



**Old Mutual plc**

*(incorporated in England and Wales with limited liability, registered number 3591559)*

**£350,000,000 Perpetual Preferred Callable Securities**

**Issue Price: 100 per cent.**

*Interest on the £350,000,000 Perpetual Preferred Callable Securities (the “Preferred Securities”) of Old Mutual plc (the “Issuer” or “Old Mutual”) will be payable from and including 24 March 2005 to but excluding 24 March 2020 at the rate of 6.376 per cent. per annum, annually in arrear. Following 24 March 2020, the Preferred Securities will bear interest at a rate reset semi-annually of 2.23 per cent. per annum above the sterling interbank offered rate for six-month sterling deposits payable semi-annually in arrear on the Coupon Payment Dates (as defined in the Terms and Conditions of the Preferred Securities) falling in March and September in each year, all as more particularly described in “Terms and Conditions of the Preferred Securities — 5. Coupon Payments”. Coupon Payments (as defined in the Terms and Conditions of the Preferred Securities) may be deferred as described in “Terms and Conditions of the Preferred Securities — 4. Coupon Deferral”. Payments in respect of the Preferred Securities will be made without deduction for, or on account of, taxes of the United Kingdom, unless such deduction is required by law. In the event that any such deduction is made, the Preferred Securities will be subject to grossing up by the Issuer, subject to certain exceptions as are more fully described under “Terms and Conditions of the Preferred Securities — 10. Taxation”.*

*Subject to giving prior written notice to, and receiving no objection from, the Financial Services Authority (the “FSA”), the Preferred Securities will be redeemable (at the option of the Issuer) in whole but not in part at their principal amount on 24 March 2020, or on any Coupon Payment Date thereafter. In addition, upon the occurrence of a Par Tax Event, Other Tax Event or a Regulatory Event (each as defined in the Terms and Conditions of the Preferred Securities), the Preferred Securities may (i) be substituted for, or have their terms varied so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities (each as defined in the Terms and Conditions of the Preferred Securities), or (ii) be redeemed, at the amounts specified, and as otherwise more particularly described, in “Terms and Conditions of the Preferred Securities — 7. Redemption, Substitution, Variation or Purchase”.*

*The Preferred Securities will be unsecured securities of the Issuer and will be subordinated to the claims of Senior Creditors and the holders of any Priority Preference Shares (as defined in the Terms and Conditions of the Preferred Securities).*

**For a description of certain matters that prospective investors should consider, see “Investment Considerations”.**

*Application has been made for all the Preferred Securities to be admitted to the Official Segment of the Stock Market of Euronext Amsterdam N.V. (“Euronext Amsterdam”). This Offering Circular constitutes a prospectus for the purposes of the application for listing on Euronext Amsterdam.*

*The Preferred Securities are expected to be assigned on issue a rating of “Baa2” by Moody’s Investors Service, Inc. and “BBB+” by Fitch Ratings Limited. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.*

*The Preferred Securities will initially be represented by a temporary global preferred security (the “Temporary Global Preferred Security”), without interest coupons or talons, which will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) on or about 24 March 2005 (the “Closing Date”). The Temporary Global Preferred Security will be exchangeable for interests in a permanent global preferred security (the “Permanent Global Preferred Security”), without interest coupons or talons, not earlier than 40 days after the Closing Date upon certification of non-U.S. beneficial ownership. The Permanent Global Preferred Security will be exchangeable for definitive securities only in certain limited circumstances, as described under “Summary of Provisions relating to the Preferred Securities while in Global Form”.*

**Joint Bookrunners**

**Barclays Capital**

**UBS Investment Bank**

**Co-Managers**

**Lloyds TSB**

**The Royal Bank of Scotland**

*The Issuer accepts responsibility for all the information contained and incorporated by reference in this Offering Circular. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained and incorporated by reference in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*In this Offering Circular, references to “Old Mutual” and the “Issuer” are to Old Mutual plc, and references to the “Old Mutual Group” or the “Group” are to Old Mutual plc and its subsidiaries (as defined in the Terms and Conditions of the Preferred Securities).*

*In connection with the issue and sale of the Preferred Securities, no person is authorised to give any information or to make any representation not contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Managers (as defined in “Subscription and Sale” below) or the Trustee (as defined in the Terms and Conditions of the Preferred Securities).*

*This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Managers that any recipient of this Offering Circular should purchase any of the Preferred Securities. Each investor contemplating purchasing Preferred Securities should make its own independent investigation of the financial consideration and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Offering Circular may only be used for the purposes for which it has been published.*

*No dealer, salesman or other person is authorised to give any information or to make any representations other than those contained in this Offering Circular in connection with the offering or sale of the Preferred Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Managers. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or the Group since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Managers to subscribe for or purchase, any of the Preferred Securities.*

*The distribution of this Offering Circular and the offering of the Preferred Securities in certain jurisdictions may be restricted by law. Neither the Issuer nor any Manager represents that this Offering Circular may be lawfully distributed, or that the Preferred Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or any of the Managers which would permit a public offering of the Preferred Securities or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, the Preferred Securities may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about, and to observe, any applicable restrictions. For a description of certain further restrictions on the offering, sale and delivery of the Preferred Securities and on the distribution of this Offering Circular, see “Subscription and Sale” below.*

*The Preferred Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the “Securities Act”), and the Preferred Securities are subject to U.S. tax law requirements. Subject to certain exceptions, Preferred Securities may not be offered, sold or delivered within the United States of America (the “United States”, “US” or “U.S.”) or to U.S. persons.*

*Unless otherwise specified or the context requires, references in this Offering Circular to “£”, “sterling” or “Sterling” are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the “UK” or the “United Kingdom”); references to “€” are to the currency introduced at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty establishing the European Community, as amended from time to time; references to “US\$” and “US Dollars” are to the lawful currency of the United States of America; and references to “R” and “Rand” are to the lawful currency of the Republic of South Africa (“South Africa”).*

The following exchange rates have, unless the context indicates otherwise, been used, as appropriate, in this Offering Circular:

	Rand per £1.00	US\$ per £1.00
At 31 December 2004	10.8482	1.9158
At 31 December 2003	11.9367	1.7833
At 31 December 2002	13.8141	1.6105
Year to 31 December 2004 (average)	11.7986	1.8327
Year to 31 December 2003 (average)	12.3487	1.6354
Year to 31 December 2002 (average)	15.7878	1.5030

IN CONNECTION WITH THE ISSUE OF THE PREFERRED SECURITIES, UBS LIMITED OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE PREFERRED SECURITIES AT A LEVEL HIGHER THAN THAT WHICH WOULD OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER, THERE IS NO OBLIGATION ON UBS LIMITED OR ANY AGENT OF IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. STABILISATION TRANSACTIONS CONDUCTED ON EURONEXT AMSTERDAM MUST BE CONDUCTED BY A MEMBER OF EURONEXT AMSTERDAM AND MUST BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE RULES AND REGULATIONS, INCLUDING ARTICLE 32 OF THE "FURTHER REGULATION ON MARKET CONDUCT SUPERVISION OF THE SECURITIES TRADE 2002" (NADERE REGELING GEDRAGSTOEZICHT EFFECTENVERKEER 2002) AND WILL IN ANY EVENT BE DISCONTINUED WITHIN 30 DAYS AFTER THE CLOSING DATE.

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## INCORPORATION BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (1) the annual audited financial statements (on a consolidated basis) of the Issuer as at, and for the years ended, 31 December 2004, 31 December 2003 and 31 December 2002; and
- (2) the articles of association of the Issuer (as at the date of this Offering Circular).

Copies of these documents are available free of charge at the specified office of each of the Paying Agents (as defined in the Terms and Conditions of the Preferred Securities) as described in “General Information” below.

Non-consolidated balance sheets for the Issuer as at 31 December 2004, 31 December 2003 and 31 December 2002 are included in its audited consolidated accounts for the years ended 31 December 2004, 31 December 2003 and 31 December 2002, respectively. Pursuant to Section 230 of the Companies Act 1985 (as amended), no non-consolidated profit and loss accounts were prepared for the Issuer for the years ended 31 December 2004, 31 December 2003 and 31 December 2002.

## SUMMARY

The following summary refers to certain provisions of the Terms and Conditions of the Preferred Securities and is qualified by the more detailed information contained elsewhere in this Offering Circular. Capitalised terms used herein have the meaning given to them in "Terms and Conditions of the Preferred Securities", as appropriate.

<b>Issuer .....</b>	Old Mutual plc.
<b>Trustee .....</b>	HSBC Trustee (C.I.) Limited.
<b>Issue Size.....</b>	£350,000,000 of Preferred Securities.
<b>Maturity.....</b>	The Preferred Securities will be perpetual.
<b>Coupons.....</b>	The Preferred Securities will bear interest at a rate of 6.376 per cent. per annum payable annually in arrear from (and including) 24 March 2005 to (but excluding) 24 March 2020, and thereafter at a rate, reset and payable semi-annually in arrear, of 2.23 per cent. per annum above the then prevailing offered rate for six-month sterling deposits.
<b>Coupon Payment Dates .....</b>	Except as described below, Coupon Amounts will be payable on 24 March in each year, commencing on 24 March 2006 in respect of the period from (and including) 24 March 2005 to (but excluding) 24 March 2006, and ending on 24 March 2020; thereafter Coupon Amounts will be payable (subject to adjustment for days which are not Business Days) on 24 March and 24 September in each year commencing on 24 September 2020.
<b>Ranking and Solvency Condition to Payment .....</b>	<p>The rights and claims of the Holders will be subordinated to the claims of Senior Creditors and the holders of any Priority Preference Shares, in that payments in respect of the Preferred Securities (including payments which fall to be satisfied by means of the ACSM described below) are conditional upon the Issuer being solvent at the time of payment and in that no payments shall be due except to the extent the Issuer could make such payments and still be solvent immediately thereafter.</p> <p>Upon any winding-up of the Issuer, the Holders will, for the purpose of calculating the amounts payable in respect of each Preferred Security, rank <i>pari passu</i> without any preference among themselves and:</p> <ul style="list-style-type: none"><li>(i) <i>pari passu</i> with (a) the obligations of the Issuer under the guarantee given by it in respect of the US\$750,000,000 8.0 per cent. Guaranteed Cumulative Perpetual Preferred Securities of Old Mutual Capital Funding L.P.; (b) the most senior class or classes of issued preference shares (if any) in the capital of the Issuer from time to time and which have a preferential right to a return of assets in the winding-up of the Issuer over the shares referred to in (ii) below (other than Priority Preference Shares (if any)); and (c) any Parity Securities issued by the Issuer not falling within (a) or (b) above;</li><li>(ii) senior to the holders of all other classes of issued shares for the time being in the capital of the Issuer; and</li><li>(iii) junior to the claims of Senior Creditors of the Issuer, any Priority Preference Shares and any notional class of preference shares in the capital of the Issuer by reference to which the</li></ul>

amount payable in respect of any Upper Tier 2 Securities in a winding-up of the Issuer is determined.

The sole remedy against the Issuer available to the Trustee or any Holder for recovery of amounts owing in respect of any sum which has become due from the Issuer in respect of the Preferred Securities will be the institution of proceedings for the winding-up of the Issuer in England and Wales and/or proving in any winding-up of the Issuer. The Holder's claim in any winding-up of the Issuer shall be for the principal amount of the relevant Preferred Securities, together with sums due in respect of any accrued but unpaid Coupon Amounts and any Deferred Coupon Payments.

**Interest Deferral.....** On any Coupon Payment Date, the Issuer shall have the option to defer Coupon Payments on the Preferred Securities.

Deferred Coupon Payments, if any, shall become due only on the earliest of the following dates: (i) the date upon which the Preferred Securities are redeemed (see “— Optional Redemption”, “— Par Tax Event/Other Tax Event” and “— Regulatory Event”, below) or (ii) the date upon which the Preferred Securities are substituted for, or have their terms varied so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities following a Par Tax Event, Other Tax Event or Regulatory Event (see “— Par Tax Event/Other Tax Event and “— Regulatory Event”, below); and (iii) the commencement of the winding-up of the Issuer. Except as provided in Condition 8(d) or in a winding-up of the Issuer, Deferred Coupon Payments may only be satisfied by means of the Alternative Coupon Satisfaction Mechanism (see “— Alternative Coupon Satisfaction Mechanism”, below). Except in the limited circumstances provided in Condition 6(e), no interest will accrue on any Deferred Coupon Payments.

**Limitation on Dividend and Capital Payments.....** The Issuer will undertake that, in the event that any Coupon Payment is deferred, it will not:

- (i) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, any Junior Share Capital, other than, in the case where the Issuer has elected to defer a Coupon Payment, a dividend (other than a dividend which is, or is expressed to be, an extraordinary or special dividend) which has been declared by the Issuer on its Ordinary Shares prior to the date on which the decision to defer the relevant Coupon Payment is notified to Holders; or
- (ii) redeem, purchase, cancel, reduce or otherwise acquire any Junior Share Capital or any Parity Securities,

in each case unless or until the Coupon Payments due and payable on the next succeeding Coupon Payment Date (or, if this provision applies after the First Reset Date, the next two succeeding Coupon Payment Dates) on all outstanding Preferred Securities have been paid in full (or an amount equal to the same has been duly set aside or provided for in full for the benefit of the Holders and in a manner satisfactory to the Trustee).

**Alternative Coupon Satisfaction Mechanism (ACSM) .....** If the Issuer defers a Coupon Payment and the Deferred Coupon

Payment becomes due, the Issuer must (except as provided in Condition 8(d) or in a winding-up of the Issuer) appoint a Calculation Agent (if it has not already done so) and satisfy its obligation to make the relevant Deferred Coupon Payment by operation of the ACSM. The Issuer shall (subject to it having the necessary corporate authorisations in place) issue Ordinary Shares (“Payment Ordinary Shares”) and allot them in favour of the Trustee or its agent. Such issue shall satisfy in full the Issuer’s obligation to make the relevant Deferred Coupon Payment. The Trustee or its agent shall procure purchasers for such Payment Ordinary Shares as set forth in the following paragraph and the proceeds thereof will provide a cash amount which the Paying Agent, on behalf of the Trustee, will pay in respect of the relevant Deferred Coupon Payment.

The number of Payment Ordinary Shares required to be issued will be such number of Ordinary Shares as, in the determination of the Calculation Agent, have a market value as near as practicable to, but not less than, the relevant Deferred Coupon Payment. The Trustee will use reasonable endeavours to effect the transfer or instruct its agent to effect the transfer of such Payment Ordinary Shares to or to the order of the Calculation Agent and the Calculation Agent will use reasonable endeavours to procure purchasers for such Payment Ordinary Shares. If the proceeds of the sale of the Payment Ordinary Shares will not in the opinion of the Calculation Agent result in a sum at least equal to the relevant Deferred Coupon Payment being available to make the necessary payment in full, the Issuer, the Trustee and the Calculation Agent will take such steps as are reasonably necessary to ensure, so far as practicable, that through issuing additional Payment Ordinary Shares and following, *mutatis mutandis*, the procedures described above, a sum as near as practicable to, and at least equal to, the relevant Deferred Coupon Payment will be available to make the relevant Deferred Coupon Payment in full on the relevant due date.

In addition, any Accrued Coupon Payment which accrues pursuant to Condition 6(e) must be satisfied by operation, *mutatis mutandis*, of the ACSM as described herein.

**Market Disruption Event .....**

If, in the opinion of the Issuer, a Market Disruption Event exists on or after the 15th Business Day preceding any date upon which the Issuer is due to satisfy a payment using the ACSM, such payment may be deferred until, in the opinion of the Issuer, the Market Disruption Event no longer exists. Any such deferred payments shall bear interest at the rate applicable to the Preferred Securities if the Market Disruption Event continues such that the ACSM Payment is not satisfied for 14 days or more and such interest shall itself be satisfied by the operation of the ACSM.

**Insufficiency .....**

The Issuer shall not be entitled to exercise its option to redeem, substitute or vary the terms of any of the Preferred Securities as described herein unless it has available, and the Directors have the corresponding authority to allot, a sufficient number of authorised but unissued Ordinary Shares to be able to satisfy its obligation to make any Deferred Coupon Payment and any other ACSM Payment by the operation of the ACSM. In connection therewith, the Issuer will undertake to use all reasonable endeavours to obtain and maintain all corporate authorisations required under English law for the issue and allotment to the Trustee or its agent (free from any pre-

emption rights) of such number of Ordinary Shares as it reasonably considers would be required to be issued in order to enable the Issuer to make a payment satisfying the aggregate amount of Deferred Coupon Payments (if any) and, prior to the First Reset Date, the aggregate of Coupon Payments due on the next succeeding Coupon Payment Date and, after the First Reset Date, on the next two succeeding Coupon Payment Dates.

**Suspension .....** If, following any take-over offer or any reorganisation, restructuring or scheme of arrangement, the company which, immediately prior to such event was the Ultimate Owner, ceases to be the Ultimate Owner, then, unless (in the case of a Permitted Restructuring) a Permitted Restructuring Arrangement shall be put in place, such amendments to the documentation relating to the Preferred Securities as determined by an independent investment bank (selected by the Issuer and approved by the Trustee) to be appropriate in order to (a) preserve substantially the economic effect, for the Holders, of a holding of the Preferred Securities prior to the Suspension and (b) replicate the ACSM in the context of the capital structure of the new Ultimate Owner, will be made by the Issuer and the Trustee, and pending such amendments, the Issuer will be unable to satisfy payments using the ACSM. If such independent investment bank is unable to determine appropriate amendments, as notified to the Issuer and the Trustee, then the Preferred Securities shall at the option of the Issuer either (in each case subject to the Issuer giving prior written notice to, and receiving no objection from, the FSA):

- (i) be substituted for, or have their terms varied so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities; or
- (ii) be redeemed at their Make Whole Redemption Price if the redemption occurs prior to the First Reset Date and at their principal amount if the redemption occurs on or after such date, in each case together with all Payments which are Outstanding thereon.

In connection with (i) above, the new Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities will preserve the rights to all accrued but unpaid Coupon Amounts on the Preferred Securities and all Deferred Coupon Payments (if any) on the Preferred Securities will be satisfied in the manner described in Condition 8(d). In connection with (ii) above, such redemption will, unless otherwise agreed by the Issuer and the Trustee, be effected by the issue of Ordinary Shares to the new Ultimate Owner in consideration for which the new Ultimate Owner shall issue ordinary shares in its capital (or shares in its capital of an equivalent class) so as to enable it to pay such redemption amount in accordance, *mutatis mutandis*, with the ACSM.

