OLD MUTUAL Analysts' Day – 25th June 2008*

JIM SUTCLIFFE:

Slide 1: US Showcase

Good morning everybody. Thank you very much for coming here today. We are of course going to have a presentation of our US businesses. Just to remind you of the background:- you'll remember that at the end of the first quarter of the year, we had $317 billion of assets under management in the US and the key feature of this business, or the outstanding feature, perhaps I should say, has been the high net client cashflow, with over $125 billion, brought in as net client cashflow, into our US businesses, over the last five years. And of course last year, we attained the milestone of $500 million of pre-tax annual operating profit for the first time.

Tom Turpin and Bruce Parker will take you through the full presentation. They are down here and I'll introduce them again in a minute. And what we wanted to do today, what our objective was, was to give you a full sense of what goes on, because we know (as we go round both the sell-side and the buy-side community) that understanding what's in these businesses, we haven't done well enough in making that clear. I wanted to go through the details of the business, their strengths and their challenges, and the impact of external influences on the results.

We'll take questions in the middle of the session. After I speak, Tom will go through an overview of the market and then Bruce will speak about the Life business and then we'll have questions and we'll have questions at the end of the afternoon as well. And I hope you'll all join us for a drink when we're finished.

Slide 2: Our Vision

I wanted to start off just by reminding you of the overall strategy so that we can see how the US fits within it. Most of you will have seen this slide here, in one guise or other in one of our presentations and I am happy to keep reiterating it because I think it does capture well, at a high level, what we're trying to do at Old Mutual, and because it becomes very clear, why the US businesses are central to our strategy.

Old Mutual aspires, as you know, to be a premier international savings and wealth management group. We offer products in very many different guises, sometimes they become life insurance products, sometimes unit trusts, sometimes mutual funds or separately managed accounts, all sorts of names, in many different places round the world. But the core product is always the same – it's managing people's money and doing it in a tax efficient way. The proof of becoming a premier international savings and wealth manager, we believe, is strong growth in Funds Under Management, and we do have a strong belief that in order to grow those Funds Under Management, fundamentally, we have to provide strong investment returns to our clients. Our US business has certainly done both of those things, as I've said.

So, I think it is clear that the US business plays a major role in Old Mutual and it's not just that, it's the way it operates that is central to Old Mutual. So the multi boutique strategy that we employ on the Asset Management side as you know, has been instrumental first of all, I believe, in our success in attracting funds. It produces good investment returns and we are now of course exporting that to other parts of the Group. We do believe it's the winning formula. It's now in place in South Africa of course, and in our US affiliates - as Tom will tell you, they're a part of our US group in the way we think about or report on our business.

The Life business has grown powerfully under our ownership, but it has not yet produced the required return on equity and current conditions are not the easiest for this business, but our team - and you'll hear Bruce later - our team is hard at work to maintain a growth trajectory while improving controls and profitability.

Slide 3: Each region has a complementary role to play

The next slide, you will also have seen before and it's just another cut on the way we do things but it shows you where the US plays for us. On the left hand side of the slide you have the high market share, the high ROE, particularly in South Africa of course, our big brand businesses, that form the cornerstone and give us the facility to go out and do the newer things. On the right hand side you've got the acorns: Asia Pacific, Latin America, small at the moment, but potentially very big in future years. But in the middle you have the businesses that are growing strongly now. The UK of course, but particularly and relevant to today, the United States business. Again, you'll hear some of this from the other presentations. The US business remains the biggest savings market in the world. It's the biggest asset management market, Asia grows fast, but it's starting from a very small base and for the next ten years at least, the US is going to be the biggest market in the world. And the opportunity and the value to be crystallised, is there now. I think you've seen, we've been growing fast in the past and we are certainly looking to our US colleagues to capture the opportunity and contribute strongly to our growth over the next few years.

Slide 4: Organisational structure

So with that strategy backdrop, I'd just like quickly to introduce you to our team. First of all: Tom Turpin. Tom is our interim CEO for the whole business and he's picked up the reins very firmly in the last two months. We do have a search underway for a permanent US CEO and we have appointed headhunters who are already active in the market. We did announce recently that we changed the structure to what's on the slide at the moment, to provide better profit focus. And that we were reintroducing the roles of Chief Executive Officer, Asset Management and Chief Executive Officer, Life, each with profit accountability for their businesses. Tom fills the role on the Asset Management side and Bruce on the Life side.

A little bit of background. Tom joined Old Mutual in 2002. He's had a succession of increasingly senior responsibilities. He's been COO and that meant that he was responsible not only for the internal functions of the company, but also for the relationships with the affiliate asset management firms. Tom has spent his entire career in the asset management industry and he was at Putnam before he joined Old Mutual.

Bruce Parker is a sales professional by background with many years in the industry and he joined us in 2003 as Chief Marketing Officer. He became Chief Executive of the on-shore business in 2006 and has recently taken on these broader responsibilities.

We also have with us here a number of other members of our management team: Richard Hoskins is CFO for the United States; Linda Gibson, Chief Operating Officer; Barry Ward, who is CFO for the Life business - right here, next to Richard; John Grady, who's in charge of our strategy; and Jim Mikolaichik over there, who's our Risk Director. And when the questions get really hard, they're going to be pressed in to service.

Slide 5: Current trading conditions

The last thing I wanted to say is just to talk a little about the current trading conditions and of course, we're here today, just a few days before the half year end. We don't yet have our half year figures but we thought it would make discussions later on a little easier if we gave you some earnings guidance for the half year, for you to build in to your models. And a brief explanation of one or two key features and of course, when we have question sessions, we can expand on some of these things.

First of all, on the asset management side the net client cashflow remains positive. I know that's been a worry for some people. It is lower than it has been the last couple of years. These were exceptionally strong, but I think in the difficult environment, with the number of clients receding and with funds reducing, I think the fact that we are able to produce a continuing, positive net client cashflow is very pleasing. These have not been at the levels of the last two years, which were exceptionally strong, but in the difficult environment, we have been pleased to see these continuing to flow through. Earnings for the business last year were $324 million and we're running a little over 10% below that rate this year. There's nothing very special about this, just lower markets. And the only thing I'd point out, because someone this morning – as the news obviously is out there, was asking this question: we've just got to think slightly separately about performance fees and regular fees. And some performance fees, particularly where they're driven by high water marks, don't hit as well in a negative market environment as they do in a positive market environment.

On the life insurance side, sales have continued at roughly the same rate as we achieved for the full year last year. We did roughly $6 billion of premium last year. Our target for this year if you remember (or perhaps we haven't said it) was about $6 billion again, which grows the assets rather nicely. So we're running at about that six billion a year rate for the full year and that's roughly the rate we were running at in the first quarter. And the margins also have been comparable to what we produced in the first quarter.

Now last year's earnings were $195 million and this half year, will be in a range around 75% of that rate. And particularly in the second quarter (particularly in June in fact), we have felt the impact of the cost of credit impairments and guarantees being higher. It's not that it wasn't there before but it's certainly got stronger. Almost every other issues produced pretty normal returns but we have

felt that in this environment - when it's clear that the conditions that are out there that are difficult, are persisting - that we should strengthen our guarantee reserves. And in the guidance that we're giving you on earnings, we have made allowance for some $60 or $70 million of strengthening of guarantee reserves – with underlying earnings being in the $130 million to $140 million range.

That's all I'm going to say at this point and I'm going to hand over now to Tom Turpin, who's going to take us through the US market overview. Bruce will then, as I say, go through the US Life and then we'll have questions.

Tom.

TOM TURPIN:

Slide 2: Old Mutual US

Thanks Jim and good afternoon everyone. I want to thank everyone for coming and giving us this opportunity to talk about our US business. As Jim mentioned, I've worked at Old Mutual since 2002 and I'm very proud of my team's accomplishments. I look forward to the future success of our US business and the opportunities that it presents. Clearly there will be some challenges along the way but we have a talented group of people that I work with and we are obviously very focused on meeting and exceeding our clients' expectations.

Slide 3: Agenda

Jim briefly talked about this, but this is the agenda for this afternoon. What we plan on doing is: I'm going to give you a high level overview of the US business, the opportunity that exists. Bruce will then follow me and talk about the US life business. We'll do some questions and answers. Then Bruce will come back up and actually talk about our US branding initiative that we have in the States; and then I will follow that with a more detailed overview on the US Asset Management business and the multi-boutique model that we have; and then we'll close with some more questions and then have our reception.

Slide 4: The US Business

What I plan on doing is – talk about the US opportunity, give a business overview, show you some results - which you're familiar with, but put a little bit more colour around those - and then just wrap it up.

Slide 5: The US Opportunity

So what is the opportunity? Nearly 50% of the world's wealth is in the United States and we're the only developed nation with a growing population. Retail assets, particularly due to the baby boomers, are expected to grow faster than other parts of the world and by 2020, the retirement segment will account for two thirds of the US's financial wealth. The emerging Hispanic market presents an enormous opportunity for us. Over the next twenty or thirty years, Hispanics in the

United States will be greater than 20% of the overall population and lastly, the amount of money in motion, outside the US States, particularly in Asia, Europe and the Middle East is a fantastic opportunity for us.

Slide 6: Purchasing power parity

Another way to look at the world's wealth (and I know this is a difficult chart to see, but you have the hand-outs), is to look at purchasing power parity in US dollars. I'm not an economist, I don't pretend to be an economist, but I find this slide very, very interesting and very compelling. It's a map of the world based on 1.3 billion consumers in 2005 and their income. The only two colours that really matter on this map are blue and gold. And gold is the most important one, which represents upper income. Clearly, you'll see that the United States is a dominant country in 2005, followed by Japan. Obviously, there's meaningful wealth in the UK and continental Europe, but how does this picture emerge as we go forward?

Slide 7: Purchasing power parity

When you fast forward to 2020, it's projected that there will be 2.3 billion consumers. The US still dominates and there's meaningful growth in the UK and Europe, but look at the explosive growth that happens in Asia, particularly China as well as India. The US will be critical but these other countries, outside the United States, present an opportunity for Old Mutual overall, and for us and the United States business as well.

Slide 8: Assets under management mix

Let's look at our assets under management and how it compares to the global mix of assets under management. If you look at the overall world you have 59% of the world's assets under management in the retail sector and 41% in the institutional sector. If you look at the multi-boutique asset management mix that we have, you'll see that we're only 6% represented in the retail space. However - if you wanted to take the subadvisory sleeve, which in some cases, I would actually add the sub-advisory sleeve to the institution number, because it's a single management relationship - this gets us to 94%. But, another way to look at that subadvisory space - because we're main subadvisor for firms like Vanguard, where they actually distribute to the retail sector, you could actually put that in the retail segment - so I can actually flip-flop between whether I want to say it's 29% in the retail space and 71% institutional, or whether or not it's 94% institutional. But regardless of how you want to look at it, we clearly want to continue to have the opportunity to grow in to that retail segment.

Slide 9: Investable assets are in the US

Almost 50% of the world's investable assets were in the United States in 2006, which is represented by the green on the slide, and it's projected to remain so, looking out in to 2011. Institutional assets on the left hand side will grow from approximately $11 trillion to $17 trillion and the retail assets will grow from $20 trillion to $29 trillion.

Slide 10: Can't overlook non-US investable assets

However, as I've talked about a couple of times already, there's phenomenal growth, also outside the United States, so when you look, greater than 50% of the investable assets in the world are outside the United States. Combined assets in 2006 were roughly $35 trillion and estimated to grow to $43 trillion by 2011. The extraordinary net cashflow number that we achieved last year and that I'll talk about later on this afternoon, has meaningful contributions from non-US domicile clients.

Slide 11: US retirement market overview

Just a quick snapshot on the US retirement market overview. You can see the growth from 1996 to 2006 and you can obviously see the colours that represent government pensions versus defined benefit plans. The US retirement market continues to grow. However, we are seeing a shift in the responsibility in migrating more toward individuals having to deal with their own retirement as opposed to corporate pensions. This trend will continue to accelerate as more corporations in the United States, terminate or freeze their defined benefit plans. Defined contribution plans, annuities, individual retirement accounts will clearly end up getting most of the assets and that's where we're going to see most of the growth on a go forward basis. And with that shift to the individual, they're going to be looking for more outcome-orientated product solutions.

Slide 12: Insurance marketplace overview

One of the products that Bruce Parker will talk about later on, after he follows me, is variable annuities. You'll see that both on-shore and off-shore, variable annuities have had a nice growth trajectory through 2007 and it's projected to continue to grow and that trend will continue through 2011 and beyond.

Slide 13: The US business

Let's talk a little bit about the US business overall.

Slide 14: Our vision

Our vision for the US Asset Management business and our Life insurance business is consistent with plc's vision. We want to leverage the strength of our Asset Management and Life businesses, to meet the needs of our institutional and individual clients and by doing so, we will continue to grow and deliver value to our shareholders. So what's our strategy?

Slide 15: Our strategy

Well our strategy first and foremost and our highest priority, is to maintain high quality investment performance, through the multi-boutique model. We also want to provide innovative and packaged solutions to both institutional clients as well as the retail client base. As I've touched upon already, we want to continue to expand our retail platform. We have a retail platform in Denver but that retail expansion can also happen in the sub-divided space as well.

We want to attract, retain and motivate the talent that we have. It's all about the people, I know it's a trite saying, but it's the most critical asset that we have, the people that work in this business and it's important to make sure that we continue to motivate and attract those people.

We want to make sure that we ensure a balanced portfolio of affiliates that we have in the family and later on this afternoon I'll talk about how we go about trying to manage and look at those multi-boutique firms.

Slide 16: Executed through two businesses

Executing against the strategy will lead us towards long-term profitable growth. We're going to execute the strategy through two businesses, our Asset Management business and our Life business. Both businesses look after people's assets, whether it's accumulation or whether it's protection. Both businesses have disciplined business strategies, coupled with proper governance and risk management. Asset Management is comprised of twenty investment boutiques, managing $317 billion and it generates cash to the parent company. Life has both an on-shore and an off-shore business, using third party distributors and is actually capital self-sufficient at this point in time.

Slide 17: Playing in two markets

We play in two market places which I've been talking about, which is the institutional market place and the retail market place, with a goal of delivering high quality investment returns, packaged to meet the needs of our diverse client base.

The other thing that's important when you look at these businesses though is how do we do this from an enterprise risk management framework and I'm going to spend a few minutes talking about that next.

Slide 18: Enterprise risk management framework

When we talk about risk, the tone gets set at the top of the organisation. It begins with plc: the Board and Jim – and they have rightly insisted that we have a consistent risk framework embedded in our businesses. Regulators and rating agencies expect that we're managing our risk, but increasingly, so are our clients and prospects. Just recently one of our investment boutiques, Thompson, Siegel and Walmsley, based in Richmond, Virginia, actually had a finals presentation for a subadvisory mandate. They spent a third of their time talking about the risk management framework and how we go about managing all the risk that exists in their business.

Slide 19: Enterprise risk management framework

This enterprise risk framework provides a proactive framework for examining our business strategies whether it be product, operational, capital at risk, earnings at risk. It's also embedded all the way down in to our businesses. Obviously, you need the right environment and culture, and

the right tone and as I said, it starts with Jim but it continues to cascade down all the way through the organisation. Risk obviously needs to be identified and managed on an ongoing and active basis and it is part of our ongoing business. You need to measure it, you need to monitor it and you need to make sure it's properly communicated. And that monitoring component and measuring component needs to evolve obviously as our business continues to evolve.

