This document is divided into **three** main sections.

Section I

The **first** section contains general and introductory information providing the salient features of the scheme and the conditional approvals sought at the general meeting, the salient dates and times of the scheme and the general meeting and the action required by Santam shareholders.

Section II

The **second** section contains documents relating to the scheme, including:

- the explanatory statement in terms of section 312(1)(a)(i) of the Companies Act;
- the provisions of the scheme of arrangement in terms of section 311 of the Companies Act *(yellow)*;
- the Order of Court convening the scheme meeting *(yellow)*;
- a valuation statement in terms of section 312(1)(a)(ii) of the Companies Act; and
- a statement of directors' interests in terms of section 312(1)(a)(iii) of the Companies Act.

Section III

The **third** section contains additional information in respect of the scheme and the conditional approvals sought at the general meeting.

Attached at the end of this document are:

- the notice of the scheme meeting *(yellow)*;
- a proxy form *(pink)* for the scheme meeting (for use by certificated scheme participants and own-name dematerialised scheme participants only);
- the notice of the general meeting *(green)*;
- a proxy form *(green)* for the general meeting (for use by certificated shareholders and own-name dematerialised shareholders only); and
- a form of surrender *(blue)* to be completed by certificated scheme participants only.

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SECTION I – GENERAL AND INTRODUCTORY

SALIENT FEATURES

This summary contains the salient features of the transaction detailed in this document, which document should be read in its entirety for a full appreciation hereof.

The definitions and interpretations set out in **Annexure 1** to this document apply, *mutatis mutandis*, to this salient features section.

1. INTRODUCTION

As was announced on SENS on 27 February 2007 and in the press on 28 February 2007, Santam intends facilitating the acquisition by BEE SPV Co of an effective 10% ownership interest in Santam following the settlement of the repurchase offer and the Sanlam offer, for the benefit of the following categories of BEE partners, namely:

- Santam staff;
- broad-based communities; and
- strategic business partners.

As a mechanism to facilitate the implementation of the broad-based BEE ownership initiative, BEE SPV Co is proposing the scheme between Santam and the Santam shareholders, other than the Santam Subsidiary, which, on becoming operative, will result in BEE SPV Co acquiring 10% of the Santam shares following the settlement of the repurchase offer and the Sanlam offer from all existing Santam shareholders, other than the Santam Subsidiary, on a *pro rata* basis, for a cash consideration of R82 per Santam share.

In terms of the funding arrangements between BEE SPV Co and its financiers, Santam has the right to refinance the bridging finance, on the passing of the requisite shareholder approvals, if required, and the promulgation of the relevant proposed legislation to legalise such funding, or to procure the refinancing of the bridging finance from other sources. Santam has resolved to obtain the necessary shareholder approvals subject to and in anticipation of the relevant proposed legislation being promulgated and as such has proposed the resolutions set forth in the notice of general meeting attached hereto and forming part of this document.

The purpose of this document is to:

- provide shareholders with details of the scheme and the conditional approvals sought at the general meeting;
- convene the scheme meeting;
- provide scheme members with information relating to the scheme sufficient to enable scheme members to consider and, if deemed fit, approve the scheme;
- convene the general meeting; and
- provide shareholders with information relating to the conditional approvals sought at the general meeting sufficient to enable shareholders to consider and, if deemed fit, pass the resolutions.

2. THE SCHEME

2.1 Background and rationale

Santam is firmly committed to BEE in South Africa in order to achieve the constitutional right to equality, to increase broad-based and effective participation of black people in the economy and to achieve more equitable income distribution. In addition, Santam accepts that meaningful participation by black people in the mainstream economy is essential to sustaining South Africa's successful economic and democratic structures. The Santam broad-based BEE ownership initiative to be implemented by way of the scheme is designed to:

- ensure that a meaningful portion of Santam's equity is owned by black people and that black people have a meaningful role in Santam's operations, management and development;
- benefit qualifying black employees and strategic business partners of Santam and enable them to participate, at ownership level, in the future growth of Santam;

- be truly broad-based, thereby providing for the upliftment of black people; and
- provide a relevant shareholder group with the capability of adding value to Santam.

Santam supports the sector-wide commitment to BEE as embodied in the Financial Sector Charter and the Department of Trade and Industry Codes of Good Practice, as gazetted on 9 February 2007.

Santam, in facilitating the scheme, is focusing on the six key areas of BEE embraced by the Financial Sector Charter, being:

- business ownership and control;
- development of human resources;
- procurement and enterprise development;
- access to financial services;
- empowerment financing; and
- corporate social investment.

In terms of the Financial Sector Charter, in order for a financial institution to earn the maximum 12 direct ownership points, 10% of the value of the South African operations of that financial institution, together with control over all the voting rights attaching to the equity interest, must be held by black people by 31 December 2010.

The scheme is designed to also address the requirements of the Department of Trade and Industry Codes of Good Practice, to the extent that they pertain to Santam. In addressing the ownership scorecard, cognisance of the target percentages for voting rights, economic interest, ownership fulfilment and net value points will be taken into consideration in maximising the ownership score obtainable by Santam.

The scheme, together with the other Santam initiatives, has been initiated with the intention to meet and surpass BEE ownership requirement directives that have been issued to date.

2.2 Mechanism and implementation

The scheme will affect the Santam shareholders. If the scheme becomes operative, the effect of the scheme will be that:

- each scheme participant shall be deemed to have disposed of (and shall be deemed to have undertaken to transfer) 10% of the Santam shares held by them as at the record date, to BEE SPV Co, which shall acquire ownership of such shares; and
- in consideration for its disposal of each scheme share, each scheme participant will become entitled to receive the scheme consideration of R82 per Santam share from BEE SPV Co.

Following the implementation of the scheme, BEE SPV Co will be the registered holder of 10% of the issued shares of Santam excluding those held by the Santam Subsidiary.

2.3 The scheme meeting

The notice convening the scheme meeting is attached hereto and forms part of this document. The scheme meeting, at which scheme members will be requested to consider and, if deemed fit, approve the scheme, will be held at 10:00 on Thursday 26 April 2007 in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville, or at a later time or date to which the scheme meeting may be adjourned or postponed.

2.4 Effect of the repurchase offer and Sanlam offer on the timetable for the scheme

2.4.1 Shareholders are referred to the joint Santam/Sanlam circular published on Wednesday 7 March 2007 and despatched to shareholders, which sets out the terms of the repurchase offer and the Sanlam offer, both of which will open on Monday 26 March 2007.

2.4.2 It is envisaged that the repurchase offer and the Sanlam offer will close on Friday 20 April 2007. The date is however subject to change to a later date as will be announced by Santam.

2.4.3 If the repurchase offer becomes unconditional and is settled:

2.4.3.1 before or on Monday 23 April 2007, the scheme voting record date will be Tuesday 24 April 2007 and the scheme meeting will be held on Thursday 26 April 2007; or

2.4.3.2 later than Monday 23 April 2007, the scheme voting record date will be such later date as will be announced by Santam and the scheme meeting will be postponed to such later date as will be announced by Santam.

2.4.4 If the repurchase offer has been settled by Monday 23 April 2007 but the Sanlam offer has not been settled:

2.4.4.1 the scheme voting record date will not be affected;

2.4.4.2 Santam shareholders who have tendered shares in excess of the shares acquired by Santam pursuant to the repurchase offer (and whose shares are therefore subject to the Sanlam offer) will:

2.4.4.2.1 not be entitled to exercise any voting rights at the scheme meeting attached to the shares acquired by Santam in terms of the repurchase offer; and

2.4.4.2.2 be entitled to exercise all voting rights attached to the shares which remain subject to the Sanlam offer at the scheme meeting and will be able to appoint any director or officer of Sanlam (or his/her nominee) as their proxy to exercise the relevant voting rights at the scheme meeting in the manner prescribed by them.

2.4.5 Santam will only make application to Court for the sanctioning of the scheme:

2.4.5.1 following settlement of the Sanlam offer; or

2.4.5.2 in the event that the Sanlam offer has lapsed by 31 May 2007 (or such later date as may be agreed between Sanlam and Santam and announced by them), as soon as reasonably possible thereafter.

2.4.6 The scheme consideration record date will be a date after settlement of the repurchase offer and after the settlement (or lapsing) of the Sanlam offer. Therefore, shareholders who have tendered shares pursuant to the repurchase offer and the Sanlam offer will participate in the scheme and receive the scheme consideration in respect of 10% of the balance of their shareholdings after settlement of the repurchase offer and the Sanlam offer.

3. THE GENERAL MEETING

The notice convening the general meeting is attached hereto and forms part of this document. The general meeting, at which shareholders will be requested to consider and, if deemed fit, approve the resolutions, will be held at 11:00 (or immediately after the preceding scheduled scheme meeting, if later) on Thursday 26 April 2007 in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville, or at a later time or date to which the general meeting may be adjourned or postponed.

SALIENT DATES AND TIMES

The definitions and interpretations set out in **Annexure 1** to this document apply, *mutatis mutandis,* to this salient dates and times section.

	2007
Circular posted to Santam shareholders, on	Monday 26 March
Notice of scheme meeting and Order of Court convening the scheme meeting published in the press, on	Monday 26 March
The repurchase offer and the Sanlam offer open at 09:00, on	Monday 26 March
Last day to trade in Santam shares in order to participate in the repurchase offer and the Sanlam offer, on*	Friday 13 April
Last day to trade in Santam shares in order to be recorded in the register to vote at the scheme meeting, on*	Monday 16 April
The repurchase offer and the Sanlam offer close at 12:00, on*	Friday 20 April
Consideration settlement date for the repurchase offer and the Sanlam offer, on*	Monday 23 April
Scheme voting record date, on*	Monday 23 April
Last day to lodge proxy forms for the scheme meeting by 10:00, on*	Tuesday 24 April
Last day to lodge proxy forms for the general meeting by 11:00, on*	Tuesday 24 April
Scheme meeting to be held at 10:00, on*	Thursday 26 April
General meeting to be held at 11:00 (or after conclusion of the scheme meeting, if later), on*	Thursday 26 April
Results of the scheme meeting and general meeting released on SENS, on*	Thursday 26 April
Results of the scheme meeting and general meeting published in the press, on*	Monday 30 April
Court hearing to sanction the scheme, on*	Monday 7 May
If the scheme is sanctioned:	
Order of Court sanctioning the scheme registered by the Registrar, on*	Tuesday 8 May
Announcement regarding the sanctioning of the scheme released on SENS, on*	Tuesday 8 May
Announcement regarding the sanctioning of the scheme published in the press, on*	Wednesday 9 May
Last day to trade in Santam shares in order to become a scheme participant, on*	Friday 11 May
Santam shares will trade "ex" the scheme under the new ISIN ZAE000093779, on*	Monday 14 May
Scheme consideration record date on which scheme participants must be recorded in the register to receive the scheme consideration, on*	Friday 18 May
Operative date of the scheme from commencement of trade, on*	Monday 21 May
Date on which the scheme consideration will be made available to the scheme participants, on*	Monday 21 May

***Expected dates**

Upon the scheme becoming operative, dematerialised scheme participants will have their shareholdings transferred to BEE SPV Co and the scheme consideration credited to them in terms of the custody agreement entered into between such scheme participants and their CSDP or broker. The scheme consideration is expected to be paid to the accounts of the scheme participants or their CSDP or broker on Monday 21 May 2007. Certificated scheme participants who have surrendered their documents of title on or before 12:00 on Friday 18 May 2007 will receive the scheme consideration within five business days of Monday 21 May 2007. Certificated scheme participants who have not surrendered their documents of title before Friday 18 May 2007 will receive the scheme consideration within five business days of receipt of such documents of title by the transfer secretaries.

Notes:

1. All times shown in this document are South African local times.
2. Any material amendments to the dates and times will be released on SENS and published in the press.
3. Shareholders should note that, as trade in Santam shares on the JSE is settled through STRATE, settlement for trade takes place five business days after such trade. Therefore, Santam shareholders who acquire Santam shares on the JSE after Monday 16 April 2007 will not be eligible to vote at the scheme meeting or the general meeting.
4. Dematerialised scheme members and shareholders, other than own-name dematerialised scheme members and shareholders, must provide their CSDP or broker with their instructions for voting at the scheme meeting and general meeting by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
5. No dematerialisation or rematerialisation of existing Santam shares will take place between Friday 11 May 2007 and Friday 18 May 2007.
6. Proxy forms for the scheme meeting *(pink)* may also be handed to the chairperson of the scheme meeting by no later than 10 minutes before the commencement of the scheme meeting.
7. All fractions will be adjusted by the application of the rounding principles therefore no fractions will be paid out.

ACTION REQUIRED BY SANTAM SHAREHOLDERS

The definitions and interpretation set out in **Annexure 1** to this circular apply, *mutatis mutandis,* to this action required section.

If you are in any doubt as to the action you should take, please consult your CSDP, broker, banker, attorney, accountant or other appropriate professional adviser immediately.

If you have disposed of all your Santam ordinary shares, this circular, together with the enclosed proxy form *(pink)*, should be handed/sent to the purchaser of such shares or the broker, banker, or other agent through whom the disposal was effected.

ACTION REQUIRED IN RESPECT OF THE SCHEME MEETING AND THE GENERAL MEETING

A VOTING AND ATTENDANCE AT THE SCHEME MEETING AND REPRESENTATION AT THE COURT HEARING

1. **If you hold dematerialised shares with "own name" registration or are the registered holder of certificated shares:**

   You may attend the scheme meeting in person. Alternatively, you may appoint a proxy to represent you at the scheme meeting by completing the attached proxy form for the scheme meeting *(pink)* in accordance with the instructions it contains and returning it as soon as possible to the transfer secretaries, by physical delivery at 70 Marshall Street, Johannesburg, 2001 or by postal delivery to PO Box 61051, Marshalltown, 2107, so as to be received by no later than 10:00 on Tuesday 24 April 2007. Proxy forms for the scheme meeting may also be handed to the chairperson of the scheme meeting up to 10 minutes before the scheme meeting is due to commence.

   You may attend or you may be represented by Counsel at the Court hearing for the sanctioning of the scheme at your cost.

2. **If you hold dematerialised shares without "own name" registration:**

   Your CSDP or broker should contact you and ascertain your instructions as to how you wish to cast your vote at the scheme meeting. If you have not been contacted by your CSDP or broker it would be advisable for you to contact them as soon as possible and within the time and date stipulated in your mandate with them and furnish them with your voting instructions as to how you wish to cast your vote at the scheme meeting. If your CSDP or broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the mandate concluded between you and your CSDP or broker. You must not complete the attached proxy form for the scheme meeting *(pink)*.

   If you wish to attend the scheme meeting and vote thereat you must obtain the necessary letter of authority from your CSDP or broker.

   You may attend or you may be represented by Counsel at the Court hearing for the sanctioning of the scheme at your cost.

B VOTING AND ATTENDANCE AT THE GENERAL MEETING

1. **If you hold dematerialised shares with "own name" registration or are the registered holder of certificated shares:**

   You may attend the general meeting in person. Alternatively, you may appoint a proxy to represent you at the general meeting by completing the attached proxy form for the general meeting *(green)* in accordance with the instructions it contains and returning it as soon as possible to the transfer secretaries, by physical delivery at 70 Marshall Street, Johannesburg, 2001 or by postal delivery to PO Box 61051, Marshalltown, 2107, so as to be received by no later than 11:00 on Tuesday 24 April 2007.

2. If you hold dematerialised shares without "own name" registration:

Your CSDP or broker should contact you and ascertain your instructions as to how you wish to cast your vote at the general meeting. If you have not been contacted by your CSDP or broker it would be advisable for you to contact them as soon as possible and within the time and date stipulated in your mandate with them and furnish them with your voting instructions as to how you wish to cast your vote at the general meeting. If your CSDP or broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the mandate concluded between you and your CSDP or broker. You must not complete the attached proxy form for the general meeting *(green)*.

If you wish to attend the general meeting and vote thereat you must obtain the necessary letter of authority from your CSDP or broker.

C SURRENDER OF DOCUMENTS OF TITLE AND RECEIPT OF THE SCHEME CONSIDERATION

1. If you are the registered holder of certificated shares:

You are required to complete the attached form of surrender *(blue)* and return it to the transfer secretaries, together with your documents of title in respect of **all** your Santam shares, by physical delivery at 70 Marshall Street, Johannesburg, 2001 or by postal delivery to PO Box 61763, Marshalltown, 2107, in order to receive the scheme consideration.

If the scheme becomes operative and the form of surrender *(blue)* together with the relevant documents of title in respect of all your Santam shares have been properly surrendered to the transfer secretaries by the scheme consideration record date, the scheme consideration will be paid as follows by the scheme consideration settlement date:

- in the case of shareholders whose bank account particulars are recorded in the register on the scheme consideration record date, the scheme consideration will be paid into your bank account; or
- where no bank account particulars are recorded in the register on the scheme consideration record date, a cheque will be posted at your risk to the address recorded in the register.

A new share certificate will then be issued to you. This certificate will be posted to you by registered post at your risk to the address recorded in the register on the scheme consideration record date, on Friday 18 May 2007. These share certificates will reflect the balance of your holding of Santam ordinary shares after the disposal of the scheme shares.

If you wish to anticipate the scheme becoming operative, and so expedite receipt of the scheme consideration, you should complete the attached form of surrender *(blue)* and return it as soon as possible to the transfer secretaries together with your documents of title in respect of **all** of your Santam shares in accordance with the instructions contained therein.

If the scheme does not become operative the transfer secretaries will, within five business days of either the date on which it becomes known that the scheme will not become operative or of receipt of your documents of title, whichever is the later, return your documents of title to you, by registered post, at your own risk.

If you wish to dematerialise your Santam ordinary shares, please contact your CSDP or broker. You do not need to dematerialise your Santam ordinary shares in order to participate in the scheme or receive the scheme consideration.

The attention of certificated ordinary shareholders is drawn to the fact that if they surrender their document(s) of title in advance, they will be unable to dematerialise and/or trade in their Santam shares from the date of surrender, however their right to attend and vote at the scheme meeting will remain unaffected. Certificated scheme participants must surrender their documents of title in respect of all their Santam shares in order to claim the scheme consideration.

Documents of title issued prior to the operative date in respect of all the Santam ordinary shares will cease to be of any value and of any force or effect with effect from the operative date, other than for the purpose of surrender in terms of the scheme.

2. If you hold dematerialised shares whether with or without "own name" registration:

There is no requirement for documents of title to be surrendered.

If the scheme becomes operative, the relevant account held by you with your CSDP or broker will be reduced with the number of Santam shares that are being disposed of on the operative date and the relevant account held by you with your CSDP or broker will be credited with the scheme consideration.

D GENERAL

1. If the scheme is approved by the requisite majority of scheme members at the scheme meeting and subject to the fulfilment of the scheme conditions and following settlement of the Sanlam offer, application to sanction the scheme will be made by Santam at 10:00 or as soon thereafter as Counsel may be heard in the High Court of South Africa (Cape of Good Hope Provincial Division), the High Court Building, Keerom Street, Cape Town on or about the expected date of Monday 7 May 2007 or in the event that the Sanlam offer has lapsed by 31 May 2007 (or such later date as may be agreed between Sanlam and Santam and announced by them), as soon as reasonably possible thereafter.

