

## Supplementary Prospectus dated 14 May 2009

**THIS DOCUMENT IS SUPPLEMENTAL TO AND MUST BE READ IN CONJUNCTION WITH THE PROSPECTUS PUBLISHED BY FRIENDS PROVIDENT GROUP PLC ON 5 MAY 2009 (THE "ORIGINAL PROSPECTUS"). This document, which comprises a supplementary prospectus relating to the New Ordinary Shares of Friends Provident Group plc (the "Company") prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of the FSMA, has been approved by the Financial Services Authority in accordance with section 87G(2) of the FSMA and has been made available to the public in accordance with the Prospectus Rules.**

Applications have been made to the FSA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's market for listed securities (together, "Admission"). Admission to trading on the London Stock Exchange's Main Market constitutes admission to trading on a regulated market. The earliest date on which Admission will become effective, and unconditional dealings in the New Ordinary Shares will commence on the London Stock Exchange, is at 8:00 a.m. (London time) on 15 June 2009.

**For a discussion of certain risks and other factors that should be considered in connection with an investment in the New Ordinary Shares, your attention is drawn to the factors described in the "Risk Factors" section of the Original Prospectus.**



**FRIENDS PROVIDENT**

# Friends Provident Group plc

*(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 6861305)*

**Supplementary Prospectus  
relating to the  
Introduction of up to 2,340,000,000 Ordinary Shares of 48 pence\* each  
and admission to the Official List and to trading on the London Stock Exchange**

Goldman Sachs International and J.P. Morgan Cazenove Limited are each acting for the Company and no-one else in connection with Admission, and will not regard any other person (whether or not a recipient of this supplementary prospectus) as their client in relation to Admission and will not be responsible to any person other than the Company for providing the protections afforded to the clients of Goldman Sachs International and J.P. Morgan Cazenove Limited nor for providing any advice in relation to the Reorganisation or Admission or the contents of this document or any transaction, arrangement or matter referred to herein.

You should only rely on the information contained in the Original Prospectus and this supplementary prospectus and any documents incorporated therein by reference. No person has been authorised to give any information or make any representations other than those contained in the Original Prospectus or this supplementary prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. The Company will comply with its obligations to publish a further supplementary prospectus containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information. Neither the Original Prospectus nor this supplementary prospectus constitutes an offer of, or an invitation by or on behalf of, the Company, Goldman Sachs International, J.P. Morgan Cazenove Limited to subscribe for or purchase any of the New Ordinary Shares in any jurisdiction in which such offer or solicitation would be unlawful. The distribution of the Original Prospectus and this supplementary prospectus and the offering of New Ordinary Shares in certain jurisdictions may be restricted by law. Persons into whose possession this supplementary prospectus comes are required by the Company, Goldman Sachs International and J.P. Morgan Cazenove Limited to inform themselves about and to observe any such restrictions.

Neither the Original Prospectus nor this supplementary prospectus constitutes or forms part of any offer or invitation to sell or issue, or the solicitation to purchase or subscribe for New Ordinary Shares in any jurisdiction. The New Ordinary Shares may not be offered or sold in the United States absent registration under the US Securities Act of 1933 (the "US Securities Act") or an exemption therefrom. The New Ordinary Shares issued to existing Friends Provident Shareholders pursuant to the Reorganisation will be issued in reliance upon an exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereof and, as a consequence, will not be registered thereunder or under the securities laws of any state or other jurisdiction of the United States. Friends Provident Group Shareholders who were affiliates of Friends Provident Group or Friends Provident prior to the Effective Date will be subject to certain US transfer restrictions relating to the New Ordinary Shares received pursuant to the Reorganisation. For a description of these and certain further restrictions on offers, sales and transfers of the New Ordinary Shares and the distribution of this document, see paragraphs 7 and 8 of Part X (Further Details of the Reorganisation) of the Original Prospectus.

None of the securities referred to in this supplementary prospectus have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the Original Prospectus or this supplementary prospectus. Any representation to the contrary is a criminal offence in the United States.

