

Notice of Annual General Meeting 2006
and Summary Financial Statement

Creating value through values



FRIENDS PROVIDENT

Chairman's Letter



Dear shareholder

I am pleased to send you details of the Annual General Meeting (AGM) of Friends Provident plc (the Company) to be held on Thursday 25 May 2006 at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London, SW1. The AGM will start at 11 am. The formal Notice of our AGM starts on page 3 of this document.

The business we shall consider at the AGM

The AGM will cover standard matters that are dealt with at every AGM (resolutions 1 to 10).

Resolutions 11 to 13 are resolutions that shareholders passed at last year's AGM and, in common with most major listed companies, are likely to be AGM items every year. The directors believe that approval of these items will enable us to take advantage of business opportunities as they arise.

The directors believe that all the proposals to be considered at the AGM are in the best interests of the Company and all of its shareholders. They recommend that you vote in favour of the proposed resolutions. The formal Notice, starting on page 3, contains or refers to an explanation of each item. The directors will be voting in favour of the proposed resolutions in respect of their own shareholdings in the Company.

What to do next

All shareholders have the opportunity to vote. If you are unable to attend the AGM, you may either vote online or return the enclosed Personalised Voting Form by post.

Your voting instructions must be received at the offices of the scrutineer, Lloyds TSB Registrars, by 11 am on Tuesday 23 May 2006.

Instructions on voting and appointing a proxy to vote on your behalf are set out in section 10 (Important information about the AGM and voting). Please follow them carefully when completing your Personalised Voting Form or voting online. If you appoint a proxy, you can still come to the AGM and vote yourself. Details of proxy votes received will be given at the AGM after each vote is taken on a show of hands.

How we communicate with you

At the AGM, you will have the opportunity to ask any questions relevant to your shareholding. While the AGM is not the appropriate forum for questions specific to your own insurance or pension policy with Friends Provident, some of our senior customer services staff will be available at the AGM to deal with any such queries. We try to use the AGM and the correspondence concerning the AGM to keep our shareholders informed of the progress of the Company. For those who cannot attend, the voting results will be published on our website – www.friendsprovident.com/agm

Yours sincerely

Sir Adrian Montague

Chairman, Friends Provident plc

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We are holding our AGM on 25 May 2006 at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London, SW1. The meeting will start at 11 am.

The following resolutions 1 to 11 will be proposed as ordinary resolutions. For these resolutions to be passed, more than 50% of votes cast must be in favour.

Directors' Report and Accounts

1. To receive the Directors' Report and Accounts for the year ended 31 December 2005 and the auditor's report on those accounts.

The directors usually present their Report and the Accounts for the previous year to shareholders at an AGM. The Summary Financial Statement is included with this Notice. However, if you have chosen to receive the full Directors' Report and Accounts, this is also enclosed with this Notice. Any shareholder who has not chosen to receive the full Directors' Report and Accounts may access it on the website of the Company (www.friendsprovident.com/reports) or, alternatively, may obtain a copy of it on application to the Company's share registrar, Lloyds TSB Registrars at The Causeway, Worthing, West Sussex, BN99 6DA.

Dividend

2. To declare a final dividend of 5.1 pence for each ordinary share.

Shareholders must approve the final dividend payable for each ordinary share held. The final dividend, which will be paid on 30 May 2006, cannot be more than the amount the directors recommend. Under our Articles of Association, the directors can pay interim dividends (these are dividend payments made during the year). The final dividend recommended by the directors and proposed in this resolution is 5.1 pence for each ordinary share and is in addition to the interim dividend of 2.6 pence for each ordinary share that was paid on 25 November 2005, making a total of 7.7 pence for the year for each ordinary share held.

Election of director

3. To elect Alain Grisay, a director appointed by the Board since the last AGM, as a director of Friends Provident plc.

Our Articles of Association require that any director appointed by the Board must stand for election at the next AGM. Alain Grisay was appointed as a director on 1 January 2006 and he now stands for election by shareholders. There is information about him in the Directors' Report and Accounts and in section 9 of this document, that the Board believes is sufficient to enable shareholders to make an informed decision on his election.

Re-election of directors who are retiring under our Articles of Association

Our Articles of Association require a third of our directors to retire in turn at each AGM. This does not include directors appointed by the Board since the last AGM.

Ben Gunn, Christopher Jemmett and Lord MacGregor have been directors for the longest period of time since they were last elected by shareholders and have confirmed they will stand for re-election. There is information about these directors in the Directors' Report and Accounts and in section 9 of this document, that the Board believes is sufficient to enable shareholders to make an informed decision on their re-election.

4. To re-elect Ben Gunn as a director of Friends Provident plc.

5. To re-elect Christopher Jemmett as a director of Friends Provident plc.

6. To re-elect Lord MacGregor as a director of Friends Provident plc.

Re-election of Lady Judge

7. To re-elect Lady Judge as a director of Friends Provident plc.

Lady Judge was re-elected as an independent director at last year's AGM and, in accordance with the requirements of the Combined Code for directors who have served more than nine years since first being elected, submits to annual re-election by shareholders. Lady Judge was first elected to the Board of Friends' Provident Life Office, a mutual life assurance company, on 25 May 1994 and to the Board of Friends Provident plc on 5 June 2001. The Board is satisfied that Lady Judge is independent in character and judgement and that there are no relationships or circumstances that are likely to, or could appear to, affect her judgement. Further, she has the broad experience, credibility and commitment required to be an effective independent director and the Board benefits from her experience on governance issues that would be difficult to replicate. Her other roles as Deputy Chairman of the Financial Reporting Council and Chairman of the Professional Standards Advisory Board of the Institute of Directors inform her contributions to board debates on governance issues and complement her role as the senior independent director. The Board is satisfied that, as a non-executive director seeking re-election, Lady Judge continues to perform effectively and demonstrates commitment to her role, including commitment of time for Board and committee meetings and her other duties.

Directors' Report on remuneration

8. To approve the Directors' Report on remuneration for the year ended 31 December 2005.

The Directors' Report on remuneration includes (a) our policy on directors' remuneration for the following financial year and for years subsequent to that (b) a table containing details of the directors' emoluments and (c) a line graph that shows total shareholder return (TSR) from 9 July 2001, the date on which we became a listed company. The line graph must by law compare our TSR for the period ended 31 December 2001 and each of the subsequent four calendar years with a hypothetical holding of shares of the same kinds and number as those by reference to which a broad equity market index is calculated. We have used the FTSE 100 as that index because the comparative performance criterion for the Company's Executive Share Option Scheme is against the TSR of FTSE 100 companies.

The Directors' Report on remuneration is set out in full in the Directors' Report and Accounts. The Summary Financial Statement contains a summary of those matters referred to at (a) to (c) above. Any shareholder who has not chosen to receive the full Directors' Report and Accounts may access the full Directors' Report on remuneration on the website of the Company (www.friendsprovident.com/reports) or, alternatively, may obtain a copy on application to the Company's share registrar, Lloyds TSB Registrars at The Causeway, Worthing, West Sussex, BN99 6DA.

