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# Old Mutual plc

## SEK 43.60 Offer for Skandia Old Mutual and Skandia – a powerful combination

**Date: 2 September 2005**  
**PART 1 of 2**  
**SUMMARY**

### 1. Overview of the Offer

- Full Offer details made public to allow the Skandia board to make a recommendation
- For every 100 Skandia Shares tendered, each Skandia Shareholder receives SEK 1,650 in cash and 137 New Old Mutual Shares (equivalent to SEK 16.5 in cash and 1.372 New Old Mutual Shares per Skandia Share)<sup>1</sup>
- Aggregate total consideration approximately SEK 44.9 billion (£3.3 billion), equivalent to SEK 43.60 per Skandia Share
- Premium to market price on 12 May 2005<sup>2</sup> of 25 per cent.
- Conditional upon the Skandia Board making public a favourable recommendation of the Offer no later than on 23 September 2005
- Combined market capitalisation of Enlarged Group £7.9 billion (SEK108.7 billion)<sup>3</sup>
- Pro forma Embedded Value per share of the Enlarged Group 137 pence
- Letters of intent to accept the Offer have been received in respect of in aggregate 159,810,253 Skandia Shares, representing 15.6 per cent. of Skandia's issued share capital, from investors including Cevian Capital and Burdaras
- Mix and match facility with cash consideration guarantee for Skandia Shareholders with 1,000 or less Skandia Shares
- Skandia Shareholders to represent 26 per cent. of the Enlarged Group

1. Assuming no election is made under the Mix and Match Facility, a Skandia Shareholder under the Offer is entitled to receive (i) SEK42.0 per share in respect of 39.3 per cent. of the number of Skandia Shares tendered and (ii) 2.260 New Old Mutual Shares per share in respect of 60.7 per cent. of the number of Skandia Shares tendered. Based on a closing price of Old Mutual Shares of 144.5 pence on 1 September 2005 and SEK/£ exchange rate of SEK13.674:£1, the consideration as a whole equates to a value of SEK43.60 per Skandia Share.

2. Being the last day before 13 May, the day it was announced that Old Mutual and Skandia were in discussions. The closing price of Skandia Shares on 12 May 2005 was SEK34.9.

3. Based on a closing price of Old Mutual Shares of 144.5 pence on 1 September 2005 and SEK/£ exchange rate of SEK13.674:£1.

- Secondary listing on the Stockholm Stock Exchange

## **2. Background to and reasons for the Offer**

- Consistent with internationalisation strategy – compelling industrial logic
- Increased growth potential of Enlarged Group
  - Excellent fit, little overlap, compatible products and similar philosophies
  - Attractive demographics support volume growth
  - Flexible model with multi brand strategy
  - Leader in open architecture platforms and products
  - Substantial distribution capability to deliver growth
  - Considerable organic growth inherent in the business
- A powerful combination
  - Clients' access to a wider range of skills and resources, benefits from increased stability and security
  - Diversity: strong in four major markets: SA, Sweden, USA, UK
  - Significant critical mass: assets under management £192 billion (SEK 2,688 billion), Embedded Value £7.5 billion (SEK 105 billion)<sup>4</sup>
  - Powerful platform: financially robust, proven management processes
  - Balanced currency and market risks
- Creates shareholder value<sup>5</sup>
  - Expected to be Embedded Value earnings accretive in 2007
  - Return on investment (Embedded Value basis) expected to exceed 12 per cent. from 2007
  - Annual cost and tax synergies of £70 million (SEK 960 million)
  - Revenue synergies not included
  - Dividend policy maintained

## **3. Enlarged Group**

Detailed integration plan in place

- Considerable planning already undertaken, now awaiting Skandia management input

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4. Combined Embedded Value less debt plus net present value of synergies.

5. The statements made in this section should not be interpreted to mean that the earnings per share of Old Mutual in the financial year following the completion of the Offer, or in any subsequent period, will necessarily be greater than those for the relevant preceding financial period. The expected operational cost savings have been calculated on the bases of the existing cost and operating structures of Old Mutual and Skandia and by reference to current prices and exchange rates and the current regulatory environment. The statements of estimated costs savings and tax benefits and one-off costs of achieving them relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings and tax benefits referred to may not be achieved, or those achieved could be materially different from those estimated.

- Introduce Old Mutual's standard operating framework, disciplines and incentives
- De-centralised management of business units with strong central financial control
- Integration risk low as little overlap between businesses
- Retain Skandia brand as senior product brand in Europe
- Nordic and Continental Europe HQ in Stockholm and group HQ in London
- Sweden: stability will provide environment to rebuild franchise and restore sales; commitment to retain Skandia Liv as mutual
- UK: integrate Selestia and Skandia's leading open architecture business; maintain growth in growing market at higher margins
- Rest of Europe: manage growth on path to cash earnings

Jim Sutcliffe, Chief Executive of Old Mutual, said:

“Combining these two great companies creates a stronger, better balanced group with increased growth potential and a reduced risk profile. The industrial logic of this combination is truly compelling.”



Deutsche Bank AG London is acting for Old Mutual plc and no one else in connection with the Transaction and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the Transaction and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the Transaction or any transaction or arrangement referred to, or information contained in this announcement.

Merrill Lynch International is acting for Old Mutual plc and no one else in connection with the Transaction and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the Transaction and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the Transaction or any transaction or arrangement referred to, or information contained in this announcement.

Lazard & Co., Limited is acting for Old Mutual plc and no one else in connection with the Transaction and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the Transaction and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the Transaction or any transaction or arrangement referred to, or information contained in this announcement.

The Offer, all acceptances and withdrawals thereof or pursuant thereto and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with Swedish law.

In accordance with the requirements of the UK Prospectus Rules it is confirmed that this announcement does not constitute an offer to purchase (or otherwise acquire) nor the solicitation of an offer to sell (or otherwise dispose of) any securities of Old Mutual or Skandia. Any offer, invitation or inducement to acquire or sell shares in Skandia will be made solely by means of the prospectus (as updated by any supplementary prospectus) and associated documents expected to be published during September 2005, and any decision to keep, buy or sell shares in Skandia should be made solely on the basis of the information contained in such documents. In addition, Old Mutual Shareholders are urged to read the prospectus and associated class 1 shareholder circular before making any decision regarding the Transaction. The prospectus, and related documents, once published, may be obtained from Old Mutual's website at [www.oldmutual.com](http://www.oldmutual.com) or on request from Old Mutual.