**Optional Redemption.....** Subject to giving prior written notice to, and receiving no objection from, the FSA, the Preferred Securities will be redeemable on the First Reset Date or on any Coupon Payment Date thereafter in whole, but not in part, at the option of the Issuer at a price equal to their principal amount together with (i) all accrued but unpaid interest (other than any Deferred Coupon Payments) and (ii) (by the operation of the ACSM) all Deferred Coupon Payments (if any).

**Par Tax Event/Other Tax Event.....** Upon the occurrence of a Par Tax Event or Other Tax Event, the

Issuer may, subject to giving prior written notice to, and receiving no objection from, the FSA:

- (1) redeem at any time on or prior to the First Reset Date and thereafter only on a Coupon Payment Date, all, but not some only, of the Preferred Securities (I) (in the case of a Par Tax Event) at their principal amount, (II) (in the case of an Other Tax Event and a redemption prior to the First Reset Date) at their Make Whole Redemption Price and (III) (in the case of an Other Tax Event and a redemption on or after the First Reset Date) at their principal amount, together, in each case, with any Payments which are Outstanding thereon (all such amounts so payable being payable in cash, save for any Deferred Coupon Payments which will be satisfied by the operation of the ACSM); or
- (2) substitute at any time all (and not some only) of the Preferred Securities for, or vary the terms of the Preferred Securities so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities. In connection therewith, the new Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities will preserve the rights to all accrued but unpaid Coupon Amounts on the Preferred Securities and all Deferred Coupon Payments (if any) on the Preferred Securities will be satisfied by the operation of the ACSM.

“Par Tax Event” means:

- (i) if, as a result of a Tax Law Change, in making any payments on the Preferred Securities, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts on the Preferred Securities and the Issuer cannot avoid the foregoing in connection with the Preferred Securities by taking measures reasonably available to it; or
- (ii) if, as a result of a Tax Law Change in respect of the Issuer’s obligation to make any Coupon Payment on the next following Coupon Payment Date, (a) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced or (b) the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at 21 March 2005 or any similar system or systems having like effect as may from time to time exist) and in each such case the Issuer cannot avoid the foregoing in connection with the Preferred Securities by taking measures reasonably available to it.

“Other Tax Event” means if, (I) as a result of a Tax Law Change in respect of the Issuer’s obligation to make any Coupon Payment on the next following Coupon Payment Date, the Issuer would suffer adverse tax consequences (other than any consequence referred to under paragraphs (i) and (ii) of the definition of “Par Tax Event” above), or (II) other than as a result of a Tax Law Change in respect of the Issuer’s obligation to make any Coupon Payment on the next following Coupon Payment Date, (w) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the United Kingdom or such entitlement is materially

reduced; (x) the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at 21 March 2005 or any similar system or systems having like effect as may from time to time exist); (y) the Issuer would otherwise suffer adverse tax consequences; or (z) the Issuer has paid, or would on the next date on which it is due to make a payment under those Conditions be required to pay, Additional Amounts on the Preferred Security, and in each such case the Issuer cannot avoid the foregoing in connection with the Preferred Securities by taking measures reasonably available to it.

**Withholding Tax and**

**Additional Amounts .....**

The Issuer will pay such Additional Amounts as may be necessary in order that the net payment received by each Holder in respect of the Preferred Securities, after withholding for any taxes imposed by tax authorities in the United Kingdom upon payments made by or on behalf of the Issuer in respect of the Preferred Securities, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions (see also “— Par Tax Event/Other Tax Event”, above).

**Regulatory Event.....**

If at any time a Regulatory Event occurs and is continuing, the Issuer may, subject to giving prior written notice to, and receiving no objection from, the FSA:

- (1) redeem all, but not some only, of the Preferred Securities at any time on or prior to the First Reset Date and thereafter only on a Coupon Payment Date. The Preferred Securities will be redeemed at their Make Whole Redemption Price (in the case of any redemption prior to the First Reset Date) or on or after the First Reset Date at their principal amount, in each case together with any Payments which are Outstanding thereon (all such amounts so payable being payable in cash, save for any Deferred Coupon Payments which will be satisfied by the operation of the ACSM); or
- (2) substitute at any time all (and not some only) of the Preferred Securities for, or vary the terms of the Preferred Securities so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities. In connection therewith, the new Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities will preserve the rights to all accrued but unpaid Coupon Amounts on the Preferred Securities and all Deferred Coupon Payments (if any) on the Preferred Securities will be satisfied by the operation of the ACSM.

A “Regulatory Event” is deemed to have occurred (1) if under any Regulatory Capital Directive or the Relevant Rules, or as a result of any change thereto, the Preferred Securities would not be capable of counting (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as cover for the minimum capital resources requirement applicable to the Issuer and/or the Group under any Regulatory Capital Directive or the Relevant Rules; or (2) if, at any time when the Issuer or the Group is required under any Regulatory Capital Directive or the Relevant Rules to have Tier 1 Capital, the Preferred Securities would no longer be eligible to qualify (save as aforesaid) for inclusion in the

	Tier 1 Capital of the Issuer or the Group on a solo and/or group basis.
<b>Listing .....</b>	Application has been made to the Official Segment of the Stock Market of Euronext Amsterdam N.V. for admission to listing of the Preferred Securities. It is expected that admission to listing will become effective and dealings are expected to commence on 24 March 2005.
<b>Governing Law .....</b>	The Preferred Securities will be governed by, and construed in accordance with, English law.
<b>Form .....</b>	Bearer. The Preferred Securities will be represented initially by the Temporary Global Preferred Security which will be deposited with a common depository for Clearstream, Luxembourg and Euroclear on or about 24 March 2005. The Temporary Global Preferred Security will be exchangeable for interests in the Permanent Global Preferred Security without interest coupons or talons on or after a date which is expected to be 4 May 2005 upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and as described in the Temporary Global Preferred Security. Save in limited circumstances, Preferred Securities in definitive bearer form with coupons and a talon attached on issue will not be issued in exchange for interests in the Permanent Global Preferred Security.
<b>Investment Considerations .....</b>	Prospective investors should carefully consider the information under “Investment Considerations” in conjunction with the other information contained or incorporated by reference in this document.

## INVESTMENT CONSIDERATIONS

*Prospective investors should carefully consider the following information in conjunction with the other information contained in this document. Capitalised terms used but not defined below shall bear the respective meanings ascribed thereto under “Terms and Conditions of the Preferred Securities”.*

### **Considerations relating to South Africa**

#### *Political, social and economic conditions*

As a significant proportion of the operations and customers of the Group are located in South Africa, political, social and economic conditions in South Africa are relevant to investors in assessing a proposed investment in the Preferred Securities. South Africa faces many challenges in overcoming substantial inequalities in levels of social and economic development among its people.

The South African Government has taken a number of significant steps towards addressing the political tensions and social and economic problems in South Africa, however it is not possible to predict with any certainty the future economic direction of South Africa. Particular considerations include how the Government will ultimately address such tensions and problems, to what extent the Government’s efforts will be successful, the political, social and economic consequences of such efforts and the effect on South African businesses of the ongoing integration of the South African economy with the economies of the rest of the world. The economic direction of South Africa will be influenced by the extent to which the Government, organised labour and business are able to agree upon common goals and the means of achieving them. Any slowdown in South Africa’s economic growth may have a material adverse effect on the Group’s business and its financial performance.

In South Africa, there is an emphasis on black economic empowerment (“BEE”). The industries represented by the financial services sector, including Old Mutual (South Africa) Limited, Nedcor Limited and Mutual & Federal Insurance Company Ltd have proactively and voluntarily initiated a process to analyse their contribution to BEE.

In October 2003, South Africa’s financial sector released a BEE charter designed to promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa and contributes to the establishment of an equitable society by, amongst other things, providing accessible financial services to previously disadvantaged persons and by directing investment into certain sectors of the economy.

The Group’s South African subsidiaries are engaged in a range of BEE activities and have become signatories to the charter, undertaking to support its objectives and to abide by its principles and guidelines. Among the matters that will feature in the scorecard to be assessed by the Financial Sector Charter Council is black ownership. A number of other financial sector groups in South Africa have already announced deals to bring about black ownership of around 10 per cent. of their respective businesses in order to fulfil this aspect of the charter. The Group is developing similar plans in view of its extensive South African business interests through its investments in Old Mutual (South Africa) Limited, Nedcor Limited and Mutual & Federal Insurance Company Ltd. and the Group expects to announce more details of these proposals in the near future.

Compliance with the charter provides an opportunity for the Group to contribute positively to the transformation of South Africa. However, should a contrary perception of the Issuer’s contribution to the BEE process develop, this could adversely impact on the Group’s business. No assurance can be given that any laws or regulations introduced by the South African Government in relation to BEE will not be implemented or applied in a manner that could have a material adverse effect on the operations of the Group.

#### *Changes in investment market conditions in South Africa and elsewhere*

The South African based earnings of the Group are particularly sensitive to the performance of the JSE Securities Exchange South Africa (the “JSE Securities Exchange”), as well as the level of interest rates in South Africa. Partly as a consequence of exchange controls, trading volumes and liquidity of shares listed and traded on the JSE Securities Exchange have historically been low in comparison to those of other major markets. Since the performance of equities listed on the JSE Securities Exchange can have a significant impact on the Group’s operating profits, adverse market conditions may have a significant impact on profits. In addition, the Group’s South African life assurance business holds substantial interests in several large

South African groups and the size of these holdings may make it difficult to realise these interests readily at their current market value.

#### *Fluctuations in exchange rates*

The Issuer presents its consolidated financial statements in Sterling and Rand. A substantial proportion of the Group's operations are accounted for in currencies other than Sterling, principally Rand and US Dollars. As a result, fluctuations in the relative value of Sterling to the Rand, the US Dollar and other currencies will be significant to the Group and its shareholders because, amongst other things, these fluctuations affect the translation of the results of the Group's non-UK operations into Sterling. In addition, these fluctuations could, amongst other things:

- significantly affect the comparability of the Group's performance between financial periods;
- cause the Group's earnings to fluctuate;
- increase the amount, in Sterling or Rand terms, of the Group's US Dollar denominated debt and minority interests; and
- increase the Group's financing costs.

Therefore there can be no assurance that the Group's Sterling reported financial results will not fluctuate significantly from year to year as a result of changes in exchange rates.

#### *Exchange Controls*

Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which such exchange controls will be further relaxed by the South African Government cannot be predicted with certainty, although the Government has committed itself to a gradual approach of relaxing exchange controls. Further relaxation or abolition of exchange controls may change the capital flows to and from South Africa. If the net result was large capital outflows, this could adversely affect the Group's South African businesses, which would have an adverse effect on the financial condition of the Group as a whole.

All exchange controls in South Africa over non-residents were abolished as a result of the termination of the Financial Rand system in 1995. However, as a result of the non-resident status of the Issuer (the Issuer being resident in the UK), it is subject to certain exchange controls in respect of its dealings with its South African subsidiaries. South African companies within the Group are not allowed to give local financial assistance (which includes the payment of dividends) to the Issuer or other Group companies without the approval of an authorised dealer or the South African Reserve Bank. There can be no assurance that an authorised dealer or the South African Reserve Bank will give approval for such assistance (including in relation to dividend payments) by the Group's South African subsidiaries.

As part of the Group's demutualisation, the South African Reserve Bank required, *inter alia*, that the Group's South African operations be controlled via a South African holding company, that its South African businesses and assets remain in South Africa and that its assets may not be exported from South Africa without the specific approval of the South African Reserve Bank.

#### *Inflation and interest rates*

The South African Government and South African Reserve Bank have sought to control inflation and outflows of capital from South Africa by pursuing a policy of fiscal and monetary discipline.

The South African Government has had continued success in reducing the inflation rate during 2004, however, there can be no assurance that the inflation rate will not rise in the future. Similarly, it is not possible to predict with any certainty the future direction of interest rates in South Africa. Any political instability in South Africa could trigger increased inflation and/or interest rates. Significant increases in inflation or in interest rates could materially and adversely affect the Group's business operations and its financial performance.

#### *HIV/AIDS*

The incidence of HIV/AIDS infection in southern Africa is high and forecast to increase over the next decade. As payment under a policy written by the Issuer's South African life business, Old Mutual Life Assurance Company (South Africa) Limited ("OMLAC(SA)"), will not necessarily be precluded where HIV/AIDS has been a contributory factor in death, OMLAC(SA) has taken a number of steps to minimise the effect of HIV/AIDS on its business. Where appropriate, OMLAC(SA) sells products that allow it to

adjust premiums for in-force business on a regular basis, or are priced with an allowance for expected escalations in mortality due to HIV/AIDS. Given the socio-economic classes which have traditionally formed the target market for OMLAC(SA)'s insurance products, as well as the fact that new products introduced by OMLAC(SA) take into account HIV/AIDS risk, the Issuer believes that OMLAC(SA)'s existing reserves are adequate. Although the Issuer does not believe that increased levels of HIV/AIDS infection will have a material adverse effect on OMLAC(SA)'s financial position, increases beyond those expected in the incidence of HIV/AIDS infection amongst OMLAC(SA) policyholders could adversely affect the Group's South African life assurance business's earnings in future periods.

### **Considerations relating to the Group's Asset Management Businesses**

The revenues of the Issuer's asset management businesses around the world are derived primarily from investment management fees which are based primarily on the market value of assets under management. Consequently, the asset management businesses' financial results are highly dependent on changes in the economies and financial markets in which the assets under management are invested. These changes can be highly volatile and difficult to predict.

In June 2004, Liberty Ridge Capital ("LRC") (formerly Pilgrim Baxter & Associates) reached agreement with the U.S. Securities and Exchange Commission and the Office of the New York Attorney General to settle all charges brought by these authorities against LRC in relation to market timing in the US mutual fund business. Total fines and penalties agreed were US\$90 million (comprising the disgorgement of past fees of US\$40 million and civil penalties of US\$50 million) and have been disclosed in the latest consolidated accounts of the Issuer as a non-operating loss. LRC has also committed to future fee reductions of US\$10 million over the next five years. During 2004, all outstanding class action lawsuits filed against the Issuer in relation to these activities were consolidated into a single lawsuit along with all other cases against U.S. parties alleging market timing and late trading violations. Proceedings in this case are at the preliminary stage and there can be no assurance that the outcome of these proceedings will not give rise to a material liability for the Group.

### **Considerations Relating to the Group's U.S. Life Business**

A large proportion of the business written historically by Fidelity & Guaranty Life is fixed annuity business where the policyholder receives a guaranteed annuity in return for its investment in the life policy, with a recent shift to a more balanced product range incorporating equity-linked products. Life policy premiums are largely invested in corporate bonds in the U.S. Changes in interest rates in the U.S. may result in significant changes in the valuation of the bond portfolio. A fall in interest rates may result in the proceeds of bond maturities or disposals being reinvested at yields below that of the existing policy guarantees. Alternatively, a significant rise in interest rates could result in an increased level of lapses over the level expected during the guarantee period, requiring the liquidation of longer dated assets at a loss.

A significant proportion of the bond portfolio is invested in higher yield instruments carrying an increased credit risk. A downturn in the U.S. credit environment could lead to increased levels of default on the part of the borrower and a reduction in the value of assets backing the policyholder liabilities.

### **Considerations relating to the Preferred Securities**

#### *Legality of purchase*

None of the Issuer, the Trustee, the Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Preferred Securities by a prospective purchaser of the Preferred Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

#### *Deferral of Coupon Payments*

The Issuer may elect to defer any Coupon Payment on the Preferred Securities. If the Issuer does defer a Coupon Payment (whether pursuant to the general right to defer a Coupon Payment under Condition 4 or by virtue of failing to satisfy the condition to payment set out in Condition 2(b)(i)), such Deferred Coupon Payment will become due only on the earliest of: (i) the date on which the Preferred Securities are redeemed; (ii) the date on which the Preferred Securities are substituted for, or have their terms varied so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities following a Par Tax Event, Other Tax Event, Regulatory Event or (in the circumstances provided in Condition 8(d)) Suspension; and (iii) the commencement of the winding-up of the Issuer. Deferred Coupon Payments may only (except

following a Suspension and in the circumstances otherwise provided in Condition 8(d) and in a winding-up of the Issuer) be satisfied by means of the Alternative Coupon Satisfaction Mechanism and the operation of such mechanism is subject to certain conditions (more particularly described in the Terms and Conditions of the Preferred Securities).

Except in the limited circumstances provided in Condition 6(e), no Deferred Coupon Payment will bear interest.

#### *Perpetual securities*

The Issuer is under no obligation to redeem the Preferred Securities at any time and the Holders have no right to call for their redemption.

#### *Redemption and exchange risk*

The Preferred Securities may, subject as provided in Condition 7, be redeemed at their principal amount together with any Payments which are Outstanding thereon at the option of the Issuer on the First Reset Date or on any Coupon Payment Date thereafter. In addition, upon the occurrence of a Par Tax Event, Other Tax Event or a Regulatory Event, the Preferred Securities may: (i) be substituted for, or have their terms varied so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities; or (ii) be redeemed at their outstanding principal amount or, in the case of a Regulatory Event or an Other Tax Event in each case in respect of which the relevant redemption occurs prior to the First Reset Date, the Make Whole Redemption Price, together in each case with any Payments which are Outstanding thereon, all as more particularly described in “Terms and Conditions of the Preferred Securities — 7. Redemption, Substitution, Variation or Purchase”.

#### *No limitation on issuing senior or pari passu securities; subordination*

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Preferred Securities. The issue of any such securities may reduce the amount recoverable by Holders on a winding-up of the Issuer and/or may increase the likelihood of a deferral of Payments under the Preferred Securities. In particular, the Preferred Securities shall rank junior to the claims of Senior Creditors of the Issuer, any Priority Preference Shares and any notional class of preference shares in the capital of the Issuer by reference to which the amount payable in respect of any Upper Tier 2 Securities in a winding-up of the Issuer is determined. **Accordingly, in the winding-up of the Issuer and after payment of the claims of Senior Creditors and the holders of any Priority Preference Shares, there may not be a sufficient amount to satisfy the amounts owing to the Holders.**

#### *Availability of shares*

The Issuer will undertake to use all reasonable endeavours to obtain and maintain certain corporate authorisations required for the operation of the ACSM, as more particularly described in “Terms and Conditions of the Preferred Securities — 18. Pre-emption”. However, if, at the time when any Deferred Coupon Payments fall to be satisfied by means of the ACSM, the Issuer does not have available and/or the Directors do not have the necessary authority under English law to allot in favour of the Trustee or its agent (free from any pre-emption rights), a sufficient number of authorised but unissued Ordinary Shares to satisfy the relevant ACSM Payments, then the Issuer will not be able to operate the ACSM.

