PHOENIX GROUP

"The specialist closed life business"

Full year results 2009

31 March 2010

Disclaimer

This presentation in relation to Phoenix Group Holdings and its subsidiaries (the “Group”) contains forward looking statements concerning future events. Those forward looking statements are based on the current information and assumptions of the Group’s management concerning known and unknown risks and uncertainties. Forward looking statements do not relate to definite facts and are subject to risks and uncertainty. The actual results and financial condition of the Group may differ considerably as a result of risks and uncertainties relating to events and circumstances beyond the Group’s control, including among other things, domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, and lapse rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which members of the Group operate. The Group cautions that expectations are only valid on the specified dates, and accepts no responsibility for the revision or updating of any information contained in this presentation.

Any references to IGD Group, IGD sensitivities, or IGD relate to the relevant calculation for Phoenix Life Holdings Limited, the ultimate EEA Insurance parent undertaking as at 31 December 2009.

Agenda

1. Introduction	Ron Sandler, Chairman
2. Business review	Jonathan Moss, Group Chief Executive
3. Financial review	Simon Smith, Group Finance Director
4. Summary	Jonathan Moss
5. Questions	
Appendices	

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Introduction

- 2009 was an important year
  - Acquisition of the Pearl businesses
  - Associated recapitalisation and restructuring of debt obligations
  - Name change to Phoenix Group Holdings
- Simple business model – financially attractive and socially desirable
  - Natural consolidator of closed life funds
  - Efficient outsourced scale platform
  - £67bn of assets under management
  - Policyholder and shareholder interests are closely aligned
- Delivering on key metrics
  - Strong cash generation
  - Increasing embedded value
  - Robust group capital adequacy position (IGD)
- On track to achieve premium LSE listing in H1 2010
- Strengthened governance – new Board appointments
- Enlarged group ended 2009 in good financial health

Business review

Jonathan Moss

Phoenix Group – a simple business model

Phoenix Group

Dividends

Outflows

Inflows

UK Holding Company

Corporate costs
Pension scheme contributions
Debt service and amortisation

Outflows

Inflows

Management Services

- £348m revenues
- c.700 employees

Life companies

- 6.5m policyholders
- £5bn group capital resources
- IGD surplus £1.2bn

Ignis Asset Management

- £67bn AuM
- £111m revenues

2009 milestones

Corporate milestones

- ✓ Acquisition and associated re-capitalisation of Pearl businesses
- ✓ Revised governance arrangements
- ✓ Secondary listing on LSE
- ✓ Public and Insider Warrant exchange
- ✓ Agreement with Tier 1 noteholders
- ✓ IFRS financial statements

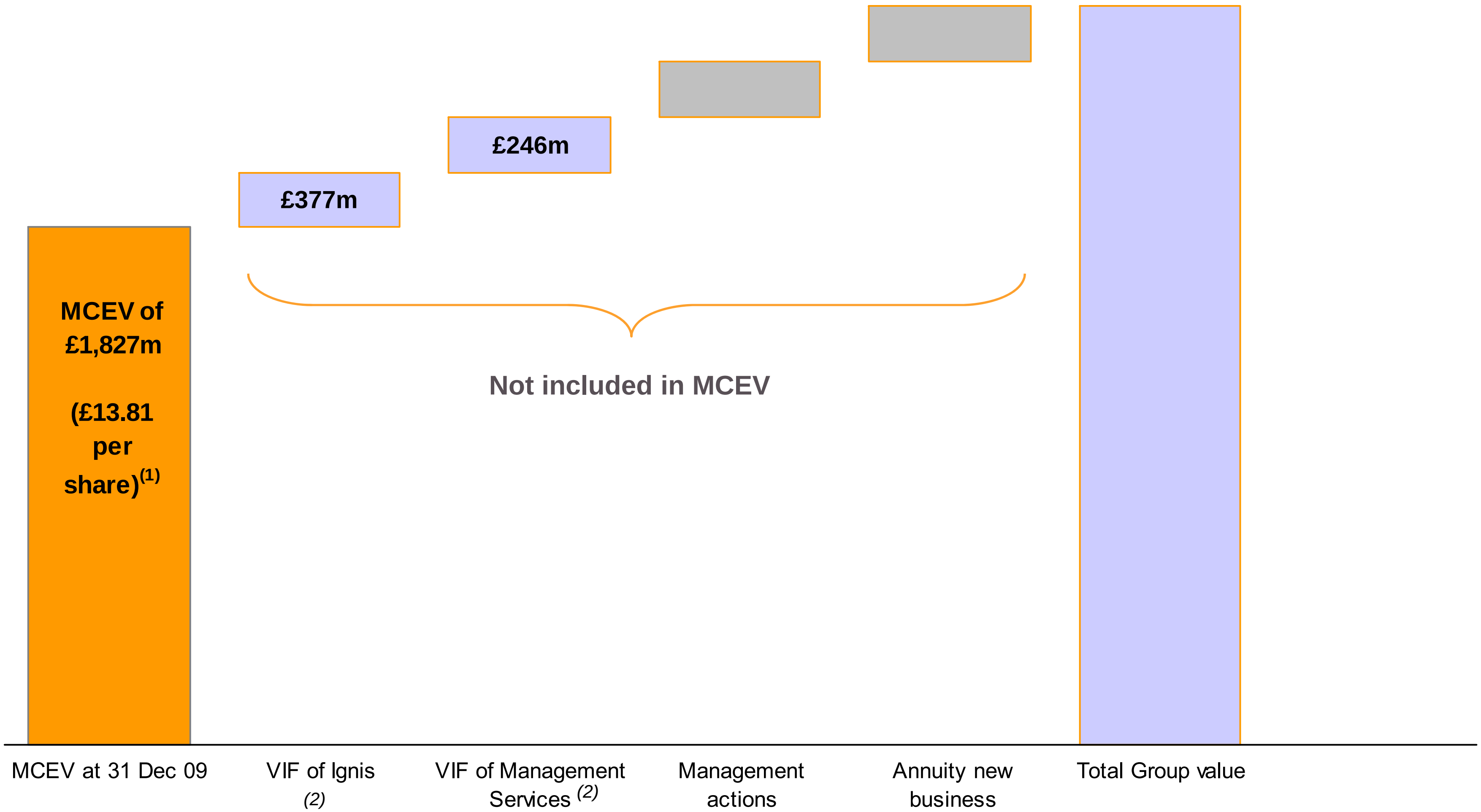
Operational highlights

- ✓ Life company fund mergers
- ✓ GAO Compromise Scheme
- ✓ Closure of legacy issues
- ✓ Progressed site closures
- ✓ Asset management reorganisation
- ✓ Investment out-performance

Delivering financial outcomes

- ✓ Holding company cash inflows of £716m – ahead of target
- ✓ MCEV growth to £1.8bn
- ✓ IGD capital surplus of £1.2bn

Phoenix Group value build-up



(1) Based on 132,285,855 shares in issue (pre-dilution), comprising 80,430,732 Ordinary shares and 51,855,123 Class B shares
(2) As included in the embedded value calculated under the previously adopted methodology ("CEV") at 31 Dec 09
Note: Not to scale

Financial review

Simon Smith

2009 financial highlights

(£m)	2009	2008
Holding company cash inflows (1)	716	n.a
Market Consistent Embedded Value ("MCEV")	1,827	1,044 (2)
Embedded value ("CEV")	*2,484*	*1,850* (2)
IGD capital surplus (3)	£1.2bn	£0.7bn
IFRS operating profit (1)	457	n.a
Asset Management operating profit (1)	34	43
Assets under management	£67bn	£68bn
MCEV per share (4)	£13.81	-
Dividend per share	€0.17	
Share price (5)	€7.94 £7.13	

(1) Pro forma for 12 months to 31 Dec 09
(2) Pro forma at 31 Dec 08
(3) 31 Dec 08 position (£673m) reflects IGD surplus at 1 Jan 09 following the fund merger of Phoenix Life Ltd, Scottish Provident and Scottish Mutual. 31 Dec 09 is estimated position
(4) Based on 132,285,855 shares in issue at 31 March 2010 (pre-dilution), comprising 80,430,732 Ordinary shares and 51,855,123 Class B shares
(5) Closing share price on 30 March 2010

