

Press release

22 October 2010

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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.

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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.

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