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Company	Friends Provident PLC
TIDM	FP.
Headline	Tier 1 Hybrid Capital
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4<sup>th</sup> November 2003

## Friends Provident plc to raise Tier 1 hybrid debt capital

Friends Provident plc has appointed Merrill Lynch International as Sole Co-ordinator and Structuring Advisor and Merrill Lynch International, Barclays Capital and HSBC as Bookrunners and Lead Managers for a forthcoming Tier 1 hybrid debt capital transaction with a target of raising around £250 million. The transaction will be targeted at institutional investors in the Sterling market and will be launched following a roadshow in the UK, subject to market conditions. The obligations of Friends Provident plc will be guaranteed on a subordinated basis by its principal subsidiary, Friends Provident Life and Pensions Limited.

Philip Moore, Group Finance Director of Friends Provident plc, said that this Tier 1 issue will be cost effective core debt capital for the Group and will support future growth and enhance further Friends Provident's capital position.

- Ends -

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## Notes to Editors

### Friends Provident plc

Friends Provident, founded in 1832, is one of the UK's leading financial services groups and a member of the FTSE 100 Index of leading UK companies. As at 30 June 2003, the company's market capitalisation was over £2bn.

Friends Provident has two core businesses: Friends Provident Life and Pensions (FPLP), which offers life and pensions products distributed via Independent Financial Advisers, controlled channels and business partnerships; and ISIS Asset Management plc, which manages assets valued in excess of £60bn as at 30 June 2003. ISIS markets a wide range of investment products to both personal and institutional customers. Friends Provident plc has a majority shareholding of 67% in ISIS Asset Management plc.

### Key Strengths

- Top UK player in Life & Pensions and Asset Management and top 3 player in Offshore Life & Pensions.
- Diversified business model providing strong and consistent revenue streams.
- Award winning service initiatives and FP's market leading technology continue to ensure it builds key partnerships and increases cost efficiencies.
- Focused product lines and sources of revenue to minimize risks and maintain growth.
- Strong credit ratings – S&P A+ and Moody's A2 with stable outlook.
- Growing market opportunities – demographics, pension provisions, shift from DB to DC, Multi-ties.

### Tier 1 Hybrid Debt Capital

This financial instrument is structured in a way that complies with the proposed conditions for Innovative Tier 1 Capital under the integrated Prudential Source Book that is expected to come into force during 2004. Innovative Tier 1 Capital is a form of debt that has contractual rights that will allow Friends Provident to treat the security in a similar way to share capital.

END

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