Cash and capital

Phoenix Group – a clear link from value to cash

Phoenix Group

UK Holding Company

Corporate costs
Pension scheme contributions
Debt service and amortisation

Cash inflows of £716m in 2009. £2.7bn targeted in the next 5 years

Life companies

£660m

Management Services

£35m

Ignis Asset Management

£21m

Cash generation

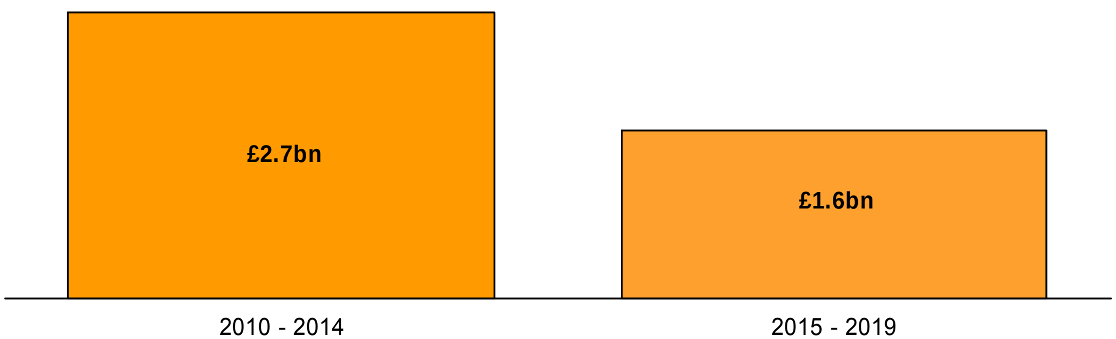
UK holding company cashflow (£m)	FY09	9M09	HY09
Sources of cash			
Cash inflows from life companies	660	473	219
Cash inflows from Ignis	21	9	8
Cash inflows from Management Services	35	26	25
Total receipts of cash and cash equivalents	**716**	**508**	**252**
Uses of cash			
Non-recurring cash outflows			
Settlement with Royal London	240	187	-
IT and business transformation costs (1)	67	61	41
Debt interest (2)	72	-	-
Transaction & restructuring costs	30	20	11
Pension scheme contributions	25	-	-
Other (3)	10	10	10
Non-recurring cash outflows	**444**	**278**	**62**
Recurring cash outflows			
Pension scheme contributions (4)	33	7	5
Operating expenses	27	19	7
Debt interest (5)	102	-	-
Recurring cash outflows	**162**	**26**	**12**
Total uses of cash	**606**	**304**	**74**

- Management actions increased holding company cash inflows by £275m in 2009 – remainder of £500m cashflow acceleration target to be achieved in 2010
- Known IT and business transformation costs are expected to reduce by between 25% and 50% in 2010 and a further 50% in 2011
- Residual cash used to strengthen cash buffer at holding company level

(1) Reflects UK holding company cost of funding ongoing operational projects including outsourcer transformation and site closures
(2) Includes £7m of swap interest
(3) 2008 transaction costs
(4) Note that certain contributions are made directly by the service companies
(5) Represents financing costs on the restructured bank debt facilities for the post acquisition period (4 months), annualised to show expected recurring annual debt interest

10 year cash generation target

- £2.7bn of holding company cash inflows targeted in next 5 years. £4.3bn in next 10 years
- No management actions assumed beyond 2011
- Cash inflows stated before:
  - Recurring corporate costs
  - Recurring pension contributions
  - Interest on bank debt
  - Coupon on Tier 1 notes
  - Business transformation costs (until 2011)
- Residual cash available for debt amortisation and dividends



Cash management scorecard

Cash generation

Holding company cash inflows (2009)	£716m
Annual target (excl. management actions)	£400 - 500m

Bank debt facilities

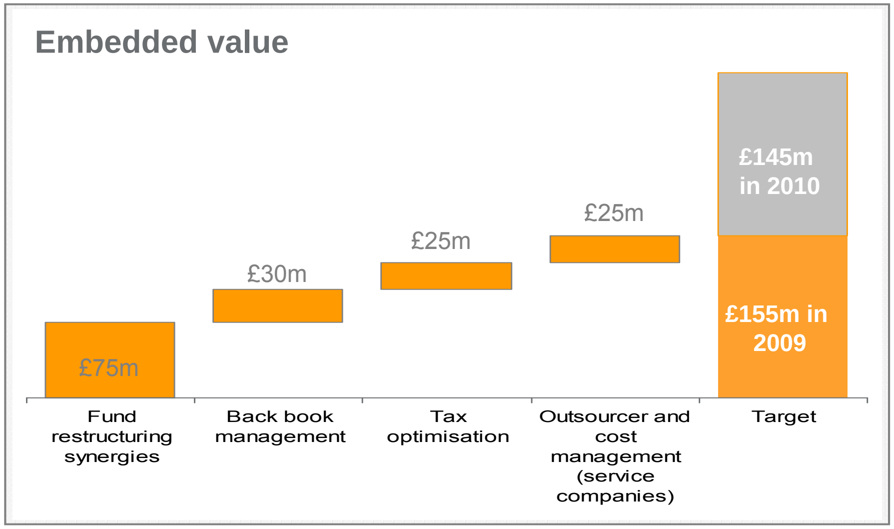
At 31 Dec 09	£2,760m
Annualised interest on bank debt	£102m
Tier 1 coupon (1)	£28m
Mandatory amortisation from 2011(2)	£150m
Target repayments	10% of outstanding principal

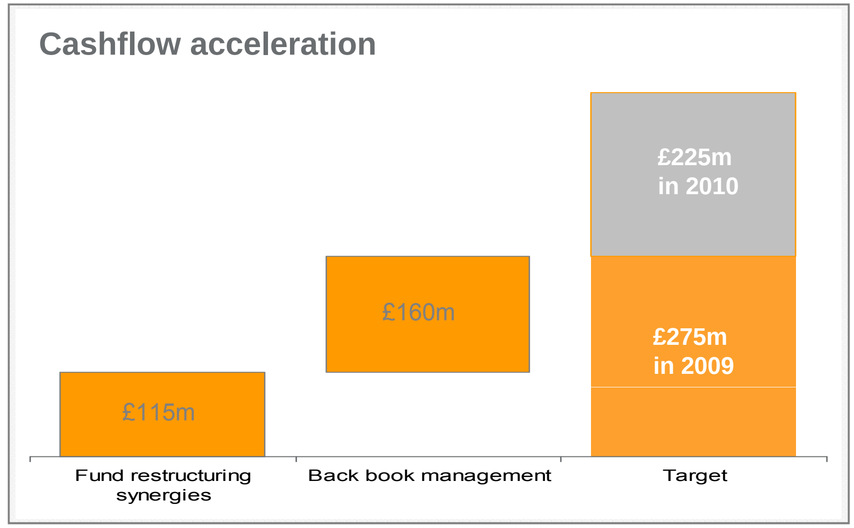
- Bank facilities
  - Amortising: £1,700m
  - Non-amortising: £1,060m
- Dividends
  - Potential to release current restriction on distributions contained in the existing credit agreements

(1) Assumes annual coupon of 6.5864% on proposed revised principal of £425m. Ignores potential impact of the Company's option to purchase Royal London's noteholding

(2) Refer to appendix for a summary of the terms of the bank credit facilities

Update on management actions





2009

- Fund restructuring synergies
  - Phoenix and London Assurance
- Back book management
  - Annuitant survival, reinsurance recoveries
- Tax optimisation
  - Maximising value of historic tax assets
- Outsourcer and cost management
  - Contract renegotiations

- Fund restructuring synergies
  - Risk diversification, capital efficiency
- Back book management
  - Release of legacy derivative provisions

2010 and beyond

- Further fund consolidation, Peterborough closure, outsourcer rationalisation, tax value realisation

IGD capital surplus

Estimated Group Capital Surplus at 31 December 2009

(£m)	Surplus	Surplus net of WPICC[1]
Group Capital Resources	5.0	2.3
Group Capital Resources Requirement	(3.8)	(1.1)
Group Capital Surplus [2]	1.2	1.2
Coverage	**132%**	**208%**

- IGD surplus represents 132% coverage of regulatory requirements
- Net of £2.7 billion WPICC, IGD capital surplus represents 208% coverage of requirement

(1) *With Profits Insurance Capital Component ("WPICC")*
(2) *Includes £52m of surplus established in the non-profit funds*

Note: IGD calculation for Phoenix Life Holdings Limited, the ultimate EEA insurance parent undertaking

IFRS results

Group operating profit - IFRS

Pro forma for year to 31 December 2009	
Phoenix Life	469
Ignis Asset Management	34
Corporate costs	(46)
Pro forma operating profit before tax	**457**

4 months to 31 December 2009	
Phoenix Life	285
Ignis Asset Management	14
Corporate costs	(17)
Operating profit before tax	**282**

- Successful conversion from UK GAAP to IFRS
  - Audited IFRS results published today
  - No material impact on results of conversion from UK GAAP to IFRS
- Pro forma IFRS operating profit of £457m
  - Includes 12 months' result of the Pearl businesses
- Group IFRS operating profit of £282m includes 4 months of Pearl businesses only

