

Additional note relating to the adjustment to non-executive directors fees for 2008

Below please find the wording to be found in the Notice to Members in our Financial Statements:

The proposed increases in non-executive directors' fees are due to the consideration of the nature and complexity of the business, aligning fees paid with those paid to peers within the insurance industry and the board's additional duties arising from the acquisition of STANLIB. In addition, the PricewaterhouseCoopers Inc. non-executive fees survey for 2007 has been considered.

On reflection, we should have given more detail. Attached please find an additional note pertaining to the process followed. We have attempted to keep it brief and to the point.

Rex Tomlinson
Deputy Chief Executive

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As we disclosed previously, “...and the board’s additional duties arising from the acquisition of STANLIB...” The average fee in aggregate paid to STANLIB Board members for the 2006 financial year amounted to R130 000 per member. The STANLIB Board and its Committees were dissolved during 2007 and its duties were incorporated into that of the Liberty Group Board. The proposed increase for Liberty Group Board members for 2008 is on average, in aggregate, R70 281, well below the levels paid to STANLIB Board members during their 2006 tenure.

In addition to the Notice to Members in our Financial Statements, fees for Liberty Group non-executive directors are reviewed on an annual basis. Fees paid to industry peers together with information gleaned from surveys conducted by remuneration consulting firms are also taken into account.

The challenge for the Liberty Group is that there is a limited pool of individuals with the depth and experience to add real value to our board. The fact that many of these individuals are likely to receive offers to sit on the boards of other financial services companies, compounds the shortage. We require non-executive director skills and expertise, who are able to understand, challenge and guide the Liberty Group today and into the future.

While not an exact science, the proposed fees tabled for approval at the AGM were benchmarked against the median level of survey data for similar companies. From the increases tabled, it is clear that our non-executive directors’ fees are significantly out of line with the market. The significant increase tabled needs be viewed as an adjustment, and not a normal annual increase.

No additional remuneration is paid to non-executive directors for other ad hoc meetings.