 31 December 2011 have been included in the Group's income statement and adjusted operating profit. In anticipation of the indigenisation of the Zimbabwe business a non-controlling interest adjustment has been included for this operation in respect of adjusted operating profit to reflect the most likely expected indigenous shareholding to be provided. At 31 December 2011 the Group retained a 100% holding in the ordinary shares of Zimbabwe and consequently the operation has been consolidated as a wholly owned subsidiary for the purposes of IFRS reporting.

3: Foreign currencies

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

	Year ended 31 December 2011	Year ended 31 December 2010		
	Income statement (average rate)	Statement of financial position (closing rate)	Income statement (average rate)	Statement of financial position (closing rate)
Rand	11.6445	12.5643	11.3095	10.2796
US dollars	1.6037	1.5553	1.5459	1.5530
Swedish kronor	10.4144	10.6801	11.1364	10.4227
Euro	1.1519	1.1970	1.1650	1.1614

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 2011	Year ended 31 December 2010 Restated
Profit for the financial year attributable to equity holders of the parent from continuing operations	469	446	
Profit/(loss) for the financial year attributable to equity holders of the parent from discontinued operations	198	(728)	
Profit/(loss) for the financial year attributable to equity holders of the parent	667	(282)	
Dividends declared to holders of perpetual preferred callable securities	(32)	(32)	
Profit/(loss) attributable to ordinary equity holders	635	(314)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011 continued

Total dividends declared to holders of perpetual preferred callable securities of £44 million in 2011 (2010: £44 million) are stated net of tax credits of £12 million (2010: £12 million).

	Millions	
	Year ended 31 December 2011	Year ended 31 December 2010
Weighted average number of ordinary shares in issue	5,502	5,422
Shares held in charitable foundations	(6)	(7)
Shares held in ESOP trusts	(61)	(56)
Adjusted weighted average number of ordinary shares	5,435	5,359
Shares held in life funds	(201)	(205)
Shares held in Black Economic Empowerment trusts	(299)	(295)
Weighted average number of ordinary shares	4,935	4,859
Basic earnings per ordinary share (pence)	12.9	(6.5)

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.

	Year ended 31 December 2011	Year ended 31 December 2010
Profit/(loss) attributable to ordinary equity holders (£m)	635	(314)
Dilution effect on profit/(loss) relating to share options issued by subsidiaries (£m)	(8)	(8)
Diluted profit/(loss) attributable to ordinary equity holders (£m)	627	(322)
Weighted average number of ordinary shares (millions)	4,935	4,859
Adjustments for share options held by ESOP trusts (millions)	133	137
Adjustments for shares held in Black Economic Empowerment trusts (millions)	299	295
	5,367	5,291
Diluted earnings per ordinary share (pence)	11.7	(6.1)

(b) Adjusted operating earnings per ordinary share

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

	£m	
	Year ended 31 December 2011	Year ended 31 December 2010
Profit/(loss) for the financial year attributable to equity holders of the parent	667	(282)
Adjusting items	329	392
Tax on adjusting items	(108)	(33)
Non-core operations	184	(19)
(Profit)/loss from discontinued operations	(198)	728
Non-controlling interest on adjusting items	(19)	(21)
Adjusted operating profit after tax attributable to ordinary equity holders	855	765
Adjusted weighted average number of ordinary shares (millions)	5,435	5,359
Adjusted operating earnings per ordinary share (pence)	15.7	14.3

(c) Headline earnings per share

In accordance with the JSE Limited (JSE) listing requirements, the Group is required to calculate a 'headline earnings per share' (HEPS), determined by reference to the South African Institute of Chartered Accountants' circular 3/2009 'Headline Earnings'. The table below sets out a reconciliation of basic earnings per ordinary share and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS.

	Year ended 31 December 2011		Year ended 31 December 2010	
	Gross	Net	Gross	Net
Profit/(loss) for the financial year attributable to equity holders of the parent	667	667	(282)	(282)
Dividends declared to holders of perpetual preferred callable securities	(32)	(32)	(32)	(32)
Profit/(loss) attributable to ordinary equity holders	635	635	(314)	(314)
Adjustments:				
Impairments of goodwill and intangible assets	264	264	20	20
Impairment of discontinued operations	-	-	827	827
(Profit)/loss on acquisition/disposal of subsidiaries, associated undertakings and strategic investments	(222)	(228)	22	17
Realised gains (including impairments) on available-for-sale financial assets	(144)	(144)	(12)	(12)
Headline earnings	533	527	543	538
Weighted average number of ordinary shares	4,935	4,935	4,859	4,859
Diluted weighted average number of ordinary shares	5,367	5,367	5,291	5,291
Headline earnings per share (pence)	10.8	10.7	11.2	11.1
Diluted headline earnings per share (pence)	9.8	9.7	10.1	10.0