Slide 20: Reporting and communication model

Some of the things that we do from a reporting and communication model stand-point is we have multi-dimensional checks and balances. It begins at the top with plc and the reporting we do on an ongoing basis. My Executive Management team has a responsibility to the parent, but also to our US Board and our US audit committee, with the specific escalation criteria and risk appetites that they've allotted to us. We embed risk management all the way down in to the operating units, not only just at the holding company level but all the way – right down in to the affiliates in the investment boutiques and we have Board meetings with them on an ongoing and regular basis in addition to ongoing routine business meetings. We also have a common platform for consistent reporting. Even though it's a diverse business, both diversely within the investment boutique but diversity from our insurance business, we have a common overall framework, in terms of how we go about our reporting.

Slide 21: The US business

So what are the results?

Slide 22: 2007 accomplishments

Well, you've seen some of this but in 2007 we delivered outstanding investment performance on behalf of our clients and that's done through, obviously the investment boutiques. As Jim alluded to and you'll see a slide, we generated positive net cashflow at a record level and we produced record earnings - our two businesses did - in 2007.

Slide 23: Investment performance vs benchmark – asset weighted

When you look at our investment performance, our investment boutiques continue to perform well. On the left hand side you'll see that two thirds of our investment strategies on an asset weighted basis have out-performed their respective bench marks, whether it be the S&P 500, the Russell 2000 or the MSCI index. Over two thirds on a three year basis, and almost 90% have outperformed on an asset weighted basis on a five year number.

The right hand side of the chart talks about our investment performance in terms of strategies as opposed to asset weight and what you'll see is on a three year basis, 75% or three quarters, have outperformed their respective bench marks and 81% on a five year basis.

Slide 24: Assets under management

What have our assets done? Assets have grown $152 billion from 2004, from $185 billion to $337 billion at the end of the year. With the turbulence in the capital markets in the first quarter, our assets under management have fallen slightly, at the end of the first quarter down to $321 billion. That includes some of our off-shore Bermuda assets as well.

Slide 25: Adjusted operating profit

If you look at the earnings trend that we have, our adjusted operating profit, as Jim alluded to, we've exceeded $500 million last year on a pre-tax basis for the first time. We also have had overall good earnings growth on a compound annual growth rate of 15% since 2004.

Slide 26: A x M – E = P

Another slide that you should all be familiar with (and I'm not going to go through this slide in detail but you've seen this before) is the basic formula that we have now at Old Mutual, which is assets times margin or times basis points, minus expenses equals profit. So our goal in the Asset Management business is to deliver a net margin of 12 basis points or better and our Life business, we're looking for a margin of 110 basis points. Obviously, as you all know, Asset Management requires very, very little capital and the Life business does require capital but it's now self-sufficient.

Slide 27: The US business

So a quick summary.

Slide 28: Benefits of working with Old Mutual

The benefits of working with Old Mutual - not only with our distributors but also with the investment boutiques. We have a passion for investment quality. Everything that we do is focused around the client, whether it be an institutional client or a retail client. We want to be a provider of innovative solutions both for the insurance business as well as our Asset Management business and then we also want to work from the centre, with our investment boutiques, our distributors, our third party administrators, to make sure that we're successful in meeting the needs of our clients.

Slide 29: Old Mutual US…positioned for the future

How do I think we're positioned? Well the way I look at it (and it's right in the middle of the slide) is our Asset Management company is focused on alpha generation which leads to asset accumulation, while our Life company focuses on asset protection, income generation and risk management. We have two very strong businesses that work together to meet the evolving needs of today's client, both inside the United States and outside the United States.

Slide 30:

Thank you. What I'd like to do now is invite Bruce to come on up and Bruce will talk to you about the life business.

BRUCE PARKER:

Slide 31: The US life insurance business

Thank you Tom. Thank you Jim. Good afternoon everyone. I'm excited to be here and as I stand here today, I'd like everyone to know that I'm committed to delivering earnings growth for this business on a consistent basis, while maintaining very strong controls and risk management principles. So, before we get started, I thought I'd start off with that and give you a little bit of an insight of what I'm focusing on in this new role.

Slide 32: Agenda

When we take a look at the agenda for today, I'm going to cover quite a few things, so I'll take my time walking through the US Life business. I'm going to talk about the marketplace, strategy, the on-shore business and the off-shore business. I'm going to spend a little bit of time looking at the investment process, our core operational model and our finances. And then at the end, I'll give a brief summary.

Slide 33: Life insurance marketplace trends

So, let's take a look at our business. Our business is a solution-based business. It's a solution products business that solves the savings issues for the baby boomers, the Hispanics and the international emerging and high net worth investors of large financial institutions. At the core of our business is a savings business. Buyers are seeking stability and guarantees. It's critical that we have a need to provide income solutions with guarantees, that's the evolving market place inside the US. Baby boomers are living longer so they need to answer the question about not only income but also, how are they going to get income out for care eventually? There's regulatory pressures in the US of course and then, how are we going to address the emerging Hispanic market place? We're eighteen months into a programme that when we started was representing roughly 11% of our new business sales and now we sit here with 19% of our new business sales, coming from the Hispanic market place, after that effort that we put in.

Slide 34: Insurance marketplace historical product sales trend

This is the screen that Tom talked about earlier. This is the evolution of the packaged product - it's called variable annuities as well as the other insurance products that are on the screen. The reason why these products are becoming so popular is because they're already a packaged product, that are creating solutions – solving multiple solutions for investors, both from an accumulation standpoint, and they're also giving that consumer the ability to figure out how they're going to pull income out when it comes time to retire. It's an interesting slide because what's projected here is what the market place is seeing from 2008 to 2011, where you see that modest

insurance growth. If you look at the insurance models they're always 2% to 4% growth, as you take a look at term life. Fixed annuities and universal life - where you see this explosion of growth on variable annuities - and it's mainly because of the shifting of assets from somebody who had many of their assets in a defined benefit plan at work, today, they're taking control of their investments and what vehicle do they need to be able to solve their future problems.

Slide 35: The US Hispanic market population growth

The other market that we focused on very keenly was the Hispanic marketplace, you've seen these numbers before also. These are the projected growth. We are in the US, one of the only developed countries that have a replacement for our baby boomer generation, that is already contributing to the market place and this shows the growth pattern that we're looking there. The other dynamic on this is that the group itself has got an age somewhat younger than the general population. The median age is 25.9 – versus 35.3 and that's really one of the major reasons why we lead with a protection product in this group. But we want to be able to establish that relationship and really become a provider of choice, as they're evolving and their life style changes during their life time. So we're committed to being the company of choice here. This is not a small venture for us. We are committed to be the company of choice for Hispanics trying to solve their protection and accumulation needs.

Slide 36: The US Hispanic market purchasing power

The next screen says where's the money with this group? Well this is a group that already has substantial financials behind them. This shows the projected growth for the boomers. By 2011 it will be 1.2 trillion dollars and right now, 37% of them already have over $50,000 of annual income, so that it's not just a demographic boom, it's also the fact that they have financial resources to buy the products.

Slide 37: Agenda

So let's take a look at our strategy.

Slide 38: Old Mutual US Life

This slide here really takes a look at since 2003. Many of you have been watching our company since 2003 but this basically demonstrates how we are positioned from obviously having strong parent support to having sustainable growth, to getting to capital self-sufficiency. But all this turns into stability for our distribution partners.

The key factor for us is to be able to show to our multiple distribution partners in the US that we have a solid commitment from the parent and that we're being able to grow the business. It really is key for them individually, for building their own individual businesses, because it is an independent distribution model, they have choice on who they sell their products through and we want to make sure that we are the company that they think about, with our product set, coming in to their firm and, to be able to do that, they're looking for stability and long-term stability from the parent.

Slide 39: Retail strategy

Our next slide is really at the core of the strategy and I'd like to spend a couple of minutes on this. It's kind of a colourful graph, but those are our three major segments. We are focused, with the insurance company on the mass affluent segment. In the US, we call it the trillion dollar baby. It's the biggest group of pure numbers and they control quite a bit of the wealth. We're focused on the boomers in retirement. There's a lot of needs that the boomers have in retirement, not just income. They're thinking about care, they're thinking about the management of the assets and they're thinking about a long time in retirement. And so our focus on our products is really to be able to work with the boomers throughout that whole period of time. And in the Hispanic marketplace, I've already talked about that, but we want to be able to catch the next wave.

What you see on the outside of this diagram are our core product sets and then riders that attach to our product, to help solve the needs and actually create the packaged products. I'll just give you one quick example. So with term life insurance, the Hispanic marketplace would buy a term life insurance product, maybe to cover their mortgage, maybe to cover their income, whatever that might be. We might wrap that with what's called ROP, return of premium, which basically turns that product in to a basic savings product that says at the end of that period, you don't die, you're still living, we're going to give you all your premiums back, so they look at it as a value buy, on their behalf. I'll give you just one other one. A fixed index annuity - which is obviously our top-seller of volume in the US - we would wrap that with a minimum guarantee, withdrawal benefit, to allow them to able to start taking maybe 5% of their account out when they retire. So you take the accumulation vehicle, you tie it to the rider and then you come up with a packaged solution for the customer. Those are the types of things we are working on, constantly, inside the US market place as we build our model.

Slide 40: The opportunity is not a single product…its packaged solutions

This is a graph that you might have also seen before but this is really how we built the strategy. Our strategy is built on the pre-retirement, post-retirement segments of the market place, and a baby boomer will have to answer all four of these during their life time.

What are they doing around protection? Now protection can be something as basic as making sure they have enough life insurance if something happens to them, but it also could be having an insurance product to make sure if something happens to them, that their pension plan self-completes. So there's a lot of things that go into the protection phase and you can see under it, our current product set that we offer. Accumulation – I don't really need to describe that too much - but that's the basic accumulation and savings piece of the puzzle and those are really the traditional insurance marketplace that the US had been in, until this baby boomer wave started really to get close to retirement, and before the defined benefit model started to convert to a defined contribution model. Now, on the right hand side, that has all changed and now, insurance companies and providers are focusing on creating the income solutions and the care solutions for those people also.

When you look at this chart, you'll see our products here. For income, there's a lot of different scenarios from immediate annuities but all the way through, your withdrawal benefits on the variable products to taking out loans on your life insurance policies etc. There's a lot of strategies around income. On the care side, we're still working on our strategy there. We have some critical illness riders on our products today. We are not in the long-term care space or the health savings space, but we are exploring and looking at those. So this is our approach to the baby boomers.

Slide 41: Our response to the trends

How do we square up to them? We have five core channels that we manage at the US Life business. We have a fixed annuity business, a life insurance business. We have a small, immediate annuity business, the new variable annuity on-shore and then our Bermuda business, Old Mutual Bermuda off-shore VA. In each one of these channels, there are multiple distribution pieces, so we market our products through banks, MGAs, agents, large financial institutions, independent financial advisers and RIAs for the variable annuity product. But where our strategy comes together is in this model called the centres of excellence. The centres of excellence create market-focused groups that support the underlying channels. They supply research, market white papers etc, to allow those channels to create market advantage for them, when working with the MGAs below.

Slide 42: Critical success factors

So what are our critical success factors as I look at the US Life business? Well, first and foremost, the new structure has been inserted to deliver clear accountability for the business and **I'm** that person. And that is really the key, first success factor. Second, life and annuity product innovation is still going to have to be there. We have to meet the evolving financial and security needs of that boomer generation, so we have to continue to look at creative solutions and innovation.

Our variable annuities have to perform. We have to have underlying mutual fund performance behind those products. We have to have effective hedging strategies to ensure integrity of the guarantees, while protecting significant earning impacts. I'm looking for strategic diversification of products and partnerships to reduce my overall risks and put additional controls in place. World class technology platform, that's meeting international needs. On our Bermuda platform, connectivity is a big issue there. And then finally, our strategic partnerships, we must be viewed as a partner and as an innovator of choice, for our retail distributors. When you choose to distribute your product through third parties, which is what we do on all of the businesses in the US, you have to be seen as an innovator and a critical party. So those are the success factors.

Slide 43: OMUS Life risks

But there's also risks throughout the business, that I think about and work through on a daily basis. There's political uncertainty. Certainly in the US, we're having a presidential election, something is going to change, there's going to be a change that will come with the new administration. That will create both opportunities and that will create some uncertainty for us. You've got credit market risk, market risks, regulatory barriers to entry in certain markets. There's some connectivity, I've already talked about that. The performance of hedges, the ability to support our additional

currencies. There's many of these risks but we manage them through a thorough and in-depth risk management process that is embedded within our business.

Slide 44: Agenda

So what I'm going to do now is I'm going to take a look at the two businesses separately, the on-shore business and the off-shore business and first of all I'm going to talk about Old Mutual Financial Network, that is the on-shore business. There's a couple of statutory companies that are in there – Old Mutual Financial, OM Financial Life and OM Financial Life of New York. What I plan to do for you is take you through these six segments, but first I just wanted to talk a little bit about our products.

Slide 45: Our products

We have fixed annuities, fixed index annuities and immediate annuities, mortgage term life and term life, universal life and variable annuities. We are focused on three pieces when I think about our product in our markets - the accumulation phase, the income phase and the protection phase. So these are all – and in the US, they're really parts of the savings segment - how we have built this particular business.

Slide 46: Product development process

This is a chart, it's a little busy, but you can work through this on your own. This is very important to the success of the business and this is our product development process. The ability to bring the right product to the market with the right controls. And when we think about the product development process, we think about five things constantly. Making sure we have proper research, the product is innovative, it can be integrated in to our system, so we're not doing something that we can't manage. We're following best practices in the industry and we've got proper governance. And on our product development process in the US, we have three pieces of the process. First there's the product development team, thinking of what the product is going to be and underneath that, you'll see the differing groups that have sign-off during that process. Often times in this time, we will also bring in outside distributors that might be bringing product ideas to us too, and they would actually sit on that team. And that's really just getting the concept to the point where we want to put resources in and start the development process.

In the middle part which is called our Feasibility Assessment, is when we're really making the decision to bring the product to market and there's much more rigor here. We're going through all of our actuarial assumptions, working with finance, risk, project management, tax etc and each one of these boxes underneath here, either has a team or an individual from that department, who sits in that process.

And then finally, implementing the product smoothly and making sure that it is, at the end of the day, what we also have brought to the market, is the implementation process. The only overlay to this I'd like to just talk to the group briefly about is, we also last year created a couple of new models around levels of risk. And we actually have three levels of risk when we take a look at a product today and those levels of risk will actually correlate to who has to sign-off on a new

product. So our level one risk would be just an additional product into our product set, say a brand new fixed index annuity to the product set that we have today. That will be a level one style risk and we work our way through the risk process and the product actuaries, pricing actuaries, distribution teams etc, would have sign-off there.

Then we have a level two, which would be the same market but maybe a brand new product into that market that we're not doing currently. That will take a next level of sign-off to be able to move in to that marketplace. And finally, we have a level three risk which is moving into a brand new market, with a brand new product and when we do that, or something that we feel is relatively risky, that we want to make sure we have the right level of sign-off too. That would require my own sign off, Jim Mikolaichik, Head of Risk, and Richard Hoskins, the CFO, so at the executive management level. It needs to be sign-off with those levels of risk, so it's a very in-depth process that we've put in place and we believe it allows us still to get to market quickly, but with the right controls.

Slide 47: Product features

Our product features. I'm going to go through these relatively quickly, I'm not going to read a lot of the bullets here but I'm going to take these in order. So the fixed annuity business, which includes fixed annuities and MYGA's, which are your products other than fixed index annuities. We currently hold the number four ranking in fixed annuities in the brokerage and MGA market place. A traditional fixed annuity has a guarantee for a period of time, one, three, or five years and at the end of that period of time, then it just goes to an annual renewable rate. That's the way a traditional product works inside the US.

Slide 48: Product features

A MYGA - everyone here is familiar with our MYGA's - we had obviously a large block in 2002, when we had a big advantage with the yield curve. MYGA is similar to a traditional annuity, except for, at the end of the renewal period, if they renew again, they get a brand new surrender charge and they get another period, so for instance on the five year product, they would have a guarantee rate for five years. At the end of that period of time, if they sign up again, they have a brand new surrender charge but they get another five year guarantee. So it's a little bit of a twist on that traditional product.

