

MMI Executive Committee

All suspensive conditions are now fulfilled in the transaction between Momentum and Metropolitan. This clears the way for the creation of the merged entity, MMI Holdings Limited (MMI) and we can now enter the next phase of the merger process.

MMI Holdings Limited's board attended a board planning meeting on Tuesday 9 November to debate and agree the governance and executive structures of MMI. The MMI executive committee was approved at this meeting, following a fair and thorough process to finalise its structure and membership. I am pleased to announce MMI's executive committee, who will lead the combined organisation into the future. This communiqué will provide you with more detail in this regard.

Structure follows strategy

As you are aware, representatives from existing business units and corporate services areas of Metropolitan and Momentum formed sub-committees of the Merger Committee to formulate strategies for combined business units and corporate services areas of MMI. Decision Processes International (DPI), an independent global strategy consultancy that has worked with both Metropolitan and Momentum in the past, facilitated the strategic planning process to develop these strategies.

The Merger Committee considered presentations and discussed the strategic plans for the combined areas, after which guidance was provided back to the sub-committees to refine their strategies. This bottom-up planning process and the input and guidance from the Merger Committee determined the initial business unit strategy for MMI and established the structure for the first MMI exco.

Because the transaction is now unconditional, future planning processes will be more inclusive. A top-down MMI strategy, which will include MMI's vision and values, will be designed when the MMI exco is in office. As the group strategy continues to develop, MMI's exco structure and membership will evolve.

MMI's business units

A key output of the strategy development process was finalising the business unit combinations, based on recommendations made by business unit sub-committees and endorsed by the Merger Committee. The outcome is that MMI will have six business units:

- *Metropolitan Retail* will provide savings, income and protection products to clients in the entry level (low to middle income) market segment. It will combine the current capabilities of each group in this market with the distribution channels that currently target this market segment;
- *Momentum Retail* will be the second retail business unit of MMI and will operate in the upper income market segment. It will provide wealth creation and preservation, protection, savings and income products to service the needs of this market segment. Momentum Short Term Insurance (MSTI), as well as Momentum Wealth (previously part of Momentum's Investments business) will form part of Momentum Retail. Responsibility for distribution and sales for the products of some other divisions (using financial advice channels) will also reside in Momentum Retail;

- *Investments* will include the combined single asset management businesses (RMB Asset Management and Metropolitan Asset Managers), collective investments, the multi-management business, alternative investments, property, specialised insurance and international investments. The division will focus on delivering promised investment performance, administration and investment services;
- *Employee Benefits* will provide group risk, income protection and continuation, asset structuring, liability driven asset solutions and pension fund administration through the combination of the Metropolitan and Momentum employee benefits businesses;
- *Health* will combine managed care solutions, Metropolitan's focused healthcare administration capability for closed schemes, Momentum's closed scheme business and Momentum's product and service focus on open schemes;
- *International* will pursue growth in markets outside of South Africa, with an initial focus on Africa. With our combined footprint, MMI will be represented in 12 territories outside South Africa, covering life, group and health solutions.

The CEO of each business unit will be a member of the MMI exco.

Executive directors

As part of the process to compose MMI's board, four executive board positions were identified and agreed at the MMI group level. These positions are the Chief Executive Officer, Deputy Chief Executive Officer, Group Finance Director and an additional Executive Director. All executive directors will be MMI exco members.

Corporate services roles

Key corporate services roles

There are a number of corporate services roles that are critical to the success of MMI from a strategic point of view:

- *The Group Finance Director* will have ultimate responsibility for the overall financial affairs of MMI's business units, including governance, risk management, internal audit, compliance, tax, group finance and reporting, group actuarial and investor relations;
- *Balance Sheet Management (BSM)* will manage MMI's strategic balance sheet risks, focusing on the financial position of shareholders and including capital, corporate action, strategic funding and liquidity risk, credit risk, asset-liability matching (with a primary focus on guaranteed liabilities), group treasury, performance measurement and market risk;
- *Branding and Communication* will raise the profile of MMI through appropriate internal and external communication. Its initial focus will be to develop an overarching brand strategy for MMI and its key client facing brands in collaboration with the business units. MMI's transformation strategy and CSI initiatives will also be managed from this area;
- *Human Resources* will form a strategic partnership with MMI's business units to provide Human Resources services.