5: Dividends

Dividends paid were as follows:

	Year ended 31 December 2011	Year ended 31 December 2010
2009 Final dividend paid – 1.5p per 10p share	–	77
2010 Interim dividend paid – 1.1p per 10p share	–	54
2010 Final dividend paid – 2.9p per 10p share	145	–
2011 Interim dividend paid – 1.5p per 10p share	76	–
Dividends to ordinary equity holders	221	131
Dividends declared to holders of perpetual preferred callable securities	44	44
Dividend payments for the year	265	175

Dividends paid to ordinary equity holders, as above, are calculated using the number of shares in issue at the record date, less treasury shares held in ESOP trusts, life funds of Group companies, Black Economic Empowerment trusts and related undertakings.

As a consequence of the exchange control arrangements in place in certain African territories, dividends to ordinary equity holders on the branch registers of those countries (or, in the case of Namibia, the Namibian section of the principal register) are settled through Dividend Access Trusts established for that purpose.

In March and November 2011, £22 million and £22 million respectively were declared and paid to holders of perpetual preferred callable securities (March 2010: £22 million and November 2010: £22 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011 continued

A final dividend of 3.5 pence per 10p share has been recommended by the directors. Subject to shareholders' approval, the dividend will be paid on 7 June 2012 to shareholders on the register at the close of business on 20 April 2012. The dividend will absorb an estimated £175 million of shareholders' funds. The Company is not planning to offer a scrip dividend alternative.

In addition the Company announced on 3 February 2012 that as part of the proposed sale of the Nordic business unit a special dividend of 18.0 pence per 10p share has been recommended by the directors. The special dividend will be paid on 7 June 2012 to shareholders on the register at the close of business on 20 April 2012 subject to both shareholder approval of the Nordic disposal and the related share consolidation and completion of the Nordic disposal. The special dividend will absorb an estimated £1.0 billion of shareholders' funds. Further details of the disposal of the Nordic business unit have been provided in notes 2 and 7.

6: Events after the reporting date

On 18 January 2012 the Group redeemed the remaining €200 million of the €750 million Lower Tier 2 Bond which had not been repaid during 2011. On 3 February 2012 the Group issued a circular in respect of the proposed disposal of the Nordic business unit. Additional details have been provided in notes 2 and 7. On 7 February 2012 the Group announced that it had sold Dwight Asset Management subject to certain conditions. On 22 February 2012 the Group announced that a preliminary non-binding offer had been accepted by Ecobank Transnational Incorporated for the acquisition of Oceanic Life. In March 2012 Bermuda enhanced its hedging strategy by implementing an option based hedging arrangement. On 8 March 2012 final regulatory approval was received in respect of the disposal of the Nordic business unit.

7: Discontinued operations

The results of the Group's Swedish, Danish and Norwegian life businesses, collectively Nordic, and United States life business, US Life, are shown as discontinued operations in these financial statements. At 31 December 2011 the Group had entered into an agreement to dispose of the controlling interest in Nordic to Skandia Liv, which remains subject to shareholder approval for the sale. The disposal of US Life was completed on 7 April 2011 following regulatory approval, and has been reported up until that date.

Analysis of the results is given below.

(a) Income statement from discontinued operations

For the year ended 31 December	£m					
	Nordic		US Life		Total	
	2011	2010	2011	2010	2011	2010
Revenue	(421)	1,779	342	1,608	(79)	3,387
Expenses	541	(1,729)	(330)	(1,557)	211	(3,286)
Profit before tax from discontinued operations	120	50	12	51	132	101
Impairment on remeasurement to fair value less costs to sell	–	–	–	(827)	–	(827)
Loss on disposal	–	–	(29)	–	(29)	–
Realised available-for-sale investment gains and exchange differences on disposal	–	–	133	–	133	–
Profit/(loss) before tax	120	50	116	(776)	236	(726)
Income tax (charge)/credit	(52)	(65)	14	63	(38)	(2)
Profit/(loss) from discontinued operations after tax	68	(15)	130	(713)	198	(728)