The Offer is, subject to certain exceptions, not being made, directly or indirectly, in or into the United States, Canada, Australia, Japan or any other jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or by use of the mails or by any means or instrumentality (including without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, Canada, Australia or Japan. Accordingly, copies of this announcement or any accompanying documents are not being, directly or indirectly, mailed or otherwise distributed, forwarded or transmitted in, into or from the United States. Any persons receiving such documents (including, without limitation, custodians, nominees and trustees) should observe these restrictions and should not, subject to certain exceptions, mail or otherwise distribute, forward or transmit them in, into or from the United States or any other jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or use such means, instrumentality or facility in connection with the Offer, and so doing may render invalid any related purported acceptance of the Offer. Any persons (including, without limitation, custodians, nominees and trustees) who would or otherwise intend to, or may have a contractual or other legal obligation to, forward this announcement or any accompanying documents to the United States should seek appropriate advice before taking any action.

These materials are not for distribution, directly or indirectly, in or into the United States. They are not an offer of securities for sale into the United States. There will be no public offer of the Old Mutual Shares in the United States.

The New Old Mutual Shares have not been, and will not be, registered under the US Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Canada, Australia and Japan. Accordingly, subject to certain exceptions, the New Old Mutual Shares may not be offered or sold within the United States or Canada, Australia and Japan or any other jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or to or for the account or benefit of any person in the United States, Canada, Australia or Japan.

This announcement includes forward-looking statements about Old Mutual, Skandia and the Enlarged Group. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Old Mutual cautions you that forward-looking statements are not guarantees of future performance and the Old Mutual Group's actual results of operations, financial condition and liquidity, and the development of the industry in which the Old Mutual Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. Events that may cause actual results to differ from such forward-looking statements include, but are not limited to: fluctuations in the capital markets; fluctuations in interest rate and exchange rates; increased regulation or regulatory scrutiny; the occurrence of

unforeseen disasters or catastrophes; political or economic instability in their principal markets; adverse outcomes in litigation; and failure to achieve the benefits of the proposed Transaction. These forward-looking statements speak only as at the date of this announcement. Except as required by the UK Listing Authority, the London Stock Exchange or applicable law, Old Mutual does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. Except as required by the UK Listing Authority, the London Stock Exchange or applicable law, Old Mutual expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Old Mutual's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In addition, even if the Old Mutual Group's results of operations, financial condition and liquidity, and the development of the industry in which the Old Mutual Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

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# Old Mutual plc

## SEK 43.60 Offer for Skandia Old Mutual and Skandia – a powerful combination

**Date 2 September 2005  
PART 2 of 2  
OFFER FOR SKANDIA**

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### 1. Introduction

Old Mutual plc (“Old Mutual”) announces a cash and share offer (the “Offer”) for the entire issued share capital of Försäkringsaktiebolaget Skandia (publ) (“Skandia”), which values Skandia at approximately SEK 44.9 billion (£3.3 billion), equivalent to SEK 43.60 per Skandia Share. For every 100 Skandia Shares tendered, each Skandia Shareholder will receive SEK 1,650 in cash and 137 New Old Mutual Shares, equivalent to 1.372 New Old Mutual Shares and SEK 16.5 in cash per Skandia Share<sup>6</sup>.

Letters of intent to accept the Offer have been received in respect of in aggregate 159,810,253 Skandia Shares, representing 15.6 per cent. of Skandia's issued share capital, from investors including Cevian Capital and Burdaras.

The Offer is, inter alia, conditional upon the Board of Skandia making public a favourable recommendation of the Offer no later than on 23 September 2005.

### 2. The Offer

The Offer consists of a mixture of cash and New Old Mutual Shares as consideration which values each Skandia Share at SEK 43.60. Old Mutual is offering each Skandia shareholder:

- In respect of 39.3 per cent. of the number of Skandia Shares tendered by such shareholder: SEK 42.0 per Skandia Share in cash (the “Cash Consideration”); and

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6. Assuming no election is made under the Mix and Match Facility, a Skandia Shareholder under the Offer is entitled to receive (i) SEK42.0 per share in respect of 39.3 per cent. of the number of Skandia Shares tendered and (ii) 2.260 New Old Mutual Shares per share in respect of 60.7 per cent. of the number of Skandia Shares tendered. Based on a closing price of Old Mutual Shares of 144.5 pence on 1 September 2005 and SEK/£ exchange rate of SEK13.674:£1, the consideration as a whole equates to a value of SEK43.60 per Skandia Share.

- In respect of the remaining 60.7 per cent. of the number of Skandia Shares tendered by such shareholder: 2.260 New Old Mutual Shares, equivalent to a value of SEK 44.65 per Skandia Share (the "Share Consideration").

Skandia Shareholders will also be offered a mix and match facility (the "Mix and Match Facility") allowing them to elect to tender a higher proportion of their Skandia Shares in return for the Cash Consideration or to tender a higher proportion of their Skandia Shares in exchange for the Share Consideration, subject to matching elections from other Skandia Shareholders.

Skandia Shareholders who held in aggregate 1,000 or less Skandia Shares on 1 September 2005 will be guaranteed satisfaction of elections for Cash Consideration under the Mix and Match Facility. The Mix and Match Facility is further described in section 11 below.

No commission will be charged in respect of settlement of the Offer.

Old Mutual does not own any shares or other financial instruments in Skandia.

### **3. Value of the Offer**

All calculations of the Offer value (including the Share Consideration) and premium in this press announcement are based on a closing price for Old Mutual shares of 144.5 pence on the London Stock Exchange on 1 September 2005, and an exchange rate of SEK 13.674:£1 and assume that no election is made under the Mix and Match Facility.

- The Offer values each Skandia Share at approximately SEK 43.60;
- The Offer values the whole of the issued share capital of Skandia at approximately SEK 44.9 billion;
- The Offer represents:
  - A premium of approximately 52.0 per cent. to the closing price of SEK 28.7 per Skandia Share on the Stockholm Stock Exchange on 1 December 2004, the day prior to press comments that Skandia was considering its options;
  - A premium of approximately 25.0 per cent. to the closing price of SEK 34.9 per Skandia Share on the Stockholm Stock Exchange on 12 May 2005, the day prior to the announcement by Old Mutual that the two companies were in early stage discussions;
  - A premium of approximately 4.6 per cent. to the closing price of SEK 41.7 per Skandia Share on the Stockholm Stock Exchange on 1 September 2005, the last trading day prior to the publication of this announcement;
  - A premium of approximately 5.3 per cent. to the volume weighted average price of SEK 41.4 per Skandia Share on the Stockholm Stock Exchange over the ten trading days up to and including 1 September 2005, the last trading day prior to the publication of this announcement;
- The Offer represents a multiple of 1.40 times Skandia's unaudited Embedded Value per share as at 30 June 2005.