The resolution is an advisory vote, as permitted by law, and no entitlement to remuneration is made conditional on the resolution being passed.

The auditor

9. To re-appoint KPMG Audit Plc as our auditor until next year's AGM.

Shareholders have to appoint an auditor at every general meeting at which we present accounts to shareholders. On the recommendation of the Audit and Compliance Committee, the Board recommends that shareholders re-appoint KPMG Audit Plc as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before shareholders.

Paying the auditor

10. To authorise the directors to set the fees we pay to the auditor.

It is normal practice for a company's directors to be authorised to agree the auditor's fees.

Authority to allot shares

11. To authorise the directors (including a duly authorised committee of the Board) generally and unconditionally, pursuant to Section 80 of the Companies Act 1985 (the Act), to exercise all the powers of Friends Provident plc to allot relevant securities (as defined in the said Section 80(2) of the Act) up to an aggregate nominal amount of seventy million four hundred and eighty thousand, six hundred and eighty seven pounds and ten pence (£70,480,687.10) provided that this authority, unless renewed, shall expire on the fifth anniversary of the passing of this resolution, such authority being in substitution for any existing authority to allot relevant securities of the Company, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and that this resolution shall cancel and replace all unexercised authorities to allot relevant securities.

It is standard practice for most major public companies to renew the directors' authority to allot shares at each AGM both to re-affirm shareholders' approval and to reflect changes in issued share capital since the last such resolution which, in our case, was passed at the AGM held on 26 May 2005. The new authority, which includes conversion rights into ordinary shares, is based on the nominal value (at 10p per share) of our issued share capital (excluding treasury shares) as at 10 April 2006 of £211,442,061.30. Last year's equivalent resolutions allowed us to transfer 19,235,546 treasury shares to fulfil obligations under the All-Employee Inland Revenue Approved ShareSave Scheme, the All-Employee Share Incentive Plan, the Executive Share Option Scheme and the Long Term Incentive Plan, in which over 2,100 staff participate, and to allot shares to fund our purchase on 11 January 2005 of Lombard International Assurance SA. The maximum amount of relevant securities that the directors will have authority to allot if this resolution is approved at the AGM is £70,480,687.10, which is one third of the nominal value (at 10p per share) of our total issued ordinary share capital as at 10 April 2006, excluding treasury shares. The directors have no present intention of exercising this authority except to satisfy the exercise of options under our two all-employee share schemes, to satisfy any conversion rights exercised by holders of £290 million 5.25% convertible bonds (due 2007) under the issue dated 11 December 2002 and, provided the remuneration committee (which comprises only independent directors) so recommends, to satisfy the exercise of options or

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awards under our Share Option Scheme, Long Term Incentive Plan and Deferred Bonus Plan. This authority, unless renewed, will lapse on 25 May 2011.

The following resolutions 12 and 13 will be proposed as special resolutions. To pass these resolutions, at least 75% of votes cast must be in favour.

Authority for Friends Provident plc to disapply pre-emption rights

12. To empower the directors (including a duly authorised committee of the Board), pursuant to Section 95 of the Act, to allot equity securities within the meaning of Section 94(2) of the Act for cash pursuant to the authority conferred by resolution 11 above or by way of a sale of treasury shares as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the directors may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held on any such record date(s), or deemed to be held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any matter whatever; and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal amount equal to ten million five hundred and seventy two thousand one hundred and three pounds and seven pence (£10,572,103.07); and shall expire on the first anniversary of this resolution or the date of the next AGM of the Company, whichever shall be the later, such authority being in substitution for any existing authority to allot relevant securities of the Company as aforesaid, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

If shares are to be allotted for cash, Section 89 of the Act requires that those shares be offered first to existing

shareholders in proportion to the number of shares they hold at the time of the offer.

However, it may sometimes be in the interests of the Company for the directors to allot shares other than to shareholders in proportion to their existing holdings. This resolution allows the directors to do so other than in strict accordance with the Statutory Provisions in respect of pre-emption rights for rights issues, open offers and similar pro rata issues and to the issue of shares on the exercise of share options held by employees. The resolution also allows the directors to allot shares for any purpose (once these shares are allotted for cash only) up to a nominal value of £10,572,103.07 which is 5% of the issued ordinary share capital as at 10 April 2006 excluding treasury shares.

If a share issue is not a rights issue or similar pro rata issue, the proportionate interest of existing shareholders could not, without their agreement, be reduced by more than 5% by the issue of new shares for cash to new shareholders by reference to the issued share capital as at 10 April 2006.

The operation of the pre-emption rights set out in the Act, which apply only in relation to issues of shares (or conversion rights into shares) for cash consideration, was, as is customary, disapplied at the last AGM for potential issues up to an amount representing 5% of the Company's total issued share capital as at 17 March 2005.

This authority will last until 25 May 2007 or, if later, the next AGM.

Authority for Friends Provident plc to buy back its own ordinary shares

13. To authorise the Company generally and unconditionally to make market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares of 10 pence each of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 211,442,061;
- (b) the minimum price which may be paid for any such share is 10 pence;
- (c) the maximum price which may be paid for any such share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased;

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- (d) the authority hereby conferred shall expire on the first anniversary of the passing of this resolution or the date of the next AGM of the Company, whichever shall be the later; and
- (e) the Company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

This resolution authorises us, without conditions, to buy back our own ordinary shares in the market. The following terms would apply:

- The highest number of shares we can buy is 211,442,061 ordinary shares, which is 10% of our issued share capital as at 10 April 2006, excluding treasury shares.
- The lowest price we can pay for each ordinary share is 10 pence.
- The highest price (not including expenses) we can pay for each ordinary share is 105% of the average of the middle market price of ordinary shares. This is based on the London Stock Exchange Daily Official List for the five business days immediately before the day on which we contract to buy the shares.
- This authorisation will last until 25 May 2007 or, if later, the next AGM.
- We may agree, before this authorisation ends, to buy back ordinary shares even though the purchase may be completed after this authorisation ends.
- If we buy back any shares, they will be cancelled or, to the extent determined by the directors and permitted by law, be held as treasury shares.

This resolution follows investor protection guidelines that are more restrictive than both the Act and applicable regulation. We are committed to managing our capital effectively. Because of this, we keep under review the possibility of buying back our shares. We will only do this if the directors believe that it would increase earnings per share and would be in the best interests of shareholders generally, or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally. There is no current intention of exercising this authority.

'Earnings per share' is the amount of profit we make (after allowing for tax attributable to equity shareholders), divided by the weighted average number of ordinary shares outstanding during the year.

On behalf of the Board:



Gordon Ellis
Company Secretary

Friends Provident plc
10 April 2006

Registered Office:
Pixham End, Dorking, Surrey, RH4 1QA
Registered Number: 4113107

Summary Report of the Directors

This is a summary of the report presented by directors to shareholders for the financial year ended 31 December 2005. The full Directors' Report and Accounts – which includes the entirety of the Report of the Directors, the reports of the Nomination, Audit and Compliance and Remuneration Committees, the Report on Corporate Governance and the Financial Statements – will be laid before the AGM.

This Summary Financial Statement has been prepared on the basis of accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2005. The financial information for the periods shown has been abridged from those accounts.

