Old Mutual plc

Trading update for the three months to 31 March 2006

Strong start to the year

The Group continues to deliver strong growth across a substantially expanded international footprint following the acquisition of Skandia, with particularly strong sales of unit trust/ mutual fund and asset management products, and good net cash inflows from clients.

Positive equity markets across all of our geographies and the increase in sales have both contributed to the 8% growth in funds under management in the quarter to £248 billion.

- Sales
  - Skandia: Continuing strong growth, with total mutual fund sales up 77% to SEK 13.3 billion and unit-linked sales on an Annual Premium Equivalent (APE) basis up 22% to SEK3.3 billion.
  - South Africa: Life sales up 5% to R940 million on an APE basis, with most segments showing good growth, offset by disappointing Healthcare sales. Exceptional growth in unit trust sales of 66% to R2.8 billion (31 March 2005: R1.7 billion).
  - USA: Life sales were $106 million on an APE basis, a decrease of 16%, reflecting the impact of the initiative to rationalise distribution and maintain sales at around the planned $4 billion level. Mutual fund sales through our retail initiative increased to $339 million from $48 million for the first quarter of 2005.
  - Total sales: Life sales for the combined Group on an APE basis increased by 11% to £395 million. Unit trust/ mutual fund sales increased by 99% to £1.9 billion.
- Funds Under Management
  - Skandia: 8% increase in funds under management since 31 December to SEK691 billion.
  - South Africa: up 4% to R501 billion as our businesses continue to benefit from the powerful growth in the South African economy.
  - USA: funds under management up 9% to $248 billion, driven by excellent net fund inflows of $11.2 billion (31 March 2005: $9.4 billion). This includes $22 billion of funds and $7 billion of net cash flows for eSecLending, the sale of which has been announced.
  - UK & ROW: up 14% to £8 billion, as organic growth continues, with retail fund inflows and favourable market movements driving an increase of 9% in funds at OMAM (UK). Selestia sales were very strong, increasing by 84% to £254 million.
- Nedbank: Strong trading results driven by revenue growth, with net interest income increasing by 29% to R2.4 billion (31 March 2005: R1.9 billion) and non-interest revenue increasing by 16% to R2.3 billion (31 March 2005: R2 billion).

- Mutual & Federal: total gross premiums for the first quarter increased by 4% to R2.2 billion (31 March 2005: R2.1 billion) despite the ongoing softening of the insurance market.
- Embedded value per share, excluding the impact of the Skandia acquisition was up 13% to 197.8p (2,117c) at 31 March 2006, (31 December 2005: 175.6p (1,912c)).

Jim Sutcliffe, Chief Executive, commented: “We have achieved a strong start to the year with powerful growth in both sales and funds under management. Our ambition remains to be an international financial services group of world-class stature, delivering our shareholders more growth with less risk. The acquisition of Skandia was an important step in fulfilling that ambition.

10 May 2006

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Old Mutual plc

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Jim Sutcliffe, Chief Executive, will host a conference call for analysts and investors at 08.30 UK time and 09.30 CET/ South African time this morning. The call will include a brief overview of the trading update and an opportunity for questions. Analysts and investors who wish to participate in the conference call should dial the following toll-free numbers:

UK participants: 0800 953 1444
SA participants: 0800 994 090
Swedish participants: 0200 895 350
Std International dial-in (not toll-free): + 44 (0) 1452 542 300

The First Quarter 2006 Trading Statement Financial Disclosure Supplement, can be found on our website at www.oldmutual.com.

Our acquisition of Skandia is now complete, with an effective date of 1 February 2006. All references, however, to Skandia are to trading results for the three-month period to 31 March 2006, with comparatives also quoted for the equivalent three months to 31 March 2005. To ensure transparency of data, the Skandia business has been shown both in this document and the first quarter 2006 Financial Disclosure Supplement, as a single geographical segment.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Old Mutual plc and its group companies, which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global, national and regional economic conditions, levels of securities markets, interest rates, credit or other risks of lending and investment activities, and competitive and regulatory factors.