Assuming full acceptance of the Offer, a maximum amount of approximately SEK 17.0 billion (£1.24 billion) in cash is payable and a maximum number of 1,413 million New Old Mutual Shares will be issued under the Offer, indicating a total value of the Offer amounting to approximately SEK 44.9 billion.

#### **4. Background to and reasons for the Offer**

A key element of Old Mutual's strategy has been to continue to internationalise the Old Mutual Group. Six years ago, virtually all of Old Mutual's revenues originated in South Africa. Now, based on adjusted operating profit for the six months ended 30 June 2005, 75 per cent. of Old Mutual's business is generated in Africa, 20 per cent. in the USA and 5 per cent. in the UK and the Rest of the World. Old Mutual has a balance of businesses which are cash generative, with total cash flow of £2,012 million for the six months ended 30 June 2005, and others which provide opportunities both now and in the future. The proposed Transaction represents a major step forward in Old Mutual's strategy to expand its asset gathering and asset management activities, further diversifying its earning base and building on its powerful South African base.

Discussions were initiated between Old Mutual and Skandia in December 2004 to investigate the potential attractions for both organisations arising from a combination of the two groups. Since then, Old Mutual has developed a deep understanding of Skandia's business, which has strengthened its belief in the benefits arising from the combination.

##### ***Industrial logic***

The Transaction is based on sound industrial logic, which is expected to produce high growth, lower risk and clear benefits for shareholders, clients, IFAs and employees alike.

Old Mutual and Skandia make an excellent fit: both are international insurance businesses with little geographic overlap, compatible product ranges, an absence of legacy product issues and similar business philosophies – open architecture and multiple distribution channels. Together they will create an international financial services group with high quality asset gathering and asset management capability to build and protect client assets.

Old Mutual will seek to combine its strengths with Skandia's to build regional customer-facing platforms that are expected to have a competitive edge over traditional providers of savings and investment products by offering customers a wide range of investment choices, managed and reported on highly efficient servicing platforms.

In Europe, the Enlarged Group will retain the Skandia name as its senior product brand, with the backing of Old Mutual's financial strength. By combining the product and distribution channels of Old Mutual and Skandia, the Enlarged Group will seek to grow market shares strongly.

The confidence and prosperity of clients is the key to success. It is envisaged that the Enlarged Group will benefit from increased stability and security.

Clients will also have access to a wider range of skills and resources. The commitment to provide value for money products and services will continue to be a guiding principle for the Enlarged Group. In addition, it is intended that Skandia Liv will remain as a mutual.

For IFAs, the Enlarged Group will be committed to retain and improve service standards and product quality.

The combination of Old Mutual and Skandia will provide opportunities for the new employees of the Enlarged Group and the support of employees will be key to the delivery of future growth plans. The Transaction presents an attractive long-term solution for these employees, providing stability of ownership

and improving their prospects as part of a business with a strengthened market position and growth opportunities.

### ***Favourable demographics***

The Enlarged Group will be well placed to exploit the favourable demographics in its key markets in Europe and the US, in addition to the opportunities to serve the growing middle classes in South Africa and the emerging markets. Substantial growth opportunities also exist for the Enlarged Group through participation in fundamental changes to the European savings market, as Europe moves closer towards the US pensions model, with reductions in state funding, greater transparency and the trend towards open architecture.

### ***Open architecture***

In many of the Enlarged Group's major markets, the open architecture segment is growing strongly as clients and IFAs are attracted by the increased transparency and greater investment management flexibility offered by these products. This flexibility requires to be underpinned by high quality risk management and reporting tools. Skandia has stable systems and an excellent service record while Selestia has modern systems built by Old Mutual in South Africa at low cost.

### ***Powerful distribution***

In South Africa and Sweden, the Enlarged Group will have broad distribution with its own sales forces and bancassurance, as well as IFAs. In Europe and the US the focus will be on independent distributors.

### ***Leading positions in consolidating industry***

The Enlarged Group will be the eighth largest European life insurer by Embedded Value. The Enlarged Group will have approximately 47,000 employees worldwide and total assets under management of £192 billion (SEK 2,688 billion) (as at 30 June 2005). The Enlarged Group will command increased investor focus, potentially a lower cost of capital and increased strategic options.

### ***Balanced risk***

The Enlarged Group will have a more balanced exposure to individual currencies and markets. Old Mutual's strong cash flow from its South African operations and its US asset management business will be able to support growth opportunities in the Enlarged Group's other business operations.

## **Managing the Enlarged Group**

Old Mutual's principle is to operate on a decentralised basis with strong central financial controls and risk management. Within this framework all business activities are managed within the operating businesses. Old Mutual's management framework will be applied to achieve management's growth plans.

Old Mutual is well advanced in its plans for integration and already has significant integration experience. Old Mutual will retain its corporate headquarters in London, while the Enlarged Group's operational headquarters for the Nordic and Continental Europe businesses will be based in Stockholm. In Sweden, the Skandia brand will be retained and sales will be restored in a stabilised, reinvigorated business. Old Mutual and Skandia management will further undertake a strategic review on how best to realise the full potential of SkandiaBanken for the shareholders. In the UK, the Enlarged Group will take advantage of Skandia's open architecture life and savings solutions with the aim to continue to grow the business. In addition, the Enlarged Group will seek to improve profitability at Bankhall and to improve margins elsewhere. It is also intended to integrate Selestia and Skandia. In the rest of Europe, the Enlarged Group will seek to maintain substantial growth while pursuing a path to improved cash earnings.

The Offer, if completed, will remove uncertainty surrounding the future strategic direction and governance of Skandia by giving it a long-term committed owner. Old Mutual management's experience in the US market for life assurance and asset management and in other businesses will be highly relevant as it seeks to re-establish stability at Skandia, rebuild its reputation and increase confidence in its business.

## **5. Financial effects of the Transaction<sup>7</sup>**

The Old Mutual Board believes that the Transaction will create significant value for shareholders with a post-tax return on investment (Embedded Value basis) well above the Enlarged Group's cost of capital.