The Merger Committee established certain broad guidelines in relation to the MMI exco structure. One of these is to achieve an appropriate balance between business unit exco and corporate services positions, to ensure a commensurate balance in exco discussions. To achieve this a number of corporate services roles were consolidated.

Relationship between business units and corporate services

In order to comply with competition law, the merger integration planning process for each of the business units and corporate services areas took place in isolation, without the benefit of consultation between areas. As a result, further discussions are required to clarify responsibilities and develop the relationship between corporate services and business units. Particular areas that require more work in this regard are Branding and Communication, and Human Resources. As a general principle, we intend to keep the number of people working in corporate services at the centre as small as possible.

Chief Integration Officer

The role of Chief Integration Officer will be a full-time exco function, and involves coordinating the merger implementation process across business units. Considering the essential role of Information Technology to the integration process, the Chief Technology Officers will report to the Chief Integration Officer. The role will include responsibility for general services and infrastructure support.

The Chief Integration Officer will be responsible for unlocking synergies while integrating systems, processes and products. Through the integration process, the Chief Integration Officer will build a strategic foundation for growth that does not negatively affect financial performance or stakeholders. The six business units will remain responsible for their own integration processes and will focus on their unique strategy, processes, technology and people. However, many of MMI's revenue and scale synergies depend on close cooperation between business units, particularly during the integration process, but also in the future. To realise these benefits, the Chief Integration Officer will coordinate the integration process across business units.

Exco structure

It is crucial that all MMI's business units adopt a common group strategy, vision and set of values. In addition, close collaboration between MMI's business units is needed to realise the full potential of a number of MMI's strategic initiatives, such as cross-selling products between different business units. To achieve our common goals and strengthen relationships between the business units of MMI, all six business units will be represented on the MMI exco.

MMI's executive directors will all have seats on the MMI exco, one of which will be a business unit CEO role. There will be four additional corporate services roles (Balance Sheet Management, Branding and Communication, Human Resources and the Chief Integration Officer).

The MMI exco will rely on a number of resources to provide expert input to certain discussions. These resources will not be MMI exco members, but will be invited to key exco discussions when necessary.

MMI exco members

The selection process for exco members was based on predetermined and mutually agreed principles between Metropolitan and Momentum, to ensure fairness. It was jointly managed by MMI's CEO and Deputy CEO, Nicolaas Kruger and Wilhelm van Zyl.

Although Human Resources has been confirmed as an MMI exco function, there is an immediate need to focus on human resource matters at Metropolitan and Momentum individually. As a result, the Human Resources heads will continue with their responsibilities at Metropolitan and Momentum for now. Responsibility for the Human Resources function at an MMI level will be allocated in time.

The executive leadership of MMI Holdings Limited comprises:

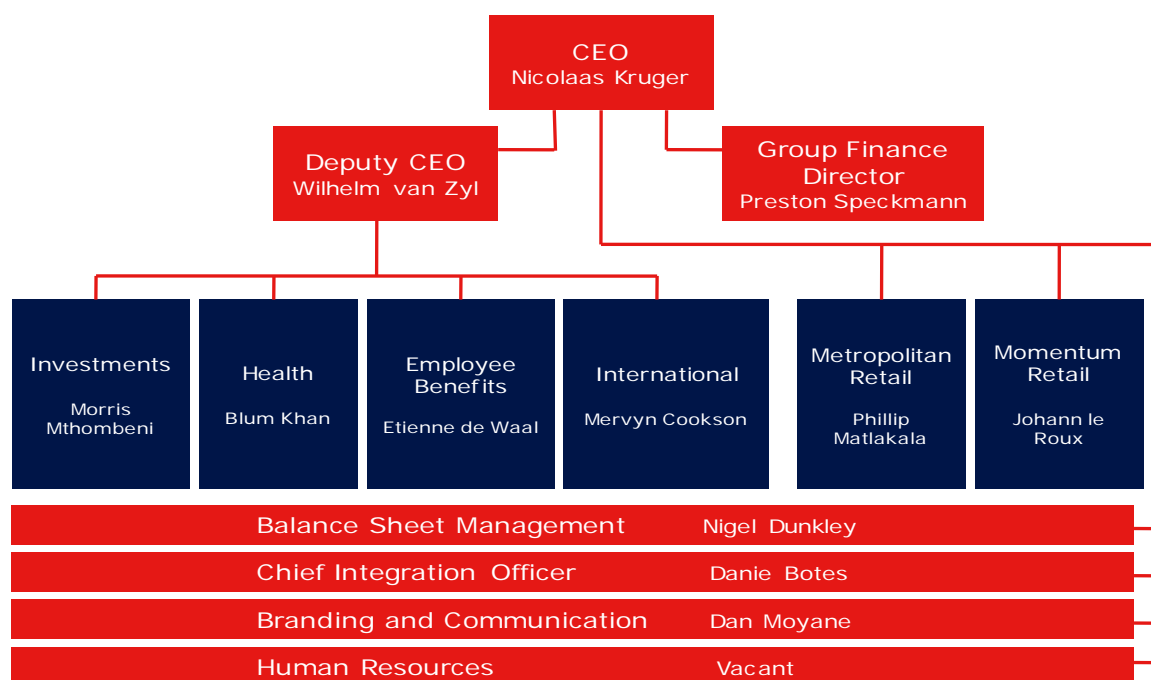
- Nicolaas Kruger (Chief Executive Officer);
- Wilhelm van Zyl (Deputy Chief Executive Officer);
- Preston Speckmann (Group Finance Director);
- Morris Mthombeni (CEO: Investments and Executive Director);
- Blum Khan (CEO: Health);
- Etienne de Waal (CEO: Employee Benefits);
- Mervyn Cookson (CEO: International);
- Phillip Matlakala (CEO: Metropolitan Retail);
- Johann le Roux (CEO: Momentum Retail);
- Nigel Dunkley (CEO: Balance Sheet Management);
- Danie Botes (Chief Integration Officer); and
- Dan Moyane (Branding and Communication).

MMI exco members take combined ownership for managing the organisation and for MMI's strategy.

The following reporting lines have been agreed:

- MMI's Deputy CEO and Group Finance Director will report to the MMI CEO;
- The four corporate services functions (Balance Sheet Management, Chief Integration Officer, Branding and Communication and Human Resources) will report to the MMI CEO;
- Two business units (Metropolitan Retail and Momentum Retail) will also report to the MMI CEO;
- Four business units (Investments, Health, Employee Benefits and International) will report to the Deputy CEO of MMI.

The MMI exco structure with reporting lines is summarised in the following diagram:



Diversity was a key consideration in finalising the MMI exco team and we are pleased to have black representation of 50%. However, there is a need to improve the gender diversity. As the MMI exco will be a dynamically composed executive forum its structure and membership will change in line with developments in MMI’s strategy. Gender diversity will be an important consideration when changes occur in MMI exco’s membership.

Other senior leadership roles

The future roles for other members of MMI’s senior leadership are detailed below. These leaders will play crucial roles in the merger integration process and in the long-term success of MMI.

- Thobeka Sishuba-Mashego currently represents Corporate Governance on the Metropolitan exco. This role will be aligned with Momentum’s Corporate Governance role following due process and will form part of the MMI Group Finance Director’s portfolio, with Thobeka reporting to Preston Speckmann;
- Deon Gouws (currently CEO of RMB Asset Management) will relocate to London to join RMB Asset Management International in a strategic business development role. Robert Walton (currently Managing Director of Metropolitan’s asset management business) will take responsibility for all MMI’s collective investments and retail multi-management businesses. In addition to his role as CEO of Investments, Morris will also take over the roles of CEO of RMB Asset Management and Metropolitan Asset Managers. Etienne Gouws will remain the CEO of Momentum Wealth, but will now report to Johann le Roux in Momentum Retail. Kevin Hinton, the current CEO of RMB Unit Trusts, will relinquish this role as it now forms part of MMI’s collective investments business and will take up a key executive role in the Wealth team;

