NEWS RELEASE

4 November 2010

Old Mutual plc Q3 Interim Management Statement

Solid Q3 contributing to strong nine-month performance
(All sales and NCCF percentage movements quoted in constant currency)

- Group Funds under Management (FUM) up 8% to £307 billion, with good contributions from Wealth Management and Emerging Markets
- Net client cash flow for Long-Term Savings (LTS) of £3.9 billion for year-to-date
  - Positive net client cash flows from every LTS business in the quarter
- LTS Annual Premium Equivalent (APE) sales up 13% year-to-date, Q3 down 2%
  - UK APE sales up 44% year-to-date, Q3 up 10%
  - Emerging Markets APE sales up 9% year-to-date, flat for Q3
- Group mutual fund sales growth of 34% to £7.5 billion, Q3 up 36%
- US Life sale expected to complete at or around year-end

Julian Roberts, Group Chief Executive, commented:

"*We have made good progress so far this year, with rising funds under management, strong sales and excellent net client cash flows from our Long-Term Savings business. Sales of unit trusts have been particularly strong.*

We remain on track to achieve our cost savings and Return on Equity targets by 2012. We are well advanced in the completion of the sale of the US Life business, preparations continue for the IPO of US Asset Management and we continue to work towards our target of reducing our debt by £1.5 billion by 2012. We are pleased with Nedbank's third quarter results and the business is in good health. Although we were disappointed that the discussions with HSBC about a possible sale of this business were terminated, we continue to support the business and management's successful execution of Nedbank's strategy.

We expect market conditions to continue to be volatile and customers and asset allocators to remain cautious, but we firmly believe that there are secular growth opportunities for those focused on providing customers with attractive investment returns through flexible products. Our platform and unit-linked businesses are well positioned to do this."

OLD MUTUAL

Business Update

GROUP RESULTS

Group Highlights for the three months to 30 September 2010 (£m)	Q3 2010	Q3 2009 (constant currency basis)	% Change	Q3 2009 (as reported)	% Change
Life assurance sales (APE)	**351**	**348**	**1%**	**326**	**8%**
Long-Term Savings life assurance sales (APE)	**326**	334	*(2%)*	312	*4%*
Emerging Markets	***121***	*122*	*(1%)*	*104*	*16%*
Nordic	***40***	*50*	*(20%)*	*46*	*(13%)*
Retail Europe	***15***	*15*	-	*15*	-
Wealth Management	***150***	*147*	*2%*	*147*	*2%*
US Life – discontinued operation*	**25**	14	*79%*	14	*79%*
Unit trust / mutual fund sales	**2,922**	**2,148**	**36%**	**2,007**	**46%**
Long-Term Savings unit trust / mutual fund sales	**2,496**	1,838	36%	1,699	47%
Emerging Markets	***1,112***	*887*	*25%*	*754*	*47%*
Nordic	***92***	*91*	*1%*	*85*	*8%*
Retail Europe	***5***	*7*	*(29%)*	*7*	*(29%)*
Wealth Management	***1,287***	*853*	*51%*	*853*	*51%*
US Asset Management unit trust / mutual fund sales	**426**	310	*37%*	308	*38%*

Group Highlights as at 30 September 2010 (£bn)	Q3 2010	30 June 2010	% Change	31 Dec 2009	% Change
Funds under management (FUM)	**306.6**	**292.3**	**5%**	**285.0**	**8%**
Long-Term Savings	***122.3***	*110.7*	*10%*	*105.5*	*16%*
Nedbank	***10.0***	*9.0*	*11%*	*8.2*	*22%*
Mutual & Federal	***0.2***	*0.2*	*0%*	*0.2*	*0%*
US Asset Management	***163.8***	*162.5*	*1%*	*161.5*	*1%*
Bermuda	***3.0***	*2.9*	*3%*	*2.9*	*3%*
*US Life – discontinued operation**	***7.3***	*7.0*	*4%*	*6.7*	*9%*

Group Highlights for the three months to 30 September 2010 (£bn)	Q3 2010	Q3 2009 (constant currency basis)	Annualised % of opening FUM	Q3 2009
Net Client Cash Flow (NCCF)	**(0.7)**	**(0.6)**	**(1%)**	**(0.5)**
Long-Term Savings	**1.2**	0.7	5%	0.8
Nedbank	**0.2**	0.1	10%	0.1
US Asset Management	**(2.3)**	(0.8)	(6%)	(0.8)
Bermuda	**-**	(0.4)	-	(0.4)
*US Life – discontinued operation**	**0.2**	(0.2)	12%	(0.2)

Note all percentage changes in the above table are shown as rounded sterling balances.

* US Life has been classified as a discontinued operation, and comparative Long-Term Savings amounts have been restated for this change.

