THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser, who is authorised under the UK Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

THIS DOCUMENT IS NOT TO BE DISTRIBUTED IN OR INTO, FORWARDED TO OR TRANSMITTED IN THE UNITED STATES. The securities mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the US Securities Act. There will be no public offer of such securities in the United States. If you are a nominee or custodian holding Ordinary Shares on behalf of a beneficial owner resident or located in the United States, you must not forward this document to such beneficial owner, but instead contact the Shareholder Helpline referred to below.

Certain terms used in this document, including all capitalised terms and other terms, are defined and explained in Part IV: "Definitions" of this document.

If you have sold or otherwise transferred all of your Ordinary Shares (or interests therein) in the Company, you should send this document and the accompanying documents (excluding the form of proxy or the form of instruction) which you may receive as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, the distribution of such documents into certain jurisdictions may be restricted by law and therefore persons intending to distribute such documents or into whose possession such documents come should inform themselves about and observe such restrictions. In particular, such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Notice of the extraordinary general meeting of the Company to be held at 1:00 p.m. (Greenwich Mean Time) on 19 February 2013 in the Company's offices at 1st Floor, 32 Commercial Street, St Helier, Jersey JE2 3RU is set out in Part II: "Notice of Extraordinary General Meeting" of this document. The Directors of the Company have fixed 6:00 p.m. (London time) on 15 February 2013 as the record date for the EGM. Only members on the register of members at the Record Date may attend and vote at the EGM. Members of the Company should refer to the "Notes to the Notice of Extraordinary General Meeting" in Part II: "Notice of Extraordinary General Meeting" in relation to the procedures for voting at the EGM.

If you were not registered on the register of members at the Record Date, but hold an interest in shares held by a registered member on your behalf, you should read this document and in particular refer to the "Notes to the Notice of Extraordinary General Meeting" in Part II: "Notice of Extraordinary General Meeting" of this document to determine what action you should take.

This document does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security.

This document does not set out the full terms and conditions of the Open Offer and it does not constitute a prospectus or a prospectus equivalent document. Nothing in this document should be interpreted as a term or condition of the Open Offer. The full terms and conditions of the Open Offer are set out in the Prospectus. Any decision to acquire New Ordinary Shares under the Open Offer must be made only on the basis of the information contained in and incorporated by reference into the Prospectus. Copies of the Prospectus are available from the Company's registered office.

The Existing Ordinary Shares are listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities. Application will be made to the Financial Services Authority in its capacity as the competent authority in the UK under the FSMA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List of the FSA and to London Stock Exchange for the New Ordinary Shares to be admitted to trading on the main market of the London Stock Exchange. Subject to certain conditions being satisfied, including the passing of the Ordinary Resolution and (in relation to the issuance of the Second Placed Shares and the Open Offer Shares only) the Special Resolution at the EGM, it is expected that the First Placed Shares and, if applicable, the Second Placed Shares and the Open Offer Shares will be issued on 21 February 2013 and that Admission of the First Placed Shares and, if applicable, the Second Placed Shares and the Open Offer Shares will become effective, and that unconditional dealings in the New Ordinary Shares will commence, on 21 February 2013. No application is currently intended to be made for the New Ordinary Shares to be admitted to listing or dealt with on any other exchange.

Phoenix Group Holdings

(a company incorporated as an exempted company with limited liability under the laws of the Cayman Islands with registered number 202172)

First Placing of 7,800,000 New Ordinary Shares, Second Placing of 8,200,000 New Ordinary Shares and Open Offer of 34,000,000 New Ordinary Shares, each at 500 pence per New Ordinary Share

Your attention is drawn to the letter from your Chairman which is set out on pages 10 to 52 of this document and which recommends you vote in favour of the Resolutions to be proposed at the EGM referred to below. Please read the whole of this document, including the risk factors discussed in section 2 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" of this document. If you wish to apply for New Ordinary Shares in the Open Offer, you are also referred to the Prospectus, which contains further information about the Open Offer and, in particular, the section headed "Risk Factors" on pages 24 to 50 in the Prospectus, for a discussion of certain factors that should be considered when deciding on what action to take in relation to the Open Offer and in deciding whether or not to make an application pursuant to the Open Offer or an investment in the New Ordinary Shares. You should not rely solely on any key or summarised information set out in this document.

Deutsche Bank AG, London Branch and J.P. Morgan Securities plc (which conducts its UK investment banking business as "J.P. Morgan Cazenove") which are both authorised and regulated by the Financial Services Authority in the United Kingdom, are acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this document or any other document relating to the Capital Raising) as a client in relation to the Capital Raising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Capital Raising, Admission or the contents of this document or any other matters referred to in this document. Deutsche Bank AG, London Branch and J.P. Morgan Securities plc hereby confirm that they have each given and have not withdrawn their written consent to the inclusion of their names in this Circular in the form and context in which their names are included.

If you have any queries on the procedure for voting in the EGM, please telephone the Shareholder Helpline on 0870 707 1828 (or, if you are calling from outside the United Kingdom, +44 (0)870 707 1828). This helpline is available from 9:00 a.m. to 5:00 p.m. (London time) on any Business Day. Calls to the 0870 707 1828 number cost 8 pence per minute (including VAT) plus any of your service provider's network extras. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Calls to the Shareholder Helpline from outside the United Kingdom are charged at applicable international rates. Please note that for legal reasons, the Shareholder Helpline is only able to provide you with information contained in this document and information relating to your shareholding and is unable to give advice on the merits of the Capital Raising or provide legal, financial, tax or investment advice.

The contents of this document should not be construed as legal, business, financial, tax, investment or other professional advice. Each Shareholder should consult his, her or its own appropriate professional advisers for advice.

Notice to Overseas Shareholders

The New Ordinary Shares have not been and will not be registered or qualified under the relevant laws of any state, province or territory of the United States and may not be offered or sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, into or within the United States except pursuant to an applicable exemption from registration or qualification requirements. Neither this document nor any accompanying document is or constitutes an invitation or offer to sell or the solicitation of an invitation or an offer to buy New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither this document nor any accompanying document constitutes a public offer of New Ordinary Shares to any Shareholder with a registered address in, or who is resident or located in (as applicable), the United States.

The New Ordinary Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States. The New Ordinary Shares may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States.

Notice to Shareholders

This Circular has not been, and is not required to be, filed with any governmental or other authority in the Cayman Islands. No governmental or other authority in the Cayman Islands has approved this Circular nor passed upon or endorsed the merits of the Ordinary Shares or the accuracy of this Circular. The activities of the Company will not be regulated or otherwise overseen by any Cayman Islands authority. Any representation to the contrary is unlawful. No offering of the New Ordinary Shares is being made by this Circular to the public in the Cayman Islands.

This document is dated 30 January 2013.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and the documents incorporated by reference in this document and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group business, results of operations, financial position, liquidity, prospects, dividends, growth, strategies and the asset management business.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, its financial position, liquidity and dividends, and the development of the markets and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the Group's results of operations, financial position and liquidity, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this document and the documents incorporated by reference in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- domestic and global economic and business conditions;
- asset prices;
- market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally;
- the policies and actions of governmental and/or regulatory authorities, including, for example, new government initiatives related to the financial crisis and the effect of the European Union's Solvency II requirements on the Group's capital maintenance requirements;
- the impact of inflation and deflation;
- market competition;
- changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates);
- the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries;
- risks associated with arrangements with third parties;
- inability of reinsurers to meet obligations or unavailability of reinsurance coverage;
- 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; and
- other factors discussed in section 2 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" of this document and in the section headed "Risk Factors" on pages 24 to 50 of the Prospectus.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document and the documents incorporated by reference in this document reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial condition, liquidity, prospects, dividends, growth, strategies and the asset management business. Shareholders should specifically consider the factors identified in this document, which could cause actual results to differ, before making a decision to vote in the EGM.

Subject to the requirements of the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules, the Company undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this document and the documents incorporated by reference in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document.

INCORPORATION BY REFERENCE

The following sections of the Prospectus are incorporated by reference into this document:

(a) Part II: "Some Questions and Answers about the Capital Raising" on pages 80 to 86 of the Prospectus;

(b) Part XI: "Directors and Corporate Governance—Section E: Employee Incentive Plans" on pages 195 to 205 of the Prospectus;

(c) Part XIII: "Additional Information—Incorporation and Share Capital" on pages 211 to 220 of the Prospectus;

(d) Part XIII: "Additional Information—Material Contracts—Credit Facilities" on pages 235 to 251 of the Prospectus;

(e) Part XIII: "Additional Information—Material Contracts—Underwriting and Sponsors' Agreement" on pages 258 to 260 of the Prospectus;

(f) Part XIII: "Additional Information—Material Contracts—Subscription Agreement" on pages 260 to 261 of the Prospectus; and

(h) Part XV: "Definitions" on pages 271 to 289 of the Prospectus.

THE PROSPECTUS

The Prospectus, from which certain information has been incorporated by reference into this document and which provides further detail on the Open Offer can be obtained free of charge from the Company's offices at 1st Floor, 32 Commercial Street, St Helier, Jersey JE2 3RU and from Computershare Investor Services (Cayman) Limited c/o Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

The Prospectus can also be obtained free of charge by telephoning the Shareholder Helpline on 0870 707 1828 (or, if you are calling from outside the United Kingdom, +44 (0)870 707 1828). This helpline is available from 9:00 a.m. to 5:00 p.m. (London time) on any Business Day. Calls to the 0870 707 1828 number cost 8 pence per minute (including VAT) plus any of your service provider's network extras. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Calls to the Shareholder Helpline from outside the United Kingdom are charged at applicable international rates. Please note that for legal reasons, the Shareholder Helpline is only able to provide you with information contained in this document and information relating to your shareholding and is unable to give advice on the merits of the Capital Raising or provide legal, financial, tax or investment advice.

TABLE OF CONTENTS

Expected Timetable of Principal Events 7
Capital Raising Offer Statistics 9
Part I Chairman's Letter 10
Appendix to the Chairman's Letter 31
Part II Notice of Extraordinary General Meeting 53
Notes to the Notice of Extraordinary General Meeting 55
Part III Additional Information 59
Part IV Definitions 60

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The expected timetable of principal events in relation to the EGM and the Capital Raising is set out below. Shareholders should refer to the more detailed information in the section headed "Expected Timetable of Principal Events" on pages 51 and 52 of the Prospectus for further information in relation to the expected timetable for the Capital Raising.

Event	Time and Date (All times are London times)
Open Offer Record Date for Open Offer Entitlements	6:00 p.m. on 28 January 2013
Ex-entitlement date for the Open Offer	8:00 a.m. on 30 January 2013
Announcement of the proposed Capital Raising	30 January 2013
Publication of this document and the Prospectus	30 January 2013
Circular, including Notice of Extraordinary General Meeting, sent to Shareholders	30 January 2013
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	8:00 a.m. on 1 February 2013
Recommended latest time for withdrawing Open Offer Entitlements from CREST	4:30 p.m. on 11 February 2013
Latest time and date for depositing Open Offer Entitlements into CREST	3:00 p.m. on 12 February 2013
Latest time and date for splitting Application Forms (to satisfy *bona fide* market claims only)	3:00 p.m. on 13 February 2013
Latest time and date for receipt of completed Application Forms and payment in full for Open Offer Shares under the Open Offer and settlement of the CREST instructions (as appropriate)	11:00 a.m. on 15 February 2013
Record Date for EGM	6:00 p.m. on 15 February 2013
Announcement of acceptances by Qualifying Shareholders and Qualifying Lender/Seller Shareholders in the Open Offer	18 February 2013
Extraordinary General Meeting	1:00 p.m. on 19 February 2013
Announcement of results of the Extraordinary General Meeting	as soon as possible following conclusion or adjournment of the EGM on 19 February 2013
Joint Underwriters notified of total number of Open Offer Placement Shares for which they are required to subscribe	20 February 2013
Entry into the Total Return Swaps by each of the Swap Counterparties and each of the Och-Ziff Funds	On or prior to 21 February 2013
Receipt by the Company of the net proceeds of the First Placing and, if applicable, the Second Placing and the Open Offer	21 February 2013
Issuance of First Placed Shares and, if applicable, the Second Placed Shares, to the Placees	21 February 2013
Issuance of Open Offer Shares to Qualifying Shareholders and Qualifying Lender/Seller Shareholders who have subscribed for Open Offer Shares in the Open Offer	21 February 2013
Issuance to the Swap Counterparties of the Open Offer Placement Shares which are the subject of the Total Return Swap	21 February 2013
The Total Return Swaps entered into by each of the Swap Counterparties and each of the Och-Ziff Funds become effective	At Admission on 21 February 2013

Admission and commencement of dealings in the First Placed Shares and if applicable, the Second Placed Shares and the Open Offer Shares	8:00 a.m. on 21 February 2013
First Placed Shares and, if applicable, the Second Placed Shares and Open Offer Shares credited to CREST stock accounts (uncertificated holders only)	8:00 a.m. on 21 February 2013
Despatch of definitive share certificates for the Open Offer Shares in certificated form (to Qualifying Non-CREST Shareholders only)	by 28 February 2013

Notes:

(1) The actions specified in this timetable are subject to certain restrictions relating to Shareholders with registered addresses, or who are resident or located (as applicable), outside the United Kingdom. See Part III: "Terms and Conditions of the Open Offer" on pages 87 to 109 of the Prospectus.

(2) The times and dates set out above are indicative only. The times set out in the expected timetable of principal events above and mentioned throughout this document are based on London time and may be adjusted by the Company, in which event details of the new times and dates will be notified to the London Stock Exchange, and, where appropriate, Shareholders, through the release of an announcement to a Regulatory Information Service.

CAPITAL RAISING OFFER STATISTICS

Number of Ordinary Shares in issue at 28 January 2013 (being the latest practicable date prior to publication of this document)	174,587,148
Issue Price for each First Placed Share, Second Placed Share and Open Offer Share.	500 pence
New Ordinary Shares	
Number of New Ordinary Shares to be issued in connection with the Capital Raising	50,000,000
New Ordinary Shares as a percentage of the Fully Enlarged Issued Share Capital	22.3 per cent.
First Placed Shares	
Number of First Placed Shares to be issued in connection with the First Placing	7,800,000
First Placed Shares to be issued in connection with the First Placing as a percentage of the First Enlarged Issued Share Capital	4.3 per cent.
First Placed Shares to be issued in connection with the First Placing as a percentage of the Fully Enlarged Issued Share Capital	3.5 per cent.
Second Placed Shares	
Number of Second Placed Shares to be issued in connection with the Second Placing	8,200,000
Second Placed Shares to be issued in connection with the Second Placing as a percentage of the Fully Enlarged Issued Share Capital	3.7 per cent.
Open Offer Shares	
Number of Open Offer Shares to be issued in connection with the Open Offer	34,000,000
Open Offer Shares to be issued in connection with the Open Offer as a percentage of the Fully Enlarged Issued Share Capital	15.1 per cent.
Net proceeds and estimated expenses	
Estimated net proceeds receivable by the Company from the Capital Raising, after deduction of estimated commissions, fees and expenses incurred in relation to the Capital Raising	£232 million
Estimated commissions, fees and expenses incurred in relation to the Capital Raising	£18 million

Notes:

(1) This document assumes that no Ordinary Shares will be issued between the date of this document and the completion of the Capital Raising, including no issuances as a result of the exercise or satisfaction of any options/awards granted under the Employee Share Schemes.

(2) There are no Ordinary Shares held in treasury as at the date of this document.

PART I

CHAIRMAN'S LETTER

Phoenix Group Holdings

(a company incorporated under the laws of the Cayman Islands with registered number 202172 as an exempted company with limited liability)

Registered Office:
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Directors:
Sir Howard Davies (*Chairman*)
Clive Bannister
James McConville
Alastair Lyons
Ian Ashken
René-Pierre Azria
David Barnes
Charles Clarke
Ian Cormack
Tom Cross Brown
Manjit Dale
Isabel Hudson
Hugh Osmond
David Woods

30 January 2013

Dear Shareholder

First Placing of 7,800,000 New Ordinary Shares, Second Placing of 8,200,000 New Ordinary Shares and Open Offer of 34,000,000 New Ordinary Shares at 500 pence per New Ordinary Share and Notice of Extraordinary General Meeting

1. Introduction

I am writing to you with details of an extraordinary general meeting of the Company which we are holding on 19 February 2013 at 1:00 p.m. (Greenwich Mean Time) at the Company's offices at 1st Floor, 32 Commercial Street, St Helier, Jersey JE2 3RU. The formal notice of the EGM is set out in Part II: "Notice of Extraordinary General Meeting" of this document on pages 53 to 58.

The purpose of the EGM is to consider the Resolutions, which comprise an Ordinary Resolution and a Special Resolution in connection with the Capital Raising. The passing of the Ordinary Resolution is a condition to the First Placing, the Second Placing and the Open Offer. The passing of the Special Resolution is a condition to the Second Placing and the Open Offer. No element of the Capital Raising will take place if the Ordinary Resolution is not passed at the EGM. In addition, if the First Placing is not completed, then the Second Placing and the Open Offer will not be completed. However, it is possible for the First Placing to be completed without the Second Placing and the Open Offer also being completed. The Second Placing and the Open Offer are inter-conditional.

2. **Background to and reasons for the Capital Raising**

As a closed life fund consolidator, the Group has high visibility on its cash flows over the long term and as the largest specialist closed life fund consolidator in the UK, the Directors believe the Group has the scale and expertise to create value through the integration and financial management of closed life funds.

The Issue Price of 500 pence per New Ordinary Share represents a 15.4 per cent. discount to the Closing Price of 591.0 pence per Ordinary Share on 29 January 2013 (being the last Dealing Day before the announcement of the Capital Raising) and a discount of 58.7 pence (10.5 per cent.) to VWAP of 558.7 pence. The level of discount reflects the price, determined following discussions with the Company, at which the Och-Ziff Funds have agreed to participate in the Capital Raising on the terms described below. The Och-Ziff Funds are affiliated investment funds of Och-Ziff. Och-Ziff is one of the largest institutional alternative asset managers in the world.

Given that the Issue Price represents a discount of more than 10 per cent. to the Closing Price of 591.0 pence per Ordinary Share on 29 January 2013 (being the last Dealing Day before the announcement of the Capital Raising), the Company is required, under the Listing Rules, to seek approval of Shareholders by way of an Ordinary Resolution for the issue of the New Ordinary Shares at that price pursuant to the First Placing and, if the Special Resolution is passed, the Second Placing and the Open Offer, as well as any Additional Relationship Agreement Shares which may be issued to Qualifying Lender/Seller Shareholders in connection with the Capital Raising as a result of their contractual pre-emption rights under the relevant Relationship Agreement otherwise than pursuant to the Excess Application Facility within the Open Offer. Accordingly, the EGM will consider, amongst other things, the approval of the Issue Price. The Directors believe that both the Issue Price and the discount are appropriate.

It has been the Company's strategic intent to refinance the Group's Impala Facility, which is the Group's largest bank facility, in order to align the Group's debt repayments more closely to the Group's expected cash flows. The Company has, in the last year, considered a range of options for refinancing the Impala Facility and has evaluated those options in light of the effects on, and views of, the Group's stakeholders. The Directors have concluded that conducting an equity raising, which gives the Group the ability to commit to a larger partial refinancing of the Impala Facility, is the most commercially attractive method of achieving a re-terming of the Impala Facility. The Directors believe that the Capital Raising combined with the amendment and partial refinancing of the Impala Facility is the best option available to the Group to deliver increased value to Shareholders whilst being acceptable to the Group's other stakeholders as this solution allows for an increase in dividend payments, strengthens the Group's balance sheet and brings the Group greater strategic flexibility. The Directors do not believe there is a requirement for the Group to refinance the Pearl Facility and there is no current intention to do so.

The re-terming and partial refinancing of the Impala Facility has been agreed to by the Impala Lenders upon the principal condition that the Group raises at least £250 million of gross proceeds from the Capital Raising and that the net proceeds are contributed by the Company to one or both of the Impala Borrowers or applied in prepayment of amounts outstanding under the Existing Impala Facility Agreement. Accordingly, the agreement of the Impala Lenders to the re-terming and partial refinancing of the Impala Facility is conditional on completion of the Capital Raising.

Shareholders are being asked to vote on the Resolutions at the EGM because Shareholder approval is required in order for the various components of the Capital Raising to take place. This is for the following reasons:

(i) **Each component of the Capital Raising requires the Ordinary Resolution to authorise the Issue Price**

- Given that the Issue Price represents a discount of more than 10 per cent. to the Closing Price of 591.0 pence per Ordinary Share on 29 January 2013 (being the last Dealing Day before the announcement of the Capital Raising), the Company is required, under the Listing Rules, to seek approval of its Shareholders by way of an Ordinary Resolution for the issue of the New Ordinary Shares at that price pursuant to the First Placing and, if the Special Resolution is passed, the Second Placing and the Open Offer, as well as any Ordinary Shares which may be issued to Qualifying Lender/Seller Shareholders in connection with the Capital Raising as a result of their contractual pre-emption rights under the relevant Relationship Agreement otherwise than pursuant to the Excess Application Facility within the Open Offer.

(ii) **The Second Placing and the Open Offer require the Ordinary Resolution to authorise the allotment of the Second Placed Shares and the Open Offer Shares**

- The Existing Shareholder Authority for the allotment of equity securities does not allow for the issuance of a sufficient number of New Ordinary Shares as would be issued in connection with the Second Placing and the Open Offer. Therefore, the Ordinary Resolution is required to authorise the allotment of the Second Placed Shares, the Open Offer Shares and any Ordinary Shares which may be issued to Qualifying Lender/Seller Shareholders in connection with the Capital Raising as a result of their contractual pre-emption rights under the relevant Relationship Agreement otherwise than pursuant to the Excess Application Facility within the Open Offer.

(iii) **The Second Placing requires the Special Resolution to authorise the disapplication of pre-emption rights in connection with the allotment of the Second Placed Shares**

- Article 15 of the Articles of Association confers upon Shareholders pre-emption rights in favour of Shareholders in respect of the allotment of equity securities for cash. The Existing Shareholder Authority for the disapplication of such pre-emption rights does not allow for the allotment and issue of a sufficient number of New Ordinary Shares as would be issued in the proposed Second Placing. Therefore, the Special Resolution is required to authorise the allotment on a non-pre-emptive basis of the Second Placed Shares.

Notwithstanding the fact that the Open Offer does not, under the Articles of Association, require the passing of the Special Resolution, it is nonetheless a condition to the Open Offer that the Special Resolution is passed at the EGM.

Since the Existing Shareholder Authority for the allotment of equity securities for cash on a non-pre-emptive basis allows for the issuance of a sufficient number of New Ordinary Shares as would be issued in the First Placing, the First Placing can be conducted in reliance on that Existing Shareholder Authority. Therefore, the First Placing is conditional on the passing of the Ordinary Resolution but is not conditional on passing of the Special Resolution.

Each of the Ordinary Resolution and the Special Resolution to be considered at the EGM are separate and independent Resolutions and are not conditional on the passing of the other Resolution.

2.1 Consequences of each of the Ordinary Resolution and the Special Resolution being passed by Shareholders at the EGM

If each of the Ordinary Resolution and the Special Resolution are passed by Shareholders at the EGM, then, subject to satisfaction of the other conditions precedent described below, the Capital Raising will complete and the proposed re-terming and partial refinancing of the Impala Facility will become effective, subject to satisfaction of the Amendment Conditions Precedent as described in section 3 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" of this document.

The Amendment Conditions Precedent which have not been satisfied prior to the date of this document are:

- the delivery by the Impala Borrowers to the Impala Facility Agent of a certificate confirming that the Company has raised at least £250 million of gross proceeds from the Capital Raising and that the net proceeds (after deducting the costs, expenses, fees and commissions that are permitted to be deducted pursuant to the terms of the Impala Facility Amendment and Restatement Agreement) have been either: (A) contributed by the Company to one or more of the Impala Borrowers; or (B) applied in prepayment of amounts outstanding under the Existing Impala Facility Agreement; and
- the payment of an arrangement fee, a structuring fee and other applicable costs and expenses on or before the amendments to the Impala Facility become effective,

each as more fully described in section 3 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" of this document. For the avoidance of doubt, at and after Admission, the Impala Lenders will not have the ability to modify or otherwise amend the Amendment Conditions Precedent without the agreement of the Impala Borrowers. The deadline for satisfying the Amendment Conditions Precedent is 21 March 2013 (or such later date as the Majority Lenders under the Existing Impala Facility Agreement may agree). If the Amendment Conditions Precedent are not satisfied for any reason on or before such date, the Impala Facility will continue to be governed by the terms of the Existing Impala Facility Agreement. The Company expects to satisfy the Amendment Conditions Precedent within two business days following receipt by the Company of the net proceeds of the Capital Raising.

Upon the amendments to the Impala Facility becoming effective, in accordance with the terms of the amended Impala Facility, the Group will be required to repay £450 million of the Impala Facility by 28 March 2013, which prepayment will be funded in part by the net proceeds of the Capital Raising and in part by the Group's existing cash resources. However, the Company expects that this prepayment would be made within two business days following completion of the Capital Raising.

2.2 Consequences of the Ordinary Resolution being passed by Shareholders at the EGM but the Special Resolution not being passed by Shareholders at the EGM

If the Ordinary Resolution is passed by Shareholders at the EGM but the Special Resolution is not passed by Shareholders at the EGM, then the First Placing will be completed, subject to satisfaction of the other conditions precedent described below, but the Second Placing and the Open Offer will not be completed.

If the First Placing is completed but the Second Placing and the Open Offer are not completed, then the proposed re-terming and partial refinancing of the Impala Facility will not take place and the Group will be subject to the existing terms of the Impala Facility. Therefore, the Group will not be required to prepay £450 million of the Impala Facility, but will instead be required to make the existing contractually scheduled repayments of the Impala Facility as described in "—Consequences of the Resolutions not being passed" below. In these circumstances the Company would have received the net proceeds from the First Placing, but the Company would not be under a contractual obligation to apply those proceeds in prepayment of any of the Group's credit facilities. If the First Placing is completed but the Second Placing and the Open Offer are not completed, the Company would continue discussions with the Group's lenders regarding a re-terming of the Impala Facility in order to seek to achieve the Company's strategic intent to align the Group's debt repayments more closely to the Group's expected cash flows. In those circumstances, the Group may have to agree to a lower prepayment of the Impala Facility and less commercially advantageous terms of the amendments to the Impala Facility.

