SUMMARY DOCUMENT

Pearl Group

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

Introduction to the Official List of the UK Listing Authority and to trading on the London Stock Exchange

This document comprises a summary document ("Summary Document") relating to Pearl Group (the "Company"). It has been prepared by the Company pursuant to Rule 1.2.3(8) of the Prospectus Rules of the Financial Services Authority ("FSA") in connection with the application for admission of all the issued and outstanding ordinary shares of €0.0001 each in the Company (the "Ordinary Shares") to the Official List of the UK Listing Authority (the "Official List") and to trading on the Main Market of the London Stock Exchange plc (the "London Stock Exchange") (together, "Admission"). The Company is not offering any new Ordinary Shares nor any other securities in connection with Admission. This Summary Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or to buy, any Ordinary Shares nor any other securities of the Company in any jurisdiction. The Ordinary Shares will not be generally made available or marketed to the public in the United Kingdom or in any other jurisdiction in connection with Admission. The Company is applying for listing pursuant to Chapter 14 of the Listing Rules, and as a result the eligibility requirements and continuing obligations set out in Chapters 6 to 13 inclusive of the Listing Rules will not apply to the Company.

Further information on the Company and its subsidiaries (the "Group") may be found in (a) the prospectus dated 25 January 2008 issued by the Company for the purposes of Article 3 of the Directive 2003/71/EC in connection with the admission of the Ordinary Shares to trading on Euronext Amsterdam (the "Prospectus"), (b) the proxy statement dated 3 July 2009 (the "Proxy Statement"), (c) the financial information published by the Company and referred to in Part 5 of this Summary Document (the "Financial Information"), (d) the half year update for the 6 months ended 30 June 2009 (the "Half Year Update"); and (e) announcements made by the Company in compliance with applicable law or regulation ("Announcements" and, together with the Prospectus, the Proxy Statement, the Financial Information, and the Half Year Update, the "Disclosed Information"). The Disclosed Information may be found on the Company's website at www.thepearlgroup.com.

This Summary Document does not constitute a prospectus for the purposes of the Prospectus Rules nor a comprehensive update of the Disclosed Information, and neither the Company nor its Directors makes any representation or warranty, express or implied, as to the continued accuracy of the Disclosed Information. This Summary Document should be read in conjunction with the Disclosed Information. No civil liability is to attach to the Company on the basis of this Summary Document unless it is misleading, inaccurate or inconsistent when read together with the Disclosed Information. If a claim relating to the information contained in this Summary Document is brought before a court of a Member State of the European Economic Area, the plaintiff investor may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Summary Document before legal proceedings are initiated. Particular attention is drawn to the risk factors set out in Part 1 of this Summary Document.

Application has been made for the Ordinary Shares to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange under the symbol "PRLG". It is expected that trading in the Ordinary Shares will commence on or about 17 November 2009. No application has been made for the warrants in respect of Ordinary Shares (the "Ordinary Warrants") to be admitted to the Official List or to trading on the Main Market of the London Stock Exchange.

12 November 2009

The Ordinary Shares and the Ordinary Warrants are currently admitted to listing and trading on Euronext Amsterdam under the symbol "PEARL" and "PEARW" respectively. Following Admission, the Ordinary Shares will be traded on both Euronext Amsterdam and the Main Market of the London Stock Exchange, and the Ordinary Warrants will be traded only on Euronext Amsterdam.

The distribution of this Summary Document may be restricted by law. No action has been or will be taken by the Company to permit the possession or distribution of this Summary Document in any jurisdiction where action for that purpose may be required. Accordingly, neither this Summary Document nor any advertisement or any other material relating to it may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Summary Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. No person has been authorised to give any information or make any representations other than those contained in this Summary Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company. Any delivery of this Summary Document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or its subsidiaries since, or that the information contained herein is correct at any time subsequent to, the date of this Summary Document.

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States nor is such registration contemplated. The Ordinary Shares may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, US Persons. The Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. The Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this Summary Document. Any representation to the contrary is a criminal offence in the United States and the offer or sale of any of the Ordinary Shares in the United States or to US Persons may constitute a violation of US law or regulation.

Neither the contents of this Summary Document nor the Disclosed Information are to be construed as legal, financial, business or tax advice. Each investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

Citigroup Global Markets Limited ("Citi"), which is authorised and regulated by the FSA, is acting as financial adviser for the Company and for no one else in connection with Admission and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Citi or for affording advice in relation to the contents of this Summary Document or on any matters or information referred to in this Summary Document.

This Summary Document, the Disclosed Information and other documents or information referred to herein, contain certain forward-looking statements based on beliefs, assumptions, targets and expectations of future performance, taking into account all information available to the Company at the time they were made. These beliefs, assumptions, targets and expectations can change as a result of many possible events or factors, in which case the Company's investment objective, business, financial condition, liquidity and results of operations may vary materially from those expressed in the forward-looking statements. Save as required by the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, or any other applicable law or regulation, the Company is under no obligation publicly to release the results of any revisions to any such forward-looking statements that may occur or have occurred due to any change in its expectations or to reflect events or circumstances after the date on which such statement was made.

This Summary Document has been prepared according to rules which differ from those applicable to the Proxy Statement. It is a summary of information which the Company has already made available to the public, and such information has not been updated except where required by applicable law or

regulation. Accordingly, any investment decision should not be based solely on this Summary Document. Investors are directed, in particular, to the information available on the Company's website at www.thepearlgroup.com, including the Disclosed Information. In the event of any inconsistency between this Summary Document and any other document contained in the Disclosed Information, this Summary Document shall prevail.

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PART 1

RISK FACTORS

Any investment in the Ordinary Shares would be subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this document including, in particular, the risk factors described below. Additional risks and uncertainties relating to the Group that are not currently known to the Company, or that it currently deems immaterial, may also have an adverse effect on the Company's business, financial condition and operating results. If this occurs the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

Risks Related to the Life Insurance and Asset Management Industries

The financial markets in the United Kingdom and elsewhere have experienced extreme volatility and disruption since August 2007, which have materially and adversely affected the Group. These conditions may continue.

The financial markets in the United Kingdom and elsewhere have experienced extreme volatility and disruption since August 2007, due largely to the stresses affecting the global financial system, which accelerated significantly in the second half of 2008 and into the first quarter of 2009, with the volatility subsiding somewhat in the second and third quarters of 2009. The United Kingdom, most other major European countries, the United States and Japan have entered a severe recession that may persist beyond 2009, despite past and any future governmental intervention in the world's major economies. These circumstances have exerted significant downward pressure on prices of equity and fixed-income securities, property assets and virtually all other asset classes and have resulted in substantially increased market volatility, severely constrained credit and capital markets, particularly for financial institutions, including insurance companies, illiquidity and an overall loss of investor confidence.

While the Group's investment risks are often shared, in whole or in part, with its policyholders in accordance with the terms of the relevant policies, continued fluctuations in investment markets will, directly or indirectly, continue to affect materially the Group's reported financial results, its embedded value and its capital requirements. Substantial decreases in the value of investments could have a material adverse effect on the Group's results, financial condition and prospects and may cause additional shareholder capital to be required or retained and restrict the ability of the Group's life companies to distribute dividends or make other distributions to their shareholders, including the Company and its shareholders.

Defaults by trading counterparties may materially affect the Group's results, financial condition and cash flows.

The Group is exposed to counterparty risk arising from decreases in the market value of investments. Such decreases may be caused by deterioration in the actual or perceived creditworthiness or default of issuers of the relevant instruments or from trading counterparties failing to meet all or part of their obligations, such as reinsurers failing to meet obligations assumed under reinsurance arrangements or derivative counterparties or stock-

borrowers failing to pay as required. Assets held to meet obligations to policyholders include corporate bonds. An increase in credit spreads, particularly if it is accompanied by a higher level of issuer defaults, would have a material adverse impact on the Group's financial condition.

Like many insurance companies and other institutional investors, the Group engages in securities lending, or stock-lending, activities, whereby the Group loans equity and debt securities from its portfolios to counterparties that use the loaned securities in their securities trading activities. In securities lending transactions, the legal title of the loaned securities passes from the lender to the borrower. While the Group seeks to lend securities only to high-quality borrowers to minimise the possibility of default, and then only within pre-set credit limits for each borrower, borrowers may default on their securities-repayment obligations to the Group due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operational failure, fraud, government intervention and other reasons. While the Group seeks to mitigate counterparty risk by obtaining collateral to support the obligations of counterparties, there can be no guarantee that the collateral obtained will be sufficient or effective in all circumstances in order to protect against those risks. The recent turbulence in financial markets has increased the risk of counterparty defaults and increased the difficulty of finding suitable counterparties. Such counterparty defaults could have a material adverse effect on the Group's results, financial condition and cash flows.

Additionally, the underlying cash collateral supporting a counterparty's securities-repayment obligation could be invested by collateral managers in a manner that breaches the terms of their investment mandates, causing the Group to incur losses on its securities-lending transactions, with potential material adverse effects on the Group's results, financial condition and cash flows.

The Group's results, financial condition and cash flows may be adversely affected by changes in interest rates.

The Group's exposure to interest rate risk relates primarily to the market price and cash flow variability of financial instruments associated with changes in interest rates.

Interest rates have been extremely volatile during the past two years. For example, the three-month Sterling LIBOR decreased from 6.0% at 31 December 2007 to 2.8% at 31 December 2008 and decreased further to 1.2% as at 30 June 2009. As at 30 September 2009, it was 0.5%.

The Group's liabilities to policyholders vary as interest rates fluctuate. Under relevant U.K. insurance regulations, the rate at which future actuarial liabilities can be discounted is based on the level of long-term interest rates and referenced to the so-called reliable yield associated with investments backing policyholder liabilities. As a result, a reduction in long-term interest rates increases the amount of the Group's policyholder liabilities and thereby reduces the Group's financial strength.

The Group attempts to match a significant proportion of its policyholder liabilities with assets whose sensitivity to interest rates is the same as, or similar to, that of the underlying liabilities. However, to the extent that such asset-to-liability matching is not practicable or fully achieved, there may be fluctuations in the difference between assets and liabilities as interest rates change. Adverse movements in interest rates, in the absence of other countervailing changes, could cause a material increase in the net unrealised loss position of the Group's investment portfolio, which could have a material adverse effect on the Group's results, financial condition and cash flows.

The Group's with-profits funds are exposed to additional interest rate risk as the funds' guaranteed liabilities are valued based on market interest rates, with the funds' investments including fixed-interest investments and derivatives. As a result, adverse changes in interest rates may materially decrease the amount of distributions available to policyholders or shareholders from the Group's with-profits funds.

As at 30 September 2009, the Group had approximately £2.8 billion of bank debt outstanding, all of which bears floating rates of interest. The Group has implemented hedging arrangements to protect it to an extent against interest rate fluctuations. The Group continually keeps such arrangements under review as adverse changes in interest rates, to the extent not successfully hedged, may lead to material increases in the Group's interest payments, which could have a material adverse effect on the Group's results, financial condition and cash flows.

Due to the long-term nature of the liabilities of the Group's life companies, sustained declines in long-term interest rates may also subject the Group to reinvestment risks and increased hedging costs. Declines in interest rates or changes in credit spreads may also result in reducing the duration of certain liabilities, creating asset liability duration mismatches and lower spread income. During periods of declining interest rates, issuers may prepay or redeem debt securities that the Group owns, which could force the Group to reinvest the proceeds at materially lower rates of return. This could, in the absence of other countervailing changes, cause a material increase in the net unrealised loss position of the Group's investment portfolio, which could have a material adverse effect on the Group's results, financial condition and cash flows.

Substantial decreases in equity or property prices could have a material adverse effect on the Group's results, financial condition and prospects.

Although policyholders bear most of the costs of falls in equity and property prices in accordance with the terms of their policies, substantial decreases in the market prices of the Group's equity and property investments could reduce the amounts available to fund its long-term fund policyholder obligations. This, in turn, could increase liquidity risks and could also require shareholder funds to be transferred to cover any shortfalls.

In addition, certain of the Group's with-profits policies offer guaranteed benefits. These policies increase the Group's financial exposure to declines in equity markets and, to the extent that these exposures have not been hedged, may result in the need to devote significant additional capital to support these policies. For example, during the course of 2008, as equity and property prices declined, the Group's liability for guaranteed benefits increased.

Furthermore, the Group's revenue from its unit-linked funds could decrease if the value of equity investments of such funds decreases.

For these reasons, any substantial decreases in equity or property prices could have a material adverse effect on the Group's results, financial condition and prospects.

The Group may not have sufficient liquid assets to meet its payment obligations in times of extreme market turbulence.

Market turbulence since August 2007 has resulted in materially reduced liquidity for both listed and unlisted investments. The Group life funds are significantly invested in government, supranational and corporate debt securities, all of which have experienced

varying levels of market price volatility as well as reductions in tradability. In addition, the Group's policyholder and shareholder funds have investments in certain alternative asset classes that have been subject to market price volatility and constrained liquidity, due to, among other things, actions taken by investment managers to limit redemptions of such investments. Although the Group has existing controls that aim to ensure it has sufficient liquid resources to meet its payment obligations, the Group could be subject to a liquidity shortage or be impacted by having insufficient liquid assets to meet payment obligations in times of extreme market turbulence, with potential material adverse consequences to the Group's results and financial condition.

Where the Group's life companies consider reductions in liquidity to be due to reasons other than the increased possibility of an absolute loss or default of the underlying investments, a portion of the increased spread on such investments is added to the discount rate at which future policyholder liability cash flows are valued, resulting in a reduction in the value of such policyholder liabilities. In extreme circumstances, the life companies could be compelled to dispose of assets before the benefit of such "liquidity premiums" are realised. This would result in an upward reassessment of policyholder liabilities, with negative implications for the solvency of the impacted life company.

In relation to the Group's policies, decreases in prices for investment assets may increase the incidence of policyholder complaints, the size of policyholder compensation payments, rates at which policyholders let their policies lapse and the rates at which policyholders redeem their policies before their maturity date. This could give rise to liquidity difficulties, especially where a high volume of surrenders coincides with a tightening of liquidity to the point where fund assets may have to be sold to meet surrender requests. In addition, if the fund's assets are illiquid at such time, its operation could be impeded, with potential material adverse consequences to the Group's results and financial condition.

The Group faces exposure to other market risks, which may adversely impact its results, financial condition and cash flows.

The Group has significant exposure to investment risk in relation to the potential for lower earnings associated with the Group's asset management businesses and its unit-linked business, where revenue is earned based on the fair value of the assets under management, generally as an ad valorem charge. During the course of 2008, the significant declines in equity markets and in capital values of corporate bonds negatively impacted assets under management and as a result, revenue earned by Ignis and Axial declined during 2008. Further significant turbulence in investment markets during the remainder of 2009 and beyond may result in further declines in revenue.

Certain of the Group's with-profits funds have exposure to financial assets that are not denominated in pounds sterling. Although the Group aims to hedge the foreign exchange exposure of its financial assets, the Group's operations are subject to currency transaction risks from these assets in circumstances where the currency risk is imperfectly hedged. Therefore, adverse movements in foreign exchange rates may have a material adverse effect on the Group's results and financial condition.

The Group is also exposed to foreign currency translation risk. The Group's consolidated financial statements are stated in pounds sterling, whereas the revenues and expenses of parts of the Group's operations are earned and paid, and assets and liabilities held, in currencies other than pounds sterling. Foreign currency amounts are translated into pounds sterling at the applicable exchange rates for inclusion in the Group's consolidated financial statements.

The exchange rate between these currencies and pounds sterling can fluctuate substantially, which may have a material adverse effect on the Group's results and financial condition.

The Group's valuations of many of its financial instruments include methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect the Group's results and financial condition.

The Group carries debt securities, equity securities, holdings in collective investment schemes and derivatives at fair value in its consolidated financial statements. The determination of fair values are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts.

During periods of market disruption such as are currently being experienced, including periods of rapidly widening credit spreads or illiquidity, it has been, and will likely continue to be, difficult to value certain of the Group's securities, particularly if trading becomes less frequent or reliable market data becomes unavailable, as has occurred in certain markets due to the current financial environment. As such, valuations may include inputs and assumptions that are less observable or require greater estimation thereby resulting in values which may differ materially from the values at which the investments may be ultimately sold or realised. Further, rapidly changing credit and equity market conditions could materially impact the reported valuation of the Group's securities and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on the Group's results and financial condition.

Changes in actuarial assumptions driven by experience and estimates may lead to changes in the level of capital that is required to be maintained.

The Group has liabilities under annuities and other policies that are sensitive to future mortality and longevity rates. For example, annuities are subject to the risk that annuitants live longer, or longevity rates increase, than was projected at the time their policies were issued, with the result that the issuing life company must continue paying out to the annuitants for longer than anticipated and, therefore, longer than was reflected in the price of the annuity. Conversely, increased mortality, or higher mortality rates, increases death claims on term-insurance products.

The Group's life companies monitor their actual liability experience against the actuarial assumptions they use and apply that outcome to refine their long-term assumptions. Based on these assumptions, the Group's life companies make decisions aimed at ensuring an appropriate build-up of assets and liabilities relative to one another. These decisions include the allocation of investments among fixed-income, equity, property and other asset classes, the setting of policyholder bonus rates (some of which are guaranteed) and the setting of surrender terms. However, because of the underlying risks inherent in actuarial assumptions, it is not possible to determine precisely the amounts that will ultimately be paid to meet policyholder liabilities. Actual liabilities may vary from estimates, particularly when those liabilities do not occur until well into the future. The life companies evaluate their liabilities allowing for changes in the assumptions used to establish their liabilities, as well as for the actual claims experience. Changes in assumptions may lead to changes in the level of capital that is required to be maintained. In the event that the Group's capital requirements are

significantly increased, the amount of its excess capital available for other business purposes or shareholders will decline.

To the extent that actual mortality, longevity and morbidity rates or other insurance risk experience is less favourable than the underlying assumptions and it is necessary to increase reserves for policyholder liabilities as a consequence, the amount of additional capital required (and therefore the amount of capital that can be released from the Group's life companies in order to pay down debt or to finance distributions to shareholders of the life companies) and the ability of the Group to manage the life companies in an efficient manner may all be materially adversely affected. In particular, there is considerable uncertainty over the rate at which mortality rates will continue to improve in the future. The Group could incur significant losses if mortality rates improve faster than has been assumed.

In addition, the Group makes assumptions about the rates at which policyholders will surrender or otherwise terminate their policies prior to their maturity date. For products with guarantees at maturity, the Group is exposed to fewer policyholders terminating their policies than assumed, since this will increase the volume of guarantees that are required to be met at maturity. Conversely, for policies with no guarantees, the anticipated future profits obtained from those policies may be curtailed if more policyholders terminate their policies than assumed.

If the assumptions underlying calculations of reserves are shown to be incorrect (e.g., if policyholders do not die at the rate assumed in actuarial calculations or if the volume of guarantees that are required to be met at maturity is greater than assumed), the Group may have to increase the amount of its reserves or the amount of risk reinsured, which could have a material adverse impact on the Group's embedded value, results, financial condition and prospects.

Increases in liabilities relating to product guarantees may negatively affect the Group.

In the 1970s and 1980s, when interest rates were higher than they currently are or have been in recent years, U.K. life insurance companies (including the life companies within the Group) sold pension contracts that contained certain guarantees or options, including guaranteed annuity options that allowed the policyholder to elect to take the lump sum payable upon the maturity of the pension and apply the funds to purchase an annuity at a minimum guaranteed rate. During the last decade, average interest and inflation rates have been lower and life expectancy has increased more rapidly than originally anticipated. As a result, the guaranteed rate applicable to these contracts in many cases is more favourable than annuity rates currently available in the market. There has been significant market concern in recent years as to the implications of such guarantees and options for reserving and bonus declarations.

The Group's life companies have existing liabilities relating to guarantees and options contained in policies, which are increased by adverse movements in interest rates, increasing life expectancy and the proportion of customers exercising their options. In order to address the interest rate risk, the Group has purchased derivatives that provide some protection against an increase in liabilities and the sensitivity of profit to movements in interest rates. The Group is inevitably exposed to counterparty risk in respect of such financial instruments. The most significant factors affecting the cost of these liabilities relative to the provisions made are the number of customers electing to exercise their option to take the more favourable annuity rates, the relative values of any hedge derivatives that may be maintained from time to time and the longevity rates of annuity holders. The Group's results, financial condition

and prospects may be materially adversely affected if such liabilities are significantly increased.

The Group's companies which carry general insurance or reinsurance business on their books have substantial exposure to reinsurers through reinsurance arrangements. The Group may incur losses due to its reinsurers' unwillingness or inability to meet their obligations under reinsurance contracts, or potential variations and reductions in the nature and scope of cover through schemes of arrangement. The reinsurances covering the general insurance business often cover entire portfolios of inwards exposure. Certain covers are unlimited in time or amount. Others are subject to aggregate limits. The availability, pricing and adequacy of the current reinsurance arrangements may not be sufficient to protect the Group against losses.

As an insurer, the Group, through reinsurance, seeks to reduce the losses that may arise from insurance risk (and in particular in relation to the Group's life companies, mortality, longevity, morbidity and persistency risk) that can cause unfavourable outcomes to its business. As a result, the Group has substantial exposure to reinsurers through reinsurance arrangements in relation to the Group's life companies and also its general insurance business. Under these arrangements, reinsurers assume all or a portion of the costs, losses and expenses associated with the reinsured policies' claims and reported and unreported losses in exchange for a premium, or as part of a sale arrangement where the vendor assumes responsibility for the general insurance business assumed by the Group as a result of the sale. However, the Group's life companies remain liable as the direct insurer (or reinsurer) on all risks reinsured (or retroceded). Consequently, ceded reinsurance arrangements do not eliminate the Group companies' obligation to pay claims, and the Group's companies are subject to reinsurer credit risk with respect to their ability to recover amounts due from reinsurers. While the Group regularly evaluates the financial condition of its reinsurers to minimise its exposure to significant losses from reinsurer insolvencies, reinsurers may become financially unsound or choose to dispute their contractual obligations when they become due. Reinsurers may also seek to 'cut off' the obligations they owe under the reinsurances by 'scheme of arrangement'. The inability, failure or unwillingness of any reinsurer to meet its financial obligations could have a material adverse effect on the Group's results, financial condition and prospects.

In addition, market conditions beyond the Group's control determine the availability and cost of the reinsurance that the Group is able to purchase in the event that the existing reinsurance arrangements prove to be insufficient. Historically, reinsurance pricing has changed significantly from time to time. No assurances can be made that reinsurance will remain continuously available to the Group to the same extent and on the same terms as are currently available or which were available at the time that the current arrangements were established. If the Group were unable to maintain its current level of reinsurance or purchase new reinsurance protection in amounts that the Group considers sufficient and at prices that it considers acceptable, the Group would have to either accept an increase in its net liability exposure or develop other alternatives to reinsurance. Many of the larger reinsurance assets cover business which, as part of the relevant reinsurance arrangement, is managed and administered entirely by the reinsurer, with little ability of the reinsured company to influence the management thereof.

The inability, failure or unwillingness of the reinsurer to continue to fulfil its operational and management obligation associated with such reinsurances could involve the Group in additional cost to maintain the Group's own regulatory and contractual obligations towards the policyholders of the reinsured business.

Periods of underperformance could lead to disproportionate redemptions in the funds of the Group's asset management businesses or a decline in the rate at which these businesses acquire additional assets under management.

If investment performance of the Group's asset management businesses underperform relative to other asset management firms, existing clients may decide to reduce or liquidate their investments or transfer mandates to other asset managers and the Group may be unable to attract new asset management clients. In addition, a change in the nature of clients' requirements may also result in an increase in redemptions or a reduction in the number of new mandates. An increase in redemptions or clients transferring mandates to other asset management firms or the reduction in asset management mandates that the Group is able to attract could have a material adverse effect on the Group's results, financial condition and prospects.

The performance of the Group's asset management businesses may be adversely affected by mismanagement of client assets or liabilities, the loss of key investment managers or the loss of mandates from the Group's life companies or other clients.

Risk management of the Group's asset management business is the responsibility of the executive directors of the asset management company. They review a risk report produced by the Operational Risk team at a monthly Asset Management Executive Committee meeting. This report considers the status of the major risks affecting the business, each of which is assessed on both a gross and net basis (meaning both before and after the application of mitigating controls) using what is referred to as a Likelihood/Impact matrix. The status of each risk is carefully assessed and the aggregate status is compared to the risk appetite of the business.

The FSA monitors the risk management activities of the companies that it regulates and asset management companies are required to utilise an Individual Capital Adequacy Assessment Process ("ICAAP") to identify material risks to the business and assess how much current and future capital is required to be held against these risks. An asset manager is primarily exposed to operational and reputational risk and these are analysed as part of the ICAAP process. The amount of capital that is required to be held by the asset management company against the operational and credit risks is assessed and is subject to review by the FSA.

Risks which are assessed include those associated with the process of managing client assets and providing asset-liability management services such as a failure to manage the investment process or execute trading activities properly which could lead to poor investment decisions, incorrect risk assessments and poor asset allocation, the wrong investments being bought or sold and incorrectly monitoring exposures. A failure to achieve competitive investment returns on clients' assets or to manage their interest rate and liquidity risks effectively could lead to the loss of clients or a liability for the Group to pay compensation, which could have a material adverse effect on the Group's results, financial condition and prospects.

In addition, if the Group loses any of its key investment managers, it may also lose certain investment management mandates and funds or be "put on hold" by consultants and other controllers of investments, making the retention and winning of mandates and funds more difficult. This might have a material adverse effect on the Group's results, financial condition and prospects.

The Group's asset management businesses generate a substantial part of their income from investment mandates from the Group's life companies. The life companies could withdraw their mandates or decide not to award additional mandates for regulatory or other reasons,

which could significantly reduce the value of the Group's asset management businesses, with potential material adverse consequences for the Group's results, financial condition and cash flows.

Various new reforms to the legislation and regulation relating to the U.K. life insurance and asset management industries have been proposed that could involve significant implementation costs and may create uncertainty in the application of relevant laws or regulations.

The E.U. Commission is continuing to develop a new prudential framework for insurance companies, the Solvency II project. This project will update, among other things, the existing E.U. life, non-life, re-insurance and insurance groups directives. The main aims of this framework are to ensure the financial stability of the insurance industry and protect policyholders through establishing prudential requirements better matched to the true risks of the business. Like Basel 2, the new approach is expected to be based on the concept of three pillars: minimum capital requirements, supervisory review of firms' assessments of risk and enhanced disclosure requirements.

However, the scope of the Solvency II project is wider than Basel 2, in that it will cover valuations, the treatment of insurance groups, the definition of capital and the overall level of capital requirements.

A number of key aspects of the new regime remain uncertain and may have a significant impact on the capital required to be held within the life companies. The Group is actively monitoring proposals as they develop and participates in feedback provided from the industry to the regulators.

The E.U. Commission has also published a proposal for a directive to regulate the managers of "alternative investment funds," which are very widely defined. The proposal is controversial and may be significantly amended before it is adopted. Aspects of the proposal, for example restrictions on delegation and a requirement to use a depositary and an independent valuation agent, could have a significant impact on the Group's investment management businesses and may therefore have a material adverse effect on the Group's results, financial condition and cash flows.

In addition, in the United Kingdom, the FSA has been moving towards a regime of principles-based, recently referred to as an outcomes-based, regulation of the financial services industry. Principles-based regulation involves a greater degree of reliance on broadly stated, high level principles to set the standards by which regulated firms must conduct business, rather than on more detailed rules. The implications of a more principles-based approach for regulators, those regulated by the FSA and those whose interests the regulatory regime is designed to protect are the subject of ongoing dialogue. In the meantime, the FSA rulebook still contains a high level of detailed and prescriptive rules that must be adhered to, in addition to the requirement to comply with its regulatory principles.

In terms of compliance, there will be a greater need for regulated firms, such as the Group, to make qualitative judgments for themselves and to integrate their compliance and business processes. Firms will be expected to use the principles to form an ethical business culture, which will help to ensure that any gaps in the rules-based regime are dealt with. The FSA has also responded to the current financial crisis, and the financial problems experienced by a number of financial institutions, by announcing a more intensive and intrusive regulatory approach. The FSA has also been adopting a more aggressive enforcement approach with a view to achieving credible deterrence. Although the Group is generally not subject to

regulatory risks relating to the sale of new policies, the uncertainties of principles-based regulation, coupled with a more intensive regulatory and enforcement approach from the FSA, may result in an increased risk of regulatory intervention in the business of the Group which may have a material adverse effect on the Group's results, financial condition and prospects.

The Group is subject to potential FSA (or non-U.K. regulator) intervention on industry-wide issues.

From time to time, there are issues and disputes which arise from the way in which the insurance industry has, for example, sold or administered an insurance policy or otherwise treated policyholders, either individually or collectively. These issues and disputes may typically, for individual policyholders, be resolved by the U.K. Financial Ombudsman Service (the "FOS") or any equivalent non-U.K. body or by litigation. However, where larger groups or matters of public policy are concerned, the FSA or a non-U.K. regulator may intervene directly.

For example, in recent years, the FSA has intervened directly in industry-wide issues, such as the sale of personal pensions, the sale of mortgage-related endowments and investments in split capital investment trusts. The FSA may identify future industry-wide mis-selling or other issues that could affect the Group. This may lead from time to time to:

- significant direct costs or liabilities for the Group's life companies; and
- changes in the Group's practices which benefit policyholders at a cost to shareholders.

In addition to the FSA, certain of the Group's life companies are regulated in foreign jurisdictions resulting in potential policyholder claims and regulatory intervention in those jurisdictions on a similar basis.

Decisions of the FOS may have a material adverse effect on the Group's business.

The FOS exists to resolve disputes involving individual or small business policyholder disputes. While decisions are not made public, applicants may pursue customary legal remedies if its decisions are considered unacceptable. From time to time, decisions taken by the FOS may, if extended to a particular class or grouping of policyholders, have a material adverse effect on the Group's results, financial condition and prospects. In addition to the FOS, certain of the Group's life companies are subject to foreign regulation and may fall under the jurisdiction of a non-U.K. body similar to the FOS.

A failure by the Group to treat its customers fairly may lead to enforcement action by the FSA.

The "Treating Customers Fairly" ("TCF") initiative has been an increasing focus of FSA activity in recent years. In response to high-profile regulatory failures and a perceived divergence between the sophistication of financial products and the financial literacy of consumers, the FSA has increased its emphasis on the need for consumer protection. In particular, the FSA has stated that its approach to TCF will be governed by high-level principles rather than a strict interpretation of the FSA Rules. Consequently, the failure by a financial services firm to implement a TCF policy aligned with the FSA's approach and to develop its TCF policy in response to changes in the FSA's approach, may lead to enforcement action by the FSA. Assertions by policyholders that their interests have been

adversely affected by actions taken by the Group, or that they have otherwise been treated unfairly, may also lead to enforcement action by the FSA.

In response to "principles based" regulation relating to TCF, the Group embarked on a significant program of activity to understand and rectify shortcomings in their fair treatment of customers. The program began with a strategic proposition to describe the Group's intentions in relation to TCF which was followed up by project activity across the retained and outsourced businesses to ensure all processes were in line with that proposition. As part of this work, a TCF management information pack has been built which allows the Group to continually review its performance against its strategic intent. That pack, along with an internal governance structure with committees focusing on both Prudential and Operational TCF risks, ensure TCF performance and risks are appropriately managed.

Enforcement action taken by the FSA, which could include the imposition of fines, public censure or the withdrawal or variation of permission to undertake regulated activities, either alone or together with any consequential reputational damage, may have a material adverse effect on the Group's results, financial condition and prospects.

Changes in taxation law may impact the Group and may impact upon the decisions of policyholders.

U.K. and overseas taxation law includes rules governing company taxes, business taxes, personal taxes, capital taxes and indirect taxes. The Group's management cannot predict accurately the impact of future changes in U.K. and overseas tax law on its business. From time to time, changes in the interpretation of existing U.K. and overseas tax laws, amendments to existing tax rates, changes in the practice of tax authorities, or the introduction of new tax legislation in the United Kingdom or overseas may adversely impact the Group's results, financial condition and prospects.

In addition, specific U.K. and overseas legislation governs the taxation of life companies and changes to this legislation might adversely affect the Group. There are also specific rules governing the taxation of policyholders. The Group's management cannot predict accurately the impact of future changes in tax law on the taxation of life and pension policies in the hands of policyholders. Amendments to existing legislation (particularly if there is a withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may impact upon the decisions of policyholders, and could have a material adverse effect on the Group's results, financial condition and prospects.

The introduction of the Solvency II project, currently scheduled for implementation in October 2012, may have a significant impact on the taxation of life companies and therefore on the Group's tax position. It is not yet clear what the precise impact will be, nor the nature of any changes that may be made to the life insurance taxation regime in connection with the introduction of the Solvency II project.

The U.K. Government is in the process of making a number of changes to the U.K. tax regime under the broad heading of the United Kingdom's taxation of foreign profits, which could have a significant impact on the Group. In particular, these changes include the introduction of new rules regarding the deductibility of finance costs (the "Debt Cap"). The U.K. Government has enacted legislation in the Finance Act 2009 to implement the Debt Cap, which is to have effect in relation to periods of account beginning on or after 1 January 2010. However, consultation is ongoing and it is likely that further changes will be made to the legislation. In its current form, the Debt Cap could have a significant impact on the deductibility of finance costs for U.K. members of a corporate group (by restricting interest

deductions claimed by U.K. members of a multi-national group to the amount of the group's external finance costs). If applicable to the Group, therefore, the Debt Cap could have a material adverse effect on the Group's results, financial condition and prospects. However, the legislation as currently drafted includes an exclusion from the Debt Cap for financial services groups, which it is likely should apply to the Group.

The effect of future changes in tax legislation on specific products may have a material adverse effect on the Group's results, financial condition and prospects and may lead to policyholders attempting to seek redress where they allege that a product fails to meet their reasonable expectations.

The design of long-term insurance products is predicated on tax legislation applicable at that time. However, future changes in tax legislation or in interpretation of the legislation may, when applied to these products, have a material adverse effect on the financial condition of the relevant long-term funds of the relevant Group companies in which the business was written and therefore have a material negative impact on policyholder and Group returns.

The design of long-term products takes into account, among other things, risks, benefits, charges, expenses, investment returns (including bonuses) and taxation. Policyholders may seek legal redress where a product fails to meet their reasonable expectations. Given the inherent unpredictability of litigation, it is possible that an adverse outcome in some matters could have a material adverse effect on the Group's results, financial condition and prospects arising from the penalties imposed, together with the costs of defending any action.

Changes to the current VAT rules may result in VAT being chargeable on certain outsourcing agreements of the Group.

Group companies currently do not pay significant amounts of VAT in respect of services they receive under their outsourced services agreements for policy administration. If the amount of VAT payable were to increase then this would increase the Group's costs to the extent that the relevant agreements did not contain adequate protection against VAT being charged or increased. VAT charged on goods and services is largely irrecoverable for financial services groups such as the Group.

VAT is currently reduced or not charged on services under the outsourced services agreements on the basis that the services are exempt under the insurance intermediaries' exemption. However, this is subject to possible change. The E.U. Commission has adopted proposals for a directive and regulation that would change the existing rules in relation to the insurance intermediaries' exemption, and these now need to be agreed unanimously by the E.U. Member States, after the consultation of the European Parliament. It is not currently possible to predict with any accuracy whether or when the changes are likely to be agreed, how the changes will be implemented in U.K. law nor whether HM Revenue & Customs ("HMRC") will change its practice prior to such changes coming into effect. If any such changes are effected, this may lead to the conclusion that services under the Group's outsourced services agreements for policy administration would be treated as subject to VAT. Although certain of the outsourced services agreements have a measure of protection against such changes, since VAT is largely irrecoverable by the Group, such treatment may have a material adverse effect on the Group's results, financial condition and prospects.

The Group is vulnerable to adverse market perception arising as a result of reputational damage, especially as it operates in a highly regulated industry.

The Group must display a high level of integrity and have the trust and the confidence of its customers and their advisers. Any mismanagement, fraud or failure to satisfy fiduciary responsibilities, or any negative publicity resulting from the Group's activities, the activities of a third party to whom the Group has licensed its brands (such as Lloyds TSB Insurance Services Limited) or any accusation by a third party in relation to the Group's activities (in each case, whether well founded or not) that is associated with the Group or the industry generally (such as mortgage endowments or split-capital investment trusts), could have a material adverse effect on the Group's results, financial condition and prospects, including:

- reducing public confidence in the Group;
- decreasing the ability to retain current policyholders;
- adversely affecting the willingness of insurance companies to sell closed-book companies or portfolios to the Group;
- increasing the likelihood that the FSA or non-U.K. regulators will not approve acquisitions or intragroup consolidations of closed-book companies or portfolios or will subject the Group to closer scrutiny than would otherwise be the case;
- increasing costs of borrowing, including in debt capital markets transactions; and
- adversely affecting the Group's ability to obtain reinsurance or to obtain reasonable pricing on reinsurance.

There have been a number of highly publicised cases involving fraud or other misconduct by employees in the financial services industry in recent years. It is not always possible to deter or prevent employee misconduct and the precautions the Group takes to prevent and detect this activity may not be effective in all cases. The Group, therefore, runs the risk that employee misconduct could occur, with possible material adverse effects as set out above.

The Group's success will depend upon its ability to retain key personnel.

The continued success of the Group will depend on its ability to attract, motivate and retain highly skilled management and other personnel, including actuaries, portfolio and liability managers, analysts and executive officers. Competition for qualified, motivated and skilled personnel in the life insurance and asset management businesses remains significant. Moreover, in order to retain certain key personnel, the Group may be required to increase compensation to such individuals, resulting in additional expenses.

The risk of the Group being viewed adversely by potential employment candidates or of the loss of valuable personnel is heightened under current circumstances, with the Group having embarked on a significant restructuring programme in relation to the integration of the "Pearl" and former "Resolution" businesses.

If the Group is unable to attract, motivate and retain key personnel, its results, financial condition and prospects could be materially adversely affected.

If the Group is unable to maintain the availability of its systems and safeguard the security of its data due to the occurrence of disasters or other unanticipated events, its ability to conduct business may be compromised, which may have a material adverse effect on its results, financial condition and prospects.

The Group uses computer systems to store, retrieve, evaluate and utilise customer and company data and information. The Group's computer, information technology and telecommunications systems, in turn, interface with and rely upon third-party systems, including those of third-party outsourcing service providers. The Group's business is highly

dependent on its ability, and the ability of certain third parties, to access these systems to perform necessary business functions, including, without limitation, processing premium payments, making changes to existing policies, filing and paying claims, administering annuity products, providing customer support and managing the Group's investment portfolios. Systems failures or outages could compromise the Group's ability to perform these functions in a timely manner, which could harm its ability to conduct business and hurt its relationships with its business partners and customers. In the event of a disaster, such as a natural catastrophe, an industrial accident, a blackout, a computer virus, a terrorist attack or war, the Group's systems may be inaccessible to its employees, customers or business partners for an extended period of time. The Group's systems could also be subject to physical and electronic break-ins, and subject to similar disruptions from unauthorised tampering. This may impede or interrupt the Group's business operations and may have a material adverse effect on its business, operating results and prospects.

Further, because of the long-term nature of much of the Group's life companies' businesses, accurate records have to be maintained for significant periods.

The Group has extensive business continuity and disaster recovery plans in place across all of its location and services and tests these regularly. The operational risk and oversight committee ("ORCOC") has management oversight responsibilities over the effectiveness of the business continuity policy (which incorporates disaster recovery) and underlying procedures, both within the retained business and across our outsource service providers.

While the Group's systems and processes incorporate controls which are designed to manage and mitigate the operational risks associated with its activities, any weakness in, for example, administration systems or actuarial-reserving processes may have a material adverse effect on its business and results.

Risks Related to the Group's Business

If the Group's businesses do not perform well, it may be required to recognise an impairment of the Group's goodwill or its present value of acquired in-force assets or to establish a valuation allowance against deferred income tax assets, any of which could have a material adverse effect on the Group's results and financial condition.

Upon the acquisition of subsidiaries and other businesses, the Group is required to recognise any goodwill or other intangible assets, including the present value of in-force ("PVIF") business arising upon such acquisition. Goodwill represents the excess of the amounts the Group paid to acquire subsidiaries and other businesses over the fair value of their net assets at the date of acquisition. PVIF represents the net present value of the Group's interest in the expected pre-tax cash flows of an acquired in-force business associated with an acquisition of a portfolio of insurance policies. Policies generally have expected lives of between five and 50 years and the PVIF assets are amortised over the period of the related contracts.

Largely as a result of the substantial volatility in the financial markets, the Group took a pre-tax impairment charge under UK GAAP of £206 million with respect to PVIF assets in 2008, although for the six month period to 30 June 2009, the impairment charge was nil.

The Group's results and financial conditions will be consolidated in the Group's financial statements in accordance with IFRS for this and future reporting periods. Under IFRS, the Group will test goodwill and PVIF assets of the Group at least annually for impairment. Impairment testing will be performed based upon estimates of the fair value of the "cash generating unit" to which the assets relate. The cash generating unit is the smallest group of

assets that generates cash inflows from continuing use that are largely independent of the cash inflows or other assets or groups thereof. The fair value of the cash generating unit is impacted by the performance of the business and could be adversely impacted by any efforts made by the Group to limit risk. If it is determined that goodwill or PVIF assets have been impaired, the Group will be required to write down the goodwill or PVIF assets by the amount of the impairment, with a corresponding charge to net income. Such write downs could have a material adverse effect on the Group's results and financial condition.

The Group needs to reduce the expenses of managing long-term business in line with the run-off profile of its funds. The inability to adjust these costs could have a material adverse effect on the Group's results and financial condition.

The Group's life companies, by their nature, are in long-term run-off. In order to protect with-profits policyholder benefits and shareholder returns, it will be necessary to reduce the costs of managing the Group's long-term business at least in line with the run-off profile, which the Group partly does through the use of outsourcing arrangements. The Group is exposed to the risk that it may be unable to reduce costs proportionately or to adjust to an appropriate new balance of fixed and variable costs. This exposure could arise, for example, from deficient management, significant changes in the regulatory environment, the requirement to pay VAT on services received or material sector-specific inflationary pressures. The current expense assumptions for policy charges are based on governance costs and the underlying administration services contracts, whether with intra-group or external providers. Significant changes in the actual or budgeted expenses could have a material adverse effect on the Group's business and results.

If the legislation or regulation to which Group companies are subject is amended or interpreted and applied in a new way, the Group's strategy and profitability may be adversely affected.

The legislation and regulation affecting members of the Group govern matters with respect to a wide range of areas. In particular, Group companies are subject to applicable law and regulation, both within the United Kingdom (principally by the FSA) and internationally (in the Cayman Islands, Hong Kong, Ireland, Luxembourg, Isle of Man, Guernsey and Jersey). The FSA is the most significant of these regulators in respect of the Group's regulated companies, although other regulators have powers and responsibilities that may affect the Group's operations within each such regulator's jurisdiction. In addition, Opal Re, a Group company and reinsurer for certain of the Group's life companies, is subject to regulation under the laws of Bermuda and the rules of the BMA.

The Group's activities and strategies are based upon prevailing law and regulation. Changes in, and differing interpretation and application of, law and regulation could have a detrimental effect on the Group's strategy and profitability (including through the imposition of additional compliance costs). Changes in governmental policy, such as in relation to government pension arrangements and policies, could also have an adverse impact on the Group's results and financial condition. Future changes are inherently unpredictable; however, certain foreseeable changes in U.K. insurance regulation are outlined below.

As a result of fluctuations in investment markets or stricter regulatory capital requirements imposed by the FSA, the Group may have to retain more capital or in extreme circumstances not be able to meet its regulatory capital requirements in the future.

Firms that are permitted to conduct insurance business in the United Kingdom are required to maintain a minimum level of assets (referred to as regulatory capital) in excess of their

liabilities. While the Group's management believes that it will satisfy all of the current regulatory capital requirements, continued fluctuations in investment markets would, directly or indirectly, affect levels of regulatory capital held by the Group. In addition, the FSA may change existing regulations to impose stricter regulatory capital requirements in the future. For instance, as part of the change of control conditions relating to the Acquisition, the FSA has required that the Group must use best endeavours to ensure that the Group retains Insurance Groups Directive ("IGD") capital in excess of 125% of the Group Capital Resources Requirement at all times and must restrict movement of assets, including making dividends and loans, to the extent required to maintain this margin (see "—The Industry—General Overview of the U.K. Regulatory Capital Framework—IGD Solvency Surplus" for more information). An inability to meet regulatory capital requirements in the future could lead to intervention by the FSA, which could be expected to require the Group to take steps to safeguard the interests of policyholders with a view to restoring regulatory capital to acceptable levels.

Adverse fluctuations in investment markets or stricter regulatory capital requirements could have a material adverse effect on the Group's results, financial condition and prospects.

If the legislation or regulation to which the Group is subject in relation to group capital is amended or interpreted and applied in a new way, the Group may have to retain more capital or may not be able to meet its group capital requirements in the future.

The Group's group capital requirement is calculated in accordance with IGD which requires sufficient capital to be held such that the IGD calculation at the ultimate insurance parent undertaking within the EEA is positive.

For the Company, this means that the IGD calculation is performed at Phoenix Life Holdings because the Company is resident in Jersey, a non-EEA country. If the Company's head office was relocated to an EEA country, or the legislation and regulations regarding group capital are amended or interpreted and applied in a new way, the IGD calculation may have to be performed at the Company. This would bring the Group's external bank debt into the IGD calculation and as a result, the Group may not be able to meet its group capital requirements in the future.

As a holding company, the Company will be dependent upon its subsidiaries to cover operating expenses and dividend payments. The FSA has the power to block distributions from FSA-regulated entities to their shareholders.

The Group's insurance and asset management operations are conducted through direct and indirect subsidiaries. As a holding company, the Company's principal sources of funds are dividends from its subsidiaries, inter-company loans, shareholder backed funds, shareholder transfers from the Group's long-term funds and any amounts that may be raised through the issuance of equity, debt and commercial paper. In addition to regulatory restrictions on the payment of dividends, the FSA has the power under the FSMA to place limitations upon the paying of distributions from FSA-regulated entities if, among other things, the FSA deems this necessary to preserve the entities' capital adequacy position.

In November 2008 the Group informed the FSA that it had become aware that, as a result of market volatility, the Group's capital resources were such that PGH2 was in technical breach of certain of the FSA's rules and principles regarding the amount of credit that can be taken for Tier 2 capital in relation to Tier 1 capital. This technical breach was rectified by reclassifying certain Tier 2 securities so that they counted as Tier 1 capital, and no new funds were required. However, as a result of the technical breach, the FSA, which has broad powers

under the FSMA, imposed an own initiative variation of permission ("OIVOP") notice. This notice prevented the regulated entities in the Group from making certain payments, moving economic resources around or outside the Group, or undergoing a restructuring, unless the FSA gave its prior approval. The OIVOP notice was lifted in connection with the Acquisition and accordingly is no longer in force.

The FSA has required skilled persons' reports and a risk mitigation program in respect of the Group.

As a consequence of the breach of the FSA's capital requirements referred to in the preceding risk factor, the FSA exercised its powers under Section 166 of the FSMA and appointed KPMG to prepare a report on the financial soundness of the Group, a so-called Section 166 Skilled Persons' Report. In its report KPMG concluded, among other things, that without management initiatives being undertaken in 2010 and 2011, the Group would experience a shortfall in the level of cash available to meet its repayment and interest obligations. As a result of the Acquisition and the associated debt restructurings, the Group's payment obligations in 2009, 2010 and 2011 have been materially reduced. See "Material Contracts — Credit Facilities."

During the first quarter of 2009, the FSA undertook its periodic "Advanced Risk Responsive Operating Framework," or ARROW, review of the Group. ARROW is the primary means by which the FSA assesses the risks to its statutory objectives posed by FSA-regulated entities. The outcome of the FSA's ARROW review of the Group was encapsulated in a risk mitigation program, or RMP, on the Group, which the Group is in the process of implementing. The RMP identifies a number of measures that the Group is required to take to address the concerns raised by the FSA, including: capital and liquidity, governance framework, group financial control and control functions.

The FSA also commissioned an additional Section 166 Skilled Persons' Report to review and report on the effectiveness of PGH2's board and its overall governance and decision-making structure, including the effectiveness of committees and subsidiary boards. The report was undertaken by Allen & Overy LLP and made a number of recommendations which the Group is in the process of implementing.

Reports and investigations by the FSA such as those described above could disrupt the Group's ability to operate its business, whether as a result of changes to senior management or for other reasons, and could therefore impact the Group's results, financial condition and prospects.

The potential limitation on distributions from the Group's FSA-regulated companies may impair the ability of the Group to service its existing debt commitments or to raise additional financing as required. The Group's ability to raise debt and equity financing in the future may be negatively impacted by perceptions about the Group.