2. All scheme members are entitled to attend in person, or be represented by Counsel at the Court hearing for the sanctioning of the scheme.

3. Scheme members should note that, notwithstanding that a scheme member may elect not to vote in favour of the scheme in respect of the whole or a part of his/her holding of scheme shares, subject to the implementation of the scheme in accordance with its terms, BEE SPV Co will acquire all of the scheme shares.

4. Scheme participants are advised to consult an appropriate professional adviser about their tax position regarding the receipt of the scheme consideration.

5. Scheme participants who are not resident in, or who have registered addresses outside of, South Africa must satisfy themselves as to the full observance of the laws of any relevant territory concerning the receipt of the scheme consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. Scheme participants who are in any doubt as to their position should consult their appropriate professional advisers.

6. Shareholders are advised that no dematerialisation or rematerialisation of existing Santam shares will take place between Friday 11 May 2007 and Friday 18 May 2007.

7. If documents of title relating to any scheme shares to be surrendered are lost or destroyed, certificated scheme participants should nevertheless return the form of surrender *(blue)* duly signed and completed, together with an indemnity form (including the necessary indemnity by an insurer) obtainable from the transfer secretaries, in respect of such lost or destroyed documents of title.

8. If the scheme consideration is:
   - not sent to scheme participants entitled thereto, nor transferred directly into such scheme participant's bank account, because the documents of title, in the case of certificated scheme participants, have not been surrendered; or
   - returned undelivered to the transfer secretaries,

   the scheme consideration will be held in escrow by Santam, on behalf of BEE SPV Co, for the benefit of the scheme participant concerned until claimed by such scheme participant. No interest will accrue or be paid on any amount payable to the scheme participant arising from the scheme consideration being held in escrow.

9. BEE SPV Co and Santam may dispense with the surrender of documents of title upon production of evidence satisfactory to BEE SPV Co and Santam that the documents of title to the scheme shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to them.

10. Shareholders are referred to the joint Santam/Sanlam circular published on Wednesday 7 March 2007 and despatched to shareholders on Wednesday 7 March 2007, which set out the terms of the repurchase offer and the Sanlam offer both of which will open on Monday 26 March 2007 and to the provisions of paragraph 2.4 of the Salient features section contained in PART I of this circular for more information in respect of the effect of the repurchase offer and the Sanlam offer on the timetable of the scheme.

Shareholders are encouraged to make use of the transfer secretaries' shareholder information line 0861 119 911 (or +27 11 870 8234 if phoning from outside South Africa). This line will be open from 08:00 to 16:30 weekdays. Please note Computershare is unable to provide you with any financial advice. This information line is available to assist you in understanding the contents of this document and the action required by you only.

SECTION II – THE SCHEME

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")

EXPLANATORY STATEMENT

in terms of section 312(1)(a) of the Companies Act explaining the reasons for and effects and procedures of the scheme proposed by BEE SPV Co between Santam and Santam ordinary shareholders detailing the information required by section 312(1)(a) of the Companies Act.

The definitions and interpretation set out in the scheme of arrangement (commencing on page 16) apply, *mutatis mutandis,* to this explanatory statement.

1. INTRODUCTION

As was announced on SENS on 27 February 2007 and in the press on 28 February 2007, Santam is facilitating the acquisition by BEE SPV Co of an effective 10% interest in Santam following the settlement of the repurchase offer, for the benefit of the following categories of BEE partners, namely:

- Santam staff;
- broad-based communities; and
- strategic business partners.

As a mechanism to facilitate the implementation of the broad-based BEE ownership initiative, BEE SPV Co is proposing the scheme between Santam and its shareholders, other than the Santam Subsidiary, which, on becoming operative, will result in BEE SPV Co acquiring 10% of the Santam shares from all existing Santam shareholders, other than the Santam Subsidiary, on a *pro rata* basis, for a cash consideration of R82 per Santam share.

2. RATIONALE FOR THE SCHEME

Santam is firmly committed to BEE in South Africa in order to achieve the constitutional right to equality, to increase broad-based and effective participation of black people in the economy and to achieve more equitable income distribution. In addition, Santam accepts that meaningful participation by black people in the mainstream economy is essential to sustaining South Africa's successful economic and democratic structures. The Santam broad-based BEE ownership initiative to be implemented by way of the scheme is designed to:

- ensure that a meaningful portion of Santam's equity is owned by black people and that black people have a meaningful role in Santam's operations, management and development;
- benefit qualifying black employees and strategic business partners of Santam and enable them to participate, at ownership level, in the future growth of Santam;
- be truly broad-based, thereby providing for the upliftment of black people; and
- provide a relevant shareholder group with the capability of adding value to Santam.

Santam supports the sector-wide commitment to BEE as embodied in the Financial Sector Charter and the Department of Trade and Industry Codes of Good Practice, as gazetted on 9 February 2007.

Santam, in facilitating the scheme, is focusing on the six key areas of BEE embraced by the Financial Sector Charter, being:

- business ownership and control;
- development of human resources;
- procurement and enterprise development;
- access to financial services;
- empowerment financing; and
- corporate social investment.

In terms of the Financial Sector Charter, in order for a financial institution to earn the maximum 12 direct ownership points, 10% of the value of the South African operations of that financial institution, together with control over all the voting rights attaching to the equity interest, must be held by black people by 31 December 2010.

The scheme is designed to also address the requirements of the Department of Trade and Industry Codes of Good Practice, to the extent that they pertain to Santam. In addressing the ownership scorecard, cognisance of the target percentages for voting rights, economic interest, ownership fulfilment and net value points will be taken into consideration in maximising the ownership score obtainable by Santam.

The scheme, together with other Santam initiatives, has been initiated with the intention to meet and surpass BEE ownership requirement directives which have been issued to date.

3. THE SCHEME

The full text of the scheme is set out on pages 16 to 27 inclusive of this document.

The financial effects of the scheme and the provisions relating to the funding obtained by BEE SPV Co to meet its obligations to make payment of the scheme consideration are set out in the valuation statement commencing on page 28 of this circular.

3.1 If the scheme is approved by the requisite majority of scheme members at the scheme meeting and subject to the fulfilment of the scheme conditions and:

3.1.1 following settlement of the Sanlam offer; or

3.1.2 in the event that the Sanlam offer has lapsed by 31 May 2007 (or such later date as may be agreed between Sanlam and Santam and announced by them), as soon as reasonably possible thereafter,

application to sanction the scheme will be made to the Court by Santam.

3.2 In terms of the scheme, on the operative date:

3.2.1 each scheme participant shall be deemed to have disposed of all their scheme shares to BEE SPV Co;

3.2.2 in consideration for each scheme share so disposed of by a scheme participant, that scheme participant shall be entitled to be paid the scheme consideration; and

3.2.3 Santam will procure:

3.2.3.1 the purchase of the scheme shares;

3.2.3.2 the distribution of the scheme consideration to each scheme participant in accordance with the provisions of the scheme; and

3.2.3.3 receipt of and cancellation of the certificated scheme participants' documents of title for their certificated scheme shares.

3.3 As a result of the scheme, BEE SPV Co will effectively acquire, with effect from the operative date, 10% of the Santam shares in issue, excluding those held by the Santam Subsidiary.

4. THE PROCEDURE

4.1 The scheme meeting

4.1.1 The scheme will be put to a vote at the scheme meeting to be held at 10:00 on Thursday 26 April 2007 in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville or such other date as shall be released on SENS and notified in the press. The notice convening the scheme meeting is attached to and forms part of this document.

4.1.2 Section 311 of the Companies Act requires the approval of a majority representing not less than three-fourths (75%) of the votes exercisable by scheme members present and voting, either in person or by proxy, at the scheme meeting.

4.1.3 Scheme members who do not wish to support the scheme will be given an opportunity to state their views at the scheme meeting.

4.1.4 Scheme members are referred to the "Action required by Santam shareholders" section commencing on page 9 of this circular and specifically to the paragraphs on "Attendance and voting at the scheme meeting and representation at the Court hearing".

4.2 The Court hearing

4.2.1 Subject to the scheme being approved by the requisite majority at the scheme meeting, application will be made to the Court to sanction the scheme at 10:00, or so soon thereafter as Counsel may be heard, on or about the expected date of Monday 7 May 2007. The date will be the first possible date after the last of the scheme conditions have been fulfilled and:

4.2.1.1 following settlement of the Sanlam offer; or

4.2.1.2 in the event that the Sanlam offer has lapsed by 31 May 2007 (or such later date as may be agreed between Sanlam and Santam and announced by them), as soon as reasonably possible after 31 May 2007 (or such later date).

4.2.2 Scheme participants are entitled to attend the Court hearing in person or to be represented by Counsel and to be heard concerning any objections they may have to the scheme.

4.2.3 If the scheme is sanctioned by the Court, a certified copy of the Order of Court sanctioning the scheme will be lodged with the Registrar for registration. When the Order of Court is registered, the scheme will become binding on all scheme participants, even those who may have voted against it, although the scheme will not become operative until the operative date.

4.3 The scheme consideration

4.3.1 If the scheme becomes operative, scheme participants will be entitled to receive the scheme consideration on the scheme consideration settlement date. In respect of certificated shareholders, they will only receive the scheme consideration provided they have surrendered their documents of title.

4.3.2 Refer to paragraph 6 of the scheme of arrangement (commencing on page 16) for further details regarding settlement of the scheme consideration.

4.3.3 The scheme consideration will be paid in full in accordance with the terms of the scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which BEE SPV Co and Santam may otherwise be entitled.

4.4 Surrender of documents of title

4.4.1 Certificated ordinary shareholders must surrender their documents of title in respect of all their Santam shares in order to claim the scheme consideration.

4.4.2 Refer to paragraph 7 of the scheme of arrangement (commencing on page 16) for further details regarding the surrender of the documents of title.

5. SCHEME CONDITIONS

The scheme is subject to the fulfilment or waiver (if possible), as the case may be, of the scheme conditions set out in paragraph 5 of the scheme of arrangement (commencing on page 16) of this circular.

6. NOTICE OF SCHEME MEETING

The notice convening the scheme meeting is attached to and forms part of this document.

7. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

Annexure 4 contains a summary of the South African Reserve Bank Exchange Control Regulations as they apply to scheme participants. A scheme participant who is not resident in, or who has a registered address outside South Africa, must satisfy itself as to the full observance of the laws of any relevant territory concerning the receipt of the scheme consideration, including obtaining any requisite governmental or other consents, observing any other formalities and paying any issue, transfer or other taxes due in such territory.

8. IMPORTANT DATES AND TIMES

Shareholders are referred to the salient dates and times listed on pages 7 and 8 of this document.

9. AUTHOR

The author of this explanatory statement is the Santam board, assisted by its advisers.

For and on behalf of

Santam Limited

S Bray
Company Secretary

Monday 26 March 2007

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")

SCHEME OF ARRANGEMENT

in terms of section 311 of the Companies Act proposed by BEE SPV Co between Santam and the Santam ordinary shareholders

1. DEFINITIONS AND INTERPRETATION

In this scheme of arrangement, unless the context indicates otherwise, the words in the first column have the meanings stated alongside them in the second column, references to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons and *vice versa* and cognate expressions shall bear corresponding meanings:

"articles"	the articles of association of Santam at the date of this document;
"BEE"	Broad-Based Black Economic Empowerment as contemplated in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"BEE SPV Co"	a special purpose vehicle, Central Plaza Investments 112 (Proprietary) Limited (registration number 2007/007388/07), a company duly registered and incorporated with limited liability in accordance with the company laws of South Africa and still to be renamed;
"black"	has as the meaning ascribed thereto in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"broker"	any person registered as a "broking member (equities)" in terms of the rules of the JSE made in accordance with the provisions of the Securities Services Act;
"business day"	any day other than a Saturday, Sunday or an official public holiday in South Africa or Namibia;
"cents"	South African cents;
"certificated scheme members"	a scheme member who holds certificated shares;
"certificated scheme participants"	a scheme participant who holds certificated shares;
"certificated shareholders"	Santam shareholders who hold Santam shares, represented by a share certificate or other document(s) of title, which shares have not been dematerialised in terms of the requirements of STRATE;
"certificated shares"	Santam ordinary shares that are not dematerialised shares;
"CGT"	Capital Gains Tax;
"this document" or "this circular"	this bound document, dated Monday 26 March 2007;
"common monetary area"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"the Companies Act"	Companies Act, No. 61 of 1973, as amended;
"Court"	High Court of South Africa (Cape of Good Hope Provincial Division), which is located at the High Court Building, Keerom Street, Cape Town;

"CSDP"	Central Securities Depository Participant, registered as such in terms of the Securities Services Act;
"dematerialise" or "dematerialisation"	the process whereby share certificates, certificated transfer deeds, balance receipts and any other documents of title to shares in tangible form are incorporated into electronic records for the purposes of STRATE and "dematerialised" shall have a corresponding meaning;
"dematerialised scheme members"	a scheme member who holds dematerialised shares;
"dematerialised scheme participants"	a scheme participant who holds dematerialised shares;
"dematerialised shareholders"	a holder of Santam shares which have been dematerialised;
"dematerialised shares"	those Santam shares which have been dematerialised through a CSDP or broker and are held on Santam's sub-register of members administered by CSDPs in electronic form;
"documents of title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to certificated shares acceptable to Santam in respect of Santam's shares;
"emigrant"	any emigrant from the common monetary area whose address is outside the common monetary area;
"explanatory statement"	the explanatory statement commencing on page 12 of this circular;
"form of surrender"	form of surrender *(blue)* attached to this document, for use by certificated scheme participants only, to be completed and to accompany surrendered documents of title;
"general meeting"	means the meeting of Santam shareholders convened to be held at 11:00 on Thursday 26 April 2007 (or immediately after the preceding scheme meeting, if later) in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville, or any adjournment or postponement thereof (the time and date of any such adjournment or postponement will be released on SENS and published in the press), at which meeting shareholders will consider and vote on the resolutions contained in the notice of general meeting *(green)* which is attached to and forms part of this document;
"the Income Tax Act"	Income Tax Act, No. 58 of 1962, as amended;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, which is licensed as an exchange under the Securities Services Act;
"last practicable date"	Wednesday 14 March 2007, being the last practicable date prior to the finalisation of this document;
"NSX"	the Namibian Stock Exchange;
"operative date"	expected to be on or about Monday 21 May 2007 being the date on which the scheme is implemented;
"own-name dematerialised shareholder"	dematerialised shareholders who have instructed the CSDP to hold their shares in their own-name on the register;
"own-name dematerialised scheme member"	own-name dematerialised shareholders who are scheme members;
"proxy form"	being either the proxy form *(pink)* or the proxy form *(green)* attached to this document which details the instructions and notes relating to voting at the scheme meeting or the general meeting, as the case may be;
"Rand" or "R"	South African Rand, the official currency of South Africa;

"record date" or "scheme consideration record date"	expected to be on or about Friday 18 May 2007, being the date on which a Santam shareholder must be recorded on the register in order to participate in the scheme and receive the scheme consideration;
"register"	the register of Santam shareholders (including the relevant sub-registers of the CSDPs administering the sub-registers of Santam);
"Registrar"	Registrar of Companies in South Africa;
"repurchase offer"	means the repurchase offer announced by Santam in terms of a joint circular issued by Santam and Sanlam on Wednesday 7 March 2007 (which circular shall lie for inspection as set out in paragraph 10 on page 38) in terms of which the Santam Subsidiary has offered to repurchase, subject to the fulfilment or waiver (if possible) of certain suspensive conditions, on a *pro rata* basis, from all Santam shareholders up to a maximum of 10% of the issued ordinary shares of Santam at a price of R102 per Santam share;
"resolutions"	the special and ordinary resolutions to be proposed to be passed at the general meeting as contained in the notice of general meeting *(green)* attached hereto and forming part of this document;
"rounding principles"	the rounding up or down to the nearest whole number of fractions of Santam shares to be acquired in terms of the scheme, on the basis that such fractions will be rounded up to the nearest whole number if the fraction is equal to or greater than 0.5 of a Santam ordinary share or rounded down to the nearest whole number if the fraction is less than 0.5 of a Santam ordinary share;
"Sanlam"	means Sanlam Limited (registration number 1959/001562/06), a public company duly registered and incorporated in accordance with the company laws of South Africa;
"Sanlam Life"	Sanlam Life Insurance Limited (registration number 1998/021121/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and registered as a long-term insurer in terms of the Long-term Insurance Act, 1998 (Act 52 of 1998), as amended and being a wholly-owned subsidiary of Sanlam;
"Sanlam offer"	means the Sanlam offer contained in the joint circular issued by Santam and Sanlam on Wednesday 7 March 2007 (which circular shall lie for inspection as set out in paragraph 10 on page 38) in terms of which, subject to the fulfilment or waiver (if possible) of certain suspensive conditions, Sanlam, through its wholly-owned subsidiary Sanlam Life, has offered to acquire, on a *pro rata* basis, all the Santam shares tendered by the Santam shareholders in terms of the repurchase offer in excess of Santam Subsidiary's maximum acceptance of 10% of the issued ordinary shares of Santam, at a consideration of R102 per share, up to a maximum number of shares which, when aggregated with Santam shares already held by Sanlam in its shareholders' funds, will not exceed 80% of Santam's issued ordinary shares;
"Santam" or "the Company"	Santam Limited (registration number 1918/001680/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, all the issued shares of which are listed on the JSE and the NSX and which company is registered as a short-term insurer in terms of the Short-term Insurance Act;
"Santam Group"	Santam and all its subsidiaries;
"the Santam board" or "the board of directors of Santam"	the board of directors of Santam, the members of which are listed in **Annexure 5** to this document;
"Santam ordinary shares" or "Santam shares"	ordinary shares with no par value in the issued share capital of Santam;

"Santam Subsidiary"	Guardian National Insurance Company Limited (registration number 1920/002086/06), a public company duly registered and incorporated in accordance with the company laws of South Africa and which company is registered as a short-term insurer in terms of the Short-term Insurance Act and is a wholly-owned subsidiary of Santam;
"SARB"	South African Reserve Bank;
"scheme" or "scheme of arrangement"	the scheme of arrangement in terms of section 311 of the Companies Act proposed by BEE SPV Co between Santam and its shareholders, other than the Santam Subsidiary, in terms of which BEE SPV Co will acquire an aggregate of 10% of the issued ordinary shares of Santam following settlement of the repurchase offer and the Sanlam offer on a *pro rata* basis, from all of the Santam shareholders, other than the Santam Subsidiary, for the scheme consideration per scheme share, the terms and conditions of which are contained in the scheme of arrangement (commencing on page 16) and printed on yellow paper, subject to any modification or amendment thereto;
"scheme conditions"	the suspensive conditions to the scheme as set out in paragraph 5 of the scheme;
"scheme consideration"	the consideration of R82 per scheme share payable in cash to each scheme participant in terms of the scheme;
"scheme consideration settlement date"	the date by which the scheme consideration will be paid to the scheme participants;
"scheme meeting"	the meeting of scheme members convened in terms of an order of the Court to be held at 10:00 on Thursday 26 April 2007 in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville, or any adjournment thereof (the time and date of any such adjournment will be released on SENS and published in the press), at which meeting scheme members will consider and vote on the scheme, the notice of which is attached to and forms part of this document;
"scheme members"	Santam shareholders who are entitled to vote at the scheme meeting, being all Santam shareholders recorded in the register on the scheme voting record date, other than the Santam Subsidiary;
"scheme participant"	each Santam shareholder recorded in the register on the scheme consideration record date, who will dispose of his scheme shares and become entitled to receive the scheme consideration, if the scheme becomes operative and excluding the Santam Subsidiary;
"scheme shares"	10% of the Santam shares held by a scheme participant, adjusted by the application of the rounding principles on the scheme consideration record date (if applicable);
"scheme voting record date"	the date on which a Santam shareholder must be recorded on the register to be entitled to vote at the scheme meeting, being Monday 23 April 2007. Any variation of the above expected record date for the scheme, as may be approved by the JSE and/or the Court, where necessary, will be released on SENS and published in the press;
"Securities Services Act"	Securities Services Act, No. 36 of 2004, as amended;
"SENS"	the Securities Exchange News Service of the JSE;
"Short-term Insurance Act"	the Short-term Insurance Act, No. 53 of 1998, as amended;
"South Africa"	the Republic of South Africa;
"South African Exchange Control Regulations"	South African Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;

"STRATE"	STRATE Limited (registration number 1998/022242/06), a public company duly registered and incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the Security Services Act;
"the sub-register"	the record of uncertificated securities administered and maintained by a CSDP and which forms part of the register;
"transaction agreement"	the transaction agreement entered into between Santam and BEE SPV Co referred to in paragraph 4 of the scheme of arrangement (commencing on page 16); and
"transfer secretaries"	Computershare Investor Services 2004 (Proprietary) Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the company laws of South Africa and the transfer secretaries of Santam in South Africa.