Accounts

The summary consolidated profit and loss account and balance sheet is presented on both the European Embedded Value (EEV) basis and the International Financial Reporting Standards (IFRS) basis. The focus is on the EEV basis as the Board considers that the EEV profit from our core life and pensions insurance business is a more realistic measure of the performance of that business. The EEV basis is generally accepted by the life insurance industry and is designed to recognise profit as it is earned over the term of the policy. The total profit recognised over the lifetime of the policy is the same as that recognised under the IFRS basis of reporting but the timing is different. The EEV basis fully recognises the shareholders' interest in the in-force life and pensions business. It is considered that underlying profit better reflects the ongoing performance of the Group and management focus on this measure of profit in internal monitoring.

Important Notice: The Summary Financial Statement does not contain sufficient information to give a full understanding of the results and state of affairs of Friends Provident plc. You will find more detail in the full Directors' Report and Accounts, which contains an unqualified auditor's opinion. You can obtain a full copy of the Report and Accounts by calling Lloyds TSB Registrars on 0870 609 4534 or by downloading a copy from our website: www.friendsprovident.com/reports. If you prefer to receive the full Report and Accounts in future, please write to Lloyds TSB Registrars, The Causeway, Worthing, 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 Group has three core businesses, UK Life and Pensions, International Life and Pensions and Asset Management. The principal activities are the provision of retail

financial services, chiefly long-term insurance business and asset management. The Life and Pensions business operates primarily in the UK through Friends Provident Life and Pensions Limited (FPLP) and its subsidiary life assurance companies. The International Life and Pensions business is serviced through subsidiary life assurance companies, Friends Provident International Limited (FPIL) in the Isle of Man, a branch operation in Guernsey and Lombard International Assurance SA (Lombard), a pan-European life assurance company operating out of Luxembourg, which was acquired on 11 January 2005. The Asset Management business is undertaken through F&C Asset Management plc (F&C), a 52% owned, publicly listed subsidiary company.

Results and business review

During 2005, the Group focused on the three core businesses. A summary of the results for the financial year and the financial position at 31 December 2005 are included within this document in section 7.

Dividend

The directors are recommending a final dividend for 2005 of 5.1 pence per share, payable on 30 May 2006 to all holders of ordinary shares on the register of shareholders at the close of business on 7 April 2006. The dividend for the year, including the interim dividend of 2.6 pence per share paid on 25 November 2005, amounts to 7.7 pence per share. The total cost of dividends for 2005 will amount to £162 million. The intention is for interim dividends to be paid in November and final dividends to be paid in May each year. The interim dividend will represent approximately one third of the anticipated total dividend.

Share capital

Part of the consideration payable for the acquisition of Lombard was satisfied through an initial issue to Lombard's shareholders of 113,867,177 new ordinary shares of 10 pence each in the capital of the Company and a further issue in April 2005 of 36,382,114 new ordinary shares as a consequence of the achievement by Lombard of specified performance targets in 2004. The acquisition arrangements provide for further payments that are dependent on Lombard's performance in 2005 and 2006.

Debt

In June 2005 the Company raised £500 million via a guaranteed perpetual hybrid tier one debt issue which was listed on the London Stock Exchange. The issue pays a coupon of 6.292% p.a. payable annually in arrears commencing 30 June 2006. The issue is guaranteed on a subordinated basis by FPLP.

Summary Report of the Directors

Treasury shares

The Company first created treasury shares on 9 July 2004, having been authorised to do so at the May 2004 AGM. As at 10 April 2006, the Company held 24,724,346 shares in treasury (31 December 2005: 40,108,255 shares). During 2005, 5,509,717 treasury shares (2004: 919,638) were used to fulfil obligations under the All-Employee Inland Revenue Approved ShareSave Scheme, the All-Employee Share Incentive Plan and the Executive Share Option Scheme, in which over 2,100 staff participate and the Executive Long Term Incentive Plan. In the period from 1 January to 10 April 2006, a further 15,383,909 treasury shares have been used for these purposes.

Charitable and political donations

The Friends Provident Foundation is an independent vehicle through which the Company may make its charitable donations. The Foundation currently focuses its grant making activities on charities which stimulate new thinking about how money and the financial systems around it should be used to generate social good. The Foundation has made grants and donations to various bodies including charities that the Company traditionally has supported. The Group provides various administrative services to the Foundation free of charge. No political donations were made in 2005 (2004: nil).

In 2005, donations to charitable organisations paid by the Group and grants approved by the Foundation amounted to £1,954,539 (2004: £638,263)

Directors and officers – indemnity and insurance

The Company maintains insurance cover with respect to directors' and officers' liabilities. In addition, the Company has granted an indemnity in favour of directors and officers of companies within the Group in accordance with Article 140 and the provisions of section 309A of the Companies Act 1985 against personal financial exposure that they may incur in the course of their professional duties. Copies of the indemnity are available for inspection at the Company's registered office.

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 reappoint KPMG Audit Plc as auditor to the Company will be proposed at the AGM.

For the Board



Gordon Ellis

Company Secretary
10 April 2006

Summary Corporate Governance Report

The names and details of the eleven current members of the Board and their significant commitments are given in section 9.

Role of the Board

The Board provides leadership of the Group and, either directly or through the operation of committees of directors and delegated authority, brings an independent judgement on all issues of strategy, performance, resources (including key appointments) and standards of conduct. The Board committees are constituted with appropriate written terms of reference that are reviewed annually. The Board sets the Group's strategic aims, which it then implements through its approval and regular monitoring of a business plan and budget prepared by the executive directors. The business plan specifies key developments towards the strategic objectives that are to be achieved by management within an agreed budget. At its monthly meetings, supplied with information that is both timely and appropriate, the Board deals with those matters specifically reserved for its decision, and takes all material decisions affecting the Group. These include acquisitions, sales, capital expenditure and financing, and the oversight and review of the operation and achievement of the Group's activities. The Boards of F&C and FPLP (and other regulated insurance subsidiaries, including Lombard and FPIL) also meet separately and regularly to monitor and direct the operations of those businesses. During 2005, the Board met on 12 occasions.

Reporting to shareholders

The Company places considerable importance on communications with shareholders and responds to them on a wide range of issues. It has an ongoing programme of dialogue and meetings with major institutional shareholders, where a wide range of relevant issues are discussed. Further, the Chairman writes annually to the 20 largest shareholders, emphasising his availability should they wish to meet with him.

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

The directors consider that, save as next mentioned, the Company has throughout 2005 and up to the date hereof, applied the principles and met the requirements of the Combined Code. While it remains the intention of the directors fully to comply with the requirements of the Combined Code wherever such compliance is within their control, between 1 January 2006 (when Alain Grisay was appointed) and 25 May 2006 (when Howard Carter retires), the number of independent, non-executive directors on the Board will not represent at least half the Board membership, excluding the Chairman.