Business Update

Group Highlights for the nine months to 30 September 2010 (£m)	YTD 2010	YTD 2009 (constant currency basis)	% Change	YTD 2009 (as reported)	% Change
Life assurance sales (APE)	**1,165**	**1,023**	**14%**	**962**	**21%**
Long-Term Savings life assurance sales (APE)	**1,095**	969	13%	908	21%
Emerging Markets	***344***	*317*	*9%*	*269*	*28%*
Nordic	***142***	*194*	*(27%)*	*180*	*(21%)*
Retail Europe	***47***	*44*	*7%*	*45*	*4%*
Wealth Management	***562***	*414*	*36%*	*414*	*36%*
US Life – discontinued operation*	**70**	52	*35%*	52	*35%*
Bermuda	**-**	2	-	2	-
Unit trust / mutual fund sales	**7,475**	**5,584**	**34%**	**5,199**	**44%**
Long-Term Savings unit trust / mutual fund sales	**6,456**	4,830	34%	4,449	45%
Emerging Markets	***2,529***	*2,438*	*4%*	*2,072*	*22%*
Nordic	***416***	*231*	*80%*	*215*	*93%*
Retail Europe	***17***	*17*	*-*	*18*	*(6%)*
Wealth Management	***3,494***	*2,144*	*63%*	*2,144*	*63%*
US Asset Management unit trust / mutual fund sales	**1,019**	754	*35%*	750	*36%*

Group Highlights for the nine months to 30 September 2010 (£bn)	YTD 2010	YTD 2009 (constant currency basis)	Annualised % of opening FUM	YTD 2009
Net Client Cash Flow (NCCF)	**(2.3)**	**(0.4)**	**(1%)**	**(0.3)**
Long-Term Savings	**3.9**	0.7	5%	0.9
Nedbank	**0.7**	0.3	11%	0.2
US Asset Management	**(7.5)**	(0.4)	(6%)	(0.4)
Bermuda	**0.3**	(0.7)	14%	(0.7)
*US Life – discontinued operation**	**0.3**	(0.3)	6%	(0.3)

Note all percentage changes in the above table are shown as rounded sterling balances.

* US Life has been classified as a discontinued operation, and comparative Long-Term Savings amounts have been restated for this change.

Overview

In the nine months to 30 September, sales of insurance products for the Long-Term Savings Division ('LTS') on an Annual Premium Equivalent (APE) basis ('APE sales') increased by 13% and unit trust sales increased by 34% compared to the nine months to 30 September 2009. In the third quarter, APE sales in LTS decreased by 2%, and unit trust sales increased by 36% compared to the third quarter of 2009 ('the comparative period'). APE sales in Emerging Markets were flat with good performance in the regular premiums retail market. This was offset by a managed performance in the single premium market, with lower sales resulting in an optimal business mix. Sales for the Wealth Management, Nordic and Retail Europe were somewhat depressed by the summer holiday period, and very tough comparatives in 2009. In addition, Italian tax changes and the impact of the Nordic management decision to discontinue an unprofitable product line in late 2009 have resulted in lower volumes in those businesses.

The recovery in equity markets in the quarter helped drive renewed sales of equity-based products. This was most marked in Wealth Management where unit trust sales increased by 51% to £1.3 billion and in Emerging Markets where unit trust sales increased by 25% to R12.6 billion (£1.1 billion).

Our Long-Term Savings division achieved positive net client cash flows ('NCCF') in the period, although at an overall Group level we experienced a net client cash outflow in the quarter as a consequence of outflows in US Asset Management. In Wealth Management net inflows remained close to £1 billion, maintaining the trends of the previous quarters of 2010. Emerging Markets flows improved markedly relative to the comparative period with NCCF boosted by the non-South African businesses.

Group Funds under Management increased to £306.6 billion from £292.3 billion at 30 June, reflecting increased market levels and the benefits of positive NCCF in the LTS businesses.

Business Update

Strategic progress

We are proceeding well with the execution of the Group strategy outlined in March 2010. Although we are only six months into our three-year plan, we continue to be on track with our cost savings and RoE targets and there is no change to our 2012 debt reduction target. An update will be provided in the 2010 Preliminary Announcement.

The disposal of US Life to Harbinger Capital Partners is progressing well. The applications for all necessary regulatory approvals have been submitted, and all required filings have now been submitted to the Maryland and New York insurance regulators. We believe we are on track for the regulatory review process to be completed close to the year-end, with completion at or around the year-end.

Preparations are continuing for the partial IPO of US Asset Management. We have been encouraged by the calibre of applicants for the CEO role at this business, for which we are currently interviewing. We have successfully established Echo Point as a new affiliate and we continue to make progress with the other operational changes required prior to launching the IPO.

We are pleased with Nedbank's third quarter results and the business is in good health. Although we were disappointed that the discussions with HSBC about a possible sale of this business were terminated, we continue to support the business and management's successful execution of Nedbank's strategy.

We have received a number of awards recognising our customer service across the Group, including the prestigious national Orange Ask Afrika award for best customer service in the South African long-term savings industry which was awarded to Old Mutual South Africa for the third year in a row. In a significant milestone for our sustainability journey, Old Mutual South Africa has been awarded a Level 2 Broad-Based Black Economic Empowerment (BBBEE) status, and now ranks alongside Nedbank as the only two South African financial services businesses to have achieved Level 2 status.