The distribution of this document and the offer of New Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken to permit the possession or distribution of this document (or any other offering or publicity materials or application form(s) relating to the New Ordinary Shares) in any jurisdiction, other than the UK, where action for that purpose may be required. Accordingly, neither the Original Prospectus, this supplementary prospectus, nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The offer and sale of New Ordinary Shares and the distribution of this document are subject to the restrictions set out in Part X (Further Details of the Reorganisation) of the Original Prospectus under the paragraph headed "Overseas Shareholders". The contents of this document are not to be construed as legal, business or tax advice, if you are in any doubt about the contents of this document you should consult your own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

**NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE ORIGINAL PROSPECTUS OR THIS SUPPLEMENTARY PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN SO AUTHORISED. NEITHER THE DELIVERY OF THE ORIGINAL PROSPECTUS NOR THIS SUPPLEMENTARY PROSPECTUS NOR ANY SUBSCRIPTION OR SALE MADE THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE GROUP SINCE THE DATE HEREOF OR THAT THE INFORMATION IN THIS SUPPLEMENTARY PROSPECTUS IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS SUPPLEMENTARY PROSPECTUS, SAVE FOR SUCH STATEMENTS AS ARE REQUIRED BY**

\* The nominal value of the New Ordinary Shares is intended to be reduced by the Friends Provident Group Reduction described in Part X (Further Details of the Reorganisation) of the Original Prospectus.

## **LAW OR REGULATION TO REFER TO ONE OR MORE FUTURE DATES.**

### **Notice to Canadian Investors**

The Original Prospectus and this supplementary prospectus constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. Neither the Original Prospectus nor this supplementary prospectus is, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon either the Original Prospectus or this supplementary prospectus or the merits of the securities described herein and any representation to the contrary is an offence in Canada.

The New Ordinary Shares will be issued in Canada pursuant to the Scheme and the issuance of the New Ordinary Shares will be on a private placement basis only and is exempt from the requirement that Friends Provident Group prepare and file a prospectus with the relevant Canadian regulatory authorities pursuant to section 2.11 of National Instrument 45-106 – Prospectus and Registration Exemptions. Accordingly, any resale of the New Ordinary Shares must be made in accordance with applicable securities laws which may require resale to be made in accordance with prospectus and dealer registration requirements or pursuant to exemptions from such registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Ordinary Shares outside of Canada. Shareholders who are resident in Canada are advised to seek legal advice prior to any resale of the New Ordinary Shares.

Neither Friends Provident nor Friends Provident Group is, and nor does it intend to become, a “reporting issuer”, as such term is defined under applicable Canadian securities legislation, in any province or territory of Canada in which New Ordinary Shares will be offered and there is currently no public market for the New Ordinary Shares in Canada and no such market may ever develop. Under no circumstances will Friends Provident or Friends Provident Group be required to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the New Ordinary Shares to the public in any province or territory of Canada. Shareholders resident in Canada are advised that neither Friends Provident nor Friends Provident Group currently intends to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the New Ordinary Shares to the public in any province or territory of Canada.

Any discussion of taxation and related matters contained in either the Original Prospectus or this supplementary prospectus does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire the New Ordinary Shares and, in particular, does not address Canadian tax considerations. Shareholders resident in Canada should consult their own legal, financial and tax advisers with respect to the tax consequences of the Scheme in their particular circumstances.

Both Friends Provident and Friends Provident Group are incorporated under the laws of England and Wales. All or substantially all of the directors and officers of Friends Provident and Friends Provident Group may be located outside of Canada and, as a result, it may not be possible for Canadian investors to effect service of process within Canada upon Friends Provident or Friends Provident Group or such persons. All or a substantial portion of the assets of Friends Provident and Friends Provident Group and such other persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against Friends Provident or Friends Provident Group or such persons in Canada or to enforce a judgment obtained in Canadian courts against Friends Provident or Friends Provident Group or persons outside of Canada.