The Group has ongoing principal repayment and interest obligations to a syndicate of lenders. In the event that transfers from the Group's insurance and investment management subsidiaries is limited by any law or regulatory action as described above, this may impair the Group's ability to service these obligations. This may result in material adverse consequences, including the exercise by the external finance providers of their security rights over shares in Group companies.

In addition, any defaults by the Group under its debt obligations may impair its ability to raise debt capital in the future, with potential material adverse consequences for the Group's

results, financial condition and prospects. As described above, there are also potential consequential implications for dealings with other market counterparties where the perception of the Group's creditworthiness has been damaged.

On 25 April 2009, Pearl Group Holdings (No.1) Limited ("PGH1") deferred the interest payments on its Tier 1 Bonds. While this deferral was permitted by the terms of the agreements governing this debt, this deferral has created a negative impression of the Group that could negatively impact the Group's ability to raise future financing in the debt and equity capital markets. Following the deferral of the interest payments, an ad hoc committee has been formed to represent the holders of the Tier 1 Bonds. This committee has expressed the debtholder group's concerns regarding the deferral of the interest payments and an intra-group reorganisation that took effect in December 2008, and has sought clarification as to PGH1's intentions in relation to the deferred interest payments, the effectiveness of the dividend stopper that operates at the PGH1 level and various other issues. For further information on the Tier 1 Bonds, see "Material Contracts—Tier 1 Bonds".

Such negative impressions in relation to the Group's finance arrangements could limit its ability to raise finance in the future with potential material adverse consequences for the Group's results, financial condition and prospects.

The Group may in the future need to change the basis under which it reports its embedded value.

In this Summary Document, the Group has provided unaudited embedded value information. European-listed life insurance companies generally publish embedded value information to supplement their financial information prepared in accordance with IFRS, as investors and market analysts view embedded value information as a more realistic measure of valuation and profit reporting than IFRS financial information. The Group, as well as most European-listed insurance companies, look to principles or guidelines adopted by the European Insurance CFO Forum (the "CFO Forum") for guidance in reporting embedded value. While all member companies of the CFO Forum that report market-consistent embedded value were required to adopt the CFO Forum's Market-Consistent Embedded Value ("MCEV") principles by 31 December 2009, the CFO Forum, on 22 May 2009, extended this deadline to 2011 to enable the CFO Forum to conduct a review of the impact of recent turbulent market conditions on the MCEV principles. The CFO Forum has acknowledged the MCEV principles were designed during a period of relatively stable market conditions and their application could, in turbulent markets, lead to misleading results. The CFO Forum's review may lead to changes to the published MCEV principles or to the issuance of additional guidance by the CFO Forum. On completion of this review, the Group will consider its approach to the MCEV principles. If the Group adopts new principles promulgated by the CFO Forum, this will result in a restatement of reported embedded value results and change the reporting basis of future results. Accordingly, future reported embedded value information may be materially different, or may be prepared in a materially different manner, than the information contained in this Summary Document.

The consolidated financial statements of the PGH2 Group have been prepared in accordance with UK GAAP, which differs in certain significant respects from IFRS.

The consolidated financial statements of the PGH2 Group included in this Summary Document have been prepared in accordance with UK GAAP. While recently issued FRSs under UK GAAP have replicated the wording of corresponding IFRS statements, certain significant differences remain between UK GAAP and IFRS, primarily in relation to the

presentation and disclosure required in the financial statements regarding the treatment of goodwill, intangible assets, income and deferred taxes and defined benefit pension schemes.

To enable the Group to provide financial information under IFRS for this and future reporting periods (and comparable IFRS information for prior-year comparable reporting periods), the Group will need to develop internal financial systems in accordance with IFRS. Although the work to convert to IFRS has begun, it is not yet possible to quantify the impact that the switch from the PGH2 Group's current UK GAAP financial reporting system to IFRS will have on it, although its implementation could adversely affect the Group's results and, in turn, reported results.

In addition, the International Accounting Standards Board ("IASB") introduced a framework that it described as Phase II, which permitted insurance companies to continue to use the statutory basis of accounting that existed in their jurisdictions prior to January 2005. The IASB has published proposals in its Phase II discussion paper that would introduce significant changes to the statutory reporting of insurance companies that prepare their financial statements in accordance with IFRS. It is uncertain in what form the proposals in the discussion paper will be taken forward into a definitive IFRS and when such changes might take effect. Since the Group will provide financial information under IFRS for this and future reporting periods it may be subject to the transition from Phase I to Phase II. There can be no assurance that this transition will not adversely affect the Group's results of operations.

The Group has exposure for claims under the Group's legacy general insurance business.

The Group wrote a variety of property and casualty insurance business, which was progressively placed into run-off from 1980 onwards. The Group retains residual exposure to some of this business, and the Group's strategic intent for some years has been to proactively settle these legacy claim liabilities and dispose of them by way of solvent scheme, retrocession, statutory transfer or sale. The Group's remaining general insurance business liability exposure amounts to approximately £30 million of claims reserves, net of reinsurance and discounting, as of 31 December 2008. Although the Group aims to hold prudent reserves against its residual exposure, including Incurred But Not Reported reserves, much of the Group's remaining legacy general insurance exposure relates to asbestos, pollution, environmental and health hazard liabilities that are long-tail in nature given that it may take many years for a policyholder's injury or harm to become known and the attendant uncertainties regarding what circumstances gave rise to the claim and who should pay. Therefore, there is a risk that the Group's current reserves may be inadequate to cover future claims payments under its legacy general insurance business, and that the Group may need to devote additional capital to support these policies, with potential material adverse consequences for the Group's results, financial condition and prospects.

The Group's risk management policies and procedures may not be effective and may leave the Group exposed to unidentified or unexpected risks.

The Group's policies, procedures and practices used to identify, monitor and control a variety of risks may fail to be effective. As a result, the Group faces the risk of losses, including losses resulting from human error, market movements and fraud. The Group's risk management methods rely on a combination of technical and human controls and supervision that are subject to error and failure. Some of the Group's methods of managing risk are based on internally developed controls and observed historical market behaviour, and also involve reliance on industry standard practices. These methods may not adequately prevent future losses, particularly if such losses relate to extreme market movements, which may be significantly greater than the historical measures indicate. These methods also may not

adequately prevent losses due to technical errors if the Group's testing and quality control practices are not effective in preventing technical software or hardware failures.

Competition and the current liquidity crisis may make it difficult for the Group to grow by acquiring additional closed fund life companies and portfolios.

A component of the Group's strategy is to continue to grow by selectively acquiring additional closed-fund life companies and portfolios and to consolidate these companies and portfolios within the Group in order to continue to grow the Group as its closed life funds run-off.

There are several other closed-fund consolidators as well as a number of other potential purchasers, including other insurance companies, banks, hedge funds and private equity firms. Prices paid to acquire closed funds increased significantly between 2004 and 2007. While the prices of closed-fund life companies and portfolios may have decreased under current market conditions, there can be no assurance that prices will not increase if markets recover.

Moreover, so long as the current liquidity crisis continues and is not substantially abated, the Group is likely to face difficulties in obtaining additional third-party financing for any acquisitions.

Future acquisitions could have a material adverse effect on the Group's results, financial condition and prospects if these acquisitions are not successfully integrated into the Group's operations.

The Group's ability to acquire closed-fund life companies and portfolios will depend upon a number of factors, including its ability to identify acceptable acquisition candidates, consummate acquisitions on favourable terms, integrate acquired companies and portfolios successfully, obtain regulatory consents from the FSA and other relevant regulatory authorities (such as for transfers and internal fund mergers under Part VII of FSMA) and obtain financing to support growth.

In connection with any future acquisitions, the Group may experience unforeseen difficulties as it integrates the acquired companies and portfolios into its existing operations. These difficulties may require significant management attention and financial resources.

Future acquisitions involve risks, including:

- diligence investigations not identifying material liabilities or risks within the acquired business;
- difficulties in integrating the risk, financial, technological and management standards, processes, procedures and controls of the acquired business with those of the Group's existing operations;
- challenges in managing the increased scope and complexity of the Group's operations;
- mitigating or triggering contingent or assumed liabilities, including employee pension liabilities; and
- unexpected losses of key employees of the acquired operations.

If the Group is unable to successfully meet the challenges associated with one or more of its future acquisitions, this could have a material adverse effect on the Group's results, financial condition and prospects.

If the Group experiences difficulties arising from outsourcing relationships, its ability to conduct business may be compromised.

The Group's life companies outsource all of their key customer service, policy administration, accounts collection, human resource administration and information technology functions to third-party providers under formal outsourcing arrangements. If the Group does not effectively develop, implement and monitor its outsourcing strategy, third-party providers do not perform as anticipated or the Group experiences problems with a transition in outsourcing arrangements, the Group may experience operational difficulties, increased costs, reputational damage and a loss of business that may have a material adverse effect on the Group's results, financial condition and prospects. In addition, the failure or insolvency of one or more of the Group's service providers could have a material adverse effect on the Group's ability to sustain its ongoing operations.

Litigation could cause the Group to incur significant expenses, which could have a material adverse effect on its financial condition and cash flows.

From time to time, the Group is party to various litigation matters (including the matters discussed in "Additional Information —Litigation"), some of which seek monetary damages. The Group's management cannot predict with certainty the outcome of any pending litigation or potential future litigation, and the Group may incur substantial expense in pursuing or defending these lawsuits, which could have a material adverse effect on the Group's financial condition and cash flows.

Potential liabilities may not be covered by insurance, the Group's insurers may dispute coverage or may be unable to meet their obligations, or the amount of the Group's insurance coverage may be inadequate. Moreover, even if claims brought against the Group are unsuccessful or without merit, the Group would have to defend itself against such claims. The defence of any such actions may be time consuming and costly and may distract the Group's management's attention. As a result, the Group may incur significant expenses and may be unable to effectively operate its business.

The Group may be required to make further contributions to its employee defined benefit pension schemes if the value of pension funds assets is not sufficient to cover potential obligations under the schemes.

The Group maintains a number of defined benefit pension schemes for past and current employees, all of which have been closed to new participants, subject to the Group's ability to admit new members at its discretion. Pensions risk is the risk that the liabilities of the pension schemes, which are long-term in nature, will exceed the schemes' assets, including when measured on the buy-out basis (i.e., the cost of buying out all members' benefits with an insurer), as a result of which the Group is required or may choose to make additional contributions to the schemes.

The Group has two key pension schemes, namely the pension scheme covering the employees of the Group prior to the acquisition of PGH1 (the "Pearl Pension Scheme") and the pension scheme covering the employees of Impala's subsidiaries (the "Impala Staff Pension Scheme"). Each of the two schemes has a defined benefit section and a defined contribution section. The vast majority of the liabilities of each of the two schemes relate to ex-employees who are entitled to pensions on a defined benefit basis.

The interaction of, among other things, increased life expectancy, poorly performing equity markets and low interest rates over the past several years has had a significant negative impact on the funding levels of the pension schemes. At the time of the last actuarial valuations of the pension schemes in 2006, both the Pearl Pension Scheme and the Impala Staff Pension Scheme had significant funding deficits and it is likely that these deficits will have grown since. This has materially and adversely affected the Group's funding obligations in respect of the pension schemes. Any decline in the equity market, changes in mortality and/or morbidity rates or future decreases in interest rates could increase the pension schemes' funding deficit and require additional funding contributions in excess of those currently expected. An increase in required funding contributions could have a material adverse effect on the Group's financial condition.

If the pension schemes were to be wound up, which the trustees of the relevant pension schemes could ask the Pensions Regulator to order, the relevant employing companies would be responsible, under section 75 of the U.K. Pensions Act 1995, for funding the pension schemes up to the level of the cost of buying out the benefits for all scheme members with an insurer. This cost would be considerably more than the value placed on the liabilities while the schemes are ongoing. If this deficit were triggered, this could have a material adverse effect on the Group's financial condition and results of operations and could result in the insolvency of the Group.

Funding obligations (on a share of the buy-out basis) can also arise under section 75 of the U.K. Pensions Act 1995 if an employer ceases to participate in the pension schemes (e.g., on a sale). Any such section 75 debt would be by reference to the relevant employing company's share of the total buy-out debt, the total buyout debt being equivalent to the funding deficit calculated on a winding-up basis which could prevent the Group entering into business disposals involving employers participating in the defined benefit pension schemes.

The Pensions Regulator also has statutory powers in some circumstances to require persons connected or associated with an employer (such as other companies within the Group) to contribute to reduce underfunding in the pension schemes.

The pension schemes' trustees are required to undertake triennial valuations of the schemes and agree with the Group statutory funding plans, although the trustees are free to call for a further valuation on an earlier date if they see fit. The Pensions Regulator is required to review each funding plan, and may, if it is not satisfied that the Group will eliminate the funding deficit in a timely manner, require the trustees of the relevant pension scheme to seek to revise the plan. The Group could also be required by the pension trustees or, in certain circumstances, directed by the Pensions Regulator, to make additional contributions to the pension schemes (e.g., as a result of any corporate activity which the U.K. pension regulator views as having a material, detrimental effect on the pension schemes or due to a conflict of interest that may arise as a result of the Group's asset managers being responsible for the investment management function of the pension schemes). Alternatively, the Group may choose to make additional contributions to the schemes.

If the next triennial valuation (or earlier as may be the case) reveals that the funding deficit of the Pearl Pension Scheme or the Impala Staff Pension Scheme is such that the contributions agreed under the current funding plans will not clear the revised deficit, the pension trustees may seek increased contributions from the Group.

As regards the Pearl Pension Scheme, PGH2 has reached an agreement with its trustees which should substantially govern scheme funding up to 2027. Please refer to the section "Material Contracts — Pearl Pension Scheme Agreements."

As regards the funding position of the Impala Staff Pension Scheme, contributions will need to be agreed between the principal employer and the trustees. Following the last full valuation in 2006, Impala agreed to pay contributions of £15 million per year to the scheme for five years up to 2012. A new triennial valuation is now being carried out as at 30 June 2009. There is a risk that the funding deficit will have increased and that, as a result, the Group will need to review the rate at which it contributes to the scheme. If the Group cannot agree such increased contributions, the Pensions Regulator has statutory power to fix the contribution rate.

Risks Related to the Company

The Company may become resident in the UK for tax purposes, which could have an adverse effect on the Group's results, financial condition and prospects.

Since the Company is not incorporated in the United Kingdom, it will not be treated as being resident in the United Kingdom for U.K. corporation tax purposes unless its central management and control is exercised in the United Kingdom. The concept of central management and control is indicative of the highest level of control of a company, which is a question of fact. The Directors of the Company operate in a manner intended to ensure that the Company is not resident in the United Kingdom for tax purposes (and intend to continue to operate in such manner).

A company not resident in the United Kingdom for U.K. corporation tax purposes can nevertheless be subject to U.K. corporation tax if it carries on a trade through a permanent establishment in the United Kingdom, but the charge to U.K. corporation tax is limited to profits attributable to such a permanent establishment. The directors of the Company operate in a manner intended to ensure that the Company does not carry on a trade through a permanent establishment in the United Kingdom (and intend to continue to operate in such manner).

If the Company is treated as being resident in the United Kingdom for U.K. corporation tax purposes, or if it is treated as carrying on a trade in United Kingdom through a permanent establishment, this could have an adverse effect on the Company's results, financial condition and prospects.

The Group's obligation to service its debt may make it difficult for it to operate its business.

Group outstanding bank debt at 30 September 2009 was approximately £2.8 billion. The Group's leverage has potential material adverse consequences for its results, financial condition, prospects and shareholders, including:

- making it more difficult for the Group to satisfy its obligations with respect to its debt and other liabilities;
- requiring the Group to dedicate a substantial portion of its cash flow to payments on its debt, thus reducing distributions to shareholders;
- increasing the Group's vulnerability to a downturn in economic conditions;
- exposing the Group to interest rate increases to the extent of its unhedged variable rate debt;
- placing the Group at a competitive disadvantage compared to its competitors that have less debt in relation to cash flow;

- limiting the Group's flexibility in planning for or reacting to changes in its business and industry;
- restricting the Group from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, the Group's ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

The Group's bank covenants impose limitations on its ability to undertake certain actions. See "Material Contracts —Credit Facilities."

Certain contractual transfer restrictions applicable to the Sponsors may be terminated at the option of TDR Capital and a principal of Sun Capital.

In connection with the Acquisition, each of the Sponsors agreed, subject to certain exceptions, not to sell or otherwise transfer, directly or indirectly, any of its Founders' Shares, Founders' Warrants (including the shares to be issued upon exercise of the Founders' Warrants) and Sponsors' Warrants (including the shares to be issued upon exercise of the Sponsors' Warrants) until 2 September 2010. Those transfer restrictions may be waived at the option of TDR Capital and Hugh Osmond, a principal of Sun Capital. If those transfer restrictions are waived, the resulting immediate eligibility for future resale in the public market of these shares and warrants could have a material adverse effect on the market price of those shares.

Outstanding warrants in the Company may be exercised in the future, which would increase the number of shares eligible for future resale in the public market and result in dilution to Company shareholders. This might have an adverse effect on the market price of the Ordinary Shares.

There exist exercisable, outstanding redeemable warrants in the Company to purchase an aggregate of 30,000,000 Ordinary Shares in the Company (not including warrants held by the remaining founders of the Company and their transferees). These warrants would presumably only be exercised if the €11.00 per share exercise price is below the market price of the Ordinary Shares. To the extent they are exercised, the Company will issue additional Ordinary Shares, which will result in dilution to the Company's shareholders and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could materially adversely affect the market price of the Ordinary Shares.

Because the Company is incorporated under the laws of the Cayman Islands, shareholders may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal or Dutch courts, or the courts of England and Wales, may be limited.

The Company is incorporated under the laws of the Cayman Islands and substantially all of its assets are located outside of the United States and the Netherlands. In addition, all of its directors and officers are nationals or residents of jurisdictions other than the Netherlands and all or a substantial portion of their assets are located outside the United States and the Netherlands. As a result, it may be difficult for investors to effect service of process within the United States or the Netherlands upon the Company or its directors or officers, or enforce judgments obtained in the United States or Dutch courts against the Company or its directors or officers. The Company's corporate affairs will be governed by Articles of Association, the Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against the Company, actions by minority shareholders and the fiduciary responsibilities of the Company's directors to the Company under Cayman Islands law are to

a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from England, the decisions of whose courts are of persuasive authority, but are not binding on a court in the Cayman Islands, other than decisions by the Privy Council on appeal from the Cayman Islands, which are binding on a court in the Cayman Islands. The Cayman Islands has a less developed body of securities laws as compared to the United States, the Netherlands, the United Kingdom and other European jurisdictions, and some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law. In addition, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in a court in the Cayman Islands, a court in Amsterdam, a court in the United Kingdom or in a federal court of the United States. The Cayman Islands courts are also unlikely to impose penal liabilities against the Company, in original actions brought in the Cayman Islands, based on certain civil liability provisions of U.S., Dutch or U.K. securities laws.

There is no statutory recognition in the Cayman Islands of judgments obtained in the Netherlands or England and Wales, although the courts of the Cayman Islands will in certain circumstances recognise and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits at common law, by an action commenced on the foreign judgment in the Grand Court of the Cayman Islands. It is doubtful the courts of the Cayman Islands will, in an original action in the Cayman Islands, recognise or enforce judgments of U.S., Dutch or English courts predicated upon the civil liability provisions of the securities laws of the Netherlands, England and Wales, the United States, or any state of the United States where such provisions are penal in nature. The Grand Court of the Cayman Islands may stay proceedings if concurrent proceedings are being brought elsewhere.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by officers, directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States, the Netherlands or England and Wales.

The U.K. Takeover Code does not apply to the Company

The U.K. City Code on Takeovers and Mergers (the "Takeover Code") is the regulatory framework within which takeovers in the U.K. are required to be conducted. The Takeover Code is designed principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover, and that shareholders of the same class are afforded equivalent treatment by an offeror. The U.K. Panel on Takeovers and Mergers (the "Panel") issues and administers the Takeover Code.

Since the registered office of the Company is in the Cayman Islands, it may not be a company to which the Takeover Code applies. Certain of the protections contained in the Takeover Code have been included in the Articles of Association, and are summarised in "—Additional Information—Articles of Association". However, not all of the protections contained in the Takeover Code are included in the Articles of Association. In addition, the inclusion of provisions in the Articles of Association may not provide shareholders with the same protection that they would receive under the Takeover Code since, amongst other things, the Panel would not be involved in a takeover to which the Takeover Code does not apply.

As a result of the above, shareholders may be adversely affected in the event of a takeover offer being made for the Company.

The Company is applying for a Secondary Listing of the Ordinary Shares

Companies whose shares are admitted to the Official List of the UKLA have either a primary listing by virtue of which the company is subject to the full requirements of the Listing Rules (a “Primary Listing”), or a secondary listing pursuant to Chapter 14 of the Listing Rules (a “Secondary Listing”). A Primary Listing requires the issuer to meet standards beyond those imposed by applicable E.U. legislation, referred to as “super-equivalent” standards. A Secondary Listing requires the issuer to meet the standards imposed by applicable E.U. legislation, referred to as “directive-minimum standards”. A Primary Listing, for example, requires the issuer to seek shareholder approval for transactions of a certain size and for transactions with related parties, which are not requirements for a company with a Secondary Listing.

The Company has publicly indicated, including in the Half Year Update, its intention to seek a Primary Listing of its equity shares during 2010. However, this Summary Document has been prepared in connection with an application for a Secondary Listing, and there can be no assurance that a Primary Listing will be obtained in the future.

As a result of the Company meeting the lesser standards of a Secondary Listing, shareholders will have fewer protections from the Listing Rules and may be adversely affected. In addition, there may be less liquidity in trading of the Ordinary Shares for so long as the Company does not have a Primary Listing, which may impact the share price and the ability of shareholders to transfer their Ordinary Shares.

As a consequence of the changes to the UK listing regime, from 6 April 2010 a Primary Listing will become a “premium listing” and a Secondary Listing will become a “standard listing”. See “—Additional Information—Changes to the UK Listing Regime” for further information on these changes.

The Company has other equity securities in issue in addition to the Ordinary Shares

In addition to the Ordinary Shares, the Company has in issue Class B Shares, Ordinary Warrants and Class B Warrants. These securities are described in more detail in “—Description of the Company's Share Capital and Warrants”. Also, a number of parties have rights to be issued with Ordinary Shares in the event that the share price of the Ordinary Shares attains a certain level. These rights are further described in “—Material Contracts” under “—Contingent Consideration Agreement”, “—Contingent Subscription Agreement”, and “—Contingent Fee Agreement”.

The holders of such securities and rights have the benefit of certain protections including, for example, adjustment provisions in the event that the Company makes certain amendments to its share capital.

As a result, the Company’s stakeholders may have different interests which may impact the Company's ability to restructure its share capital or issue further Shares or Warrants.

Risks Related to U.S. Federal Income Taxation

The Company may be a passive foreign investment company which could lead to additional taxes for U.S. holders of Ordinary Shares or Warrants.

A PFIC is a non-U.S. corporation that meets either the income or asset PFIC tests. The income test is met if 75% or more of a company’s gross income is “passive income” (generally dividends, interest, rents, royalties and gains from the disposition of passive assets)

in any taxable year. The asset test is met if the average value of the assets held by a company during the taxable year which produce, or are held for the production of, passive income is at least 50%. The PFIC provisions contain a look-through rule under which a foreign corporation is treated as if it "received directly its proportionate share of the income" and as if it "held its proportionate share of the assets" of any other foreign corporation in which it owns at least 25% of the value of the stock. Passive income does not include income derived in the active conduct of an insurance business by a company which is predominantly engaged in an insurance business and, if it were a U.S. corporation, would be subject to tax under special rules that apply only to insurance companies. If the Group's activities do not constitute a qualifying insurance business under this exception, the Company will be considered a PFIC. The application of this exception is uncertain. In addition, because Company income or assets, the income or assets of the Company's subsidiaries, or the Company's activities or the activities of its subsidiaries may change in the future, the Company may in the future be treated as a PFIC.

If the Company is considered a PFIC, a U.S. holder of Ordinary Shares or Warrants could be subject to substantially increased tax liability, including taxation at ordinary income rates and an interest charge upon the sale or other disposition of the U.S. holder's Ordinary Shares or Warrants or upon the receipt of "excess distributions" from the Company. In addition, if the Company is considered a PFIC, upon the death of an individual owning Ordinary Shares or Warrants (unless such individual was not a United States person at any time during his or her holding period for Ordinary Shares or Warrants), such individual's heirs or estate would not be entitled to a "step-up" in the basis of the Ordinary Shares or Warrants that might otherwise be available under U.S. federal income tax laws. Certain elections may sometimes be used to reduce the adverse impact of the PFIC rules but may not be available to U.S. holders. If these elections are available, they may result in a current U.S. federal tax liability prior to any distribution or disposition of the Ordinary Shares or Warrants, and without the assurance of a U.S. holder receiving an equivalent amount of income or gain from a distribution or disposition. A U.S. holder may be subject to such tax liability even if the Company ceases to meet the PFIC income and asset tests.

A corporation that is a CFC will generally not be treated with respect to a shareholder as a PFIC during the portion of the shareholder's holding period during which the shareholder is a "10% U.S. Shareholder" and the corporation is a CFC. Therefore, for any year in which the Company is both a PFIC and a CFC, a holder of Company stock that is a 10% U.S. Shareholder (as defined below) may be subject to the CFC rules and not the PFIC rules with respect to Company shares.

U.S. persons who own 10% or more of the Company's Ordinary Shares (or that qualify as RPII Shareholders) may be subject to adverse tax consequences under the controlled foreign corporation rules

If the Company is or becomes a CFC, 10% U.S. Shareholders (as defined below), may be taxed on their pro rata share of certain of the Company's "subpart F income," including insurance income, even if that income is not distributed by the Company. A non-U.S. corporation is a CFC if more than 50% of its shares (by vote or value) is owned by 10% U.S. Shareholders, or in certain cases for purposes of taking into account insurance income, 25% of its shares (by vote or value) is owned by 10% U.S. Shareholders. A U.S. person is a 10% U.S. Shareholder if such person owns (directly, indirectly and/or constructively) 10% or more of the total combined voting power of all classes of shares entitled to vote of such corporation. A different definition of a CFC is applicable for purposes of taking into account "related person insurance income," or "RPII". RPII is subpart F insurance income attributable to insurance policies or reinsurance contracts where the person that is directly or indirectly

insured or reinsured is or is related (under certain complex definitions) to a U.S. person who owns, directly or indirectly, any amount of shares of the foreign corporation. An RPII Shareholder is a U.S. person who owns, directly or indirectly, any amount of shares of a foreign corporation. Generally, for purposes of the RPII rules, a related person is someone who controls or is controlled by the RPII Shareholder or someone who is controlled by the same person or persons which control the RPII Shareholder. Control is measured by either more than 50% in value or more than 50% in voting power of stock after applying certain constructive ownership rules. A foreign corporation is, subject to certain exceptions, treated as a CFC for RPII purposes if RPII Shareholders collectively own directly, indirectly, or by application of the constructive ownership rules 25% or more of the stock of the foreign corporation by vote or value.

In general, if a U.S. person sells or exchanges stock in a foreign corporation and such person is a 10% U.S. Shareholder at any time during the 5-year period ending on the date of the sale or exchange when such foreign corporation was a CFC, any gain from such sale or exchange may be treated as a dividend to the extent of the corporation's earnings and profits attributable to such shares that were accumulated during the period that the shareholder held the shares while the corporation was a CFC (with certain adjustments). Further, in certain cases, if a U.S. person disposes of shares in a non-U.S. insurance corporation in which such U.S. person is an RPII Shareholder, any gain realised by the U.S. person from the disposition will generally be treated as ordinary income to the extent of the U.S. person's share of the corporation's undistributed earnings and profits that were accumulated during the period that the U.S. person owned the shares.

For further information on material U.S. federal income tax consequences to U.S. holders of the holding and disposition of Ordinary Shares and Warrants, see the "Tax" section of this Summary Document.

PART 2

THE COMPANY

History

The Company, previously named Liberty Acquisition Holdings (International) Company, is a company incorporated under the Companies Law (2009 Revision) of the Cayman Islands (the "Companies Law") on 2 January 2008 as an exempted company with limited liability, with registration number 202172. The Company was formed to acquire one or more operating businesses with principal business operations outside North America through merger, capital stock exchange, share purchase, asset acquisition, reorganisation or similar transaction.

Units of the Company, comprising shares and warrants, were initially admitted for trading on Euronext Amsterdam on 6 February 2008. The shares and warrants began to trade separately on 14 March 2008, whereupon the units ceased to exist as a separate security.

Acquisition

On 29 June 2009, the Company announced that it had agreed to acquire (indirectly through the acquisition of certain special purpose vehicles) the insurer Pearl Group Holdings (No.2) Limited (formerly Pearl Group Limited, "PGH2") and its subsidiaries (the "Acquisition"). The PGH2 Group is a closed life assurance fund consolidator that specialises in the management and acquisition of closed life and pension funds and operates primarily in the UK. Measured by total assets, the Group is the largest UK consolidator of closed life assurance funds.

PGH2 was established in April 2005 in connection with the acquisition of HHG plc's closed life companies by, amongst others, TDR Capital Nominees Limited ("TDR Capital") and certain principals of Sun Capital Partners ("Sun Capital"), and was further expanded with the substantial acquisition of Resolution plc ("Resolution") in May 2008. PGH2 does not write any new policies (other than increments to existing policies and annuities for current policyholders when their policies mature) and is therefore focused on the efficient "run-off" of the Group's policies, maximising economies of scale and generating capital efficiencies through internal fund mergers and other operational improvements.

On 3 July 2009, the Proxy Statement was posted to shareholders of the Company to seek approval for, amongst other things, the Acquisition. The proposed resolutions were passed by the shareholders at a meeting held on 24 July 2009, and the Acquisition by the Company completed on 2 September 2009 when the Company changed its name to Pearl Group. In addition, on completion of the Acquisition, the FSA lifted the OIVOP notice that it had imposed in relation to the Group. For further information on the OIVOP notice, see the "Risk Factors" section of this Summary Document.

Further details on the Acquisition can be found in "Material Contracts—Pearl SPA" and "—Opal SPA".

Debt Restructuring

The Acquired Group's bank debt was restructured in connection with closing of the Acquisition. LCB and LCA (the "Pearl Borrowers") are party to the Pearl Credit Facility Agreement, and LC2 and LC1 (the "Impala Borrowers") are party to the Impala Credit Facility Agreement.

As part of the restructuring: (i) the Pearl Lenders assigned to the Company all their rights, title, interest and benefit in and to £325 million of principal due under the Pearl Credit Facility Agreement; (ii) the Pearl Borrowers satisfied and discharged £75 million of principal due under the Pearl Credit Facility Agreement by issuing to the Pearl Lenders (a) £37.5 million of principal loan notes of LCB and (b) £37.5 million of principal loan notes of LCA; (iii) a principal amount of £425 million remained outstanding under the Pearl Credit Facility Agreement; and (iv) the Impala Credit Facility Agreement was amended and restated.

Further details on the debt restructuring is provided in "Material Contracts— Credit Facilities".

Shares and Warrants

In addition to the Ordinary Shares, the Company has in issue Class B ordinary shares ("Class B Shares" and, together with the Ordinary Shares, the "Shares") and warrants over both Ordinary Shares ("Ordinary Warrants") and Class B Shares ("Class B Warrants" and, together with the Ordinary Warrants, the "Warrants").

The Class B Shares were issued as part of the Acquisition to the sellers of the acquired companies, certain PGH2 affiliates, the Royal London Mutual Insurance Society Limited and certain other parties.

The majority of the Ordinary Warrants were issued alongside Ordinary Shares at the time of the Company's initial public offering and they are currently traded on Euronext Amsterdam. In connection with the Acquisition, the Company issued the Class B Warrants to certain other parties and amended the terms of the existing Ordinary Warrants to provide that 50% of those in issue would be redeemed.

The Group continues to review its capital structure and may consider restructuring proposals in line with its strategic objectives.

Further details on the Shares and the Warrants can be found in "Description of the Company's Share Capital and Warrants".

Listing

This Summary Document has been prepared in connection with an application by the Company for a Secondary Listing. The Company intends to seek a Primary Listing during 2010 when it is in a position to meet the requirements for a Primary Listing, including the preparation of Group financial statements in accordance with IFRS and the requirement that warrants outstanding must not exceed 20% of the issued equity share capital of the Company.

Pursuant to changes to the UK listing regime, after 6 April 2010 a Primary Listing will become a "premium listing" and a Secondary Listing will become a "standard listing". See "—Additional Information—Changes to the UK Listing Regime" for further information on these changes.

Neither the Class B Shares nor the Class B Warrants are listed or traded on Euronext Amsterdam. It is not intended that the Class B Shares or any of the Warrants be listed on the London Stock Exchange.

Dividends

The Company expects to pay a dividend for the 2009 financial year of an amount equal to €0.50 per share, pro-rated from the date of completion of the Acquisition to year end. The Pearl Credit Facility Agreement and the Impala Credit Facility Agreement contain restrictions, based primarily on the satisfaction of financial covenants and surplus cash provisions, on the distribution of profits by the Pearl Borrowers and the Impala Borrowers, which could affect the ability of the Company to declare and pay dividends. Specific provisions that contemplate the payment of dividends have been included in these facility agreements in relation to the distribution of profits. See "Material Contracts— Credit Facilities." All dividends will be subject to the terms of the facility agreements and there can be no assurance as to the amount of any future dividends or that the Company will be able to pay any dividends at all in the future. See "Risk Factors" for a discussion of certain factors that may prevent the Company from paying dividends.

PART 3

THE INDUSTRY

Sources of Industry Data

Except as otherwise indicated, all industry data regarding the U.K. insurance and pensions industry in this Summary Document is from publications prepared by the Association of British Insurers, the trade association for the U.K. insurance industry. The Company has not independently verified this industry data or updated it since it was provided in the Proxy Statement. This industry data has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the industry data inaccurate or misleading.

Overview of U.K. Life Insurance and Pensions Market

The FSA, the U.K. Financial services regulator, has authorised 237 companies to carry out long-term life insurance business, such as life and disability insurance and private pensions, in the United Kingdom. Companies that carry out long-term life insurance business are referred to in this Summary Document as life companies. In the United Kingdom, total life and pensions premiums amounted to £131 billion and total payments to policyholders amounted to £181 billion in 2008. As of 31 December 2008, the U.K. insurance industry had £1,496 billion of investments on behalf of customers, including £1,384 billion of long-term investments.

The large size of the U.K. long-term life insurance market compared to other major Western European countries is generally attributed to the less generous nature of U.K. state pension and disability benefits. Therefore, U.K. residents tend to look to life companies to supplement state benefits, largely through contributions to private pension schemes that are sold and administered by life companies. Contributions to U.K. private pension schemes are exempt from income taxation for taxpayers earning up to £150,000 per year. Contributions by taxpayers earning more than £150,000 per year are exempt from income taxation at the 20% basic rate of taxation, with such taxpayers being entitled to full tax relief on certain amounts of contributions until the 2011/12 U.K. tax year. Many employers match employee contributions to company pension schemes.

The U.K. long-term life insurance market consists of two sectors:

- the open life fund sector, which comprises life companies that continue to write new business, marketing their products to new policyholders through various distribution channels; and
- the closed life fund sector, which comprises life companies that are closed to new business and are in “run off.” These companies continue to accept premiums on existing policies and administer and manage policyholder assets until the underlying policies mature or expire.

Often, within a single insurance group, there may be life companies that continue to accept new customers as well as companies that are closed to new business.

Closed Life Funds

Reasons for Fund Closures

Life companies may close to new business for a number of reasons, including:

- insufficient capital strength to support taking on new policies;
- poor levels of profitability on new business; and
- strategic decisions to stop writing certain types of new business, such as with-profits policies.

In writing new business, life companies incur significant marketing expenses and commission payments at the time new policies are sold. While life companies generally recover these up-front costs and earn profits through margins embedded in the premiums charged to policyholders (particularly for protection and annuity products) and through other charges and asset management fees (for with-profits and unit-linked products), the pay-back periods for the up-front costs are often up to and sometimes in excess of ten years. In addition, life companies are required to set up substantial reserves at the time new business is written and to continue to hold significant levels of capital in order to be able to meet future policyholder liabilities.

The capital position of life companies may be negatively impacted by poor investment returns, declining long-term interest rates, continuing poor performance and uncertainty in debt and equity markets. These factors can cause a reduction in the value of assets backing the liabilities of life companies. Between 2001 and 2003, the poor performance of equity markets had a strong adverse impact on the U.K. life insurance and pensions industry, resulting in regulatory capital issues and a number of regulatory changes and other issues impacting the industry as a whole. This led to a number of life companies having insufficient capital strength to continue to absorb the initial costs of writing new policies. As a result, a number of life companies concluded that shareholder value was best maximised by closing existing funds to new business and managing these closed funds as efficiently as possible. In addition, some life companies disposed of their closed funds.

Similar issues to those that arose in the 2001 to 2003 period have resurfaced amidst the ongoing turmoil in financial markets due to the poor performance of most asset classes, which is adversely affecting the capital position of many life companies. The Group's management believes that, in the current market environment, many life companies are being forced to write unprofitable new business to protect market share. In addition, pressures on capital are expected to be exacerbated by the expectation that the FSA will require U.K. life companies to undergo more onerous stress tests and retain additional capital to meet further declines in asset values. As a result, the Group's management expects more funds will close to new business and a number of closed fund life companies will be put up for sale in the next few years, as some insurance groups seek to release value from closed funds to support their ongoing new business.

Closed Life Fund Characteristics

A closed life fund is essentially a pool of assets and a series of cascading cash obligations that run-off as the underlying life and pension policies expire or reach maturity. These cash obligations represent a collection of largely long-dated liabilities comprising matured or maturing policies that entitle policyholders to defined future payments of a steady and generally predictable nature. Depending on the specific policy, policyholders may be entitled

to a cash payout at the policy's maturity date or on the death of the policyholder, or a series of payouts and/or participation in the investment returns generated by the assets backing the policy. To meet these long-dated liabilities, life companies hold substantial assets collected as premiums, which are invested in a wide variety of asset classes, subject to rules set out by the relevant E.U. or U.K. regulator and the terms and conditions of the policies.

Competitive Environment for Closed Fund Consolidators

Closed fund consolidators compete with each other for the acquisition of closed life companies that may, from time to time, become available in the market. Generally, these life companies are acquired at a discount to embedded value. Embedded value is a common valuation method used outside North America in the insurance industry. Embedded value is a measure of the inherent value of the remaining policies within a life company or, stated otherwise, a measure of the profit the life company expects to make from its policies over time. In general terms, embedded value is calculated by adding today's discounted value of the existing policies (i.e., the VIF or estimated future profits) to the market value of net assets (i.e., the difference between the value of life company assets and statutory liabilities plus regulatory capital requirements).

Over the past five years, a limited number of closed fund consolidators have acquired U.K. closed fund life companies. These consolidators include Chesnara plc, Deutsche Bank, the Group, Resolution Life Group (subsequently renamed Resolution plc) and Swiss Re.

Common Types of U.K. Life Insurance and Pension Policies

The most common types of U.K. long-term insurance and pension policies are with-profits and non-profit policies. The majority of these policies are, in effect, savings products, although certain policies aim to provide policyholders or their dependents with lump-sum benefits in the event of death or disability.

Non-Profit Policies

A non-profit, or non-participating, policy is one where the value of the policy is either linked directly to the performance of the underlying assets or is guaranteed by the insurer. Non-profit policies include protection policies, such as life and disability insurance policies, which pay out lump sums on death or disability, and annuities, which provide an income stream over the life of the policyholder. The life company's shareholder fund generally is entitled to retain 100% of the incremental investment returns from non-profit funds.

A unit-linked policy is a type of non-profit policy where the benefits are determined by reference to the investment performance of a specified pool of assets. The policyholder elects which units in a diversified open-end or closed-end fund to purchase. Unit-linked funds include personal and group pension plans and feature regular and single-premium savings. They operate on a similar basis to US mutual funds, with the life company often charging a fee based on the value of the funds.

With-Profits Policies

A with-profits, or participating, policy is one where the benefits of the policy are determined, in part, by the bonuses declared by the life company in favour of policyholders. Policy payouts are "smoothed" to lessen the impact of changes in the underlying value of the assets in the short term. With-profits funds may be either endowments or deferred annuities. Endowments may be single or multi-payment policies with minimum guaranteed sums on death or maturity, while deferred annuities are accumulation vehicles for pensions with

beneficial tax treatment. All with-profits policies are entitled to potential incremental bonuses throughout the life of the policy as well as a terminal, or final, bonus. The terminal bonus represents the policyholder's final share of the assets of the fund. Any available surplus held in a with-profits fund may only be used to meet the requirements of the fund itself or distributed to the fund's policyholders and the life company's shareholders. For example, the traditional with-profits fund provides for a 90:10 policyholder/shareholder split, entitling the life company's shareholder fund to a 10% share of the profits in any bonus declared. This policyholder/shareholder split enables the life company to transfer most of the investment risk of the with-profits fund to policyholders.

Life companies also charge an asset management fee based on the value of with-profits funds.

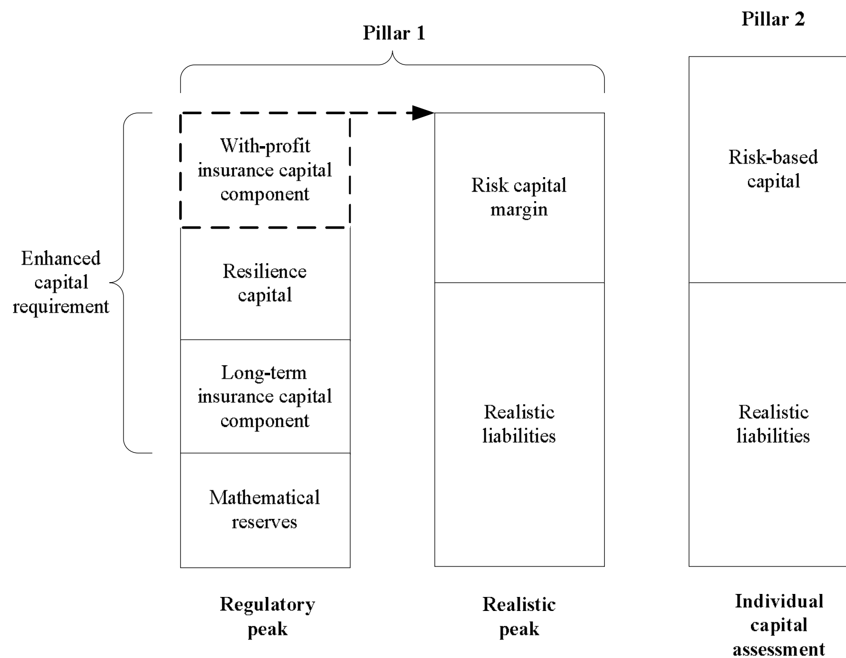
U.K. regulations require that regulatory capital reserving for with-profits policies take into account annual bonuses and annual interest credited to policyholders, as these are "attached" to the policies and therefore guaranteed.

General Overview of the U.K. Regulatory Capital Framework

Overview

Each U.K. life company must retain sufficient capital at all times to meet the regulatory capital requirements mandated by the FSA. In addition to E.U.-directive-based "Pillar 1" and group capital requirements, the FSA has also stipulated a "Pillar 2" of risk-based capital requirements that have been implemented in the U.K.. A life company's actual capital requirement is based on whichever of the Pillar 1 or Pillar 2 requirement turns out to be more onerous for the company. Each life company generally holds an amount of capital that is greater than the minimum required amount to allow for adverse events in the future that may use capital and cause the company to fail the minimum level of regulatory capital test.

The following diagram provides an overview of the U.K. regulatory capital framework:



Pillar 1

Regulatory Peak

With the exception of with-profits businesses, the regulatory capital requirement under Pillar 1 is the total amount held in respect of investment, expense and insurance risks (the "long-term insurance capital component") and any additional amounts required to cover the more onerous of two specified stress tests (the "resilience capital requirement"). The regulatory capital requirement is then deducted from the available capital resources to give the regulatory basis excess capital.

Realistic Peak

A further test is required under Pillar 1 in respect of with-profits funds. This test compares the life company's level of realistic basis excess capital to the regulatory basis excess capital and, in circumstances where the realistic basis excess capital position is less, the life company is required to hold additional capital to cover the shortfall. The realistic basis excess capital is calculated as the difference between realistic assets and realistic liabilities of the with-profits fund with a further deduction to cover various stress tests (the "risk capital margin"). Any additional capital requirement under this test to that of the regulatory peak is referred to as the "with-profits insurance capital component."

Pillar 2

The Pillar 2 capital requirements are based on a self-assessment methodology, the so-called individual capital assessment methodology. This methodology determines the capital requirement to ensure that the life company's realistic liabilities can be met in one-year's time with a 99.5% confidence level, or a one-in-200-year event. This assessment includes both mathematically and subjectively derived risk capital tests.

The FSA reviews each life company's individual capital assessment and may impose additional capital requirements if necessary. To the extent that the subsidiary life company subsequently is unable to satisfy its policyholder liabilities, undistributed shareholder funds may be required to be transferred back to the subsidiary's policyholder funds.

IGD Solvency Surplus

FSA-regulated insurance groups (including their insurance holding companies) are required to provide capital adequacy calculations on a group-wide basis, a so-called "IGD Solvency Surplus," to enable the FSA to assess both the level of insurance and financial risk within the relevant insurance group and the resources available to cover this risk.

For more information about the U.K. regulatory capital framework, see "The Group's Business — Regulation."

PART 4

THE GROUP'S BUSINESS

Business Overview

The Group is a closed life fund consolidator that specialises in the management and acquisition of closed life and pension funds and operates primarily in the United Kingdom. Measured by total assets, the Group is the largest U.K. consolidator of closed life funds.

The group of companies acquired by the Company in the Acquisition was formed in connection with Sun Capital's and TDR Capital's acquisition of HHG PLC's closed life companies in April 2005 and was further expanded with the acquisition of Resolution in May 2008. The Group does not write any new policies (other than increments to existing policies and annuities for current policyholders when their policies mature) and is therefore focused on the efficient run off of the Group's policies, maximising economies of scale and generating capital efficiencies through internal fund mergers and other operational improvements.

The Group has eight main life companies:

- Pearl Assurance;
- London Life;
- National Provident Life;
- NPI;
- Phoenix Life;
- Phoenix and London Assurance;
- Phoenix Pensions; and
- SMI.

These companies have a diversified mix of long-term business, with policyholder liabilities split approximately 59% with-profits, 23% non-profit and 18% unit-linked as at 31 December 2008.

The Group's two principal service companies, Pearl Group Services Limited ("PGS") and Pearl Group Management Services Limited ("PGMS"), aim to provide all administrative services required by the Group's life companies (or manage such provision through outsourcing arrangements), including policy administration, information technology, finance and facility management services. It is anticipated that PGS and PGMS will be further integrated in due course.

The Group also has two asset management businesses, which are in the process of being integrated and operated under the "Ignis" brand:

- Ignis is a traditional asset manager, with £43.4 billion of assets under management as at 30 June 2009, including £39.5 billion of the Group's life company assets and £3.9 billion of third-party assets; and

- Axial specialises in providing asset management and asset liability management services to the Group's life companies and related companies, including asset allocation and risk management advice, with £22.4 billion of Group and related company assets under management as at 30 June 2009, managed by both external investment managers, under Axial's oversight and directly by Axial in relation primarily to fixed-income assets.

In addition, as a result of the Acquisition, Opal Re became a wholly owned member of the Group. Opal Re is a Bermudan reinsurance company that reinsures risk only for the Pearl life companies.

As at 30 June 2009, the Group had an unaudited gross embedded value of £4,722 million, pro forma (adjusted for the Acquisition and associated costs, debt and accrued interest and the Company's cash) net embedded value of £2,135 million, total assets under management of approximately £66 billion and approximately 6.5 million policyholders representing liabilities of £56.7 billion.

History

The Group originally comprised three main life groups that were acquired by the Australian financial group AMP Limited over a ten-year period between 1989 and 1999: Pearl Assurance, London Life and National Provident Life.

London Life had been closed to most new business lines in 1995. In 2002 and 2003, AMP ceased writing new business for most Pearl Assurance, London Life and NPI with-profits and annuity products.

In December 2003, AMP Limited de-merged, or spun off, its U.K. operations and its life companies became part of a company called HHG PLC, which listed on the London Stock Exchange.

In December 2004, the HHG PLC board announced the sale of HHG PLC's closed life companies for £1.1 billion to Sun Capital and TDR Capital. In April 2005, this acquisition was completed and these life companies became part of the newly formed group, and HHG PLC was renamed Henderson Group plc.

