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SALIENT DATES AND TIMES

2005

Proxies for the general meeting to be lodged by 09:30	Thursday, 24 March
General meeting of shareholders at 09:30	Tuesday, 29 March
Announcement of results of general meeting on SENS	Tuesday, 29 March
Announcement of results of general meeting to be published in the press	Wednesday, 30 March
Last day for all conditions precedent to have been met and announcement to be released on SENS and published in the press	Thursday, 7 April
Last day that Santam shares trade <i>cum</i> -proposed payment	Friday, 8 April
Santam shares trade <i>ex</i> -proposed payment	Monday, 11 April
Record date to determine those shareholders entitled to the proposed payment	Friday, 15 April
Payment made to shareholders	Monday, 18 April

Notes:

1. Santam share certificates may not be dematerialised or rematerialised between Monday, 11 April 2005 and Friday, 15 April 2005, both days inclusive.
2. These dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.

DEFINITIONS

In this circular, unless inconsistent with the context:

- the words in the first column have the respective meanings stated opposite them in the second column;
- words in the singular include the plural and *vice versa*;
- words importing natural persons include corporations and associations of persons; and
- any reference to one gender includes the other genders:

“the Act”	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
“articles of association”	the articles of association of Santam;
“certificated shareholders”	shareholders who have not dematerialised their Santam share certificates in terms of STRATE;
“certificated shares”	shares that have not been dematerialised, title of which is represented by a share certificate or other physical document of title;
“CGT”	Capital Gains Taxation as levied in terms of the Income Tax Act;
“this circular”	this circular and the annexure hereto, the notice of general meeting and a form of proxy;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“CSDP”	Central Securities Depository Participant;
“dematerialised shareholder”	a shareholder whose shares have been incorporated into the STRATE system and which are no longer evidenced by physical documents of title, the evidence of ownership regarding which is determined electronically;
“documents of title”	share certificates and/or certified transfer deeds and/or balance receipts or any other form of acceptable documents of title in respect of the shares;
“general meeting”	the general meeting of shareholders to be held in the Auditorium on the Ground Floor of Santam’s registered office, 1 Sportica Crescent, Tyger Valley Bellville on Tuesday, 29 March 2005 at 09:30;
“Income Tax Act”	South African Income Tax Act, 1962 (Act 58 of 1962); as amended;
“the JSE”	the JSE Securities Exchange South Africa;
“last practicable date”	Tuesday, 22 February 2005, being the last practicable date before finalisation of this circular;
“the NSX”	the Namibian Stock Exchange;

“option holders”	holders of unexercised scheme options in terms of the Santam share incentive scheme;
“proposed payment”	the proposed capital payment and reduction of 1 000 cents per share to shareholders recorded in the register on the record date;
“record date”	close of business on Friday, 15 April 2005;
“register”	the register or sub-register of shareholders kept by or on behalf of Santam;
“Registrar”	the Registrar of Companies in South Africa;
“Santam” or “the Company”	Santam Limited (Registration number 1918/001680/06), a public company incorporated under the laws of South Africa in 1918, and whose ordinary shares are listed on the JSE and the NSX;
“Santam share incentive scheme”	Santam Limited Employee Share Incentive Scheme (Masters Reference number IT517/1997);
“scheme options”	options to acquire shares in terms of the Santam share incentive scheme;
“scheme participants”	holders of scheme shares;
“scheme shares”	Santam shares purchased by a scheme participant in terms of the Santam share incentive scheme, which shares have not been released or delivered, as the case may be;
“SENS”	Securities Exchange News Service of the JSE;
“share” or “Santam shares”	ordinary no par value shares in the stated capital of Santam, which shares are listed on the JSE and the NSE;
“shareholders”	the registered holders of Santam shares;
“South Africa”	the Republic of South Africa;
“STRATE”	the share clearing and settlement system utilised by the JSE for all share transactions concluded on the JSE, managed by STRATE Limited (Registration number 1998/022242/06);
“subsidiaries”	has the meaning ascribed to the term in section 1(3) of the Act; and
“transfer secretaries in South Africa”	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/07).



