

Press release

22 October 2010

This announcement is not for publication or distribution, directly or indirectly, in or into the United States, Canada, Australia, Japan, South Africa or any jurisdiction in which the same would be unlawful

Completion of placing of new ordinary shares by Phoenix Group Holdings to raise approximately £33m to satisfy the ACSM in respect of the 2009 deferred coupon on the £500,000,000 - 6.5864 per cent. fixed/floating rate perpetual reset capital notes

Phoenix Group Holdings

Phoenix Group Holdings ("Phoenix Group" or the "Company") announces the completion of the placing announced earlier today (the "Placing") in connection with the operation of the alternative coupon satisfaction mechanism ("ACSM") in respect of the 2009 deferred coupon on the £500,000,000 - 6.5864 per cent fixed/floating rate perpetual reset capital notes (the "Notes") issued by Pearl Group Holdings (No.1) Limited ("PGH1"). Phoenix Group has agreed to issue 5,020,000 new ordinary shares at 660p per share (the "Newly Issued Shares") to placees in the Placing, which will raise gross proceeds of approximately £33 million. The Newly Issued Shares will represent an increase of approximately 3% of Phoenix Group's existing issued ordinary share capital.

Certain shareholders of Phoenix Group with effective contractual pre-emption rights have received an aggregate pro-rata allocation representing approximately 20% of the Placing.

The Newly Issued Shares will be credited as fully paid and will rank equally in all respects with the existing ordinary shares of €0.0001 each in the share capital of Phoenix Group, including the right to receive all dividends and other distributions declared, made or paid after the date of issue of the Newly Issued Shares. Application will be made to the Financial Services Authority (the "FSA") for the Newly Issued Shares to be admitted to the Official List maintained by the FSA and to trading by the London Stock Exchange plc on its market for listed securities ("London Admission"). Application will also be made for the Newly Issued Shares to be admitted to listing and trading on NYSE Euronext in Amsterdam (together with the London Admission, "Admission").

Settlement for the Newly Issued Shares issued and sold pursuant to the Placing, as well as Admission, is expected to take place on 27 October.

Enquiries:

Investors:

Lorraine Rees, Head of Investor Relations, Phoenix Group
+44 (0) 20 7489 4456 (DD)
+44 (0) 787 2413 277 (Mob)

Damian O'Reilly, Investor Relations Manager, Phoenix Group
+44 (0) 20 7489 4875 (DD)
+44 (0) 772 5735 714 (Mob)

Media:

Daniel Godfrey, Director of Corporate Communications, Phoenix Group
+ 44 (0) 7894 937 890 (Mob)

Deutsche Bank

James Agnew 020 7545 8000
Andrew Smith 020 7545 8000

J.P. Morgan Cazenove

Conor Hillery 020 7325 1000
Jonathan Wilcox 020 7325 1000

About the Phoenix Group

The Phoenix Group is the UK's largest specialist consolidator of closed life funds with around 6.5 million policyholders and £69 billion of assets under management. The Group's operating businesses delivered £716 million of cash in the year ended 31 December 2009 and £335 million of cash in the six months ended 30 June 2010. As at 21 October, Phoenix Group had a market capitalisation of £1,131.76 million. Phoenix Group is a constituent of the FTSE 250 index.

Important Information

This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any securities. Past performance is no guide to future performance and any investment decision to buy Newly Issued Shares must be made solely on the basis of publicly available information. Persons needing advice should consult an independent financial adviser.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States, Canada, Australia, Japan, South Africa or any jurisdiction in which the same would be unlawful. This announcement is for information only and does not contain or constitute an offer of, or the solicitation of an offer to buy, securities in Australia, Canada, Japan, South Africa or the United States or any other jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act"), under the securities legislation of any state of the United States or under the applicable securities laws of Australia, Canada, Japan or South Africa. Phoenix Group has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance on section 3(c)(7) thereof, and investors will not be entitled to the benefits of the Investment Company Act. The securities referred to herein may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and may not be held by persons whose holding of such securities might require registration of Phoenix Group as an investment company under the Investment Company Act. Subject to certain exceptions, the securities referred to herein may not be offered or sold in Australia, Canada, Japan or South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan or South Africa. Any failure to comply with these restrictions may constitute a violation of U.S., Australian, Canadian, Japanese or South African securities laws, as applicable. No public offer of Phoenix Group's securities is being or will be made in the United Kingdom, the United States, Australia, Canada, Japan, South Africa or elsewhere. No action has been taken by Phoenix Group, Deutsche Bank AG, London Branch ("Deutsche Bank") or J.P. Morgan Securities Ltd. (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("J.P. Morgan Cazenove") that would permit an offering of the securities referred to herein or possession or distribution of this announcement or any other offering or publicity material relating to such securities in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by Phoenix Group, Deutsche Bank and J.P. Morgan Cazenove to inform themselves about, and to observe, any such restrictions.

This announcement is the sole responsibility of Phoenix Group. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Deutsche Bank or J.P. Morgan Cazenove or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this announcement, or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is hereby expressly disclaimed.

Deutsche Bank is acting for Phoenix Group in connection with the Placing and no one else and will not be responsible to anyone other than Phoenix Group for providing the protections afforded to clients of Deutsche Bank or for providing advice in relation to the Placing.

J.P. Morgan Cazenove is acting for Phoenix Group in connection with the Placing and no one else and will not be responsible to anyone other than Phoenix Group for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the Placing.