

PEARL GROUP

“The specialist closed life business”

Supplementary information

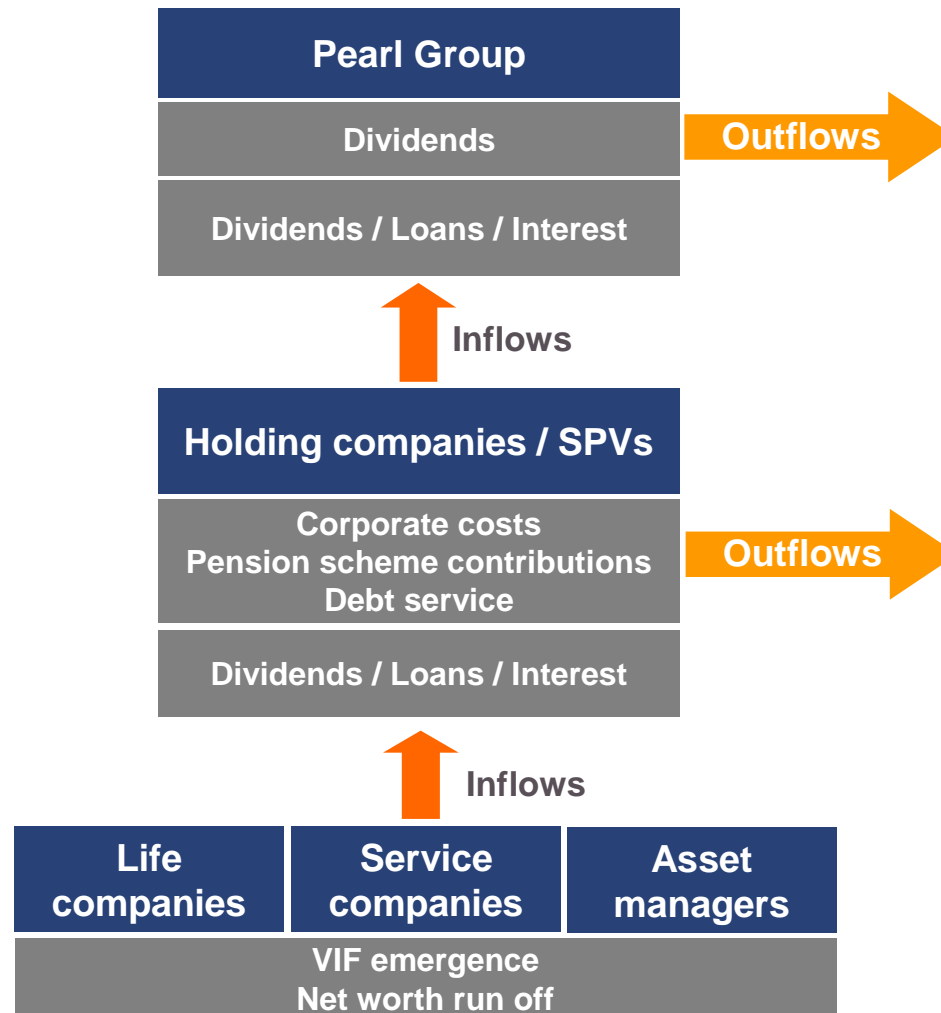
11 November 2009

Disclaimer

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The information contained in this presentation has not been audited by the Group’s auditors.

Illustration of Pearl Group Cashflows



Breakdown of Embedded Value ('EV') at 30 June 2009

Divisional Analysis of Pearl Group Embedded Value at 30 June 2009								
£m	Net Worth	Intrinsic Burn Through Cost ^(a)	Adjusted Net Worth	Value Inforce	Time value of options & guarantees	Cost of Required Capital	Total EV at 30 June 2009	Total EV at 31 Dec 2008
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

(a) Funds loaned from the PALAL shareholder fund to the PALAL with-profits fund which are not expected to be repaid

Asset management value

- Operating profit margin of asset management division at 30 June 2009 was 32%
- 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