The Transaction is expected to be accretive to Embedded Value earnings per share in the year ending 31 December 2007. On an International Financial Reporting Standards basis, the Transaction is expected to be significantly dilutive to adjusted operating earnings per share. The combined Embedded Value of the Enlarged Group including the net present value of synergies and adjusting for the market value of Old Mutual's listed subsidiaries at 10 August 2005 is approximately £7.5bn (equal to 137 pence per share).

The Transaction is expected to be slightly dilutive to Old Mutual's Embedded Value per share, but the Enlarged Group's greater diversification is expected to lead to a reduced cost of capital and this in turn, is expected to result in a substantial uplift in the excess of RoEV (return on Embedded Value) over the cost of capital.

The Enlarged Group will be well capitalised for future growth with a strong solvency position.

### ***Synergies<sup>8</sup>***

Old Mutual has identified a number of synergies that arise directly from the combination of Old Mutual and Skandia.

Targeted cost savings and tax benefits that can be achieved have been fully calculated and amount to approximately £70 million (SEK960 million) pre-tax per year. The net present value of these savings, making allowance for the costs involved in delivering them, is approximately £480 million (SEK6.6 billion). These figures have been calculated on a conservative approach, with revenue synergies from the inclusion of Old Mutual's asset management products on the Skandia platform not included, although these are also expected to be considerable.

The net present value of the cost savings and tax benefits represent approximately 15 per cent. of the Offer value. Old Mutual estimates that the majority of these savings can be achieved in 2007, with the full amount expected to be achieved in 2008.

The expected cost synergies of £70 million (SEK960 million) pre-tax per year arise in four main areas, which in summary are, (i) elimination of Group head office duplication of £28 million (SEK386 million), (ii) consolidation of UK head office functions of £2 million (SEK33 million), (iii) UK operational synergies of £30 million (SEK405 million) and (iv) tax synergies through the accelerated realisation of tax losses on Old Mutual's unrelieved taxable UK expenses of £10 million (SEK 136 million). Expected costs of achieving synergies will be £71 million, spread over 2006 (£34 million) and 2007 (£37 million).

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7. The statements made in this section should not be interpreted to mean that the earnings per share of Old Mutual in the financial year following the completion of the Offer, or in any subsequent period, will necessarily be greater than those for the relevant preceding financial period.

8. The expected operational cost savings have been calculated on the bases of the existing cost and operating structures of Old Mutual and Skandia and by reference to current prices and exchange rates and the current regulatory environment. The statements of estimated costs savings and tax benefits and one-off costs of achieving them relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings and tax benefits referred to may not be achieved, or those achieved could be materially different from those estimated.

## **6. Information on Old Mutual**

Old Mutual is an international financial services group, incorporated and headquartered in the UK, with its primary listing on the London Stock Exchange. Its businesses encompass life assurance, asset management, banking and general insurance. It also has listings on the JSE and on the Malawi, Namibian and Zimbabwe Stock Exchanges. Founded in 1845 in Cape Town, Old Mutual is the largest financial services company in Africa. Its majority owned listed subsidiary, Nedbank, is the fourth largest bank in South Africa and its 77 per cent. owned listed subsidiary, Mutual & Federal, is one of the largest general insurers in South Africa.

At the time of Old Mutual's demutualisation and listing in 1999, Old Mutual declared its interest in internationalising its business. In 2000, Old Mutual acquired UAM and in 2001, Fidelity & Guaranty Life, which provided the foundations of Old Mutual's US businesses. Old Mutual also has two smaller businesses in the UK, Selestia and OMAM UK and fledgling operations in India and China. Today, approximately 50 per cent. of the Old Mutual Group's life new business and 75 per cent. of the Old Mutual group's assets under management emanate from the USA or the UK.

Old Mutual's adjusted operating profit for the six months to 30 June 2005 rose by 29 per cent. to £554 million. As at 30 June 2005, the Old Mutual Group's Embedded Value was £5.3 billion and it had assets under management of £158 billion. Old Mutual had approximately 41,000 employees in 2004.

## **7. Information on Skandia**

Skandia, founded in 1855 in Sweden, is a financial services group with a primary listing on the A-list of the Stockholm Stock Exchange and has a secondary listing on the London Stock Exchange. Skandia's largest markets, by revenue and operating profit, are the UK and Sweden. Skandia is also active in selected markets in Europe, Latin America and Asia Pacific. Skandia is a supplier of long-term savings and pensions products, with a particular focus on unit linked products and mutual funds.

As at 30 June 2005, the Skandia Group had assets under management of SEK482 billion (£34.4 billion). For the six months ended 30 June 2005, revenues rose by 15 per cent. to SEK7.8 billion (£584 million). The Skandia Group had approximately 5,800 employees in 2004.

Skandia's UK operation is the Skandia Group's largest business. Skandia UK's product offerings include unit linked assurance, mutual funds and protection. Skandia UK implemented the multi-manager concept twenty years ago. Skandia owns 81 per cent. of Bankhall, a UK provider of services to independent financial advisers. Skandia also operates an offshore company, Royal Skandia, based on the Isle of Man, which offers products to international investors and expatriates.

Skandia is one of the largest life assurers in Sweden, and has operations in a number of other Nordic countries. Approximately 20 per cent. of Skandia's business is in Sweden, where it has dealings with one in every four households. Skandia Sweden provides a full product range in the areas of protection, investments, healthcare, pensions and banking. These are provided under the Skandia brand name. The Skandia brand also includes products from its subsidiary Skandia Liv, which is run on a mutual basis.

In addition to Skandia's core markets of Sweden and the UK, Skandia operates in a select number of European countries offering unit linked insurance products and mutual funds. These include Germany, Austria, Spain, Italy, Poland, Switzerland, France and Liechtenstein.

Skandia has established operations in a number of countries in Latin America and Asia Pacific. In Latin America, Skandia operates out of Mexico, Colombia, and Chile. Skandia has operated in Colombia for over fifty years. In Asia Pacific, Skandia has established itself in Australia and China.

## **8. Current trading and prospects**

As stated in Old Mutual's recently published interim results for the first six months of 2005, Old Mutual has made substantial steps in using its powerful South African base to build an international franchise, with over half of its life sales and more than 70 per cent. of its assets under management now in the USA and the UK. The flexible, multi-brand strategy plays well in the market place, both in the USA and elsewhere, as the open architecture multi-manager concept has become an increasingly powerful trend in life assurance and asset management industries. Conditions remain broadly favourable, particularly in South Africa, and while markets can always affect the outcome, the Old Mutual Group's operational robustness is now well established.