In May 2008, PGH2, through its subsidiary Impala, acquired Resolution, a holding company for a group of closed life companies that was then listed on the London Stock Exchange, for a purchase price of £5.0 billion through a competitive bidding process. In connection with this acquisition, the Group agreed to transfer the "On-Sold Resolution Assets" to Royal London for total consideration of £1.3 billion (subject to certain post-closing adjustments), with effect as of May 1, 2008. Resolution delisted from the London Stock Exchange on 6 May, 2008 and was subsequently renamed Pearl Group Holdings (No.1) Limited.

The Group is not affiliated with Resolution Limited, a company founded, after the purchase of Resolution by the Group, for the purpose of acquiring companies in the financial sector and listed on the London Stock Exchange.

As a result of the merger of Britannic Group plc and Resolution Life Group Limited completed on 6 September 2005, Resolution (as Britannic Group plc was renamed) became the largest consolidator of closed life funds in the United Kingdom at the time.

The former asset management business of the Britannic Group, Britannic Asset Management Limited, was renamed Resolution Asset Management Limited and, following the acquisition of Resolution by the Group, was re-launched under the "Ignis" brand.

In 2003, Britannic Group closed for new business and adopted a strategy focused on the acquisition of closed life funds. Resolution Life Group had been founded in 2003 for the purpose of buying and managing closed life funds and became a constituent of the FTSE 100 Index in 2006. Since December 2005, the closed life books of Britannic, Royal & Sun Alliance, Swiss Life UK, Bradford Insurance, Century Group, Scottish Provident and Scottish Mutual Assurance have been consolidated within Phoenix Life, a member of the Group, through a number of transfers under Part VII of the FSMA.

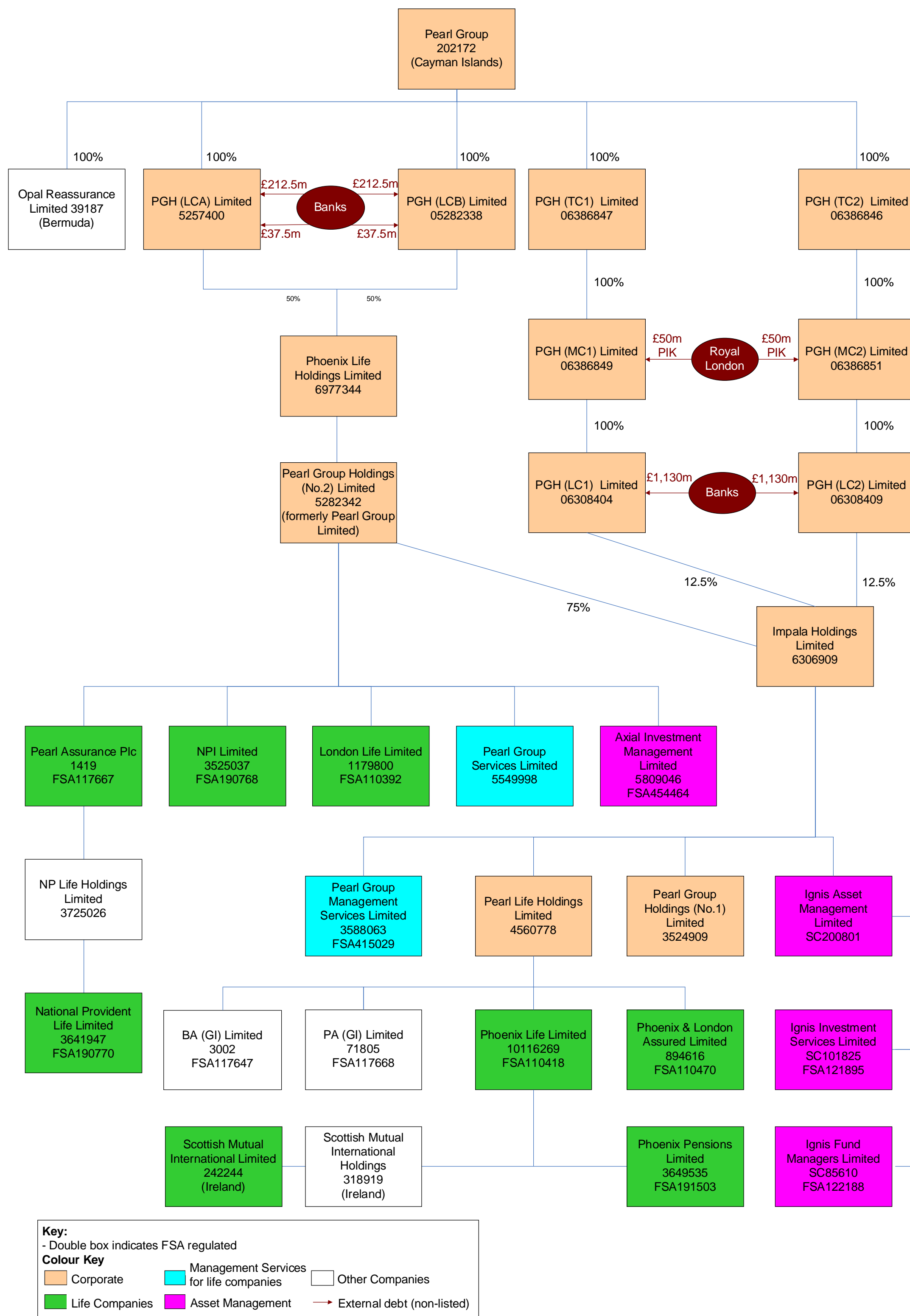
Group Structure

The Group has three types of operating subsidiaries: life companies, service companies and asset management companies. The Group's corporate operating framework aims to provide all administrative services required by the Group's life companies through the two group service companies, with asset management provided by Ignis or Axial, either directly or though the use of external managers.

Following completion of the Acquisition, the Company became the ultimate parent company of the Group. For structuring purposes a new intermediate holding company, Phoenix Life Holdings Limited ("Phoenix Life Holdings") was created. Phoenix Life Holdings is the ultimate insurance parent undertaking within the EEA for group capital purposes. Therefore, the IGD calculation is prepared at this level and the Group is required to hold sufficient capital to ensure that the IGD calculation at Phoenix Life Holdings is positive.

The holding company structure includes certain special purpose vehicles ("SPVs") which were established in relation to the acquisitions of the Pearl life companies in 2005 and the ex-Resolution companies in 2008. The SPVs are the borrowers of the Group's external bank debt which was used to help fund the acquisitions, and are the borrowers of the Royal London PIK financing. See "Material Contracts" for more information on the Group's borrowings.

The chart on the following page gives an overview of the principal companies in the Group.



Notes

1. This chart excludes UKCPT and the investment vehicles managed and/or operated by the asset management businesses.

2. See "Material Contracts—Tier 1 Bonds" and "—Tier 2 Bonds" in relation to the Group's listed debt securities. The Group's internal debt is excluded.

3. Axial Investment Management Limited is expected to change its name to Ignis Investment Management Limited during November 2009.

Strategy

The Group's overriding objective is to generate sustainable value for policyholders and shareholders by continuing to focus on key areas of importance to policyholders, namely long-term investment returns, financial security and service.

The Group will focus on ensuring the efficient use of capital by employing advanced asset liability management techniques in the control of the risks to which the business is exposed. It is anticipated that this will enable the acceleration of expected cash flows.

The injection of substantial new equity funds into the Group as a result of the Acquisition allows management to pursue identified value-creation initiatives to increase the Group's embedded value and release trapped or restricted capital to improve returns to shareholders. This will be driven by a number of prospective fund mergers to transfer blocks of business between life companies or to reduce the number of individual life companies within the Group, which its management expects will result in capital and tax efficiencies. In creating a sustainable business model the Group will seek to reduce fixed costs in line with the run-off of the Group's closed life funds. The goal will be achieved by, amongst other things, strong control of the operational cost base; renegotiation of outsourcing arrangements with, and potentially seeking to consolidate the number of, outsourced service providers; and aligning core business and administrative processes across the Group, including for its finance departments.

Continue to acquire closed book portfolios and capture associated economies of scale.

The Group believes that its scale platform ensures that it is well positioned to take advantage of the expected further consolidation of closed funds in the long term life and pensions industry. Changes in savings patterns should lead additional UK life companies to focus their new business activities on new products. Increasingly, the Group believes that such companies will seek to divest what are effectively closed with profits funds. It is expected that current market conditions will accelerate this long term trend. At the same time, the Group's management believes that the number of potential buyers is likely to remain or become more limited, with access to debt and equity funding and other issues facing potential buyers, such as increased regulatory scrutiny, limiting the ability of other closed fund consolidators and new entrants to make acquisitions. Of the potential buyers, the Group's management believes that none of them has an existing scale of operations which compares favourably to the platform available to the Group. The Group's management intends to target acquisition candidates with £10 billion to £50 billion of assets under management and with embedded values of at least £500 million.

Leverage asset management businesses to improve yields in order to generate incremental returns and to increase the level of third-party assets under management.

The Group has asset and liability management teams of investment professionals in its asset management businesses. The Group's management believes that it can leverage this capability to manage the assets and liabilities of its life companies more effectively and generate incremental returns. The Group also intends to use hedging strategies to lock in long-term returns and reduce risk and asset volatility using sophisticated asset liability management techniques.

Following a strategic review, the Group intends to merge its Ignis and Axial asset management businesses under the Ignis brand. The Group's management believes that there are value creation opportunities through the integration of the asset management operations under a single management team.

Opportunity to grow value and franchise in asset management

As well as providing asset management services for the in-house life companies, Ignis is building a third party franchise. Ignis has developed an innovative strategy allowing it to utilise talented asset managers in joint venture structures. This has allowed it to broaden its product range and distribution. The Group sees this as strategically important in growing the third party franchise. The asset management business will also strive to continue its recent growth in managing Group assets which are currently managed by third parties.

Life Companies

Overview

The Group's eight main life companies are FSA-regulated entities that hold the Group's policyholder assets. Over time, the Group has reduced the number of its individual life companies through fund mergers to improve and realise efficiencies. Most recently, with effect as of 1 January 2009, the businesses of Scottish Provident Limited and Scottish Mutual Assurance Limited were merged into Phoenix Life.

Although the Group's life companies are closed fund companies and do not write new business, they accept additional policyholder contributions on in-force policies and allow certain policies, such as pension savings plans, to be reinvested at maturity into annuities with a life company in the Group. The Group's life companies offer annuities only to existing policyholders. Writing annuities offers the Group a further opportunity to increase its embedded value through incremental investment returns, while also helping to better manage the liquidity position of the individual life companies.

To seek to achieve further capital and tax efficiencies, the Group's management intends in due course to transfer blocks of business between its life companies to further reduce the number of life companies within the Group. These transfers will be pursuant to Part VII transfers under the FSMA and will be subject to the approval of the FSA and the English High Court. For example, the Group's management is currently considering the possibility of transferring certain business from NPI and National Provident Life to Pearl Assurance.

Solvency

Individual life company solvency positions remain robust. The aggregate of Pillar 1 free assets before capital policies at 30 June 2009 was £1.7 billion as detailed below:

	Pearl Assurance	**London Life**	**NPI**	**Phoenix Life**	**Phoenix and London Assurance**
			(In millions)		
Capital Resources	£998	£274	£176	£3,272	£363
Capital Resources Requirement	(544)	(110)	(49)	(2,438)	(227)
Free assets	**454**	**164**	**127**	**834**	**136**

Note: the Pillar 1 solvency positions of Pearl Assurance and Phoenix Life include the solvency positions of their subsidiaries.

Asset Mix

The Group's management believes that the Group's asset portfolio is well diversified, as illustrated by the following table, which provides an overview of the exposure by asset category of the Group's life companies' shareholder and policyholder funds as at 30 June 2009:

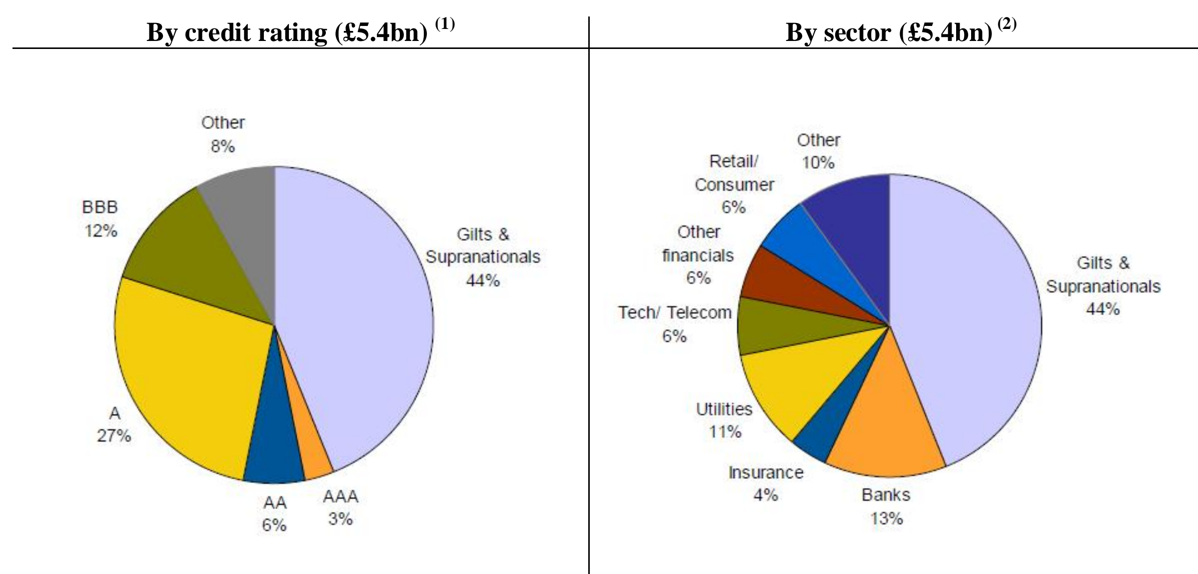
	Shareholder Funds [(2)]		Policyholder Funds [(1)] Participating [(3)]	Policyholder Funds [(1)] Unit-Linked	Total
	(In millions)	(%)	(In millions)	(In millions)	(In millions)
Cash deposits	£2,726	24%	£5,024	£891	£8,641
Debt securities - gilts	2,219	19	11,448	804	14,471
Debt securities - bonds	4,636	41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

(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, alternative and derivative investments.

The following table sets out the exposure by type of debt security of the Group's life companies' shareholder funds as at 30 June 2009:

	Shareholder Funds (In millions)	Shareholder Funds (%)
Gilts	£2,219	32%
Other government	1,016	15
Corporate – financial institutions	1,408	21
Corporate – other	1,539	22
Asset backed securities	392	6
Other	281	4
Total	£6,855	100%

The following charts set out a breakdown of the Group's total bond portfolio backing annuities by credit rating and by sector as at 30 June 2009:



(1) Relates to assets held in non-profit funds (excludes assets in with-profits funds).

(2) 27% of bank sector exposures relate to Tier 1 securities (£186m).

Reinsurance

Overview

The Group's life companies reinsure certain liabilities both to other companies in the Group and to external reinsurers as part of their regular risk and capital management policies, as well as to benefit from operational synergies.

Internal Reinsurance

Within the Pearl life companies, Pearl Assurance acts as the reinsurer in respect of pensions annuity business as well as with-profits bond business and with-profits elements of unitised with-profits contracts. Following its demutualisation in 2000, National Provident Life reinsured a significant portion of its unit-linked business, including new business, to NPI.

Within the Impala life companies, a majority of the pensions annuity business is reinsured to Phoenix Pensions. In addition, Phoenix and London Assurance has transferred various insurance risks to Phoenix Life, including permanent health insurance, term assurance and unitised with-profits business. The various life funds within Phoenix Life themselves also hold a significant amount of intra-fund reinsurance, mostly to achieve tax and operational synergies.

Opal Re

Pearl Assurance, London Life and NPI ceded the substantial majority of their then in-payment annuity business to Opal Re in 2007. Opal Re is a Bermudian reinsurance company that reinsures risks only for the Pearl life companies and does not have any third-party clients. In

connection with the Acquisition, Opal Re became a wholly owned subsidiary of the Company. As of 31 December 2008, Pearl life companies had reinsured a total of approximately £3.5 billion of their annuity liabilities with Opal Re.

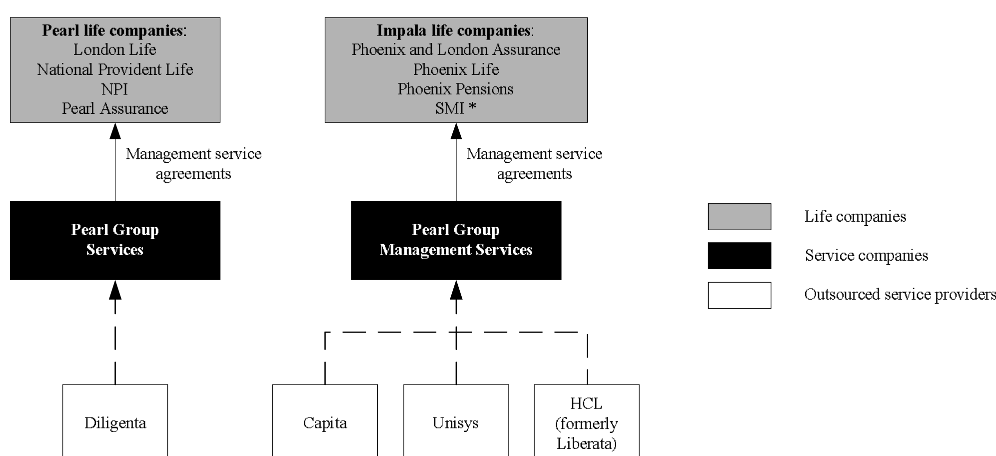
External Reinsurance

The Group's external reinsurance arrangements are spread across a number of reinsurers, including, among others, XL Re, AIG, Royal and Sun Alliance, Swiss Re, Unum, Munich Re and Hanover Re. These reinsurance arrangements cover a range of policy risks, including mortality and morbidity, long-term disability, critical illness, general insurance and some investment risk.

Service Companies

Overview

The following diagram provides an overview of the organisational structure of the Group's service companies and material third-party outsourced service providers:



* The administration of SMI is currently being outsourced and it is likely that the contract will be completed before the end of 2009.

Each of the Group's life companies is responsible to its policyholders for the proper administration of its policy portfolio and the provision of policyholder services, such as collection of premiums, the provision of policyholder statements, settlement of claims, the provision of website access and information, and the provision of policyholder information and other related support through contact service centres. If each life company separately provided these services and related infrastructure, this would involve significant costs and create impediments for the life company in managing the efficient run-off of its policies. In addition to these cost challenges, each life company is required to hold sufficient capital for its operational risks.

To allow the Group's life companies to benefit from economies of scale, efficient outsource partnerships and an innovative integrated technology infrastructure, the Group's two U.K. service companies, PGS and PGMS, provide, or manage the provision of, policyholder services for all of the Pearl life companies and the Impala life companies, respectively, under master service agreements. Under these agreements, the service companies recover the costs of providing services to the life companies by charging a fixed price per policy, except in relation to certain unit-linked policies where the fee charged is a percentage of assets under management. The life companies, however, continue to retain ultimate responsibility to their policyholders.

PGS and PGMS are similar in nature and provide similar services to each of the Group's life companies they serve. To leverage scale, increase synergies and remove inefficiencies, these service companies are managed as a single unit. As of 31 December 2008, the two service companies together employed a staff of 1,015. In addition to providing finance, internal audit, tax, actuarial, risk, regulatory compliance, human resources, and change and project management services to the life companies, the service companies are also responsible for managing outsourced service providers and establishing all third-party supplier contracts. The Group's management believes that by consolidating policyholder services within the Group's two service companies and enabling the Group's life companies to share the costs of the provision of these services and other corporate overhead costs, both policyholders and shareholders benefit from efficiency savings, reductions in operational risks and the release of risk capital.

In the year ended 31 December 2008, PGS and PGMS generated a combined profit before tax, exceptional items and goodwill amortisation of £53 million.

In addition the Group also has a service company incorporated in Ireland, Pearl Group Management Services (Ireland) Limited, which provides administration services to SMI and the Irish branch of Phoenix Life.

Outsourcing Relationships

A key role for PGS and PGMS is the management of relationships with the outsourced service providers on behalf of its life companies. These outsourced service providers include Capita, Diligenta (a subsidiary of Tata Consultancy Services in which the Group owns a 24% interest), HCL IBSL (formerly known as Liberata) and UISL (Unisys Insurance Services Limited).

As the Group's closed funds run off, fees generated from the management of policies generally reduce over time. Therefore, the Group is best served by closely aligning its costs with its policy run-off profile. Any costs that do not therefore decline in line with the Group's overall declining policy book create further operating pressures. The use of outsourced service providers enables the Group to shift its cost base from a largely fixed cost base to a variable per-policy basis. The Group's management estimates that the majority of its current cost base is variable and that this proportion will increase in the future. The Group's outsourced service providers are also able to offer their services at a competitive price per policy due to their larger economies of scale.

The Group's outsourced service providers are specialist providers of life and pensions administration services, with the know-how, expertise and business models that put administration at the core of their service offerings. The outsourced service providers' services include policy administration, human resources, financial administration, accounts payable, information technology and (for PGS only) facilities management services.

The Group is considering how to further leverage and expand the outsourcing of its non-core activities. Recently, PGMS outsourced some of the financial administration functions that had been performed in-house (e.g., payroll and accounts payable) to Diligenta to make PGMS' outsourcing model more consistent with PGS' model and, more importantly, to benefit from both the technology platforms and preferential pricing already in place for PGS.

The Group's management believes that the number of outsourced service providers could be further rationalised over time, offering additional cost savings through the negotiation of improved terms with chosen providers. However, any early termination of existing outsourcing agreements by the Group is likely to result in termination payments to the

relevant outsourced service provider, which would initially offset the expected benefits of any new outsourcing arrangements. The initial contract expiration dates for the outsourcing agreements covering the majority of the Group's policyholders are between 2018 and 2019.

Pearl Group Management Services (Ireland) Limited is proposing to enter into a contract to outsource the administration services which it currently provides and it is currently expected that this will take effect in the first quarter of 2010.

Asset Management

The following table provides an overview of Ignis's and Axial's assets under management, revenues, operating profit and number of employees as of and for the six months ended 30 June 2009:

	As of 30 June 2009		For the Six Months Ended 30 June 2009	
	Assets Under Management (In billions)	Employees[1]	Revenue (In millions)	Operating Profit[2] (In millions)
Ignis	£43.4	401	£ 39.2	£14.3
Pearl Group life companies	39.5	—	—	—
Third parties	3.9[3]	—	—	—
Axial	22.4[4]	121	16.5	3.4
Total	£65.8	522	£55.7	£17.7

(1) Full time employees
(2) Defined as profit before tax, exceptional items and goodwill amortisation
(3) Includes £1.0 billion of Impala Staff Pension Scheme assets
(4) Includes £1.5 billion of Pearl Pension Scheme assets

Ignis

Ignis manages assets on behalf of the Impala life companies as well as a third-party client base of around 100,000 U.K. and foreign retail and institutional investors, including corporate pension schemes, life companies and charities.

Ignis's key focus for the Impala life companies and third-party institutional clients is the delivery of additional returns and value through the provision of services such as asset allocation, stock selection and liability-driven investment solutions. Ignis's in-house investment management teams offer a range of asset management investment options and areas of expertise, covering equities (U.K., Europe, North America, emerging markets, global and Far East), fixed income (U.K. and international corporate and government debt securities), property and cash. In addition, Ignis offers investment options to third-party clients where the level of assets to be managed for the Group's life companies is sufficient to allow Ignis to build the necessary capability in a cost-efficient manner.

Ignis currently has established three joint ventures with investment managers to provide Ignis's clients with an additional range of investment options and access to additional highly skilled, specialist fund management teams. As of 30 September 2009, these joint ventures were Argonaut, Cartesian, and HEXAM. Each joint venture's investment managers own a 50% interest in the relevant joint venture. Ignis owns the remaining 50% interest and manages marketing and distribution, access to research and compliance and administrative infrastructure functions on behalf of each of the joint ventures. This framework provides the joint ventures with access to the Ignis platform and the related economies of scale, while allowing the investment managers to focus on maximising investment performance.

Ignis's liability-driven investment platform represents part of its strategy of providing tailor-made solutions for larger pension schemes. This platform assesses how the assets of a pension scheme should be invested taking into account the liabilities that must be met over time and issues such as salary progression, benefit dates, tax-free cash elections and longevity rates.

Headquartered in Glasgow, with additional offices in London, Ignis is operationally self sufficient from the other members of the Group. Ignis also has its own sales and marketing division with more than 70 employees who focus on developing relationships with independent financial advisers and global investment consultants in order to access new clients and further build Ignis's third-party asset base.

Ignis Investment Services Limited and Ignis Fund Managers Limited are regulated by the FSA.

Axial

Axial was founded to provide the Pearl life companies with asset and liability management services and to oversee the external management of the life companies' assets. Axial has subsequently developed its own expertise for managing certain asset classes directly, in particular fixed-income assets. Given the recent instability in financial markets, Axial plays a significant role in helping the Pearl life companies protect their capital levels from volatility by enabling them to understand the impact that different asset-allocation decisions have on their risk and capital needs and by advising on and executing hedging strategies.

Axial currently provides services to the Pearl life companies, Opal Re and the Pearl Pension Scheme. As at 30 June 2009, Axial provided direct investment management services for £14.2 billion of these assets. Henderson Global Investors, an unaffiliated third party, manages the remaining £8.2 billion under Axial's oversight pursuant to the investment management agreement entered into at the time of the Group's acquisition of the former HHG PLC closed life companies in 2005.

Axial is headquartered in London and is also operationally self-sufficient from other members of the Group. Axial Investment Management Limited is regulated by the FSA.

Following a strategic review, the Group has announced that Ignis and Axial will become integrated and will operate under the Ignis brand.

Governance and Risk Management

Governance

The Group's governance model reflects the need to oversee the activities of all of the Group companies. The Company's board is the overall governing body for the Group, with responsibility for the oversight of each of the Group companies. Each Group company has its own board to meet its statutory and regulatory requirements and is in regular contact with its regulatory supervisory authorities (where applicable). In addition, the Group's regulated entities are required to comply with certain regulatory rules and governance standards, which are overseen through the applicable regulatory supervision framework.

While the Company board retains ultimate responsibility for the Group's compliance with statutory and regulatory obligations, the board delegates authority for certain matters to board committees and other governing bodies and committees in the Group, including:

- the Company board audit committee, which is responsible for the effectiveness of internal control, risk management and oversight of the Group's financial reporting;

- the Company board remuneration committee, which is responsible for determining the Group's policy on the compensation of senior executives and specific remuneration packages for each of the executive directors including any pension rights, compensation payments and implementation of share schemes;

- individual Group life company boards, which are responsible for the governance and management of their relevant life companies;

- the with-profits committees of the life company boards, which are responsible for significant matters affecting with-profits policy-holders' interests, including matters such as the Principles and Practices of Financial Management;

- the investment committee of the life company boards, which is responsible for setting investment strategy within the parameters established by the individual life company boards, monitoring investment managers and overall investment performance;

- the asset management boards, which are responsible for the governance and management of Ignis and Axial. These boards, which have the same members, will be combined in due course to reflect the merger of Ignis and Axial; and

- the life and asset management company board audit committees, which fulfil internal controls, risk management and financial reporting responsibilities for the Group life and asset management companies. These committees report both to the boards of their respective companies and to the Company's board audit committee.

Following the takeover of Resolution in May 2008 a transition program was undertaken to integrate the management structures of the former Pearl and Resolution groups in order to reduce duplication and create a common approach to governance across the life and service companies. This involved the creation and implementation of:

- a combined executive committee covering the Group's operations;

- management oversight committees, namely, the treating customers fairly oversight committee, the finance, risk and capital oversight committee, the operational risk and compliance oversight committee and the project decisions and prioritisation committee. These committees were implemented in October 2008;

- merged risk, compliance and internal audit functions; and

- a consolidated company secretariat function.

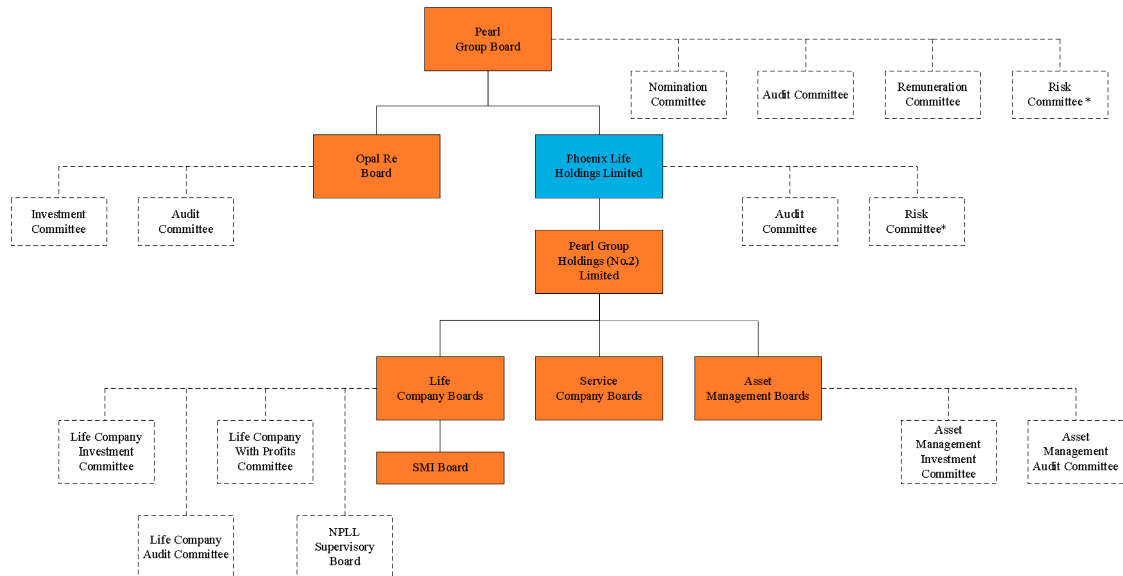
This transition program completed at the end of August 2009. Measures in the transition program included:

- the creation of a single life company board structure with common directors and board committees spanning the Group's life companies;

- the creation of revised committee terms of reference for the investment, with-profits and audit committees covering the Group's life companies; and

- the harmonisation of the governance arrangements for Axial and Ignis, with the creation of a common board structure for these companies that, in turn, will report to the Company's board.

The following diagram depicts the Group's current governance structure:



* Expected first quarter 2010

Risk and Control Framework

Risk Management

The Group's risk framework requires that all of the Group's companies establish processes for identifying, evaluating and managing the key risks faced by them. The framework is based upon the "three lines of defence" concept: risk management, risk oversight and independent assurance. The Group's life and service companies and asset management businesses establish processes to support this framework with the objective of managing risks through:

- identification of the financial, operational, regulatory or reputational risks of their relevant business;
- identification of the key controls to manage these risks;
- active monitoring and reporting that these controls are being operated;
- rapid identification of control issues that come to light and escalation as appropriate; and
- active monitoring and reporting of progress in resolving issues, including the prioritisation of resources.

The Company's board is ultimately responsible for overall strategy, performance and risk management for the Group, including the system of internal control and risk management, for the overall risk framework and for setting and monitoring the Group's risk appetite.

Risk Oversight

The Group monitors and reviews risk exposures through group level and business level risk committees. Separate risk committees consider financial and non-financial risk within the life and service businesses and the asset management businesses.

Independent Assurance

The Company's board audit committee, supported by the group internal audit and business unit audit functions, provides independent assurance of the effectiveness of the Group's system of internal control and risk management. Axial and Ignis have their own internal board audit team and board audit committees, which report to the Company's board audit committee, rather than through the group audit function.

Regulation

Overview

The Group's operations are subject to extensive government regulation, including FSMA and other U.K. laws, including, for example, the Data Protection Act 1998 in relation to the processing of customer data. Some of these laws require the relevant Group entity to be licensed or registered. Below is an overview of the regulatory framework for the insurance and asset management industries in the United Kingdom. The Group has operations that are subject to regulation under the laws of other jurisdictions, including the United States, Guernsey, Ireland, Isle of Man, Jersey, and Luxembourg. In addition, Opal Re, a Group company and reinsurer for certain of the Group's life companies, is subject to regulation under the laws of Bermuda and the rules of the BMA.

The Financial Services and Markets Act 2000

The Group's insurance and investment businesses in the United Kingdom are regulated by the FSA, the statutory regulator granted powers under the FSMA.

Risk-Based Regulation

The FSA employs a risk-based regulatory approach to supervision under the FSMA pursuant to which each regulated firm's risk is assessed using a risk assessment methodology known as ARROW. This is a high-level review aimed at assessing the significance of a particular risk posing a threat to the FSA's statutory objectives under the FSMA. These objectives relate to market confidence, public awareness, consumer protection and the reduction of financial crime.

The ARROW framework, supported by a "close and continuous" relationship, is the core of the FSA's risk-based approach to regulation. Using this process, the FSA will consider the particular risks a firm might pose to its statutory objectives by assessing the impact and probability of particular risks materialising.

Failure to meet the FSA's expectations in relation to risks presented to its statutory objectives may lead to negative consequences, including the requirement to maintain a higher level of Pillar 2 capital to match the higher perceived risks, and enforcement action where the risks identified breach the FSA's high-level or more prescriptive rules.

Overview of the FSMA Regulatory Regime

Single Regulator. The FSA is the single regulator for all authorised persons with respect to regulated activities in the financial services sector. In this regard, the FSA is authorised to make rules and issue guidance in relation to a wide sphere of activities encompassing the governance of a firm, the way it conducts its business and the prudential supervision of firms.

Permission to Carry on "Regulated Activities." Under the FSMA, no person may carry on or purport to carry on a regulated activity by way of business in the United Kingdom unless he is an authorised person or is an exempt person. A firm that is authorised by the FSA to carry on regulated activities becomes an authorised person for the purposes of the FSMA. "Regulated activities" are currently prescribed in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) and include insurance and investment business, as well as certain other activities such as establishing, operating and winding up stakeholder pension schemes, the mediation of general insurance and certain mortgage mediation and lending activities.

Authorisation Procedure. In granting an application for authorisation by a firm, the FSA may delineate the scope of, and include such restrictions on, the grant of permission as it deems appropriate. In granting or varying the terms of a firm's permissions, the FSA must ensure that the firm meets certain threshold conditions, which, among other things, require the firm to have adequate resources for the carrying on of its business, and to be a fit and proper person, having regard to all the circumstances.

Once authorised, and in addition to continuing to meet the threshold conditions to authorisation, firms are obliged to comply with the FSA Principles for Businesses, which are high-level principles for conducting financial services business in the United Kingdom. These include the maintenance of adequate systems and controls, treating customers fairly and communicating with customers in a manner that is clear, fair and not misleading.

In addition, the FSA's rulebook contains more detailed rules covering, among other things, systems and controls, conduct of business and prudential (i.e., capital) requirements.

Moreover, the FSMA obliges firms to secure the FSA's prior approval of the appointment of individuals performing certain important functions within a firm or on its behalf with respect to the carrying on of regulated activities (approved persons).

Principles for Businesses. A key feature of the FSA regime is the existence of 11 "Principles for Businesses," with which all firms are expected to comply. These cover key areas such as firms' relationship with the FSA, the need to act with integrity and the requirement to treat customers fairly.

The FSA has expressed the intention to move away from a detailed rules-based regime in favour of a more principles-based approach to regulation, much of which would be directed by the Principles for Businesses mentioned above. While firms may welcome this, they are also likely to face greater uncertainty as what would be deemed to be "compliant" under such a regime and this is a concern in the industry. Notwithstanding the move to more principles-based regulation, the FSA's rulebook still contains a large number of detailed rules applicable to authorised persons.

Application of the FSMA Regulatory Regime to the Group

Each of the Group's principal U.K. insurance and investment businesses is subject to regulation and supervision by the FSA in the carrying on of the Group's regulated activities.

The discussion below considers, in turn, the main features of the FSMA regime applicable to the Group's insurance and asset management businesses in the United Kingdom. Subsequently, the discussion below considers in more detail the regulatory regime in the United Kingdom for insurance businesses.

Regulation Applicable to the Group's Insurance and Asset Management Businesses

Supervision of Management and Change of Control of Authorised Firms. The FSA closely supervises the management of authorised firms through the approved persons regime, under which any appointment of persons who hold positions of, among other things, significant influence within an authorised firm must be pre-approved by the FSA.

The FSA also regulates the acquisition and increase of control over authorised firms. Under the FSMA, any person proposing to acquire control of or increase control over an authorised firm must first obtain the consent of the FSA. In considering whether to grant or withhold its approval to the acquisition of control, the FSA must be satisfied both that the acquirer is a fit and proper person and that the interests of consumers would not be threatened by his acquisition of or increase in control.

"Control" for these purposes includes, among other things, a shareholding of 10% or more in an authorised firm or its parent undertaking. In order to determine whether a person or a group of persons is a "controller" for the purposes of the FSMA, the holdings (shares or voting rights) of the person and other persons acting in concert with such persons, if any, are aggregated. A person will be treated as increasing his control over an authorised firm, and therefore requiring further approval from the FSA, if the level of his shareholding in the authorised firm or, as the case may be, its parent undertaking, increases by any threshold step. The threshold steps occur at 20%, 30% and 50%.

Intervention and Enforcement. The FSA has extensive powers to investigate and intervene in the affairs of an authorised firm. The FSMA imposes on the FSA statutory obligations to monitor compliance with the requirements imposed by, and to enforce the provisions of, the FSMA, related secondary legislation and the rules made thereunder.

The FSA's enforcement powers, which may be exercised against both authorised firms and approved persons, include public censure, imposition of unlimited fines and, in serious cases, the variation or revocation of permission to carry on regulated activities or of an approved person's approved status. In addition, the FSA may vary or revoke an authorised firm's permission if it is desirable to protect the interests of consumers or potential consumers, or if the firm has not engaged in regulated activity for 12 months, or if it is failing to meet the threshold conditions for authorisation. The FSA has further powers to obtain injunctions against authorised persons and to impose or seek restitution orders where persons have suffered loss. Once the FSA has made a decision to take enforcement action against an authorised or approved person (other than in the case of an application to the court for an injunction or restitution order), the person affected may refer the matter to the Financial Services and Markets Tribunal. Breaches of certain FSA rules by an authorised firm may also give a private person who suffers loss as a result of the breach a right of action against the authorised firm for damages.

In addition to its ability to apply sanctions for market abuse, the FSA has the power to prosecute criminal offences arising under the FSMA, insider dealing under Part V of the Criminal Justice Act 1993 and breaches of money laundering regulations. The FSA has indicated that it is prepared to prosecute more cases in the criminal courts where appropriate.

The FSA, although not a creditor, may seek administration orders under the Insolvency Act 1986 (as amended), present a petition for the winding-up of an authorised firm or have standing to be heard in the voluntary winding-up of an authorised firm. It should be noted that insurers carrying on long-term insurance business cannot voluntarily be wound up without the consent of the FSA.

FSA's Conduct of Business Rules. The FSA's Conduct of Business Rules apply to every authorised firm carrying on regulated activities and regulate the day-to-day conduct of business standards to be observed by authorised persons in carrying on regulated activities.

The FSA updated its Conduct of Business Rules on 1 November 2007 in response to the adoption in the European Union of the Markets in Financial Instruments Directive ("MiFID"). The new Conduct of Business Rules incorporate the requirements of MiFID, which relate to investment business.

The scope and range of obligations imposed on an authorised firm under the Conduct of Business Rules vary according to the scope of its business and the range of its clients. Generally speaking, however, the obligations imposed on an authorised firm by the Conduct of Business Rules will include the need to classify its clients according to their level of sophistication, provide them with information about the firm, meet certain standards of product disclosure, ensure that promotional material which it produces is clear, fair and not misleading, assess suitability when advising on certain products, manage conflicts of interest, report appropriately to its clients and provide certain protections in relation to client assets.

The FSA's Supervision Manual contains specific requirements at Appendix 2.15 for insurers that have ceased to take on new business and are in run-off. Equally some of the FSA's Conduct of Business Rules, for example in relation to the sale of new policies, have no relevance to such companies.

Treating Customers Fairly. TCF is an important example of the FSA's principles-based approach to regulation. This initiative is based upon Principle 6 of the FSA's Principles for Businesses (that a firm must pay due regard to the interests of its customers and treat them fairly). The FSA has defined six outcomes it is seeking from this initiative. These are that:

- consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture;
- products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly;
- consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale;
- where consumers receive advice, the advice is suitable and takes account of their circumstances;
- consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and as they have been led to expect; and
- consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

Although the FSA has, with the exception of rules relating to with-profits policyholders, refrained from making detailed rules on how to comply with TCF, it has published a number of case studies providing an indication of its expectations of authorised firms in the areas of product development, complaint handling, financial promotions and systems and controls. In addition, the FSA set two new deadlines for firms — authorised firms were expected by 31 March 2008 to have appropriate management information or measures in place to test whether or not they were treating their customers fairly; and by 31 December 2008 firms must have demonstrated they were consistently treating customers fairly.

The Group met the deadline of having appropriate management information in place by 31 March 2008 and have continued to develop it in line with its desire generally to improve customer outcomes. A self assessment was undertaken to consider if TCF had been embedded in the organisation by 31 December 2008 in order to meet the FSA deadline. The conclusion of that review was that while the Group would continually strive to improve outcomes for its customers, TCF had been embedded in both its retained and outsourced operations. That report was presented and accepted by the boards of the Group's life companies.

Prudential Supervision. As set out above, in order to maintain authorised status under the FSMA, a firm must continue to satisfy the threshold conditions, which, among other things, require the firm to have adequate resources for the carrying on of its business. The FSA has published detailed rules relating to the maintenance of minimum levels of regulatory capital for insurance and investment businesses in the Prudential Standards section of its Handbook.

The FSA's regulatory capital rules for insurers and investment firms are primarily contained in the FSA's General Prudential Sourcebook, Prudential Sourcebook for Banks, Building Societies and Investment Firms and Prudential Sourcebook for Insurers. Although it has been the intention in recent years of the FSA to move towards a unified prudential regime for firms that it authorises, the FSA has been obliged to revise this approach and its rules to accommodate developments at an international level, including E.U. legislation relating to the regulatory capital requirements for investment firms and financial groups.

The Financial Ombudsman Service. Authorised firms must have appropriate complaints handling procedures. However, once these procedures have been exhausted, qualifying complainants may turn to the Financial Ombudsman Service which is intended to provide speedy, informal and cost effective dispute resolution of complaints made against authorised firms by individuals and small-business customers. The Ombudsman is empowered to order firms to pay fair compensation for loss and damage and may order a firm to take such steps as it determines to be just and appropriate to remedy a complaint.

The Financial Services Compensation Scheme. The Financial Services Compensation Scheme ("FSCS") is intended to compensate individuals and small businesses for claims against an authorised firm where the authorised firm is unable or unlikely to be able to meet those claims (generally, when it is insolvent or has gone out of business). The scheme is divided into three sub-schemes of banking, insurance and investment business, reflecting the different kinds of business undertaken by authorised firms. The scheme is funded by contributions from industry participants referable to the particular sub-schemes so as to minimise cross-subsidy between authorised persons whose businesses are not similar. In the event of a failure of a market participant, the Group could be required to make contributions to compensate investors. In November 2007, the FSA confirmed its intention to introduce a new model of funding, under which the first tranche of compensation costs emerging from a particular group of firms is borne by that group alone, while costs above a specified threshold are shared out more widely. The new FSCS funding model came into force on 1 April 2008.

Additional Regulation of Insurance Business

Effecting and carrying out contracts of insurance as principal are regulated activities for the purposes of the FSMA, and the carrying on of such regulated activities is referred to as insurance business. Some of the Company's subsidiaries carry on insurance business in the United Kingdom with the permission of the FSA and are regulated by the FSA under the FSMA.

Conduct of Business Requirements for Insurance Business. The Conduct of Business rules issued by the FSA apply differing requirements to the sale of (i) general and (ii) long-term insurance contracts. Within (ii), more stringent requirements apply where the contract has an investment value or otherwise gives rise to mis-selling problems. Authorised firms which advise and sell to private customers packaged products (such as life insurance policies) are subject to detailed conduct of business obligations relating to product disclosure, assessment of suitability, the range and scope of the advice which the firm provides, and fee and remuneration arrangements.

In general, the Conduct of Business Rules govern the sale of new policies and do not concern an insurer in run-off. They include, however, certain rules relating to:

- information to be provided to existing policyholders;
- cancellation rights;
- the handling of claims;
- treating with-profits policyholders fairly; and
- pensions transfers and the open market option,

which may apply regardless of whether or not the insurer is actively selling its products.

Capital Rules for Insurers. The FSA's rules which govern the prudential regulation of insurers are found in the Prudential Sourcebook for Insurers, the General Prudential Sourcebook and the Interim Prudential Sourcebook for Insurers. Overall, the requirements of the General Prudential Sourcebook are intended to align the capital adequacy requirements for insurance businesses more closely with those of banking and investment firms and building societies, for example, by addressing tiers of capital, rather than looking at net admissible assets.

The FSA's rules now require an insurer to prepare and submit to the FSA its own assessment of its capital requirements, known as an individual capital assessment ("ICA"), based on the risks it faces. The FSA will use the ICA in order to form its own view (at Pillar 2) of a firm's capital requirements and if it disagrees with the ICA it will issue individual capital guidance which it can impose as a requirement over and above Pillar 1 requirements.

The Pillar 1 rules also require that insurance companies maintain assets sufficient to meet the relevant capital requirement at all times in respect of both any long-term insurance and general insurance undertaken by the insurance company, the calculation of which requirement in any particular case being dependent on the type and amount of insurance business a company writes. The method of calculation of the Pillar 1 capital requirement is set out in the General Prudential Sourcebook and the level of an insurer's capital resources is also determined in accordance with the rules set out in that Sourcebook. Failure to maintain the Pillar 1 required capital resources requirement (or any additional requirements imposed at

Pillar 2) is one of the grounds on which wide powers of intervention conferred upon the FSA may be exercised.

Under the Pillar 1 rules in the General Prudential Sourcebook, an insurer must hold capital resources equal at least to the Minimum Capital Requirement (the "MCR"). Insurers with with-profits liabilities of £500 million or more ("realistic basis firms") must hold capital equal to the higher of MCR and the Enhanced Capital Requirement (the "ECR"). The ECR is intended to provide a more risk responsive and "realistic" measure of a with-profits insurer's capital requirements, whereas the MCR is broadly speaking equivalent to the previous required minimum margin under the Interim Prudential Sourcebook for Insurers and satisfies the minimum E.U. standards.

Determination of the ECR for realistic basis firms involves the comparison of two separate measurements of the firm's financial resources requirements, which the FSA refers to as the "twin peaks" approach. The term twin peaks is meant to reflect the fact that capital is determined by reference to the higher of the two bases for calculating liabilities (regulatory or realistic). The regulatory basis reflects strict contractual liabilities whereas the realistic one includes more discretionary but expected benefits, including those required to treat customers fairly.

Long-term business assets and liabilities - those assets and liabilities relating to, broadly, life and health insurance policies - must be segregated from the assets and liabilities attributable to non-life insurance business or to shareholders. Separate accounting and other records must be maintained and a separate fund must be established to hold all receipts of long-term business.

The extent to which long-term fund assets may be used for purposes other than long-term business is restricted by the rules in the Prudential Sourcebook for Insurers. Only the "established surplus" - the excess of assets over liabilities in the long-term fund, as determined by an actuarial investigation - may be transferred so as to be available for other purposes. Restrictions also apply to the payment of dividends by the insurance company, as described below. The rules in the Prudential Sourcebook for Insurers require, in addition to the capital requirements referred to below, the maintenance of sufficient assets in the separate long-term insurance fund to cover the actuarially determined value of the insurance liabilities. See also "— Insurance Groups Directive" below.

The FSA is already requiring insurance companies to make preparations for the new E.U. Solvency Framework (see below).

Actuarial Functions. The rules in the FSA's Supervision Manual require that every insurance company that carries on long-term business must appoint one or more actuaries to perform the "actuarial function" in respect of all classes of its long-term insurance business and, if it has any with-profits business, the "with-profits actuary function" in respect of all classes of that with-profits business.

The actuary performing the "actuarial function" must prepare an annual report for the company's directors quantifying the company's long-term liabilities attributable to the insurance company's long-term insurance business, determining the value of any excess over those liabilities of the assets representing the long-term insurance fund and where any rights of long-term policyholders to participate in profits relate to particular parts of such a fund, a valuation of any excess of assets over liabilities in respect of each of those parts.

