

Recapitalisation - High Court Order

Released : 26/07/2011

RNS Number : 1231L
Irish Life & Permanent Grp HldgsPLC
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IRISH LIFE & PERMANENT GROUP HOLDINGS p.l.c.

Recapitalisation - High Court Order

Irish Life & Permanent Group Holdings plc ("IL&PGH", the "Company") has today been directed by the High Court of Ireland under a Direction Order made today (the "Order") on the application of the Minister for Finance ("the Minister") under the Credit Institutions (Stabilisation) Act 2010 (the "Act") to issue EUR 2.3 billion of new equity capital ("Capital Increase") to the Minister and immediately following the share subscription, to pay an amount equal to EUR 2.3 billion, less subscription fees and expenses, to Irish Life & Permanent plc ("IL&P"), a 100% subsidiary of the Company, to increase the Core Tier 1 Capital of IL&P while IL&P has also been directed under the Order to issue EUR 0.4 billion of convertible contingent Tier 2 capital notes ("Contingent Capital Notes") to the Minister (together the "Principal State Investment"). The Order states that the relevant directions dealing with these matters have immediate effect in accordance with Section 9(8) of the Act.

The Order also directs, amongst other things, that:

- the Company increases its authorised share capital;
- subdivides and consolidates its existing share capital into ordinary shares and deferred shares (the ordinary shares having exactly the same rights and entitlements as they did prior to the Order, save as to nominal value);
- adopts an amended memorandum and articles of association;
- makes an application to cancel the Company's listing on the Official List of the Irish Stock Exchange ("ISE") and on the Official List of the UK Listing Authority (together the "Official Lists"): and to cancel trading on the main markets of the ISE and the London Stock Exchange ("LSE") and applies to the ISE for admission to trading on the Enterprise Securities Market of the ISE ("ESM").

In this regard, the Order provides that all the powers exercisable by the members of IL&PGH and IL&P in a general meeting under the Companies Acts, any enactment, the memorandum and articles of association of IL&PGH or IL&P, any agreement or any rule or other instrument, shall instead be exercisable by the Minister for the purposes of the Order.

The new shares to be issued to the Minister will comprise EUR 2.3 billion of ordinary shares at an issue price of €0.06345 per share, and potentially up to a maximum of EUR 0.4 billion of further ordinary shares at an issue price of €0.031 per share if the Contingent Capital Notes convert. The rights attaching to the ordinary shares and to the Contingent Capital Notes will be the same as those set out in the circular sent to shareholders of the Company on 27 June 2011. The Principal State Investment will ensure that IL&P meets the additional capital requirements set by the Central Bank of Ireland following the PCAR and PLAR exercises which are required to be met by 31 July 2011.

Following the Capital Increase, the Minister will hold in excess of 99 per cent. of the outstanding share capital of the Company.

The Capital Increase by 31 July 2011 is, in the opinion of IL&PGH's Board of Directors, critical for the continued banking activities of IL&P and, accordingly, in the best interests of the Group. In addition, the Board notes its duty under the Act to have regard to the public interest in the performance of its functions.

Delisting from the Official List and Main Markets of the Irish and London Stock Exchanges and move to the Enterprise Securities Market of the Irish Stock Exchange

The Capital Increase cannot now take place in a way which permits the Company to continue to meet the required eligibility criteria of the main markets of the ISE and LSE. As a result, the Company will be seeking a cancellation of its listings on the Official Lists and of trading on the main markets of the ISE and the LSE as soon as practicable, in accordance with the Direction Order.

The Company and the Minister wish to ensure that shareholders retain access to a public trading facility for their shares. The proposed admission to trading on the ESM will facilitate this and will also mean that the Company will continue to have market oversight, disclosure and reporting obligations.

The ordinary shares will continue to trade on the ISE and LSE, in each case until delisting occurs. A further announcement in respect of the expected timing for delisting from the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority and cancellation of trading on the ISE and LSE, as well as the admission to trading on the ESM, will be made by the Company in due course.

EGM motions to appoint advisers and to seek delay of capitalisation

The Order further directs the Company, notwithstanding the passing of resolutions at the EGM on 20 July 2011, not to proceed with the appointment of additional financial and legal advisers to review and report on alternative capitalisation options and not to proceed with any request to the relevant authorities to extend the 31 July capitalisation deadline for IL&P.

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