

**Pearl Group Holdings (No1.) Limited
Announces Vote in Favour of Tier 1 Bond Proposals**

Pearl Group Holdings (No. 1) Limited (“PGH1”) is delighted to announce that, at a meeting held earlier today, Noteholders of the £500,000,000 6.5864 per cent. Fixed/Floating Rate Perpetual Reset Capital Securities (XS0235245205) issued by PGH1 (the “Tier 1 Notes”) voted in favour of the consent solicitation resolution put to the meeting.

The approvals obtained at the meeting change some of the structural features of the Tier 1 Notes and reduce the face value (and consequently future coupon payments) of the Tier 1 Notes by 15%.

In addition, pursuant to Condition 4(b) of the Tier 1 Notes, the Board of PGH1 hereby gives notice of its decision to revoke the notice made on 23 March 2010 to defer the 2010 coupon on the Tier 1 Notes. The 2010 coupon will therefore be paid on 26 April 2010 in accordance with the terms and conditions of the Tier 1 Notes. A copy of this notice has been sent to each of the Trustee, the Principal Paying Agent and the Calculation Agent (each as defined in the terms and conditions of the Tier 1 Notes). The 2009 coupon, that was deferred last year, will be satisfied by the end of 2010.

At the meeting 99.9% of the votes cast were in favour and 83.2% of the Tier 1 Notes outstanding were voted.

Jonathan Moss, Group Chief Executive, said:

"We worked very hard with all our stakeholders to develop a proposal that was satisfactory and fair to all and we are delighted that these efforts have been rewarded by such a resounding vote in favour.

Phoenix has a great business model and, following our strong 2009 results, we are well on the way to unlocking the Group’s full potential to deliver benefits for investors and six and a half million policyholders."

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Notes to editors:

1. Phoenix Group is the UK's largest consolidator of closed life funds with 6.5 million policyholders and £67 billion of assets under management
2. The Group's operating businesses delivered £716m of cash and pro forma IFRS operating profits of £457m in the year ending 31st December 2009.