RIGHT FOR THE TIMES

Friends Provident plc
Summary Annual Report & Accounts 2008

FRIENDS PROVIDENT

FRIENDS PROVIDENT PLC

SUMMARY ANNUAL REPORT & ACCOUNTS 2008

AGAINST THE BACKDROP OF THE WORST **ECONOMIC CONDITIONS** SINCE THE GREAT DEPRESSION, FRIENDS PROVIDENT HAS DEMONSTRATED ITS **FINANCIAL RESILIENCE**, INTRODUCED A **NEW LEADERSHIP TEAM, RESTRUCTURED ITS OPERATIONS,** IMPLEMENTED A **RIGHT FOR THE TIMES STRATEGY** AND EXTENDED ITS **INTERNATIONAL REACH**, WHILE CONTINUING TO WIN PRESTIGIOUS **AWARDS** FOR ITS PRODUCTS AND PROCESSES

2008 Final Dividend: 2.6 pence per share

Financial summary:	2008	2007
KPI IFRS underlying loss before tax	-£190m	-£46m
KPI EEV underlying profit before tax	£420m	£16m
KPI Shareholder cash generation	-£155m	£177m
KPI Contribution from new business	£139m	£206m
KPI Internal rate of return on new business	12.9%	14.4%
KPI Cash payback on new business	11 years	9 years
KPI Return on embedded value	7.9%	-4.3%
KPI IGD surplus resources	£0.85bn*	£1.3bn
KPI Total shareholder return	-44.1%	-21.5%
IFRS loss before tax from continuing operations	-£871m	-£113m
IFRS basic loss per share	-23.3p	-5.0p
Dividend per share	3.9p	8.0p

KPI = Key performance indicator

* Estimated

WE ARE REASSURINGLY STRONG AND STABLE

With the global recession dominating the news for so many months, it hardly seems necessary to say that the economic backdrop for 2008 and on into 2009 has been the bleakest in living memory, but that is the reality. One notable feature, however, is how the UK life assurance industry has proved to be much better equipped to weather this financial storm compared with the banking sector, reflecting their very different business models. Life companies further benefit from a combination of conservative investment strategies, effective risk controls and advanced systems for balancing assets with liabilities, underpinned by a very prudent solvency regulatory framework.

FINANCIAL STRENGTH

Friends Provident continues to demonstrate a reassuring level of financial strength and stability. On the Insurance Groups Directive (IGD) basis – the most commonly accepted measure of financial strength – our surplus capital at the end of 2008 was estimated to be £0.85 billion, in addition to £0.6 billion of surplus assets held within long-term funds. Allowing for subsequent investment market movements, our IGD surplus capital at the end of February this year was still estimated at a healthy £0.8 billion.

We held no equities in our shareholder funds at the start of 2008, shielding us from the sharp falls in share prices during the year. We also reduced progressively our exposure to equities throughout 2008 in our main With Profits Fund.

Despite the economic turmoil, our corporate debt portfolio remains highly rated, with over 98% of our £6.1 billion of corporate bonds, excluding bonds in our unit-linked funds, carrying a strong 'investment grade' credit rating. Asset-backed securities, excluding those within unit-linked funds, were £1.2 billion, of which 98% were at investment grade.

Ensuring the ongoing financial strength of the Group has necessarily been the overriding priority of 2008, and we are pleased to have reassured the markets and our customers.

REFOCUSING THE BUSINESS

Despite the additional challenges of the prevailing economic conditions, we have made significant progress in implementing the new strategy we announced in January 2008, and underpinning it with more streamlined processes for Board-level decision-making, and a much strengthened governance framework. This new strategy will enable Friends Provident to become self-funding, and the current economic downturn has further reinforced the appropriateness of this strategic aim.

At the start of 2008, we announced our intention to review our ongoing ownership of Lombard International, F&C Asset Management and the advisor firm Pantheon Financial. Our overriding objective was to create value for our shareholders without disrupting these three good businesses. We subsequently announced our decisions to retain ownership of Lombard and Pantheon Financial, and to begin a demerger process with F&C, providing our shareholders with the opportunity to hold F&C shares. We are pleased to have ended the uncertainty over the future of these businesses and look forward to continuing to build the Friends Provident Group in a manner that will deliver value to all of our stakeholders.

The F&C demerger process is progressing well and is expected to complete at the end of June 2009. Shareholder and court approval is required for the distribution of our stake in F&C to be made to our shareholders. The necessary documentation is being made available to our shareholders, and the required General Meeting and court meeting will be held on 21 May 2009, the same day as our Annual General Meeting.

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Ensuring the ongoing financial strength of the Group has necessarily been the overriding priority of 2008.

Full details of F&C’s performance in 2008, business review, operating performance, strategy and outlook can be found in the separately published Report and Accounts of F&C, available online at www.fandc.com or on request*.

DIVIDEND

We have not of course been immune from the financial crisis, most evidently reflected in the 47% fall in the value of our shares over the course of 2008. Our financial results have also been affected by the economic environment and by lower levels of new business, the latter being the planned result of our change in strategy announced in January 2008.

Nevertheless, the directors continue to believe that it is in the interests of our shareholders to maintain the Group’s existing dividend policy. While the Group has sufficient cash to support a final dividend for 2008 of 2.6 pence per share, as a technical legal and accounting matter, the distributable profits shown in the individual company accounts for Friends Provident plc are insufficient to enable it to declare the final dividend, following the impairment of F&C in its accounts.

Having considered these factors, the directors believe that the establishment of a new holding company for the Group is the most suitable and effective way to provide greater flexibility in the capital structure of the Group, effect the demerger of F&C and provide sufficient distributable reserves to enable payment of a final dividend for 2008. The final dividend will be paid as soon as practicable after establishment of the new holding company, which is likely to represent a delay of a few weeks.

The cost of the total 2008 dividend of 3.9 pence per share is in line with the guidance range provided in January 2008. The directors will take into account future developments and the circumstances prevailing when making a judgement on future dividend levels.

BOARD CHANGES

There are a number of changes to the Board to report. In last year’s Statement I paid tribute to Alison Carnwath and Jim Smart who left the Board in May and August 2008 respectively. At the end of November, Ben Gunn retired after a long and distinguished career in our industry, serving Friends Provident for the last decade and a member of our Board since 2000.

Lady Judge will be retiring from the Board at the conclusion of the 2009 Annual General Meeting, having served Friends Provident as a director since 1994 and as Deputy Chairman since 1998. Lady Judge has contributed to the Board’s proceedings in a unique way throughout her many years of loyal service.

I also announced last year our delight at having recruited Trevor Matthews as our new Chief Executive Officer. Trevor took up his office at the end of July and is already proving to be the outstanding leader that we knew he would be. We were further delighted to recruit Evelyn Bourke as our Chief Financial Officer. We expect Evelyn to join us in May this year and, until then, Charles Bellringer will continue his excellent work in the Chief Financial Officer role to which he was appointed in August 2008.

Two further very experienced non-executive directors joined the Board in 2008; David Rough in June and Robin Phipps in November. In addition, Rodger Hughes will join the Board on 31 March as a non-executive director. All three bring exceptional talents to the Board table. It is my pleasure to thank all of our outgoing directors for their support and commitment, and my privilege to preside over a Board that has such strength in depth spanning all the relevant aspects of financial services, both in the UK and overseas.

ANNUAL GENERAL MEETING

Our Annual General Meeting this year will be held on Thursday 21 May and I look forward to welcoming those of you who are able to attend. As usual, may I encourage all shareholders to vote on the resolutions being put forward at that meeting.

