

## Press release

07:00 A.M. Friday 22 October 2010

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**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"), today announces that 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 intends to issue new ordinary shares (the "Newly Issued Shares") which will be placed to raise approximately £33 million.

Under the terms of the agreement reached with the holders of the Notes, announced on 22 April 2010 and the relevant regulatory requirements (i) PGH1 is required to issue ordinary shares to the trustee of the notes (the "Trustee") and (ii) Phoenix Group is required to issue new equity to the Trustee in exchange for such ordinary shares of PGH1 so that the Newly Issued Shares can be sold to raise the amount required to satisfy the deferred coupon of approximately £33 million by the end of 2010. The Newly Issued Shares will therefore be issued initially to the Trustee, and Deutsche Bank and J.P. Morgan Cazenove have in turn been appointed to find purchasers for such shares through an accelerated bookbuild (the "Placing"). The proceeds from the Placing will therefore be utilised by the Trustee to make the requisite 2009 deferred coupon payment to the holders of the Notes in accordance with the terms of the ACSM.

It is expected that books will open immediately and close no later than 4.30 p.m. on 22 October 2010. Pricing and allocations are expected to be set as soon as practicable thereafter. Deutsche Bank and J.P. Morgan Cazenove reserve the right to close the bookbuilding process and announce pricing and allocations at any earlier or later time. The Placing will take place in accordance with the terms and conditions set out in the Appendix to this announcement.

Certain shareholders of Phoenix Group effectively hold contractual pre-emption rights, which as of 21 October represent approximately 23% of the Company's share capital. Should such shareholders choose to exercise these rights, this will be reflected in the allocation process after close of the bookbuilding process.

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 2010.

### **Trading update**

The Phoenix Group continues to trade in line with management expectations. As indicated in the interim results, the Group expects to deliver full year cash inflows at the top of its £625 million to £725 million target range with the timing of flows from the Life Companies being skewed to the final quarter. The Group also reconfirms that it expects to meet its target of achieving £145 million incremental embedded value growth through management actions for the full year. The Q3 IMS will be published on 5th November as scheduled.

This summary should be read in conjunction with the full text of the following announcement.

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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.

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 jurisdiction in which the same would be unlawful. 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.

## APPENDIX: TERMS AND CONDITIONS OF THE PLACING

THIS ANNOUNCEMENT, INCLUDING THE APPENDIX (TOGETHER, "**THIS ANNOUNCEMENT**") AND THE INFORMATION CONTAINED HEREIN ARE RESTRICTED AND ARE NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, SOUTH AFRICA OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL

### IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS (WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "**PROSPECTUS DIRECTIVE**") ("**QUALIFIED INVESTORS**"); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("**HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC**") OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS IN (A) AND (B) TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF NEWLY ISSUED SHARES.

Persons who are invited to and who choose to participate in the Placing, by making an oral or written offer to acquire Newly Issued Shares, including any individuals, funds or others on whose behalf a commitment to acquire Newly Issued Shares is given (the "**Placees**"), will be deemed to have read and understood this Announcement in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix. In particular each such Placee represents, warrants and acknowledges that:

- a) it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Newly Issued Shares that are allocated to it for the purposes of its business;
- b) unless it has received from Deutsche Bank and/or J.P. Morgan Cazenove (together, the "**Banks**") or their respective affiliates, and will return a duly executed copy of, an investor letter certifying that it is either (i) a "Qualified Institutional Buyer" ("**Qualified Institutional Buyer**") as defined in Rule 144A ("**Rule 144A**") under the US Securities Act and a "Qualified Purchaser" (a "**Qualified Purchaser**") as defined in section 2(a)(51) and related rules of the US Investment Company Act of 1940, as amended (the "**US Investment Company Act**") acquiring the Newly Issued Shares in the United States in a transaction exempt from registration under the US Securities Act; or (ii) a US Person (as such term is defined in Rule 902 of Regulation S under the US Securities Act ("**US Person**") that is also a Qualified Purchaser outside the United States acquiring the Newly Issued Shares in an "offshore transaction" in accordance with Regulation S ("**Regulation S**") under the US Securities Act (the "**US Investor Letter**"), it is acquiring the Newly Issued Shares for its own account or for an account with respect to which it exercises sole investment discretion, and it (and any such account) is a non-US Person outside the United States and is acquiring the Newly Issued Shares in an "offshore transaction" in accordance with Regulation S under the US Securities Act; and
- c) if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, any Newly Issued Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of the Banks has been given to each such proposed offer or resale.

