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PGH Capital Limited announces results of Exchange Offer for Existing Securities (ISIN: XS0235245205) issued by Pearl Group Holdings (No.1) Limited (formerly Resolution plc)

20 January 2015. PGH Capital Limited (“PGHC”) today announces the results of its invitation to holders of the £500,000,000 6.5864 per cent. Fixed/Floating Rate Perpetual Reset Capital Securities (ISIN: XS0235245205) (the “**Existing Securities**”) issued by Pearl Group Holdings (No.1) Limited (formerly Resolution plc) (“**PGH No.1**”) to submit offers to exchange any or all of their Existing Securities for Sterling 6.625 per cent. Guaranteed Subordinated Notes due 2025 (ISIN: XS1171593293) (the “**New Notes**”) to be issued by PGHC and guaranteed by Phoenix Group Holdings (“**PGH**”) on a subordinated basis (the “**Exchange Offer**”), which was made on the terms and subject to the conditions contained in the exchange offer memorandum dated 13 January 2015 (the “**Exchange Offer Memorandum**”) prepared by PGHC.

The Exchange Offer Period (as defined in the Exchange Offer Memorandum) ended at 4.00 p.m. (London time) on 19 January 2015.

The results of the Exchange Offer are as follows:

Existing Securities

Description of the Existing Securities	Type and status	ISIN	Outstanding principal amount	Coupon to First Call Date (%)	Aggregate principal amount of Existing Securities accepted for exchange	Aggregate principal amount outstanding following settlement
£500,000,000 6.5864 per cent. Fixed/Floating Rate Perpetual Reset Capital Securities issued by PGH No.1	Tier 1 Subordinated to Tier 2 capital of PGH No.1 (if any)	XS0235245205	£500,000,000 (subject to the 85% Pool Factor)	6.5864	£492,617,000 ⁽¹⁾⁽²⁾	£7,383,000 ⁽¹⁾

(1) The principal amounts noted above have been stated prior to the application of the 85% Pool Factor.

(2) The aggregate principal amount accepted for exchange includes Existing Securities accepted pursuant to the PGHC Cash Exit Discretion.

PGHC further confirms that it has exercised the PGHC Cash Exit Discretion. Holders who validly Offered to Exchange Existing Securities in an aggregate principal amount lower than the Minimum Submission Amount will receive the Cash Exit Amount on the Settlement Date (as defined below).

New Notes

Pursuant to the Exchange Offer, £428,113,000 in aggregate principal amount of New Notes will be issued on 23 January 2015 (the “**Settlement Date**”) as follows:

Status	Currency	Issuer	Guarantor	New Notes Issue Price (%)	New Notes Coupon (%)	Denominations	ISIN	Maturity
Subordinated	Sterling	PGHC	PGH	100	6.625	Minimum £100,000 and integral multiples of £1,000 in excess thereof	XS1171593293	18 December 2025

The New Notes will be issued pursuant to a prospectus substantially on the terms set out in the form of Preliminary Prospectus contained in the annex to the Exchange Offer Memorandum to be published on or around 21 January 2015. Application will be made for the New Notes to be admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market with effect from on or around 26 January 2015.

The Accrued Interest Payment shall also be payable in respect of the Existing Securities accepted for exchange or pursuant to the PGHC Cash Exit Discretion and shall be £41.87 per £1,000 principal (such principal amount stated prior to the application of the 85% Pool Factor) of Existing Securities accepted.

None of PGH, PGHC or the New Notes are expected to be rated by any rating agency as at the Settlement Date.

Holders who did not participate in the Exchange Offer, or whose Existing Securities are not accepted for exchange by PGHC for New Notes or pursuant to the PGHC Cash Exit Discretion, shall continue to hold their Existing Securities on and subject to the Existing Securities Conditions.

Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc and The Royal Bank of Scotland plc acted as Joint Dealer Managers for the Exchange Offer; and Citibank, N.A., London Branch acted as Exchange Agent.

Questions and requests for assistance in connection with the Exchange Offer may be directed to the Joint Dealer Managers.

Joint Dealer Managers

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Attention: Liability Management Group

Tel: +44 (0)20 7986 8969

Email: liabilitymanagement.europe@citi.com

J.P. Morgan Securities plc

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London E14 5JP
United Kingdom

Attention: Liability Management

Tel: +44 (0)20 7134 3414

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HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

Attention: Liability Management Group

Tel: +44 (0)20 7992 6237

Email: liability.management@hsbcib.com

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

Attention: Liability Management

Tel: +44 (0)20 7085 9972

Email: liabilitymanagement@rbs.com

Requests for information in relation to settlement of the Exchange Offer should be directed to:

The Exchange Agent
Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Attention: Exchange Team
Tel: +44 (0)20 7508 3867
Email: exchange.gats@citi.com

DISCLAIMER This announcement must be read in conjunction with the Exchange Offer Memorandum and the announcement of the Exchange Offer published via RNS on 13 January 2015. None of PGHC, PGH, PGH No.1, the Joint Dealer Managers or the Exchange Agent or any of their respective directors, employees or affiliates has made any recommendation with respect to the Exchange Offer.