Capital and Liquidity

The pro-forma Financial Groups Directive ("FGD") surplus at 30 September 2010 of £2.1 billion showed an increase over the surplus of £1.7 billion at 30 June 2010. As disclosed in our Interim Results, the Group has followed the FSA's requirements, and has given it six months advance notice of Old Mutual plc's right to call a £300 million Lower Tier 2 instrument at the first call date of 21 January 2011. As a result of that notice, the Lower Tier 2 instrument has been excluded from the regulatory capital surplus calculations as at 30 September 2010. Notwithstanding such notice, Old Mutual plc has not made any decision and is not making any representation to bondholders as to whether it will call the bond at the first call date. The increase in the coverage ratio since 31 December 2009 was due to emergence of profits from the Long-Term Savings businesses and positive foreign exchange movements. All our businesses remain individually well capitalised and the Group has broadly maintained its liquidity headroom over the period. At 30 September 2010, the holding company had total liquidity headroom of £1.0 billion (30 June 2010: £1.0 billion).

LONG-TERM SAVINGS: Emerging Markets

Excellent regular premium growth

Sales

Excellent growth in regular premium sales continued, but single premium sales in South Africa and Namibia slowed. Year-to-date APE of R3,932 million for Emerging Markets remains comfortably ahead (9%) of 2009 levels, while third quarter sales were flat compared to the third quarter of 2009.

South Africa

Regular premium sales

South African regular premium sales increased by 17% to R903 million in the third quarter relative to the comparative period, benefiting from some significant flows in Corporate. Retail Affluent regular premium sales grew by 16%, evidence of a recovery in the economic environment and that intermediaries are adjusting to the new commission regulations introduced in 2009.

Business Update

Year-to-date regular premium sales in South Africa increased by 16% against the comparable period in the prior year, with strong growth in both protection and savings products. Growth in the retail segments is mainly influenced by the economic recovery, and Retail Mass sales further benefited from a reduction in cancellation rates due to improvements in the premium collection process. During the third quarter, increased focus on the Retail Mass direct marketing channel has delivered promising results. Corporate protection sales have been particularly good, due to a number of new policies sold to large schemes in the second quarter and savings sales have been boosted by strong growth in umbrella fund volumes.

Single premium sales

South African single premium APE sales for the quarter decreased by 30% to R376 million relative to the comparative period, primarily due to lower sales of the *Investment Frontiers Fixed Bond* product in the quarter resulting in an optimal business mix. The comparative quarter in 2009 also included significant institutional flows in the Corporate business.

On a year-to-date basis, single premium sales were 1% lower compared to the prior year with lower sales in Corporate not fully offset by strong *Investment Frontiers Fixed Bond* sales earlier in the year. Overall annuity sales increased by 4% in the year-to-date period compared to the first nine months of 2009 due to an increase in Retail annuity sales. Corporate annuities remained flat on 2009 levels.

Other Emerging Markets

Namibia achieved excellent growth in regular premium sales of 53% for the quarter relative to the comparative period as the economy continued to recover. Year-to-date regular premium sales were flat following continued pressure on affordability during the first half of the year and lower group protection and umbrella sales in Corporate. Year-to-date single premium sales were 12% below the prior year largely due to lower *Max Investment* sales in Retail Affluent and lower *Absolute Growth Portfolio* and *Protektor* (preservation) sales in Corporate.

Third quarter and year-to-date sales in our Colombian and Mexican (ColMex) businesses were up 38% and 39% respectively, driven by the introduction of a lower regular premium product in the first half of 2010. Year-to date sales in India grew by 15% with improved performance in all channels. Regular premiums are up 12% and single premiums increased fivefold from a low base in 2009. Future sales levels will be affected due to the withdrawal of old products and new product launches. Strong single premium sales in China accounted for a 23% increase in year-to-date life sales and the newly launched telemarketing channel is gaining traction.

Unit Trusts

South Africa unit trust sales for the third quarter increased by 46% relative to the comparative period, boosted by significant flows into Old Mutual Unit Trust money market funds during the quarter and improved flows into OMIGSA’s Marriott affiliate following revised asset allocations. Year-to-date sales, which were down 4%, reflect lower flows into money market funds and lower reinvestments in the first half of the year. Year-to-date unit trust sales in Namibia were 35% ahead of the prior year mainly due to continued strong inflows into money market funds from corporate clients as a result of competitive returns offered. Third quarter and year-to-date unit trust sales in Colombia were 23% and 19% ahead of the prior year respectively, following a successful marketing campaign and stronger relationships with corporate and institutional customers. As a result of increased productivity we were able to achieve greater sales with fewer advisors. In Mexico, sales for the quarter were 46% above those of the comparative period as a result of a large scheme acquired in September 2010 and better performance in both fixed income and equity portfolios. In 2010, domestic fixed income portfolios in Mexico delivered an impressive performance as a result of low inflation.