2.3 Consequences of (i) neither Resolution being passed by Shareholders at the EGM or (ii) the Special Resolution being passed by Shareholders at the EGM but the Ordinary Resolution not being passed by Shareholders at the EGM

If (i) neither Resolution is passed by Shareholders at the EGM or (ii) the Special Resolution is passed by Shareholders at the EGM but the Ordinary Resolution is not passed by Shareholders at the EGM, then no component of the Capital Raising will be completed.

If the Capital Raising is not completed, then the proposed re-terming and partial refinancing of the Impala Facility will not take place and the Group will be subject to the existing terms of the Impala Facility. Therefore, the Group will not be required to prepay £450 million of the Impala Facility, but will instead be required to make the existing contractually scheduled repayments of the Impala Facility as described in "—Consequences of the Resolutions not being passed" below. If the Capital Raising is not completed, the Company would continue discussions with the Group's lenders regarding a re-terming of the Impala Facility in order to seek to achieve the Company's strategic intent align the Group's debt repayments more closely to the Group's expected cash flows. In those circumstances, the Group may have to agree to a lower prepayment of the Impala Facility and less commercially advantageous terms of the amendments to the Impala Facility.

3. Expected benefits of the Capital Raising and the partial refinancing and amendment of the Group's Impala Facility

The Directors believe that the Capital Raising and the associated partial refinancing and amendment of the Group's Impala Facility will align the Group's debt repayments more closely to the Group's expected cash flows, allow for increased dividend payments, strengthen the Group's balance sheet and bring the Group greater strategic flexibility. In particular, the Group expects to benefit from:

- The prepayment of £450 million of the Impala Facility, which is expected to take place within two business days following completion of the Capital Raising, reducing the total principal amount outstanding under the Group's two main credit facilities from £2,369 million as at 30 June 2012 to £1,856 million, which also takes into account the £62.5 million repayment made by the Group in the last quarter of 2012.
- The dividend conditions in the Impala Facility being amended to give the Company capacity to (i) declare £125 million of dividends in respect of the financial year ending 31 December 2013, and (ii) pay dividends and make other distributions up to £120 million during the 2013 calendar year. The

capacity to declare dividends with respect to financial years after the year ending 31 December 2013 and to pay dividends in calendar years after the year ending 31 December 2013 will increase by £10 million per year. The amendments to the Impala Facility provide the flexibility to increase dividend declarations and payments beyond this level, subject to the Group making additional debt repayments in excess of the target amortisation.

- Assuming (i) payment to the Company of the net proceeds from the Capital Raising of £232 million, after deduction of commissions, fees and expenses incurred in relation to the Capital Raising and (ii) payment of the £450 million debt prepayment expected to be made within two business days following completion of the Capital Raising (which is to be funded in part by the net proceeds of the Capital Raising and in part by the Group's existing cash resources) and the payment of arrangement and structuring fees in connection with the Impala Facility Amendment and Restatement Agreement, which are estimated to be approximately £21 million, but not taking into account the £62.5 million repayment of the Impala Facility made by the Group in the last quarter of 2012 or any other transactions or results between 30 June 2012 and the date of this document:

  (a) the Directors believe that the Group's PLHL ICA surplus would reduce by £0.2 billion, which reflects the impact of using existing cash resources held in the Holding Companies of approximately £239 million from the PLHL sub-group to part fund such prepayment;

  (b) the Group's IGD surplus would reduce by £0.2 billion. The Group's IGD assessment is made at the PLHL level;

  (c) gearing would reduce from 46 per cent. to 42 per cent. as at 30 June 2012, calculated on the basis of the Existing Gearing Definition;

  (d) gearing would reduce from 56 per cent. to 50 per cent. as at 30 June 2012, calculated on the basis of the New Gearing Definition; and

  (e) Holding Companies cash and cash equivalents would reduce by £239 million as a result of using existing cash resources held in the PLHL sub-group to part fund the prepayment of the Impala Facility referred to above.

- Extension of the maturity of the Impala Facility from 2016 to 31 December 2017 (subject to extension to 30 June 2019 at the option of the Impala Borrowers), with mandatory amortisations of £30 million semi-annually over the remaining life of the Impala Facility (the Existing Impala Facility Agreement currently contains a schedule of significant bullet repayments payable in 2014, 2015 and 2016). For further details of the amended contractual scheduled repayments for the Group's credit facilities, see Part XIII: "Additional Information—Material Contracts—Credit Facilities—Repayment Schedule for the Group's Credit Facilities".

- Following the re-terming and partial prepayment of the Impala Facility, the Directors believe that the reduction in the level of the Group's leverage could assist the Group in accessing the debt capital markets in the medium term prior to the maturity date of the amended Impala Facility at a rate of interest which is commercially attractive to the Group. Accessing the debt capital markets (which does not require Shareholder approval) is one method by which the Group may refinance the Impala Facility before its maturity. In accessing the debt capital markets, the Group would benefit from diversified sources of debt finance, potentially less restrictive covenants and potentially longer term maturities, as compared with the Group's existing credit facilities.

- Group MCEV per share as at 30 June 2012 would reduce from £12.23 to £10.34 on a pro forma basis, which reflects the increase in the number of issued Ordinary Shares following the Capital Raising. This is partially offset by the impact of the net increase to MCEV as a result of the net proceeds of the Capital Raising less the impact of the arrangement and structuring fees in connection with the Impala Facility Amendment and Restatement Agreement and the expected reduction in tax attributes available to the Group to relieve tax on emerging surpluses from the Group's operating businesses following the prepayment.

On 4 October 2012, the Company paid an interim dividend of 21 pence per share. Subject to market conditions and trading performance and the factors discussed below, the Board currently intends to recommend a 26.7 pence per share final 2012 dividend, which would represent a 27 per cent. increase in the 2012 final dividend compared with the 2011 final dividend. The Board believes this is a sustainable level at which to rebase the dividend going forward as the business executes its stated strategy.

All future dividends paid by the Company will depend upon, among other things, market conditions and the Group's financial position, trading performance and outlook, as well as the Board's assessment of the Group's operating plans and its progress in achieving its stated gearing target. In the absence of acquisitions in the medium term, the Group may consider reducing dividends at some point, taking account of, amongst other things, the run off nature of the Group's business and its financial condition at that point. In recommending future dividends, the Board will also consider any future outperformance of the Group's business. The Board believes that, subject to the Group remaining on track to achieve its financial targets, Shareholders will be able to participate in any future outperformance of the business. There is no requirement for the Company to declare and pay any dividends and no assurance is given that the Company will declare and pay any dividends and no assurance can be given that any dividends paid will be in line with any previous dividends paid by the Company. The Board intends to re-assess its dividend policy on a regular basis in light of each of the factors described above.

The Directors believe that following the Capital Raising and associated refinancing, the Group will be well positioned to embark on the next stage of its journey to deliver long term growth and shareholder value as the UK's largest specialist consolidator of closed life assurance funds. The Directors believe that the UK closed life fund consolidation opportunity is supported by existing and anticipated market dynamics, which are expected to generate a supply of potentially attractive acquisition targets over the medium term. The Directors believe that the Group is well placed to present solutions for a range of sellers of life insurance businesses due to the Group's flexible approach to acquisitions, in particular its flexibility to acquire either life companies, funds or portfolios of business, and the Group's appetite for all product types across the with profit, non profit and unit linked spectrum.

The Group will assess potential acquisitions in light of the financial condition of the Group. Any acquisition would only be undertaken if it resulted in a sustainable level of gearing for the combined Group of appreciably below 40 per cent. (around the mid-point of the 35 per cent. to 40 per cent. range) consistent with the strategy of lowering the Group's gearing to attain an appropriate credit rating and obtaining regulatory approval. Gearing is measured on the basis of the New Gearing Definition.

4. Summary of the Capital Raising

4.1 Overview of the Capital Raising

The Company proposes to raise gross proceeds of approximately £250 million through the Capital Raising by the issue of New Ordinary Shares at the Issue Price of 500 pence per New Ordinary Share, a discount of 91.0 pence (15.4 per cent.) to the Closing Price on 29 January 2013 (the last Dealing Day prior to the announcement of the Capital Raising) and a discount of 58.7 pence (10.5 per cent.) to VWAP of 558.7 pence.

The Capital Raising comprises a First Placing, a Second Placing and an Open Offer, each as described below:

- First Placing of 7,800,000 New Ordinary Shares (representing approximately 4.5 per cent. of the Company's entire issued share capital at the date of this document) to the Placees at the Issue Price. The conditions to the First Placing are set out in "—Principal terms of the First Placing" below. The size of the First Placing has been determined by the Company by reference both to the number of New Ordinary Shares that the Company is able to issue on a non-pre-emptive basis in reliance on the Existing Shareholder Authority granted by the Shareholders at the Company's AGM held on 3 May 2012 and to the number of New Ordinary Shares that the Company is able to issue in order to comply with certain guidance issued by the Association of British Insurers which states that a company should not issue ordinary shares through a disapplication of pre-emption rights in excess of 7.5 per cent. of that company's issued ordinary share capital in any rolling three year period, taking into account all Ordinary Shares issued for cash during that period, without prior shareholder approval (which, in the case of the Company, requires a Special Resolution). The Company expects to raise gross proceeds of approximately £39 million through the First Placing.
- Second Placing of 8,200,000 New Ordinary Shares (representing approximately 4.7 per cent. of the Company's entire issued share capital at the date of this document) to the Placees at the Issue Price. The conditions to the Second Placing are set out in "—Principal terms of the Second Placing" below. The Company proposes to raise gross proceeds of approximately £41 million through the Second Placing.
- Open Offer of 34,000,000 New Ordinary Shares (representing approximately 19.5 per cent. of the Company's entire issued share capital at the date of this document) at the Issue Price to Qualifying

Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders) pro rata to their holdings of Existing Ordinary Shares on the Open Offer Record Date. The Open Offer is fully underwritten by the Joint Underwriters. The Joint Underwriters shall, subject to the terms and conditions set out in the Underwriting and Sponsors' Agreement, subscribe, at the Issue Price, for such number of Open Offer Shares that are not subscribed for by Qualifying Shareholders in the Open Offer or subscribed for by Qualifying Lender/Seller Shareholders pursuant to the Excess Application Facility (such number of Open Offer Shares not so subscribed being referred to as the Open Offer Placement Shares), as described below. The conditions to the Open Offer are set out in "—Principal terms of the Open Offer" below. The Company proposes to raise gross proceeds of approximately £170 million through the Open Offer.

The New Ordinary Shares to be issued in the Capital Raising are expected to be issued on 21 February 2013.

The conditions to the First Placing, the Second Placing and the Open Offer are described further below under "—Principal terms of the First Placing", "—Principal terms of the Second Placing" and "—Principal terms of the Open Offer", respectively.

The Capital Raising will have a dilutive effect on Shareholders. The First Placing will be conducted in accordance with the existing disapplication of pre-emption rights in the Existing Shareholder Authority. In addition, the Second Placing is proposed to be conducted in accordance with a disapplication of pre-emption rights in the proposed Special Resolution to be considered at the EGM. Therefore, the proportionate ownership and voting interest of Shareholders in the Company will be reduced as a result of (i) the First Placing (if the Ordinary Resolution is passed at the EGM) and (ii) the Second Placing and the Open Offer (if the Ordinary Resolution and the Special Resolution are passed at the EGM). See "—Effect of the Capital Raising" below and section 2 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" for further information on the dilutive effect of the Capital Raising.

The net proceeds receivable by the Company from the Capital Raising (expected to be approximately £232 million) will be used, alongside existing cash resources held in the Holding Companies, to prepay £450 million of the Impala Facility, which is expected to take place within two business days following completion of the Capital Raising. In addition, in connection with the Impala Facility Amendment and Restatement Agreement, the Group will pay, using existing cash resources held in the Holding Companies, arrangement and structuring fees, which are estimated to be approximately £21 million.

The Company has been notified by the Joint Underwriters that each of the Joint Underwriters and each of the Swap Counterparties has entered into a Swap Commitment Agreement with each of the Och-Ziff Funds. Pursuant to each Swap Commitment Agreement, a Total Return Swap will be entered into between each of the Swap Counterparties and each of the Och-Ziff Funds on or prior to the date of Admission of the Open Offer Shares. The Total Return Swaps will provide that they become effective as of the date of Admission of the Open Offer Shares. The Total Return Swaps enable the Joint Underwriters (through the Swap Counterparties) to pass to the Och-Ziff Funds economic exposure to the Open Offer Placement Shares. Such Open Offer Placement Shares represent the entire number of Ordinary Shares for which the Joint Underwriters are required to subscribe. The Total Return Swaps will not give the Och-Ziff Funds any legal or beneficial ownership of the Open Offer Placement Shares, nor any rights to vote the Open Offer Placement Shares nor any rights to procure the exercise of voting rights in respect of the Open Offer Placement Shares. See "—Total Return Swaps" below.

The Company has been notified by the Joint Underwriters that each of the TDR Capital Entities, the Sun Capital Entities and certain Shareholders, on the one hand, and the Joint Underwriters, on the other hand, has entered into an Irrevocable Commitment Undertaking in favour of the Joint Underwriters. Pursuant to the Irrevocable Commitment Undertakings, (i) certain of the TDR Capital Entities have irrevocably and unconditionally agreed to apply to subscribe for an aggregate of 4,400,000 Open Offer Shares pursuant to their respective Open Offer Entitlements in the Open Offer, (ii) certain of the Sun Capital Entities have irrevocably and unconditionally agreed to apply to subscribe for an aggregate of 4,349,381 Open Offer Shares pursuant to their respective Open Offer Entitlements in the Open Offer and (iii) certain Shareholders have irrevocably and unconditionally agreed to apply to subscribe for an aggregate of 5,879,928 Open Offer Shares pursuant to their respective Open Offer Entitlements in the Open Offer (which number also includes the number of Open Offer Shares for which the Directors intend to subscribe). See "—Irrevocable Commitment Undertakings and Irrevocable Voting Undertakings" below.

Each of the TDR Capital Entities, the Sun Capital Voting Entities and certain other Shareholders has executed a binding Irrevocable Voting Undertaking dated 30 January 2013 in favour of the Company.

Pursuant to the Irrevocable Voting Undertakings, the Irrevocable Voting Shareholders have irrevocably and unconditionally agreed to vote in favour of the Resolutions to be put to the EGM. The aggregate of the number of Ordinary Shares the subject of the Irrevocable Voting Undertakings and the number of Ordinary Shares in respect of which the Directors intend to vote in favour of the proposed Resolutions at the EGM is 109,092,628 Ordinary Shares (representing approximately 62.5 per cent. of the Company's entire issued share capital at the date of this document). See "—Irrevocable Commitment Undertakings and Irrevocable Voting Undertakings" below.

Each of the TDR Capital Entities and Sun Capital Entities has irrevocably and unconditionally agreed, in a Lock-up Deed executed in favour of the Company, not to sell, transfer or otherwise dispose of their respective holdings of Ordinary Shares that they legally or beneficially held on the date of this document for a period of six months from the date of this document.

The Company has, in the Subscription Agreement, agreed to pay the Och-Ziff Funds a structuring fee of £5 million in consideration of their assistance in becoming part of the arrangements for the re-terming of the Impala Facility.

In structuring the Capital Raising, the Directors have had regard, among other things, to the importance of attracting a new institutional investor into the Company by means of the First Placing and the Second Placing, current market conditions, the level of the Company's share price and the importance of allowing Shareholders to participate in the Capital Raising by means of the Open Offer. The level of discount reflects the price at which the Placees have agreed to commit to subscribe for the Placed Shares pursuant to the First Placing and the Second Placing.

After considering all these factors, the Directors have concluded that the First Placing, the Second Placing and the Open Offer at the Issue Price is the most suitable option available to the Company and its Shareholders. The Directors believe that both the Issue Price and the discount are appropriate. The Open Offer component of the fundraising provides an opportunity for all Qualifying Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders) to participate by subscribing for Open Offer Shares pro rata to their holdings of Existing Ordinary Shares on the Open Offer Record Date.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium listing segment of the Official List of the FSA and to London Stock Exchange for the New Ordinary Shares to be admitted to trading on the main market of the London Stock Exchange. Subject to certain conditions being satisfied, including the passing of the Ordinary Resolution and (in relation to the issuance of the Second Placed Shares and the Open Offer Shares only) the Special Resolution at the EGM, it is expected that the First Placed Shares and, if applicable, the Second Placed Shares and the Open Offer Shares will be issued on 21 February 2013 and that Admission of the First Placed Shares and, if applicable, the Second Placed Shares and the Open Offer Shares will become effective, and that unconditional dealings in the New Ordinary Shares will commence, on 21 February 2013.

All New Ordinary Shares and any Additional Relationship Agreement Shares will, when issued and fully paid, be identical to, and rank in full with, the Existing Ordinary Shares for all dividends and other distributions declared, made or paid, if any, by reference to a record date after the date of their issue and will rank pari passu in all respects with the Existing Ordinary Shares as at their date of issue. No temporary documents of title will be issued in respect of the New Ordinary Shares or any Additional Relationship Agreement Shares.

The Capital Raising was originated by Sun Capital Partners and structured with their substantial assistance.

4.2 Principal terms of the First Placing

The Company will issue 7,800,000 New Ordinary Shares at the Issue Price pursuant to the First Placing to the Placees. The First Placed Shares to be issued in the First Placing are expected to be issued on 21 February 2013. The First Placed Shares do not form part of the Open Offer and are not subject to any clawback mechanism. The First Placing is not conditional on completion of the other components of the Capital Raising, but is conditional on the conditions set out below.

The First Placing is being made in reliance on the Existing Shareholder Authority granted by the Shareholders at the Company's AGM held on 3 May 2012. The size of the First Placing has been determined by the Company by reference both to the number of New Ordinary Shares that the Company is able to issue on a non-pre-emptive basis in reliance on the Existing Shareholder Authority granted by the Shareholders at the Company's AGM held on 3 May 2012 and to the number of New Ordinary Shares that

the Company is able to issue in order to comply with certain guidance issued by the Association of British Insurers which states that a company should not issue ordinary shares through a disapplication of pre-emption rights in excess of 7.5 per cent. of that company's issued ordinary share capital in any rolling three year period, taking into account all Ordinary Shares issued for cash during that period, without prior shareholder approval (which, in the case of the Company, requires a Special Resolution).

The Company has entered into a Subscription Agreement with the Placees in connection with the First Placing and the Second Placing. Under the Subscription Agreement, the Placees have undertaken to subscribe for the First Placed Shares on 21 February 2013 at the Issue Price. The First Placing is conditional on:

- the passing of the Ordinary Resolution by Shareholders at the EGM;
- the Admission of the First Placed Shares occurring by no later than 8:00 a.m. (London time) on 21 February 2013 or such later time or date (not later than 28 February 2013) as the parties to the Subscription Agreement may agree;
- the Underwriting and Sponsors' Agreement and the Swap Commitment Agreements, the Lock-Up Deeds and the Irrevocable Commitment Undertakings having been executed by all parties thereto and not having been amended or terminated (other than, in each case, a termination as a result of the Special Resolution not having been passed by Shareholders at the EGM);
- the Impala Facility Amendment and Restatement Agreement being in full force and effect and not having been amended or terminated at Admission (notwithstanding that the amendments to be made to the Existing Impala Facility Agreement by the Impala Facility Amendment and Restatement Agreement shall only become effective upon the satisfaction of the Amendment Conditions Precedent);
- at Admission, the only conditions to the amendments to be made to the Existing Impala Facility Agreement by the Impala Facility Amendment and Restatement Agreement being (i) the delivery by the Impala Borrowers to the Impala Facility Agent of a certificate confirming that the Company has raised at least £250 million of gross proceeds from the Capital Raising and that the net proceeds (after deducting the costs, expenses, fees and commissions that are permitted to be deducted pursuant to the terms of the Impala Facility Amendment and Restatement Agreement) have been either (A) contributed by the Company to one or more of the Impala Borrowers or (B) applied in prepayment of amounts outstanding under the Existing Impala Facility Agreement, and (ii) the payment by the Impala Borrowers of the fees, costs and expenses required to be paid by the Impala Borrowers pursuant to the terms of the Impala Facility Amendment and Restatement Agreement;
- there being no termination rights contained in the Impala Facility Amendment and Restatement Agreement that would give the lenders a right to terminate the Impala Facility Amendment and Restatement Agreement, save that, upon the occurrence of the 21 March 2013 long-stop date (and unless the Majority Lenders under the Existing Impala Facility Agreement otherwise agree), the Impala Facility Amendment and Restatement Agreement will automatically lapse if the conditions to the amendment and restatement have not been satisfied; and
- customary documentary and other conditions precedent, comprising the publication of the required regulatory announcement giving details of the Capital Raising and the formal approval of the Prospectus by the AFM and the formal approval of this document by the FSA.

It will be determined whether all the conditions to the First Placing have been satisfied prior to Admission of the First Placed Shares (save for Admission itself), which is expected to take place on 21 February 2013.

4.3 Principal terms of the Second Placing

The Company is proposing to issue 8,200,000 New Ordinary Shares at the Issue Price pursuant to the Second Placing to the Placees. The Second Placed Shares are expected to be issued on 21 February 2013. The Second Placed Shares do not form part of the Open Offer and are not subject to any clawback mechanism.

As described above, the Company has entered into a Subscription Agreement with the Placees in connection with the First Placing and the Second Placing. Under the Subscription Agreement, the Placees have undertaken to subscribe for the Second Placed Shares at the Issue Price. The Second Placing is conditional on:

- the passing of the Ordinary Resolution and the Special Resolution by Shareholders at the EGM;

- the Admission of the Second Placed Shares occurring by no later than 8:00 a.m. (London time) on 21 February 2013 or such later time or date (not later than 28 February 2013) as the parties to the Subscription Agreement may agree;
- the First Placing and the Open Offer having become unconditional (save in respect of Admission);
- the Total Return Swaps having been executed by all parties thereto and not having been amended or terminated prior to Admission; and
- customary documentary and administrative conditions precedent comprising the publication of the required regulatory announcement giving details of the Capital Raising, the Underwriting and Sponsors' Agreement and the Irrevocable Commitment Undertakings having been executed by all parties thereto and not having been amended or terminated and the formal approval of this document by the UKLA and the formal approval of the Prospectus by the AFM.

Therefore, the Second Placing will not proceed unless the First Placing and the Open Offer become unconditional in all respects.

It will be determined whether all the conditions to the Second Placing have been satisfied prior to Admission of the Second Placed Shares (save for Admission itself), which is expected to take place on 21 February 2013.

In consideration of their agreements under the Subscription Agreement, and subject to their obligations under the Subscription Agreement having become unconditional and the Subscription Agreement not having been terminated, the Company has agreed to pay the Placees an equity commitment fee of £2 million and reimbursement of transaction expenses of £1 million.

4.4 Principal terms of the Open Offer

The Company is proposing to offer 34,000,000 New Ordinary Shares at the Issue Price pursuant to the Open Offer. The Open Offer is fully underwritten by the Joint Underwriters pursuant to, and subject to the terms of, the Underwriting and Sponsors' Agreement.

Under the terms of the Open Offer, Qualifying Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders) will be given the opportunity to apply for the Open Offer Shares at the Issue Price, pro rata to their holdings of Existing Ordinary Shares on the Open Offer Record Date, on the basis of:

0.194745 Open Offer Shares for every 1 Existing Ordinary Share

The Open Offer Shares are expected to be issued on 21 February 2013.

The Open Offer is conditional on:

- the passing of the Ordinary Resolution and the Special Resolution by Shareholders at the EGM;
- the Admission of the Open Offer Shares occurring by no later than 8:00 a.m. (London time) on 21 February 2013 or such later time or date (not later than 28 February 2013) as the parties to the Underwriting and Sponsors' Agreement may agree;
- the First Placing and the Second Placing having become unconditional (save in respect of Admission);
- the Subscription Agreement and the Underwriting and Sponsors' Agreement having become unconditional in all respects (save in respect of Admission) and not having been terminated in accordance with their respective terms; and
- customary documentary and administrative conditions precedent comprising the publication of the required regulatory announcement giving details of the Capital Raising, the Subscription Agreement, the Swap Commitment Agreements and the Irrevocable Commitment Undertakings having been executed by all parties thereto and not having been amended or terminated and the formal approval of this document by the UKLA and and the formal approval of the Prospectus by the AFM.

Therefore, the Open Offer will not proceed unless the First Placing and the Second Placing become unconditional in all respects.

It will be determined whether all the conditions to the Open Offer have been satisfied prior to Admission of the Open Offer Shares (save for Admission itself), which is expected to take place on 21 February 2013.

Since the Open Offer Record Date for Open Offer Entitlements is prior to the issuance of the First Placed Shares and the Second Placed Shares, the Placees do not have any Open Offer Entitlements in respect of the Open Offer.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholdings in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. As a result of the foregoing, this means that Qualifying Shareholders holding fewer than 6 Existing Ordinary Shares on the Open Offer Record Date will not therefore receive any Open Offer Shares pursuant to their Open Offer Entitlement. Holdings of Existing Ordinary Shares in certificated and uncertificated form, holdings under different designations and holdings in different countries will each be treated as separate holdings for the purpose of calculating entitlements under the Open Offer and the rounding of fractional shares.

Qualifying Shareholders (other than, subject to certain exceptions, Shareholders with a registered address in, or who are resident or located in (as applicable), the United States or any Excluded Territory) may apply for any whole number of Open Offer Shares up to their maximum entitlement, which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box B on their Application Form, or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock accounts in CREST, which is their Maximum Open Offer Entitlement.