The Issuer may not exercise its right to redeem, substitute or vary the terms of the Preferred Securities, unless the Issuer has available, and the Directors have the corresponding authority to allot, such number of authorised but unissued Ordinary Shares as may be required to be issued for the purposes of satisfying in full any ACSM Payments which are required to be satisfied in connection with such redemption, substitution or variation (all as more particularly described in “Terms and Conditions of the Preferred Securities — 6. Alternative Coupon Satisfaction Mechanism — (d) Insufficiency”). In addition, the Preferred Securities may not be redeemed, substituted or have their terms varied unless all Deferred Coupon Payments (if any) are satisfied through the operation of the ACSM on or prior to the date set for the relevant redemption, substitution or variation.

#### *Restricted remedy for non-payment when due*

In accordance with the FSA’s requirements for Tier 1 Capital, the sole remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Terms and Conditions of the Preferred Securities) any Holder for recovery of amounts which have become due in respect of the Preferred Securities and Coupons will be the institution of proceedings for the winding-up of

the Issuer in England and Wales and/or proving in any winding-up of the Issuer. In accordance with Condition 2(b)(i), no payment in respect of the Preferred Securities shall become due unless the condition to payment set out in Condition 2(b)(i) is satisfied.

*Absence of prior public markets*

The Preferred Securities constitute a new issue of securities by the Issuer. Prior to such issue, there will have been no public market for the Preferred Securities. Although applications have been made for the Preferred Securities to be listed on Euronext Amsterdam, there can be no assurance that an active public market for the Preferred Securities will develop and, if such a market were to develop, none of the Managers nor any other person is under any obligation to maintain such a market. The liquidity and the market prices for the Preferred Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and the Group and other factors that generally influence the market prices of securities.

## TERMS AND CONDITIONS OF THE PREFERRED SECURITIES

*The following, subject to alteration and except for paragraphs in italics, are the terms and conditions of the Preferred Securities which will be endorsed on each Preferred Security in definitive form (if issued).*

The £350,000,000 Perpetual Preferred Callable Securities (the “Preferred Securities”, which expression shall in these Conditions, unless the context otherwise requires, include any further instruments issued pursuant to Condition 16 and forming a single series with the Preferred Securities) of Old Mutual plc (the “Issuer”) are constituted by a trust deed (the “Trust Deed”) dated 24 March 2005 between the Issuer and HSBC Trustee (C.I.) Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Preferred Securities (the “Holders”). The issue of the Preferred Securities was authorised pursuant to resolutions of the Board of Directors of the Issuer passed on 21 January 2005 and resolutions of a duly authorised executive committee of the Board of Directors passed on 3 March 2005. The statements in these terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of (i) the Trust Deed and (ii) the paying agency agreement (the “Paying Agency Agreement”) dated 24 March 2005 made between the Issuer, HSBC Bank plc as principal paying agent (the “Principal Paying Agent”, which expression shall include any successor thereto) and the other paying agents named therein and any successors thereto (together with the Principal Paying Agent, the “Paying Agents”), HSBC Bank plc as agent bank (the “Agent Bank”, which expression shall include any successor thereto) and the Trustee are available for inspection during normal business hours by the Holders and the holders of the interest coupons (the “Coupons”, which expression includes, where the context so permits, Talons, as defined below) and talons for further Coupons (the “Talons”) appertaining to Preferred Securities in definitive form (the “Couponholders”) at the specified office of each of the Paying Agents. The Holders and the Couponholders are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, and are deemed to have notice of all the provisions of the Paying Agency Agreement applicable to them.

### **1. Form, Denomination and Title**

#### *(a) Form and Denomination*

The Preferred Securities are serially numbered and in bearer form in the denominations of £1,000, £10,000 and £100,000 (each an “Authorised Denomination”) each with Coupons and one Talon attached on issue. Preferred Securities of one Authorised Denomination may not be exchanged for Preferred Securities of another Authorised Denomination.

#### *(b) Title*

Title to the Preferred Securities, Coupons and Talons will pass by delivery. The bearer of any Preferred Securities will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as their absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss or anything written on it) and no person will be liable for so treating the Holders.

### **2. Status and Subordination**

#### *(a) Status*

The Preferred Securities constitute direct, unsecured and subordinated securities of the Issuer and rank, and will rank, *pari passu* without any preference among themselves.

#### *(b) Subordination*

##### *(i) Condition to Payment*

The rights and claims of the Holders and the Couponholders are subordinated to the claims of all Senior Creditors and the holders of any Priority Preference Shares, in that payments in respect of the Preferred Securities (including Coupons payable in cash or by way of the issue of Ordinary Shares in accordance with Condition 6) are conditional upon the Issuer being solvent at the time of payment by the Issuer (or at the time of issue of such Ordinary Shares) and in that no principal, premium or interest shall be due and payable in respect of the Preferred Securities (including Coupons payable in cash or by way of the issue of Ordinary Shares in accordance with Condition 6) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter, in each case except in the winding-up of the Issuer.

In these Conditions, the Issuer shall be considered to be solvent if (x) it is able to pay its debts owed to its Senior Creditors and holders of Priority Preference Shares as they fall due and (y) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors or holders of Priority Preference Shares). A certificate as to the solvency of the Issuer by two Directors or, if the Issuer is in a winding-up in England and Wales, its liquidator shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Holders, the Couponholders and all other interested parties as correct and sufficient evidence thereof.

*(ii) Solvency Claims*

Without prejudice to the rest of these Conditions, amounts representing any payments of principal, premium or interest in respect of which the conditions referred to in Condition 2(b)(i) are not satisfied on the date upon which the same would otherwise be due and payable (“Solvency Claims”) will be payable by the Issuer in a winding-up of the Issuer as provided in Condition 3. A Solvency Claim shall not bear interest.

*(iii) Set-off*

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Preferred Securities or the Coupons and each Holder and Couponholder shall, by virtue of his holding of any Preferred Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer under or in connection with the Preferred Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up, the liquidator of the Issuer for payment to the Senior Creditors and the holders of any Priority Preference Shares in respect of amounts owing to them by the Issuer, and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator of the Issuer (as the case may be), for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and accordingly any such discharge shall be deemed not to have taken place.

*If the condition to payment set out in Condition 2(b)(i) is not satisfied, any sums which would otherwise have been payable in respect of the Preferred Securities but are not paid by reason of such condition to payment will be available to be put towards the losses of the Issuer.*

### **3. Winding-up**

If at any time an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (a) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (b) do not provide that the Preferred Securities shall thereby become redeemable), there shall be payable by the Issuer in respect of each Preferred Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the holder of such Preferred Security if, on the day prior to the commencement of the winding-up and thereafter, such Holder were the holder of one of a class of preference shares in the capital of the Issuer (“Notional Preference Shares”) having an equal right to a return of assets in the winding-up to, and so ranking *pari passu* with, the holders of: (a) the obligations of the Issuer then outstanding under the guarantee given by it in respect of the US\$750,000,000 8.0 per cent. Guaranteed Cumulative Perpetual Preferred Securities of Old Mutual Capital Funding L.P.; (b) the most senior class or classes of issued preference shares (if any) in the capital of the Issuer from time to time which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer (other than Priority Preference Shares (if any)); and (c) any Parity Securities issued by the Issuer not falling within (a) or (b) above then outstanding, but ranking junior to the claims of Senior Creditors, any Priority Preference Shares and any notional class of preference shares in the capital of the Issuer by reference to which the amount payable in respect of any Upper Tier 2 Securities in a winding-up of the Issuer is determined, on the assumption that the amount that such Holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up were an amount equal to the principal amount of the relevant Preferred Security and any other Payments which are Outstanding thereon together with, to the extent not otherwise included within the foregoing, its *pro rata* share of any Solvency Claims attributable to the Preferred Security.

*On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Holders after the claims of the parties ranking senior to the Holders (as provided in Condition 3) have been satisfied.*

#### **4. Coupon Deferral**

The Issuer may elect to defer any Coupon Payment otherwise scheduled to be paid on a Coupon Payment Date by giving notice of such election to the Holders in accordance with Condition 15, the Trustee and the Principal Paying Agent not less than 20 Business Days prior to the relevant Coupon Payment Date. The Issuer shall (except where Condition 3 applies) satisfy any such Deferred Coupon Payment or any Deferred Coupon Payment which arises as a result of the failure to satisfy the condition to payment set out in Condition 2(b)(i) only by operation of the procedures set out in Condition 6 and, subject to Condition 8(d), only upon the occurrence of the first of the following to occur: (i) redemption of the Preferred Securities in accordance with Condition 7(b); (ii) redemption, substitution or variation of the terms of the Preferred Securities in accordance with Condition 7(c); and (iii) redemption, substitution or variation of the terms of the Preferred Securities in accordance with Condition 7(d).

If, on any Coupon Payment Date, payment of all Coupon Payments scheduled to be made on such date is not made in full, the Issuer shall not, (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, any Junior Share Capital other than, in the case where the Issuer has elected to defer a Coupon Payment in accordance with this Condition 4, a dividend (other than a dividend which is, or is expressed to be, an extraordinary or special dividend) which has been declared by the Issuer on the Ordinary Shares prior to the date on which the decision to defer the relevant Coupon Payment is notified to Holders in accordance with Condition 15, or (b) redeem, purchase, cancel, reduce or otherwise acquire any Junior Share Capital or any Parity Securities, in each case unless or until the Coupon Payments due and payable on the next succeeding Coupon Payment Date (or, if this provision applies after the First Reset Date, the next two succeeding Coupon Payment Dates) on all outstanding Preferred Securities have been paid in full (or an amount equal to the same has been duly set aside or provided for in full for the benefit of the Holders in a manner satisfactory to the Trustee).

Notwithstanding any other provision in these Conditions or the Trust Deed, the deferral of any Coupon Payment by virtue of this Condition 4 or Condition 2(b)(i) shall not constitute a default for any purpose (including, without limitation, Condition 9(a)) on the part of the Issuer. Any Coupon Payment so deferred shall not, except in the circumstances provided in Condition 6(e), bear interest.

#### **5. Coupon Payments**

##### *(a) Coupon Rate*

The Preferred Securities bear interest at the applicable Coupon Rate from the Issue Date in accordance with the provisions of this Condition 5.

Subject to Conditions 2(b)(i), 2(b)(ii), 4, 6(a), 6(d), 6(e) and 8(d), during the Fixed Rate Coupon Period interest shall be payable on the Preferred Securities annually in arrear on each Coupon Payment Date in the Fixed Rate Coupon Period, and thereafter interest shall be payable on the Preferred Securities semi-annually in arrear on each Coupon Payment Date, in each case as provided in this Condition 5.

Where it is necessary to compute an amount of interest in respect of any Preferred Security during the Fixed Rate Coupon Period for a period which is less than a Coupon Period, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Coupon Payment Date. Where it is necessary to compute an amount of interest in respect of any Preferred Security for a period of more than a Coupon Period, such interest shall be calculated in respect of each full Coupon Period within such period, with the interest in respect of any remaining period being calculated in the manner as aforesaid.

Interest shall accrue on the Preferred Securities in respect of all Coupon Periods (and any other period in respect of which interest may fall to be calculated) commencing on or after the First Reset Date on the basis of the actual number of days elapsed in the relevant period divided by 365 (or, in the case of a Coupon Payment Date falling in a leap year, 366).

*(b) Interest Accrual*

The Preferred Securities will cease to bear interest from (and including) the date of redemption thereof pursuant to Condition 7(b) or the date of redemption, substitution or variation of the terms thereof pursuant to Condition 7(c), 7(d) or 8(d), as the case may be, unless, upon due presentation, payment and performance of all amounts and obligations due in respect of the Preferred Securities is not properly and duly made, in which event interest shall continue to accrue, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

*(c) Fixed Coupon Rate*

For the Fixed Rate Coupon Period, the Preferred Securities bear interest at the rate of 6.376 per cent. per annum (the "Fixed Coupon Rate").

*(d) Floating Coupon Rate*

From (and including) the First Reset Date, the Preferred Securities will bear interest at a floating rate of interest (the "Floating Coupon Rate"). The Floating Coupon Rate in respect of each Coupon Period commencing on or after the First Reset Date will be determined by the Agent Bank on the basis of the following provisions:

- (i) On each Coupon Determination Date, the Agent Bank will determine the offered rate (expressed as a rate per annum) for six-month pounds sterling deposits as at 11.00 a.m. (London time) on such Coupon Determination Date, as displayed on the display designated as page "3750" on the Moneyline Telerate Monitor (or such other page or pages as may replace it for the purpose of displaying such information). The Floating Coupon Rate for the Coupon Period commencing on the Coupon Determination Date shall be such offered rate as determined by the Agent Bank plus the Margin.
- (ii) If such offered rate does not so appear, or if the relevant page is unavailable, the Agent Bank will, on such date, request the principal London office of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks in the London inter bank market for six-month pounds sterling deposits as at 11.00 a.m. (London time) on the Coupon Determination Date in question. If at least two of the Reference Banks provide the Agent Bank with such offered quotations, the Floating Coupon Rate for the Coupon Period commencing on the relevant Coupon Determination Date shall be the rate determined by the Agent Bank to be the arithmetic mean (rounded upwards if necessary to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of such offered quotations plus the Margin.
- (iii) If on any Coupon Determination Date to which the provisions of sub-paragraph (ii) above apply, one only or none of the Reference Banks provides the Agent Bank with such a quotation, the Floating Coupon Rate for the Coupon Period commencing on such Coupon Determination Date shall be the rate which the Agent Bank determines to be the aggregate of the Margin and the arithmetic mean (rounded upwards, if necessary, to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the pounds sterling lending rates which leading banks in London selected by the Agent Bank are quoting, on the relevant Coupon Determination Date, to leading banks in London for a period of six months, except that, if the banks so selected by the Agent Bank are not quoting as mentioned above, the Floating Coupon Rate for such Coupon Period shall be either (1) the Floating Coupon Rate in effect for the last preceding Coupon Period to which one of the preceding sub-paragraphs of this Condition 5(d) shall have applied or (2) if none, 7.376 per cent. per annum.

*(e) Determination of Floating Coupon Rate and Calculation of Floating Coupon Amounts*

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on each Coupon Determination Date, determine the Floating Coupon Rate in respect of the Coupon Period commencing on that Coupon Determination Date and calculate the amount of interest payable in respect of a Preferred Security of each Authorised Denomination on the Coupon Payment Date for that Coupon Period (the "Floating Coupon Amounts") by applying the Floating Coupon Rate for such Coupon Period to the principal amount of a Preferred Security of each Authorised Denomination, multiplying such sum by the actual number of days in the Coupon Period concerned divided by 365 (or, in the case of a Coupon Payment Date falling in a leap year, 366) and, if necessary, rounding the resultant figure to the nearest £0.01 (£0.005 being rounded upwards).

*(f) Publication of Floating Coupon Rate and Floating Coupon Amounts*

The Issuer shall cause notice of the Floating Coupon Rate determined in accordance with this Condition 5 in respect of each relevant Coupon Period, the Floating Coupon Amount and the relevant date scheduled for payment to be given to the Trustee, the Paying Agents, any stock exchange or other relevant authority on which the Preferred Securities are for the time being listed or admitted to trading and, in accordance with Condition 15, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

The Floating Coupon Amount, the Floating Coupon Rate and the date scheduled for payment so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions or in the event of proven or manifest error.

*(g) Determination or Calculation by Trustee*

The Trustee (or an agent appointed by it) shall, if the Agent Bank does not at any relevant time for any reason determine the Floating Coupon Rate on the Preferred Securities in accordance with this Condition 5, determine the Floating Coupon Rate in respect of the relevant Coupon Period at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedures described in this Condition 5), it shall deem fair and reasonable in all the circumstances and such determination shall be deemed to be a determination thereof by the Agent Bank.

*(h) Agent Bank*

So long as any Preferred Securities remain outstanding, the Issuer will maintain an Agent Bank. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank with another leading investment, merchant or commercial bank in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or (without prejudice to Condition 5(g) above) fails duly to determine the Floating Coupon Rate in respect of any Coupon Period as provided in Condition 5(d), the Issuer shall forthwith appoint another leading investment, merchant or commercial bank in London approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

*(i) Determinations of Agent Bank or Trustee Binding*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5, whether by the Agent Bank or the Trustee (or its agent), shall (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Agent Bank, the Trustee, the Paying Agents and all Holders and Couponholders and (in the absence as aforesaid) no liability to the Holders, the Couponholders or the Issuer shall attach to the Agent Bank or the Trustee in connection with the exercise or non-exercise by them of any of their powers, duties and discretions.

## **6. Alternative Coupon Satisfaction Mechanism**

*(a) Alternative Coupon Satisfaction Mechanism*

Each ACSM Payment, when due to be satisfied in accordance with these Conditions, will (except as provided in Condition 8(d) or if Condition 3 applies) be satisfied by the Issuer in full only through the issue of Ordinary Shares and their allotment in favour of the Trustee or its agent in accordance with this Condition 6. The Issuer shall appoint a Calculation Agent (if it has not already done so), and notify the Trustee, the Principal Paying Agent and the Calculation Agent that an ACSM Payment is to be satisfied on such ACSM Payment Date. All other Payments due must, subject to Conditions 2 and 4, be satisfied in accordance with Condition 8(a).