Net client cash flow

NCCF of R1.6 billion for the quarter was primarily due to improved unit trust sales in South Africa and ColMex and increased flows into OMIGSA’s Futuregrowth affiliate. NCCF across the life businesses has improved due to lower benefit payments and terminations in Corporate, growth in regular premiums and improved retention in the retail businesses.

In South Africa, year-to-date net negative client cash flow of R5.9 billion represented a significant improvement on 2009. Retail Affluent NCCF was positive, but lower than 2009 mainly as a result of higher non-life outflows and lower reinvested distributions in 2010. Year-to-date Retail Mass NCCF remained strongly positive and inflows increased by 11% over the same period last year due to strong regular premium sales and improving persistency, particularly at durations greater than two years. Outflows increased largely due to the anticipated increase in maturity payouts from a specific tranche of policies sold five years ago. Corporate NCCF improved, with higher inflows due to sustained growth in regular premiums, while benefits and terminations were lower than in 2009.

In the rest of Emerging Markets, year-to-date NCCF was ahead of the prior year. Namibian NCCF increased by R1 billion due to inflows secured from the rebalancing of investment portfolios by the Government Institutions Pension Fund, and stronger unit trust sales in Mexico following the rallying of equities and the acquisition of a large pension fund (1 billion Mexican pesos (R590 million)) in September 2010.

Funds under Management

FUM improved by 10% to R571 billion from the 31 December 2009 level as a result of improved equity markets and positive NCCF for the third quarter. In sterling terms, FUM increased by 20% due to the continued strengthening of the South African rand.

Old Mutual Investment Group (South Africa) (OMIGSA)

Overall investment performance for the quarter has been steady, with both 12-month and 3-year positioning of OMIGSA's funds remaining similar to June 2010. Notably amongst OMIGSA's affiliates, Value's OM High Yield Opportunity Fund, Marriott's Dividend Income Fund and the Quant Investments' OM Active Quant Equity Fund were in the first quartile over the 12 months to September. Futuregrowth continued to perform strongly relative to both peers and benchmarks on their range of money market, income and bond funds. Similarly, the portfolios of our Alternative Investment boutique continued to show steady gains. Within our multi-asset class range, both Macro Strategy's OM Real Income and the Symmetry Balanced unit trust funds ended in the first quartile for the 12 months to September 2010, with most other retail balanced offerings remaining ahead of the median. Significant performance fee income was recorded in the first half of 2010 following strong relative performances of our equity boutiques in the 12 months to March 2010. We do not anticipate the same level of performance fees in the second half of 2010, nor the mark-to-market gains of approximately R70 million recorded in the first half of 2010.

Outlook

Although 2010 has been characterised by improved consumer confidence and increasing demand, the South African economic recovery has been more subdued than initially expected as a consequence of an unchanged unemployment rate. After a strong first half, single premium sales were managed down in Retail Affluent, however the pipeline remains strong in Corporate and flows are expected to improve in the fourth quarter. Regular premium business is expected to continue delivering on the strong performance to date. ColMex, with the assistance of other parts of LTS, continue to develop innovative products that are focused on customers' needs and intend to launch these products in 2011.

LONG-TERM SAVINGS: Nordic

Sales reduced following earlier management action

Sales

Life APE sales of SEK441 million were 20% lower than in the comparative period. A significant amount of this reduction occurred in the Private segment due to the discontinuance of the unprofitable Link Regular product and significantly lower sales of *Depå*. In October 2010 we launched a new commission model for *Depå* and have extended the range of investment opportunities available to our clients. We expect these changes to benefit future sales of *Depå*. Sales in the Corporate segment were also lower than the comparative period as a result of lower labour mobility and salary increases. Skandia Denmark grew as a consequence of our focus on increasing the distribution footprint.

In the year-to-date, Nordic showed substantial growth in mutual fund sales, with sales of SEK1,040 million contributing to a year-to-date increase of 80% compared to 2009. The driver behind this growth is the improved retail investment activity due to rising stock markets, combined with client preference for flexible wrappers.

Net client cash flow

NCCF for the third quarter of SEK1.1 billion (6% as an annualised percentage of opening FUM) reflected the discontinuance of *Link Regular* and the lower volumes of the single premium *Depå* product. Higher outflows were also seen in *Depå* as a significant portion of the in-force business now has no surrender penalties. Many clients withdrew the investment growth in their policies by means of partial surrender, leading to an increase in such surrenders in the period.

Business Update

Funds under Management and investment management

Funds under management at 30 September 2010 of SEK136.4 billion reflected a 7% increase from the 31 December 2009 level. This increase primarily resulted from positive movements in investment markets and positive net client cash flows.

Investment performance in the third quarter has been good, with Skandia Link's average client enjoying investment performance of 3.0% for the quarter. Average performance on a weighted index (74% MSCI AC World and 26% OMRX Total Market) during the same period was -0.6%. Clients have generally increased their risk exposure, with the majority of all net investments being allocated to Swedish equity funds, but with the balance showing an appetite for Emerging Markets exposures.