All abovementioned dates and times are subject to amendment. Details of any such amendments will be released on SENS and published in the press. All times refer to South African times.

2. SHARE CAPITAL OF SANTAM

2.1 At the last practicable date (prior to settlement of the repurchase offer and the creation of the preference shares in terms of the circular issued on Wednesday 7 March 2007) the authorised and issued share capital of Santam was as follows:

	R'm
Authorised share capital	
150 000 000 ordinary shares of no par value	–
Issued share capital	
118 206 432 ordinary shares of no par value	81
Total issued share capital	**81**

All the issued shares of Santam are of one class, namely ordinary shares with no par value and rank *pari passu* in all respects and are listed in the "Property & Casualty Insurance" sector of the JSE list.

2.2 Following the settlement of the repurchase offer and the creation of the preference shares in terms of the circular issued on Wednesday 7 March 2007, the authorised and issued share capital of Santam is expected to be as follows:

	R'm
Authorised share capital	
150 000 000 ordinary shares of no par value	–
12 000 000 non-redeemable, non-participating, non-cumulative preference shares with no par value	–
Issued share capital	
118 206 432 ordinary shares of no par value, of which 11 820 643 are expected to be held as treasury shares	81
Total issued share capital	**81**

3. THE OBJECT OF THE SCHEME

The object of the scheme is that BEE SPV Co acquires, on a *pro rata* basis, 10% of the Santam ordinary shares held by scheme participants, adjusted by the application of the rounding principles.

4. THE SCHEME

4.1 Santam and BEE SPV Co have entered into the transaction agreement in terms of which the following arrangement has been agreed to:

4.1.1 BEE SPV Co has undertaken to:

4.1.1.1 propose the scheme on the terms set out in this document;

4.1.1.2 give all reasonable assistance to Santam;

4.1.1.3 comply with and perform all its obligations under the scheme after the scheme conditions are fulfilled and do all things as Santam may reasonably request, or which would be required to give effect to the scheme; and

4.1.2 Santam has undertaken to:

4.1.2.1 convene the scheme meeting and take all steps and do everything required for that purpose; and

4.1.2.2 take all steps and do everything required for the prosecution and implementation of the scheme to its final end.

4.2 Santam and the scheme participants agree that if the scheme takes effect and becomes operative:

4.2.1 scheme participants shall dispose of the scheme shares to BEE SPV Co on the operative date, and BEE SPV Co shall acquire ownership of the scheme shares free of any encumbrances, but including the right to receive all dividends and other distributions (if any) from the operative date;

4.2.2 the disposal by each scheme participant of the scheme shares held by the scheme participant to BEE SPV Co, and the acquisition of ownership of those shares by BEE SPV Co, pursuant to the provisions of paragraph 4.2.1 above, shall be effected on the operative date in accordance with the following provisions:

4.2.2.1 in the case of certificated shares, each scheme participant shall be deemed to have transferred to BEE SPV Co on the operative date all of the scheme shares held by the scheme participant, without any further act or instrument being required; and

4.2.2.2 in the case of dematerialised shares, the transfer of ownership shall be effected on the operative date in accordance with the requirements of section 91A(4) of the Companies Act and the rules of STRATE, by the debiting of the account of the scheme participant or its nominee in Santam's sub-register maintained by the scheme participant's CSDP and the crediting of the account of BEE SPV Co in Santam's sub-register maintained by BEE SPV Co's CSDP;

4.2.3 scheme participants will be entitled to receive the scheme consideration from Santam only, in terms of paragraphs 6 of this scheme of arrangement; and

4.2.4 BEE SPV Co shall deliver to Santam, as principal, or to the transfer secretaries as agent for and on behalf of Santam, on the operative date, the aggregate scheme consideration to which scheme participants are entitled and Santam or the transfer secretaries as agent for and on behalf of Santam will transfer the scheme consideration to the scheme participants in accordance with paragraph 6 of this scheme of arrangement.

4.3 Each dematerialised scheme participant irrevocably and in *rem suam* authorises Santam, with power of substitution, to instruct the dematerialised scheme participant's CSDP to cause the scheme shares disposed of by the dematerialised scheme participant in terms of the scheme to be transferred in terms of section 91A(4)(a) of the Companies Act to BEE SPV Co in accordance with the requirements of the scheme, and to do all such things and take all such steps as Santam in its discretion considers necessary in order to effect that transfer.

4.4 Each certificated scheme participant irrevocably and in *rem suam* authorises Santam, with power of substitution, to:

4.4.1 cause the scheme shares disposed of by the certificated scheme participant in terms of the scheme to be registered in the name of BEE SPV Co on or at any time after the operative date, and to do all such things and take all such steps (including the signing of any transfer form) as Santam in its discretion considers necessary in order to effect that registration;

4.4.2 collect, or procure that the transfer secretaries as agent for and on behalf of Santam collect, the total scheme consideration from BEE SPV Co for distribution to the certificated scheme participants; and

4.4.3 receive the certificated scheme participant's surrender, or procure that the transfer secretaries as agent for and on behalf of Santam receive the certificated scheme participant's surrender, of the documents of title relating to the certificated scheme participant's scheme shares.

4.5 If the scheme is agreed to in terms of the Companies Act at the scheme meeting, and subject to the fulfilment of the scheme conditions and following settlement of the Sanlam offer, application to sanction the scheme will be made by Santam at 10:00 or as soon thereafter as Counsel may be heard in the High Court of South Africa (Cape of Good Hope Provincial Division), the High Court Building, Keerom Street, Cape Town on or about the expected date of Monday 7 May 2007, or in the event that the Sanlam offer has lapsed by 31 May 2007 (or such later date as may be agreed between Sanlam and Santam and announced by them), as soon as reasonably possible after 31 May 2007 (or such later date).

4.6 Santam, as principal, will ensure that BEE SPV Co complies with its obligations under the scheme and Santam alone shall have the right to enforce those obligations (if necessary) against BEE SPV Co.

4.7 The rights of scheme participants to receive the scheme consideration will be enforceable by them only against Santam and then only to the extent of requiring Santam to enforce performance by BEE SPV Co of its obligations in terms of the scheme.

4.8 Settlement of the scheme consideration will be implemented in full in accordance with the terms of the scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which BEE SPV Co or Santam may otherwise be, or claim to be, entitled against any scheme participant.

4.9 The scheme will be implemented on the operative date.

4.10 The effect of the scheme will be that, with effect from the operative date, BEE SPV Co will own all of the scheme shares, being 10% of the Santam ordinary shares held by scheme participants, adjusted by the application of the rounding principles.

5. SCHEME CONDITIONS

The scheme is subject to the fulfilment or waiver (where possible), as the case may be, of the following suspensive conditions:

5.1 the repurchase offer becoming unconditional and being settled in accordance with its terms;

5.2 the scheme being approved, with or without modification, by a majority representing not less than three-fourths (75%) of the votes exercisable by scheme members present and voting, either in person or by proxy, at the scheme meeting; and

5.3 the Court granting an Order sanctioning the scheme in terms of section 311 of the Companies Act and the Registrar of Companies registering such order.

6. THE SCHEME CONSIDERATION

Scheme participants will be entitled to receive, in accordance with paragraph 7 below, the scheme consideration. Santam will, through its transfer secretaries, administer and effect payment of the scheme consideration to the scheme participants on behalf of BEE SPV Co.

7. SURRENDER OF DOCUMENTS OF TITLE AND RECEIPT OF THE SCHEME CONSIDERATION

7.1 In respect of certificated shareholders:

7.1.1 Certificated shareholders are required to complete the attached form of surrender *(blue)* and return it to the transfer secretaries, together with the documents of title in respect of **all** their Santam shares, by physical delivery at 70 Marshall Street, Johannesburg, 2001 or by postal delivery to PO Box 61763, Marshalltown, 2107, in order to receive the scheme consideration.

7.1.2 If the scheme becomes operative and the form of surrender *(blue)* together with the relevant documents of title in respect of all their Santam shares have been properly surrendered to the transfer secretaries by the scheme consideration record date, the scheme consideration will be paid as follows by the scheme consideration settlement date:

7.1.2.1 in the case of shareholders whose bank account particulars are recorded in the register on the scheme consideration record date, the scheme consideration will be paid into their bank account; or

7.1.2.2 where no bank account particulars are recorded in the register on the scheme consideration record date, a cheque will be posted at the certificated shareholders' risk to the address recorded in the register.

7.1.3 A new share certificate will then be issued to certificated shareholders. This certificate will be posted to them by registered post at their risk to the address recorded in the register on the scheme consideration record date, on Friday 18 May 2007. These share certificates will reflect the balance of their holding of Santam ordinary shares after the disposal of the scheme shares.

7.1.4 If certificated shareholders wish to anticipate the scheme becoming operative, and so expedite receipt of the scheme consideration, they should complete the attached form of surrender *(blue)* and return it as soon as possible to the transfer secretaries together with your documents of title in respect of **all** of their Santam shares in accordance with the instructions contained therein.

7.1.5 If the scheme does not become operative, the transfer secretaries will, within five business days of either the date on which it becomes known that the scheme will not become operative or of receipt of the documents of title, whichever is the later, return their documents of title to certificated shareholders, by registered post, at their risk.

7.1.6 The attention of certificated ordinary shareholders is drawn to the fact that if they surrender their document(s) of title in advance, they will be unable to dematerialise and/or trade in their scheme shares from the date of surrender, however their right to attend and vote at the scheme meeting will remain unaffected. Certificated scheme participants must surrender their documents of title in respect of all the Santam shares in order to claim the scheme consideration.

7.1.7 Documents of title issued prior to the operation date in respect of all the Santam ordinary shares will cease to be of any value and of any force or effect with effect from the operative date, other than for the purpose of surrender in terms of the scheme.

7.2 In respect of dematerialised shareholders whether with or without "own name" registration:

7.2.1 There is no requirement for documents of title to be surrendered.

7.2.2 If the scheme becomes operative, the relevant account held by the dematerialised shareholder with their CSDP or broker will be reduced with the number of Santam shares that are being disposed of on the scheme operative date and the relevant account held by them with their CSDP or broker will be credited with the scheme consideration.

7.2.3 If documents of title relating to any scheme shares to be surrendered are lost or destroyed, certificated scheme participants should nevertheless return the form of surrender *(blue)* duly signed and completed, together with an indemnity form (including the necessary indemnity by an insurer) obtainable from the transfer secretaries, in respect of such lost or destroyed documents of title.

7.2.4 BEE SPV Co and Santam may dispense with the surrender of such documents of title upon production of evidence satisfactory to BEE SPV Co and Santam that the documents of title to the scheme shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to them.

7.2.5 If the scheme consideration is:

7.2.5.1 not sent to scheme participants entitled thereto, nor transferred directly into such scheme participant's bank account, because the relevant documents of title, in the case of certificated scheme participants, have not been surrendered; or

7.2.5.2 returned undelivered to the transfer secretaries,

the scheme consideration will be held in escrow by Santam on behalf of BEE SPV Co for the benefit of the scheme participant concerned until claimed by such relevant scheme participants. No interest will accrue or be paid on any amount payable to the scheme participant arising from the scheme consideration being held in escrow.

7.2.6 No receipts will be issued for documents of title surrendered unless specifically requested. Persons so requesting receipts are required to prepare special transaction receipts.

8. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

Annexure 4 contains a summary of the South African Exchange Control Regulations as they apply to scheme participants. Scheme participants who are not resident in, or who have a registered address outside South Africa, must satisfy themselves as to the full observance of the laws of any relevant territory concerning the receipt of the scheme consideration, including obtaining any requisite

governmental or other consents, observing any other formalities and paying any issue, transfer or other taxes due in such territory.

9. UNDERTAKINGS

Santam and BEE SPV Co have agreed in terms of the provisions of the transaction agreement that upon the scheme becoming operative, they will give effect to the terms and conditions of the scheme insofar as they relate to them and they will sign and procure the signing of all documents and carry out and procure the carrying out of all acts, which are necessary to give effect to the scheme.

10. INSTRUCTIONS AND AUTHORITIES

10.1 Santam shall be entitled to accept and to act on all documents relating to the status and capacity of any scheme participant and shall be empowered to act on behalf of any scheme participant as if such documents had been registered with Santam.

10.2 Each mandate and instruction in regard to the scheme shares recorded with Santam by a scheme participant on the scheme consideration record date will be deemed, unless and until revoked, to be a mandate and instruction to Santam and BEE SPV Co in respect of any rights accruing in respect of the scheme consideration.

11. GENERAL

11.1 Subject to obtaining the written consent of BEE SPV Co, the Santam board may consent:

11.1.1 before or at the scheme meeting, to any amendment, variation or modification of the scheme; or

11.1.2 after the scheme meeting, to any amendment, variation or modification which the Court may think fit to approve or impose,

provided that no amendment, variation or modification may have the effect of diminishing the rights which will accrue to a scheme participant in terms of the scheme as set out hereunder.

11.2 A certificate signed by a director of each of Santam and BEE SPV Co stating that all the scheme conditions have been fulfilled and/or waived (where possible) and that the scheme has become operative shall be binding on Santam, BEE SPV Co and the scheme participants.

11.3 Santam, in terms of the transaction agreement, will pay the costs of implementing the scheme.

11.4 Santam will be entitled, and will have the authority, on behalf of itself and each scheme participant, to authorise any person nominated by Santam to sign all documents required to carry the scheme into effect, including but not limited to proxies, changes of address and cessions of rights to dividends and other entitlements from Santam.

11.5 A copy of the Order of Court sanctioning the scheme will evidence the contract regarding the entitlement of each scheme participant to the scheme consideration, which contract is required to be registered by the Registrar in terms of the Companies Act.

11.6 All times and dates referred to in the scheme are subject to change by agreement between Santam and BEE SPV Co and subject to the approval of the JSE and the Court, where necessary. Any such change will be published on SENS and in the press.

For and on behalf of

Santam Limited

S Bray
Company Secretary

Monday 26 March 2007

ORDER OF COURT

IN THE HIGH COURT OF SOUTH AFRICA
(CAPE OF GOOD HOPE PROVINCIAL DIVISION) **Case number: 3367/07**

on Friday 23 March 2007

In the ex *parte* application of:

SANTAM LIMITED **Applicant**
(Incorporated in the Republic of South Africa)
(Registration number 1918/001680/06)

Having read the documents filed and having considered the matter:

IT IS ORDERED THAT:

1. a meeting ("the scheme meeting") in terms of section 311(1) of the Companies Act (Act 61 of 1973), as amended ("the Companies Act"), of the ordinary shareholders of the Applicant (other than Guardian National Insurance Company Limited) recorded in the register as such at 17:00 on Monday 23 April 2007 ("the scheme members") be convened by the chairperson referred to in paragraph 2 of this Order of Court ("this Order") to be held in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville, on Thursday 26 April 2007 at 10:00 or such later date as the Applicant's board of directors may determine, for the purpose of considering and, if deemed fit, agreeing, with or without modification, to the scheme of arrangement ("the scheme") proposed by Central Plaza Investments 112 (Proprietary) Limited between the Applicant and its ordinary shareholders (other than Guardian National Insurance Company Limited) substantially in the form attached to the founding affidavit in this matter;

2. Mr Marthinus Theunis Steyn (or failing him any other director of Deneys Reitz Attorneys) be and is hereby appointed as chairperson of the scheme meeting ("the chairperson");

3. the chairperson is authorised to:

   3.1 convene the scheme meeting;

   3.2 appoint scrutineers for the purpose of the scheme meeting;

   3.3 determine the validity and acceptability of any proxy form submitted for use at the scheme meeting and/or any adjournment thereof;

   3.4 adjourn the scheme meeting from time to time if the chairperson considers it necessary to do so; and

   3.5 determine the procedure to be followed at the scheme meeting and any adjournment thereof;

4. the Applicant shall cause a notice convening the scheme meeting (substantially in the form contained in the papers before this Honourable Court) to be published once in each of Business Day, Die Burger, Beeld and the Government Gazette and in Namibia: Die Republikein and The Namibian, at least 14 (fourteen) calendar days before the date of the scheme meeting. The notice shall state:

   4.1 the basic characteristics of the scheme;

   4.2 the time, date and venue of the scheme meeting;

   4.3 that the scheme meeting has been convened in terms of this Order to consider and, if deemed fit, to agree, with or without modification, to the scheme;

   4.4 that a copy of this Order, the scheme and the explanatory statement in terms of section 312(1) of the Companies Act may be inspected during normal business hours at any time prior to the scheme meeting at the registered office of the Applicant at 1 Sportica Crescent, Tyger Valley, Bellville, and at the office of the Applicant's attorneys at Cape Town, 5th Floor, the Foundry, Prestwich Street, Green Point and at Johannesburg, 4th Floor, Jowell Glyn & Marais House, 72 Grayston Drive, Sandton; and