This Announcement does not constitute an offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of any securities or investment advice in any jurisdiction, including without limitation, the United Kingdom, the United States, Australia, Canada, Japan or South Africa. No public offer of securities of the Company is being made in the United Kingdom, United States or elsewhere.

In particular, the Newly Issued Shares referred to in this Announcement have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States, and the Company has not been and will not be registered as an investment company under the Investment Company Act. The Newly Issued Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission or other regulatory authority in the United States, nor have any of the foregoing

authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is unlawful.

The Newly Issued Shares may not be offered or sold within the United States or to US Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Newly Issued Shares are being offered and sold outside the United States in accordance with Regulation S under the US Securities Act. Any offering to be made in the United States will be made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

The relevant clearances have not been, and nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Newly Issued Shares have not been, and nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or South Africa. Accordingly, the Newly Issued Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Australia, Canada, Japan, South Africa or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

#### **Details of the Placing Agreement and the Newly Issued Shares**

The Banks have entered into a placing agreement (the "**Placing Agreement**") with, among others, the Company and PGH1 under which the Banks have severally (and not jointly or jointly and severally), on the terms and subject to the conditions set out therein, agreed to use reasonable endeavours to procure Placees to take up the Newly Issued Shares. Subject to execution of a pricing supplement setting out the final number of Newly Issued Shares and the final Placing Price following completion of the Bookbuild (as defined below), if Placees procured by the Banks fail to take up their allocation of the Newly Issued Shares at the Placing Price, the Banks have severally (and not jointly or jointly and severally) agreed to purchase such Newly Issued Shares at the Placing Price on and subject to the terms set out in the Placing Agreement.

The Newly Issued Shares will, when issued, be credited as fully paid and will rank pari passu in all respects with, and be identical to the existing issued ordinary shares of €0.0001 each in the capital of the Company (the "**Ordinary Shares**"), including the right to receive all dividends and other distributions declared, made or paid on or in respect of such Ordinary Shares after the date of issue of the Newly Issued Shares.

In this Appendix, unless the context otherwise requires, Placee means a person (including individuals, funds or others) by whom or on whose behalf a commitment to take up Newly Issued Shares has been given.

#### **Application for listing and admission to trading**

Application will be made to (i) the Financial Services Authority (the "**FSA**") for admission of the Newly Issued Shares to the Official List of the UK Listing Authority (the "**Official List**") and to London

Stock Exchange plc for admission to trading of the Newly Issued Shares on its main market for listed securities, and (ii) to Euronext Amsterdam N.V. for admission of the Newly Issued Shares to listing and trading on Euronext Amsterdam (together, "**Admission**"). It is expected that Admission will become effective on or around 27 October 2010 and that dealings in the Newly Issued Shares will commence at that time.

### **Bookbuild**

The Banks will today commence the bookbuilding process in respect to the Placing (the "**Bookbuild**") to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Newly Issued Shares.