These products are bought really by people who are in the 60 to 75 year old range. It's a product that competes with CDs in the US market place and it's basically purchased for its underlining guarantees.

Slide 49: Product features

Now, on the next page is the fixed index annuities. In your book – I'd like you to just change one thing - it says number five in fixed immediate annuities, that should say, number five in fixed indexed annuities, so I apologise for that. This is a big part of our business, this is a block that will do over $2 billion of flow this year. We're number five in the industry. We've been anywhere from three to five for the last four years. So we are considered one of the major players here. The

difference on this product versus the products I just explained is that at the end of the year, the interest rate credited, is tied to an index like the S&P 500 and we credit the interest once a year.

There's three common crediting methods that we use. Annual point to point, monthly average and monthly sum cap and then there's governors within the product, caps, spreads and participation rates, so the customer doesn't get the full value of the S&P 500 – we would have a cap, so for instance a cap could be 10% or 12%. Use 10% as an example, the market goes up 12% this year, they would get a 10% credit, not a 12% credit. Now what they get for giving the up side up is they get the underlying guarantee though. In a year where the S&P might go down by 10% their floor is usually maybe 1% or 2%, the underlying guarantee. So there's an advantage there, they give up upside for principal protection.

Slide 50: Product features

Our immediate annuities, again, is a relatively small block. We're number eight in the immediate annuity business. It's a product that's evolving in the US. You would think with all the income needs that are out there, that this would be a growing market segment. But mainly because the fundamental feature of a immediate annuity is that you give the money to the insurance company for a promise for the payments and you don't have access to that principal any more, it's hard for people to give that up, so it really has not taken the market by storm like you might think. But it is still a very, very important product and it is a product that's evolving. Now today, our sales are again relatively modest but they're mainly focused on what's called fixed period pay-outs, so maybe a five or ten year pay-out so we offer life time guarantee products , fixed period payouts or both.

Slide 51: Product features

Now mortgage term life insurance is our biggest seller on the life insurance side, with our new index, universal life, quickly catching up. But the mortgage term product is probably the most basic of term sales that you can have. It's that individual who buys a home and wants that mortgage protected and it's an individual product. It's an interesting product because it's sold by specialised MGAs. They actually create the whole sales process, so they create the lead generation, they get lists and those types of things and generate a lead, a physical lead. They recruit an agent who takes that lead and goes out and visits that customer at their home and then does a complete sales analysis of their needs and then sells the product to that customer. The great thing about those agents is they've really answered a big part of the question for those agents on how am I going to be able to sell and get myself in front of customers today, and they've created that. They've created that demand. It was also the major driver of our company in 2003, going from 380,000 customers, when we purchased this company. Today we have over a million customers and in that one segment we are the fastest growing life insurance company in the US, with net new customers. There's been some stress here obviously, with the mortgage market, so sales are down a bit, but it's still a major part of our volume and we are well positioned - as and when that market comes back - to continue to go and sell there.

Slide 52: Product features

Our universal life is a core saving product in the US. Life insurance continues to have a tax advantage wrapper in the US, so people can buy their coverage, plus the cash that accumulates is tax deferred, so you don't pay any income tax on the tax as the policy is accumulating cash value and as a tax advantage, you can take the money out in the form of loans, at the end of the time period and not pay any tax on that either; so it is a tax advantage vehicle. We are a top twenty player in the universal life space and we're the number five player in index universal life, which is the fastest growing segment of the life insurance industry. It's a flexible premium product, there's interest crediting. We have a fixed product, which is a universal life, just a fixed interest rate and then we also have an index product, much like our index annuities, much more simpler crediting technique. It's just an annual point to point on the S&P 500 - one option.

Slide 53: Product features

And then our US based variable annuities. This has been a slow go for us as we're building our capabilities here. We initially launched in 2007, we launched with a product called the Beacon Navigator. That product was a kind of a vanilla-style variable annuity to enable us to get in the market, to go see the broker/dealers, start to get our product on the list and start to talk to distributors about distributing the product. However, this year we launched a product that we believe will be our niche in this space for the foreseeable future and that's the registered investor advisor product. This is no-load variable annuity. The way this product works, there's virtually none of the load charges in that. The RA works with this client and he actually charges his client a fee for the advice. It's a fee-based business and the client pays the customer direct for his advice and then the advisor is able to get them a product that does not have a lot of sales charges and is very attractive. The real attractive piece here is this is the fastest growing segment of the advisor network in the whole US. It's faster growing than any insurance network, than the BD network etc and we're watching it very closely. It's also a product that will fit very nicely in private banking channels. Our product is a multi-manager chassis - we have Old Mutual, mutual funds on the chassis and particularly our pure portfolios, they serve a lot of our asset allocation models and we have optional guarantees on the product, that they can pick and choose from the death benefit to the withdrawal benefit and soon to be the accumulation benefit.

Slide 54: Pricing approach

I'd like to spend a few minutes on our pricing approach. This is the pricing approach for all of our on-shore products. Products are priced to meet multiple constraints. We price our products at a 12% IRR and our new business margins are in the mid-teens. And we have a capital usage model also, for all of our products. Assumptions set are based on best estimates, with some margin for adverse deviation. Investment returns are based on market prices and yields at the time of pricing. So we're not trying to think about where the market is going there. We hedge market risk and guarantees. And we have different pricing targets for different products, so they're not all the same.

Slide 55: Distribution fixed products

I'm going to spend a few minutes now talking about how we distribute these products. Our fixed product - now you see all five of the fixed products on the board - we distribute those through what's called an MGA, which is master general agent. We have in the master general agents, over 500 master general agents and the key factor here is that they are all a little bit different. Some might be annuity only, some might be life only, some might be focused on that mortgage market.   However, we have segments, enough in each one of the markets to be able to build our business plans and each one of them brings a different value proposition to the agent. But out of those 500 MGAs we have over 95,000 licensed agents, independent agents, who sell our products.

Slide 56: Distribution variable products

On our on-shore VA, it's a little bit different. We built our on-shore VA on the heels of our Bermuda success, so think about Bermuda as our first entry in to the variable annuity space and shortly thereafter we started thinking about bringing the variable annuity on to the US platform. So first and foremost, we're looking to leverage some of our distribution opportunities with Old Mutual Bermuda, but only in particular in the US, so for instance, Chase, Wachovia, Sun Trust and HSBC all do business with us on our Old Mutual Bermuda platform, internationally. They have all asked us to think about a product that would be similar on the domestic platform. Now the product is a little bit different, so they're not going to be quite the same. We're working through some of those issues, but this is clearly a synergy of having success in the market place with Bermuda, and then those distributors asking us to solve another need for them.

The second one is there are specialist MGAs in the market place that do variable distribution, not just fixed distribution and there's four of those that are working with us to help get this product launched and on the streets. We have our own wholesaling network, of wholesalers that are working in the independent and broker/dealer market. And we focus on the middle market of the broker/dealer, so we're kind of the mid-sized broker/dealers, is what our focus is there. Mainly because the large ones have got ratings hurdles to be able to get on those platforms, that we don't have, but our ratings are sufficient to be in the middle part of that market. And then I talked a little bit about the registered investment advisor. This is a big group of individuals that we're going after and we think we have the right product at the right time.

Slide 57: Q1 2008 market share

So probably what I'm most proud of with this business is lots of times we're called a niche player but I see us as a significant player, poised for growth inside the US. These are major market share positions when we look at the major competitors inside the US. We're the number one provider of mortgage life insurance in the United States. We're the number four provider in fixed annuities, to the distribution market of brokerage and MGAs. We're number five in index annuities, we're clearly a leader there. We're number five in indexed universal life - that's an emerging, brand new product - and in that segment we have the number one best selling product. We're eighth in

term life and we're eighteenth in total policy count. So together, all of those show that we're poised for growth but we also have significant market positions at this point in time.

Slide 58: Agenda

So let me change gears for a few minutes and talk about Old Mutual Bermuda. It's been our growth engine, it's been an incredible story and since the purchase in about mid 2003, we've seen great growth here.

Slide 59: Old Mutual Bermuda

What I'd like to do on the first screen is just talk to you a little bit about the business model itself. These are some highlights, but this will get you the feel for what the model is. We partner with financial international banks and brokerage companies, to build products for the private banking platforms. We have the ability on our platform to customise products for the institution, including all the way up to private labelling if they choose. So you would go into a bank like an HSBC, or like Chase and the product would say, Chase, HSBC and on the back you'd see Old Mutual. So we do our white labelling there.

We have over seventy global distribution partners and you know who the biggest ones are again, HSBC, Chase, Wachovia, Standard & Chartered, now we have Merrill, UBS, some big players. The Bermudian Trust is important because it allows for an efficient estate transfer of those assets from one generation to the next. It is an important feature in the product. The US dollar is also important because it helps to diversify currency from the home country. We spent a lot of money building a technology platform that can be leveraged. It is a multi-manager, open-architecture model and it does have underlying guarantees, that's our business model.

Slide 60: Product features

What are the product features themselves? Old Mutual Bermuda offers a variable annuity style product to international customers through international banks. It's a variable annuity wrapper. We offer a generic product called the universal investment plan, UIP, so if someone does not want a private label, they take the universal investment plan. They can private label and sometimes we have proprietary versions of the product where they might want to have some of their own funds only in the fund, those types of things. We have the ability to customise if the financial institution wants us to customise. It is certainly innovative. Our typical customer is the international clients of global financial institutions. It's the private banking clients and the ones right under them. That's the way I like to explain it. It's kind of the premier banking platform customers are also big buyers of this. It's a multi manager chassis. There's over 22 families and over 200 funds. We have a fixed account option for the customer, not being used obviously right now, but they can pick guarantees anywhere from one to ten years. We have surrender charges that can vary with the customer, and we have trail commission options, so we can actually tailor the product for the way that institution wants to pay its agents and advisors. And again, on the bottom is the universal

guarantee, that product, they can have a 5% guarantee at the end of five years and a 120% at the end of ten years of the premiums paid in. So those are the key product features.

Slide 61: Pricing approach

What's our pricing approach on Bermuda? Well, Bermuda is priced to meet multiple constraints. We price in excess of 20% IRR and our new business margins are in the mid 20's and we also watch our capital usage on this product. Our assumptions are set based on best estimates with some margin for adverse deviation, mortality, hedge costs, credit spreads etc. Investment returns are based on market prices and yields available at the time of pricing and we do hedge both market risk and guarantees.

Slide 62: Distribution

I talked about the distribution already – but I think the key point on this one is, first of all, the product is sold now in over 161 countries. We had over $3.6 billion of sales last year. But it's our mission to offer state of the art international investment products, through the world's largest banks and financial institutions. That's our mission. We want to distribute just through the largest banks and largest brokerages, that's the model for this platform.

Slide 63: Old Mutual Bermuda's clients

You might be interested in taking a look at who are our customers are, where do we distribute. This next slide shows the four key areas in which we do distribute the product. Latin America, the Middle East, parts of Europe and Asia and who are partners are there. There are many more partners, but these are the significant partners in those regions.

Slide 64: Current initiatives

We do have quite a few initiatives going on in the business too, as we're looking to grow the business further. We have a Shariah product that we're getting ready to launch in the Middle East and Malaysia, working both with Standard Chartered and also with HSBC. For the institutional space, we're working on a pension product. We are getting ready to launch a private banking product itself which would be that no load product, where the private banker just charges a fee back to the customer. We're working on a Euro product, a multi-currency product, obviously with the US dollar, although a very strong currency, there is a demand for other currencies. And so we're looking first at a Euro product, we expect that maybe to be at the end of this year, the beginning of next year. And then continued work on our website to enhance global connectivity. It's a great model that we have created but what we're trying to do with this model now is answer some of these new questions that are arising with these new markets to see if we can grow the business even greater.

Slide 65: Agenda

So that's a snap shot of the on-shore business, Old Mutual Financial Network and its companies, and then what we're doing with the Bermuda, from a strategy standpoint, product standpoint, pricing standpoint, and distribution standpoint.

The next part of the agenda I'm going to be going through the investment process. How we manage the US life business from an investment standpoint.

Slide 66: Investment mandate

And the first slide that you have there is our mandate and we have one correction on the mandate that I'll need you to do in your books, it's correct up here on the screen. The investment portfolio is managed to maximize yield, while maintaining a close match to the duration of the liabilities and limiting credit and other risk concerns. The investment strategy and portfolio constraints are established internally and managed closely. Our durations are matched within six months, that's actually 0.6 right now. Asset quality allocation - this is where the correction is - RBC C-1 capital impact, and managed within absolute quality limits. The BBB and above is 55% and BB and above represents 90%, so you have a typo in your book there. We limit on special asset sectors, you can see where those limits are on the screen also and issuer size limits based on asset rating and concentration in any given issuer also, we also manage that way.

Our strategies are then executed by affiliate investment managers on our OMAM side, with relevant asset class expertise with the majority of the assets currently managed by Dwight, but six of the affiliates help us in managing the total portfolio.

Slide 67: Investment portfolio

How about the portfolio itself? 96% of the portfolio comprised of investment grade fixed income investments. Credit is the major risk of the portfolio but it's very closely monitored through our investment process. Performance has held up in a challenging credit environment, due to the limited exposure to troubled sectors and remains in line with our long-term assumptions.

So let's talk about sub-prime holdings for a second. Our exposures are concentrated in the most highly rated tranches, 86% in AAA, 99% in AAA and 100% in A or higher. And collateral is concentrated in first mortgages with fixed interest rates and in owner-occupied rather than investor properties.

Slide 68: Investment portfolio risks

Take a look at the investment portfolio risk. We do have monoline exposure, but it's also small, 3% of the portfolio, and predominantly indirect, rather than direct. 89% of the holdings of bonds are wrapped by monolines. These have performed well on the credit strength of the underlying issues, and they're maintaining a market value of 88% of book value.

And of the other 11%, most have either been re-capitalised or have sufficient funds to go in to run-off mode. The portfolio has also experienced mark-to-market losses on some holdings, however it's well matched to the liabilities of the investments and they can be held through maturity.

Slide 69: Limited exposure to current market credit issues

This is a slide that you're familiar looking at with Jonathan. This looks at our May 31st results. The one that will jump out at you here will be the market to book value. You'll see a deterioration down to 80% there, but again, remember, that is on a small percentage of the portfolio, 3% of the portfolio. I'll talk a little bit more about that later.

Slide 70: Hedging

I'll spend a few minutes talking about hedging and our hedging process. Here's our process first of all. Hedges are purchased and periodically re-balanced to match the market risk exposures of index- and fund-linked guarantees in our on-shore and our off-shore businesses. Hedging strategies are established internally and executed by Milliman. And of course you know Milliman is the premier provider of hedging services for fixed indexed and variable annuities.

Our hedging risk are as follows: - our hedging is challenging in the current market environment, due to the increased market volatility; market access for bespoke hedges; higher than expected hedging costs; lack of direct hedges for fund-linked guarantees and our off-shore product; mark-to-market impacts for market volatility.

However, we're excited about the fact that we now have significant and growing internal and external resources, which are focused on managing our hedging activities. We continue to build out our hedging team inside the company as well and we think we're well poised to provide the guarantees on our products moving forward that the consumers are demanding.

Slide 71: Agenda

My last two pieces are operations and financials. Let me talk about operations for a second.

Slide 72: Operations

This is a model that we've had in place for some time. We have primarily an outsourcing model on operations. We focus internally on the differentiator - financial management, sales, marketing, product development etc - and we outsource the commodity. We select the best of breed and we have multiple outsourcing partners. We started this process in 2003, with the purchase of Fidelity and Guarantee Life. They had one outsourcing partner that was not working well, CSC in the model that we have. Today we have over seven outsourcers that help us manage our business from the front end of our business to underwriting, to IT etc.

