



Harbinger Group Inc. Signs Definitive Agreement for Acquisition of Old Mutual U.S. Life Holdings, Inc.

March 8, 2011

**\$350 million purchase price represents approximately 39% of Statutory Capital and 22% of IFRS Net Book Value
Further value secured through comprehensive life reinsurance commitment provided by Wilton Re to address life insurance redundant reserves requirements
New management team to be led by Lee Launer, CEO and Chairman**

NEW YORK, Mar 07, 2011 (BUSINESS WIRE) -- Harbinger Group Inc. ("HGI"; NYSE: HRG) is pleased to announce that it has signed a definitive agreement today with Harbinger Capital Partners Master Fund I, Ltd. ("Harbinger") for the right to acquire Old Mutual U.S. Life Holdings, Inc. ("U.S. Life") for \$350 million pursuant to an agreement entered into with OM Group (UK) Limited ("Seller"). The acquisition of U.S. Life is expected to close around the end of the first calendar quarter of this year after receipt of regulatory approvals. The purchase price will be funded from cash on hand.

The \$350 million purchase price represents approximately 39% of U.S. Life's statutory capital as of December 31, 2010, which was approximately \$902 million (as compared to approximately \$816 million a year earlier). The purchase price also represents approximately 22% of U.S. Life's IFRS net book value as of December 31, 2010, which was approximately \$1.6 billion (as compared to approximately \$1.3 billion a year earlier). U.S. Life had approximately \$17 billion of investment assets under management as of December 31, 2010.

Philip Falcone, CEO of HGI, said: "This deal offers significant value to HGI's shareholders and since signing the deal, we have significantly enhanced the value of the company by securing a comprehensive life reinsurance commitment from Wilton Re. We are very excited to partner with Lee Launer as the new CEO and Chairman of U.S. Life."

Lee Launer, who served as Executive Vice President and Chief Investment Officer at MetLife, said: "We expect to see continued improvements to the business and the asset portfolio, which will enhance both the credit profile for the company's policyholders and our ability to support our distribution partners. We also look forward to working with U.S. Life's employees to position this business for future success."

The acquisition will mark HGI's second major transaction in line with its strategy to acquire operating businesses across a diversified range of industries, following the January 2011 acquisition of a majority stake in Spectrum Brand Holdings, Inc. (NYSE: SPB). U.S. Life will be a wholly-owned operating company of HGI and its results will be consolidated in HGI's financial statements beginning in the fiscal quarter of the closing.

HGI also announced today that it has agreed to acquire from Harbinger, FS Holdco Ltd. ("FSH"), the ultimate parent company of Front Street Re Ltd., a recently formed, Bermuda-based reinsurer ("Front Street"). The agreement to acquire FSH contemplates that after closing of the U.S. Life acquisition, a special committee of the board of directors will consider a proposed \$3 billion reinsurance transaction pursuant to which Front Street would reinsure certain policy obligations of OM Financial Life Insurance Company, a subsidiary of U.S. Life, and an affiliate of Harbinger could be appointed as investment manager of certain of the assets associated with the reinsured business.

About Harbinger Group Inc.

HGI is a holding company that seeks to acquire significant interests in businesses across a diverse range of industries and bring an owner's perspective to building long-term value for stockholders. As of December 31, 2010, HGI had approximately \$470 million in consolidated cash, cash equivalents and short-term investments, which included \$360 million in restricted cash that has subsequently become unrestricted. A majority of HGI's outstanding common stock is owned by investment funds affiliated with Harbinger Capital Partners LLC. HGI makes certain reports available free of charge on its website at <http://www.harbingergroupinc.com/> as soon as reasonably practicable after this information is electronically filed, or furnished to, the United States Securities and Exchange Commission.

About Harbinger Capital Partners

Harbinger Capital Partners is a multi-billion dollar private investment fund based in New York. The firm was founded in 2001 and employs a fundamental approach to deep value and distressed credit investing. Harbinger Capital Partners is led by Philip A. Falcone, its Chief Executive Officer, who has more than 20 years of investment experience across an array of market cycles.

About Old Mutual U.S. Life Holdings, Inc. and the U.S. Life Acquisition

U.S. Life, through its insurance subsidiaries, is a leading provider of fixed annuity and life insurance products, with approximately 800,000 policyholders in the U.S. and a distribution network of approximately 300 independent marketing organizations representing approximately 24,000 agents nationwide. Lee Launer will become Chairman and Chief Executive Officer of U.S. Life upon completion of the acquisition.

The acquisition of U.S. Life will be made pursuant to a stock purchase agreement signed with Seller in August 2010, as amended in February 2011. Following extensive review and unanimous approval by a special committee of HGI's board of directors, consisting solely of independent directors, HGI accepted an offer from Harbinger to acquire Harbinger OM, LLC and its right to acquire 100% of U.S. Life for \$350 million (subject to potential decrease post-closing). HGI has agreed to reimburse Harbinger for certain of its out-of-pocket expenses incurred in connection with the transaction.

The special committee received an opinion of Gleacher & Company Securities, Inc. that the terms of the transaction are fair from a financial point of view. The U.S. Life acquisition is subject to customary closing conditions for similar transactions, including receipt of approval by the Maryland and New York insurance departments.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: Some of the statements contained in this press release may be forward-looking statements based upon management's current expectations that are subject to risks, and uncertainties that could cause actual results, events and developments to differ materially from those set forth in or implied by such forward-looking statements. These statements and other forward-looking statements made from time-to-time by Harbinger Group Inc. (the "Company") and its representatives are based upon certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may" or similar expressions. Factors that could cause actual results, events and developments to differ include, without limitation, capital market conditions, the risk that the Company may not be successful in identifying any suitable future acquisition opportunities and those factors listed under the caption "Risk Factors" in the Company's most recently filed Annual Report on Form 10-K, as well as in the Company's most recently filed Quarterly Report on Form 10-Q. All forward-looking statements described herein are qualified by these cautionary statements and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. The Company does not undertake any obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operation results.

SOURCE: Harbinger Group Inc.

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