Other than in respect of certain Lender/Seller Shareholders, there is no excess application facility in connection with the Open Offer. Therefore, Qualifying Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders) can only apply for Open Offer Shares up to their Open Offer Entitlements. No application in excess of a Qualifying Shareholder's Open Offer Entitlement will be met and Qualifying Shareholders so applying, and whose application is otherwise valid in all respects, will be deemed to have applied for their Maximum Open Offer Entitlement (and any monies received in excess of the amount due will be returned to any Qualifying Non-CREST Shareholder without interest as soon as practicable by way of cheque at such applicant's sole risk). There is an Excess Application Facility in respect of certain Lender/Seller Shareholders, as described in "—Excess Application Facility for certain Lender/Seller Shareholders" below.

Part III: "Terms and Conditions of the Open Offer" on pages 87 to 109 of the Prospectus contains additional terms and conditions on which the Open Offer is made, including the procedure for application and payment, which are relevant to Shareholders who wish to participate in the Open Offer.

4.5 Underwriting of the Open Offer

The Company has entered into an Underwriting and Sponsors' Agreement dated 30 January 2013 with the Joint Underwriters in connection with the Open Offer.

The Open Offer is fully underwritten by the Joint Underwriters pursuant to, and subject to the terms of, the Underwriting and Sponsors' Agreement. Deutsche Bank and J.P. Morgan Cazenove have been appointed as Joint Sponsors in relation to the applications for Admission and as Joint Underwriters, Joint Global Coordinators and Joint Bookrunners in relation to the Open Offer.

The Joint Underwriters have, subject to their respective obligations under the Underwriting and Sponsors' Agreement having become unconditional and the Underwriting and Sponsors' Agreement not having been terminated, agreed to subscribe, subject to the terms and conditions set out in the Underwriting and Sponsors' Agreement, at the Issue Price, for such number of Open Offer Shares that are not subscribed for by Qualifying Shareholders in the Open Offer or subscribed for by Qualifying Lender/Seller Shareholders pursuant to the Excess Application Facility (such number of Open Offer Shares not so subscribed being referred to as the Open Offer Placement Shares).

In consideration of their agreements under the Underwriting and Sponsors' Agreement, and subject to their respective obligations under the Underwriting and Sponsors' Agreement having become unconditional and the Underwriting and Sponsors' Agreement not having been terminated, the Company has agreed to pay the Joint Underwriters a commission of 1.75 per cent. of the Issue Price multiplied by the number of Open Offer Shares and to pay certain expenses. The Company has acknowledged in the Underwriting and Sponsors' Agreement that the Joint Underwriters (or their affiliates) are entitled, in

their absolute discretion, to pay to the Och-Ziff Funds, certain of the TDR Capital Entities, certain of the Sun Capital Entities, any of their respective affiliates or any other Shareholder of the Company, a portion of the commission (by way of a fee or otherwise) that the Company pays to the Joint Underwriters pursuant to the Underwriting and Sponsors' Agreement. The Company has been notified by the Joint Underwriters that the Joint Underwriters will (i) retain for the own account of the Joint Underwriters an aggregate commission of 0.75 per cent. of the Issue Price multiplied by the number of Open Offer Shares, (ii) pay to the Irrevocably Committed Shareholders, whose Irrevocable Commitment Undertakings provide for the payment of a fee, a fee of 1.0 per cent. of the Issue Price multiplied by the number of Ordinary Shares which are the subject of the Irrevocable Commitment Undertakings, and (iii) pay to the Och-Ziff Funds an exposure fee of 1.0 per cent. of the Issue Price multiplied by the number of Open Offer Shares less the number of Open Offer Shares which are the subject of the Irrevocable Commitment Undertakings that provide for the payment of a fee to the relevant Irrevocably Committed Shareholder.

4.6 Total Return Swaps

The Company has been notified by the Joint Underwriters that each of the Joint Underwriters and each of the Swap Counterparties has entered into a Swap Commitment Agreement with each of the Och-Ziff Funds. Pursuant to each Swap Commitment Agreement, a Total Return Swap will be entered into between each of the Swap Counterparties and each of the Och-Ziff Funds on or prior to the date of Admission of the Open Offer Shares. The Total Return Swaps will provide that they become effective as of the date of Admission of the Open Offer Shares. The Total Return Swaps enable the Joint Underwriters (through the Swap Counterparties) to pass to the Och-Ziff Funds economic exposure to the Open Offer Placement Shares. Such Open Offer Placement Shares represent the entire number of Ordinary Shares for which the Joint Underwriters are required to subscribe.

Accordingly, the Joint Underwriters have effectively transferred to the Och-Ziff Funds their economic exposure in respect of the Open Offer Placement Shares for which they have agreed to subscribe, upon completion of the Open Offer. The Och-Ziff Funds have represented to the Joint Underwriters that they are acquiring the economic exposure in respect of such New Ordinary Shares for investment purposes and not with a view to distribution.

In accordance with standard market practice, the Total Return Swaps will give the Och-Ziff Funds economic exposure to the Open Offer Placement Shares, but will not give the Och-Ziff Funds any legal or beneficial ownership of the Open Offer Placement Shares, nor any rights to vote the Open Offer Placement Shares nor any rights to procure the exercise of voting rights in respect of the Open Offer Placement Shares. The Swap Counterparties will have legal and beneficial ownership of the Open Offer Placement Shares which are the subject of the Total Return Swaps.

4.7 Irrevocable Commitment Undertakings and Irrevocable Voting Undertakings

The Company has been notified by the Joint Underwriters that each of the TDR Capital Entities, the Sun Capital Entities and certain Shareholders, on the one hand, and the Joint Underwriters, on the other hand, has entered into an Irrevocable Commitment Undertaking in favour of the Joint Underwriters. Pursuant to the Irrevocable Commitment Undertakings, (i) certain of the TDR Capital Entities have irrevocably and unconditionally agreed to apply to subscribe for an aggregate of 4,400,000 Open Offer Shares pursuant to their respective Open Offer Entitlements in the Open Offer, (ii) certain of the Sun Capital Entities have irrevocably and unconditionally agreed to apply to subscribe for an aggregate of 4,349,381 Open Offer Shares pursuant to their respective Open Offer Entitlements in the Open Offer and (iii) certain Shareholders have irrevocably and unconditionally agreed to apply to subscribe for an aggregate of 5,879,928 Open Offer Shares pursuant to their respective Open Offer Entitlements in the Open Offer (which number also includes the number of Open Offer Shares for which the Directors intend to subscribe).

The Company is not party to the Irrevocable Commitment Undertakings and has no rights or liabilities under them, and the Company cannot procure that the Joint Underwriters enforce the Irrevocable Commitment Undertakings. The Company is not paying any fees, expenses or commissions to the Irrevocably Committed Shareholders in connection with the Irrevocable Commitment Undertakings. The Company has acknowledged in the Underwriting and Sponsors' Agreement that the Joint Underwriters (or their affiliates) are entitled, in their absolute discretion, to pay to the Och-Ziff Funds, certain of the TDR Capital Entities, certain of the Sun Capital Entities, any of their respective affiliates or any other Shareholder of the Company, a portion of the commission (by way of a fee or otherwise) that the Company

pays to the Joint Underwriters pursuant to the Underwriting and Sponsors' Agreement. See Part XIII: "Additional Information—Material Contracts—Underwriting and Sponsors' Agreement" on pages 258 to 260 of the Prospectus, which is incorporated by reference into this document.

The Company has been notified by the TDR Capital Entities and the Sun Capital Entities that, as at 28 January 2013, being the latest practicable date prior to publication of this document, the TDR Capital Entities and the Sun Capital Entities hold 17.3 per cent. and 13.0 per cent., respectively, of the Company's existing issued share capital. Assuming that each of the TDR Capital Entities and the Sun Capital Entities comply with their respective Irrevocable Commitment Undertakings, this would result in the TDR Capital Entities and the Sun Capital Entities holding 15.4 per cent. and 12.0 per cent., respectively, of the Fully Enlarged Issued Share Capital.

Each of the TDR Capital Entities, the Sun Capital Voting Entities and certain other Shareholders has executed a binding, valid and enforceable Irrevocable Voting Undertaking dated 30 January 2013 in favour of the Company. Pursuant to the Irrevocable Voting Undertakings, the Irrevocable Voting Shareholders have irrevocably and unconditionally agreed to vote in favour of the Resolutions to be put to the EGM. The aggregate of the number of Ordinary Shares the subject of the Irrevocable Voting Undertakings and the number of Ordinary Shares in respect of which the Directors intend to vote in favour of the proposed Resolutions at the EGM is 109,092,628 Ordinary Shares (representing approximately 62.5 per cent. of the Company's entire issued share capital at the date of this document). The Irrevocable Voting Undertakings have been executed as deeds and are governed by the law of England and Wales. The Irrevocable Voting Undertakings are valid, binding and enforceable by the Company. The Irrevocable Voting Undertakings are given in favour of the Company and a breach of an Irrevocable Voting Undertaking by the relevant Shareholder would be actionable by the Company as a breach of contract.

4.8 Excess Application Facility for certain Lender/Seller Shareholders

Under the Lender Relationship Agreement and the Sellers' Relationship Agreement, the Company agreed to provide certain pre-emptive rights to the Lender Shareholders and Seller Shareholders, respectively. For further information see sections 4 and 5 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" of this document.

The Excess Application Facility is the arrangement pursuant to which certain Lender/Seller Shareholders may apply for additional Open Offer Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer.

The Excess Application Facility is being made available to those Lender/Seller Shareholders who have the benefit of contractual pre-emption rights in respect of the issuance of the Placed Shares pursuant to the Lender Relationship Agreement or the Sellers' Relationship Agreement and who have not disapplied their contractual pre-emption rights under the relevant Relationship Agreement prior to the date of this document, who are referred to as Qualifying Lender/Seller Shareholders.

The number of Excess Shares for which a Qualifying Lender/Seller Shareholder is entitled to apply under the Excess Application Facility (which is referred to in this document as such Qualifying Lender/Seller Shareholder's Excess Application Facility Entitlement) is equal to the Maximum Non-Pre-Emptive Issuance Amount multiplied by such Qualifying Lender/Seller Shareholder's Percentage Holding, where:

(i) the "Maximum Non-Pre-Emptive Issuance Amount" is 16,176,866 Ordinary Shares. The Maximum Non-Pre-Emptive Issuance Amount is the number of Ordinary Shares equal to the sum of (a) the First Placed Shares and the Second Placed Shares (which equals 16,000,000 Placed Shares) and (b) the aggregate of the maximum number of Excess Shares to which each Qualifying Lender/Seller Shareholder is entitled to subscribe pursuant to its contractual pre-emption rights under the relevant Relationship Agreement as a result of the proposed issuance of the Placed Shares on a non-pre-emptive basis;

(ii) the "Percentage Holding" of a Qualifying Lender/Seller Shareholder is the number of Ordinary Shares held by such Qualifying Lender/Seller Shareholder immediately prior to the issuance of the First Placed Shares and the Second Placed Shares, divided by the Total Ordinary Shares and expressed as a percentage; and

(iii) the "Total Ordinary Shares" is the number of Ordinary Shares equal to the sum of (a) the total number of issued Ordinary Shares immediately prior to the issuance of the First Placed Shares and the Second Placed Shares and (b) the number of Ordinary Shares which may be issued pursuant to

(i) the Amended Contingent Fee Agreement, (ii) the Amended Contingent Subscription Agreements (but, for the purposes of this calculation of the number of Total Ordinary Shares, the number of Ordinary Shares which may be issued pursuant to the Amended Contingent Subscription Agreement is deemed to be limited to a maximum of one million Ordinary Shares) and (iii) the Amended Contingent Consideration Agreement (as at the date of this document, the sum of (i), (ii) and (iii) equals 3,600,000 Ordinary Shares, as described in section 6 of the Appendix to the Chairman's letter in Part I: "Chairman's letter" of this document). Therefore, as at the date of this document, the Total Ordinary Shares is 178,187,148 Ordinary Shares.

The aggregate number of Excess Shares for which all Qualifying Lender/Seller Shareholders are entitled to apply is 176,866 Excess Shares, which represents approximately 0.1 per cent. of the Company's entire issued share capital at the date of this document.

Under the Excess Application Facility, any Offer Shares not subscribed for by Qualifying Shareholders will be available for subscription by Qualifying Lender/Seller Shareholders. The balance of any Open Offer Shares not subscribed for by Qualifying Lender/Seller Shareholders under the Excess Application Facility will constitute Open Offer Placement Shares for which the Joint Underwriters are required to subscribe, upon completion of the Open Offer under the terms of the Underwriting and Sponsors' Agreement.

Qualifying Lender/Seller Shareholders will receive a separate communication with information on what steps they need to take in order to apply for Open Offer Shares under the Excess Application Facility.

The Company cannot guarantee that any application for Excess Shares under the Excess Application Facility will be satisfied as this will depend in part on the extent to which Qualifying Shareholders apply for less than their own Open Offer Entitlements and the extent to which other Qualifying Lender/Seller Shareholders apply for their entitlements under the Excess Application Facility. The Company may satisfy valid applications for Excess Shares by applicants in whole or in part but reserves the right not to satisfy any excess above any Open Offer Entitlement. The Board may scale back applications made in excess of Open Offer Entitlements on such basis as it reasonably considers to be appropriate.

The Company may satisfy the contractual pre-emption rights of any Qualifying Lender/Seller Shareholder pursuant to the relevant Relationship Agreement otherwise than pursuant to the Excess Application Facility within the Open Offer, including by way of issuing Additional Relationship Agreement Shares outside the Capital Raising. The Company currently expects only to issue any Additional Relationship Agreement Shares in the event that the number of Ordinary Shares which Qualifying Lender/Seller Shareholders seek to subscribe for under the Excess Application Facility exceeds the number of Ordinary Shares available for subscription under the Excess Application Facility.

As referred to above, under the Sellers' Relationship Agreement, the Company has provided pre-emptive rights to the SRA Sellers and the Restructuring Selling Shareholders and, under the Lender Relationship Agreement, the Company has provided pre-emptive rights to the Lenders under the Lender Relationship Agreement. As at the date of this document, Lender/Seller Shareholders holding an aggregate of 62,644,235 Ordinary Shares have agreed with the Company to waive their contractual pre-emption rights under the relevant Relationship Agreement in respect of the issue of the Placed Shares. Therefore, such Lender/Seller Shareholders do not have any entitlements under the Excess Application Facility. As at the date of this document, the maximum number of Excess Shares to which Qualifying Lender/Seller Shareholders are entitled to apply for under the Excess Application Facility is 176,866 Ordinary Shares, which represents 0.1 per cent. of the Company's existing issued share capital at the date of this document.

The Company will, upon passing of the Resolutions and the Second Placing and the Open Offer becoming unconditional, have the authority to issue a sufficient number of Ordinary Shares (whether pursuant to the Excess Application Facility or otherwise) in order to satisfy the maximum entitlement of each Qualifying Lender/Seller Shareholder to subscribe for Ordinary Shares pursuant to their contractual pre-emption rights under the relevant Relationship Agreement which arise as a result of the issuance of the First Placed Shares and the Second Placed Shares.

In circumstances where the Ordinary Resolution is passed but the Special Resolution is not passed and only the First Placing proceeds, the Company has, pursuant to the Existing Shareholder Authority, the authority to issue a sufficient number of Ordinary Shares in order to satisfy the maximum entitlement of each Qualifying Lender/Seller Shareholder to subscribe for Ordinary Shares pursuant to their contractual pre-emption rights under the relevant Relationship Agreement which arise as a result of the issuance of the First Placed Shares.

4.9 Lock-up Deeds

Each of the TDR Capital Entities and Sun Capital Entities has irrevocably and unconditionally agreed, in a Lock-up Deed executed in favour of the Company, not to sell, transfer or otherwise dispose of their respective holdings of Ordinary Shares that they legally or beneficially held on the date of this document for a period of six months from the date of this document. The Lock-up Deeds contain certain exceptions in respect of sales, transfers or other dispositions to relatives, holding companies, subsidiaries, other members of the same group of companies, affiliates and connected persons.

5. Effect of the Capital Raising

If the First Placing is completed, the First Placed Shares will represent approximately 4.5 per cent. of the Company's existing issued share capital at the date of this document and approximately 4.3 per cent. of the First Enlarged Issued Share Capital. Upon the issue of the First Placed Shares, all Shareholders will experience an immediate dilution of approximately 4.3 per cent. of their interests in the Company as a result of the First Placing.

If, in addition to the First Placing, the Second Placing and the Open Offer are completed, the First Placed Shares, the Second Placed Shares and the Open Offer Shares will represent in aggregate approximately 28.6 per cent. of the Company's existing issued share capital at the date of this document and approximately 22.3 per cent. of the Fully Enlarged Issued Share Capital. Upon the issue of the First Placed Shares, the Second Placed Shares and the Open Offer Shares, Qualifying Shareholders who take up their full entitlements in respect of the Open Offer will experience an immediate further dilution of approximately 3.0 per cent. of their interests in the Company. However, upon the issue of the First Placed Shares, the Second Placed Shares and the Open Offer Shares, Shareholders who do not (or are not eligible to) take up any of their entitlements in respect of the Open Offer will experience an immediate further and greater dilution of approximately 18.8 per cent. of their interests in the Company.

Qualifying Shareholders should note that the Open Offer is not a rights issue. In the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who are not eligible to, or do not, apply under the Open Offer.

6. Current trading and future prospects of the Group

An update on the Group's recent developments, current trading and outlook is included in the 2012 Q3 Interim Management Statement.

6.1 Transfer of annuity in-payment liabilities to Guardian Assurance

On 27 June 2012, the Company announced an agreement to transfer approximately £5 billion of annuity in-payment liabilities to Guardian Assurance. The transaction comprised the reinsurance of approximately £5 billion of annuity in-payment liabilities to Guardian Assurance, effective 1 July 2012. The Group made an associated transfer of approximately £5 billion of assets to Guardian Assurance as the related reinsurance premium for the transferred annuity liabilities. Guardian Assurance has agreed terms with Ignis Asset Management for them to provide investment management services in respect of the majority of the assets transferred pursuant to the reinsurance agreements. It is expected that the reinsurance agreement will be replaced by a formal Part VII transfer of the annuity liabilities to Guardian Assurance in 2013.

The transaction resulted in the release of regulatory capital backing the transferred annuity in-payment liabilities, and in the half year ended 30 June 2012, this transaction increased the free surplus within the Group's life companies by £252 million, improved the Group IGD surplus by £25 million and increased MCEV by £36 million. The Group does not expect the transaction to have a material impact on its Group recurring operating profit for the year ended 31 December 2012 calculated under IFRS. As the annuity liabilities include prudential margins under IFRS, a non-recurring positive impact (net of any write-down of associated intangible assets) is expected in the second half of 2012 which will be reported outside of operating profit in the Company's consolidated financial statements for the year ended 31 December 2012. The exact amount of the impact is subject to the progress of the expected Part VII transfer which is expected to take place in the second half of 2013. The Group expects to realise further Group IGD benefits when the annuity liabilities are transferred to Guardian Assurance through the Part VII transfer.

6.2 Cash Generation

Operating companies' cash generation is a measure of cash and cash equivalents remitted by the Group's operating companies to the Group's Holding Companies and is available to cover dividends, debt servicing and repayments, pension scheme contributions and operating expenses.

For the year ended 31 December 2012, the Group had a cash generation target of £600 million to £700 million. For the year ended 31 December 2012, the Group delivered £690 million of cash generation.

The Group currently has a long-term cash generation target for the period from 2011 to 2016 of £3.3 billion. As at 31 December 2012, £1,500 million of cash generation had been achieved since 1 January 2011.

The table below sets out, for the periods indicated, an analysis of the cash paid by the operating companies to the Holding Companies, as well as the uses of those cash receipts.

	As at 31 December 2012 *(unaudited)*	As at 31 December 2011 *(audited)*	As at 31 December 2010 *(audited)*
	£ million	*£ million*	*£ million*
Cash and cash equivalents at 1 January	**837**	**486**	**202**
Operating companies' cash generation:			
Cash receipts from Phoenix Life	661	778	708
Cash receipts from Ignis Asset Management	29	32	26
Total receipts of cash by Holding Companies	**690**	**810**	**734**
Uses of cash:			
Operating expenses	37	52	45
Pension scheme contributions	50	35	38
Debt interest	115	122	123
Total recurring outflows	**202**	**209**	**206**
Non-recurring outflows	21	24	79
Uses of cash before debt repayments and shareholder dividend	223	233	285
Debt repayment	165	171	122
Shareholder dividends	73	55	43
Total uses of cash	**461**	**459**	**450**
Cash and cash equivalents at 31 December	**1,066**	**837**	**486**

6.3 Group IGD surplus

As at 30 September 2012, the Group's IGD surplus was estimated to be £1.4 billion, compared with £1.2 billion as at 30 June 2012 and £1.3 billion as at 31 December 2011. As at 30 November 2012, the Group's IGD surplus was estimated to be £1.2 billion, as adjusted to take into account the updated unaudited Group pension scheme valuations on an IAS19 basis and an IFRIC14 adjustment. The surplus over the Group's IGD capital policy was £0.4 billion as at 30 November 2012 (as adjusted), £0.6 billion as at 30 September 2012, £0.4 billion as at 30 June 2012 and £0.4 billion as at 31 December 2011.

6.4 PLHL ICA surplus

PLHL ICA is an additional group solvency calculation. As at 30 September 2012, the Group's PLHL ICA surplus was £0.6 billion, compared with £0.4 billion as at 30 June 2012. As at 30 November 2012, as adjusted to take into account the new funding arrangements entered into with the trustee of the Pearl Group Staff Pension Scheme, the Group's PLHL ICA surplus was estimated to be £0.9 billion. As agreed with the FSA, the Group aims to ensure that PLHL maintains a PLHL ICA surplus of at least £150 million, which represents the surplus of the Group's capital resources over its capital resource requirements on a Pillar 2 basis. See "—Regulatory capital requirements—Individual Capital Assessment" for more information.

6.5 Group MCEV

The Group calculates MCEV, in accordance with the methodology set out in Note 1 to the Notes to the MCEV supplementary information for the half year ended 30 June 2012 which is on pages 62 to 65 of the 2012 Half Year Interim Report.

Group MCEV was £2,135 million as at 30 June 2012, compared to £2,118 million as at 31 December 2011.

The Group currently targets an average of £100 million per annum of incremental embedded value growth from management actions between 2011 to 2014, representing an aggregate of £400 million in such four year period. Although Group MCEV increased by £17 million in the six months ended 30 June 2012, the Group generated £107 million of incremental MCEV during the first half of 2012 from management actions, as part of its ongoing programme of system and modelling improvements. The Group has delivered a total of £272 million of incremental MCEV from 1 January 2011 to 30 June 2012 from management actions.

6.6 Gearing—Existing Definition

As at 31 December 2009, 2010 and 2011 and as at 30 June 2012, the Group calculated its gearing as the Group's net shareholder debt as a percentage of the sum of Group MCEV, net shareholder debt and the present value of future profits of Ignis Asset Management (which is the present value of profits attributable to the shareholder of Ignis Asset Management arising from its in-force business). Net shareholder debt is defined as shareholder debt (including hybrid debt) less Holding Companies' cash and cash equivalents.

The table below sets out, for the periods indicated, the calculation of the sum of Group MCEV, net shareholder debt and the present value of future profits of Ignis Asset Management.

	As at 30 June 2012 *(unaudited)*	**As at 31 December 2011** *(audited, except as otherwise indicated)*	**As at 31 December 2010**	**As at 31 December 2009**
	£ billion	*£ billion*	*£ billion*	*£ billion*
Group MCEV	2.1	2.1	2.1	1.8
Net shareholder debt:				
—Shareholder debt (including hybrid debt)	*2.9*	*3.0*	*3.2*	*3.3*
—Less Holding Companies' cash and cash equivalents (unaudited)	*(0.7)*	*(0.8)*	*(0.5)*	*(0.2)*
Net shareholder debt (*unaudited*)	2.2	2.2	2.7	3.1
Present value of future profits of Ignis Asset Management (*unaudited*)	0.4	0.4	0.4	0.4
Total (*unaudited*)	**4.7**	**4.7**	**5.2**	**5.3**

As at 30 June 2012 and as at 31 December 2011, the Group's gearing, calculated on the basis of the Existing Gearing Definition was 46 per cent., compared to 52 per cent. as at 31 December 2010 and 58 per cent. as at 31 December 2009.

In the Group's 2012 Half Year Interim Report, the Company confirmed that it was targeting gearing of 43 per cent. or below as at 31 December 2012, calculated on the basis of the Existing Gearing Definition, which the Company expects to meet.

6.7 Gearing—New Definition

Concurrently with the announcement of the Capital Raising, the Company has announced that it has changed the way it will present the Group's gearing as at 31 December 2012 and as at the end of future periods.

The Group calculates its amended gearing as gross shareholder debt as a percentage of the gross MCEV, which is the New Gearing Definition. Gross shareholder debt is defined as the sum of IFRS carrying value of shareholder debt (as disclosed in the Borrowings note to the Company's consolidated financial statements) and 50 per cent. of the IFRS carrying value of the Perpetual Reset Capital Securities issued by PGH1 given the hybrid nature of that instrument. Gross MCEV is defined as the sum of the Group MCEV and the value of the shareholder and hybrid debt as included in the MCEV.

The Company has changed the way it calculates the Group's gearing in order to adopt a gearing calculation that is more consistent with typical gearing calculations that credit rating agencies use in calculating corporate credit ratings.

The table below sets out, for the periods indicated, the calculation of the components of the New Gearing Definition.