We also provide the flexibility to add new outsourcing partners whenever we need it for the different businesses that we have and we continue to look at and renegotiate our contracts with

those companies. We provide predictable pricing service levels and management of volumes and we exploit technology to enhance administration in the sales process itself.

Slide 73: Operations

Some of our key business initiatives - they're in two pieces - our outsourcing and our technology platform.

Outsourcing first: We've added two additional underwriting partners this last year, to reduce concentration risk and give us more capacity. So now we have three underwriters, West Coast and Central and the East Coast that help us. We also put a position in as a new chief underwriter for the US business, so again, that was outsourced but now that person is on our staff, managing those three relationships that we have.   And then we have McCamish who manages our VA product range.

Creating convenience: This is the ability to build our technology platform, so our technology platform is delivering market advantage for us, price advantage for us, or competitive advantage we have in our e-tracking process. Our VA advisor site was launched, that's very important in the variable space in the US, because they're working constantly on-line, developing their portfolios for their customers. The Beacon Navigator was also launched on the VA platform and all of our products are on the ACCORD standard.

Slide 74: Operations

The one you'll be most interested in is on 2007, that will show you the new business application, so you can see how we've managed our application flow. We are a large unit writer, we write a lot of units, if you remember on my slide earlier, we were the 18th largest writer in the US on pure volume basis. This shows in 2007, 223,000 applications, it cost us $27.4 million to be able to do that. With our TPAs, our new business unit costs, continues to drive down. Where today we process a new business application for $122,, that is an industry leader and gives us some pricing advantages and then you can see what we have done with our annual savings off of that model. This is achieved by continuing to renegotiate the contracts with the providers, and also where we bring new providers in, making sure that we have the right negotiation techniques when they come in.

Slide 75: Agenda

So let me end with the financials and then a summary.

Slide 76: APE sales trend

On the financial side of the house, this is a very interesting chart. One I'm proud of because it shows us the evolution of the business. This shows us from going from a business that had very little variable business in 2003, we were not positioned for that growth I was showing you earlier today. It shows you how we have evolved our market over the time.

The other thing is from 2003 to 2007, we've seen pretty significant growth. That year we did about $3 billion of sales, coming off the big sales of MYGAs in 2002, but another $3 billion of sales and by 2007, that's in excess of $6 billion of sales. Much of that driven by Bermuda, but we also have maintained good volumes in the US as we've managed that business. And so you can see today, that we have a heavy weighting on variable annuity, again mainly driven off of Bermuda, but we still have a very good mix in our business of life insurance, fixed annuities and variable annuities.

But what I like about it most, it is mapping closely to what the industry is saying - the growth is going to be from sales of packaged products.

Slide 77: Adjusted operating profit

This next is our AOP screen from 2005 to 2007. You'll remember in the first half of 2007, we took an actuarial reserve provision, which is the reason why those numbers are there. And, as Jim mentioned earlier, for this first half year, our underlining earnings should be in the range of $130 - $140 million for the first half of 2008.

Slide 78: Assets under management

Our assets under management have grown from twenty billion in 2005 to 24 billion at the year end 2007. We had a little dip in the first quarter, mainly due to some unrealised losses and really the performance of some of the mutual funds in the Old Mutual Bermuda platform.

Slide 79: Agenda

So in summary, let me talk about just three quick points.

Slide 80: Summary

First, the US retail, US Life retail opportunity is very significant. There is more money going to be changing hands from the institutional players to the retail players in the US marketplace, as that individual investor takes more responsibility for their own future. The current US Life business is well positioned, we have solid product offerings.

Each one of the models I showed you, we have got a complete product offering in each one of those. In the growing markets for baby boomers, Hispanics and international high net worth investors, we're in all three of those spaces with good distribution and good products.

We're a leader in providing solutions-based funds for insurance agents and financial advisors and their clients. We're already creating those products. We're among the top five insurers providing insurance solutions in the markets we choose to play. That's kind of my bogie. If we're going to go after a market and play in it - one, it's got to be a significant market and then we strive to become a top five player.

But most of all for this group, I am the new CEO, and what I want to talk to you about real quickly in my closing is: I will manage this business moving forward for consistent, profitable growth and I

will do this by maintaining strong controls inside the business. And that's the message I want to leave with you today.

I'm sure I'm going to get quite a few questions when Jim comes up. But thank you for your attention and Jim, I'd like to turn it back to you.

JIM SUTCLIFFE:

Thanks very much Bruce and I think we're a little ahead of schedule which is good.

I just one thing Bruce, in this slide where you said it was wrong in the pack, I think it was also wrong on the slide. I'm sorry, this always happens with late changes. I think we should have said 90% investment grade bonds and 55% A and above or above triple B, – apologies for the confusion but the programme is certainly that. Indeed, at the moment, I think it's 97% which it does say in your pack is in fact, a triple B and above - investment grade. But the policy is never to have under any circumstances more than 10% fall below that, and we're way off the mandate limits at the moment. Okay.

I'm going to get Tom and Bruce just to join me and we'll be happy to take questions on the first part of the programme.   We'll start with Jon if we may. If you wouldn't mind, there are people on the telephones and in other places, so if you just say who you are, that's Jon Hocking over there -if you could give him the microphone. And if we need to get the team, we'll get a microphone to them as well please.

JON HOCKING:

Just have two questions. Capital - you didn't mention capital in the presentation - how are you thinking of managing the capital base? Where are we in terms of cash investment for the group, versus cash coming back to plc? And secondly, in terms of the asset mix and liability mix, you mentioned new business sales. Where are we in terms of the back book, in terms of the split between fixed annuity, variable annuity and the other product lines?

JIM SUTCLIFFE:

Do you want kick off with capital and cash?.

BRUCE PARKER:

Yes, capital and cash. We are capital self sufficient, I said that a couple of times inside the presentation or it was on the slides anyway. So we will not need any capital for our business this year and we are going to return the dividend again, like we promised.

JIM SUTCLIFFE:

John, I think you're just saying, if we've got $24 billion roughly of assets, how does that split between the various back books?. I don't have all of those numbers in my mind. I don't know if you do, Barry.

BARRY WARD:

Yes, yes we have them roughly. The $24 billion of assets under management – of our $24 billion of assets under management, roughly $10 billion is in our fixed indexed annuities. We have another $6 billion in variable annuities. Another $3 to $4 billion each in deferred annuities and immediate annuities and then we also have about $1 billion of assets under management in our life products, universal life and traditional life.

JIM SUTCLIFFE:

Does that answer the question? Yes, okay. Matt, did you have your hand up?

MATT LILLEY:

Matt Lilley from Lehman. Could you give us just a bit more detail on the impairment charges that you say you're taking. Is that all mortgage debt or is it some corporate there? How much of it is for mark-to-market on bonds and how much of it is raising the cost of guarantees? And then, just on the capital base in the US Life business - it's not a very big business compared to the rest of the group - how much losses could it withstand on the credit book before you'd have to find some money from somewhere else in the group to inject in to that business and how would you do that?

JIM SUTCLIFFE:

I'm just going write down, so we don't forget the bits. Okay. I think the first question, if I could just say it back to make sure I got it, was – we talked about impairment, there are some impairments in the thing. We haven't actually given you an impairment number, we haven't finished that bit of work for the half year, but you know, of that coming through, how much will be mortgage related, how much will be corporate related, Barry.

BARRY WARD:

Yes, our impairments are spread across numerous asset classes. In terms of how much, how that affects our capital going forward, we have included in our forecast, in a pyramid number …

I really can't talk about it now, but we believe we have a reasonable amount in there for what our impairment charge will be. Now it all doesn't hit capital because in US statutory accounting, only securities that have been double downgraded, really affect your capital directly. Otherwise those credit-related, or considered interest rate related losses and they're deferred into an IMR and then amortised over the remaining life of the security as if it were held to maturity.

JIM SUTCLIFFE:

Does that give you some sense of – the middle question we haven't answered yet, I'm conscious, so I'll come back to it.

MATT LILLEY:

Just to get a sense – is it securities where there's just a mark-to-market or is where you think there's a genuine likelihood of …

JIM SUTCLIFFE:

Okay. There's a process that's gone through, there's a set of rules under- I'm going to say US GAAP, but that might not be exactly right, okay, so don't hold me to the detail, but there's process under which, once you get to a certain point of looking at the cash flows of the underlying bond, where you take an impairment, the mark-to-markets themselves flow through. Because we're reasonably matched, they just come to the balance sheet I think and they are unrealised and so it's not about that. It is about going through reviewing, which we do on a quarterly basis, I'm going to say - Barry and Richard?

RICHARD HOSKINS:

Pretty much monthly.

JIM SUTCLIFFE:

It's going through month by month, looking at that okay. I've got Andrea at the back with the phone, but just hold on, I think the middle question you asked, (if I can not ignore it – sorry, just tell me again if I got it right), was you asked, how much of the capital, the guarantee reserve we put up was to do with mark-to-market and how much was to do with guarantees? Was that the thrust of the question? The answer is - it's a bit of both.

We are not at the end of our work here, but to give you some sense of what's going on so that you can think about what it means going forward. What we've seen over the last year - and I would guess everyone's seen this, but I don't know what happens in other places - is that the various parameters that we use in thinking about the guarantees, the volatility numbers and so on, have all changed. They've changed up and down and some things are better and some things are worse and we've seen things that have been difficult at the end of last year and some things that have been difficult this year. But we've come to the view, if you look across the whole range of things, this isn't really product specific. This is what we are in the process of doing, this big stochastic model (the same way we did with South Africa), to make sure that we looked across all the product range, both in terms of guarantees in the variable annuity space and guarantees in the fixed index annuity space and indeed the fixed nature underneath the fixed annuity to the extent that it's credits. And so, we've looked across all of that and said, you know, the reality is that conditions are harder. Now they came back, it may just be volatility, in which case it will just flow through and kind of come out in the wash. But we've just come to the view that we'd rather get ahead of that

and look across the piece and say here's something that's happened, and make a proper provision for it. Now the number is still not fixed okay, so just to bear that in mind but that's where we are.

I think Greig was next.

GREIG PATERSON:

Greig Paterson at KBW, three quick questions. The first one is asset management performance. I saw you got 60% odd beating your benchmark, I believe, in terms of the league table performances. In the first quarter there was a significant downgrade. Do you think that's going to affect your cash flows materially in the second half of the year? That's question one.

The second one is, I don't know if this is the right forum, but the Aviva CFO at the market consistent presentation mentioned that he felt that spread-based business would take a hiding in terms of margins and you have a significant exposure to that. Does that mean we must write down all our EV margins once you move to that basis at the end of the year?

And the third question is just in terms of your off-shore VA products. My understanding is a lot of that business is sold to Asians. I just want to understand who your competitors are in this space and what are the barriers to entry? Because, if it's as lucrative as this, and there's new competitors, I assume you'll lose market share in the medium term.

JIM SUTCLIFFE:

Okay, to start. I think first asset management performance, Tom and I know you're going to come back to this in your presentation but just deal with that point. Andrea, I'm going to come to you after we've answered these questions.

TOM TURPIN:

The asset management performance that you saw in the chart, what you need to keep in mind is that it's asset weighted. And there are two firms in particular - Barrow Hanley, which is a concentrated value manager that we have and Dwight which is a fixed income manager in the stable value space - have more recently underperformed. Now that has an impact on the three year number. The thing that we also look at though, and one of the things I talked about in my slide earlier, is the importance of client service, client focus, and those two firms, when you look at the Greenwich quality index in terms of its client service are at the top of the charts. So to date, they haven't lost any assets, even given their underperformance, due to the fact that their long-term investment performance, out five years and even ten years (because they've been around that long), they're still in the top quartile. So they have outstanding client service, they have communicated why they have underperformed and I can't make any predictions necessarily about cashflow, but I can tell you what's happened today and I feel very good about the quality of both of those firms.

JIM SUTCLIFFE:

I think Greig, just to back Tom up, you're right, it's not as good as the numbers we've shown you in the past, so that's the point you're making, I think, but it's still two thirds and so we're still in good shape for gathering assets.

GREIG PATERSON:

I'm concerned about the league table performance not the weighting of the benchmark.

JIM SUTCLIFFE:

That's not the thing that's going to affect the cash flow.

TOM TURPIN:

When I present the asset management business later, you'll also see that there's a lot of opportunity in other investment and strategy. You know, candidly, US large cap value, is actually more of a takeaway game and the opportunities are more in the alternative space and I'll talk about that this afternoon. You'll see some of the things that we're dong as an action point, given what's going on in the market place.

JIM SUTCLIFFE:

Greig, second point was the MCEV impact and sorry – I think that's what you're asking right. We haven't finished our work there. It's something we'll be thinking about and we'll come back to you when we've got something sensible to say about that. And the third point was competitors for Bermuda and Bruce, do you want to just pick up.

BRUCE PARKER:

We just happened to be early entry when we came in to the market place and it's really kind of the re-emergence of variable annuity contracts outside the US. That's why we got our start, our head start excuse me. We have competitors of Sun Life and Hartford. A company called North Snow, which is a spin off of Nationwide and AXA are coming in to the space in the same style of business that we're doing. But this product also competes with mutual funds, structured notes etc. It's really the solution that that high-end advisor in the bank is working on with their consumer. Our barrier to entry is the fact that we've got a great technology platform and it's mostly the banks we've gone in and private-labelled with them. We've got a very good position in those banks and that will hold, regardless of how many competitors try to come into this space, as long as we continue to manage the relationships properly.

JIM SUTCLIFFE:

Do you mind if we go to the telephone first.

MICHAEL CHRISTELIS:

Good afternoon, Michael Christelis from UBS. Just two questions. Firstly, just to clarify the point on the investment fund performance. The drop off in the number of funds or the portion of assets that are outperforming the bench mark, over the last year and a half to the latest reported numbers - I think it's dropped from about 83% down to 63%. Can you just confirm that that's the result of a poor one year performance as opposed to a result of very good performance three years ago, falling off the rolling three year period? So that's the first question. And then the second question is, just going back to slide 63 where you show the client base for the Bermuda variable annuity product. Is there any chance you can give us a split of what the sales are from each of those regions and how that has changed over the last year or two, given the dynamic growth we've seen in this business?

JIM SUTCLIFFE:

Okay, Tom, question from Mike is, is the performance, the good third year dropping off or a bad last year.

TOM TURPIN:

The investment performance drop off is based upon the one-year number, as we've had underperformances in the two firms I've talked about and the two strategies I talked about on a one-year basis.

JIM SUTCLIFFE:

Okay, and then Bruce.

BRUCE PARKER:

Yes, the regions.

JIM SUTCLIFFE:

What else can you help Mike with by giving some sense of …

BRUCE PARKER:

Mike, Bruce Parker. When you take a look at the four major regions, the sales are pretty diversified among Asia and Middle East and South America. We get a fair amount of business from those. The Asia business was probably about $1.9 million last year of the sales.

JIM SUTCLIFFE:

So just over half.

BRUCE PARKER:

Just over half was Asia last year and then the next biggest piece would be South America after that. South America was probably in the $800m to $1 billion range. And then the rest is split between the majority in the Middle East and a small amount in the growing part of Europe.

JIM SUTCLIFFE:

Okay, does that give you enough Mike.

MICHAEL CHRISTELIS:

Yes, I mean, has that changed dramatically with the rapid growth? I mean has all this growth coming out of one particular region?

BRUCE PARKER:

Yes, well I think you can look, Asia helped us with the big growth last year, when we went to $3.6 billion. The other ones are all growing at the same rate, so the addition of doing some of the work there, gave us a big part of our growth. The rest of the regions continue on their normal growth plan.

MICHAEL CHRISTELIS:

Thanks very much.

JIM SUTCLIFFE:

Okay Blair.