ADJUSTED GROUP MCEV BY LINE OF BUSINESS

At 31 December 2011

	£m	At 31 December 2011	At 31 December 2010
MCEV of the core covered business (Long-Term Savings)		5,713	5,913
Adjusted net worth*		2,204	2,228
Value of in-force business		3,509	3,685
MCEV of the non-core covered business (Bermuda)		66	287
Adjusted net worth		187	403
Value of in-force business		(121)	(116)
MCEV of the discontinued covered business (Nordic and US Life)		1,433	1,315
Adjusted net worth		285	720
Value of in-force business		1,148	595
Adjusted net worth of asset management and other businesses		1,955	1,939
Emerging Markets		499	289
Retail Europe		14	14
Wealth Management		165	171
US Asset Management		1,270	1,461
Nordic**		7	4
Value of the banking business		3,286	3,603
Nedbank (market value)		2,935	3,275
Emerging Markets (adjusted net worth)		29	–
Nordic (adjusted net worth)		322	328
Value of the general insurance business			
Mutual & Federal (adjusted net worth)		294	409
Net other business***		175	42
Adjustment for present value of Black Economic Empowerment scheme deferred consideration****		270	266
Adjustment for value of own shares in ESOP schemes*****		117	85
Market value of perpetual preferred securities	(465)	(449)	
Market value of perpetual preferred callable securities	(605)	(598)	
Market value of subordinated debt	(1,445)	(1,782)	
Adjusted Group MCEV	10,794	11,030	
Adjusted Group MCEV per share (pence)	194.1	202.2	
Number of shares in issue at the end of the financial period less treasury shares – millions*****	5,562	5,456	

* Adjusted net worth is after the elimination of inter-company loans.

** Includes the adjusted net worth of Nordic holding companies that are classified as non-covered business, net of the holding companies' investment in Group subsidiaries.

*** Includes any other business that is not included within the main lines of business, largely Old Mutual parent company IFRS equity net of Group adjustments, consolidation adjustments in respect of intercompany transactions and debt, and Bermuda asset management.

**** The effect of the acquisition of the minority interest in Mutual & Federal during 2010 has been included in this adjustment for the first time during 2011.

***** Includes adjustment for value of excess own shares in employee share scheme trusts. The movement in value between 31 December 2010 and 31 December 2011 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 2011 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. The effect of the acquisition of the minority interest in Mutual & Federal during 2010 has been included in this adjustment for the first time during 2011.

***** The 239 million treasury shares were cancelled on 13 January 2012.

ADJUSTED OPERATING GROUP MCEV STATEMENT OF EARNINGS

For the year ended 31 December 2011

	£m	Year ended 31 December 2011	Year ended 31 December 2010
Long-Term Savings			
Covered business	714	640	
Asset management and other business	123	124	
Banking	15	–	
	852	764	
Nedbank			
Banking	755	601	
Mutual & Federal			
General insurance	89	103	
US Asset Management			
Asset management	67	72	
Other operating segments			
Finance costs*	(155)	(183)	
Corporate costs**	(43)	(46)	
Other shareholders' (expenses)/income	(18)	4	
Adjusted operating Group MCEV earnings before tax from core operations	1,547	1,315	

* This includes interest payable from Old Mutual plc to non-core operations of £27 million for the year ended 31 December 2011 (2010: £55 million).

** Central costs of £14 million are allocated to the covered business and provisioned in the VIF (2010: £14 million) hence corporate costs under MCEV of £43 million differ from the IFRS amount of £57 million (2010: £60 million).

COMPONENTS OF GROUP MCEV AND ADJUSTED GROUP MCEV

For the year ended 31 December 2011

	£m	At 31 December 2011	At 31 December 2010
Adjusted net worth attributable to ordinary equity holders of the parent	5,193	5,737	
Equity	8,488	8,951	
Adjustment to IFRS net asset value	(2,607)	(2,526)	
Adjustment to remove perpetual preferred callable securities	(688)	(688)	
Value of in-force business	4,535	4,164	
Present value of future profits	5,248	5,256	
Additional time value of financial options and guarantees	(136)	(433)	
Frictional costs	(243)	(276)	
Cost of residual non-hedgeable risks	(334)	(383)	
Group MCEV	9,728	9,901	
Adjustments to bring Group investments to market value			
Adjustment to bring listed subsidiary (Nedbank) to market value	655	715	
Adjustment for value of own shares in ESOP schemes*	117	85	
Adjustment for present value of Black Economic Empowerment scheme deferred consideration**	270	266	
Adjustment to bring external debt to market value	24	63	
Adjusted Group MCEV	10,794	11,030	
Group MCEV value per share (pence)	174.9	181.5	
Adjusted Group MCEV per share (pence)	194.1	202.2	
Number of shares in issue at the end of the financial period less treasury shares – millions	5,562	5,456	
Return on Group MCEV (ROEV) per annum from core operations	8.8%	9.8%	
Return on Group MCEV (ROEV) per annum from continuing non-core operations	0.5%	(0.3)%	
Return on Group MCEV (ROEV) per annum from discontinued operations	1.4%	1.4%	
Return on Group MCEV (ROEV***) per annum	10.7%	10.9%	