	As at 30 June 2012	As at 31 December 2011	As at 31 December 2010	As at 31 December 2009
	(unaudited)		*(audited, except as otherwise indicated)*	
	£ million	*£ million*	*£ million*	*£ million*
Group MCEV	2,135	2,118	2,104	1,827
Gross shareholder and hybrid debt at IFRS carrying values:				
—*Shareholder debt*	*2,598*	*2,694*	*2,854*	*2,968*
—*50 per cent. of Perpetual Reset Capital Securities (hybrid debt) (unaudited)*	*199*	*204*	*206*	*264*
Gross shareholder and hybrid debt (*unaudited*)	2,797	2,898	3,060	3,232
Difference between IFRS and MCEV carrying values of listed debt[1] (*unaudited*)	53	71	141	37
Gross MCEV (*unaudited*)	**4,985**	**5,087**	**5,305**	**5,096**

Note:

(1) The Perpetual Reset Capital Securities and £200 million 7.25 per cent. unsecured subordinated loan note are included in MCEV at market value as disclosed in the Assumptions note of the Company's MCEV financial statements.

Concurrently with the announcement of the Capital Raising, the Company has announced that it has set a new gearing target of 40 per cent. by the end of 2016, calculated on the basis of the New Gearing Definition. Calculated on the basis of the New Gearing Definition, the Group's gearing as at 30 June 2012 was 56 per cent. and as at 31 December 2011 was 57 per cent., compared to 58 per cent. as at 31 December 2010 and 63 per cent. as at 31 December 2009.

6.8 Interim dividend

On 4 October 2012, the Company paid an interim dividend of 21 pence per share. The cost of this dividend was not recognised as a liability in the Group's interim financial statements for the half year ended 30 June 2012 and will be charged to the Group's statement of consolidated changes of equity for the year ended 31 December 2012. See Part I: "Background and Information on the Capital Raising—Dividends and Dividend Policy" for further information on the Company's dividend policy.

6.9 Current trading update

The Group issued its 2012 Q3 Interim Management Statement for the nine months ended 30 September 2012, on 31 October 2012.

The Group's trading performance for the year ended 31 December 2012 was in line with the expectations of the Company's management. Group MCEV as at 31 December 2012 is expected to be in line with the expectations of the Company's management. For the year ended 31 December 2012, the Group delivered £690 million of cash generation.

Following the continued narrowing of credit spreads on high quality corporate bonds experienced during the fourth quarter of 2012 and the initial findings of the draft triennial funding valuation as at 30 June 2012, the Group has updated its assumptions for valuing the Pearl Group Staff Pension Scheme and the PGL Pension Scheme on an IAS19 basis. The estimated IAS19 deficit for the Pearl Group Staff Pension Scheme as at 31 December 2012, is £114 million, compared with a £31 million surplus as at 30 June 2012, in each case gross of related tax. The estimated gross of tax IAS19 surplus for the PGL Pension scheme as at 31 December 2012 is £344 million, compared with a gross of tax IAS19 surplus of £456 million as at 30 June 2012, before eliminating insurance policies effected by the PGL Pension scheme within the Group. Taking into account the updated unaudited Group pension scheme valuations on an IAS19 basis as at 31 December 2012, Group MCEV would reduce by approximately £0.1 billion compared to the impact of the Group pension scheme valuations as at 30 June 2012.

Under IFRIC14, an interpretation of IAS19, where deficit reduction contributions payable into a pension scheme will not be available after they are paid, a liability is recognised when the obligation arises to make those contributions. Following the agreement of the new funding arrangements entered into with the trustee of the Pearl Group Staff Pension Scheme in November 2012 which is referred to below, an additional liability will be recognised on the Pearl Group Staff Pension Scheme in the Group's IFRS financial statements, reflecting the tax that would arise on any notional refund of the resultant IAS19 surplus following the revised contributions being paid. The estimated additional liability at 31 December 2012 is £83 million reflecting 35 per cent. tax on the resultant IAS19 surplus of £237 million (which represents £351 million present value of deficit reduction contributions less the estimated current deficit of £114 million). A deferred tax asset of £55 million as at 31 December 2012 will also be recognised in the Group's IFRS financial statements to reflect tax relief at a rate of 23 per cent. that is expected to be available on the contributions, once paid into the pension scheme. The net IFRIC14 adjustment is not reflected in the Group MCEV as the Group does not anticipate that its ultimate contributions into the pension scheme will give rise to a notional refund.

On 27 November 2012, PGH2 entered into the 2012 Pensions Agreement with the trustee of the Pearl Group Staff Pension Scheme which sets out an agreed contractual framework for contributions to the Pearl Group Staff Pension Scheme. The agreement reached with the trustee of the Pearl Group Staff Pension Scheme in the 2012 Pensions Agreement resulted in a £0.3 billion increase in the Group's PLHL ICA surplus. The sensitivity of the Group's PLHL ICA surplus to external market stresses is significantly reduced as a consequence of agreement reached with the trustee of the Pearl Group Staff Pension Scheme in the 2012 Pensions Agreement.

7. **The Resolutions**

Shareholder approval is required in order for the Capital Raising to take place for the reasons described in "—Background to and reasons for the Capital Raising" above.

The passing of the Ordinary Resolution is a condition to the First Placing, the Second Placing and the Open Offer. The passing of the Special Resolution is a condition to the Second Placing and the Open Offer. No element of the Capital Raising will take place if the Ordinary Resolution is not passed at the EGM. In addition, if the First Placing is not completed, then the Second Placing and the Open Offer will not be completed. However, it is possible for the First Placing to be completed without the Second Placing and the Open Offer also being completed. The Second Placing and the Open Offer are inter-conditional.

The proposed Resolutions are set out in Part II: "Notice of Extraordinary General Meeting" of this document on pages 53 to 58.

Given that the Issue Price represents a discount of more than 10 per cent. to the Closing Price of 591.0 pence per Ordinary Share on 29 January 2013 (being the last Dealing Day before the announcement of the Capital Raising), the Company is required, under the Listing Rules, to seek approval of its Shareholders by way of an Ordinary Resolution for the issue of the New Ordinary Shares at that price pursuant to the First Placing and, if the Special Resolution is passed, the Second Placing and the Open Offer, as well as any Additional Relationship Agreement Shares (otherwise than pursuant to the Excess Application Facility within the Open Offer).

The purpose of the Ordinary Resolution is also to grant the Directors authority to allot and issue New Ordinary Shares in connection with the Second Placing and the Open Offer and to allot and issue any Additional Relationship Agreement Shares to Qualifying Lender/Seller Shareholders. The proposed Ordinary Resolution is required because the Existing Shareholder Authority granted by Shareholders at the Company's AGM held on 3 May 2012 does not allow for the issuance of a sufficient number of New Ordinary Shares as would be issued pursuant to the proposed Second Placing and the Open Offer.

The purpose of the Special Resolution is to grant the Directors authority to allot and issue equity securities on a non-pre-emptive basis in connection with the Second Placing. The proposed Special Resolution is required because the Articles of Association of the Company contain a restriction which provides that the Company shall not allot any equity securities for cash without first having offered them to Shareholders holding Ordinary Shares on a pro rata basis to the number of Ordinary Shares held by such Shareholders unless such rights are disapplied by a special resolution of Shareholders. The proposed Second Placing is a placing on a non-pre-emptive basis. The Special Resolution is required because the Existing Shareholder Authority granted by Shareholders at the Company's AGM held on 3 May 2012 to issue equity securities on a non-pre-emptive basis does not allow for the issuance of a sufficient number of New Ordinary Shares

as would be issued in the Second Placing. The Special Resolution grants authority for the issuance of 8,200,000 Ordinary Shares to be issued in the Second Placing.

Further information relating to the Resolutions is set out in paragraph 1 of the Appendix to this letter.

8. **Further information**

Your attention is drawn to the further information set out in the Appendix to this letter. You should read the whole of this document and not rely solely on the information set out in this letter. In particular you should read the risk factors set out in paragraph 2 of the Appendix to this letter.

If you wish to apply for New Ordinary Shares in the Open Offer, you are also referred to the Prospectus, which contains further information about the Open Offer and, in particular, the section headed "Risk Factors" in the Prospectus, for a discussion of certain factors that should be considered when deciding on what action to take in relation to the Open Offer and in deciding whether or not to make an application pursuant to the Open Offer or an investment in the New Ordinary Shares.

9. **Consequences of the Resolutions not being passed**

The First Placing is conditional on the approval of the Ordinary Resolution by Shareholders at the EGM. The Second Placing and the Open Offer are conditional on the approval of the Ordinary Resolution and the Special Resolution by Shareholders at the EGM and are inter-conditional between themselves. The First Placing, the Second Placing and the Open Offer are also conditional on the conditions described in "—Summary of the Capital Raising" above. In addition, the amendments made to the Existing Impala Facility Agreement are conditional on the Amendment Conditions Precedent as described in section 3 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" of this document.

The Ordinary Resolution requires a majority of votes cast to be in favour of the resolution in order for the resolution to be passed. The Special Resolution requires at least 75 per cent. of the votes cast to be in favour of the resolution in order for the resolution to be passed.

The Second Placing and the Open Offer can only proceed if both the Ordinary Resolution and the Special Resolution are passed. If neither the Ordinary Resolution nor the Special Resolution are approved by the Shareholders at the EGM, no component of the Capital Raising will proceed and, in addition, the Existing Impala Facility Agreement will continue in force without the amendments made by the Impala Facility Amendment and Restatement Agreement. However, if the Ordinary Resolution is passed by the Shareholders at the EGM but the Special Resolution is not, then the First Placing will be completed (subject to satisfaction of the conditions of the First Placing).

The net proceeds receivable by the Company from the Capital Raising (expected to be approximately £232 million) will be used, alongside existing cash resources held in the Holding Companies, to make the £450 million prepayment of the Impala Facility, which is expected to be made within two business days following completion of the Capital Raising. In addition, in connection with the Impala Facility Amendment and Restatement Agreement, the Group will pay, using existing cash resources held in the Holding Companies, arrangement and structuring fees, which are estimated to be approximately £21 million.

The Directors believe that following completion of the Capital Raising, and the associated partial refinancing of the Group's Impala Facility, the Group would be well positioned to embark on the next stage of its journey to deliver long term growth and shareholder value as the UK's largest specialist consolidator of closed life assurance funds.

If the Capital Raising is not effected, then the Existing Impala Facility Agreement will continue in force without the amendments made by the Impala Facility Amendment and Restatement Agreement. If the amendments to the Impala Facility are not effected, then the Group will not be obliged to make the £450 million prepayment of the Impala Facility. Under the Existing Impala Facility Agreement, the Group is required to make semi-annual repayments under Impala Facility A of £62.5 million from 30 April 2013 to 31 October 2014, with the balance of Impala Facility A repayable on the maturity date of 30 November 2014. The Group is also required to repay Impala Facility B and Impala Facility C on 30 November 2015 and 30 November 2016, respectively, each of which, as at the date of this document, had a principal amount outstanding of £492.5 million. In the event that the amendments made by the Impala Facility Amendment and Restatement Agreement are not effected, the Company would continue discussions with the Group's lenders regarding a re-terming of the Impala Facility. In those circumstances, the Group may

have to agree to a lower prepayment of the Impala Facility and less commercially advantageous terms of the amendments to the Impala Facility.

10. **Recommendation of the Board**

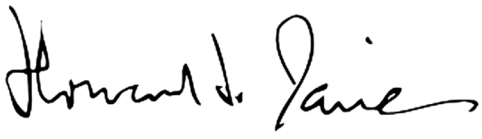
In the Board's opinion, the proposed Resolutions to be considered at the EGM as set out in the Notice of the Extraordinary General Meeting are in the best interests of the Shareholders taken as a whole. The Board is also of the opinion that the proposed Resolutions are in the best interests of the Company. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be put to the EGM, as the Directors intend to do, or procure, in respect of their own beneficial holdings held at the time of the EGM. As at 28 January 2013, being the latest practicable date prior to publication of this document, the Directors beneficially own an aggregate of 12,382,105 Ordinary Shares, representing approximately 7.1 per cent. of the Company's current issued share capital at the date of this document.

Each of the Directors intends to take up his or her Open Offer Entitlement in full, which in aggregate amount to 2,411,349 Open Offer Shares under the Open Offer.

11. **Action to be taken**

A form of proxy (or form of instruction for holders of Depositary Interests) is enclosed for completion, as appropriate. For further information on how to vote, please refer to the Notes to the Notice of Extraordinary General Meeting in Part II: "Notice of Extraordinary General Meeting" on pages 53 to 58 of this document.

Yours sincerely



Sir Howard Davies
Chairman

APPENDIX TO THE CHAIRMAN'S LETTER

1. The Resolutions

As described in this letter, the passing of the Ordinary Resolution is a condition to the First Placing, the Second Placing and the Open Offer. The passing of the Special Resolution is a condition to the Second Placing and the Open Offer.

The proposed Resolutions are set out in Part II: "Notice of Extraordinary General Meeting" of this document on pages 53 to 58.

The Ordinary Resolution requires a majority of votes cast to be in favour of the resolution in order for the resolution to be passed. The Special Resolution requires at least 75 per cent. of the votes cast to be in favour of the resolution in order for the resolution to be passed. The Resolutions are to be voted on separately by Shareholders. Therefore, the Ordinary Resolution could be passed by Shareholders even if the Special Resolution is not passed by Shareholders, and vice versa. However, the Second Placing and the Open Offer are conditional on the passing of both Resolutions, whereas the First Placing is conditional on the passing of the Ordinary Resolution and not the passing of the Special Resolution.

The Ordinary Resolution proposes to resolve that, pursuant to Article 14 of the Articles of Association, the Board be generally and unconditionally authorised to allot and issue equity securities pursuant to the Second Placing and the Open Offer in an aggregate nominal amount of up to €4,220 (representing 42,200,000 Ordinary Shares). This authority would relate to Ordinary Shares representing approximately 24.2 per cent. of the issued ordinary share capital of the Company as at 28 January 2013 (being the last practicable date prior to publication of this document). This authority shall be for a period expiring on 31 May 2013.

In addition, the Ordinary Resolution also proposes to resolve that, pursuant to Article 14 of the Articles of Association, the Board be generally and unconditionally authorised to allot and issue the New Ordinary Shares and any Additional Relationship Agreement Shares which may be issued to Qualifying Lender/Seller Shareholders, on the terms described in this document at an issue price of 500 pence per New Ordinary Share. The Issue Price represents a 91.0 pence (15.4 per cent.) discount to the Closing Price of 591.0 pence per Ordinary Share on 29 January 2013 (being the last Dealing Day before the announcement of the Capital Raising) and a discount of 58.7 pence (10.5 per cent.) to the average of the volume weighted average price of the Ordinary Shares for the 30 Dealing Day period ending on 29 January 2013 (the last Dealing Day prior to the announcement of the Capital Raising) which is 558.7 pence.

The Special Resolution proposes to resolve that, pursuant to Article 16 of the Articles of Association, the Board be generally and unconditionally authorised to allot and issue equity securities for cash without first being required to offer such equity securities to existing holders of equity securities in proportion to their existing holdings in an aggregate nominal amount of up to €820 (representing 8,200,000 Ordinary Shares) pursuant to the Second Placing. This authority would relate to Ordinary Shares representing approximately 4.7 per cent. of the issued ordinary share capital of the Company as at 28 January 2013 (being the last practicable date prior to publication of this document). This authority shall be for a period expiring on 31 May 2013.

Any Ordinary Shares which the Company may issue to Qualifying Lender/Seller Shareholders otherwise than pursuant to the Excess Application Facility within the Open Offer and which are issued in satisfaction of pre-emption rights under the Relationship Agreements as a result of the issuance of the Placed Shares are referred to in this document as Additional Relationship Agreement Shares. Any Additional Relationship Agreement Shares which are issued by the Company in satisfaction of their contractual pre-emption rights under the relevant Relationship Agreement as a result of the issuance of the Placed Shares would be issued to the relevant Qualifying Lender/Seller Shareholder at the Issue Price. Any Additional Relationship Agreement Shares which may be issued by the Company from time to time do not form part of the Capital Raising and the offer and issue of such Additional Relationship Agreement Shares would not be pursuant to the Prospectus. Any Additional Relationship Agreement Shares which may be issued by the Company from time to time would be issued by the Company pursuant to the existing disapplication of pre-emption rights in the Existing Shareholder Authority and not pursuant to the Special Resolution to be considered by Shareholders at the EGM. Upon the passing of the Ordinary Resolution and the Special Resolution by Shareholders at the EGM and the completion of the Capital Raising, there would be no conditions to the allotment and issuance by the Company of the Additional Relationship Agreement Shares to Qualifying Lender/Seller Shareholders. The Company would conduct any offering, issuance and listing of Additional Relationship Agreement Shares in reliance on an exemption from the

requirement to produce a prospectus in respect of such Additional Relationship Agreement Shares pursuant to the Prospectus Directive. The Company reserves the right at its sole discretion to issue any Additional Relationship Agreement Shares on the date that the New Ordinary Shares are issued or at a later date. The Company currently expects that it would use the proceeds from any issuances of Additional Relationship Agreement Shares for general corporate purposes.

As at the date of this document, no Ordinary Shares are held in treasury.

The authorities in the Ordinary Resolution apply in substitution of all previous authorities pursuant to Article 14 of the Articles of Association except for the Existing Shareholder Authority granted by ordinary resolution 3 passed by the Shareholders at the Company's AGM held on 3 May 2012 which shall continue to apply and be in addition to the authority granted by such Ordinary Resolution. The authorities in the Special Resolution apply in substitution of all previous authorities pursuant to Article 16 of the Articles of Association except for the Existing Shareholder Authority granted by special resolution 4 passed by the Shareholders at the Company's AGM held on 3 May 2012 which shall continue to apply and be in addition to the authority granted by such Special Resolution. However (i) if the First Placing has not become unconditional by 28 February 2013 or if the First Placing has been terminated in accordance with its terms, the Ordinary Resolution shall cease to have effect and (ii) if the Second Placing or the Open Offer have not become unconditional by 28 February 2013 or if the Second Placing and the Open Offer have been terminated in accordance with their respective terms, the Special Resolution shall cease to have effect.

If each of the Ordinary Resolution and the Special Resolution is passed and the First Placing, the Second Placing and the Open Offer are effected, the Directors intend to (i) exercise the Shareholder authorities granted pursuant to the Ordinary Resolution in relation to the issue of the New Ordinary Shares pursuant to the Second Placing and the Open Offer and (ii) exercise the Shareholder authorities granted pursuant to the Special Resolution in relation to the issue of the New Ordinary Shares pursuant to the Second Placing.

Each of the TDR Capital Entities, the Sun Capital Voting Entities and certain other Shareholders has executed an Irrevocable Voting Undertaking dated 30 January 2013 in favour of the Company. Pursuant to the Irrevocable Voting Undertakings, the Irrevocable Voting Shareholders have irrevocably and unconditionally agreed to vote in favour of the Resolutions to be put to the EGM. The aggregate of the number of Ordinary Shares the subject of the Irrevocable Voting Undertakings and the number of Ordinary Shares in respect of which the Directors intend to vote in favour of the proposed Resolutions at the EGM is 109,092,628 Ordinary Shares (representing approximately 62.5 per cent. of the Company's entire issued share capital at the date of this document).

2. Risk factors to be considered by Shareholders

The Directors are aware of the following material risks relating to the Capital Raising and the Ordinary Shares which they wish to draw to the attention of Shareholders. The risks described below are considered to be material by the Directors in relation to the Capital Raising and the Ordinary Shares and are based on information known at the date of this document, but may not be the only risks to which the Group is exposed. Additional risks and uncertainties, which are currently unknown to the Directors or that the Directors do not currently consider to be material, may also have a material adverse effect on the Group's business, financial condition and results of operations and could negatively affect the value of the Ordinary Shares.

Shareholders are also referred to the risk factors set out in "Risk Factors" on pages 24 to 50 of the Prospectus.

2.1 If the Resolutions are not passed by Shareholders at the EGM, the re-terming and part prepayment of the Impala Facility will not take place and the Group will continue to be subject to the terms of the Existing Impala Facility Agreement

If the Resolutions are not passed by Shareholders and/or and if the other conditions of the First Placing, the Second Placing and the Open Offer are not satisfied or waived (where capable of waiver) prior to Admission of the First Placed Shares, the Second Placed Shares and the Open Offer Shares, then the Capital Raising will not be completed. If the First Placing, the Second Placing and the Open Offer are not completed, then the proposed re-terming and partial refinancing of the Impala Facility will not take place and the Group will be subject to the existing terms of the Impala Facility as set out in the Existing Impala Facility Agreement. The Capital Raising and the re-terming and partial refinancing of the Impala Facility would have failed to achieve the Company's strategic intent of refinancing the Group's Impala Facility,

which is the Group's largest bank facility, in order to align the Group's debt repayments more closely to the Group's expected cash flows.

If the Capital Raising is not completed, the Company would continue discussions with the Group's lenders regarding a re-terming of the Impala Facility in order to seek to achieve the Company's strategic intent align the Group's debt repayments more closely to the Group's expected cash flows. In those circumstances, the Group may have to agree to a lower prepayment of the Impala Facility and less commercially advantageous terms of the amendments to the Impala Facility. However, no assurance can be given that the Group would be able to re-term or refinance the remaining outstanding principal amount of the Impala Facility on similar terms or that the Group will be able to refinance those obligations at all.

The Existing Impala Facility Agreement contains restrictions on dividends and other cash flows around the Group and on acquisitions and disposals by the Group under the terms of its main credit facilities. For more information on the terms of the Existing Impala Facility Agreement, including the covenants which impose limitations on the Group's ability to undertake certain actions, see in Part XIII: "Additional Information—Material Contracts—Credit Facilities". The continued existence of certain of the restrictions contained in the Existing Impala Facility Agreement could have a material adverse effect on the Group's business, results, financial condition and prospects and may impact the Company's ability to pay dividends to Shareholders.

In addition, if the Capital Raising is not completed, the Company will not be able to make the prepayment of £450 million of the Impala Facility. Therefore, the Company would not realise the expected benefits associated with this, as discussed in "Expected benefits of the Capital Raising and the partial refinancing and amendment of the Group's Impala Facility" above. Therefore, the level of the Group's current indebtedness may reduce the Group's strategic flexibility and may cause the Group to consider other options in order generate additional funds in order to reduce the Group's leverage. Any of these factors could have a material adverse effect on the Group's business, results, financial condition and prospects and may impact the Company's ability to pay dividends to Shareholders.

2.2 The level of the Group's indebtedness, the restrictions in the Group's existing credit facilities (including both the Existing Impala Facility Agreement and the Impala Facility Amendment and Restatement Agreement) and the structure of the Group's existing credit facilities could have material adverse effects on the Group.

The total principal amount outstanding under the Group's two main credit facilities as at 30 June 2012 was £2,369 million. While it is intended that £450 million of the Impala Facility will be prepaid within two business days following completion of the Capital Raising and, in connection with the Impala Facility Amendment and Restatement Agreement, that the maturity date of the principal amount of the Impala Facility (currently due for repayment by way of scheduled bullet repayments payable in 2014, 2015 and 2016) will be extended to a final maturity of 31 December 2017 (subject to extension to 30 June 2019 at the option of the Impala Borrowers) with mandatory amortisations of £30 million semi-annually over the remaining life of the Impala Facility, the cash flows emerging from the Group's subsidiaries up to and over the period to maturity of these credit facilities may be insufficient to meet the Group's repayment obligations. The amendments made to the Existing Impala Facility Agreement are conditional on the Capital Raising and if the Company does not consummate the Capital Raising, the Existing Impala Facility Agreement will continue in force without the amendments made by the Impala Facility Amendment and Restatement Agreement.

The Group's level of indebtedness, restrictions on the Group under the terms of its credit facilities, and the "silo" structure of the Group's debt in terms of it having two separate credit facilities relating to separate groups of entities in the Group, could have a material adverse effect on the Group, including:

- making it more difficult for the Group to satisfy its obligations with respect to its debt and other liabilities;
- requiring the Group to dedicate a substantial portion of its cash flow to payments on its debt, thus reducing distributions to Shareholders;
- restricting the Group from pursuing potential acquisition opportunities or preventing the Group from being able to obtain regulatory approval for a potential acquisition opportunity, which could impair the Group's ability to execute its acquisition strategy;
- restricting the Group's ability to exploit certain business opportunities, including moving subsidiaries between the groups of entities to which the credit facilities relate;

- increasing the Group's vulnerability to a downturn in economic conditions;
- exposing the Group to increases in interest rates to the extent its variable rate debt is unhedged;
- placing the Group at a competitive disadvantage compared to its competitors that have less debt in relation to cash flow;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and industry; and
- limiting, among other things, the Group's ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

On the other hand, the Group's leverage currently has a positive effect on the Group's embedded value through the beneficial impact of the tax deductibility of interest and so any significant reduction in its indebtedness may have an adverse impact on the Group's embedded value as a consequence of higher tax payments than currently projected by the Group.

The level of the Group's indebtedness and its financing structure could therefore have a material adverse effect on the Group's business, results, financial condition and prospects.

2.3 Shareholders will experience an immediate dilution of their percentage ownership of the Company as a result of the Capital Raising. In addition, if the Company decides to offer additional Ordinary Shares in the future, this could result in the dilution of interests of Shareholders.

Shareholders should note that the Capital Raising will have a dilutive effect on Shareholders. The First Placing will be conducted in accordance with the existing disapplication of pre-emption rights in the Existing Shareholder Authority. In addition, the Second Placing is proposed to be conducted in accordance with a disapplication of pre-emption rights in the proposed Special Resolution to be considered at the EGM. The First Placing, the Second Placing and the Capital Raising are each being conducted in accordance with the proposed Ordinary Resolution to be considered at the EGM which, if passed by Shareholders, would approve the issuance of the New Ordinary Shares at the Issue Price. Therefore, the proportionate ownership and voting interest of Shareholders in the Company will be reduced as a result of the Capital Raising if the Resolutions are passed at the EGM and the First Placing, the Second Placing and the Open Offer complete.

If the First Placing is completed, the First Placed Shares will represent approximately 4.5 per cent. of the Company's existing issued share capital at the date of this document and approximately 4.3 per cent. of the First Enlarged Issued Share Capital. Upon the issue of the First Placed Shares, all Shareholders will experience an immediate dilution of approximately 4.3 per cent. of their interests in the Company as a result of the First Placing.