BLAIR STEWART:

Thanks. It's Blair Stewart from Merrill Lynch. I've got one or two questions. On the guarantee reserve strengthening, Jim, can you give us a bit more confidence that this isn't going to be something that's going to crop up again and help us assess how adequate the reserve you've taken actually is? And, within that, I think it would be useful to have an idea of where this strengthening is coming from product-wise and what the factors are. Is it purely volatility or - you mentioned something in slide 70 which I didn't really understand - about investment guarantees or fund based guarantees that can't be hedged? I'd be very interested to know what you mean by that. And particularly with regards to the off-shore VA, if this is a problem with the structure of the product, if it's not hedgeable, are you going to stop selling it or are you going to take pricing action to rectify the problem? I may come back after that.

JIM SUTCLIFFE:

Yeah. Okay. I can try and I'll get some help from the gang here. Confidence and is it enough. Okay as I said, we haven't finished the number, Blair so it would be foolish therefore for me to say

absolutely, but perhaps if I start the answers up. I've tried to tell you as much as I kind of can or want to really about the product. There are things that pop up and down. I think what happens is that the volatility sort of stresses all the various parameters in the system, but it's changed quite significantly. And we haven't wanted to deal with half the problem, we've tried to deal with all the problem, so that's the way we've tackled it. I think as far as the fund based point - Bruce, if I just carry on, but please interrupt if you'd like - is that the way in which the products were designed, certainly went through (under conditions of the past) being stressed. But the parameters that have happened have been big, so we have in fact withdrawn some funds for example, because we didn't like the hedging characteristics of them. But I don't know Bruce, if you'd want to say any more?

BRUCE PARKER:

No, I think the only point I would make is, we've withdrawn funds that are tied to the guarantee. Those funds can still sit in the product, but the person, if they buy the product with a guarantee, they can't have those funds. So that's really the major way in which we're doing that. We also have done work around our pricing on the product and we're continuing to evolve the product also, so those are really the three steps that we have taken.

BLAIR STEWART:

I'll ask the question in a more straightforward way. What is it that you're offering that you can't hedge when – where a company is offering VA s they typically control the fund choice, so they can hedge it so there's no basis risk. And the only thing that typically is not hedged is volatility. So what is it you're offering you can't hedge?

JIM SUTCLIFFE:

Some of the funds that are in there - and I think Blair, just not to dispute the point but I think - what goes on in here is that the correlations have to be measured between the hedge and the underlying fund. And so, what you try to do is to get those things, there's never a hundred, okay, it's always not a hundred for anybody ever (if you don't mind my slightly splitting the hair with you). There are some that are slightly worse than others and there are some things that are – particularly Asian funds are harder to hedge than American funds for example. Can you go back on the telephone if you don't mind Ragu and then I'll come back to you.

ANDY HUGHES:

Hi, it's Andy Hughes from JP Morgan in London. The question I have was about looking at the asset portfolio at the end of the year last year on the bond side. Obviously you've talked about some of the key asset classes that you've got in the bond portfolio, but when I look at the schedule D numbers I can see you have quite a lot of trust preferred in a lot of the financial stocks. You seem to be quite overweight in trusts preferred, there's like $1.3 billion of trust preferred stocks, of which $800 million bucks is in the financial sector and you've got things like $25 million dollars exposure to receivables and a $16 million exposure to guarantees which doesn't seem to be a normal kind of investment for a company. Can you just explain how the risk controls work and how

you view that and indeed what your exposure is to the US financial sector, downgrades – outside of the assets you've highlighted.

JIM SUTCLIFFE:

Bruce or Richard.

RICHARD HOSKINS:

Yes, I think there is a slight over-weighting in the portfolio to the financials, so we're watching that but we don't think the exposure is that unusual for our block of business. The other question that you had related to just the overall credit environment and the effect on our impairment analysis and any defaults we've had. You know, we believe that there is a disjoint in the pricing of various assets that don't reflect the underlying fundamentals of the security and we're seeing a lot of that across our portfolio.

JIM SUTCLIFFE:

We've got more people on the telephone, if you don't mind, apparently there are three more on the phone so we'll take the next one.

MARIUS STRYDOM:

Hi there, Barnard Jacobs Mallett, Old Cape Town. My question is about the potential in your embedded value at half year, on firstly the increase in the guarantee reserve and obviously impairment as well. If I understand it correctly, the full $60 to $70 million will come off your value in force as well as the full impairment, so $21 million for the first quarter and then you know, obviously, maybe another amount for the second quarter? So value in force could be written down by as much as 8% or 9% as a result of the increased guarantee reserve and the impairments, is that correct?

JIM SUTCLIFFE:

Marius, I'm going to get someone else to answer. I'm pretty sure that, in relation to the guarantee reserve, your point is right. I don't know what you're taking 8 or 9% of – is that the US life wrap, something like that.

MARIUS STRYDOM:

Yes, it was one, one, eight.

JIM SUTCLIFFE:

Yes, okay. The impairment, how does that come through in the embedded value numbers. Barry?

BARRY WARD:

That would come through as an adjustment to our A&W.

JIM SUTCLIFFE:

So yes, is the answer. Okay. Shall we just have Raghu next and then Andrew, I'll come to the other two. Raghu.

RAGHU HARIHARAN:

Raghu Hariharan, Fox-Pitt. Just two quick questions. The first one is on your favourite slide Jim which is assets times margins, minus expenses profit. Now in the US Life business, if you look at 2006 versus 2007 you have net margin going from 108 bps to 84 bps and you guys said you have a target of 110 bps. So the first question was - by when do you realistically think this target could be achieved? And the second thing was – looking at acquisitions costs per se, and admin cost if you will on the US Asset Management side - at what level of assets do you actually start seeing operating leverage kicking in, which will help achieve these targets? So that's the first question.

The second one was on regulatory risks. I was just wondering, given that there's huge uproar on the banking and around regulators and on the fixed indexed annuity side, how do you think the regulatory risks are and what the landscape is? And also on the offshore VA side, since you provide tax advantage of a huge number of countries, I just wanted your sense of, is there any regulatory risk that you guys carry, either in terms, or in terms of tax deferral.

JIM SUTCLIFFE:

Bruce, do you want to tackle that. Do it in reverse order if you like. I mean the regulatory risk in other places …

BRUCE PARKER:

We have two parts of the question, the regulatory issues around the fixed indexed annuities, that would be in the US space. And you've seen some of the noise over the last two years, around what's called suitability in the US, selling products to seniors and making sure they understand the product that they have purchased. We have put in a trading programme inside the company, where we are actually out in front of our independent agents. We went to 31 cities this year, on what was called the Roadshows, where we put compliance and training and suitability as part of ours. We're the only independent company that does it and so we're taking it very seriously and making sure that our agents are really understanding how to explain those products when they're talking to the customers.

The other part of that process is that we have also put new disclosures inside of our applications, easy for the seniors to understand and they have to sign off with their full financials, when they submit a product to us, so we know the products are suitable. So we've made great strides there and I see us as probably one of the industry leaders in that aspect. On the off-shore business, I'll

use the word tricky. It's not really tricky, what we basically do on the off-shore business is we partner with the banks. We work through their compliance departments and they have to be comfortable with the product that their advisor is using in their particular jurisdiction. And so that's how we partner. We feel very comfortable about the business because of that, because all of the large banks have got very deep and wide compliance departments.

JIM SUTCLIFFE:

If I can just make the practical regulator point, they've got deep and wide pockets. If the regulator wanted to chase somebody for advice, you're chasing a bank, which is different from chasing an IFA in Huddersfield or whatever it might be.

Just Asset Management operating leverage, Tom.

TOM TURPIN:

Sure. When I show the slide you'll see or recall that we were just slightly off that twelve basis point number that I said was the target and clearly we want to obviously increase that over time and it's our expectation that we will. One of the key things that we have done which I talked about is introducing equity plans into all those firms. So, if you want to actually get operating leverage or get earnings growth, one of the key things that you do is to make sure that your interests are aligned with the investment boutique. So between the profit share that we have, and now with equity plans that we fully expect to have rolled out to all the firms before the end of the year, I have no doubt that they're going to have the same focus on that earnings number, the way that we have our focus on the earnings number. And I expect leverage to happen that way and in another where I expect that we're going to get increased leverages, some of the new product and investment strategies that we're rolling out, particularly in the alternative space, have higher margins, therefore should have higher return to us as well.

JIM SUTCLIFFE:

Okay and the first piece going backwards up the chain was, when are we going to deliver a hundred and ten bps. Bruce.

BRUCE PARKER:

Well, we're going to deliver it as soon as possible. It's the number one thing Jim has asked me to deliver on the financials, and I would say you know, you'll see that very quickly out of this business.

JIM SUTCLIFFE:

All being well, it should be the second half of the year.

RAGHU HARIHARAN:

On the second half of this year – on the fixed index …obviously the regulatory risk is only on back book. I understand what you're doing on the front book – it's sort of $24 billion, you've got $10 billion in your back book. I need to get a sense of whether you've done an assessment of what the threat is and whether you're completely clear as to whether it's immune or it's very low.

BRUCE PARKER:

We constantly look at it. You know we work with both our compliance department and the legal department who have looked and we feel very comfortable with our back book of business. Remember our products have very few moving parts, our only moving part is what was called the cap. A lot of our competitors have many more moving parts inside the product so we feel pretty good about where we are with the back book, as it pertains to suitability.

JIM SUTCLIFFE:

Okay. Just back to the telephone if we may.

DAVID DANILOWITZ:

Afternoon. Thanks David Danilowitz for Merrill Lynch. The previous question, you answered it with regard to, I'd say, reputational regulatory risk. If I could ask the question slightly differently. Clearly the banks wouldn't be too concerned if capital requirements increased quite a lot for the off-shore product, because that would be on your own balance sheet. Could you maybe describe what the on-shore and off-shore capital requirement is and how they differ between the Bermuda business and the on-shore business.

BARRY WARD:

Yes, the capital requirements for the on-shore business, we look to the NAIC risk-based capital model and our target capital is a 300% RBC, at the company action level. Last year we ended up at 317%. In terms of the off-shore business, we were roughly at 200% of that, which was slightly below the 300 but actually our target is less for the off-shore business, there's not the same regulatory requirement to have that high a regulatory capital.

JIM SUTCLIFFE:

And I think Barry, Bruce – tell me if this is wrong, but the on-shore, the best rating is a crucial issue which drives off that …

BRUCE PARKER:

We manage the business to an A and best A.

JIM SUTCLIFFE:

And off-shore, it doesn't depend on the A and best rating in the same way, so that's why the capital demand is …

BRUCE PARKER:

They look to the strength of the parent in the off-shore business, versus the rating agency.

DAVID DANILOWITZ:

Do you not feel that there's a risk? You mention in your slide about political risk and changes I guess, and my regulatory questions applies to that. Do you not feel that there is a risk that if this business does become material, that there will be some concerns and the tax or capital requirements might change, either from regulators or in fact from rating agencies.

JIM SUTCLIFFE:

Dave, yes, I mean there's always a risk - it's impossible to say there is zero, but I don't think it's on anybody's radar screen at the moment. And I don't think, in the greater scheme of amounts of money that are moving through Bermuda, this is going to get on anybody's radar screen, any time quickly. So don't think the risk is very high to be honest. I mean zero it isn't, but it doesn't feel to me that it's – I mean we've not heard any whispers or whistles about this so it's not something that's on anybody's agenda that we know of at the moment.

DAVID DANILOWITZ:

All right, great thanks. And I'll ask a second question, as it will save me from having to ask one a bit later on. Asset Management - since we are asking those anyway – just in terms of the boutique structure, just to understand what type of retention structures you have for the different managers and the different boutiques and really, what I'm trying to understand is how protected are you from any of them deciding they could do better on their own or elsewhere.

JIM SUTCLIFFE:

Dave, I'm going to suggest, Tom is going to talk to this point in his presentation, so if you don't mind, let him make his presentation. There will be another opportunity. I know you said it will save you later and I hope you're not going to disappear or anything, but you'll hear most of the answer to that a bit later anyway I think, if you don't mind.

DAVID DANILOWITZ:

That's great thanks.

JIM SUTCLIFFE:

And there's one more on the telephone.

COLIN HUNDERMARK:

Thanks very much. It's okay. Dave just asked about the variable annuity business and capital risks there. So….

JIM SUTCLIFFE:

Thanks Colin. Okay, more questions in here. Blair again.

BLAIR STEWART:

Thanks. You showed an interesting chart with the projected sales for VA products and the traditional life products but there wasn't anything in there on the fixed indexed annuity product. How do you see the demand for that moving over the next few years.

BRUCE PARKER:

The slide had fixed annuities and in that is fixed indexed annuities and that is driving most of the growth. So you see fixed indexed having a very solid growth pattern, nowhere near variable annuity, but it's going also. So we're bullish on that because what's happening is it's becoming a product that's getting that middle income baby boomer who likes having just one moving part, getting his interest credit at the end of the year, that product is, we're seeing good growth for that. And you can see some of the companies continue really – as we manage to our capital - some companies have really had some nice growth in the product, so we're still very bullish on the indexed annuity and the growth.

BLAIR STEWART:

Perhaps just one follow-up. How has the attractiveness of that product changed recently with the pick up in volatility, but also pick up in interest rates, which presumably helps you structure the products. How has that changed?

JIM SUTCLIFFE:

Are you talking about fixed, strictly fixed, Blair.

BLAIR STEWART:

Well, fixed indexed annuity as well.

JIM SUTCLIFFE:

Fixed index.

BRUCE PARKER:

Well the index, it's helping it again because now, with the volatility, people come back to fixed annuities from variable when you have volatility. So you see, variable annuities are growing, they had a little bit of a dip in the first quarter, if you watched the sales of variable annuities on the US - which would be logical if you looked at what was happening inside the markets - and so you see the other products starting to go. As long as that spread starts to widen again, you'll see that the fixed annuity will come back to a certain degree, but the fixed indexed annuity is really the one that has matured over the last four years and that is performing very well. What's happening inside the product? You'll see the product designs start to change a little bit. Now they have some of the income riders attached to them and you're seeing some of the surrender charges and commission charges starting to come down, that's kind of the evolution of that product right now.

BLAIR STEWART:

And the caps, are those improving from a customer's perspective.

BRUCE PARKER:

They are improving from a customer's perspective. Yes.

JIM SUTCLIFFE:

Yeah, go on Greig.

GREIG PATERSON:

Two questions. The first one is, I had a member of the press phone me about three or four weeks ago, looking for a quote for a profile in US publication, suggesting that besides the loss of the CEO there had been four other senior executives had left. I wonder – and questioning whether there was some morale problem or something going on, which obviously might have a knock-on effect on the situation. That's question one. The second one is just in terms of those targets, twelve bps and a hundred and ten bps - do those include the minority element from the re-equitization? I worry that's just below the line.

JIM SUTCLIFFE:

Just deal with that question if we can or Richard deal with it. Richard Hoskins perhaps.

RICHARD HOSKINS:

That is included so that's an after minority interest number. Yes.

JIM SUTCLIFFE:

And your first question Greig, your first question was a story about executive turnover, which perhaps Tom can deal with.

TOM TURPIN:

Well, I might be a new face to you but I'm not a new face to him, I can tell you that. He's probably sick of my face as a matter of fact. But anyway. No, I mean, obviously Scott had a great opportunity at State Street, so you know, good for him. There was another executive that you might be referring to that actually retired and that was a planned retirement.

GREIG PATERSON:

(off mic)

TOM TURPIN:

Yes, that would be – Kevin Hunt actually …

GREIG PATERSON:

(off mic) … obviously just the retail business … Your retail initiative that you spent ….

TOM TURPIN:

That's long ago. At least two or three years ago.