* Includes adjustment for value of excess own shares in employee share scheme trusts. The movement in value between 31 December 2010 and 31 December 2011 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 2011 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. The effect of the acquisition of the minority interest in Mutual & Federal during 2010 has been included in this adjustment for the first time during 2011.

** The effect of the acquisition of the minority interest in Mutual & Federal during 2010 has been included in this adjustment for the first time during 2011.

*** The ROEV is calculated as the adjusted operating Group MCEV earnings after tax and non-controlling interests of £1,055 million (2010: £830 million) divided by the opening Group MCEV.

SHAREHOLDER INFORMATION

Listings and shares in issue

The Company's shares are listed on the London, Malawi, Namibian and Zimbabwe Stock Exchanges and on the JSE Limited (JSE). The primary listing is on the London Stock Exchange and the other listings are all secondary listings. The Company's secondary listing on the Stockholm Stock Exchange ended on 7 September 2007, but the Company's shares may still be traded on the Xternal list of the Nordic Exchange in Stockholm. The ISIN number of the Company's existing ordinary shares of 10p each is GB0007389926, but a new ISIN number (GB00B77J0862) has been provisionally assigned to the new ordinary shares of 11½p each that will result from the proposed 7 for 8 share consolidation, which is expected to take effect following the close of business on 20 April 2012.

The high and low closing prices of the Company's shares on the two main markets on which they were listed during 2011 and 2010 were as follows:

	High	2011 Low	High	2010 Low
London Stock Exchange	144.8p	98.1p	145.2p	97.3p
JSE	R17.25	R12.34	R15.84	R11.64

At 31 December 2011, the geographical analysis and shareholder profile of the Company's share register were as follows:

Register	Total shares	% of whole	Number of holders
UK	2,583,706,968	44.54	10,779
South Africa	2,894,397,695	49.89	29,930 ¹
Zimbabwe	63,072,862	1.09	30,285 ¹
Namibia	15,155,449	0.26	546 ¹
Malawi	5,273,415	0.09	4,632 ¹
Treasury shares (UK) ²	239,434,888	4.13	1
Total	5,801,041,277	100	76,173

Source: Computershare Investor Services

Size of holding	Total shares	% of whole	Number of holders
1-1,000	22,802,674	0.39	64,960
1,001-10,000	25,466,344	0.44	9,575
10,001-100,000	31,612,753	0.55	1,057
100,001-250,000	28,574,885	0.49	179
250,001+	5,453,149,733	94.00	401
Treasury shares (UK) ²	239,434,888	4.13	1
Total	5,801,041,277	100	76,173

Source: Computershare Investor Services

Notes

1. The registered shareholdings on the South African branch register included PLC Nominees (Pty) Limited, which held a total of 2,505,056,756 shares, including 363,254,227 shares held for the Company's sponsored nominee, Old Mutual (South Africa) Nominees (Pty) Limited, for the benefit of 425,129 underlying beneficial owners. The registered shareholdings on the Zimbabwe branch register included Old Mutual Zimbabwe Nominees (Pvt) Limited, which held a total of 783,827 shares as nominee for 3,496 underlying beneficial owners. The registered shareholdings on the Namibian section of the principal register included Old Mutual (Namibia) Nominees (Pty) Limited, which held a total of 7,585,456 shares as nominee for 6,980 underlying beneficial owners. The registered shareholdings on the Malawi branch register included Old Mutual (Blantyre) Nominees Limited, which held a total of 64,134 shares as nominee for 137 underlying beneficial owners.
2. The shares held in treasury were all cancelled on 13 January 2012 and the total number of issued shares was reduced by a corresponding amount.