SANTAM LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1918/001680/06)

JSE Share code: SNT NSX code: SNM ISIN: ZAE000006854

Directors

D K Smith* (*Chairman*)

S C Gilbert (*Chief Executive Officer*)

M J Reyneke (*Executive*)

J J Geldenhuys* (*Non-executive*)

J G le Roux* (*Non-executive*)

N M Magau* (*Non-executive*)

*Independent Non-executive

A R Martin* (*Non-executive*)

J E Newbury* (*Non-executive*)

P De V Rademeyer (*Non-executive*)

G E Rudman (*Non-executive*)

J van Zyl (*Non-executive*)

B P Vundla* (*Non-executive*)

CIRCULAR TO SANTAM SHAREHOLDERS

I. INTRODUCTION

Over the course of the previous two years the South African short-term insurance industry has experienced a period of favourable underwriting conditions which, combined with Santam's focus on the successful implementation of the "back to basics" programme, resulted in Santam reporting exceptional earnings, and the resultant increase in Santam's capital and reserves from R3.3 billion at 31 December 2002 to the current level of R5.4 billion.

The board, having taken cognisance of the optimal solvency levels and future capital requirements of Santam, is of the opinion that Santam's current capital and solvency levels are surplus to its requirements and therefore proposes an aggregate capital payment and reduction of R1.15 billion to be funded using cash and liquid assets.

In terms of the articles of association and the Listings Requirements of the JSE the proposed payment requires the approval of Santam shareholders in general meeting. In terms of the articles of association this approval must be in the form of a special resolution. The purpose of this circular, which includes all the relevant information relating to the proposed payment in accordance with the Listings Requirements of the JSE, is to inform Santam shareholders of the implications and rationale for the proposed payment and to enable them to make an informed decision as to how to vote at the general meeting to be held at 09:30, on Tuesday 29 March 2005 for the purpose of considering, and if deemed fit, approving the special resolution necessary to implement the proposed payment.

2. PROPOSED PAYMENT AND REDUCTION OF STATED CAPITAL

- 2.1** The proposed payment, which is subject to the fulfilment of the conditions precedent set out in paragraph 3 below, is to be effected by the payment and reduction of Santam's stated capital account by repaying to shareholders the sum of R1.15 billion, the equivalent of 1 000 cents per share. Payments will be made to shareholders on Monday, 18 April 2005.
- 2.2** The proposed payment to certificated shareholders will be effected by way of cheque. All monies so payable by cheque shall be sent by ordinary post, at the risk of that certificated shareholder, to:
- 2.2.1** the address of that certificated shareholder as set forth in the register; or
- 2.2.2** in the case of joint registered certificated shareholders, the registered address of that one of them who is first named in the register in respect of those shares; or
- 2.2.3** such other address as may be designated in writing by that certificated shareholder.

- 2.3** Payment of a cheque sent in terms of paragraph 2.2 shall be a complete discharge by the Santam of its relevant payment obligations in terms of the proposed payment and reduction.
- 2.4** The proposed payment to dematerialised shareholders will be effected to the relevant dematerialised shareholder's account at its CSDP or broker, as the case may be, in accordance with the terms of the agreement entered into between the dematerialised shareholder and its CSDP or broker, as the case may be. Payment to STRATE as contemplated herein shall be a complete discharge by the Santam of its relevant payment obligations.
- 2.5** If several persons are entered in the register as joint shareholders, then, payment to any one of them of any monies payable on or in respect of the proposed payment shall be an effective and complete discharge by Santam of the amount so paid, notwithstanding any notice (express or otherwise) which Santam may have of the right, title, interest or claim of any other person to or in any ordinary share or interest therein.

3. CONDITIONS PRECEDENT

The proposed payment is subject to the fulfilment of the following conditions precedent:

- 3.1** the passing of the proposed special resolution at the general meeting and the registration of such special resolution by the Registrar; and
- 3.2** the approval of the proposed payment by the Financial Services Board.

4. FINANCIAL EFFECTS OF THE PROPOSED PAYMENT

4.1 Independent reporting accountants' report

The independent reporting accountants' report on the *pro forma* financial effects of the proposed payment is included as an annexure to this circular.