Sir Adrian Montague
Chairman

* The Company Secretary, F&C Asset Management plc,
80 George Street, Edinburgh EH2 3BU

WE ARE REORGANISED AND RE-ENERGISED

First, let me pay tribute to Sir Adrian Montague for the way he led Friends Provident until I was able to take up my appointment at the end of July. He skilfully guided the Group through the most testing of times, overseeing a fundamental change in our strategic direction. The extensive progress made over the first half of the year to reorganise the business around its new strategic focus is in no small part due to Sir Adrian's energy, drive and vision.

STRENGTHENED OPERATIONAL TEAM

Following my arrival at the end of July, we have further strengthened the operational leadership team through some new appointments, and this team is committed to building confidence in Friends Provident and in its significant potential. Importantly, each member of this team is personally accountable for delivering against the key objectives of the Group and, where appropriate, for the profitability of the activities under his or her direct control. These same principles of personal accountability and the linking of rewards to performance are being cascaded throughout the organisation.

During 2008, we have extensively reorganised around our new strategic focus, and done so in a way that sharpens our competitive edge. Operationally, this involved adopting a specialist approach to the UK life and pensions market, exiting the less profitable segments, placing profits ahead of volumes and prioritising international growth. As a consequence of narrowing our UK focus, we committed to reduce our annual operating costs by £40 million by the end of 2009. We remain well on track to achieve this aim, having locked down £25 million of annualised cost savings during 2008.

UNITED KINGDOM

New business from the UK in 2008 was well down compared with 2007 levels as a consequence both of the economic environment and our planned repositioning in our home market. Although market conditions look set to remain very challenging for some time to come, I believe the uncertainty about Friends Provident has now passed and confidence in us is being restored, particularly within the distributor community.

The new structures introduced for our sales personnel have now bedded down and we continue to attract a stream of top industry awards recognising the high regard held

"Our determination is to maintain our financial resilience and to continue to shape Friends Provident to be right for the times.

for our products and services. We remain committed to the UK marketplace, and are enthusiastic about our prospects for building a sustainable and profitable business within these shores.

INTERNATIONAL

Although every major region of the world has been affected by the economic crisis, the overseas life and pensions markets continue, in general, to remain more attractive than those in the UK, hence our strategic aim to prioritise international growth.

Friends Provident International achieved record sales in 2008, with particularly strong growth in the Middle East. During the year, we moved into larger premises in Dubai to help us continue our expansion in this important region.

In the Far East, we have extended the range of products available in Singapore, which is still a relatively new market to us. We were also delighted, towards the end of 2008, to enter the Malaysian market through purchasing a 30% stake in the well-established and successful Malaysian life assurance business, AmLife. We are confident that by pooling our wide-ranging expertise, we can help AmLife to grow strongly and profitably in a market of such exciting potential.

Lombard also increased its level of sales during 2008, which represents a very encouraging performance in the light of such deteriorating markets, albeit that the headline numbers are increased by the falling value of sterling against the euro. Lombard's performance reinforces the strength of its proposition, its relationships with distributors and its market diversity. This is a unique business with a distribution profile that is hard to replicate. Its longer term prospects for profitable growth and for generating increasing levels of cash for the Group remain attractive.

FOCUS ON CUSTOMERS

One of the many attributes that attracted me to Friends Provident is its renowned ethical approach to business, which is in the DNA of the Company. The economic ructions may have pushed corporate responsibility out of the headlines, but it remains integral to our culture, our reputation, and the way we do business. A key element of our corporate responsibility programme, for which I am personally responsible to the Board, is to restore the public's confidence in our industry.

We are pleased to endorse and support the Financial Services Authority's aspirations behind its Retail Distribution Review. Anything that ensures good quality financial advice is more widely available and more easily accessible can only be good for our fellow citizens, and we will do all we can to help bring about a successful outcome.

Throughout 2008 we reviewed all of our major customer services activities to ensure that the Financial Services Authority's Treating Customers Fairly principles were embedded in our processes by the end of the year.

OUR PEOPLE

2008 has been extremely challenging for the whole Friends Provident team and especially for those whose jobs became redundant as a result of reducing the scale of our UK-facing business. Such things are always regrettable and we do all we reasonably can to support those of our colleagues affected by change. The fact that our people continue to deliver outstanding service, winning many industry awards and accolades, is testament to their dedication and professionalism, and I thank them all sincerely.

WINNING WAYS

After the tumultuous events of recent months, the economic landscape will never be the same again. A new era truly has dawned. Our determination is to maintain our financial resilience and continue to shape Friends Provident to be right for the times, which is behind the fundamental changes we have introduced to our business. In the UK we are building on our proven strengths in corporate pensions and protection, and overseas we are laying down foundations that should support profitable growth for years to come. To our considerable strengths, we are adding a more commercial outlook and honing our competitive edge. This, I believe, will ensure our future success beyond the immediate and ongoing economic challenges.

Trevor Matthews
Chief Executive Officer

WE HAVE A NEW LEADERSHIP TEAM

Trevor Matthews
Chief Executive Officer

Accountable for returning the Group to a position of profitable growth and restoring confidence in Friends Provident

Charles Bellringer
Chief Financial Officer

Accountable for enhancing and protecting the financial strength and resilience of Friends Provident

Rocco Sepe
Managing Director, International

Accountable for the International businesses delivering strong, profitable growth and extending their territorial reach

Tony Brown
Managing Director, People and Change

Accountable for organisation-wide transformation and delivering technology solutions to build on our competitive strengths

Simon Clamp
Managing Director, UK

Accountable for the UK-facing businesses re-establishing leading positions in their specialist markets

Nick Boakes
Director, Corporate Communications

Accountable for protecting and enhancing the reputation of Friends Provident

Gordon Ellis
Director, Legal Services and Secretariat

Accountable for ensuring that corporate governance is robust, effective and integrated throughout the Group

Richard Crouch
Director, Customer Operations

Accountable for excellent service delivery to new and existing customers, and maximising the value of our legacy portfolio

OUR STRATEGY IS RIGHT FOR THE TIMES

Our strategic aim remains to deliver shareholder value by building a strong, profitable and self-financing business pursuing attractive investment opportunities, which in turn will deliver improved returns and real dividend growth. In 2008 our priorities were to reposition the Group, to refocus on our key core markets and to increase the profitability and cash generation characteristics of our business. Our 2009 priorities are the next steps that will move us closer to achieving our strategic aim, taking account of the changed economic background.

2008 strategic priorities

Reduce costs

What we did in 2008:

- Identified and locked down £25 million of annualised cost savings against a two-year target of £40 million annualised savings by the end of 2009, and reduced development spend by £14 million
- Reduced the size of the UK sales force and reorganised to align our sales focus with our new positioning in the UK market
- Reduced the size of Customer Services in anticipation of reduced levels of new business
- Signed 10 year deal with IBM to outsource IT services, designed to reduce annualised expenses by a minimum of £6 million

Change our trading focus

What we did in 2008:

- Introduced new terms for UK pensions, extended our protection offering and withdrew from less profitable segments of the UK market
- Moved into larger premises in Dubai, supporting our growing presence in the region
- Acquired a 30% stake in AmLife, an established life company operating in Malaysia, in line with our strategy to enter new international markets
- Extended our product range for the Singapore market

Restructure the Group

What we did in 2008:

- Appointed new Chief Executive Officer, Chief Financial Officer and further strengthened the leadership of the Group both at Board and operational levels
- Redesigned the management structure, removing unnecessary bureaucracy and simplifying decision-making
- Reorganised all internal business units to align better with our new trading focus
- Announced decision to demerge F&C Asset Management during the course of 2009, redistributing its shares to our shareholders

2009 strategic priorities

Complete the repositioning of the Group

How we will do this:

- Deliver the additional cost savings necessary to achieve the annualised £40 million target by the end of 2009
- Demerge our 52% shareholding in F&C Asset Management during 2009
- Deploy a communications programme to enhance confidence in Friends Provident

Focus on quality business

How we will do this:

- Target growth in our selected markets, both internationally and in the UK, but aiming to grow international business at a faster rate than in the UK
- Pursue initiatives within our selected markets that will drive increased cashflow and returns from new business
- Focus on customer retention through the new profit centres created in 2008

Maintain and improve our competitive strengths

How we will do this:

- Invest in our key IT platforms to improve the service delivery both to customers and distributors
- Utilise the insights into the needs of UK intermediaries and customers gained through our ownership of Sesame and Pantheon Financial
- Strengthen relationships with our distributors and develop additional relationships to broaden our distribution both in the UK and internationally

Enhance financial controls

What we did in 2008:

- Created distinct profit centres to measure the commercial effectiveness of key business units
- Introduced individual accountability for profit relating to key objectives
- Took all necessary actions to maintain our capital strength to reassure the markets, the City and our customers

Think differently as an organisation

How we will do this:

- Deliver a company-wide cultural development and engagement programme, and continue to develop our processes to drive organisational alignment and focus
- Enhance our customer insight and focus, building on the FSA's Treating Customers Fairly principles
- Refine the enhanced financial discipline introduced in 2008, and drive the culture of financial discipline throughout our business

FRIENDS PROVIDENT
BOARD OF DIRECTORS

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The composition of the Board reflects and supports our business ambitions.

Sir Adrian Montague
Chairman

Sir Adrian Montague CBE, MA, Solicitor, 61.
Chairman.

Appointed Chairman in May 2005, having been appointed an independent director in October 2004. Also non-executive director of F&C Asset Management plc. Member of the Investment, Nomination and Remuneration Committees. Currently Chairman of Anglian Water Group Limited, Michael Page International plc and Cellmark Investments AB. A non-executive director of London First and a member of the Supervisory Board of Skanska AB.

Formerly Chairman of British Energy, Deputy Chairman of Network Rail and Chairman of Cross-London Rail Links Limited (Crossrail). Previously Chief Executive of the Treasury Taskforce and Deputy Chairman of Partnerships UK plc. In his early career, he was a partner of Linklaters & Paines, and subsequently the Global Head of Project Finance for Dresdner Kleinwort Benson.

Trevor Matthews MA, FIA, FIAA, ASA, 57.
Chief Executive Officer.

Appointed Chief Executive Officer and director in July 2008. Also a non-executive director of F&C Asset Management plc. Member of the Investment Committee. A director of the Association of British Insurers and President of the Chartered Insurance Institute.

Formerly Chief Executive of Standard Life Assurance Limited, the principal subsidiary of Standard Life plc. Prior to joining Standard Life in 2004, held two key positions at Manulife Financial Corporation – Executive Vice President in Canada and subsequently President and Chief Executive, Japan. Prior to that, held senior positions in National Australia Bank and Legal & General Australia.

Ray King BSc, FCA, MCT, 55.
Independent director.

Appointed a director in January 2004. Chairman of the Audit and Compliance Committee and member of the Investment, Nomination and Board Risk Committees. Appointed Chief Executive of BUPA in 2008 having been Group Finance Director from 2001.

Formerly the Deputy Chief Executive of Parity Group plc, Director of Group Finance and Control at Diageo plc and Group Finance Director of Southern Water plc.

Sir Mervyn Pedelty FCA, FCIB, FRSA, 60.
Independent director.

Appointed a director in October 2006. Chairman of the With-Profits Committees and the Nomination Committee. Also a member of the Audit and Compliance Committee and Remuneration Committee. Senior independent director of Hiscox Ltd (incorporated in Bermuda), a director of Hiscox Insurance Company Ltd and Chairman of FTSE4Good Policy Committee.

Previously at The Co-operative Bank plc where he was Chief Executive from 1997 to 2004, and also Chief Executive of Co-operative Financial Services Ltd and Co-operative Insurance Society Ltd from 2002 until his retirement in 2004. Former member of the Department for Work and Pensions Employer Task Force on Pensions, a director of the Association of British Insurers from 2002 to 2004 and previous member of the Council of the British Bankers' Association and of its Chief Executive's and audit and remuneration committees. Prior to The Co-operative Bank, a partner of LEK Consulting, a senior executive of TSB Group plc and a director of TSB Bank plc.

Charles Bellringer BSc, MSc (Econ), ACA, 54.
Chief Financial Officer.

Joined Friends Provident plc and appointed an executive director on 4 August 2008. Member of the Investment Committee.

Has over 30 years' experience in finance including senior roles at Legal & General, GE Capital, Metropolitan Life and Equitable Life. Joined Equitable Life in 2001 and led the financial reconstruction project. Also has extensive general management experience in IT, investment management and as chairman of a financial services outsourcing business.

Will stand down as director when Evelyn Bourke takes up her appointment as Chief Financial Officer in May 2009.

Alain Grisay LLM, MA, 54.
Chief Executive, F&C Asset Management plc.

Appointed an executive director on 1 January 2006.

Joined the board of F&C Asset Management plc (F&C) in October 2004 on completion of the merger of ISIS Asset Management plc and F&C Group (Holdings) Limited (F&CGH) where he was previously Deputy Chief Executive of F&CGH and Head of Institutional Business. Previously at JPMorgan for 20 years, as a Managing Director responsible for the investment bank's market client business in Europe.

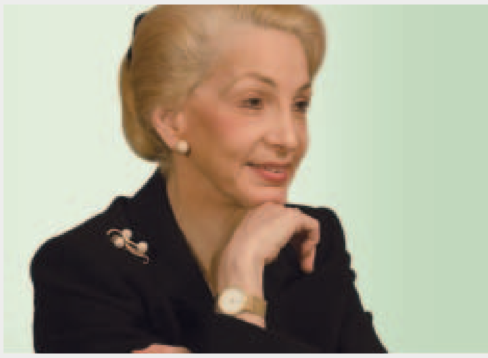
Will step down as director following the proposed demerger of F&C.

Lady Judge BA, JD, 62.
Deputy Chairman.

Appointed a director in June 2001 having been an independent director of Friends' Provident Life Office from 1994 to 2001 and its Deputy Chairman from 1998 to 2001. Chairman of the Remuneration Committee and a member of the Investment and Nomination Committees. Chairman of the UK Atomic Energy Authority and the School of Oriental & African Studies. Deputy Chairman of Murchison NL. A director of Private Equity Investor plc, Portmeirion Group PLC, Planet Payment Inc., Magna International Inc., Massey Energy Company, ATP Oil & Gas Corporation and Nationwide Accident Repair Services plc.

Formerly, Chairman of the Professional Standards Advisory Board of the Institute of Directors and Deputy Chairman of the Financial Reporting Council. A former commissioner of the United States Securities and Exchange Commission.

Will retire from the Friends Provident Board at the close of the 2009 AGM.



Robin Phipps 58.
Independent director.

Appointed an independent director on 3 November 2008. Member of the Audit and Compliance Committee and the Board Risk Committee. Currently non-executive director of GE Money UK and Partnership Assurance and senior adviser to the financial services practice of Ernst & Young.

Between 1982 and 2007 held various senior roles at Legal & General, latterly as Group Director UK. Was an executive director of Legal & General Group plc from 1996 to 2007. Prior to 1982, held various roles in IT with South Eastern Gas Board.

Gerhard Roggemann Ass. iur., 61.
Independent director.