*(b) Issue of Shares*

If any ACSM Payment is to be satisfied through the issue of Ordinary Shares as required by the provisions of this Condition 6 then, subject to Conditions 6(d) and 6(e), by close of business in London on or before the seventh Business Day prior to the relevant ACSM Payment Date, the Issuer will, subject to it having the necessary corporate authorisations in place, issue and allot in favour of the Trustee (or, if so agreed between the Issuer and the Trustee, an agent of the Trustee) such number of Ordinary Shares (the "Payment Ordinary Shares") as, in the determination of the Calculation Agent, will have a market value as near as practicable to,

but not less than, the relevant ACSM Payment to be satisfied in accordance with this Condition 6, together with any duties or costs that are payable by the Trustee or its agent in connection with the issue and sale of the Payment Ordinary Shares pursuant to this Condition 6 (“Associated Costs”). The Trustee shall hold such Payment Ordinary Shares and such proceeds of the sale of the Payment Ordinary Shares, in each case: (i) as have a value equal to the applicable ACSM Payment as certified by the Calculation Agent, on trust for the Holders; and (ii) as have a value equal to any Associated Costs as certified by the Calculation Agent, on trust for itself or its agent. The remainder (if any) of the Payment Ordinary Shares or the proceeds of the sale of the Payment Ordinary Shares shall, in each case, be held on trust for the Issuer by the Trustee. Following the sale of the Payment Ordinary Shares in accordance with this Condition 6 and the discharge of any Associated Costs and satisfaction of the relevant ACSM Payment as provided below, the Trustee or its agent shall pay the remainder (if any) of the proceeds of the sale of the Payment Ordinary Shares as certified by the Calculation Agent to the Issuer.

The Trustee shall use reasonable endeavours to effect the transfer or instruct its agent to effect the transfer of such Payment Ordinary Shares to or to the order of the Calculation Agent (subject to any necessary consents being obtained) as soon as practicable and in any case by not later than the close of business in London on the sixth Business Day prior to the relevant ACSM Payment Date and the Calculation Agent shall be required to agree in the Calculation Agency Agreement to use reasonable endeavours to procure purchasers for such Payment Ordinary Shares. The Calculation Agent shall further be required to agree in the Calculation Agency Agreement to discharge, on behalf of the Trustee or its agent, the Associated Costs and pay the remaining proceeds of such sale to, or hold the remaining proceeds of such sale to the order of, the Trustee, who shall pay or procure that its agent pays such remaining proceeds as it holds in respect of the relevant ACSM Payment on its due date to the Principal Paying Agent for application in accordance with Condition 6(c).

The Trustee shall not be liable to anyone for any loss occasioned by the transfer or sale of the Payment Ordinary Shares, in each case by or on behalf of the Trustee, or any delay or failure in effecting such transfer or sale of the Payment Ordinary Shares under these Conditions.

If the proceeds of the sale of the Payment Ordinary Shares will not, in the opinion of the Calculation Agent, subject to Conditions 6(d) and 6(e) but despite the arrangements contained above, result in a sum at least equal to the relevant ACSM Payment and any Associated Costs being available to satisfy the necessary ACSM Payment in full on its due date and the Associated Costs, the Issuer, the Trustee and the Calculation Agent shall take such steps as are reasonably necessary to ensure, so far as practicable, that through issuing additional Ordinary Shares on one or more further occasions (also “Payment Ordinary Shares”) and allotting them in favour of the Trustee or its agent and following, *mutatis mutandis*, the procedures contained above, a sum as near as practicable to, and at least equal to, the relevant ACSM Payment and any Associated Costs will be available to satisfy the relevant ACSM Payment in full on its due date and the Associated Costs.

*(c) Issue Satisfies Payment*

Where the Issuer is required to satisfy an ACSM Payment hereunder by issuing Payment Ordinary Shares and issues such Payment Ordinary Shares, such issue shall satisfy the relevant ACSM Payment if done in accordance with this Condition 6. The proceeds of sale of Payment Ordinary Shares paid to the Principal Paying Agent in accordance with Condition 6(b) shall be paid by the Principal Paying Agent to the Holders in respect of the relevant ACSM Payment.

*(d) Insufficiency*

The Issuer shall not be entitled to exercise its option pursuant to any of Conditions 7(b), 7(c) or 7(d) to redeem, substitute or vary the terms of any of the Preferred Securities until such time as the Issuer has available, and the Directors have the corresponding authority to allot, such number of authorised but unissued Ordinary Shares as may be required to be issued in accordance with this Condition 6 for the purposes of satisfying in full in accordance with this Condition 6 any ACSM Payment required to be satisfied in connection with such redemption, substitution or variation of the terms of the Preferred Securities.

*(e) Market Disruption*

Notwithstanding the provisions of Condition 6(b), if there exists, in the opinion of the Issuer, a Market Disruption Event on or after the 15th Business Day preceding any ACSM Payment Date, then the Issuer may give a notice to the Trustee, the Principal Paying Agent, the Calculation Agent and (in accordance with Condition 15) the Holders as soon as possible after the Market Disruption Event has arisen or occurred,

whereupon the relevant ACSM Payment may be deferred until such time as the Market Disruption Event, in the opinion of the Issuer, no longer exists.

Any such deferred ACSM Payment will be satisfied as soon as practicable following such time as the Market Disruption Event, in the opinion of the Issuer, no longer exists. Interest shall not accrue on such deferred ACSM Payment, unless, as a consequence of the existence of the relevant Market Disruption Event, the Issuer does not satisfy the relevant ACSM Payment for a period of 14 days or more after the relevant ACSM Payment Date, in which case interest shall accrue on such deferred ACSM Payment from (and including) the relevant ACSM Payment Date to (but excluding) the date on which such ACSM Payment is satisfied. Any such interest shall accrue at a rate determined in accordance with Condition 5 and shall be satisfied only in accordance with this Condition 6, as soon as reasonably practicable after the relevant deferred ACSM Payment is satisfied. No liability shall attach to the Trustee or its agent if, as a result of a Market Disruption Event or any other event outside the control of the Trustee or its agent, the Trustee or its agent is unable to comply with the provisions of Condition 6(b).

*(f) Listing*

The Issuer shall ensure (to the extent possible) that, at the time when any Ordinary Shares are issued pursuant to this Condition 6, such Ordinary Shares are listed on the Official List of the FSA in its capacity as competent authority under the Financial Services and Markets Act 2000 and are admitted to trading on the market for listed securities of the London Stock Exchange (or, if the London Stock Exchange is not a Recognised Stock Exchange at that time, such other stock exchange as is a Recognised Stock Exchange at that time).

**7. Redemption, Substitution, Variation or Purchase**

*(a) No Fixed Redemption Date*

The Preferred Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 11) only have the right to repay them, substitute them, vary their terms or purchase them in accordance with the following provisions of this Condition 7 or in the circumstances provided for in Condition 8(d).

In addition, any redemption, substitution, variation of the terms or purchase of the Preferred Securities is (i) subject to the Issuer giving at least six months' prior written notice to, and receiving no objection from, the FSA (or such shorter period of notice as the FSA may accept and, in any event, provided that such notice is required to be given), (ii) subject to the Issuer (both at the time of and after the redemption, substitution, variation or purchase) being in compliance with the FSA's capital resources requirements applicable to it from time to time (and a certificate from any two Directors confirming such compliance shall be conclusive evidence of such compliance) and (iii) conditional on the terms of Condition 6(d) being satisfied prior to the exercise by the Issuer of its rights with respect to such redemption, substitution, variation or purchase and all Deferred Coupon Payments (if any) being satisfied in full by the operation of Condition 6 and the Trust Deed on or prior to the date set for such redemption, substitution, variation or purchase.

*(b) Issuer's Call Option*

Subject to Condition 7(a), the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee and the Principal Paying Agent, which notice shall be irrevocable, elect to redeem all, but not some only, of the Preferred Securities on the First Reset Date or any Coupon Payment Date thereafter at their principal amount together with any Payments which are Outstanding thereon (such redemption amounts to be payable in cash, save for any Deferred Coupon Payments which will be satisfied by the operation of Condition 6).

*(c) Redemption, Substitution or Variation Due to Taxation*

If immediately prior to the giving of the notice referred to below:

- (i) as a result of a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which the United Kingdom is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written

statements made by a tax authority regarding the anticipated tax treatment of the Preferred Securities, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after 21 March 2005, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by United Kingdom Act of Parliament or by Statutory Instrument, on or after 21 March 2005 (a “Tax Law Change”), in making any payments on the Preferred Securities, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts on the Preferred Securities and the Issuer cannot avoid the foregoing in connection with the Preferred Securities by taking measures reasonably available to it; or

- (ii) as a result of a Tax Law Change in respect of the Issuer’s obligation to make any Coupon Payment on the next following Coupon Payment Date, (x) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced or (y) the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at 21 March 2005 or any similar system or systems having like effect as may from time to time exist), and in each such case the Issuer cannot avoid the foregoing in connection with the Preferred Securities by taking measures reasonably available to it; or
- (iii) as a result of a Tax Law Change in respect of the Issuer’s obligation to make any Coupon Payment on the next following Coupon Payment Date, the Issuer would suffer adverse tax consequences (other than any consequence referred to in paragraphs (i) and (ii) above); or
- (iv) other than as a result of a Tax Law Change, in respect of the Issuer’s obligation to make any Coupon Payment on the next following Coupon Payment Date, (w) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the United Kingdom or such entitlement is materially reduced; (x) the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at 21 March 2005 or any similar system or systems having like effect as may from time to time exist); (y) the Issuer would otherwise suffer adverse tax consequences; or (z) the Issuer has paid, or would on the next date on which it is due to make a payment under those Conditions be required to pay, Additional Amounts on the Preferred Security pursuant to Condition 10, and in each such case the Issuer cannot avoid the foregoing in connection with the Preferred Securities by taking measures reasonably available to it,

then

- (aa) the Issuer may, subject to Condition 7(a) and having given not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable), redeem in accordance with these Conditions at any time on or prior to the First Reset Date and thereafter only on a Coupon Payment Date, all, but not some only, of the Preferred Securities (I) (in the case of a Par Tax Event) at their principal amount, (II) (in the case of an Other Tax Event and a redemption prior to the First Reset Date) at their Make Whole Redemption Price and (III) (in the case of an Other Tax Event and a redemption on or after the First Reset Date) at their principal amount, together, in each case, with any Payments which are Outstanding thereon (all such amounts so payable being payable in cash, save for any Deferred Coupon Payments which will be satisfied by the operation of Condition 6); or
- (bb) the Issuer may, subject to Condition 7(a) (without any requirement for the consent or approval of the Holders) and having given not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Preferred Securities for, or vary the terms of the Preferred Securities so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities, and the Trustee shall (subject to the following provisions of this paragraph (bb) and subject to the receipt by it of the certificates of the Directors referred to below and in the definition of Qualifying Tier 1 Securities or (as the case may be) Qualifying Upper Tier 2 Securities) agree to such substitution or variation. In connection therewith, all Deferred Coupon Payments (if any) will be satisfied by the operation of Condition 6. The Trustee shall use its reasonable endeavours to participate in or assist the Issuer with the substitution of the Preferred Securities for or the variation of the terms of the Preferred Securities so that they become alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities, provided that the Trustee shall not be obliged to participate in or assist with any such substitution or variation if the terms of the proposed alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities or the participation in or assistance with such substitution or

variation would impose, in the Trustee's opinion, more onerous obligations upon it. If, notwithstanding the above, the Trustee does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Preferred Securities as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that the relevant condition referred to in paragraph (i), (ii), (iii) or (iv) above is satisfied and the Trustee shall accept such certificate without any further inquiry as sufficient evidence of the satisfaction of the conditions set out in such paragraphs in which event it shall be conclusive and binding on the Holders. Upon expiry of such notice, the Issuer shall either redeem, vary the terms of or substitute the Preferred Securities in accordance with this Condition 7(c), as the case may be.

In connection with any substitution or variation in accordance with this Condition 7(c), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Preferred Securities are for the time being listed or admitted to trading, and (for so long as the Preferred Securities are listed on Euronext Amsterdam and the rules of such exchange require) shall publish a supplement in connection therewith.

*(d) Substitution, Variation or Redemption for Regulatory Purposes*

If immediately prior to the giving of the notice referred to below a Regulatory Event has occurred and is continuing, then:

- (i) the Issuer may, subject to Condition 7(a) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee and the Principal Paying Agent (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Preferred Securities at any time on or prior to the First Reset Date and thereafter only on a Coupon Payment Date. The Preferred Securities will be redeemed at their Make Whole Redemption Price (in the case of any redemption prior to the First Reset Date) or on or after the First Reset Date at their principal amount, in each case together with any Payments which are Outstanding thereon (all such amounts so payable being payable in cash, save for any Deferred Coupon Payments which will be satisfied by the operation of Condition 6); or
- (ii) the Issuer may, subject to Condition 7(a) (without any requirement for the consent or approval of the Holders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Preferred Securities for, or vary the terms of the Preferred Securities so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities, and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of the certificates of the Directors referred to below and in the definition of Qualifying Tier 1 Securities or (as the case may be) Qualifying Upper Tier 2 Securities) agree to such substitution or variation. In connection therewith, all Deferred Coupon Payments (if any) will be satisfied by the operation of Condition 6. The Trustee shall use its reasonable endeavours to participate in or assist the Issuer with the substitution of the Preferred Securities for or the variation of the terms of the Preferred Securities so that they become alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities, provided that the Trustee shall not be obliged to participate in or assist with any such substitution or variation if the terms of the proposed alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it. If, notwithstanding the above, the Trustee does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Preferred Securities as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7(d), the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that a Regulatory Event has occurred and is continuing as at the date of the certificate, and the Trustee shall accept such certificate without any further inquiry as sufficient evidence of the occurrence and continuation of a Regulatory Event in which event it shall be conclusive and binding on the Holders. Upon expiry of such notice, the Issuer shall either redeem, vary the terms of or substitute the Preferred Securities in accordance with this Condition 7(d), as the case may be.

In connection with any substitution or variation in accordance with this Condition 7(d), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Preferred Securities are for the time being listed or admitted to trading, and (for so long as the Preferred Securities are listed on

Euronext Amsterdam and the rules of such exchange require) shall publish a supplement in connection therewith.

*(e) Purchases*

The Issuer or any Subsidiary may, subject to Condition 7(a), at any time purchase Preferred Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto. If purchases are made by tender, tenders must be made available to all Holders alike.

*(f) Cancellation*

All Preferred Securities so redeemed or substituted by the Issuer and any unmatured Coupons and Talons appertaining thereto will be cancelled and may not be reissued or resold. Preferred Securities purchased by the Issuer or any Subsidiary may not be held, reissued, resold and, accordingly, will forthwith be surrendered to any Paying Agent for cancellation.

*(g) Trustee Not Obligated to Monitor*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 7 or whether a Suspension under Condition 8(d) has occurred and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 7 or the occurrence of a Suspension under Condition 8(d), it shall be entitled to assume that no such event or circumstance exists.

## **8. Payments**

*(a) Method of Payment*

- (i) Payments of principal, premium and Coupon Amounts will be made by or on behalf of the Issuer against presentation and surrender of Preferred Securities or the appropriate Coupons at the specified office of any of the Paying Agents except that payments of Coupon Amounts in respect of any period not ending on a Coupon Payment Date will only be made upon surrender of the relevant Preferred Securities. Such payments will be made (subject to Condition 8(a)(ii) below), at the option of the payee, by pounds sterling cheque drawn on, or by transfer to a pounds sterling account maintained by the payee with, a bank in London.
- (ii) Upon the due date for redemption of any Preferred Securities, any unexchanged Talon relating to such Preferred Securities (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon and unmatured Coupons relating to such Preferred Securities (whether or not attached) shall also become void and no payment shall be made in respect of them. If any Preferred Security is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iii) On or after the Coupon Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Preferred Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 11).

*(b) Payments Subject to Fiscal Laws*

Without prejudice to the terms of Condition 10, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

*(c) Payments on Business Days*

If the date for payment of any amount in respect of any Preferred Security or Coupon, or any later date on which any Preferred Security or Coupon is presented for payment, is not a business day, then the holder thereof shall not be entitled to payment at that place of payment of the amount payable until the next following business day at that place of payment and shall not be entitled to any further interest or other payment in respect of any such delay. In this Condition 8(c), "business day" means any day (not being a Saturday, Sunday or a public holiday) on which commercial banks and foreign exchange markets which settle payments in pounds sterling are open in London and in the relevant place of payment.

*(d) Suspension*

If, following any take-over offer made under the City Code on Take-overs and Mergers or any reorganisation, restructuring or scheme of arrangement, the company which, immediately prior to such event, was the Ultimate Owner ceases to be the Ultimate Owner, then the Issuer shall as soon as practicable give notice to the Holders in accordance with Condition 15, the Trustee and the Principal Paying Agent, whereupon the operation of the ACSM shall be suspended (such event being a “Suspension”). In such event, unless a Permitted Restructuring Arrangement shall be put in place within six months of the occurrence of a Permitted Restructuring (in which case the Suspension shall cease upon such Permitted Restructuring Arrangement being put in place), an independent investment bank appointed by the Issuer (at the Issuer’s expense) and approved by the Trustee shall determine, subject to the requirements that: (i) the Issuer shall not be obliged to reduce its net assets; (ii) no amendment may be proposed or made which would alter the FSA’s regulatory capital treatment of the Preferred Securities for regulatory capital and solvency purposes without the Issuer giving at least six months’ prior written notice to, and receiving no objection from, the FSA (or such shorter period of notice as the FSA may accept and, in any event, provided that such notice is required to be given); and (iii) no such amendment may be made which would, in the Trustee’s opinion, impose more onerous obligations on it without its consent, what amendments (if any) to these Conditions, the Trust Deed and any other relevant documents are appropriate in order (aa) to preserve substantially the economic effect, for the Holders, of a holding of the Preferred Securities prior to the Suspension and (bb) to replicate the ACSM in the context of the capital structure of the new Ultimate Owner. Upon any such determination being reached and notified to the Trustee and the Issuer by such investment bank, the Trustee and the Issuer shall, pursuant to the terms of the Trust Deed and without any requirement for the consent or the approval of the Holders or Couponholders, effect any necessary consequential changes to these Conditions and the Trust Deed and any other relevant documents, whereupon the satisfaction of any ACSM Payment (when due) by the method contemplated in Condition 6 shall no longer be subject to the Suspension.