4.5 that a copy of this Order, the scheme and the explanatory statement in terms of section 312(1) of the Companies Act may be obtained free of charge on request during normal business hours by any scheme member at the places mentioned in paragraph 4.4 of this Order;

5. copies of:

5.1 the scheme and the statements in terms of section 312(1) of the Companies Act explaining the scheme substantially in the form of the scheme and statements attached to the papers before this Honourable Court;

5.2 the notice convening the scheme meeting substantially in the form of the notice attached to the papers before this Honourable Court showing the time, date and place of the scheme meeting;

5.3 the proxy form to be used at the scheme meeting (substantially in the form of the proxy form attached to the papers before this Honourable Court); and

5.4 this Order of Court,

shall be posted by the Applicant at least 14 (fourteen) calendar days before the date of the scheme meeting to each of the ordinary shareholders of the Applicant at their addresses as reflected in the Applicant's register of members at the close of business on a date not more than 5 (five) business days before the date of such posting and in respect of holders of dematerialised shares, at the addresses as notified by STRATE Limited to the Applicant's transfer secretaries on a date not more than 5 (five) business days before the date of such posting;

6. copies of:

6.1 the scheme and the statements in terms of section 312(1) of the Companies Act substantially in the form of the scheme and the statements attached to the papers before this Honourable Court;

6.2 the notice convening the scheme meeting substantially in the form of the notice attached to the papers before this Honourable Court;

6.3 a proxy form substantially in the form of the proxy form attached to the papers before this Court; and

6.4 this Order of Court,

shall lie for inspection at, and copies of these documents may be obtained free of charge from the registered office of the Applicant and from the office of the Applicant's attorneys during normal business hours at the places mentioned in paragraph 4.4 for at least 14 (fourteen) calendar days prior to the date of the scheme meeting;

7. the date of posting of the documents referred to in paragraph 5 shall be evidenced by an affidavit deposed by a representative of the Applicant duly supported by post office or similar receipts;

8. the chairperson shall report by way of affidavit the results of the scheme meeting to this Court on Monday 7 May 2007 at 10:00 or so soon thereafter as Counsel may be heard;

9. the report required by this Court from the chairperson shall give details of:

9.1 the number of scheme members present in person at the scheme meeting (including those represented) and the number of shares held by them;

9.2 the number of scheme members represented by proxy at the scheme meeting and the number of shares held by them together with information as to the numbers represented by the chairperson in terms of proxies annexed to the scheme documentation referred to in paragraph 6 above;

9.3 any proxies which have been disallowed;

9.4 all resolutions passed at the scheme meeting, with particulars of the number of votes cast in favour of and against each such resolution and of any abstentions, indicating in each case how many votes were cast by the chairperson in terms of proxies which were annexed to the scheme documentation referred to in paragraph 6 above;

9.5 all rulings made and directions given by the chairperson at the scheme meeting;

9.6 the relevant portions of documents and reports submitted or tabled at the scheme meeting which have a bearing on the merits or demerits of the scheme, including copies thereof; and

9.7 the main points of any other proposals which were submitted to the scheme meeting;

10. the Applicant shall arrange to make available at the places mentioned in paragraph 4.4 (and the notice of the scheme meeting which is published and sent to scheme members shall include a statement that it will be so available) a copy of the chairperson's report to this Court, free of charge, to any scheme member on request, for at least 1 (one) week before the date fixed by this Court for the chairperson to report back to it;

11. any scheme member wishing to vote by proxy should tender as his/her proxy the proxy form referred to in paragraph 5.3 of this Order. The proxy form must be completed and returned in accordance with the instructions therein to the Applicant's transfer secretaries, namely, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday 24 April 2007;

12. scheme members who hold certificated ordinary shares in the Applicant or dematerialised ordinary shares in the Applicant through a Central Securities Depository Participant ("CSDP") or broker and have "own name" registration and wish to vote by proxy, should tender as their proxy, the proxy form referred to in paragraph 5.3 of this Order. In addition, a proxy form may be handed to the chairperson up to 10 (ten) minutes before the scheme meeting is due to commence; and

13. scheme members who hold shares in the Applicant which have been dematerialised and are held on the sub-register, other than on an own name registration basis, who wish to attend the scheme meeting or to vote by way of proxy, must contact their CSDP, institutional depository or broker who will furnish them with the necessary authority to attend the scheme meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the member and his/her CSDP, institutional depository or broker.

By Order of the Court

Court Registrar

Attorneys to the Applicant

Jowell Glyn & Marais Inc.

5th Floor, The Foundry
Prestwich Street
Green Point, 8005
(PO Box 884, Green Point, 8151)

Ref: (Cape Town)
Roux van der Merwe
Tel: 021 417 3300

Ref: (Johannesburg)
Anastasia Maimonis
Tel: 011 292 6700

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")

VALUATION STATEMENT

in terms of section 312(1)(a)(ii) of the Companies Act

The definitions and interpretation set out in **Annexure 1** to this document apply, *mutatis mutandis,* to this valuation statement.

1. INTRODUCTION

As was announced on SENS on 27 February 2007 and in the press on 28 February 2007, Santam intends facilitating the acquisition by BEE SPV Co of an effective 10% ownership interest in Santam following the settlement of the repurchase offer.

As a mechanism to facilitate the implementation of the broad-based BEE ownership initiative, BEE SPV Co is proposing the scheme between Santam and its shareholders, other than the Santam Subsidiary, which, on becoming operative, will result in BEE SPV Co acquiring 10% of the Santam shares from all existing Santam shareholders following settlement of the repurchase offer and the Sanlam offer, other than the Santam Subsidiary, on a *pro rata* basis, for a cash consideration of R82 per Santam share.

The background and rationale for the scheme is set out in paragraph 2 of the explanatory statement commencing on page 12 of this document.

2. INFORMATION ON BEE SPV CO

BEE SPV Co is a special purpose vehicle incorporated specifically to acquire the scheme shares, for the benefit of the following entities and in the following proportions, namely:

- as to 26% – the Santam Black Economic Empowerment Staff Trust, the beneficiaries of which will be qualifying black Santam staff;
- as to 25% – the Santam Broad-Based Black Economic Empowerment Community Trust, the beneficiaries of which will be various broad-based black communities; and
- as to 49% – the Santam Black Economic Empowerment Business Partners Trust, the beneficiaries of which will be qualifying black strategic business partners of Santam.

3. FUNDING

The senior portion of the funding required for BEE SPV Co to make the acquisition in terms of the scheme will be provided by Sanlam Capital Markets Limited, a subsidiary of Sanlam, on an arm's length basis and in the ordinary course of its business. The senior portion of the funding will be provided in an amount of up to R450 million by way of subscription for 7-year cumulative preference shares (the "initial preference shares") in the share capital of BEE SPV Co with a variable dividend rate equal to 75% of ABSA Bank Limited's prime lending rate. The initial preference shares are funding instruments having no voting rights unless there is an event of default or a resolution is proposed which will directly affect the rights attached to the initial preference shares. The shareholders of BEE SPV Co will be required to provide security for the discharge by BEE SPV Co of its obligations pursuant to the initial preference shares.

In addition, Sanlam Life will provide up to R600 million in bridging finance for a nine month period at ABSA Bank Limited's prime lending rate less 75 basis points. Santam has the right to refinance or procure the refinancing of the bridging finance from other sources, failing which, Sanlam Private Equity, a division of Sanlam Life, will be entitled to convert the loan into participating preference shares ("the second tranche preference shares") in the share capital of BEE SPV Co on market related private equity funding terms, which will entitle Sanlam Private Equity to, *inter alia*, participate in a portion of the benefit derived by BEE SPV Co, from the Santam shares held by BEE SPV Co. The second tranche preference shares will have no voting rights unless there has been an event of default or a resolution is proposed which will directly affect the rights attached to the second tranche preference shares and will be back-ranked to the initial preference shares.

4. THE BLACK PARTICIPANTS

4.1 The Santam staff

Santam believes that one of the most effective ways to achieve broad-based empowerment is to empower its black staff. Accordingly, the Santam Black Economic Empowerment Staff Trust has been established for the benefit of current and future qualifying black Santam staff, managers and directors.

Santam currently employs black individuals to the extent of:

- 28.6% of executive management;
- 9.3% of senior management;
- 22.2% of middle management;
- 28.6% of junior management,

all of whom would potentially qualify to participate in the Santam Black Economic Empowerment Staff Trust. The allocation committee will submit proposals to a sub-committee of the Santam board for approval of the final allocation criteria. It is anticipated that Santam will finalise the initial allocation criteria for the trust during the fourth quarter of 2007.

4.2 The broad-based communities

The Santam board is committed to fulfilling its social responsibilities and considers it appropriate to empower broad-based community groupings, which is in line with the South African Government's aims of achieving broad-based empowerment initiatives. As such, the focus of the Santam Broad-Based Black Economic Empowerment Community Trust will be, *inter alia,* to*:*

4.2.1 be active in the areas of welfare, healthcare, education and development;

4.2.2 advance community upliftment and development for poor and needy persons; and

4.2.3 promote and support BEE initiatives in line with Santam's corporate social investment programmes.

4.3 Strategic business partners

Santam is experiencing a growing and increasingly economically active customer base drawn from black communities.

Key to any business development in the financial services sector, and particularly the insurance sector, is identifying the key individuals and partners who will assist Santam in meeting the needs of this customer base. The allocation committee will be considering as beneficiaries under the Santam Black Economic Empowerment Business Partners Trust all players in the insurance value chain that contribute to Santam's business and who are black, including without limitation, intermediaries, suppliers, policyholders and business partners.

5. FINANCIAL EFFECTS OF THE SCHEME

5.1 There are no financial effects on Santam as a result of implementation of the scheme.

5.2 The cash consideration of R82.00 per Santam share represents a discount of 10.2% to the volume weighted average price of R93.98 per Santam share over the 5 trading days ended on 23 February 2007, being the last date prior to finalisation of the announcement on SENS on 27 February 2007 less the dividend of R2.62 per Santam share paid to shareholders on Monday 26 March 2007 (the "ex dividend market price").

5.3 Santam recognises that broad-based black ownership is a business imperative in South Africa and that a level of facilitation is required in order to enable black ownership to be effected. The disposal by existing Santam ordinary shareholders of 10% of Santam's issued ordinary shares at a discount of 10.2% to the ex dividend market price, equates to a dilution of approximately 1% of Santam's market value. Santam recognises that further facilitation would be required to increase the commercial viability of the transaction and foresees that further dilution of up to 1,8% of Santam's market value may be incurred over time to facilitate the transfer of value to BEE SPV Co. An analysis by the advisers to Santam of facilitation norms in BEE transactions confirms that an average dilution of 2.8% of market value is incurred for transactions achieving 10% BEE ownership. Santam's intention is to not exceed this market norm.

6. TAX IMPLICATIONS FOR SCHEME PARTICIPANTS

Scheme participants should seek advice from appropriate professional advisers if they are in any doubt whatsoever about their tax position. The tax treatment of scheme participants is dependent on their individual circumstances and on the tax jurisdiction applicable to such scheme participants.

This paragraph contains a general summary of the South African tax implications of the scheme for scheme participants. This tax analysis is therefore not comprehensive or determinative.

If the scheme participant holds its Santam ordinary shares to be purchased in terms of the scheme as an investment:

- the sale and transfer of those Santam ordinary shares will be a disposal by the scheme participant for CGT purposes;
- consequently a scheme participant will realise a capital gain or a capital loss, being the difference between the base cost of the Santam ordinary shares purchased in terms of the scheme and the proceeds received or accrued in respect of those Santam ordinary shares. The calculation of such capital gain or capital loss should be determined in accordance with the rules contained in the Eighth Schedule to the Income Tax Act ("the CGT legislation");
- the scheme participant's proceeds will be equal to the scheme consideration received;
- the base cost of the ordinary shares purchased in terms of the scheme should be determined in accordance with the CGT legislation. The applicable terms of the CGT legislation will depend on the personal circumstances of the scheme participant. Different rules apply in respect of Santam ordinary shares acquired before or after 1 October 2001. The market value on 1 October 2001 of the Santam ordinary shares acquired before 1 October 2001 is R33.91 per Santam ordinary share for CGT purposes. The CGT legislation allows a taxpayer to, subject to certain conditions, adopt any of the following methods in determining the base cost of the Santam ordinary shares: specific identification, first-in, first-out or weighted average;
- in terms of the CGT legislation, the total capital gains (or losses) of a natural person and a special trust are reduced by R15 000 per year. Broadly this means that a scheme participant (who is a natural person or special trust) will not pay CGT on the first R15 000 of capital gains realised in a year of assessment (including the gain from the scheme). In addition to the R15 000 reduction, other capital gains or losses, arising from other transactions concluded in this tax year, if any, as well as any capital loss carried forward from a previous tax year should be taken into account in determining the net capital gain; and
- depending on the nature of the scheme participant, 25% (in the case of natural persons, special trusts or the individual policyholder fund of an insurer) or 50% (all other cases) of the net capital gain will be included in the taxable income of the scheme participant and taxed at the rate applicable to such scheme participant.

If the scheme participant holds those Santam ordinary shares purchased in terms of the scheme as a share dealer or as a part of a profit-making scheme, the scheme consideration will be included in the calculation to determine the net profit/loss from such activities and be subject to income tax in the hands of the scheme participant.

A scheme participant who is not a South African resident for tax purposes will, under certain circumstances, not be liable for the taxes set out above. Scheme participants who think that they may qualify as non-residents should consult with appropriate professional advisers to ascertain whether they are non-residents for tax purposes and whether and on what basis they will be liable for tax in South Africa.

7. INFORMATION RELATING TO SANTAM

7.1 Incorporation

On 1 May 1918, The Suid-Afrikaanse Nasionale Trust-en-Assuransiemaatskappij Beperk (Santam) was established as a short-term insurance company. On 23 March 1964 Santam's shares were listed on the JSE.

7.2 Nature of business

Santam provides short-term insurance products and services using its broker network as the primary distribution channel. Santam operates in the personal lines and commercial lines markets and for 2006 its business comprised approximately 35% personal lines and 65% commercial business.

Santam underwrites all classes of short-term insurance, with motor and property business comprising approximately two thirds of the total, in line with the current composition of the South African short-term insurance industry. Santam has assets totalling more than R16 billion.

Santam's significant operating subsidiaries and associated companies include:

7.2.1 a 100% interest in Santam International Limited, the holding company of Santam's international interests, which interests include a 100% interest in Westminster Motor Insurance Association Limited in the United Kingdom and Santam Europe Limited in Ireland, which sells personal and motor insurance in Ireland and the United Kingdom;

7.2.2 a 60% interest in Santam Namibia Limited, a short-term insurance company operating in Namibia;

7.2.3 a 66.6% interest in Centriq Insurance Holdings Limited, an insurance group providing alternative risk transfer solutions;

7.2.4 a 33.6% interest in Credit Guarantee Insurance Corporation of Africa Limited, a provider of credit insurance; and

7.2.5 a 44.9% interest in Indwe Broker Holdings Limited, a broker of which the majority shareholding is jointly held by Pamodzi Investment Holdings (Proprietary) Limited and Thebe Investment Corporation (Proprietary) Limited.

Santam also holds interests in a number of underwriting managers that specialise in the management and administration of insurance products over a variety of insurance classes, including a 100% interest in Agri Risk Specialist (Proprietary) Limited (crop) and a 100% interest in Stalker Hutchinson & Associates (Proprietary) Limited (liability and guarantee).

8. SHARE CAPITAL OF SANTAM

8.1 At the last practicable date (prior to settlement of the repurchase offer and the creation of the preference shares in terms of the circular issued on Wednesday 7 March 2007) the authorised and issued share capital of Santam was as follows:

	R'm
Authorised share capital	
150 000 000 ordinary shares of no par value	–
Issued share capital	
118 206 432 ordinary shares of no par value	81
Total issued share capital	**81**

All the issued shares of Santam are of one class, namely ordinary shares with no par value and rank *pari passu* in all respects and are listed in the "Property & Casualty Insurance" sector of the JSE list.

8.2 Following the settlement of the repurchase offer and the creation of the preference shares in terms of the circular issued on Wednesday 7 March 2007, the authorised and issued share capital of Santam is expected to be as follows:

	R'm
Authorised share capital	
150 000 000 ordinary shares of no par value	–
12 000 000 non-redeemable, non-participating, non-cumulative preference shares with no par value	–
Issued share capital	
118 206 432 ordinary shares of no par value, of which 11 820 643 are expected to be held as treasury shares	81
Total issued share capital	**81**

9. HISTORICAL FINANCIAL INFORMATION

Annexure 2 contains extracts from the published audited historical financial information of Santam for the three financial years ended 31 December 2006.

10. TRADING HISTORY OF SANTAM SHARES ON THE JSE

The trading history of Santam shares on the JSE is set out in **Annexure 3.**

11. MATERIAL CHANGES

The directors of Santam are not aware of any material changes in the business or financial position of Santam or its subsidiaries subsequent to the latest published annual financial statements for the period ended 31 December 2006, other than in respect of the repurchase by the Santam subsidiary in terms of the repurchase offer.

12. OPINION OF THE SANTAM BOARD

The Santam board appointed an independent sub-committee comprising Mr le Roux, Mr Martin, Mr Vundla, Mr Möller, Mr Smith as well as the executive directors in attendance, to consider the terms and conditions of the scheme and to make recommendations to the Santam board in this regard. The independent sub-committee has considered the terms and conditions of the scheme and it has advised the Santam board that it is of the opinion that the terms and conditions of the scheme are in the best interests of Santam shareholders as a whole.

The Santam board has considered, amongst other things, the advice from the independent sub-committee and is of the unanimous opinion that the terms of the scheme are in the best interests of Santam shareholders as a whole.

13. RECOMMENDATION TO THE SCHEME MEMBERS IN RESPECT OF THE SCHEME

The Santam board recommends that scheme members vote in favour of the scheme. All Santam board members who have direct or indirect beneficial holdings in Santam intend voting all their Santam shares in favour of the scheme.

For and on behalf of

Santam Limited

S Bray
Company Secretary

Monday 26 March 2007

Santam Limited

(Incorporated in the Republic of South Africa)
(Registration number 1918/001680/06)
JSE share code: SNT NSX share code: SNM ISIN: ZAE000006854

STATEMENT OF DIRECTORS' INTERESTS

in terms of section 312(1)(a)(iii) of the Companies Act

The definitions and interpretations set out in **Annexure 1** to this document apply, *mutatis mutandis,* to this statement of directors' interests.