Each of Old Mutual's businesses is now well placed to seize opportunities for growth in their market places. Old Mutual is set to maintain the strong performance of the first half during the rest of 2005.

As stated in Skandia's recently published results for the first six months of 2005, Skandia's revenues rose 15 per cent. to SEK 7.8 billion and assets under management grew by 17 per cent. to SEK482 billion.

## **9. Dividend policy**

Old Mutual intends to maintain its current dividend policy, which is to seek to achieve steadily increasing returns over time, reflecting the underlying rate of progress and the cash flow requirements of the business.

Shareholders of the Enlarged Group whose holdings are registered in the VPC system will receive dividend payments in SEK.

## **10. Employees**

The Board of Old Mutual believes that the prospects for employees of both Groups will generally be enhanced through the strengthened market position and growth prospects of the Enlarged Group. The employment rights of both Old Mutual and Skandia employees will be fully protected.

## **11. Further details of the Offer**

### **The Mix and Match Facility**

Shareholders of Skandia who accept the Offer may elect to vary the proportions of Skandia Shares they tender in return for the Cash Consideration and the Skandia Shares they tender in return for the Share Consideration. The total number of New Old Mutual Shares to be issued in consequence of the Offer and the total amount of cash to be paid under the Offer will not be varied as a result of elections made under the Mix and Match Facility (other than as set out below in relation to Skandia Shareholders who hold in aggregate 1,000 or less Skandia Shares). Valid elections for the Share Consideration made by Skandia Shareholders in excess of their basic entitlements to New Old Mutual Shares will be satisfied in full where

sufficient New Old Mutual Shares are available as a result of other accepting shareholders of Skandia validly making elections for the Cash Consideration in excess of their basic entitlements thereto, thereby releasing New Old Mutual Shares to which they would otherwise be entitled under the Offer, and vice versa with respect to elections for additional Cash Consideration. To the extent elections cannot be satisfied in full, they will be scaled down on a *pro rata* basis and the balance of the consideration will be satisfied in accordance with the basic terms of the Offer. Further details of the Mix and Match Facility will be included in the prospectus to be published in connection with the Offer.

Skandia Shareholders who hold in aggregate 1,000 or less Skandia Shares at 1 September 2005 will receive priority in electing for additional Cash Consideration under the Mix and Match Facility<sup>9</sup>. Therefore, elections by other Skandia Shareholders for Cash Consideration will only be satisfied after all such valid elections by Skandia Shareholders holding 1,000 or less Skandia Shares have been satisfied in full. Further, to the extent elections for Cash Consideration by Skandia Shareholders holding in aggregate 1,000 or less Skandia Shares cannot be satisfied as a result of matching elections, Old Mutual will contribute the cash funds necessary to fully satisfy all elections for Cash Consideration made by such Skandia Shareholders.

Skandia Shareholders electing to tender a higher proportion of their Skandia Shares in return for the Cash Consideration should be aware that, based on the closing price of Old Mutual Shares as at 1 September 2005 of 144.5 pence and an SEK/£ exchange rate of SEK 13.674:£1, the Share Consideration values each Skandia Share at SEK44.65 whereas the Cash Consideration values each Skandia Share at SEK 42.0.

### **Fractional entitlements**

Fractions of New Old Mutual Shares will not be issued to accepting Skandia Shareholders. Fractional entitlements will be aggregated and sold in the market with the net proceeds distributed pro rata to the Skandia Shareholders entitled thereto.

### **Conditions**

Completion of the Offer is conditional upon:

- (i) The shareholders of Old Mutual (a) approving the Offer and authorising the Board of Directors of Old Mutual to waive, amend, vary, increase or extend the terms and conditions of the Offer and to do all such things as it considers necessary or expedient in connection with the Offer, (b) increasing the authorised share capital of Old Mutual to enable the issuance of the New Old Mutual Shares, and (c) authorising the Board of Directors of Old Mutual to allot the New Old Mutual Shares;
- (ii) The Offer being accepted to such an extent that Old Mutual becomes the owner of more than 90 per cent. of the total number of the shares and votes in Skandia on a fully diluted basis;
- (iii) No other party announcing an offer to acquire shares in Skandia on terms which are more favourable than the Offer for the shareholders of Skandia;

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9. Only holders of Skandia Shares which are directly registered or registered in the name of an authorised nominee in accordance with the Swedish Act (1998:1479) on Record-Keeping of Financial Instruments will be offered this priority and guarantee. Shareholders who hold shares through other nominees or custodians are referred to the right of their respective nominee or custodian the Mix and Match Facility. Hence, for example a Skandia Shareholder who holds shares through a deposit bank or other agent, which appears to be a nominee registered shareholder in the VPC system, will not be given any priority or guarantee under the Mix and Match Facility.

- (iv) The Board of Skandia making public a favourable recommendation of the Offer no later than on 23 September 2005 and not subsequently withdrawing that recommendation;
- (v) Skandia signing the proposed Co-operation Agreement, the essential terms of which can be found under "Proposed Co-operation Agreement" below, no later than on 23 September 2005;
- (vi) Necessary agreements to listing being obtained from the London and Stockholm Stock Exchanges so that the New Old Mutual Shares following implementation of the Offer are admitted to listing on such exchanges (on the A-list in relation to the Stockholm Stock Exchange);
- (vii) Skandia not taking any measures, which would have an adverse effect on the prerequisites for making the Offer or its implementation, including, without limitation, disposing of any material part of its business or assets or otherwise essentially changing the ordinary course of its business in conflict with past practice;
- (viii) All necessary approvals and clearances from authorities, including competition and financial supervisory authorities, in Sweden, the UK, the USA, South Africa and elsewhere in connection with the Offer, its implementation or the acquisition of Skandia by Old Mutual or any of its subsidiaries having been obtained on terms acceptable to Old Mutual or applicable deadlines or waiting periods in relation thereto having expired or been terminated and there being no notice of any intention to revoke, suspend, restrict, impose any conditions in relation to, vary, amend or not to renew any authorisations, certificates, licences, permissions or approvals of Skandia Group companies;
- (ix) Neither the Offer nor the acquisition of the shares in Skandia being rendered partially or wholly impossible or significantly impeded as a result of legislation, regulation, any decision of court or public authority, or other comparable measures, including third party actions, beyond Old Mutual's control in Sweden, the UK, the USA, South Africa or elsewhere;
- (x) No material adverse change in Skandia's financial position or operations occurring after the announcement of the Offer; such material adverse change meaning an event that materially adversely affects Skandia's liquidity or results and which could not have been reasonably known or anticipated by Old Mutual at the time of announcement of the Offer;
- (xi) No information made public by Skandia or disclosed by Skandia to Old Mutual being materially inaccurate or misleading, and Skandia not having failed to make public any matter which should have been made public by it prior to date of announcement of the Offer;
- (xii) Old Mutual receiving the funds under the debt financing of the Offer as set out below under "Financing of the Offer".