If, after using all reasonable endeavours, such investment bank is unable to formulate such amendments, it shall so notify the Issuer, the previous Ultimate Owner (if not the Issuer), the new Ultimate Owner, the Trustee and the Principal Paying Agent and the Preferred Securities shall (subject in each case to the Issuer giving at least six months’ prior written notice to, and receiving no objection from, the FSA (or such shorter period of notice as the FSA may accept and, in any event, provided that such notice is required to be given) and with the prior agreement of the new Ultimate Owner) at the option of the Issuer either be substituted for, or have their terms varied so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities or be redeemed, in each case as described below.

If the Preferred Securities are to be substituted for, or have their terms varied so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities, the Issuer shall give not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable) and all (but not some only) of the Preferred Securities will be substituted for, or have their terms varied so that they become, alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities, and the Trustee shall (subject to the following provisions of this paragraph and subject to the receipt by it of the certificate of the Directors referred to in the definition of Qualifying Tier 1 Securities or (as the case may be) Qualifying Upper Tier 2 Securities and subject further to the receipt by it of the notification of the relevant investment bank referred to above) agree to such substitution or variation. In connection therewith, all Deferred Coupon Payments (if any) will either (at the option of the Issuer) (x) be carried over such that the rights of the Holders with respect thereto are preserved in the new Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities or (y) be satisfied (unless otherwise agreed by the Issuer and the Trustee) by the issue of Ordinary Shares to the new Ultimate Owner in consideration for which the new Ultimate Owner shall issue ordinary shares in its capital (or shares in its capital of an equivalent class) so as to enable it to satisfy the amount of such Deferred Coupon Payments in accordance, *mutatis mutandis*, with Conditions 6(b), 6(c), 6(d) and 6(e) (with references to the Payment Ordinary Shares being construed as references to such ordinary shares or equivalent shares in the capital of the new Ultimate Owner which, when sold, provide a net cash amount of not less than the amount of such Deferred Coupon Payments which fall to be satisfied by the Issuer). The Trustee shall use its reasonable endeavours to participate in or assist the Issuer with the substitution of the Preferred Securities for or the variation of the terms of the Preferred Securities so that they become alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities, provided that the Trustee shall not be obliged to participate in or assist with any such substitution or variation if the terms of the proposed alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee’s opinion, more onerous obligations upon it. If, notwithstanding the above, the

Trustee does not participate or assist as provided above, the FSA objects to such substitution or variation or it is otherwise not practicable for the Preferred Securities to be substituted or varied as described above, the Issuer may, subject to Condition 7(a), elect to redeem the Preferred Securities as provided in this Condition 8(d). In connection with any substitution or variation in accordance with this Condition 8(d), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Preferred Securities are for the time being listed or admitted to trading, and (for so long as the Preferred Securities are listed on Euronext Amsterdam and the rules of such exchange require) shall publish a supplement in connection therewith.

If the Preferred Securities are to be redeemed by the Issuer in accordance with this Condition 8(d), the Issuer shall give notice thereof to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable) and all (but not some only) of the Preferred Securities will be redeemed at (in the case of any redemption prior to the First Reset Date) their Make Whole Redemption Price or (on or after the First Reset Date) their principal amount, together in each case with any Payments which are Outstanding thereon, not later than the 60th Business Day following the giving of such notice by the Issuer to the Holders. Such redemption will, unless otherwise agreed by the Issuer and the Trustee, be effected by the issue of Ordinary Shares to the new Ultimate Owner in consideration for which the new Ultimate Owner shall issue ordinary shares in its capital (or shares in its capital of an equivalent class) so as to enable it to satisfy such redemption amount in accordance, *mutatis mutandis*, with Conditions 6(b), 6(c), 6(d) and 6(e) (with references to the Payment Ordinary Shares being construed as references to such ordinary shares or equivalent shares in the capital of the new Ultimate Owner which, when sold, provide a net cash amount of not less than the redemption amount which falls to be satisfied by the Issuer).

## **9. Non-Payment when Due**

*Notwithstanding any of the provisions below in Condition 9, the right to institute winding-up proceedings in England and Wales is limited to circumstances where payment has become due. No principal, premium or Payment (including any Payment which falls to be satisfied by means of the ACSM) will be due on the relevant payment date unless the condition to payment set out in Condition 2(b)(i) is satisfied. Also, in the case of any Coupon Payment, such Payment will not be due if the Issuer has elected to defer that Payment pursuant to Condition 4 or if the circumstances referred to in any of Conditions 6(d), 6(e) or 8(d) then apply. The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, inter alia, the fees, expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.*

- (a) If the Issuer shall not make payment in respect of the Preferred Securities (in the case of payment of principal and/or premium) for a period of seven days or more after the due date for the same or (in the case of any Coupon Amount, Deferred Coupon Payment or Accrued Coupon Payment) shall not make payment (including by the issue of Ordinary Shares in accordance with Condition 6) for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed, the Preferred Securities and the Coupons and the Trustee may, notwithstanding the provisions of Condition 9(b), institute proceedings for the winding-up of the Issuer in England and Wales and/or prove in any winding-up of the Issuer.
- (b) Without prejudice to Condition 9(a) and subject as provided in Condition 18, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Preferred Securities or the Coupons (other than for the payment of any principal or premium or satisfaction of any Payments in respect of the Preferred Securities or the Coupons) if the Issuer is in default of such term or condition and fails to remedy such default within 14 days after notice of the same has been given to the Issuer provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.
- (c) The Trustee shall not be bound to take any of the actions referred to in Condition 9(a) or (b) above against the Issuer to enforce the terms of the Trust Deed, the Preferred Securities or the Coupons unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or in writing by the holders of at least one-quarter in principal amount of the Preferred Securities then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction.
- (d) No Holder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in England and Wales or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the

Holder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer shall be available to the Trustee or any Holder or Couponholder (i) for the recovery of amounts owing in respect of the Preferred Securities or the Coupons, other than the institution of proceedings for the winding-up of the Issuer in England and Wales and/or proving in any winding-up of the Issuer and (ii) for the breach of any other term under the Trust Deed, the Preferred Securities or the Coupons, other than as provided in Condition 9(b) above.

## **10. Taxation**

All payments by the Issuer of principal, premium, Coupon Amounts, Deferred Coupon Payments, Accrued Coupon Payments and Solvency Claims in respect of the Preferred Securities will be made without withholding of or deduction for, or on any account of, any present or future United Kingdom taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts (“Additional Amounts”) as may be necessary in order that the net amounts receivable by Holders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Preferred Securities or, as the case may be, Coupons in the absence of a requirement to make such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Preferred Securities or Coupon:

- (a) to, or to a third party on behalf of, a holder who (i) would be able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or similar claim for exemption but fails to do so, or (ii) is liable to such taxes, duties, assessments or governmental charges in respect of such Preferred Security or Coupon by reason of his having some connection with the United Kingdom other than a mere holding of such Preferred Security or Coupon;
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (c) presented for payment by or on behalf of a Holder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Preferred Security or Coupon to another Paying Agent in a Member State of the European Union; or
- (d) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder or Couponholder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium, Coupon Amounts, Deferred Coupon Payments and/or Accrued Coupon Payments, shall be deemed to include any additional amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## **11. Prescription**

Preferred Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within a period of 10 years in the case of Preferred Securities and five years in the case of Coupons from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition or Condition 8(a)(ii) or any Talon which would be void pursuant to Condition 8(a)(ii).

## **12. Meetings of Holders, Modification, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including the modification by Extraordinary Resolution (as defined in the Trust Deed) of these Conditions or other provisions of the Trust Deed.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Preferred Securities for the time being

outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Preferred Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Conditions 2 and 3, the terms concerning currency and due dates for payment of principal, any applicable premium or Coupon Payments in respect of the Preferred Securities and reducing or cancelling the principal amount of any Preferred Securities, any applicable premium or the Coupon Rate) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Preferred Securities for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Conditions 7(c), 7(d) and 8(d) in connection with the substitution of the Preferred Securities for or the variation of the terms of the Preferred Securities so that they become alternative Qualifying Tier 1 Securities or Qualifying Upper Tier 2 Securities (as the case may be), and to which the Trustee has agreed pursuant to the relevant provisions of Conditions 7(c), 7(d) or 8(d), as the case may be.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting, and on all Couponholders.

The Trustee may agree (subject to the Trust Deed), without the consent of the Holders or Couponholders, to any modification (except as set out above in relation to the higher quorum requirements at any meeting of Holders) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any other provisions of the Trust Deed, the Paying Agency Agreement or any Calculation Agency Agreement which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Holders or to any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error. No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the Issuer shall have given at least one month's prior written notice to, and received no objection from, the FSA (or such shorter period of notice as the FSA may accept and, in any event, provided that there is a requirement to give such notice).

The Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the Holders or Couponholders and subject to the Issuer giving at least six months' prior written notice to, and receiving no objection from, the FSA (or such shorter period of notice as the FSA may accept and, in any event, provided that there is a requirement to give such notice) may agree with the Issuer, without the consent of the Holders or Couponholders, to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3 of any person or persons incorporated in any country in the world (other than the United States) (the "Substitute Obligor") in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed, the Preferred Securities and the Coupons, provided that:

- (a) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor, in form and manner satisfactory to the Trustee, whereby the Substitute Obligor agrees to be bound by the terms of the Trust Deed, the Preferred Securities, the Coupons and the Talons, with such consequential amendments as the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and on the Preferred Securities, the Coupons and the Talons, as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);
- (b) (unless the successor in business of the Issuer is the Substitute Obligor) the obligations of the Substitute Obligor under the Trust Deed, the Preferred Securities, the Coupons and the Talons are guaranteed by the Issuer (or the successor in business of the Issuer) on a subordinated basis equivalent to that referred to in Conditions 2 and 3 and in the Trust Deed and in a form and manner satisfactory to the Trustee;
- (c) if the directors of the Substitute Obligor or other officers acceptable to the Trustee shall certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected, the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer;
- (d) (without prejudice to the rights of reliance of the Trustee under Condition 12(c)) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Holders;
- (e) (without prejudice to the generality of Condition 12(a)) the Trustee may in the event of such substitution agree, without the consent of the Holders or Couponholders, to a change in the law governing the Trust Deed and/or the Preferred Securities and/or the Coupons and/or the Talons,

provided further that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders;

- (f) if the Substitute Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in a territory with power to tax (in each case the “Substituted Territory”) other than the territory to whose taxing jurisdiction (or any such authority of or in the territory to which) the Issuer is subject generally (the “Issuer’s Territory”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 10 with the substitution of the references in that Condition to the Issuer’s Territory for references to the Substituted Territory, whereupon the Trust Deed, the Preferred Security, the Coupons and the Talons will be read accordingly; and
- (g) the Issuer and the Substitute Obligor comply with such other reasonable requirements as the Trustee may direct.

In connection with any proposed substitution as aforesaid and in connection with the exercise of its functions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Holders and Couponholders as a class and the Trustee shall not have regard to the consequences of such substitution or such exercise for individual Holders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any substitution or such exercise as aforesaid, no Holder or Couponholder shall be entitled to claim, whether from the Issuer, the Substitute Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Holders or Couponholders except to the extent already provided in Condition 10 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Any such modification, waiver, authorisation or substitution shall be binding on all Holders and all Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Holders in accordance with Condition 15 as soon as practicable thereafter.

### **13. Replacement of the Preferred Securities, Coupons and Talons**

Should any Preferred Security, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent or the Paying Agent in The Netherlands (or any other place of which notice shall have been given in accordance with Condition 15) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Preferred Securities, Coupons or Talons must be surrendered before any replacement Preferred Securities, Coupons or Talons will be issued.

### **14. The Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer or any Subsidiary without accounting for any profit resulting therefrom.

### **15. Notices**

Notices to Holders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) and, for as long as the Preferred Securities are listed on Euronext Amsterdam and the rules of that stock exchange so require, in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*) and in a newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Holders in accordance with this Condition.

### **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders or the Couponholders to create and issue further Preferred Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Preferred Securities) and so that the same shall be consolidated and form a single series with the outstanding

Preferred Securities. Any such Preferred Securities shall be constituted by a deed supplemental to the Trust Deed.

## **17. Agents**

The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right, subject to the approval of the Trustee, such approval not to be unreasonably withheld, at any time to vary or terminate the appointment of any Paying Agent or Calculation Agent and to appoint additional or other Paying Agents or (as the case may be) another Calculation Agent (if a Calculation Agent has already been appointed), provided that it will: (a) at all times maintain an Agent Bank, a Principal Paying Agent and a Paying Agent having a specified office in London (which may be the same as the Principal Paying Agent); (b) whenever a function expressed in these Conditions to be performed by the Calculation Agent falls to be performed, appoint and (for so long as such function is required to be performed) maintain a Calculation Agent; (c) for so long as the Preferred Securities are listed on Euronext Amsterdam and the rules of that stock exchange so require, maintain a Paying Agent having a specified office in The Netherlands; and (d) insofar as the Issuer would be obliged to pay additional amounts pursuant to Condition 10 upon presentation of the Preferred Security or Coupon, as the case may be, for payment in the United Kingdom, maintain a Paying Agent having a specified office in a major city in a Member State of the European Union other than the United Kingdom that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive on the taxation of savings income implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to such Directive which is approved by the Trustee, PROVIDED THAT under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such a Member State unless at least one Member State of the European Union other than the United Kingdom does not require a Paying Agent with a specified office in that Member State so to withhold or deduct tax. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 15. If any of the Agent Bank, Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions, the relevant Calculation Agency Agreement or the Paying Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent investment bank acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Agent Bank, Calculation Agent or the Principal Paying Agent in relation to the Preferred Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents, the Holders and the Couponholders.

Under no circumstances shall the Trustee be required to appoint a Calculation Agent (where the Issuer has failed to do so or otherwise), and the Trustee shall not be responsible, or liable to any person, for the consequences of any failure by the Issuer to appoint a Calculation Agent. None of the Issuer, the Trustee, the Agent Bank and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation, or any sale of Ordinary Shares made pursuant to Condition 6 or otherwise, by the Calculation Agent.

## **18. Pre-emption**

The Issuer shall, subject to compliance with the requirements of the Companies Act, use all reasonable endeavours to obtain and maintain at all times all corporate authorisations and take any other corporate actions required for the issue and allotment to the Trustee or its agent (free from any pre-emption rights) of such number of Ordinary Shares as it reasonably considers would be required to be issued in order to enable the Issuer to make a payment satisfying the aggregate amount of Deferred Coupon Payments (if any) and, prior to the First Reset Date, the aggregate of Coupon Payments due on the next succeeding Coupon Payment Date and, after the First Reset Date, on the next two succeeding Coupon Payment Dates, provided that such reasonable endeavours shall be satisfied where the relevant corporate authorisation or action required is to be obtained or done by the passing of a resolution of the shareholders of the Issuer and the board of directors of the Issuer proposes the relevant resolution to its shareholders for approval at any general meeting of the Issuer and, if such proposal is rejected, the relevant resolution is proposed again at the next general meeting of the Issuer.

No damages will be payable for breach of this covenant but, in the event of breach by the Issuer of this Condition 18, the Trustee may only require the Issuer to put before the next general meeting of the Issuer a resolution to remedy the breach.

The Trustee shall not be obliged to monitor compliance by the Issuer with this Condition and shall be entitled to assume, unless it has actual knowledge to the contrary, that the Issuer is complying with its obligations under this Condition.

Any authorised but unissued Ordinary Shares which the Issuer is required to maintain other than in connection with the Preferred Securities shall be discounted in determining whether the Issuer is complying with its obligations under this Condition 18.

## **19. Governing Law**

The Trust Deed, the Preferred Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of England.

## **20. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Preferred Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

## **21. Definitions**

In these Conditions:

“Accrued Coupon Payment” means, as at any given time, where these Conditions provide that interest shall continue to accrue after a Coupon Payment Date or ACSM Payment Date in respect of a Preferred Security or an ACSM Payment, the amount of interest accrued thereon at that time in accordance with Condition 5 or 6(e), as the case may be;

“ACSM Payment” means any Deferred Coupon Payment and/or any Accrued Coupon Payment pursuant to Condition 6(e);

“ACSM Payment Date” means the date on which an ACSM Payment is due to be satisfied pursuant to these Conditions;

“Additional Amounts” has the meaning given to it in Condition 10;

“Agent Bank” has the meaning given to it in the preamble to these Conditions;

“Alternative Coupon Satisfaction Mechanism” or “ACSM” means the mechanism described in Condition 6;

“Assets” means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Directors or, if the Issuer is in a winding-up in England and Wales, its liquidator may determine;

“Associated Costs” has the meaning given to it in Condition 6;

“Authorised Denomination” has the meaning given to it in Condition 1(a);

“Business Day” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London;

“Calculation Agency Agreement” means any agreement entered into by the Issuer, the Trustee and the Calculation Agent in respect of any of the functions expressed to be performed by the Calculation Agent under these Conditions;

“Calculation Agent” means the independent investment bank of international repute, appointed on the terms of a Calculation Agency Agreement, selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld, for the purposes of performing any of the functions expressed to be performed by it under these Conditions;

“Companies Act” means the Companies Act 1985 (as amended);

“Conditions” means these terms and conditions of the Preferred Securities, as amended from time to time;

“Coupon” has the meaning given to it in the preamble to these Conditions;

“Coupon Amount” means, in respect of a Coupon, the amount of interest payable on the presentation and surrender of such Coupon for the relevant Coupon Period in accordance with Condition 5 and includes Floating Coupon Amounts;

“Coupon Determination Date” means, in relation to each Coupon Period from and including the Coupon Period beginning on the First Reset Date, the first Business Day of the relevant Coupon Period;

“Couponholder” has the meaning given to it in the preamble to these Conditions;

“Coupon Payment” means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

“Coupon Payment Date” means (i) in respect of the period from the Issue Date to (and including) the First Reset Date, 24 March in each year, starting on (and including) 24 March 2006 and (ii) after the First Reset Date, 24 March and 24 September in each year, starting on (and including) 24 September 2020, provided that if any Coupon Payment Date after the First Reset Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall in the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day;

“Coupon Period” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period beginning on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date;

“Coupon Rate” means the Fixed Coupon Rate and/or the Floating Coupon Rate, as the case may be;

“Deferred Coupon Payment” means (i) any Coupon Payment which, pursuant to Condition 4, the Issuer has elected to defer and which has not been satisfied and (ii) any Coupon Payment which, by reason of the condition to payment set out in Condition 2(b)(i), has not been satisfied;

“Directors” means the directors of the Issuer;