Operating profit analysis

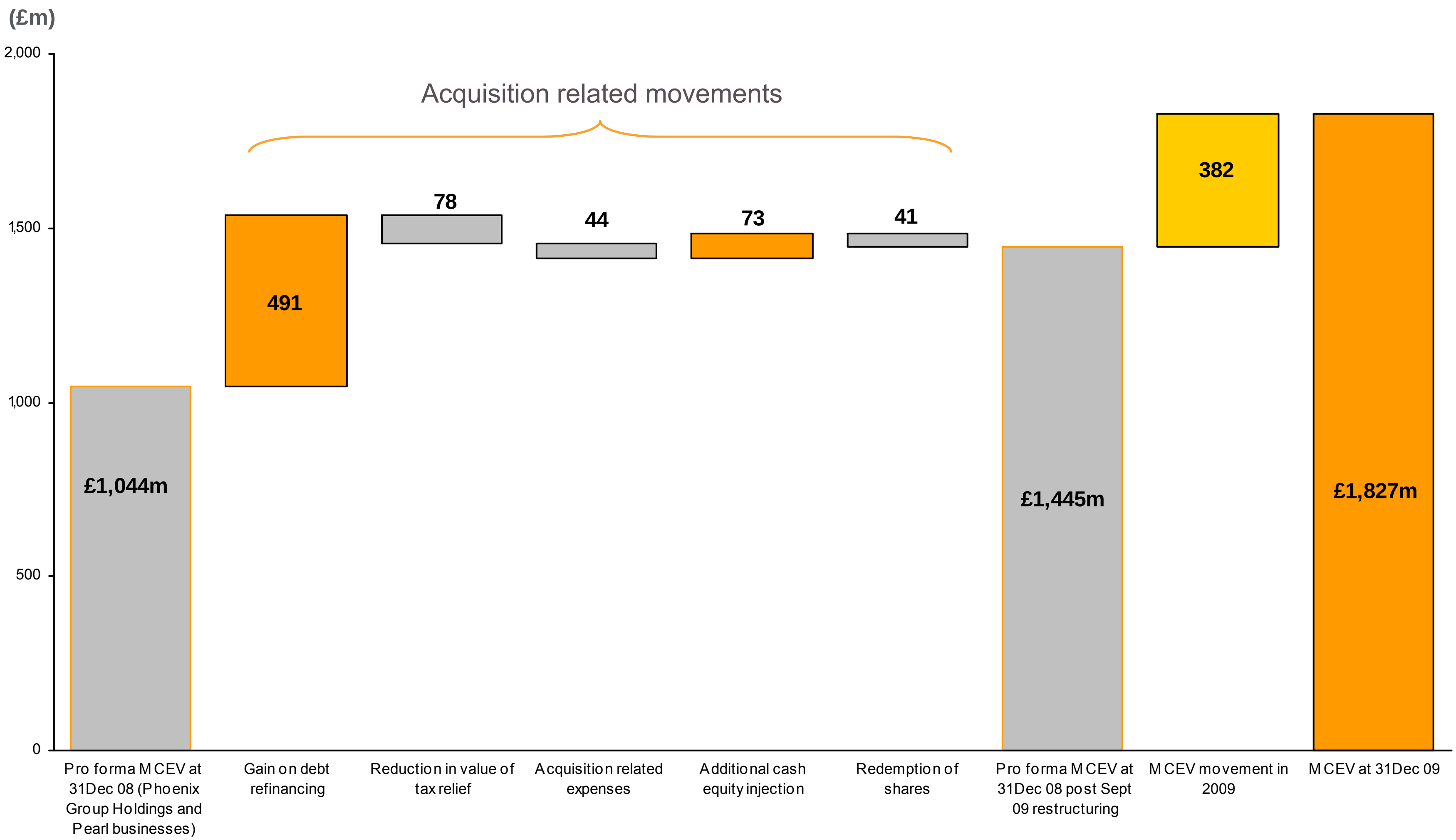
2009 (£m)	4 months to 31 Dec	Pro forma 12 months
Phoenix Life operating profit		
With profit (WP)	20	
With profit where internal capital support provided	30	
Non profit (NP) and unit linked (UL)	201	
Longer term return on owners' funds	17	
Management services	17	
Phoenix Life operating profit	**285**	**469**
Ignis Asset Management	**14**	**34**
Corporate costs	**(17)**	**(46)**
Operating profit before tax	**282**	**457**

- WP operating profit reflects impact of lower terminal bonuses in 2009
- NP and UL includes margin emergence and return on surplus assets and the benefit of favourable non-economic variances
- Longer term return on owners' funds of £17m reflects asset mix of cash and fixed interest securities

Embedded value

MCEV development in 2009

- £783m increase in MCEV during the year



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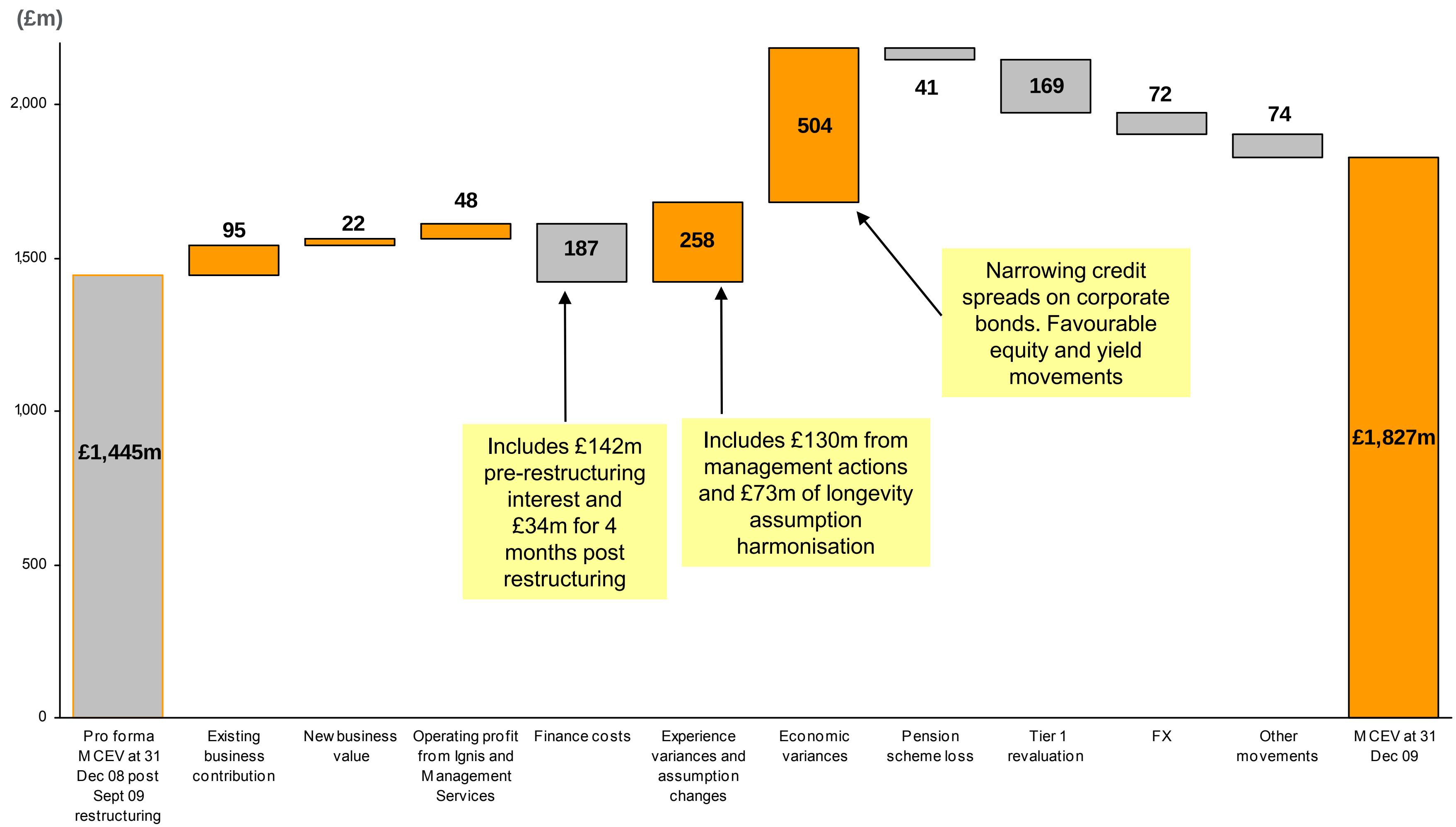
MCEV development in 2009