Internal controls and risk management

The Group seeks to take appropriate and managed risks in order to make superior returns for its shareholders and customers. The Board's vision for risk management is an environment where business managers can take risks with confidence, and where consideration of risk is embedded into business planning, decision-making and everyday management. It seeks to have in place the people, processes and systems to:

- identify and understand the risks facing the business;
- select the appropriate risks to accept, and price correctly for them;
- avoid, mitigate or transfer the inappropriate risks; and
- monitor the business's risk profile against agreed risk appetite.

Risk appetite

Risk appetite is an expression of the level of acceptable and/or unacceptable risk as determined by the Board and senior management. The Board has set its risk appetite for the Group, with reference to its capacity to bear risk, and in more detail for the individual businesses.

Governance

The Group's governance structures for risk management are based on three lines of defence. Primary accountability for managing risk lies with the business units, and with those specialist functions that are responsible for specific operational processes. A second line of defence is provided by the independent Group Risk function, and those specialist functions that undertake policy-setting and monitoring roles. The third line of defence is provided by Internal Audit, which has responsibility for providing independent assurance over the risk management process and the internal control environment.

Summary Corporate Governance Report

Risk committees

The Board of the Company is ultimately responsible for the Group's systems of internal control and risk management, and for reviewing their effectiveness. These systems are designed to manage rather than eliminate risk, 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 Group Risk Committee (GRC) is chaired by the Group Chief Executive and is responsible for developing, sponsoring and monitoring the risk management activities and processes of the Group. Within the Life and Pensions business, the Boards of the principal operating companies (Life & Pensions Boards) oversee the management of strategic risk. FPLP's Financial Risk and Operational Risk Committees (FRC and ORC respectively), which include executive directors and other relevant senior managers, oversee the executive management of financial and operational risk respectively. The GRC, FPLP the FRC and the ORC have detailed terms of reference that describe their roles in the identification, assessment, management and monitoring of risk.

Within the international business, FPIL and Lombard have risk committees comprising executive directors and other relevant senior managers that oversee their risk management processes and report into their respective boards. The risk committees provide quarterly reports to the Group Risk function for onward transmission to the GRC.

The risk management arrangements within F&C are described in detail in the F&C Annual Report and Accounts. F&C provides a quarterly summary of its key risks to the Group Risk function, for reporting to the GRC.

Risk reporting

Detailed reporting is provided quarterly by the Group Risk function to the ORC and the FRC in respect of operational and financial risk respectively. Reports comprise details of the significant risks and details of activities to improve the control environment where necessary. The Life & Pensions Boards receive a quarterly summary of operational and financial risk and a detailed report of strategic risk. These reports are summarised for the GRC, together with summaries of the key risks within the international and asset management businesses. A further summary report is produced for the Board on a quarterly basis. The Board also receives a brief monthly update on the key risks and issues as part of its regular management information.

Internal control

Operational responsibility within the Group ultimately rests with the Group Chief Executive and is devolved through an executive structure with clearly delegated and appropriate levels of authority. In particular, 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 controls within the Group's core businesses. Management of individual business units 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 and includes 'whistleblowing' procedures to enable staff to raise concerns in confidence. Through these mechanisms, the performance of the business is continually monitored, risks are identified in a timely manner, their financial implications assessed, control procedures re-evaluated and, where appropriate, corrective actions agreed and implemented.

Review of internal control and risk management

The Board has reviewed the effectiveness of the Group's systems of internal control and risk management that have been in place during the year and up to the date of approval of this report.

The Board is satisfied that the processes for identifying, assessing and managing the significant risks facing the Group accord with the Guidance for Directors on the Combined Code in relation to internal control. Where the review identified any significant failings or weaknesses, actions have been taken or are being taken to remedy these.

Auditor's Report

The Auditor's Report on the financial statements and the part of the Directors' Remuneration Report to be audited for the year ended 31 December 2005 was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

For the Board



Gordon Ellis
Company Secretary
10 April 2006

Summary Remuneration Report

Company's policy on directors' remuneration

Executive directors

The Company's policy is that individual rewards and incentives should be aligned with the performance of the Company and the interests of the shareholders, and they are set at an appropriate level in order to attract, retain and motivate executives who are expected to meet challenging performance criteria. The Remuneration Committee sets the level for each of the executive directors, with the exception of Howard Carter and Alain Grisay, taking account of their individual contribution to overall performance and independent research. Howard Carter was the Chief Executive of F&C Asset Management plc until 31 December 2005 when he was replaced by Alain Grisay, and both are remunerated entirely by that company.

The executive directors' remuneration packages include the following elements:

- (a) **Salary** – determined by reference to external market research data;
- (b) **Performance-related annual bonus** – based on a combination of achievement of personal performance indicators and company performance;
- (c) **Savings-related share schemes** – two Inland Revenue approved schemes with eligibility on the same basis as other eligible UK employees;
- (d) **Share incentive schemes** – Following approval from shareholders at the 2005 AGM, a new Long Term Incentive Plan (LTIP) was established to ensure that a significant element of executives' remuneration is related to increases in shareholder value. The executive directors also participated in the former Executive Share Option Scheme (ESOS). ESOS, in future, will only be used in exceptional circumstances, primarily to assist with the recruitment of senior individuals; and
- (e) **Benefits** – Benefits comprise the taxable value of a company car, private medical care and, for one former executive director, subsidised mortgage interest. These benefits are provided to all staff on a similar basis but with the level being dependent upon seniority.

Remuneration and performance: The elements of directors' contracts that are performance-related are cash bonuses and share options. Basic salary is determined by reference to market conditions and individual performance and other major benefits are directly related to base salary level. Making some reasonable assumptions about the results of the incentive schemes, the directly performance-related elements of the

remuneration packages of the executive directors would, for on-target performance, represent around 50% of base salary.

Service contracts: The executive directors have rolling contracts of employment with notice requirements of 12 months from the employer and six months from the director and are subject to the same redundancy provisions as other staff.

Pensions: The executive directors are members of a defined benefit pension plan. Howard Carter has a funded unapproved pension arrangement and Ben Gunn and Philip Moore have unfunded unapproved pension arrangements.

Share options: There was one net gain of £234,284 (gross proceeds: £349,192; deductions of £114,908 at basic rate income tax) arising from shares granted to Brian Sweetland in respect of the unapproved part of the March 2003 ESOS after deduction of PAYE income tax, Employee's and Employer's National Insurance Contributions and all transaction costs. Brian Sweetland also made a net gain of £133,116 (gross proceeds: £199,167; deductions of £66,051 at basic rate income tax) in respect of shares granted in the 2003 LTIP.

Non-executive directors

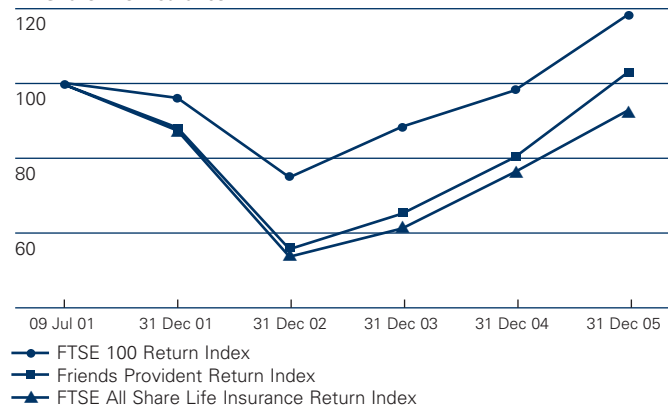
The non-executive directors are not part of any pension, bonus or other incentive schemes of the Company or the Group. None of the non-executive directors has a service contract and none is entitled to compensation on leaving the Board save that, if requested to resign, a non-executive director is entitled to three months' prior notice or fees in lieu except Ray King, who is entitled to one month's prior notice or fees in lieu. The Chairman is entitled, in such circumstances, to six months' prior notice or fees in lieu.