SKANDIA

The full text of Skandia's trading update for the first quarter of 2006, released today, can be accessed on Skandia's website, www.skandia.com.

A strong combination

The combined Group is now well positioned to become a leading force in the European savings market through the establishment of efficient distribution networks, leading products and optimal service and systems. Skandia's strong position in Europe adds to Old Mutual's existing strengths in the United States and Africa, giving the enlarged Group a more diversified and sustainable earnings pattern.

We are currently working towards finalising our vision for each of the Skandia businesses with a view to securing future growth and delivering on the targeted synergies, with an Old Mutual- Skandia market update to be provided on 20 June 2006.

Continued strong growth in sales, up 22%

Skandia delivered continued growth in sales during the first quarter of 2006, with total mutual fund deposits increasing by 77% to SEK 13.3 billion, driven by good performance across the UK and Europe & Latin America markets. Strong growth was also experienced in total unit-linked sales on an Annual Premium Equivalent basis, increasing by 22% to SEK3.3 billion compared with SEK2.7 billion for the equivalent period last year.

Increased sales, coupled with buoyant equity markets contributed to the 8% increase in funds under management to SEK 691 billion at the end of March 2006, compared with SEK 640 billion at the end of December 2005.

UK & Offshore – unit-linked sales up 31%

Excellent growth was experienced across unit-linked UK based products during the quarter, driven by the momentum created by the tax year-end and the strong equity markets. Unit-linked sales increased by 31% to £152 million for the three months to 31 March 2006, compared with the same period in 2005.

Sales of Skandia UK's pension products contributed £59 million to total unit-linked sales, an increase of 99% on the equivalent period last year, as advisers continue to consolidate their clients' pension portfolios in response to the release of the Pensions 'A' Day regulations.

Unit-linked bond sales in the first quarter were stable following price refinements made during 2005 in order to secure margin improvements and increase capital efficiency. The sales growth of 13% to £52 million in Skandia UK's offshore arm, Royal Skandia, was largely driven by solid growth in the UK and Middle East. The market uncertainty surrounding the tax treatment of trusts following the release of the

UK Budget in March 2006 may, however, result in a decrease in new business volumes in the second quarter of 2006.

Mutual fund deposits of £286 million also showed growth of 59%, benefiting from the continued industry shift towards fund platforms and the significant increase in sales towards the end of the tax year.

The strong growth in the UK segment in the first quarter benefited from new fund launches, continued service innovation and Skandia's well recognised reputation in the IFA channel, further supported by the naming of the business as 'Company of the Year' at the recent Money Marketing awards.

Europe & Latin America –underlying unit linked sales growth of 50%

2005 first quarter life sales were affected by the EUR 29 million overhang of tax-driven sales in Germany, and sales were 8% lower in the equivalent period this year as a result. However, the underlying trends are very strong with underlying unit-linked sales increasing by 50% for the first quarter, due primarily to growth in Italy, France and Poland. These countries benefited from strong momentum in their local unit-linked markets.

Mutual fund deposits experienced excellent growth, increasing to EUR 690 million, compared with EUR 276 million for the equivalent period last year, driven by the success in delivering high sales volumes in Spain and Columbia.

Nordic - sales up 15%

Unit-linked sales during the first quarter increased by 15% to SEK559 million compared with the first quarter of 2005, with sales in Sweden contributing 10% towards this increase. In the key corporate client segment, sales increased by 5%, whilst sales in the private client segment increased by 30%, mainly driven by the success of the "Kapitalpension" products introduced in the first quarter of 2005 in response to changes in local tax regulations.

SOUTH AFRICA

Our South African businesses continued to benefit from the powerful growth in the South African economy, marked by Rand stability and a low inflationary and interest rate environment. These conditions contributed to a 4% increase in funds under management to R501 billion at 31 March 2006 compared with R480 billion at 31 December 2005.