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Ignis Asset Management

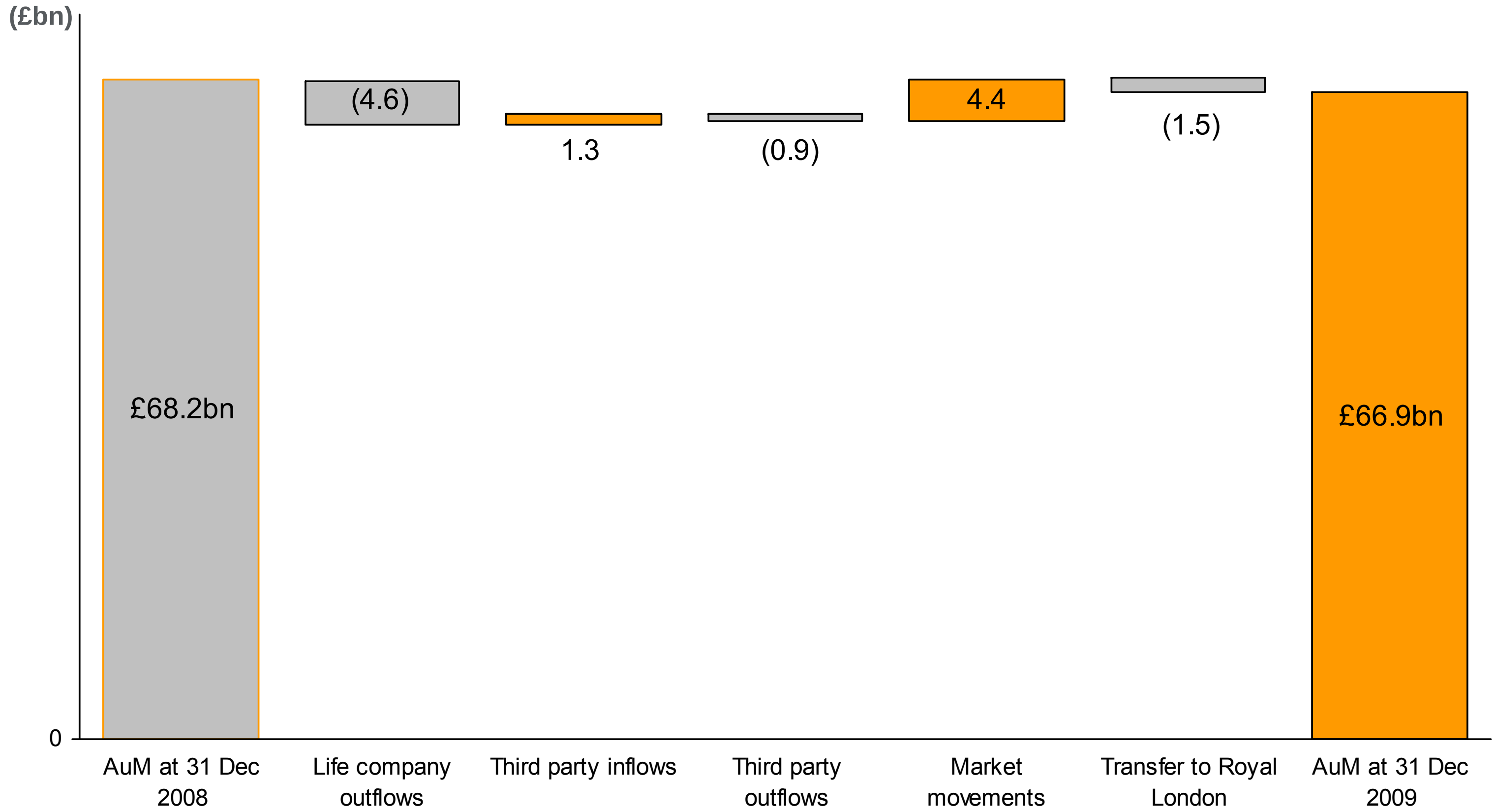
Ignis - Financial summary

Year to 31 December (£m)	2009	2008
Third party revenue	29	35
Life fund revenue	81	78
Other income	1	3
Total revenues	**111**	**116**
Staff costs	(49)	(48)
Other operating expenses	(28)	(25)
Operating profit (1)	**34**	**43**
Assets under management	**£66.9bn**	**£68.2bn**

- Ignis is included in the MCEV at IFRS net asset value of £39m
- Employs 530 staff in Glasgow and London
- Investment out-performance in cash, fixed income, asset allocation, property and Euro equities
- Third party revenues impacted by lower average AuM levels in 2009 due to lower markets

(1) Before exceptional items and amortisation

Ignis - AuM development



- Closing AuM includes Group pension scheme assets of £2.7bn
- £1.5bn transferred to Royal London in H1 2009
- Stronger markets in 2009 offset impact of life company run-off

2009 financial summary

- Strong cash generation
  - Holding company cash inflows of £716m – ahead of target
- MCEV growth to £1.8bn
- Strong IFRS operating profits of £457m (pro forma)
- Increase in IGD capital surplus by over £500m to £1.2bn
- On track to meet financial targets for 2010

Summary

Jonathan Moss

Transparent sources of value creation

Acquisition led growth

- Favourable market conditions
- Few credible competitors
- Track record in delivering transaction benefits

De-risk balance sheet

- Sophisticated asset and liability management
- Investment out-performance on life company assets

Value creation through operational improvements

- Scale platform
- Use of outsourcing
- Cost and operating efficiencies

Asset management opportunities

- Internal and third party assets
- Value upside as industry consolidates

Maximise cash extraction from fund run-off

- Financial synergies from fund mergers
- Increased capital efficiency from diversified risks
- No new business strain
- Accelerate cash flows

2010 milestones

Phoenix Life

- Further fund mergers
- Transfer of further operations to Wythall – single site by Q1 2011
- Outsourcer transformation
- Solvency II programme

Ignis

- Improve capability to maintain investment out-performance
- Life company fund range rationalisation, transfer to collectives
- Build-out third party business

Corporate

- Simplify capital structure – contingent rights over shares
- Achieve premium LSE listing in H1 2010
- Reduce bank debt

Summary

Strong operating performance in 2009

- Holding company cash inflows (£716m) ahead of target
- MCEV growth to £1.8bn
- Increase in IGD capital surplus by over £500m to £1.2bn

Well positioned for the future

- Market leader in closed life fund run-off
- Restructured asset management business
- Further value to be realised from existing books of business
- Proven expertise to deliver consolidation synergies from further acquisitions

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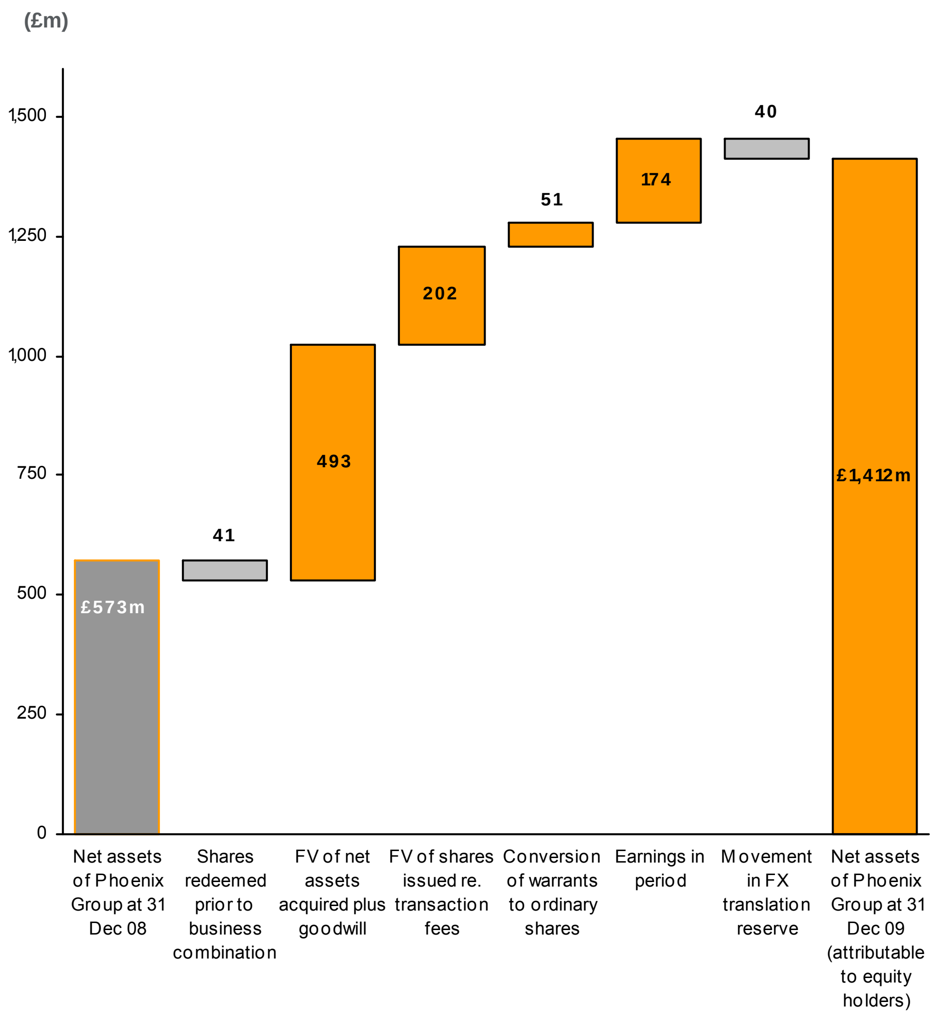
Appendix 1 – IFRS

Reconciliation of operating profit to profit after tax

4 months to 31 Dec 09	(£m)
Operating profit before tax	282
Investment return variances and economic assumption changes on long term business	145
Variance on owners' funds	(70)
Amortisation of acquired in-force business and other intangibles	(52)
Non-recurring items	(105)
Profit before finance costs attributable to owners	**200**
Finance costs attributable to owners	(49)
Profit before tax attributable to owners	**151**
Tax attributable to owners	(16)
Profit for the year attributable to owners	**135**

- Investment variances and economic changes largely reflects impact of narrowing credit spreads, stronger performance on hedge funds and property returns
- Variance on owners' funds primarily relates to the increase in fair value of the Phoenix Group Holdings warrants which are accounted for as a financial liability
- Non-recurring items includes a charge relating to the GAO compromise scheme for PALAL reflecting prudent IFRS reserving basis. Also includes costs of site closure and outsourcer transformation programmes

IFRS shareholders’ funds



- Balance sheet of Pearl businesses strengthened by some £1bn
- Bank debt restructured reducing external debt by over £500m

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Acquisition balance sheet

(£m)	Carrying value	Fair value adjustments	Fair value
Total assets	76,604	888	77,492
Total liabilities	76,389	(12)	76,377
Net assets			**1,115**
Less non-controlling interests			(699)
FV of net assets acquired			**416**
Goodwill			**77**
Total consideration			**493**