Apart from the Chairman and Deputy Chairman, non-executive directors are paid a basic fee, currently £45,000 per annum, for their role on the Board and separately remunerated for services as chairmen or members on the Board Committees. Fees for non-executive directors are determined by the full Board with reference to market data gathered from a number of independent sources and are reviewed annually, normally from 1 July. The Chairman (whose fees are determined by the Remuneration Committee) and Deputy Chairman of the Board, do not receive the basic fee or separate fees for their services on Board Committees, but rather receive an annual inclusive fee only, currently £220,000 and £85,000 respectively, the latter being exclusive of VAT.

Performance graph

The graph below demonstrates the performance of the Company since flotation in 2001 based on total shareholder return (TSR) compared with the FTSE 100 TSR index and the FTSE All Share Life Insurance sector TSR index.

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



During the period from 9 July 2001 to 31 December 2005, Friends Provident's TSR has always been close to that of the FTSE UK Life Insurance sector and has outperformed it by 10.4% over the whole period.

Directors' emoluments and compensation in the relevant financial year (audited)

The remuneration of the directors in 2005 (with 2004 comparison) comprised:

	Salary and fees £000	Benefits £000	Annual bonus £000	Compensation for loss of office £000	Total reported 2005 £000	Total reported 2004 £000
Executive						
Howard Carter*	286	6	825	768	1,885	1,240
Ben Gunn	300	21	192	-	513	443
Philip Moore	339	20	179	-	538	464
Keith Satchell	490	26	296	-	812	766
Brian Sweetland (retired 31 May 2005)	111	7	173	-	291	404
Non-executive						
Alison Carnwath	85	-	-	-	85	104
Christopher Jemmett	124	-	-	-	124	92
Lady Judge	83	-	-	-	83	74
Ray King	52	-	-	-	52	44
Lord MacGregor	57	-	-	-	57	51
Sir Adrian Montague	139	-	-	-	139	10
David Newbigging (retired 25 May 2005)	89	-	-	-	89	252

*Howard Carter's emoluments and compensation are entirely paid by F&C Asset Management plc.

SECTION 6

Statement of the Independent Auditor to Friends Provident plc

We have examined the EEV Summary Financial Statement of Friends Provident plc set out in section 7.

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 have been engaged to state in this 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 auditor

The directors have accepted responsibility for preparing the EEV Summary Financial Statement within the Notice of Annual General Meeting 2006 and Summary Financial Statement (Summary 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 Statement 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 (together "the EEV principles"). We also read the other information contained in the Summary

Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the EEV Summary Financial Statement.

Basis of opinion

We conducted our work having regard to 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 EEV basis supplementary information describes the basis of our audit opinion on that supplementary information.

Opinion

In our opinion the EEV Summary Financial Statement is consistent with the full EEV basis supplementary information in the Group's Annual Report and Accounts for the year ended 31 December 2005.

KPMG Audit Plc

Chartered Accountants, Registered Auditor
London, 10 April 2006

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 IFRS Summary Financial Statement of Friends Provident plc set out in section 8.

This statement is made solely to the Company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our audit 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 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 audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Notice of Annual General Meeting 2006 and Summary Financial Statement (Summary Report) in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the IFRS Summary Financial Statement within the Summary Report with the full annual financial statements and 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 Summary Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the IFRS Summary Financial Statement.

Basis of audit 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.

Opinion

In our opinion the IFRS 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 2005 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, 10 April 2006

SECTION 7

EEV Summary Financial Statement

The results are presented on an EEV basis (previously Achieved Profit basis). Comparative figures have been restated to ensure consistency in preparation and presentation of these results.

Summary consolidated income statement on an EEV basis

For the year ended 31 December 2005

	2005 £m	2004 £m
Life & Pensions underlying profit	434	354
Asset Management underlying profit	108	40
Expected return on net pension liability	(2)	8
Expected return on corporate net assets	(7)	-
Corporate costs	(12)	(10)
Operating assumption changes for corporate costs	3	-
Underlying profit before tax	524	392
Investment return variances	550	197
Effect of economic assumption changes	(238)	(128)
Non-recurring items	(59)	(55)
Amortisation of Asset Management acquired intangible assets	(56)	(21)
Impairment of Asset Management acquired intangible assets	(112)	-
Variation in value of option on convertible debt	(9)	(10)
Profit before tax	600	375
Tax	(196)	(95)
Profit after tax	404	280
Attributable to:		
Ordinary shareholders of the parent	441	282
Minority interest	(37)	(2)
Profit after tax	404	280

Underlying profit on an EEV basis represents profit (based on expected investment return) attributable to ordinary shareholders of the parent before impairment of Asset Management goodwill, amortisation and impairment of Asset Management acquired intangible assets, and non-recurring items.

Earnings per share on an EEV basis

For the year ended 31 December 2005

	2005 pence	2004 pence
Basic earnings per share	21.2	15.6
Diluted basic earnings per share	21.0	15.5
Underlying earnings per share	16.3	15.8

Consolidated statement of recognised income and expense on an EEV basis

For the year ended 31 December 2005

	2005 £m	2004 £m
Actuarial losses on defined benefit plans net of tax	(28)	(8)
Foreign exchange adjustments	(9)	2
Net loss recognised directly in equity	(37)	(6)
Profit after tax	404	280
Total recognised income and expense for the year	367	274
Attributable to:		
Ordinary shareholders of the parent	417	277
Minority interest	(50)	(3)
Total recognised income and expense for the year	367	274

SECTION 7

EEV Summary Financial Statement

Consolidated movement in ordinary shareholders' equity on an EEV basis

For the year ended 31 December 2005

	2005 £m	2004 £m
Total recognised income and expense for the year attributable to ordinary shareholders of the parent	417	277
Dividends on equity shares	(157)	(134)
Share based payments (impact on EEV reserves)	14	4
Conversion option on convertible bond	51	-
Profit on deemed disposal of F&C	-	37
Increase in EEV reserves for the year	325	184
Increase as a result of business combinations	148	362
Share based payments (impact on ordinary shareholders' equity)	5	3
Unclaimed shares on demutualisation	-	15
Net addition to ordinary shareholders' equity	478	564
At 1 January	2,968	2,404
At 31 December	3,446	2,968