The actuary performing the "with-profits actuary function" must advise the firm's management, at the level of seniority that is reasonably appropriate, on key aspects of the

discretion to be exercised affecting those classes of the with-profits business of the firm in respect of which he has been appointed. He must also, at least once a year report to the firm's governing body on key aspects (including those aspects of the firm's application of its Principles and Practices of Financial Management ("PPFM") on which the advice described has been given) of the discretion exercised in respect of the period covered by his report affecting those classes of with-profits business of the firm.

Distribution of Profits and With-Profits Business. The Interim Prudential Sourcebook for Insurers provides that, once an allocation of surplus in a with-profits fund has been made to policyholders, no transfer of assets representing any part of a subsequent surplus can be made, to shareholders or otherwise, unless either the "relevant minimum" (as defined in the Interim Prudential Sourcebook for Insurers) of the surplus has been allocated to policyholders or a statutory notification procedure has been followed. Calculation of the relevant minimum is based upon the percentage of the relevant surplus previously allocated to eligible policyholders.

There has been considerable public debate regarding the rights and legitimate expectations of with-profits policyholders to assets forming part of an insurance company's surplus, particularly where such assets do not derive from the payment of current policyholders' premiums but are rather "inherited" from previous generations of policyholders or from other entities. In December 2007, the FSA published guidance on the reattribution of a firm's inherited estate. In July 2009, the FSA confirmed the proposals contained in its February 2009 consultation paper, that proprietary (as opposed to mutual) firms should no longer be able to charge mis-selling costs to the inherited estate where those costs are incurred after July 2009. Further proposals for reforms to the with-profits regime may follow.

The FSA has also mandated that firms carrying on with-profits business must:

- define and make publicly available the PPFM applied in their management of with-profits funds;

- ensure their governance arrangements offer assurance that they have managed their funds in line with the PPFM they have established and published;

- produce annual reports for with-profits policyholders on how they have complied with this obligation, including how they have addressed any competing or conflicting rights, interests or expectations of policyholders and, if applicable, shareholders;

- comply with (i) modified regulatory reporting requirements designed to achieve the FSA's objective of making directors and senior management more explicitly responsible for setting up technical provisions and other decisions taken on actuarial advice and (ii) new audit requirements for liabilities; and

- comply with consequential changes to certification in the insurance returns.

Since 1 April 2004, firms carrying on with-profits business have been required to produce PPFM and to make them publicly available. From the same date, firms have also been required to have in place the relevant governance arrangements and reporting procedures to with-profits policyholders.

Treating Customers Fairly and With-Profits Business. One of the areas of focus of the FSA's TCF initiative has been with-profits business. The FSA has issued specific rules on this area in relation to with-profits policyholders, which address, among other things, the costs charged to a with-profits fund by the firm managing the fund; penalties and charges levied on

policyholders who surrender their policies early, the need for funds to be managed with the objective of ensuring that maturity payouts fall within a target range set for the fund; and the provision of information to with-profits policyholders or potential policyholders in a format that they can more readily understand — through the introduction of "Consumer Friendly Principles and Practices of Financial Management."

In addition, life insurers writing with-profits business must provide information to with-profits policyholders within 28 working days of a decision to close a fund to new business or of the appointment of a policyholder advocate to protect the interest of policyholders should a firm decide to make a reattribution of its inherited estate.

Reporting Requirements. The main financial reporting rules for insurers are contained in the Interim Prudential Sourcebook for Insurers. Insurance companies must file a number of items with the FSA, including their audited annual accounts and balance sheets and life insurers annual reports from the actuary performing the actuarial function.

Transfer of Insurance Business. Any transfer of U.K. insurance business must be effected in accordance with Part VII of the FSMA, which requires a scheme of transfer to be prepared and approved by the High Court of Justice of England and Wales. As a practical necessity, FSA approval is also required in addition to an order by the court approving the transfer, and a report of an independent expert is required on whether the proposed transfer would be prejudicial to policyholders. A Part VII scheme of transfer enables direct insurers and reinsurers to transfer all or part of their books of business to another approved insurer by operation of law without the need for individual policyholder consents, although policyholders have the right to object to the proposed scheme at the court hearing. A scheme of transfer may also allow for the transfer of assets and other contracts related to the business so as to give proper effect to the transfer. A transfer of insurance business means a transfer of insurance policies and should be distinguished from the change of control of a business effected by a transfer of shares in an insurance company, such as the proposed Acquisition.

Insurance Groups Directive. A group of companies whose activities are primarily concentrated in the insurance sector in a member state of the European Economic Area (the "EEA") is subject to the capital adequacy requirements of the IGD. This directive sets forth the requirement for a group capital adequacy calculation, also known as a group solvency calculation, a parent undertaking solvency margin calculation or an IGD solvency surplus. The IGD requires that EEA-regulated insurance entities, in certain circumstances, prepare and submit to their relevant EEA-regulatory supervisor a group capital adequacy calculation. This calculation is intended to enable an insurer's regulatory supervisor to assess both the level of insurance and financial risk within the insurance group and the resources available to cover this risk. Where insufficient group resources are available, the supervisor may consider the risk to the insurers that it regulates.

Under the FSA's rules implementing the IGD, each FSA-regulated insurance entity is required to assess whether any group solvency calculations are required at two levels, one at the level of the ultimate worldwide insurance parent undertaking or insurance conglomerate and, if different, the highest EEA-regulated insurance parent undertaking or insurance conglomerate.

As the Company is a non-EEA company, the Group's FSA-authorised firms will be required to submit two group capital adequacy calculations to the FSA following the completion of the proposed Acquisition:

- one for the highest insurance parent undertaking located outside the EEA, that is, for the Company and its subsidiaries; and

- one for the highest insurance parent undertaking located within the EEA, that is, for Phoenix Life Holdings and its subsidiaries.

However, the group solvency calculation for a non-EEA insurance parent undertaking is currently a "soft test" (i.e., a reporting requirement) only. In other words, the group solvency calculation at this level must be submitted to the FSA, but the group solvency position need not meet or exceed it. See also "— Capital Rules for Insurers" above.

New E.U. Solvency Framework. The E.U. Commission is continuing to develop a new prudential framework for insurance companies, "the Solvency II project." This project will update, among other things, the existing life, non-life, re-insurance and insurance groups directives. The main aims of this framework are to ensure the financial stability of the insurance industry and protect policyholders through establishing prudential requirements better matched to the true risks of the business. Like Basel 2, the new approach is expected to be based on the concept of three pillars: minimum capital requirements, supervisory review of firms' assessments of risk and enhanced disclosure requirements. However, the scope of the Solvency II project is wider than Basel 2, in that it will cover valuations, the treatment of insurance groups, the definition of capital and the overall level of capital requirements.

A key aspect of the Solvency II project is the focus on a supervisory review at the level of the individual legal entity. Insurers will be encouraged to improve their risk management processes and will be allowed, subject to regulatory approval, to make use of internal models to calculate capital charges for the main risks to which they are exposed.

In the meantime, the FSA published a discussion paper in September 2008 and a feedback statement setting out its expectations as to how firms should prepare for the transition to the new regime.

The Group has fully embraced the requirements of the Solvency II project and has participated in various preparatory studies. The Group has a well-formed project dealing with the implementation of the new regime.

Regulation of Investment Business

Certain of the Group's subsidiaries, including Ignis and Axial, are authorised by the FSA to carry on investment business. These entities are subject to regulation and supervision by the FSA and must comply with the FSA conduct of business and prudential rules made under the FSMA.

Conduct of Business Requirements for Investment Businesses and the Markets in Financial Instruments Directive

MiFID, unlike its predecessor legislation, the Investment Services Directive, sets out detailed and specific requirements in relation to organisational and conduct of business matters for investment firms and regulated markets. In particular, MiFID and its implementing measures make specific provision in relation to, among other things, organisational requirements, outsourcing, customer classification, conflicts of interest, best execution, client order handling and suitability and appropriateness, and investment research and financial analysis, pre- and post-trade transparency obligations, transaction reporting and substantial changes to the responsibility for the supervision of cross border investment services.

As noted above, changes to the FSA's Conduct of Business rules came into effect on 1 November 2007 in accordance with the requirements of MiFID. Although MiFID does not

apply to insurance businesses, it has driven changes to the FSA's conduct of business rules, including those that apply to insurance businesses.

Capital Requirements for Investment Businesses

The FSA's capital requirements for investment businesses are also contained in the Prudential Standards section of its Handbook, primarily in the General Prudential Sourcebook and the Prudential Sourcebook for Banks, Building Societies and Investment firms. These rules implement the requirements of E.U. legislation relating to the prudential supervision of investment firms, including the Capital Adequacy Directive (Directive 93/6/EEC), as re-cast by the Capital Requirements Directive (Directive 2006/49/EC).

Bermuda Insurance Regulation

Overview

The Bermuda Insurance Act 1978 and related regulations, as amended (the "Insurance Act"), regulates the insurance business of Opal Re and provides that no person may carry on any insurance business in or from within Bermuda unless registered as a long-term insurer by the BMA under the Insurance Act. Opal Re is registered as a long-term insurer by the BMA. The continued registration of an applicant as an insurer is subject to compliance with the terms of its registration and such other conditions as the BMA may impose from time to time.

The Insurance Act also imposes solvency and liquidity standards and auditing and reporting requirements on Bermuda insurance companies. Certain aspects of the Bermuda insurance regulatory framework are summarised below.

Cancellation of Insurer's Registration

An insurer's registration may be cancelled by the Supervisor of Insurance of the BMA on certain grounds specified in the Insurance Act, including failure of the insurer to comply with its obligations under the Insurance Act.

Principal Representative

An insurer is required to maintain a principal office in Bermuda and to appoint and maintain a principal representative in Bermuda. Opal Re's principal office is its executive offices at the Argus Insurance Building, 12 Wesley Street, Hamilton, Bermuda, and its principal representative is Northstar Group Holdings Limited, a Bermuda based reinsurance group that also provides insurance management services to Opal Re.

Independent Approved Auditor

Opal Re, as a registered insurer, must appoint an independent auditor to audit and report annually on the statutory financial statements and the statutory financial return of the insurer, both of which are required to be filed annually with the BMA. Opal Re's auditor is KPMG LLP.

Insurer's Approved Actuary

Long-term insurers such as Opal Re cannot carry on long-term business without an approved actuary (referred to in the Insurance Act as the "insurer's approved actuary"). An insurer's approved actuary must be approved by the BMA. Opal Re's approved actuary is Robert Holliday of KPMG LLP.

Annual Statutory Financial Return and Statutory Financial Statements

Under the Insurance Act, Opal Re is required to file annually a statutory financial return and financial statements within four months from its financial year end, which may be extended on application to seven months. The statutory financial return includes the auditor's report on the financial statements and a certificate of the approved actuary on the liabilities recorded in the financial statements.

Minimum Margin of Solvency and Restrictions on Dividends and Distributions

The Insurance Act provides a minimum margin of solvency for long-term insurers, such as Opal Re. A long-term insurer is required to maintain a minimum solvency margin whereby its long-term business assets exceed its long-term business liabilities by not less than $250,000.

In addition, at any time it fails to meet its minimum solvency margin, Opal Re is required within 30 days after becoming aware of such failure or having reason to believe that such failure has occurred, to file with the BMA a written report containing certain information.

Additionally, under the Bermuda Companies Act, Opal Re may only declare or pay a dividend if Opal Re has no reasonable grounds for believing that it is, or would after the payment be, unable to pay its liabilities as they become due, or if the realisable value of its assets would not be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Supervision, Investigation and Intervention

The BMA has wide powers of investigation and document production in relation to Bermuda insurers under the Insurance Act. For example, the BMA may appoint an inspector with extensive powers to investigate the affairs of Opal Re if the BMA believes that such an investigation is in the best interests of its policyholders or persons who may become policyholders.

Disclosure of Information

The BMA may assist other regulatory authorities, including foreign insurance regulatory authorities, with their investigations involving insurance and reinsurance companies in Bermuda, but is subject to restrictions. For example, the BMA must be satisfied that the assistance being requested is in connection with the discharge of regulatory responsibilities of the foreign regulatory authority. Further, the BMA must consider whether cooperation is in the public interest. The grounds for disclosure are limited, and the Insurance Act provides sanctions for breach of the statutory duty of confidentiality.

Competition

The Group is the largest U.K. consolidator of closed funds, measured by total assets. Other U.K. closed fund consolidators include Chesnara plc, Deutsche Bank and Swiss Re. In addition, Resolution Limited, a London-listed company that is not affiliated with the Group, has stated its interest in acquiring closed life funds. Other potential purchasers of closed life funds include other insurance companies, banks, hedge funds and private equity firms.

Employees

The Group had approximately 1,529 full-time equivalent employees on 31 December 2008, compared to approximately 244 full-time equivalent employees on 31 December 2007.

In connection with the Group's planned closure of one of its two Glasgow offices and its Peterborough office in the spring of 2010 and the spring of 2011, respectively, and other headcount rationalisation measures, the Group's management expects the number of employees to decrease by approximately 300 by the end of 2012.

The Group has collective consultation agreements in place with Unite, the largest U.K. trade union, covering certain types of employees at the Group's Wythall and Glasgow premises and all employees at its Peterborough premises.

Operational Properties

In the United Kingdom, the Group operates from leased office premises at two sites in London, two sites in Glasgow, one site in Peterborough and one site in Wythall and owns office premises in Liverpool. In addition, the Group leases office premises in Dublin, Ireland and is in the process of acquiring office premises in Jersey. The Wythall site is leased from funds within the Group, which hold these premises as part of their investment portfolio.

The Group permits parts of its premises in Glasgow, Liverpool and Wythall to be used by its outsourced service providers to enable them to provide services to the Group.

The Group currently intends to dispose of its Liverpool site, which has largely been closed as an operating site since December 2007. In addition, the Group expects to close its Glasgow life company site and its Peterborough site in the spring of 2010 and the spring of 2011, respectively, with the ongoing core site for the Group service and life companies becoming Wythall.

Opal Re operates from offices in Hamilton, Bermuda.

The Group considers its existing facilities to be suitable and adequate for the operation of its businesses.

PART 5

FINANCIAL INFORMATION

The Company has published the following Financial Information:

- audited accounts of the Company for the year ended 31 December 2008 prepared in accordance with International Financial Reporting Standards ("IFRS")
- unaudited interim accounts of the Company for the six months ended 30 June 2009 (prepared in accordance with IAS34 but not audited or reviewed)
- audited accounts of PGH2 for the years ended 31 December 2006, 2007 and 2008 prepared in accordance with UK GAAP
- interim unaudited accounts of PGH2 for the six months ended 30 June 2009 prepared in accordance with ASB guidance on half yearly financial reports and reviewed by an external auditor
- audited accounts of Resolution for the years ended 31 December 2006 and 2007 prepared in accordance with IFRS
- audited accounts of LCA and LCB for the years ended 31 December 2006, 2007 and 2008 prepared in accordance with UK GAAP
- audited accounts of LC1 for the period from 10 July 2007 (its date of incorporation) to 31 December 2008 prepared in accordance with UK GAAP
- audited accounts of LC2 for the period from 10 July 2007 (its date of incorporation) to 31 December 2008, prepared in accordance with UK GAAP
- audited accounts of MC1 for the period from 10 July 2007 (its date of incorporation) to 31 December 2008 prepared in accordance with UK GAAP
- audited accounts of MC2 for the period from 10 July 2007 (its date of incorporation) to 31 December 2008 prepared in accordance with UK GAAP

Each of LCA, LCB, LC1, LC2, MC1 and MC2 are special purpose vehicles, which are not subsidiaries of PGH2 (and therefore not consolidated in the accounts of PGH2), but are subsidiaries of the Company.

LCA and LCB are the borrowers under the Pearl Credit Facility Agreement entered into with, amongst others, the Pearl Lenders. Upon completion of the Acquisition, the £825 million principal amount outstanding under the Pearl Credit Facility Agreement was restructured as follows:

- the Pearl Lenders assigned to the Company all their rights, title, interest and benefit in and to £325 million of principal due under the Pearl Credit Facility Agreement. Upon assignment, such amount no longer constituted part of the Pearl Credit Facility and the Company has no rights as a lender under the Pearl Credit Facility Agreement nor under any security granted by the Pearl Borrowers pursuant thereto;

- the Pearl Borrowers satisfied and discharged £75 million of principal due under the Pearl Credit Facility Agreement by issuing to the Pearl Lenders (i) £37.5 million of principal loan notes of LCB and (ii) £37.5 million of principal loan notes of LCA; and

- a principal amount of £425 million remains outstanding under the Pearl Credit Facility Agreement.

LC1 and LC2 are the borrowers under the Impala Credit Facility Agreement entered into with, amongst others, the Impala Lenders. Upon completion of the Acquisition, the Impala Credit Facility Agreement was further amended and restated. The outstanding principal amount under the Impala Credit Facility Agreement is £2,260 million.

See "Material Contracts—Credit Facilities" for further information on the Pearl Credit Facility Agreement and the Impala Credit Facility Agreement.

MC1 and MC2 are the guarantor and borrower respectively under the PIK Facility which was initially in the principal amount of £154.5 million. MC1 is the issuer and MC2 is the guarantor in relation to the PIK Notes which also was initially for the principal amount of £154.5 million. Accordingly, the aggregate initial amount owed to Royal London in respect of the PIK Documents was £309 million. Upon completion of the Acquisition, Royal London assigned to the Company a portion of the principal amount of the PIK Notes, and a portion of the outstanding principal under the PIK Facility, such that the outstanding principal debt owed by MC1 and MC2 to Royal London under the PIK Documents was reduced to an aggregate of £100 million.

See "Material Contracts—Royal London Agreements" for further information on the PIK Facility and the PIK Notes.

The above Financial Information is available on the Company's website at www.thepearlgroup.com. Set out below in Section A is the interim management statement published by the Company on same date as this Summary Document, and in Section B is certain summary historical financial information derived from the Financial Information, which should be read in conjunction with the Financial Information. Also provided in Section C is a summary of how the Group calculates unaudited embedded value information, and in Section D is a summary of certain key differences between IFRS and UK GAAP.

Section A

Interim Management Statement

On 11 November 2009, the Company published its interim management statement for the 9 months ended 30 September 2009. Capitalised terms used in the interim management statement shall have the meanings ascribed to them below and not those set out in the "Definitions" section of this Summary Document. The full text of the interim management is reproduced below:

"Pearl Group Interim Management Statement dated 11 November 2009

Update for the 9 months ended 30 September 2009 and proposed Secondary Listing on the London Stock Exchange

Financial Highlights

- Generation of operating cash and cash equivalents of £508 million for the 9 months to 30 September, ahead of target
- Insurance Groups Directive ("IGD") surplus of £1.2 billion at 2 October
- Total assets under management of £70.7 billion as at 30 September, an increase of 7.4% since 30 June
- The Group's overall financial position and embedded value remains in line with management's expectations

Progress on corporate objectives

- Continued focus on improving operating performance of underlying businesses
- Proposed Secondary Listing on the London Stock Exchange
- Progressing discussions with Tier 1 bondholders

Jonathan Moss, Group Chief Executive, said

"We are pleased that the first set of results for the period since the completion of the Pearl acquisition demonstrates the underlying strength of our operating businesses and confirms both the Group's cash generative operating model and its capital strength. Through our ongoing programme of fund restructuring we are continuing to deliver restructuring benefits to both policyholders and shareholders. The secondary listing in London will provide investors with an additional means of trading our shares and is the first step in our objective of increasing the Company's shareholder base and profile in the UK. We continue to work towards a primary listing in London during the course of 2010."

Ron Sandler, Group Chairman, said

"The Group continues to make good progress. We have delivered a sound operational performance to the benefit of both policyholders and investors. We are in the process of reshaping the Board and ensuring that our reporting and governance meet the highest standards. Our secondary listing will enable more institutional shareholders to invest in what I believe is an increasingly promising future. We look forward to making further progress through the balance of this year and in 2010."

Secondary Listing on the London Stock Exchange

Pearl Group is applying for the admission of its ordinary shares to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange ("LSE") under Chapter 14 of the Listing Rules (the "Secondary Listing on the London Stock Exchange").

Pearl Group is not issuing any new shares in connection with the Secondary Listing on the London Stock Exchange. It is expected that dealing in Pearl Group's ordinary shares will commence on the main market of the LSE in the week commencing 16 November. Following admission, Pearl Group will retain its primary listing on Euronext ("PEARL"). It remains Pearl Group's intention to seek a primary listing on the LSE during the course of 2010.

Pearl Group will shortly publish a summary document in respect of the Secondary Listing on the London Stock Exchange which will be available for inspection at the Financial Services Authority's document viewing facility situated at: 25 The North Colonnade, Canary Wharf, London E14 5HS (Tel: +44 (0) 20 7066 1000). Copies of the summary document will also be available on Pearl Group's website at www.thepearlgroup.com.

Results for the 9 months ended 30 September 2009

Cash generation

Cash generation from Pearl Group's operating subsidiaries continues to be strong with total operating cashflow of £338 million in the first 9 months of the year. As a result of resolving certain legacy issues, receipts from life companies also included the further release of £170 million due from Royal London to Phoenix Life Limited. This amount was used to offset amounts due to Royal London by other group companies.

Operating cashflow is on track to achieve our full year target of approximately £500 million. This excludes the additional £170 million of cash equivalents released in the third quarter.

The most significant uses of Group cash during the final quarter will be settlement of accrued interest on the external bank debt (estimated at £167 million) and pension scheme contributions of £50 million.

The 2009 dividend is scheduled to be paid in April 2010.

2009 (£m)	**9 months to 30 September**	**6 months to 30 June**
Cash releases to UK holding company		
Cash from life companies (1)	190	124
Cash from asset management companies	5	5
Cash from service companies	28	28
Tax recoveries	115	95
Cash equivalents released from life companies of amounts receivable from Royal London	170	-
Total cash and cash equivalents	**508**	**252**

Uses of cash		
Non-recurring outsourcer IT costs	61	41
Pearl acquisition and restructuring costs	20	11
Pension scheme contributions and costs	7	5
2008 transaction costs	10	10
Other operating expenses (2)	19	7
Settlement with Royal London	187	-
Total uses of cash	**304**	**74**

Notes:

1. *6 months to 30 June 2009 includes £24 million of liquid assets transferred from life companies*
2. *Includes interest on intercompany loans (£6 million)*

Group regulatory capital position

The IGD surplus, a measure of excess group capital, was £1,180 million at 2 October. This represents an increase of £88 million on the 30 June pro forma position of £1,092 million, primarily as a result of improvements in investment markets. The IGD surplus as at 2 October represents 135% coverage of regulatory requirements, compared to an ongoing target of 125% coverage.

Embedded value

The Group continues to focus on improving the operating performance of its underlying businesses and the Group's embedded value remains in line with management's expectations. Work continues towards management's initial target of achieving an increase in the Group's embedded value through management actions by up to £300 million by the end of 2010.

IFRS conversion

Management continues to make good progress in the Group's IFRS conversion and is on track to deliver full IFRS accounts for the year ending 31 December 2009 ahead of its planned primary listing in 2010.

Other developments

Policyholders of Phoenix and London Assurance are currently voting on the proposed guaranteed annuity compromise scheme which seeks to improve overall returns available to policyholders. In addition a Part VII transfer of certain National Provident Life business is underway and, subject to necessary approvals, is scheduled for completion in February 2010.

We have also accelerated the integration of the Group's asset management businesses which will operate solely under the Ignis brand going forward.

Discussions with the Tier 1 bondholders are underway and we will update the market on developments in this regard in due course.

Supplementary information

Certain additional information, primarily in relation to the Group's financial position at 30 June 2009, has been made available today. This supplementary information can be downloaded from Pearl Group's website www.thepearlgroup.com.

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Notes:

1. Pearl Group is the UK's leading specialist closed fund operator with assets under management of £70.7 billion at 30 September 2009. Pearl Group owns and operates two principal life companies – Pearl Assurance plc and Phoenix Life Limited, together with London Life Limited, Phoenix & London Assurance Limited, Phoenix Pensions Limited, NPI Limited, National Provident Life Limited and Scottish Mutual International Limited. It also owns and operates the Ignis asset management business.

2. On 2 September 2009, Liberty Acquisition Holdings (International) Company ("Liberty Acquisition") acquired Pearl Group Limited and Opal Reassurance Limited. Following the completion of this transaction, Liberty Acquisition was renamed Pearl Group. Pearl Group is listed on Euronext ("PEARL").

3. This announcement is for information purposes only and does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

4. This announcement in relation to Pearl Group 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 announcement.

The financial information contained in this announcement has not been audited or reviewed by the Group's auditors.

Any references to IGD Group, IGD sensitivities, or IGD relate to the calculation for Pearl Group Holdings (No.2) Limited, the ultimate EEA Insurance parent undertaking."

Section B

Balance Sheet Data of the Company*

Balance Sheet Data:	As of 30 June 2009	As of 31 December 2008
		(In thousands)
Total assets........................	€609,604	€ 608,523
Total liabilities[1]................	€190,466	€ 190,001
Ordinary shares subject to redemption[2].....................	€181,466	€ 180,990
Shareholders' equity	€419,138	€ 418,522

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(1) Includes a liability of €181.5 million representing the amount recognised if 29.99% of the Company's public shares were redeemed by its public shareholders voting against the Acquisition and the unamortised issue costs and deferred underwriter's fee payable upon the completion of the Acquisition.

(2) Represents the amount recognised if 29.99% of the Company's public shares were redeemed by its public shareholders voting against the Acquisition.

* Since the Company did not have significant operations in the period prior to the completion of the Acquisition, only balance sheet data is provided.

Profit and Loss Account Data of PGH2 and its subsidiaries (in accordance with UK GAAP)

	Half Year Ended 30 June	Year Ended 31 December		
	2009	2008	2007[1]	2006
		(In millions)		
Long-term business technical account[2]				
Earned premiums net of reinsurance	£ 804	£ 1,254	£ (3,367)	£ 521
Investment and other technical income	1,686	3,236	1,384	2,059
Total technical income	2,490	4,490	(1,983)	2,580
Claims incurred net of reinsurance	(2,815)	(5,228)	(1,876)	(2,398)
Change in technical provisions net of reinsurance	3,446	6,691	4,539	1,047
Net operating expenses	(183)	(372)	(105)	(134)
Investment expenses and charges	(1,058)	(1,469)	(215)	(69)
Unrealised losses on investment	(1,794)	(4,339)	(259)	(762)
Other technical charges	(49)	(150)	(102)	(65)
Taxation credit/(charge) attributable to the long-term business	(42)	114	40	(16)
Transfer from/(to) the fund for the Future appropriations	34	347	44	(68)
Balance on the long-term business technical account	29	84	83	115
Non-technical account[3]				
Balance on the long-term business technical account	29	84	83	115
Taxation attributable	17	16	36	50
Shareholders' pre-tax profit from long-term business	46	100	119	165
Net investment and other income	(152)	(875)	57	15
(Loss)/Profit on ordinary activities before exceptional items and taxation	(106)	(775)	176	180
Negative goodwill on acquisition of subsidiary undertakings	—	—	—	11
(Loss)/Profit on disposals	—	—	—	109
(Loss)/Profit on ordinary activities before taxation	(106)	(775)	119	300
Taxation (charge)/credit on profit on ordinary activities	21	34	(35)	(60)
(Loss)/Profit on ordinary activities after taxation	(85)	(741)	141	240
Minority interest[4]	(11)	131	—	—
(Loss)/Profit on ordinary activities attributable to shareholders	£ (96)	£ (610)	£ 141	£ 240

Balance Sheet Data of PGH2 and its subsidiaries (in accordance with UK GAAP)

	As of 30 June	As of 31 December		
	2009	2008	2007(1)	2006
			(In millions)	
Assets				
Intangible assets	£ 1,202	£ 1,243	£ 21	£ 26
Investments	53,699	61,172	25,340	22,145
Assets held to cover linked liabilities	10,048	10,595	3,963	4,182
Reinsurers' share of technical provisions	6,495	6,742	3,865	198
Debtors	1,084	754	102	101
Other assets	2,308	1,889	980	458
Prepayments and accrued income	566	683	286	303
Pension scheme	40	51	—	—
Total assets	75,442	83,129	34,557	27,413

	As of 30 June	As of 31 December		
	2009	2008	2007(1)	2006
			(In millions)	
Capital and reserves				
Called-up share capital	596	596	596	596
Subordinated loan	289	289	289	—
Foreign exchange reserve	4	13	—	—
Profit and loss account	(443)	(351)	592	512
Equity shareholder funds	446	547	1,477	1,108
Minority interest(4)	2,939	2,893	2	—
Fund for future appropriations	546	580	312	356
Technical provisions	56,744	60,920	23,057	24,415
Derivative liabilities	2,834	3,555	311	111
Non linked investment contract without discretionary participation features	251	248	—	—
Net assets attributable to unit holders	642	2,334	—	—
Obligation for repayment of collateral received	3,770	4,621	3,531	—
Provision for other risks	122	139	97	134
Deposits received from reinsurers	3,802	3,984	3,647	—
Creditors	3,053	2,975	2,073	1,255
Accruals and deferred income	197	231	50	34
Pension scheme	96	102	—	—
Total equity and liabilities	£ 75,442	£ 83,129	£ 34,557	£ 27,413

(1) PGH2 has restated its consolidated financial statements as of and for the year ended 31 December 2007 to account for the cash collateral and value of related assets and liabilities in connection with the securities-lending and related cash-collateral reinvestment activities of the with-profits funds of Pearl Assurance and London Life that were entered into in 2006 in the same manner in which these items were accounted for in PGH2's consolidated financial statements as of and for the year ended 31 December 2008. These items were not originally reflected in PGH2's consolidated financial statements as of and for the year ended 31 December 2007. In addition, following a review of the terms of PGH2's £289 million upper tier 2 subordinated loan agreement, PGH2's consolidated balance as of 31 December 2007 has been restated to recognise this subordinated loan, which had been previously recognised as a debenture loan, as equity. In connection with this restatement, PGH2's profit and loss reserves as of 1 January 2007 have been restated to recognize an additional £17 million of profit, reflecting

the reversal of the accrued interest on the subordinated loan, and the non-technical profit and loss account for the year ended 31 December 2007 has been restated to recognise an additional profit of £35 million, reflecting interest paid in 2007 being transferred directly to the profit and loss reserves.

(2) "Long-term business technical account" records those revenues and expenses of transactions that are related to the PGH2 Group's insurance activities, such as transactions with policyholders and reinsurers, and other related activities, including corporate activities. The balance on the long-term business technical account is the profit on insurance activities that is attributable to holding company shareholders of the PGH2 Group's life companies.

(3) "Non-technical account" relates to the PGH2 Group's non-insurance activities and comprises the long-term business results that are attributable to shareholders, investment return and expenses that do not relate to the long-term business and other income and expenses.

(4) Minority interest of £2,939 million as of 30 June 2009 (£2,893 million as of 31 December 2008) comprises approximately £2.2 billion attributable to the 25% interest in Impala that PGH2 does not own (£1.6 billion of share capital and share premium and £663 million of subordinated loans, adjusted for losses in the period), £525 million (£509 million at 31 December 2008) attributable to the perpetual reset capital securities of PGH1, a wholly-owned subsidiary of Impala, which are treated as equity, and £185 million (£149 million as at 31 December 2008) attributable to UK Commercial Property Trust Limited, a property fund and Axial. Upon completion of the Acquisition, Impala became a wholly-owned indirect subsidiary of the Company.

Cashflow Statement Data of PGH2 and its subsidiaries (in accordance with UK GAAP)

	Half Year Ended 30 June	Year Ended 31 December		
	2009	2008	2007	2006
		(In millions)		
Operating activities [(1)]	272	(765)	1,249	252
Returns on investments and servicing of finance	(11)	(310)	(55)	(51)
Tax	74	38	(1)	18
Capital expenditure and financial investments	-	(138)	(2)	(188)
Acquisitions and disposals	46	(2,993)[(2)]	-	130
Equity dividends paid	-	(101)	(33)	(199)
Financing activities	(2)	3,770[(3)]	-	-
Net cash flows available for investment	379	(499)	1,158	(38)
Cash flows were invested as follows:				
Increase in cash holdings	106	200	58	(93)
Net purchases/(sales) of investments	273	(699)	1,100	55
Net investment of cash flows	£ 379	£ (499)	£ 1,158	£ (38)

Notes:

(1) Reconciliation of (loss)/profit on ordinary activities to net cash(outflow)/inflow from operating activities:

	Half Year Ended 30 June	Year Ended 31 December		
	2009	2008	2007	2006
		(In millions)		
(Loss)/profit on ordinary activities before taxation	(106)	(775)	176	180
Adjustments for financing expenses and items not involving movements of cash:				
Decrease / (increase) in intangible assets	30	246	(6)	(4)
Issue costs on external borrowings	-	47	-	-
Depreciation of tangible assets	1	2	-	-
Movement in debtors/creditors	4	(1,113)	1,143	(31)
Unrealised losses	34	389	6	15
Movement in pension scheme	9	(20)	(11)	(11)
Profits/(losses) relating to long-term business funds, excluding Pacific fund	264	351	(71)	59
Loan interest expense	55	190	41	58
Loan interest income	(19)	(82)	(29)	(10)
Cash outflow from Business Process Outsourcing	-	-	-	(4)
Net cash (outflow) / inflow from operating activities	272	(765)	1,249	252

(2) Analysis of cashflows in respect of acquisitions and disposals:

	Year Ended 31 December
	2008
	(In millions)
Cash paid in respect of the acquisition of Resolution plc	(4,887)

Less: Cash balances transferred as part of the acquisition of Resolution plc	686
Less: Portfolio investments transferred as part of the acquisition of Resolution plc	1,208
Net cash outflow from acquisitions and disposals	**(2,993)**

(3) Analysis of cashflows in respect of financing activities:

	Year Ended 31 December
	2008
	(In millions)
Issue of share capital by Impala Holdings Limited to minority interest	1,719
New loans	6,176
Repayment of loans	(4,125)
Net cash inflow from financing activities	**3,770**

Income Statement Data of Resolution plc*
(in accordance with IFRS)

	Year Ended 31 December	
	2007	2006
	(In millions)	
Gross premiums written	£ 2,104	£ 1,633
Less: premiums ceded to reinsurers	(330)	(151)
Net premiums written	1,774	1,482
Fees and commissions	150	104
Net investment income	2,365	3,244
Total revenue, net of reinsurance payable	4,289	4,830
Other operating income	9	313
Net income	4,298	5,143
Policyholder claims	5,692	4,709
Less: reinsurance recoveries	(326)	(369)
Change in insurance contract liabilities	(2,703)	(1,384)
Transfer from unallocated surplus	(2)	(379)
Net policyholder claims and benefits incurred	2,661	2,577
Change in investment contract liabilities	387	409
Acquisition costs	112	89
Amortisation of acquired in-force business	228	265
Impairment of acquired in-force business and deferred acquisition costs	—	522
Administrative expenses	594	488
Net income attributable to unit holders	99	217
Other operating expenses	89	—
Total operating expenses	4,170	4,567
Operating profit before financing costs and income taxes	128	576
Financing costs	(125)	(94)
Profit for the year before income taxes	3	482
Income taxes	132	49
Profit for the year attributable to equity holders	£ 135	£ 531
Profit for the year attributable to:		
Equity holders of the parent		
Ordinary shareholders	£ 115	£ 494
Perpetual reset capital securities	33	33
	148	527
Minority interests	(13)	4
Profit for the year attributable to equity holders	£ 135	£ 531

*Subsequently renamed Pearl Group Holdings (No.1) Limited.

Balance Sheet Data of Resolution plc(*)
(in accordance with IFRS)

	As of 31 December	
	2007	2006
	(In millions)	
Assets		
Pension scheme surplus	£ 79	£ 80
Property, plant and equipment	39	55
Intangible assets	2,215	2,439
Investment Property	2,410	2,705
Financial assets	46,958	51,906
Insurance assets	3,370	3,341
Other	6,142	4,808
Total assets	£ 61,213	£ 65,334
Equity		
Equity attributable to equity holders of the parent	4,407	4,381
Minority interests	192	154
Total equity	£ 4,599	£ 4,535
Liabilities		
Insurance contracts	43,871	46,509
Provisions	69	65
Financial Liabilities	10,475	11,938
Deferred tax	857	982
Reinsurance payables	67	60
Payables related to direct insurance contracts	431	228
Deferred income	68	90
Current tax	130	169
Accruals	145	103
Trade and other payables	501	655
Total liabilities	56,614	60,799
Total equity and liabilities	£ 61,213	£ 65,334

*Subsequently renamed Pearl Group Holdings (No.1) Limited.

Section C

Embedded Value Calculation

Introduction

The Group's unaudited gross embedded value was £4,722 million as at 30 June 2009. Below is a discussion of embedded value and how the Group's embedded value is calculated.

Industry professionals look to embedded value as a proxy for the value that is expected to emerge over the full life of the business currently on the books of a life insurance business. Embedded value is an estimate of the economic worth of a life insurance business. It comprises the net assets of the business under UK GAAP and the present value of future cash flows from in-force business, excluding any value that may be generated by future new insurance business.

The components of embedded value are:

- assets available for distribution to shareholders, or free assets; plus
- assets supporting the solvency requirements of the business, or required capital; less
- the cost of holding required capital, or the cost of capital; plus
- the present value of future profits arising from the in-force business, or the value of in-force business.

Further detail of each component is provided below.

The Group's gross embedded value calculation includes PGH2 and its subsidiaries, including all life insurance companies, asset management companies and service companies. This embedded value calculation excludes the net assets of the parent companies of PGH2 and Impala (other than PGH2) and any deduction for the unlisted outstanding debt of these companies.

Embedded Value Methodology

The Group's embedded value is based on a market-consistent methodology. Under this methodology, assets and liabilities are valued in line with market prices and consistently with each other. Details of the key components of the market-consistent embedded value are discussed below.

Free Assets and Required Capital

Free assets and required capital together comprise the net worth of the life insurance business.

For the Group's life companies, net worth is defined as the market value of shareholder funds plus the shareholders' interest in surplus assets held in long-term business funds less the market value of any outstanding debt of the life companies.

For the Group's non-life companies, net worth is defined as the net assets of the companies on a UK GAAP basis less the market value of any outstanding debt of these companies.

Embedded value allocates net worth between required capital, whose future distribution to shareholders is restricted, and free surplus, whose future distribution to shareholders is unrestricted.

For the Group, required capital is defined as the greater of:

- the amount of capital required to meet the FSA capital adequacy requirements, consisting of the greater of Pillar 1 and Pillar 2 capital requirements where:
- under Pillar 1, the life companies are required to maintain excess capital in excess of policy liabilities calculated using a basis specified by the FSA; and
- under Pillar 2, the life companies are required to carry out and submit their own assessment of capital requirements by assessing the major risks they are running and the capital they need to ensure that they remains able to meet their liabilities to policyholders in all but the most extreme circumstances.
- the capital required under the Group's capital management policy.

Net worth in excess of required capital is free assets.

Cost of Capital

Cost of capital is defined as the difference between the market value of shareholder-owned assets backing required capital and the present value of future releases of those assets allowing for future investment returns on that capital, investment expenses and taxes.

Value of In-Force Business

The market consistent value of in-force businesses ("VIF") represents the present value of profits attributable to shareholders arising from the in-force business, less an allowance for the time value of financial options and guarantees embedded within life insurance contracts.

The approach adopted to calculate VIF combines deterministic and stochastic techniques (each of which is discussed in more detail below):

- Deterministic techniques have been used to value cash flows whose values vary in a linear fashion with market movements. These cash flows are valued using discount rates that reflect the risk inherent in each cash flow. In practice, it is not necessary to discount each cash flow at a different discount rate, as the same result is achieved by projecting and discounting all cash flows at the risk-free rate. This is known as the "certainty equivalent approach."
- Stochastic techniques have been used to value cash flows that have an asymmetric effect on cash flows to shareholders. Here, the calculation involves the use of stochastic models developed for the purposes of realistic balance sheet reporting.

Financial Options and Guarantees

The Group's embedded value includes an explicit allowance for the time value of financial options and guarantees embedded within insurance contracts, including investment performance guarantees on participating business and guaranteed vesting annuity rates. The cost of these options and guarantees to shareholders is calculated using market-consistent stochastic models calibrated to the market prices of financial instruments as of the period end.

Pension Schemes

Any surplus or deficit arising on the Pearl Pension Scheme and the Impala Staff Pension Scheme is included in the embedded value on an FRS 17 Retirement Benefits basis through the Group's net worth.

Debt

The Tier 1 Bonds and the Tier 2 Bonds issued by subsidiaries of PGH2 are listed and are valued at the market value, quoted at the reporting date which is consistent with market-consistent embedded value principles.

Mutual Securitisation Bonds

In 1998 certain bonds were issued pursuant to a securitisation of embedded value on blocks of existing unit-linked and unitised with-profits businesses within NPI, which were then transferred to National Provident Life upon NPI's demutualisation. This securitisation has been valued on a cash-flow basis, allowing for payments expected to be due based on the projected level of securitised surpluses emerging. The full VIF of the securitised unit-linked and unitised with-profits business is expected to be payable to bondholders; therefore, no additional value accrues to the embedded value. See "Material Contracts—Mutual Securitisation Bonds" for further information.

Taxation

Full allowance has been made for the value of tax that would become payable on the transfer of surplus assets out of non-profit funds. This allowance reflects the projected pace of releases of surplus from non-profit funds that is not required to support with-profits funds.

Allowance has also been made for the tax relief arising from interest payments made on the unlisted outstanding debt of the parent companies of PGH2 and Impala. The value of the tax relief is determined by offsetting the tax payable on profits emerging against the tax relief afforded by interest payments on the debt.

Asset Management

The Group has two asset management businesses: Ignis and Axial, which are in the process of being integrated and operated under the "Ignis" brand.

Ignis has been included in the embedded value at an estimated market value comprising its net assets on a UK GAAP basis and the present value of future margins on existing life-company and third-party assets under management, discounted at a risk-free rate plus a margin of 1.25%. An estimate has also been included for the expected value of new third-party funds under management in line with sales forecasts.

The embedded value as at 30 June 2009 includes the Group's shareholding of 50.7% of Axial at that time. As a result of the Acquisition, Axial became a wholly-owned member of the Group.

Service Companies

The Group has two principal service companies: PGMS and PGS.

The life companies' management services agreements with the service companies set the fees charged by the service companies for administering the life companies' policies. The service companies have been included in the Group's embedded value at net asset value on a UK GAAP basis, plus the present value of future profits arising from differences between the fees payable by the life companies and the costs expected to be incurred by the service companies. Future profits are discounted at a risk-free rate plus a margin of 1.25%.

The Group's embedded value includes further expense savings expected to result from the consolidation of the life companies' Glasgow and Peterborough operations into the Wythall site. All cost savings made by the service companies directly contribute to their embedded value

New Business

The value of internal vesting annuities written during the period are reported as new business.

Embedded Value Assumptions

Economic Assumptions

Under the certainty equivalent approach, all gross investment returns are assumed to equal risk-free rates. Risk-free rates were defined as the annually compounded U.K. nominal spot curve plus ten basis points. The risk free rates assumed for a sample of terms were as follows:

Term	Spot Risk Free Rate
1 year	1.20%
5 years	3.06%
10 years	3.92%
15 years	4.45%
20 years	4.75%

Corporate bond spreads over gilts may be broken down into three elements: an allowance for the long-term average rate of default, a premium for the risk of defaults exceeding historic averages and a premium for the risk of illiquidity.

The Group employs a buy-to-hold strategy for corporate bonds backing illiquid immediate and deferred annuity business and therefore factors this liquidity premium into the embedded value calculation. For purposes of the embedded value calculation, the liquidity premium for this business has been determined based on an analysis of historic default experience and is dependent on rating and duration of the relevant bonds. The liquidity premium has been reduced for particular bonds where there is greater uncertainty based on the advice of the relevant asset manager. As of 30 June 2009 this approach in valuing corporate bonds is equivalent to an assumption that approximately 100 basis points of the corporate bond spread is attributable to default risk and the remainder to liquidity premium.

For purposes of the embedded value calculation, the rate of increase in the U.K. Retail Price Index ("RPI") as of 30 June 2009 is assumed to be 3.33%, based on the Bank of England implied inflation curve at the 15-year term. The rate of increase in U.K. National Average Earnings inflation is assumed to be RPI + 100 basis points, or 4.33%.

The asset mix for each life company of the Group is based on the actual assets held as of 30 June 2009 in accordance with each life company's investment criteria.

Stochastic Economic Assumptions

The time value of options and guarantees is calculated using economic scenario generators, calibrated to market conditions as of 30 June 2009. The same scenario generators are used for both realistic balance sheet and embedded value purposes.

Nominal interest rates have been modelled using the LIBOR market model, calibrated to zero-coupon bond yields plus ten basis points.

The volatility structure of forward rates is calibrated to the observed volatilities on 20-year at-the-money swaptions.

Real interest rates have been modelled using the two-factor Vasicek model, calibrated to index-linked gilts. Equity volatility is calibrated to replicate the prices on a range of FTSE options. A sample of derived volatilities (by asset class) is provided in the following table:

Term	**5**	**15**	**20**	**25**	**35**
Equities	30.07%	28.81%	31.67%	33.31%	36.03%
15yr Govt ZCB	12.00%	5.58%	4.96%	5.65%	7.57%
15yr Corp ZCB	14.31%	7.08%	6.74%	7.43%	8.90%

The time value of options and guarantees used in the calculation of embedded value also allows for expected management action and policyholder response to the varying external economic conditions simulated by the economic scenario generators. Policyholder response has been modelled based on historical experience. Management actions have been set in accordance with each life company's Principles and Practices of Financial Management.

Expenses

Each life company's projected per policy expenses are based on existing management services agreements with the Group's service companies, adjusted to allow for additional costs incurred directly by the life companies, including, for example, regulatory fees and one-time expenses.

The life companies' projected investment expenses are based on the fees agreed with the Group's asset management businesses (or external fund managers, where appropriate), allowing for current and projected future asset mixes.

Corporate expenses have been included within the VIF for the service companies.

Other Assumptions

All other assumptions used in the calculation of embedded value reflect the best estimate of future experience and are reviewed regularly by management in light of emerging data on both industry and company-specific experience.

Divisional Analysis of Embedded Value

A breakdown of the Group's Embedded Value at 30 June 2009 is shown below:

	Net Worth	Intrinsic Burn Through Cost*	Adjusted Net Worth	Value in Force	Time value of options and guar-antees	Cost of Required Capital	Total EV at 30 June 2009	Total EV at 31 Dec 2008
			(in millions)					
Life Companies	2,154	(109)	2,044	2,011	(66)	(256)	3,733	3,922
Service Companies	72	-	72	242	-	-	314	329
Asset Management	39	-	39	358	-	-	397	404
Group	(2)	-	(2)	503	-	-	501	309
Embedded Value before listed debt	2,262	(109)	2,152	3,114	(66)	(256)	4,944	4,964
Listed debt	(222)	-	(222)	-	-	-	(222)	(215)
Embedded Value after listed debt	2,040	(109)	1,930	3,114	(66)	(256)	4,722	4,749

* Funds loaned by the shareholder fund of Phoenix and London Assurance to its with-profits fund, which are not expected to be repaid.

Asset Management Value

The asset management businesses have an operating profit margin at 30 June 2009 of 32%. The present value of charges deducted from life company EV in respect of asset management services is £915 million, net of tax at 28%. Therefore, assuming 32% profit margin, implied asset management value from management of life company assets (i.e. excluding any value arising from managing third party assets) is £293 million, compared to VIF at 30 June 2009 of £358 million.

Service Company Value

The present value of charges deducted from life company EV in respect of service company services is £1,202 million, net of tax at 28%.

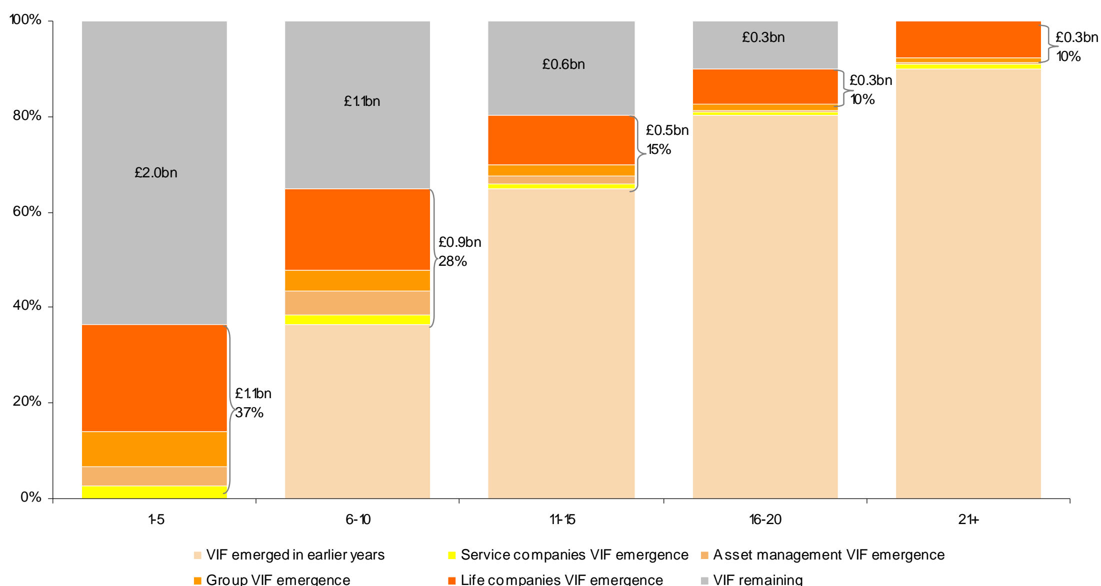
Group's VIF

The Group's VIF primarily comprises the value of tax losses and future tax relief on debt interest. VIF of £2,011 million of life companies, £242 million of service companies and £358 million of asset management businesses is net of tax.

