Resolution Limited

2011 Interim Results
16 August 2011

Resolution

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2011 Half Year Results Agenda

Introduction	Mike Biggs
Business review	John Tiner
Financial review	Jim Newman
Building a business for the future	Andy Briggs
Questions	Mike Biggs

2011 Half Year Results

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Summary
UK Life Project on track

- H1 2011 results first step on path to deliver returns
  - Operating free surplus generation (excluding capital synergies) of £122m
  - Results support platform choices for new business
  - Results impacted by further cleaning up of International
  - Interim dividend per share of 6.47p up 18.5%
- Robust cash and capital position maintained
  - Available Shareholder Cash of £793m after cash dividend of £141m
  - £500m cash return targeted - £250m share buy-back commenced, reaffirmed intention of further £250m cash return, 2011 final dividend guidance of 13.33p per share
- Strategy on-track
  - On-track to deliver 2013 financial targets
  - £24m run-rate synergies delivered
- New management team in Friends Life bringing focus and leadership to business with clear priority on financial performance
- Defensively positioned balance sheet

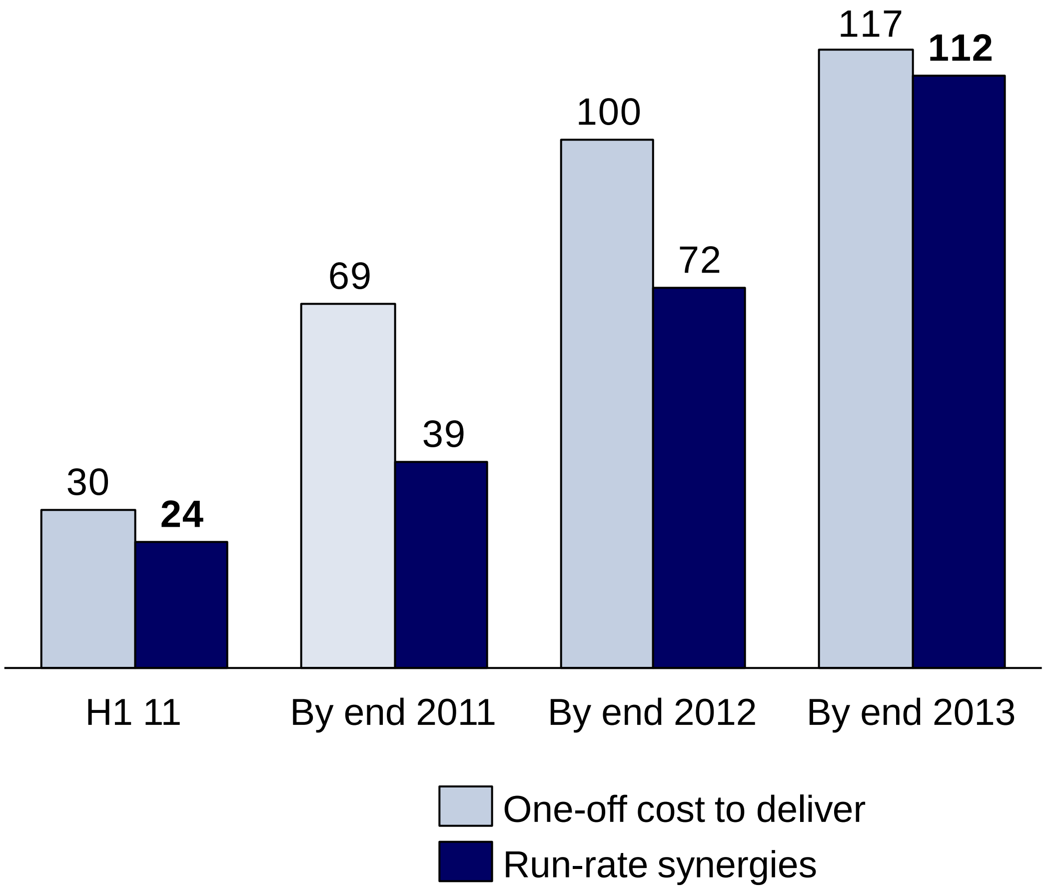
Friends Life financial targets
Cash flow, product and returns focused