Old Mutual reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not fulfilled or cannot be fulfilled. However, the Offer may only be withdrawn with reference to the non-fulfilment of the conditions in sections (iv)-(xii) above if the non-fulfilment is of material importance for Old Mutual's acquisition of the shares in Skandia.

Old Mutual reserves its right to waive, in whole or in part, any or all of the conditions above, and, with respect to condition (ii) above, to complete the Offer at a lower level of acceptance.

### ***Proposed Co-operation Agreement***

Old Mutual has proposed to Skandia a Co-operation Agreement in connection with the Offer, pursuant to which Skandia inter alia would agree:

- that it will not solicit, encourage or facilitate any alternative acquisition proposal for Skandia and not engage in any discussions with any third party with respect to an alternative acquisition proposal, unless it receives a bona fide unsolicited acquisition proposal and a majority of the Skandia Board (with the consultation of its legal and financial advisors) in good faith determines that such proposal represents a superior proposal and that such discussions with the third party are required in order to comply with its fiduciary obligations to Skandia's Shareholders;
- that it will neither directly nor indirectly undertake any other action that may prevent or frustrate the Offer; and
- that it will co-operate in general with and assist Old Mutual in the preparation of the prospectus regarding the Offer and necessary filings for regulatory approvals to be made to competition authorities and financial supervisory authorities.

### ***Financing of the Offer***

Old Mutual has funds available to finance the total Cash Consideration under the Offer, totalling £1,243 million, as follows:

- Own cash resources in hand, and
- An existing £1,100 million revolving credit facility (the "Revolving Facility") which is expected to be replaced by a new £1,250 million revolving credit facility (the "Replacement Facility"); and
- An agreement with Deutsche Bank (the "ECP Agreement") for Deutsche Bank to subscribe for up to £150 million of notes under Old Mutual's £600 million Euro-Commercial Paper Programme (the "Programme") which has been entered into to secure financing in excess of the Revolving Facility until the Replacement Facility is entered into.

The Offer is conditional on Old Mutual receiving the funds under the Revolving Facility and the ECP Agreement (or the Replacement Facility if it has replaced the Revolving Facility). The Revolving Facility is an ordinary facility with terms and conditions customary for corporate credits in the international loan market. The Revolving Facility is fully available to Old Mutual. Drawdown from the Revolving Facility can be made if a number of standard conditions for financing, a summary of which can be found in Appendix 1, have been met. The Replacement Facility would in all material respects be on the same terms and conditions as the Revolving Facility.

Under the ECP Agreement, Deutsche Bank has agreed to subscribe for up to £150 million of notes at any time that Old Mutual requests prior to 31 March 2006. No notes are outstanding under the Programme so the entire £600 million under the Programme is available. Notes will be issued under the ECP Agreement if a number of standard conditions, a summary of which can be found in Appendix 1, have been met.

In addition to the funds available as described above, Old Mutual intends to raise approximately Euro 1.2 billion of subordinated debt counting as upper tier 2 and lower tier 2 capital under the United Kingdom Financial Services Authority's rules prior to payment of the Cash Consideration.

### ***Letters of intent to accept the Offer***

Letters of intent to accept the Offer have been received in respect of in aggregate 159,810,253 Skandia Shares, representing 15.6 per cent. of Skandia's issued share capital, from investors including Cevian Capital and Burdaras.

## **Regulations**

The Offer shall be governed by and construed in accordance with the laws of Sweden. The Swedish Industry and Commerce Stock Exchange Committee's Rules on Public Offers for the Acquisition of Shares (2003) and the Securities Council's public statements on interpretation and application thereof are applicable to the Offer.

### **12. Listing and dealings**

Old Mutual has a primary listing on the London Stock Exchange and has secondary listings on the JSE and on the Malawi, Namibian and Zimbabwe Stock Exchanges. Application will be made to the UK Financial Services Authority (the "FSA") and the London Stock Exchange for the New Old Mutual Shares to be admitted to the Official List and to trading on the London Stock Exchange. Application will also be made for the New Old Mutual Shares to be listed (on a secondary basis) on the A-list of the Stockholm Stock Exchange.

It is expected that listing will become effective and dealings, for normal settlement, on the London Stock Exchange will begin shortly following the date on which Old Mutual announces that all conditions to the Offer have been fulfilled and that listing will become effective and dealings on the Stockholm Stock Exchange will begin on or around the same date.

The New Old Mutual Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing Old Mutual Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by Old Mutual after the date of issue of the Consideration Shares, other than in respect of Old Mutual's 2005 interim dividend of 1.85 pence due to be paid by Old Mutual on 30 November 2005.

Further details on listings and dealings will be included in the prospectus regarding the Offer.

### **13. Extraordinary General Meeting of Old Mutual**

The Offer is conditional upon, among other things, Old Mutual Shareholders approving the Transaction and the issue of the New Old Mutual Shares pursuant to the Offer. A shareholder circular, including a notice convening an Extraordinary General Meeting of Old Mutual is expected to be sent to Old Mutual Shareholders for this purpose in due course.

### **14. Overseas Shareholders**

The availability of the Offer to persons not resident in Sweden or the UK may be affected by the laws of the relevant jurisdiction where they are resident. Skandia Shareholders who are not resident in Sweden or the UK should inform themselves about, and observe, any applicable requirements.

### **15. Indicative timetable**

The prospectus regarding the Offer will consist of a prospectus relating to the New Old Mutual Shares to be approved by the FSA and a document containing specific information for the Swedish market. In addition, a retail shareholder information brochure will be published. These documents are expected to be

published by the end of September 2005. The Offer is expected to be completed by the end of 2005 or early 2006. Further details regarding the publication of these documents and the timetable for the Offer period will follow in a separate press release in due course.

