

**Pearl Group Holdings (No. 1) Limited in Substantive Discussions
with Ad Hoc Committee of Noteholders**

Pearl Group Holdings (No. 1) Limited wishes to confirm that it is in substantive and positive discussions with the Ad Hoc Committee (“the Committee”) of Noteholders to resolve the issues that have existed between them to date. The Committee represents over 60% of the holders of the Group’s Tier 1 Notes.

Pearl Group Holdings (No. 1) Limited hopes to be able to make a full announcement shortly.

Any agreement would be subject to approval by the Group’s regulators and other stakeholders as well as a vote in favour of the proposals by noteholders.

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Notes for Editors

The Tier 1 Notes referred to are Pearl Group Holdings (No. 1) Limited £500,000,000 6.5864% Fixed/Floating Rate Perpetual Reset Capital Securities ISIN (XS0235245205).

Pearl Group is holding an EGM on 15 March at which shareholders are being asked to approve a change in name of the company to **Phoenix Group Holdings**.

Pearl Group will announce its 2009 full year results on 31 March 2010.

Pearl Group expects to seek a premium listing on the London Stock Exchange in the first half of 2010.