Summary consolidated balance sheet on an EEV basis

At 31 December 2005

	2005 £m	2004 £m
Life & Pensions – long-term funds	621	627
Life & Pensions – shareholders' funds	429	354
Life & Pensions net assets	1,050	981
Corporate net assets	14	70
Shareholders' invested net assets	1,064	1,051
Attributable net asset value of the Asset Management business net of minority interest	423	486
Net pension liability of Friends Provident Pension Scheme	(13)	(5)
Shareholders' net worth	1,474	1,532
Provision for future corporate costs	(47)	(48)
Value of in-force Life & Pensions business	2,019	1,484
Ordinary shareholders' net assets on an EEV basis	3,446	2,968
Called-up share capital	214	199
Share premium account	2,038	1,799
EEV reserves	1,194	970
Ordinary shareholders' equity on an EEV basis	3,446	2,968

Value of in-force Life & Pensions business on an EEV basis

At 31 December 2005

	2005 £m	2004 £m
Value of in-force allowing for market risk (excluding time value of options and guarantees)	2,215	1,652
Time value cost of options and guarantees (including the impact of non-market risks)	(75)	(77)
Cost of regulatory solvency capital, plus excess economic capital requirements	(34)	(41)
Provision for operational risks	(87)	(50)
Value of in-force Life & Pensions business	2,019	1,484

Pro forma embedded value

At 31 December 2005

	2005 £m	2004 £m
Ordinary shareholders' equity on an EEV basis	3,446	2,968
Adjustment to the value of the listed Asset Management business to market value	18	123
Pro forma embedded value	3,464	3,091
Pro forma embedded value per share	£1.65	£1.59

SECTION 8

IFRS Summary Financial Statement

The results are presented on an IFRS basis (previously Modified Statutory Solvency basis), as adopted by the European Union. Comparative figures have been restated to ensure consistency in preparation and presentation of these results. The Group's transition to IFRS is disclosed in the Group's Annual Report and Accounts for the year ended 31 December 2005.

Summary consolidated income statement on an IFRS basis

For the year ended 31 December 2005

	2005 £m	2004 £m
Net earned premiums	921	927
Fee and commission income and income from service activities	483	301
Investment income	6,287	3,151
Total revenue	7,691	4,379
Net claims and benefits paid	1,532	1,470
Movement in policyholder liabilities	4,659	1,966
Expenses and finance costs	1,133	722
Total claims, benefits and expenses	7,324	4,158
Share of profit of associates and joint venture	-	-
Profit before tax from continuing operations	367	221
Taxation	(178)	(59)
Profit after tax from continuing operations	189	162
Profit after tax from discontinued operations	8	18
Profit for the year	197	180
Attributable to:		
Equity holders of the parent: (i)		
Ordinary shareholders	132	143
Other equity holders	37	21
	169	164
Minority interest	28	16
Profit for the year	197	180
Earnings per share (ii)		
Basic and diluted earnings per share	6.3 pence	7.9 pence
(i) All profit attributable to equity holders of the parent is from continuing operations.		
(ii) Earnings per share from discontinued operations is £nil (2004: £nil)		

Dividends paid and proposed on ordinary shares

	2005 £m	2004 £m
Final dividend in respect of 2004 and paid in May 2005 of 5.0p per share (in respect of 2003 and paid in May 2004 of 4.9p per share)	103	84
Interim dividend in respect of 2005 and paid in November 2005 of 2.6p per share (in respect of 2004 and paid in November 2004 of 2.55p per share)	54	50
Total dividends paid	157	134

After the balance sheet date the dividends set out below were proposed by the directors. In accordance with IAS 10 these have not been provided as a liability at the balance sheet date.

	2005 £m	2004 £m
Final dividend in respect of 2005 payable in May 2006 of 5.1p per share (in respect of 2004 and paid in May 2005 of 5.0p per share)	108	103

The 2005 final dividend was based on 2,114m shares in issue (excluding treasury shares). The 2004 final dividend was based on 2,057m shares which included the 113m shares issued on 11 January 2005 in respect of the Lombard acquisition.

IFRS Summary Financial Statement

Consolidated underlying profit before tax on an IFRS basis

For the year ended 31 December 2005

	2005 £m	2004 £m
Profit before tax from continuing operations	367	221
Policyholder tax	(218)	(98)
Returns on Group-controlled funds attributable to third parties	(57)	-
Profit before tax attributable to ordinary shareholders of the parent	92	123
Non-recurring items	59	55
Amortisation of Asset Management acquired intangible assets	56	21
Amortisation of acquired present value of in-force business	28	10
Amortisation of Life & Pensions acquired intangible assets	7	-
Impairment of acquired intangible assets	112	-
Interest payable on Step-up Tier one Insurance Capital Securities	(37)	(21)
Short-term fluctuations in investment return	(102)	(27)
Variation in value of option on convertible debt	9	10
Underlying profit before tax	224	171
Earnings per share		
Underlying earnings per share	8.8 pence	10.3 pence

Underlying profit before tax represents profit (based on longer-term investment return) attributable to ordinary shareholders of the parent and excludes returns on Group-controlled funds attributable to third parties and before impairment of goodwill, amortisation and impairment of acquired intangible assets and acquired present value of in-force business, and non-recurring items, less interest payable on Step-up Tier one Insurance Capital Securities (STICS).

Management consider that underlying profit better reflects the ongoing performance of the Group and focus on this measure of profit in internal monitoring of the Group's IFRS results.

Consolidated statement of recognised income and expense on an IFRS basis

For the year ended 31 December 2005

	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
Actuarial losses on defined benefit schemes net of tax	(18)	-	(18)	(10)	(28)
Foreign exchange adjustments	(7)	-	(7)	(1)	(8)
Net income recognised directly in equity	(25)	-	(25)	(11)	(36)
Profit for the year	132	37	169	28	197
Total recognised income and expense for the year	107	37	144	17	161

For the year ended 31 December 2004

	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
Actuarial losses on defined benefit schemes net of tax	(7)	-	(7)	(1)	(8)
Foreign exchange adjustments	2	-	2	-	2
Net income recognised directly in equity	(5)	-	(5)	(1)	(6)
Profit for the year	143	21	164	16	180
Total recognised income and expense for the year	138	21	159	15	174

IFRS Summary Financial Statement

Consolidated balance sheet on an IFRS basis

At 31 December 2005

	2005 £m	2004 £m
Assets		
Intangible assets	1,590	1,388
Property and equipment	73	168
Investment properties	1,912	1,527
Investments in associates and joint venture	14	5
Financial assets	42,091	31,112
Deferred acquisition costs	994	776
Reinsurance assets	183	112
Current tax assets	25	49
Insurance and other receivables	590	519
Cash and cash equivalents	2,614	2,249
Total assets	50,086	37,905
Liabilities		
Insurance contracts	14,637	14,047
Fund for future appropriations	420	256
Financial liabilities:		
Investment contracts	27,857	18,001
Interest bearing loans and borrowings	1,155	966
Net asset value attributable to unit holders	751	576
Provisions	364	185
Deferred tax liabilities	288	165
Current tax liabilities	177	156
Insurance payables, other payables and deferred income	497	755
Total liabilities	46,146	35,107
Equity attributable to equity holders of the parent		
Attributable to ordinary shareholders:		
Share capital	214	199
Share premium	2,038	1,799
Other reserves	436	421
	2,688	2,419
Attributable to other equity holders	810	299
	3,498	2,718
Minority interest	442	80
Total equity	3,940	2,798
Total equity and liabilities	50,086	37,905

Board of Directors

Sir Adrian Montague

CBE, MA, Solicitor, 58, Chairman

Appointed Chairman in May 2005, having been appointed an independent director in October 2004. Member of the Investment and Nomination Committees. Currently the non-executive Chairman of British Energy Holdings plc, Michael Page International plc and Infrastructure Investors Limited, and a non-executive director of Cellmark Holdings AB (Sweden) and a Trustee of the Waterways Trust.