4.2 *Pro forma* financial effects of the proposed payment

The table below sets out the unaudited *pro forma* financial effects of the proposed payment on Santam, based on the assumptions set out below. The *pro forma* financial effects are provided for illustrative purposes only and, because of its nature, may not be a fair reflection of Santam's financial position after the proposed payment, or of its future earnings. The *pro forma* financial effects are the responsibility of the Santam board.

	Actual⁽¹⁾ Before the proposed payment (cents)	Pro forma After the proposed payment (cents)	Change (%)
Headline earnings per share – basic	1 556	1 504	(3.3)
Earnings per share – basic	1 513	1 462	(3.4)
Net tangible asset value per share	4 637	3 637	(21.6)
Net asset value per share	4 692	3 692	(21.3)
Number of shares in issue ('000)	115 205	115 205	
Weighted number of shares ('000)	114 632	114 632	

Notes:

- (1) As per the audited published results of Santam for the year ended 31 December 2004.
- (2) Adjustments to earnings per share and headline earnings per share have been made on the assumption that the proposed payment to shareholders was done on 1 January 2004.
- (3) Adjustments to the net asset value per share and the net tangible asset value per share have been made on the assumption that the proposed payment to shareholders was done on 31 December 2004.
- (4) Interest at an average rate of 7.31% was foregone on the net cash paid of R1 152 046 000 for the year ended 31 December 2004.
- (5) An income tax rate of 30% was applied.

5. DIRECTORS AND KEY MANAGEMENT

5.1 The board of directors and members of the Executive Decision Forum of Santam are as follows:

Name	Function	Business address
Desmond Kent Smith	Chairman	8th Floor, Letterstead House Newlands on Main, corner Campground and Main Roads Newlands
Steffen Christopher Gilbert	Chief Executive Officer	1 Sportica Crescent, Tyger Valley Bellville
Machiel Johannes Reyneke	Executive Director	1 Sportica Crescent, Tyger Valley Bellville
Jurie Johannes Geldenhuys	Non-executive Director	2 Waveren, 50 Bethanie Street Durbanville
Jan Gysbert le Roux	Non-executive Director	PO Box 36 Huguenote, 7645
Namane Milcah Magau	Non-executive Director	PO Box 432, Kyalami Estate Midrand, Johannesburg
Alwyn Reginald Martin	Non-executive Director	PO Box 3254, Rivonia, 2128
John Ernest Newbury	Non-executive Director	PO Box 911 Northlands, 2116
Phillip De V Rademeyer	Non-executive Director	Sanlam Limited, 2 Strand Road Bellville
George Edward Rudman	Non-executive Director	PO Box 4616 Tygervalley, 7536
Johan van Zyl	Non-executive Director	Sanlam Limited, 2 Strand Road Bellville
Bunguza Peter Vundla	Non-executive Director	AMB Holdings Limited, 18 Fricker Road, Illovo
Executive Decision Forum		
Elias Links	Executive Head: Corporate Citizenship	1 Sportica Crescent, Tyger Valley Bellville
Christiaan Andre Mostert	Executive Head: Information Technology	1 Sportica Crescent, Tyger Valley Bellville
Hendri Martin Nigrini	Executive Head: Risk Services	1 Sportica Crescent, Tyger Valley Bellville
Pankajkumar Ranchod	Executive Head: Insurance Services	1 Sportica Crescent, Tyger Valley Bellville
Machiel Johannes Reyneke	Executive Head: Finance	1 Sportica Crescent, Tyger Valley Bellville
Johann Barend Roux	Executive Head: Broker Services	1 Sportica Crescent, Tyger Valley Bellville
Nico Swart	Executive Head: Human Relations	1 Sportica Crescent, Tyger Valley Bellville
Mpumelelo Tyikwe	Executive Head: Specialist Portfolios	1 Sportica Crescent, Tyger Valley Bellville
Jacobus Abraham van Tonder	Executive Head: Santam International	1 Sportica Crescent, Tyger Valley Bellville
Steffen Henry Zietsman	Executive Head: Marketing and Communications	1 Sportica Crescent, Tyger Valley Bellville

