

britannic group

News Release

EMBARGOED UNTIL 7AM, 10 MARCH 2005

Britannic Group acquires Century Group

Britannic Group plc (“Britannic”) today announces that it has agreed to acquire the entire ordinary share capital of Century Group Limited and its subsidiaries (“Century Group”) for an estimated cash consideration of £43.7 million⁽ⁱ⁾, to be funded from Britannic’s Shareholders Retained Capital.

Century Group has been an early consolidator of 21 closed life funds since 1983 and manages in total 370,000 policies, predominantly non-profit and unit-linked business, with total assets of approximately £1,737 million⁽ⁱⁱ⁾, as at 31 March 2004. Britannic expects that the embedded value of Century Group as at 31 March 2005 will amount to approximately £63.5 million⁽ⁱⁱⁱ⁾.

The transaction is subject to FSA clearance of change of control and is expected to complete by 31 March 2005. Century Group will become a wholly owned subsidiary of Britannic Unit Linked Assurance.

Britannic Asset Management will take over management of Century Group’s life fund assets as soon as practicable after completion. The management of the policy administration will remain with Liberata Financial Services under a long term contract.

Britannic is confident of achieving its stated return criteria of at least 12% post tax on risk based capital for this transaction. It will also enhance dividend paying capacity.

Paul Thompson, Group Chief Executive, Britannic Group, said: “This is an attractively priced acquisition which continues the momentum towards delivering our aim of being a major owner and administrator of closed UK life funds. The additional funds under management will help the growth of our asset management division.”

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Notes

- (i) Britannic anticipates that the consideration payable will be £43.7 million and this amount will be payable at completion. The final consideration will be determined based on the surplus at 31 March 2005 and is subject to a minimum of £41.2 million and a maximum of £46.2 million. In addition there is provision for further deferred consideration up to a maximum of £7.5 million relating to the realisation of certain property profits. No amount in respect of these potential property profits is included in the estimate of embedded value.
- (ii) In the year to 31 March 2004, Century Group's reported modified statutory pre-tax profits were £4.3 million. The estimated statutory surplus of Century Group is expected to be £8.7 million as at 31 March 2005.
- (iii) Britannic anticipates that the embedded value of Century Group as at 31 March 2005 will be approximately £63.5 million (using an 8% risk discount rate).

Notes to Editors**Britannic – Life Operations**

Britannic is a long-established life assurance and fund management group, whose origins date back to 1866. It has around £14.6 billion total assets under management, some £10 billion of these in its life operations. Britannic Group's strategy focuses on the acquisition of closed life and pensions businesses and its aim is to be the best owner and administrator of closed life funds from both a policyholder and shareholder perspective.

Total policies - 3,006,000 at 31 December 2004
- Life 75%; Pensions 25%
- Non-profit 39%; unit-linked 17%; with-profit 44%

Total policyholder assets £10,445 million at 31 December 2004.

Based in Wythall, Birmingham with approximately 900 employees.

Embedded value as at 31 December 2004 £1,095 million.

Century Group

Total policies - 370,000 at 31 March 2004
- Life 39%; Pensions 57%; PHI 4%
- Non-profit 40%; unit-linked 58%; with-profit 2%

Total policyholder assets £1,737 million.

Adjusted embedded value at 8% discount rate £58.2 million as at 31 March 2004. Estimated embedded value as at 31 March 2005 £63.5 million.