JIM SUTCLIFFE:

That's right. Anything else? Otherwise we're going to break for tea. Okay, let's break for tea. It's now about twenty past two, why don't we pick up again, I think at – should we say, quarter to three.

TEA BREAK

JIM SUTCLIFFE:

Welcome back everybody. We're going to carry on with our agenda. I think Bruce, are you going to go through the brand building exercise.

BRUCE PARKER:

Welcome back everyone. I hope you enjoyed your tea break.

Slide 84: Our Retail Brand in the US

What I would like to do for the next thirty minutes or so, is work through our branding and advertising campaign. If you remember when we talking about growing our retail business in the

US in particular, we decided that if we were going to build a sustainable long-term business in the US, that we had to do something around brand. We had to almost call it a low flying brand in the US, meaning the consumers didn't identify with it at all, intermediaries did to a certain degree, and we had a well-known brand in the institutional space. So what were we going to do to create a brand that was going to resonate in the US market place and particularly focused on the Hispanic market place and the baby boomer market place. And so what we did is we started down the path of looking at brands and trying to figure out how we were going to build a compelling brand story. This particular slide takes a look at the current landscape of cluttered sameness, or the sea of sameness in the financial service industry. Everybody has got a blue or a small purple tint. Most of the advertising will have seniors with grey hair, maybe playing golf or sailing boat, or climbing a mountain or something along those lines and we felt that if we went down that same path, we would not build a compelling brand quick enough, because we would also get caught in the sea of sameness. So now, Old Mutual is distinguishing itself from the pack as green is the new blue. And what we have launched a five step process to build the brand. We went out and we created a cross-functional team, within the US business, representing all the interests. We then, hired an advertising agency that specialised in promoting low flying brands. And finally, we went and we contracted with an outside agency, to build metrics enabling us to measure the success of the programme, i.e. to see if we were getting the return on our investment.

Slide 85: The process of building a brand

The first phase of the program was to generate category interest. Then we'll move through the awareness phase which we are just at the beginning of. Then the consumer becomes familiar and really has a preference for the product. The product gets in to the usage stage where people want to use the product because of its brand image and then finally, the on-going maintenance and building of that brand. We're just at the beginning, even though we're eighteen months in to our project, we're in the awareness phase.

Slide 86: Current goals of awareness

Distribution goes with the awareness phase – to increase the awareness of Old Mutual among intermediaries and consumers, so we have two audiences, trying to make sure that the third parties who sell our products, on both the asset management platform and the insurance platform, become very familiar with what we stand for as a company and then finally, getting consumer awareness with the product. We wanted to unify insurance and investment under a single brand, as it pertained to advertising – there was more power in it for us doing it that way. It was niche focused to the consumer level, not a broad based approach and what I mean by this is that we targeted, like I said earlier, segments of the baby boomers that where out products fit as well as the Hispanic market place. We focused on retail, not institutional, however there's many side benefits to the institutional channel here, but remember on the institutional channel, we want to lead with the brands of our multi boutiques. And we want to create a compelling point of difference of brand image in the market place.

Slide 87: Building awareness on the street

Building awareness on the street – we were also trying to look for memorable ways in which we could actually expand our brand in different mediums and when you take a look at this next piece you will see what I mean.

INTO VIDEO

What you see there is something we use to kick off the consumer brand and that is Time's Square and that is a rubrics cube. It is really one of the most innovative billboards in all of Time's Square. It ran through the holiday season, all the way through mid-January this year and CBS actually uses our commercial and our billboard to actually sell space on that cube now, we're not on the cube any more. So it's been quite a success for us. We also targeted certain television stations. You know in the cable world today, you can pick and choose and design your outreach, depending upon the audience that you're looking for and here are some of the channels in which we did the big advertising splash. Today we continue to advertise on Fox and CNBC and CNN on kind of a limited basis through this period of time – we pick it up again in the fall. So you can see how we really were able to stretch our dollar by just focusing on those channels that we wanted to drive our project on.

Slide 88:Building awareness on Television

Television was also an interesting piece for us because building awareness on television, you really have to hit it right and we could have either gone with a traditional style campaign or we could to try to get something that was going to be memorable really quick and and the results of this particular campaign are really interesting, because Old Mutual in the US is very quickly becoming a recognisable brand because of the creativity of these television commercials.

INTO VIDEO

Slide 90:Building awareness in the Print

They're goofy, there's about eight segments, we cut them in different ways and we put them together. But it has really caught the image. We are doing nothing but brand awareness through this campaign, so you don't see anything about the products, we just do the teaser at the end – 'You're going to hear more about us'. And we try to direct them to our web site, Say Old Mutual, so it's really gone well. Part of the campaign also took a look at how market for the intermediaries and these are the major publications in the US for advertising to the intermediaries and we have a whole series of different campaigns inside of that, which continue to drive our brand across that piece– it has been very, very successful for us.

Slide 91:Building awareness through a winner

We also have a small sports strategy. We support a small gold tournament called the Tavistock Cup, and we're in our third year of sponsorship. It's a major client style event inside the US. This is two clubs, one has a lot of international players, the other one has a lot of the US players. The

real key is that you've got Ernie **Ells** as the captain of the international team and Tiger Woods of the American team so it gets a lot of interest and we've been starting to build our brand there. But as a spin off of that, two years ago, we signed a contract with Trevor **Immelman**, to be our spokesman. He carries our golf bag on the golf tour. We did that really for a couple of reasons, he was a young up-start kid from South Africa, in the US, building his own global brand. I got him at a very good price, three days before he was named PGA tour rooky of the year – I would have paid three times the price if I waited four days and I had a three year contract with him and of course, this year we were excited that he was able to win the masters and we got a lot of publicity out of that. And you can see how quick our advertising company turns around some of the ads. The one I like the best is the one on the left, it says: "We always thought he'd look good in green", and that's running out in the magazines now. We're getting ready for a big promotion on this one, as he gets ready to come over here for the open.

Here's a TV commercial with Trevor.

INTO VIDEO

They're fun, they're goofy, they're vignettes which we have a lot of fun with. We did one more thing this year as we were one of the core sponsors of the triple crown.

Slide 92: Building awareness The Results

This shows you some of our early results. Again, I told you earlier – three parts of our process, one of them was to have outside agency build our metrics. This is the tracking at the end of the first ten weeks of the programme. So after we did our initial television, our billboard in New York, a campaign on ESPN and radio we look at our competitors. Charles Schwab, Hancock, Fidelity, Oppenheimer, ING, Old Mutual, Alliance and Aviva and what this shows you relatively quickly, is what happened to brand awareness at the consumer level. We have a 5.3% brand awareness from a zero brand awareness in a ten week period and we jumped over Aviva and Alliance in the US space and the real nice thing about this particular chart is you can look at the spend that they did on the media campaign versus ours. For that contract period it was $3.6 million, that was what was in the budget for that year, versus the budgets that some of these other firms have for their brand campaign, so we're very happy with the early results. I have much more in depth metrics on this stuff if anybody is interested.

Slide 93: The process going forward

Process going forward. Well, it's been successful so far but we have a long way to go. You just don't become a brand overnight in the US space. And there's some powerhouses out there, so for us, it's working our way through the awareness campaign, and that was really the initial leg of that three year programme that we put in place. At the end of that process, we'll be looking to moving into familiarity and preference and then ultimately usage and branding but that's quite a number of years away. We'll of stick with this programme and continuing to plug away at all the different pieces.

The other important part of this strategy is a web based strategy. Web based advertising today is critical. The average adult now spends just as much time in front of a computer screen as they do in front of a television screen. And if you take in to effect the amount of time they're at work on the internet, it's really quite dramatic about how much time they spend on the web. We have an in depth advertising campaign on a whole bunch of different sites. We've done some Google advertising and those types of things and we're getting as many hits coming in, off of that model, as we are getting from virtually any of our other models, so I think it's a really good process having the multiple touches out there, as we are able to reach consumers and really start to drive the brand home.   But, as I said, we still have a long way to go.

I won't take any questions now. If you have any questions on this, we'll do this at the next break. I'm going to bring Tom back up and Tom is going to launch in to the asset management business. Tom.

TOM TURPIN:

Thanks Bruce. What I want to do now is get in to a little bit more detail in terms of the US asset management business. I will do a quick over-view, give you some results specific to the US asset management business and then what I will do is just sort of wrap it up with one summary slide.

Slide 97: The Old Mutual advantage

So what do we think about when talk about the US asset management business. You know Old Mutual is a multi boutique partnership and we give those boutiques the investment independence that they want. Our overall goal is to provide and environment for our money management firms to focus on delivering excellent investment results based upon what client objectives they have and minimize the non-investment related activities. So clearly, what we're really trying to do is just say, do what you do well, which is manage money and we'll help you with all those other distractions that can happen when you're in a small boutique environment. There are numerous functions that we perform at the centre, such as distribution, technology and legal compliance, risk – that I'll talk about a little bit more later, to help the firms become more successful. One of the key things for me is that we have a unique ability with the diversity of our firms, to be nimble and respond to ever changing market demand.

Slide 98: A diverse group of high quality affiliates

As you were coming in, you saw all the various brands of the investment boutiques. We have twenty investment boutiques, each firm has their own brand, their own identity and more importantly, their own investment philosophy and process. Our firms are geographically located throughout the United States and we actually have two firms that are based in London, Old Mutual Asset Managers, which is right down the hall, as well **Rogge** Global Partners.

Slide 99: Equity Plans

A key imitative that we've had is to improve the alignment that we have with these firms and I believe someone was asking a question on equity plans. Well, one of the things that we've been

working on over the last few years, is how do we improve the alignment that we have with our investment boutiques. I mean it's important that we have them aligned with us to be able to meet our own growth projections and that's something that we've really worked diligently on with the individual boutiques and the result was to roll out specific equity plans.

Equity not only ensures alignment, but also helps to ensure that they project their value as a shareholder and that there's orderly succession planning. We want to make sure that we have cash compensation and equity to attract and retain the talent that we put in to these organisations. We also want to make sure that our compensation packages, both the short and long term are competitive within the industry. And it's also key, from our standpoint to get the key talent in these firms to be owners in the business. It ensures focus on delivering value to their stakeholders and themselves.

Slide 100: Alignment of interests

Another way that we align those interests, is that most of our firms have a profit sharing arrangement with us, (so revenues minus expenses) so typically somewhere around 30% of the bonus pool gets generated this way and that's how we drop down to our earnings. And then there's another level now with the minority interest. Fourteen of the twenty affiliates we have, already now own equity in their firms. The range of minority interest is anywhere from 4% to about 40%. For those firms that are at the lower end of that range, our goal is to try to have them acquire and work with us to get to about a 25% minority interest over time. We feel that that's a pretty good mix between what we want as the majority shareholder and what they need. And then once they've actually reached that 25% level, because we want to make sure that we always have a competitive compensation package, and we're committed to both short term competition and long term, we will actually have them receive our Old Mutual restricted stock as well, just to make sure that we always stay completely aligned.

Slide 101: Offering clients and partners the best of both worlds

What we're trying to do is to find a way to have the firms get the advantage of the size, scale and the scope of a larger organisation, a conglomerate if you will, where we can offer a wide product range. We can have economic efficiencies, distribution leverage and risk management. But at the same time, you want to make sure that those boutiques have the ability to focus on the client needs, from an investment stand point and deliver investment excellence. And we want uncorrelated sources of alpha. We want the firms to have their own individual cultures, which they do have, but all within the value system that exists within Old Mutual. So one of the key things for us is to make sure that they keep their entrepreneurial identity that they're interested in, that entrepreneurial spirit, as an investment boutique, but at the same time have it be wrapped in the values of Old Mutual. And then also, making sure that they have that laser focus around the client wand a real client focus delivery.

We believe that this combination is the principle reason for the success that we've had to date and I'll show you some of those results, many of which you're familiar with.

Slide 102: Powerful Partnerships

When you look at the firms that we have within the business, there's over a hundred different investment strategies, but what we really have is a laboratory of investment talent, of investment ideas and of intellectual capital that we get to work with. We have a product development team in the centre, some of our firms do some of their own product development and they work in collaboration with us. We actually look for opportunities like the **Aston** allocation funds, where we can actually take the individual investment disciplines and bring them together so that individual eleven managers are part of our asset allocation funds, in their own specific discipline. Ibbotson does the overlay from an allocation stand point, so that we can deliver these funds in to the retail market place.

Another thing is in alternative investments. You know, we had one firm, Provident, that had a client that wanted them to actually do a long-short extension of their existing portfolio. Well Provident doesn't have the capability to short it, so they partnered up with Analytic to do the short side of the portfolio. We create the environment for that dialogue to happen to meet client needs.

One of the other things is we look down through the various products that we have is – we obviously distribute in the retail channel and that's where Old Mutual takes the lead, in the retail space and we're supported by the firms and then when we get in to the institutional space, where we're trying to manage money for defined benefit plans, defined contribution and public funds – non US based clients, the firms actually take the lead predominantly and we actually support them from the centre and complement them.

Slide 103: Leverage from the centre

We keep taking about leverage from the centre and this is just a quick little slide that I'm not going to spend a lot of time on. I've talked a little bit about the distribution piece. I talked earlier about what we'd do from a risk management standpoint. We spend a fair amount of time in the technology space with the firms. If you actually go on to the various web sites to the firms, we're the in-**talent** side – fifteen of the twenty firms, it's actually us that have developed the web site and we host and we maintain it. All the investment content is there, I mean that's something that we make sure that all the investment content is always there and it's their brand, it's their identity but we're the in-**talent** side. There are a number of firms that actually out source their entire back office to us as well because of the expertise that we have at the centre.

We spend a fair amount of time in the legal compliance area as well, in terms of supporting the firms e.g. in terms of regulatory changes that may be happening. So it's an area that they don't have necessarily the time, the energy or the resources for that we can provide, from the centre and we actually distribute out that knowledge to all the firms.

The last two other quick things I'll touch upon is in human resources – they work with us on succession planning. They work with us in terms of developing their talent from a learning and development standpoint and also making sure that we have competitive compensation packages with the firms and often we actually help them search for talent to the extent that they need to acquire new talent in their organisations.

And then lastly, we have a thirty five billion dollar trust company that we manage from the centre, it's our trust company and that enables our client, our investment boutiques, to service their smaller institutional clients in a pooled vehicle.

Slide 104: Managing the portfolio

Often people ask me how we manage and work with the firms. Well, we always look, first off at the overall market opportunities that exist and look for the emerging themes and some of the emerging themes that we've labelled here in terms of globalisation and uncorrelated sources of alpha and liability driven investing - I'll spend a little bit more time on that later but we look at those emerging themes and then we want to make sure that we have the right investment talent both at the individual boutique, making sure that we're working with our advisors, to make sure that we have the right investment expertise that our clients are looking for.

The other thing that we focus on is how do we help them deliver that investment expertise and package that and whether it should be in separate accounts, pooled funds, mutual funds or separately managed accounts. We work with them to do that and then ultimately we spend time on distribution. One of the key focus areas for us on the distribution front is in the sub-advisory space. We're a meaningful sub-advisor right now. Over seventy billion in sub-advised assets, but it's an opportunity for us to participate in the retail space and there are many managers that don't have the excellence in investment performance that we have that are interested in hiring us as a sub-advisor.

And then lastly, the investment only defined contribution space is another area where we feel that we can get meaningful traction and meaningful assets together and manage.

Slide 105: Strategic Initiatives

So, what are some of the strategic initiatives we have? Well, first and foremost it's always managing the portfolio of companies that we have and working through that. One of the key focus areas for us is international equity and it's an emerging trend, it's where a number of our clients, both US based and non US based are interested in - global equity and international equity without the US equity piece, and then alternatives. All flavours of alternatives.