Appointed an independent director in June 2007. Also a non-executive director of F&C Asset Management plc. Chairman of the Board Risk Committee and a member of the Audit and Compliance and Investment Committees. Currently Vice Chairman of Hawkpoint Partners Europe, responsible for the development of its German business, Chairman of the Supervisory Board of GP Günter Papenburg AG and Deputy Chairman of the Supervisory Board of Deutsche Börse AG.

Spent much of his professional career with financial services firm, JPMorgan, where his positions included Managing Director of JPMorgan's German branch in Frankfurt and Regional Treasurer Asia Pacific in the Tokyo office. Spent a total of 13 years on the management board of two German Landesbanks, joining the executive boards of Norddeutsche Landesbank in 1991, and of Westdeutsche Landesbank (WestLB AG) in 1996. Previous board appointments include AXA Lebensversicherungs AG, AXA Kapitalanlagegesellschaft mbH, Deka Bank, Fresenius AG, Hapag Lloyd AG and VHV Holdings AG.

David Rough 58.
Senior independent director.

Appointed an independent director in June 2008. Chairman of the Investment Committee and a member of the Audit and Compliance, Board Risk and Remuneration Committees. Currently senior independent director and chairman of the remuneration committee at Land Securities plc and deputy chairman, senior independent director and chairman of the nomination committee at Xstrata plc. Director of Brown Shipley Company Limited.

Spent 17 years at Royal Insurance responsible for the Investment Management Division. In 1989 joined Legal & General Investment Management as Head of UK Equities and appointed to the main board of Legal & General Group plc two years later. Took early retirement after 12 years with the company.

SUMMARY REPORT OF THE DIRECTORS

This is a summary of the report presented by directors to shareholders for the financial year ended 31 December 2008. The full report and accounts – which includes the entirety of the Report of the Directors, the reports of the Nomination, Audit and Compliance and Remuneration Committees and the report on corporate governance and the financial statements – will be laid before the Annual General Meeting.

These Summary Financial Statements have been prepared on the basis of accounting policies set out in the Group's Annual Report & Accounts for the year ended 31 December 2008. The financial information for the periods shown has been abridged from those accounts.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on 21 May 2009 at 11.00 am.

ACCOUNTS

The summary consolidated profit and loss account and balance sheet are presented on both the International Financial Reporting Standard as adopted by the EU (IFRS) basis and the European Embedded Value (EEV) basis.

Important Notice: These Summary Financial Statements do not contain sufficient information to allow as full an understanding of the results of the Group and state of affairs of the Company or of the Group, and of their policies and arrangements concerning directors' remuneration, as would be provided by the full Annual Report & Accounts. You can obtain the full Annual Report & Accounts by downloading a copy from our website at www.friendsprovident.com/reports. If you prefer to receive the full Annual Report & Accounts in future, please call the Friends Provident Shareholder Services helpline on 0845 600 5131 or write to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

PRINCIPAL ACTIVITIES

Friends Provident plc is the holding company of the Friends Provident Group of companies and is a constituent of the FTSE 100 Index. The conclusion of the strategic review announced in January 2008 was that the Group should focus on its core businesses of manufacturing and administering life and pensions products in the UK and related international markets.
This encompasses the UK protection market, UK group pensions and vesting annuity market and international savings & investments, pensions and protection markets.

RESULTS

A summary of the results for the year is set out on pages 18 to 22.

DIVIDEND

As previously announced, the directors continue to believe that it is in the interests of shareholders to maintain and pursue the Group's existing dividend policy. However, while the Group has sufficient cash to support a final dividend of 2.6 pence per share for the year ended 31 December 2008, the impact of the proposed demerger (and related impairment) of F&C on the distributable reserves of Friends Provident plc means that the distributable profits shown in the individual company accounts for Friends Provident plc are insufficient to enable it to declare the final dividend. This is purely a technical legal and accounting matter. Having considered these factors, the directors believe that the establishment of a new holding company for the Group is the most suitable and effective way to provide greater flexibility in the capital structure of the Group, effect the demerger of F&C and provide sufficient distributable reserves to enable payment of a final dividend for 2008. It is proposed that the new holding company will be named Friends Provident Group plc and that it will be established as the new holding company of the Group by way of a scheme of arrangement of Friends Provident plc, to be considered by shareholders at meetings to be held immediately after the AGM.

Ordinary shareholders will only become shareholders of Friends Provident Group plc if they approve the establishment of that company as the new holding company for the Group, and any dividend paid by Friends Provident Group plc must be resolved by the directors of Friends Provident Group plc. Nevertheless, it is intended to provide the ordinary shareholders with the opportunity to express their views on the payment of any dividend for 2008 which may be determined by the directors of Friends Provident Group plc, in the same way as usual. Any such resolution will not constitute a declaration of a dividend by either Friends Provident plc or Friends Provident Group plc in accordance with their respective Articles of Association and relevant company law.

Subject to the scheme of arrangement becoming effective, the intention is to continue to pay an interim dividend in November and final dividend in May each year and that the interim dividend will represent approximately one third of the anticipated total dividend.

The Company operates a dividend re-investment plan, which enables shareholders to elect to receive shares in the Company instead of cash. Further information can be obtained from the Registrar, whose contact details are on the Shareholder Information page at the back of these Summary Financial Statements.

SHARE CAPITAL INCLUDING TREASURY SHARES

The issued share capital of the Company as at 31 December 2008 consisted of 2,341,118,083 ordinary shares of 10p each, including 17,234,408 treasury shares. During 2008, 889,876 treasury shares (2007: 4,505,799) were used to fulfil obligations under the All-Employee HM Revenue & Customs Approved ShareSave Scheme, the All-Employee Share Incentive Plan, the Executive Share Option Scheme, the Deferred Share Plan and the Executive Long-Term Incentive Plan. In the period from 1 January 2009 to 26 March 2009, a further 1,326,362 treasury shares have been used for these purposes. At 26 March 2009, 2,341,118,083 ordinary shares of 10p each are in issue including 15,908,046 treasury shares. Details of the total issued share capital of the Company and the number of treasury shares are published by the Company on its website at www.friendsprovident.com/investor

DEBTS

£18,030,885 Floating Rate Unsecured Loan Notes 2011 and £26,332,978 Floating Rate Unsecured Loan Notes 2012 issued in 2006 and 2007 respectively by way of additional consideration for the acquisition of Lombard International Assurance S.A. were redeemed in accordance with their respective terms on 31 March 2008.

DIRECTORS

Details of Board members at the date of these Summary Financial Statements are set out on pages 10 and 11. All directors are elected at the AGM following their appointment. Therefore, Trevor Matthews, who was appointed as executive director on 30 July 2008 and David Rough and Robin Phipps who were appointed to the Board as non-executive directors on 9 June and 3 November 2008 respectively, will offer themselves for election at the AGM. In addition Rodger Hughes will join the Board as a non-executive director with effect from 31 March 2009 and Evelyn Bourke will join the Board as Chief Financial Officer on 1 May 2009, both appointments being subject to regulatory approval by the Financial Services Authority. Further information on Rodger Hughes and Evelyn Bourke, who will offer themselves for election at the forthcoming AGM, can be found on page 2 of the Notice of Meeting. Charles Bellringer will resign from the Board on 30 April 2009. For that reason, a resolution for the election of Charles Bellringer is not being put to shareholders at the meeting. In addition to those directors being elected by shareholders, one third of the Board members must retire by rotation every year and, if appropriate, seek re-election. The directors retiring by rotation at the AGM and seeking re-election are Sir Adrian Montague and Sir Mervyn Pedelty. Lady Judge will retire at the close of the AGM.

DIRECTORS AND OFFICERS – INDEMNITY AND INSURANCE

The Company maintains insurance cover with respect to directors' and officers' liabilities. In addition, qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006 and section 309B of the Companies Act 1985) are in force for the benefit of the directors within the Group and were in force for the benefit of former directors of the Group during 2008. Copies are available for inspection at the Company's registered office.