Life Assurance & Asset Management - Old Mutual South Africa (OMSA)

First quarter powerful growth

OMSA continues to focus on improving customer value for money, strengthening its independent broker and tied agent sales forces and building links with Nedbank. This has produced solid life sales of R945 million (including South African sales into Old Mutual International) (OMI) on an APE basis for the three months to 31 March 2006, an increase of 6% compared to the equivalent period last year. Unit trust sales benefited significantly from the switch in customer preference towards unit trust savings products, increasing by 66% to R2.8 billion.

Individual life sales up 17%

Individual Business life sales of R702 million for the first quarter to 31 March 2006 (including South African sales into OMI) were 17% higher than the R601 million achieved in the equivalent period last year.

Within this, recurring premiums for the first quarter increased by 13% to R475 million from R420 million in the prior period, with strong growth in protection sales of 31% to R180 million and Group Schemes sales of 33% to R155 million.

Individual Life single premiums on an APE basis, increased by 26% to R227 million, reflecting annuity and OMI sales growth.

Sales through our banking channel continue to benefit from the ongoing focus on delivering cross-sales growth, with the gains in the second half of 2005 continuing into 2006.

Group Business sales impacted by poor Healthcare performance

Group Business life sales decreased by 17% to R243 million compared with R294 million for the first quarter in 2005. Strong single premium growth of 68% to R149 million (31 March 2005: R89 million), primarily in annuities, was more than offset by significantly lower Healthcare sales of R72 million compared with R180 million for the equivalent period last year. A range of initiatives has been implemented to generate sales growth, including increased marketing promotion of the *Oxygen* brand and a detailed membership retention strategy.

Margin of 16% in line with expectations

The new business margin of 16% reflects the impact of more competitive product pricing, improved customer value for money and action taken to accelerate new business growth. The Individual Business margin of 10% is in line with management expectations for the quarter and reflects the impact of these initiatives. The Group Business margin was 31%, reflecting sales growth in higher margin products.

Positive net client cashflows

Net client cashflows for the first quarter were a pleasing R2.4 billion compared with negative cash flows of R12.5 billion for the equivalent period last year, benefiting from significant management effort undertaken in the last year through specific distribution initiatives.

Excellent investment performance

Old Mutual Asset Managers (South Africa) (OMAM (SA)) continued to deliver excellent investment performance, ranked second out of the nine institutional asset managers in the Alexander Forbes South African Global Manager Watch (Large), Survey over the three years to 31 March 2006. 74% of funds managed by OMAM (SA) weighted by value over three years to 31 March 2006, outperformed their benchmarks.

Unit trust investment performance also remained strong, with 63% of funds positioned in the top quartile of their respective peer groups over the three-year period to 31 March 2006.

Business developments

Following the Pension Fund Adjudicator's rulings in 2005, the five major South African life assurers, including Old Mutual, signed a Statement of Intent with the National Treasury in late 2005 committing them to the improvement of early termination values for retirement annuities and endowments. The National Treasury recently issued a discussion paper on 'Contractual Savings in the Life Insurance Industry', dealing with the specific issues arising from the Statement of Intent in addition to including more far-reaching comments and recommendations. OMSA expects to be actively involved in the related industry discussions.

Competition Commission approval has now been received for the acquisition of Marriott Properties and Marriott Asset Management announced in October 2005, with the results of these businesses expected to be included in OMSA's results from the second half of 2006.

Banking - Nedbank Group (Nedbank)

The full text of Nedbank's trading update for the first quarter of 2006, released on 4 May 2006, can be accessed on Nedbank's website, *http://www.nedbankgroup.co.za*.

Strong trading results as positive momentum continues

Nedbank continued to deliver with strong trading results for the first quarter of 2006 driven by revenue growth, including favourable listed property private equity revaluations, strong deal flow, robust equity-trading revenue and ongoing tight expense control. All three key operating divisions were successful in driving revenue growth, with headline earnings increasing by 83% to R1 billion compared with R561 million for the first quarter of 2005. Around R150 million of pre-taxation revenue for the quarter could be considered to be of a non-recurring nature and therefore not expected to repeat over the full year. The underlying trends, however are positive.