1. SANTAM DIRECTORS' INTERESTS IN SANTAM SHARE INCENTIVE SCHEMES

	At 31 December 2005	Movement during year Granted	Exercised/ Delivered	Gain per share	Strike price per share	Date awarded	At 31 December 2006
Executive directors				R	R		
S C Gilbert	284 100		(113 640)	54.60	18.70	14/07/03	170 460
	194 000		(77 600)	62.50	16.00	14/07/03	116 400
	20 000				64.80	10/11/05	20 000
Sub-total	**498 100**		**(191 240)**				**306 860**
M J Reyneke	59 200		(25 900)	65.65	19.85	12/11/01	33 300
	6 400		(2 800)	64.85	20.65	20/02/02	3 600
	24 000		(9 600)	66.50	14.50	26/02/03	14 400
	116 300		(46 520)	60.19	16.00	01/09/02	69 780
	10 000				28.65	31/03/04	10 000
	24 000				64.80	10/11/05	24 000
Sub-total	**239 900**		**(84 820)**				**155 080**
TOTAL	**738 000**		**(276 060)**				**461 940**

2. SHARE DEALINGS IN SANTAM

The directors of Santam entered into the following trades in Santam shares between the end of the last financial year of Santam, being 31 December 2006, and the last practicable date:

Name	Date	Nature of trade	Number of shares	Price per share
S C Gilbert	7 March 2007	Acquisition of shares in respect of the Santam share incentive scheme	58 200	R16.00
B T P K M Gamedze	8 March 2007	Acquisition of Santam director qualification shares	100	R101.98
J P Möller	13 March 2007	Acquisition of Santam director qualification shares	120	R101.60
R K Morathi	28 February 2007	Acquisition of Santam director qualification shares	125	R101.25
M J Reyneke	14 March 2007	Acquisition of shares in respect of the Santam share incentive scheme	78 990	R14.50 – R20.65
J van Zyl	12 March 2007	Direct beneficial	20	R101.00

3. SANTAM DIRECTORS' HOLDINGS IN SANTAM SHARES

The directors of Santam had the following direct, indirect, beneficial and non-beneficial interests in Santam shares at the last practicable date:

	Direct		Indirect			Percentage of Santam's total issued shares
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial	Total	
D K Smith	100				100	0.0
S C Gilbert	106 282				106 282	0.1
B T P K M Gamedze	100				100	0.0
J J Geldenhuys	190 000				190 000	0.2
J G le Roux	100				100	0.0
N M Magau	100				100	0.0
A R Martin	350				350	0.0
J P Möller	120				120	0.0
R K Morathi	125				125	0.0
P de V Rademeyer	500				500	0.0
M J Reyneke	56 510		98 800		155 310	0.1
J P Rowse			250		250	0.0
G E Rudman	3 000		4 000		7 000	0.0
J van Zyl	120				120	0.0
B P Vundla	300				300	0.0

4. INTERESTS OF SANTAM'S DIRECTORS

4.1 Directors' emoluments and service contracts

4.1.1 The emoluments of Santam's directors will not be affected as a consequence of the implementation of the scheme.

4.1.2 No long-term service contracts exist between Santam and its executive directors.

4.1.3 Messrs S C Gilbert and M J Reyneke are precluded under restraint of trade agreements for periods of 12 months and 6 months, respectively, after leaving the employment of Santam, from engaging in any business venture competing with that of Santam.

4.2 Directors' interests in the scheme

No directors of Santam will benefit, directly or indirectly, in any manner as a consequence of the implementation of the scheme, save for:

4.2.1 the executive directors' participation in the Santam share incentive schemes referred to in 1 above and the fact that, as stated in paragraph 3 on page 37 below, no adjustment will be made as a result of the scheme to the strike price of the options and to the purchase price of the shares under the Santam share incentive schemes;

4.2.2 the executive directors' participation in other long-term incentive and retention plans of the Santam Group (the "plans") and the fact that, as stated in paragraph 3 on page 37, the long-term incentive and retention objectives of the plans will not be adversely affected by the scheme; and

4.2.3 current and future qualifying directors who may benefit from participation in the Santam Black Economic Empowerment Staff Trust as set in paragraph 4.1 of the valuation statement commencing on page 28.

5. SPECIAL ARRANGEMENTS

5.1 No special arrangements, undertakings or agreements have been made between BEE SPV Co and Santam, or persons acting in concert with these parties in relation to the scheme shares.

5.2 No special arrangements or undertakings (including compensation arrangements) which have any connection with or dependence on the scheme exist between BEE SPV Co or any person acting in concert with BEE SPV Co, and any Santam director or any person who was a Santam director

within the period commencing 12 months prior to the operative date, or any person who is or was a holder of Santam shares within the period commencing 12 months prior to the operative date save as disclosed in this document.

5.3 No special arrangements have been made between Santam and the BEE SPV Co directors in connection with the scheme.

5.4 No special arrangements have been made between BEE SPV Co and the Santam directors in connection with the scheme.

For and on behalf of

Santam Limited

S Bray
Company Secretary

Monday 26 March 2007

SECTION III – ADDITIONAL INFORMATION IN RESPECT OF THE SCHEME AND THE GENERAL MEETING

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**")

ADDITIONAL INFORMATION IN RESPECT OF THE SCHEME AND THE GENERAL MEETING

The definitions and interpretation set out in **Annexure 1** to the document shall apply *mutatis mutandis,* to this section.

1. THE GENERAL MEETING

1.1 Rationale and mechanism

1.1.1 In terms of the funding arrangements between BEE SPV Co and its financiers, Santam has the right to refinance the bridging finance, on the passing of the requisite shareholder approvals, if required, and the promulgation of the relevant proposed legislation to legalise such funding, or to procure the refinancing of the bridging finance from other sources. Santam has resolved to obtain the necessary shareholder approvals subject to and in anticipation of the relevant proposed legislation being promulgated and as such has proposed the resolutions set forth in the notice of general meeting attached hereto and forming part of this document.

1.1.2 The relevant proposed legislation, which alters the position presently in place in terms of section 38 of the Companies Act, is contained in section 40 of the Companies Bill, 2007 which requires that a company, in order to provide financial assistance must be entitled to do so in terms of its Memorandum of Incorporation and subject to, *inter alia,* obtaining the requisite shareholder approval in terms of a special resolution.

1.1.3 The full contents of the proposed section 40 of the Companies Bill, 2007 is set out in **Annexure 6** hereto.

1.2 General meeting

The notice convening the general meeting is attached hereto and forms part of this document. The general meeting, at which shareholders will be requested to consider and, if deemed fit, approve the resolutions, will be held at 11:00 (or immediately after the preceding scheduled scheme meeting, if later), on Thursday 26 April 2007 in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville, or at a later time or date to which the scheme general meeting may be adjourned or postponed.

2. CONTROLLING AND MAJOR SHAREHOLDERS IN SANTAM

At the last practicable date, the shareholder beneficially holding in excess of 5% of the issued share capital of Santam is as follows:

	Number of shares	Percentage
Sanlam Life	67 827 685	57.4

Note:

- 1 933 176 Santam ordinary shares (or 1.6% of Santam's ordinary shares) are held in policyholders' funds; and
- 65 894 509 Santam ordinary shares (or 55.8% of Santam's ordinary shares) are held in shareholders' funds.

3. SANTAM SHARE INCENTIVE SCHEMES AND OTHER LONG-TERM INCENTIVE AND RETENTION PLANS

No adjustment will be made as a result of the scheme to the strike price of the options and to the purchase price of the shares under the Santam Limited Share Incentive Trust.

At the last practicable date the Santam Limited Share Incentive Trust did not hold any Santam shares.

No participant in the long-term incentive and retention plans of the Santam group (the "plans") will benefit from the scheme nor will the long-term incentive and retention objectives of the plans be adversely affected by the scheme.

4. SPECIAL ARRANGEMENTS

Except for the terms and conditions applicable to the scheme and pursuant to the provisions of the transaction agreement, no agreements, arrangements or undertakings exist between Santam, BEE SPV Co and their subsidiaries or any person acting in concert with them or any of the directors if Santam having connection with or dependence upon the scheme.

5. NO SET-OFF OF SCHEME CONSIDERATION

Settlement of the scheme consideration will be implemented in full in accordance with the terms of the scheme without regard to any lien, right of set-off, counterclaim, deduction, withholding or other analogous right to which Santam or BEE SPV Co may otherwise be, or claim to be, entitled against any shareholder.

6. EXPERTS' CONSENTS

The merchant bank and transaction sponsor, sponsor in South Africa, sponsor in Nambia and attorneys have consented in writing to act in the capacities stated and to their names being stated in this document and have not withdrawn their consents prior to the publication of this document.

The consent letters are available for inspection in terms of paragraph 10 below.

7. MATERIAL CHANGES

At the last practicable date, there were no material changes in the financial or trading position of Santam or its subsidiaries since the publication of the latest audited financial statements at 31 December 2006, other than in respect of the repurchase by the Santam subsidiary in terms of the repurchase offer.

8. LITIGATION STATEMENT

Santam, like all other insurers, is subject to litigation in the normal course of its business. Santam does not believe that such litigation will have a material effect on its profit or loss and financial conditions. However, experience has shown that it is more difficult to assess the ultimate outcome of such litigation.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Santam, whose names appear in **Annexure 5** to this document:

- have considered all statements of fact and opinion in this document;
- accept, individually and collectively, full responsibility for the accuracy of the information given;

- certify that, to the best of their knowledge and belief, there are no omissions of facts or considerations which would make any statement of fact or opinion contained in this document false or misleading and contains all information required in terms of the JSE Listings Requirements; and
- have made all reasonable enquiries in this regard.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Santam and at its attorneys in both Johannesburg and Cape Town during business hours (excluding Saturdays, Sundays and South African public holidays) from the date of issue of this document up to and including the operative date of the scheme:

- the memorandum and articles of Santam;
- a copy of the Order of Court convening the scheme meeting;
- the published audited abridged financial report of Santam for the year ended 31 December 2006;
- the annual reports of Santam for the three financial years ended 31 December 2005;
- the joint circular issued by Santam and Sanlam on 7 March 2007 relating, *inter alia*, to the repurchase offer and the Sanlam offer;
- the consent letters from the respective advisers referred to in paragraph 6 above;
- the transaction agreement;
- a signed copy of the scheme and this explanatory statement; and
- a signed copy of this document.

For and on behalf of

Santam Limited

S Bray
Company Secretary

Monday 26 March 2007

For and on behalf of

Central Plaza Investments 112 (Proprietary) Limited

Francois Marais
Director

Monday 26 March 2007

DEFINITIONS AND INTERPRETATION

In this document (but not the scheme of arrangement (commencing on page 16) and the notice of scheme meeting, which contain their own definitions and interpretation), unless the context indicates otherwise, the words and expressions in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and *vice versa,* an expression which denotes one gender includes the other gender, words denoting natural persons include a juristic persons and associations of persons and *vice versa,* and the words in the first column shall have the meaning stated opposite them in the second column, as follows:

"articles"	the articles of association of Santam at the date of this document;
"BEE"	Broad-Based Black Economic Empowerment as contemplated in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"BEE SPV Co"	a special purpose vehicle, Central Plaza Investments 112 (Proprietary) Limited (registration number 2007/007388/07), a company duly registered and incorporated with limited liability in accordance with the company laws of South Africa and still to be renamed;
"black"	has as the meaning ascribed thereto in Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"broker"	any person registered as a "broking member (equities)" in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
"business day"	any day other than a Saturday, Sunday or an official public holiday in South Africa and Namibia;
"cents"	South African cents;
"certificated scheme members"	a scheme member who holds certificated shares;
"certificated scheme participants"	a scheme participant who holds certificated shares;
"certificated shareholders"	Santam shareholders who hold Santam shares, represented by a share certificate or other document(s) of title, which shares have not been dematerialised in terms of the requirements of STRATE;
"certificated shares"	Santam ordinary shares that are not dematerialised shares;
"CGT"	Capital Gains Tax;
"this document" or "this circular"	this bound document, dated Monday 26 March 2007;
"common monetary area"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"the Companies Act"	Companies Act, No. 61 of 1973, as amended;
"Court"	High Court of South Africa (Cape of Good Hope Provincial Division), which is located at the High Court Building, Keerom Street, Cape Town;
"CSDP"	Central Securities Depository Participant, registered as such in terms of the Securities Services Act;
"dematerialise " or "dematerialisation"	the process whereby share certificates, certificated transfer deeds, balance receipts and any other documents of title to shares in tangible form are incorporated into electronic records for the purposes of STRATE and "dematerialised" shall have a corresponding meaning;
"dematerialised scheme members"	a scheme member who holds dematerialised shares;

"dematerialised scheme participants"	a scheme participant who holds dematerialised shares;
"dematerialised shareholders"	a holder of Santam shares which have been dematerialised;
"dematerialised shares"	those Santam shares which have been dematerialised through a CSDP or broker and are held on Santam's sub-register of members administered by CSDPs in electronic form;
"documents of title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to certificated shares acceptable to Santam in respect of Santam's shares;
"emigrant"	any emigrant from the common monetary area whose address is outside the common monetary area;
"explanatory statement"	the explanatory statement commencing on page 12 of this circular;
"form of surrender"	form of surrender *(blue)* attached to this document, for use by certificated scheme participants only, to be completed and to accompany surrendered documents of title;
"general meeting"	means the meeting of Santam shareholders convened to be held at 11:00 on Thursday 26 April 2007 (or immediately after the preceding scheme meeting, if later) in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville, or any adjournment or postponements thereof (the time and date of any such adjournment or postponement will be released on SENS and published in the press), at which meeting shareholders will consider and vote on the resolutions contained in the notice of general meeting *(green)* which is attached to and forms part of this document;
"the Income Tax Act"	Income Tax Act, No. 58 of 1962, as amended;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, which is licensed as an exchange under the Securities Services Act;
"last practicable date"	Wednesday 14 March 2007, being the last practicable date prior to the finalisation of this document;
"NSX"	the Namibian Stock Exchange;
"operative date"	expected to be on or about Monday 21 May 2007, being the date on which the scheme is implemented;
"own-name dematerialised shareholder"	dematerialised shareholders who have instructed the CSDP to hold their shares in their own-name on the register;
"own-name dematerialised scheme member"	own-name dematerialised shareholders who are scheme members;
"proxy form"	being either the proxy form *(pink)* or the proxy form *(green)* attached to this document which details the instructions and notes relating to voting at the scheme meeting or the general meeting, as the case may be;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"record date" or "scheme consideration record date"	expected to be on or about Friday 18 May 2007, being the date on which a Santam shareholder must be recorded on the register in order to participate in the scheme and receive the scheme consideration;
"register"	the register of Santam shareholders (including the relevant sub-registers of the CSDP's administering the sub-registers of Santam);
"Registrar"	Registrar of Companies in South Africa;
"repurchase offer"	means the repurchase offer announced by Santam in terms of a joint circular issued by Santam and Sanlam on Wednesday 7 March 2007 (which circular shall lie for inspection as set out in paragraph 10 on page 38) in terms of which the Santam Subsidiary has offered to repurchase, subject to the fulfilment or waiver (if possible) of certain suspensive conditions, on a *pro rata* basis, from all Santam shareholders up to a maximum of 10% of the issued ordinary shares of Santam at a price of R102 per Santam share;

"resolutions"	the resolutions to be proposed to be passed at the general meeting as contained in the notice of general meeting *(green)* attached hereto and forming part of this document;
"rounding principles"	the rounding up or down to the nearest whole number of fractions of Santam shares to be acquired in terms of the scheme, on the basis that such fractions will be rounded up to the nearest whole number if the fraction is equal to or greater than 0.5 of a Santam ordinary share or rounded down to the nearest whole number if the fraction is less than 0.5 of a Santam ordinary share;
"Sanlam"	means Sanlam Limited (registration number 1959/001562/06), a public company duly registered and incorporated in accordance with the company laws of South Africa;
"Sanlam Life"	Sanlam Life Insurance Limited (registration number 1998/021121/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and registered as a long-term insurer in terms of the Long-term Insurance Act, 1998 (Act 52 of 1998), as amended and being a wholly-owned subsidiary of Sanlam;
"Sanlam offer"	means the Sanlam offer contained in the joint circular issued by Santam and Sanlam on Wednesday 7 March 2007 (which circular shall lie for inspection as set out in paragraph 10 on page 38) in terms of which, subject to the fulfilment or waiver (if possible) of certain suspensive conditions, Sanlam, through its wholly-owned subsidiary Sanlam Life, has offered to acquire, on a *pro rata* basis, all the Santam shares tendered by the Santam shareholders in terms of the repurchase offer in excess of Santam Subsidiary's maximum acceptance of 10% of the issued ordinary shares of Santam, at a consideration of R102 per share, up to a maximum number of shares which, when aggregated with Santam shares already held by Sanlam in its shareholders' funds, will not exceed 80% of Santam's issued ordinary shares;
"Santam" or "the Company"	Santam Limited (registration number 1918/001680/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, all the issued shares of which are listed on the JSE and the NSX and which company is registered as a short-term insurer in terms of the Short-term Insurance Act;
"Santam Group"	Santam and all its subsidiaries;
"the Santam board" or "the board of directors of Santam"	the board of directors of Santam, the members of which are listed in **Annexure 5** to this document;
"Santam ordinary shares" or "Santam shares"	ordinary shares with no par value in the issued share capital of Santam;
"Santam ordinary shareholders" or "Santam shareholders"	holders of Santam shares as recorded in the register from time to time;
"Santam Subsidiary"	Guardian National Insurance Company Limited (registration number 1920/002086/06), a public company duly registered and incorporated in accordance with the company laws of South Africa and which company is registered as a short-term insurer in terms of the Short-term Insurance Act and is a wholly owned subsidiary of Santam;
"SARB"	South African Reserve Bank;
"scheme" or "scheme of arrangement"	the scheme of arrangement in terms of section 311 of the Companies Act proposed by BEE SPV Co between Santam and its shareholders, other than the Santam Subsidiary, in terms of which BEE SPV Co will acquire an aggregate of 10% of the issued ordinary shares of Santam following settlement of the repurchase offer and the Sanlam offer on a *pro rata* basis, from all of the Santam shareholders, other than the Santam Subsidiary, for the scheme consideration per scheme share, the terms and conditions of which are contained in the scheme of arrangement (commencing on page 16 and printed on yellow paper), subject to any modification or amendment thereto;

"scheme conditions"	the suspensive conditions to the scheme as set out in paragraph 5 of the scheme;
"scheme consideration"	the consideration of R82 per scheme share payable in cash to each scheme participant in terms of the scheme;
"scheme consideration settlement date"	the date by which the scheme consideration will be paid to the scheme participants;
"scheme meeting"	the meeting of scheme members convened in terms of an order of the Court to be held at 10:00 on Thursday 26 April 2007 in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville, or any adjournment thereof (the time and date of any such adjournment will be released on SENS and published in the press), at which meeting scheme members will consider and vote on the scheme, the notice of which is attached to and forms part of this document;
"scheme members"	Santam shareholders who are entitled to vote at the scheme meeting, being all Santam shareholders recorded in the register on the scheme voting record date, other than the Santam Subsidiary;
"scheme participant"	each Santam shareholder recorded in the register on the scheme consideration record date, who will dispose of his scheme shares and become entitled to receive the scheme consideration, if the scheme becomes operative and excluding the Santam subsidiary;
"scheme shares"	10% of the Santam shares held by a scheme participant, adjusted by the application of the rounding principles on the scheme consideration record date (if applicable);
"scheme voting record date"	the date on which a Santam shareholder must be recorded on the register to be entitled to vote at the scheme meeting, being Monday 23 April 2007. Any variation of the above expected record date for the scheme, as may be approved by the JSE and/or the Court, where necessary will be released on SENS and published in the press;
"Securities Services Act"	Securities Services Act, No. 36 of 2004, as amended;
"SENS"	the Securities Exchange News Service of the JSE;
"Short-term Insurance Act"	the Short-term Insurance Act, No. 53 of 1998, as amended;
"South Africa"	the Republic of South Africa;
"South African Exchange Control Regulations"	South African Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
"STRATE"	STRATE Limited (registration number 1998/022242/06), a public company duly registered and incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the Security Services Act;
"the sub-register"	the record of uncertificated securities administered and maintained by a CSDP and which forms part of the register;
"transaction agreement"	the transaction agreement entered into between Santam and BEE SPV Co referred to in paragraph 4 of the scheme of arrangement (commencing on page 16); and
"transfer secretaries"	Computershare Investor Services 2004 (Proprietary) Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the company laws of South Africa and the transfer secretaries of Santam in South Africa.