Formerly 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.

Keith Satchell

BSc, FIA, 54, Group Chief Executive

Appointed Group Chief Executive and an executive director in June 2001, having been an executive director of Friends' Provident Life Office since 1992 and its Chief Executive since 1997. Member of the Investment Committee. Also a member of the senior Board of Banco Comercial Português SA and of the Board of Swiss Mobiliar Cooperative Company and European Alliance Partners Company AG. Chairman of the Association of British Insurers.

Joined Friends Provident from UK Provident in 1986. Appointed a divisional General Manager in 1987 and Managing Director (Business Operations) in 1995. A non-executive director of F&C Asset Management plc, which is 52% owned by the Company.

Lady Judge

BA, JD, 59, Deputy Chairman, senior independent director

Appointed a director and Deputy Chairman in June 2001 (when her name was Barbara Singer Thomas), 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, Deputy Chairman of the Investment Committee and a member of the Nomination Committee. Chairman of the UK Atomic Energy Authority, Deputy Chairman of The Financial Reporting Council, Chairman of the Professional Standards Advisory Board of the Institute of Directors. A director of Private Equity Investor plc, Quintain Estates and Developments plc, Portmeirion Group PLC, Hardy Underwriting Group plc, Second London American Trust plc and Victory Group plc.

A former commissioner of the United States Securities and Exchange Commission.

Alison Carnwath

BA (Hons), ACA, 53, independent director

Appointed a director in December 2002. Member of the Remuneration and Audit and Compliance Committees and, since April 2004, has chaired the With-Profits Committees of Friends Provident's three regulated wholly-owned life and pensions operating companies. Non-executive Chairman of ISIS Equity Partners LLP. Non-executive director of Gallaher Group plc, Glas Cymru Cyfyngedig (Welsh Water), Land Securities plc and Man Group plc. Chairman of Glas Cymru's Remuneration Committee and Man's Audit Committee.

Previously a Managing Director of the US investment bank, Donaldson, Lufkin and Jenrette International, before it merged with Credit Suisse Group in 2000. Formerly a director of J Henry Schroder Wagg & Co Ltd, National Power plc, Arcadia Group plc, QA Group plc, The Vitec Group plc and Nationwide Building Society.

Howard Carter

BA, MA, 54, Executive director, F&C Asset Management plc

Appointed an executive director in June 2001, having been appointed an executive director of Friends' Provident Life Office from 2000. Member of the Investment Committee. Will retire from the Board following the AGM on 25 May 2006. Executive director of F&C Asset Management plc.

Formerly Chief Executive of F&C Asset

Management plc from October 2000 to December 2005. Joined Prudential Bache in 1984 as Chief Economist and Director of Gilt Edged Market-making. Chief Economist/Manager, Fixed Interest at Friends Provident (1988 to 1995) and Head of Investments (1996 to 1998). Appointed Chief Investment Officer of Friends Ivory & Sime plc in 1998.

Alain Grisay

LLM, MA 52, Chief Executive, F&C Asset Management plc

Appointed executive director and member of the Investment Committee on 1 January 2006. Chief Executive of F&C Asset Management plc and Chairman of F&C Netherlands BV.

Joined the Board of F&C Asset Management plc 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 JP Morgan for 20 years, as a Managing Director responsible for the investment bank's market client business in Europe.

Ben Gunn

MA, FCII, 55, Chief Executive, Friends Provident Life and Pensions Limited

Appointed an executive director in June 2001 having been appointed an executive director of Friends' Provident Life Office in 2000 and Managing Director, Friends Provident Life and Pensions Limited in March 2001. A non-executive director of Lombard International Assurance SA, a Luxembourg registered insurance company wholly-owned by the Company.

Joined the Friends Provident Group in September 1998 following the acquisition of London and Manchester Group plc where he was Managing Director of London and Manchester Assurance Limited and a Group Executive Director. Joined London and Manchester in February 1996 from Hambro Countrywide plc where he was an executive director.

Christopher Jemmett

69, independent director

Appointed a director in June 2001, having been an independent director of Friends' Provident Life Office from 1997 to 2001. Chairman of the Audit and Compliance Committee and member of the Investment and Remuneration Committees. An independent director of F&C Asset Management plc (called ISIS Asset Management plc until October 2004) since February 1998 (when its name was Friends Ivory & Sime plc) and its Deputy Chairman and senior independent director since May 1998. Chairman of F&C's Audit and Compliance Committee.

Former director and member of the Executive Committee of Unilever PLC and Unilever NV and a former member of the Council of The Crown Agents Foundation.

Ray King

BSc (Hons), FCA, 52, independent director

Appointed a director in January 2004. Member of the Audit and Compliance and Investment Committees. Group Finance Director for BUPA since 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.

The Rt Hon Lord MacGregor of Pulham Market

PC, OBE, MA, LLB, 69, independent director
Appointed a director in June 2001, having been an independent director of Friends Provident Life Office from 1998 to 2001. Chairman of the Nomination Committee and a member of the Audit and Compliance Committee. Also a non-executive director of Associated British Foods plc, Slough Estates plc and a member of the Supervisory Board of DAF Trucks NV of Eindhoven, The Netherlands.

A Conservative Member of Parliament from 1974 to 2001 and a member of the Government from 1979 to 1994. This included five Cabinet posts including Chief Secretary to the Treasury. Formerly a member of the Committee for Standards in Public Life. Formerly Deputy Chairman of Hill Samuel Bank Limited and director of Hill Samuel & Co Limited.

Philip Moore

TD, MA, FIA, 46, Group Finance Director

Appointed an executive director on 1 September 2003, having joined Friends Provident plc on 1 July 2003. Member of the Investment Committee. A non-executive director of Lombard International Assurance SA, and a non-executive director of F&C Asset Management plc since January 2005.

Previously at AMP (UK) where he was Corporate Director of Finance and Head of Mergers and Acquisitions, having been Finance Director and Actuary of NPI on its acquisition by AMP. Prior to joining NPI in 1998 he spent nine years at PricewaterhouseCoopers, initially in London and then based in Hong Kong as the partner responsible for the firm's East Asia insurance consultancy practice.

Important information about the AGM and voting

This is the formal Notice to shareholders of the Annual General Meeting (AGM). It gives details of the date, time and place, and the business we shall consider at the meeting. It is an important document. If there is anything you do not understand, please talk to an appropriate professional adviser.