“Eligible Company” means a company incorporated in a member state of the European Union, in the Republic of South Africa or in the United States of America by or on behalf of the Issuer whose ordinary shares are listed (i) on the official list of the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and are admitted to trading on the market for listed securities of the London Stock Exchange or (ii) on such other internationally Recognised Stock Exchange as the Trustee may approve;

“Euronext Amsterdam” means the Official Segment of the Stock Market of Euronext Amsterdam N.V.;

“European Economic Area” means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

“Financial Services Authority” or “FSA” means the Financial Services Authority or such other governmental authority in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Group;

“First Reset Date” means 24 March 2020;

“Fixed Coupon Rate” has the meaning given to it in Condition 5(c);

“Fixed Rate Coupon Period” means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

“Floating Coupon Amounts” has the meaning given to it in Condition 5(e);

“Floating Coupon Rate” has the meaning given to it in Condition 5(d);

“Group” means the Issuer and its Subsidiaries;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security (as calculated by the Calculation Agent on the basis set out in the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 4, Section One: Price/Yield Formulae “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published on 8 June 1998 and updated on 15 January 2002 and as further updated or amended) on a semi-annual compounding basis (converted on an annualised yield and rounded up (if necessary) to four decimal places));

“Holder” has the meaning given to it in the preamble to these Conditions;

“holding company” has the meaning given to it under Section 736 of the Companies Act;

“Holding Company Shares” means ordinary shares in the capital of the New Holding Company;

“interest” shall, where appropriate, include Coupon Amounts, Deferred Coupon Payments and Accrued Coupon Payments;

“Issue Date” means 24 March 2005, being the date of the initial issue of the Preferred Securities;

“Issuer” means Old Mutual plc;

“Junior Share Capital” means the Ordinary Shares, together with any other securities of any member of the Group ranking or expressed to rank junior to the Preferred Securities (either issued directly by the Issuer or by a Subsidiary where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer and ranking or expressed to rank junior to the Preferred Securities);

“Liabilities” means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events in such manner as the Directors or, if the Issuer is in a winding-up in England and Wales, its liquidator may determine;

“London Stock Exchange” means the London Stock Exchange plc;

“Make Whole Redemption Price” means, in respect of each Preferred Security, (a) the principal amount of such Preferred Security or, if redemption occurs before the First Reset Date and this is higher, (b) the price, expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards), at which the Gross Redemption Yield on the Preferred Security on the Reference Date (assuming for this purpose that the Preferred Securities are to be redeemed at their principal amount on the First Reset Date) is equal to the Gross Redemption Yield (determined by reference to the middle market price) at 11.00 a.m. (London time) on the Reference Date of the Reference Bond plus 0.75 per cent., all as determined by the Calculation Agent;

“Margin” means 2.23 per cent.;

“Market Disruption Event” means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the London Stock Exchange or otherwise) or on settlement procedures for transactions in the Ordinary Shares on the London Stock Exchange or on the JSE Securities Exchange S.A. if, in any such case, the Calculation Agent has confirmed to the Issuer that the suspension or limitation is material in the context of the sale of the Payment Ordinary Shares, or (ii) there has been a substantial deterioration in the price and/or value of the Ordinary Shares or circumstances are such so as to prevent or to a material extent restrict the issue, allotment, sale, delivery or listing of the Payment Ordinary Shares, as the case may be, including the Issuer entering a close period (within the meaning of the United Kingdom Listing Authority Sourcebook: Listing Rules), except that an event or circumstance contemplated by Condition 8(d) which leads to a Suspension shall not constitute a Market Disruption Event;

“New Holding Company” means an Eligible Company that becomes the Ultimate Owner following a Permitted Restructuring;

“Ordinary Shares” means ordinary shares in the capital of the Issuer, having on the Issue Date a par value of 10 pence each;

“Other Tax Event” means any of the events of the type described in Conditions 7(c)(iii) and 7(c)(iv);

“Outstanding”, in relation to any Coupon Payment, Deferred Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment, means that such payment (a) has either become due and payable or would have become due and payable except for the non-satisfaction on the relevant date of the condition to payment set out in Condition 2(b)(i) or the deferral, postponement or suspension of such payment in accordance with any of Condition 4, 6(d), 6(e) or 8(d); and (b) in any such case has not been satisfied and, in respect of any Accrued Coupon Payment, means any amount thereof which has not been satisfied whether or not payment has become due;

“Parity Securities” means the most senior ranking class or classes of preference shares in the capital of the Issuer from time to time (other than Priority Preference Shares (if any)) and any other securities ranking or expressed to rank *pari passu* with the Preferred Securities and/or such preference shares (other than Priority Preference Shares (if any)), or other securities whether issued directly by the Issuer or by a Subsidiary and benefiting from a guarantee or support agreement ranking, or expressed to rank, *pari passu* with the Preferred Securities and/or such preference shares (other than Priority Preference Shares (if any)), including the US\$750,000,000 8.0 per cent. Guaranteed Cumulative Perpetual Preferred Securities of Old Mutual Capital Funding L.P. guaranteed on a subordinated basis by the Issuer;

“Par Tax Event” means an event of the type described in Condition 7(c)(i) and (ii);

“Paying Agency Agreement” has the meaning given to it in the preamble to these Conditions;

“Paying Agents” has the meaning given to it in the preamble to these Conditions;

“Payment” means any Coupon Payment, Deferred Coupon Payment, Accrued Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment;

“Payment Ordinary Shares” has the meaning given to it in Condition 6(b);

“Permitted Restructuring” means the completion of (i) an offer made by or on behalf of, an Eligible Company to all (or as nearly as may be practicable all) shareholders of the Issuer (or, if the Issuer is not the Ultimate Owner, the then Ultimate Owner) to acquire the whole (or as nearly as may be practicable the whole) of the issued ordinary share capital of the Issuer (or, if the Issuer is not the Ultimate Owner, the then Ultimate Owner) other than that which is already held by or on behalf of such Eligible Company or (ii) a reorganisation or restructuring whether by way of a scheme of arrangement or otherwise pursuant to which an Eligible Company acquires all (or as nearly as may be practicable all) of the issued ordinary share capital of the Issuer (or, if the Issuer is not the Ultimate Owner, the then Ultimate Owner) other than that which is already held by such Eligible Company or pursuant to which all (or as nearly as may be practicable all) of the issued ordinary share capital of the Issuer (or, if the Issuer is not the Ultimate Owner, the then Ultimate Owner) not held by the New Holding Company is cancelled;

“Permitted Restructuring Arrangement” means, in relation to a Permitted Restructuring, an arrangement whereby the following conditions are satisfied: (a) the execution of a trust deed supplemental to the Trust Deed and/or such other documentation as may be necessary to ensure that (i) the alternative coupon satisfaction mechanism as described in Condition 6, the Trust Deed and any Calculation Agency Agreement operates so that Ordinary Shares may be exchanged for Holding Company Shares in such a manner that ensures that upon the sale of such Holding Company Shares the holder of each Preferred Security then outstanding will receive, in the event of a payment to be satisfied pursuant to Condition 6, an amount not lower than that which would have been receivable had such a Permitted Restructuring not taken place and (ii) the economic effect, for the Holders, of a holding of the Preferred Securities prior to the Permitted Restructuring is substantially preserved; and (b) the Trustee is satisfied that the credit ratings that would be assigned to the Preferred Securities by Fitch Ratings Limited and by Moody’s Investors Service, Inc. following any such Permitted Restructuring, shall not be lower than those assigned to the Preferred Securities immediately prior to such Permitted Restructuring taking place as confirmed by each such rating agency in writing;

“pounds sterling” or “pence” means the lawful currency of the United Kingdom;

“Preferred Securities” has the meaning given to it in the preamble to these Conditions;

“Principal Paying Agent” has the meaning given to it in the preamble to these Conditions;

“Priority Preference Shares” means any cumulative preference shares in the capital of the Issuer which rank with respect to payments in respect thereof in a winding-up senior to the claims of holders of the Preferred Securities and any Parity Securities;

“PRU” means the “Integrated Prudential Sourcebook: Insurers” that forms part of the rules of the FSA or any equivalent rules or regulatory provisions or guidance from time to time replacing or supplementing it or the rules or guidance therein;

“Qualifying Tier 1 Securities” means securities issued directly or indirectly by the Issuer that:

- (a) have terms not materially less favourable to an investor than the terms of the Preferred Securities (as reasonably determined by the Issuer, and provided that a certification to such effect of two Directors shall have been delivered to the Trustee prior to the issue of the relevant securities), provided that they shall rank at least equal to the Preferred Securities and the same Coupon Rate from time to time applying to the Preferred Securities shall apply to them, but they shall not necessarily have provisions analogous to the provisions of Condition 6, and provided further that they shall comply with the then current requirements of the FSA in relation to Tier 1 Capital and shall preserve any existing rights under these Conditions to any Accrued Coupon Payment which has not been satisfied; and
- (b) are listed on the London Stock Exchange, Euronext Amsterdam or such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee;

“Qualifying Upper Tier 2 Securities” means securities issued directly or indirectly by the Issuer that:

- (a) have terms not materially less favourable to an investor than the terms of the Preferred Securities (as reasonably determined by the Issuer, and provided that a certification to such effect of two Directors shall have been delivered to the Trustee prior to the issue of the relevant securities), provided that (1) they shall contain terms which comply with the then current requirements of the FSA in relation to

Upper Tier 2 Capital; (2) they shall include terms which provide for the same Coupon Rate from time to time applying to the Preferred Securities; (3) they shall rank senior to, or *pari passu* with, the Preferred Securities; and (4) such securities shall preserve any existing rights under these Conditions to any Accrued Coupon Payment which has not been satisfied, except that such securities need not include provisions analogous to the provisions of Condition 6; and

- (b) are listed on the London Stock Exchange, Euronext Amsterdam or such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee;

“Recognised Stock Exchange” means a recognised stock exchange as defined in section 841 of the Income and Corporation Taxes Act 1988 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

“Reference Banks” means four major banks in the interbank market in London as selected by the Agent Bank;

“Reference Bond” means the 8 per cent. Treasury Stock due 2021, or if such stock is no longer in issue such other United Kingdom government stock with a maturity date as near as possible to the First Reset Date, as the Calculation Agent may, with the advice of the Reference Market Makers, determine to be appropriate by way of substitution for the 8 per cent. Treasury Stock due 2021;

“Reference Date” means the date which is three Business Days prior to the date fixed for redemption pursuant to Conditions 7(c), 7(d) or 8(d) by the Issuer;

“Reference Market Makers” means three brokers or market makers of gilts selected by the Calculation Agent and approved for this purpose by the Trustee or such other three persons operating in the gilt-edged market as are selected by the Calculation Agent in consultation with the Issuer and approved for this purpose by the Trustee;

“Regulatory Capital Directives” means any of Directive 98/78/EC and Directive 2002/87/EC of the European Union and includes any Directive of the European Union which amends, supplements or replaces the same or otherwise imposes regulatory capital or solvency requirements on the Issuer and/or the Group;

a “Regulatory Event” is deemed to have occurred: (1) if under any Regulatory Capital Directive or the Relevant Rules, or as a result of any change thereto, the Preferred Securities would not be capable of counting (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as cover for the minimum capital resources requirement applicable to the Issuer and/or the Group under any Regulatory Capital Directive or the Relevant Rules; or (2) if, at any time when the Issuer or the Group is required under any Regulatory Capital Directive or the Relevant Rules to have Tier 1 Capital, the Preferred Securities would no longer be eligible to qualify (save as aforesaid) for inclusion in the Tier 1 Capital of the Issuer or the Group on a solo and/or group basis;

“Relevant Date” means (i) in respect of any payment other than a Solvency Claim to be paid by the Issuer in a winding-up of the Issuer, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 15, and (ii) in respect of a Solvency Claim to be paid by the Issuer in a winding-up of the Issuer, the date which is one day prior to the commencement of the winding-up;

“Relevant Rules” means any legislation, rules, regulations or guidance (whether having the force of law or otherwise) implementing any Regulatory Capital Directive (including PRU) in the United Kingdom (and/or, if the primary supervisory authority with respect to the Issuer or the Group becomes located in another state within the European Economic Area, in such state);

“Senior Creditors” means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer; (b) creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or whose claims rank, or are expressed to rank *pari passu* with, or junior to, the claims of Holders); and (c) creditors of the Issuer whose claims are in respect of the Issuer’s outstanding securities which constitute Tier 2 Capital (and such other securities outstanding from time to time which rank, or are expressed to rank, *pari passu* with, or senior to, any such Tier 2 Capital) but excluding creditors with claims in respect of the US\$750,000,000 8.0 per cent. Guaranteed Cumulative Perpetual Preferred Securities of Old Mutual Capital Funding L.P. or other Parity Securities;

“Solvency Claim” has the meaning given to it in Condition 2(b)(ii);

“Subsidiary” means each subsidiary for the time being of the Issuer;

“subsidiary” has the meaning given to subsidiary undertaking under section 258 of the Companies Act;

“Substitute Obligor” has the meaning given to it in Condition 12;

“Substituted Territory” has the meaning given to it in Condition 12(f);

“Suspension” has the meaning given to it in Condition 8(d);

“Talon” has the meaning given to it in the preamble to these Conditions;

“Tax Law Change” has the meaning given to it in Condition 7(c)(i);

“Tier 1 Capital” and “Tier 2 Capital” have the respective meanings given to them from time to time by the FSA;

“Trust Deed” has the meaning given to it in the preamble to these Conditions;

“Trustee” has the meaning given to it in the preamble to these Conditions;

“Ultimate Owner” means, at any given time, the ultimate holding company of the Group at that time;

“United Kingdom” means the United Kingdom of Great Britain and Northern Ireland;

“Upper Tier 2 Capital” has the meaning given to it by the FSA from time to time; and

“Upper Tier 2 Securities” means the Issuer’s outstanding debt securities which constitute Upper Tier 2 Capital (except for any such securities which are Parity Securities) and such other securities outstanding from time to time (except as aforesaid) which rank, or are expressed to rank, *pari passu* with such securities.

## SUMMARY OF PROVISIONS RELATING TO THE PREFERRED SECURITIES WHILE IN GLOBAL FORM

Each of the Temporary Global Preferred Security and the Permanent Global Preferred Security contains provisions which apply to the Preferred Securities while they are in global form, some of which modify the effect of the terms and conditions of such Preferred Securities as set out in this document. The following is a summary of certain of those provisions:

### 1. Exchange

The Temporary Global Preferred Security is exchangeable in whole or in part for interests in the Permanent Global Preferred Security on or after a date which is expected to be 4 May 2005 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Preferred Security. The Permanent Global Preferred Security is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Securities described below (i) if the Permanent Global Preferred Security is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if the Issuer would suffer a material disadvantage in respect of the Preferred Securities as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 10 which would not be suffered were the Preferred Securities in definitive form and a certificate to such effect signed by two Directors of the Issuer is delivered to the Trustee. Thereupon (in the case of (i) above) the holder may give notice to the Trustee and the Principal Paying Agent, and (in the case of (ii) above) the Issuer may give notice to the Trustee, the Principal Paying Agent and the Holders, of its intention to exchange the Permanent Global Preferred Security for Definitive Securities on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Permanent Global Preferred Security may surrender the Permanent Global Preferred Security to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Preferred Security the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Preferred Security and a Talon for further Coupons), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Permanent Global Preferred Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Securities.

“Exchange Date” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

### 2. Payments

No payment will be made on the Temporary Global Preferred Security unless exchange for an interest in the Permanent Global Preferred Security is improperly withheld or refused. Payments of principal, premium and interest in respect of Preferred Securities represented by the Permanent Global Preferred Security will be made (subject as provided in the Conditions) against presentation for endorsement and, if no further payment falls to be made in respect of the Preferred Securities, surrender of the Permanent Global Preferred Security to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Permanent Global Preferred Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Preferred Securities. Condition 10(c) and Condition 17(c) of the Preferred Securities will apply to the Definitive Securities only.

### 3. Notices

So long as the Preferred Securities are represented by the Permanent Global Preferred Security and the Permanent Global Preferred Security is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that so long as the Preferred Securities are listed on Euronext Amsterdam and the rules of that Exchange so require, notices shall also be published in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*) and in a newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*).

#### **4. Prescription**

Claims against the Issuer in respect of principal, premium and interest on the Preferred Securities while the Preferred Securities are represented by a Global Security will become void unless it is presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the Relevant Date (as defined in Condition 21 of the Preferred Securities).

#### **5. Purchase and Cancellation**

Cancellation of any Preferred Security required by the relevant Conditions to be cancelled following its purchase will be effected by a reduction in the principal amount of the relevant Global Security.

#### **6. Trustee's Powers**

In considering the interests of Holders while the Permanent Global Preferred Security is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements as against the clearing system or its operator to amounts of principal in respect of the Permanent Global Preferred Security and may consider such interests as if such accountholders were the holder of the Permanent Global Preferred Security.

#### **7. Meetings**

The holder of the Permanent Global Preferred Security will, at a meeting of Holders, be treated as having one vote in respect of each £1,000 in principal amount of Preferred Securities for which the Permanent Global Preferred Security may be exchanged.

#### **8. Accountholder as Holder**

For so long as the Preferred Securities are represented by the Temporary Global Preferred Security and/or the Permanent Global Preferred Security, each person who is for the time being shown in the records of a clearing system as the holder of a particular principal amount of Preferred Securities (in which regard any certificate or other document issued by a clearing system as to the principal amount of the Preferred Securities standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Trustee, the Paying Agents and the bearer of the Temporary Global Preferred Security and/or the Permanent Global Preferred Security (as the case may be) as a holder of such principal amount of Preferred Securities for all purposes other than with respect to the payment of principal, premium (if any) and interest on the Preferred Securities, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the Global Security in accordance with and subject to its terms and the terms of the Trust Deed.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Preferred Securities, expected to amount to approximately £346,875,000, will be used to fund the general business and commercial activities of the Group, including repayment of existing debts, and to augment its regulatory capital base.

## THE OLD MUTUAL GROUP

### Introduction

The Group is a financial services group headquartered in the UK, with substantial life assurance, asset management, banking and general insurance businesses in South Africa, significant asset management and life assurance businesses in the US and start-up businesses in the UK and certain other parts of the world.