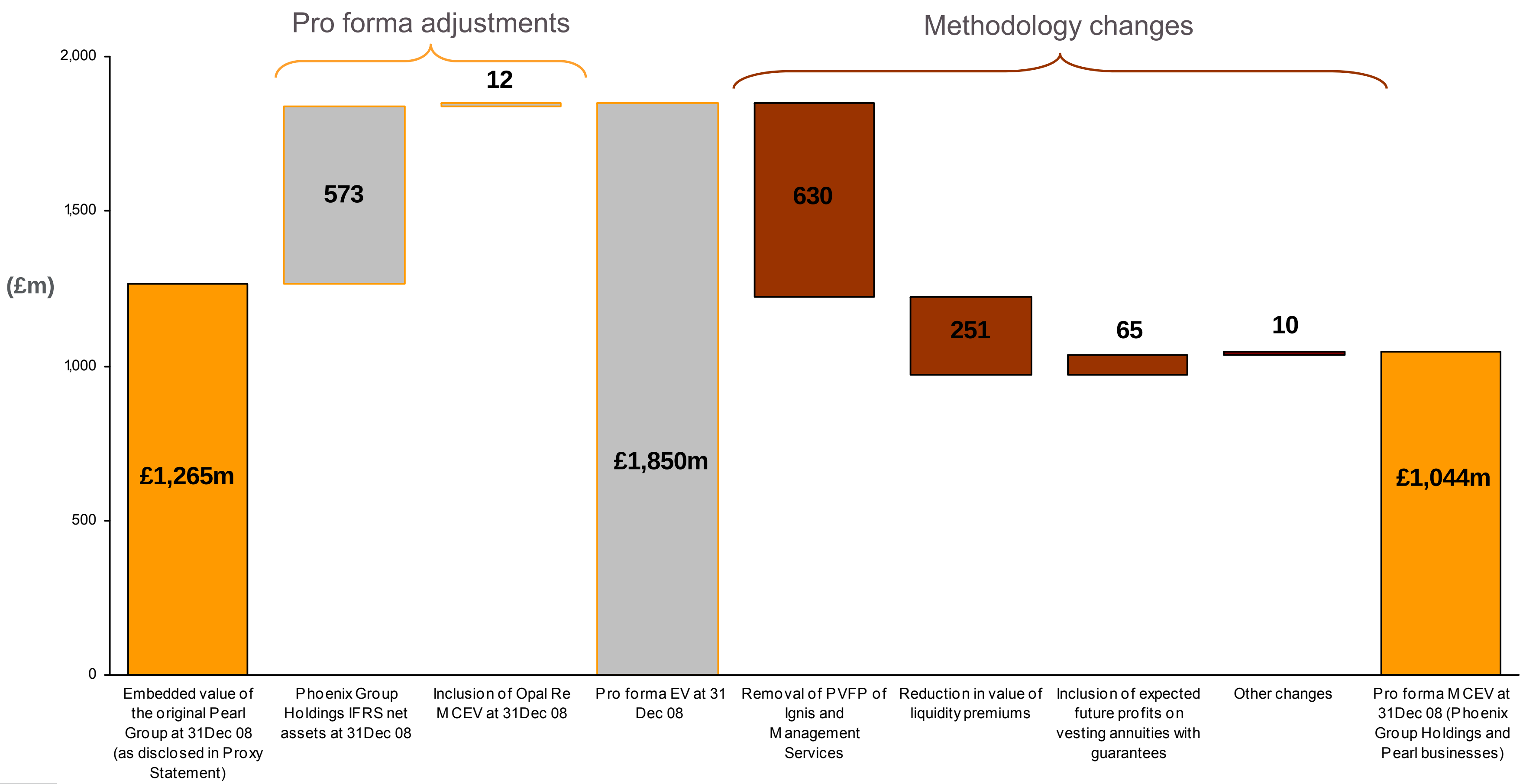
- £2.2bn of acquired VIF recognised on acquisition
- Non-controlling interests represent value of UKCPT(1) and Perpetual Capital Reset Securities (Tier 1 notes)
- Goodwill of £77m attributable to Ignis business and management services operations within Phoenix Life
- Total consideration of £493m satisfied by:
  - £332m of B shares and
  - £148m of contingent rights over shares
  - £4m of warrants
  - £9m of acquisition expenses

(1) UK Commercial Property Trust

Appendix 2 – Embedded value information

Reconciliation of MCEV to previously published embedded value

- Adjustments to 2008 EV reflect pro forma and methodology changes for the enlarged Phoenix Group
- Embedded value of covered business is based on market consistent methodology
- Methodology changes to align more closely with CFO Forum principles
- Numbers exclude impact of the Sept 09 debt restructuring



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MCEV at 31 December 2009

Components of MCEV

(£m)	Net Worth	PVFP [1]	TVOG [2]	Cost of capital	MCEV at 31 Dec 2009
Covered business	**2,234**	2,864	(97)	(270)	**4,731**
Ignis	**39**	-	-	-	**39**
Management Services	**56**	-	-	-	**56**
Corporate	**(2,999)**	-	-	-	**(2,999)**
MCEV	**(670)**	**2,864**	**(97)**	**(270)**	**1,827**

- Listed debt included at market value in MCEV:

(£m)	Face value (inc. accrued interest)	Market value
Perpetual reset capital securities (Tier 1 notes)	540	264
Phoenix Life Ltd (Tier 2 notes) [3]	211	156

- Unlisted debt included at face value
  - Pearl and Impala facilities (£2,760m)
  - Royal London PIK note (£102m)

- Net worth of covered business (£2,234m) consists of £1,826m of required capital and £408m of free surplus

(1) *Present value of future profits*
(2) *Time value of options and guarantees*
(3) *Ex Scottish Mutual Assurance subordinated debt*

Expected emergence of PVFP into free surplus

- Present value of future profits ("PVFP") of covered business of £2,864m at 31 December 2009 (excludes Ignis and Management Services)

(£m)	1-5 years	6-10 years	11-15 years	16-20 years	20+ years	2009 Total
PVFP	975	767	508	305	309	2,864

MCEV methodology

- MCEV covers all long term insurance business written by the Group ("covered business")
  - Includes Opal Re
  - Excludes Ignis and Management Services
- Methodology in accordance with MCEV principles published by the CFO Forum except for:
  - Risk free rates are defined as the annually compounded UK government nominal spot curve plus 10bps rather than as the swap rate curve
  - Value of Ignis and Management Services are included in MCEV at IFRS net asset value
  - No allowance for the cost of non-hedgeable risk has been made because the Group operates a robust outsourcer model in terms of operational risk, does not write new business, is focussed entirely on the back book and has succeeded in closing out significant legacy risks
- Increased allowance for default risk (to include an explicit margin for unexpected default risk) – this reduces the value of liquidity premiums within the embedded value
- Listed debt included at market value
- MCEV includes value of tax relief arising from offsetting the tax payable on profits emerging from covered business against the tax relief afforded by interest payments on the bank debt facilities
- MCEV places a value on the profits expected to be earned on annuities arising from policies vesting with guaranteed annuity terms. These policies are excluded from new business

MCEV sensitivities

2009 MCEV of covered business	(£m)
Base	4,731
1% decrease in risk-free rates	135
1% increase in risk-free rates	(167)
10% decrease in equity/ property market values	(156)
100bps increase in credit spreads*	(365)
25% increase in equity/ property implied volatilities	(19)
25% increase in swaption implied volatilities	(57)
10% decrease in lapse rates and paid-up rates	(19)
5% decrease in annuitant mortality	(183)
5% decrease in non-annuitant mortality	20
Required capital equal to the minimum regulatory capital	81
Swap curve as reference rate, retaining appropriate liquidity premiums	(160)