5.2 Directors' interests

Save as disclosed in the table below, on the last practicable date, no other director of Santam had any direct or indirect interest in Santam:

	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
S C Gilbert	100	–	–	–
D K Smith	100	–	–	–
M J Reyneke	100	–	–	–
J J Geldenhuys	190 000	–	–	–
J G Le Roux	100	–	–	–
N M Magau	100	–	–	–
A R Martin	350	–	–	–
J E Newbury	9 000	–	–	–
P De V Rademeyer	500	–	–	–
G E Rudman	3 000	–	4 000	–
J van Zyl	100	–	–	–
B P Vundla	300	–	–	–
	203 750	–	4 000	

The aggregate directors' interests does not exceed 1% of Santam's issued share capital.

Directors' dealing in Santam securities since the publication of the last annual financial statements were as follows:

Date	Director	Number of shares	Price per share (cents)	Nature of transaction	Nature of interest
5 March 2004	J J Geldenhuys	50 000	2 700	Acquisition of shares in respect of share incentive scheme	Direct beneficial
5 March 2004	J J Geldenhuys	100 000	1 525	Acquisition of shares in respect of share incentive scheme	Direct beneficial
19 March 2004	J J Geldenhuys	10 000	4 550	Sale of shares	Indirect beneficial
23 March 2004	J J Geldenhuys	10 000	4 550	Sale of shares	Indirect beneficial
25 March 2004	J J Geldenhuys	20 000	4 550	Sale of shares	Indirect beneficial
26 March 2004	J J Geldenhuys	15 000	4 550	Sale of shares	Indirect beneficial
25 August 2004	J J Geldenhuys	25 000	5 381	Sale of shares	Indirect beneficial
27 October 2004	A R Martin	200	5 900	Purchase of shares	Direct beneficial
29 October 2004	J E Newbury	3 900	6 200	Purchase of shares	Direct beneficial
29 October 2004	J E Newbury	100	6 180	Purchase of shares	Direct beneficial

6. MATERIAL SHAREHOLDER

As far as it is known to Santam, the major beneficial shareholder of Santam, on the last practicable date, was as follows:

	Number of shares	Percentage
Sanlam Limited	60 629 482	52.63

7. STATED CAPITAL

The authorised and issued capital of Santam at the last practicable date, before and after the proposed payment, are as follows:

	R'000
7.1 Authorised stated capital	
150 000 000 ordinary no par value shares	
7.2 Issued stated capital – before the proposed payment	
Stated capital of 115 209 327 no par value shares	1 171 192
7.3 Issued stated capital – after the proposed payment	
Stated capital of 115 209 327 no par value shares	19 099

8. MATERIAL CHANGE

There has been no material change in the financial or trading position of Santam and its subsidiaries since the publication of the audited results for the year ended 31 December 2004.

9. OPINION AND RECOMMENDATION

The directors of Santam are of the opinion that the proposed payment is in the interests of shareholders of Santam. Accordingly, those directors who are shareholders of Santam intend to vote in favour of the special resolution to approve the proposed payment and recommend that Santam shareholders do the same.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on page 5 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this circular false or misleading and that they have made all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by law and the Listings Requirements of the JSE.

11. NON-RESIDENT SHAREHOLDERS

In terms of the Exchange Control Regulations of South Africa, the following will apply in the case of Santam shareholders whose registered addresses are outside the common monetary area:

11.1 Emigrants from the common monetary area

The proposed payment due to a shareholder who is an emigrant from the common monetary area and whose registered address, in the register of shareholders of Santam, is outside the common monetary area and whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, will be deposited in a blocked Rand account with the authorised dealer in foreign exchange in South Africa, as advised to Santam, controlling the shareholders blocked assets in terms of the South African Exchange Control Regulations.

11.2 Other non-residents of the common monetary area

The proposed payment which is due to a shareholder who is a non-resident of South Africa and whose registered address, in the register of shareholders of Santam, is outside the common monetary area and whose documents of title have been restrictively endorsed under the Exchange Control Regulations of South Africa, will be deposited into a non-resident account with an authorised dealer in South Africa as nominated by the shareholder concerned to Santam.