Outlook

The Nordic economies have recovered from the financial turmoil and the equity markets have risen rapidly since 2008. However, the occupational pension market is a significant part of our product mix, and salary increases have been very limited, hence we anticipate that the business will continue to experience challenges. We continue to improve our customer propositions and expect that sales volume in the fourth quarter will show growth over third quarter levels. We are progressing well with our cost savings programme and remain confident of reaching our 2012 expense targets.

LONG-TERM SAVINGS: Retail Europe

Rising net client cash flows and positive market developments lead to record FUM levels

Sales

Life APE sales of €18 million in the third quarter increased by 13% over the comparative period. On a year-to-date basis APE sales increased by 10%. The Polish business was the main driver of sales as a consequence of new distribution partnerships. Germany delivered a double-digit growth in APE compared to the third quarter of 2009, while Austrian APE sales remained at a consistent level to the comparative period. Performance was particularly strong in unit-linked products, where we increased market share in Austria, Germany and Poland.

An innovative single premium product distributed in conjunction with the Metzler private bank was introduced at the end of the period. We expect this product to have a positive impact on sales going forward.

Net client cash flow

NCCF of €111 million for the quarter equated to 9% of opening FUM on an annualised basis.

Funds under management and investment management

FUM reached €5.4 billion, an increase of 15% from the 31 December 2009 level. This positive performance was a result of the continued inflows and lower surrenders.

Outlook

We expect further growth in new business in the fourth quarter, and anticipate a good NCCF outcome over the remainder of the year. We continue to reduce our level of non-commission acquisition costs via our operational improvement programme.

The project to move part of the customer service and IT functions to South Africa remains on track. We have commenced recruiting Polish and German speaking staff in Cape Town to facilitate this move and expect the majority of implementation costs associated with this project to emerge in 2011 as headcount is reduced in Europe.

Business Update

LONG-TERM SAVINGS: Wealth Management

Continued strong new business performance

Sales

Life APE sales for the third quarter were £150 million (Q3 2009: £147 million), with the small increase relative to the comparative period reflecting the particularly strong sales in the comparative period as investment markets recovered. Although sales of regular premium products were lower than in the third quarter of 2009, the continuing shift to platform non-wrapped products delivered substantial mutual fund sales of £1,287 million, an increase of 51% on the comparative period.

Total APE sales for the year-to-date of £562 million are 36% better than the comparative period (£414 million), mainly attributable to growth in the UK platform and in Continental Europe, which have increased by £89 million (101%) and £58 million (94%) respectively compared to the same period in 2009. The strong production on our UK platform continues, including switches from the UK legacy book as well as re-registering activity where IFAs move the whole of their in-force book onto our platform. We continue to add good-sized new distributors to our platform and expect this to continue in the fourth quarter. UK legacy sales volumes are continuing at reasonable levels.

Sales volumes on the UK platform of both single premium business and mutual funds continue to perform well. We report close to £1 billion of UK ISA gross inflows for the nine-month period and positive NCCF of £0.6 billion for the UK in the third quarter alone. In the UK, changing customer requirements and new regulation being driven by the Retail Distribution Review are combining to increase demand for platform services, whilst at the same time reducing demand for more traditional life products. We have reviewed our products against this back-drop and as a result, we closed our MultiBond, Critical Illness and commission-based Personal Pension products to new business. We will continue to review our remaining UK legacy range in light of changing customer demand and ahead of the Retail Distribution Review rules coming into effect in 2013. Skandia UK's H1 2010 market share was 6.9% compared to 5.8% at the end of 2009, reflecting the growth in platform volumes offset by a decline in legacy market share of the total UK savings industry as a result of the product closures.

Continental Europe APE sales volumes of £120 million are strongly ahead of prior year comparatives of £62 million, with very high sales in Italy since the second half of 2009, although volumes have dropped in the third quarter due to the holiday season. The high sales in Italy earlier in the year were partially driven by the changes in tax legislation. Although the period covered by these tax changes has now expired, we continue to make progress due to the good relationships with our distributors. French volumes increased relative to the prior year but overall the unit-linked market is recovering more slowly than initially expected.

Year-to-date APE sales volumes of £170 million in the off-shore International market are slightly higher than the prior year APE sales of £163 million, with growth in the UK, South African and Latin American regions offset by reductions in regular premium business in Finland, where legislative changes occurred in late 2009, and Asia where competitive pressures have increased.

Net client cash flow

NCCF for the quarter was £0.9 billion (8% as an annualised percentage of opening FUM), a substantial increase on the comparative period in 2009, where platform flows were £0.8 billion. Year-to-date NCCF was more than double prior year levels driven by the strong contributions from Italy and UK platform markets, which outweighed surrenders in the UK legacy book.

Funds under Management and investment management

Funds under Management benefited from strong NCCF and the equity market uplift and ended the period at £52.8 billion, an increase of 13% from the 31 December 2009 level.