Upon receipt of this document each recipient confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

### **FORWARD-LOOKING STATEMENTS**

This document includes forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Among the important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the factors detailed in Part II (Risk Factors) of the Original Prospectus. These forward-looking statements speak only as of the date on which they are made. Save as required by the FSA, the London Stock Exchange or applicable law, including, without limitation, the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules, Friends Provident Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## Part 1

### Supplementary Information to the Original Prospectus

#### 1 Introduction

This supplementary prospectus is supplemental to, and should be read in conjunction with, the Original Prospectus published by the Company on 5 May 2009. Any statement contained in the Original Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in this supplementary prospectus modifies or supersedes such statement. This supplementary prospectus updates certain information set out in the Original Prospectus to reflect the announcement made by Friends Provident plc on 8 May 2009.

Words and expressions defined in the Original Prospectus have the same meaning when used in this supplementary prospectus, unless the context otherwise requires.

#### 2 Announcement on 8 May 2009

On 8 May 2009, Friends Provident announced to holders of the STICS the details of an exchange offer. Parts of that announcement are reproduced here:

##### **“FRIENDS PROVIDENT PLC ANNOUNCES AN EXCHANGE OFFER TO HOLDERS OF ITS STEP-UP TIER ONE INSURANCE CAPITAL SECURITIES (STICS)”**

Friends Provident plc (“The Issuer” or “the Group”) has today invited holders (subject as set out under “Offer Restrictions”) of its £300,000,000 6.875 per cent. Step-Up Tier one Insurance Capital Securities (XS0181161380) issued on 21 November 2003 (the “2003 STICS”) and £500,000,000 6.292 per cent. Step-Up Tier one Insurance Capital Securities (XS0222395468) issued on 30 June 2005 (the “2005 STICS”, together with the 2003 STICS, the “Existing Securities”) to offer to exchange (the “Exchange Offer”) up to £300,000,000 aggregate nominal amount of such Existing Securities for Sterling Denominated Fixed Rate Subordinated Guaranteed Notes due 2021 (the “New Notes”). Friends Provident will, in relation to each Series of Existing Securities, determine the Exchange Price and aggregate principal amount to be exchanged pursuant to a modified Dutch auction procedure as described in the Exchange Offer Memorandum (the “Modified Dutch Auction”). The Exchange Offer is made on the terms and subject to the conditions set out in the Exchange Offer Memorandum dated 8 May 2009 (the “Exchange Offer Memorandum”).

##### **RATIONALE FOR THE INVITATION**

The rationale for the Exchange Offer is to strengthen the capital position of the Group following its strategic review and in advance of the proposed demerger of F&C Asset Management plc.

##### **THE EXCHANGE OFFER**

The Existing Securities and the New Notes for which they may be exchanged are comprised as follows:

<b>Description of the Existing Securities</b>	<b>Common Code/ISIN</b>	<b>Maximum Exchange Prices</b>	<b>Minimum Exchange Prices</b>	<b>Exchange Price</b>
£300,000,000 6.875 per cent. Step-Up Tier one Insurance Capital Securities	018116138/ XS0181161380	£530	£430	To be determined pursuant to a modified Dutch auction

£500,000,000 6.292 per cent. Step-Up Tier one Insurance Capital Securities	022239546/ XS0222395468	£530	£430	To be determined pursuant to a modified Dutch auction
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<b>Description of the New Notes</b>	<b>Common Code/ISIN</b>	<b>Minimum New Issue Amount</b>	<b>New Notes Price</b>	<b>Target Exchange Amount</b>	<b>New Notes Coupon</b>
12 per cent Subordinated Guaranteed Notes due 2021	To be confirmed	£100,000,000	100 per cent.	up to £300,000,000	12 per cent.

The maximum aggregate principal amount of Existing Securities that the Issuer will accept for Exchange pursuant to the Exchange Offer, being £300,000,000 in aggregate principal amount of the Existing Securities or such other amount as may be determined by the Issuer in its sole discretion (the “Target Exchange Amount”) of both Series when aggregated together subject to the Issuer’s right in its sole and absolute discretion to increase or decrease such amount, subject to the Minimum New Issue Amount.

