

24 September 2009

## **Pearl Group**

### **Appointment of new Chairman and half year update for the 6 months ended 30 June 2009**

#### **Appointment of Chairman**

We are pleased to announce the appointment of Ron Sandler CBE as Chairman of Pearl Group, with immediate effect. Ron brings a wealth of financial services and corporate governance experience to Pearl Group. His proven track record and understanding of the UK insurance industry will prove invaluable to our development as a public company.

In addition, we are also pleased to announce the appointment of Tom Cross Brown to the board of Pearl Group with immediate effect. Tom has been a Director within the Pearl group since 2005.

#### **Financial highlights**

- Operating cashflow in excess of £250m in H1 2009, and significantly in excess of the Group's debt service obligations
- Gross embedded value stable at £4.7bn. Pro forma net embedded value of £2.1bn following the acquisition of the Pearl businesses
- Significantly improved Insurance Groups Directive (IGD) surplus. Pro forma IGD surplus of £1.1bn represents 140% coverage of regulatory capital requirements, compared to an ongoing target of 125% coverage

#### **Operating highlights**

- Completion of the acquisition of the Pearl businesses on 2 September 2009
- OIVOP (Own Initiative Variation of Permission) imposed in November 2008 by the FSA lifted on completion of the acquisition
- Continued improvements in operating efficiency through site closures (Glasgow life company and Peterborough)
- Value creation through fund mergers and restructurings
- Actively pursuing UK listing – secondary listing on the London Stock Exchange expected in Q4 2009. Will seek a transition to a primary listing during 2010

Jonathan Moss, Group Chief Executive, said

"Ron's appointment today further strengthens our leadership team. Pearl is now established as the UK's leading specialist closed life fund operator. We have a strong capital base and robust cash generative operating model combined with well known market brands. We have set out a clear strategic and operational plan to deliver value from our existing business and are well positioned to participate in further consolidation in the UK closed life fund sector."

<b>Financial summary</b>	<b>6 months to 30 Jun 2009</b>	<b>12 months to 31 Dec 2008</b>
Operating cash flow	£252m	-
Gross embedded value	£4,722m	£4,749m
Pro forma net embedded value	£2,135m	£2,215m <sup>(1)</sup>
Group capital (IGD) surplus <sup>(2)</sup>	£1,092m	£673m
Assets under management	£66bn	£71bn
Pro forma net embedded value per share <sup>(3)</sup>	£16.91	
Pro forma net embedded value per share <sup>(3)</sup>	€19.84	

(1) Pro forma net EV at 31 Dec 08 as stated in the July 2009 Liberty Shareholder Presentation (£2,266m), adjusted for cash redemptions

(2) 30 Jun 09 position is pro forma for the Liberty transaction. 31 Dec 08 position (£673m) reflects IGD surplus at 1 Jan 09 following the fund merger of PLL, Scottish Provident and Scottish Mutual. The IGD surplus relates to Pearl Group Holdings (No.2) Limited

(3) Based on 126,231,653 shares in issue (pre-dilution) comprising 76,461,653 A shares and 49,770,000 B shares. Exchange rate of £/€1.173 (as at 30 June 2009)

## **Background**

On 2 September 2009, Liberty Acquisition Holdings (International) Company (“Liberty Acquisition”) acquired Pearl Group Limited and Opal Reassurance Limited. Following the completion of this transaction, Liberty Acquisition was renamed Pearl Group. Pearl Group is listed on Euronext (“PEARL”). Prior to the acquisition, Liberty Acquisition filed its interim report for the half year ended 30 June 2009 on 28 August 2009.

Pearl Group had some 6.5 million policyholders at 31 December 2008 and assets under management of £66bn at 30 June 2009. Following completion of the transaction described above, and based on its gross embedded value at 30 June 2009, Pearl Group has a pro forma net embedded value of £2,135m. Pearl Group owns and operates two principal life companies – Pearl Assurance plc and Phoenix Life Limited, together with London Life Limited, Phoenix & London Assurance Limited, Phoenix Pensions Limited, NPI Limited, National Provident Life Limited and Scottish Mutual International Limited. It also owns and operates the Ignis and Axial asset management companies.

## **Enquiries:**

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## Notes to Editors

1. There will be a half year update presentation at 13:00 UK time hosted by Jonathan Moss (Group Chief Executive) and Simon Smith (Group Finance Director). This presentation can be heard on the following dial in telephone numbers: 0800 073 1341 (UK Freecall), 0845 111 4068 (UK local call), +44 (0) 1452 568051 (international) – (access code 31110220).
2. A recording of this presentation will be available for 7 days by dialling +44 (0) 1452 550000 (access code 31110220)
3. Presentation slides for this call will be available from 13:00 UK time today on [www.thepearlgroup.com](http://www.thepearlgroup.com)
4. This announcement in relation to Pearl Group and its subsidiaries (the “Group”) contains forward looking statements concerning future events. Those forward looking statements are based on the current information and assumptions of the Group’s management concerning known and unknown risks and uncertainties. Forward looking statements do not relate to definite facts and are subject to risks and uncertainty. The actual results and financial condition of the Group may differ considerably as a result of risks and uncertainties relating to events and circumstances beyond the Group’s control, including among other things, domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, and lapse rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which members of the Group operate. The Group cautions that expectations are only valid on the specified dates, and accepts no responsibility for the revision or updating of any information contained in this announcement.

The financial information contained in this announcement has not been audited or reviewed by the Group’s auditors.