## **16. Compulsory Acquisition and De-listing**

Assuming that Old Mutual through the Offer obtains more than 90 per cent. of Skandia's issued share capital and voting rights on a fully diluted basis, Old Mutual intends to commence a compulsory acquisition procedure under the Swedish Companies Act to acquire all remaining Skandia Shares. In connection therewith, Old Mutual intends to promote a de-listing of Skandia's Shares from the Stockholm Stock Exchange and the London Stock Exchange.

## **17. Employee option holders**

Skandia employees who hold employee options will be notified in accordance with the terms of the options.

## **18. Recommendation by the Old Mutual Directors**

The Old Mutual Directors consider the terms of the Transaction to be in the best interests of the Old Mutual Group and shareholders as a whole and unanimously recommend that Old Mutual's Shareholders vote in favour of the resolutions to be proposed at the Old Mutual Extraordinary General Meeting as they intend to do so in respect of their own beneficial holdings of 1,579,349 Old Mutual Shares, representing approximately 0.04 per cent. of Old Mutual's existing issued ordinary share capital.

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## Appendix I

### Financing Arrangements

Old Mutual has funds available to finance the Cash Consideration under the Offer, totalling £ 1,243 million, as follows:

- Own cash resources in hand;
- An existing £1,100 million revolving credit facility (the “Revolving Facility”) which is intended to be replaced by a new £1,250 million revolving credit facility (the “Replacement Facility”); and
- An agreement with Deutsche Bank (the “ECP Agreement”) for Deutsche Bank to subscribe for up to £150 million of notes under Old Mutual’s £600 million Euro-Commercial Paper Programme (the “Programme”) which has been entered into to secure financing in excess of the Revolving Facility until the Replacement Facility is entered into.

The Offer is conditional on Old Mutual receiving the funds under the Revolving Facility and the ECP Agreement (or the Replacement Facility if it has replaced the Revolving Facility).

The Revolving Facility is dated 6 May 2004 and is between Old Mutual, as borrower, and a syndicate of lenders. Under its terms, £1.1 billion was made available to Old Mutual to be used as a backstop for the Programme, for the general corporate purposes of the Old Mutual Group and to refinance Old Mutual’s existing facilities. Drawings under the Revolving Facility are limited to £1.1 billion. Old Mutual currently has no drawings outstanding so the Revolving Facility remains fully available. Drawings are permitted in other currencies but sterling is the base currency for the purpose of determining the limit on drawings.

The Replacement Facility is currently being negotiated with a syndicate of lenders. The Replacement Facility will in all material respects be on the same terms and conditions as the Revolving Facility, except that the commitment will be increased to £1,250 million. It is expected, subject to contract, that the Replacement Facility will replace the Revolving Facility on or about 2 September 2005. If not, the Revolving Facility will remain fully available.

Drawings under the Revolving Facility are conditional upon certain conditions which are customary in the international banking market, including: that certain customary representations of a formal nature (such as in relation to the status of Old Mutual and its power and authority to enter into, and the legality and enforceability of, the finance documents) are correct in all material respects both before and after the making of the drawings and that Old Mutual is not in default in relation to certain events of default, including:

- Old Mutual failing to ensure that the ratio of its total net borrowings (being total borrowings less cash and cash equivalents such as certificates of deposit and government bonds) to its consolidated equity shareholders’ funds (including hybrid capital and preferred securities), as disclosed in Old Mutual’s latest audited annual or unaudited interim balance sheet, is not greater than 0.7 to 1.0;
- a cross-default provision which provides that there will be a default under the Revolving Facility if Old Mutual or any other member of the Old Mutual Group does not pay its obligations under any other substantial financial indebtedness when due or otherwise defaults under such indebtedness. None of the relevant financial arrangements of the Old Mutual Group contain any event of default or termination rights in addition to those under the Revolving Facility;
- Old Mutual or any of its material subsidiaries becomes insolvent or insolvency proceedings or other similar enforcement procedures are taken in relation to Old Mutual or any of its material subsidiaries;
- it is unlawful for Old Mutual to perform any of its payment obligations under the Revolving Facility;

The Programme allows Old Mutual to agree from time to time with any of the dealers who are parties to the dealer agreement for the Programme (the “Dealer Agreement”) that debt securities (“Notes”) will be issued to that dealer up to the £600 million maximum amount under the Programme. No Notes are outstanding under the Programme so the £600 million is fully available. Deutsche became a dealer on 2 September 2005 by agreeing with Old Mutual that it will accede to the terms of the Dealer Agreement.

Under the ECP Agreement, Deutsche Bank has agreed to subscribe for up to £150 million of Notes at any time that Old Mutual requests this prior to 31 March 2006, conditional on there being no outstanding breach by Old Mutual of the terms of the ECP Agreement or the Dealer Agreement insofar as it relates to the ECP Agreement and certain other conditions, including:

- approval of the Offer by Old Mutual’s shareholders;
- the Offer becoming or being declared unconditional in all respects;
- no term or condition of the Offer having been waived or amended in any manner which is material in the context of the ECP Agreement without the consent of Deutsche Bank;
- neither Old Mutual nor any of its material subsidiaries having breached any regulatory capital requirement or having been the subject of any regulatory intervention (regulatory intervention meaning having received a request from a regulatory authority to restore or improve any applicable solvency margins or capital adequacy levels or had its licences withdrawn);
- Old Mutual not anticipating that, at or immediately after the closing of the Offer, it or any of its material subsidiaries will be in breach of any regulatory capital requirements;
- the short-term credit rating assigned in relation to Old Mutual being at least P-2 (Moody’s) and F-2 (Fitch);
- there has been no material adverse change since the date of the ECP Agreement (2 September 2005) in Old Mutual’s or Skandia’s financial position or operations (and material adverse change meaning an event that materially adversely affects Old Mutual’s or Skandia’s liquidity or results and which could not have reasonably been anticipated by Old Mutual at the date of the ECP Agreement);
- certain representations and warranties being correct, including:
  - in relation to the status of Old Mutual, its power and authority to enter into, and the legality and enforceability of, the agreements relating to the Programme;
  - that there has been no material adverse change in the condition (financial or otherwise) of Old Mutual since the date of Old Mutual’s last annual or interim accounts;
  - that, since the most recent audited or interim accounts of Old Mutual, there has been no adverse change in the business, financial or other condition of Old Mutual and there is no litigation or similar proceeding pending, or to the knowledge of Old Mutual, threatened which in each case could materially be expected to be material in the context of the Dealer Agreement or the issue of the Notes;
  - that Old Mutual is not in default under any of its other substantial financial indebtedness (as set out above, none of the relevant financial arrangements of the Old Mutual Group contain any event of default or termination rights in addition to those under the Revolving Facility).