ENVIRONMENT

The Company's engagement and commitment to environmental issues is explained on its website at www.friendsprovident.com/responsibility

CHARITABLE AND POLITICAL DONATIONS

The Company has a long history of supporting the communities directly affected by its operations through an employee-led programme, which benefits the Company's business and community needs. Full details of the community investment programme are available at www.friendsprovident.com/responsibility. In 2008, cash donations to charitable causes amounted to £497,742.

During 2008, the Friends Provident Charitable Foundation, an independent grant-making charity, continued to focus its resources on financial inclusion and grants approved amounted to £951,437. Details of all aspects of the Foundation's work can be found at www.friendsprovidentfoundation.org

No political donations were made by the Group during 2008 (2007: none).

STATEMENT OF GOING CONCERN

After making enquiries, the directors are satisfied that the Company and the Group have adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

AUDITOR

The Company's auditor, KPMG Audit Plc, has indicated its willingness to continue in office and, on the recommendation of the Audit and Compliance Committee, a resolution to re-appoint KPMG Audit Plc as auditor of the Company, and to authorise the directors to fix its remuneration, will be proposed at the AGM.

On behalf of the Board

Gordon Ellis
Company Secretary
26 March 2009

SUMMARY CORPORATE GOVERNANCE REPORT

THE ROLE OF THE BOARD

The Board is responsible for the overall management of the Company, ensuring that it achieves its objectives. It determines the Company's strategic direction and regularly reviews operating and financial performance in light of agreed strategy, objectives, business plans and budgets, taking corrective action where necessary. The specific duties of the Board are clearly set out in its terms of reference which include those matters specifically reserved for its decision. These include:

- Group Strategic Plan and Business Plan including the Annual Budget;
- Acquisitions and disposals;
- Capital structure;
- Financial reporting and controls;
- Internal controls and risk management;
- Shareholder communication;
- Establishment of Board committees; and
- Key business policies.

During the year, the Board was also engaged in overseeing the implementation of the strategic review as announced in January 2008, establishing a new governance structure and monitoring the introduction of the Financial Services Authority initiative on Treating Customers Fairly by the 31 December 2008 deadline. During 2008, the Board met on 15 occasions and directors also attended one off-site strategy meeting.

REPORTING TO SHAREHOLDERS

The Company places considerable importance on communications with shareholders and responds to them on a wide range of issues. The Company identified enhanced disclosure as a key outcome of its strategy announced in January 2008 and has taken steps to provide more meaningful and detailed information on its performance to shareholders. It has an ongoing programme of dialogue and meetings with major institutional shareholders, where a wide range of relevant issues including strategy, performance, management and governance is discussed. Further, the Chairman and the senior independent director are available to meet major shareholders and the Chairman writes annually to the 20 largest shareholders, emphasising his availability should they wish to meet with him. During 2008, 48 such meetings of institutional shareholders with the Chairman took place (2007: six). The higher number in 2008 reflects the Chairman's position as an executive director for the first seven months of the year. Following his appointment as Chief Executive Officer, and after a period of familiarisation with the Company, Trevor Matthews undertook several days of meetings with investors in October and November 2008. During the year, the Chairman and the directors met with the Company's joint brokers, JPMorgan Cazenove and Goldman Sachs International, following presentations to major shareholders by executive management. This helps the non-executive directors to maintain an up-to-date understanding of the views of major shareholders.

At its AGM, the Company complies with the provisions of the Combined Code relating to the disclosure of proxy votes, the separation of resolutions and the attendance of directors, particularly committee chairmen. The timing of the despatch of the formal notice of the AGM complies with the Combined Code. The outcome of every general meeting of shareholders, including detailed voting results and votes withheld, is published on the Company's website following the close of the meeting.

STATEMENT OF COMPLIANCE WITH PROVISIONS OF THE COMBINED CODE

Following the resignation of Philip Moore on 13 November 2007, Sir Adrian Montague was appointed Executive Chairman until Trevor Matthews took up his appointment as Chief Executive Officer on 30 July 2008.

The terms of the service agreement with Trevor Matthews provide that 12 months' notice of termination must be given by the Company or 6 months' notice by Mr Matthews. However, any such notice by either the Company or Mr Matthews must not expire before 30 July 2010, being the second anniversary of his date of appointment.

Save for the above disclosures, the directors consider that the Company has throughout 2008 and to date applied the principles and met the requirements of the Combined Code. The Board is committed to the principles of corporate governance and the code of best practice contained in the Combined Code.

RISK GOVERNANCE AND MANAGEMENT, POLICIES AND REPORTING

Primary accountability for managing risk lies with the business units, and with those specialist functions that are responsible for specific operational processes, such as Human Resources, IT and Facilities Management. Operational responsibility within the Group rests with the Chief Executive Officer (CEO), being devolved through an executive structure with clearly delegated and appropriate levels of authority. The CEO has delegated to the Chief Financial Officer responsibility for the development of a risk management framework for the Group appropriate to the nature, scale and complexity of its business. Pending the successful demerger of F&C during 2009, the Chief Executive of F&C has operational responsibility to the board of F&C and its shareholders, reporting appropriately to the Board of the Company as controlling shareholder. Members of Group management are, therefore, accountable for the operation of the systems of internal control within the Group's core businesses.

Business unit management is responsible for putting in place the ongoing management and monitoring disciplines for risks and activities under its control. The structure is designed to provide clear responsibilities and control for key areas of the Group's business.

Specialist functions such as Compliance, Legal and the Group's independent risk function undertake policy-setting and monitoring roles. Internal Audit has responsibility for providing independent assurance over the risk management process and the internal controls environment.

The Board:
- is responsible for the risk management framework and for approving risk policy and risk appetite;
- has delegated to the Board Risk Committee (BRC) authority to approve the Group's overall risk framework and to endorse the risk frameworks of the operating subsidiaries to the extent required by their local statutory obligations; and
- considers quarterly reports summarising the Group's key risks and the actions in place to control them, and receives a brief monthly update on the key risks and issues as part of its regular management information.

The Board Risk Committee:
- is a non-executive committee, formed in the final quarter of 2008, and has oversight of risk management across the Group, including the Financial Risk Committee and the Operational Risk Committee;
- reviews and recommends to the Board for approval detailed policies for the management of specific classes of risks; and
- considers quarterly reporting from the operating businesses.

The CEO:
- with the support of the Friends Leadership Team (FLT) is accountable for the management of risk across the Group in accordance with the high-level policy and risk appetite set by the Board;
- is supported by the Financial Risk Committee (FRC) and the Operational Risk Committee (ORC) that oversee the management of risks and the implementation of the detailed risk appetite for risks within their respective remits.

The Financial Risk Committee and Operational Risk Committee:
- have been strengthened during 2008 with revised terms of reference;
- are chaired by the Chief Financial Officer and the Managing Director, People and Change respectively;
- have oversight of the management of risks across the Group within their respective remits; and
- support the CEO and FLT in ensuring risk management is embedded in the business.

Friends Provident International and Lombard:
Friends Provident International and Lombard have risk committees comprising executive directors and other relevant senior managers that oversee their risk management processes and report to the ORC, FRC, FLT and BRC as appropriate and into their respective boards so far as is required by their local statutory obligations.

Sesame Group Limited and Pantheon Financial Limited:
Throughout the last year, the Group's distributor firms have maintained their respective risk management arrangements, which are appropriate for the nature, scale and complexity of their businesses. Reporting of significant risks and issues is made to the Board, through the Group's Risk function.

The Risk function:
The Group's Risk function has been strengthened in the fourth quarter by the creation of the role of Chief Risk Officer (CRO).