All abovementioned dates and times are subject to amendment. Details of any such amendments will be released on SENS and published in the press. All times refer to South African times.

EXTRACTS OF HISTORICAL FINANCIAL INFORMATION RELATING TO SANTAM

Set out below are extracts of the audited historical financial information of Santam for the three financial years ended 31 December 2006. Comparative figures were adjusted for changes in presentation in subsequent periods.

Consolidated balance sheet at 31 December

	2006 R'm	2005 R'm	2004 R'm
ASSETS			
Non-current assets			
Property and equipment	59	57	55
Intangible assets	108	80	87
Deferred income tax	27	22	10
Investments in associates	215	239	230
Financial assets			
– Equity securities at fair value through income	5 435	4 305	3 574
– Debt securities at fair value through income	2 106	1 572	1 613
Current assets			
Reinsurance assets	2 080	2 194	1 833
Deferred acquisition costs	211	181	146
Loans and receivables including insurance receivables	1 394	1 281	1 065
Income tax assets	39	–	–
Cash and cash equivalents	5 142	4 927	3 927
Total assets	**16 816**	**14 858**	**12 540**
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	71	42	1 171
Other reserves	1 119	763	636
Distributable reserves	5 437	4 922	3 615
	6 627	5 727	5 422
Minority interest	123	125	60
Total equity	**6 750**	**5 852**	**5 482**
LIABILITIES			
Non-current liabilities			
Cell-owners' interest	329	268	47
Deferred income tax	297	256	148
Financial liabilities – investment contracts	276	250	–
Current liabilities			
Insurance liabilities	7 694	6 607	5 083
Deferred reinsurance acquisition revenue	74	109	115
Financial liabilities at fair value through income	–	–	4
Provisions for other liabilities and charges	148	145	113
Trade and other payables	1 213	1 345	1 167
Income tax liabilities	35	26	381
Total liabilities	**10 066**	**9 006**	**7 058**
Total equity and liabilities	**16 816**	**14 858**	**12 540**

Consolidated income statement for the years ended 31 December

	2006 R'm	2005 R'm	2004 R'm
Gross written premium	12 736	11 355	9 735
Less: Reinsurance premium	2 052	2 011	2 012
Net premium	10 684	9 344	7 723
Less: Net change in unearned premium	481	473	78
Net insurance premium revenue	10 203	8 871	7 645
Investment income	540	482	479
Income from reinsurance contracts ceded	342	404	487
Net gains on financial assets at fair value through income	1 265	1 005	798
Net income	**12 350**	**10 762**	**9 409**
Insurance claims and loss adjustment expenses	8 089	6 905	5 015
Insurance claims and loss adjustment expenses recovered from reinsurers	(1 052)	(1 112)	(653)
Net insurance benefits and claims	7 037	5 793	4 362
Expenses for the acquisition of insurance contracts	1 764	1 586	1 429
Expenses for marketing and administration	1 117	1 121	1 216
Expenses for asset management services	46	42	41
Amortisation of intangible assets/Impairment of goodwill	2	4	2
Expenses	**9 966**	**8 546**	**7 050**
Results of operating activities	2 384	2 216	2 359
Finance costs	(7)	(12)	(14)
Share of profit from associates	105	117	37
Profit before tax	2 482	2 321	2 382
Income tax expense	(615)	(520)	(604)
Profit for year	**1 867**	**1 801**	**1 778**
Attributable to:			
– Equity holders of Santam	1 844	1 778	1 754
– Minority interest	23	23	24
	1 867	**1 801**	**1 778**
Earnings attributable to equity holders			
Basic earnings per share (cents)	1 574	1 535	1 531
Diluted earnings per share (cents)	1 553	1 506	1 509
Headline earning per share (cents)	1 555	1 540	1 548
Diluted headline earnings per share (cents)	1 535	1 512	1 527
Weighted average number of shares (millions)	117.13	115.82	114.63
Dividend per share (cents)	380	335	290
Special dividend per share (cents)	–	650	–

Consolidated statement of changes in equity at 31 December

	2006 R'm	2005 R'm	2004 R'm
Share capital			
Balance at beginning of year	42	1 171	1 130
Share issue	29	27	41
Return of excess capital	–	(1 156)	–
Balance at end of year	**71**	**42**	**1 171**
Other reserves			
Balance at beginning of year	763	636	577
Transfer to reserves	177	131	109
Currency translation differences	179	(4)	(50)
Balance at end of year	**1 119**	**763**	**636**
Distributable reserves			
Balance at beginning of year	4 922	3 615	2 240
Retained income for year	1 844	1 778	1 754
Transfer to reserves	(177)	(131)	(109)
Share-based payments	13	10	8
Dividends paid	(1 165)	(350)	(278)
Balance at end of year	**5 437**	**4 922**	**3 615**
Minority interest			
Balance at beginning of year	125	60	53
Retained income for year	23	23	24
Dividends paid	(20)	(10)	(18)
Additional interest acquired by minorities	–	52	1
Interest sold by minorities	(5)	–	–
Balance at end of year	**123**	**125**	**60**
Total shareholder funds	**6 750**	**5 852**	**5 482**

Consolidated cash flow statement for the years ended 31 December

	2006 R'm	2005 R'm	2004 R'm
Cash generated from operations	2 203	2 377	2 108
Interest paid	(7)	(12)	(14)
Income tax paid	(606)	(778)	(361)
Net cash from operating activities	**1 590**	**1 587**	**1 733**
Cash flows from investing activities			
Cash (utilised)/generated in investment activities	(390)	578	(714)
Acquisition of subsidiary, net of cash acquired	(30)	(61)	–
Proceeds from sale of subsidiary, net of cash sold	183	20	9
Cash (sold)/acquired through (sale)/acquisition of subsidiary	(188)	281	–
Purchases of equipment	(18)	(21)	(21)
Proceeds from sale of equipment	1	2	9
Capital refund from associated companies	1	4	–
Proceeds from sale of associated companies	23	7	8
Acquisition of associated companies	–	–	(37)
Acquisition of book of business	(2)	–	–
Net cash from investing activities	**(420)**	**810**	**(746)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	29	27	41
Return of surplus capital to shareholders	–	(1 156)	–
Dividends paid to Company's shareholders	(1 165)	(350)	(278)
Dividends paid to minority interests	(20)	(10)	(18)
Increase in cell-owners' interest	61	88	25
Net cash used in financing activities	**(1 095)**	**(1 401)**	**(230)**
Net increase in cash and cash equivalents	75	996	757
Cash and cash equivalents at beginning of year	4 927	3 927	3 203
Currency translation gains on cash and cash equivalents	140	4	(33)
Cash and cash equivalents at end of year	**5 142**	**4 927**	**3 927**

Accounting policies

The principal accounting policies applied in the preparation of the historical financial information are set out below.

These policies have been consistently applied to all the years presented.

1. STATEMENT OF COMPLIANCE

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations issued by the International Accounting Standards Board ("IASB") and are in compliance with the JSE Limited Listings Requirements and the Companies Act.

2. BASIS OF PRESENTATION

The historical financial information has been prepared under the historical cost convention, modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through income and the application of the equity method of accounting for investments in associated companies.

The preparation of financial information in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the Santam Group's accounting policies.

The Santam Group did not early adopt any of the IFRS standards.

All amounts in the historical financial information are presented in Rand, rounded to the nearest million, unless otherwise stated.

(a) Amendments to published standards effective in 2006

The following amendments to published standards are mandatory for the Santam Group's accounting periods beginning on or after 1 January 2006:

- IAS 39 (Amendment) – The Fair Value Option

  This amendment restricts the designation opportunities upon initial recognition of financial instruments for the Santam Group. The designation of an instrument to be at fair value is now possible when it removes or significantly reduces accounting mismatches in measurement or presentation, or where financial instruments are managed and their performance is evaluated in terms of a documented investment strategy that is reported to management in terms of this document and is measured on a fair value basis.

  The Santam Group was able to continue to measure all financial instruments at fair value through profit and loss that it previously designated as at fair value through income because it met the conditions for designation (refer to accounting policy note 7 for the Santam Group's basis of designation).

- IAS 39 and IFRS 4 (Amendment) – Financial Guarantee Contracts

  The scope of IAS 39 was amended to include financial guarantee contracts. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the contract holder for a loss it incurred because a specified debtor failed to make payment when due. However, if an issuer of financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, the issuer may elect to apply either IAS 39 or IFRS 4 – Insurance Contracts, to such financial guarantee contracts.

  The Santam Group has accounted for financial guarantee contracts issued as insurance contracts and would therefore continue to apply IFRS 4 principles.

(b) Amendments to standards effective in 2006 but not relevant to the Santam Group's operations

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2006, but they are not relevant to the Santam Group's operations:

- IFRS 1 (Amendment) – First-time Adoption of IFRS
- IAS 19 (Amendment) – Employee Benefits
- IAS 21 (Amendment) – Net Investment in a Foreign Operation
- IAS 39 (Amendment) – Cash Flow Hedge Accounting of Forecast Intra-group Transactions

- IFRS 6 – Exploration for and Evaluation of Mineral Resources
- IFRIC 4 – Determining Whether and Arrangement Contains a Lease
- IFRIC 5 – Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 – Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

(c) Standards and interpretations to published standards that are not yet effective and have not been early adopted by the Santam Group

The following new interpretations to existing standards have been published. Although they are mandatory for accounting periods beginning on or after 1 May 2006 or later periods, the Santam Group has not early adopted:

- IFRS 7 – Financial Instruments: Disclosures
- IFRS 7 introduces new disclosures relating to financial instruments. It does not have any impact on the classification and valuation of the Santam Group's financial instruments, but defines disclosure required to explain the risk management procedures applied by the Santam Group
- IFRIC 8 – Scope of IFRS 2 (effective from annual periods beginning on or after 1 May 2006)
- IFRIC 10 – Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006)

The Santam Group will apply these interpretations from 1 January 2007 but it is not expected to have any impact on the Santam Group's reported results.

(d) Interpretations to published standards that are not yet effective and not relevant for the Santam Group's operations

- IFRIC 7 – Applying the Restated Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006)
- IFRIC 9 – Re-assessment of Embedded Derivatives (effective from annual periods beginning on or after 1 June 2006)

3. CONSOLIDATION

(a) Subsidiaries and business combinations

Subsidiaries are all entities (including special purpose entities) over which the Santam Group, directly or indirectly, has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effects of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Santam Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Santam Group. Consolidation is discontinued from the date on which control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the stated assets, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Santam Group's share of the identifiable net assets acquired is recorded as goodwill (see accounting policy note 6). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The Santam Group applies the modified parent company model with respect to transactions with minority shareholders, whereby the full excess of the cost of the transaction over the acquirer's increase in interest in previously recognised assets and liabilities is allocated to goodwill. Disposals to minority interests result in gains or losses for the Santam Group that are recognised in the income statement.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Santam Group.

Santam accounts for its investment in subsidiaries at cost less provision for impairment.

(b) Associates

Associates are all entities over which the Santam Group has significant influence, but not control over the financial and operational policies. Significant influence is determined based primarily on percentage voting rights (generally between 20% and 50%), together with other factors such as Santam board participation and participation in the policy making process.

Investments in associates are accounted for by using the equity method of accounting and are initially recognised at cost. The Santam Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see accounting policy note 6).

The Santam Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Santam Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Santam Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Santam Group and its associates are eliminated to the extent of the Santam Group's interest in the associate. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Santam Group.

Equity accounting is discontinued when the Santam Group no longer has significant influence over the investment.

4. FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the historical financial information of each of the Santam Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The historical financial information is presented in Rand value, which is the Santam Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the closing exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through income, are reported as part of the fair value gain or loss.

(c) Group companies

The results and financial position of all Santam Group entities (none of which uses a currency linked to a hyperinflationary economy) that use a functional currency other than the presentation currency are translated into the presentation currency, as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement presented are translated at average exchange rates during each period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation exchange differences arising from the translation of the net investment in foreign entities, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as the foreign entity's assets or liabilities and are translated at the closing rate.

5. PROPERTY AND EQUIPMENT

(a) Property

Property consists of a capitalised property lease in London. It is carried at fair value, based on regular comparisons to prevailing market prices. Surpluses arising from revaluation are credited to the income statement. Property is not depreciated.

(b) Equipment

Equipment is stated at cost prices less accumulated depreciation and impairment charges. Depreciation is calculated on the difference between the cost and residual value of the asset and is charged to the income statement over the estimated useful lives of each significant part of an item of equipment, using the straight-line basis.

Estimated useful lives are as follows:

Computer equipment	3 years
Furniture and equipment	3 – 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in profit or loss before tax.

Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits of the existing asset will flow to the Santam Group.

(c) Leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged to the income statement in equal instalments over the period of the lease. When an operating lease is terminated, any payment required by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

6. INTANGIBLE ASSETS

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Santam Group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in the carrying amount of investments in associates. Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment charges recognised on goodwill are not reversible. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Cash-generating units ("CGUs") are identified according to country of operation with further allocation to business entities.

(b) Value of business acquired

Acquired books of business are shown at the cost of acquisition less accumulated amortisation and impairment charges. Books of business are amortised using the straight-line method over the estimated useful life of the book and are charged to the income statement.

7. FINANCIAL ASSETS

The Santam Group classifies its financial assets into the following categories: financial assets at fair value through income, loans and receivables and cash and cash equivalents. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

(a) Financial assets at fair value through income

This category has two sub-categories: financial assets held for trading and those designated at fair value through income at inception. A financial asset is classified as a financial asset at fair value through income at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading except when designated as hedges.

Financial assets designated as at fair value through income at inception are those that are:

- held in funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through income eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases;
- managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Santam Group's key management personnel. The Santam Group's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets included in these portfolios are designated upon initial recognition at fair value through income.

Purchases and sales of investments are recognised on trade date – the date on which the Santam Group commits to purchase or sell the asset. Investments are initially recognised at cost. Investments are derecognised when the rights to receive cash flows from the investments have expired and where the Santam Group has also transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through income are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through income' category are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current stock exchange bid prices at the close of business on the balance sheet date. If the market for a financial asset is not active or if it is unquoted, the Santam Group establishes fair value by using valuation techniques. These include discounted cash flow analysis, recent arm's-length transactions, premium/discount to net asset value and price-earnings techniques.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Santam Group intends to sell in the short term or that it has designated as at fair value through income. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Santam Group will not be able to collect all amounts due according to their original terms. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables

(c) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts.

8. IMPAIRMENT OF ASSETS

(a) Financial assets carried at amortised cost

The Santam Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Objective evidence that a financial asset is impaired includes observable data that comes to the attention of the Santam Group about the following events:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

(iv) the disappearance of an active market for that financial asset because of financial difficulties; or

(v) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Santam Group, including:

- adverse changes in the payment status of issuers or debtors in the Santam Group; or
- national or local economic conditions that correlate with defaults on the assets in the Santam Group.

The Santam Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Santam Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the impairment account. The amount of the reversal is recognised in the income statement.

(b) Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

9. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised in the balance sheet at cost and subsequently remeasured at their fair value. These derivatives are regarded as non-hedge derivatives. Changes in the fair value of such derivative instruments are recognised immediately in the income statement. Quoted derivative instruments are valued at South African Futures Exchange prices, while unquoted derivatives are valued independently in terms of the structured product contract.

10. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

11. SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

12. INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION

The Santam Group issues contracts that transfer insurance risk, financial risk or both.

Contracts under which the Santam Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a

possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating, credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The Santam Group classifies financial guarantee business as insurance contracts.

13. INSURANCE CONTRACTS

Insurance contracts are classified into three main categories, depending on the duration of or type of insurance risks, namely short-term, long-term and cell insurance.

(a) Short-term insurance

Short-term insurance provides benefits under short-term policies, which include engineering, guarantee, liability, miscellaneous, motor, accident and health, property, transportation and crop policies, or a contract comprising a combination of any of those policies. Short-term insurance contracts are further classified into the following categories:

- Personal insurance, consisting of insurance provided to individuals and their personal property;
- Commercial insurance, providing cover on the assets and liabilities of business enterprises; and
- Alternative risk insurance, covering both individuals and commercial businesses and including multi-line/multi-year cover, cell captives, securitisation of risk and/or financial risks.

Terms and conditions of insurance contracts:

Engineering – Provide cover for risks relating to:

- the possession, use or ownership of machinery or equipment, other than a motor vehicle, in the carrying on of a business;
- the erection of buildings or other structures or the undertaking of other works;
- the installation of machinery or equipment.

Guarantee – A contract whereby the insurer assumes an obligation to discharge the debts or other obligations of another person in the event of the failure of that person to do so.

Liability – Provide cover for risks relating to the incurring of a liability other than relating to a risk covered more specifically under another insurance contract.

Motor – Covers risks relating to the possession, use or ownership of a motor vehicle. This cover can include risks relating to vehicle accident, theft or damage to third party property or legal liability arising out of the possession, use or ownership of the insured vehicle.

Accident and health – Provide cover for death, disability and certain health events. This excludes the benefits to the provider of health services and linked directly to the expenditure in respect of health services.

Property – Covers risks relating to the use, ownership, loss of or damage to movable or immovable property other than a risk covered more specifically under another insurance contract.

Transportation – Covers risks relating to the possession, use or ownership of a vessel, aircraft or other craft or for the conveyance of persons or goods by air, space, land or water. It also covers risks relating to the storage, treatment or handling of goods that are conveyed.

Crop – Provide indemnity for crops while still on the field against hail, drought and excessive rainfall. Cover ceases as soon as harvesting has taken place.

Recognition and measurement

(i) Premiums

Gross premiums exclude value-added tax and inter-group reinsurance treaty premiums. Premiums are accounted for as income when the risk related to the insurance policy incepts. Inward reinsurance agreement premiums are accounted for on a claims-notified basis. Premiums are shown before deduction of commission payable to intermediaries.

(ii) Provision for unearned premiums

The provision for unearned premiums represents the portion of the current year's premiums that relate to risk periods extending into the following year. Unearned premium is calculated using the 365th method, except for insurance classes where allowance is made for uneven exposure (refer note [20.3.2]).