On track to deliver 2007 targets

The return on equity (ROE) and efficiency ratios benefited from the first quarter revenue growth, improving to 18% and 57% respectively. The business is planning expenditure increases over the remainder of the year to enhance Nedbank Retail's distribution network and marketing efforts. Nedbank remains committed to achieving the 2007 20% ROE and 55% cost-to-income targets despite the impact of this planned expenditure and potential non-sustainability of the first quarter revenue growth.

Growth of 29.1% in net interest income (NII)

NII grew strongly to R2.4 billion (31 March 2005: R1.9 billion), with advances increasing by 19.6% (annualised from December 2005) and the net interest margin showing good growth for the first quarter to 3.82% from 3.24% for the comparative period in 2005. The margin benefited from the uplift from settlement of the expensive empowerment funding for Peoples Bank in April 2005, growth in higher margin retail and business banking advances and higher endowment levels during the first quarter. Whilst the business has succeeded in significantly growing the margin over the first quarter, some reduction is anticipated over the remainder of the year as a result of continued strong retail, and business banking asset growth being funded largely by wholesale deposits.

Non-interest revenue (NIR) shows solid growth

NIR increased by 15.8% to R2.3 billion reflecting the continued positive deal flow and equity-trading revenue at Nedbank Capital and favourable listed property private equity revaluations at Nedbank Corporate. Bancassurance sales also contributed to this growth, with new business premiums increasing by 40% over the first quarter compared with the equivalent period last year.

Assets up 10.6% (annualised)

Total assets at 31 March 2006 increased by 10.6% (annualised) to R361 billion from R352 billion at 31 December 2005, driven by the 19.6% (annualised) growth in advances. Average interest-earning banking assets also increased by R16.5 billion.

General Insurance - Mutual & Federal

The full text of Mutual & Federal's trading update for the first quarter of 2006, released today, can be accessed on Mutual & Federal's website, www.mf.co.za.

Premiums maintained in a softening cycle

Mutual & Federal succeeded in maintaining premium levels in the first quarter despite the ongoing softening of the short-term insurance market. Total gross premiums for the first quarter increased by 4% to R2.2 billion compared with R2.1 billion for the comparative period in 2005.

Underwriting ratio impacted by increasing claims

The underwriting ratio of 3.7%, whilst benefiting from the increase in premium levels, has been impacted by increased weather-related claims in the first quarter of 2006. It should be noted that short-term insurance results and investment levels fluctuate and those for the first three months of the year are not necessarily indicative of the outturn for the remainder of the half-year.

UNITED STATES

Funds under management up 9% reflect strong organic growth

Funds under management for the combined US businesses increased by 9% to $248 billion from $226 billion at 31 December 2005 driven by strong investment performance and excellent net fund inflows in our asset management business.

US Asset Management

Excellent net fund flows

Funds under management at our US asset management business increased by 9% to $247.6 billion at 31 March 2006 from $226.3 billion at 31 December 2005, driven by excellent net fund inflows of $11.2 billion (31 March 2005: $9.4 billion), achieved in international and core equity and global fixed income. Net fund inflows for the quarter include $7 billion relating to eSecLending, arising primarily in cash collateral assets. Strong investment performance and net positive market movements contributed $9.7 billion or 4% towards the total increase in funds under management.

The business experienced continued positive momentum from the retail initiative investment, with gross sales of $0.6 billion for the first quarter, representing a solid start to the year.

Managing our portfolio

The US asset management business acquired a majority interest in Copper Rock Capital Partners in February 2006, a small-cap growth equity manager headquartered in Boston, with funds under management of $0.4 billion. This marks the completion of an option purchased in February 2005.

The business of Pacific Financial Research (PFR) has now been successfully migrated to Barrow Hanley Mewhinney & Strauss, another affiliate in the US Asset Management business, with the closure of PFR substantially complete.

An announcement was made in late March regarding the planned sale of the securities lending manager, eSecLending, to TA Associates, a leading private equity and buyout firm based in Boston. Whilst eSecLending had grown substantially under our ownership, as a securities lender, there were few remaining synergies to be realised within the Group, thus prompting the decision to divest of this non-core operation. Funds under management for eSecLending of $22 billion have been included in US Asset Management's first quarter results, with the sale expected to close by the end of the second quarter.