Metric		FY2010 (baseline)	H1 2011	Target from end 2013 onwards
New business strain		£392m[1] annualised	£161m NBS in H1	£200m reduction to £192m
UK cost		£476m 2010 cost base including BHA	£24m run-rate synergies achieved	£112m of synergies
New business IRR	Individual protection	3.3%[1]	5.0%	20%
	Corporate benefits	4.2%[1]	5.3%	10%+
	Retirement income	16.5%	23.8%	15%+
	Group total	8.6%[2]	9.6%	15%+
Cash dividends from non UK business		£2m	-	£50m
Distributable cash generation		£746m	£283m	£400m from 2011
FLG operating ROEV		5.5%[1]	4.5%	10%+

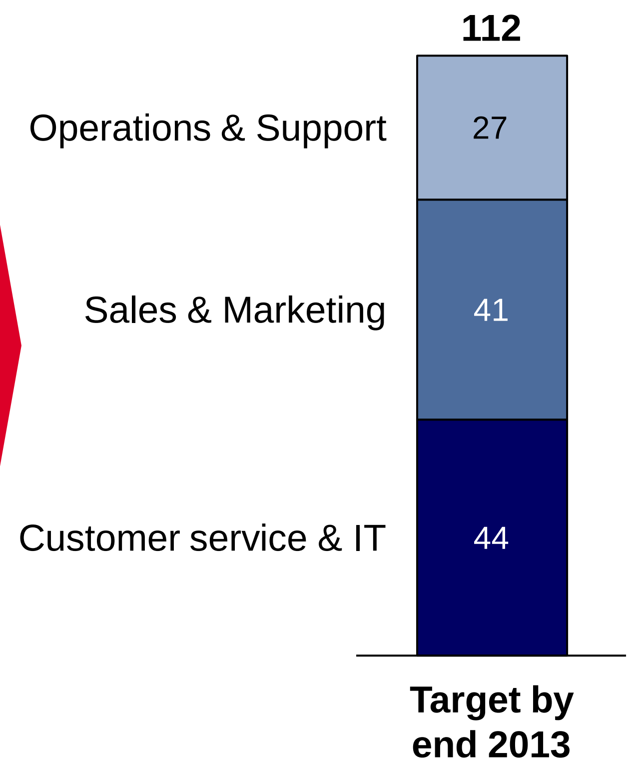
(1) 2010 full year baseline now includes an estimate of 12 months BHA and AXA UK Life Business results.
(2) The 2011 Lombard IRR (and therefore the blended group IRR) now takes account of the Luxembourg regulatory regime in which DAC is an allowable asset.

UK Life Project – synergies, separation & integration
Delivery on track

Synergies and cost to achieve, £m



Cost synergies, annualised (at baseline prices), £m



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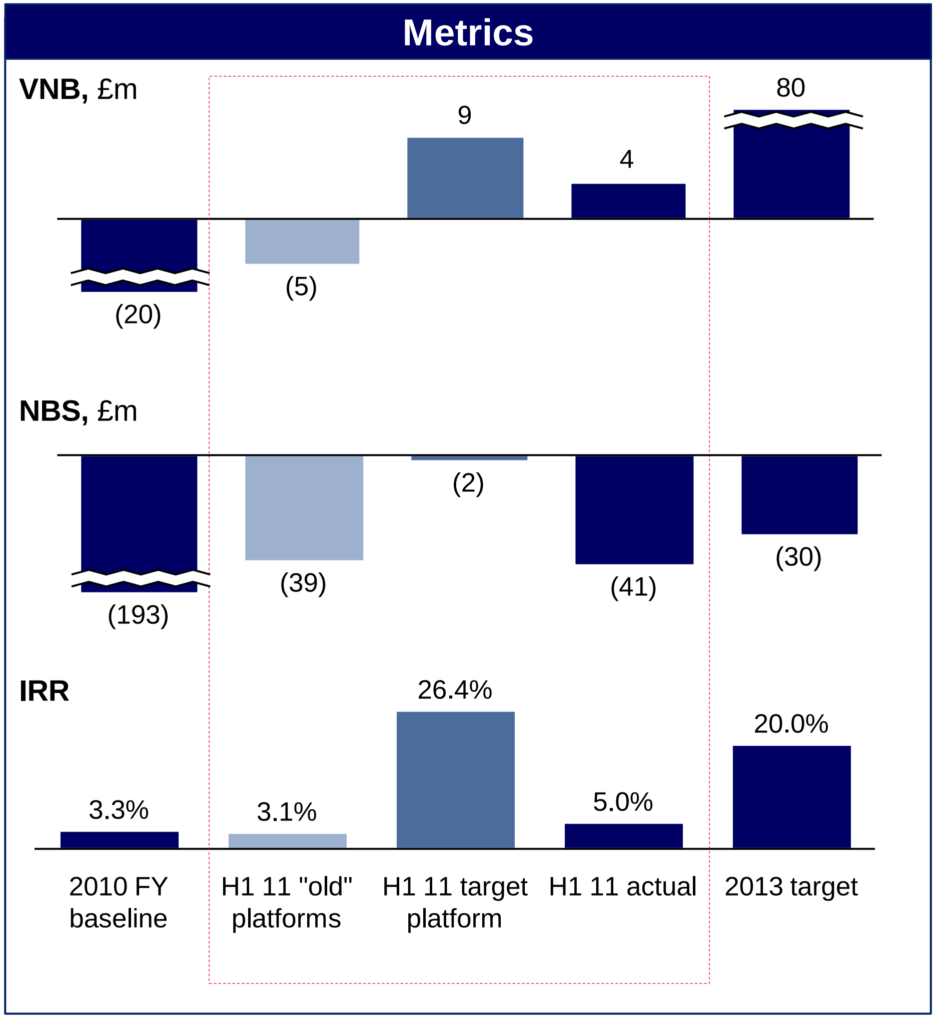
UK Life Project – Individual Protection
Integrated proposition to deliver higher margins