If, in addition to the First Placing, the Second Placing and the Open Offer are completed, the First Placed Shares, the Second Placed Shares and the Open Offer Shares will represent in aggregate approximately 28.6 per cent. of the Company's existing issued share capital at the date of this document and approximately 22.3 per cent. of the Fully Enlarged Issued Share Capital. Upon the issue of the First Placed Shares, the Second Placed Shares and the Open Offer Shares, Qualifying Shareholders who take up in full their entitlements in respect of the Open Offer will experience an immediate further dilution of approximately 3.0 per cent. of their interests in the Company. However, upon the issue of the First Placed Shares, the Second Placed Shares and the Open Offer Shares, Shareholders who do not (or are not eligible to) take up any of their entitlements in respect of the Open Offer will experience an immediate further and greater dilution of approximately 18.8 per cent. of their interests in the Company.

To the extent that the entitlements of Qualifying Lender/Seller Shareholders to subscribe for Ordinary Shares pursuant to their contractual pre-emption rights under the relevant Relationship Agreement are not satisfied pursuant to the Excess Application Facility, the Company may issue Additional Relationship Agreement Shares to such Qualifying Lender/Seller Shareholders. The aggregate Additional Relationship Agreement Shares which may be issued by the Company is 176,866 Additional Relationship Agreement Shares, which represents approximately 0.1 per cent. of the issued ordinary share capital of the Company as at 28 January 2013 (being the last practicable date prior to publication of this document). The Company currently expects only to issue any Additional Relationship Agreement Shares in the event that the number of Ordinary Shares which Qualifying Lender/Seller Shareholders seek to subscribe for under the Excess Application Facility exceeds the number of Ordinary Shares available for subscription under the Excess Application Facility (as described under "Excess Application Facility for certain Lender/Seller Shareholders" in the Chairman's letter in Part I: "Chairman's Letter" of this document). To the extent that

any Additional Relationship Agreement Shares are issued by the Company, Shareholders may experience further dilution in respect of a non-pre-emptive issuance of approximately 0.1 per cent. of the issued ordinary share capital of the Company.

Under the Relationship Agreements, the Lender/Seller Shareholders have contractual rights of pre-emption in respect of the issuance of the First Placed Shares and the Second Placed Shares. However, certain Lender/Seller Shareholders have agreed to disapply such pre-emption rights and those Qualifying Lender/Seller Shareholders who have not disapplied their pre-emption rights can choose whether to exercise their respective pre-emption rights. Therefore, as a result of the Capital Raising and the operation of the contractual pre-emption rights contained in the Relationship Agreements, the absolute and relative percentage ownership of Lender/Seller Shareholders in the Company (certain of whom are major Shareholders in the Company) may change.

In addition, if the Company decides to offer additional Ordinary Shares in the future, this could dilute the interests of Shareholders and/or have an adverse effect on the market price of the Ordinary Shares.

2.4 The availability of Ordinary Shares for future issuances and the existence of certain rights and securities pursuant to which further Ordinary Shares may be required to be issued and any future sales by the Och-Ziff Funds or other Shareholders of the Company could depress the share price of the Ordinary Shares and, in the case of issues of further Ordinary Shares, dilute existing holders.

A number of Ordinary Shares will or may be issued for sale in the public markets following the Open Offer, including the following:

- There exist 25,529,868 outstanding redeemable Warrants in the Company (for further information, see Part XIII: "Additional Information—Incorporation and Share Capital—Share Capital—Description of the Company's Share Capital and Warrants—Warrants" on pages 215 to 218 of the Prospectus, which is incorporated by reference into this document). Each Warrant is exercisable into 1.027873 Ordinary Shares of the Company. To the extent they are exercised, the Company will be required to issue up to 26,241,461 additional Ordinary Shares. For further information in relation to the Public Warrants and the Lender Warrants, see sections 7 and 8, respectively, below.
- Under the Contingent Rights Agreements (as described in section 6 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" of this document), the Company will be required to issue 3,600,000 Ordinary Shares subject to the satisfaction of certain criteria as described therein. However, any such issuance of Ordinary Shares would not be as a result of the Capital Raising.
- Under the existing Employee Share Schemes, or if the Company introduces further employee share schemes in the future, further Ordinary Shares may be issued by the Company. For further information, see Part XI: "Directors, Corporate Governance and Employment Matters—Section D: Employee Incentive Plans" on pages 195 to 205 of the Prospectus, which is incorporated by reference into this document.
- The Company has implemented a scrip dividend programme, under which a scrip dividend alternative may, at the election of the Board of Directors, be offered to all Shareholders in respect of a relevant dividend which could result in the issuance of Ordinary Shares in satisfaction of certain dividend entitlements.

Any increase in the number of Ordinary Shares available for sale or the sale by the Och-Ziff Funds, the TDR Capital Entities and the Sun Capital Entities, or other Shareholders of the Company, of substantial amounts of Ordinary Shares or the perception that such sale might occur, could have an adverse effect on the market price of the Ordinary Shares. In addition, the issuance of Ordinary Shares by the Company will result in dilution to Shareholders' existing holdings.

3. Impala Facility

The Impala Borrowers are borrowers under a facility agreement dated 10 October 2007 (as previously amended from time to time), entered into among the Impala Borrowers, the Impala Lenders, the bookrunners, the arrangers, the Impala Facility Agent and the security trustee described therein (the "**Existing Impala Facility Agreement**").

As at the date of this document, £1,851.5 million is outstanding under the Existing Impala Facility Agreement.

On 30 January 2013, the Impala Borrowers entered into an amendment and restatement agreement with the Impala Lenders, the Impala Facility Agent and the other parties to the Existing Impala Facility Agreement (the "**Impala Facility Amendment and Restatement Agreement**") pursuant to which the Existing Impala Facility Agreement is to be amended and restated upon the date (the "**Effective Date**") on which the applicable conditions precedent (the "**Amendment Conditions Precedent**") are satisfied, including:

(i) the delivery by the Impala Borrowers to the Impala Facility Agent of a certificate confirming that the Company has raised at least £250 million of gross proceeds from the Capital Raising and that the net proceeds (after deducting the costs, expenses, fees and commissions that are permitted to be deducted pursuant to the terms of the Impala Facility Amendment and Restatement Agreement) have been either: (A) contributed by the Company to one or more of the Impala Borrowers; or (B) applied in prepayment of amounts outstanding under the Existing Impala Facility Agreement;

(ii) the payment of an arrangement fee in an amount equal to 0.75 per cent. of the total aggregate principal amount outstanding under the Impala Facility on or before the Effective Date (after taking into account any prepayment on or prior to the Effective Date);

(iii) the payment of a structuring fee in an amount equal to 0.75 per cent. of the total aggregate principal amount outstanding under the Impala Facility on or before the Effective Date (after taking into account any prepayment on or prior to the Effective Date); and

(iv) the payment of the other costs and expenses required to be paid by the Impala Borrowers pursuant to the terms of the Impala Facility Amendment and Restatement Agreement.

As at the date of this document, all Amendment Conditions Precedent have been satisfied except those referred to in (i), (ii), (iii) and (iv) above. Details of the Impala Facility Amendment and Restatement Agreement are set forth under "—Amendments to the Impala Facility" below. The net proceeds receivable by the Company from the Capital Raising after deduction of commissions, fees and expenses incurred in relation to the Capital Raising (expected to be approximately £232 million) will be used, alongside existing cash resources held in the Holding Companies, to prepay £450 million of the Impala Facility, which is expected to take place within two business days following completion of the Capital Raising. The Impala Borrowers are required to use their best endeavours to ensure that the conditions precedent are satisfied within five business days of receipt by the Company of the net proceeds of the Capital Raising. If the Amendment Conditions Precedent are not satisfied for any reason on or before 21 March 2013 (or such later date as the Majority Lenders under the Existing Impala Facility Agreement may agree), the Impala Facility will continue to be governed by the terms of the Existing Impala Facility Agreement. The Company expects to satisfy the Amendment Conditions Precedent referred to in (i), (ii), (iii) and (iv) above within two business days following completion of the Capital Raising. For the avoidance of doubt, at and after Admission, the Impala Lenders will not have the ability to modify or otherwise amend the Amendment Conditions Precedent without the agreement of the Impala Borrowers.

The Impala Borrowers together own 25 per cent. of Impala and PGH2 owns 75 per cent. of Impala. PGH2 has granted a fixed charge over its shares in, and distributions from, Impala for the benefit of the Impala Borrowers.

3.1 Existing Impala Facility Agreement

As at the date of this document, the outstanding principal amount under the Existing Impala Facility Agreement is £1,851.5 million (the "**Impala Senior Debt**"), comprising the following three tranches:

- Facility A with a principal amount outstanding of £866.5 million with a maturity date of 30 November 2014 ("**Facility A Termination Date**");
- Facility B with a principal amount outstanding of £492.5 million with a maturity date of 30 November 2015; and
- Facility C with a principal amount outstanding of £492.5 million with a maturity date of 30 November 2016.

Under the Existing Impala Facility Agreement, Facility A is repayable in equal semi-annual instalments of £62.5 million each, from 30 April 2013 through 31 October 2014, with the remaining balance due and payable on the Facility A Termination Date. Facility B and Facility C are repayable in single instalments on the relevant maturity date. The Impala Borrowers are permitted from time to time to voluntarily prepay the Impala Senior Debt in whole or in part, with a minimum prepayment of £2 million. The Impala

Borrowers may not reborrow any amount under any of the facilities that has already been repaid. The Impala Senior Debt is subject to mandatory prepayments from surplus cash (as described below) and other specified proceeds. Under the Existing Impala Facility Agreement, both voluntary and mandatory prepayments are required to be applied first to prepay the Facility A loans in full, second to prepay the Facility B loans in full and last to prepay the Facility C loans in full.

Under the Existing Impala Facility Agreement, until 2 September 2013, the tranches bear interest as follows:

- Facility A: the sum of LIBOR plus 1 per cent. per annum plus 1 per cent. per annum PIK margin plus mandatory costs. Mandatory costs compensate the Impala Lenders for the costs of compliance with the requirements of the Bank of England, the FSA and/or the European Central Bank.
- Facility B: the sum of LIBOR plus 1.25 per cent. per annum plus 0.75 per cent. per annum PIK margin plus mandatory costs.
- Facility C: the sum of LIBOR plus 1.75 per cent. per annum plus 0.25 per cent. per annum PIK margin plus mandatory costs.

Under the Existing Impala Facility Agreement, from and after 2 September 2013, the tranches bear interest as follows:

- Facility A: the sum of LIBOR plus 2.5 per cent. per annum plus mandatory costs.
- Facility B: the sum of LIBOR plus 3.25 per cent. per annum plus mandatory costs.
- Facility C: the sum of LIBOR plus 3.75 per cent. per annum plus mandatory costs.

3.2 Restricted distributions and payments

Subject to the exceptions described below, the Existing Impala Facility Agreement provides that none of the Impala Borrowers, Impala nor their respective subsidiaries (collectively, the "**Impala Covenant Group**"), may:

- pay, repay or prepay any principal amount, interest or other amount in respect of (x) outstanding debts between the Company and the Impala Borrowers, (y) indebtedness owing to the Company, certain other shareholders and other related parties (collectively, the "**Restricted Persons**"), or (z) any of the Tier 1 Bonds, save for (subject to the conditions described below) an annual coupon payment of up to 6.5864 per cent. per annum on the Tier 1 Bonds not held by any Restricted Person or any member of the Group (unless held on behalf of third parties) becoming payable (each a "**Permitted Coupon**"); or
- make any investment in, or pay any fee, or make an advance or other payments to, any Restricted Person.

Further, subject to the exceptions described below, each of the Impala Borrowers may not:

- declare or pay any dividend or other distribution of any kind on or in respect of any of its shares; or
- reduce, return, purchase, repay, cancel or redeem any of its shares.

Subject to the conditions described below, such restrictions on distributions and payments do not apply to, among other things, the following payments:

- an amount of up to £2.5 million per annum for payment of head office and administrative costs of the Company;
- payment of any amount payable under the Impala finance documents which is permitted by the Impala Intercreditor Agreement;
- payment to the Company of an amount of up to 50 per cent. in each year of surplus cash (defined in the Existing Impala Facility Agreement as "Surplus Amount", being certain net cash flows after, among other things, capital and debt servicing and subject to a buffer of £100 million) provided that:
    (i) the maximum amount payable by the Impala Borrowers to the Company in each such year is capped at an aggregate amount equal to the lesser of:
        (A) £14 million plus "X"(where "X" is the amount by which (i) the amount which the Company is permitted to receive from the Pearl Borrowers under the Pearl Facility Agreement in the same year is less than (ii) £58 million); and

(B) £48 million;

(ii) an amount equal to the amount that the Impala Borrowers are permitted to pay the Company shall be applied in mandatory prepayment of the Impala Senior Debt; and

(iii) the balance of surplus cash, which is not permitted to be paid to the Company and which has not already been paid in to the prepayment account, shall be applied in mandatory prepayment of the Impala Senior Debt.

However, if a Default is continuing under the Existing Impala Facility Agreement the "Surplus Amount" must be paid into an account held by an Impala Borrower with the Impala Facility Agent which is subject to security in favour of the security trustee under the Impala Facility.

Other than the £2.5 million per annum head office and administrative costs, no payments may be made to the Company, or in respect of a Permitted Coupon, unless the following conditions are satisfied:

- no default is continuing under the Existing Impala Facility Agreement;
- none of the specified financial covenants have been breached (including certain financial covenants, the breach of which will not be an event of default under the Existing Impala Facility Agreement, but which will prevent payments being made to the Company) (a "**Payment Suspension**");
- delivery to the Impala Facility Agent of financial information and certificates relating to the Impala Covenant Group as at the most recent semi-annual calculation date;
- all amounts of interest outstanding in relation to the Existing Impala Facility Agreement have been paid;
- where the payment is to be made to the Company the amount of the payment is not such that, if the payment had been made immediately prior to the most recent semi-annual calculation date, the value of the assets held in the accounts of Impala would be less than the value required to be retained by Impala in accordance with any requirement of the FSA;
- where the payment is to be made in respect of a Permitted Coupon, the amount of the payment is not such that the value of the assets held in the accounts of Impala at the time of such payment would be less than the value required to be retained by Impala in accordance with any requirement of the FSA;
- the FSA has not varied or cancelled the authorisation of any material member of the Impala Covenant Group or imposed any requirement, or taken other actions, which would reasonably be expected to prevent any material member of the Impala Covenant Group from making a payment to any other member of the Impala Covenant Group or any Impala Borrower from making any required payment to the Impala Lenders.

The payments permitted to be made to the Company may be made in any manner, directly or indirectly, including but not limited to, repayment under or entry into any debt arrangements with the Company and the Impala Covenant Group or by way of dividend. However, no dividend or other distribution may be paid by Impala at any time.

3.3 Representations, warranties and covenants

The Existing Impala Facility Agreement contains representations and warranties, covenants, prepayment provisions and events of default customary for loan agreements for similar financings.

Affirmative covenants, subject to customary terms and conditions and other negotiated exceptions, require the Impala Borrowers to, among other things:

- provide to the Impala Facility Agent annual and semi-annual financial statements;
- provide compliance certificates relating to (among other things) compliance with financial covenants;
- provide monthly certificates giving financial information;
- maintain all Impala group pension schemes substantially in accordance with the governing provisions of such scheme where failure to do so would reasonably be expected to have a material adverse effect;
- ensure that the financial covenants are met, including that:

(i) at each semi-annual calculation date the ratio of (a) the aggregate principal amount of the Impala Senior Debt and the net mark-to-market value of the hedging relating to the Impala Senior Debt to (b) the sum of the embedded value of the Impala Covenant Group adjusted by any liabilities and/or any surplus in respect of the PGL Pension Scheme minus the pension deficit in respect of the PGL Pension Scheme, is less than a specified percentage ranging from 75 per cent. in 2013 to 65 per cent. on 30 June 2015 and subsequent semi-annual calculation dates thereafter;

(ii) at each semi-annual calculation date for the relevant projection periods the ratio of (a) certain projected Impala Covenant Group cash flows and free cash to (b) certain scheduled Impala Covenant Group debt payment obligations is greater than 105 per cent.; and

(iii) at each semi-annual calculation date for the relevant period the ratio of (a) certain Impala Covenant Group historical cash flows to (b) certain Impala Covenant Group historical debt service is greater than 105 per cent;

- ensure that the capital resources of each insurance subsidiary are greater than the higher of its capital resources requirement and its ICA requirement;
- ensure that the aggregate capital resources of the insurance subsidiaries exceed the aggregate of (a) the aggregate ICA requirement of the insurance subsidiaries and (b) the aggregate ICG requirement of the Impala Covenant Group; and
- ensure that the EEA GCR is greater than 105 per cent. of the EEA GCRR.

The breach of these affirmative covenants will trigger an event of default and breach of similar financial covenants at a higher threshold will result in a Payment Suspension.

Restrictive covenants, subject to customary terms and conditions and other negotiated exceptions, include limitations, including between the silos, on:

- amalgamation, demerger, merger, consolidation or corporate reconstruction (other than a permitted merger) as set out in the Existing Impala Facility Agreement;
- changes in business (including underwriting any new business that is not long-term insurance business);
- acquisitions, investments, loans and guarantees;
- entering into, or investing in, any joint venture;
- granting security over any assets;
- asset disposals;
- amending certain inter-company loan agreements or entering into outsourcing arrangements;
- entering into certain hedging arrangements;
- entering into or amending certain reinsurance arrangements; and
- transactions with affiliates.

3.4 Events of default

The events of default under the Existing Impala Facility Agreement are customary, and include the following:

- an Impala Borrower fails to pay any amount payable pursuant to the Existing Impala Facility Agreement or related finance documents when due (and such default if caused by an administrative error only is not cured within three business days);
- a breach of certain specified financial covenants subject to a 45-day grace period in certain cases or an equity cure right in others;
- an Impala Borrower or PGH2 does not comply with any other provision of the Existing Impala Facility Agreement or related finance documents (and such default is not cured within 15 business days);
- any representation or statement made or deemed to be made by an Impala Borrower or PGH2 in the Existing Impala Facility Agreement or related finance or security documents is incorrect or misleading (and such misrepresentation is not cured within 15 business days);
- certain default, acceleration and/or cancellation events with regards to other financial indebtedness of members of the Impala Covenant Group, of lender commitments with respect thereto (provided that the aggregate amount of relevant indebtedness or commitment is £5 million or more);
- certain bankruptcy or insolvency events occur with respect to an Impala Borrower or a material subsidiary;

- any expropriation, attachment or analogous process affects any material asset of an Impala Borrower or a material subsidiary in relation to indebtedness of at least £5 million and is not discharged within 15 business days;
- any security document or any guarantee in or any subordination under the Existing Impala Facility Agreement or related finance documents is not in full force and effect or any security document does not create for the benefit of the Impala Lenders the security which it is expressed to create;
- any party (other than an Impala Lender or a hedging bank) fails to comply with its obligations under the Impala Intercreditor Agreement (as defined below) and, in the opinion of the majority of the Impala Lenders, the interests of the Impala Lenders under the Existing Impala Facility Agreement or any related finance document are materially prejudiced by such failure;
- any Impala Borrower or PGH2 repudiates or evidences an intention to repudiate any of the Existing Impala Facility Agreement or related financing documents;
- any of the constitutional documents of an Impala Borrower or certain agreements relating to the Restructuring are terminated or breached or amended in a manner that would reasonably be expected to materially adversely affect the interests of the Impala Lenders;
- any person (other than an Impala Lender) breaches or repudiates any of the Contingent Fee Agreement or the Implementation Agreement (unless remedied within any originally applicable grace periods under such documents);
- any material subsidiary ceases to be a wholly owned subsidiary of Impala;
- any party (other than a Pearl Lender, Impala Lender or a hedging bank) to the Lender Relationship Agreement breaches certain specified provisions of clauses of the Lender Relationship Agreement (unless remedied within the specified grace period);
- the auditors of the Impala Covenant Group qualify their report on any audited consolidated financial statement of the Impala Covenant Group or any audited financial statement of any Impala Borrower in a manner and to an extent considered by the majority Impala Lenders to be materially adverse to their interests under the finance documents;
- any litigation, arbitration, proceeding or dispute is started or threatened or there are any circumstances likely to give rise to any such proceeding, in each case which is reasonably likely to be adversely determined and would reasonably be expected to have a material adverse effect; and
- any event or circumstance occurs which has or would have a material adverse effect on or a materially adverse change to: the financial condition, assets or business of the Impala Covenant Group taken as a whole, the ability of either Impala Borrower to comply with its payment obligations or financial covenants under the Existing Impala Facility Agreement, the validity, legality or enforceability of the Existing Impala Facility Agreement or certain related financing documents or the validity, legality or enforceability of any security expressed to be created under the related security documents or the priority of any such security.

If an event of default occurs the Impala Lenders may cancel their commitments and/or declare the loans immediately due and payable and/or declare the loans payable on demand. In addition the Impala Lenders may enforce their security referred to below. The enforcement of the limited recourse share pledge executed by PGH2 over all of the shares it owns in Impala could constitute an event of default under the Pearl Facility Agreement (on the basis that the shares of Impala held by PGH2 are assets of PGH2 and such action would constitute insolvency proceedings or a creditors process in respect of such assets for the purpose of the Pearl Facility Agreement) and consequently the Pearl Borrowers could take enforcement action in accordance with the Pearl Facility Agreement and certain related financing documents.

3.5 Change of Control

Upon a change of control of the Company or certain other changes to the structure of the Group, the principal amounts outstanding and the accrued interest under each of these agreements would become repayable at the election of the Impala Lenders.

3.6 Guarantees and security

Each of the Impala Borrowers have guaranteed the indebtedness and obligations of the other Impala Borrowers under the Existing Impala Facility Agreement and certain related financing documents, and have charged all of their assets including, without limitation, their respective bank accounts and all book or other debts in support of their respective obligations under the Existing Impala Facility Agreement. The obligations of the Impala Borrowers under the Existing Impala Facility Agreement are also secured by a limited recourse share pledge executed by PGH2 over all of the shares it owns in Impala (and any related distributions). Existing security will be re-granted in connection with the Impala Facility Amendment and Restatement Agreement.

New security (on similar terms to the existing security (as set out above)) will be re-granted by the Impala Borrowers and PGH2 in connection with the Impala Facility Amendment and Restatement Agreement. The obligations of the Impala Borrowers under the Existing Impala Facility Agreement will also be secured by a charge to be granted by the Company over the notes issued by Pearl Group Holdings (No. 1) Limited to the Company pursuant to a Deed of Covenant dated 22 April 2010 and any payments and rights received or to be received by the Company in connection with such notes.

3.7 The Impala Intercreditor Agreement

The Impala Borrowers have entered into an amended and restated Intercreditor Agreement (the "**Impala Intercreditor Agreement**") with certain parent entities and other affiliates of the Impala Borrowers, the Impala Lenders, the administrative agent, the security trustee and the counterparties to hedging agreements entered into with certain members of the Impala Covenant Group. The Impala Intercreditor Agreement provides that the obligations of the Impala Borrowers under the Existing Impala Facility Agreement and such hedging agreements are senior in right of payment to certain intercompany debt of the Company and its affiliates (the "**Impala Intercompany Debt**"). The holders of the Impala Intercompany Debt may not take any enforcement action or certain other specified actions with respect to such Impala Intercompany Debt so long as the senior debt of Impala Borrowers is outstanding, without the consent of the holders of two-thirds of the outstanding principal amount of the senior debt. The Impala Intercreditor Agreement will be amended and restated in connection with the Impala Facility Amendment and Restatement Agreement.