The ECP Agreement will terminate if and to the extent that Old Mutual enters into new financing arrangements which provide available funds, such as the Replacement Facility.

**In the opinion of Old Mutual, there is no reason to believe that Old Mutual will not receive the funds under the Revolving Facility or, if applicable, the Replacement Facility, or the ECP Agreement.**

## Appendix II

### Definitions

The following glossary and definitions apply throughout this announcement, unless the context requires otherwise.

<b>“£”, “p”, “pence”, “pounds sterling” or “pounds”</b>	the lawful currency of the United Kingdom
<b>“Enlarged Group”</b>	the Old Mutual Group as enlarged by the acquisition of the Skandia Group pursuant to the terms of the Offer
<b>“Deutsche Bank”</b>	Deutsche Bank AG London
<b>“Embedded Value”</b>	Embedded value (being an actuarially determined estimate of the economic value of a life assurance company, excluding any value which may be attributed to future new business). The embedded value is the sum of the adjusted net worth and the value of in-force business
<b>“JSE”</b>	JSE Limited (formerly the JSE Securities Exchange, South Africa)
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Old Mutual Share(s)”</b>	Old Mutual Share(s) being offered to Skandia Shareholders pursuant to the Offer
<b>“Offer”</b>	The offer by Old Mutual for the entire issued share capital of Skandia as described in this announcement
<b>“Old Mutual Board” or “Old Mutual Directors”</b>	the board of directors of Old Mutual
<b>“Old Mutual Group”</b>	Old Mutual, its subsidiaries and subsidiary undertakings
<b>“Old Mutual Share(s)”</b>	ordinary share(s) of 10 pence each in the capital of Old Mutual
<b>“Old Mutual Shareholder(s)”</b>	holder(s) of Old Mutual Shares
<b>“Skandia Board”</b>	the board of directors of Skandia
<b>“Skandia Group”</b>	Skandia, its subsidiaries and subsidiary undertakings
<b>“Skandia Share(s)”</b>	ordinary share(s) of SEK 1 each in the capital of Skandia
<b>“Skandia Shareholder(s)”</b>	holder(s) of Skandia Shares
<b>“Transaction”</b>	the proposed acquisition of Skandia pursuant to the Offer as described in this announcement
<b>“UK Listing Authority”</b>	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>“United Kingdom” or “UK”</b>	United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “USA” or “US”</b>	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

Deutsche Bank AG London is acting for Old Mutual plc and no one else in connection with the Transaction and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the Transaction and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the Transaction or any transaction or arrangement referred to, or information contained in this announcement.

Merrill Lynch International is acting for Old Mutual plc and no one else in connection with the Transaction and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the Transaction and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the Transaction or any transaction or arrangement referred to, or information contained in this announcement.

Lazard & Co., Limited is acting for Old Mutual plc and no one else in connection with the Transaction and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the Transaction and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the Transaction or any transaction or arrangement referred to, or information contained in this announcement.

The Offer, all acceptances and withdrawals thereof or pursuant thereto and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with Swedish law.

In accordance with the requirements of the UK Prospectus Rules it is confirmed that this announcement does not constitute an offer to purchase (or otherwise acquire) nor the solicitation of an offer to sell (or otherwise dispose of) any securities of Old Mutual or Skandia. Any offer, invitation or inducement to acquire or sell shares in Skandia will be made solely by means of the prospectus (as updated by any supplementary prospectus) and associated documents expected to be published during September 2005, and any decision to keep, buy or sell shares in Skandia should be made solely on the basis of the information contained in such documents. In addition, Old Mutual Shareholders are urged to read the prospectus and associated class 1 shareholder circular before making any decision regarding the Transaction. The prospectus, and related documents, once published, may be obtained from Old Mutual's website at [www.oldmutual.com](http://www.oldmutual.com) or on request from Old Mutual.

The Offer is, subject to certain exceptions, not being made, directly or indirectly, in or into the United States, Canada, Australia, Japan or any other jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or by use of the mails or by any means or instrumentality (including without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, Canada, Australia or Japan. Accordingly, copies of this announcement or any accompanying documents are not being, directly or indirectly, mailed or otherwise distributed, forwarded or transmitted in, into or from the United States. Any persons receiving such documents (including, without limitation, custodians, nominees and trustees) should observe these restrictions and should not, subject to certain exceptions, mail or otherwise distribute, forward or transmit them in, into or from the United States or any other jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or use such means, instrumentality or facility in connection with the Offer, and so doing may render invalid any related purported acceptance of the Offer. Any persons (including, without limitation, custodians, nominees and trustees) who would or otherwise intend to, or may have a contractual or other legal obligation to, forward this announcement or any accompanying documents to the United States should seek appropriate advice before taking any action.

These materials are not for distribution, directly or indirectly, in or into the United States. They are not an offer of securities for sale into the United States. There will be no public offer of the Old Mutual Shares in the United States.

The New Old Mutual Shares have not been, and will not be, registered under the US Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Canada, Australia and Japan. Accordingly, subject to certain exceptions, the New Old Mutual Shares may not be offered or sold within the United States or Canada, Australia and Japan or any other jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or to or for the account or benefit of any person in the United States, Canada, Australia or Japan.

This announcement includes forward-looking statements about Old Mutual, Skandia and the Enlarged Group. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Old Mutual cautions you that forward-looking statements are not guarantees of future performance and the Old Mutual Group's actual results of operations, financial condition and liquidity, and the development of the industry in which the Old Mutual Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. Events that may cause actual results to differ from such forward-looking statements include, but are not limited to: fluctuations in the capital markets; fluctuations in interest rate and exchange rates; increased regulation or regulatory scrutiny; the occurrence of unforeseen disasters or catastrophes; political or economic instability in their principal markets; adverse outcomes in

litigation; and failure to achieve the benefits of the proposed Transaction. These forward-looking statements speak only as at the date of this announcement. Except as required by the UK Listing Authority, the London Stock Exchange or applicable law, Old Mutual does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. Except as required by the UK Listing Authority, the London Stock Exchange or applicable law, Old Mutual expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Old Mutual's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In addition, even if the Old Mutual Group's results of operations, financial condition and liquidity, and the development of the industry in which the Old Mutual Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.