Market

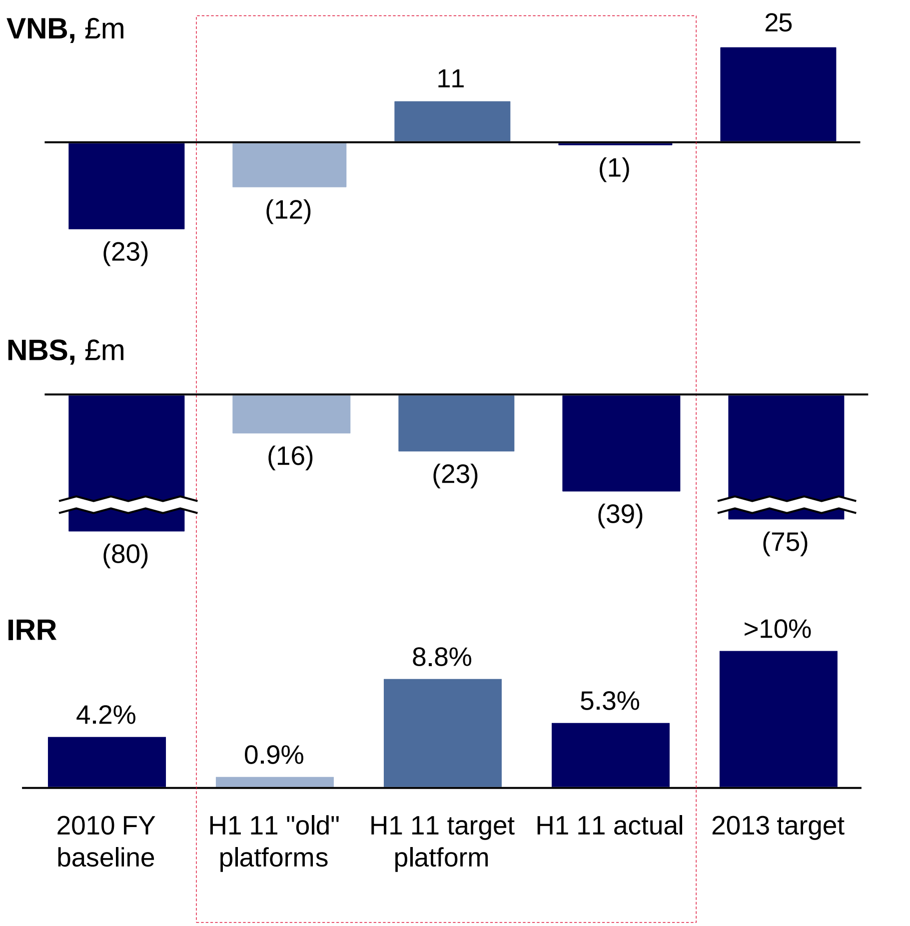
- Held up well in difficult economic climate
- Excluded from RDR

Implementation of strategy

- Leverage efficient BHA platform
- Build market leading propositions
- Focus on profitability
  - Improve product and distribution mix
  - Reduce operating costs

UK Life Project – Corporate benefits
Integrated propositions to deliver higher margins