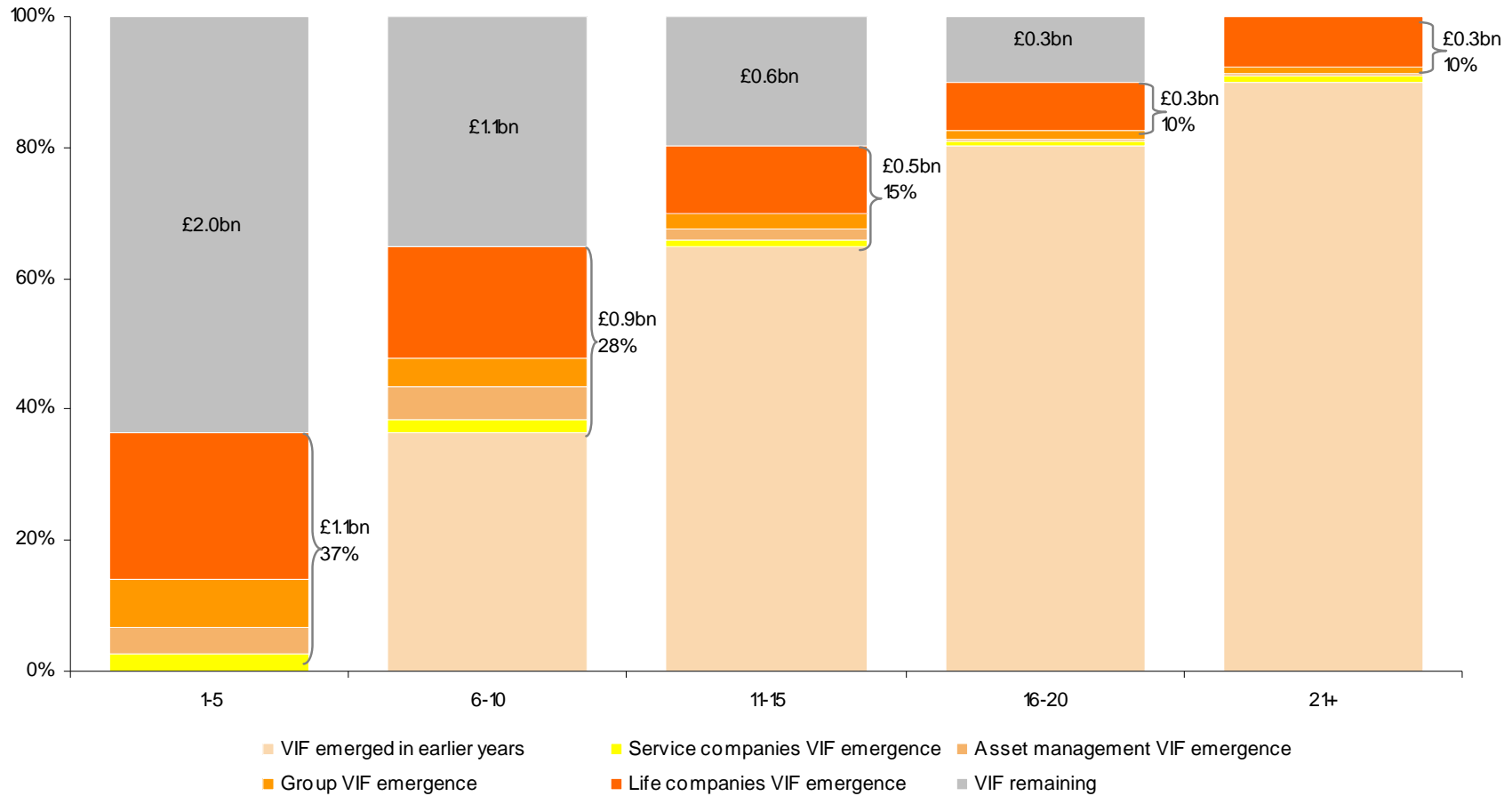
- Present value of charges deducted from life company EV in respect of service company services is £1,202 million, net of tax at 28%

Group

- Primarily comprises 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 companies is net of tax