Failing such advice under paragraph 11.1 or nomination under paragraph 11.2, the payment will be kept in trust and deposited in a non-interest bearing account under the control of the transfer secretaries in South Africa, who will complete the transaction on behalf of the shareholder concerned.

12. TAXATION CONSIDERATIONS

The following summary serves as a general guide and is not intended to constitute a complete analysis of the tax consequences under South African law of the proposed payment. It is not intended to be, nor should it be considered to be, legal or tax advice. Shareholders are accordingly advised to consult their own professional advisers about the tax consequences of the proposed payment on their tax positions. Santam and their advisers will not be responsible for the tax consequences of the proposed payment for shareholders under South African law, the law of the jurisdiction of their residence and any treaty between South Africa and such jurisdiction.

- 12.1** If the shareholder is a South African resident that holds Santam shares as trading stock, the proposed payment and reduction will be income for the shareholder, subject to income tax.
- 12.2** The stated capital reduction may result in a decline in the market value of the shares held, but no deduction will be allowed for this (in the form of a lower closing stock value at year-end) if the shareholder is a company, but will be allowed (in this form) for other persons.
- 12.3** If the shareholder is a non-resident of South Africa holding Santam shares as trading stock, the income, represented by the proposed payment, will only be subject to income tax in South Africa if it is derived from a South African source, i.e. if the shareholder carries on its share dealing business in South Africa or if the shares form part of a permanent establishment that it has in South Africa. In such event what is stated in paragraph 12.2 will apply.
- 12.4** If the shareholder is a South African resident that holds Santam shares as capital assets, the stated capital reduction will be treated as disposal proceeds, to be brought into account and added to the other proceeds when the shares are actually disposed of for CGT purposes.
- 12.5** If the shareholder is a non-resident of South Africa that holds the Santam shares as capital assets, the shareholder will not be liable for CGT in South Africa, unless the shares form part of a permanent establishment that the shareholder has in South Africa.
- 12.6** If the shareholder is a pension, provident or retirement annuity fund, as defined in section 1 of the Income Tax Act, the stated capital reduction will not be taxable. These funds are exempt from income tax and from CGT. Nor will these funds be subject to tax on retirement funds, in terms of the Tax on Retirement Funds Act, as these funds are only subject to this tax on rental income, interest and foreign dividends, which the proposed payment will not be.
- 12.7** If the shareholder is a collective investment scheme in securities (or, as previously known, a unit trust in securities), the income from the proposed payment will not be subject to income tax and will be exempt from CGT in the scheme.
- 12.8** As a matter of practice, long-term insurers are not treated as holding listed shares as trading stock and, accordingly, the capital reduction will not be subject to income tax. If the Santam shares are held in the respective insurer's:
 - 12.8.1** untaxed policyholder fund, the capital reduction will not be subject to CGT. The tax on retirement funds also applies to the untaxed policyholder fund, other than that portion relating to pensioners or annuitants, but for the reasons given in paragraph 12.6 the proposed payment will not be subject to this tax; or
 - 12.8.2** individual policyholder funds, company policyholder funds, or corporate funds, the capital reduction will be potentially subject to CGT (on a deferred basis), as set out in paragraph 12.4.
- 12.9** In respect of the Santam shares held by a fully tax-exempt person, body or institution, the stated capital reduction will not be subject to income tax or CGT.

13. ADJUSTMENT TO SCHEME SHARES AND SCHEME OPTIONS PURSUANT TO THE PROPOSED PAYMENT

Neither the Santam share incentive scheme nor the scheme participants, in their capacity as such, hold Santam shares. However, in terms of the Santam share incentive scheme, certain events, including the reduction of Santam's stated capital account, qualify for an adjustment to the purchase price of scheme shares and shares subject to scheme options. Any such amendment is subject to the auditors of Santam, acting as experts, certifying that the amendment is fair and reasonable.