Run-off Profile of VIF

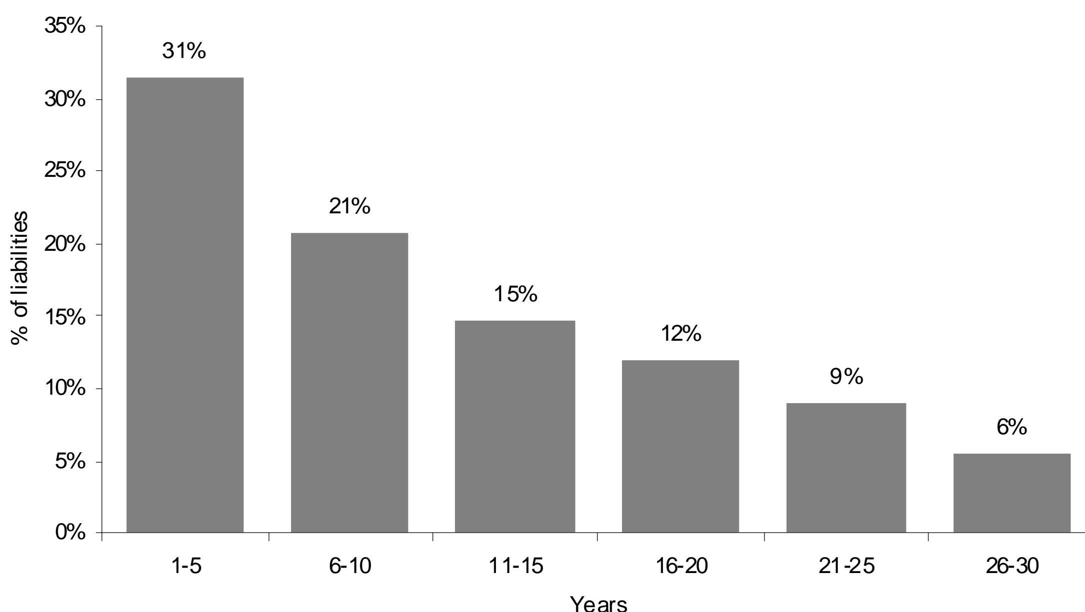
The VIF at 30 June 2009 was £3.1 billion. £2 billion (65%) of VIF is expected to be released within the next 10 years as illustrated in the chart below:

- VIF of £3.1 billion at 30 June 2009
- £2 billion (65%) of VIF expected to run off within next 10 years



Runoff Profile of In Force Peak 1 liabilities

As detailed in the table below, 52% of in force peak 1 liabilities is expected to run-off within 10 years, and 6% of peak 1 liabilities is expected to remain outstanding after 30 years:



Compliance With the CFO Forum's Market Consistent Embedded Value Principles

The CFO Forum is a high-level discussion group attended by the chief financial officers of major European listed, and some non-listed, insurance companies. The forum's aim is to

discuss issues relating to proposed new accounting regulations for insurance companies and how to create greater transparency for investors.

The CFO Forum published its Market-Consistent Embedded Value ("MCEV") principles in June 2008. The CFO Forum has stated that the adoption of these principles is intended to deliver:

- a shareholder's perspective on value, being the present value of future cash flows available to the shareholder, adjusted for the risks of those cash flows;

- a market-consistent approach to financial risk;

- a greater focus on disclosing cash emerging from covered business; and

- disclosure of combined group MCEV information to make the principles standard practices in embedded reporting for the entire insurance industry.

While all CFO Forum member companies were originally required to adopt the MCEV principles as of 31 December 2009, the CFO Forum, on 22 May 2009, extended this deadline to 2011 to enable the CFO Forum to conduct a review of the impact of recent turbulent market conditions on the MCEV principles. In October 2009 the CFO Forum amended the MCEV principles to reflect the inclusion of liquidity premiums. Further review may lead to changes to the published MCEV principles or to the issuance of guidance by the CFO Forum.

As a private company, PGH2 has historically reported embedded value on a basis consistent with the Group's financing agreements, and this basis has been used in preparing the Group's embedded value results above. There are some points of divergence between the MCEV principles and the principles used by the Group in calculating its embedded value, including:

- the valuation of Ignis's asset management businesses is included within the embedded value at an estimated market value that includes the value of new third-party business in line with sales forecasts;

- as the Group's life companies' funds have been closed to new business for a number of years, no explicit allowance has been included within the Group's embedded value for the cost of non-hedgeable, non-financial risk, arising from such risks as product mis-selling and regulatory risks; and

- the embedded value of the Group's service companies recognises the future expected cost savings from the announced closure of the life companies' Glasgow and Peterborough sites reflecting the progress that has been made in consolidating these operations into the Wythall site to date.

Section D

Summary of Principal Differences Between UK GAAP and IFRS

The PGH2 Group's consolidated financial statements included in this Summary Document have been prepared in accordance with UK GAAP. While recently issued FRSs under UK GAAP have replicated the wording of corresponding IFRS statements, certain differences remain between UK GAAP and IFRS.

Based on the work performed to date, the Company expects the impact of the conversion from UK GAAP to IFRS on the financial information presented in this Summary Document to be largely presentational involving further disclosure. The financial reporting requirements of IFRS include a number of recognition and measurement requirements which are different from UK GAAP. However theses differences are not expected to have a material impact on the financial performance or position of the Group's business.

The transition to IFRS would likely change the presentation and disclosures within the PGH2 Group's consolidated financial statements, and the principal differences in valuing amounts in these financial statements would likely include the following:

Topic	UK GAAP	IFRS
Goodwill	Goodwill (both positive and negative) is amortised through the profit and loss account over its useful economic life, usually a period not exceeding 20 years (a rebuttable presumption), and is reviewed for impairment if indicators of impairment are identified.	After the date of transition to IFRS, positive goodwill is not amortised. Instead, all positive goodwill is reviewed annually for impairment. Except in cases where an entity applies IFRS to business combinations that occurred prior to the date of transition to IFRS, all pre-existing goodwill is frozen at its carrying value at the date of transition to IFRS. In addition, an impairment test must be carried out on any goodwill at this date.
		After transition to IFRS, the goodwill balance will be reduced only if an impairment charge is recognised or the related business is disposed of.
		Negative goodwill is credited immediately to profit and loss.
Intangible assets	Under UK GAAP, intangibles can only be recognised in a business combination if they can be disposed of separately without disposing of the business and are controlled through custody or legal rights.	IFRS has a wider definition of intangible assets which includes, for example, customer relationships that would not be recognised in a business combination under UK GAAP. Therefore, more intangible assets are usually created in a business combination under IFRS than under UK GAAP.

Topic	UK GAAP	IFRS
	Intangibles are amortised through the profit and loss account over their useful economic life, usually a period not exceeding 20 years (a rebuttable presumption), and are reviewed for impairment if indicators of impairment are identified.	Intangibles are amortised through the profit and loss account over their useful economic life. This can be indefinite (i.e., there is no 20-year rebuttable presumption), in which case they are subject to a mandatory annual impairment test.
Income and deferred tax	Deferred taxation is provided on a "timing difference" basis, which means that differences are recognised between the balance sheet value of an asset or liability and its tax base only where that difference has impacted profit and loss.	Deferred tax is provided on a "temporary difference" basis, which means that differences are recognised between the balance sheet value of an asset or liability and its tax basis, regardless of whether those differences have impacted profit or loss. In particular, deferred tax is recognised on asset revaluations that do not affect profit or loss, including those that are made in a business combination.
	Deferred tax balances may be discounted.	Discounting is not permitted for deferred taxation.
Defined benefit pension schemes	Under FRS 17, all actuarial gains and losses on defined benefit plans must be taken direct to the statement of total recognised gains and losses.	Under IAS 19, entities have the option of applying a corridor approach (under which actuarial gains or losses are only recognised if they are in excess of this corridor) or some other method (under which a greater proportion of actuarial gains/losses are recognised). If all actuarial gains or losses are recognised in accordance with FRS 17, then these are recognised in other comprehensive income.
	Deferred tax is deducted from the respective retirement benefit asset or liability.	Deferred taxation on defined benefit pensions is shown with the deferred tax balance and not netted off against the pension scheme asset or liability.
		IAS 19 has a different definition of "plan assets" than FRS 17, which may result in some defined benefit assets (e.g., insurance policies with group companies) not being recognised.

Topic	UK GAAP	IFRS
		IAS 19 also deals with a broader range of issues and requires similar accounting for long-term employee benefits as are applied to defined benefit pension schemes.
Owner-occupied properties	Under UK GAAP, these are usually held at fair value with unrealised gains taken to profit or loss.	Under IAS 16, these can be measured either at cost or at fair value with unrealised gains taken to other comprehensive income.
Profit and loss account presentation	Under UK GAAP, life insurers present two profit and loss accounts, a technical account and a non-technical account.	Only one profit and loss account is presented under IFRS and therefore transactions between the technical and non-technical accounts under UK GAAP are eliminated on consolidation.

This above list is not intended to be an exhaustive list but only an illustration of the principal areas of potential divergence between UK GAAP and IFRS.

PART 6

MANAGEMENT OF THE GROUP AND EMPLOYEES

Company Directors

The board of directors of the Company are as follows:

Name	Position
Ron Sandler…………………………….......	Chairman
Jonathan Moss……………………….…………..	Chief Executive Officer
Simon Smith……………………………..….	Finance Director
Ian Ashken……………………..……………	Non-Executive Director
René-Pierre Azria………………………..…..	Non-Executive Director
David Barnes………………………….…………	Non-Executive Director
Ian Cormack……………………..…..………	Non-Executive Director
Tom Cross Brown…………………….……..…	Non-Executive Director
Manjit Dale……………………..........…....	Non-Executive Director
Hugh Osmond………………..……...…....	Non-Executive Director

It is the Company’s intention to identify and appoint three additional directors so that not less than half of the board of directors of the Company comprise independent directors.

Ron Sandler CBE

Ron Sandler was appointed Chairman of the Company on 24 September 2009. He is additionally Chairman of Northern Rock plc, Paternoster Ltd and Ironshore Inc, and is an adviser to Palamon Capital Partners. Mr. Sandler has an MA from Queens’ College, Cambridge and an MBA from Stanford University. His early career was spent with The Boston Consulting Group, in London and California. In 1993, he became Chief Executive of moneybrokers, Exco plc and led the flotation of this company the following year. He was appointed Chief Executive of Lloyd’s of London in 1995 and played a key role in the Lloyd’s reconstruction and renewal programme. Subsequently, he was Chief Operating Officer of NatWest Group, until the takeover of NatWest in early 2000 by the Royal Bank of Scotland. In 2002, at the request of the Chancellor of the Exchequer, he led an independent review of the UK Long Term Savings Industry. He is a recent past president of the Chartered Institute of Bankers.

Jonathan Moss

Jonathan Moss has been Group Chief Executive of the Group (and previously the PGH2 Group) since 2006. He was previously finance director, and before that chief actuary of, AMP Life. Mr. Moss has also been appointed actuary of London Life and National Provident Life. He was appointed to the board of directors of the Company on 2 September 2009**.**

Simon Smith

Simon Smith became finance director within the Group in 2006, having joined in 2005 following the acquisition of the Pearl life companies from Henderson. He is a chartered

accountant with 18 years' experience in the fund management and life insurance sectors, initially in tax management and structuring. Mr. Smith was appointed to the board of directors of the Company on 2 September 2009.

Ian Ashken

Ian Ashken is vice chairman and chief financial officer of Jarden Corporation, a Fortune 500 U.S. consumer goods company listed on the New York Stock Exchange. Mr. Ashken was appointed to the board of directors of Jarden Corporation in June 2001 and became its vice chairman, chief financial officer and secretary effective September 2001. Mr. Ashken is also a principal and executive officer of a number of private investment entities. He was the vice chairman of the board of directors of Bollé Inc. from December 1998 until February 2000. From February 1997 until his appointment as vice chairman, Mr. Ashken was the chief financial officer and a director of Bollé, Inc. Mr. Ashken previously held positions as chief financial officer and a director of Lumen Technologies, Inc. from May 1996 to December 1998 and Benson Eyecare Corporation from October 1992 to May 1996. Mr. Ashken also serves as a director of GLG Partners, Inc. He was appointed to the board of directors of the Company on 2 September 2009.

René-Pierre Azria

René-Pierre Azria serves as President and CEO of Tegris LLC, a private investment bank based in New York City, and has over 28 years of corporate finance experience, working generally on large transactions with a high degree of complexity. Prior to founding Tegris, Mr. Azria was a worldwide partner with Rothschild & Co. Prior to joining Rothschild in 1996, Mr. Azria served as Managing Director of Blackstone Indosuez and President of Financiére Indosuez Inc. in New York. Mr. Azria serves as a director and Compensation Committee member of Jarden Corporation, a Fortune 500 U.S. consumer goods company listed on the New York Stock Exchange, and of two privately held book publishing companies in France and the United States. Mr. Azria was appointed to the board of directors of the Company on 2 September 2009.

David Barnes

David Barnes joined the RBS Group (then Williams & Glyn's Bank) in 1973 and remained there in various roles until his early retirement in February 2009. His roles included Relationship Banker in the then newly established Corporate Division, managing director of the Financial Institutions Relationship Management team and member and subsequently chairman of RBS's Credit Committee. From 2005 he was responsible for all lending to financial institutions and for capital management for RBS's Financial Institutions Group. Mr. Barnes was appointed to the board of directors of the Company on 2 September 2009.

Ian Cormack

Ian Cormack is a non-executive director of Aspen Insurance Holdings, the Qatar Financial Centre and the Qatar Insurance Service. He holds a number of other non-executive positions with various companies (public and private) and charities in the United Kingdom and abroad. Mr Cormack was CEO of the insurance financial services and asset management divisions of AIG, Inc. in Europe from 2000 to 2002 and was chairman of Citibank International plc and co-head of the Global Financial Institutions Client Group at Citigroup. He was also country head of Citicorp in the United Kingdom from 1992 to 1996. From 2002 to 2005 he was senior partner in Cormack Tansey Partners, a strategic consulting firm for financial institutions. Mr. Cormack served on the board of directors of PGH2 from May 2005 to September 2009. He was appointed to the board of directors of the Company on 2 September 2009.

Tom Cross Brown

Tom was Global Chief Executive of ABN AMRO Asset Management (which managed some €160 billion, with offices in 30 countries around the world) from 2000 to 2003, as well as Chairman of ABN AMRO Asset Management in the United Kingdom from 1997 to 2003. Prior to this, he was Chief Executive Officer of Lazard Brothers Asset Management in London, where he spent a total of 21 years. He now holds a number of non-executive positions with various companies and charities. Mr Cross Brown served on the board of directors of PGH2 from May 2005 to September 2009. He was appointed to the board of directors of the Company on 24 September 2009.

Manjit Dale

Manjit Dale is a founding partner of TDR Capital, a private equity firm established in 2002. TDR Capital manages over €2.5 billion of assets on behalf of a variety of institutional pension funds, university endowments and wealthy private individuals. Prior to founding TDR Capital, Mr. Dale was managing partner at Deutsche Bank Capital Partners Europe. He has served on the Boards of Pizza Express and Center Parcs. Mr. Dale has over 20 years' experience in private equity, finance and consulting gained with BankersTrust, 3i plc, NM Rothschild and Andersen Consulting. He served on the board of directors of PGH2 from December 2004 to September 2009. Mr. Dale was appointed to the board of directors of the Company on 2 September 2009.

Hugh Osmond

Hugh Osmond founded Punch Group and was its executive chairman between 1997 and 2001, during which time he built Punch Group into one of the United Kingdom's largest pub companies. He previously co-led the acquisition and market listing of Pizza Express in 1993 and helped build it into the U.K.'s largest sit-down restaurant chain. Mr. Osmond served on the board of directors of PGH2 from December 2004 until September 2009. Mr. Osmond also serves on the board of Capital Management and Investments plc. He was appointed to the board of directors of the Company on 2 September 2009.

Other directorships / partnerships

Details of directorships and/or partnerships (other than the directorship of the Company and any subsidiary of the Company) held by the directors at any time in the five years prior to the date of this Summary Document are set out below:

Name	**Directorship/Partnership**
Ron Sandler	Paternoster UK Limited Northern Rock Plc Ironshore Inc The Kyte Group Limited Computacenter Plc Computacenter (UK) Limited Herbert Smith LLP Personal Finance Education Group Kyte Capital Management Limited OIM Underwriting Limited Oxygen Holdings Plc Oxygen Insurance Brokers Limited Oxygen Insurance Services Limited

	Chalcon Limited Chalcon Plating Technology Limited Sandler Rentoul Associates Limited Astley & Pearce (Japan) Limited
Jonathan Moss	Aldgate Trustees Limited Henderson Finances UKLS Financial Planning Limited Henderson Alternative Investment Advisor Limited Henderson Portfolio Managers Ltd HHG Invest Plc Basil Investments Limited
Simon Smith	MHGPSUB1 Limited Moor House General Partner Limited Martineau (GP) Limited Martineau Galleries (GP) Limited Martineau Galleries No. 1 Limited Martineau Galleries No. 2 Limited Martineau No. 1 Limited Martineau No. 2 Limited Tesco Property Partner (GP) Limited HHG (VH) Limited UKLS Investor 3 Limited CSC Information Systems Limited Henderson Unit Trusts Ltd UKLS Financial Planning Limited Henderson Finances GMHGP Limited Moor House General Partner No. 1 Limited Moor House Management Services Limited HHG Finance Services Limited HHG European Holdings Limited HHG International Holdings Limited HHG New Ventures Limited Oyster Holding Company Ltd Oyster Overseas Ltd UKLS Investment Services Limited UKLS Investor 1 Limited UKLS Investor 2 Limited UKLS Investor 4 Limited UKLS Investment Services 2 Limited HHG Invest Plc UKLS Pensions Administration Limited St. Helens Trust Limited
Ian Ashken	Michael Ashken Trust Jarden Corporation Jarden Plastic Solutions Limited BRK Brands Europe Limited
René-Pierre Azria	Jarden Corporation La Martiniere Groupe

	Tegris LLC
David Barnes	None
Ian Cormack	Aspen Insurance UK Limited National Angels Limited Aberdeen Growth Opportunities VCT 2 PLC Entertaining Finance Limited Carbon Reductions Limited African Carbon Reductions Limited Gulf Carbon Reductions Limited Carbon Efficient Energy Limited Europe Arab Bank Plc
Tom Cross Brown	Heathfield School Islip Consulting Limited The Heathfield St Mary's Foundation Alpha Securities Trading Limited Artemis Alpha Trust Plc Just Retirement (Holdings) Plc Bluebay Asset Management Plc Bank of America Trustees Limited Artemis Investment Management Limited Lasalle GTS (UK) Limited Quintain Estates and Developments Plc Quintain Services Limited Lazard Brewers Investment Trust Plc Lazard London International Investment Management Limited Lazard Investors Far East Limited Lazard Select Investment Trust Limited British Bond & Mortgage Corporation Limited LB Limited Lazard Asset Management Holdings ABN Amro Asset Management (Fixed Income) Limited
Manjit Dale	Café Pasta Limited Pasta Holdings Limited Pizza Express (Franchises) Limited Pandora Express 2A Limited Pandora Express 2 Limited Pandora Express 3 Limited Pandora Express 4 Limited Pandora Express 5 Limited Parma Stub Midco Limited Riposte Limited Speed 3969 Limited Wayracer Limited Round Restaurants Limited Ristretto Group (UK) Limited Relish Restaurants Limited Redmeter Limited

	Seacon Group Limited Shieldmarker Limited Elliot Group Holdings (UK) Limited Elliott Group Holdings Limited Elliott Group Limted Holflor Limited Ticketquick Limited VPS Acquisitions Limited EGL Investments Limited Ground Restaurants Limited NY Swan Limited Bookcash Trading Limited Duelpeople Limited Fullview Limited Gondola Finance Limited Gondola Investments Limited Gondola Holdings Limited Goldola Express Plc Halfeity Limited The Gourmet Pizza Company Limited
Hugh Osmond	Capital Management and Investment Plc Maxgate Properties Limited Well Barn Farm Limited Well Barn Shoot Limited New Life Fitness Limited Town and Field Limited Beaufort Aston Farm Limited CCO Trading Limited Devonshire Place Holdings Limited Morris United Limited Howper 670 Limited Sun CP TopCo Limited United Kingdom Sun CP New TopCo Limited United Kingdom Milemist Limited United Kingdom

Directors' Remuneration

In relation to the year ended 31 December 2008, the amount of remuneration paid by the Company or its subsidiaries to its executive directors is set out below:

Director	**Salary**	**Bonus**	**Pension**	**Benefits**(1)	**Total**
Jonathan Moss	£350,000	£250,000	£14,434(2)	£12,100	£626,534
Simon Smith	£320,000	£200,000	£56,803(3)	£12,100	£588,903

(1) Comprises car allowance and private medical insurance for executive directors. Each executive director is also entitled to death in service benefit of four times base salary.

(2) This is the value of employer contributions to a defined contribution pension arrangement in which Jonathan Moss participates.

(3) This is the accrual in the defined benefit pension arrangement in which Simon Smith participates.

In relation to the year ended 31 December 2008, the aggregate amount of remuneration paid by the Company or its subsidiaries to the non-executive directors was: £1,746,070.

Directors' Interests in Shares

Issued Share Capital

The table below sets out the interests of the directors of the Company in the share capital of the Company as at 9 November 2009 (being the latest practicable date before the publication of this Summary Document).

Director	Number of Ordinary Shares	Number of Class B Shares	Total Number of Class B and Ordinary Shares	Number of Shares issuable pursuant to Warrants	Number of Shares issuable pursuant to contingent rights(1)	Other interests in Shares
Ron Sandler	-	-	-	-	-	300,000(2)
Jonathan Moss	-	33,989	33,989	-	15,105	-
Simon Smith	-	32,200	32,200	-	14,575	-
Ian Ashken	-	-	-	-	-	-
René-Pierre Azria	10,600	-	-	5,000	-	-
David Barnes	-	-	-	-	-	-
Ian Cormack	-	-	-	-	-	-
Tom Cross-Brown	-	-	-	-	-	-
Manjit Dale(3)	-	-	-	-	-	-
Hugh Osmond(4)	-	703,616	703,616	-	823,355	-

(1) The Company may be required to issue a total of 26,500,000 Shares pursuant to the contingent rights contained in the Contingent Consideration Agreement (see "Material Contracts—Contingent Consideration Agreement"). The amounts given are calculated on the basis that all such Shares are required to be issued.

(2) Under the terms of his appointment, Ron Sandler is entitled to be awarded 300,000 Class B Shares. If such Shares cannot be awarded for any reason prior to a Primary Listing, Ron Sandler will be entitled to cash compensation calculated by reference to the higher of the price at which Ordinary Shares are offered for sale in connection with such listing and €10 per share.

(3) TDR Capital is a wholly-owned subsidiary of TDR Capital LLP, of which Manjit Dale is a founding partner. See "Major Shareholders and Related Party Transactions" for further details on TDR Capital's interests in Shares. In addition, TDR Capital has contingent rights in respect of a further 10,871,095 Shares.

(4) Hugh Osmond is a beneficial shareholder of Xercise Limited. See "Major Shareholders and Related Party Transactions" for further details on Xercise Limited's interests in Shares. In addition, Xercise Limited has contingent rights in respect of a further 9,180,660 Shares.

Employee Incentive Plans – Executive Directors

As described further in "Employee Incentive Plans" below, the Company has allocated Class B Shares to an employee benefit trust pursuant to the terms of the LTIP and BSP and made recommendations to the trustee in respect of the Class B Shares so allocated. Jonathan Moss and Simon Smith are both within the class of potential beneficiaries of the employee benefit trust and the terms of the recommendation asks the trustee to consider allocating the following number of Class B Shares to them or their family trusts:

	Number of Class B Shares which are the subject of the recommendation under the LTIP	Number of Class B Shares which are the subject of the recommendation under the BSP
Jonathan Moss	112,500	112,500
Simon Smith	100,000	100,000

None of Jonathan Moss, Simon Smith or their respective family trusts has any entitlement to or interest in the Class B Shares unless or until the trustee exercises its discretion to allocate such Class B Shares to them.

Conflicts of interests and other matters

The Company is not aware of any conflicts of interest between any duties owed by the directors to the Company and their private interests or other duties. Certain directors are affiliated with, or were nominated for appointment by (pursuant to rights more fully described in "Material Contracts "—Lender Relationship Agreement" and "—Sellers' Relationship Agreement"), shareholders of the Company, which may give rise to conflicts of interests from time to time. The Company has procedures in place to identify and manage conflicts that may arise. Manjit Dale and Hugh Osmond are affiliated to major shareholders of the Company, being TDR Capital and Xercise Limited respectively. See "Major Shareholders and Related Party Transactions" for further information on these relationships.

During the five years immediately prior to the date of this Summary Document, none of the Directors has:

(a) been convicted in relation to a fraudulent offence;

(b) been associated with any bankruptcies, receiverships or liquidations whilst acting in his capacity as member of an administrative, management or supervisory body of a company, a partner with unlimited liability, a founder or a member of senior management of a company; or

(c) received an official public incrimination and/or sanction by a statutory or regulatory authority (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Corporate Governance

The Company is committed to observing best corporate governance practice in all of its proceedings. As a company incorporated in the Cayman Islands, there is no statutory corporate governance code applicable to the Company, although the Company has maintained proper corporate governance as required by Cayman Islands law.

In connection with the Acquisition, the Group agreed with the Lenders that it shall seek to comply with the Combined Code (on a "comply or explain" basis) notwithstanding that the Listing Rules do not require the Group to comply with the Combined Code. The Group does not currently comply with the Combined Code in all respects, for example the Company does not have a sufficient number of non-executive directors. The Company intends to appoint 3

additional non-executive directors by the end of this year and is actively seeking to observe the other areas of the Combined Code which it does not comply with at present. The Company will by the end of 2009 have completed an exercise of identifying each area of non-compliance with the Combined Code.

The board of directors of the Company has a formal schedule of matters detailing the decision areas that must be referred to the board. It is the Company's intention that independent non-executive directors will comprise at least 50% of the board (once further appointments have been made as noted above) and each non-executive director is, or will be, appointed for a specified term.

Non-executive directors have equal responsibility with other board members for the leadership of the Group. In particular, the role of non-executive directors comprises:

- *strategy:* constructive challenge and provision of advice and guidance on the development of proposals on strategy;

- *performance:* scrutiny of the performance of the chief executive officer and other management in meeting agreed goals and objectives and monitoring the reporting of performance;

- *risk satisfaction:* ensuring the integrity of financial information and that financial controls and systems of risk management are robust and defensible and that the group complies with relevant regulatory and legal requirements; and

- *people:* determining appropriate levels of remuneration of executive directors and having a prime role in appointing, and where necessary removing, executive directors and in succession planning.

In accordance with the Combined Code, there are separate roles for each of the chairman and the chief executive officer. There is also a clear division of responsibilities between the chairman and chief executive officer.

Committees of the Board of Directors

The committees of the board of directors of the Company comprise an audit committee, a remuneration committee and a nominations committee with the functions described below. In addition, it is intended to constitute a risk committee in 2010.

Audit Committee

The audit committee will consist of at least three non-executive directors. The composition of the committee will be determined following the appointment of new non-executive directors. The committee has responsibility for, among other things, planning and reviewing the Company's annual report and accounts, half-yearly reports and supervising the auditors in this process. The audit committee focuses particularly on compliance with regulatory and legal requirements, accounting standards and the applicable listing rules and ensuring that an effective system of internal financial controls is maintained and recommends to the board the approval of the Company's annual report and accounts and its half yearly report. The audit committee also keeps under review the overall relationship between the Company and its external auditors to ensure the maintenance of objectivity and independence.

Remuneration Committee

The remuneration committee will consist of at least three non-executive directors. The committee is chaired by Ian Cormack and its other members will be determined following the appointment of the Company's new non-executive directors. The remuneration committee has responsibility for determining, within its agreed terms of reference, the Company's policy on the compensation of senior executives and specific remuneration packages for each of the executive directors, including any pension rights, compensation payments, and the implementation of share schemes.

Nominations Committee

The nomination committee will consist of at least three non-executive directors. It is chaired by Ron Sandler and its other members will be determined following the appointment of the Company's new non-executive directors. The nomination committee considers and makes recommendations to the board on the appointment of new directors and on the composition of the board generally.

Employee Incentive Plans

Background

The LTIP, the RSP, the Sharesave Plan and the SIP have been introduced for the purpose of incentivising and motivating the Company's employees by reference to the Company's shares. The BSP was introduced to reward selected employees for their efforts and performance during the process of the Acquisition.

A total of 500,000 Class B Shares have been issued to an employee benefit trust pursuant to the LTIP and the BSP and are held for the potential future benefit of certain selected employees and/or their families. If at any time Class B Shares are converted into Ordinary Shares, the Class B Shares issued to the employee benefit trust will also be converted into an equivalent number of Ordinary Shares. No awards or shares have to date been granted or allocated pursuant to the RSP. After Admission awards and options may be granted under the LTIP, BSP and RSP in relation to Ordinary Shares only. The Sharesave Plan and the SIP are intended to give participants favourable tax treatment on the acquisition of the Company's shares under those plans. No awards or options have been granted under these plans to date. Awards and options granted under these plans after Admission may be granted over Ordinary Shares only. Accordingly, references below to shares are to Class B Shares or Ordinary Shares, as appropriate, on this basis.

The Long-Term Incentive Plan

Overview

The LTIP was adopted on 2 July 2009 by the Company's board of directors, and approved by its shareholders with effect from 2 September 2009. An eligible employee may be granted a conditional share award (which entitles a participant to acquire or receive shares for no or only a nominal payment), a share option to acquire shares at a nil or nominal exercise price, an allocation of shares which may be forfeited in certain circumstances, or any combination of them (each a "LTIP Award"). Shares may also be allocated through a trust arrangement as described below.

The LTIP provides that, in countries where an award or option involving real shares or an allocation of forfeitable shares is not appropriate or feasible for legal, regulatory or tax reasons, a phantom award may be used. This delivers a cash payment equal to the net benefit

a participant would have derived from the vesting or exercise of an LTIP Award. In certain circumstances, share based awards may be satisfied (in whole or in part) in cash.

Eligibility

All of the Company's employees, including its executive directors and those of its subsidiaries are eligible to participate in the LTIP at the discretion of the remuneration committee.

Grant of LTIP Awards

Subject to any applicable dealing restrictions, the remuneration committee may grant LTIP Awards under the LTIP at any time while the Company is listed on Euronext Amsterdam. Following Admission, grants may be made during the period of 42 days commencing on either (i) the date of Admission, (ii) the announcement of the Company's results for any period or (iii) at such other time as the remuneration committee considers that exceptional circumstances exist which justify a grant.

No payment is required for the grant of a LTIP Award.

Individual Limits

The remuneration committee determines the appropriate level of grant for participants. However, the maximum number of shares under LTIP Awards granted to a participant in any twelve-month period will generally not have an aggregate market value, as measured at the date of grant, exceeding 300% of the participant's base salary. In exceptional circumstances, such as recruitment or retention, a limit of up to 400% of annual base salary will apply. Market value is based on the closing middle market quotation for a share as derived from the relevant recognised stock exchange on which the shares are listed for the dealing day immediately preceding the date of grant or otherwise as determined by the remuneration committee. When determining the size of any individual grant, the remuneration committee, as far as possible, takes into account the likely impact of dividend enhancement, as described below. Where a participant is required to bear the costs of his employer's National Insurance Contributions on his LTIP Award, the number of shares under his award may, at the discretion of the remuneration committee, be increased to reflect this, subject to the maximum limit referred to above.

Dividend Enhancement

The number of shares which vest under a LTIP Award is increased to reflect the value of dividends paid on shares during the vesting period.

Performance Conditions

LTIP Awards are subject to performance conditions imposed by the remuneration committee at the date of grant. Performance conditions are generally measured over a period of three years. The extent to which the performance conditions are satisfied will determine how many (if any) of the shares under a LTIP Award a participant is entitled to acquire or in the case of an allocation of forfeitable shares, to retain. Performance conditions are not capable of being retested, so that any proportion of a LTIP Award which does not vest on the normal vesting date will lapse or be forfeited (as applicable).

The specific performance conditions applicable to a grant of an LTIP Award are determined by the remuneration committee at the date of grant. However, as a general matter,

performance conditions are demanding and stretching and, where appropriate, performance may be measured against a defined comparable group. Vesting levels are determined on a sliding scale by reference to achievement of the performance conditions. The remuneration committee may determine that an LTIP Award should be subject to multiple conditions or that an LTIP Award should be sub-divided and that each part be subject to a different condition. The remuneration committee is required to give due regard to best practice and any applicable codes published by regulators when setting performance conditions.

The remuneration committee may set different performance conditions for LTIP Awards granted in different years provided that, in the reasonable opinion of the remuneration committee, the targets are not materially less challenging in any year.

The remuneration committee may vary the performance conditions applying to existing LTIP Awards if an event occurs which results in the conditions no longer being a fair measure of performance provided that, in the reasonable opinion of the remuneration committee, the new conditions are not materially less challenging than the original conditions would have been but for the event in question.

Release or Exercise of LTIP Awards

Subject to satisfaction of the applicable performance conditions the vesting period for LTIP Awards is three years after the date of their grant. Vested share awards are released to participants automatically within 30 days of the date the shares vest. Vested share options are exercisable up until the tenth anniversary of the date of grant, after which they lapse. Vested forfeitable shares will cease to be subject to the risk of forfeiture on vesting.

LTIP Awards normally only vest if the participant remains in employment with the Company or any of its subsidiaries. If a participant leaves the Company's employment during the vesting period, vested and unvested parts of the LTIP Awards will normally lapse or be forfeited. However, if the reason for leaving is injury, disability, ill health, redundancy or any other reason at the remuneration committee's discretion, LTIP Awards will not lapse but will vest on the normal vesting date, to the extent that the remuneration committee determines that the performance conditions have been satisfied over the full vesting period but subject to a time pro rating reduction (based on the total number of complete months from the date of grant to the cessation of employment relative to a period of 36 months). Alternatively, the remuneration committee may, in its absolute discretion, determine that LTIP Awards should vest on the date of cessation of employment, subject to the satisfaction of the performance conditions at that date and to a time pro rating reduction. In either circumstance, the remuneration committee may determine that the pro rating reduction should not apply at all or should apply to a lesser extent. In the event of a participant's death, an LTIP Award will vest and the shares may be released or acquired by his or her personal representatives within twelve months of such event. The number of shares shall be subject to a time pro rating reduction unless the remuneration committee determines otherwise.

Corporate Events

In the event of a change of control, scheme of arrangement (or the equivalent in any jurisdiction in which the Company is registered) or voluntary winding-up, unvested LTIP Awards will vest to the extent that the performance conditions have been satisfied at the time of the relevant event but subject to a time pro rating reduction (based on the number of complete months from the date of grant to the date of the relevant event relative to a period of 36 months). The remuneration committee may in its discretion disapply the application of time pro rating or determine that pro rating should apply to a lesser extent. The remuneration committee may also allow or require LTIP Awards to be exchanged for equivalent awards

over shares in the acquiring company. In the event of an internal reorganisation which involves the creation of a new holding company, LTIP Awards will not vest and will be replaced by equivalent awards over shares in the new holding company.

If a demerger, special dividend or other similar event or transaction occurs which would affect the market value of a share to a material extent, then the remuneration committee may determine that LTIP Awards will vest as on a change of control.

Allocations to a Trust

The LTIP also provides that, at any time prior to Admission, Shares may be issued to an employee benefit trust with a recommendation to the trustee that it allocate Shares to eligible employees or to their family trusts having regard to the vesting terms of the LTIP (including the vesting period, relevant leaver provisions and performance conditions) as each may apply from time to time (including any variations to those conditions which shareholders may approve). A recommendation in respect of 403,750 Class B Shares has been made to the employee benefit trust on this basis on 21 September 2009. The Company may issue Class B Shares to the employee benefit trust in connection with this recommendation. Shares cannot be awarded in this manner under the LTIP following Admission.

The Restricted Stock Plan

Overview

The RSP was adopted on 2 July 2009 by the Company's board of directors, and was approved by its shareholders with effect from 2 September 2009. An eligible employee may be granted a conditional share award (which entitles a participant to acquire or receive shares for no or only a nominal payment), a share option to acquire shares at a nil or nominal exercise price, an allocation of shares which may be forfeited in certain circumstances, or any combination of them (each a "RSP Award").

The RSP provides that, in countries where an award or option involving real shares or an allocation of forfeitable shares is not appropriate or feasible for legal, regulatory or tax reasons, a phantom award may be used. This delivers a cash payment equal to the net benefit a participant would have derived from the vesting or exercise of a RSP Award. In certain circumstances, share-based awards may be satisfied (in whole or in part) in cash.

RSP Awards are made only in special or unusual circumstances, such as where it may aid the recruitment of an individual or is necessary and/or desirable for the retention of a key employee.

Eligibility

All of the Company's employees, excluding its executive directors (other than on recruitment), and those of its subsidiaries are eligible to participate in the RSP at the discretion of the remuneration committee.

Grant of RSP Awards

Subject to any applicable dealing restrictions, the remuneration committee may grant RSP Awards under the RSP at any time while the Company is listed on Euronext Amsterdam. Following Admission, grants may be made during the period of 42 days commencing on either (i) the date of Admission, (ii) the announcement of the Company's results for any

period or (iii) at such other time as the remuneration committee considers that exceptional circumstances exist which justify a grant.

No payment is required for the grant of a RSP Award.

Vesting of RSP Awards is not generally subject to performance conditions, but the remuneration committee may, in its discretion, set performance or other objective conditions at the date of grant as conditions of vesting.

Individual Limits

The remuneration committee determines the appropriate level of grant of RSP Awards for participants. When determining the size of any individual grant, the remuneration committee, as far as possible, takes into account the likely impact of dividend enhancement, as described below. Where a participant is required to bear the cost of his employer's National Insurance Contributions on his RSP Award, the number of shares under his award may, at the discretion of the remuneration committee, be increased to reflect this subject to any limits imposed by the remuneration committee as referred to above.

Dividend Enhancement

The number of shares that vest under a RSP Award is increased to reflect the value of dividends paid on shares during the vesting period.

Release or Exercise of RSP Awards

Subject to satisfaction of any vesting conditions, RSP Awards vest three years after the date of their grant. Vested share awards are released to participants automatically within 30 days of the date the shares vest. Vested share options are exercisable up until the tenth anniversary of the date of grant, after which they will lapse. Vested forfeitable shares cease to be subject to the risk of forfeiture on vesting.

RSP Awards normally only vest if the participant remains in employment with the Company or any of its subsidiaries. If a participant leaves the Company's employment during the vesting period, vested and unvested parts of RSP Awards will normally lapse or will be forfeited. However, if the reason for leaving is injury, disability, ill health, redundancy or any other reason at the remuneration committee's discretion, RSP Awards will vest on the normal vesting date, subject to a time pro rating reduction (based on the total number of complete months from the date of grant to the cessation of employment relative to a period of 36 months). Alternatively, the remuneration committee may, in its absolute discretion, determine that RSP Awards should vest on the date of the cessation of employment, subject to a time pro rating adjustment. In either circumstance, the remuneration committee may determine that the pro rating reduction should not apply at all or should apply to a lesser extent. In the event of a participant's death, a RSP Award will vest and the shares may be released or acquired by his or her personal representatives within 12 months of such event. The number of shares shall be subject to a time pro rating reduction unless the remuneration committee determines otherwise.

Corporate Events

In the event of a change of control, scheme of arrangement (or the equivalent in any jurisdiction in which the Company registered) or voluntary winding-up of the Company, unvested RSP Awards will vest subject to a time pro rating reduction based on the number of complete months from the date of grant to the date of the relevant event relative to a period of

36 months. The remuneration committee may, in its discretion, disapply the application of time pro rating or determine that time pro rating should apply to a lesser extent. The remuneration committee may also allow or require RSP Awards to be exchanged for equivalent awards over shares in any acquiring company. In the event of an internal reorganisation which involves the creation of a new holding company, RSP Awards will not vest and will be replaced by equivalent awards over shares in the new holding company.

If a demerger, special dividend or other similar event or transaction occurs, which would affect the market value of the Company's shares to a material extent, then the remuneration committee may determine that RSP Awards will vest as on a change of control.

The Bonus Share Plan

Overview

The BSP was adopted on 2 July 2009 by the Company's board of directors, and approved by its shareholders with effect from 2 September 2009. The BSP is designed to reward selected employees for their efforts and performance during the process of the Acquisition. Awards under the BSP may be granted over a maximum of 500,000 shares. An eligible employee may be granted a conditional share award (which entitles a participant to acquire or receive shares for no or only a nominal payment), a share option to acquire shares at a nil or nominal exercise price, an allocation of shares which may be forfeited in certain circumstances or any combination of them (each a "BSP Award"). Shares may also be allocated through a trust arrangement as described below.

Eligibility

All the Company's employees, including its executive directors and those of its subsidiaries are eligible to participate in the BSP at the discretion of the remuneration committee. It is currently expected that only the executive directors and selected senior employees will be invited to participate in the BSP.

Grant of BSP Awards

Subject to any applicable dealing restrictions, the remuneration committee may grant BSP Awards under the BSP at any time while the Company is listed on Euronext Amsterdam. Following Admission, grants may be made during the period of 42 days commencing on either (i) the date of Admission, (ii) the announcement of the Company's results for any period or (iii) at such other time as the remuneration committee considers that exceptional circumstances exist which justify a grant.

Where a BSP Award takes the form of forfeitable shares, payment of the nominal value of the shares comprised in the BSP Award may be required for the grant of a BSP Award. In all other circumstances, no payment will be required for the grant of a BSP Award.

Release or Exercise of BSP Awards

BSP Awards are not subject to performance conditions. The vesting period for BSP Awards is two years after the date of their grant. Vested share awards are released to participants automatically within 30 days of the date the shares vest. Vested share options are exercisable up until the tenth anniversary of the date of grant, after which they lapse. Vested forfeitable shares cease to be subject to the risk of forfeiture on vesting.

BSP Awards will normally only vest if the participant remains in employment with the Company or any of its subsidiaries. If a participant leaves the Company's employment during the vesting period, the BSP Award will normally lapse or be forfeited. However, if the reason for leaving is injury, disability, ill health, redundancy or any other reason at the remuneration committee's discretion, BSP Awards will not lapse but will vest in full on the date of cessation of employment. In these circumstances, where a BSP Award takes the form of forfeitable shares, the remuneration committee may require a participant to transfer the shares comprised in his BSP Award to the Company or to its order in consideration of the market value of the shares at the date of transfer.

In the event of a participant's death, a BSP Award will vest and the shares may be released or acquired by his or her personal representatives within twelve months of such event and may also be required by the remuneration committee to be transferred on the basis referred to above.

Corporate Events

In the event of a change of control, scheme of arrangement (or the equivalent in any jurisdiction in which the Company is registered) or voluntary winding-up, BSP Awards will vest in full at the time of the relevant event. The remuneration committee may also allow or require BSP Awards to be exchanged for equivalent awards over shares in the acquiring company. In the event of an internal reorganisation which involves the creation of a new holding company, BSP Awards will not vest and will be replaced by equivalent awards over shares in the new holding company.

If a demerger, special dividend or other similar event or transaction occurs that would affect the market value of a share to a material extent, then the remuneration committee may determine that BSP Awards will vest as on a change of control.

Allocation to a Trust

The BSP also provides that, at any time prior to Admission, Shares may be issued to an employee benefit trust with a recommendation to the trustee that it allocate Shares to eligible employees or to their family trusts having regard to the vesting terms of the BSP (including the vesting period and relevant leaver provisions) as each may apply from time to time. 500,000 B Shares were issued to the employee benefit trust on Acquisition for use in this way with a recommendation being made to the trustee in respect of 403,750 of them on 21 September 2009. Shares cannot be awarded under the BSP in this manner following Admission.

The Sharesave Plan

Overview

The Sharesave Plan was adopted on 2 July 2009 by the Company's board of directors, and approved by its shareholders with effect from 2 September 2009. The Sharesave Plan has been submitted to HMRC for approval to enable tax-favoured options to be granted over shares to U.K. resident employees. The Board intends to invite applications for the grant of options under the Sharesave Plan as soon as practicable after Admission.

Eligibility

All of the Company's employees and full-time directors who are U.K. resident taxpayers are eligible to participate. The remuneration committee may require employees to have completed

a qualifying period of employment of up to five years before they are eligible to participate in the Sharesave Plan. The remuneration committee may allow other employees to participate. Employees who have or have had more than a 25% interest in the Company's share capital will be ineligible to participate.

Grant of Options

Options can only be granted to employees who enter into an approved savings contract with a designated bank or building society, under which monthly savings are made as deductions from pay. The participant must select the date on which his or her savings will be repaid to him (the maturity date) which may be three, five or seven years after the start of the contract.

Invitations to participate in the Sharesave Plan may be issued only during the period of 42 days commencing on any of the following: the approval of the plan by HMRC; the announcement of the Company's results for any financial period; any changes to the legislation affecting savings-related share option schemes being announced, made or coming into effect; a resolution by the Company's directors that exceptional circumstances have arisen which justify the grant of options (including, without limitation, Admission); or restrictions on the grant or offer of options under any share dealing code ceasing to apply.

Individual Limits

A participant's aggregate monthly savings under all savings contracts linked to options granted under any sharesave scheme must not exceed the statutory maximum (currently £250). The remuneration committee can set a lower limit in relation to any particular grant.

The number of shares over which an option is granted is such that the total exercise price payable will correspond to the proceeds on maturity of the related savings contract (i.e., the total savings plus accrued interest).

Exercise Price

The price per share payable upon the exercise of an option must not be less than 80% of the market value of a share on a date which is determined by the Company's board of directors (but which may be not later than 30 days prior to the date of grant or 42 days if applications for options are scaled down where this is an oversubscription for options). If the option is granted over Ordinary Shares which are admitted to trading on the London Stock Exchange, market value will be the average of the middle market quotations of such a share on the relevant exchange for the three consecutive dealing days immediately prior to the applicable valuation date. If the option relates to new issue shares, the exercise price must not be less than the nominal value of a share.

Exercise of Options

Options are normally only exercisable during the six-month period following the maturity date of the relevant savings contract. Earlier exercise is permitted if the participant leaves employment in certain specified circumstances, otherwise options will lapse on the cessation of employment.

Options granted under the Sharesave Plan are not subject to performance conditions.

Leaving Employment

Options lapse on cessation of employment with the Company unless the participant ceases employment for a specified reason. The participant may exercise options within six months of ceasing employment by reason of injury or disability, redundancy, retirement on reaching age 60 or the age at which a participant is bound to retire under his or her employment, the sale of the business or subsidiary company in which the participant is employed or, if the option has been held for at least three years, ceasing employment for any other reason. A participant may exercise his or her options within six months of reaching age 60 even though he or she does not leave employment. The personal representatives of a participant who dies may exercise his or her options within 12 months of the date of his death or if he or she dies within six months from the maturity of the relevant savings contract, 12 months from that maturity.

Corporate Events

In the event of a change of control of the Company as a result of a general takeover offer, or if a court approves a compromise or scheme of arrangement of the Company (or the equivalent in any jurisdiction in which the Company is registered), or if there is a winding up, options will become exercisable within limited specified periods of such events. The Company will notify participants of the relevant corporate event so as to enable them to exercise their options or take other action. Alternatively, participants may be offered equivalent new options over shares in a new holding company in exchange for their existing options.

The Share Incentive Plan

Overview

The SIP was adopted on 2 July 2009 by the Company's board of directors, and approved by its shareholders with effect from 2 September 2009. The SIP will be submitted to HMRC for approval to enable U.K. resident employees to acquire shares under the SIP with the benefit of favourable tax treatment.