Metrics



Market

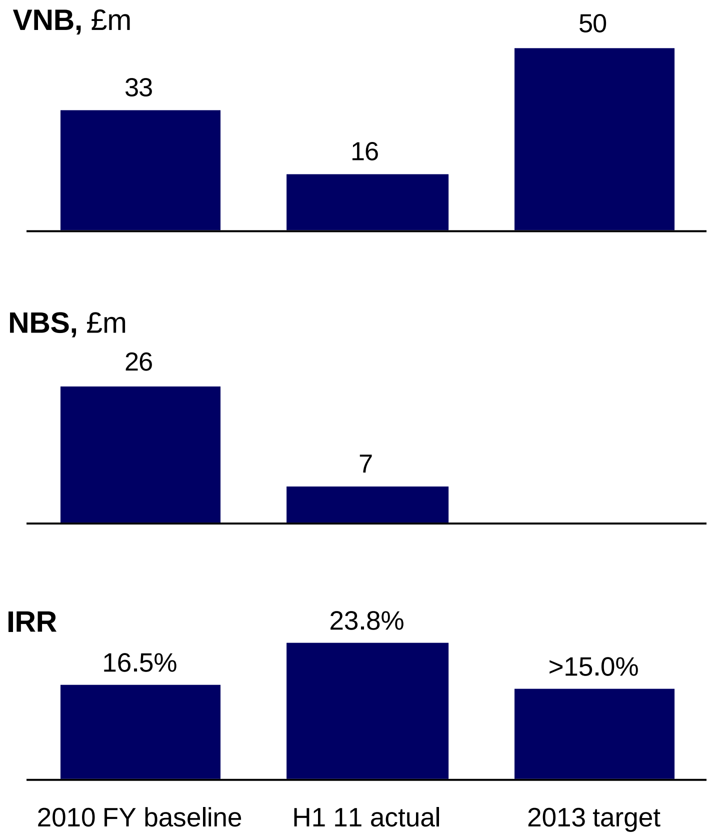
- Move from DB to DC, positive demographics
- Pension reform – auto-enrolment
- RDR to increase customer engagement

Implementation of strategy

- Retain and grow customer base
- Selective participation
- Extract synergies

UK Life Project – Retirement income
Profitable, managed growth

Metrics



Market

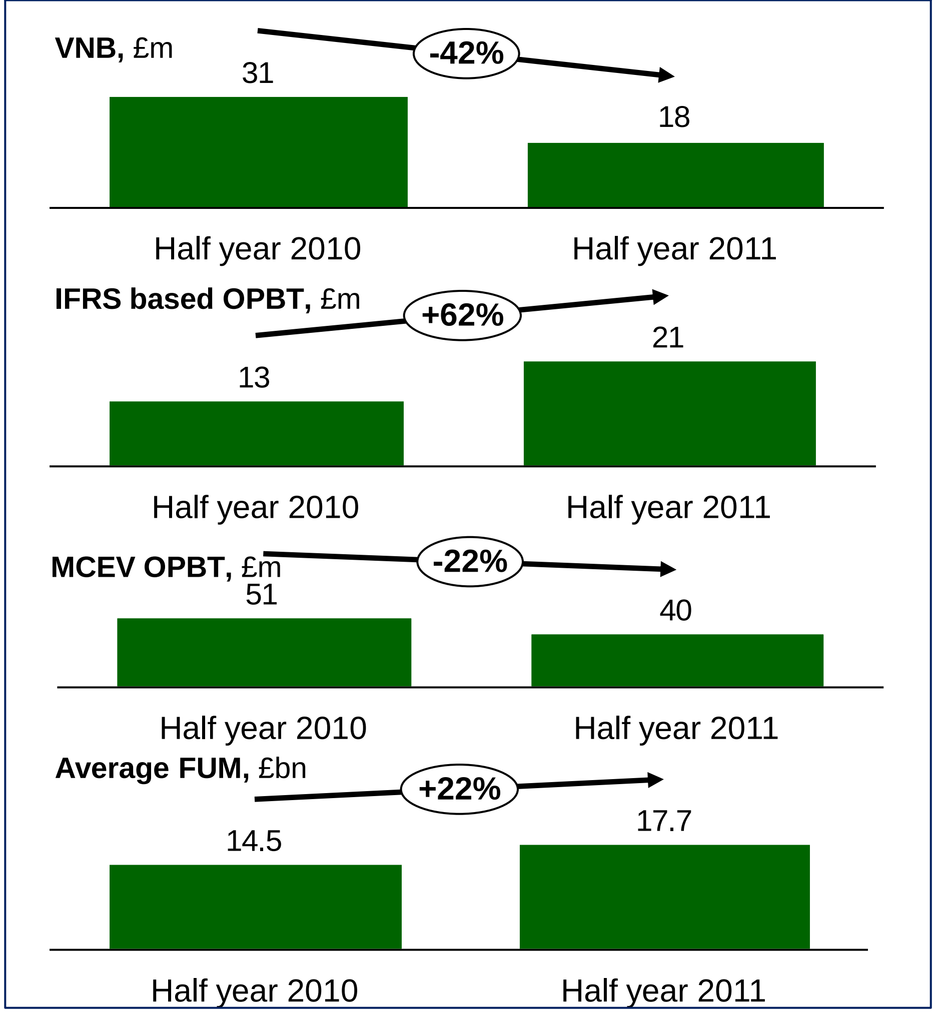
- Move from DB to DC, positive demographics
- OMO segment to grow
- Solvency II