The Banks and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

### **Participation in, and principal terms of, the Placing**

1. The Banks are arranging the Placing severally (and not jointly or jointly and severally) as joint bookrunners.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Banks. The Banks and their affiliates are entitled to enter bids in the Bookbuild as principal.
3. The Bookbuild will establish a single price payable to the Banks by all Placees whose bids are successful (the "**Placing Price**"). The Placing Price and the number of Newly Issued Shares to be issued will be determined, following consultation, between the Banks and the Company following completion of the Bookbuild and any discount to the market price of the Ordinary Shares will be determined in accordance with the Listing Rules of the FSA and any applicable provisions of Dutch law. The Placing Price and the number of Newly Issued Shares to be issued will be announced on a Regulatory Information Service and in accordance with the publication requirements of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) ("**DFMSA**") following the completion of the Bookbuild (the "**Pricing Announcement**").
4. To bid in the Bookbuild, prospective Placees should communicate their bid by telephone to their usual sales contact at one of the Banks. Each bid should state the number of Newly Issued Shares which the prospective Placee wishes to acquire at either the Placing Price which is ultimately established by the Company and the Banks or at prices up to a price limit specified in its bid. Bids may be scaled down by the Banks on the basis referred to paragraph 8 below.
5. The Bookbuild is expected to close no later than 4:30 p.m. (London time) on 22 October 2010 but may be closed earlier or later at the discretion of the Banks. The Banks may, in agreement with the Company, accept bids that are received after the Bookbuild has closed.
6. Each Placee's allocation will be confirmed to Placees orally by the relevant Bank following the close of the Placing, and a trade confirmation will be dispatched as soon as possible

thereafter. The relevant Bank's oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person in favour of the Banks and the Company, under which it agrees to acquire the number of Newly Issued Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and in accordance with the Company's Memorandum and Articles of Association.

7. Subject to paragraphs 4 and 5 above, the Banks may choose to accept bids, either in whole or in part, on the basis of allocations determined at their discretion and may scale down any bids for this purpose on such basis as they may determine. Certain shareholders of the Company effectively hold contractual pre-emption rights, which as of 21 October 2010 represent approximately 23% of the Company's share capital. Should such shareholders choose to exercise these rights, this will be reflected in the allocation of the Newly Issued Shares after close of the Bookbuild. The Banks may also, notwithstanding paragraphs 4 and 5 above, subject to the prior consent of the Company (i) allocate Newly Issued Shares after the time of any initial allocation to any person submitting a bid after that time and (ii) allocate Newly Issued Shares after the Bookbuild has closed to any person submitting a bid after that time. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing.
8. A bid in the Bookbuild will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with the relevant Bank's consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the relevant Bank, to pay it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Newly Issued Shares such Placee has agreed to acquire. Each Placee's obligations will be owed to the Company, the Trustee and to the relevant Bank.
9. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Newly Issued Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
10. All obligations under the Bookbuild and Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
11. By participating in the Bookbuild, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
12. To the fullest extent permissible by law, none of the Banks nor any of their affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Banks nor any of their affiliates shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of the Bank's conduct of the Bookbuild or of such alternative method of effecting the Placing as the Banks, their affiliates and the Company may agree.

## Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. Each of the Banks' obligations under the Placing Agreement are conditional on, inter alia:

- a) Admission occurring not later than 8.00 a.m. (London time, being 9.00 a.m. Amsterdam time) on 27 October 2010 or such other date as may be agreed between the Company and the Banks;
- b) each of the Company and PGH1 complying with its respective obligations under the Placing Agreement to the extent that the same are material in the context of the applications for Admission, Admission or the Placing and fall to be performed prior to Admission;
- c) the Company allotting the Newly Issued Shares to the Trustee in accordance with the Placing Agreement;
- d) the publication of the Pricing Announcement through a Regulatory Information Service and in accordance with the publication requirements of the DFMSA no later than 6.30 p.m. (London time, being 7.30 p.m. Amsterdam time) on 22 October 2010 or such other time and/or date as may be agreed between the Company and the Banks;
- e) each of the warranties contained in the Placing Agreement being true, accurate and not misleading on and as at the date of the Placing Agreement and remaining true and accurate and not misleading at all times during the period up to Admission, as though they had been given and made on such dates by reference to the circumstances at the relevant time, save where the Banks consider, acting in good faith, that any untruth, inaccuracy or misleading nature is not material in the context of the Placing;
- f) each condition to enable the dematerialised interests in respect of the Ordinary Shares issued or to be issued by Computershare Investor Services PLC (the "**Depository**") (the "**Depository Interests**") to be issued to or for the benefit of prospective Placees, other than Admission, being satisfied on or before Admission; and
- g) the obligations of that Bank not having been terminated pursuant to the Placing Agreement prior to Admission.