Outlook

Our outlook for the fourth quarter is optimistic based on continuing positive investor sentiment, notwithstanding a generally more cautious market in the third quarter. We anticipate continued strong support for the platform model in all our markets. With the continued shift in the UK market towards a simplified investment and pension product suite, we anticipate increasing pressure on retaining our UK legacy funds. While we have retention strategies in place for this business, we think that we will continue to see net client outflows from this book of business in the fourth quarter and in the build up to the implementation of the changes in 2013 resulting from the Retail Distribution Review. We expect an update from the UK FSA in late November on the future for rebates and their views on replacement fee-charging structures.

Our focus on cost reduction is demonstrated by £25 million of run-rate savings delivered to date, and we remain confident that we will meet our 2012 expense targets. Our Wealth Management business model is developing in the context of ongoing migration from the UK legacy book, lower margin products in International, regulatory changes in Finland, and taxation changes in Italy.

Nedbank Group (Nedbank)

Improved credit loss ratio and non-interest revenue

The full text of Nedbank's business update for the three months ended 30 September 2010, released on 18 October 2010, can be accessed on Nedbank's website:
http://www.nedbankgroup.co.za/pdfs/quarterlyResults/nedbankGroupLimitedQ32010TradingUpdate.pdf

The following is an extract from it:

"Nedbank remains solidly profitable and well capitalised. The strategic focus on areas with strong economic profit potential is showing some early signs of success, particularly in the growth in core fee and commission income within non-interest revenue (NIR).

Net interest income (NII) at R12,214 million for the nine months ended September 2010 ("the period") was slightly up on the prior period (Q3 2009: R12,198 million). The net interest margin held up better than anticipated at 3.32% for the period (Q3 2009: 3.40%), compared to 3.34% for the six months ended June 2010. The benefit of increased margins on new advances and widening of asset margins due to a change in asset mix was largely offset by the negative endowment impact from falling interest rates on capital and the non-repricing of current and savings accounts and higher term funding costs as Nedbank lengthened its funding book earlier this year.

Encouragingly, impairments have continued to slow, reflected in lower levels of early arrears and reduced inflows into defaulted advances in the retail portfolio. Consequently, Nedbank's credit loss ratio has improved from 1.46% for the six months to June 2010 (Q3 2009: 1.52%) to 1.36% for the period. Although impairment levels have improved across most of the clusters, Nedbank remains cautious given the sustained high levels of unemployment, personal indebtedness and tough operating conditions in the wholesale sector. During the period the adequacy of impairments (both current and forecast) in the retail home loan portfolio were reviewed by an independent global risk management consultancy firm. The results of this review confirmed that current provisioning is appropriate and that forecast provisioning for the medium term is in line with Nedbank's planning assumptions.

NIR grew by 10.2% to R9,413 million (Q3 2009: R8,542 million). Core fee and commission income grew by 17.1% (13.2% growth including in 2009 the Wealth joint ventures acquired last year from Old Mutual). Growth resulted from increased volumes in electronic banking, cash handling, vehicle asset finance, personal loans and insurance related fee income. Trading income was flat as a result of low market volatility. Private equity income was impacted by lower market revaluations on certain investments and NIR was negatively impacted by R207 million over the period as a result of fair value adjustments from Nedbank's subordinated debt unwinding as credit spreads narrowed.

Expenses remain in line with expectations and the guidance given in the 2010 interim results.

Total assets at 30 September 2010 increased by 10.0% (annualised) to R613.4 billion from December 2009. Advances grew by 10.1% (annualised) to R484.2 billion reflecting solid growth across most of the retail asset categories, with the exception of home loans where market share decreased marginally in line with Nedbank's strategy of growing higher economic profit generative businesses. Credit appetite in the business sector remains subdued due to excess capacity and public sector spending momentum which has slowed, as expected, post the FIFA World Cup.

Optimising Nedbank's funding and liquidity profile remains a key management focus, with particular emphasis on lengthening the liquidity duration of their funding profile. The long-term funding ratio improved to in excess of 24% as at 30 September 2010 (Q3 2009: 21.2%). Deposits increased 8.3% to R498.6 million (annualised) and long-term senior debt grew by 42.9% (annualised) to R26.5 billion during the period.

Business Update

Nedbank continues to be well capitalised with capital ratios well above current regulatory and anticipated Basel III requirements, as well as Nedbank's own internal targets.

	August 2010 ratio *	Internal target range	Regulatory minimum
Core Tier 1 ratio	9.8%	7.5% to 9.0%	5.25%
Tier 1 ratio	11.4%	8.5% to 10.0%	7.00%
Total capital ratio	14.6%	11.5% to 13.0%	9.75%

* September 2010 capital adequacy ratios will be reported on when Nedbank releases its Pillar III report in due course.

Nedbank has recently completed its 2011-13 planning process and, given their current economic outlook, remain confident that they will meet all their medium- to long-term financial targets by 2013."

The Group's shareholding in Nedbank at 30 September 2010 was 54% for IFRS AOP purposes.

Mutual & Federal

Steady progress in highly competitive market

Mutual & Federal delivered very solid returns in the first nine months of the year, with the third quarter broadly continuing the improved trends of the first half. Competition in the industry remains intense and economic activity in the country has not recovered as quickly as initially hoped.