Implementation of strategy

- Increase vesting pensions
- Selective OMO entry
- Develop new customer management systems
- Deploy enhanced credit risk management
- Develop and grow team

Lombard
Strong business with long term value

Metrics



Market

- Lower activity compared to prior half
- Consumer sentiment affected by volatile markets
- Strong long term demand for product

Implementation of strategy

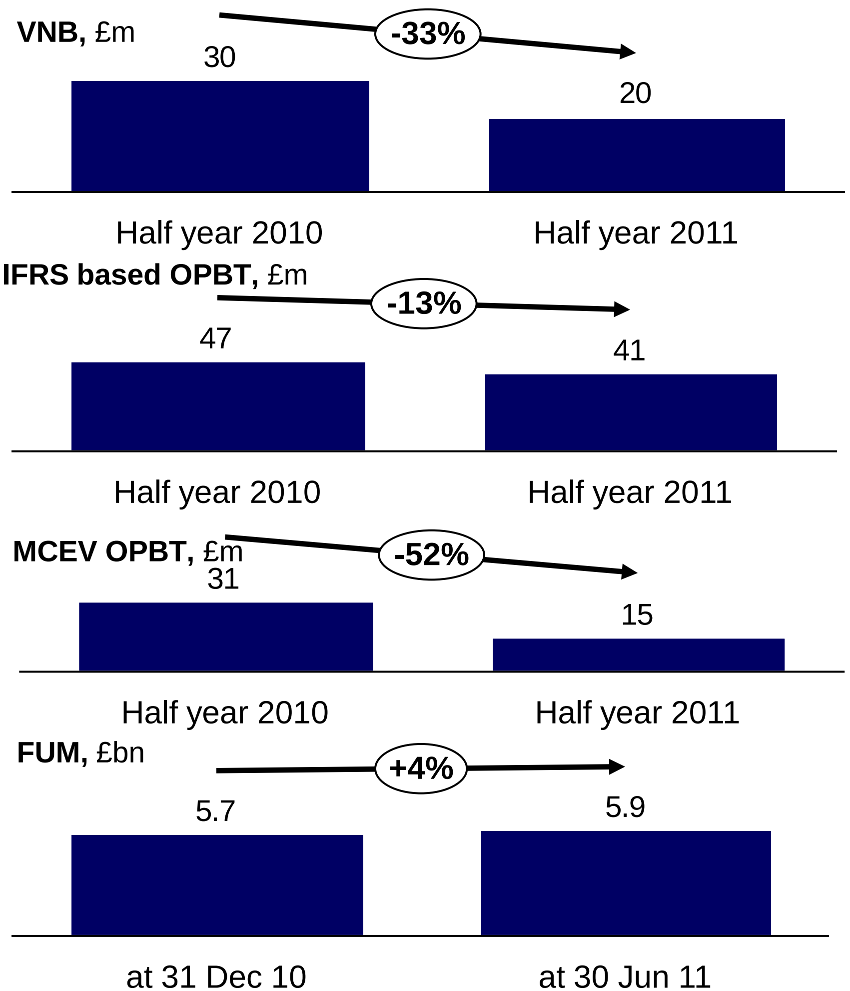
- Strengthened sales force
- Investment in marketing and partnerships
- Improvements in operating model

Financial performance

- Second best first half
- VNB impacted by lower volume
- IFRS OPBT up due to lower NBS and increased surplus

International
Focused on cash, improve returns

Metrics



Market

- Asia recovered but Europe remains weak
- German market challenged in short term
- Strong long term outlook

