

# *Trevor Matthews*

## *Chief Executive Officer*

11 August 2009

Analyst presentation

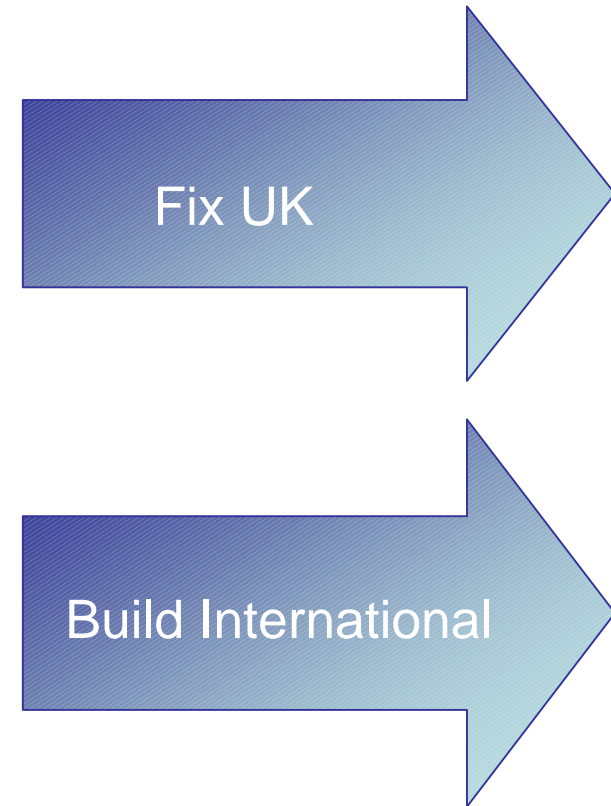


# Strong progress made, turnaround on track

## Decisive action taken

- Strengthened management team
- Reduced expenses significantly
- Demerged F&C
- Expanded distribution
- Improved cash generation
- Maintained strong and robust solvency
- Maintained dividend

## Focus areas going forward



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# Results reflect mid-point of turnaround

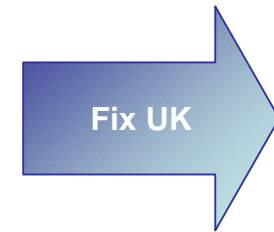
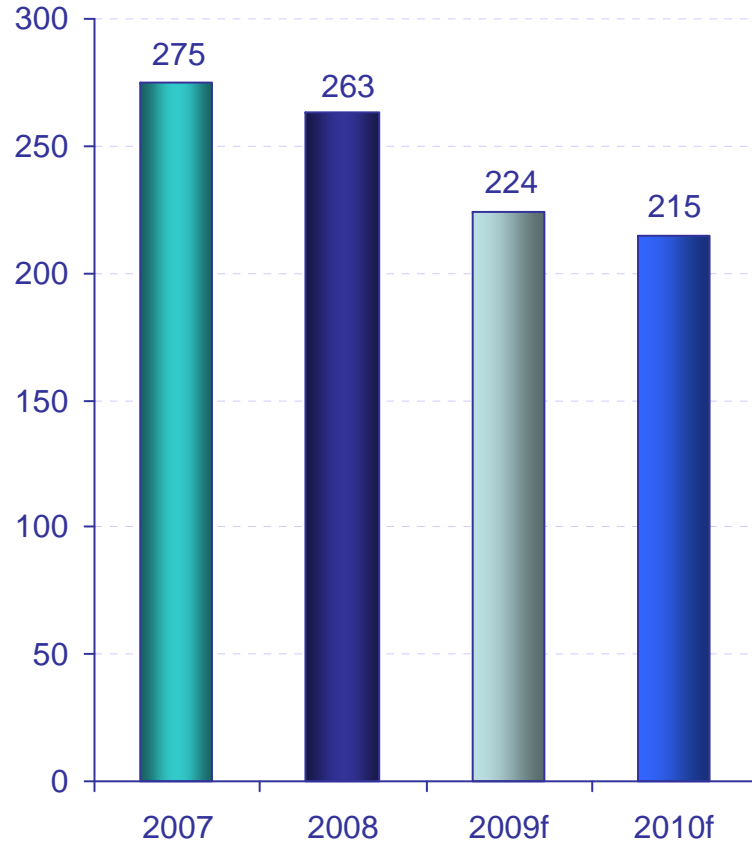
	H1 2009	H1 2008
Life & pensions gross cash	<b>£35m</b>	£(19)m
Internal rate of return on new business	<b>10.7%</b>	12.6%
Contribution from new business (CNB)	<b>£30m</b>	£67m
EEV underlying profit before tax <sup>1</sup>	<b>£122m</b>	£184m
IFRS underlying profit before tax <sup>1</sup>	<b>£29m</b>	£(14)m
IGD surplus	<b>£0.9bn<sup>2</sup></b>	£0.85bn <sup>3</sup>
Interim dividend	<b>1.3p</b>	1.3p

1. Excluding F&C
2. Estimated as at 31 July 2009
3. As at 31 December 2008

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# Expense savings secured and actioned

UK Expenses  
£m



- On track to spend no more than £215m in 2010 compared to £275m in 2007 (-22%)
- Staff numbers reduced by 22% from end 2007 to end June 2009
- Outsourced IT infrastructure and development