Premiums grew by 4% in the third quarter of 2010 relative to the comparative period, with both the commercial and personal schemes portfolios growing in excess of inflation. This improving trend reflected the focus on client service in recent periods. The credit insurance portfolio also continued to grow strongly in the third quarter and demand for these products remains very buoyant.

The claims environment was generally favourable, with a reduced number of industrial fires and fewer weather-related claims following moderate rainfall conditions, underscoring the weather-related seasonality of claims. The claims ratios benefited from a number of initiatives to control claim costs and vehicle repair costs in particular remained tightly controlled with overall increases below the level of inflation. The underwriting result continued to improve during the third quarter.

We are pursuing a number of initiatives to promote growth by servicing different elements of the market more appropriately and these are expected to deliver further benefits during 2011. The recent launch of the "iWyze" product in conjunction with the Old Mutual South Africa Retail Mass business has been successful with initial sales targets being met.

We have worked hard on improving service standards and were proud to improve our position in the Ask Afrika survey on short term insurance to second place in 2010 from fourth place in 2009. We are confident that we will be able to show further service improvements as a consequence of the investment we have made in new systems and staff training.

Investment income for the period was impacted by historically low levels of interest rates. This was somewhat offset by an encouraging recent increase in the value of listed equities and the overall portfolio has accordingly delivered a satisfactory return.

US Asset Management

Funds under Management increase by $14.3 billion during the third quarter

Funds under Management at 30 September 2010 were $257.6 billion (£163.8 million), an increase of $14.3 billion or 6% from 30 June 2010. Market appreciation during the quarter was offset by net client outflows due primarily to rebalancing-related withdrawals from continuing clients. The management buy-out of the Thomson Horstmann & Bryant affiliate was also completed during the quarter, resulting in a reduction of $1.7 billion in FUM, primarily in US core equities. Third quarter net outflows of $3.5 billion represented 1.3% of the FUM at the start of the year. Although new client inflows exceeded client terminations by $208 million, there were $3.7 billion of net withdrawals in the quarter from continuing clients due to rebalancing and reallocations.

Business Update

Long-term investment performance of US Asset Management affiliates remains solid compared to benchmarks. At 30 September 2010, 58% of assets across our 18 affiliates and more than 160 investment strategies had outperformed their benchmarks over the trailing five-year period, while 36% of assets outperformed their respective benchmarks over a three-year period. The difference in three-year and five-year investment performance is largely attributable to recent underperformance of short-duration assets in Dwight Asset Management's stable value product. Management remains confident that its multi-boutique model, which encourages investment conviction and retention of investment talent, results in investment outperformance over full market cycles.

Management fees for the quarter, driven by average FUM, were broadly in line with the comparative period in 2009. Transaction and performance fees for the period were also consistent with the third quarter of 2009 and remain at cyclical lows. Targeted operating expense savings have been realised during the current year, enabling the business to continue investing for growth in new investment talent, products and distribution while maintaining overall operating expense levels. In particular, we continue to expand our global distribution efforts with additional staff added in Europe and the Middle East.

Echo Point Investment Management commenced operations as an affiliate on 1 October 2010, launching with $1.7 billion in Funds under Management in international growth equities. The addition of Echo Point is complementary to US Asset Management's existing boutique structure, offering a source of future growth as investors continue to seek international diversification.

Bermuda

Run-off in line with expectation

The market-consistent valuation of the Guaranteed Minimum Accumulation and Death Benefit (GMAB/GMDB) liabilities, representing the guarantee riders attached to certain variable annuity policies, improved to $849 million at 30 September 2010 (30 June 2010: $1,029 million). This market-consistent valuation is determined with reference to our fund mapping process, which is updated on a quarterly basis. Over the nine-month period to 30 September 2010 we introduced refinements to the fund mappings to better allocate exposures to Asian and other emerging markets, which improved the accuracy of liability determination and reduced hedging basis risk.

Surrenders continued to occur largely in respect of variable annuity contracts without GMABs and we instituted focused conservation activity in order to retain as much of this profitable business as possible. Surrender behaviour in respect of variable annuity contracts with GMABs is directly influenced by the differential between the value of the underlying funds and the nominal level of the GMAB, coupled to the financial circumstances of the policyholder. The recovery in equity markets has resulted in an increase in the number of contracts where the underlying fund value is greater than the GMAB, which we expect will result in an increased level of surrenders, accelerating the run-off of these contracts. This was clearly demonstrated in September and October 2010, where the increase in equity markets led to a marked increase in surrenders of policies with GMABs.

The hedge strategy remained unchanged over the period. The business continues to dynamically manage the underlying economics of the hedge programme, in order to strike a balance between the potential changes in the income statement, available cash, liquidity and transactional costs arising from movements in market levels. The level of hedges is monitored closely and adjusted where considered appropriate via a strict oversight process. The stop-loss protocol is monitored daily by the Group via reference to the mark-to-market movement in hedge assets, GMAB liabilities and Value at Risk. This allows the business and the Group to ensure that they understand the resultant impact on capital, cash and profit and loss on a timely basis. The aggregate economic result since the current hedge framework was implemented on 17 September 2009 to 31 October 2010 was a gain of $54 million. Over the period from 31 July 2010 to 31 October 2010 the aggregate economic result was a gain of $108 million.