Implementation of strategy

- Grow value and improve returns
- Increase cash generation
- Invest in capability, propositions and platforms

Financial performance

- VNB impacted by changes to internal models
- IFRS OPBT down but positive operating cash:
  - Reduced cash new business strain
  - Increased in-force surplus

2011 Half Year Results

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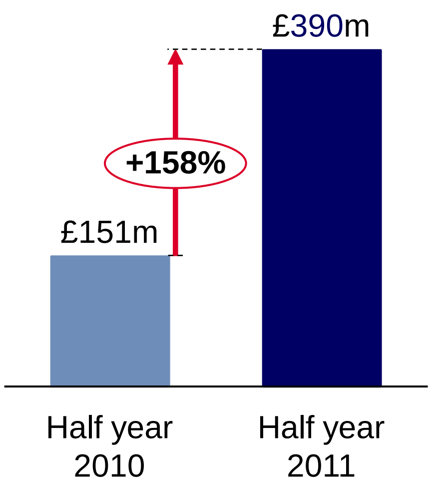
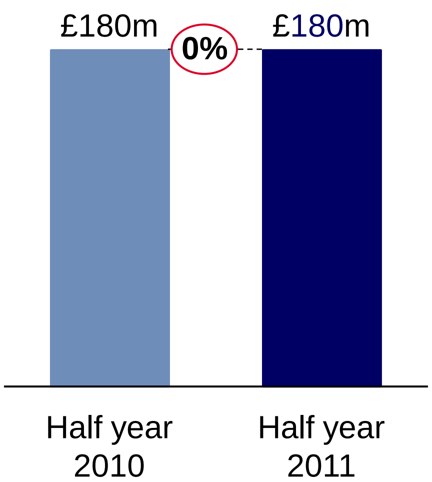
Half year 2011 financial highlights
Maintaining cash delivery

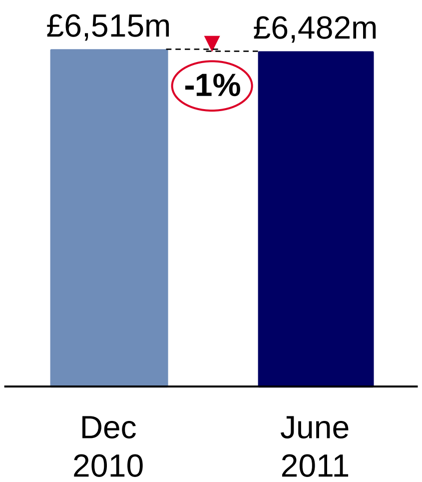
IFRS based operating profit



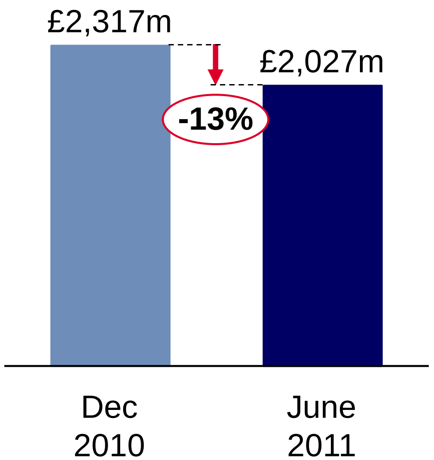
MCEV operating profit



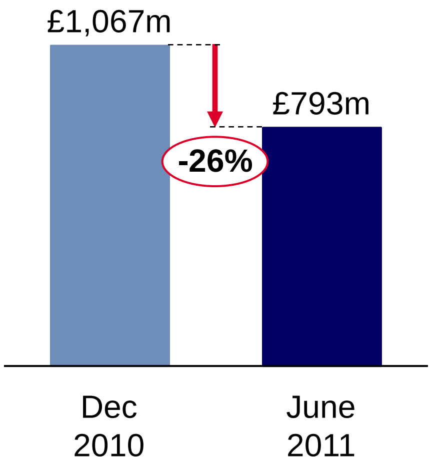
Group net MCEV



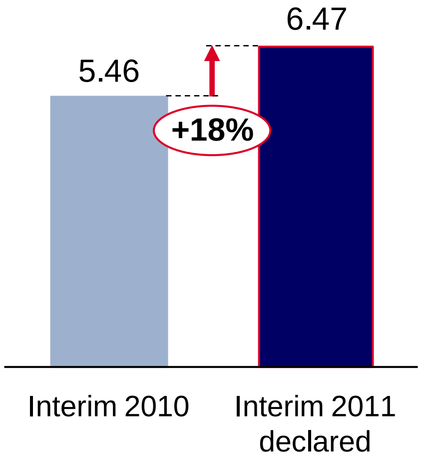
Group IGCA surplus



Group available shareholder cash



Dividend (pence per share)