Eligibility

All of the Company's employees who are U.K. resident taxpayers are eligible to participate in the SIP provided they satisfy any minimum service requirement that is imposed. The Company may set a minimum service requirement but that requirement cannot exceed 18 months' service. When the SIP is operated, all eligible employees must be invited to participate on similar terms.

Awards

In summary, the SIP allows participants to acquire shares under the terms of three types of awards: (i) an award of free shares ("Free Shares"); (ii) the opportunity for employees to purchase shares with deductions from their pre-tax salary ("Partnership Shares"); and (iii) an award of free shares ("Matching Shares") to those employees who have purchased Partnership Shares.

These elements may be operated individually or in conjunction with each other. In addition, employees can be required or allowed to reinvest dividends paid on their Free Shares, Partnership Shares and Matching Shares in further shares ("Dividend Shares"). Any shares acquired under the SIP must be held in a special trust on participants' behalf for a minimum period of time.

Free Shares

The Company may provide Free Shares to eligible employees up to a maximum value set from time to time by HMRC. The current maximum value is £3,000 per employee per annum. If the Company wishes, the award of Free Shares can be based on the achievement of personal, team, divisional or corporate performance targets which must be notified to all relevant employees. Otherwise, Free Shares must be awarded to employees on the same terms subject only to variation according to an employee's remuneration, length of service or hours worked.

Partnership Shares

The Company may provide employees with the opportunity to acquire Partnership Shares from their pre-tax salary up to a maximum value set from time to time by HMRC, currently the lesser of £1,500 per annum or 10% of salary. Salary for these purposes includes base salary and any bonus. The Company may set a minimum monthly deduction that may not be greater than £10. Shares are acquired on behalf of employees within 30 days after each deduction at a price equal to the market value of such shares on the date they are acquired. Alternatively, deductions can be accumulated for up to 12 months. In this case, shares are acquired on behalf of employees within 30 days of the end of the accumulation period, at the lower of the market value of the shares on the date the accumulation period commenced and the date the shares are acquired.

Matching Shares

The Company may award Matching Shares to those employees who have purchased Partnership Shares. The Matching Shares must be offered on the same basis to all employees in such ratio as the Company may determine, but that ratio may not exceed two Matching Shares for every one Partnership Share purchased.

Dividend Shares

The Company may either give employees the opportunity, or may require them, to re-invest dividends paid on their Free Shares, Partnership Shares and Matching Shares in further shares up to a maximum value set by HMRC. This value is currently £1,500 per annum.

Holding Period

Free Shares and Matching Shares must generally be held in the SIP trust for a minimum period set by the Company, which may not be less than three years nor more than five years from the date on which such shares are allocated to employees. Partnership Shares are not subject to any specific holding period. Dividend Shares must generally be held in the SIP trust for a minimum period of not less than three years. Partnership Shares are not subject to any specific holding period.

Leavers

The Company can provide for Free Shares and Matching Shares to be forfeited if employees cease employment with the Group within a period of up to three years from the date on which the shares were allocated other than in specified circumstances such as redundancy, disability, injury or retirement on or after reaching age 60.

Employees may withdraw their Partnership Shares from the SIP trust at any time. However, the Company may stipulate that Matching Shares will be subject to forfeiture if the corresponding Partnership Shares are withdrawn within a specified period (not exceeding three years) of their purchase. The Company may also stipulate that Free Shares and

Matching Shares may be forfeited if an employee withdraws them from the SIP trust within a specified period (not exceeding three years) from the date they were allocated. Forfeiture will not apply if the shares are withdrawn from the SIP as a result of a change of control of the Group.

Corporate Events

In the event of any reconstruction or takeover of the Company, employees may direct the trustee of the SIP how to act in respect of any shares held on their behalf.

Rights Issues

Whenever rights to acquire shares or other rights of any nature are granted by the Company in respect of its Ordinary Shares held in the SIP on behalf of participants, participants may instruct the trustee to take up all or part of the rights, to sell the rights and/or to allow all or part of the rights to lapse.

Terms Applicable to All of the Share Plans

The terms below apply to all the Share Plans.

Time Limit for Grants of Options and Awards

Options and awards may not be granted more than ten years after the date the Share Plans were adopted by the Company's shareholders.

Satisfaction of Options and Awards

Options and awards may be satisfied by the issue of new shares, a transfer of treasury shares or the transfer of existing shares. The shares used for the BSP are shares allocated to an employee benefit trust shortly after the Acquisition.

Variation of Capital

In the event of any variation in the Company's share capital (including a rights issue or any sub-division or consolidation of the share capital), a demerger, a payment of a special dividend, or similar event which materially affects the market price of the shares, the number of shares under option or award and/or the price payable on the exercise of an option may be adjusted as considered appropriate by the remuneration committee.

Overall Plan Limits

The Company may not grant options or awards under any of the Share Plans or any other share plans adopted by the Company or any other company under its control if such grant would cause the aggregate number of shares issued or issuable pursuant to options or awards granted in the preceding ten years under those plans to exceed 10% of the Company's issued ordinary share capital at the proposed date of grant.

In addition, the Company may not grant options or awards under the LTIP, the RSP, the BSP or any other discretionary share plan adopted by the Company or any other company under its control if such grant would cause the aggregate number of shares issued or issuable pursuant to options or awards granted in the preceding ten years under those plans to exceed 5% of the Company's issued ordinary share capital at the proposed date of grant.

In addition, the Company may not grant a BSP Award if such grant would cause the aggregate number of shares subject to BSP Awards to exceed 500,000 shares.

The satisfaction of options and awards with treasury shares is treated as an issue of shares for the purposes of the above limits for so long as U.K. institutional shareholder guidelines recommend this. If options and awards are to be satisfied by a transfer of existing shares, the percentage limits stated above will not apply.

Any options or awards granted, or shares allocated through trust arrangements, under the Share Plans before Admission, will not be taken into account for the purposes of calculating the above limits.

Other Features of Options and Awards

Options and awards are not transferable, except on death. Options and awards are not pensionable. Unless the remuneration committee determines otherwise, awards and options will lapse if a participant is declared bankrupt.

Rights Attaching to Shares

Any shares allotted when an option is exercised or an award vests will rank pari passu with shares then in issue (except for rights arising by reference to a Record Date prior to their allotment). At any time when the shares are admitted to listing on a recognised stock exchange, application will be made for any newly issued shares to be admitted to such listing and admitted to trading on the relevant exchange.

Alterations to the Share Plans

The remuneration committee may amend the Share Plans in any respect, provided that the prior approval of shareholders is obtained for any amendment to the advantage of participants to the following provisions: the individuals who may participate in the plan, the limits on the number of shares available under the plan, the maximum entitlement of participants, the basis for determining a participant's entitlement and the adjustment of options or awards on a variation of the Company's share capital.

The requirement to obtain the prior approval of shareholders does not, however, apply to any minor amendment made to benefit the administration of the Share Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for eligible employees, participants or for any company in the Group. Shareholder approval is also not required for any amendment to any performance conditions, provided that any such amendment is made on the basis referred to above under "— The Long-Term Incentive Plan — Performance Conditions."

Amendments that would adversely affect subsisting rights are subject to specified limitations. Amendments to plans approved by HMRC are generally subject to the prior approval of HMRC.

The Company may modify or extend any of the Share Plans to apply in different jurisdictions, having regard to securities, exchange control and tax laws in such jurisdictions. Any such amendment must conform to the basic principles of the relevant Plan and cannot enlarge the individual or overall limits applicable to that Share Plan.

PART 7

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL AND WARRANTS

Share Capital

On the date of this Summary Document, the authorised share capital of the Company is €41,000 which consists of: (i) 300,000,000 Ordinary Shares; and (ii) 110,000,000 Class B Shares.

The Company has 126,231,653 Shares in issue, consisting of 76,461,653 Ordinary Shares and 49,770,000 Class B Shares. In addition, there are an additional 97,828,200 Shares that the Company may be required to issue in connection with the Warrants and contingent rights over Shares.

Set out below is a description of the Ordinary Shares, the Class B Shares, the Warrants (including the Public Warrants, Founders' Warrants, Sponsors' Warrants, Royal London Warrants and Lender Warrants), and summaries of certain provisions of the Articles of Association. Also provided is a summary of certain contingent rights over Shares.

Ordinary Shares

Shareholders have voting rights for the election of the directors of the Company and all other matters requiring shareholder action. Shareholders are entitled to one vote per share on matters to be voted on by shareholders and also are entitled to receive such dividends, if any, as may be declared from time to time by the board of directors in its discretion out of funds legally available therefore. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors.

The shareholders have no conversion, pre-emptive or other subscription rights, and there are no sinking fund or redemption provisions applicable to the Ordinary Shares, except that (i) the Lender Shareholders and Sellers have pre-emptive rights under the Lender Relationship Agreement and the Sellers' Relationship Agreement, and (ii) the Class B Shares are convertible into Ordinary Shares.

Class B Shares

Except as described below, the Class B Shares have the same rights and restrictions, and rank *pari passu* in all respects with the Ordinary Shares.

The Class B Shares are convertible on a one-for-one basis, by variation of rights and re-designation, into Ordinary Shares, subject to compliance with applicable laws, including the rules and regulations of any investment exchange on which the Ordinary Shares are admitted to trading. However, those Class B Shares classified as Claim Reimbursement Shares will not be so convertible prior to the expiration date by which a claim must be brought by the Company against a shareholder in respect of the warranties under the Pearl SPA. Following the Claim Date, Claim Reimbursement Shares will be convertible except for such Claim Reimbursement Shares with an aggregate value equal to any unresolved claims made under the warranties pursuant to the Pearl SPA made prior to the Claim Date. The Claim Reimbursement Shares are subject to mandatory redemption by the Company pursuant to the terms of the Articles of Association in certain circumstances in connection with claims payable under the Purchase Agreements.

At any time after Class B Shares have become convertible into Ordinary Shares in accordance with the Articles of Association and subject to the terms of the Purchase Agreements, a holder of Class B Shares may exercise its option to convert by giving written notice to the Company. Upon receipt of such written notice:

(i) the Class B Shares will automatically convert into Ordinary Shares by way of variation of rights and re-designation; and

(ii) if the Ordinary Shares are admitted to trading on any exchange, the Company will make an application for the Ordinary Shares resulting from such variation of rights and re-designation to be admitted to trading on such investment exchange as soon as practicable.

For the period of one year following the Acquisition the Class B Shares classified as Purchase Agreement Shares are subject to certain disposal restrictions as set out in the Articles of Association and the Pearl SPA, save that a relevant shareholder may sell up to 50% of such Purchase Agreement Shares to pay tax arising out of the receipt of shares.

For the purposes of a separate class meeting, the board of directors may treat two or more of all the classes of shares as forming one class if the board of directors considers that such classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes.

Warrants

Public Warrants

Each Public Warrant entitles the registered holder to purchase one Ordinary Share at a price of €11.00 per share, subject to adjustment as discussed below.

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

The Company may call the Public Warrants for redemption (i) in whole but not in part; (ii) at a price of €0.01 per warrant; (iii) upon not less than 30 days' prior written notice of redemption to each warrant holder; and (iv) if, and only if, the reported last sale price of the share equals or exceeds €16.50 per share on each of 20 trading days within any 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders.

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

If the Company calls the Public Warrants for redemption as described above, the Company will have the option to require any holder to exercise its warrant on a "cashless basis." If the Company takes advantage of this option, or if a warrant holder chooses to exercise its warrant on a "cashless basis" after the Company issues notice of redemption, the exercise price would be paid by a warrant holder surrendering its Public Warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Ordinary Shares underlying the Public Warrants, multiplied by the difference between the exercise price of the Public Warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the

Ordinary Shares for the ten consecutive trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Public Warrants. If the Company takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of Ordinary Shares to be received upon exercise of the Public Warrants, including the "fair market value" in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a warrant redemption.

The exercise price and number of Ordinary Shares issuable on exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, sub-division of shares, reverse share split or a recapitalisation, reorganisation, merger or consolidation. However, the number of Ordinary Shares issuable on exercise of the Public Warrants will not be adjusted for issuances of Ordinary Shares at a price below the warrant exercise price.

Founders' Warrants

The Founders' Warrants are substantially similar to the Public Warrants, except that the Founders' Warrants: (i) will become exercisable if the last sales price of the Ordinary Shares exceeds €16.50 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination; (ii) will be non-redeemable so long as they are held by the Founders or their permitted transferees; and (iii) may be exercised at the option of the holder on a cashless basis.

If holders of the Founders' Warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering their warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Ordinary Shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value.

The "fair market value" shall mean the average reported last sale price of the Ordinary Shares for the ten consecutive trading days ending on the third trading day prior to the exercise date of such warrant.

Sponsors' Warrants

The Sponsors' Warrants have terms and provisions that are identical to the Public Warrants, except that the Sponsors' Warrants: (i) will become exercisable if the last sales price of the Ordinary Shares exceeds €16.50 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination; (ii) will be non-redeemable so long as the Sponsors or their permitted transferees hold such warrants; and (iii) may be exercised at the option of the holder on a cashless basis.

If holders of the Sponsors' Warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Ordinary Shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value.

The "fair market value" shall mean the average reported last sale price of the Ordinary Shares for the ten consecutive trading days ending on the third trading day prior to the exercise date of such warrants.

Royal London Warrants

Royal London holds transferable warrants to purchase 2,000,000 Class B Shares and non-transferable warrants to purchase 10,360,000 Class B Shares (the "Royal London Warrants"). The Royal London Warrants are identical in all respects other than the fact that the non-transferable warrants can only be transferred to subsidiaries of Royal London while the transferable warrants are freely transferable subject to applicable law.

Each Royal London Warrant entitles the holder to purchase one Class B Share at a price of €11.00 per share, subject to adjustment as discussed below. The holder of the Royal London Warrants may elect to exercise the warrant and pay the exercise price by assigning to the Company an amount of outstanding principal and/or accrued but unpaid interest of any debt that is owed to the holder of the warrant by the Company or any member of the Group on the date the Royal London Warrants are issued and/or at any time thereafter or by paying in cash by wire transfer.

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

The Company may call the Royal London Warrants for redemption: (i) in whole but not in part; (ii) at a price of €0.01 per warrant; (iii) upon not less than 30 days' prior written notice of redemption to each warrant holder; and (iv) if, and only if, the last sale price of the Ordinary Shares equals or exceeds €16.50 per share on each of 20 trading days within a 30 day trading period ending on the third business day prior to the notice of redemption to warrant holders.

If the foregoing conditions are satisfied and the Company issues a notice of redemption of the Royal London Warrants, each warrant holder shall be entitled to exercise its warrant prior to the scheduled redemption date. Upon a redemption the holder will have the opportunity to pay the Royal London Warrant exercise price either (i) in cash, (ii) by assigning debt in accordance with the above or (iii) by effecting a "cashless exercise" of the warrants. If the holder elects to make a cashless exercise, the holder would pay the exercise price by surrendering the warrants for that number of Class B Shares equal to the quotient obtained by dividing (x) the product of the number of Class B Shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the fair market value by (y) the fair market value. For this purpose, "fair market value" means the average reported last sale price of the Ordinary Shares for the ten consecutive trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the warrants.

The exercise price and number of Class B Shares issuable on exercise of the Royal London Warrants may be adjusted in certain circumstances including in the event of a share dividend, sub-division of shares, reverse share split or a recapitalisation, reorganisation, merger or consolidation. However, the number of Class B Shares issuable on exercise of the Royal London Warrants will not be adjusted for issuances of shares at a price below the warrant exercise price.

Lender Warrants

The Lenders hold warrants to purchase 5,000,000 Class B Shares.

Each Lender Warrant entitles the holder to purchase one Class B Share at a price of £15.00 per share, subject to adjustment as discussed below. The holder of the Lender Warrants may

elect to exercise the warrant and pay the exercise price either in cash or by assigning to the Company an amount of outstanding principal and/or accrued but unpaid interest of any debt that is owed to the holder of the Lender Warrant by the Company or any subsidiary of the Company.

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

The Company may call the Lender Warrants for redemption: (i) in whole but not in part; (ii) at a price of €0.01 per Lender Warrant; (iii) upon not less than 30 days' prior written notice of redemption to each Lender Warrantholder; and (iv) if, and only if, the last sale price of the Ordinary Shares equals or exceeds £19.50 (or the euro equivalent of that price) per share for any 20 consecutive trading days during the exercise period.

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

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

Contingent rights over Shares

The Company has agreed to issue additional Shares to certain shareholders in the event that the price of the Ordinary Shares attains and remains at a certain level. Further information on these contingent rights can be found in "Material Contracts—Contingent Consideration Agreement", "—Contingent Subscription Agreement" and "—Contingent Fee Agreement".

Capitalisation Table

The table below sets out a summary of the Ordinary Shares, Class B Shares, Warrants, contingent rights over Shares and listed debt securities of the Group.

Authorised Share Capital (no. of Shares)	
Ordinary Shares	300,000,000
Class B Shares	110,000,000
	410,000,000
Shares currently in issue	
Ordinary Shares	76,461,653
Class B Shares	49,770,000
	126,231,653
Authorised but unissued	
Ordinary Shares	223,538,347
Class B Shares	60,230,000
	283,768,347
Breakdown of Ordinary Shares	
Founders and Public	72,961,653
Lenders	3,500,000
	76,461,653
Breakdown of Class B Shares	
Sun Capital/TDR Capital/Selling Shareholders	38,900,000
Lenders	4,190,000
Royal London	6,180,000
Employee Benefit Trust (for allocation of Shares under BSP)	500,000
	49,770,000
Breakdown of Ordinary Share Warrants	
Public	30,000,000
Founders	7,468,200
Sponsors	4,000,000
	41,468,200
Breakdown of Class B Warrants	
Lenders	5,000,000
Royal London - transferable	2,000,000
Royal London - non transferable	10,360,000
	17,360,000
Breakdown of 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
Shares authorised for issue under employee incentive plans	3,000,000
	39,000,000

Current Shares in issue	**126,231,653**
Total Warrants and contingent rights over Shares	**97,828,200**
Fully diluted	**224,059,853**
Listed Debt Securities	
Tier 1 Bonds	**£500,000,000**
Tier 2 Bonds	**£200,000,000**
Mutual Securitisation Bonds	**£161,947,080**

PART 8

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Under the Dutch Financial Supervision Act, interests in 5% or more of the Shares in issue must be disclosed to the Netherlands Authority for the Financial Markets ("AFM"). Based on information available in the public register kept by the AFM as at 9 November 2009 (the last practicable date prior to publication of this Summary Document), the parties set out in the table below hold interests in 5% or more of the Shares in issue.

Party	No. of Ordinary Shares held	No. of Class B Shares held	No. of Shares issuable under Warrants	Aggregate of Shares held and Shares issuable under Warrants	% of Shares in issue
TDR Capital	-	18,107,972	-	18,107,972	14.35%
Royal London Mutual Insurance Society	-	6,180,000	12,360,000	18,540,000	14.69%
Xercise Limited	-	15,978,373	-	15,978,373	12.66%
ME Franklin	8,954,640	-	5,702,300	14,656,940	11.61%
Tarragona Trust	8,954,640	-	5,702,300	14,656,940	11.61%
Citigroup Global Markets Limited	5,623,476	-	3,958,610	9,582,086	7.59%

Related party transactions

The Company is party to transactions with certain of its major shareholders listed above. These transactions are with TDR Capital and Sun Capital (whose affiliates control Xercise Limited), and are summarised below.

Drago Agreements

On October 4, 2006, Sun Capital, PGH2, Drago Real Estate Partners ("Drago") and various other unrelated parties entered into a shareholders and subscription agreement pursuant to which the parties agreed to invest in a real estate fund for investment in non-residential real estate in Iberia. Sun Capital is also a shareholder in the management company for the real estate fund, Mare Nostrum Capital Managers Ltd. The relationship between the parties is governed by various shareholders' agreements and framework agreements that were amended and restated between October 2006 and July 2007. PGH2 currently owns 24.9% of, and has €29.6 million invested in, the real estate fund, with a further undrawn capital commitment in the amount of €13.4 million.

Property Services Agreement

Sun Capital and Axial are party to an agreement for Sun Capital's provision of property investment services to Axial in respect of property assets managed by Axial. Axial is able to terminate the agreement with 30-days' prior notice. Axial pays Sun Capital a monthly fee of £100,000 plus VAT during the term of the agreement.

Investment in VPS

Pearl Assurance currently is the beneficial owner of the majority of the shares of VPS Holdings Limited ("VPS"), a company held within the Group's private equity portfolio that is engaged in the protection and management of empty properties. TDR Capital is a minority shareholder with 266,332 ordinary shares of VPS and £3,430,696.88 loan notes due 2018 in VPS.

Investment in TDR Capital II 'C'L.P.

Pursuant to a partnership agreement relating to TDR Capital II 'C' L.P. from June 2006 among TDR Capital General Partner II L.P. and the limited partners in the partnership, Pearl Assurance has a commitment to the partnership on the same terms as other limited partners of the partnership. Pearl Assurance currently has €16.2 million invested in the partnership, with a further undrawn capital commitment in the amount of €33.8 million.

Investment in Algeco Scotsman

Algeco Scotsman, a portfolio company of TDR Capital, is majority owned by TDR Capital and partially owned by Capital Management & Investment Plc, an entity listed on AIM that is connected to Sun Capital. A mezzanine loan agreement was entered into between Algeco Scotsman as borrower and Ristretto Group Sarl, Deutsche Bank AG and the Royal Bank of Scotland plc as lenders on 6 October 2007, as most recently amended and restated on 14 May 2008. As part of the syndication process of the mezzanine loan, Pearl Assurance acquired €45 million of the loan from the syndicating banks. In addition, a senior loan agreement was entered into by Algeco Scotsman as borrower on the same date as the mezzanine loan agreement. Axial Credit Opportunities Holdings Limited ("ACOHL"), a member of the Group, holds an interest in this senior loan agreement.

Total Return Swap with Axial Credit Opportunities Holdings Limited

Total return swap relating to Algeco Scotsman. Pursuant to a total return swap confirmation dated 19 December 2008 and restated 9 June 2009, ACOHL and TDR Capital entered into a total return swap relating to an Algeco Scotsman credit in the leveraged loan portfolio owned by Axial Fixed Income Opportunities Sarl.

Total return swap relating to Alliance Boots. Pursuant to a total return swap confirmation dated 19 December 2008 and restated 9 June 2009 between ACOHL and TDR Capital, ACOHL and TDR Capital entered into a total return swap relating to an Alliance Boots credit in the leveraged loan portfolio owned by Axial Fixed Income Opportunities Sarl.

Project Brick

Pursuant to senior and mezzanine loan acquisition facilities entered into in November 2007 Samos Servicios y Gestiones, S.L. ("Samos Servicios") acquired Banco Santander's branch network in Spain ("Project Brick").

Pearl Assurance lent €50 million as part of the mezzanine loan facility. In addition, the Group's companies have a 17.8% interest in Samos Servicios. In total, Group companies have an aggregate investment of approximately €160 million in Project Brick.

Samos Servicios is majority owned by Sun Capital. TDR Capital and Drago are also minority shareholders. A fee based on time spent providing services and capped at €375,000 per year is payable from Samos Servicios to Sun Capital. A similar fee of €375,000 per year is payable to Drago.

The Group's investment in Samos Servicios is governed by an investor's agreement dated 19 November 2007 between, among others, Pearl Assurance, TDR Capital and a Drago entity.

Transitional Services Agreement

TDR Capital and Sun Capital are party to an agreement with the Company for the provision of certain services, including investor relations, strategic advisory and transactional-support services. The Company is able to terminate the agreement with one-month's prior notice. The agreement provides for a fee of £250,000 per month payable by the Company to TDR Capital and Sun Capital. The Company has served notice to terminate this agreement.

PART 9

MATERIAL CONTRACTS

1. Pearl SPA

Structure of the Acquisition

The Pearl SPA, which was signed on 27 June 2009, provides for the acquisition by the Company of all of the outstanding equity interests of LCA, LCB, TC1 and TC2 in exchange for Class B Shares of the Company.

The Pearl Group Sellers consist of Sun Capital, TDR Capital, Xercise Limited, Xercise Midco Limited, Jambright Limited and Jambright Midco Limited.

Warranties

The Pearl SPA contains a number of warranties made by the Pearl Group Sellers and the Company to each other.

The warranties given by TDR Capital, Xercise Limited, Jambright Limited, Xercise Midco Limited and Jambright Midco Limited include warranties in respect of: (i) organisation and qualification; and (ii) capacity or authority to execute, deliver, and perform its obligations under the transaction documents related to the Acquisition and the enforceability of those transaction documents.

The warranties given by all of the Pearl Group Sellers include warranties in respect of: (i) enforceability of the Pearl SPA against such Pearl Group Sellers; (ii) ownership of the shares of LCA, LCB, TC1 and TC2 by the Pearl Group Sellers; and (iii) solvency of such Pearl Group Seller.

The substantially reciprocal warranties given by each of the Company and the Pearl Group Sellers (in respect of the Acquired Group) include warranties relating to: (i) organisation, qualification and subsidiaries; (ii) absence of any conflicts or violations under organisational documents and material agreements; (iii) applicable laws, licenses or permits as a result of the consummation of the Acquisition or the execution, delivery or performance of the transaction documents; (iv) financial statements and liabilities; (v) absence of certain changes or events since 31 December 2008; (vi) material contracts and change of control agreements; (vii) compliance with applicable laws; and (viii) employment and employee benefits matters.

Survival

All warranties survived the completion of the Pearl SPA. However, no claim based on a breach of any warranty may be made after the date that is 30 days after the completion and delivery to the Company of its audited financial statements for the fiscal year ending 31 December 2010.

Liability for Breaches of Warranties

The Pearl Group Sellers and the Opal Re Sellers are liable to the Company for any warranty given by the Pearl Group Sellers in the Pearl SPA. The Company is liable to the Pearl Group Sellers for any breach of any warranty made by the Company in the Pearl SPA.

Claim Thresholds. There are three types of minimum euro claim thresholds that must be exceeded before claims can be made for breach of warranties: (i) no claim for breach of warranties may be made for claims that involve damages of less than €500,000; (ii) no claim for breach of warranties may be made for any tax claim that involves damages of less than €5 million; and (iii) no claim for breach of warranties may be made until the aggregate amount of all claims under the Purchase Agreements (other than those excluded in clauses (i) and (ii) in each of the Purchase Agreements albeit that a combined cap and hurdle applies across both Purchase Agreements above) exceeds €50 million.

Claims for breach of certain warranties are not subject to the minimum claim amount specified in clause (i) above nor the claim thresholds described in clause (iii) above. These relate to breaches of certain warranties as to the legality and binding effect of the Pearl SPA with respect to the person making that warranty, that person's title to its purchased shares and certain other matters.

Damage Claim Caps. The Pearl SPA also includes limits on the maximum amount that may be recovered for claims based on breach of warranties. For the Pearl Group Sellers and the Opal Re Sellers, the cap is an amount equal to 50% of (i) the Class B Shares issued pursuant to the Pearl SPA, (ii) the Class B Shares issued pursuant to the Opal SPA and (iii) the entitlement to Ordinary Shares issuable pursuant to the Contingent Consideration Agreement (valued as of the date of completion of the Acquisition), except that in the case of breaches of designated warranties, the cap is equal to 100% of the value of such shares (valued as of the closing date). For the Company, the cap is an amount equal to 50% of the issued shares (valued at the closing date), except that in the case of breaches of designated warranties, the cap is equal to 100% of the value of the issued shares (valued as of the date of the consummation of the Acquisition).

Damages Payable by the Company. Any damages payable by the Company will be paid by wire transfer of immediately available euros to each relevant Pearl Group Seller within ten business days after such amount has been established. If the Company shall fail to pay any amounts due, each of the Sponsors will pay 50% of the aggregate amount payable by the Company. The Sponsors may pay any amounts due in cash or in Ordinary Shares valued at the volume weighted-average share price of such shares for the 30-day trading period following the public disclosure of the event giving rise to a damage claim or, if no public disclosure has been made, then the 30-day trading period following delivery of a claim notice (the "Applicable Share Price"). The Sponsors shall not be required to pay the Pearl Group Sellers more than the product of (i) 50% of the number of Ordinary Shares purchased by each sponsor directly from the Company; and (ii) the applicable share price.

Damages Payable by the Pearl Group Sellers and the Opal Re Sellers. Any damages payable by the Pearl Group Sellers and the Opal Re Sellers will be paid to the Company within ten business days after such amount has been established, by (i) wire transfer of immediately available cash (in the currency in which the Company's Ordinary Shares are denominated on the business day before the payment); or (ii) by requesting that the Company compulsorily redeem shares held by each Pearl Group Seller or the Opal Re Sellers or require the relinquishment of the right to receive a number of Ordinary Shares payable under the Contingent Consideration Agreement with a value equal to the amount payable by such Pearl Group Seller or Opal Re Seller (determined at the applicable share price). If any Pearl Group Seller or Opal Re Seller fails to pay its portion of any damages within the ten business day period referred to above, the Company may redeem or cancel the right to receive an amount of shares with a value equal to the unpaid amount (determined at the applicable share price). The Class B Shares and the Ordinary Shares to be used to pay any such amount payable will be derived *pro rata* from the Class B Shares issued pursuant to the Purchase Agreements and

the entitlement to receive Ordinary Shares to be issued pursuant to the Contingent Consideration Agreement. For so long as rights to receive shares pursuant to the Contingent Consideration Agreement exist (in so far as such shares have not already been issued), the right to relinquish such rights shall be divided evenly among each tranche of shares to be issued in the event of the Company's share price attaining relevant threshold levels as detailed in the Contingent Consideration Agreement.

2. Opal SPA

Structure of the Opal Re Acquisition

The Opal SPA, which was signed on 27 June 2009, provided for the acquisition by the Company of all of the outstanding equity interests of Opal Re in exchange for Class B Shares of the Company.

The Opal Re Sellers are O-Re Holdings UK Limited and O-Re Holdings (Netherlands) B.V. The provisions of the Pearl SPA described above are substantially similar in the Opal SPA.

Warranties

The Opal SPA contains a number of warranties made by the Opal Re Sellers, on the one hand, and the Company, on the other hand, to each other. The warranties contained in the Opal SPA are substantially the same as the warranties contained in the Pearl SPA, except as follows:

- the warranty made by the Opal Re Sellers relating to employment and employee benefits matters is more limited than in the Pearl SPA because of the limited number of employees of Opal Re;

- the warranty made by the Opal Re Sellers relating to pension arrangements is more limited than the one in the Pearl SPA, again because of the limited number of employees of Opal Re; and

- the warranties made by the Company do not include warranties as to the Company's trust account.

Liability for Breaches of Warranties

As in the Pearl SPA, the Pearl Group Sellers and the Opal Re Sellers are liable to the Company for all damages arising from any breach of any warranty made by the Opal Re Sellers in the Opal SPA. The Company is liable to the Opal Re Sellers for all damages arising from any breach of any warranty made by the Company in the Opal SPA. Claim thresholds, baskets, caps and procedures are substantially the same as in the Pearl SPA.

3. Contingent Consideration Agreement

In addition to the Class B Shares issued pursuant to the Purchase Agreements, the Company and the Sellers entered into a Contingent Consideration Agreement, dated 27 June 2009 (as amended, the "Contingent Consideration Agreement"), pursuant to which the Company agreed to issue to the CCA Sellers and the Selling Shareholders an additional 26,500,000 Shares under the following circumstances:

- 8,833,333 Shares will be issued within three trading days of the volume weighted average price of the Company's Ordinary Shares attaining, and remaining above for 20 consecutive trading days, €13 per share;
- 8,833,333 Shares will be issued within three trading days of the volume weighted average price of the Company's Ordinary Shares attaining, and remaining above for 20 consecutive trading days, €14 per share; and
- 8,833,334 Shares will be issued within three trading days of the volume weighted average price of the Company's Ordinary Shares attaining, and remaining above for 20 consecutive trading days, €15 per share.

The Shares to be issued pursuant to the Contingent Consideration Agreement are not payable until one year after the completion of the Acquisition, regardless of whether the above conditions for issuance have been satisfied. Notwithstanding the foregoing, the Ordinary Shares to be issued under the Contingent Consideration Agreement become payable immediately prior to a change of control of the Company or a sale of all or substantially all of the assets of the Company.

The threshold prices in the Contingent Consideration Agreement, pursuant to which the Shares become issuable, are subject to adjustment pursuant to certain standard anti-dilution provisions. The number of Shares issuable under the Contingent Consideration Agreement is subject to adjustment pursuant to anti-dilution provisions relating to changes in share capital and issuance of bonus shares. In addition, but to the exclusion of other anti-dilution provisions, the threshold prices in the Contingent Consideration Agreement are subject to adjustment in the event that dividends are paid which are attributable to ordinary course trading revenue. To that end, the threshold prices will be reduced by 50% of the amount of each dividend paid per share during the first two years following the completion of the Acquisition, by 75% of the amount of each dividend paid per share during the third year following the completion of the Acquisition and by 100% of each dividend paid per share each year thereafter.

Under the Contingent Consideration Agreement, the Company has agreed to use all reasonable endeavours to obtain admission to trading on the Main Market of the London Stock Exchange (or failing that, Euronext) of any Shares which it issues pursuant to the Contingent Consideration Agreement.

Each of the CCA Sellers has the one-time irrevocable right to elect to convert, in respect of the Shares that may be issued to it pursuant to the Contingent Consideration Agreement, the base currency for the threshold prices above from euros to pounds sterling.

The Contingent Consideration Agreement terminates seven years following the completion of the Acquisition.

4. Sellers' Relationship Agreement

The Company has entered into a Relationship Agreement with the SRA Sellers, dated 27 June 2009 (as amended, the "Sellers' Relationship Agreement"). The Sellers' Relationship Agreement is governed by English law and became effective at closing of the Acquisition.

Listing of Shares

Under the Sellers' Relationship Agreement, the Company has agreed to use all reasonable endeavours to cause all of the Ordinary Shares of the Company, or any successor holding company, including those into which the Class B Shares will convert, to be admitted to trading on the Main Market of the London Stock Exchange on or before 30 June 2010, or such later date as the Company and the Sellers may agree.

If the Company has not been able to obtain admission of the Ordinary Shares to the Official List and to trading on the London Stock Exchange by 30 June 2010, it is then required to use all reasonable endeavours to cause the Ordinary Shares held by the Sellers and the Selling Shareholders (including any Class B Shares which will be converted into Ordinary Shares) which have not been admitted to trading on Euronext or the London Stock Exchange at such date to be admitted to trading on Euronext (or any other stock exchange on which the Company's Ordinary Shares may then be listed or traded) by 30 September 2010.

Prior to the admission of the Ordinary Shares to trading on the Main Market of the London Stock Exchange, it must use all reasonable endeavours to maintain the listing of its Ordinary Shares on Euronext Amsterdam.

Orderly Market

The SRA Sellers have agreed to, and have agreed to cause the Selling Shareholders to, effect any disposal of the Ordinary Shares, or the Class B Shares which are to be converted into Ordinary Shares, held by them on a best price and execution basis and in such orderly manner as the Company may reasonably require, and through the Company's broker from time to time with a view to maintaining an orderly market in the Company's Shares.

Corporate Governance

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

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

Preemptive Rights

Under the Sellers' Relationship Agreement, the Company has provided preemptive rights to the SRA Sellers which are the same as the preemptive rights granted to the Lenders under the Lender Relationship Agreement (see "— Lender Relationship Agreement — Preemptive Rights").

Capital Distributions

Under the Sellers' Relationship Agreement, the Company has agreed not to declare, make or pay any Capital Distributions (as defined in the Contingent Consideration Agreement and which term excludes any dividends payable out of distributable profits arising from ordinary

course trading revenues of the Group) without the prior consent of the SRA Sellers for so long as the Contingent Consideration Agreement remains in effect.

5. Contingent Subscription Agreement

Under a Contingent Subscription Agreement entered into by the Company and its Sponsors on 27 June 2009 (as amended, the "Contingent Subscription Agreement"), the Company may be required to issue to its Sponsors or such third parties as they direct an additional 1,000,000 Class B Shares. The Company will only be required to issue these additional Shares at such time as the third tranche of Shares become issuable under the Contingent Consideration Agreement. In addition, such Shares will be subject to the adjustment provisions set forth in the Contingent Consideration Agreement as if such provisions applied to such fee shares. The Shares will be issued to the Sponsors either pro rata to the number of Class B Shares actually subscribed for by the Sponsors or their designees or, if the Sponsors are not required to subscribe for such Class B Shares, then as otherwise agreed by the Sponsors.

6. Opal Re Funding and Dividend Contribution Agreement

The Company, Opal Re and ABN AMRO N.V., London Branch ("ABN AMRO"), as agent for the Pearl Lenders, have entered into the Opal Re Contribution Agreement, dated 27 June 2009, which is governed by English law. Immediately following completion of the Acquisition, the Company paid to Opal Re, by way of capital contribution, the sum of £60 million. Opal Re has agreed that it shall use the capital contribution of £60 million in performing its obligations under any reinsurance agreements in force from time to time between Opal Re and any of Pearl Assurance, London Life and NPI.

Until such time as all amounts outstanding under the Pearl Credit Facility Agreement have been repaid, Opal Re has agreed to declare in favour of the Company, subject to payment of such monies in accordance with the Opal Re Contribution Agreement, such dividends as its directors believe are commercially reasonable.

Until such time as ABN AMRO gives notice to Opal Re that all amounts owed by the Pearl Borrowers under the Pearl Credit Facility Agreement have been repaid, the Company has directed that Opal Re pay to the Pearl Borrowers any amount which would otherwise have been paid by Opal Re to the Company. Moreover, the Company has agreed that it will not revoke or amend such direction without the consent of ABN AMRO. If the Company receives any amount from Opal Re at a time when there remain amounts owed by the Pearl Borrowers under the Pearl Credit Facility Agreement, the Company will pay such amount to the Pearl Borrowers immediately by way of capital contribution.

7. Credit Facilities

In connection with the closing of the Acquisition, the Group's two existing credit facilities were amended and restated as summarised below.

(a) *Pearl Facility*

The Pearl Borrowers are borrowers under a facility agreement dated 15 November 2006 as amended and restated (the "Pearl Credit Facility Agreement") entered into with the Pearl Lenders, the bookrunners, the arrangers, the Pearl Credit Facility Agent and the security trustee described therein.

Upon completion of the Acquisition, the £825 million principal amount outstanding under the Pearl Credit Facility Agreement was restructured as follows:

- the Pearl Lenders assigned to the Company all their rights, title, interest and benefit in and to £325 million of principal due under the Pearl Credit Facility Agreement (the “Company Subordinated Debt”) (subject to such debt being unsecured and subordinated as described below). Upon assignment, such amount no longer constituted part of the Pearl Credit Facility and the Company has no rights as a lender under the Pearl Credit Facility Agreement nor under any security granted by the Pearl Borrowers pursuant thereto. The Company Subordinated Debt may be waived, capitalised or left in place;

- the Pearl Borrowers satisfied and discharged £75 million of principal due under the Pearl Credit Facility Agreement by issuing to the Pearl Lenders (i) £37.5 million of principal loan notes of LCB and (ii) £37.5 million of principal loan notes of LCA (collectively, the “Lender Loan Notes”); and

- a principal amount of £425 million remains outstanding under the Pearl Credit Facility Agreement.

Interest in the amount of approximately £27.3 million that was due but unpaid under the Pearl Credit Facility Agreement for the period up to (but not including) the closing date of the Acquisition is required to be paid as soon as practicable but in any event by no later than 31 December 2009. The Group has sufficient financial resources to meet this interest payment.

Company Subordinated Debt

The Company Subordinated Debt was converted upon assignment to the Company into a specific class of intra-group debt for the purposes of the Pearl Intercreditor Agreement and was subordinated to the outstanding indebtedness under the Pearl Credit Facility Agreement and the Lender Loan Notes.

Lender Loan Notes

The Lender Loan Notes were issued by the Pearl Borrowers pursuant to separate Lender Loan Note instruments. Each of the Pearl Borrowers has guaranteed the indebtedness of the other under such Lender Loan Notes and has granted a second priority pledge of all of their respective assets in support of their respective obligations under the Lender Loan Notes.

The principal amount of the Lender Loan Notes is repayable in one instalment on 2 September 2024 (the “Maturity Date”), being the fifteenth anniversary of the date of the Lender Loan Notes. The Maturity Date may be postponed at the option of any holder of Lender Loan Notes upon the occurrence of certain events, including without limitation certain mergers, reorganisations or asset dispositions by the Company (a “Major Transaction”).

The Lender Loan Notes bear interest at a rate that is equal to the sum of LIBOR plus 1.00% plus mandatory costs, if any (plus an additional 1.00% if overdue). Mandatory costs compensate the Lender Loan Note holders for the costs of compliance with the requirements of the Bank of England, the FSA and/or the European Central Bank. Interest is payable semi-annually in cash unless the relevant Pearl Borrower elects that interest be capitalised and added to the principal amount.

On the Maturity Date, the Pearl Borrowers shall repay principal (including any capitalised interest), accrued unpaid interest and amounts due for late payment (if any).

The Pearl Borrowers make certain representations and warranties and agree to be bound by certain covenants (including the financial covenants in the Pearl Credit Facility Agreement) by incorporating the same by way of reference into the Lender Loan Notes. The events of default include failure to pay any amount payable pursuant to the Lender Loan Notes (which default, if caused by an administrative error only, is not cured within three business days) and a cross-default to certain provisions of the Pearl Credit Facility Agreement.

Pearl Credit Facility Agreement

The outstanding principal amount under the Pearl Credit Facility Agreement is £425 million (the "Pearl Senior Debt") with a maturity date of 30 June 2016 (the "Termination Date"). The Pearl Senior Debt is repayable in annual instalments of £25 million on 30th June of each year from 2011 through 2015, with £300 million (or such lesser amount as may then be outstanding) due and payable on the Termination Date. The Pearl Borrowers may from time to time voluntarily prepay the Pearl Senior Debt in whole or in part in minimum amounts of £2 million. The Pearl Senior Debt is subject to mandatory prepayments from surplus cash (as described below) and other specified proceeds.

The Pearl Senior Debt bears interest at a rate that is equal to the sum of LIBOR plus 1.25% per annum plus mandatory costs, if any. Mandatory costs compensate the Pearl Lenders for the costs of compliance with the requirements of the Bank of England, the FSA and/or the European Central Bank. The Pearl Borrowers may select interest periods of three, six, nine or 12 months.

Restricted Distributions and Payments

Subject to the exceptions described below, the Pearl Credit Facility Agreement provides that neither Pearl Borrower nor any of their subsidiaries (collectively, the "Pearl Covenant Group" but excluding Impala and its subsidiaries), may:

- pay or prepay any principal, interest or other amount in respect of (x) certain specified intercompany debt or (y) indebtedness owing to the Company, certain other shareholders and other related parties (collectively, the "Restricted Persons"); or

- make any investment in, or pay any fee, advance or other payment to, any Restricted Person.

Further, subject to the exceptions described below, the Pearl Borrowers may not:

- declare or pay any dividend or other distribution of any kind on or in respect of any of their shares; or

- reduce, return, purchase, repay, cancel or redeem any of their respective shares.

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

- a payment of £2.5 million per annum for head office and administrative costs;

- during 2010 and 2011, payment to the Company of up to £46.1 million in each year from surplus cash (defined in the Pearl Credit Facility Agreement as "Surplus

Amount”). If surplus cash in a year exceeds £46.1 million, all excess amounts shall be applied in mandatory prepayment of the Pearl Senior Debt;

- during 2012 and each year thereafter, payment to the Company of up to £57.6 million in each year from surplus cash. If surplus cash in a year exceeds £57.6 million, all excess amounts shall be applied in mandatory prepayment of the Pearl Senior Debt.

No payment may be made to the Company unless the following conditions are satisfied:

- no default is continuing under the Pearl Credit Facility Agreement;
- none of the specified financial covenants have been breached (including certain financial covenants the breach of which will not be an event of default under the Pearl Credit Facility Agreement but which will prevent payments being made to the Company);
- delivery to the Pearl Credit Facility Agent of financial information and certificates as at the most recent half-year calculation date;
- all amounts of interest outstanding in relation to the Pearl Credit Facility Agreement (including up to the closing date of the Acquisition) have been paid;
- the amount of the payment is not such that, if the payment had been made immediately prior to the most recent semi-annual calculation date, the value of the assets in the accounts of Phoenix Life Holdings are greater than the value required to be retained by Phoenix Life Holdings under a subordinated loan facility agreement entered into with certain of its life company subsidiaries (the “Subordinated Loan Facility Agreement”);
- the change of control conditions relating to the Acquisition continue to be met and the FSA has not imposed any other requirement or taken other actions which would reasonably be expected to prevent any material member of the Group from making a payment to any other member of the Pearl Covenant Group or any Pearl Borrower from making any required payment to the Pearl Lenders.

The payments permitted to be made to the Company may be made in any manner, directly or indirectly, including but not limited to, repayment under or entry into debt arrangements with the Company and the Pearl Covenant Group or by way of dividend.

Representations, Warranties and Covenants

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

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

- provide to the Pearl Credit Facility Agent annual and semi-annual financial statements and relevant compliance certificates relating to (amongst other things) compliance with such financial covenants;
- provide monthly certificates giving financial information;

- maintain all Group pension schemes substantially in accordance with the governing provisions of such scheme where failure to do so would reasonably be expected to have a material adverse effect;

- ensure that the financial covenants are met, including:

  (i) a ratio of (a) the aggregate principal amount of the Pearl Senior Debt and Lender Loan Notes to (b) the sum of the embedded value of the Group, adjusted by liabilities to/surplus in respect of the Pearl Pension Scheme, *minus* the lower of £600 million and the gilts-based deficit of the Pearl Pension Scheme;

  (ii) the ratio of (a) the aggregate principal amount of the Pearl Senior Debt and Lender Loan Notes to (b) the sum of the embedded value of the Group *plus* the amount owed to Phoenix Life Holdings under the Subordinated Loan Facility Agreement to the extent not included in determining the embedded value of the Group *plus* the aggregate value of assets held in the accounts of Phoenix Life Holdings *minus* 1.3x the amount of any security claim of the pension trustee in respect of the Pearl Pension Scheme;

  (iii) a ratio of (a) certain projected Pearl Covenant Group cashflows and free cash to (b) certain scheduled Pearl Covenant Group debt payment obligations;

  (iv) a ratio of (a) certain Pearl Covenant Group historical cash flows to (b) certain Group historical debt service;

- the capital resources of each insurance subsidiary are greater than the higher of its capital resources requirement and its ICA requirement;

- the aggregate capital resources of the insurance subsidiaries exceed the aggregate of (a) the aggregate ICA requirement of the insurance subsidiaries and (b) the aggregate ICG requirement of the Pearl Covenant Group; and

- the EEA Group capital resources are greater than 105% of the EEA Group capital resources requirement.

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

- amalgamation, demerger, merger, consolidation or corporate reconstruction (other than a permitted merger);

- changes in business (including any new business that is not a long-term insurance business);

- investments, loans and guarantees;

- entering into, or investing in, any joint venture;

- granting security over any assets;

- asset dispositions;

- amending certain inter-company loan agreements or entering into outsourcing arrangements;
- entering into certain hedging arrangements;
- transactions with affiliates; and
- the business, assets and liabilities of Phoenix Life Holdings.