Attending the AGM

Entitlement to attend and vote at the AGM

To be entitled to attend, speak and vote at the AGM or any adjournment of it (and for the purpose of the determination of the number of votes cast), your name must be entered on the register of members of Friends Provident plc (and in the case of Friends Provident Share Account holders, through the registered holder, Lloyds TSB Registrars Corporate Nominee Limited who hold shares on your behalf) at 6 pm on 23 May 2006 (or the date which is two days prior to any adjournment).

What you need to bring

If you come to the AGM, please bring with you the admission slip attached to the enclosed Personalised Voting Form.

How to ask the Chairman a question at the AGM

If you want to ask a question at the AGM, it will help us if you send your question beforehand to: The Secretary, Friends Provident plc, Pixham End, Dorking, Surrey, RH4 1QA. This will help us to make sure that we can answer your question as fully as possible at the AGM. You may still ask questions that have not been submitted in advance of the AGM. If you cannot come to the AGM but would like a written answer to your question, please also write to the Secretary with your question.

Questions about your insurance or pension policy are inappropriate for the AGM. If you have a question about a policy with Friends Provident, senior customer services staff will be available at the AGM to assist you both before and after the AGM. Staff from our share registrar, Lloyds TSB Registrars will also be available to answer any queries on your shareholding that you may have.

If you cannot attend the AGM

Appointing a proxy to vote for you

If you are unable to attend the AGM, you may appoint someone as your proxy (and in the case of Friends Provident Share Account holders, through the registered holder, Lloyds TSB Registrars Corporate Nominee Limited who hold shares on your behalf) to attend the AGM and cast your vote according to your instructions. You can appoint a proxy by voting online or using the Personalised Voting Form as described below. Please read the following instructions carefully.

Who to appoint as a proxy

A proxy does not have to be a shareholder of the Company. Your proxy could be the Chairman, another director of the Company or someone you know personally who has agreed to attend and represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. If you appoint a proxy, you may still attend the meeting.

How to instruct your proxy

You can vote 'For' or 'Against' the resolutions. The 'Vote withheld' option is provided to enable you to abstain on any particular resolution. If you select the 'Discretionary' option or do not select any of the given options, your proxy can vote as he or she chooses.

How your proxy casts your vote

A proxy can vote on a poll and a proxy representing a shareholder (other than the Chairman in his capacity as a proxy) can also vote on a show of hands but shall only have one vote if he or she is also a shareholder or is a proxy for more than one person.

You must return your Personalised Voting Form or vote online before 11 am on 23 May 2006.

Appointing a proxy by voting online

- Log on to www.friends Provident.com/AGM
- Enter your personal Reference Number, Card ID and Account Number printed on your Personalised Voting Form or, if you are already registered for Shareholder Online Services, your access number and password.
- Enter the name of your proxy or tick the box to appoint the Chairman.
- Enter your voting instructions for each resolution in the boxes provided or use the 'Select all' function.
- Check your voting instructions, then press 'Go'.

Appointing a proxy by completing the Personalised Voting Form

- Enter the name of your proxy in the box provided.
- Enter your voting instructions for each resolution in the boxes provided.
- Sign and date the form. If you are appointing the proxy for a company, the form must be executed as a deed by a director or officer authorised to sign on behalf of the company. If more than one joint shareholder votes on a shareholding, we will only accept the vote of the shareholder whose name appears first on our register. If someone other than the registered shareholder signs the form, he or she must enclose the authority under which the form is signed.

SECTION 10

Important information about the AGM and voting

- Post the form straight back. You may also return the form in an envelope addressed to Freepost SEA 10854, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6ZH.

If you make any alterations, you must put your initials against them.

If we receive two or more forms relating to the same shareholding, we will act upon the one which is delivered last (regardless of its date). If we cannot confirm which was delivered last, we will not act on any of the forms. If your form arrives after the voting deadline, it will not be valid and will not replace any earlier forms we have received.

The form should not be used for any comments, change of address or other queries. Please send separate instruction on these matters to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DA.

Any questions?

If you have any questions about voting online or completing your Personalised Voting Form, please telephone Lloyds TSB Registrars on 0870 609 4534.

CREST members

Registered shareholders who are CREST members and who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting, or any adjournment of it, by following the procedures described in the CREST Manual and should also refer to the notes published on www.friendsprovident.com/agm. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent, Lloyds TSB Registrars (ID 7RA01), by 11 am on 23 May 2006. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Friends Provident plc may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Important information about the AGM and voting

Important dates

Annual General Meeting	25 May 2006
We pay the final dividend for 2005	30 May 2006
We announce our half-year results	8 August 2006
We pay the interim dividend for 2006	24 November 2006

Documents you can look at

You can look at copies of the current Articles of Association of the Company, the executive directors' service contracts, the non-executive directors' contracts for services and the list of the directors' share interests in the Company during normal business hours (from 9 am to 5 pm on weekdays) at the registered office of Friends Provident plc at Pixham End, Dorking, Surrey, RH4 1QA. You can also inspect the above documents at the AGM from 10 am until the close of the meeting.

Documents available on the internet

If you log on to www.friendsprovident.com/reports, you can view and download the Directors' Report and Accounts, the Annual Review for shareholders, the Directors' Report on remuneration, the Corporate Social Responsibility Report and notices of the AGM for this year and previous years.

If you prefer to download future versions of the Directors' Report and Accounts (or the Annual Review) rather than receive it through the post, simply sign up for our shareholder online services at www.friendsprovident.com/shareholderservices and in future years we will send you an email to let you know when these documents are available on our website.

Have you received two or more copies of this Notice?

If you have received more than one copy of this Notice of Annual General Meeting it means that you have more than one account, each registered with slightly different details on the share register. For security reasons, the registrar cannot amalgamate these accounts without your written consent. If you would like to combine your multiple accounts, please write to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DA stating each of the Account Numbers shown on the Personalised Voting Forms. Please remember to sign your letter.

Have you recently sold or transferred all of your shares?

If you have recently sold or transferred all of your shares, you should forward this Notice and the enclosed Personalised Voting Form to your broker, who can send them to the new owner of the shares. However, such documents should not be forwarded or transmitted to any US person (as defined in Regulation S of the United States Securities Act of 1993, as amended) or in or into the United States, Canada, Australia or Japan.

Have you recently become a shareholder?

If you are a new shareholder and this Notice has been passed to you by your stockbroker rather than having been received directly from the Company, you still have the right to attend and vote at the AGM. However, your name must be entered on the register of members of Friends Provident plc (and in the case of Friends Provident Share Account holders, through the registered holder, Lloyds TSB Registrars Corporate Nominee Limited who hold shares on your behalf) at 6 pm on 23 May 2006 (or the date which is two days prior to any adjournment).

Any questions?

If you have queries or need help, the person to contact for answers will depend on the nature of your question:

- For help about how to vote online or complete your Personalised Voting Form, please telephone Lloyds TSB Registrars on 0870 609 4534.
- For help about the proposed AGM resolutions, please telephone Friends Provident on 0845 600 5131 (if you are telephoning from outside the UK, please telephone +44 1392 282984).
- If you have a question relating to your insurance or pension policy with Friends Provident, please telephone the Friends Provident customer services telephone help-line on 0870 607 1352.

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