As a result of the proposed payment, and so as not to prejudice the rights of option holders and scheme participants, the trustees of the Santam share incentive scheme and Santam's board of directors have approved a reduction in the strike price of each option and the purchase price of each of the scheme shares, by 1 000 cents. The process leading to this approval was followed in terms of the Santam share incentive scheme rules and included the obtaining of a fair and reasonable opinion from the group's auditors, PricewaterhouseCoopers Inc. This adjustment will only be made to options and scheme shares that are still outstanding on Monday, 11 April 2005, being the date that the shares start trading ex the proposed payment.

14. NOTICE OF GENERAL MEETING

Forming part of this circular is a notice convening the general meeting to be held in the Auditorium on the Ground Floor of Santam's registered office, 1 Sportica Crescent, Tyger Valley, Bellville at 09:30 on Tuesday, 29 March 2005.

The general meeting will be held for the purpose of considering, and if deemed fit, passing with or without modification the special resolution required to give effect to the proposed payment.

Certificated shareholders and own-name dematerialised shareholders who are unable to attend the general meeting and who wish to be represented thereat, are requested to complete and return the attached form of proxy (blue) in accordance with the instructions contained therein, to be received by the transfer secretaries in South Africa by no later than 09:30 on Thursday, 24 March 2005.

Dematerialised shareholders, other than own-name dematerialised shareholders, must inform their CSDP or broker of their intention to attend the general meeting and obtain the necessary authorisation from their CSDP or broker to permit them to attend the general meeting. Alternatively, they may provide their CSDP or broker with their voting instructions in terms of the agreement entered into between the dematerialised shareholders and their CSDP or broker should they not be able to attend the general meeting but wish to be represented thereat. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker.

Santam does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker of a dematerialised Santam shareholder to notify such Santam shareholder of the general meeting or any business to be conducted thereat.

15. AMOUNTS NOT PRESENTED FOR PAYMENT

Should any cheques posted or payments made to shareholders not be presented for payment, the amounts payable in respect of such cheques shall be held in trust by the transfer secretaries in South Africa with interest accruing for the benefit of Santam until such amounts are claimed by the shareholders concerned or their CSDP or broker in the case of dematerialised shareholders. In terms of the articles of association, should the proposed payment remain unclaimed for 12 years, it shall be forfeited and revert to Santam or its nominees.

16. LITIGATION STATEMENT

Santam is not involved in, nor aware of any material legal or arbitration proceedings which are pending or threatened and which may have or have had in the 12-month period preceding the date of issue of this circular, a material effect on the financial position of Santam, its subsidiaries or its associate companies.

17. CONSENTS

The Investment bank and sponsor, reporting accountants, legal adviser and tax adviser to Santam have all provided their written consents to act in the capacity stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Santam and the offices of its sponsor in South Africa during normal business hours on any weekday (official public holidays in South Africa excluded) from Thursday, 3 March 2005 (the date of issue of this circular) up to and including Tuesday, 29 March 2005:

- 18.1** the audited financial statements of Santam for the five financial years ended 31 December 2004;
- 18.2** the memorandum and articles of association of Santam;
- 18.3** the reporting accountants' report on the *pro forma* financial effects set out in paragraph 4.1 above;
- 18.4** the fair and reasonable opinion referred to in paragraph 13 above;
- 18.5** a signed copy of this circular;
- 18.6** the consent letters set out in paragraph 17 above; and
- 18.7** the Santam share incentive scheme trust deed.

By order of the board

SANTAM LIMITED

S Bray

Company Secretary

Bellville
3 March 2005

REPORTING ACCOUNTANTS' REPORT ON THE FINANCIAL EFFECTS OF THE PROPOSED PAYMENT

"The Directors
Santam Limited
PO Box 3881
Tyger Valley
7536

Gentlemen

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL EFFECTS OF SANTAM LIMITED ("Santam" or "the Company")

I. INTRODUCTION

The directors of Santam have approved the reduction of the Company's stated capital, subject to the approval of Santam shareholders by way of a special resolution, by repaying to shareholders from the Company's stated capital account the sum of R1.152 billion, the equivalent of 1000 cents per Santam share ("the proposed payment").