The CRO will:
- provide overall leadership, vision and direction for the effective, efficient and consistent identification, evaluation and management of significant risks across the business;
- lead the development, selection, implementation, validation and maintenance of processes, procedures and systems to ensure risks are managed within parameters set by the Board;
- provide independent, informed and objective challenge to executive line management on the identification, assessment and management of key risks; and
- report quarterly to the BRC on the management of risks.

The Group's systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives, as no business can be successful without taking some risk. They can thus provide reasonable but not absolute assurance against material mis-statement or loss. The Board has conducted an annual review of the effectiveness of the Group's systems of internal controls and risk management and has taken into account recommendations from the Audit and Compliance Committee (ACC) following its review of the Group's governance and risk management framework, which was supported by reports from management and the Group's Risk and Internal Audit functions.

Through this process of review, the ACC was able to assure the Board that the systems of internal control comply with the revised Turnbull Guidance.

As indicated last year, a new streamlined organisation structure, simplified decision making and enhanced internal control processes have been introduced during 2008. The Board believes these will provide enhanced challenge and risk analysis and that the control processes now in place will result in improved information being reported to the Board and management, allowing them to monitor progress effectively and to respond when plans are not being achieved. Further enhancements will be made to the embedding of the risk management framework in 2009.

AUDITOR'S REPORT
The Auditor's Report on the IFRS Financial Statements and the part of the Remuneration Report of the Board to be audited for the year ended 31 December 2008 was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

On behalf of the Board

Gordon Ellis
Company Secretary
26 March 2009

SUMMARY REMUNERATION REPORT

COMPANY'S POLICY ON DIRECTORS' REMUNERATION

EXECUTIVE DIRECTORS

A key outcome of the Company's new strategy is the creation and reinforcement of a performance culture and the remuneration policy is an important element of this cultural development. We are building a business where clear targets are set and individuals are held accountable for the delivery of key corporate and individual performance targets. The remuneration policy is designed to achieve a structured and balanced remuneration package, with an appropriate weighting between short-term and long-term elements. The Remuneration Committee (the Committee) sets the level for each of the executive directors, with the exception of Alain Grisay, taking account of their individual contribution to overall performance. Alain Grisay is Chief Executive of F&C Asset Management plc (F&C) and is remunerated entirely by that company.

When reviewing the ongoing remuneration arrangements, the Committee has borne in mind the current climate. Total remuneration opportunity for 2009 (including base salary) has not increased and remains moderately positioned in comparison to the market.

The executive directors' remuneration package includes the following elements:

(a) Salary – determined by reference to external market research data;

(b) Performance-related annual bonus – the maximum annual bonus opportunity for Trevor Matthews is 125% of base salary, 100% for other executive directors. Performance measured on a combination of company financial, non-financial and individual performance. Individual KPI measures typically include financial, customer, risk management, ownership, people management and business improvement targets. The performance of each executive director is rigorously assessed annually. Reviews take account of performance against business responsibilities, personal objectives and appropriate leadership style;

(c) All employee share plans – two HM Revenue & Customs approved schemes with eligibility on the same basis as other eligible employees;

(d) Performance-related share incentive plans – the Executive Long-Term Incentive Plan (LTIP) is the main long-term incentive benefit within the Company. A one-off share award (Turnaround Plan) was granted to Trevor Matthews on 17 March 2009 with performance targets set to ensure that any payment is conditional on the long-term, sustainable improvement in the value of Friends Provident. The share award replaces any other long-term incentive arrangement to which Trevor Matthews would otherwise be entitled in 2008 and 2009; and

(e) Benefits – Competitive non-monetary benefits that include the taxable value of a car and private medical care.

Service contracts: The executive directors have rolling contracts of employment with notice requirements of 12 months from the employer and 6 months from the director. The terms of the service agreement with Trevor Matthews provide any such notice by either the Company or Mr Matthews must not expire before 30 July 2010, being the second anniversary of his date of appointment. The terms of service agreement with Evelyn Bourke provide that any such notice by the Company for a reason connected with a change of control of the Company must not expire before 1 May 2011, being the second anniversary of the date of her appointment. The executive directors are subject to the same redundancy provisions as other staff;

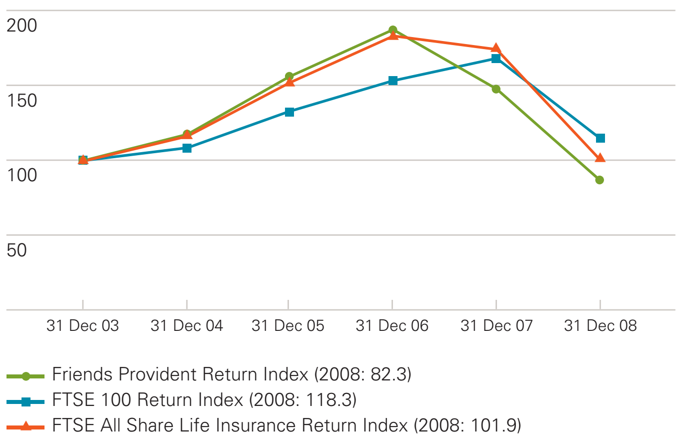
(f) Pensions – Ben Gunn was a member of the Friends Provident Pension Scheme (FPPS) with additional pension provision, for base salary above the Pension Scheme Cap, provided through an unfunded unapproved pension arrangement. Jim Smart was subject to the lifetime allowance on approved pension benefits and, in lieu of pension benefits, was paid a salary supplement of 20% of base salary, reviewable annually. Trevor Matthews is a member of the Company's defined contribution scheme, the FRIENDS Pension Plan (FPP). Trevor Matthews contributes 5%, as well as sacrificing his pension allowance for base salary above Pension Scheme Cap. F&C contributes to a money purchase scheme for Alain Grisay.

PERFORMANCE GRAPH

The graph opposite demonstrates the performance of the Company based on TSR compared with the FTSE 100 TSR Index and the FTSE All Share Life Insurance Sector TSR Index. The graph shows performance for the Company's five reporting periods since 31 December 2003.

Over the whole period, the Company's TSR has underperformed both the FTSE 100 Index and the FTSE All Share Life Insurance Index by 30.4% and 19.2% respectively. For the year to 31 December 2008, Friends Provident's TSR movement was ranked 68th (80th in 2007) when compared with the constituents of the FTSE 100 at the beginning of the year.

Total shareholder return indices – Friends Provident, FTSE All Share Life Insurance and FTSE 100



DIRECTORS' SHAREHOLDINGS

Directors' personal shareholdings, which are not related to their remuneration, are disclosed in the notes to the financial statements in the full Annual Report & Accounts. The executive directors are expected to build up their shareholding in the Company over time. To support this, awards in and after 2005 under the LTIP have been made with the expectation that the recipient will retain shares up to the value at exercise of 75% of the net proceeds.

NON-EXECUTIVE DIRECTORS

The non-executive directors are not part of any pension, bonus or share incentive scheme of the Company or the Group. None of the non-executive directors has a service contract and none is entitled to compensation on leaving the Board save that, if requested to resign, each non-executive director is entitled to one month's prior notice or fees in lieu except Lady Judge and Sir Adrian Montague who are entitled to three and six months' respectively.

Apart from the Chairman and Deputy Chairman, non-executive directors are paid a basic fee, currently £47,500 per annum, for their role on the Board and separately remunerated for services on Board committees. All fees are reviewed annually and the fees were last increased with effect from July 2006. In order to recognise his significant input into the strategic review, Sir Mervyn Pedelty received an additional £12,000 in March 2008.