(iii) Provision for unexpired risk

Provision is made for underwriting losses that may arise from unexpired risks when it is anticipated that unearned premiums will be insufficient to cover future claims.

(iv) Provision for claims

Provision is made on a prudent basis for the estimated final cost of all claims that had not been settled on the accounting date, less amounts already paid. Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. Santam's own assessors or external assessors individually assess claims. The claims provision includes an estimated portion of the direct expenses of the claims and assessment charges.

(v) Provision for claims incurred but not reported ("IBNR")

Provision is also made for claims arising from insured events that occurred before the close of the accounting period, but which had not been reported to Santam at that date.

(vi) Deferred policy acquisition cost ("DAC")

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as a current asset. All other costs are recognised as expenses when incurred.

(vii) Reinsurance contracts held

Contracts entered into by the group with reinsurers under which the Santam Group is compensated for losses on one or more contracts issued by the Santam Group and that meet the classification requirements for insurance contracts in accounting policy note 12 are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Income received from insurance contracts entered into by the Santam Group under which the contract holder is another insurer (inwards reinsurance) are included with premium income.

The benefits to which the Santam Group is entitled under its reinsurance contracts held are recognised as assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables) on settled claims, as well as receivables (classified as reinsurance assets) that are dependent on the gross outstanding claims and IBNR provisions. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when incurred.

The Santam Group assesses its reinsurance assets for impairment on a six-monthly basis. If there is objective evidence that the reinsurance asset is impaired, the Santam Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Santam Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

(viii) Contingency reserve

A contingency reserve is maintained at 10% of net written premium of southern African business. The utilisation of this reserve, in case of a catastrophe, is subject to the approval of the Financial Services Board. Transfers to this reserve are reflected in the statement of changes in equity, and are indicated in the balance sheet as part of 'Other reserves' under 'Equity'.

(ix) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders and are included under loans and receivables and trade and other payables.

If there is objective evidence that the insurance receivable is impaired, the Santam Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Santam Group gathers objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated according to the same method used for these financial assets.

(x) Salvage reimbursements

Some insurance contracts permit the Santam Group to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The Santam Group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in determining the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(b) Long-term insurance

These contracts provide long-term benefits usually associated with insured events such as death or retirement. Long-term insurance contracts underwritten mainly consist of funeral policies with limited exposure to group life risks. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

The liabilities under life insurance contracts are valued in terms of the Financial Soundness Valuation ("FSV") basis containing a discounted cash flow valuation based on best estimates of future cash flows plus margins for adverse deviation as prescribed by PGN 104 issued by the Actuarial Society of South Africa and are reflected as 'Financial liabilities' in the balance sheet. The operating surpluses or losses arising from life insurance contracts are determined by the annual valuation. These surpluses or losses are arrived at after taking into account the movement within the policyholder liabilities.

(c) Cell insurance

The Santam Group offers cell captive facilities to clients. Cells are classified as special purpose entities and are regarded as being controlled by the cell owner. For this reason, such cell captive facilities are not consolidated by the Santam Group.

In the case of third party cells, the insurer is still the principal to the insurance transaction, although the business is written on behalf of the cell owner. The insurer, however, in substance reinsures this business to the cell as the cell owner remains responsible for the solvency of the cell.

The cell owners' interest represents the cell owners' funds held by the insurer.

Administration fees charged by the insurer on cell business are recognised as income when the fees are incurred.

(d) Liability adequacy test

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). Any DAC written off as a result of this test cannot subsequently be reinstated.

14. INVESTMENT CONTRACTS

Policyholder contracts that do not transfer significant insurance risk are classified as investment contracts. These contracts are disclosed on the balance sheet as 'Financial liabilities' under non-current liabilities, except for collateral guarantee policies which are included in 'Trade and other payables' and are measured at amortised cost. The proceeds from payments against these contracts are excluded from the income statement and recognised directly against the liability. The results from investment contracts included in the income statement are limited to facility and administration fees earned as well as fair value gains or losses from the revaluation of assets underlying the investment contracts that are not attributable to policyholders.

15. DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. However, if the deferred income arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of fixed assets, fair valuation of investments and provisions. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Unused Secondary Tax on Companies' ("STC") credits are recognised as a deferred tax asset when it is probable that these credits will be utilised.

Deferred tax assets end deferred tax liabilities are offset only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

16. EMPLOYEE BENEFITS

(a) Pension obligations

The Santam Group has only defined contribution pension plans. A defined contribution plan is a pension plan under which the Santam Group pays a fixed contribution into a separate entity. The Santam Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Santam Group pays contributions to publicly and privately administered pension insurance plans on a mandatory basis. The Santam Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other post-employment obligations

The Santam Group has provided in full for its contractual medical contribution commitments in respect of pensioners. The Santam Group carries downside exposure (liability exceeds assets) on the policy. The present value of this post-retirement medical aid obligation is actuarially determined annually and any deficit on the underlying security is immediately recognised in the income statement. Any surplus on the underlying security is not recognised in the income statement as it belongs to the South African pension fund.

(c) Share-based compensation

In 2006, Santam implemented a new long-term incentive and retention bonus plan. Share options will no longer be issued to staff, but existing issued share options will be allowed to be taken up by staff on the respective due dates.

In terms of the new long-term incentive and retention bonus plan, employees are paid retention bonuses. The beneficiaries under the plan, which include executive directors, executive management and senior management employed on a full time basis, are subject to retention periods and amounts to be repaid should the employee be in breach of the retention period. The costs associated with the long-term incentive and retention bonus plan are recognised in the income statement over the retention period.

The new plan also has a share purchase alternative option for executive management ("EXCO") only. In terms of this plan, EXCO members receive an interest bearing loan with the intention to purchase Santam shares. The loans are repayable in four years time and are included under loans and receivables in the balance sheet.

The existing share incentive scheme will continue to run out. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and premium income growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of shares that are expected to be delivered. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Santam Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(e) Profit-sharing and bonus plans

The Santam Group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to Santam's shareholders after certain adjustments. The Santam Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

17. PROVISIONS

Provisions are recognised when the Santam Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. Provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

18. TRADE AND OTHER PAYABLES

Trade and other payables, including accruals, are recognised when the Santam Group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the Santam Group. Trade and other payables are carried at amortised cost.

19. OTHER REVENUE RECOGNITION

(a) Interest income

Interest income from financial assets that are classified as at fair value through income is recognised using the effective interest method.

(b) Dividend income

Dividend income from financial assets classified as at fair value through income is recognised on the last date to register. Preference share dividends are recognised using the effective interest rate method.

20. DIVIDEND DISTRIBUTION

Dividend distribution to Santam's shareholders is recognised as a liability in the Santam Group's historical financial information in the period in which the Santam board approves the dividend.

21. SOLVENCY MARGIN

The solvency margin is calculated by expressing the total shareholders' funds as a percentage of the consolidated net written premium for the past 12 months.

22. COMPARATIVES

Comparative figures with regards to financial assets have been restated with the reclassification of unquoted redeemable preference shares from equity securities to debt securities to the value of R741 million.

TRADING HISTORY OF SANTAM SHARES LISTED ON THE JSE

The high, low, closing prices and volumes of Santam shares on the JSE since 1 January 2004 to the last practicable date, were:

	High (cents)	Low (cents)	Close (cents)	Volume
Quarterly				
2004				
March	4 899	4 480	4 815	5 976 682
June	5 800	4 800	5 630	6 458 709
September	7 100	5 425	7 100	5 071 702
December	8 100	6 620	6 905	4 986 465
2005				
March	7 300	5 650	6 600	6 453 354
June	7 450	6 550	7 180	5 633 338
September	8 500	6 600	8 050	5 354 097
December	9 500	7 500	8 500	9 408 339
2006				
March	8 699	6 300	6 690	7 842 774
June	8 650	6 500	7 550	13 756 672
September	8 779	7 500	8 745	3 813 307
December	9 625	8 202	9 550	2 040 372
Monthly				
2006				
January	8 895	8 030	8 800	2 261 845
February	9 500	8 300	9 163	2 081 036
March	9 200	7 500	8 500	5 065 458
April	8 699	8 250	8 400	1 447 444
May	8 500	7 002	7 350	2 202 020
June	7 700	6 300	6 690	4 193 310
July	7 200	6 500	7 000	3 104 513
August	8 650	6 742	8 499	4 101 101
September	8 600	7 200	7 550	6 551 058
October	8 000	7 500	7 900	1 722 590
November	8 505	7 849	8 505	1 201 307
December	8 779	8 300	8 745	889 410
2007				
January	9 500	8 202	9 200	1 916 539
Daily				
2007				
1 February	9 373	9 200	9 300	23 959
2 February	9 625	9 310	9 550	99 874
5 February	9 640	9 550	9 600	351 734
6 February	9 650	9 599	9 640	369 290
7 February	9 611	9 600	9 600	371 435
8 February	9 610	9 599	9 600	161 439
9 February	9 600	9 500	9 570	127 917
12 February	9 610	9 580	9 600	123 076
13 February	9 601	9 550	9 550	68 760
14 February	9 570	9 499	9 499	56 196
15 February	9 500	9 400	9 450	33 138
16 February	9 450	9 288	9 288	121 592
19 February	9 410	9 349	9 350	503 422

	High (cents)	Low (cents)	Close (cents)	Volume
Daily				
2007				
20 February	9 400	9 300	9 331	122 095
21 February	9 401	9 300	9 395	110 812
22 February	9 490	9 399	9 430	101 538
23 February	9 490	9 450	9 490	46 554
26 February	9 797	9 510	9 797	31 315
27 February	10 200	10 022	10 100	171 703
28 February	10 132	10 005	10 130	173 826
1 March	10 175	10 100	10 100	95 096
2 March	10 149	9 800	10 100	417 913
5 March	10 120	9 900	10 100	262 957
6 March	10 200	10 099	10 100	398 276
7 March	10 150	10 099	10 100	134 610
8 March	10 345	10 100	10 289	56 011
9 March	10 200	10 100	10 100	617 969
12 March	10 150	10 000	10 100	291 808
13 March	10 200	9 350	10 160	46 011
14 March	10 289	10 100	10 289	92 455

Source: I-Net Bridge.

SOUTH AFRICAN RESERVE BANK EXCHANGE CONTROL REGULATIONS

The following is a summary of the South African Exchange Control Regulations insofar as they have application to scheme participants. In the event of any doubts, scheme participants are advised to consult their appropriate professional advisers as soon as possible.

RESIDENTS OF THE COMMON MONETARY AREA

In the case of:

- certificated scheme participants whose registered addresses in the register are within the common monetary area and whose documents of title are not restrictively endorsed in terms of the South African Exchange Control Regulations, the scheme consideration will be posted to such scheme participants, in accordance with paragraph 7 of the scheme of arrangement section which forms part of this document; or
- dematerialised scheme participants whose registered addresses in the register are within the common monetary area and have not been restrictively designated in terms of the South African Exchange Control Regulations, the scheme consideration will be credited directly to the accounts nominated for the relevant scheme participants by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

EMIGRANTS FROM THE COMMON MONETARY AREA

In the case of scheme participants who are emigrants from the common monetary area, the scheme consideration will:

- in the case of certificated scheme participants whose documents of title have being restrictively endorsed under the South African Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such certificated scheme participants' blocked assets in terms of the South African Exchange Control Regulations. The attached form of surrender *(blue)* makes provision for details of the authorised dealer concerned to be given; or
- in the case of dematerialised scheme participants, be credited to the bank account of the scheme participants' CSDP or broker which shall arrange for the same to be credited directly to the scheme participants' blocked Rand bank accounts held by the scheme participants' authorised dealers and held to the order of the scheme participants authorised dealers in foreign exchange in South Africa.

ALL OTHER NON-RESIDENTS OF THE COMMON MONETARY AREA

The scheme consideration accruing to non-resident scheme participants whose registered addresses are outside the common monetary area and who are not emigrants from the common monetary area will:

- in the case of certificated scheme participants, whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, be posted to the registered addresses of the non-resident scheme participants concerned, unless written instructions to the contrary are received and an address provided. The attached form of surrender *(blue)* makes provision for a substitute address or bank details; or
- in the case of dematerialised scheme participants, be credited by their duly appointed CSDP or broker directly to the accounts nominated by the scheme participants in terms of the provisions of the custody agreement with their CSDP or broker.

INFORMATION NOT PROVIDED

If the information regarding the authorised dealer is not given or instructions are not given as required, the scheme consideration will be held by Santam or the transfer secretaries on behalf of Santam for the benefit of the certificated scheme participants concerned pending receipt of the necessary information or instructions. No interest will accrue or be paid on the scheme consideration so held.

DIRECTORS OF SANTAM

Name	Function	Business address
Desmond Kent Smith	Chairperson	1 Sportica Crescent, Tyger Valley, Bellville
Steffen Christopher Gilbert	Chief Executive Officer	1 Sportica Crescent, Tyger Valley, Bellville
Bhekithemba Thabo		
Phumula Karl		
Mangaliso Gamedze	Non-executive Director	Block A, 3A Summit Road, Dunkeld West Johannesburg
Jurie Johannes Geldenhuys	Non-executive Director	1 Sportica Crescent, Tyger Valley, Bellville
Jan Gysbert le Roux	Non-executive Director	1 Sportica Crescent, Tyger Valley, Bellville
Namane Milcah Magau	Non-executive Director	1 Sportica Crescent, Tyger Valley, Bellville
Alwyn Reginald Martin	Non-executive Director	1 Sportica Crescent, Tyger Valley, Bellville
Jacobus Petrus Möller	Non-executive Director	2 Strand Road, Bellville
Raisibe Kgomaraga Morathi	Non-executive Director	The Union Buildings, Room 96A 2nd Floor, West Wing, Arcadia
Philip de Villiers Rademeyer	Non-executive Director	2 Strand Road, Bellville
Machiel Johannes Reyneke	Executive Director	1 Sportica Crescent, Tyger Valley, Bellville
Jeremy Peter Rowse	Non-executive Director	1 Sportica Crescent, Tyger Valley, Bellville
George Edward Rudman	Non-executive Director	1 Sportica Crescent, Tyger Valley, Bellville
Johan van Zyl	Non-executive Director	2 Strand Road, Bellville
Bunguza Peter Vundla	Non-executive Director	18 Fricker Road, Illovo, Sandton

PROPOSED SECTION 40 OF THE COMPANIES BILL, 2007

Proposed section 40:

"(1) A company must not give direct or indirect financial assistance to a person for the purpose of, or in connection with, the purchase of a share or option issued or to be issued by the company or a related or inter-related company:

(a) if the company's Memorandum of Incorporation expressly prohibits giving such financial assistance, as contemplated in sub-section 2(b); or

(b) if any other circumstances, unless all the applicable conditions are satisfied:

(i) irrespective of the status or category of company concerned, the board must be satisfied that:

(aa) immediately after giving the financial assistance, the company would be in compliance with the solvency and liquidity test;

(bb) the terms under which the assistance is proposed to be given are fair and reasonable to the company.

(ii) any conditions or restrictions respecting the granting of such assistance set out in the Company's Memorandum of Incorporation, as contemplated in sub-section (2)(c), must be satisfied.

(iii) the financial assistance must be:

(aa) pursuant to an employee share scheme that satisfies the requirements of section 62; or

(bb) pursuant to a special resolution of the shareholders adopted within the previous 5 years, which approved such assistance either for the specific requirement, or generally for a category of potential recipients, and the specific recipient falls within that category;

(cc) in the case of a closely held company, pursuant to a specific authorisation set out in the Company Memorandum of Incorporation;

(2) a company's Memorandum of Incorporation may:

(a) specifically authorise any financial assistance contemplated in sub-section (1);

(b) prohibit any financial assistance contemplated in sub-section (1);

(c) impose additional conditions or requirements respecting the granting of such assistance;

(3) a resolution by the board of a company to provide financial assistance contemplated in sub-section (1), or any agreement with respect to the provision of any such assistance, is void to the extent that the provision of that assistance would be inconsistent with:

(a) this section; or

(b) a prohibition, condition or requirement contemplated in sub-section (2)."

NOTICE OF SCHEME MEETING

IN THE HIGH COURT OF SOUTH AFRICA
(CAPE OF GOOD HOPE PROVINCIAL DIVISION) **Case number: 3367/07**

on Friday 23 March 2007

In the *ex parte* application of:

SANTAM LIMITED **Applicant**
(Incorporated in the Republic of South Africa)
(Registration number 1918/001680/06)

NOTICE IS HEREBY GIVEN THAT, in terms of an order of Court dated Friday 23 March 2007, the High Court of South Africa (Cape of Good Hope Provincial Division) ("Court") has ordered that a meeting ("scheme meeting") in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act"), of the ordinary shareholders of Santam Limited ("Santam") (other than Guardian National Insurance Company Limited, a wholly-owned subsidiary of Santam ("Santam Subsidiary")), registered as such at 17:00 on Monday 23 April 2007 ("scheme members") be held under the chairmanship of Mr Marthinus Theunis Steyn, or failing him, such other director of Deneys Reitz Attorneys ("chairperson"), at 10:00 at the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville on Thursday 26 April 2007 (or any adjourned date as determined by the chairperson ("adjourned meeting")) for the purpose of considering and, if deemed fit, of approving, with or without modification, a scheme of arrangement ("the scheme") proposed by Central Plaza Investments 122 (Proprietary) Limited ("BEE SPV Co") between the Applicant and its ordinary shareholders (other than the Santam Subsidiary), provided that the scheme meeting shall not be entitled to agree to any modification of the scheme which has the effect of diminishing the rights that are to accrue in terms thereof to scheme participants.

The implementation of the scheme is subject to fulfilment of the scheme conditions stated therein including, but not limited to, the sanctioning of the scheme by the Court.

The purpose of the scheme meeting is to consider, and if deemed fit, to agree to the scheme. The basic characteristic of the scheme is that it relates to a broad-based black economic empowerment ownership initiative to be implemented by way of the scheme in terms of which BEE SPV Co will acquire an aggregate of 10% of Santam's shares, from all Santam shareholders (other than the Santam Subsidiary), on a *pro rata* basis, for a consideration of R82 per Santam share (the "scheme consideration").

Copies of this notice, the proxy form to be used at the scheme meeting or any adjourned scheme meeting, the scheme, the explanatory statement in terms of section 312(1) of the Companies Act explaining the scheme and the Order of Court summoning the scheme meeting, are included in the document to which this notice is attached and form part thereof and may be inspected or obtained, free of charge, during normal business hours, at any time prior to the scheme meeting or any adjourned meeting, at the registered office of Santam, being 1 Sportica Crescent, Tyger Valley, Bellville and at the office of Santam's attorneys at Cape Town, 5th Floor, The Foundry, Preswich Street Green Point and at Johannesburg, 4th Floor, Jowell Glyn & Marais House, 72 Grayston Drive, Sandton.