The Exchange Offer is conditional on a minimum aggregate issue size for the New Notes of £100,000,000 (the “Minimum New Issue Amount”) being attained and whether the Issuer accepts any or all Offers to Exchange from Holders is at its sole and absolute discretion.

The New Notes Price is 100 per cent. of the principal amount of New Notes and the New Notes Coupon is 12 per cent. per annum.

#### **EXPECTED TIMETABLE**

<b>Events</b>	<b>Dates and Times (All times are London time)</b>
<b>Commencement of the Exchange Offer Period</b>	8 May 2009
<b>Expiration Date and Time</b>	4.00 p.m., on 15 May 2009
<b>Announcement of Exchange Offer Results and Exchange Prices</b>	By 2.00 p.m., on 18 May 2009
<b>Settlement Date</b>	Expected on 21 May 2009

#### **GENERAL**

The Exchange Offer is made on the terms and subject to the conditions as further described in the Exchange Offer Memorandum.

Eligible holders of the Existing Securities are advised to read carefully the Exchange Offer Memorandum for full details of and information on the procedures for participating in the Exchange Offer.

**The Exchange Offer is not being made in the United States or Italy or to any U.S. person or to any person located or resident in Italy and is also restricted in other jurisdictions, as more fully described in the Exchange Offer Memorandum.**

The Issuer may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Exchange Offer at any time (subject to applicable law and as provided in the Exchange Offer Memorandum). Details of any such extension, re-opening, amendment, waiver or termination will be

announced wherever applicable as provided in the Exchange Offer Memorandum as soon as reasonably practicable after the relevant decision is made.”

**Please note that neither the Original Prospectus nor this supplementary prospectus constitutes or forms part of any offer or invitation to sell or issue, or the solicitation to purchase or subscribe for the New Notes in any jurisdiction and holders of the STICS should refer to the separate exchange offer memorandum, preliminary prospectus and announcement of 8 May 2009 in respect of the Exchange Offer for more information.**

### **3 Results of the Exchange Offer**

It is intended that the results of the Exchange Offer will be announced through a Regulatory News Service by 2.00 p.m. on 18 May 2009.

Regardless of the take-up of the Exchange Offer, there will be no impact on the Group's IGD Surplus<sup>1</sup> and financing costs should remain broadly unchanged.

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<sup>1</sup> The Group's "IGD Surplus" means the surplus capital adequacy available to the Group as required by the Directive on the Supplementary Supervision of Insurance Companies in an Insurance Group (1998/78/EC) as amended by the European Union Directive on the Supplementary Supervision of Credit Institutions, Insurance Undertakings and Investment Firms in a Financial Conglomerate (2002/87/EC) and as implemented in the UK within the FSA's Interim Prudential Sourcebook for Insurers.

## Part 2

### Additional Information

#### 1 Persons responsible

The Directors of the Company, whose names appear below, and the Company accept responsibility for the information contained in this supplementary prospectus. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this supplementary prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2 Directors

##### Executive directors

Trevor Matthews	Chief Executive Officer
Evelyn Bourke	Chief Financial Officer
Alain Grisay	Chief Executive (F&C)

##### Independent directors

Sir Adrian Montague	Chairman
Lady Judge	Deputy Chairman (until 21 May 2009)
Ray King	Independent Director
Gerhard Roggemann	Independent Director
Sir Mervyn Pedelty	Independent Director
David Rough	Senior Independent Director
Robin Phipps	Independent Director
Rodger Hughes	Independent Director

#### 3 Consents

Each of Goldman Sachs International and J.P. Morgan Cazenove Limited has given and has not withdrawn its consent to the issue of this supplementary prospectus with the inclusion herein of the references to its name in the form and context in which they appear.

#### 4 Documents on display

In addition to the documents already available for inspection, copies of the following documents may be inspected at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) until Admission:

- (a) this supplementary prospectus;
- (b) the Original Prospectus;
- (c) the written consents referred to in paragraph 3 above; and
- (d) the announcement issued by Friends Provident plc dated 8 May 2009 and relating to the Exchange Offer.