Business Update

Discontinued operation: US Life

Steady business improvement through managed growth and improved credit outlook

As announced on 6 August 2010, the Old Mutual Group has agreed the sale of US Life to Harbinger Capital Partners, and the sale is expected to complete at or around the year-end.

Sales

Total gross sales for the third quarter were $378 million and $994 million for the year-to-date, compared to $203 million and $623 million for the same periods in 2009. The sales levels are within the range set for the business and reflect the approach to managing capital within the business.

Funds under Management and investment management

Funds under Management ended the period at $17.7 billion, up $0.7 billion from the 30 June 2010 position, primarily due to a $0.5 billion increase in the market value of the investment portfolio for the period. Year-to-date net client cash flows improved from prior year, primarily due to lower surrender activity and higher sales in the current period. Net cash holdings at the end of the third quarter were $1,046 million.

Investment performance

The net unrealised position on the fixed income security portfolio continued to improve in the quarter to a net gain of $661 million at 30 September 2010 ($138 million net unrealised gain at 30 June 2010 and $497 million net unrealised loss at 31 December 2009). This reflected lower yields across the credit spectrum, most significantly in corporate bonds. There continues to be selective de-risking undertaken by management. IFRS impairments for the first nine months of 2010 were $25 million, compared to $240 million for the same period in 2009. There were no defaults in the first nine months of 2010.

To date, US Life has sold $417 million of the total $551 million of specified securities that are to be liquidated based on the terms of the stock purchase agreement with Harbinger Capital Partners, and net losses of $41 million were recognised on these sales.

The estimated Risk-Based Capital position at 30 September 2010 was around 375%.

Material Events and Transactions

Other than as disclosed in this Interim Management Statement, there have been no material events and transactions since 30 September 2010.

Interim Management Statement

Enquiries

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Notes to Editors:

A conference call for analysts and investors will take place at 9.00am (UK time), 10.00am (Central European time), 11.00am (South African time) today. Analysts and investors who wish to participate in the call should dial the following numbers quoting conference ID 5963423:

UK	+44 (0)20 7806 1956
South Africa	0800 991 539
Sweden	+46 (0)853 52 6407
US	+1 212 444 0413
International	+44 (0)20 7806 1956

Playback (available until midnight on 18 November 2010), access code: 5963423#:

UK / Standard International	+44 (0)20 7111 1244
US	+1 347 366 9565

Copies of this update, together with high-resolution images and biographical details of the Executive Directors of Old Mutual plc, are available in electronic format to download from the Company's website at http://www.oldmutual.com.

This Interim Management Statement has been prepared in accordance with section 4.3 of the Disclosure and Transparency Rules (DTR) and covers the period 1 July to 4 November 2010. The business update is included in this Interim Management Statement. A Disclosure Supplement relating to the Company's business update can be found on our website. This contains key financial data for the first nine months of 2010 and 2009.

Life assurance APE sales are calculated as the sum of (annualised) new regular premiums and 10% of the new single premiums written in an annual reporting period. Our joint ventures in India and China are not consolidated for APE purposes.

The purchase price for US Life has been guaranteed by Harbinger Capital Partners Master Fund I, Ltd, which is one of the four funds managed by Harbinger Capital Partners. In total Harbinger Capital Partners manages over $7 billion of assets.

Average foreign exchange rates used for constant currency calculations

	Q3 2010	Q3 2009	Appreciation / (depreciation) of local currency	FY 2009	Appreciation / (depreciation) of local currency
Rand	11.44	13.46	15.01%	13.17	13.14%
USD	1.53	1.54	0.65%	1.57	2.55%
SEK	11.27	12.13	7.09%	11.97	5.85%
Euro	1.17	1.13	(3.54%)	1.12	(4.46%)

As announced with the Company's interim results, an interim dividend of 1.1p (or its equivalent in other applicable currencies) for the six months ended 30 June 2010 will be paid on 30 November 2010. The record date for this dividend payment was the close of business on 15 October 2010 for all the Exchanges where the Company's shares are listed, and the shares are now trading ex-dividend on all Exchanges. Further information about the interim dividend was included in the Company's announcement Ref 129/10 dated 6 August 2010.

Cautionary statement

This announcement has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. It should not be relied on by any other party or for any other purpose.

This announcement contains forward-looking statements with respect to certain of Old Mutual plc's and its subsidiaries' plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond Old Mutual plc's control, including, among other things, UK domestic and global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties or of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in territories where Old Mutual plc or its subsidiaries operate.

As a result, Old Mutual plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Old Mutual plc's forward-looking statements. Old Mutual plc undertakes no obligation to update any forward-looking statements contained in this announcement or any other forward-looking statements that it may make.