If (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by both Banks by the respective time or date where specified (or such later time or date as the Company and the Banks may agree) or (ii) the Placing Agreement is terminated in the circumstances specified below, the Placing will lapse and the Placee's rights and obligations hereunder in relation to the Newly Issued Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

The Banks may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of any of the obligations in relation to the conditions in the Placing Agreement save that the above conditions relating to Admission taking place, the Company's allotment and issue of the Newly Issued Shares and satisfying each condition to enable the issuance of the

Depository Interests to prospective Placees, may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Neither the Banks nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Banks.

#### **Right to terminate under the Placing Agreement**

Either of the Banks is entitled, at any time on or before Admission, to terminate the Placing Agreement in accordance with the terms of the Placing Agreement in certain circumstances, including, among others:

- a) the Company or PGH1 fail to comply with any of their respective obligations under the Placing Agreement or under the terms of the applications for Admission or Admission which any Bank considers, acting in good faith, to be material in the context of the Placing, the applications for Admission or Admission;
- b) any of the applications for Admission are refused in any respect by, respectively, the FSA, the London Stock Exchange or Euronext Amsterdam or if any waiver is obtained so as to secure any such approval or Admission does not occur by 4 November 2010 (or such later date as the Company and the Banks may agree);
- c) any of the warranties given by the Company contained in the Placing Agreement is not true, accurate and not misleading in any respect at the date of the Placing Agreement, and at all times during the period up to Admission by reference to the facts and circumstances subsisting at that time and which, in any such case, either Bank considers, acting in good faith, to be material in the context of the Placing, the applications for Admission or Admission;
- d) any statement contained in this Announcement or the Pricing Announcement (or any supplements thereof) is or has become untrue, incorrect or misleading in any respect, or any matter or circumstance exists, which would, if the Placing, the applications for Admission or Admission were made at that time, constitute a material omission from such documents, or any of them, and which in any such case any Bank considers, acting in good faith, to be material in the context of the Placing, the applications for Admission or Admission;
- e) in the opinion of any Bank, acting in good faith, there shall have been any adverse change (whether or not foreseeable at the date of this agreement) in, or any development reasonably likely to involve a prospective adverse change in the condition (financial, operational, legal, regulatory or otherwise) or the earnings, business affairs or business prospects of the Company's group taken as a whole, whether or not arising in the ordinary course of business which any Bank considers, acting in good faith, to be material in the context of the applications for Admission or Admission; or
- f) in the opinion of the relevant Bank (acting in good faith) there has been the occurrence of a force majeure event as specified in the Placing Agreement as would, in the opinion of the

relevant Bank (acting in good faith) be likely to materially prejudice the success of the Placing.

By participating in the Placing, Placees agree that the exercise by either of the Banks of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of such Bank and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise.

#### **Lock-up**

The Company has undertaken to the Banks that, between the date of the Placing Agreement and the date which is 120 days later, it will not, and will procure that none of its subsidiaries will, without the prior written consent of each of the Banks (a) offer, pledge, sell, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or other shares in the capital of the Company or any securities convertible into or exchangeable for Ordinary Shares or other shares in the capital of the Company or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Ordinary Shares or other shares in the capital of the Company, whether any such transaction described in (a) or (b) above is to be settled by delivery of Ordinary Shares or other shares in the capital of the Company or such other securities, in cash or otherwise provided that the foregoing shall not prevent or restrict the grant of options under, or the allotment and issue of shares pursuant to any existing employee share schemes of the Company or the allotment and issue of shares pursuant to contractual obligations in existence at the date of the Placing Agreement.

#### **No Prospectus**

No offering document or prospectus has been or will be published or submitted to be approved by the FSA or the Netherlands Authority for the Financial Markets (the *Stichting Autoriteit Financiële Markten*) in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this Announcement. Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or the Banks or any other person and none of the Banks nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

#### **Registration and Settlement**

Settlement of transactions in the Newly Issued Shares following Admission will take place on a delivery versus payment basis. Placees must elect whether to take up their allocation of Newly Issued Shares (i) in certificated form; or (ii) in Depositary Interest form within the CREST system.