The Deputy Chairman, who chairs the Remuneration Committee, receives an annual all-inclusive fee of £90,000 exclusive of VAT. As non-executive Chairman Sir Adrian Montague receives an annual fee of £250,000. In addition, for the period up until the appointment of Trevor Matthews on 30 July 2008, the Chairman, Sir Adrian Montague, received additional fees totalling £102,083 to reflect the increased responsibilities, time and commitment for the role of Executive Chairman.

On behalf of the Board

Lady Judge
Chairman, Remuneration Committee
26 March 2009

DIRECTORS' EMOLUMENTS AND COMPENSATION IN THE RELEVANT FINANCIAL YEAR (AUDITED)

The remuneration of each director in 2008 (with 2007 comparison) comprised:

	Salary and fees £000	Pension allowance £000	Benefits £000	Annual bonus (2008 accrued) £000	Compensation for loss of office £000	Total reported 2008 £000	Total reported 2007 £000
Executive							
Charles Bellringer (appointed 04.08.08)	527	–	–	–	–	527	–
Alain Grisay*	325	–	4	645	–	974	1,497
Ben Gunn (retired 30.11.08)	349	–	19	275	–	643	446
Trevor Matthews (appointed 30.07.08)	305	50	376	448	–	1,179	–
Jim Smart (left 15.08.08)	283	56	8	125	–	472	674
Non-executive							
Alison Carnwath (retired 22.05.08)	23	–	–	–	–	23	70
Lady Judge	90	–	–	–	–	90	90
Ray King	73	–	–	–	–	73	69
Sir Adrian Montague	352	–	–	–	–	352	273
Sir Mervyn Pedelty	92	–	–	–	–	92	59
Robin Phipps (appointed 03.11.08)	8	–	–	–	–	8	–
Gerhard Roggemann	99	–	–	–	–	99	47
David Rough (appointed 09.06.08)	37	–	–	–	–	37	–

*Alain Grisay's emoluments and compensation are paid entirely by F&C.

IFRS SUMMARY FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED INCOME STATEMENT ON AN IFRS BASIS

For the year ended 31 December 2008	2008 £m	2007 £m
Total revenue	**(4,890)**	2,506
Other income	**–**	49
Total claims, benefits and expenses	**(4,019)**	2,669
Share of profit of associates and joint venture	**–**	1
Loss before tax from continuing operations	**(871)**	(113)
Policyholder tax	**77**	(23)
Loss before shareholder tax from continuing operations	**(794)**	(136)
Total tax credit	**205**	43
Policyholder tax	**(77)**	23
Shareholder tax	**128**	66
Loss for the year	**(666)**	(70)
Attributable to:		
Equity holders of the parent: (i)		
Ordinary shareholders	**(541)**	(108)
Other equity holders	**52**	52
	(489)	(56)
Minority interest	**(177)**	(14)
Loss for the year	**(666)**	(70)
Earnings per share	**2008 pence**	2007 pence
Basic loss per share from continuing operations	**(23.3)**	(5.0)
Diluted basic loss per share from continuing operations	**(23.3)**	(5.1)

(i) All profit attributable to equity holders of the parent is from continuing operations.

DIVIDENDS PAID ON ORDINARY SHARES

	2008 £m	2007 £m
Final dividend in respect of 2007 and paid in May 2008 of 5.3p per share (in respect of 2006 and paid in May 2007 of 5.2p per share)	**123**	110
Interim dividend in respect of 2008 and paid in November 2008 of 1.3p per share (in respect of 2007 and paid in November 2007 of 2.7p per share)	**30**	58
Total dividends paid	**153**	168

As required by IAS 10 Events after the balance sheet date, dividends proposed after the balance sheet date are not accrued in these financial statements.

CONSOLIDATED UNDERLYING PROFIT ON AN IFRS BASIS

For the year ended 31 December 2008	2008 £m	2007 £m
Loss before tax from continuing operations (i)	**(871)**	(113)
Policyholder tax	**77**	(23)
Returns on Group-controlled funds attributable to third parties	**154**	23
Loss before tax excluding return generated within policyholder funds	**(640)**	(113)
Non-recurring items	**78**	(38)
Amortisation of Asset Management acquired intangible assets	**49**	42
Amortisation of acquired present value of in-force business	**26**	26
Amortisation of Life and Pensions acquired intangible assets	**14**	11
Impairment of goodwill	**216**	-
Impairment of Asset Management acquired intangible assets	**48**	-
Interest payable on Step-up Tier one Insurance Capital Securities (STICS)	**(52)**	(52)
Short-term fluctuations in investment return	**71**	78
Underlying loss before tax (i)	**(190)**	(46)
Tax on underlying loss	**75**	39
Minority interest in underlying loss	**(21)**	(24)
Underlying loss after tax attributable to ordinary shareholders of the parent	**(136)**	(31)

Earnings per share	2008 pence	2007 pence
Underlying loss per share	**(5.9)**	(1.4)

(i) Included in loss before tax from continuing operations, and underlying loss before tax, are one-off items relating to basis changes which have increased the loss by £61m (2007: increased the loss by £146m).

IFRS underlying loss is based on longer-term investment return and excludes: (i) policyholder tax, (ii) returns attributable to minority interests in policyholder funds, (iii) non-recurring items, (iv) amortisation and impairment of acquired intangible assets and present value of acquired in-force business; and is stated after deducting interest payable on STICS. Management considers that underlying profit better reflects the performance of the Group and focuses on this measure of profit in its internal monitoring of the Group's IFRS results.

IFRS SUMMARY FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE ON AN IFRS BASIS

For the year ended 31 December 2008

	Equity holders of the parent (ordinary shares) £m	Equity holders of the parent (STICS) £m	Total equity holders of the parent £m	Minority interest £m	Total £m
Net income recognised directly in equity	**128**	**–**	**128**	**37**	**165**
(Loss)/profit for the year	**(541)**	**52**	**(489)**	**(177)**	**(666)**
Total recognised income and expense for the year	**(413)**	**52**	**(361)**	**(140)**	**(501)**

For the year ended 31 December 2007

	Equity holders of the parent (ordinary shares) £m	Equity holders of the parent (STICS) £m	Total equity holders of the parent £m	Minority interest £m	Total £m
Net income recognised directly in equity	70	–	70	11	81
(Loss)/profit for the year	(108)	52	(56)	(14)	(70)
Total recognised income and expense for the year	(38)	52	14	(3)	11

SUMMARY CONSOLIDATED BALANCE SHEET ON AN IFRS BASIS

At 31 December 2008	**2008 £m**	2007 £m
Intangible assets	**1,358**	1,456
Investment properties, property and equipment	**1,559**	2,452
Financial assets	**44,372**	47,710
Other assets	**3,923**	3,801
Cash and cash equivalents	**5,183**	4,782
Total assets	**56,395**	60,201
Insurance contracts	**12,677**	13,607
Fund for future appropriations	**401**	481
Financial liabilities	**37,796**	39,615
Other liabilities	**1,977**	2,174
Total liabilities	**52,851**	55,877
Equity attributable to ordinary shareholders – share capital	**234**	234
Equity attributable to ordinary shareholders – share premium	**2,372**	2,372
Equity attributable to ordinary shareholders – other reserves	**(242)**	346
Equity attributable to other equity holders	**810**	810
Minority interest	**370**	562
Total equity	**3,544**	4,324
Total equity and liabilities	**56,395**	60,201