OFFER AND DISTRIBUTION RESTRICTIONS

The distribution of this announcement and/or the Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Exchange Offer Memorandum comes are required by each of PGHC, PGH, PGH No.1, the Joint Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions. Neither this announcement nor the Exchange Offer Memorandum constitute an offer to sell or buy or the solicitation of an offer to sell or buy the Existing Securities or the New Notes, and Offers for Exchange of Existing Securities pursuant to the Exchange Offer will not be accepted from Holders in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an Exchange Offer to be made by a licensed broker or dealer and any of the Joint Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, the Exchange Offer shall be deemed to be made on behalf of PGHC by such Joint Dealer Manager or affiliate (as the case may be) in such jurisdiction.

Persons into whose hands this announcement and/or the Exchange Offer Memorandum comes are required by PGHC and the Joint Dealer Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they submit any Offer for Exchange or possess this announcement, the Exchange Offer Memorandum or any related offering material, in all cases at their own expense.

In addition to the representations referred to below, each Holder participating in the Exchange Offer is deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in the section of the Exchange Offer Memorandum entitled “*Procedures for Participating in the Exchange Offer*”.

United States

The Exchange Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. The Existing Securities may not be Offered for Exchange by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States as defined in Regulation S of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or to U.S. persons as defined in Regulation S of the Securities Act (each a “**U.S. person**”). Accordingly, copies of this announcement and the Exchange Offer Memorandum and any other

documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons. Any purported Offer for Exchange resulting directly or indirectly from a violation of these restrictions will be invalid and any Offer for Exchange made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

This announcement and the Exchange Offer Memorandum are not offers of securities for sale in the United States or to U.S. persons. Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The New Notes and the guarantees thereof have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. The purpose of this announcement and the Exchange Offer Memorandum is limited to the Exchange Offer and this announcement and the Exchange Offer Memorandum may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each holder of Existing Securities participating in the Exchange Offer will represent that it is not a U.S. Person and it is not located in the United States and is not participating in the Exchange Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in such Exchange Offer from the United States. For the purposes of this and the above paragraph, “**United States**” means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

Italy

None of this announcement, the Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (CONSOB) pursuant to Italian laws and regulations.

The Exchange Offer is being carried out in the Republic of Italy as an exempted offer pursuant to article 101-*bis*, paragraph 3-*bis* of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”), and article 35-*bis*, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the “**Issuers’ Regulation**”), as the case may be. The Exchange Offer is also being carried out in compliance with article 35-*bis*, paragraph 7 of the Issuers’ Regulation.

A holder of Existing Securities located in the Republic of Italy can Offer for Exchange through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Existing Securities or the Exchange Offer.

Belgium

None of this announcement, the Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offer have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (“*Autorité des services et marchés financiers / Autoriteit financiële diensten en markten*”) and, accordingly, the Exchange Offer may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids (the “**Belgian Takeover Law**”) or as defined in Article 3 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (the “**Belgian Prospectus Law**”), both as amended or replaced from time to time. Accordingly, the Exchange

Offer may not be advertised and the Exchange Offer will not be extended, and none of this announcement, the Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to persons which are “qualified investors” in the sense of Article 10 of the Belgian Prospectus Law, acting on their own account; or (ii) in any other circumstances set out in Article 6, §4 of the Belgian Takeover Law and Article 3, §4 of the Belgian Prospectus Law. This announcement and the Exchange Offer Memorandum have been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offer. Accordingly, the information contained in this announcement and the Exchange Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

France

The Exchange Offer is not being made, directly or indirectly, to the public in France. None of this announcement, the Exchange Offer Memorandum nor any other documents or offering materials relating to the Exchange Offer have been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code *monétaire et financier*, are eligible to participate in the Exchange Offer. This announcement and the Exchange Offer Memorandum have not been and will not be submitted for clearance procedures (visa) of the *Autorité des marchés financiers*.

Ireland

This announcement and the Exchange Offer Memorandum will only be distributed in Ireland in conformity with the provisions of the Companies Acts 1963-2013, the Central Bank Acts 1942 – 2014 and the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (the “**MIFID Regulations**”), including, without limitation, Regulations 7 and 152 thereof or any applicable provisions of Irish law.

Netherlands

No offer, or solicitation of any offer, of the New Notes is or will be made, and neither this announcement nor the Exchange Offer Memorandum may be distributed or circulated in the Netherlands other than to individuals or legal entities who or which qualify as qualified investors (*gekwalficeerde beleggers*) within the meaning of Section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

United Kingdom

The communication of this announcement and the Exchange Offer Memorandum by PGHC and any other documents or materials relating to the Exchange Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) those persons who are existing members or creditors of PGH No.1 or other persons within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (2) a person falling within the definition of investment professionals (as defined in Article 19(5)) and (3) to any other persons to whom these documents and/or materials may lawfully be communicated.