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
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: +44 (0)870 707 1212
Website: www.investorcentre.co.uk/contactus

South Africa

Computershare Investor Services Pty Ltd
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown) 2107
Tel: 0861 100 940
+27 (0)11 870 8211
Email: omsa@computershare.co.za

Malawi

National Bank of Malawi
Financial Management Services Department
Cnr Victoria Avenue/Henderson Street
Blantyre
(PO Box 1438, Blantyre, Malawi)
Tel: +265 182 3483/0900
Email: nbminvestment@natbankkmw.com

Namibia

Transfer Secretaries (Pty) Limited
4 Robert Mugabe Street
Windhoek
(PO Box 2401, Windhoek)
Tel: +264 (0)61 227647
Fax: +264 (0)61 248531
Email: ts@nsx.com.na

Zimbabwe

Corpserve Share Transfer Secretaries
2nd Floor, ZB Centre
Cnr First Street/Kwame Nkrumah Avenue
Harare
(PO Box 2208, Harare, Zimbabwe)
Tel: +263 (0)4 751559/61
Fax: +263 (0)4 752629
Email: enquiries@corpserve.co.zw

Computershare share dealing services

Share dealing service in South Africa and Namibia:
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 1.0%, subject to a minimum charge of £30. 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.

Telephone share dealing: The commission for deals on the London Stock Exchange through Computershare's telephone share-dealing service is 1%, plus £35. 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 UK telephone number 0870 703 0084. Detailed terms and conditions are available on request.

For sales under both the internet and telephone share dealing services above, shareholders should have their Shareholder Reference Number (SRN) ready. The SRN appears on share certificates and dividend cheques or tax statements. Payment by cheque will be required for purchases. For general enquiries about the dealing services, shareholders can call 0870 873 5836 (a UK number).

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 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

SHAREHOLDER INFORMATION

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.

Electronic communication and electronic proxy appointment

If you would like to receive future communications from the Company by email, please log on to our website, www.oldmutual.com, select 'Investor Relations', then 'Shareholder Centre', then click on 'Electronic Communication' and 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 (but not voting instruction forms) 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. However, the Company has indicated that it plans to move later in 2012 towards using electronic communications as the default means of communication with shareholders, in line with the provisions of the UK Companies Act 2006 and as permitted by its Articles of Association. Further information about the arrangements for this, including details of how you can elect to continue to receive printed shareholder communications, will be provided when this change-over is initiated.

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.

Strate

All transactions in the Company's shares on the JSE are required to be settled electronically through Strate, and share certificates are no longer good for delivery in respect of such transactions. Shareholders who have any enquiries 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. There are also a number of downloadable forms from this site such as change of address, dividend mandate and stock transfer forms as well as an extensive list of frequently asked questions and the facility to contact Computershare Investor Services by email.

Final Dividend for the year ended 31 December 2011 and timetable for the Special Dividend and share consolidation

The Directors of the Company are recommending a final dividend for the year ended 31 December 2011 of 3.5p per existing ordinary share of 10 pence (an 'Ordinary Share'), which will be paid, subject to being approved by shareholders at the Company's 2012 Annual General Meeting, on 7 June 2012 (the 'Final Dividend'). The Final Dividend would equate to 4.0p per new ordinary share of 11 $\frac{3}{7}$ pence (a 'New Ordinary Share') if the proposed 7 for 8 share consolidation (the 'Share Consolidation') is approved by shareholders at the Company's General Meeting on 14 March 2012. The Share Consolidation was announced by the Company on 3 February 2012 and is also conditional on approval by shareholders of the sale of the Group's Nordic business (the 'Disposal'), the Disposal being completed and the related Special Dividend (defined below) becoming unconditional.

The special dividend of 18p (or its equivalent in other applicable currencies) per Ordinary Share (the 'Special Dividend'), which was announced on 3 February 2012, will also be paid on 7 June 2012, subject to approval by shareholders of the Disposal and the Share Consolidation at the General Meeting and the Disposal being completed.