Now, we want to make sure that we have the talent to be able to deliver the investment results that our clients have come to expect**.** But we also have other things that we're trying to do and working with in the family. We are seeing defined benefit plans being frozen and terminated, there are more people with those frozen defined benefit plans that are interested in liability driven investing. You know one of our firms, **Dwight** Asset Management is spending an awful lot of time focusing in that particular area alone, as are other firms. We have target date mutual funds. Now you're familiar with our asset allocation funds, or I hope you are, but you've probably I'm sure have heard of target **date** or life cycle mutual funds. We actually did something different with our target date funds. Most just say, oh, you know, you're going to retire in 2025, so you know, go ahead, put your money in there. Well I could actually show you a slide that says that the equity allocation of various target date funds, up to 2025, will have a pretty big range, because what I may think is my investment objective and the amount of risk I want to take in 2025, might be very different from

Blair's investment risk that he wants to take. So we've launched a series of target **date** funds - we have a moderate, a balanced and a growth target **date** funds, to help to meet the risk tolerance, whoever the individual investor is, based upon their targeted retirement date. So it's a unique structure that you know, we've incubated, we've rolled it out already this year and it's an opportunity for us to tap in to that investment only defined contribution market but also meet the needs of those people in **higher rate** accounts.

Another key initiative for us is distribution. Non US distribution is done through international investment banks.. But we also have firms that are also very interested in managing assets outside the US borders and want to take advantage of that opportunity and they'll look to us to be able to help with that distribution strength. And the other thing is in the retail space, where we have a full service mutual fund operation and separately managed account operation out in Denver and our firms, a number of our firms have taken advantage of the ability to manage mutual fund assets for clients and we do that through financial intermediaries.

Slide 106: Multi Boutique Model

Let's spend a little bit more time on how we think about the various boutiques that we have. What I'm trying to do with this slide is to think of us as having firms that we're investing in, investing for growth, you know maybe one of the smaller firms that were brought on. We also have firms that I would say are a little bit more mature. In effect they're managing themselves to a large extent and then we have some firms that we're looking to revitalise. If you look at our twenty investment boutiques, I would probably put in five or so, 25% in that invest category – the bulk in that managed category, and there's probably about two or three that I would classify in that revitalized you know category. And what we try to do is to work with the firms, focussing upon the needs that they have, the objectives that we have and the objectives that they have with their clients, so when we are looking to invest with a firm, we are working with them, making sure they have the right access, to capital to grow and to manage their business. Firms in the managed category – it's very much a consultative partnership that we have with them, and I'll talk about a couple of things that we do there in a second. And then in that revitalisation stage, it is making sure that we understand where the market opportunities are, what are we doing or what aren't we doing as well as we could to meet their and our objectives as the parent company and down underneath, and I mentioned this earlier, it really is all about the people, it's all about the investment talent. Do we have the right culture within the organisations, what is the depth of the organisation? Do we have the right retention vehicles, but also, more importantly, in some cases, as we're trying to grow a firm, do we have the ability to attract new talent in to the organisation? Do they have a well-defined investment philosophy and process and are they executing against that and delivering the results that our clients are expecting? Is it a repeatable process, with transparency, that we're able to do on a consistent basis, over full market cycles? And then we also have that overall governance and oversight that we talked about.

Slide 107: Managing the portfolio Action Plans

When we think about investing with an investment firm, it's making sure that we understand and work with them in terms of what their overall investment strategy is. A firm that would fit this

category would be Copper **Rock.** You know, it's a relatively new firm within the family. They're a small cap growth manager, they want to expand in to the international space – so we'll work with them to find opportunities enabling them to get in to that international growth space. They're a firm –for which we do everything in the back office. The only thing that the portfolio managers of Copper **Rock** worry about is managing money and delivering excellent investment performance, that's what they worry about. They don't worry about any of the technology, they don't worry about any of the back office information – you know, back office systems and operations, that's all done by us. So we work in collaboration with them so that they can focus on what we need them to focus, that they hopefully can continue that growth trajectory that they've been on.

Slide 108:Managing the Portfolio Action Plans

With the firms that we put in that manage/monitor section,, where the core of most of our firms are, we work with them to make sure that we both know what we're trying to do from a long term strategic stand point. We've always done strategic planning with the firms, but we now do it much more formally under Linda Gibson's leadership in terms of delivering and working with them on three to five year business plans and we want to make sure that their actions and their management actions are linked to our overall strategy in the US, and by working together in a partnership we're able to do that. To the extent that some of those firms don't have equity in their shops right now, they will have equity by the end of this year.

And then there are a couple firms that are in that revitalised situation where we're really trying to re-position them for growth. It may be that they're not delivering on investment performance the way we would like. It may be that they aren't being as efficient as an organisation as we would like. And those are firms that we actively manage and work with.

Slide 109: Industry Product Development Oppertunities

So what are some of these development opportunities that I keep talking about? Well, what I'm trying to do and show you on this slide is on the Y axis, is how much market interest is there for certain products. And down below, with the blue arrow, is where is the search activity that clients have in the institutional space in particular. In that upper right hand quadrant we are seeing a lot of interest and a lot of search activity in hedge funds and fund of hedge funds - but it's in foreign equity or global equity - private equity and real estate. Up and coming are one thirty thirty strategies, the defined contribution space and liability driven investors. Based upon those trends, what's our response, and how do we look as an organisation?

Slide 110: Old Mutual product development focus.

The next slide might take a minute or two to digest. We take the Y axis from from the previous slide.. The X axis depicts our marketability, idicating where we have product that's ready for the market right now, that we can go out with and generate net positive cash flow. So, what you see is that we have one thirty thirty in the upper left hand quadrant. It has a high growth rate and we have a tremendous amount of product in the one thirty thirty space with a number of our investment boutiques, and I'll show you later how we've done from a performance stand point.

In contrast look at that global equity bubble, and the bubbles are roughly representing pictorially the size of the opportunity in the market place. So when you slide over the global equity, you see it's a great opportunity for us to gather assets, however, we don't have enough product. So what do we do is **seed** product in global equity space. Some of our managers actually do have global equity product. It may not be performing to our satisfaction or it only has a short term track record and typically in the institutional space, you need a three year track record. So what we do is to work with firms to get more products in to that space. Whether do it through seeding it or maybe a bolt on acquisition, in other words, how do we take advantage of the opportunity that's in front of us. And then you can see that there is a couple in the lower left hand quadrant, we just call that replacement activity. There's money in motion there, but it's more replacement searches. For instance large cap value and large cap growth, there are more people transferring out of that into global equity strategies, than the other way around.

Slide 111: Our portfolio Asset class and style coverage

So, where are our investment capabilities? I know you really can't see this, it's probably difficult, even on the print out, so apologies for that. But you'll see our firm is on the left hand side and then, what we do is we show you is all the different investment strategies we have, on the top. I mean we play up and down the capitalisation spectrum. We're in growth, we're in value, we're in non US strategies, we're in fixed income.   We're in alternatives, we're in hedge funds, we're in timber, we're in real estate, so almost anything that you can think of as an investment strategy, we have or actually have planned from our standpoint, so we have a great diverse mix of portfolio investment strategies that our clients can take advantage of.

Slide 112: International Equity Action Plans

To get a little bit more granular and just to give you a sense of where we're going, here is some of our action plans. I'm not going to go through every single one of the firms, and there are more things happening with different firms than I'll show you on these slides. But for instance, analytic, which is a pioneer in the one thirty thirty space is now going to extend that strategy in to the international space. **In Barrow Hanley**, which is a well known large cap value manager in Dallas Texas, we have **seeded** an international equity portfolio a year and a half ago. It has delivered very good returns on a relative and an absolute basis against the bench marks. We also plan on seeding a global equity strategy with them later this year.. **Heitman** is our real estate manager and we're actually seeding a global wheat fund with them as well.

And then lastly, just to touch on i Thomson Segel and Warmsley. They're a value manager and they also have a growing international mutual fund. One of the things that we're now trying to do is to broaden out their capabilities and give them the resources to enable them to become more of a global equity manager as well.

Slide 113: Alternatives Action Plans

As I mentioned, in the the growth space, we already have a number of products that have done very, very well. We want to make sure that with the existing product set that we have within the business, we're really getting out there and using our distribution muscle to take advantage of it.

Acadian is extraordinarily well-managed with excellent track record of delivering investment performance. They're really pushing on market neutral and other head strategies. With the Campbell Group, which is our timber manager, we're looking for opportunities in the retail space. We're also looking for non US opportunities as we're actually seeing some activity outside US borders for timber.

Another firm that I want to briefly touch upon is **Larch Lane**. It's our fund of hedge funds managers, and what most of you might know is that they're actually in the **seeding** business as well. We've recently announced they're doing a joint venture with AIG, for which we have great hopes and great prospects in terms of generating meaningful cash flow and very good returns, both for clients, but also for us as collective shareholders.

Slide 114: Non-US Distribution Action Plans

From a non US distribution stand point, we need to define what our strategy is. It's important for us to take advantage of the money in motion that's outside US borders. And one of the things that we're doing is working with our colleagues in Scandia. We've recently had a couple of our investment CEOs from our investment boutiques, work with our colleagues over in China, in terms of exploring potential opportunities that may be there. We have a synergy task force from an Old Mutual standpoint that is trying to come up with the best overall strategy for Old Mutual to take advantage of the opportunities that exist from a global standpoint.It's an initiative that I have from the centre, in Boston, that we're funding, because although we have some firms have had some success, there are a number of firms that don't have resources that they can put towards trying to figure out that non US distribution strategy, so we'll do it for them. We'll make that investment.

Slide 116: Investment Performance vs Benchmark Asset Weighted

So what are the results? Well, we've already talked about this slide, so I'm going to move along.

Slide 117: Investment performance

I'll go to the next slide. And this shows our multi boutique model in terms of how many of our strategies on an asset weighted basis are out-performing the bench mark. It goes back to March of 2003, through March 2008. So, the gold is our rolling three year percentage weighed assets under management in terms of exceeding the bench mark and the green is the five year number. Now, you'll notice that in the gold, we typically in mid 80ish range. Sometimes we've dipped in to the seventies, sometimes we've gone up in to that 90% category. Obviously we've dipped in to the 60s right now, on a rolling three year basis and as I talked about earlier today, it's mainly driven by Barrow Handley's underperformance over the last year in the value space, and Dwight's under performance in the fixed income space. Both of those firms have started to re-bound and outperform their respective bench marks in the second quarter and both of those firms have excellent long term track records, both on a five year basis and more importantly, even on a ten year basis, so, coupled with excellent client service, going out and communicating what went right and what went wrong, I have no doubt that we'll start to see these numbers start to move back up.

Our five year numbers are obviously still in my mind, extraordinary and something that we're all quite proud of.

Slide 118: High Growth Areas Outperforming

So how are we doing in some of these high growth area products that I've been talking about? Non US equity, hedge funds and other alternative approaches as an organisation? We have sixty of these different strategies out there in either incubated status, or fully launced in to the market place. So on a three year basis, 81% are beating the respective bench mark on an asset weighted basis, and almost a 100% are beating the respective bench mark on a five year basis. So this is the opportunity for us to continue to get net new positive cash flow in these high growth areas and continue to retain the assets we have in the traditional space, as well as continue to participate in the take away game in the traditional space as well.

Slide 119: Net client cash flows

When you have this kind of investment performance, you end up with these kind of cash flow numbers and we're very, very proud as a team. It's really investment boutiques that deserve the credit. They deliver the investment results, we support them from the centre. You know, we've done over a hundred billion dollars in net cash flow since 2004. We had a record year last year in 2007 – with net cash flow of $35 billion dollars and the diversification in that cash flow is very gratifying to me. We've got diversification in terms of that net cash flow and the other key thing that you don't see here is that almost seventeen billion of that net thirty five billion, actually came from outside US borders. So in excess of 40%, close to 50%, actually came from non US domicile clients. In Q1 2008 we're off from where we've historically been, but clearly I think you'd recognise that we've been pretty extraordinary in terms of our net cash flow. We are positive, even with the turbulent market conditions we've had, through the first quarter and we're continuing to feel that we can deliver good overall net cash flow.

Slide 120: Competitor Comparison Net client cash flow

One of the things that we also look at from a competitive stand point is how well we do against some other multi boutique models and if you go back to the end of 2006, or call it January of 2007, our beginning period of assets were two hundred and seventy three billion dollars. We generated almost 13% of opening assets,net cash flow, outperforming all our competitors in this regard.

Slide 121: Assets under Management

What are our assets under management done? From 2004 to 2007, our overall business has grown by a hundred and thirty two billion dollars, ending last year at three hundred and thirty three billion dollars. Given the market downturn where we've dipped a little bit through the first quarter, but clearly that's phenomenal assets under management growth.

Slide 122: Adjusted Operating Profit

From a pre-tax operating standpoint we've more than doubled AOP from 2004.. AOP has grown from a hundred and sixty to three hundred and twenty four million dollars, pre-tax. Giving a compound annual growth rate of 27%, that's a record we're all very, very proud of.

Slide 124: Summary

So, just to wrap up. This is the take away slide that I want you to have for the asset management business. We have a proven model for successful delivery of profit and asset growth. We have a diverse group of affiliates, operating in a multi boutique model, with uncorrelated sources of alpha. They get leverage from the centre in multiple functional areas. We have high quality investment management. We know how to package product and we know how to actually deliver that to clients. We offer clients the best of both worlds. The investment **performance of a** boutique, the skill and scope of Old Mutual, and the strength of our parent organisation. We're a global firm. We have the resources of a global organisation and therefore we can to continue to grow this business. And most importantly, we foster an environment where investment managers can do their best work for clients. At the end of the day, we need to meet their investment objectives and we want to make sure that we're giving them the right environment to be able to do that. So with that, thank you very much, and I believe we do questions again.

JIM SUTCLIFFE:

Yes, that's right. Are there more questions. Yes, Blair.

BLAIR STEWART:

Firstly, thanks very much for the presentation. Just two questions on the asset management side. The net client cash flows in Q1, were there significant positives and significant negatives within that number, you could share with us and secondly, could you just remind us how the revenues are split by type of fee – you know, performance fees, regular fees etc. if possible. Thank you.

TOM TURPIN:

We've had broad based you know, net cash flow, just not of the magnitude that we've had before but – Richard, I don't have all of the specific details but I – I don't know if you have it with you, but I know that Acadian and Analytic have still done well. Dwight has had an outflow and Richard will add colour to this, more on the securities lending portfolio. So a pretty meaningful outflow. Is there anything more that you would add?

RICHARD HOSKINS:

No, that's right Tom. The other question you asked was around the split of fees, fee income. Just to give you some idea, if you look at 2007 numbers, the performance fees and transaction fees represented around 20% of the total fee revenue for that year. So I think Jim mentioned earlier, that will be lower this year, so probably sort of closer towards the 10% range, which offsets the

benefits we get from the business having higher assets management fees coming through from the higher average assets that we've got on the books during the year.

JIM SUTCLIFFE:

Jon.

JON HOCKING:

Just a question on the equity plans. Once you've got an affiliate on the platform who doesn't have existing equity plans, the manager is buying in with their own resources, and if they are buying in with their own resources, are you offering them financing?

JIM SUTCLIFFE:

No.

TOM TURPIN:

We're not offering financing. We've been working on this for a number of years and I'm pleased with the progress we've made. By the end of this year, it's my expectation that every firm will have equity and complete alignment with us as an organisation.

JIM SUTCLIFFE:

I think John, and Tom can expand on this. Some of the ways they're paying for it are bonus give up plans, just to be clear, but we are not lending people money. Just to be precise. I don't know if you want to talk more about the way they're funding their purchases at all.