We report on the unaudited *pro forma* financial effects set out in paragraph 4.2 of the circular to Santam shareholders, to be dated on or about 3 March 2005 ("the circular"). The unaudited *pro forma* financial effects have been prepared for illustrative purposes only, to provide information on how the proposed payment would have impacted on the consolidated financial results and position of Santam. Because of its nature, the unaudited *pro forma* financial effects may not give a fair reflection of Santam's financial position after the proposed payment, or of the effect on future earnings.

At your request and for the purpose of the circular we present our report on the unaudited *pro forma* financial effects of Santam in compliance with the Listings Requirements of the JSE Securities Exchange South Africa ("JSE").

2. RESPONSIBILITIES

The directors of Santam are solely responsible for the preparation of the unaudited *pro forma* financial effects to which this reporting accountants' report relates, and for the financial statements and financial information from which it has been prepared.

It is our responsibility to express an opinion on the basis of preparation of the unaudited *pro forma* financial effects and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial effects, beyond that owed to those to whom those reports were addressed at their dates of issue.

3. BASIS OF OPINION

Our work, which did not involve an independent examination of any of the underlying financial information, consisted primarily of agreeing the unadjusted financial information to the audited published financial results of Santam for the year ended 31 December 2004, considering the evidence supporting the adjustments to the unaudited *pro forma* financial effects, recalculating the amounts based on the information obtained and discussing the unaudited *pro forma* financial effects with the directors of Santam.

Because the above procedures do not constitute either an audit or a review made in accordance with South African Auditing Standards, we do not express any assurance on the fair presentation of the unaudited *pro forma* financial effects.

Had we performed additional procedures or had we performed an audit or review of the financial information in accordance with Statements of South African Auditing Standards, other matters might have come to our attention that would have been reported to you.

4. OPINION

In our opinion:

- the unaudited *pro forma* financial effects have been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of Santam; and
- the adjustments are appropriate for the purposes of the unaudited *pro forma* financial effects in terms of the proposed payment and in terms of Section 8.30 of the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc.

Chartered Accountants (SA)

Registered Accountants and Auditors

Cape Town

24 February 2005"



SANTAM LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1918/001680/06)

JSE Share code: SNT NSX Share code: SNM ISIN: ZAE000006854

("Santam" or "the Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the ordinary shareholders of Santam ("shareholders") will be held at the Company's registered office, Ground floor Auditorium, 1 Sportica Crescent, Tyger Valley, Bellville at 09:30 on Tuesday, 29 March 2005 to consider and, if deemed fit, to pass, with or without modification, the following special resolution:

SPECIAL RESOLUTION

"RESOLVED THAT the Company makes a specific payment in cash of R10.00 (1 000 cents) per issued ordinary share in terms of section 90 of the Companies Act, 1973 (Act 61 of 1973), as amended, to all ordinary shareholders of the Company recorded on the register or sub-registers of the Company at the close of business on Friday, 15 April 2005, such specific payment to be effected by the appropriation and reduction of the Company's stated capital account with R10.00 (1 000 cents) in respect of each issued ordinary share and the interests and rights of the ordinary shareholders in and to the stated capital being reduced accordingly."

The terms, effect and reason for the special resolution is to obtain the approval for the repayment and reduction of Santam's stated capital, required in terms of Article 16.10 of the articles of association of Santam and to accordingly reduce the interests and rights of the ordinary shareholders in and to the stated capital account by an amount equal to R10.00 (1 000 cents) per issued ordinary share.

VOTING

On a show of hands, every shareholder of the Company who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) is represented thereat by a representative appointed pursuant to section 188 of the Companies Act, 1973 (Act 61 of 1973), as amended, shall have one vote, and on a poll, every shareholder of the Company who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) or represented by proxy at the general meeting, shall have one vote for every Santam share of which it is the holder.

PROXIES

A Santam shareholder entitled to attend and vote at the general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy (blue) is attached for the convenience of certificated Santam shareholders and "own-name" dematerialised Santam shareholders who are unable to attend the general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the transfer secretaries in South Africa of the Company, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), so as to be received by no later than 09:30 on Thursday, 24 March 2005.