At 31 December 2004, the Group had assets under management of £140 billion (2003: £125 billion), of which over £104 billion were managed outside of South Africa. The Group had an average of approximately 41,000 employees during 2004.

Group adjusted operating profit\* for the year ended 31 December 2004 totalled £956 million (2003: £650 million) up 47 per cent. on 2003. Strong delivery across all the businesses led to the increase in reported profit in 2004. Of particular significance were the strategic recovery at Nedcor Limited (“Nedcor”), the positive impacts of strong equity markets in all three geographical areas, continued growth in the scale of business in US life and a continued favourable underwriting cycle at Mutual & Federal Insurance Company Ltd (“Mutual & Federal”).

The Group’s principal place of business in the United Kingdom and the registered office of Old Mutual is at 5th Floor, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG.

The main operations of the Group are summarised below.

### South Africa

South Africa’s financial services businesses include life assurance, asset management, banking and general insurance operations.

#### *Life Assurance*

The Group’s South African life assurance businesses, operating through Old Mutual Life Assurance Company (South Africa) Limited (“OMLAC(SA)”), provide life, disability, health, retirement savings and investment products to individuals and groups.

The South African life business consists of two business units:

- (i) *Individual Business*, which supplies life, disability and health insurance, retirement annuities and savings and investment products, mainly to individual customers, through its *Individual Life* division, and low premium risk and savings products, mainly to individual members of affinity groups such as trade unions, staff associations and company employees, through its *Group Schemes* division; and
- (ii) *Group Business* which principally comprises the *Employee Benefits* and *Old Mutual Healthcare* divisions and is a primary supplier of group retirement savings schemes and group life and disability insurance to retirement funds established by institutions and trade unions. *Group Business* also provides administration and consulting services to these funds.

As at 31 December 2004, the capital strength of the life company, as measured by the Statutory Capital Adequacy Requirement (“SCAR”) coverage, was 2.6 times, after allowing for statutory limitations on the value of certain assets.

Total life sales including Old Mutual International on an Annual Premium Equivalent (“APE”) basis for the year ended 31 December 2004 were R3,084 million, 10 per cent. lower than the comparative period for the previous financial year, primarily attributable to a reduction in single premium group business.

Life assurance adjusted operating profit for the year ended 31 December 2004 increased by 15 per cent. to R3,697 million as compared to the year ended 31 December 2003 reflecting the positive impact of the strong South African equity market, favourable experience variances and the positive effect of assumption changes predominantly relating to mortality.

#### *Asset Management*

The Group’s asset management operations in South Africa include the businesses of Old Mutual Asset Managers (South Africa) (Pty) Limited (“OMAM(SA)”), Old Mutual Unit Trust Managers Limited, Old

\* For life assurance and general insurance businesses, adjusted operating profit is based on a long term investment return and includes investment returns on own shares held within the policyholders’ funds. For banking business, adjusted operating profit excludes the loss on disposal of investment in Dimension Data Holdings plc, restructuring and integration costs and the transitional impact of the change in credit provisioning methodology. For all businesses, adjusted operating profit excludes goodwill amortisation and impairment and fines and penalties.

Mutual Specialised Finance (Pty) Limited and Old Mutual Properties (Pty) Limited. OMAM(SA) is owned by a Bermudan subsidiary of the Issuer; the other three companies are subsidiaries of Old Mutual (South Africa) Limited.

OMAM(SA) offers a wide range of investment products to local and international investors, including segregated and pooled portfolios, as well as managing life funds and unit trusts on behalf of the Old Mutual Group. According to the Alexander Forbes Large Manager Watch survey, OMAM(SA) was rated as South Africa's best performing large pension fund manager over the year ended 31 December 2004.

Client assets under management, excluding Nedcor, for the business increased by 15 per cent. from R270 billion as at 31 December 2003 to R312 billion as at 31 December 2004. Within this life assets were 9 per cent. higher, reflecting equity market uplift, partly offset by the negative cash flows, whilst asset management assets were 31 per cent. higher, driven by strong market returns and positive client cash flow.

Adjusted operating profit for the asset management businesses, excluding Nedcor, decreased to R544 million in 2004, from R554 million in 2003. Higher asset levels, driven largely by the better performing South African equity market contributed positively. This was offset by lower trading profit in the unit trust company resulting from changes in industry guidelines regarding trading in units, charges relating to the accounting treatment of share incentive arrangements, the cost of the acquisition of Quaystone mandates and the development of administration infrastructure.

### *Banking*

As at 31 December 2004, the Group had a 52 per cent. interest in Nedcor, which is listed on the JSE Securities Exchange. The remaining 48 per cent. of the shares in Nedcor were publicly held.

Nedcor is a bank holding company that, through its principal banking subsidiary, Nedbank, together with the other members of the Nedcor group offers a wide range of wholesale and retail banking services through three principal business clusters: Nedbank Corporate, Nedbank Capital and Retail and Wealth Management. The principal services offered by the Nedcor group comprise corporate retail banking, property and asset finance, investment banking, private banking, and foreign exchange and securities trading. Nedcor also generates revenue from private equity, credit card issuing and processing services, custodial services, asset management services and bancassurance services.

In May 2004, Nedcor completed a rights issue to raise R5.2 billion of additional ordinary share capital. The capital injection, together with the active management of assets, including the disposal of non-core assets, the repatriation of R5.1 billion of foreign capital and the improving attributable profits have all strengthened capital. Nedcor's capital adequacy (which is defined as regulatory capital as a percentage of risk-weighted assets) was 12.1 per cent. as at 31 December 2004 (2003:10.1 per cent.), with tier 1 capital at 8.1 per cent. (2003:5.0 per cent.).

Nedcor's adjusted operating profit, including asset management operations, of R2,423 million for the year ended 31 December 2004 was compared to an adjusted operating profit of R67 million in 2003. The increase is largely attributable to the strategic recovery programme and moderate revenue growth in net interest income and non interest revenue.

### *General Insurance*

As at 31 December 2004, the Group had an 87 per cent. interest in Mutual & Federal, a leading general insurance group in South Africa, which writes motor, fire, accident, engineering and marine business covering both the personal, and commercial markets. Mutual & Federal is listed on the JSE Securities Exchange. The remaining 13 per cent. of its shares were publicly held.

Mutual & Federal remains well capitalised with a solvency margin, being the ratio of net assets to net premiums, in excess of 53 per cent. at 31 December 2004, well above the statutory minimum required of 25 per cent.

Mutual & Federal's gross premium income for 2004 was R7.4 billion, an increase of 13 per cent. on 2003, generating an adjusted operating profit of R1,057 million in 2004, an increase of 16 per cent. from R909 million in 2003. This performance was largely attributable to the continued favourable underwriting cycle, which is reflected in the increase in the underwriting surplus of R527 million in 2004, up 60 per cent. from R329 million in 2003.

## US

### *Life Assurance*

Old Mutual Financial Network (“OMFN”), Old Mutual’s US life brand encompasses a network of established insurance companies (which includes Fidelity and Guaranty Life Insurance Company, Americom Life and Annuity Insurance Company, Fidelity and Guaranty Life Insurance Company of New York, OMNIA Life Insurance Company (TX) and OMNIA (Bermuda) Ltd.).

Headquartered in Baltimore, with a National Sales Office in Atlanta, the companies offer a portfolio of annuities and life insurance products that are distributed in 49 states and the District of Columbia through an established group of master general agents.

The business’s bond portfolio, which is largely managed by fellow asset management subsidiary, Dwight Asset Management Company, will continue to be managed actively, with tight controls on matching assets and liabilities, and no more than 10 per cent., on a statutory book value basis, concentrated in the high-yield corporate bond sector.

Total APE for 2004, at US\$501 million, was 29 per cent. higher than that achieved in 2003 (US\$389 million) with total premiums in 2004 exceeding US\$4 billion. Adjusted operating profit of US\$174 million was 25 per cent. up on the US\$139 million achieved in 2003. The increase in premium income is due to diversifying successfully from a focus on fixed annuities to a more balanced product range incorporating equity linked products as well as the maturing of the offshore and corporate channels.

The statutory capital position is monitored through the risk based capital ratio, as developed by the National Association of Insurance Commissioners, which at 31 December 2004 was 300 per cent.

### *Asset Management*

Old Mutual’s subsidiary Old Mutual (US) Holdings Inc. (trading as Old Mutual Asset Management (“USAM”)) is the holding company for the Group’s primarily US-based asset management subsidiaries, including Acadian Asset Management; Analytic Investors, Inc.; Barrow, Hanley, Mewhinney & Strauss, Inc.; Clay Finlay, Inc.; Dwight Asset Management Company; Provident Investment Counsel, Inc.; First Pacific Advisors, Inc.; Pacific Financial Research, Inc.; Liberty Ridge Capital, Inc. (Formerly: Pilgrim Baxter & Associates, Ltd) and Thompson, Siegel & Walmsley, Inc. Between them, these businesses offer a range of investment styles and products to a diverse group of investors, including institutional clients, high net worth individuals and mutual fund investors.

Investment performance has remained strong up to 31 December 2004, with 95 per cent. (2003: 94 per cent.) of funds under management outperforming the respective funds’ benchmarks on a five-year basis.

In October 2004, Old Mutual Capital launched the Old Mutual Advisor Funds, establishing the foundation for a full-scale retail distribution initiative. These funds utilise the diverse asset management capabilities of the Group’s affiliates to construct asset allocation mutual fund products tailored to different investor risk profiles. This initiative is targeted to increase the USAM’s presence in the mutual fund market and is designed to give the USAM affiliates access to a higher margin market, further diversifying revenue-generating sources for the Group.

The US asset management group continually assesses its business position and ability to maintain product leadership. In line with this strategy, several adjustments were made to the manager group in 2004. The most significant being reaching agreement with the principals of one of the remaining revenue-sharing firms, First Pacific Advisors, under which they have an option to acquire certain of the firm’s assets and liabilities with effect from October 2006.

Funds under management increased 20 per cent. overall during 2004, from US\$154 billion at 31 December 2003 to US\$185 billion at 31 December 2004. Net inflows of client assets, including US\$3.2 billion in cash collateral assets, contributed a total of US\$12.3 billion, or 8 per cent. of the increase for the year. Investment returns in the funds under management accounted for the remaining 12 per cent. increase.

Adjusted operating profit of US\$163 million was 22 per cent. up on the US\$134 million achieved in 2003. The combination of increased inflows and strong equity markets led to an improvement in management fees, which has significantly impacted the above increase in adjusted operating profit.

## **UK and the Rest of World**

### *Life Assurance (and other)*

In the UK, Selestia Investments Limited creates and manages investment portfolios for a wide variety of investors and Old Mutual International provides international clients and intermediaries with offshore investment products and services. In southern Africa (excluding South Africa) Old Mutual's subsidiaries offer a full range of financial services comprising private wealth accumulation and asset management.

### *Asset Management*

Old Mutual Asset Managers (UK) Ltd and Old Mutual Asset Managers (Bermuda) Limited invest in the world's major equity and bond markets. Bright Capital is a fund of hedge funds business. Palladyne is a specialised, independent asset management firm located in the Netherlands.

Adjusted operating profit from the Group's UK and Rest of World asset management and life assurance businesses, excluding Nedcor, was £22 million in 2004, higher than the £12 million earned in the equivalent period in 2003.

## Directors of Old Mutual plc

At the date of this document, the Directors of Old Mutual, their functions and their principal outside activities (if any) are as follows:

<b>Name</b>	<b>Function within Old Mutual</b>	<b>Principal Outside Activities</b>
Michael John Levett	Non-executive Chairman and Chairman of the Nomination Committee	Non-executive Director of Barloworld Limited, Central Africa Building Society, Mutual & Federal Insurance Company Ltd and Old Mutual South Africa Trust plc.
James Harry Sutcliffe	Chief Executive	Non-executive Director of Nedcor Limited and Nedbank Limited.
Julian Victor Frow Roberts	Group Finance Director	Non-executive Director of Mutual & Federal Insurance Company Ltd, Nedbank Limited and Nedcor Limited.
Nigel Derek Tracy Andrews	Non-executive Director, Old Mutual plc and Old Mutual (US) Holdings, Inc.	Non-executive Chairman of Great Lakes Chemical Corporation, a Trustee of the Victory Fund and a governor of the London Business School.
Rudi Bogni	Non-executive Director and Chairman of the Actuarial Review Committee	Chairman of the board of Medinvest International SCA, Luxembourg and the International Advisory Board of Oxford Analytica. Member of the boards of the LGT Foundation, Common Purpose International Limited and of Prospect Publishing and of the governing council of the Centre for the Study of Financial Innovation.
Norman Neill Broadhurst	Non-executive Director and Chairman of the Audit Committee	Chairman of Freightliner Limited and of Chloride Group plc. Non-executive Director of Cattles plc, Tomkins plc and United Utilities plc.
Warren Alexander Morten Clewlow	Non-executive Director	Chairman of Barloworld Limited, Chairman of Nedcor Limited and Nedbank Limited and Non-executive Director of Sasol Limited.
Christopher Douglas Collins	Senior non-executive Director and Chairman of the Remuneration Committee	Chairman of Hanson plc and Forth Ports PLC and a Non-executive Director of The Go-Ahead Group plc and Alfred McAlpine plc.
Michael John Paul Marks	Non-executive Director	Founding partner of New Smith Capital Partners LLP.
Russell Philip Edey	Non-executive Director	Non-executive Chairman of Anglogold Ashanti Limited, Deputy Chairman of N M Rothschild Corporate Finance Limited and Non-executive Director of FKI plc.
Wiseman Lumkile Nkuhlu	Non-executive Director	Chief Executive of Nepad (New Partnership for Africa's Development), Executive Chairman of African General Equity (Pty) Ltd, Chairman of Decillion Capital Ltd, Chairman of Pan-African Advisory Services (Pty) Ltd, Director of MEEG Bank Ltd, Kagiso Trust Investments (Pty) Ltd and Economic Equity Investments (Pty) Ltd.

The business address of the Directors is 5th Floor, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG.

**Additional Information**

The website address of Old Mutual is [www.oldmutual.com](http://www.oldmutual.com). From time to time Old Mutual provides information as to recent developments relating to Old Mutual and its subsidiaries on this website. The information contained therein does not form part of this Offering Circular and should not be used for the purposes of making any investment decision with regard to the offering of the Preferred Securities.

**Outlook**

The Issuer considers market conditions to be favourable at present, and the South African economy to be strong. Although it is still too early to make any accurate predictions as to the outturn in 2005, the Issuer expects the momentum the Group has built up to continue in 2005, although the Issuer anticipates the Group spending further amounts on the growth of its US asset management business and South African life distribution systems. The Issuer expects Nedcor to continue to make steady progress towards its 2007 goal for a 20 per cent. return on equity.

## CONSOLIDATED CAPITALISATION AND INDEBTEDNESS OF OLD MUTUAL PLC

The following table sets out the consolidated capitalisation and indebtedness of the Issuer as at 31 December 2004.

	At 31 December 2004 £m	At 31 December 2003 (Restated)* £m
<b>Capital and reserves:</b> <sup>(1)</sup>		
Called up share capital	386	384
Share premium account	600	587
Merger Reserve	184	184
Profit and loss account <sup>(2)</sup>	2,442	2,000
Reserve in respect of own shares held in policyholders' funds <sup>(3)</sup>	(369)	(401)
Equity shareholders' funds	3,245	2,754
Minority Interests		
Equity <sup>(4)</sup>	869	652
Non-equity <sup>(5)</sup>	658	658
	1,527	1,310
<b>Indebtedness</b> excluding banking liabilities: <sup>(6)</sup>		
Senior debt <sup>(7)</sup>	799	734
Subordinated liabilities <sup>(14)</sup>	—	15
Total debt	799	749

Notes:

- (1) As at 31 December 2004, the authorised share capital of Old Mutual was £600 million comprising 6,000 million ordinary shares of 10 pence each, of which 3,854 million (2003: 3,837 million) ordinary shares of 10 pence each were issued and fully paid. During 2004, 17 million ordinary shares were issued under the share incentive schemes.
- (2) At 31 December 2004 the Group's profit and loss reserve stood at £2,442 million compared to £2,000 million at 31 December 2003 (restated)\*. The reasons for the increase were a retained profit for the year of £302 million plus foreign exchange gains on net assets of overseas subsidiaries of £141 million.
- (3) The movement in the reserve is as a result of net sales of shares held in Policyholders' funds.
- (4) Equity detail:

	At 31 December 2004 £m	At 31 December 2003 £m
At beginning of year	652	783
Minority interests' share of profit/(loss)	44	(117)
Minority interests' share of dividends paid	(25)	(61)
Net acquisition/(disposal) of interests	121	(41)
Foreign exchange and other movements	77	88
At end of year	869	652

- (5) Non-equity detail:

	At 31 December 2004 £m	At 31 December 2003 £m
R2,000 million non-cumulative preference	184	168
R792 million non-cumulative preference shares	73	69
US\$750 million cumulative preferred securities	391	421
Other	7	3
	655	661
Unamortised issue costs	(9)	(12)
Undistributed profits due to minority interests	12	9
	658	658

- (6) As at 31 December 2004, none of Old Mutual's consolidated indebtedness was secured or guaranteed by third parties.

\* Comparative figures have been restated to reflect the adoption of Urgent Issues Taskforce Abstract 37 "Purchase and Sales of Own Shares" and Urgent Issues Taskforce Abstract 38 "Accounting for ESOP Trusts".

- (7) During 2004, Old Mutual entered into a new £1,100 million 5 year multi-currency Revolving Credit Facility, which matures during May 2009, and cancelled its existing £900 million, US\$600 million and US\$60 million Revolving Credit Facilities. The new facility was undrawn at 31 December 2004. As at 31 December 2004, the following senior debt was outstanding:

	At 31 December 2004 £m	At 31 December 2003 £m
Repayable within one year:		
Floating rate notes <sup>(8)</sup>	5	11
Commercial paper	—	17
Repayable between one and two years:		
Term loan <sup>(10)</sup>	24	—
Floating rate notes <sup>(9)</sup>	24	—
Repayable between two and five years:		
Floating rate notes <sup>(8)</sup>	5	6
Term loan <sup>(9)</sup>	—	25
Fixed rate notes <sup>(11)</sup>	182	196
Other <sup>(12)</sup>	52	48
Repayable after five years:		
Floating rate notes <sup>(10)</sup>	167	68
Other <sup>(12)</sup>	8	6
Convertible loan stock <sup>(13)</sup>	332	357
	<u>799</u>	<u>734</u>

**Floating rate notes and term loans:**

- (8) US\$10.5 million repaid on 18 January 2005, and US\$10 million repayable in September 2009.
- (9) £24 million repayable in November 2006.
- (10) £28 million notes repayable on 31 December 2010, with the holders having the option to elect for early redemption every six months, US\$45 million term loan repayable on 30 June 2006, US\$50 million repayable in September 2011, US\$150 million repayable in September 2014. Additionally, €30 million fixed rate bond due 2010, €10 million fixed rate bond due in 2010 and €20 million fixed rate bond due in 2013, the capital and interest being swapped into floating rate US Dollars immediately on issue.