Shareholders on the South African, Zimbabwe and Malawi branch registers and the Namibian section of the principal register will be paid the local currency cash equivalents of the Final Dividend and the Special Dividend under dividend access trust or similar arrangements established in each country. Shareholders who hold their shares through Euroclear Sweden AB, the Swedish nominee, will be paid the cash equivalent of both dividends in Swedish Kronor. Local currency cash equivalents of the dividends for all five territories will be determined by the Company using exchange rates prevailing at the close of business on 3 April 2012 and will be announced by the Company on 4 April 2012.	Admission of New Ordinary Shares to the branch registers in South Africa, Malawi and Zimbabwe and on the Namibian section of the principal register, and commencement of dealings in such New Ordinary Shares ex-Special Dividend and Final Dividend (in each case, on a to be issued basis)	Opening of business on 16 April 2012
Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between 4 April 2012 and 20 April 2012, both dates inclusive, and transfers between the registers may not take place during that period.	Last day to trade cum dividend for the Final Dividend for Ordinary Shareholders on the UK register	17 April 2012
A scrip dividend alternative is not being made available in relation to the Final Dividend, in view of the complexities involved in the Share Consolidation, nor in relation to the Special Dividend. The Directors of the Company will consider later in 2012 whether to reinstate a scrip dividend alternative for the interim dividend for the current year.	Ex-dividend date for the Final Dividend for Ordinary Shareholders on the UK register	18 April 2012
The full timetable for the Final Dividend and the Special Dividend is set out below.	Last day to trade cum dividend for the Special Dividend and pre-consolidation for Ordinary Shareholders on the UK register	20 April 2012
General Meeting relating to the Disposal, related Special Dividend and Share Consolidation	Record Date for entitlement of holders of existing Ordinary Shares to Final Dividend, Special Dividend and Share Consolidation (all registers). No further dealings in existing Ordinary Shares on the UK register	Close of business on 20 April 2012
Anticipated completion date for the Disposal and, subject to the Disposal being completed, the date the Special Dividend becomes unconditional	Consolidation is effected	The period commencing immediately after close of business on 20 April 2012 and ending on opening of business on 23 April 2012
Currency conversion date	Closing rates on 3 April 2012	
Exchange rates announced	4 April 2012	
Trading suspended between registers	Opening of business on 4 April 2012	
Last day to trade existing Ordinary Shares cum dividend (for the Special Dividend and the Final Dividend) for Ordinary Shareholders on the branch registers in South Africa, Malawi and Zimbabwe and on the Namibian section of the principal register. No further dealings in existing Ordinary Shares on these registers	13 April 2012	
	New Ordinary Shares admitted to the Official List and the LSE and commencement of dealings in New Ordinary Shares, ex-dividend for the Special Dividend	Opening of business on 23 April 2012
	New Ordinary Shares enabled in CREST and CREST accounts credited with New Ordinary Shares	23 April 2012
	New Ordinary Shares credited to the accounts of dematerialised South African shareholders at their CSDP or broker and other African exchanges	23 April 2012
	Trading between registers recommences	Opening of business on 23 April 2012

SHAREHOLDER INFORMATION

Annual General Meeting	10 May 2012
Payment of Special Dividend and Final Dividend	7 June 2012

For further details of the Special Dividend and Share Consolidation referred to above, please read the shareholder circular dated 3 February 2012 (the 'Shareholder Circular'), which was sent to shareholders during February 2012. This also contains information about how fractional entitlements resulting from the Share Consolidation are being dealt with. The consolidation ratio resulting from the Share Consolidation for the purposes of dealings on the JSE is 0.875. The Shareholder Circular is also available on the Company's website at www.oldmutual.com/event.

Financial Calendar for the rest of 2012

The Company's financial calendar for the rest of 2012 is as follows:

Annual General Meeting and First Quarter Interim Management Statement	10 May 2012
Interim results	8 August 2012
Third Quarter Interim Management Statement	7 November 2012
Interim dividend payment date	30 November 2012
Final results for 2012	March 2013

Glossary

A glossary of certain technical and financial terms used in this document can be found on our website at www.oldmutual.com

Annual Review and Summary Financial Statements

The Annual Review and Summary Financial Statements were approved by the Approvals Committee, as authorised by the Board, and were signed by Philip Broadley, the Group Finance Director, on 9 March 2012. 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 or the state of affairs of the Company and the Group. For further information, the full Report and Accounts, including the Auditor's Report on those Accounts, should be consulted. If you wish to obtain a copy of the full Report and Accounts for 2011, free of charge, or elect to receive the full Report and Accounts in future years, please contact Computershare Investor Services, whose details are set out earlier in this section.

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

Designed and produced by MerchantCantos
www.merchantcantos.com

The paper used for this document is produced in an ISO14001 environmentally accredited South African mill using fibre mostly from sugar cane production with the balance from Forest Stewardship Council certified wood. The pulp undergoes Elemental Chlorine Free bleaching and processing by-products are cleaned or recovered before reuse.

Please recycle your Old Mutual Summary Financial Statements.



Old Mutual plc

Registered in England and Wales No. 3591559 and as an external company in each of South Africa (No. 1999/004855/10), Malawi (No. 5282), Namibia (No. F/3591559) and Zimbabwe (No. E1/99)

Registered Office:

5th Floor
Old Mutual Place
2 Lambeth Hill
London EC4V 4GG

www.oldmutual.com