GREIG PATERSON:

Just on this re-equitization. It's not clear where the pluses and minuses are in the income statement and the magnitude and maybe we can try and hedge round it now. I wonder if you could sort of give us an idea what the minorities were in '06 and what they were in '07 and what you think they're going to be when we get up to full steam. That's point one . How do you treat the consideration that they actually pay for it? That was question one. The second part is, I noticed that you said that when you had your matrix about you know, what were the popular mandates and what was your marketability, you scored quite badly on the core fixed interest, but I thought Dwight was a major provider of that type of product. I wonder if you could just clear up my misunderstanding there. And the third point is in terms of the bonus percentage, is that a fixed percentage or does it scale up the greater the revenue and amount. In other words, is it a non linear sort of percentage?

JIM SUTCLIFFE:

Tom, can I ask you to start at the bottom.

TOM TURPIN:

Well yeah, I was going to give the minorities to Richard.

JIM SUTCLIFFE:

Right

TOM TURPIN:

Either one of us can answer the bonus question and then I'll pick up the rest.

RICHARD HOSKINS:

Yeah, I can talk about the minorities. In terms of the impact to the profit and loss statement. I guess the majority of that came through last year. Just in terms of fair value adjustments, coming through the P&L line, there will be a small amount coming through this year but not significant. So that's on the P&L impact side. The P&L impact last year was around forty million.

GREIG PATERSON:

(off mic)

RICHARD HOSKINS:

No, that was the P&L impact, so the minority interest piece comes below the line, in terms of the reporting. But in terms of the margin, when we disclosed the margin, operating margins, like others in the industry, we reflect that post minority interest adjustment. So you'll see that coming through in the margin line.

JIM SUTCLIFFE:

Is that all right Greg. Have you got what you needed?

GREIG PATERSON:

(off mic)

JIM SUTCLIFFE:

Perhaps you can just talk to Richard and if there is anybody else who's got a concern, just let us know. The second half of your first point, the accounting for the equity plans and the capital, are you going to do that the same way?

TOM TURPIN:

If you look at the chart, … lower right hand quadrant, decent sized bubble in core fixed income, everybody knows there's an oligopoly in core fixed income and although Dwight is a fixed income

manager, they're predominantly a stable value manager. There is not an awful lot of opportunity in core fixed income so we have the capability but there's not a fair amount of opportunity and that's what I was trying to show there and where the opportunity is, if you slide your eyes up, you'll see its core, plus fixed income and global fixed income, where there is more of an opportunity, Dwight has that capability as does **Rogge** Global Partners, so we do have a fair amount of product in that space, but in terms of just pure, core fixed income opportunity is limited - but we do have that capability.

JIM SUTCLIFFE:

Is the bonus fixed?

TOM TURPIN:

The bonus pool is pretty much fixed with each firm.

JIM SUTCLIFFE:

It doesn't change much with the amount, it only changes with the type of income, be it performance or regular income. Can we go to the phone? I believe we've got two questions on the phones, if we could go there please.

MICHAEL CHRISTELIS:

Good afternoon guys. Just a couple of questions. Firstly, previously you've spoken about operating margins in the US fund management business and targeting close to 30%, I think a year and a half ago, that's now come back quite dramatically. Can you give us an up-dated long term target that you'd expect to see there. That's my first question. The second one, you mentioned out-sourcing back office functionality as something that you're starting to do, is that a new strategy, a new business you're going to start actively targeting and what sort of revenues do you expect to get out of that. And then just thirdly, a question that I had from earlier, which I wasn't able to ask is in the US life business, we have spoken previously about **capping sales** to restrict the amount of capital needed there. Can you give us some kind of indication whether any of that would need to happen this year at all.

JIM SUTCLIFFE:

Okay. So start with the margin question, the 30% target margin, Richard if you're handling that.

RICHARD HOSKINS:

The target is still 30% and as I say, that's a post minority interest number so you saw that drop back slightly last year to 27% as the impact of those equity plans came through, and it's nudging up, year on year towards that 30%. I think the other thing to pick up on that is from the slide that Tom put up earlier as well, about the percentage of net cash flow that's come in through the door, compared to the opening assets. If you look at us compared to our peers, you can see the benefit

of the alignment that we have, compared to our peers in driving really strong net cash flow, that's 13% of opening assets under management last year.

JIM SUTCLIFFE:

Okay, and then there was a thought about outsourcing.

TOM TURPIN:

When I talk about out sourcing, first and foremost, one of the things that we do which distinguishes us, is that we don't sit at the centre and just push down certain things to each one of the investment boutiques. I mean we work with them in partnership and we have a certain governance around the investment boutiques. When I discussed out sourcing, it's really a firm wanting to work with us and we have the capability and we actually think of it from the standpoint of how we manage it and ultimately. But the bottom line is that we're not in the out source business, but we clearly work with them to facilitate how to do out sourcing and in a number of instances, we actually are the client to the out source provider to make sure they're delivering the right service on behalf of the boutique that's interested in it.

JIM SUTCLIFFE:

Okay, so it's not a revenue source for us Mike, just to be clear, which I thought was implicit in the way you asked the question. And the third question about capping sales. I'll pick it up and then hand to Bruce. We really think about this from a central point of view on an asset basis so that we try to grow assets and we are thoughtful about diving too heavily in to any one thing, just because life gets complicated, but Bruce, do you want to just explain a little about how we manage that.

BRUCE PARKER:

Yeah, well for the last two plus years, we haven't capped sales at all. We've actually managed our capital through the use of our caps and product design and we have not come anywhere close to our capacity. So we have a much more disciplined model in place today, managing the leverage of the product, as it pertains to the capital usage.

JIM SUTCLIFFE

Yeah, and I think what Bruce said earlier, just to repeat is that we haven't volunteered to send them any more capital this year.

MICHAEL **CHRISTELIS:**

Thanks very much guys.

JIM SUTCLIFFE:

There's one more on the telephone and then Raghu if that's right after that.

MARIUS STRYDOM:

(withdrawn)

FACILITATOR:

I'm afraid that question has been withdrawn. We have no further questions from the telephone.

JIM SUTCLIFFE:

Raghu?

RAGHU HARIHARAN:

Hi there. Two questions really. The first one was just on the process you use at the centre to manage the portfolio of asset managers that you've got. I was wondering what hurdle rates do you use, either in terms of performance or strategy that each of these individual asset managers can choose. I mean there were a couple of slides where you said some asset managers were diversifying in to other areas. I was just wondering what kind of bench marks you use to facilitate or restrict a certain strategy. And the second question is I think linked to the first, which is, if you look at your slide of you know product development on page 110, where you said a marketable opportunity was a growth risk. Can you give us a sense of what proportion of your three hundred billion order of assets sit in which block, so we can get a sense of where you are today and where you want to move to?

TOM TURPIN:

The first part of your question, in terms of what bench marks and what do we allow the firms to do. The firms do have investment autonomy. They do work with us from a product development standpoint. One of the key things that we do is they won't go in to an investment strategy where they don't have the talent to be able to manage that investment strategy. So one of the things that we'll want to work with them on from our product development team, is to make sure that they actually have the capability to deliver on the investment strategy that they're thinking about. We do, throughout the business planning process that we do on an annual basis with the firms, as well as the strategic planning process, define certain hurdle rates; so we will define what kind of net cash flow targets we would expect in a certain strategy and also work with them and provide them with information, we even make sure we are seeding those new strategies appropriately and competitive in the overall market place. And then we also make sure it's a robust planning process which Richard and his team leads. We also monitor revenue earnings targets on an on-going basis.

JIM SUTCLIFFE:

If we are setting up a new affiliate, cos I'm not sure (interjection) …

RAGHU HARIHARAN:

There's a part as well, in terms of if you try to acquire a new affiliate what …

TOM TURPIN:

I'm sorry, I didn't hear that piece. But if we do acquire, it's actually a very similar process. John Grady who's here with us – if we acquire an affiliate, whether it's a bolt on acquisition or actual straight out affiliate, like Ashfield Capital Partners in San Francisco that we acquired a little over a year ago, we have a specific plan with them that we put together in terms of that acquisition. We want to make sure that they achieve their objectives and we have the right alignment. We once again have a very formal process that we go through to make sure they're delivering on our expectations and the commitments that they've made to us.

JIM SUTCLIFFE:

There's always an ROE hurdle of twelve sitting in the bottom there Raghu, but that isn't normally the thing that's driving the answer because you know, these businesses don't need more capital to expand and so it's much more important that you've got clarity of the operating parameters that Tom is talking about than the 12%. But we do always stick to the 12% as well. So the process is they do a paper which comes up here, I mean it depends on the size but comes here and we always look for an ROE commitment which comes out of the paperwork. I think your second question was the percentage of assets in each block. By asset class?

RAGHU HARIHARAN:

Just those four big blocks which you had on had on page 110.

RICHARD HOSKINS:

Okay, so I'll give you a flavour. So value equities, 22%, international equity 23%. Alternatives 12%, so that's the property and the timber piece, primarily there and fixed income 33%, so they would be the biggest blocks.

JIM SUTCLIFFE:

Is that okay.

RAGHU HARIHARAN:

Thanks.

JIM SUTCLIFFE:

More questions. Blair again.

BLAIR STEWART:

Thanks. Just going back to the life business. Could you tell me what the USP of the VA product is? You know, why would an independent financial planner sell an Old Mutual VA product as opposed to a Hartford or an AXA product. It's clearly a highly competitive market with some very big players in there.

BRUCE PARKER:

You're absolutely right Blair. At the very top, the big players dominate the market. What we have done in our strategy was two things. One, the independent financial advisor piece- I'll go through each one of my four very quickly, but the independent advisor slash insurance agent, who currently does business with us on the fixed side, is also a producer who carries a licence on the registered side. They're comfortable with the product, comfortable with the brand, comfortable with the company and so it's a nice bolt-on for their business and that's one of the reasons why someone would sell our product. The other reason why people would sell our product coming in is 'one', we are leading in the **beacon** navigator product, we're bringing our investment strategy into the product, so bringing our institutional based firms, in to the product in the form of the pure portfolios, and that product is not seen out there, so we've got that as our second leg. The third piece is all based around that RAA initiative and because it's a new initiative and it's a veriable annuity product that's growing relatively fast, and we provide RAA with that **no load** product. We do have a chance to get a new one of the leaders there and in that market place, you'd see a company called Jefferson National, you do see AXA play in that product and Hartford, but where some of the big players struggle in that market. The reason is that they've got a large commission block, commission agents who sell for straight commissions and this is a **no load** product and we don't have any channel conflict going in that direction. So those are really the three core ways in which we're launching. And the fourth one that I didn't mention is creating solutions for the financial institutions.

JIM SUTCLIFFE:

Anything else. Okay. We've under-estimated the number of questions. Okay, we've got one more question on the telephone.

MARIUS STRYDOM:

Can you hear me this time.

JIM SUTCLIFFE:

Yeah, hi Marius.

MARIUS STRYDOM:

I've two questions. One is, can you give me an indication of the proportion of your assets under management in the US that have been sourced via Old Mutual businesses as opposed to by the

affiliates directly and whether you have a target to increase that proportion and what that target is. And secondly, I would like to know what does the US Asset Management business have to do to be able to cope with a big chunk of Skandia LIV assets, say fifty billion dollars?

JIM SUTCLIFFE:

Do you want to answer the first question, how much of it comes from other Old Mutual sources, because there's the life business and there's the South Africa bit.

RICHARD HOSKINS:

There's a small piece from South Africa that we manage but the predominant amount that's managed within the affiliate network is on behalf of the life business, so as we saw earlier, nineteen billion in Dwight and there's four or five other of the asset managers who are involved in managing the life money as well. And then looking holistically across the US, we're working more with Scandia as well, in looking at products that we can put on the Scandia platforms and that they can put on our platform, so you're seeing more collaboration going forward on that side.

JIM SUTCLIFFE:

Yes, I think that's right Marius, we've really just started to gear up on that. I think, is Julian still here, I know he was here earlier. Do you want to say what **SIG** is doing or on that front?

JULIAN ROBERTS:

I thought this was a meeting when I didn't have to say anything Jim. Yeah, I mean what we're doing with the formation of **SIG**, which you know about is now taking some of the multi manager products that have gone well in the UK and Europe and we're looking to see whether we can tailor them for the US market. Of course it's slightly harder but we're pretty sure that we can do it and we're also getting more and more work through collaboration with Old Mutual Capital and I think it will have some great benefits moving forward.

JIM SUTCLIFFE:

Julian, I think you might to hold on to the microphone. I think Marius made a grand sort of leap of faith here for a moment. Tom smiled Marius, becaues he doesn't think he'd have a big problem with some gazillion of Skandia **LIV** assets, but I think that's a long way in the future just yet, so I think we'll jump that fence when we get there. Okay. Another question.

DAVID DANILOWITZ:

Thanks Jim, really just looking from a top-down perspective from you, towards the group, you've got the US business now for a while. I guess asset management had to fund the capital or the cash flow of the life business and now you're saying that that is largely cash neutral on the life side and obviously, I guess maybe would be a good time to be looking for some bolt on acquisitions on some additional affiliates, but then again I guess for you, you've got potential opportunities for

Skandia **LIV** and other potential markets. How do you view the different opportunities and would you prefer your capital to go to the US retail and baby boom market, to Europe or elsewhere?

JIM SUTCLIFFE:

Dave, what we said at the year end results, really remains true. I think that the number one job for us at the moment is to bolt and batten down. You know it's not a funmarket as you know so I think that's number one job. But the thing that we are keeping our eyes open for particularly is smaller asset management businesses. So we did – I can't remember whether Tom mentioned this already, but we have announced but have not yet completed a small bolt on.

TOM TURPIN:

ING Yes, we'll close on it in a couple of weeks.

JIM SUTCLIFFE:

In a couple of weeks time. So we are always on the look-out for those small kind of bolt on type asset management acquisitions and you know, my kind of strategic sense of this is that where we need to be over the next year or two, and indeed certainly longer, but I think limited to this probably over the next year or two, is that we need to make sure that asset management is genuinely at the heart of the organisation and if we can find some more asset managers to add on in the United States, but also in Europe or even in the Far East, I think I'd be very happy to do that. But I don't see there being large amounts of capital. That's sort of relatively small amounts of money being deployed. So, that's the kind of priority for us Dave.

DAVID DANILOWITZ:

I could maybe ask it slightly differently in that you've always had the third a third a third leg which I guess long term, if you put Asia in to it, you're talking about a quarter, quarter, quarter, quarter. Now, the US has obviously been shrunk down and obviously Skandia **LIV** is a long way away, but that could get even further down. Does that bother you or the management of the group and how integral does the asset management business then fit in?

JIM SUTCLIFFE:

I think it depends on the time frame you're looking at Dave. I think in the long run, we've got to keep our eyes open and get the balance of the different continents roughly even, as you're suggesting. But I think we've got to regard that as a long-term programme. What I do think in the United States is that this is just echoing what both Tom and Bruce have said earlier is that if we think about where the money is going to be, so if we're going to be an asset manager, you know apply our asset management skills, where are we going to apply them? We've got to make sure that we do build the retail business as well as an institutional business. I mean in the very long run, you know the defined benefit business is not the growth industry, and this is implied in what Tom was saying, I think in particular in his first session this morning, that there is clearly an increasingly large retail savings industry and that can be partly out of a variable annuity and

insurance wrapped product, but also out of the mutual fund world, so I am very keen that we continue to press in that direction. We have the Old Mutual Capital project in Denver, which is going along, it's gathering assets but it's a tough world and progress is I think, fair to say, a little slow but the guys are hard at it. And I certainly do not want us to walk away from that because I think in the very long run, that's a very important leg for us to have in house.

DAVID DANILOWITZ:

Great. Thanks very much.

JIM SUTCLIFFE:

Okay, anything else on the floor here? Okay, well thanks very much Bruce and Tom and thank you to all the US management team for coming along and thank you particularly for coming to see us today and if there's anything more please do come and join us for a drink. We may be rustling it out of the cupboard because we're a minute or two early but we'd love to answer any more questions privately and thank you again for your support. Thank you very much.

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