3.8 Amendments to the Impala Facility

On 30 January 2013, the Impala Borrowers entered into the Impala Facility Amendment and Restatement Agreement pursuant to which the Existing Impala Facility Agreement is to be amended and restated upon the Effective Date. Set forth below is a summary of the key terms of the Impala Facility that would be amended under the Impala Facility Amendment and Restatement Agreement:

- Facility A, Facility B and Facility C would be converted into a £1,851.5 million single tranche term loan facility repayable by an initial prepayment of £450 million payable on or before 28 March 2013 and then in repayment instalments of £30 million semi-annually on 30 June and 31 December each year from 30 June 2013 (until the balance of such facility is repaid in full on or before the final maturity date (as described below) (the "**Scheduled Impala Repayment Amounts**");
- the final maturity date would be amended to 31 December 2017 and the Impala Borrowers would have an option to extend the final maturity date further to 30 June 2019 on written notice to the Impala Facility Agent (such notice to be served in the period from 1 August 2017 to 1 October 2017), subject to no event of default being outstanding under the amended and restated Impala Facility at the time such notice is served and no event of default under the amended and restated Impala Facility or Target Repayment Event (as defined below) being outstanding on 31 December 2017;
- the Impala Facility would bear interest at LIBOR plus a margin of 4.75 per cent. per annum plus mandatory costs, which would increase by (i) 2.25 per cent. per annum after the scheduled final maturity date of 31 December 2017 if the option to extend the final maturity date to 30 June 2019 is exercised; and (ii) 0.50 per cent. per annum if a Target Repayment Event (as defined below) has occurred and is continuing;
- the amended and restated Impala Facility would permit the Impala Borrowers to request (in a selection notice) that a loan be divided in two to facilitate, inter alia, the making of matching dividend prepayments without incurring break costs. The Impala Borrowers would then be entitled to select interest periods of one, three or six months (or any other period agreed by the Impala Facility Agent) in

relation to the loan created by the division (however the aggregate amount of loans with an interest period of one month would not be permitted to exceed £100 million);

- the rate of interest on the Impala Facility shall be reduced by 0.25 per cent. per annum with effect from 1 January 2015 if by that date the Impala Borrowers have repaid the facility in an aggregate amount equal to or greater than the aggregate amount of the following (i) the £450 million initial prepayment of the Impala Facility, described above; (ii) the Target Repayment Amount (as defined below) for the year ending 31 December 2013; (iii) the Target Repayment Amount (as defined below) for the year ending 31 December 2014; and (iv) voluntary prepayments in an aggregate amount not less than £200 million (which the Impala Borrowers have elected to count towards such amount);
- the Impala Borrowers would agree to target repayments of the Impala Facility described above in an aggregate amount of at least £60 million (the "**Target Repayment Amount**") for each successive 12 month period starting with the year ending 31 December 2013 (each, a "**Relevant Period**");
- the Impala Borrowers would agree, in addition to the obligations to make the initial £450 million prepayment, to repay the Scheduled Impala Repayment Amounts, to target the repayment of the Target Repayment Amount and to prepay or repay any other amounts required to be prepaid or repaid under the amended and restated Impala Facility, to use all reasonable endeavours to voluntarily prepay the Impala Facility in an amount of at least £100 million (the "**2013 Voluntary Prepayment**") on or before 31 December 2013. Failure to make the 2013 Voluntary Prepayment would not constitute a Target Repayment Event (as defined below) or an event of default;
- the amended and restated Impala Facility would permit the Impala Borrowers to apply, at their discretion, disposal proceeds which the Impala Borrowers are obliged to apply in prepayment of the Impala Facility and voluntary prepayments (including the 2013 Voluntary Prepayment, to the extent such prepayment is made) against target repayments or mandatory amortisations (and if prepayments are applied to target repayments in inverse order of maturity such prepayments may be offset against matching dividend prepayments or applied towards the aggregate amount required to qualify for the 0.25 per cent. margin step down);
- a new structural adjustment provision, would be added to the Impala Facility to enable: (i) the introduction of a new tranche; (ii) the transfer of an existing tranche into a new tranche; (iii) an extension in the date of payment of any amount; or (iv) a reduction in the margin or of any other payment of principal, interest, fees or commission, in each case with the consent of the super majority lenders (90 per cent. of Impala Lenders) and each affected Impala Lender;
- if the Impala Borrowers failed to repay the Target Repayment Amount in respect of any Relevant Period (a "**Target Repayment Event**"), this would not constitute a default under the amended and restated Impala Facility, but would result in (i) a 0.50 per cent. per annum increase in the interest rate while the Target Repayment Event is continuing and (ii) a temporary block on the payment of dividends or other distributions by the Impala Borrowers ("**Impala Dividends**");
- once any arrears of the Target Repayment Amount (such arrears being "**Target Repayment Arrears**") have been paid in full, the Impala Borrowers would be able to catch up with a payment of Impala Dividends matching those arrears provided that payment is made on a 1:1:1 basis in respect of (i) matching dividend prepayments for that current Relevant Period, (ii) Impala Dividends for that Relevant Period and (iii) arrears on Impala Dividends which would have been payable in any previous Relevant Period (but which were not paid due to the relevant Target Repayment Event);
- the Impala Borrowers would be required to make matching dividend prepayments prior to paying any Impala Dividends (the "**Impala Dividend Restriction**"), with the amount required to be prepaid determined as follows:
    - (the "**Impala Dividend Restriction**"): prior to the In/Out Adjustment Date (as described below), the ratio of prepayments to Impala Dividends would be determined as follows by reference to the aggregate amount of Impala Dividends in a Relevant Period:
        - up to £65 million (increasing by £5 million per annum): £0.923 of prepayment for each £1 of dividends up to £65 million of dividends and £1.00 of prepayment for each £1 of dividends paid under this exception in excess of £65 million;
        - the next £10 million: £10 of prepayment for each £5 of dividends;
        - the next £10 million: £10 of prepayment for each £3 of dividends; and

- thereafter: £10 of prepayment for each £1 of dividends, or

provided that, with effect from the In/Out Adjustment Date (as described below), the amount of Impala Dividends paid in any subsequent Relevant Period would not be permitted to exceed £38 million and thereafter the ratio of prepayments to Impala Dividends would be determined by reference to a ratio of £1.5789 of prepayment for each £1 of dividends;

- the "**In-Out Adjustment Date**" would occur on the date on which the Incremental Impala Dividend Amount exceeds £250 million, where:
  - "Incremental Impala Dividend Amount" means the aggregate of the Surplus Amount for each Relevant Period up to and including the current Relevant Period; and
  - "Surplus Amount" means, in respect of any Relevant Period, the amount (if any) by which the aggregate amount of Impala Dividends paid in that Relevant Period exceeds £27.5 million;
- (the "**Group Dividend Restriction**"): the ratio of prepayments to dividends would be determined as follows by reference to the aggregate amount in a Relevant Period of (i) Impala Dividends (provided that the aggregate amount of Impala Dividends taken into account for such purposes is capped at £65 million in 2013, with such capped amount increasing thereafter by £5 million per annum) and (ii) dividends and other distributions paid by any member of the Pearl Covenant Group and (after the Pearl Facility and Lender Loan Notes have been repaid in full) Opal Re (the "**Pearl and Opal Dividends**"):
  - up to £120 million in 2013 (increasing by £10 million per annum thereafter): no matching dividend prepayment required
  - the next £20 million: £10 of prepayment for each £5 of dividends
  - the next £20 million: £10 of prepayment for each £3 of dividends
  - thereafter: £10 of prepayment for each £1 of dividends,

  provided that the Group dividend restriction will cease to apply for so long as (i) the Company holds a long term unsecured senior debt rating of not less than BBB-/Baa3 or equivalent from one or both of Standard & Poor's or Moody's; and (ii) financial leverage of the Impala Group (calculated using Standard & Poor's methodology) is less than or equal to the then applicable target level for an investment grade rating (or if the Company's rating is from Moody's, calculated using Moody's methodology);

- prior to payment of Impala Dividends or Pearl and Opal Dividends, the Impala Borrowers would be required to certify to the Impala Lenders, among other things, the amount and date of such payments and the aggregate amount of matching dividend prepayments and the Incremental Impala Dividend Amount;
- the matching dividend prepayments and thresholds outlined above in Impala dividend restriction and Group dividend restriction would replace the restrictions on dividends contained in the Existing Impala Facility Agreement;
- the amended and restated Impala Facility would include provisions to make clear that:
  - the aggregate amount of Impala Dividends taken into account for the purposes of the Group Dividend Restriction is capped at £65 million in 2013, with such capped amount increasing thereafter by £5 million per annum; and
  - the Target Repayment Amount and the thresholds applicable to the Impala dividend restriction and Group dividend restriction would be adjusted pro rata to the extent that any Relevant Period is less than 12 months;
- the information covenants under the Existing Impala Facility Agreement would be reduced in scope and, in particular, from the Effective Date there would be: (i) no requirement to provide updated cashflow models and sensitivities on a quarterly basis, (ii) no requirement to provide independent actuary certificates on a semi-annual basis or for semi-annual compliance certificates to be commented upon by the Company's auditors, and (iii) no co-ordination committee;

- the financial covenants under the Existing Impala Facility Agreement would be amended to:
    - delete certain of the forward and backward looking tests set out in the Existing Impala Facility Agreement;
    - amend the leverage covenants in the Existing Impala Facility Agreement so that the relevant threshold is set:
        - from the Effective Date to 31 December 2013 the relevant percentage shall be 63 per cent.;
        - from 1 January 2014 to 31 December 2015 the relevant percentage shall be 60 per cent.; and
        - from 1 January 2016 until the Final Maturity Date the relevant percentage shall be 58 per cent.;
- the definition of Permitted Financial Indebtedness under the amended and restated Impala Facility would be expanded to permit:
    - working capital facilities (established for settlement purposes only) of up to £100 million;
    - existing financial indebtedness other than the Impala Facility and third party financial indebtedness used for refinancing of certain indebtedness provided that under the terms of such refinancing (i) no amount of third party indebtedness can be repaid or prepaid prior to 1 January 2020; (ii) the relevant borrowers are not structurally senior to the Impala Borrowers; (iii) any guarantees, security and credit support granted by the Impala Group in respect of the refinanced indebtedness do not exceed the existing guarantees, security or credit support for such indebtedness; and (iv) to the extent that such refinancing is for a greater amount than the existing indebtedness being refinanced, such excess amount would be applied in prepayment of the Impala Facility;
    - third party financial indebtedness on arm's length terms issued or incurred by a member of the Impala Group comprising cash borrowed or raised by that member of the Impala Group ranking pari passu or junior to the Impala Facility, provided that under the terms of such financial indebtedness (i) the maturity date is later than 1 January 2020; (ii) the relevant borrowers are not structurally senior to the Impala Borrowers; (iii) no guarantees, security or credit support is granted to the creditors of such financial indebtedness which has not also been granted to the Impala Lenders under the Impala Facility and (iv) such financial indebtedness would be applied in prepayment of the Impala Facility; and
    - financial indebtedness issued or incurred for LTIP grants as set out in the annual operating plan;
- the amended and restated Impala Facility would permit Phoenix Life Limited to enter into reinsurance arrangements and Part VII transfers of all or part of its annuity portfolio subject to a cap of £1 billion per annum;
- the amended and restated Impala Facility will allow disposals of any subsidiary with consent from more than 51 per cent. of the Impala Lenders; and
- the amended and restated Impala Facility would also require:
    - a written undertaking from the Pearl Borrowers and Opal Re that, with effect from the date on which the Pearl Facility and the Lender Loan Notes have been repaid in full, if a Target Repayment Event is outstanding and/or the Scheduled Impala Repayment Amounts have not been paid as scheduled (and the Impala Facility Agent has notified the Pearl Borrowers and Opal Re of the same):
        - the Pearl Borrowers and Opal Re shall not make any dividends to the Company unless (i) the relevant amount of Target Repayment Arrears have been paid and the Scheduled Impala Repayment Amounts have been paid or (ii) the Company agrees to make (and does make) a payment (which may be structured as a capital contribution or a shareholder loan, provided that it is subordinated on terms acceptable to the Majority Lenders) to the Impala Borrowers in an aggregate amount equal to the lesser of: (x) the aggregate amount of such dividend from the Pearl Borrowers or Opal Re and (y) the aggregate amount of

the Target Repayment Arrears and/or the outstanding Scheduled Impala Repayment Amounts, with instruction for the Impala Borrowers to apply such amounts in repayment of the amended and restated Impala Facility; and

- the Pearl Borrowers and Opal Re shall not (unless with the consent of the Majority Lenders under the amended and restated Impala Facility) transfer (or permit their subsidiaries to transfer) any material assets to the Company (or other subsidiaries of the Company which are not part of the Peal Group or the Impala Group), except on arm's length terms, at full market value and for cash consideration paid in full at completion;

- consent of the Majority Lenders under the Existing Impala Facility Agreement in relation to any acquisition of any company, business or undertaking (directly or indirectly) by the Company, unless:

  - the acquisition is made by the Pearl Covenant Group or the Impala Group in compliance with the relevant facility agreement, or

  - (i) the target is established in and has its principal business in the UK or Ireland (other than asset management investments and holding company arrangements), and (ii) not less than 3 business days before completion of the acquisition, the directors of the Impala Borrowers demonstrate that such acquisition will not increase the leverage of the Group calculated as the gross shareholder debt of the Group divided by the gross MCEV of the Group, where: (A) gross shareholder debt means the sum of the IFRS carrying value of all shareholder debt of the Group and 50 per cent. of the IFRS carrying value of the Tier 1 Bonds; and (B) gross MCEV means the sum of: (I) the market consistent embedded value of the Group as calculated in accordance with the Group's published methodology; and (II) the value of the shareholder debt and hybrid debt as included in the market consistent embedded value, provided that (x) the requirement set out in (ii) above shall not apply if the directors of the Impala Borrowers demonstrate not less than 3 business days prior to the date on which binding documentation in relation to the relevant acquisition is signed that the leverage of the Group immediately after the acquisition (calculated using Standard & Poor's methodology) is expected to be less than or equal to the then applicable target financial leverage ratio for an investment grade rating as published by S&P for closed life assurance businesses; and (y) if the Company (directly or indirectly) makes an acquisition without obtaining Majority Lender consent when required in accordance with the above, an event of default shall be triggered under the Impala Facility;

- a written undertaking from the Pearl Borrowers that, after the Pearl Facility and the Lender Loan Notes have been repaid in full, the restrictions on acquisitions contained in the Pearl Facilities Agreement would continue to apply to the Pearl Borrowers and their subsidiaries (unless the consent of the Majority Lenders under the Impala Facility Agreement is obtained); and

- subject to existing contractual arrangements and all necessary regulatory consents and approvals, Ignis Asset Management and PGMS would be used as primary asset manager and primary service provider for any company acquired by a member of the Impala Group for so long as that entity and Ignis Asset Management or PGMS (as the case may be) remained a member of the Impala Group; and

- pursuant to the amended and restated Impala Facility, a breach by Opal Re, the Pearl Borrowers or any of their subsidiaries of the dividend, transfer and acquisition restrictions set out above will be an event of default.

3.9 Repayment Schedule for the Group's Credit Facilities

The amendments to the Impala Facility as described in "—Amendments to the Impala Facility" above have made certain amendments to the contractually scheduled and target repayments of the Group's credit facilities. The table below sets out the contractually scheduled and target repayments in respect of the Pearl Facility and the Impala Facility as amended by the amendments made to the Impala Facility, which are conditional on the Amendment Conditions Precedent.

The contractually scheduled and target repayments in respect of the Impala Facility set out in the table below assume that the Group will make the £450 million debt repayment of the Impala Facility on or

before 28 March 2013. The Group expects to make the £450 million debt prepayment within two business days following completion of the Capital Raising. The contractually scheduled and target repayments in respect of the Impala Facility set out in the table below are also described on the assumption that the Impala Borrowers have exercised the option to extend the final maturity date of the Impala Facility to 30 June 2019, which the Impala Borrowers can do on written notice to the Impala Facility Agent (such notice to be served in the period from 1 August 2017 to 1 October 2017), subject to no event of default being outstanding under the amended and restated Impala Facility at the time such notice is served and no event of default under the amended and restated Impala Facility or Target Repayment Event being outstanding on 31 December 2017.

		Contractually scheduled and target repayments *£ millions*								
		During six	During the year ended 31 December							
	Balance at 30 June 2012	months ended 31 December 2012	2013	2014	2015	2016	2017	2018	2019	Total
	£ millions									
Contractually scheduled and target repayments:										
Pearl Facility contractually scheduled repayments:										
Pearl Bank Facility	375	—	25	25	25	300	—	—	—	**375**
Subordinated Lender Loan Notes	79	—	—	—	—	—	—	—	—	**79**[1]
Total Pearl Facility	**454**	**—**	**25**	**25**	**25**	**300**	**—**	**—**	**—**	**454**
Impala Facility:										
Contractually scheduled repayments	N/A	62.5	60	60	60	60	60	60	—	**423**
Additional target repayments	N/A		60	60	60	60	60	60	—	**360**
Aggregate contractually scheduled and target repayments	N/A	62.5	120	120	120	120	120	120	—	**783**
Initial prepayment and final repayment	N/A	—	450	—	—	—	—	—	682	**1,132**
Total Impala Facility[2]	**1,915**	**62.5**	**570**	**120**	**120**	**120**	**120**	**120**	**682**	**1,915**
Total contractually scheduled and target repayments	**2,369**	**62.5**	**595**	**145**	**145**	**420**	**120**	**120**	**682**	**2,369**

Notes:

(1) This loan note is repayable in 2024.

(2) Upon the Effective Date, the Impala Facility Amendment and Restatement Agreement amends the maturity date of the principal amount of the Impala Facility, which is currently due for repayment in 2014 to 2016, to extend it to a final maturity of 31 December 2017 (subject to extension to 30 June 2019 at the option of the Impala Borrowers).

4. Sellers' Relationship Agreement

The Company has entered into a Relationship Agreement with the SRA Sellers, dated 27 June 2009 (as amended, the "Sellers' Relationship Agreement") which sets out arrangements between the Company, the SRA Sellers and the Restructuring Selling Shareholders. The Sellers' Relationship Agreement is governed by English law.

4.1 Corporate governance

As required by the Sellers' Relationship Agreement, Hugh Osmond and Manjit Dale were appointed as Directors on closing of the Restructuring.

In addition, under the Sellers' Relationship Agreement, the SRA Sellers and the Restructuring Selling Shareholders have the right to nominate a person for appointment by each of PGH2 and PLHL as a non-executive director of PGH2 and PLHL respectively subject to the fact that, prior to such nomination, the SRA Sellers and the Restructuring Selling Shareholders must consult with the Company in good faith as to the suitability of such candidate. Further, the SRA Sellers and the Restructuring Selling Shareholders will not be entitled to nominate or appoint any individual who has any material connections with any business which is a material competitor to the Group's business or who the Company reasonably considers is likely to be adverse to the interests of the Group.

4.2 Pre-emptive rights

Under the Sellers' Relationship Agreement, the Company has provided pre-emptive rights to the SRA Sellers and the Restructuring Selling Shareholders which are the same as the pre-emptive rights granted to the Lenders under the Lender Relationship Agreement (see "—Lender Relationship Agreement—

Pre-emptive rights" below). As at the date of this document, Lender/Seller Shareholders holding an aggregate of 62,644,235 Ordinary Shares have agreed with the Company to waive their contractual pre-emption rights under the relevant Relationship Agreement in respect of the issue of the Placed Shares. Therefore, as at the date of this document, the maximum number of Excess Shares to which Qualifying Lender/Seller Shareholders are entitled to apply for under the Excess Application Facility is 176,866 Ordinary Shares, which represents 0.1 per cent. of the Company's existing issued share capital at the date of this document.

The Company will, upon passing of the Ordinary Resolution and the Special Resolution and the Second Placing and the Open Offer becoming unconditional, have the authority to issue a sufficient number of Ordinary Shares (whether pursuant to the Excess Application Facility or otherwise) in order to satisfy the maximum entitlement of each Qualifying Lender/Seller Shareholder to subscribe for Ordinary Shares pursuant to their contractual pre-emption rights under the relevant Relationship Agreement which arise as a result of the issuance of the First Placed Shares and the Second Placed Shares.

In circumstances where the Ordinary Resolution is passed but the Special Resolution is not passed and only the First Placing proceeds, the Company has, pursuant to the Existing Shareholder Authority, the authority to issue a sufficient number of Ordinary Shares in order to satisfy the maximum entitlement of each Qualifying Lender/Seller Shareholder to subscribe for Ordinary Shares pursuant to their contractual pre-emption rights under the relevant Relationship Agreement which arise as a result of the issuance of the First Placed Shares.

4.3 Capital distributions

Under the Sellers' Relationship Agreement, the Company agreed not to declare, make or pay any capital distributions (as defined in the Amended Contingent Consideration Agreement and which term excludes any dividends payable out of distributable profits arising from ordinary course trading revenues of the Group) without the prior consent of the SRA Sellers and the Restructuring Selling Shareholders for so long as the Amended Contingent Consideration Agreement remains in effect.

5. Lender Relationship Agreement

The Company entered into a lender relationship agreement with the Lenders which also hold shares in the Company (collectively, the "Lender Shareholders") dated 27 June 2009 (as amended, the "Lender Relationship Agreement"). The Lender Relationship Agreement is governed by English law.

5.1 Corporate governance and related matters

Under the Lender Relationship Agreement, the Company has agreed to afford the Lender Shareholders significant corporate governance rights and approvals.

Notwithstanding that, following its Premium Listing, the Company is not required by the Listing Rules to comply with the UK Corporate Governance Code, the Company agreed contractually, prior to achieving the Premium Listing, to comply as far as reasonably practicable with the main principles, supporting principles and provisions of the UK Corporate Governance Code, except to the extent that doing so would conflict with the Company's obligations under the Lender Relationship Agreement.

The Company is also required to fully cooperate with each of the reviews recommended in connection with any FSA guidance provided to the Company and to use reasonable endeavours to implement, to the satisfaction of the FSA, any of the steps recommended by the FSA from time to time.

No person may be appointed as Chairman unless the Lender Shareholders have approved such appointment. If the person appointed as Chairman ceases to hold office for any reason, the Company is required to (i) consult with the Lender Shareholders as to the choice of candidates for such office and (ii) unless the Lender Shareholders agree otherwise, appoint one of the independent Non-Executive Directors of the Board to act as Chairman pending the appointment of a new Chairman. If no independent Non-Executive Director accepts such appointment, the appointment by the Company of an interim Chairman will be subject to the approval of the Lender Shareholders.

Under the Lender Relationship Agreement, the Lender Shareholders have the right:

- to nominate a person for appointment by the Board as a Non-Executive Director (the "Lender Non-Executive Director"), and to nominate any replacement thereof;

- to nominate a person, expected to be the Lender Non-Executive Director, for appointment by the Board to serve on all committees of the Group's boards, and to nominate any replacement thereof;
- to nominate a person for appointment by PGH2 and Phoenix Life Holdings as a non-executive director of PGH2 and Phoenix Life Holdings respectively; and
- to appoint a representative to attend any meeting of the Board, or any committee thereof, as an observer (the "Observer"). The Lender Shareholders appointed the Observer on 5 November 2009.

Subject to the views of the FSA, the Lender Shareholders must, prior to the nomination of the Lender Non-Executive Director, the PGH2 non-executive director or the appointment of the Observer, consult with the Company as to the suitability of the candidates. The Lender Shareholders may not nominate or appoint anyone with any material connections with any material competitor to the Group or who the Company reasonably considers is likely to be adverse to the interests of the Group.

Under the Lender Relationship Agreement the Company must, among other things, ensure that:

- the Chairman shall, at all times, be "Independent" under the criteria set out in Provision A.3.1 of the UK Corporate Governance Code;
- Independent Non-Executive Directors will at all times comprise no less than half of the Board;
- if any person appointed as a Lender Non-Executive Director is required under the Articles of Association to submit himself for re-election at any annual general meeting of the Company, the Board will include such person in the notice of such annual general meeting sent to the shareholders of the Company as being subject to re-election and the Board will not knowingly take any action to prejudice the re-appointment of such person;
- the Chairman has the powers and duties specified in the Lender Relationship Agreement (including, without limitation, the right to: (i) chair the Board and general meetings of the Company and meetings of the nomination committee, including setting the agenda of such meetings, (ii) challenge and contribute to the development of strategy, (iii) scrutinise the performance of management, (iv) satisfy himself that financial information is accurate and that financial controls and systems of risk management are robust and defensible, (v) be responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning and (vi) serve on the remuneration committee of the Board and attend all such committee meetings); and
- the Lender Non-Executive Director will receive copies of all correspondence with the FSA relating to the solvency position of the Company or any of its subsidiaries or the non-compliance by the Company or any of its subsidiaries with any applicable law or regulation.

Further, under the Lender Relationship Agreement the Company must, among other things, ensure that:

- the appointment of any person (other than the Lender Non-Executive Director) as a director or member of any committee of the Company or its subsidiaries is approved in writing by the Chairman;
- the entry by any member of the Group into any agreement, transaction or arrangement with any of TDR Capital and Sun Capital or any of their respective affiliates or other related parties, or the amendment of the terms of any such related party transaction, will be subject to the prior approval of the Lender Shareholders; and
- any amendment of the terms of reference of any committee of the Board of any member of the Group will be subject to the prior written approval of the Lender Shareholders.

The Company must also adopt and cause the other members of the Group to adopt the charter referred to in FSA guidance (setting out the extent of the permitted involvement of any shareholders of the Company in the activities of the Group and putting in place procedures to monitor compliance) as soon as practicable and in any event prior to any deadline set by the FSA for implementation. Thereafter the Company must use all reasonable endeavours to comply, and to cause the other members of the Group to comply, with such charter.

5.2 Amendment to the Articles of Association

The Lender Relationship Agreement provides that if the Company adopts any amendments to articles 176, 179 and 250-258 of the Articles of Association, then the Company will be in breach of the Lender

Relationship Agreement. In addition, the Company must use all reasonable endeavours to prevent any amendment to the Articles of Association which would restrict the rights of the Lender Shareholders under the Lender Relationship Agreement.

5.3 Pre-emptive rights

Under the Lender Relationship Agreement, the Company agreed to provide certain pre-emptive rights to the Lender Shareholders in relation to certain shares held by them. If any member of the Group proposes to offer, issue or grant any Relevant Securities (as defined below) for cash or no consideration or as consideration for the shares or other equity securities of an entity that was formed principally for the purpose of raising cash, such Relevant Securities may not be issued or granted unless the Company or the applicable member of the Group first offers such Relevant Securities to the Lender Shareholders (on a pro rata basis), on the same terms and at the same price (where applicable).

"Relevant Securities" means any shares of any class in any member of the Group (the "Company Shares") or securities which carry rights of conversion into or exchange or subscription for the Company Shares or any options, warrants or other rights to subscribe for or purchase or otherwise acquire the Company Shares which are issued or granted after completion of the Restructuring, other than certain specified securities and warrants, including:

- the warrants and any shares which are issued on exercise thereof;
- all the Company Shares and other securities convertible into or exchangeable or exercisable for the Company Shares as either outstanding or to be issued at or after completion of the Restructuring and all securities arising from the conversion, exercise or exchange thereof;
- any shares or securities convertible into shares or options over shares issued or granted pursuant to any management incentive scheme that has been approved by the Company's shareholders; and
- any shares or other securities issued by one member of the Group to another member of the Group.

5.4 Capital distributions

Under the Lender Relationship Agreement, the Company has agreed not to make any capital distributions (as defined in the Contingent Fee Agreement and which term excludes any dividends payable out of distributable profits arising from ordinary course trading revenues of the Group) without the prior consent of the Lender Shareholders for so long as (i) any Lender Warrants remain outstanding or (ii) the Contingent Fee Agreement remains in force.

5.5 Approval mechanism

The Lender Relationship Agreement requires the Lender Shareholders to appoint an agent to exercise the rights of the Lender Shareholders under the Lender Relationship Agreement, and such agent is authorised to give or make all waivers, approvals, nominations or consents, and be party to all consultations on behalf, of the Lender Shareholders thereunder. This agent may only exercise such rights in accordance with the instructions of Lender Shareholders who together hold more than two-thirds of their aggregate commitments under the Existing Impala Facility Agreement and the Pearl Facility Agreement.

