

27 October 2010

Pearl Group Holdings (No. 1) Limited ("PGH1") announces its intention to satisfy the deferred coupon payment in respect of the £500,000,000 - 6.5864 per cent. fixed/floating rate perpetual reset capital securities (the "Notes")

Common Code: 023524520

ISIN: XS0235245205

On 22 October 2010, PGH1 announced the intention of Phoenix Group Holdings ("**Phoenix Group**") to issue new ordinary shares to the trustee of the Notes with a view to satisfying the obligation of PGH1 and Phoenix Group to conclude the alternative coupon satisfaction mechanism ("**ACSM**") in respect of the 2009 deferred coupon payment on the Notes (the "**2009 Deferred Coupon**") no later than 31 December 2010. Later that day, Phoenix Group announced the completion of the placing of new ordinary shares by Phoenix Group to raise approximately £33m to satisfy the 2009 Deferred Coupon.

Accordingly, PGH1 is today announcing that the 2009 Deferred Coupon is to be paid on 18 November 2010. The 2009 Deferred Coupon will be calculated by reference to an outstanding principal amount of the Notes of £500,000,000.

Investors Relations contacts:

Lorraine Rees, Head of Investor Relations, Phoenix Group

+44 (0) 20 7489 4456 (DD)

+44 (0) 787 2413 277 (Mob)

Damian O'Reilly, Investor Relations Manager, Phoenix Group

+44 (0) 20 7489 4875 (DD)

+44 (0) 772 5735 714 (Mob)

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