US Life

On track for full year sales target

Our goal for this business is to maintain sales around the $4 billion range and in doing so, develop the operation towards maturity and capital self-sufficiency from 2007. In line with this objective, the business took steps to rationalise distribution and products towards the end of last year following a period of record sales, resulting in a decrease in sales for the first quarter of 2006 as planned. The business is on track to achieve the full year sales target of $4 billion.

Offshore annuity sales (on an APE basis) through Old Mutual Bermuda showed particularly high growth, increasing by 65% to $23 million (31 March 2005: $14 million), reflecting a further strengthening of relationships in the existing bank distribution network and an overall expansion in the network during the first quarter.

Pricing disciplines maintained

The 18% margin for the first quarter is at the upper end of our long-term expectations under EEV methodology and reflects our focus on achieving profitability through the maintenance of pricing disciplines, whilst also benefiting from positive investment yields in the first quarter.

On track to release cash

The business remains on track to release cash from 2007, with funds under management of $21 billion at 31 March 2006 now firmly in the $20 to $25 billion dollar range required to achieve capital self-sufficiency.

UK & Rest of World

Organic growth continues

The success of the UK organic growth strategy continues, with funds under management increasing for the UK and ROW segment by 14% to £8 billion at 31 March from £6.9 billion at 31 December 2005.

OMAM (UK) funds under management at £5.1 billion increased by 9% compared with £4.7 billion at 31 December 2005, driven by strong retail fund inflows and favourable market movements. The business continues to benefit from the ongoing expansion of its product portfolio, with the launch of the *Spectrum Plus* product in early April and the strengthening of its distribution capability.

Selestia continues to build critical mass with sales of £254 million, an increase of 84% over sales of £138 million for the equivalent period last year, taking funds under management to £1.9 billion. Going forward, Selestia will become part of our Skandia UK business.

Our joint venture in India, Kotak Mahindra Old Mutual, continues to grow exponentially. Total premium income on an APE basis was £42 million for the first quarter of 2006, up from £22 million for the equivalent period last year. The business is now well established in the Indian market, with 46 branches in 34 cities and an agency force of nearly 12,000.

INTERIM RESULTS

The Group will announce the 2006 interim results for the combined Old Mutual and Skandia Group on 14 September 2006. The Interim announcement has been postponed from the usual August reporting date to accommodate the first time consolidation of Skandia. Going forward, the Group anticipates that the interim and year end reporting dates will occur in August and February respectively.

NAMIBIA BLACK ECONOMIC EMPOWERMENT (BEE) TRANSACTION

The Group's businesses in Namibia are planning a BEE transaction to enhance their competitive position in that country, involving staff, Black Business Partners and trusts. If implemented, the transaction is likely to include an issue of shares by Old Mutual plc to the proposed Black Business Partners and trusts in Namibia on a basis similar to the Group's BEE transactions in South Africa in 2005, and to employees in

Namibia under the Group's existing BEE employee share schemes. We anticipate the cost of the transaction would be similar to the 2005 South African transactions on a pro-rata basis. Any Old Mutual plc shares to be issued as part of the transaction would be issued under the existing share authorities, which we are asking shareholders to renew at today's Annual General Meeting, and the Company does not therefore intend to seek specific approval from its shareholders for the transaction. The transaction may also involve an issue of shares by the Company's South African subsidiaries.

The number of shares to be issued by Old Mutual plc in respect of the transaction is approximately 0.2% of the total number of Old Mutual plc shares currently in issue. Should all the elements of the transaction proceed, the resulting effective economic dilution of the existing issued share capital of the Company, by reference to its current market capitalisation, is anticipated to be less than 0.1%. The Board believes that the commercial benefits of the transaction are likely to exceed the related initial and ongoing costs. A further announcement will be made should the contemplated transaction proceed.

Jim Sutcliffe
Chief Executive

10 May 2006