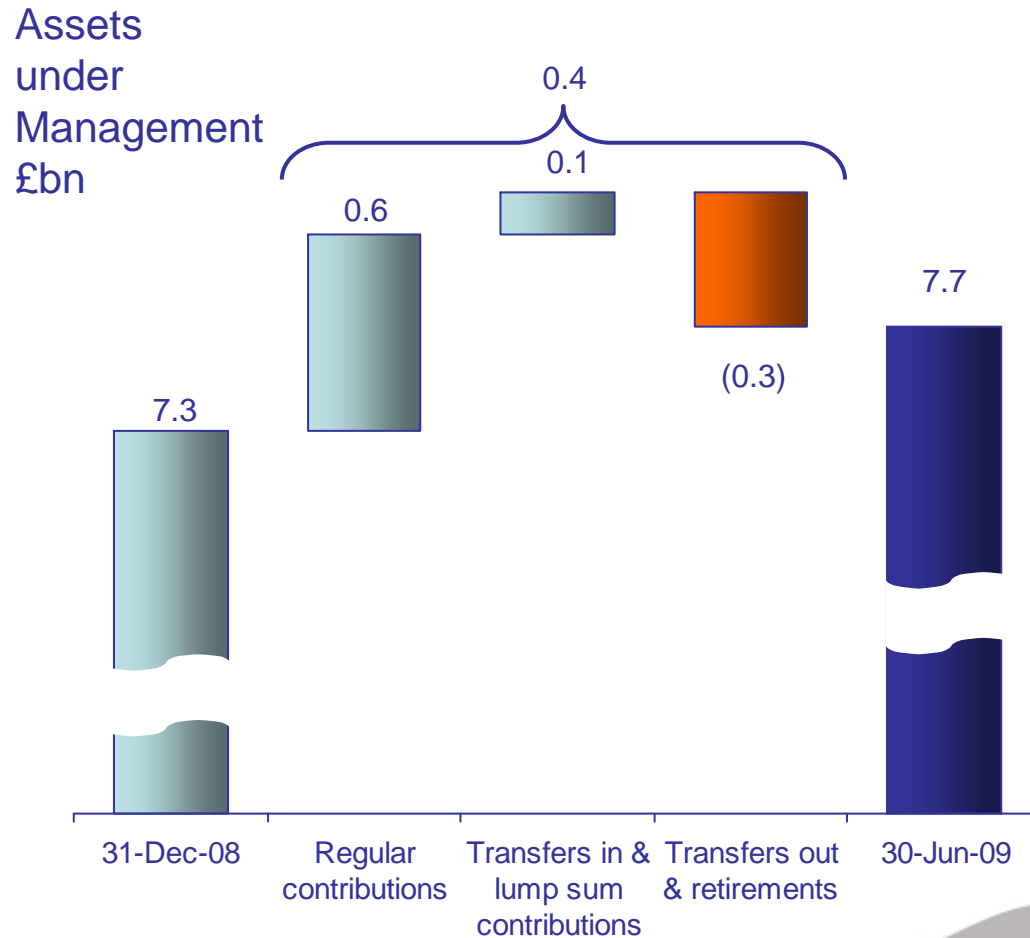
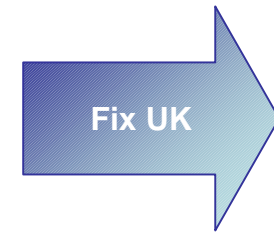
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# Growth in UK pensions assets from strong regular contribution flows

Building assets on our New Generation Pensions platform



- Restored to main Employee Benefit Consultant and Consulting Actuary panels
- Active discussions with major firms about future business models
- Will maintain leadership position and introduce corporate platform in 2010
  - Online trading facility
  - Corporate ISA
  - Share save and share incentive plans
  - Group and Individual SIPP

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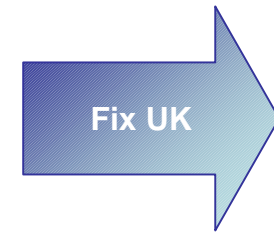


# Making progress in expanding distribution

## Protection

- Tesco sales due to start at end of year
- Increasing focus on Independent Financial Advisers
- Actively exploring other distribution opportunities

**TESCO** Personal Finance



## Well positioned for the post-Retail Distribution Review world

- FRIENDS<sup>®</sup> has effectively already withdrawn from retail investment products that are mostly affected by RDR
- RDR will lead to the emergence of new adviser models
- Sesame provides strategic options

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# International business offers higher returns and faster payback

FPI - distribution led, leveraging operating capabilities of UK and Isle of Man



Build  
International

- 'Hub & Spoke' model is efficient and effective
  - Hong Kong (1989); Dubai (2004) ; Germany (2006); Singapore (2007)
- Distribution key to market entry

Lombard – a unique, well-diversified business with great prospects

- Innovative high end wealth management solutions
- Distribution partnerships with private banks and advisers
- Rapid product renewal cycle in response to tax regime changes around the world
- Prospects strong – cases under discussion at record levels

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# Strong future for Friends Provident within Resolution strategy

- Firm believers in power of consolidation to improve returns in life insurance sector
- Friends Provident is an excellent platform on which to build
  - Attractive franchise
  - Experienced management team
  - Efficient and scalable systems
  - Strong capital position
- Resolution team supportive of Friends Provident current strategy and turnaround plan
- Positive outlook for profitable new business with Resolution backing

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