Approved by the Board of directors on 26 March 2009

EEV SUMMARY FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED INCOME STATEMENT ON AN EEV BASIS

For the year ended 31 December 2008	2008 £m	2007 £m
Life and Pensions underlying profit	374	21
Asset Management underlying profit	56	78
Expected return on net pension liability	4	8
Expected return on corporate net assets	4	(9)
Corporate costs	(18)	(14)
Operating assumption changes for corporate costs	-	(68)
Underlying profit before tax	**420**	16
Investment return variances	(611)	(45)
Effect of economic assumption changes	(154)	(12)
Non-recurring items	(78)	38
Amortisation of non-covered business acquired intangible assets	(54)	(45)
Impairment of Asset Management acquired intangible assets	(264)	-
Loss before tax	**(741)**	(48)
Attributed tax	132	9
Loss after tax	**(609)**	(39)
Attributable to:		
Ordinary shareholders of the parent	(577)	(59)
Minority interest	(32)	20
Loss after tax	**(609)**	(39)

Earnings per share	2008 pence	2007 pence
Basic loss per share	(24.8)	(2.7)
Diluted basic loss per share	(24.8)	(2.8)
Underlying earnings/(loss) per share	13.1	(4.5)

EEV underlying profit is based on expected investment return and excludes: (i) amortisation and impairment of non-covered business acquired intangible assets (ii) effect of economic assumption changes (iii) non-recurring items; and is stated after deducting interest payable on STICS. Management considers that underlying profit better reflects the performance of the Group and focuses on this measure of profit in its internal monitoring of the Group's EEV results.

EEV SUMMARY FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE ON AN EEV BASIS

For the year ended 31 December 2008	2008 £m	2007 £m
Net gains recognised directly in equity	**118**	72
Loss after tax	**(609)**	(39)
Total recognised income and expense for the year	**(491)**	33
Attributable to:		
Ordinary shareholders of the parent	**(485)**	2
Minority interest	**(6)**	31
Total recognised income and expense for the year	**(491)**	33

CONSOLIDATED MOVEMENT IN ORDINARY SHAREHOLDERS' EQUITY ON AN EEV BASIS

For the year ended 31 December 2008	2008 £m	2007 £m
Total recognised income and expense for the year attributable to ordinary shareholders of the parent	**(485)**	2
Dividends on equity shares	**(153)**	(168)
Share based payments (impact on EEV reserves)	**11**	10
Acquisition of REIT	**(34)**	-
Acquisition of AmLife	**(21)**	-
Earn-out payments	**-**	2
Decrease in EEV reserves for the year	**(682)**	(154)
Share capital issued on conversion of convertible bonds	**-**	276
Share based payments (impact on share capital and share premium)	**-**	5
Net movement in ordinary shareholders' equity	**(682)**	127
At 1 January	**3,647**	3,520
At 31 December	**2,965**	3,647

SUMMARY CONSOLIDATED BALANCE SHEET ON AN EEV BASIS

At 31 December 2008	2008 £m	2007 £m
Total assets (i)	**56,072**	60,270
Total liabilities	**52,737**	56,051
Equity attributable to:		
Ordinary shareholders of the parent	**2,965**	3,647
Minority interest	**370**	572
Total equity	**3,335**	4,219
Total equity and liabilities	**56,072**	60,270

(i) The Value of in-force Life and Pensions business included in the total assets at 31 December 2008 was £1,731m (2007: £1,870m).

STATEMENT OF THE INDEPENDENT AUDITOR

STATEMENT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF FRIENDS PROVIDENT PLC

pursuant to section 251 of the Companies Act 1985

We have examined the summary financial statement which comprises the Summary consolidated income statement, Summary consolidated balance sheet, Summary consolidated statement of recognised income and expense and Summary Directors' Remuneration Report set out on pages 16 to 20.

This statement is made solely to the Company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our work, for this statement, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, the Directors' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 1999/6 *'The auditor's statement on the summary financial statement'* issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's full annual financial statements describes the basis of our audit opinion on those financial statements and the Directors' Remuneration Report.

OPINION

In our opinion the summary financial statement is consistent with the full annual financial statements, the Directors' Report and the Directors' Remuneration Report of Friends Provident plc for the year ended 31 December 2008 and complies with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

KPMG Audit Plc
Chartered Accountants, Registered Auditor, London
26 March 2009

STATEMENT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF FRIENDS PROVIDENT PLC

We have examined the EEV Summary Financial Statements of Friends Provident plc set out on pages 21 and 22.

This statement is made solely to the Company in accordance with our terms of engagement. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this statement, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the EEV Summary Financial Statements within the summarised annual report.

Under the terms of our engagement, our responsibility is to report to the Company our opinion on the consistency of the EEV Summary Financial Statements with the full EEV basis supplementary information set out in the Group's Annual Report and Accounts and prepared in accordance with the European Embedded Value principles issued in May 2004 by the CFO Forum as supplemented by the Additional Guidance on European Embedded Value Disclosures issued in October 2005.

We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the EEV Summary Financial Statements.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 1999/6 *'The auditor's statement on the summary financial statement'* issued by the Auditing Practices Board. Our report on the Group's full EEV basis supplementary information describes the basis of our audit opinion on that supplementary information.

OPINION

In our opinion, the EEV Summary Financial Statements are consistent with the full EEV basis supplementary information in the Group's Annual Report and Accounts for the year ended 31 December 2008.

KPMG Audit Plc
Chartered Accountants, Registered Auditor, London
26 March 2009

SHAREHOLDER INFORMATION

Registrar

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone:
0871 384 2056 (UK)
+44 121 415 7109 (overseas)
(Monday to Friday 8.30 am to 5.30 pm)

Website: www.shareview.co.uk

Shareholder enquiries

You should contact the Registrar if you:

- have any questions regarding your shareholding
- have any questions regarding your dividend payments
- wish to participate in the dividend re-investment plan
- have lost your Friends Provident Share Account statement or share certificate
- have changed your name or address
- wish to transfer your shares into someone else's name or joint names

The Registrar offers the following share dealing services

By post:
If dealing by post, you will need to complete a form and send it to the Registrar rather than just instruct them in writing of your request. The form is available on our website www.friendsprovident.com/investor or can be requested from the postal sharedealing helpline on 0871 384 2248.

By telephone:
Call Shareview Dealing, a telephone dealing service provided by the Registrar, on 0845 300 2946

(Monday to Friday 8.00 am to 6.00 pm)

Please have your Shareholder Reference to hand.

By internet:
Shareview Dealing is also available online at www.friendsprovident.com/shareholderservices

Please have your Shareholder Reference to hand.

Latest share price information
www.friendsprovident.com/shareprice

Dividend Re-investment Plan (DRIP)

Through Equiniti, Friends Provident operates a DRIP as a simple and economic facility to enable you to grow your shareholding in Friends Provident plc. Shares are purchased using your cash dividend, through a low-cost dealing arrangement. Before making a decision to join the DRIP, you should first read the terms and conditions which are available to download and view at www.friendsprovident.com/dividends or by contacting the Registrar on 0871 384 2056. To join the DRIP, simply complete the online application form available at www.friendsprovident.com/dividends or call the Registrar on 0871 384 2056.

Calls to 0871 numbers are charged at 8p per minute from a BT landline. Other telephony provider costs may vary.

Cautionary statement

Certain statements contained in this document constitute 'forward-looking statements'. Such forward-looking statements involve risks, uncertainties and other factors, which, from time to time, may cause the actual results, performance or achievements of Friends Provident plc, its subsidiaries and subsidiary undertakings, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, adverse changes to laws or regulations; risks in respect of taxation; unforeseen liabilities from product reviews; asset shortfalls against product liabilities; changes in the general economic environment; levels and trends in mortality, morbidity and persistency; restrictions on access to product distribution channels; increased competition; and the ability to attract and retain personnel. These forward-looking statements are made only as at the date of this document and, save where required in order to comply with the Listing Rules, there is no obligation on Friends Provident plc to update such forward-looking statements.

FRIENDS PROVIDENT
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