**Fixed rate notes:**

- (11) €400 million notes due 2007. On issue, the capital and interest on this was immediately swapped into US Dollars at a fixed rate.

**Other:**

- (12) Other amounts owed to credit institutions consist principally of preference shares issued by a subsidiary of the Group.

**Convertible loan stock:**

- (13) At 31 December 2004, the Group had in issue US\$636 million (£332 million) (2003:£357 million) 3.625 per cent convertible bonds maturing on 2 May 2005, which are guaranteed by Old Mutual. On maturity the holder has the right to elect to convert the loan stock into the ordinary shares of Old Mutual at a conversion price of 190p per share and an exchange rate of one US dollar to 69.52p Sterling.
- (14) As at 31st December 2004, the following subordinated loan capital of subsidiary undertakings of Old Mutual was outstanding.

	At 31 December 2004 £m	At 31 December 2003 £m
<b>Non Banking</b>		
US\$27.1 million repaid during 2004	—	15
<b>Banking</b>		
US\$40 million repaid during 2004	—	22
US\$18 million repaid during 2004	—	10
R500 million repaid during 2004	—	42
R502 million repayable 20 September 2005 (8.564 per cent.)	46	—
R515 million repayable 4 December 2008 (13.5 per cent.)	50	45
R2.0 billion repayable 20 September 2011 (11.3 per cent.) <sup>(15)</sup>	190	173
R4.0 billion repayable 9 July 2012 (13.2 per cent.) <sup>(15)</sup>	392	356
	<u>678</u>	<u>648</u>

In local currency terms the subordinated loan capital of banking subsidiaries decreased from R7,745 million to R7,358 million.

- (15) These notes are subordinated to all unsecured unsubordinated claims against the issuer, Nedbank Limited, but rank equally with all other unsecured subordinated obligations. Subject to prior approval by the South African Registrar of Banks, Nedbank Limited has the option to elect for early redemption of these notes.

(16) Contingent liabilities

	<b>At</b>	<b>At</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>
Guarantees and assets pledged as collateral security	994	1,039
Irrevocable letters of credit	325	503
Secured lending	539	735
Other contingent liabilities	49	145
	<u>1,907</u>	<u>2,422</u>

Contingent liabilities arise principally from the normal operating activities of the Group's banking operations.

Group companies have given indemnities and guarantees as a normal part of their operating activities or in relation to capital market transactions.

Various Group companies have given guarantees, indemnities and warranties in connection with disposals of subsidiaries to parties outside the Group in recent years. Provision has been made for certain of these where a realistic estimate of the obligation can be made. In all other cases, in the opinion of the directors, no material loss will arise as a result of these guarantees, indemnities and warranties.

On 21 June 2004, one of the Group's US asset management affiliates, Liberty Ridge Capital Inc., (formerly known as Pilgrim Baxter & Associates, Ltd (PBA)), reached agreements with the U.S. Securities and Exchange Commission (SEC) and the Office of the New York State Attorney General (NYAG) which settle all charges brought by these authorities against PBA in relation to market timing in the US mutual fund business. There are several related private lawsuits arising from the conduct alleged in the civil suits filed by the SEC and NYAG.

These class action lawsuits were consolidated into a single lawsuit along with all other cases against US parties alleging market timing and late trading violations. Proceedings in this case are at a preliminary stage and it is not possible to say, at this time, whether or not the amount of the ultimate liability to be borne by the Group will be material. As a result, no amount has been recognised for additional fines or other penalties that may arise, as significant uncertainty remains over the quantum of any settlement.

- (17) Other than for items mentioned above, there has been no material change in the consolidated capitalisation and indebtedness, contingent liabilities or guarantees of Old Mutual since 31 December 2004.

## SUMMARY FINANCIAL INFORMATION

### Summary Consolidated Profit and Loss Account of Old Mutual plc

The following table sets out the summary consolidated profit and loss accounts of the Issuer as at 31 December 2004, 31 December 2003 and 31 December 2002:

	Year to 31 December 2004 £m	Year to 31 December 2003 (Restated)* £m	Year to 31 December 2002 (Restated)* £m
South Africa			
Technical result	313	260	208
Long term investment return	167	178	135
Life assurance	480	438	343
Asset management	53	55	28
Banking	177	(10)	165
General insurance	89	73	35
	<u>799</u>	<u>556</u>	<u>571</u>
United States			
Life assurance	96	85	83
Asset management	89	81	95
	<u>185</u>	<u>166</u>	<u>178</u>
United Kingdom and Rest of World			
Life assurance	18	20	(3)
Asset management	10	(8)	2
Banking	14	4	56
	<u>42</u>	<u>16</u>	<u>55</u>
	1,026	738	804
Other shareholders' income/(expenses)	(33)	(40)	(22)
Debt service costs	(37)	(48)	(58)
<b>Adjusted operating profit**</b>	956	650	724
Goodwill amortisation and impairment	(110)	(206)	(120)
Loss on disposal/write-down of investment in Dimension Data Holdings plc	—	(5)	(68)
Nedcor restructuring and integration costs	(21)	(32)	(14)
Change in credit provisioning methodology	—	(87)	—
Fines and penalties	(49)	—	—
Short term fluctuations in investment return	226	143	(91)
Investment return adjustment for own shares held in policyholders' funds	(94)	12	42
<b>Operating profit on ordinary activities before tax</b>	908	475	473
Non-operating items	(35)	(32)	(6)
<b>Profit on ordinary activities before tax</b>	873	443	467
Tax on profit on ordinary activities	(286)	(241)	(224)
<b>Profit/(loss) on ordinary activities after tax</b>	587	202	243
Minority interests — equity	(44)	117	(44)
Minority interests — non equity	(59)	(46)	—
<b>Profit/(loss) for the period</b>	484	273	199
Dividends paid and proposed	(182)	(166)	(161)
<b>Retained profit/(loss) for the period</b>	<u>302</u>	<u>107</u>	<u>38</u>

\* Comparative figures have been restated to reflect the adoption of Urgent Issues Taskforce Abstract 37 "Purchase and Sales of Owns Shares" and Urgent Issues Taskforce Abstract 38 "Accounting for ESOP Trusts".

\*\* For life assurance and general insurance businesses, adjusted operating profit is based on a long term investment return and includes investment returns on own shares held within the policyholders' funds. For banking business, adjusted operating profit excludes the loss on disposal of investment in Dimension Data Holdings plc, restructuring and integration costs and the transitional impact of the change in credit provisioning methodology. For all businesses, adjusted operating profit excludes goodwill amortisation and impairment and fines and penalties.

### Summary Consolidated Balance Sheet of Old Mutual plc

The following table sets out the summary consolidated balance sheets of the Issuer as at 31 December 2004, 31 December 2003 and 31 December 2002.

	At 31 December 2004 £m	At 31 December 2003 (Restated)* £m	At 31 December 2002 (Restated)* £m
<b>Assets</b>			
Intangible assets (goodwill)	1,152	1,264	1,598
Insurance and other assets	37,608	32,409	26,331
Banking assets	27,500	24,042	21,377
	<u>66,260</u>	<u>57,715</u>	<u>49,306</u>
<b>Liabilities</b>			
Equity shareholders' funds	3,245	2,754	2,524
Minority interests	1,527	1,310	927
Subordinated liabilities	—	15	18
Insurance and other liabilities	35,589	30,724	25,602
Banking liabilities	25,899	22,912	20,235
	<u>66,260</u>	<u>57,715</u>	<u>49,306</u>

\* Comparative figures have been restated to reflect the adoption of Urgent Issues Taskforce Abstract 37 "Purchase and Sales of Own Shares" and Urgent Issues Taskforce Abstract 38 "Accounting for ESOP Trusts".

## TAXATION

### United Kingdom

*The following is a summary of the Issuer's understanding of the current United Kingdom law and practice relating to the taxation treatment of the Preferred Securities as at the date of this Offering Circular and may be subject to change, possibly with retroactive effect. It relates only to the position of persons who are the absolute beneficial owners of the Preferred Securities and Coupons and may not apply to certain classes of Holders, such as dealers in securities. This summary deals only with the question of whether payments of interest on the Preferred Securities may be made without withholding or deduction for or on account of United Kingdom income tax and does not deal with other United Kingdom tax consequences that might arise from holding Preferred Securities. Holders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.*

### Withholding tax

1. So long as the Preferred Securities continue to be listed on a recognised stock exchange within the meaning of section 841 Income and Corporation Taxes Act 1988, payments of interest may be made without withholding or deduction for or on account of income tax. Euronext Amsterdam is a recognised Stock Exchange for these purposes.
2. Persons in the United Kingdom paying interest to or receiving interest on behalf of another person who is an individual may be required to provide certain information to the United Kingdom Inland Revenue regarding the identity of the payee or person entitled to the interest or the amount of interest paid or received and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

If the Preferred Securities cease to be listed on a recognised stock exchange, interest on the Preferred Securities will generally be paid under deduction of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Interest on the Preferred Securities may also be paid without deduction or withholding on account of United Kingdom tax where interest on the Preferred Securities is paid to a person who belongs in the United Kingdom for United Kingdom taxation purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Preferred Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest provided that the Inland Revenue has not given a direction that the interest should be paid under deduction of tax in circumstances where it has reasonable grounds to believe that it is likely that the beneficial owner is not within the charge to United Kingdom corporation tax in respect of such payment of interest at the time the payment is made.

3. The interest has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of holders of the Preferred Securities who are not resident in the United Kingdom, except where the holder carries on a trade, profession or vocation through a branch or agency, or in the case of a corporate holder, a permanent establishment in the United Kingdom in connection with which the interest is received or to which the Preferred Securities are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency or permanent establishment.
4. If interest were paid under deduction of United Kingdom income tax (e.g. if the Preferred Securities lost their listing), Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.
5. Holders should note that the provisions relating to additional amounts referred to in Condition 10 of "Terms and Conditions of the Preferred Securities" above would not apply if the Inland Revenue sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

### Proposed EU Directive on the taxation of savings income

The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1 July

2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

### **The Netherlands**

*The following is a limited description of the material Dutch tax consequences relating to an investment in the Preferred Securities.*

*The comments are of a general nature based on current Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date of this Offering Circular. Dutch tax law is subject to change, possibly with retroactive effect, and thus such change may invalidate all or part of these comments. The comments will not be updated to reflect any changes in the law. They are not intended to be applicable in all respects and to all categories of investors. The following does not purport to be a complete analysis of all tax considerations relating to the Preferred Securities and Coupons and so should be treated with appropriate caution. In particular, it does not take into consideration any tax implications that may arise on a substitution of the Issuer or any consequences that may be relevant to a particular investor who is subject to special tax treatment under any applicable law.*

*The comments are given on the basis that all matters relating to them will be governed by, and that they (including all terms used in them) will be construed in accordance with, Dutch law. For the purpose of this description, Dutch Taxes is defined as taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.*

*Prospective investors should consult their own professional tax advisers concerning the possible tax consequences of purchasing, holding and/or selling the Preferred Securities and receiving payments of interest, principal and/or other amounts under the Preferred Securities under the applicable laws of their country of citizenship, residence or domicile.*

#### **1. Withholding Tax**

All payments made under the Preferred Securities will not be subject to any withholding tax or any deduction for, or on account of, any Dutch Taxes.

#### **2. Individual and Corporate Income Tax**

A Holder will not be subject to any Dutch Taxes on any payment made to the Holder under the Preferred Securities or on any capital gain made by the Holder from the disposal, or deemed disposal, or redemption, of the Preferred Securities, except if:

- (i) the Holder is, or is deemed to be a resident of, The Netherlands;
- (ii) the Holder is an individual, and the Holder has opted to be taxed as a resident of The Netherlands;
- (iii) the Holder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise, other than as an entrepreneur or a holder of shares, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands, to which the Preferred Securities are attributable; or
- (iv) the Holder is an individual and derives benefits from miscellaneous activities (*overige werkzaamheden*) carried out in The Netherlands in respect of the Preferred Securities, including, without limitation, activities which are beyond the scope of active portfolio investment activities.

#### **3. Gift Tax or Inheritance Tax**

No Dutch gift tax or inheritance tax is due in respect of any gift of the Preferred Securities by, or inheritance of the Preferred Securities on the death of, a Holder, except if:

- (i) the Holder is a resident or is deemed to be a resident of The Netherlands;
- (ii) at the time of the gift or the death of the Holder, such Holder has an enterprise (or an interest in an enterprise) which is, in whole or in part, carried on through a permanent establishment or permanent representative in The Netherlands to which the Preferred Securities are attributable; or

(iii) the Preferred Securities are acquired by way of a gift from the Holder who passes away within 180 days after the date of the gift and who is not, and is not deemed to be, at the time of the gift, but is, or is deemed to be, at the time of his death, a resident of The Netherlands.

4. **Other taxes and duties**

No Dutch capital tax, turnover tax, or similar tax or duty (including stamp duty), is due by the Issuer or a Holder by reason only of the issue, acquisition or transfer of the Preferred Securities.

5. **Residency**

Subject to the exceptions in paragraphs 2 and 3, a Holder will not become a resident, or a deemed resident, of The Netherlands for tax purposes, or become subject to Dutch Taxes, by reason only of the Issuer's performance, or a Holder's acquisition (by way of issue or transfer to it), holding or enforcement, of the Preferred Securities.

## SUBSCRIPTION AND SALE

Barclays Bank PLC, UBS Limited, Lloyds TSB Bank plc and The Royal Bank of Scotland plc (together, the “Managers”) have, pursuant to a Subscription Agreement dated 21 March 2005 (the “Subscription Agreement”), agreed with the Issuer to subscribe and pay for the Preferred Securities at 100 per cent. of the principal amount of the Preferred Securities plus accrued interest (if any) less certain commissions and expenses as agreed with the Issuer.

The Managers are entitled to terminate the Subscription Agreement in certain circumstances prior to payment to the Issuer.

### United States

The Preferred Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“Regulation S”).

The Preferred Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the relevant Subscription Agreement, it will not offer, sell or deliver the Preferred Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Preferred Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Preferred Securities, an offer or sale of Preferred Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

Each Manager has severally represented, warranted and agreed that:

- (i) it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the Preferred Securities, will not offer or sell any Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Preferred Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

### General

No action has been or will be taken by the Issuer or any of the Managers that would permit a public offering of the Preferred Securities, or the possession or distribution of this Offering Circular, or any amendment or supplement thereto, or any other offering material relating to the Preferred Securities, in any country or jurisdiction where action for that purpose is required. Accordingly, the Preferred Securities may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each Manager has agreed that it will obtain any consent, approval or permission which is, to the best of its knowledge and belief, required for the offer, purchase or sale by it of Preferred Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will, to the best of its knowledge and belief, comply with all such laws and regulations.

## GENERAL INFORMATION

- (1) The Issuer is incorporated in England and Wales with registered number 3591559.
- (2) If and for so long as the Preferred Securities are listed on Euronext Amsterdam the Issuer will comply with the provisions set forth in Article 2.1.20 of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V. (to the extent applicable).
- (3) Save as disclosed herein, there has been no significant change in the financial or trading position of the Issuer or the Group and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2004.
- (4) Save as disclosed herein, neither the Issuer nor any member of the Group is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Preferred Securities nor, so far as the Issuer is aware, is any such litigation or arbitration pending or threatened which may have a significant effect on the financial position of the Issuer or the Group.
- (5) The consolidated accounts of the Issuer for the years ended 31 December 2004, 31 December 2003 and 31 December 2002 were audited by KPMG Audit plc, Chartered Accountants, in accordance with auditing standards and have been reported on without qualification. The report of the Issuer's auditors for the years ended 31 December 2004, 31 December 2003 and 31 December 2002 contained a statement that, to the fullest extent permitted by law, the Issuer's auditors do not accept or assume responsibility to anyone other than the Issuer and the Issuer's members as a body for their audit work, for their report, or for the opinions they have formed. The address of KPMG Audit plc is 8 Salisbury Square, London EC4Y 8BB, United Kingdom.
- (6) The financial information of the Issuer set out in this document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the "Act"). Statutory accounts for such years (other than the year ended 31 December 2004) have been delivered to the Registrar of Companies in England and Wales. The Issuer's auditors have made reports under Section 235 of the Act on such statutory accounts which were not qualified within the meaning of Section 262 of the Act and did not contain any statements made under Section 237(2) or (3) of the Act.
- (7) The issue of the Preferred Securities was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 21 January 2005 and by a resolution of an executive committee of the Board of Directors of the Issuer passed on 3 March 2005.
- (8) The Preferred Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Preferred Securities is XS0215556142 and the Common Code for the Preferred Securities is 021555614.
- (9) Copies of the latest annual report and consolidated accounts of the Issuer, the latest interim consolidated accounts of the Issuer and the documents referred to in "Incorporation by Reference" above may be obtained free of charge, and copies of the Trust Deed and the Paying Agency Agreement will be available for inspection, at the specified office of each of the Paying Agents during normal business hours, so long as any of the Preferred Securities are outstanding. The Issuer publishes unaudited interim consolidated accounts on a semi-annual basis.
- (10) The Preferred Securities and Coupons will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".

**REGISTERED OFFICE OF THE ISSUER**

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Jersey JE4 9PF  
Channel Islands

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AND AGENT BANK**

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**PAYING AGENT  
IN THE NETHERLANDS**

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Carnegieplein 4  
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The Netherlands

**AMSTERDAM LISTING AGENT**

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*To the Managers and the Trustee*

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*To the Issuer*

**Slaughter and May**  
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**REGISTERED AUDITORS OF THE ISSUER**

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8 Salisbury Square  
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