The Banks and the Company reserve the right to require settlement for and delivery of the Newly Issued Shares to Placees by such other means that they deem necessary if delivery or settlement is

not possible or practicable (including within the CREST system) or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Each Placee allocated Newly Issued Shares in the Placing will be sent a trade confirmation in accordance with the standing arrangements in place with the relevant Bank stating the number of Newly Issued Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to the relevant Bank and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions that it has in place with the relevant Bank.

It is expected that settlement will be on 27 October 2010 on a T+3 basis in accordance with the instructions set out in the trade confirmation.

It is expected that Placees who have elected to receive Newly Issued Shares in certificated form shall be entered in to the Company's register of members on or about 27 October 2010 and that the share certificates in respect of such Newly Issued Shares shall be despatched by post on or about 29 October 2010. Any share certificates in respect of Newly Issued Shares despatched by post shall be done so at the relevant Placees' risk.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Banks.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Banks may sell any or all of the Newly Issued Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Banks' account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Newly Issued Shares on such Placee's behalf.

If Newly Issued Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Newly Issued Shares in Depositary Interest form are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Newly Issued Shares should be so registered free from any liability to UK stamp duty or stamp duty reserve tax.

### **Representations, Warranties and Further Terms**

By participating in the Placing each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read this Announcement, including the Appendix, in its entirety;
2. acknowledges that no offering document or prospectus has been prepared or published in connection with the placing of the Newly Issued Shares and represents and warrants that it has not received a prospectus or other offering document in connection therewith;

3. acknowledges that none of the Banks, the Company nor any of their respective affiliates nor any person acting on behalf of any of them has provided, and will not provide it, with any material regarding the Newly Issued Shares or the Company other than this Announcement; nor has it requested any of the Banks, the Company, any of their affiliates or any person acting on behalf of any of them to provide it with any such information;
4. acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that none of the Banks, their respective affiliates or any person acting on behalf of them has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the Newly Issued Shares is contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service and in accordance with the publication requirements of the DFMSA, such information being all that such Placee deems necessary to make an investment decision in respect of the Newly Issued Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of the Banks or the Company and none of the Banks nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;
5. acknowledges that none of the Banks, their respective affiliates nor any person acting on behalf of any of them has or shall have any liability for any publicly available or filed information or any information, representation, warranty or statement relating to the Company or its business contained therein or otherwise, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
6. represents and warrants that (a) it is not, and at the time the Newly Issued Shares are acquired will not be, a resident of Australia, Canada, Japan or South Africa, and unless it has received, from a Bank or its affiliates, and will return a duly executed copy of a US Investor Letter certifying that it is either (i) a Qualified Institutional Buyer as defined in Rule 144A under the US Securities Act and a Qualified Purchaser as defined in section 2(a)(51) and related rules of the US Investment Company Act of 1940, as amended acquiring the Newly Issued Shares in the United States in a transaction exempt from registration under the US Securities Act; or (ii) a US Person that is also a Qualified Purchaser outside the United States acquiring the Newly Issued Shares in an offshore transaction in accordance with Regulation S under the US Securities Act (failing which it will be deemed to have made the representations, warranties and agreements contained therein), each of it and the beneficial owner of the Newly Issued Shares is, and at the time the Newly Issued Shares are acquired will be, a non-US Person outside the United States acquiring the Newly Issued Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S under the US

Securities Act, and (b) has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Newly Issued Shares, will not look to the Banks for all or part of any such loss it may suffer, is able to bear the economic risk of an investment in the Newly Issued Shares, is able to sustain a complete loss of the investment in the Newly Issued Shares and has no need for liquidity with respect to its investment in the Newly Issued Shares;