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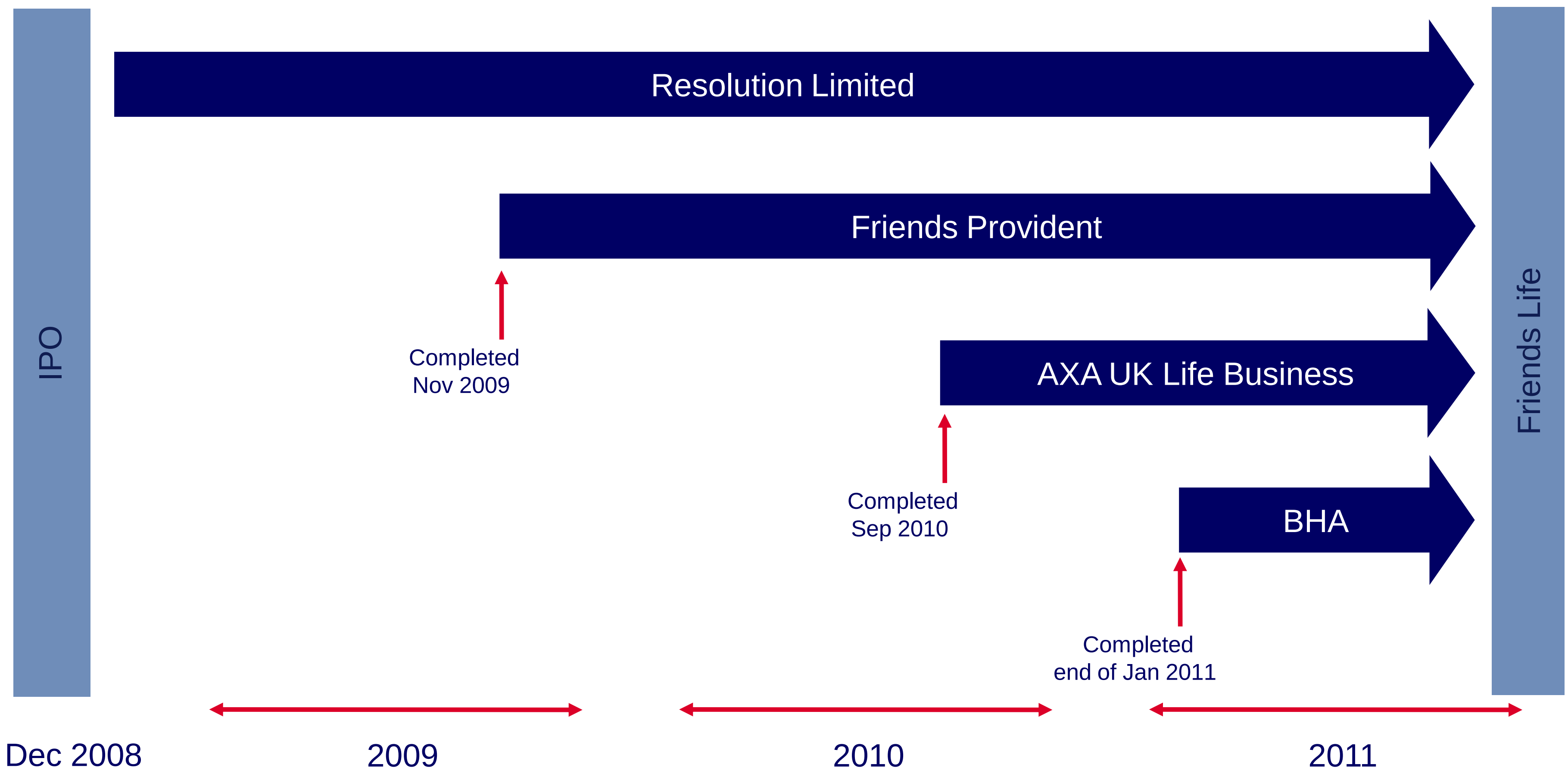
2011 basis of reporting
Development of Friends Life on track