* 25bps is assumed to relate to default risk

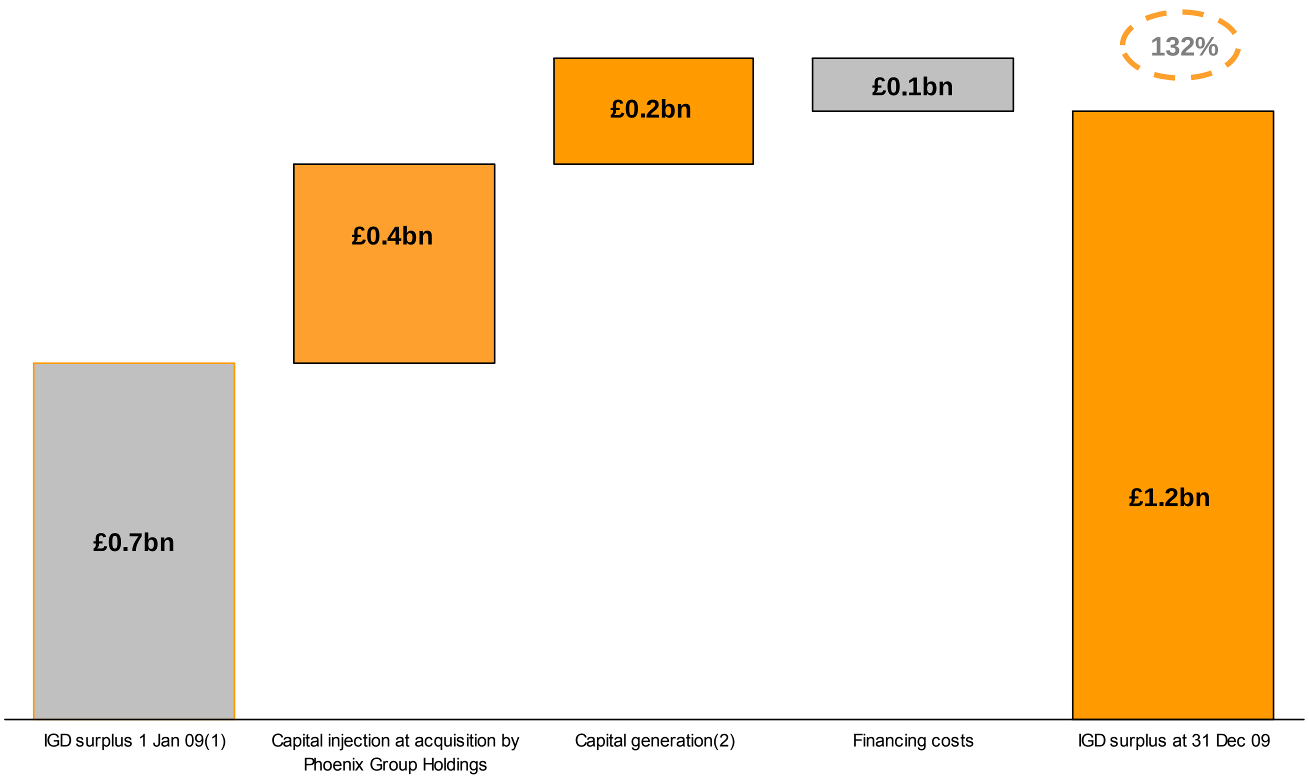
Group MCEV earnings

Pro forma for year to 31 December 2009	(£m)
Life MCEV operating earnings	**380**
Management Services IFRS operating profit	14
Asset Management IFRS operating profit	34
Corporate IFRS operating profit	(54)
Group MCEV operating earnings before tax	**374**
Tax on operating earnings	(105)
Group MCEV operating earnings after tax	**269**
Economic variances on covered business	701
Economic variances on non-covered business	(245)
Non-recurring items	(78)
Gain on debt refinancing	491
Finance costs attributable to owners	(390)
Tax on non-operating earnings	(197)
Group MCEV earnings after tax	**551**

- Strong embedded value performance in challenging markets
- 2009 pro forma MCEV operating earnings of £269m
  - Includes 12 month result of Pearl businesses
- New business contribution of £22m in 2009
  - New business margin of 5%

Appendix 3 – IGD and solvency

IGD capital surplus movement



- Estimated IGD surplus remained robust at £1.2bn
- Increase of over £500m on 1 Jan 09 position

(1) 31 December 2008 position (£673m) reflects IGD surplus at 1 January 2009 following the fund merger of Phoenix Life Ltd, Scottish Provident and Scottish Mutual
(2) Includes £52m of surplus established in the non-profit funds
(3) IGD calculation for Phoenix Life Holdings Limited, the ultimate EEA insurance parent undertaking

IGD sensitivity analysis

- We stress test IGD surplus against a number of financial and non-financial scenarios to ensure we remain in excess of 125% coverage in all reasonably foreseeable circumstances

- Under the most onerous combined stress scenario, the IGD surplus is expected to be £1,135m which represents 144% of the regulatory requirement

IGD sensitivity analysis	IGD surplus (£m)	Coverage (%)
Estimated IGD surplus	1,219	132%
20% equity fall	1,212	144%
15% property fall	1,214	134%
Credit spread widening(1)	1,118	131%
Yields down 75bps	1,227	131%
Combined stress with yields down	1,135	144%

(1) Reflects impact of credit spreads widening as follows: AAA - 100bps, AA - 113bps, A - 120bps, BBB - 153bps, BB - 307bps, B - 613bps

Life company solvency (Pillar 1)

31 December 2009 (£m)	Pearl Assurance	London Life	NPI	Phoenix Life Ltd	Phoenix and London Assurance
Capital resources	1,820	288	111	3,930	885
Capital resources requirement	969	79	58	3,186	388
Excess	851	209	53	744	497

Notes
(1) Represents Pillar 1 solvency position
(2) Pearl Assurance and Phoenix Life Ltd solvency position includes subsidiaries' solvency

Appendix 4 – Ignis and Management Services

Ignis – AuM by client type

AuM at 31 December (£bn)	2009	2008
Life funds	60.1	61.0
Group pension schemes	2.7	2.5
Institutional (1) (2)	1.6	2.5
International	0.5	0.4
Retail	2.0	1.7
Total AuM (£bn)	**66.9**	**68.2**

(1) Includes Liquidity Fund assets
(2) Transfer of £1.5bn to Royal London happened in H1 2009

Ignis - Third party new business flows

Year to 31 December (£m)	2009	2008
Gross flows		
Retail	681	465
Institutional	226	254
International	160	172
Total	**1,067**	**891**
Net flows		
Retail	122	(118)
Institutional	21	76
International	6	(83)
Liquidity funds (1)	255	68
Total	**404**	**(57)**

(1) Due to large flows for Liquidity Fund, only the net position is disclosed

Management services

Pro forma year to 31 December 2009	(£m)
Total revenues	348
BAU outsourcer costs	(175)
Other costs	(159)
Operating profit (1)	**14**
No. policies (average)	7.4m
BAU outsourcer expenses per policy	£24

- Included in MCEV at IFRS net asset value of £56m
- Provide administration to life companies
  - Fixed price per policy (except unit linked policies which are charged as a percentage of AuM)
  - Transfer of operational risk from life companies
- Approximately 700 employees in 3 operational centres
- Anticipated future cost savings from site closures - operations to be centred in Wythall by Q1 2011

(1) Before exceptional items and goodwill amortisation

Note: Numbers are IFRS basis for the 12 month period to 31 Dec 09

Appendix 5 – Life companies' asset portfolio

Asset mix of life companies at 30 June 09

At 30 June 2009	Shareholder funds[2]		Policyholder funds[1] Participating[3]	Policyholder funds[1] Unit-linked	Total
Cash deposits	£2,726m	24%	£5,024m	£891m	£8,641m
Debt securities-gilts	£2,219m	19%	£11,448m	£804m	£14,471m
Debt securities-bonds	£4,636m	41%	£14,449m	£547m	£19,632m
Equity securities	£287m	3%	£6,058m	£7,368m	£13,713m
Property investments	£83m	1%	£1,823m	£235m	£2,141m
Other investments[4]	£1,427m	12%	£1,121m	£5m	£2,553m
Total	**£11,378m**	**100%**	**£39,923m**	**£9,850m**	**£61,151m**

(1) Includes assets where policyholders bear most of the investment risk
(2) Includes assets where shareholders of the life companies bear the investment risk
(3) Includes all assets held in with-profits funds
(4) Includes other loans, derivatives and other investments

Asset mix of life companies at 31 Dec 09

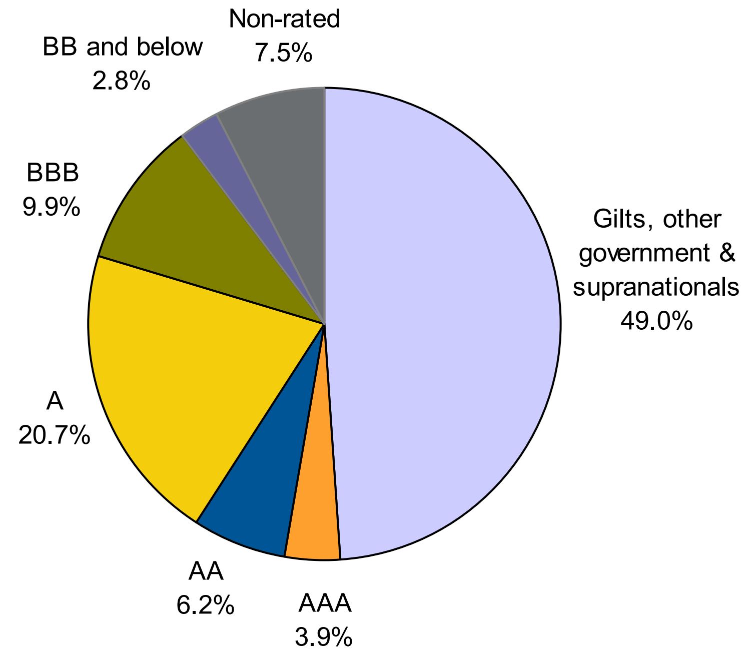
At 31 December 2009	Shareholder funds[2]		Policyholder funds[1] Participating[3]	Policyholder funds[1] Unit-linked	Total
Cash deposits	£2,497m	21%	£4,237m	£962m	£7,696m
Debt securities-gilts	£2,624m	22%	£13,711m	£996m	£17,331m
Debt securities-bonds	£5,474m	45%	£12,977m	£788m	£19,239m
Equity securities	£248m	2%	£7,074m	£8,598m	£15,920m
Property investments	£84m	1%	£1,510m	£189m	£1,783m
Other investments[4]	£1,159m	9%	£949m	£11m	£2,119m
Total	**£12,086m**	**100%**	**£40,458m**	**£11,544m**	**£64,088m**

(1) Includes assets where policyholders bear most of the investment risk
(2) Includes assets where shareholders of the life companies bear the investment risk
(3) Includes all assets held in with-profits funds
(4) Includes other loans, derivatives and other investments. £1,055m of shareholder funds relates to fund of funds (ISSF)