Events of Default

The events of default under the Pearl Credit Facility Agreement are customary, and include the following:

- a Pearl Borrower fails to pay any amount payable pursuant to the Pearl Credit Facility Agreement or related finance documents (and such default, if caused by an administrative error only, is not cured in three business days);
- a breach of certain financial covenants subject to a 45-day grace period in certain cases or an equity cure right in others;
- a Pearl Borrower does not comply with any other provision of the Pearl Credit Facility Agreement or related finance documents (and such failure to comply is not cured within 15 business days);
- any representation or statement made or deemed to be made by a Pearl Borrower in the Pearl Credit Facility Agreement or related finance documents or security documents is incorrect or misleading (and such misrepresentation is not cured within 15 business days);
- certain default, acceleration and/or cancellation events with regard to other financial indebtedness of members of the Pearl Covenant Group or of lender commitments with respect thereto (provided that the aggregate amount of relevant indebtedness or commitment is £5.0 million or more);
- certain bankruptcy or insolvency events occur with respect to a Pearl Borrower or a material subsidiary;
- any expropriation, attachment or analogous process affects any material asset of a Pearl Borrower or a material subsidiary in relation to indebtedness of at least £5 million and is not discharged within 15 business days;
- any security document or any guarantee in or any subordination under the Pearl Credit Facility Agreement or certain related finance documents is not in full force and effect or any security document does not create for the benefit of the Pearl Lenders the security which it is expressed to create;
- any party (other than a lender or a hedging bank) fails to comply with its obligations under the Pearl Intercreditor Agreement and, in the opinion of the "Pearl Majority Lenders", the interests of the Pearl Lenders under the Pearl Credit Facility Agreement or any related finance document are materially prejudiced by such failure;
- any Pearl Borrower repudiates or evidences an intention to repudiate the Pearl Credit Facility Agreement or any related financing document;

- any of the constitutional documents of a Pearl Borrower, certain agreements relating to Opal Re or the Subordinated Loan Facility Agreement are terminated or breached or amended in a manner that would reasonably be expected to be materially adverse to the interests of the Pearl Lenders;

- any person (other than a Lender) breaches or repudiates any of the Contingent Fee Agreement, the Implementation Agreement or certain other agreements (unless remedied within any originally applicable grace periods under such documents);

- any party (other than a Pearl Lender or Impala Lender or a hedging bank) to the Lender Relationship Agreement breaches certain specified provisions of the Lender Relationship Agreement (unless remedied within the specified grace period);

- the auditors of the Group qualify their report on any audited consolidated financial statement of the Group or any audited financial statement of any Pearl Borrower in a manner and to an extent considered by the majority Pearl Lenders to be materially adverse to their interests;

- any litigation, arbitration, proceeding or dispute is started or threatened or there are any circumstances likely to give rise to any such proceeding, in each case which is reasonably likely to be adversely determined and would reasonably be expected to have a material adverse effect; and

- any event or circumstance occurs which has or would have a material adverse effect on or a material adverse change in the financial condition, assets or business of the Pearl Covenant Group taken as a whole, the ability of either Pearl Borrower to comply with its payment obligations or the financial covenants under the Pearl Credit Facility Agreement, the validity, legality or enforceability of the Pearl Credit Facility Agreement or certain related financing documents or the validity, legality or enforceability of any security expressed to be created under the related security documents or the priority of any such security.

Guarantees and Security

Each of the Pearl Borrowers have guaranteed the indebtedness and obligations of the other under the Pearl Credit Facility Agreement and certain related financing documents, and have charged all of their assets, including without limitation their respective bank accounts and all book or other debts (the “Pearl Borrower Collateral”) in support of their respective obligations under the Pearl Credit Facility Agreement. The obligations of the Pearl Borrowers under the Lender Loan Notes are secured by a second-ranking charge executed by the Pearl Borrowers with respect to the Pearl Borrower Collateral.

Intercreditor Agreement

The Pearl Borrowers have entered into an amended and restated Intercreditor Agreement (the “Pearl Intercreditor Agreement”) with certain parent entities and other members of the Pearl Covenant Group, the Pearl Lenders, the Pearl Credit Facility Agent, the security trustee and the counterparties to certain hedging agreements entered into with certain members of the Pearl Covenant Group. The Pearl Intercreditor Agreement provides that the obligations of the Pearl Borrowers under the Pearl Senior Debt and such hedging agreements are senior in right of payment to the Lender Loan Notes, the Company Subordinated Debt and all other intercompany debt of the Company and its subsidiaries (the “Company Intercompany Debt”). The Lender Loan Notes are subordinated to the Pearl Senior Debt, but senior to the Company Subordinated Debt and all other Company Intercompany Debt. Neither the holders of the

Lender Loan Notes nor the holders of any Company Intercompany Debt may take any enforcement action or certain other specified actions with respect to such indebtedness so long as the Pearl Senior Debt is outstanding without the consent of the holders of two-thirds of the outstanding principal amount of the Pearl Senior Debt. Following the retirement of the Pearl Senior Debt and so long as any Lender Loan Notes remain outstanding, the holders of Company Intercompany Debt may not take any enforcement action or certain other specified actions with respect to such indebtedness without the consent of the holders of two-thirds of the outstanding principal amount of the Lender Loan Notes.

(b) ***Impala Facility***

The Impala Borrowers are borrowers under a facility agreement dated 10 October 2007 as amended and restated (the "Impala Credit Facility Agreement") entered into with Impala Borrowers, the Impala Lenders, the bookrunners, the arrangers, the Impala Credit Facility Agent and the security trustee described therein. Upon completion of the Acquisition, the Impala Credit Facility Agreement was further amended and restated.

Interest in the amount of approximately £131.4 million that was due but unpaid under the Impala Credit Facility Agreement for the period up to (but not including) the closing date of the Acquisition is required to be paid as soon as practicable but in any event no later than 31 December 2009. The Group has sufficient financial resources to meet this interest payment.

The Impala Borrowers together own 25% of Impala and PGH2 owns 75% of Impala.

Impala Credit Facility

The outstanding principal amount under the Impala Credit Facility Agreement is £2,260 million (the "Impala Senior Debt") comprising the following three tranches:

- Facility A in the amount of £1,275 million with a maturity date of 30 November 2014 ("Facility A Termination Date");
- Facility B in the amount of £492.50 million with a maturity date of 30 November 2015; and
- Facility C in the amount of £492.50 million with a maturity date of 30 November 2016.

Facility A is repayable in equal semi-annual instalments of £62.5 million, starting on 30 April 2011, with the remaining balance being due on the Facility A Termination Date. Facility B and Facility C are repayable in single instalments on the relevant maturity date. The Impala Borrowers may from time to time voluntarily prepay the Impala Senior Debt in whole or in part, in minimum amounts of £2 million.

The Impala Senior Debt is subject to mandatory prepayments from surplus cash (as described below) and other specified proceeds. Both voluntary and mandatory prepayment shall be applied first to prepay the Facility A loans in full, second to prepay the Facility B loans in full and last to prepay the Facility C loans in full.

Until 2 September 2013, the tranches will bear interest as follows:

- Facility A: the sum of LIBOR plus 1% per annum plus 1% per annum PIK margin plus mandatory costs. Mandatory costs compensate the Impala Lenders for

the costs of compliance with the requirements of the Bank of England, the FSA and/or the European Central Bank.

- Facility B: the sum of LIBOR plus 1.25% per annum plus 0.75% per annum PIK margin plus mandatory costs.
- Facility C: the sum of LIBOR plus 1.75% per annum plus 0.25% per annum PIK margin plus mandatory costs.

Prior to 2 September 2012, any unpaid interest in respect of the PIK margin will be capitalised and added to the relevant principal amount.

From and after 2 September 2013, the tranches will bear interest as follows:

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

Restricted Distributions and Payments

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

- pay or prepay any principal amount, interest or other amount in respect of (x) certain specified intercompany indebtedness, (y) indebtedness owing to the Company, certain other shareholders and other related parties (collectively, the "Restricted Persons"), or (z) the Tier 1 Bonds; or
- make any investment in, of pay any fee, advance or other payments to, any Restricted Person.

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

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

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

- a payment of £2.5 million per annum for head office and administrative costs;
- during 2010 and 2011, payment to the Company of an amount of up to 66 2/3 per cent in each year of surplus cash (defined in the Impala Credit Facility Agreement as "Surplus Amount") provided that:
    - the maximum amount payable by the Impala Borrowers to the Company in each such year is capped at an aggregate amount equal to the lesser of:

    - (a) £11.5 million plus "X" (where "X" is the amount by which (i) the amount which the Company is permitted to receive from the Pearl Borrowers under the Pearl Credit Facility Agreement in the same year, is less than (ii) £46.1 million); and
    - (b) £38.4 million;
  - an amount equal to 50 per cent of the amount that the Impala Borrowers are permitted to pay the Company shall be applied in mandatory prepayment of the Impala Senior Debt; and
  - the balance of surplus cash shall be applied in mandatory prepayment of the Impala Senior Debt unless the Impala Borrowers elect to use such balance to redeem all or part of the Tier 1 Bonds subject to certain conditions.
- during 2012 and each year thereafter, payment to the Company of an amount of up to 50 per cent in each year of surplus cash provided that:
  - the maximum amount payable by the Impala Borrowers to the Company in each such year is capped at an aggregate amount equal to the lesser of:
    - (a) £14.4 million plus "X" (where "X" is the amount by which (i) the amount which the Company is permitted to receive from the Pearl Borrowers under the Pearl Credit Facility Agreement in the same year is less than (ii) £57.6 million); and
    - (b) £48.0 million;
  - an amount equal to the amount that the Impala Borrowers are permitted to pay the Company shall be applied in mandatory prepayment of the Impala Senior Debt; and
  - the balance of surplus cash shall be applied in mandatory prepayment of the Impala Senior Debt unless the Impala Borrowers elect to use such balance to redeem all or part of the Tier 1 Bonds subject to certain conditions.

No payments may be made to the Company, or used to redeem any of the Tier 1 Bonds, unless the following conditions are satisfied:

- no default is continuing under the Impala Credit Facility Agreement;
- none of the specified financial covenants have been breached (including certain financial covenants, the breach of which will not be an event of default under the Impala Facility Agreement, but which will prevent payments being made to the Company);
- delivery to the Impala Credit Facility Agent of financial information and certificates as at the most recent half-year calculation date;
- all amounts of interest outstanding in relation to the Impala Credit Facility Agreement (including up to the closing date of the Acquisition) have been paid;
- the amount of the payment is not such that, if the payment had been made immediately prior to the most recent semi-annual calculation date, the value of the

assets held in the accounts of Impala would be less than the value required to be retained by Impala in accordance with any requirement of the FSA;

- the FSA has not imposed any requirement, or taken other actions, which would reasonably be expected to prevent any material member of the Impala Group from making a payment to any other member of the Impala Group or any Impala Borrower from making any required payment to the Impala Lenders.

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

Representations, Warranties and Covenants

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

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

- provide to the Impala Credit Facility Agent annual and semi-annual financial statements and relevant compliance certificates relating to (amongst other things) compliance with such financial covenants;

- provide monthly certificates giving financial information;

- maintain all Impala group pension schemes substantially in accordance with the governing provisions of such scheme where failure to do so would reasonably be expected to have a material adverse effect;

- ensure that the financial covenants are met, such covenants including:

    (i) the ratio of (a) the aggregate principal amount of the Impala Senior Debt to (b) the sum of the embedded value of the Impala Group adjusted by liabilities to/surplus in respect of the Impala Staff Pension Scheme *minus* the pension deficit in respect of the Impala Staff Pension Scheme;

    (ii) a ratio of (a) certain projected Impala Group cashflows and free cash to (b) certain scheduled Impala Group debt payment obligations;

    (iii) a ratio of (a) certain Impala Group historical cash flows to (b) certain Impala Group historical debt service; and

- the capital resources of each insurance subsidiary are greater than the higher of its capital resources requirement and its ICA requirement;

- the aggregate capital resources of the insurance subsidiaries exceed the aggregate of (a) the aggregate ICA requirement of the insurance subsidiaries and (b) the aggregate ICG requirement of the Impala Group; and

- the EEA Group capital resources are greater than 105% of the EEA Group capital resources requirement.

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

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

Events of Default

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

- an Impala Borrower fails to pay any amount payable pursuant to the Impala Credit Facility Agreement or related finance documents when due (and such default is not cured in three business days);
- a breach of certain specified financial covenants subject to a 45-day grace period in certain cases or an equity cure right in others;
- an Impala Borrower or PGH2 does not comply with any other provision of the Impala Credit Facility Agreement or related finance documents (and such default is not cured within 15 business days);
- any representation or statement made or deemed to be made by an Impala Borrower or PGH2 in the Impala Credit Facility Agreement or related finance or security documents is incorrect or misleading (and such misrepresentation is not cured within 15 business days);
- certain default, acceleration and/or cancellation events with regards to other financial indebtedness of members of the Impala Group, of lender commitments with respect thereto (provided that the aggregate amount of relevant indebtedness or commitment is £5.0 million or more);
- certain bankruptcy or insolvency events occur with respect to an Impala Borrower or a material subsidiary;

- any expropriation, attachment or analogous process affects any material asset of an Impala Borrower or a material subsidiary in relation to indebtedness of at least £5.0 million and is not discharged within 15 business days;

- any security document or any guarantee in or any subordination under the Impala Credit Facility Agreement or related finance documents is not in full force and effect or any security document does not create for the benefit of the Impala Lenders the security which it is expressed to create;

- any party (other than a Lender or a hedging bank) fails to comply with its obligations under the Impala Intercreditor Agreement (as defined below) and, in the opinion of the majority of the Impala Lenders, the interests of the Impala Lenders under the Impala Credit Facility Agreement or any related finance document are materially prejudiced by such failure;

- any Impala Borrower or PGH2 repudiates or evidences an intention to repudiate any of the Impala Credit Facility Agreement or related financing documents;

- any of the constitutional documents of an Impala Borrower or certain agreements relating to the Acquisition are terminated or breached or amended in a manner that would reasonably be expected to materially adversely affect the interests of the Impala Lenders;

- any person (other than a Lender) breaches or repudiates any of the Contingent Fee Agreement or the Implementation Agreement (unless remedied within any originally applicable grace periods under such documents);

- any party (other than a Pearl Lender, Impala Lender or a hedging bank) to the Lender Relationship Agreement breaches certain specified provisions of clauses of the Lender Relationship Agreement (unless remedied within the specified grace period);

- the auditors of the Impala Group qualify their report on any audited consolidated financial statement of the Impala Group or any audited financial statement of any Impala Borrower in a manner and to an extent considered by the majority Impala Lenders to be materially adverse to their interests;

- any litigation, arbitration, proceeding or dispute is started or threatened or there are any circumstances likely to give rise to any such proceeding, in each case which is reasonably likely to be adversely determined and would reasonably be expected to have a material adverse effect; and

- any event or circumstance occurs which has or would have a material adverse effect on or a materially adverse change to: the financial condition, assets or business of the Impala Group taken as a whole, the ability of either Impala Borrower to comply with its payment obligations or financial covenants under the Impala Credit Facility Agreement, the validity, legality or enforceability of the Impala Credit Facility Agreement or certain related financing documents or the validity, legality or enforceability of any security expressed to be created under the related security documents or the priority of any such security.

Guarantees and Security

Each of the Impala Borrowers have guaranteed the indebtedness and obligations of the other under the Impala Credit Facility Agreement and certain related financing documents, and

have charged all of their assets including, without limitation, their respective bank accounts and all book or other debts in support of their respective obligations under the Impala Credit Facility Agreement. The obligations of the Impala Borrowers under the Impala Credit Facility Agreement are also secured by a limited recourse share pledge executed by PGH2 over all of the shares it owns in Impala (and any related distributions).

The Impala Intercreditor Agreement

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

8. Lender Relationship Agreement

The Company entered into a lender relationship agreement with the Lenders which also hold shares in the Company (collectively, the "Lender Shareholders") dated 27 June 2009 (as amended, the "Lender Relationship Agreement"). The Lender Relationship Agreement is governed by English law and became effective at completion of the restructuring of the credit facilities described above (the "Debt Restructuring").

Listing of Shares

Under the Lender Relationship Agreement, the Company has agreed to use all reasonable endeavours to cause all of the Ordinary Shares of the Company, or any successor holding company, including those into which the Class B Shares will convert, to be admitted to trading on the Main Market of the London Stock Exchange on or before 30 June 2010, or such later date as the Company and the Lender Shareholders may agree. Prior to such listing, the Company must consult and agree with the Lender Shareholders how any proceeds raised from the issue of new Ordinary Shares in connection with such listing are to be used.

If the Company has not been able to list its Ordinary Shares on the London Stock Exchange by 30 June 2010, it is then required to use all reasonable endeavours to cause the Ordinary Shares held by the Lender Shareholders (including those into which any Class B Shares will convert) which have not been admitted to trading on Euronext or the London Stock Exchange to be admitted to trading on Euronext Amsterdam (or any other stock exchange on which the Ordinary Shares may then be listed or traded) by 30 September 2010.

Prior to admission of the Ordinary Shares to the Official List and to trading on the Main Market of the London Stock Exchange, the Company must use all reasonable endeavours to maintain the listing of the Ordinary Shares on Euronext Amsterdam.

Lock-Up of Shares

Each of the Lender Shareholders and their affiliates have agreed that, during the period commencing on completion of the Acquisition and ending on the first anniversary of

completion (the "Restricted Period"), it will not dispose of any interest in the shares, other than certain excluded shares (described below), issued to it at completion of the Acquisition pursuant to the Implementation Agreement, other than to an affiliate. Such restriction will terminate upon the occurrence of a change of control of the Company.

Notwithstanding the restrictions above, a Lender Shareholder may sell up to 50% of its shares during the Restricted Period to the extent a Lender Shareholder is required to pay taxes that may become payable due to the receipt of such shares.

In addition, the restrictions above do not apply to the following excluded securities: (i) 937,380 Ordinary Shares and 452,620 Class B Shares that are to be issued by the Company to the Pearl Lenders; (ii) 2,562,620 Ordinary Shares and the 1,237,380 Class B Shares that are to be issued by the Company to the Impala Lenders; and (iii) those Class B Shares that are to be issued upon exercise of the Lenders Warrants and the Ordinary Shares into which such Class B Shares may be converted. However, the Lender Shareholders have agreed to effect any disposal of such excluded securities on a best price and execution basis through the Company's broker for the time being and in an orderly manner with a view to maintaining an orderly market in the Ordinary Shares.

Corporate Governance and Related Matters

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

Notwithstanding that the Company is not required by the Listing Rules to comply with the Combined Code, the Company must comply with the main principles, supporting principles and provisions of the Combined Code, except to the extent that doing so would conflict with the Company's obligations under the Lender Relationship Agreement.

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

No person may be appointed as chairman unless the Lender Shareholders have approved such appointment. If the person appointed as chairman ceases to hold office for any reason, the Company is required to (i) consult with the Lender Shareholders as to the choice of candidates for such office and (ii) unless the Lender Shareholders agree otherwise, appoint one of the independent non-executive directors of the Company's board of directors to act as chairman pending the appointment of a new chairman. If no independent non-executive director accepts such appointment, the appointment by the Company of an interim chairman will be subject to the approval of the Lender Shareholders.

If the person appointed as the chief executive officer of the Group ceases to hold office for any reason prior to the earlier of (i) the expiration of 12 months from completion of the Acquisition and (ii) the date the Ordinary Shares are approved for listing on either the Main Market of the London Stock Exchange or Euronext Amsterdam, the Company must consult with the Lender Shareholders as to the choice of candidates for such office. The appointment by the Company of any chief executive officer (including any interim or acting chief executive officer) during such period must be approved by the Lender Shareholders.

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

- to nominate a person for appointment by the Company's board of directors as a non-executive director (the "Lender Non-Executive Director"), and to nominate any replacement thereof;

- to nominate a person, expected to be the Lender Non-Executive Director, for appointment by the Company's board of directors to serve on all committees of the Group's boards, and to nominate any replacement thereof;

- to nominate a person for appointment by PGH2 and Phoenix Life Holdings as a non-executive director of PGH2 and Phoenix Life Holdings respectively; and

- to appoint a representative to attend any meeting of the board of directors of the Company, or any committee thereof, as an observer (the "Observer").

Subject to the views of the FSA, the Lender Shareholders must, prior to the nomination of the Lender Non-Executive Director, the PGH2 non-executive director or the appointment of the Observer, consult with the Company as to the suitability of the candidates. The Lender Shareholders may not nominate or appoint anyone with any material connections with any material competitor to the Group or who the Company reasonably considers is likely to be adverse to the interests of the Group. The Lender Shareholders appointed the Observer on 5 November 2009.

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

- the chairman shall, at all times, be "Independent" under the criteria set out in Provision A.3.1 of the Combined Code;

- Independent non-executive directors will, as soon as practicable after the completion of the Acquisition, at all times comprise no less than half of the board of directors of the Company;

- if any person appointed as a Lender Non-Executive Director is required under the revised Articles of Association to submit himself for re-election at any annual general meeting of the Company, the board of directors of the Company will include such person in the notice of such annual general meeting sent to the shareholders of the Company as being subject to re-election and the board of directors of the Company will not knowingly take any action to prejudice the re-appointment of such person;

- the chairman has the powers and duties specified in the Lender Relationship Agreement (including, without limitation, the right to: (i) chair the board of directors of the Company and general meetings of the Company and meetings of the nomination committee, including setting the agenda of such meetings; (ii) challenge and contribute to the development of strategy; (iii) scrutinise the performance of management; (iv) satisfy himself that financial information is accurate and that financial controls and systems of risk management are robust and defensible; (v) be responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning; and (vi) serve on the remuneration committee of the board of directors and attend all such committee meetings); and

- the Lender Non-Executive Director will receive copies of all correspondence with the FSA relating to the solvency position of the Company or any of its subsidiaries or the

non-compliance by the Company or any of its subsidiaries with any applicable law or regulation.

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

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

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

Amendment to the Articles of Association

The Lender Relationship Agreement provides that if the Company adopts any amendments to articles 27.2, 27.9 and 49 of the Articles of Association, then the Company will be in breach of the Lender Relationship Agreement. In addition, the Company must use all reasonable endeavours to prevent any amendment to the Articles of Association which would restrict the rights of the Lender Shareholders under the Lender Relationship Agreement.

Preemptive Rights

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

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

- the warrants and any shares which are issued on exercise thereof;

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

Capital Distributions

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

Approval Mechanism

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

9. Implementation Agreement

The Company has entered into an Implementation Agreement dated 27 June 2009 (as amended, the "Implementation Agreement") with the Lenders, the Pearl Borrowers, the Impala Borrowers, certain Sellers and PGH2, with respect to, among other things, the implementation of certain of the transactions contemplated by the various transaction documents. The Implementation Agreement is governed by English law.

Fees and Issuance of Shares

In consideration for the restructuring of the Pearl Credit Facility Agreement (as described above), the Pearl Borrowers were required to pay a fee to the Pearl Lenders or a specified designated affiliate in the amount of £17,010,000 (the "Pearl Fee"). The Implementation Agreement provided for the Pearl Fee to be satisfied by the Company's issuance to the Pearl Lenders (or at their direction) of: (i) 937,380 fully paid up Ordinary Shares; (ii) 452,620 fully paid up Class B Shares; and (iii) 500,000 additional fully up paid Class B Shares.

Upon such issuance, the Pearl Borrowers became indebted to the Company on arm's length terms for an amount equal to the Pearl Fee.

In consideration for the restructuring of the Impala Credit Facility Agreement (as described above), the Impala Borrowers were required to pay a fee to the Impala Lenders or a specified

designated affiliate in the amount of £52,200,000 (the “Impala Fee”). The Implementation Agreement provided for the Impala Fee to be satisfied by the Company’s issuance to the Impala Lenders (or at their direction) of: (i) 2,562,620 fully up paid Ordinary Shares; (ii) 1,237,380 fully paid up Class B Shares; and (iii) 2,000,000 additional fully paid up Class B Shares. Upon such issuance, the Impala Borrowers became indebted to the Company on arm’s length terms for an amount equal to the Impala Fee.

In addition, the Pearl Borrowers and the Impala Borrowers are required to pay the contingent fees described in the Contingent Fee Agreement (see “—Contingent Fee Agreement”).

Chairman

The Implementation Agreement provided that, prior to completion, the Company was required to conduct a process, in consultation with the Lenders, to appoint a permanent chairman of the Company’s board of directors (approved in advance by the Lenders) to replace the existing chairman at completion.

Escrow Deed

The Implementation Agreement provided that each of the Sun Capital parties who is a Seller, the Company and TDR Capital will (i) appoint an escrow agent (acceptable to the Lenders) in relation to an escrow deed to be agreed upon by the escrow agent and (ii) execute the escrow deed no later than completion.

The escrow deed provides that any dividends declared or paid in respect of the proportion of the 38.9 million Class B Shares received by the Sellers under the Purchase Agreements will be paid into escrow rather than delivered to such Sellers. The escrowed funds will be released to such Sellers on the earlier to occur of: (i) certain prepayments under the Pearl Credit Facility Agreement and the Impala Credit Facility Agreement or (ii) the second anniversary of the completion of the Acquisition.

Termination of Related Party Transactions and Resignations

The Implementation Agreement required that, to the extent legally possible, certain agreements, transactions and arrangements specifically disclosed in the Implementation Agreement by and among the Sellers and their affiliates and the Group would be terminated upon the completion of the Acquisition.

The parties to the Implementation Agreement also agreed (for themselves and on behalf of their related parties) that the Pearl Group Sellers (other than Hugh Osmond and Manjit Dale, each of whom were to be directors of the Company) would resign on completion from all positions held in relation to each member of the Group whether as director, alternate director, member of any committee, officer, employee, consultant, representative, agent or adviser.

The Implementation Agreement provided that certain key employees of PGH2 would continue to be employed by the Group following completion, but such individuals were required to resign as directors, alternate directors and members of any committee of any member of the Group.

Representations and Warranties

The Implementation Agreement contains, among other terms, customary representations and warranties by the Company and each other party relating to the transactions contemplated therein.

Lenders' Approval Mechanism

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

Lender Warrants

Pursuant to the Implementation Agreement, upon completion of the Implementation Agreement after the Acquisition, the Company issued to the Lenders warrants to purchase 5,000,000 Class B Shares. The terms of these warrants are more fully described in "Description of the Company's Share Capital and Warrants".

10. Contingent Fee Agreement

In connection with the Implementation Agreement, the Company, the Pearl Borrowers, the Impala Borrowers and the Lenders entered into a Contingent Fee Agreement, dated 27 June 2009 (the "Contingent Fee Agreement"), pursuant to which the Lenders are entitled to receive additional fees from the Pearl Borrowers and the Impala Borrowers as further consideration for the Debt Restructuring. These fees become payable as follows:

- a fee in the aggregate amount of £33.15 million is payable upon the volume weighted average price of the Ordinary Shares attaining, and remaining above for 20 consecutive trading days, €13 per share, (the "First Threshold Fee");
- a fee in the aggregate amount of £35.7 million is payable upon the volume weighted average price of the Company's Ordinary Shares attaining, and remaining above for 20 consecutive trading days, €14 per share (the "Second Threshold Fee"); and
- a fee in the aggregate amount of £38.25 million is payable upon the volume weighted average price of the Company's Ordinary Shares attaining, and remaining above for 20 consecutive trading days, €15 per share (the "Third Threshold Fee").

The fees described above will be satisfied by the issue by the Company to the Lenders of:

- 2,833,333 fully paid up Shares in respect of the First Threshold Fee;
- 2,833,333 fully paid up Shares in respect of the Second Threshold Fee;
- 2,833,334 fully paid up Shares in respect of the Third Threshold Fee;

and each Pearl Borrower or Impala Borrower will become indebted to the Company, on arm's length terms, for the proportion of the fees described above that the Company satisfies on its behalf.

The Contingent Fee Agreement with the Lenders is, in all other respects, substantially the same as the Contingent Consideration Agreement, including with respect to acceleration of the fees payable and anti-dilution adjustments.

11. Royal London Agreements

Background

On 10 October 2007, a PIK Facility Agreement (as amended and restated from time to time) was entered into by MC2 as borrower and MC1 as guarantor and Royal London as lender (the "PIK Facility") in the principal amount of £154.5 million. MC1 also entered into a notes subscription agreement (as amended and restated from time to time) with MC2 as guarantor and Royal London as the initial noteholder, pursuant to which MC1 (as issuer) and MC2 (as guarantor) executed a deed poll notes instrument dated 14 May 2008 pursuant to which PIK Notes (the "PIK Notes") of £154.5 million were issued (the PIK Facility Agreement and PIK Notes, together the "PIK Documents").

Sale of Shares in TC1 and TC2

Pursuant to the Royal London Implementation Agreement, Royal London sold, and the Company purchased, all of the ordinary and preference shares of TC1 and TC2 owned by Royal London. In consideration for the sale of these shares, the Company issued to Royal London 1.8 million Class B Shares.

Assignment of the Royal London PIK Debt

Royal London assigned to the Company a portion of the principal amount of the PIK Notes, and a portion of the outstanding principal under the PIK Facility, such that the outstanding principal amount owed by MC1 and MC2 to Royal London under the PIK Documents was reduced to an aggregate of £100 million. Both the PIK Notes and the PIK Facility debt assigned to the Company (together, the "PIK Debt") (i) is subordinated to any remaining principal amount and interest owed to Royal London under the PIK Documents, (ii) is not secured on any assets or property of MC1 or MC2 and (iii) does not have the benefit of any guarantees from MC1 and/or MC2. In addition, the Company (and any subsequent transferees or assignees) are not entitled to vote or participate in any decisions of the Lenders or noteholders under the PIK Documents.

In consideration for the transfer of the PIK Debt, the Company issued to Royal London 1.5 million Class B Shares, transferable warrants to purchase 2 million Class B Shares and non-transferable warrants to purchase 10.36 million Class B Shares. In addition, and immediately prior to the assignment of the PIK Debt to the Company, the remaining amounts owed to Royal London under the PIK Documents were amended and restated as described below under "Restructuring of the PIK Outstandings."

Restructuring of the PIK Outstandings

The PIK Documents were amended to reflect the revised terms agreed with Royal London, including the restructuring of the repayment provisions to provide for a bullet repayment upon the maturity of a ten-year term and the payment of a coupon of 2% per annum plus LIBOR (with an increased coupon of 3.5% per annum on capitalised interest). Additional amendments have been made to the PIK Documents as considered appropriate to reflect the changes effected by the restructuring of the Group.

Fees

In consideration for Royal London agreeing to amend and restate the remaining balance of the outstanding amounts owed to Royal London, MC1 and MC2 together became indebted to Royal London for a restructuring fee of £25.9 million in cash. Royal London assigned and transferred such fee to the Company in exchange for the issuance by the Company of 2.88 million Class B Shares.

As an additional fee for Royal London agreeing to the debt restructuring provided for in the Royal London Implementation Agreement, the Company agreed to pay Royal London £1,507,125 in cash. This was paid by the Company on completion of the Acquisition.

Royal London Warrants

The non-transferable warrants and the transferable warrants issued to Royal London are more fully described in "Description of the Company's Share Capital and Warrants".

Listing on the London Stock Exchange and/or Euronext

The Company has agreed that it will use all reasonable endeavours to list its entire issued and to be issued Ordinary Shares on the London Stock Exchange on or before 30 June 2010. If this is not possible, the Company has agreed that it will use all reasonable endeavours to list any unlisted shares (including the Ordinary Shares into which the Class B Shares convert) held by Royal London on Euronext on or before 30 September 2010.

Lock-Up and Orderly Market

Royal London has agreed not to transfer any securities it receives from the Company, including shares issuable upon the exercise of Royal London Warrants or Ordinary Shares received upon the conversion of Class B Shares, for a period of one year following completion of the Acquisition save on a change of control or in respect of a transfer to an affiliate.

Royal London has also agreed, for a period of 18 months following completion of the Acquisition or, if earlier, until such time that it ceases to hold more than 2.5% of the Company's issued share capital, only to dispose of the shares it holds in the Company on a best price and execution basis through the Company's broker at the time and in such orderly manner as the Company may require with a view to maintaining an orderly market in the Company's shares provided that such broker offers competitive terms for the provision of such services and is, in Royal London's reasonable opinion, of substance and of good repute and has substantial distribution capacity in the insurance sector.

Bond Option

Royal London has granted to the Company an option to purchase, within six months of the completion of the Acquisition, certain Tier 1 bonds issued by PGH1 to Royal London at 20% of the face amount thereof.

Settlement Deed

Royal London, Impala and PGH2 are parties to a framework agreement dated 10 October 2007, as amended and restated on 2 May 2008 relating to certain of the subsidiaries, businesses and related assets of Resolution (the "ARFA"). Royal London Management

Services Limited and PGMS are parties to a transitional services agreement dated 1 August 2008 (the "TSA"). Royal London, Impala, PGH2, and certain of their respective group companies entered into a settlement deed (the "Settlement Deed"), pursuant to which certain amounts owing between the Royal London group and Impala and its subsidiaries under the ARFA and the TSA are agreed and set off against each other.

The Settlement Deed, among other things, makes provision in respect of the transfer of certain tax attributes to Royal London, including that if the total amount of the tax attributes provided is less than £480 million Pearl Life Holdings Limited ("PLHL") will be required to make a refund payment to Royal London of up to £52.6 million.

12. Other Royal London contracts

In connection with the acquisition of PGH1 (then known as Resolution plc), Impala entered into a consortium arrangement with Royal London. In general terms, the arrangement provided for the transfer of certain existing life insurance policies and the new business division of the Resolution group (as it was then) to Royal London for a consideration of approximately £1.3 billion (subject to adjustment) and the provision of approximately £0.3 billion of debt funding for the purposes of the takeover.

The transfer of the new business division occurred principally through: (i) a business transfer agreement, providing for the transfer of the new business division; and (ii) for the provision of certain administration and ancillary services, a transitional services agreement in each case entered into on 1 August 2008 between Royal London and certain members of the Group. The insurance policies in question were transferred pursuant to a Part VII insurance business transfer scheme under the FSMA with effect from 29 December 2008.

13. Pearl Pension Scheme Agreements

On 2 September 2009, PGH2 entered into an agreement with the trustees of the Pearl Pension Scheme that governs how the Pearl Pension Scheme will be funded until 2027 (the "New Pensions Agreement").

The key features of the New Pensions Agreement are as follows:

- PGH2 has agreed to make certain specific payments to the Pearl Pension Scheme. The first payment was a £50 million cash contribution which was paid within 30 days of the New Pensions Agreement (and the related security documents and escrow termination agreement) having becoming effective. This payment has now been made. This will be followed by payments of £25 million (subject to satisfaction of capital resources requirements) to the Pearl Pension Scheme on 30 September each year from 2010 through to 2019;

- The trustees of the Pearl Pension Scheme are granted charges over shares in a number of members of the Group;

- The value of the security claim granted under the share charges will be fixed at £600 million until 30 June 2012, and thereafter will be capped at the lower of £600 million and 60% of the Pearl Pension Scheme deficit (on a basis linked to U.K. government securities) revalued every three years thereafter. In so far as there is a residual deficit, and therefore security claim, after 2020 the Group has agreed to accelerate cash funding to reduce such deficit prior to 2027;

- PGH2 covenants that its embedded value will be at least 1.30:1 times the value of the security granted by way of share charge. Restrictions on dividends and debt payments will apply if this test is not met. Failure to maintain this embedded value ratio does not automatically entitle the trustees to exercise their security unless the ratio falls below 1.05:1. If embedded value increases above a certain level, payments to the Pearl Pension Scheme will be triggered; and
- The Pearl Pension Scheme will continue to be subject to the scheme specific funding obligations under the Pensions Act 2004. The New Pensions Agreement makes it clear that any overall funding obligations under U.K. Pensions Law to which the Pearl Pension Scheme is subject will take into account the amounts agreed to be paid and secured under the New Pensions Agreement.

14. Tier 1 Bonds

In November 2005, PGH1 (which was then known as Resolution plc) issued a series of £500,000,000 6.5864 per cent, fixed/floating rate perpetual reset capital securities (the ***Tier 1 Bonds***). The Tier 1 Bonds are unsecured obligations of PGH1 and are subordinate to the clams of senior creditors. Payment in respect of the Tier 1 Bonds is conditional upon PGH1 being solvent at the time of payment and immediately following such payment and also, in respect of coupon payments, having sufficient distributable reserves.

The Tier 1 Bonds have no fixed maturity date and interest payments may be deferred at the option of PGH1, and accordingly the Tier 1 Bonds meet the definition of equity for financial reporting purposes. The Tier 1 Bonds also meet the conditions for Innovative Tier 1 Capital treatment in the calculation of the capital resources under the rules of the FSA.

The Tier 1 Bonds may be redeemed at par at the option of PGH1 on the first reset date of 25 April 2016 or on any coupon payment date thereafter. Redemption is subject to the agreement of the FSA. In certain circumstances, PGH1 has the right to substitute the Tier 1 Bonds or to redeem the Tier 1 Bonds before the first reset date.

Coupons are payable annually in arrears on 25 April each year at the rate of 6.5864 per cent. per annum, until the first reset date. Thereafter, coupons are payable semi-annually at 2.73 per cent. per annum over the then prevailing offered rate for six-month sterling deposits.

If PGH1 opts to defer a coupon payment, the deferred coupon payment may only be satisfied through the proceeds of by the issue of certain forms of securities, which may be made at any time. For so long as a deferred coupon payment has not been satisfied, PGH1 may not declare, pay or distribute a dividend on its securities in issue ranking junior to or at the same level as the Tier 1 Bonds or, except in particular circumstances, redeem, purchase or otherwise acquire any of its securities in issue ranking junior to the Tier 1 Bonds.

On 25 March 2009, PGH1 announced that it was deferring the coupon payment on the Tier 1 Bonds of approximately £33 million, which would otherwise have been due for payment on 25 April 2009. Coupon payments are due annually so the next payment is due to be made on 25 April 2010. No decisions have been taken in respect of any future deferrals. For further information in relation to discussions with bondholders, see "Financial Information—Section A—Interim Management Statement".

15. Tier 2 Bonds

In July 2001, Scottish Mutual Assurance Limited ("SMA") issued £200 million 7.25 per cent. undated, unsecured subordinated notes (the "Tier 2 Bonds"). As a result of the Part VII

transfer of certain policies from SMA to Phoenix Life which was approved by the English High Court on 30 January 2009, the Tier 2 Bonds are unsecured obligations of Phoenix Life and are subordinate to the claims of senior creditors. Payment in respect of the Tier 2 Bonds is conditional upon Phoenix Life being solvent at the time of payment and immediately following such payment.

The Tier 2 Bonds may be redeemed at par at the option of Phoenix Life on the first reset date of 25 March 2021 or on each fifth anniversary thereafter (each a "successive reset date"). Redemption is subject to the agreement of the FSA.

Coupons on the Tier 2 Bonds are payable annually in arrears on 25 March, commencing in 2002, at the rate of 7.25 per cent, per annum until the first reset date. Thereafter, coupons are payable annually at 3.2 per cent. per annum over the prevailing benchmark gilt yield on each successive reset date.

16. Mutual Securitisation Bonds

In 1998 NPI raised approximately £260m of capital through the securitisation of embedded value on blocks of existing unit linked and unitised with-profit life and pension policies. The issuer of the underlying bonds (the "Mutual Securitisation Bonds") is Mutual Securitisation plc, which is not a member of the Group.

The Mutual Securitisation Bonds were issued in two classes which rank *pari passu*, being £140 million of 7.39169% Class A1 limited recourse bonds due 2012 and £120 million of 7.5873% Class A2 limited recourse bonds due 2022. The Mutual Securitisation Bonds are listed on the Irish Stock Exchange and on the London Stock Exchange.

Proceeds of the issue of the Mutual Securitisation Bonds were lent to NPI pursuant to a loan agreement between, amongst others, NPI and Mutual Securitisation plc dated 16 April 1998. The loan is secured pursuant to certain security documents between NPI and Mutual Securitisation which were entered into on or around the same date.

Following the demutualisation of NPI in 1999 the obligations in relation to the bonds have been assumed by National Provident Life.

17. Abbey Acquisition

In connection with the purchase of the UK and offshore life insurance businesses of Abbey National plc ("Abbey") by certain members of the Group in 2006 for a gross purchase price of £3.6 billion (the "Abbey Acquisition"), a suite of contractual documentation was entered into. That suite of documentation included:

(a) *Acquisition Agreement and Tax Covenant*

Abbey gave certain warranties which were usual for a transaction of this nature. Except in relation to certain indemnities and covenants, Abbey's liability under the Abbey Acquisition agreement or the tax covenant (explained below) is capped at £2.2 billion.

Claims under the tax warranties or the tax covenant must be notified to Abbey within 6 months after the expiry of the statutory period during which an assessment of that liability may be issued by the relevant tax authority, or if there is no such period, or if such period is longer than 7 years, on or before 31 December 2012. Abbey will not be liable for claims under the warranties or the tax covenant if legal proceedings are not brought within 9 months of a claim being notified to Abbey, subject to certain exceptions.

Indemnities

The Abbey Acquisition Agreement also contains certain indemnities given by Abbey. These include: (i) an indemnity in respect of specific liabilities of SMI in relation to certain identified existing litigation claims and a limited indemnity for future claims arising from the same or substantially the same facts and circumstances as those existing litigation claims; (ii) a partial indemnity in respect of hedging arrangements; and (iii) a partial indemnity in respect of certain liabilities arising in connection with participation in Abbey's pension schemes prior to completion of the Abbey Acquisition.

Demutualisation schemes

On completion, PLHL assumed, with certain exceptions, Abbey's obligations in respect of the demutualisation court schemes relating to SMA and Scottish Provident Limited.

(b) ***Transitional services agreement***

On 7 June 2006 (as subsequently amended and restated on 1 September 2006), Abbey and Resolution Management Services (now PGMS) entered into a transitional services agreement, under the terms of which they each agreed to provide to the other certain transitional services including, but not limited to, information technology, finance/treasury, human resources, property and operational services. The services are provided for a term which differs from service to service and each party is to use their reasonable endeavours to provide the services to a standard equivalent to that which such services were provided in the 6 month period prior to completion of the Abbey Acquisition.

(c) ***Glasgow sub-lease***

On 29 November 2006, Abbey entered into a sub-lease permitting Resolution Management Services Limited (now PGMS) to occupy floors 2, 3 and 4 of the property at 301 St. Vincent St, Glasgow G2 5NB, for a term expiring on 22 December 2020. PGH1 has guaranteed the obligations of PGMS under this lease.

The rent is charged *pro rata* per square foot based on the current rent of £2.9 million per annum exclusive of VAT, service charge, insurance premiums and all other outgoings. Rent increases by 1.5 per cent. in June and December each year. In addition, the Group currently pays £3.1 million per year in respect of service charges and insurance for that property. The only permitted use of the property is as offices. The Group currently uses this property for life company related activity and has announced that it will be transferring the majority of its remaining operations at this site to its Wythall offices during 2010 as part of its site consolidation plans.

(d) ***Tax covenant***

Under the Abbey Acquisition Agreement and a separate tax covenant, Abbey has given certain tax warranties and indemnities to PLHL from completion. Broadly, the tax indemnities cover tax liabilities arising up to the end of 2005, to the extent that they exceed the current tax provision in the 2005 accounts, together with tax liabilities on non-ordinary course transactions in 2006 up to the completion of the Abbey Acquisition.

18. UKCPT Transaction

On 30 October 2009, UK Commercial Property Trust Limited ("UKCPT"), a separately listed company which is approximately 72% owned by various members of the Group, completed

the purchase of a property portfolio from Phoenix Life for an aggregate consideration of £137.7 million, comprising cash of £35 million and the issue of approximately 151,544,000 ordinary shares in UKCPT. In addition, a further property may be acquired by UKCPT from Phoenix Life as part of this transaction. The completion of the acquisition of the remaining property is subject to a number of conditions. If that property is acquired, the consideration will be increased by the issue of a further 12,250,000 ordinary shares in UKCPT.

PART 10

TAX

U.S. Federal Income Tax Considerations

The following general discussion summarises certain material U.S. federal income tax considerations with respect to the holding and disposition by U.S. holders of Shares and Warrants (together referred to as the Company's "securities" in this Part 10). This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "U.S. Tax Code"), current and proposed Treasury regulations promulgated thereunder, and administrative and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. For purposes of this discussion, a U.S. holder is a beneficial owner of securities that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxed as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if: (i) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (within the meaning of the U.S. Tax Code) have the authority to control all substantial decisions of the trust; or (ii) it has a valid election in effect under applicable Treasury regulations to be treated as a "United States person".

This summary does not purport to be a comprehensive description of all of the tax consequences that may be relevant to the holding and disposition of securities. It does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such holder's individual circumstances. In particular, this summary considers only holders that hold securities as capital assets and does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special treatment, including:

- broker-dealers;
- insurance companies;
- taxpayers who have elected mark-to-market accounting;
- tax-exempt organisations;
- regulated investment companies;
- real estate investment trusts;
- financial institutions or "financial services entities";
- taxpayers who hold Ordinary Shares or Warrants as part of a straddle, hedge, conversion transaction or other integrated transaction;

- certain expatriates or former long-term residents of the United States; and
- taxpayers whose functional currency is not the U.S. Dollar.

This summary does not address any aspect of U.S. federal gift or estate tax, or state, local or non-U.S. tax laws. Additionally, the summary does not consider the tax treatment of partnerships or other pass-through entities or persons who hold Ordinary Shares or Warrants through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of Ordinary Shares or Warrants, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership.

This summary is not a substitute for careful tax planning. U.S. holders of securities are urged to consult their own tax advisers regarding the specific federal, state, local, foreign and other tax consequences to them, in light of their own particular circumstances of the holding and disposing of securities and the effect of potential changes in applicable tax laws.

TO ENSURE COMPLIANCE WITH U.S. INTERNAL REVENUE SERVICE (THE “IRS”) CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS SUMMARY DOCUMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. FEDERAL TAX LAWS; (II) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING BY THE ISSUER AND THE MANAGERS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (III) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR OWN PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Taxation of Shares and Warrants Generally

The Company treats Ordinary Shares as equity for U.S. federal income tax purposes. The IRS may not agree with the Company’s treatment of the Ordinary Shares or any of the discussion below. Accordingly shareholders are urged to consult their tax advisers regarding the U.S. federal tax consequences of holding and disposing of securities and with respect to any tax consequences arising under the tax laws of any state, local or foreign jurisdiction.

Taxation of Dividends Paid on Shares

In the event the Company pays a dividend, subject to the PFIC and CFC rules discussed below, a U.S. holder will be required to include in gross income as ordinary income the amount of any distribution paid on such holder’s Ordinary Shares to the extent the distribution is paid out of the Company’s current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of such earnings and profits will be applied against and will reduce the U.S. holder’s basis in the Ordinary Shares and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of Ordinary Shares as described under “—Taxation of the Disposition of Shares”.

In the case of a U.S. holder that is a corporation for federal income tax purposes, a dividend from the Company will generally be taxable at regular corporate rates of up to 35% and generally will not qualify for a dividends received deduction. A U.S. holder that is a corporation and that owns 10% of the Company’s voting shares may be entitled to claim the foreign tax credit for foreign taxes paid by the Company or certain subsidiaries subject to complex limitations discussed below. The Company has not yet determined whether it will

maintain the information necessary for such holders to claim the foreign tax credit. In the case of non-corporate U.S. holders, dividends are generally subject to tax at ordinary income rates of up to 35% for tax years beginning before 1 January 2011. Dividends from certain foreign corporations which are eligible for benefits of a comprehensive income tax treaty with the U.S. or the shares of which are readily tradable on an established securities market in the United States may be taxed as net capital gain at a rate of 15% or lower if distributed before 1 January 2011. The Cayman Islands does not have such a treaty with the U.S., and the Company's Shares are not are readily tradable on an established securities market in the United States. Consequently, the Company's dividends will not be eligible for this lower rate and will be taxed at the normal rates for ordinary income.

Distributions of current or accumulated earnings and profits paid in a non-U.S. currency to a U.S. holder will be includible in the income of a U.S. holder in a U.S. Dollar amount calculated by reference to the exchange rate on the day the distribution actually or constructively is received. A U.S. holder that receives a non-U.S. currency distribution will have a tax basis in the amount so received equal to the U.S. Dollar value of such amount on the day actually or constructively received. A U.S. holder that receives a non-U.S. currency distribution and converts the non-U.S. currency into U.S. Dollars on the date of receipt will realise no foreign currency gain or loss. If the U.S. holder converts the non-U.S. currency to U.S. Dollars on a date subsequent to receipt, such U.S. holder will have foreign exchange gain or loss which will generally be U.S. source ordinary income or loss based on any appreciation or depreciation in the value of the non-U.S. currency against the U.S. Dollar from the date of receipt to the date of conversion.

Taxation of the Disposition of Shares

Subject to the PFIC and CFC rules discussed below, upon the sale, exchange or other taxable disposition of Ordinary Shares, a U.S. holder will generally recognise capital gain or loss in an amount equal to the difference between the amount realised from the sale, exchange or other taxable disposition and such U.S. holder's tax basis in such Ordinary Shares. A U.S. holder's basis in its Ordinary Shares is usually the cost of such shares. See "—Exercise or Lapse of the Warrant" below for a discussion regarding a U.S. holder's basis in shares acquired pursuant to the exercise of a Warrant.

Capital gain or loss from the taxable sale, exchange or other disposition of Ordinary Shares held for more than one year is long-term capital gain or loss, and long-term capital gain is eligible for a reduced rate of taxation for non-corporate taxpayers. Long-term capital gains recognised by certain non-corporate holders before 1 January 2011, may qualify for a reduced rate of taxation of 15% or lower. See "—Exercise or Lapse of the Warrant" below for a discussion regarding a U.S. holder's holding period in Ordinary Shares acquired pursuant to the exercise of a warrant. Gains recognised by a U.S. holder on a sale, exchange or other disposition of Ordinary Shares generally will be treated as U.S. source income for U.S. foreign tax credit purposes. A loss recognised by a U.S. holder on the sale, exchange or other disposition of Ordinary Shares generally is allocated to U.S. source income for U.S. foreign tax credit purposes. The deductibility of a capital loss recognised on the sale, exchange or other disposition of Ordinary Shares is subject to limitations, as is the deduction for losses realised upon a taxable sale, exchange or other disposition by a U.S. holder of the Ordinary shares if, within a period beginning 30 days before the date of such disposition and ending 30 days after such date, such U.S. shareholder has acquired (by purchase or by an exchange on which the entire amount of gain or loss was recognised by law), or has entered into a contract or options to acquire, substantially identical securities.