6. **Contingent Rights Agreements**

In connection with the Restructuring a number of agreements were entered into which provided for the issue of Ordinary Shares. As a result of the Company gaining a Premium Listing in July 2010, many of the provisions of those agreements ceased to be of relevance.

Pursuant to the Contingent Rights Agreements there are 3,600,000 remaining Contingent Rights over Ordinary Shares which will result in the issue of Ordinary Shares on a one-for-one basis if, before 22 June 2013 (i) an offer is made to acquire all or a majority of the Company's issued ordinary share capital or substantially all of the Company's assets (in each case such transaction having become unconditional in all respects); or (ii) any party or parties acting in concert becomes interested in more than 50 per cent. of the Ordinary Shares of the Company through the issue of shares by the Company. Therefore, any issuance of Ordinary Shares pursuant to the Contingent Rights would not be as a result of the Capital Raising.

The 3,600,000 Contingent Rights over Ordinary Shares arise under the following agreements:

- the Amended Contingent Consideration Agreement, which provides for the issue of 2,650,000 Ordinary Shares in the circumstances described above;
- the Amended Contingent Fee Agreement, which provides for the issue of 850,000 Ordinary Shares in the circumstances described above; and
- the Amended Contingent Subscription Agreements, which provide for the issue of 100,000 Ordinary Shares in the circumstances described above.

7. **Public Warrants**

As at the date of this document, there are 8,169,868 Public Warrants listed on the Official List and admitted to trading on the London Stock Exchange's main market for listed securities. Each Public Warrant entitles the registered holder to purchase 1.027873 Ordinary Shares at a price of €10.70 per Ordinary Share, subject to adjustment as discussed below. If all Public Warrants were exercised, a total of 8,397,586 additional Ordinary Shares would be issued.

The Public Warrants will expire at the close of trading on Euronext Amsterdam (5:30 p.m., Central European Time) on the five year anniversary of the closing date of the Restructuring or earlier upon redemption or liquidation.

The Company may call the Public Warrants for redemption (i) in whole but not in part; (ii) at a price of €0.01 per warrant; (iii) upon not less than 30 days' prior written notice of redemption to each warrant holder; and (iv) if, and only if, the reported last sale price of the share equals or exceeds €16.05 per share on each of 20 trading days within any 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders.

If the foregoing conditions are satisfied and the Company issues notice of redemption of the Public Warrants, each warrant holder shall be entitled to exercise its warrant prior to the scheduled redemption date and will have the option to do so on a "cashless basis". However, the price of the shares may fall below the redemption trigger price or the warrant exercise price after the redemption notice is issued.

If the Company calls the Public Warrants for redemption as described above, the Company will have the option to require any holder to exercise its warrant on a "cashless basis". If the Company takes advantage of this option, or if a warrant holder chooses to exercise its warrant on a "cashless basis" after the Company issues notice of redemption, the exercise price would be paid by a warrant holder surrendering its Public Warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Ordinary Shares underlying the Public Warrants, multiplied by the difference between the exercise price of the Public Warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Ordinary Shares for the ten consecutive trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Public Warrants. If the Company takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of Ordinary Shares to be received upon exercise of the Public Warrants, including the "fair market value" in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a warrant redemption.

The exercise price and number of Ordinary Shares issuable on exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, sub-division of shares, reverse share split or a recapitalisation, reorganisation, merger or consolidation. The Capital Raising will not result in any adjustment to the exercise price or the number of Ordinary Shares issuable on the exercise of the Public Warrants.

The Public Warrants contain a provision that requires the Company to notify holders of the Public Warrants of the Capital Raising at least 10 days prior to the Open Offer Record Date for Open Offer Entitlements. The Company announced details of the Capital Raising on 30 January 2013, which is less than 10 days before the Open Offer Record Date and the Company is therefore not complying with the notice provisions applicable to the Public Warrants. The current exercise price of the Public Warrants is €10.70 per Ordinary Share, which is approximately 83.2 per cent. higher than the Issue Price and 55.0 per cent. higher than the Closing Price of 591.0 pence per Ordinary Share on 29 January 2013 (being the last Dealing Day before the announcement of the Capital Raising) (each based on the exchange rate between Pound sterling and Euro on 29 January 2013 (being the last Dealing Day before the announcement of the

Capital Raising)). The Company does not expect that the failure to comply with the notice provisions applicable to the Public Warrants would be disadvantageous to holders of the Public Warrants due to the significant difference between the Company's assessment of the economically rational price at which to exercise the Public Warrants and the current trading price of the Ordinary Shares. If there is a significant increase in the current trading price of the Ordinary Shares after announcement of the Capital Raising and such increase was of a magnitude that resulted in the Ordinary Shares trading at or around the price at which it would be economically rational for holders of the Public Warrants to exercise the Public Warrants, such holders may suffer a loss as a result of the Company's failure to comply with the notice provisions applicable to the Public Warrants. In these circumstances, the Company may be subject to claims from holders of the Public Warrants.

The Public Warrants are in registered form and may be held in certificated form or in uncertificated form as Depositary Interests in CREST.

The Public Warrants have been created under, and their terms are governed by, the laws of the Cayman Islands.

The terms of the Public Warrants were amended by the Company and the Warrant agent resulting in an amended and restated warrant agreement entered into on 4 June 2010. Following the de-listing of the Public Warrants from Euronext Amsterdam on 18 November 2010, the Public Warrants are solely listed on the Official List and admitted to the London Stock Exchange's main market for listed securities.

8. **Lender Warrants**

The Lenders hold 5,000,000 warrants. Each Lender Warrant entitles the holder to purchase 1.027873 Ordinary Shares at a price of £14.59 per share, subject to adjustment as discussed below. If all Lender Warrants were exercised, 5,139,365 additional Ordinary Shares would be issued. The holder of the Lender Warrants may elect to exercise the warrant and pay the exercise price either in cash or by assigning to the Company an amount of outstanding principal and/or accrued but unpaid interest of any debt that is owed to the holder of the Lender Warrant by the Company or any subsidiary of the Company.

The Lender Warrants will expire at the close of trading on Euronext Amsterdam (5:30 p.m., Central European Time), or such other primary exchange on which the Company's Ordinary Shares are traded, on the earliest to occur of (i) the first business day following the fifteenth anniversary of issuance of the Lender Warrants, (ii) the date fixed for redemption of the Lender Warrants as set forth below and (iii) the liquidation of the Company.

The Company may call the Lender Warrants for redemption: (i) in whole but not in part, (ii) at a price of €0.01 per Lender Warrant, (iii) upon not less than 30 days' prior written notice of redemption to each holder of Lender Warrants and (iv) if, and only if, the last sale price of the Ordinary Shares equals or exceeds £18.97 (or the Euro equivalent of that price) per share for any 20 consecutive trading days during the exercise period.

If the foregoing conditions are satisfied and the Company issues a notice of redemption of the Lender Warrants, each holder of Lender Warrants shall be entitled to exercise its warrant prior to the scheduled redemption date. Upon a redemption, the holder will have the opportunity to effect a cashless exercise of the Lender Warrants. If the holder elects to make a cashless exercise, the holder would pay the exercise price by surrendering the Lender Warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (i) the product of the number of Ordinary Shares underlying the Lender Warrants multiplied by the difference between the exercise price of the Lender Warrants and the fair market value by (ii) the fair market value. For this purpose, "fair market value" means the average reported last sale price of the Ordinary Shares for the ten consecutive trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the Lender Warrants.

The exercise price and number of Ordinary Shares issuable on exercise of the Lender Warrants may be adjusted in certain circumstances including in the event of a share dividend, sub-division of shares, reverse share split or a recapitalisation, reorganisation, merger or consolidation, provided that the Company shall not do anything that would give rise to an adjustment which would cause the exercise price of the Lender Warrants to be reduced to an amount that is less than the nominal value of an Ordinary Share. The Capital Raising will not result in any adjustment to the exercise price or the number of Ordinary Shares issuable on the exercise of the Lender Warrants.

The Lender Warrants contain a provision that requires the Company to notify holders of the Lender Warrants of the Capital Raising at least 10 days prior to the Open Offer Record Date for Open Offer Entitlements. The Company announced details of the Capital Raising on 30 January 2013, which is less than 10 days before the Open Offer Record Date and the Company is therefore not complying with the notice provisions applicable to the Lender Warrants. However, the Company has obtained waivers of the right to receive such notice of the Capital Raising from holders of Lender Warrants holding an aggregate of 3,867,405 Lender Warrants (being 77.3 per cent. of the Lender Warrants in issue as at the date of this document). The current exercise price of the Lender Warrants is £14.59 per Ordinary Share, which is approximately 191.8 per cent. higher than the Issue Price and 146.9 per cent. higher than the Closing Price of 591.0 pence per Ordinary Share on 29 January 2013 (being the last Dealing Day before the announcement of the Capital Raising). The Company does not expect that the failure to comply with the notice provisions applicable to the Lender Warrants would be disadvantageous to holders of the Lender Warrants due to the significant difference between the Company's assessment of the economically rational price at which to exercise the Lender Warrants and the current trading price of the Ordinary Shares. If there is a significant increase in the current trading price of the Ordinary Shares after announcement of the Capital Raising and such increase was of a magnitude that resulted in the Ordinary Shares trading at or around the price at which it would be economically rational for holders of the Lender Warrants to exercise the Lender Warrants, such holders may suffer a loss as a result of the Company's failure to comply with the notice provisions applicable to the Lender Warrants. In these circumstances, the Company may be subject to claims from holders of the Lender Warrants.

The Lender Warrants have been created under, and their terms are governed by, the laws of the Cayman Islands.

PART II

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of Phoenix Group Holdings (the "**Company**") will be held at the Company's offices at 1st Floor, 32 Commercial Street, St Helier, Jersey JE2 3RU on 19 February 2013 at 1:00 p.m. (London time). You will be asked to consider and, if thought fit, pass the resolutions below. Resolution 1 below will be proposed as an ordinary resolution, which requires a majority of votes cast to be in favour of the resolution in order for the resolution to be passed. Resolution 2 below will be proposed as a special resolution, which requires at least 75 per cent. of the votes cast to be in favour of the resolution in order for the resolution to be passed.

Resolution 1: Ordinary Resolution

To resolve as an ordinary resolution that pursuant to Article 14 of the Fifth Amended and Restated Memorandum and Articles of Association of the Company, the Board of Directors of the Company be generally and unconditionally authorised to:

(i) allot and issue equity securities in connection with the Second Placing and the Open Offer (each as defined and described in the circular dated 30 January 2013 of which this notice forms part (the "**Circular**")) as a result of the Capital Raising (as defined and described in the Circular), on the following terms:

  (a) such authority to allot and issue equity securities shall be for a period expiring on 31 May 2013;

  (b) for the purposes of paragraph (a) of the definition of the "first prescribed amount" in Article 13 of the Fifth Amended and Restated Memorandum and Articles of Association of the Company, such first prescribed amount shall be an aggregate nominal amount of €4,220 (representing 42,200,000 ordinary shares with a nominal value of €0.0001 each in the share capital of the Company ("**Ordinary Shares**"));

  (c) unless previously revoked or varied by the Company, such authority to allot and issue equity securities shall extend to the making before the expiry of such authority of an offer or an agreement that would or might require equity securities to be allotted after such expiry and the Board of Directors may allot and issue equity securities of that offer or agreement as if the authority conferred hereby had not expired; and

  (d) such authority applies in substitution of all previous authorities pursuant to Article 14 of the Fifth Amended and Restated Memorandum and Articles of Association of the Company except for the existing authority granted by ordinary resolution 3 passed by the Shareholders at the Company's annual general meeting held on 3 May 2012 (the "**2012 AGM**") which shall continue to apply and be in addition to the authority granted hereby; and

(ii) allot and issue (a) the New Ordinary Shares (as defined and described in the Circular) on the terms described in the Circular and (b) Ordinary Shares pursuant to the Relationship Agreements (as defined and described in the Circular) as a result of the Capital Raising, each at an issue price of 500 pence per New Ordinary Share. The Issue Price represents a 91.0 pence (15.4 per cent.) discount to the Closing Price of 591.0 pence per Ordinary Share on 29 January 2013 (being the last Dealing Day before the announcement of the Capital Raising) and a discount of 58.7 pence (10.5 per cent.) to the average of the volume weighted average price of the Ordinary Shares for the 30 Dealing Day period ending on 29 January 2013 (the last Dealing Day prior to the announcement of the Capital Raising) which is 558.7 pence,

provided, in each case, that if the First Placing (as defined and described in the Circular) has not become unconditional by 28 February 2013 or if the First Placing has been terminated in accordance with its terms, this ordinary resolution shall cease to have effect.

As used in this ordinary resolution, "**Closing Price**" means the closing middle market quotation for an Ordinary Share, as published in the daily official list of the London Stock Exchange plc and "**Dealing Day**" means a day on which the London Stock Exchange plc is open for business in the trading of securities admitted to the Official List of the Financial Services Authority.

Resolution 2: Special Resolution

To resolve as a special resolution that, pursuant to Article 16 of the Fifth Amended and Restated Memorandum and Articles of Association of the Company, the Board of Directors of the Company be generally and unconditionally authorised to allot and issue equity securities for cash without first being required to offer such equity securities to existing holders of equity securities in proportion to their existing holdings in connection with the Second Placing (as defined and described in the Circular) on the following terms:

(i) such authority to allot and issue equity securities shall be for a period expiring on 31 May 2013;

(ii) for the purposes of the definition of the "pre-emption free amount" in Article 13 of the Fifth Amended and Restated Memorandum and Articles of Association of the Company, such pre-emption free amount shall be an aggregate nominal amount of €820 (representing 8,200,000 Ordinary Shares);

(iii) unless previously revoked or varied by the Company, such authority to allot and issue equity securities shall extend to the making before the expiry of such authority of an offer or an agreement that would or might require equity securities to be allotted after such expiry and the Board of Directors may allot and issue equity securities of that offer or agreement as if the authority conferred hereby had not expired; and

(iv) such authority applies in substitution of all previous authorities pursuant to Article 16 of the Fifth Amended and Restated Memorandum and Articles of Association of the Company except for the existing authority granted by special resolution 4 passed by the Shareholders at the 2012 AGM, which shall continue to apply and be in addition to the authority granted hereby,

provided that if the Second Placing and the Open Offer have not become unconditional by 28 February 2013 or if the Second Placing or the Open Offer have been terminated in accordance with their respective terms, this special resolution shall cease to have effect.

By order of the Board

Gerald Watson

Company Secretary

Registered Office:
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Registered in the Cayman Islands No. 202172

NOTES TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING

Entitlement to vote

Only members who were registered on the Company's register of members at 6:00 p.m. (London time) on 15 February 2013 (the "**Record Date**") are entitled to attend and vote at the EGM. The Record Date has been set by the Board deciding to exclude non-working days from the calculation in accordance with the Articles of Association. Holders of depositary interests may also attend the EGM and vote in person in accordance with the provisions set out below. A member may vote in respect of the number of Ordinary Shares registered in the member's name on the Record Date. Changes to the entries in the register of members after the Record Date shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Voting in Person or by Proxy for shareholders

Shareholders may either vote in person or appoint a proxy to exercise their voting rights at the EGM. A shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights to a different Ordinary Share or Ordinary Shares held by that shareholder. A proxy need not be a shareholder of the Company. The appointment of a proxy does not preclude a shareholder from attending the EGM and voting in person. A proxy form is enclosed with this document and instructions for its completion are shown on the form. Proxy appointments may be made by completing and returning the enclosed form of proxy to Computershare Investor Services (Cayman) Limited (the "**Registrars**") c/o Computershare Investor Services PLC ("**CIS**") (the "**Depositary**"), The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 1:00 p.m. (London time) on the Record Date, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power of attorney or other authority.

A member must inform the Registrars in writing of any termination of the authority of a proxy.

Shareholders may lodge their votes electronically by visiting the website www.eproxyappointment.com (the on-screen instructions will give details on how to complete the instruction process). Alternatively, if shareholders have registered with Computershare's on-line portfolio service, www.computershare.com/investors they can appoint their proxy by logging on to their portfolio via Computershare's website and clicking on 'Shareholder Services'.

Voting in Person or by instruction for holders of Depositary Interests

Form of Instruction for holders of Depositary Interests representing shares held through Computershare Company Nominees Limited (the "Custodian") ("CCN")

In order to ensure that the Ordinary Shares in which you hold an interest are voted in accordance with your instructions at the EGM:

(i) you can vote by signing and returning the enclosed form of instruction to the Depositary, CIS, as soon as possible, but no later than 1:00 p.m. (London time) on 14 February 2013. CCN will appoint the Chairman of the meeting to vote the Ordinary Shares in which you hold an interest as you instruct on the Form of Instruction. If you sign and return the form of instruction, but do not give instructions on how to vote your Ordinary Shares, your Ordinary Shares will not be voted; or

(ii) you can vote via the website www.eproxyappointment.com by no later than 1:00 p.m. (London time) on 15 February 2013. CCN will appoint the Chairman of the meeting to vote the Ordinary Shares in which you hold an interest as you instruct via www.eproxyappointment.com (the on-screen instructions will give details on how to complete the instruction process); or

(iii) in the case of CREST Members, you can vote by utilising the CREST electronic proxy appointment services in accordance with procedures set out below; or

(iv) you can attend the EGM and vote in person (or appoint another person to vote on your behalf). If you wish to attend the meeting, you must register with CIS before 1:00 p.m. (London time) on 15 February 2013. If you properly register before 1:00 p.m. (London time) on 15 February 2013, and attend the EGM in person, CCN will provide you in advance of, or at, the EGM with a Letter of Representation necessary for you to vote the shares in which you hold an interest at the EGM in person. Once you have been provided with a Letter of Representation by CCN, you may cast your vote in respect of your shares at the EGM.

Electronic voting instructions via the CREST voting system

Depositary Interest Holders who are CREST Members and who wish to issue an Instruction through the CREST electronic voting appointment service may do so by using the procedures described in the CREST Manual (available from www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.

In order for instructions made using the CREST service to be valid, the appropriate CREST message (a "**CREST Voting Instruction**") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("**EUI**") and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it relates to the voting instruction or to an amendment to the instruction given to the Depositary must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) no later than 1:00 p.m. (London time) on 15 February 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the issuer's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST Sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST service by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Voting Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (SI2001/3755), as amended.

You may not use any electronic address provided in this document to communicate with the Company for any purposes other than those expressly stated.

Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on behalf of the corporation the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.

Issued share capital and total voting rights

As at 28 January 2013 (being the last practicable date prior to publication of this document) the Company's issued ordinary share capital consisted of 174,587,148 Ordinary Shares.

Shareholders are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every shareholder who is present has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote. On a vote by poll every shareholder who is present in person or by proxy has one vote for every Ordinary Share held.

As at 28 January 2013 (being the last practicable date prior to publication of this document), the total voting rights in the Company were 174,587,148.

Questions at the EGM

A shareholder attending the meeting has the right to ask questions in relation to the business of the meeting. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:

(i) to do so would interfere unduly with the proceedings of the meeting or involve the disclosure of confidential information;

(ii) the answer has already been given on a website in the form of an answer to a question; or

(iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Websites

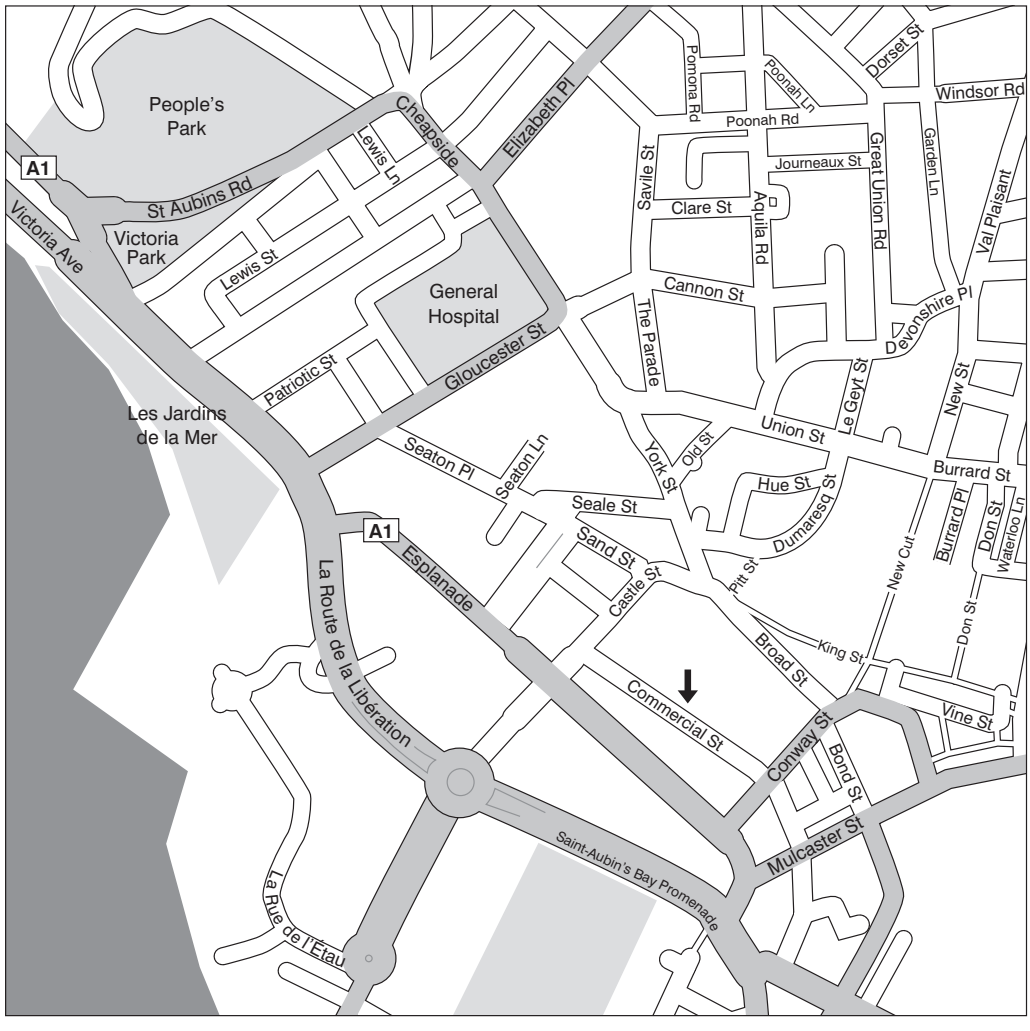
A copy of the Notice is available on the Company's website: www.thephoenixgroup.com within the 'Investor Relations' section under 'AGM and EGM information'. The foregoing website also contains the information required by Article 91 of the Articles of Association to be made available thereon.

Neither the content of the Group's websites, nor any other website nor the content of any website accessible from hyperlinks on the Group's website nor any other website is incorporated into, or forms part of, this document.

Contact

Computershare Investor Services PLC, the Depositary and agent for the Registrar, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Tel: 0870 707 4040.

MAP AND DIRECTIONS



EGM Venue
Phoenix Group Holdings
32 Commercial Street
St Helier
Jersey
JE2 3RU

Directions to the EGM venue, 1st Floor, No 32 Commercial Street, St Helier, Jersey JE2 3RU

From the Jersey Airport take the B36 and then the A12 towards St Helier, via Beaumont Hill. At the bottom of the hill at the roundabout turn left towards St Helier along Victoria Avenue (the A1). At the end of Victoria Avenue continue along the Esplanade (still the A1) and then turn left into Castle Street. Then take the first right into Commercial Street, and the EGM venue is a few yards down on the right hand side with blue doors at No 32, 1st Floor.

PART III

ADDITIONAL INFORMATION

1. Share Capital and the Capital Raising

Existing Ordinary Shares can be held in certificated and uncertificated form.

In relation to Qualifying Shareholders who do validly participate in the Open Offer in accordance with the procedures described in Part III: "Terms and Conditions of the Open Offer" on pages 87 to 109 of the Prospectus, such Qualifying Shareholders can receive New Ordinary Shares in either certificated form or in uncertificated form as depositary interests in respect of and representing on a one-for-one basis Ordinary Shares. No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up by Qualifying Shareholders are expected to be posted to such Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 28 February 2013. In respect of Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 8:00 a.m. (London time) on 21 February 2013. Fractions of Open Offer Shares will not be allotted to Qualifying Shareholdings in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. As a result of the foregoing, this means that Qualifying Shareholders holding fewer than 6 Existing Ordinary Shares on the Record Date will not therefore receive any Open Offer Shares pursuant to their Open Offer Entitlement. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer as will holdings under different designations and in different accounts. The full terms and conditions of the Open Offer are set out in Part III: "Terms and Conditions of the Open Offer" on pages 87 to 109 of the Prospectus.

2. Documents Available For Inspection

Copies of the Prospectus, certain sections of which are incorporated by reference into this document (see "Incorporation by Reference" in this document) are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period from and including the date of this document until the conclusion of the EGM at the Company's offices at 1st Floor, 32 Commercial Street, St Helier, Jersey JE2 3RU.

3. Directors

As at the date of this document, the Board comprises the following Directors:

Name	Position
Sir Howard Davies	Chairman, Non-Executive Director and Nomination Committee Chairman
Clive Bannister	Group Chief Executive Officer
James McConville	Group Finance Director
Alastair Lyons	Senior Independent Non-Executive Director and Audit Committee Chairman
Ian Ashken	Non-Executive Director
René-Pierre Azria	Non-Executive Director
David Barnes	Independent Non-Executive Director
Charles Clarke	Independent Non-Executive Director
Ian Cormack	Independent Non-Executive Director and Remuneration Committee Chairman
Tom Cross Brown	Independent Non-Executive Director and Investment Committee Chairman
Manjit Dale	Non-Executive Director
Isabel Hudson	Independent Non-Executive Director
Hugh Osmond	Non-Executive Director
David Woods	Independent Non-Executive Director and Risk Committee Chairman

4. Websites

Neither the content of the Group's websites, nor any other website nor the content of any website accessible from hyperlinks on the Group's website nor any other website is incorporated into, or forms part of, this document.

