

NewsAlert 12.2009: Resolution to Acquire Friends Provident

There has been much press coverage in recent months over the ongoing talks between Resolution Limited (Resolution) and Friends Provident Group plc (Friends Provident). However, last week the boards of Resolution and Friends Provident announced that they are recommending Resolution's latest acquisition offer to shareholders.

The key terms of the acquisition include total consideration of £1.858bn, based on a Resolution share price of 88.25p as at close of trading on Friday 7th August 2009.

It has also been announced that the combined group plans for an early listing on the London Stock Exchange, should the deal proceed and receive the relevant regulatory approvals.

The Friends Provident brand will be retained as the new holding company for Clive Cowdery's Resolution acquisition company. Also, Friends Provident's Chief Executive Trevor Matthews and Chief Financial Officer Evelyn Bourke will remain in their roles.

Friends Provident would be the only insurance business within Resolution at this time. We would, therefore, anticipate that the acquisition would have limited impact on the day to day business of Friends Provident. However, Resolution does have further acquisition plans and stated objectives to consolidate the insurance market.

We are not suggesting that existing clients should review their arrangements with Friends Provident at the current time on the basis of this announcement. However, the situation will be kept under review and we will also be seeking clarification from the senior management of both groups on further detail of the deal and any expected impacts on operational aspects at the earliest opportunity.