

## FITCH REVISES OLD MUTUAL'S OUTLOOK TO NEGATIVE

Fitch Ratings-London-16 January 2012: Fitch Ratings has affirmed Old Mutual PLC's (Old Mutual) 'A-' Long-term IDR and Old Mutual Life Assurance Company (South Africa) and Skandia Life Assurance Company Ltd's IFS and IDRs. The agency has also revised the Outlooks on the group's International scale IDRs and IFS ratings to Negative from Stable. A full list of ratings actions is at the end of this comment.

The rating actions follow the affirmation of South Africa's Long-term foreign and local currency IDRs at 'BBB+' and 'A' respectively and the revision of the Outlooks on the ratings to Negative from Stable (see "Fitch Affirms South Africa at 'BBB+'; Outlook Revised to Negative", dated 13 January 2012 at [www.fitchratings.com](http://www.fitchratings.com)). Around two-thirds of Old Mutual's IFRS group operating earnings come from South Africa, with the remainder largely from the UK and the Nordic region.

A downgrade of South Africa's Long-term foreign or local currency IDR could trigger a downgrade of Old Mutual's ratings. A downgrade could also result from a lack of progress by Old Mutual towards hard currency interest cover of at least 3x, or if there is greater-than-expected earnings pressure on its South African operations from weak consumer confidence and recessionary fears. Given that Fitch expects Old Mutual's hard currency interest cover to remain under 3x in the short term, an upgrade is unlikely at present.

The rating actions are as follows:

Old Mutual plc

Long-term IDR: Affirmed 'A-'; Outlook revised to Negative from Stable

Senior unsecured debt: Affirmed at 'BBB+'

Lower Tier 2 subordinated debt:

EUR750m 4.5% subordinated notes due 2017 (XS0282807428): Affirmed at 'BBB'

GBP500m 8% subordinated notes due 2021 (XS0632932538): Affirmed at 'BBB-'

Upper Tier 2 subordinated debt:

EUR500m 5% subordinated notes undated (XS0234284668): Affirmed at 'BBB-'

Tier 1 subordinated debt:

GBP350m 6.376% perpetual callable securities (XS0215556142): Affirmed at 'BBB-'

Short-term IDR and commercial paper: affirmed at 'F2'

Old Mutual Capital Funding L.P.

USD750m 8% guaranteed cumulative perpetual preferred securities (XS0168687100): Affirmed at 'BBB-'

Old Mutual Life Assurance Company (South Africa)

National IFS rating: Affirmed at 'AAA(zaf)'; Outlook Stable

National Long-term rating: Affirmed 'AAA(zaf)'; Outlook Stable

Subordinated debt: ZAR3bn callable notes (ZAG000026816): Affirmed at 'AA(zaf)'

Skandia Life Assurance Company Ltd

IFS rating: Affirmed at 'A+'; Outlook revised to Negative from Stable

Long-term IDR: Affirmed at 'A'; Outlook revised to Negative from Stable

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com). The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable criteria, 'Insurance Rating Methodology', dated 22 September 2011, are available at [www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:

Insurance Rating Methodology

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=651018](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=651018)

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