For securities traded on an established securities market, a U.S. holder that uses the cash method of accounting calculates the U.S. Dollar value of foreign currency proceeds received

on the sale as of the date the sale settles, while a U.S. holder that uses the accrual method of accounting is required to calculate the U.S. Dollar value of foreign currency proceeds received on the sale as of the "trade date," unless such U.S. holder has elected to use the settlement date to determine its sale proceeds. A U.S. holder that receives foreign currency upon a disposition of Ordinary Shares or Warrants and converts the foreign currency into U.S. Dollars subsequent to its receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. Dollar, which gain or loss will generally be U.S. source ordinary income or loss.

Exercise, Lapse or Disposition of a Warrant

Except as discussed below with respect to a cashless exercise of a warrant and subject to the discussion of the PFIC rules below, a U.S. holder generally will not recognise gain or loss upon the exercise of a Warrant. Ordinary Shares acquired pursuant to the exercise of a warrant will have a tax basis equal to the U.S. holder's tax basis in the Warrant, increased by the price paid to exercise the Warrant. The holding period of such Ordinary Shares would begin on the date following the date of exercise (or possibly on the date of exercise) of the Warrant. If the terms of a Warrant provide for any adjustment to the number of Ordinary Shares for which the Warrant may be exercised or to the exercise price of the Warrants, such adjustment may, under certain circumstances, result in constructive distributions that could be taxable as a dividend to the holder of the Warrants. Conversely, the absence of an appropriate adjustment may result in a constructive distribution that could be taxable as a dividend to the U.S. holders of the shares. See "Taxation of Dividends Paid on the Shares".

The tax consequences of a cashless exercise of a Warrant are not clear under current tax law. A cashless exercise may be tax-free, either because the exercise is not a gain realisation event or because the exercise is treated as a recapitalisation for U.S. federal income tax purposes. In either tax-free situation, a holder's basis in the shares received would equal the holder's basis in the Warrant. If the cashless exercise were treated as not being a gain realisation event, a holder's holding period in the shares would be treated as commencing on the date following the date of exercise of the Warrant. If the cashless exercise were treated as a recapitalisation, the holding period of the shares would include the holding period of the Warrant.

It is also possible that a cashless exercise could be treated as a taxable exchange in which gain or loss would be recognised. In such event, a holder could be deemed to have surrendered Warrants equal to the number of Ordinary Shares having a value equal to the exercise price for the total number of Warrants to be exercised. The holder would recognise capital gain or loss in an amount equal to the difference between the fair market value of the Ordinary Shares represented by the Warrants deemed surrendered and the holder's tax basis in the Warrants deemed surrendered. In this case, a holder's tax basis in the shares received would equal the sum of the fair market value of the Ordinary Shares represented by the Warrants deemed surrendered and the holder's tax basis in the Warrants exercised. A holder's holding period for the Ordinary Shares would commence on the date following the date of exercise of the Warrant.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. holders should consult their tax advisers regarding the tax consequences of a cashless exercise.

If an investor sells its Warrants or if the Company redeems the Warrants (other than in exchange for Ordinary Shares), the investor will recognise capital gain or loss equal to the difference between the proceeds received and the investor's tax basis in the Warrants. The

resulting gain or loss will be either short-term or long-term depending on whether the investor has held the Warrants for more than one year. If the investor does not exercise the Warrants and they expire, there will be a capital loss when they expire equal to the investor's tax basis in the Warrants, and such capital loss will be either short-term or long-term depending on whether the investor has held the Warrants for more than one year. A U.S. holder's tax basis in the Warrants will equal the portion of the purchase price of the shares allocable to the Warrant (as described above) and the holding period for the Warrants will commence on the date that the investor purchases the shares. U.S. holders who elect to exercise a Warrant other than by paying the exercise price in cash should consult their tax advisers regarding the tax treatment of such an exercise, which may vary from that described above. The deductibility of a capital loss recognised on the sale, exchange or other disposition of Warrants is subject to limitations, as is the deduction for losses realised upon a taxable disposition by a U.S. holder of the Warrants if, within a period beginning 30 days before the date of such disposition and ending 30 days after such date, such U.S. holder has acquired (by purchase or by an exchange on which the entire amount of gain or loss was recognised by law), or has entered into a contract or options to acquire, substantially identical securities.

The Warrants on issuance may have an exercise price below the current fair market value of the Ordinary Shares that could be purchased on exercise of a Warrant. In some instances, the IRS has taken the position that a warrant with a below-market exercise price was the equivalent of the shares purchasable on exercise. The Company believes that the Warrants should be treated as warrants and not as shares. However, even if the Warrants were treated as shares, a U.S. holder would not recognise taxable income from the exercise or holding of such Warrants.

Redemption of Warrants in Exchange for Shares; Amended Warrants

Subject to the PFIC and CFC rules discussed below, although the issue is unclear, the exchange of Warrants for Ordinary Shares may be tax-free as a recapitalisation for U.S. federal income tax purposes. Under this treatment, the U.S. federal income tax consequences of the exchange should be generally that the exchange should not result in the recognition of gain or loss by a U.S. holder, the basis in the one Ordinary Share that the investor would receive in such exchange should equal the investor's basis in the Warrants exchanged, and the holding period for the Ordinary Share would include the investor's holding period for the Warrants surrendered in the exchange.

It is also possible, however, that such exchange could be treated as a cashless exercise of the Warrants. See "—Exercise, Lapse or Disposition of a Warrant".

It is also possible that the Ordinary Shares received by a U.S. holder could result in a constructive distribution under Section 305 of the U.S. Tax Code, although the Treasury Regulations provide, that only those recapitalisations that are pursuant to a plan to periodically increase a shareholder's proportionate interest in the assets or earnings of a corporation will be deemed to result in a distribution under Section 305(c) of the U.S. Tax Code and, therefore, the constructive distribution rules of Section 305 of the U.S. Tax Code may not apply.

In addition, the change in the terms of the Warrants that are not mandatorily redeemed may also be treated as an exchange of an existing Warrant for an amended Warrant that will constitute a recapitalisation for U.S. federal income tax purposes. In that case the exchange should not result in the recognition of gain or loss by a U.S. holder of the U.S. holder's holding period for such amended warrant would include its holding period for the warrant surrendered in the exchange.

Controlled Foreign Corporations

A foreign corporation is considered a controlled foreign corporation, or CFC, if 10% United States Shareholders (as defined below) own (directly, indirectly, or by application of certain constructive ownership rules) more than 50% of the total combined voting power of all classes of stock of such foreign corporation entitled to vote, or more than 50% of the total value of all stock of such corporation. For purposes of taking into account certain insurance income, the term CFC also generally includes a foreign insurance company in which more than 25% of the total combined voting power of all classes of stock or more than 25% of the total value of all the stock is owned by 10% United States Shareholders. A "10% United States Shareholder" is a United States person (within the meaning of the U.S. Tax Code) who owns (directly, indirectly, or by application of certain constructive ownership rules) 10% or more of the total combined voting power of all classes of stock entitled to vote of the foreign corporation. Warrants are generally treated as stock to the extent the result is to treat a person as a 10% United States Shareholder and to treat a foreign corporation as a CFC.

Each 10% United States Shareholder of a foreign corporation that is a CFC for an uninterrupted period of 30 days or more during a taxable year who owns shares in the CFC, directly or indirectly, on the last day of the CFC's taxable year must include in its gross income for U.S. federal income tax purposes its pro rata share of the CFC's "subpart F income," even if the subpart F income is not distributed to the shareholder. Subpart F income generally includes, among other things, passive investment income, such as interest, dividends, certain rents or royalties, and certain insurance income. The Company expects that all or most of the Company's income and the income of its subsidiaries will be subpart F income. In addition, the 10% United States Shareholders of a CFC may be deemed to receive taxable distributions to the extent the CFC invests its earnings in certain specified types of U.S. property. The Company can offer no assurance that it or any of its subsidiaries are not or will not be a CFC. Accordingly, a United States person who might, directly, indirectly or constructively, hold or acquire 10% or more of the Company's shares should consult its tax adviser as to the effects of these rules.

A different definition of a CFC is applicable for purposes of taking into account "related person insurance income," or RPII. RPII is subpart F insurance income attributable to insurance policies or reinsurance contracts where the person that is directly or indirectly insured or reinsured is an RPII Shareholder (as defined below) or a related person to the RPII Shareholder. An "RPII Shareholder" is a United States person who owns, directly or indirectly, any amount of shares of a foreign corporation. Generally, for purposes of the RPII rules, a related person is someone who controls or is controlled by the RPII Shareholder or someone who is controlled by the same person or persons which control the RPII Shareholder. Control is measured by either more than 50% in value or more than 50% in voting power of stock after applying certain constructive ownership rules. A foreign corporation is, subject to certain exceptions, treated as a CFC for RPII purposes if RPII Shareholders collectively own directly, indirectly, or by application of the constructive ownership rules 25% or more of the stock of the foreign corporation by vote or value. Although there can be no assurances, the Company does not expect that the Company or its subsidiaries will earn RPII.

Section 1248 of the U.S. Tax Code generally provides that if a United States person sells or exchanges stock in a foreign corporation and such person is a 10% United States Shareholder at any time during the 5-year period ending on the date of the sale or exchange when such foreign corporation was a CFC, any gain from such sale or exchange may be treated as a dividend to the extent of the corporation's earnings and profits attributable to such shares that were accumulated during the period that the shareholder held the shares while the corporation

was a CFC (with certain adjustments). Any United States person who might, directly, indirectly or constructively, own 10% or more of the Company's shares should consult its tax adviser as to the effects of these rules.

Code Section 1248 of the U.S. Tax Code also applies to the sale or exchange of shares in a foreign corporation that would be taxed as an insurance company if it were a domestic corporation. In the event such a foreign corporation would have been treated as a CFC for RPII purposes (regardless of whether the shareholder is or was a 10% United States Shareholder and without taking into account certain exceptions that could cause the corporation not to be a CFC for RPII purposes) at any time during the five-year period ending on the date of disposition and the selling United States person owned any stock at that time, Section 1248 of the U.S. Tax Code may re-characterise gain as a dividend to the extent of the selling United States person's share of the corporation's undistributed earnings and profits that were accumulated during the period that the United States person owned the shares, possibly whether or not those earnings and profits are attributable to RPII. Existing proposed Treasury regulations do not address whether Section 1248 of the U.S. Tax Code would apply if a foreign corporation is not directly engaged in an insurance business but the foreign corporation has a subsidiary that is a CFC under the RPII definition that would be taxed as an insurance company if it were a domestic corporation. While it is possible that this application of Section 1248 of the U.S. Tax Code would not apply to dispositions of the Company's shares because the Company will not be directly engaged in an insurance business, there can be no assurance that the IRS will not successfully assert a contrary position under current law or that the Treasury Department will not amend the proposed Treasury regulations to provide that Section 1248 of the U.S. Tax Code will apply to dispositions of the Company's shares.

The CFC rules are complex. The foregoing is merely a summary of the potential application of these rules. No assurances can be given that the Company or any of its subsidiaries is not or will not become a CFC. Each potential U.S. holder of the Company's securities is urged to consult its tax adviser with respect to the possible application of the CFC rules.

Passive Foreign Investment Companies

In general, a foreign corporation will be a passive foreign investment company, or PFIC, during a given year if (1) 75% or more of its gross income consists of "passive income" or (2) 50% or more of the average value of its assets (determined on the basis of a quarterly average) produce (or are held for the production of) passive income. For purposes of PFIC classification, passive income generally includes interest, dividends, annuities, certain gains from the sale of stock and securities, and certain other investment income. The PFIC provisions contain a look-through rule under which a foreign corporation shall be treated as if it "received directly its proportionate share of the income" and as if it "held its proportionate share of the assets" of any other foreign corporation in which it owns at least 25% of the value of the stock. The PFIC rules also provide that income "derived in the active conduct of an insurance business" by a corporation that is "predominantly engaged in an insurance business" and that would be taxed as an insurance company if it were a domestic corporation is not treated as passive income. This exception is generally intended to ensure that income derived by a bona fide insurance company is not treated as passive income, except to the extent such income is attributable to financial reserves in excess of the reasonable needs of the insurance business. There are currently no regulations regarding the application of the PFIC provisions to an insurance company and new regulations or pronouncements interpreting or clarifying these rules may be forthcoming. Because of the uncertainty with regard to the proper application of these rules with respect to the Company and its subsidiaries and because PFIC status depends upon the composition of a company's income and assets and the market value of its assets from time to time, there can be no assurance that

the Company or any of its subsidiaries are not or will not be considered a PFIC for any taxable year.

If the Company were to be treated as a PFIC for any taxable year, gain recognised by a U.S. holder on a disposition of the Company's securities would be allocated ratably over the U.S. holder's holding period for the securities. The amounts allocated to the taxable year of the disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amounts allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, and an interest charge would be imposed on the amount allocated to such taxable year. Further, any distribution in respect of the Company's shares in excess of 125 percent of the average of the annual distributions on the Company's shares received by the U.S. holder during the preceding three years or the U.S. holder's holding period, whichever is shorter, would be subject to taxation as described above. If a U.S. holder owns securities in the Company at a time that it were treated as a PFIC, those securities will (unless certain elections are made by the holder, which may result in significant tax liability to the holder) generally continue to be subject to the PFIC rules even if the Company later does not satisfy the asset and income tests. In addition, if one of the Company's subsidiaries were treated as a PFIC, under certain indirect ownership rules U.S. holders of the Company's shares could be subject to taxation as described above upon the Company's sale of the subsidiary's stock or the Company's receipt of a distribution paid from the subsidiary. In addition, if the Company were considered a PFIC, upon the death of any United States person who is an individual owning the Company's shares, such United States person's heirs or estate may not be entitled to a "step-up" in the tax basis of the Company's shares held by such United States person that might otherwise be available under United States federal income tax laws.

Certain elections may be available to United States persons that may mitigate certain of the adverse consequences resulting from PFIC status (such as the "qualified electing fund" election), although such elections generally would not apply with respect to the Warrants. Each U.S. holder who owns or is considering an investment in the Ordinary Shares or Warrants should consult its tax adviser with respect to these elections.

The rules dealing with PFICs are very complex and are affected by various factors in addition to those described above. As a result, U.S. holders of the Company's securities are strongly encouraged to consult their tax advisers about the PFIC rules in connection with their purchasing, holding or disposing of securities.

Tax Consequences for Non-U.S. Holders of Shares or Warrants

Except as described in "Information Reporting and Backup Withholding" below, a non-U.S. holder of securities will not be subject to U.S. federal income or withholding tax on the receipt of dividends on Ordinary Shares and the proceeds from the disposition of securities unless:

- such income is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States and, in the case of a resident of a country which has a treaty with the United States, such income is also attributable to a permanent establishment or, in the case of an individual, a fixed base, in the United States; or

- such income is U.S. source income and the non-U.S. holder is an individual who holds the Ordinary Shares or Warrants as a capital asset and is present in the U.S. for 183 days or more in the taxable year of the disposition, certain other conditions are met, and such non-U.S. holder does not qualify for an exemption.

If the first exception applies, the non-U.S. holder generally will be subject to U.S. federal income tax with respect to such item in the same manner as a U.S. holder unless otherwise provided in an applicable income tax treaty; a non-U.S. holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such item at a rate of 30% (or at a reduced rate under an applicable income tax treaty). If the second exception applies, the non-U.S. holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which such non-U.S. holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of the securities.

Information Reporting and Backup Withholding

U.S. holders generally are subject to information reporting requirements with respect to dividends paid on shares and on the proceeds from the sale, exchange or disposition of Ordinary Shares or Warrants if the payments are made by or through a U.S. Person or a U.S. office of a non-U.S. Person (as defined in Regulation S under the Securities Act). In addition, U.S. holders are subject to backup withholding (currently at 28%) on dividends paid on shares, and on proceeds from the sale, exchange or other disposition of Ordinary Shares or Warrants, unless each such U.S. holder provides a taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption.

Non-U.S. holders generally are not subject to information reporting or backup withholding with respect to dividends paid on shares, or the proceeds from the sale, exchange or other disposition of Ordinary Shares or Warrants, provided that each such non-U.S. holder certifies as to its foreign status on the applicable duly executed IRS Form W-8 or otherwise establishes an exemption.

Backup withholding is not an additional tax and the amount of any backup withholding will be allowed as a credit against a U.S. or non-U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

Certain Cayman Islands Tax Considerations

The following discussion summarises Cayman Islands income tax considerations currently in effect that are relevant to the Company and Cayman Islands income tax consequences of buying, holding or selling the Company's shares. The following discussion is not intended to be tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law. Prior to making an investment in the Company's shares, it is advised that investors should consult with professional advisers on the possible tax consequences of buying, holding or selling the Company's shares under the laws of the investor's country of citizenship, residence or domicile.

Cayman Islands Taxation of the Company

Under current Cayman Islands law, there is no Cayman Islands income tax, withholding tax, capital gains tax or capital transfer tax payable by the Company on its income. The Cayman Islands currently imposes stamp duties on certain categories of documents if brought to or executed within the Cayman Islands; however, the Company does not anticipate that its operations will involve the payment of any material amount of stamp duties. The Cayman Islands currently impose an annual corporate fee upon all exempted companies.

Cayman Islands Taxation of Shareholders

Under current Cayman Islands laws, payments of dividends on our shares will not be subject to taxation in the Cayman Islands. In addition, no withholding tax is required on the payment of dividends, nor are gains derived from the sale of shares subject to Cayman Islands income or corporation tax. The Cayman Islands currently has no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. No stamp duty is payable with respect to the issue or transfer of the Company's shares.

Tax undertaking

The Company has received an undertaking from the Governor-in-Cabinet of the Cayman Islands dated 15 January 2008, pursuant to the provisions of the Tax Concessions Law (1999 Revision), as amended, that, in the event that the Cayman Islands enacts any legislation that imposes tax on profits, income, gains or appreciations, or any tax in the nature of estate duty or inheritance tax, such tax will not be applicable to the Company or its operations, or to its shares or other obligations, for a period of 20 years.

PART 11

ADDITIONAL INFORMATION

Memorandum and Articles of Association

Set out below is a summary of the provisions of the Company's Articles of Association.

Issue of Securities

The directors may divide any of the Company's shares into any number of classes and vary and determine the rights as between such different classes.

Share Rights, Restrictions and Transfers

The Ordinary Shares and the Class B Shares rank *pari passu* in all respects, except as described in "—Description Of The Company's Share Capital And Warrants— Class B Shares".

Redemption and Repurchase of Shares

If any Seller owes an amount to the Company under the Purchase Agreements:

- he may request, as payment therefor, that the Company redeem such number of Claim Reimbursement Shares held by him and if and to the extent necessary cancel the right to receive shares from the Company under the Contingent Consideration Agreement; and
- if no such request is made, the Company may automatically redeem such relevant number of Claim Reimbursement Shares held by him, provided that such number shall be reduced *pro rata* to the relinquishment of that shareholder's entitlement to contingent shares.

Variation of Rights of Shares of Class B Shares

Any variation of the rights attached to the Class B Shares with respect to their convertibility into Ordinary Shares can only be approved with the written consent of the holders of 90% of the issued Class B Shares or by the passing of a resolution by a majority of at least 90% of the votes cast at a separate meeting of the holders of such Class B Shares.

General Meetings

All general meetings must be held outside the U.K. and the U.S. The minimum notice provisions for annual general meetings will:

- increase to twenty-one days' notice for an annual general meeting; and
- decrease to fourteen days' notice for an extraordinary general meeting.

Proceedings at General Meetings

In the case of an equality of votes, the Chairman will no longer be entitled to a second or casting vote.

Capitalization

If the Company is required to issue any shares pursuant to the Contingent Consideration Agreement, the Contingent Fee Agreement or any "Fee Shares" pursuant to the Contingent Subscription Agreement, it shall appropriate and capitalise, as required to issue fully paid shares to relevant members, any sum standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of its profit and loss account or otherwise available for distribution and in doing so will not be obliged to comply with the proportionality requirements usually required in respect of the appropriation of such sum in relation to the issuance of shares pursuant to the above-listed agreements.

Board of Directors

The board of directors will be comprised of a majority of non-executive directors, at least two of whom must be "independent" (as that term is defined in the Combined Code).

Alternate directors may be appointed, provided that they are located outside the U.S.

At each annual general meeting, at least one-third of the directors (including any who have been in office for three years or more) will retire from office but will be eligible for re-election.

A new director may be appointed at a general meeting if proposed by a shareholder or recommended by the directors.

The board of directors may appoint another director to fill a vacancy or as an additional director and such director will hold office until the next annual general meeting at which he will put himself up for re-election.

A director may be removed from office by, among other things, an ordinary resolution of the shareholders or a request to resign from a majority of the directors.

The ordinary remuneration of any non-executive director for his ordinary duties may not exceed £50,000 per annum (or such higher amount approved by ordinary resolution of the shareholders).

The Company will indemnify former and existing directors and officers against liabilities incurred as a result of acting or failing to act in carrying out their duties, other than by their own actual fraud or wilful default.

Proceedings of Directors

For a quorum to be present at a meeting, the majority of directors present (including the chairman) must be physically situated outside the U.K. during the meeting.

For a written board resolution to be valid, the majority of all directors must be physically situated outside the U.K. when signing the resolution.

For so long as independent directors comprise less than one half of the number of directors, no decision can be taken by the board of directors unless it is approved by a majority of the directors voting and at least half the number of independent directors.

The chairman must be independent and will not have a casting vote.

The chairman must approve the composition of any committee to which the board of directors may delegate its powers.

Disclosure of Information to Regulators

Each shareholder must permit the Company and its directors to disclose to any regulator in any country (including the FSA) any information (including confidential information) held by the Company in relation to that shareholder.

Takeover Provisions

During such times as the Takeover Code does not apply to the Company, certain of the provisions of the Takeover Code (in particular those which are not contained in the Dutch Takeover Act and associated rules, which continue to apply to the Company after Admission) are applied as part of the Articles of Association, including provisions dealing with compulsory takeover offers and shareholder treatment along the lines of its general principles (including "equal treatment"), which are to be administered by the board of directors. The powers granted to the board of directors under these takeover provisions are only exercisable by those directors who are not interested in any arrangements or transactions in connection with the event which would cause these takeover provisions to apply.

A person must not: (i) acting by himself or with persons determined by the directors to be acting in concert, seek to acquire shares in the Company, which carry 30% or more of the voting rights attributable to the shares in the Company; or (ii) acting by himself or with persons determined by the directors to be acting in concert hold 30% but not more than 50% of the voting rights, and seek to acquire, by himself or with persons determined by the directors to be acting in concert, additional shares which, taken together with the shares held by the persons determined by the directors to be acting in concert with him, increase his voting rights, except, in either (i) or (ii) above, as a result of a "permitted acquisition" (meaning an acquisition either consented to by the directors, or made in compliance with Rule 9 of the Takeover Code, or arising from the repayment of a stock borrowing arrangement); or (iii) effect or purport to effect an acquisition which would breach or not comply with Rules 4, 5, 6, or 8 of the Takeover Code, if the Company were subject to the Takeover Code.

Where the directors have reason to believe that any of such circumstances has taken place, they may take all or any of the following measures: (i) require the person(s) appearing to be interested in the shares of the Company to provide such information as the directors consider appropriate; (ii) have regard to such public filings as may be necessary to determine any of the matters under this new provision; (iii) make any determination under this provision as it thinks fit either after calling for submissions by the relevant person(s) or without doing so; (iv) determine that the voting rights attached to such shares in breach of the Articles of Association (the **"**Excess Shares**"**) are from a particular time incapable of being exercised for a definite or indefinite period; (v) determine that some or all of the Excess Shares are to be sold; (vi) determine that some or all of the Excess Shares will not carry any right to any dividends or other-distributions from a particular time for a definite or indefinite period; and (vii) take such actions as it thinks fit for the purposes of this provision, including prescribing rules consistent with this provision, setting deadlines for the provision of information, drawing adverse inferences where information requested is not provided, converting any Excess Shares held in uncertificated form into certificated form or *vice-versa*, paying costs and expenses out of proceeds of sale of Excess Shares, and changing any decision or determination or rule previously made.

The directors will have the full authority to determine the application of this provision, including the deemed application of the whole or any part of the Takeover Code, and such authority will include all the discretion that the Panel would exercise as if the whole or part of the Takeover Code applied. Any resolution or determination made by any director acting in good faith will be final and conclusive and will not be open to challenge as to its validity or as to any other ground. The directors will not be required to give any reason for any decision or determination they make. Any director may act as the duly appointed agent and/or attorney of any shareholder in relation to the execution of documents and other actions to be taken for the sale of the Excess Shares determined by the directors under this provision.

Litigation

Below is a description of governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the last 12 months which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

Investment Management Claim

The Group is currently engaged in a dispute with a major third party asset management company in relation to the investment manager's actions as investment manager for the euro-denominated cash collateral portfolio related to the securities-lending programme of Pearl Assurance and London Life with-profits funds. Pearl Assurance and London Life assert that the investment manager breached its obligations by investing part of the collateral portfolio in assets which were not permitted by the mandate.

Pearl Assurance, London Life and the investment manager have entered into an agreement to arbitrate this dispute, with the hearing currently set for March 2010. There can be no assurance as to the outcome of the proceedings with the investment manager.

Although there can be no certainty as to the outcome of the arbitration, and in particular as to the quantum of damages, if any, which may be awarded to the Group, the Group estimates that if its claim were to be successful, the maximum damages (based on its most recent assessment) would be in the range of €140 million to €150 million. Any damages which may be awarded would take into account market conditions at the relevant time and the crystallisation of losses upon disposal of any assets. Legal costs are likely to be in the region of €4 million for each side.

Any recovery of damages from the asset management company will be distributed back to the with-profits funds of Pearl Assurance and London Life and accordingly the shareholders and policyholders of those funds will share in the recoveries on a 90/10 basis. The costs of this action will also be shared in the same way.

Collapse of Lehman Brothers

Lehman Re

The Group's subsidiary Phoenix Life is seeking to recover security provided by Lehman Re under its reinsurance arrangements with Phoenix Life. Pursuant to these arrangements, Lehman Re provided Phoenix Life with security for its reinsurance obligations, the value of which fluctuates with market conditions but which totalled approximately £64 million in the last formal valuation (which was as of 30 June 2007).

Lehman Re transferred this security to the security custodian, Lehman Brothers International (Europe) ("LBIE"), a Lehman Brothers entity that is also now in administration. LBIE transferred, in alleged breach of the custodian arrangements, £50 million of the security to Lehman Brothers Commercial Corporation ("LBCC"), a Lehman Brothers entity that is part of Lehman Brothers' U.S. insolvency proceedings.

Phoenix Life has received confirmation from LBIE that LBIE currently holds bonds worth approximately $33 million. Release of this amount is subject to ongoing negotiations.

Related Court Proceedings

Proceedings have been raised by Phoenix Life against LBCC and Lehman Brothers Holdings Inc ("LBHI"), who provided a guarantee for all of LBIE's liabilities, for recovery of the £50 million which was transferred by LBIE to LBCC.

If direct recovery of the security from LBCC or LBHI (as outlined above) is unsuccessful, Phoenix Life will have a claim against the residual long term fund assets of Lehman Re. The Liquidators have raised proceedings seeking directions from the Bermudan High Court as to whether an investment by Lehman Re worth approximately $60m ought to have been allocated to the long term fund or general fund of Lehman Re. Phoenix Life is participating in these proceedings, asserting that the $60m investment should remain as part of the long term fund assets.

Other potential claim against Lehman Brothers

The collapse of Lehman Brothers also gave rise to a potential claim by Phoenix Pensions against the liquidators of Lehman Brothers in respect of a loss of up to £15 million in relation to various swap arrangements entered into with LBIE.

There can be no certainty as to the outcome of the various claims relating to the collapse of Lehman Brothers or any amounts which may be recovered by members of the Group as a result of such claims.

HM Revenue & Customs

In connection with the transfer in 2004 of certain assets from the long-term fund of a Group company to that company's shareholder fund, HMRC has raised an assessment against the relevant company to additional tax in 2004 of £45 million plus interest accrued to date of approximately £12 million. The assessment has been appealed and the matter is proceeding to litigation. The matter has been disclosed as a contingent liability in the 2007 and 2008 accounts.

Regulatory Investigations

The Group is from time to time subject to investigations and reports commissioned by the FSA in its capacity as insurance regulator. For further information on recent regulatory investigations, see the "Risk Factors" section of this Summary Document.

Clearing and Settlement

General

CREST is the UK system operated by Euroclear UK & Ireland Limited ("EUI") for the paperless settlement of trades in securities and the holding of uncertificated securities. It

avoids the need for physical share certificates which may delay settlement. However, under English law, shares of non-UK companies such as the Company cannot be held and transferred directly in the CREST system. As a result, CREST developed CREST depository interests ("CDIs") to allow trading and settlement in shares of non-UK companies through CREST.

Shareholders who wish to trade and settle their Ordinary Shares on the London Stock Exchange receive their interest in the Ordinary Shares by means of the CREST International Settlement Links Service link with Euroclear Netherlands.

Under the CREST International Settlement Links Service, Ordinary Shares will be transferred to the Euroclear Netherlands account of CREST International Nominees Limited (a subsidiary of EUI), or other such sub-custodian as they may appoint, , which will hold them as nominee for CREST Depository Limited (another subsidiary of EUI).

CREST Depository Limited will issue depository interests representing entitlements to the Ordinary Shares known as CDIs. Details of the arrangements for CREST arc contained in the CREST International Manual (April 2008), which is available on the Euroclear website at www.euroclear.com. The CDIs have the same security code (ISIN) as the underlying Ordinary Shares and do not require a separate listing on the Official List.

The nature of CDIs

CDIs are independent securities, constituted under English law and which may be held, transferred and settled within CREST. CDI holders will not be the legal owners of the Ordinary Shares but will have beneficial interests in the Ordinary Shares through their ownership of the CDIs. The Company has made arrangements for a market in its Ordinary Shares to be made in London. Trades in this market will be capable of settlement in CREST in the form of CDIs.

To ensure that holders of CDIs are able to enjoy all rights associated with the direct holding of Ordinary Shares, CDI holders will receive the same information as the shareholders of the Company.

CDI holders may hold CDIs in CREST via a vehicle arranged by their broker service which will bear annual custody fees.

Trading

CDI holders who have their own CREST account will be able to trade their interests in underlying Ordinary Shares in the usual way.

So far as is possible within applicable CREST regulations and practice, holders of CDIs are treated in an equivalent manner to shareholders of the Company, as regards attending and voting at general meetings of the Company. Under an omnibus proxy approach, CREST makes available to a company a copy of the register of the names and addresses of CDI holders to enable a company to: (a) send out notices of shareholder meetings and proxy cards to its CDI holders; and (b) produce a definitive list of CDI holders as at the record date for the meeting. In addition, CREST will enter into an omnibus proxy under which CREST gives each CDI holder the right to vote in respect of such number of the underlying shares (or other interest) that CREST holds in the issuer as are represented by each CDI holder's CDIs.

Therefore, CREST is not involved in the voting arrangements and simply passes on any voting rights that CREST may have, by virtue of holding the underlying shares (or other interest), to the CDI holders.

Dividends

Those shareholders of the Company who have their CDIs delivered to their CREST account and for so long as those CDIs are so held, will be able to have dividends declared on the underlying Ordinary Shares paid to them by EUI.

Euronext Amsterdam

The trading and settlement of Ordinary Shares on Euronext Amsterdam will continue in the same way as at present and will not be affected by admission of the Ordinary Shares to trading on the London Stock Exchange, whether as a result of the issue of CDIs or otherwise.

Changes to UK Listing Regime

The FSA is currently undertaking a review of the UK listing regime, which has resulted in amendments that will take effect on 6 April 2010. The amendments include: (i) restructuring the listing regime into two segments, Premium and Standard, the former denoting the more stringent super-equivalent standards and the latter, EU minimum standards; (ii) strengthening the corporate governance standards for overseas companies by requiring Premium Listed companies to "comply or explain" against the Combined Code; (iii) requiring overseas Standard Listed companies to comply with the EU Company Reporting Directive, which requires the provision of a corporate governance statement in directors' reports, and a description of the main features of their internal control and risk management systems; (iv) making the Standard Listing Segment, which was previously only for overseas companies, available to UK companies (these changes came into effect on 6 October 2009); and (v) simplifying the process for companies with an equity listing moving from one segment to another by clarifying that a cancellation of their listing is not required.

The Company intends to obtain a Primary Listing during 2010, which would therefore be a premium listing if this occurs after 6 April 2010.

Further Information

Each of:

- this Summary Document;
- the Prospectus;
- the Proxy Statement;
- the Financial Information and other financial and other information published from time to time by the Company after Admission in accordance with the Disclosure Rules and Transparency Rules of the FSA;
- the Announcements; and
- the Half Year Update.

as well as other information about the Group may be found on the Company's website at www.thepearlgroup.com. This Summary Document is also available for inspection at the Financial Services Authority's document viewing facility situated at: 25 The North Colonnade, Canary Wharf, London E14 5HS (Tel: +44 (0) 20 7066 1000).

Costs of Admission

The costs and expenses of Admission are payable by the Company.

Registered office

c/o Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Auditors of the Company

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

Financial Advisers to the Company

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Legal advisers to the Company (as to English law)

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS

Legal advisers to the Company (as to Cayman Islands law)

Walkers
Walkers House
87 Mary Street
George Town
Grand Cayman
KY1-9001
Cayman Islands

Euronext Amsterdam listing, paying, warrant agent and registrar

ABN AMRO Bank N.V. (to be renamed The Royal Bank of Scotland N.V.)
Equity Capital Markets / Corporate Actions HQ 3130

Gustav Mahlerlaan 10
1082 PP AMSTERDAM
The Netherlands

PART 12

DEFINITIONS

"Abbey"	Abbey National plc
"Abbey Acquisition"	the acquisition of UK and offshore life insurance businesses of Abbey by certain members of the Group;
"ACOHL"	Axial Credit Opportunities Holdings Limited;
"Acquired Group"	the companies acquired by the Company pursuant to the Purchase Agreements, being LCA, LCB, TC1, TC2, Opal Re and their respective subsidiaries;
"Acquisition"	the acquisition by the Company of the Acquired Group;
"Admission"	admission of the Ordinary Shares to the Official List and to trading on the Main Market of the London Stock Exchange;
"AFM"	Netherlands Authority for the Financial Markets;
"Announcements"	the announcements made by the Company in compliance with applicable law or regulation;
"ARFA"	the framework agreement between Royal London, Impala and PGH2 dated 10 October 2007, as amended and restated on 2 May 2008, relating to certain of the subsidiaries, businesses and related assets of Resolution;
"Articles of Association"	the third amended and restated memorandum and articles of association of the Company;
"Axial"	Axial Investment Management Limited (which is expected to change its name to Ignis Investment Management Limited during November 2009);
"BMA"	Bermuda Monetary Authority;
"BSP"	Bonus Share Plan;
"BSP Award"	means any of the following: a conditional share award, a share option, or an allocation of forfeitable shares or any combination of them;
"Capita"	Capita Life & Pensions Regulated Services Limited;
"CCA Sellers"	Sun Capital, TDR Capital, O-Re Holdings (Netherlands) B.V., and O-Re Holdings UK Limited;
"CDIs"	CREST Depository Interests;
"CFC"	Controlled Foreign Corporation;

"CFO Forum"	the European Insurance CFO Forum;
"Citi"	Citigroup Global Markets Limited;
"Claim Date"	the date that is 30 days after the completion and delivery to the Company of is audited financial statements for the financial year ending 31 December 2010;
"Claim Reimbursement Shares"	50% of the Class B Shares issued by the Company to the relevant Sellers under the Purchase Agreements;
"Class B Shares"	the Class B ordinary shares of €0.0001 each in the Company;
"Class B Warrants"	warrants in respect of Class B Shares;
"Combined Code"	the UK Combined Code on Corporate Governance;
"Companies Law"	the Companies Law (2009 Revision) of the Cayman Islands;
"Company"	Pearl Group;
"Contingent Consideration Agreement"	the contingent consideration agreement, dated 27 June 2009, between the Company, the Pearl Group Sellers and the Opal Re Sellers;
"Contingent Fee Agreement"	the contingent fee agreement, dated 27 June 2009, between the Company, the Pearl Borrowers, the Impala Borrowers and the Lenders;
"Contingent Subscription Agreement"	the contingent subscription agreement, dated 27 June 2009, between the Company and the Sponsors;
"Debt Restructuring"	the restructuring of the Pearl Credit Facility Agreement and the Impala Credit Facility Agreement;
"Disclosure and Transparency Rules"	the Disclosure and Transparency Rules of the FSA;
"Disclosed Information"	the Announcements, the Prospectus, the Proxy Statement, the Financial Information, and the Half Year Update;
"Dividend Shares"	further shares from the reinvestment of dividends paid on Free Shares, Partnership Shares and Matching Shares;
"Drago"	Drago Real Estate Partners;
"Dutch Takeover Act"	the Dutch Act implementing the European Directive 2004/25/EC of 21 April 2004 relating to public takeover bids;
"ECR"	the Enhanced Capital Requirement;

"EUI"	Euroclear UK & Ireland Limited;
"Financial Information"	the financial information published by the Company and referred to in Part 5 of this Summary Document;
"Founders"	the Sponsors and the Company's initial independent directors;
"Founders' Warrants"	the warrants issued to the Founders prior to its initial public offering;
"Free Shares"	an award of free shares in connection with the SIP;
"FSA"	the Financial Services Authority of the United Kingdom;
"FSCS"	Financial Services Compensation Scheme;
"FSMA"	Financial Services and Markets Act 2000;
"Glasgow Sub-Lease"	the sub-lease of floors 2, 3 and 4 of the property at 301 St. Vincent St, Glasgow G2 5NB, for a term expiring on 22 December 2020;
"Group"	the Company and its subsidiaries;
"Half Year Update"	the half year update for the 6 months ended 30 June 2009;
"HMRC"	HM Revenue & Customs;
"IASB"	International Accounting Standards Board;
"ICAAP"	Individual Capital Adequacy Assessment Process;
"IFRS"	International Financial Reporting Standards;
"IGD"	the Insurance Groups Directive of the European Commission;
"Ignis"	Ignis Asset Management Limited;
"Impala"	Impala Holdings Limited;
"Impala Borrowers"	LC1 and LC2;
"Impala Credit Facility Agreement"	the credit facility agreement dated 10 October 2007 (as amended and restated) made between, among others, the Impala Borrowers, the Impala Lenders and the Impala Credit Facility Agent;
"Impala Credit Facility Agent"	Commerzbank AG, Filiale Luxemburg;
"Impala Group"	the Impala Borrowers and their subsidiaries;

“Impala Lenders”	the lenders under the Impala Credit Facility Agreement;
“Impala life companies”	Phoenix and London Assurance, Phoenix Life, Phoenix Pensions, and SMI;
“Impala Staff Pension Scheme”	the pension scheme covering the employees of PGH1 and its subsidiaries;
“IRS”	U.S. Internal Revenue Service;
“LBCC”	Lehman Brothers Commercial Corporation;
“LBIE”	Lehman Brothers International (Europe);
“LBHI”	Lehman Brothers Holdings Inc;
“LC1”	PGH (LC1) Limited (previously Sun Capital Investments No. 2 Limited);
“LC2”	PGH (LC2) Limited (previously Hera Investments No. 2 Limited);
“LCA”	PGH (LCA) Limited (previously Sun Capital Investments Limited);
“LCB”	PGH (LCB) Limited (previously Hera Investments One Limited);
“Lender Non-Executive Director”	the non-executive director of the Company appointed pursuant to the Lender Relationship Agreement;
“Lender Relationship Agreement”	the relationship agreement entered into between the Company and the Lender Shareholders on 27 June 2009, as amended;
“Lenders”	the Pearl Lenders and the Impala Lenders;
“Lender Shareholders”	the Lenders which also hold Shares;
“Lender Warrants”	the warrants issued to the Lenders on 2 September 2009;
“Listing Rules”	the Listing Rules of the FSA;
“London Life”	London Life Limited;
“London Stock Exchange”	London Stock Exchange plc;
“LTIP”	Long Term Incentive Plan;
“LTIP Award”	means any of the following: a conditional share award, a share option, or an allocation of forfeitable shares or any combination of them;

"Matching Shares"	an award of free shares to those employees who have purchased Partnership Shares;
"MCEV"	the CFO Forum's Market-Consistent Embedded Value;
"MC1"	PGH (MC1) Limited (previously Suncap Parma Midco Limited);
"MC2"	PGH (MC2) Limited (previously TDR Parma Midco Limited);
"Mutual Securitisation Bonds"	the bonds issued by Mutual Securitisation plc in connection with a securitisation undertaken by NPI;
"National Provident Life"	National Provident Life Limited;
"New Pensions Agreement"	the agreement dated 2 September 2009 between PGH2 and the trustees of the Pearl Pension Scheme;
"NPI"	NPI Limited;
"Official List"	the Official List of the UK Listing Authority;
"OIVOP"	Own Initiative Variation of Permissions;
"Opal Re"	Opal Reassurance Limited;
"Opal Re Sellers"	the equity holder of Opal Re (being O-Re Holdings (Netherlands) B.V.) and its parent company, O-Re Holdings UK Limited;
"Opal SPA"	the Purchase Agreement, dated 27 June 2009, among the Company and the Opal Re Sellers;
"ORCOC"	operational risk and oversight committee;
"Ordinary Shares"	the ordinary shares of €0.0001 each in the Company;
"Ordinary Warrants"	warrants in respect of Ordinary Shares;
"Panel"	the U.K. Panel on Takeovers and Mergers;
"Partnership Shares"	the shares purchased with deductions from an employee's salary following an opportunity under the SIP;
"Pearl Assurance"	Pearl Assurance plc;
"Pearl Borrowers"	LCA and LCB;
"Pearl Covenant Group"	the Pearl Borrowers and their subsidiaries (but excluding Impala and its subsidiaries);
"Pearl Credit Facility	the credit facility agreement dated 15 November 2006 (as amended and restated) made between, among others, the

Agreement”	Pearl Borrowers, the Pearl Lenders and the Pearl Credit Facility Agent;
“Pearl Credit Facility Agent”	ABN AMRO Bank N.V., London Branch;
“Pearl Group Sellers”	the equity holders of LCA, LCB, TC1 and TC2 who are parties to the Pearl SPA (being Sun Capital, TDR Capital, Xercise Limited, Xercise Midco Limited, Jambright Limited and Jambright Midco Limited);
“Pearl Lenders”	the lenders under the Pearl Credit Facility Agreement;
“Pearl life companies”	Pearl Assurance, London Life, NPI, and National Provident Life;
“Pearl Pension Scheme”	the pension scheme covering the employees of the Group prior to the acquisition of PGH1;
“Pearl SPA”	the purchase agreement, dated 27 June 2009, between the Company and the Pearl Group Sellers;
“Pensions Regulator”	The U.K. Pensions Regulator
“PGH1”	Pearl Group Holdings (No.1) Limited;
“PGH2”	Pearl Group Holdings (No.2) Limited (previously Pearl Group Limited);
“PGH2 Group”	PGH2 and its subsidiaries;
“PGMS”	Pearl Group Management Services Limited;
“PGS”	Pearl Group Services Limited;
“Phoenix and London Assurance”	Phoenix and London Assurance Limited;
“Phoenix Life”	Phoenix Life Limited;
“Phoenix Life Holdings”	Phoenix Life Holdings Limited;
“Phoenix Pensions”	Phoenix Pensions Limited;
“PIK Debt”	both the PIK Notes and the PIK Facility debt assigned to the Company;
“PIK Documents”	the PIK Facility and PIK Notes, collectively;
“PIK Facility”	the PIK Facility Agreement dated 10 October 2007 (as amended and restated) between MC2, MC1 and Royal London;
“PIK Notes”	the PIK notes issued to Royal London pursuant to the PIK Notes Instrument;

"PIK Notes Instrument"	a deed poll notes instrument dated 14 May 2008 (as amended and restated) executed by MC1 and MC2;
"PLHL"	Pearl Life Holdings Limited;
"PPFM"	Principles and Practices of Financial Management;
"Primary Listing"	a listing of securities by virtue of which the issuer is subject to the full requirements of the Listing Rules;
"Prospectus"	the prospectus dated 25 January 2008 issued by the Company for the purposes of Article 3 of the Directive 2003/71/EC in connection with the admission of the Ordinary Shares to trading on Euronext Amsterdam;
"Prospectus Rules"	the Prospectus Rules of the FSA;
"Proxy Statement"	the proxy statement issued by the Company dated 3 July 2009;
"Public Warrants"	the warrants issued pursuant to the agreement relating to the Public Warrants dated 2 September 2009;
"Purchase Agreements"	the Pearl SPA and the Opal SPA;
"Resolution"	Resolution plc (now known as Pearl Group Holdings (No.1) Limited);
"Royal London"	Royal London Mutual Insurance Society Limited;
"Royal London Warrants"	transferable warrants to purchase 2,000,000 Class B Shares and non-transferable warrants to purchase 10,360,000 Class B Shares, issued to Royal London;
"RPII Shareholder"	a United States person who owns, directly or indirectly, any amount of shares of a foreign corporation;
"RSP"	Restricted Stock Plan;
"RSP Award"	means any of the following: a share award, a share option, or an allocation of forfeitable shares or any combination of them;
"Samos Servicios"	Samos Servicios y Gestiones, S.L
"Secondary Listing"	a listing of securities pursuant to Chapter 14 of the Listing Rules;
"Sellers' Relationship Agreement"	the relationship agreement entered into between the Company and the Sellers on 27 June 2009, as amended;

"Selling Shareholders"	the holders of equity in LCA, LCB, TC1, TC2 and Opal Re immediately prior to completion of the Acquisition, excluding the Sellers and Royal London;
"Sellers"	TDR Capital, Hugh Osmond, Alan McIntosh, Edward Hawkes, Matthew Allen, Marc Jonas, O-Re Holdings (Netherlands) B.V. and O-Re Holdings UK Limited;
"Settlement Deed"	the settlement deed dated 27 June 2009 between Royal London, Impala, PGH2 and certain of their respective group companies;
"Shares"	the Ordinary Shares and the Class B Shares;
"Sharesave Plan"	the sharesave plan adopted on 2 July 2009 by the Company's board of directors and approved by its shareholders with effect from 2 September 2009;
"SIP"	Share Incentive Plan;
"SMA"	Scottish Mutual Assurance Limited;
"SMI"	Scottish Mutual International Limited;
"Sponsors"	Berggruen Acquisition Holdings II Ltd. and Marlin Equities IV, LLC;
"Sponsors' Warrants"	the warrants issued to the Sponsors on 13 February 2008;
"SPVs"	special purpose vehicles;
"SRA Sellers"	Sun Capital, TDR Capital, Xercise Midco Limited and Jambright Midco Limited;
"Sun Capital"	the following principals of Sun Capital Partners: Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Hawkes and Marc Jonas or, where the context requires, certain vehicles or entities controlled by or associated with such persons;
"Takeover Code"	U.K. City Code on Takeovers and Mergers;
"TC1"	PGH (TC1) Limited (previously Suncap Parma Topco Limited);
"TC2"	PGH (TC2) Limited (previously TDR Parma Topco Limited);
"TCF"	Treating Customers Fairly;
"TDR Capital"	TDR Capital Nominees Limited;
"Tier 1 Bonds"	£500,000,000 6.5864 per cent. fixed/floating rate perpetual

	reset capital securities issued by PGH1;
"Tier 2 Bonds"	£200 million 7.25 per cent. undated unsecured subordinated notes issued by SMA and subsequently transferred to Phoenix Life;
"TSA"	the transitional services agreement dated 1 August 2008 between Royal London Management Services Limited and PGMS;
"U.K." or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UKCPT"	UK Commercial Property Trust;
"U.S." or "United States"	the United States of America;
"U.S. Tax Code"	Internal Revenue Code of 1986, as amended;
"VPS"	VPS Holdings Limited;
"Warrants"	Class B Warrants and Ordinary Warrants; and
"10% United States Shareholder"	a United States person (within the meaning of the U.S. Tax Code) who owns (directly, indirectly, or by application of certain constructive ownership rules) 10% or more of the total combined voting power of all classes of stock entitled to vote of a foreign corporation.