Scheme members who hold certificated ordinary shares in Santam and scheme members who hold dematerialised ordinary shares in Santam through a Central Securities Depository Participant ("CSDP") in "own name" registration form may attend, speak and vote in person at the scheme meeting or any adjourned meeting, or may appoint one or more proxies (who need not be members of Santam) to attend, speak and vote at the scheme meeting in the place of such scheme members. Proxy forms for this purpose are included in the document which has been posted to all shareholders of Santam at their addresses as recorded in the register of members of Santam at the close of business 5 (five) business days before the date of such posting. Properly completed proxy forms must be lodged with or posted to the transfer secretaries of Santam, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday 24 April 2007, or on the business day immediately preceding any adjourned meeting, or handed to the chairperson no later than 10 (ten) minutes before the scheme meeting or adjourned meeting is due to commence. Notwithstanding the aforegoing, the chairperson may approve in his discretion the use of any other proxy form.

Scheme members who hold certificated ordinary shares in Santam through a nominee and shareholders who hold dematerialised ordinary shares in Santam through a CSDP or broker and not in "own name" registration form should timeously inform their nominees, CSDPs or brokers, as the case may be, to issue

them with the necessary authorisation to attend the scheme meeting or should they not wish to attend the scheme meeting in person, to timeously provide their nominees, CSDPs or brokers, as the case may be, with their voting instructions in order for their votes to be represented at the scheme meeting.

Where there are joint holders of Santam's ordinary shares, any one of such persons may vote at the scheme meeting in respect of such ordinary shares as if such joint holder was solely entitled thereto, but if more than 1 (one) such joint holders be present or represented at the scheme meeting, that one of the said persons whose name appears first in Santam's share register or their proxy, as the case may be, will alone be entitled to vote in respect thereof.

In terms of the aforementioned Order of Court, the chairperson must report the results of the scheme meeting to the Court following the fulfilment of all the suspensive conditions to the scheme and following settlement of the Sanlam Limited offer (the terms of which offer were announced to all Santam shareholders on 27 February 2007) (the "Sanlam offer") which is expected to be on or about Monday 7 May 2007 at 10:00 or so soon thereafter as Counsel may be heard; or in the event that the Sanlam offer has lapsed by 31 May 2007 (or such later date as may be agreed between Sanlam and Santam and announced by them), as soon as reasonably possible after 31 May 2007 (or such later date). A copy of the chairperson's report to the Court will be available on request to any scheme member, free of charge, at the registered office of Santam and the office of Santam's attorneys during normal business hours at least 7 (seven) calendar days prior to the date fixed by the Court for the chairperson to report back to it.

Chairperson of the scheme meeting

Attorneys to the scheme

Jowell Glyn & Marais Inc.

5th Floor, The Foundry
Prestwich Street
Green Point, 8005
(PO Box 884, Green Point, 8151)

Ref: (Cape Town)
Roux van der Merwe
Tel 021 417 3300

Ref: (Johannesburg)
Anastasia Maimonis
Tel 011 292 6700

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**")

PROXY FORM – SCHEME MEETING

To be used by ordinary shareholders holding share certificates registered as such at 17:00 on Monday 23 April 2007 ("scheme members"), wishing to appoint a proxy to act on their behalf at a meeting convened in terms of an Order of the High Court of South Africa (Cape of Good Hope Provisional Division), to be held at the registered office of Santam, in the Auditorium Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville at 10:00 on Thursday 26 April 2007 or at any adjournment thereof ("the scheme meeting").

This proxy form should be read in conjunction with the document sent to shareholders, dated Monday 26 March 2007, and the definitions and interpretation set out in Annexure 1 to such document apply, mutatis mutandis, to this proxy form.

I/We, the addressee above, hereby appoint (see notes 1, 2 and 4):

1. _____ or failing him/her,

2. _____ or failing him/her,

3 any director or officer of Sanlam (or his/her nominee) or failing him/her,

4. the chairperson of the scheme meeting,

as my/our proxy to act for me/us on my/our behalf at the scheme meeting for purposes of considering and, if deemed fit, approve (see notes 5):

with modification	(delete whichever is not applicable)
without modification	

a scheme of arrangement ("the scheme") proposed by BEE SPV Co between Santam and its ordinary shareholders and at any adjournment or postponement of the scheme meeting to vote for and/or against the scheme and/or abstain from voting in respect of the Santam ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 3):

Please indicate with a "X" the instructions to your proxy in the spaces provided below. In the absence of such indication the proxy will be entitled to exercise his/her own discretion in voting. If you have to divide your votes between the different voting options (for, abstain, against), please write the number of shares* in the appropriate boxes. The sum of the votes cast for all options in respect of the particular motion must not exceed your voting entitlement.

For the scheme	
Abstain from voting	
Against the scheme	

* One vote per Santam share held by scheme members.

Signed at _____ on _____ 2007

Signature _____ (see notes 13 and 14)

State capacity and name(s) when signing in representative or assisting capacity (*Note:* authority of signatory to be attached – see note 12)

Full name _____ Capacity _____

Signature _____ (see notes 12 and 14)

Each member is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote in place of that member at the scheme meeting.

Please read the notes on the reverse side hereof.

Notes:

1. A proxy need not be a member of the Company.
2. Each scheme member is entitled to appoint one or more proxies (none of whom need be a member of Santam) to attend, speak and vote in place of that scheme member at the scheme meeting.
3. A scheme member's instructions to the proxy can be indicated by the insertion of an "X" in the appropriate box provided. If a scheme member has to divide his/her votes between the different voting options (for, abstain, against), the relevant number of votes exercisable by the scheme member should be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairperson of the scheme meeting, if the chairperson is the authorised proxy, to vote in favour of the scheme, or any other proxy to vote or abstain from voting at the scheme meeting as he/she deems fit, in respect of all the scheme member's votes exercisable at the scheme meeting.
4. A scheme member may insert the name of a proxy or the names of alternative proxies of the scheme member's choice in the space(s) provided, with or without deleting "the chairperson of the scheme meeting". The scheme member must initial any such deletion. The person whose name stands first on this proxy form and who is present at the scheme meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. If a scheme member agrees that the scheme may be modified, the scheme member may indicate the manner and the extent of such modification to which the proxy may agree on a separate sheet of paper which must accompany this proxy form.
6. It should be noted that, notwithstanding that a scheme member indicates that the scheme may not be modified, the chairperson (if the chairperson is the authorised proxy) or any other proxy shall nevertheless be entitled to agree to a modification of the scheme in terms of which the consideration to be received in terms of the scheme is increased.
7. If a scheme member fails to indicate whether the scheme may be approved with or without modification, or fails to indicate the manner and the extent of any modification to which the proxy may agree, such failure shall be deemed to authorise the chairperson of the scheme meeting or any other proxy, if the chairperson deems fit, to agree to the scheme with or without modification as he/she deems fit, in respect of all the scheme member's votes exercisable at the scheme meeting.
8. Duly completed proxy forms must be lodged with or posted to Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday 24 April 2007. Alternatively, proxy forms may be handed to the chairperson of the scheme meeting by no later than 10 (ten) minutes before the scheme meeting is due to commence.
9. The completion and lodging of this proxy form will not preclude the relevant scheme member from attending the scheme meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such scheme member wish to do so.
10. The chairperson of the scheme meeting may accept any proxy form which is completed and/or received, in accordance with these notes, provided that the chairperson is satisfied as to manner in which the scheme member concerned wishes to vote.
11. Any alteration or correction made to this proxy form must be initialled by the signatory/ies.
12. A copy of the power of attorney or such other documentary evidence, duly certified by a notary, establishing the authority of a person signing this proxy form in a representative capacity, must be attached to this proxy form, unless previously recorded by the Company, or its transfer secretaries, or waived by the chairperson of the scheme meeting.
13. Where shares are held jointly all joint holders are required to sign.
14. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.

Santam Limited

(Incorporated in the Republic of South Africa)
(Registration number 1918/001680/06)
JSE share code: SNT NSX share code: SNM
ISIN: ZAE000006854

NOTICE OF GENERAL MEETING

This notice of general meeting should be read in conjunction with the document sent to shareholders, dated Monday 26 March 2007, and the definitions and interpretation set out in Annexure 1 to such document apply, mutatis mutandis, to this notice.

Notice is hereby given that a general meeting of the Company's shareholders ("the general meeting") will be held at 11:00 on Thursday 26 April 2007 (or immediately after the preceding scheme meeting, if later), in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville for the purpose of considering and, if deemed fit, passing, with or without modification, the following special and ordinary resolutions:

Special resolution number 1

"**Resolved that**, subject to promulgation of the Companies Bill, 2007 ("**2007 Bill**"), in its present form or substantially similar form as appears from section 40 of the 2007 Bill, the Company's Articles of Association be amended by the insertion of the following new article 91:

"The Company, subject to meeting the requirements in terms of section 40(1) of the Companies Bill, 2007 (or such other section similar in all material respects as to content and form), as promulgated, is authorised pursuant to the provisions of section 40(2) thereof to provide financial assistance on the basis contemplated in such section." "

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to authorise the Company, subject to the promulgation of the relevant legislation by no later than 12 months from the date of this meeting to, subject to meeting the requirements of the section, be entitled to provide financial assistance to a person for the purpose of, or in connection with, the purchase of a share or option issued or to be issued by the Company or a related or inter-related company.

Special resolution number 2

"**Resolved that** subject to the passing and registration of special resolution number 1, the shareholders approve the granting by Santam of financial assistance to Central Plaza Investments 122 (Proprietary) Limited in terms of section 40(1)(b)(iii)(bb) of the Companies Bill, 2007 (or such other section similar in all material respects as to content and form as may be promulgated), and subject to compliance by the Company and the directors of the Company, as appropriate with the remaining provisions of such section."

Reason for and effect of special resolution number 2

The reason for and effect of special resolution number 2 is to provide the Company with the necessary shareholder approval under and in terms of section 40(1)(b)(iii)(bb) of the Companies Bill, 2007 (or such other section similar in all material respects as to content and form as may be promulgated).

Ordinary resolution

"**Resolved that** any one of the directors of the Company be and is hereby authorised to sign all such documents and to do all such things as may be necessary for or incidental to the implementation of the resolutions to be proposed at the general meeting at which this ordinary resolution will be proposed."

Voting and proxies

A shareholder entitled to attend and vote at the general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. For the convenience of registered certificated shareholders or shareholders who have dematerialised their shares with own name registration, a proxy form *(green)* is attached hereto. Duly completed proxy forms must be lodged at the registered office of the Company or at the transfer secretaries in South Africa at the addresses below by no later than 10:00 on Tuesday 24 April 2007.

Shareholders who have dematerialised their shares and have not selected own name registration must advise their CSDP/broker of their voting instructions should they be unable to attend the general meeting but wish to be represented thereat. Dematerialised shareholders without own name registration should contact their CSDP/broker with regard to the cut-off time for their voting instructions. If, however, such persons wish to attend the general meeting in person, then they will need to request their CSDP/broker to provide them with the necessary authority in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP/broker.

By order of the Santam board

S Bray
Company Secretary

Belville
Monday 26 March 2007

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)

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Santam Limited

(Incorporated in the Republic of South Africa)
(Registration number 1918/001680/06)
JSE share code: SNT NSX share code: SNM
ISIN: ZAE000006854

PROXY FORM – GENERAL MEETING

To be used by ordinary shareholders holding share certificates registered as such at 17:00 on Monday 23 April 2007, wishing to appoint a proxy to act on their behalf at a general meeting to be held at the registered office of Santam, in the Auditorium, Santam Head Office, 1 Sportica Crescent, Tyger Valley, Bellville at 10:00 (or immediately after the preceding scheme meeting, if later) on Thursday 26 April 2007 or at any adjournment or postponement thereof ("the general meeting").

This proxy form should be read in conjunction with the document sent to shareholders, dated Monday 26 March 2007 and the definitions and interpretations set out in Annexure 1 to such document apply, mutatis mutandis, to this proxy form.

I/We, the addressee above, hereby appoint (see notes 1, 2 and 4):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. any director or officer of Sanlam (or his/her nominee) or failing him/her,

4. the chairperson of the general meeting,

as my/our proxy to act for me/us on my/our behalf at the general meeting for purposes of considering and, if deemed fit, approve:

	In favour of	Against	Abstain
Special resolution number 1 Amendment to memorandum			
Special resolution number 2 Authority to provide financial assistance			
Ordinary resolution Authority to directors to implement special resolutions numbers 1 and 2			

Note Please indicate with an "X" or the number of shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his discretion.

Any ordinary shareholder of the Company entitled to vote at the general meeting may appoint a proxy or proxies to attend, speak and vote in his stead. A proxy need not be a shareholder of the Company.

Every person present and entitled to vote at the general meeting shall, on a show of hands, have one vote only, and on a poll, shall have one vote for every ordinary share held or represented.

Signed at _____ on _____ 2007

Signature/s _____

Name in BLOCK LETTERS (full name if signing in representative capacity – see note 8) _____

Assisted by (where applicable) (state capacity and full name) _____

Signed at _____ on _____ 2007

Signature _____ (see notes 13 and 14)

State capacity and name(s) when signing in representative or assisting capacity (*Note:* authority of signatory to be attached – see note 12)

Full name _____ Capacity _____

Signature _____ (see notes 12 and 14)

Each member is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote in place of that member at the general meeting.

Please read the notes on the reverse side hereof.

Notes:

1. A proxy need not be a member of the Company.

2. Each shareholder is entitled to appoint one or more proxies (none of whom need be a member of Santam) to attend, speak and vote in place of that shareholder at the general meeting.

3. A shareholder's instructions to the proxy can be indicated by the insertion of an "X" in the appropriate box provided. If a shareholder has to divide his votes between the different voting options (for, abstain, against), the relevant number of votes exercisable by the shareholder should be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairperson of the general meeting, if the chairperson is the authorised proxy, to vote in favour of the special and ordinary resolutions, or any other proxy to vote or abstain from voting at the general meeting as he/she deems fit, in respect of all the shareholder's votes exercisable at the general meeting.

4. A shareholder may insert the name of a proxy or the names of alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairperson of the general meeting". The shareholder must initial any such deletion. The person whose name stands first on this proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

5. Duly completed proxy forms must be lodged with or posted to Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 11:00 on Tuesday 24 April 2007.

9. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

10. The chairperson of the general meeting may accept any form of proxy which is completed and/or received, in accordance with these notes, provided that the chairperson is satisfied as to manner in which the shareholder concerned wishes to vote.

11. Any alteration or correction made to this proxy form must be initialled by the signatory/ies.

12. A copy of the power of attorney or such other documentary evidence, duly certified by a notary, establishing the authority of a person signing this proxy form in a representative capacity, must be attached to this proxy form, unless previously recorded by the Company, or its transfer secretaries or waived by the chairperson of the general meeting.

13. Where shares are held jointly all joint holders are required to sign.

14. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

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 SURRENDER

To be used by ordinary shareholders holding share certificates ("certificated shareholders") in respect of a scheme of arrangement ("the scheme") in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act") proposed by BEE SPV Co between Santam and its ordinary shareholders.

This form should be read in conjunction with the document sent to shareholders, dated Monday 26 March 2007 and the definitions and interpretations set out in Annexure 1 to such document apply, mutatis mutandis, to this form.

Instructions:

1. A separate form of surrender is required for each shareholder.
2. **Part A** must be completed by all shareholders.
3. **Part B** must be completed by shareholders who are emigrants from or non-residents of the Republics of South Africa and Namibia and the Kingdoms of Swaziland and Lesotho ("the common monetary area"). See note 2.

To: **The Directors**
Santam Limited
c/o The Transfer Secretaries
Computershare Investor Services 2004 (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

Dear Sirs

PART A — All shareholders must please complete all the blocks below and overleaf (in BLOCK CAPITALS)

I/We hereby surrender and enclose the share certificate/s, certified transfer deed/s and/or other documents of title, details of which have been completed below, in respect of my/our holding of ordinary shares in Santam:

Share certificates and/or other documents of title surrendered

Name of registered shareholder (separate form for each shareholder)	Certificate number(s) (in numerical order)	Number of ordinary shares covered by each certificate
Total		

Note: All share certificates must be surrendered.

PART B – To be completed by shareholders who are emigrants from the common monetary area ("emigrants") and non-residents of the common monetary area (see note 2).

The scheme consideration will be forwarded to the authorised dealer nominated below for its control. Accordingly, emigrants must provide the following information:

Name of authorised dealer
Account number
Address

Emigrants: If no nomination is made above by emigrants, the Scheme Consideration will be held in escrow by [Santam on behalf of BEE SPV Co].

Non-residents: If no nomination is made by non-residents, the Scheme Consideration will be forwarded to them at their address recorded on the register.

Interest accruing on monies held in escrow by Santam will be for the benefit of BEE SPV Co.

Signature of shareholder

Date 2007 Telephone number

Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.

Notes:

1. A separate form of acceptance and surrender is required for each Santam shareholder.
2. Emigrants from the common monetary area must complete Part B. All other non-residents of the common monetary area must complete Part B only if they wish the Scheme Consideration be transferred to an authorised dealer in the Republic of South Africa. If Part B is not properly completed by emigrants, the consideration will be held in escrow by [Santam for the benefit of BEE SPV Co] pending receipt of the necessary nomination or instruction. No interest will be paid on the amount so held in escrow.
3. If this form of surrender is returned with the relevant documents of title, it will be treated as a conditional surrender which is made subject to the Scheme becoming operative. Documents surrendered in anticipation of the Scheme becoming operative will be held in escrow by the Transfer Secretaries until the Scheme becomes operative. In the event that the Scheme does not become operative, the Transfer Secretaries will, within five business days, return the Documents of title to the certificated shareholders concerned, by registered post, at the risk of such shareholders.
4. Forms together with the relevant documents of title must be lodged with the Transfer Secretaries. To be valid, duly completed forms must be accompanied by the relevant documents of title.
5. The Scheme Consideration will not be sent to shareholders unless and until documents of title in respect of the relevant Santam shares have been surrendered to the Transfer Secretaries.
6. If a shareholder produces evidence to the satisfaction of Santam that documents of title in respect of Santam shares have been lost or destroyed, Santam may waive the surrender of such documents of title against delivery of an indemnity in a form and on terms and conditions approved by it, or may in its discretion waive such indemnity.
7. If this form of surrender is not signed by the shareholder, the shareholder will be deemed to have irrevocably appointed the Company Secretary of Santam to implement the shareholder's obligations under the scheme.
8. Persons who have acquired shares in Santam after Monday 26 March 2007, the date of posting of the document to which this form of surrender is attached, can obtain copies from the Transfer Secretaries at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).
9. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE Limited ("JSE"), lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.
10. Any alteration to this form of surrender must be signed in full and not initialled.
11. If this form of surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form of surrender for noting (unless it has already been noted by Santam or the Transfer Secretaries).
12. Where the shareholder is a company or a close corporation, unless it has already been registered with Santam or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by Santam.
13. Note 12 above does not apply in the event of this form of surrender bearing the stamp of a broking member of the JSE.
14. Where there are joint holders of any shares, all joint holders are required to sign.