Shareholder exposures: Debt securities

At 31 December 2009	Shareholder funds	
Gilts	**£2,624m**	32%
Other government and supranationals	£1,345m	17%
Corporate – financial institutions	£1,068m	13%
Corporate – non financials	£2,352m	29%
Asset backed securities	£374m	5%
Other	£335m	4%
Debt securities - bonds	**£5,474m**	
Total debt securities	**£8,098m**	**100%**

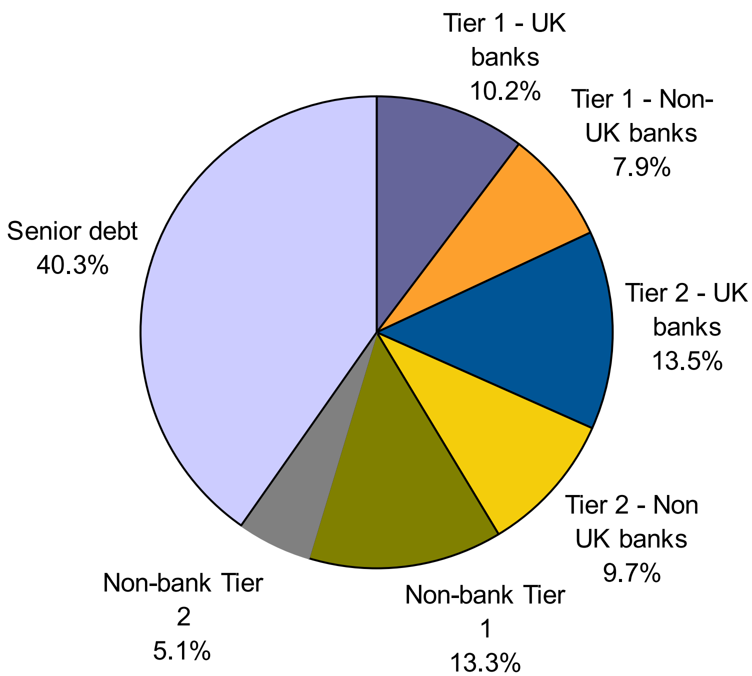
Shareholder debt securities by rating (£8,098m)



- No exposure to CDOs / CLOs
- £6,425m (79%) of total shareholder exposure to debt securities relates to assets backing annuity liabilities
- Non-annuity shareholder exposures relate to other non-participating business and shareholder fund assets

Debt securities: Shareholder exposure to financial institutions

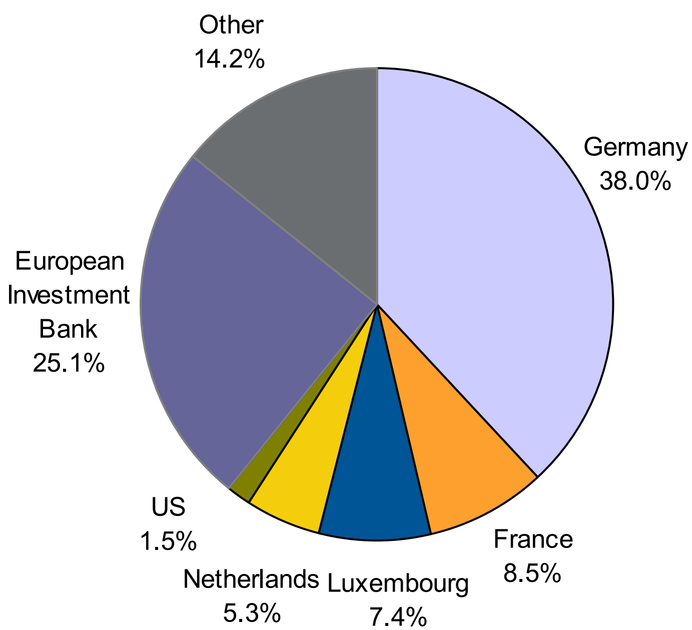
Debt securities: Financial institutions (£1,068m)



- Approx. 60% of total shareholder exposure to financial institutions relates to subordinated instruments
- Tier 1 exposure to UK banks includes:
  - HSBC (£33m)
  - Standard Chartered (£30m)
  - Barclays (£20m)
  - RBS (£13m)
  - Lloyds (£12m)
- Other tier 1 exposures include:
  - Generali Finance (£29m)
  - Aviva (£26m)
  - AXA (£17m)
  - BNP Paribas (£15m)
  - Allianz (£12m)
  - Societe Generale (£10m)

Debt securities: Shareholder exposure to sovereign debt

Other government & supranationals (£1,345m)

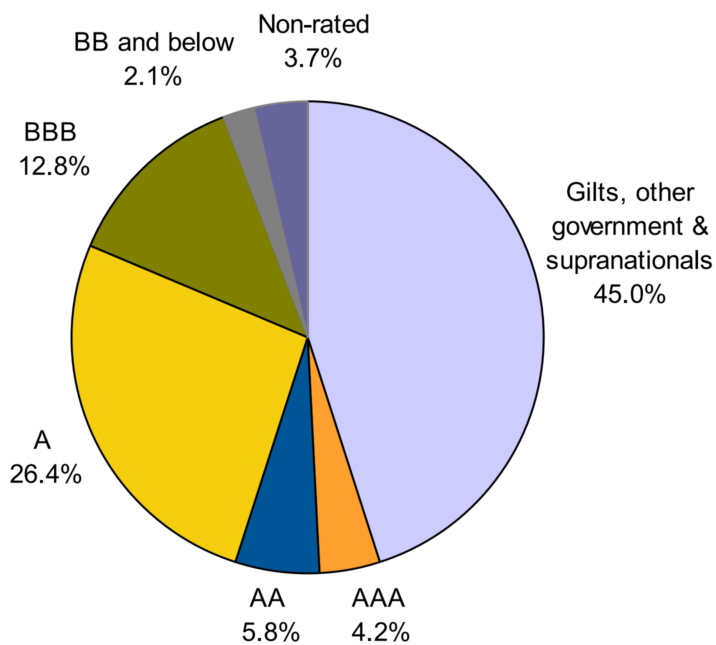


- Total exposure to Greece, Ireland, Italy and Spain represents 6.3% of total exposure
- No exposure to Dubai, Portugal or Iceland

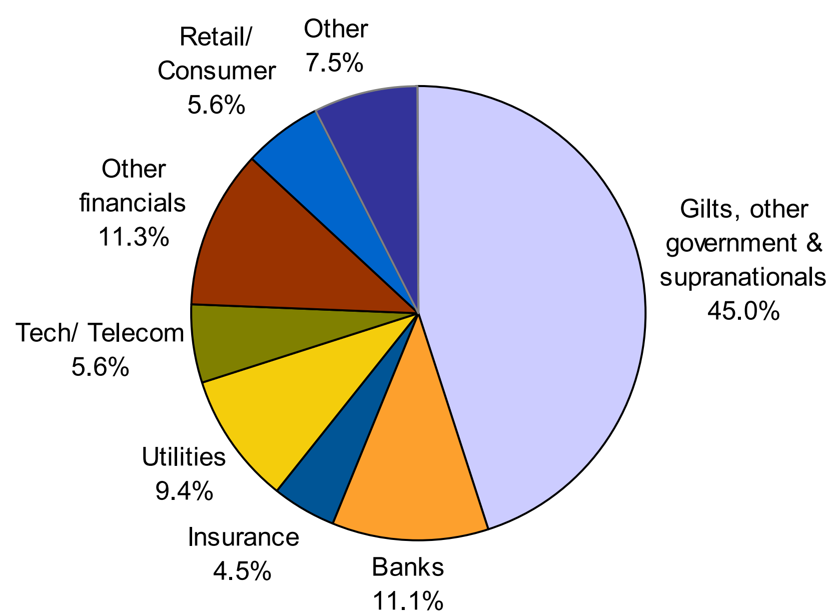
Bond portfolio backing annuity liabilities

Breakdown of bond portfolio backing annuities (UK and offshore annuity companies)

By credit rating (£6,425m)



By sector (£6,425m)



Note: Relates to assets held in non profit funds (excludes assets in with profits funds)

Credit risk allowance in annuity reserves

- Phoenix Pensions Ltd ("PPL") holds £2.2bn of c.£3.5bn of corporate bonds in total which are used to back annuity in payment liabilities

- PPL – aggregate allowance for credit defaults of £220m
  - Represents IFRS / Pillar 1 assumptions

- Represents 41% of the bond spread (excluding gilts and AA sovereigns) – equivalent to 99bps as shown in the table below;

PPL at 31 Dec 09	**bps**
Historic default experience for A-rated senior bond	23
Adjustment to credit mix of PPL	31
	54
Margin for prudence	45
Total deduction from spread for defaults	99

Appendix 6 – Additional information

Update on discussions with Tier 1 noteholders

- Agreed proposal with the Ad Hoc Committee representing a substantial proportion of the noteholders
- 15% reduction in face amount of the Tier 1 notes
- 2009 coupon to be paid by end-2010
- 2010 coupon to be paid following successful vote
- Dividend stopper and ACSM to operate at Phoenix Group Holdings level in the event of future deferrals