- Anthon Swart (the current head of Momentum's health business) will be an executive in Blum Khan's team, taking responsibility for MMI's open scheme offering;
- Thinus Alsworth-Elvey (currently the acting head of Metropolitan's employee benefits business) will be a member of Etienne de Waal's executive team and will be responsible for the corporate segment (including the combined group risk business);
- Gerhardt van der Merwe (currently head of Momentum Africa) will focus primarily on MMI's integrated health product offering in Africa as part of Mervyn Cookson's executive management team;
- Asokan Naidu (currently head of Momentum New Markets) will relocate to India to take responsibility for MMI's India initiative, given the importance of India in MMI's growth plans. Until the broader Indian entry strategy has been finalised, Asokan will be accountable to an international expansion advisory forum with an initial focus on India. Nicolaas Kruger and Wilhelm van Zyl are members of this forum;
- Nathi Chonco (currently Metropolitan's group executive responsible for Group empowerment and Corporate affairs) and his team will form part of the combined Branding and Communication unit reporting to Dan Moyane. The various responsibilities in this unit will be reorganised following a detailed planning process;
- Wiebke Lusted and Hannelie du Preez are currently the Human Resources heads for Metropolitan and Momentum respectively. Their immediate focus will remain the specific Human Resources needs for Metropolitan and Momentum as mentioned. Hannelie and Wiebke will report to Nicolaas Kruger and responsibility for Human Resources for the entire MMI business will be allocated in time; and
- Chris Kruger (Momentum's Chief Technology Officer) and Dave Law (Metropolitan's Chief Technology Officer) will both report to Danie Botes.

Divisional boards

In order to facilitate appropriate focus and governance oversight at business unit level, six separate divisional boards have been established, one for each of MMI's business units. Although various statutory entities may be part of one division, governance and oversight will be vested in one ultimate divisional board for each business unit. The chairperson for each divisional board is:

- Momentum Retail: Nicolaas Kruger;
- Metropolitan Retail: JJ Njeke;
- Investments: Ben van der Ross;
- Health: John Newbury;
- Employee Benefits: Ben van der Ross; and
- International: Johan van Reenen.

Board committees

The chairperson for each MMI board committee are:

- Actuarial committee: Blignault Gouws;
- Risk, Capital and Compliance committee: Fatima Jakoet;
- Fair Practices committee: Laurie Dippenaar;
- Remuneration committee: John Newbury;
- Audit committee: Frans Truter;
- Transformation monitoring committee: JJ Njeke; and
- Nominations committee: JJ Njeke (lead independent director).

Next steps

The primary and immediate responsibilities of the new leadership team are to:

- Ensure the smooth implementation of the merger;
- Design MMI's strategy, vision and values;
- Ensure that MMI continues to compete, and compete at full strength as soon as possible, as a new force in the South African financial services industry.

As a first step, each business unit CEO and corporate services head will engage with the leadership and staff of their respective combined areas to design structures and compose leadership teams, in line with the high-level strategy already agreed. As expected, it is not possible to integrate the respective businesses and corporate services areas immediately, but the requirement for management structures to continue running MMI's business units remain. To overcome this practical hurdle, the initial management structures of MMI's businesses will be composed on an interim basis. As a general rule all staff should continue performing their current duties and maintain reporting lines until advised otherwise.

The interim management teams will focus on implementing the merger, ensuring that business units continue to compete and developing the final strategy and detailed business plans for the various businesses. Final structures will be decided when the definitive strategies for each business unit has been agreed. These strategies will be developed through a strategic planning process similar to the process followed to develop the initial, high-level business unit strategies. Where necessary, DPI will be used to facilitate the strategic planning sessions, and a fair process, similar to the process used to finalise the MMI exco structure and membership, will be followed to determine the business unit excos.

MMI's listing date and the date on which MMI's reporting lines will change is 1 December 2010. The first MMI exco meeting is also planned for this date.

Concluding remarks

Sound principles underpinned the process to determine the structure of the MMI group exco and select its members. The structure reflects MMI's strategy, as determined by the first phase planning process, and a fair and thorough process was followed to appoint members for each exco role. MMI's exco is a very strong team and we are confident that they will successfully lead MMI through the merger integration process, including the design and implementation of MMI's overarching strategy.

My congratulations go to MMI's first exco team on their appointment and I wish them all the best in their new role. I also wish to thank Wilhelm van Zyl for his significant contribution to conclude the MMI transaction. I look forward to working closely with Wilhelm in building MMI.

The Merger Committee has played a critical role in coordinating and advancing the merger implementation process during the past seven months – thank you for a job well done. Thanks also to all MMI's people for your exceptional effort over the past seven months, in maintaining business as usual and preparing for the merger integration. It has been a very challenging time and your commitment and hard work is commendable. The MMI exco is privileged to have people of your calibre to build a significant competitor in the South African financial services industry.

A handwritten signature in cursive script that reads "Nicolaas".

Nicolaas Kruger

CEO designate: MMI Holdings