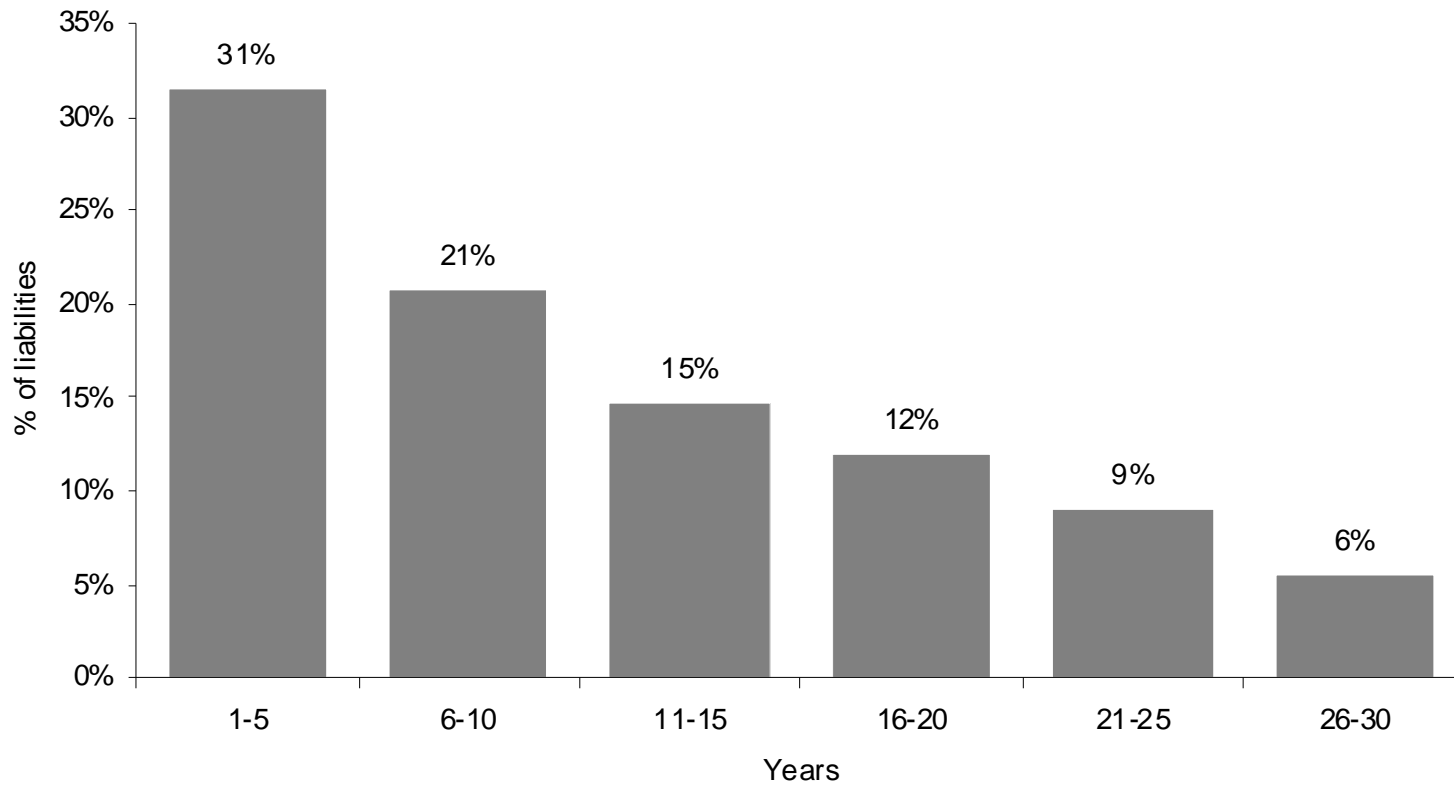
Runoff Profile of VIF

- 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

- 52% of in force peak 1 liabilities expected to run-off within 10 years
- 6% of peak 1 liabilities expected to remain outstanding after 30 years



Life company solvency - Pillar 1

- Individual life company solvency positions remain robust
- Aggregate Pillar 1 free assets before capital policies at 30 June 2009 of £1.7 billion

Summary of Pillar I Headroom at 30 June 2009					
£m	PA	LLL	NPIL	PLL	PALAL
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 Limited include the solvency position of their subsidiaries