7. acknowledges that the Newly Issued Shares have not been and will not be registered or qualified for offer and sale nor will a prospectus be cleared in respect of any of the Newly Issued Shares under the securities laws or legislation of the United States, Australia, Canada, Japan or South Africa and, subject to certain exceptions, may not be offered, sold, or delivered or transferred, directly or indirectly, within those jurisdictions;
8. unless otherwise specifically agreed with the Banks, represents and warrants that it is, or at the time the Newly Issued Shares are acquired that it will be, the beneficial owner of such Newly Issued Shares;
9. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2003 and the Money Laundering Regulations 2007 and the Prevention of Money-Laundering and Terrorist Financing Act (*Wet ter voorkoming van witwassen en de financiering van terrorisme*) (the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
10. if a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, represents and warrants that the Newly Issued Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of the Banks has been given to the offer or resale;
11. represents and warrants that it has not offered or sold and, prior to the expiry of a period of six months from Admission, will not offer or sell any Newly Issued Shares to persons in the United Kingdom, except to Qualified Investors or otherwise in circumstances which have not resulted and which will not result in contravention of section 85(1) of the Financial Services and Markets Act 2000 ("**FSMA**");
12. represents and warrants that it has not offered or sold and will not offer or sell any Newly Issued Shares to persons in the European Economic Area prior to Admission except to Qualified Investors or otherwise in circumstances which have not resulted in and which will not result in the requirement to publish a prospectus in any member state of the European Economic Area within the meaning of the Prospectus Directive;
13. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Newly Issued Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;

14. represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Newly Issued Shares in, from or otherwise involving, the United Kingdom;
15. represents and warrants that it and any person acting on its behalf is entitled to acquire the Newly Issued Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) and will honour such obligations;
16. undertakes that it (and any person acting on its behalf) will make payment for the Newly Issued Shares allocated to it in accordance with this Appendix on the due time and date set out herein, failing which the relevant Newly Issued Shares may be placed with other Placees or sold as the Banks may in their sole discretion determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the Placing Price and the number of Newly Issued Shares allocated to it and may be required to bear any stamp duty, stamp duty reserve tax or other similar taxes (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Newly Issued Shares on its behalf;
17. acknowledges that none of the Banks, nor any of their respective affiliates, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of any Bank and that none of the Banks has any duty or responsibility to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of their respective rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
18. undertakes that the person whom it specifies for registration as holder of the Newly Issued Shares will be (i) itself or (ii) its nominee, as the case may be. None of the Banks nor the Company will be responsible for any liability to stamp duty, stamp duty reserve tax or any similar tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and the Banks on an after tax basis in respect of the same;
19. acknowledges that any agreements entered into by it pursuant to these terms and conditions, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect

of the obligation to make payment for the Newly Issued Shares (together with any interest chargeable thereon) may be taken by either the Company or any Bank in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

20. agrees that the Company, the Banks and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to each of the Banks and the Company and are irrevocable;
21. agrees to indemnify on an after tax basis and hold the Company, the Banks and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;
22. represents and warrants that it has neither received nor relied on any confidential price sensitive information concerning the Company in accepting this invitation to participate in the Placing;
23. if it is a pension fund or investment company, its purchase of Newly Issued Shares is in full compliance with applicable laws and regulations; and
24. acknowledges that certain shareholders of the Company effectively hold contractual pre-emption rights, which as of 21 October 2010 represent 23% of the Company's share capital and that should such shareholders choose to exercise these rights, this will be reflected in the allocation of the Newly Issued Shares after close of the Bookbuild.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Newly Issued Shares or the agreement by them to acquire any Newly Issued Shares.

Each Placee, and any person acting on behalf of the Placee, acknowledges that the Banks do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that any Bank or any of its affiliates may, at its absolute discretion, agree to become a Placee in respect of some or all of the Newly Issued Shares.

When a Placee or person acting on behalf of the Placee is dealing with a Bank, any money held in an account with such Bank on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FSA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Banks' money in accordance with the client money rules and will be used by such Bank in the course of its own business and the Placee will rank only as a general creditor of such Bank.

All times and dates in this Announcement may be subject to amendment. The Banks shall notify the Placees and any person acting on behalf of the Placees of any changes.