PART IV

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"2012 Half Year Interim Report"	the interim report and the reviewed condensed consolidated interim financial statements (including relevant accounting policies and notes) of the Company and the review report thereon for the half year ended 30 June 2012;
"2012 Pensions Agreement"	the agreement dated 27 November 2012 between PGH2 and the trustees of the Pearl Group Staff Pension Scheme;
"2012 Q3 Interim Management Statement"	the Q3 2012 Interim Management Statement containing the Group's unaudited interim management statement for the nine months ended 30 September 2012, published on 31 October 2012;
"Acquired OPB Companies"	LCA, LCB, TC1, TC2 and Opal Re;
"Additional Relationship Agreement Shares"	any Ordinary Shares which the Company may issue to Qualifying Lender/Seller Shareholders otherwise than pursuant to the Excess Application Facility within the Open Offer which are issued in satisfaction of pre-emption rights under the Relationship Agreements as a result of the issuance of the Placed Shares which, if issued, would be issued pursuant to the Existing Shareholder Authority and the number of Additional Relationship Agreement Shares is limited to approximately 0.1 per cent. of the issued share capital of the Company;
"Admission"	the admission of the First Placed Shares, the Second Placed Shares and/or the Open Offer Shares, as the case may be, to the Official List becoming effective in accordance with the Listing Rules and the admission of the New Ordinary Shares to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Admission Standards;
"Admission Standards"	the Admission and Disclosure Standards issued by the London Stock Exchange;
"allot" or **"allotment"**	where the context so requires, shall include references to both the allotment and subsequent issue of shares;
"Amendment Conditions Precedent"	the conditions precedent to the amendments to be made to the Existing Impala Facility Agreement by the Impala Facility Amendment and Restatement Agreement, as described in section 3 of the Appendix to the Chairman's letter in Part I: "Chairman's Letter" of this document, and which, at and after Admission, cannot be modified or otherwise amended by the Impala Lenders without the agreement of the Impala Borrowers;
"Amended Contingent Consideration Agreement"	the agreement between the Company, the Pearl Group Sellers and the Opal Re Sellers which amends the Contingent Consideration Agreement;

"Amended Contingent Fee Agreement"	the agreement between the Company, the Pearl Borrowers, the Impala Borrowers, and the Lenders which amends the Contingent Fee Agreement;
"Amended Contingent Subscription Agreements"	the agreements between the Company and the holders of the Contingent Rights pursuant to the Contingent Subscription Agreement;
"Application Form"	the personalised application form on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer;
"Articles of Association"	the fifth amended and restated articles of association of the Company;
"Board"	the board of directors of the Company;
"Business Day"	any day other than a Saturday or Sunday or public holiday on which banks in London are open for normal business;
"Capital Raising"	the First Placing, the Second Placing and the Open Offer;
"CCN"	Computershare Company Nominees Limited;
"certificated" or **"in certificated form"**	in relation to a share or other security, a share or other security that is not in uncertificated form (that is, not in CREST);
"Closing Price"	the closing middle market quotation of an Ordinary Share, as derived from the Daily Official List published by the London Stock Exchange;
"Company" or **"the Company"**	Phoenix Group Holdings;
"Contingent Consideration Agreement"	the contingent consideration agreement between the Company and TDR Capital, Hugh Osmond, William Alan McIntosh, Edward Hawkes, Matthew Allen, Marc Jonas, O-Re Holdings (Netherlands) B.V. and O-Re Holdings UK Limited dated 27 June 2009;
"Contingent Fee Agreement"	the contingent fee agreement dated 27 June 2009 between the Company, the Pearl Borrowers, the Impala Borrowers and the Lenders;
"Contingent Rights"	prior to the Premium Listing, the right, under the Contingent Consideration Agreement, the Contingent Fee Agreement or the Contingent Subscription Agreement, to receive Ordinary Shares (subject to certain adjustments) on satisfaction of specified criteria and, upon the Premium Listing, the right, under the Amended Contingent Rights Agreements, to receive Ordinary Shares (subject to certain adjustments) on satisfaction of specified criteria (which do not relate to, and are not connected with, the Capital Raising);
"Contingent Rights Agreements"	the Amended Contingent Consideration Agreement, Amended Contingent Fee Agreement and the Amended Contingent Subscription Agreements;
"Contingent Subscription Agreement"	the contingent subscription agreement, dated 27 June 2009, between the Company and Berggruen

	Holdings II Ltd, and Marlin Equities IV, LLC, which term also includes the rights of the parties which were assigned the benefit thereof;
"CREST"	the computerised settlement system operated by Euroclear that facilitates the transfer of shares;
"CREST Manual"	the rules governing the operation of Euroclear consisting of, among other things, the "CREST Reference Manual", the "CREST Central Counterparty Service Manual", the "CREST International Manual", the "CREST Rules", the "CREST CCSS Operations Manual" and the "CREST Glossary of Terms";
"CREST Member"	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
"CREST Participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI2001/3755), as amended;
"CREST Sponsor"	a CREST Participant admitted to CREST as a CREST Sponsor;
"CREST Voting Instruction"	a voting instructions made using an appropriate CREST message properly authenticated in accordance with the specifications of Euroclear containing the information required for such instructions, as described in the CREST Manual;
"Custodian"	Computershare Company Nominees Limited, being the custodian nominated by the Depositary;
"Daily Official List"	the daily record setting out the price of all trades in shares and other securities conducted on the London Stock Exchange;
"Dealing Day"	any day on which the London Stock Exchange is open for business in the trading of securities admitted to the Official List;
"Depositary"	Computershare Investor Services PLC;
"Depositary Interest" or **"DI"**	the dematerialised depositary interests issued by the Depositary in respect of and representing on a one-for-one basis Ordinary Shares or Public Warrants, as applicable;
"Deutsche Bank"	Deutsche Bank AG, London Branch;
"Deutsche Bank Swap Counterparty"	Deutsche Bank AG, London Branch;
"Directors"	the directors of the Company;
"Disclosure and Transparency Rules"	the disclosure and transparency rules issued by the FSA;
"EEA"	the European Economic Area;
"EGM"	the extraordinary general meeting of the Company to be held at 1:00 p.m. (Greenwich Mean Time) on 19 February 2013 in the Company's offices at 1st Floor, 32 Commercial Street, St Helier, Jersey JE2 3RU;

"Employee Share Schemes"	the Group's Share Incentive Plan, Long-Term Incentive Plan, Deferred Bonus Share Scheme, Sharesave Scheme, Bonus Share Plan and Restricted Share Plan;
"Excess Application Facility"	the arrangement pursuant to which Qualifying Lender/Seller Shareholders may apply for additional Open Offer Shares in excess of their Open Offer Entitlement in relation to their contractual pre-emption rights under the Relationship Agreements;
"Excess Application Facility Entitlement"	the number of Excess Shares for which a Qualifying Lender/Seller Shareholder is entitled to apply under the Excess Application Facility;
"Excess Shares"	Open Offer Shares for which Qualifying Lender/Seller Shareholders are entitled to apply under the Excess Application Facility;
"Excluded Territory Shareholder"	a Qualifying Shareholder who has a registered address in any Excluded Territory or the United States;
"EU"	the European Union;
"Euro" or **"euro"** or **"€"**	the lawful currency of the member states of the European Union that adopted the Euro in Stage Three of the Treaty establishing the Economic and Monetary Union on 1 January 1999;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Excluded Territories"	Australia, its territories and possessions, Canada, Japan, South Africa and any other jurisdiction where the extension or availability of the Capital Raising (or any transaction contemplated thereby and any activities carried out in connection therewith) would breach applicable law and "Excluded Territory" means any one of them;
"Existing Gearing Definition"	the Group's net shareholder debt as a percentage of the sum of Group MCEV, net shareholder debt and the present value of future profits of Ignis Asset Management (which is the present value of profits attributable to the shareholder of Ignis Asset Management arising from its in-force business). Net shareholder debt is defined as shareholder debt (including hybrid debt) less Holding Companies' cash and cash equivalents;
"Existing Impala Facility Agreement"	the facility agreement dated 10 October 2007 as amended and restated entered into with Impala Borrowers, the Impala Lenders, the bookrunners, the arrangers, the Impala Facility Agent and the security trustee described therein;
"Existing Ordinary Shares"	the Ordinary Shares in issue on the Open Offer Record Date;
"Existing Shareholder Authority"	the existing shareholder authority granted by ordinary resolution 3 and special resolution 4, as applicable, passed by the Shareholders at the Company's AGM held on 3 May 2012;

"Financial Services Authority" or **"FSA"**	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA;
"First Enlarged Issued Share Capital"	the expected number of issued Ordinary Shares in the Company immediately following the issue of the First Placed Shares, based on the number of issued Ordinary Shares on 28 January 2013 being the last practicable date prior to the date of this document, plus the number of First Placed Shares;
"First Placed Shares"	the 7,800,000 New Ordinary Shares which are to be issued in the First Placing and "**First Placed Share**" means one of them;
"First Placing"	the placing of 7,800,000 New Ordinary Shares with the Placees as described in this document;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Fully Enlarged Issued Share Capital"	the expected number of issued Ordinary Shares in the Company immediately following the issue of (i) the First Placed Shares, (ii) the Second Placed Shares and (iii) the Open Offer Shares, based on the number of issued Ordinary Shares on 28 January 2013 being the last practicable date prior to the date of this document, plus the number of First Placed Shares, the number of the Second Placed Shares and the number of Open Offer Shares;
"Group"	the Company and its subsidiary undertakings;
"Holding Companies"	the Company, Phoenix Life Holdings Limited, Pearl Group Holdings (No. 2) Limited, Impala Holdings Limited, Pearl Group Holdings (No. 1) Limited, PGH (TC1) Limited, PGH (TC2) Limited, PGH (MC1) Limited, PGH (MC2) Limited, PGH (LCA) Limited, PGH (LCB) Limited, PGH (LC1) Limited, PGH (LC2) Limited and Pearl Life Holdings Limited;
"ICA"	Individual Capital Assessment;
"ICG"	Individual Capital Guidance;
"IFRS"	International Financial Reporting Standards;
"IGD"	the EU Insurance Groups Directive (98/78/EC);
"IGD surplus"	the Group's IGD surplus is a capital adequacy calculation which is carried out on a group-wide EU-directive-based "Pillar 1" basis which enables the Financial Services Authority to assess both the level of insurance and financial risk within the Group and the resources available to cover this risk;
"Ignis Asset Management"	the Group's asset management business segment comprising the operations of Ignis Asset Management Limited, Ignis Investment Services Limited and Ignis Fund Managers Limited;

"Impala"	Impala Holdings Limited;
"Impala Borrowers"	PGH (LC1) Limited and PGH (LC2) Limited, which are wholly-owned subsidiaries of the Company;
"Impala Facility"	the credit facility made available pursuant to the Existing Impala Facility Agreement or as amended and restated by the Impala Facility Amendment and Restatement Agreement if it becomes effective;
"Impala Facility Agent"	Commerzbank AG, Filiale Luxemburg;
"Impala Facility Amendment and Restatement Agreement"	amendment and restatement agreement dated 30 January 2013 to the Existing Impala Facility Agreement, which will become effective upon the satisfaction of the Amendment Conditions Precedent;
"Impala Group"	the Impala Borrowers, Impala and each of their respective subsidiaries;
"Impala Intercompany Debt"	the intercompany debt of the Company and its affiliates under the Impala Intercreditor Agreement;
"Impala Lenders"	the lenders under the Impala Facility;
"Impala Senior Debt"	the outstanding principal amount under the Existing Impala Facility Agreement;
"Irrevocable Commitment Undertakings"	the irrevocable commitment undertaking entered into between each of the TDR Capital Entities, the Sun Capital Entities and certain Shareholders on the one hand and the Joint Underwriters on the other hand, the existence of which the Company has been informed by the Joint Underwriters;
"Irrevocable Voting Undertakings"	the binding irrevocable voting undertaking dated 30 January 2013 executed by each of the Och-Ziff Funds, the TDR Capital Entities, the Sun Capital Entities and certain other Shareholders in favour of the Company;
"Irrevocably Committed Shareholders"	each of the TDR Capital Entities, the Sun Capital Entities and certain Shareholders which have entered into Irrevocable Commitment Undertakings;
"Irrevocably Voting Shareholders"	each of the TDR Capital Entities, the Sun Capital Entities and certain other Shareholders which have entered into Irrevocable Voting Undertakings;
"Issue Price"	500 pence per New Ordinary Share;
"Joint Sponsors", **"Joint Global Coordinators"**, **"Joint Bookrunners"** and **"Joint Underwriters"**	Deutsche Bank and J.P. Morgan Cazenove;
"J.P. Morgan Cazenove"	J.P. Morgan Securities plc (which conducts its UK investment banking business as "J.P. Morgan Cazenove");
"J.P. Morgan Swap Counterparty"	JPMorgan Chase Bank N.A.;
"LCA"	PGH (LCA) Limited (previously Sun Capital Investments Limited);

"LCB"	PGH (LCB) Limited (previously Hera Investments One Limited);
"Lender Loan Notes"	(i) £37.5 million of principal loan notes of LCB and (ii) £37.5 million of principal loan notes of LCA;
"Lender Relationship Agreement"	the relationship agreement entered into between the Company and the Lender Shareholders on 27 June 2009, as amended;
"Lender/Seller Shareholders"	the Lender Shareholders and the Seller Shareholders respectively;
"Lender Shareholders"	the Lenders which hold Ordinary Shares;
"Lender Warrants"	the warrants issued to certain entities providing finance to the Group on 2 September 2009;
"Lenders"	the Pearl Lenders and the Impala Lenders;
"LIBOR"	London Interbank Offered Rate;
"life company"	a life assurance company;
"Listing Rules"	the listing rules issued by the FSA pursuant to Part VI of FSMA;
"Lock-up Deeds"	the lock-up deeds dated 30 January 2013 executed by each of the TDR Capital Entities and Sun Capital Entities in favour of the Company;
"London Stock Exchange"	London Stock Exchange plc;
"LTIP"	the Phoenix Group Holdings Long-Term Incentive Plan;
"Majority Lenders"	two-thirds (by aggregate principal amount of indebtedness) of the Impala Lenders;
"Maximum Open Offer Entitlement"	in the case of Qualifying Non-CREST Shareholders, the number of Open Offer Entitlements as shown in Box B on their Application Form, or, in the case of Qualifying CREST Shareholders, the number of Open Offer Entitlements standing to the credit of their stock accounts in CREST (in each case, their;
"MCEV"	Market Consistent Embedded Value;
"New Gearing Definition"	the Group's gross shareholder debt as a percentage of the gross MCEV. Gross shareholder debt is defined as the sum of IFRS carrying value of shareholder debt (as disclosed in the Borrowings note to the Company's consolidated financial statements) and 50 per cent. of the IFRS carrying value of the Perpetual Reset Capital Securities issued by PGH1 given the hybrid nature of that instrument. Gross MCEV is defined as the sum of the Group MCEV and the value of the shareholder and hybrid debt as included in the MCEV;
"New Ordinary Shares"	the new Ordinary Shares to be issued pursuant to the Capital Raising and "**New Ordinary Share**" means one of them (including, for the avoidance of doubt, Depositary Interests in respect of and representing on a one-for-one basis Ordinary Shares, if applicable);

"Official List"	the Official List of the Financial Services Authority;
"Och-Ziff"	Och-Ziff Capital Management Group;
"Och-Ziff Funds"	the Placees, being certain affiliated investment funds of Och-Ziff;
"Opal Re"	Opal Reassurance Limited;
"Open Offer"	the offer to Qualifying Shareholders, constituting an invitation to apply for the Open Offer Shares, on the terms and subject to the conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, in the Application Form;
"Open Offer Entitlements"	the entitlement of a Qualifying Shareholder to apply for 0.194745 Open Offer Shares for every 1 Existing Ordinary Share held by him on the Open Offer Record Date;
"Open Offer Placement Shares"	such number of Open Offer Shares that are not subscribed for by Qualifying Shareholders in the Open Offer or subscribed for by Qualifying Lender/ Seller Shareholders pursuant to the Excess Application Facility;
"Open Offer Record Date"	28 January 2013;
"Open Offer Shares"	the 34,000,000 New Ordinary Shares to be offered to Qualifying Shareholders and Qualifying Lender/ Seller Shareholders under the Open Offer and "**Open Offer Share**" means one of them;
"Ordinary Resolution"	the ordinary resolution (Resolution 1) to be proposed at the EGM, notice of which is set out in this document in connection with the Capital Raising;
"Ordinary Shares"	the ordinary shares with a nominal value of €0.0001 each in the share capital of the Company (including, for the avoidance of doubt, Depositary Interests in respect of and representing on a one-for-one basis Ordinary Shares, if applicable);
"Overseas Shareholders"	holders of Ordinary Shares who have registered addresses in, or who are resident or located in, countries outside the United Kingdom and who have not supplied an address in the United Kingdom for the service of notices;
"Part VII transfer"	a court-sanctioned transfer of some or all of the insurance policies of one EEA insurer to one or more EEA insurers, where one EEA insurer is regulated in the UK, which is governed by Part VII of FSMA;
"Pearl Borrowers"	PGH (LCA) Limited, and PGH (LCB) Limited, which are wholly-owned subsidiaries of the Company;
"Pearl Facility"	the credit facility made available pursuant to the Pearl Facility Agreement;
"Pearl Facility Agreement"	the facility agreement dated 15 November 2006 as amended and restated made between, among

	others, the Pearl Borrowers, the Pearl Lenders and the Pearl Facility Agent;
"Pearl Group Staff Pension Scheme"	the pension scheme covering the employees of the Group prior to the acquisition of the Resolution Group;
"Pearl Lenders"	the lenders under the Pearl Facility Agreement;
"PGH2"	Pearl Group Holdings (No. 2) Limited (previously Pearl Group Limited);
"PGMS"	Pearl Group Management Services Limited;
"PGS"	Pearl Group Services Limited;
"Pillar 1"	EU-directive-based Pillar 1 capital requirements;
"Pillar 2"	the FSA's Pillar 2 risk-based capital requirements that have been implemented in the UK;
"Placed Shares"	the First Placed Shares and the Second Placed Shares;
"Placees"	the Och-Ziff Funds, in their capacity as subscribers of the First Placed Shares which are proposed to be issued pursuant to the First Placing and as subscribers of the Second Placed Shares which are to be issued pursuant to the Second Placing, as the case may be;
"Placing"	the First Placing and the Second Placing;
"PLHL"	Phoenix Life Holdings Limited;
"PLHL ICA"	the Group's PLHL ICA involves an assessment, on a EU-directive-based "Pillar 2" basis, of the capital resources and requirements arising from the obligations and risks which exist outside the Group's life companies;
"Premium Listing"	the transfer of the Ordinary Shares to a premium listing under Chapter 6 of the Listing Rules which took place on 5 July 2010;
"Prospectus"	the prospectus dated 30 January 2013 published by the Company in connection with the Placing and Open Offer which has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*);
"Prospectus Rules"	the prospectus rules issued by the FSA;
"Public Warrants"	warrants in respect of Ordinary Shares (including, for the avoidance of doubt, Depositary Interests in respect of and representing on a one-for-one basis Public Warrants, if applicable);
"Qualifying CREST Shareholders"	Qualifying Shareholders whose Depositary Interests representing Ordinary Shares as set out on the register of Depositary Interest holders of the Depositary on the Placing and Open Offer Record Date;
"Qualifying Lender/Seller Shareholders"	Lender/Seller Shareholders who have the benefit of contractual pre-emption rights under the Relationship Agreements in respect of the issuance of the Placed Shares and who have not disapplied

	such contractual pre-emption rights prior to the date of this document;
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company on the Placing and Open Offer Record Date are in certificated form;
"Qualifying Shareholders"	holder(s) of Ordinary Shares on the register of members of the Company on the Placing and Open Offer Record Date and "**Qualifying Shareholder**" means any one of them;
"Record Date"	6:00 p.m. (London time) on 15 February 2013;
"Registrar"	Computershare Investor Services (Cayman) Limited;
"Regulatory Information Service"	one of the regulatory information services authorised by the FSA to receive, process and disseminate regulatory information in respect of listed companies;
"Relationship Agreements"	the Lender Relationship Agreement and the Sellers' Relationship Agreement;
"Relevant Authorities"	the authorities granted by ordinary resolution number 3 and special resolution number 4 passed at the annual general meeting of the Company held on 3 May 2012;
"Resolution Group"	Pearl Group Holdings (No. 1) Limited (formerly Resolution plc) and its subsidiaries;
"Resolutions"	the Ordinary Resolution and the Special Resolution;
"Restructuring"	the acquisition by the Company of the Acquired OPB Companies on 2 September 2009;
"Restructuring Selling Shareholders"	certain former holders of equity in the Acquired OPB Companies immediately prior to completion of the Restructuring;
"Royal London"	The Royal London Mutual Insurance Society Limited;
"Royal London Warrants"	the warrants issued to Royal London on 2 September 2009;
"SDRT"	stamp duty reserve tax;
"Second Placed Shares"	the 8,200,000 New Ordinary Shares which are proposed to be issued in the Second Placing and "**Second Placed Share**" means one of them;
"Second Placing"	the placing of 8,200,000 New Ordinary Shares with the Placees as described in this document;
"Seller Shareholders"	SRA Sellers and the Restructuring Selling Shareholders;
"Sellers"	TDR Capital, Hugh Osmond, William Alan McIntosh, Edward Hawkes, Matthew Allen, Marc Jonas, O-Re Holdings (Netherlands) B.V. and O-Re Holdings UK Limited;

"Sellers' Relationship Agreement"	the relationship agreement entered into between the Company and the SRA Sellers on 27 June 2009, as amended;
"Shareholders"	the holders of Ordinary Shares from time to time and "**Shareholder**" means any one of them;
"Special Resolution"	the special resolution (Resolution 2) to be proposed at the EGM, notice of which is set out in this document in connection with the Capital Raising;
"SRA Sellers"	Sun Capital, TDR Capital, Xercise Midco Limited, Jambright Midco Limited and William Alan McIntosh;
"sterling" or **"Sterling"** or **"£"** or **"pence"** or **"p"**	the lawful currency of the United Kingdom;
"Subscription Agreement"	the subscription agreement entered into between the Company and the Placees dated 30 January 2013;
"Sun Capital"	the following principals of Sun Capital Partners: Hugh Osmond, Matthew Allen, Edward Hawkes and Marc Jonas or, where the context requires, certain vehicles or entities controlled by or associated with such persons;
"Sun Capital Entities"	Matthew Allen, Stephen Farrugia, Edward Hawkes, Marc Jonas, Hugh Osmond, Eta Shares Limited, Iota Shares Limited, Kappa Shares Limited, Theta Shares Limited, Wolvercote Investments Limited, Xercise2 Limited and Zeta Shares Limited and certain of their connected persons, each of which is affiliated with, or holds Ordinary Shares for or on behalf of a person or entity affiliated with, Sun Capital;
"Sun Capital Voting Entities"	Matthew Allen, Stephen Farrugia, Edward Hawkes, Marc Jonas, Hugh Osmond, Eta Shares Limited, Iota Shares Limited, Kappa Shares Limited, Theta Shares Limited, Wolvercote Investments Limited, Xercise2 Limited and Zeta Shares Limited, each of which is affiliated with, or holds Ordinary Shares for or on behalf of a person or entity affiliated with, Sun Capital;
"Swap Commitment Agreements"	the agreement dated 30 January 2013 between the Deutsche Bank Swap Counterparty, Deutsche Bank and each of the Och-Ziff Funds and the agreement dated 30 January 2013 between the JP Morgan Swap Counterparty, JP Morgan Cazenove and each of the Och-Ziff Funds;
"Swap Counterparties"	the JP Morgan Swap Counterparty and the Deutsche Bank Swap Counterparty;
"TC1"	PGH (TC1) Limited (previously Suncap Parma Topco Limited);
"TC2"	PGH (TC2) Limited (previously TDR Parma Topco Limited);
"TDR Capital"	TDR Capital Nominees Limited and its various related entities, or, as the context requires, various investment funds whose investments in the Group are managed by TDR Capital LLP;

"TDR Capital Entities"	TDR Capital Nominees Limited, TDR Shares Limited, Jambright Limited and Jambright Midco Limited, each of which is affiliated with TDR Capital;
"Tier 1 Bonds" or **"Notes"**	£500,000,000 6.5864 per cent. fixed/floating rate perpetual reset capital securities dated 15 November 2005 issued by PGH1;
"Total Return Swaps"	the total return swaps to be entered into on or prior to the date of Admission of the Open Offer Shares, pursuant to the Swap Commitment Agreements, by each of the Swap Counterparties and each of the Och-Ziff Funds, effective as of the date of Admission of the Open Offer Shares;
"UKLA" or **"UK Listing Authority"**	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to listing on the Official List otherwise than in accordance with Part VI of FSMA;
"uncertificated" or **"uncertificated form"**	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"Underwriting and Sponsors' Agreement"	the underwriting and sponsors' agreement dated 30 January 2013, pursuant to which the Joint Underwriters have agreed to subscribe for the Open Offer Placement Shares;
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland;
"United States" or **"US"**	the United States, its territories and possessions and any state of the United States and the District of Columbia;
"VAT"	value added tax chargeable under or pursuant to the Value Added Tax Act 1994 or the EU Directive 2006/112/EC on the common system of value added tax and any other sales, purchase or turnover tax of a similar notice, whether imposed in the UK or elsewhere;
"VWAP"	the average of the volume weighted average price of the Ordinary Shares for the 30 Dealing Day period ending on 29 January 2013 (the last Dealing Day prior to the announcement of the Capital Raising); and
"Warrants"	Public Warrants, Royal London Warrants and Lender Warrants.

Merrill Corporation Ltd, London
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