Life company liability mix

	Policyholder liabilities at 31 Dec 09			
Life company	**With profits (%)**	**Unit linked (%)**	**Other non-profit (%)**	**Total (£m)**
London Life	48	17	35	1,895
National Provident Life	51	24	25	7,268
NPI	5	68	27	4,177
Pearl Assurance	70	-	30	9,984
Phoenix Life	47	24	29	33,678
Phoenix Pensions	-	-	100	4,167
Phoenix and London Assurance	63	13	24	6,280
SMI	-	32	68	502
Elimination of internal reassurance				(9,022)
Claims outstanding				416
Total	**53%**	**20%**	**28%**	**59,343**

Note: Represents Pillar 1 liabilities, as per FSA returns

Defined benefit pension schemes

- 2 main defined benefit schemes
- Pearl Pension Scheme
  - Entered into an agreement with the trustees in September 2009
  - £50m contribution made in September 2009
  - Contributions of £25m per annum from September 2010
  - Reported deficit (IAS19) of £121m at 31 December 2009
- PGL Pension Scheme
  - Covers employees of the Impala subsidiaries (former Resolution plc businesses)
  - Last full triennial valuation was in 2006 where Impala agreed to pay contributions of £15m per year for 5 years until 2012
  - Economic value of surplus of £62m at 31 December 2009 (reported deficit (IAS19) of £4m)
  - New triennial valuation (as at June 2009) currently being carried out - any change to contribution levels will need to be agreed between the principal employer and the trustees

Bank credit facilities

	£m	Margin[1]	Maturity	Repayment
Bank facility	425.0[2]	L+125bps cash	2016	£25m p.a. 2011-2015 Balance in 2016
Lender Loan Notes	75.0	L+100bps cash or PIK	2024	Non-amortising
Total Pearl bank debt	**500.0**			
Facility A	1,275.0	L+100bps cash + 100bps cash or PIK[3]	2014	£125m p.a. from 2011 Balance in 2014
Facility B	492.5	L+125bps cash + 75bps cash or PIK[4]	2015	Non-amortising
Facility C	492.5	L+175bps cash + 25bps cash or PIK[5]	2016	Non-amortising
Total Impala bank debt	**2,260.0**			

Note: "L" represents LIBOR, "bps" represents basis points, "PIK" represents payment in kind whereby the borrower has the option to add, prior to the third anniversary of the closing date for the Impala Bank Debt facilities and for the full maturity of the Lender Loan Notes, any unpaid interest amount to the principal amount outstanding of the relevant tranche

(1) In addition to interest rate margin figures shown, mandatory costs (if any) will be payable to compensate the lenders for the costs of compliance with the requirements of the Bank of England, the FSA and/or the European Central Bank

(2) Senior in right of payment to the Lender Loan Notes

(3) From and after the fourth anniversary of the closing date of the acquisition of the Pearl businesses by Pearl Group, Facility A will bear interest of L+250bps

(4) From and after the fourth anniversary of the closing date of the acquisition of the Pearl businesses by Pearl Group, Facility B will bear interest of L+325bps

(5) From and after the fourth anniversary of the closing date of the acquisition of the Pearl businesses by Pearl Group, Facility C will bear interest of L+375bps

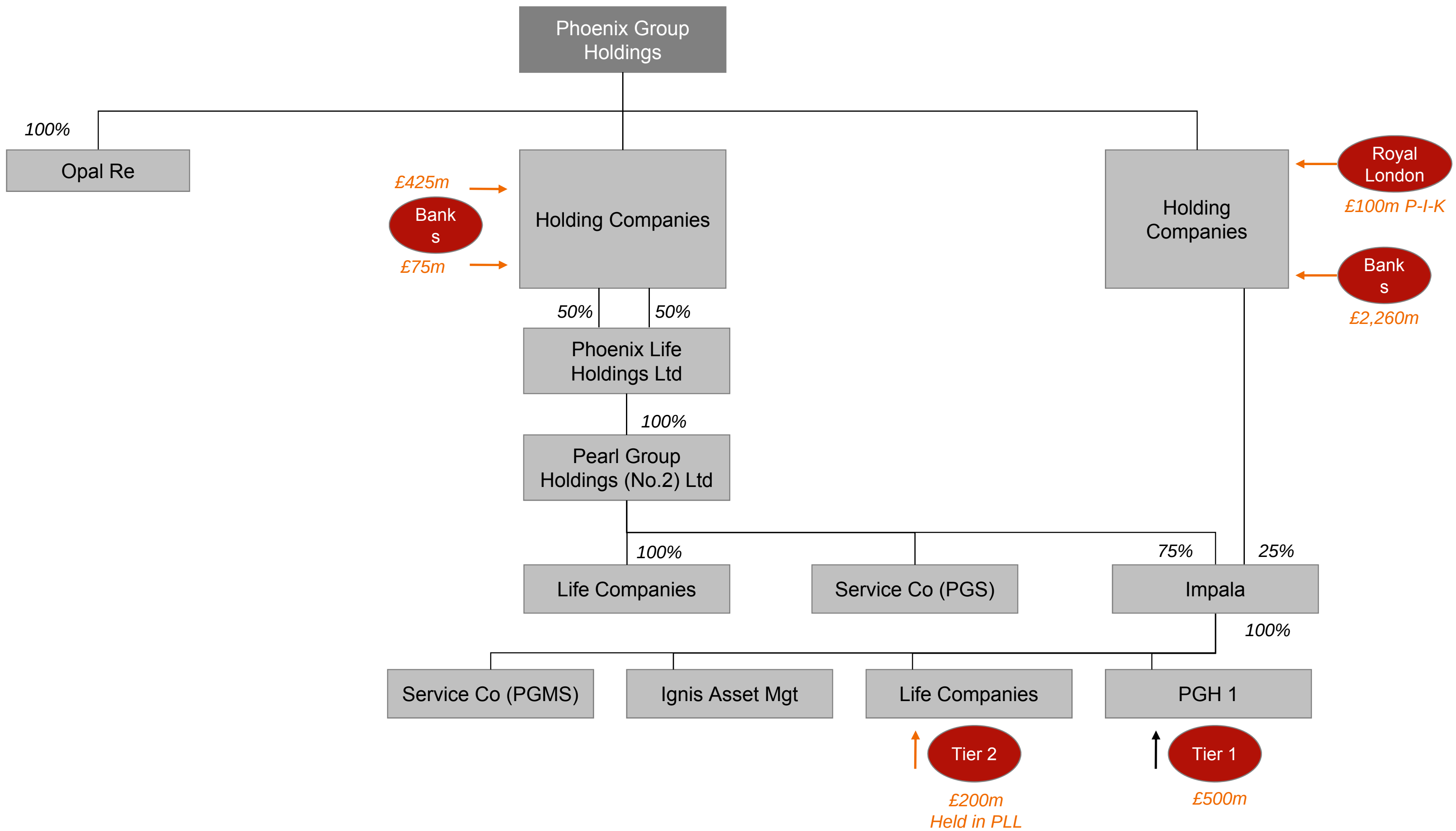
Capitalisation table

At 31 March 2010	Number
Shares in issue	
Ordinary shares	80,430,732
Class B shares	51,855,123
	132,285,855
Ordinary share warrants	
Public warrants	**8,169,868**
Class B Share Warrants	
Lenders	5,000,000
Royal London	12,360,000
	17,360,000
Contingent rights over shares	
Sun Capital/TDR Capital/Selling Shareholders (contingent rights)	26,500,000
Lenders (contingent rights)	8,500,000
Contingent Subscription Agreement (contingent rights)	1,000,000
	36,000,000
Shares authorised for issue under employee incentive plans	**3,000,000**
Total warrants and contingent rights over shares outstanding	**64,529,868**

Outstanding dilutive instruments

Ordinary share warrants (8,169,868 shares)	• 8.2m warrants convertible into ordinary shares; exercise price of €11.0 per share • At exercise, additional €90m will be added to embedded value • Phoenix Group Holdings has option to redeem warrants if share price is at or above €16.50 for any 20 trading days within a 30 day trading period
Other warrants (17,360,000 shares)	• 17.4m warrants exchangeable for 17.4m Class B shares; exercise price of €11 per warrant (on 12.4m) and £15 per warrant (on 5m). Following admission of the ordinary shares to the official list of the UKLA, the shares to be issued are ordinary shares • At exercise, additional €136m and £75m will be added to embedded value • Warrant holders can also pay the warrant price by exchanging outstanding debt (principal and/or accrued but unpaid interest) • Phoenix Group Holdings has option to redeem 12.4m warrants if share price is at or above €16.50 on 20 trading days within any 30 day trading period, and 5m warrants if the share price is at or above £19.50 for 20 consecutive trading days within certain periods
Contingent rights over shares (36,000,000 shares)	• 35m ordinary shares issuable to pre-acquisition shareholders of Pearl (up to 26.5m shares) and lenders (up to 8.5m shares) in three equal tranches. Issuable for each of three tranches on the share price attaining, and remaining above, €13, €14 and €15 respectively for 20 consecutive trading days • In addition, 1m Class B shares issuable to original Liberty Sponsors (or their designees) for their commitment under the Contingent Subscription Agreement – issuable on the share price attaining, and remaining above, €15 for 20 consecutive days • At issuance, there will be no additional proceeds added to the embedded value
Shares under incentive plans (3,000,000 shares)	• A maximum of 3.0m shares issuable to directors and employees under variable compensation incentive plans • At issuance, there will be no impact on the embedded value

Summary of corporate structure



Key: *Liability*

Equity