Dematerialised Santam shareholders (who are not "own-name" dematerialised Santam shareholders) who wish to attend the general meeting or to vote by way of proxy, must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority to attend the general meeting or be represented thereat by proxy. This must be done in terms of the agreement entered into between the dematerialised Santam shareholder and their CSDP or broker.

By order of the board

SANTAM HOLDINGS LIMITED

S Bray

Company Secretary

Bellville
3 March 2005

Registered office

1 Sportica Crescent
Tyger Valley
Bellville, 7530
(PO Box 3881, Tyger Valley, 7536)

Transfer secretaries in South Africa

Computershare Investor Services 2004 (Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)



SANTAM LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1918/001680/06)

JSE Share code: SNT NSX Share code: SNM ISIN: ZAE000006854

FORM OF PROXY

for use by certificated and own name dematerialised Santam shareholders only

All terms in the circular to which this form of proxy is attached, shall bear the same meanings in this form of proxy.

FOR USE BY SHAREHOLDERS WHO HAVE NOT DEMATERIALISED THEIR SHARES AND “OWN-NAME” DEMATERIALISED SHAREHOLDERS AT THE GENERAL MEETING OF SANTAM TO BE HELD AT THE REGISTERED ADDRESS OF SANTAM (1 SPORTICA CRESCENT, TYGER VALLEY, BELLVILLE) AT 09:30 ON TUESDAY, 29 MARCH 2005 OR ANY POSTPONEMENT THEREOF.

Shareholders who have dematerialised their shares, other than “own-name” dematerialised shareholders, with a CSDP or broker should advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and the CSDP or broker. Shareholders who have dematerialised their shares, other than “own-name” dematerialised shareholders, must **not** return this form of proxy to the transfer secretaries in South Africa. Their instructions must be sent to their CSDP or broker for action.

I/We (please print)

of (please print)

being a shareholder of Santam, holding ordinary shares in Santam, hereby appoint:

- 1. _____ or failing him/her,
- 2. _____ or failing him/her,

3. the chairman of the general meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the general meeting to be held in the Auditorium, Ground Floor, at the registered office of Santam, 1 Sportica Crescent, Tyger Valley, Bellville at 09:30 on Tuesday, 29 March 2005 and at any adjournment thereof, and to vote or to abstain from voting on the special resolution to be proposed at the general meeting, as follows:

	For	Against	Abstain
Special resolution – specific payment to shareholders			

Signed this _____ day of _____ 2005

Signature of member(s)

Assisted by me (where applicable)

Please read the notes and instructions on the reverse hereof.

NOTES:

A member entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of Santam.

Every person present and entitled to vote at the general meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of Santam shares such person holds or represents, but in the event of a poll, a member holding shares will be entitled to one vote per share held.

Please insert the relevant number of Santam shares and indicate with an "X" in the appropriate spaces on the face hereof, how you wish your votes to be cast at the general meeting. If you return this form of proxy duly signed without any specific instructions, the proxy will vote or abstain from voting at the proxy's discretion.

INSTRUCTIONS ON SIGNING AND LODGING THIS FORM OF PROXY:

1. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the authorised signatory/ies.
2. The chairman of the general meeting shall be entitled to decline or accept the authority of a person signing this form of proxy:
 - (a) under a power of attorney; or
 - (b) on behalf of a company,unless that person's power of attorney or authority is deposited with the transfer secretaries in South Africa by no later than 09:30 on Thursday, 24 March 2005.
3. You may insert the name of any person(s) whom you wish to appoint as your proxy/ies in the blank space(s) provided for that purpose. If more than one person is so nominated, the person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting of shareholders as the proxy deems fit in respect of all of those shareholder's votes exercisable thereat. The shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy.
5. When there are joint holders of Santam shares, all joint shareholders must sign this form of proxy.
6. The completion and lodging of this form of proxy will not preclude the member who grants this proxy from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
7. Completed forms of proxy **must** be returned to the transfer secretaries in South Africa, Computershare Investor Services 2004 (Proprietary Limited), 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) (Facsimile: (011) 688-7721) to be received by **no later than** 09:30 on Thursday, 24 March 2005.