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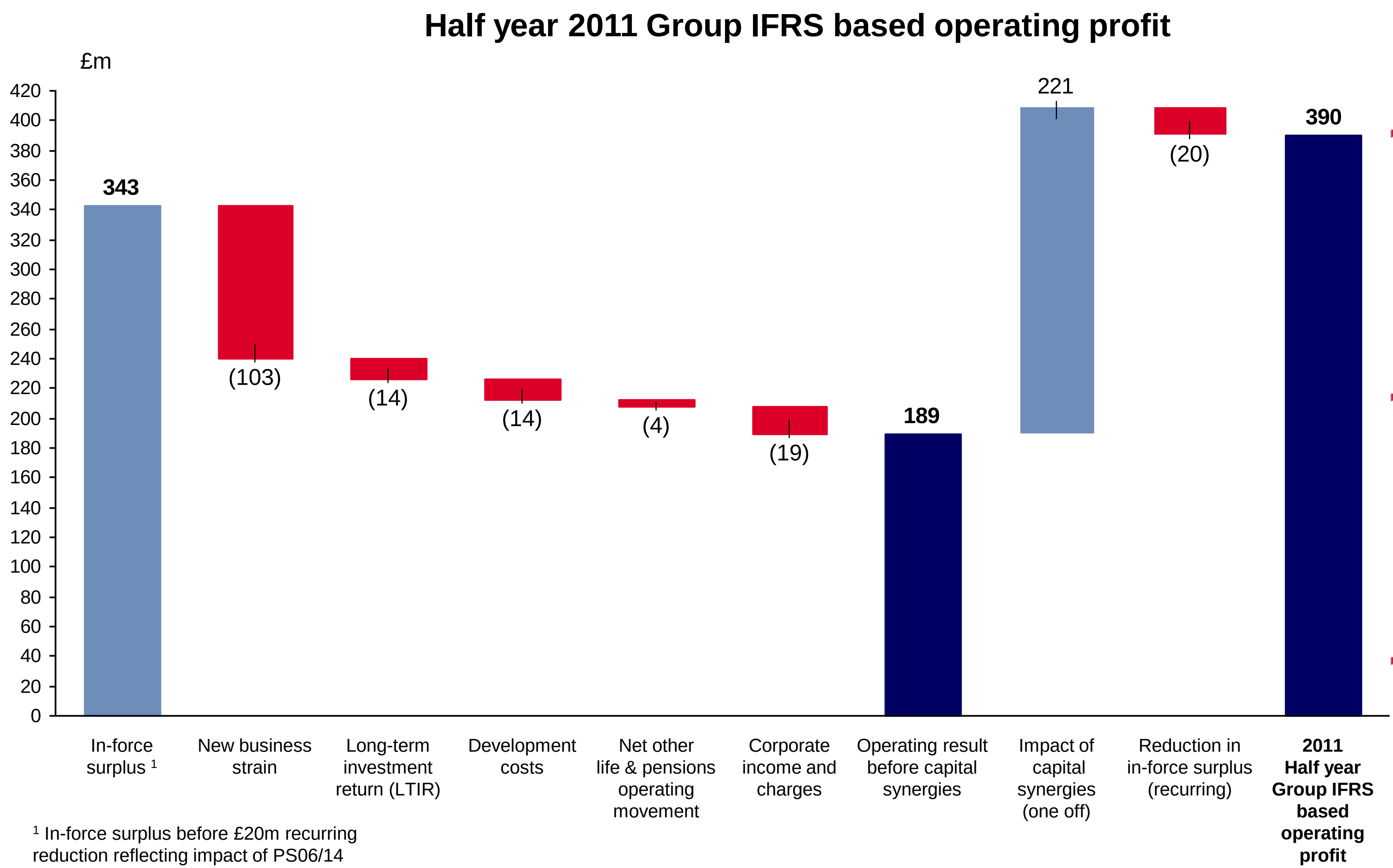
IFRS based operating profit
Sustained delivery enhanced through capital synergies



- £20m reduction in in-force surplus from PS06/14 expected to recur in H2
- Overall impact on in-force surplus for full year 2011 from PS06/14 expected to be £181m
- LTIR reflects low return on net assets and increased debt

[1] In-force surplus before £20m recurring reduction reflecting impact of PS06/14

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IFRS long term investment return
Returns reflect higher cash holdings and increased debt

£m	LTIR June 2011	LTIR June 2010
Gross LTIR	43	39
Debt cost	(57)	(22)
Net LTIR	**(14)**	**17**
Average FLG shareholder assets	**2,615**	**1,658**
Opening FLG debt and STICS	**1,294**	**505**

Shareholder assets underpinning gross LTIR

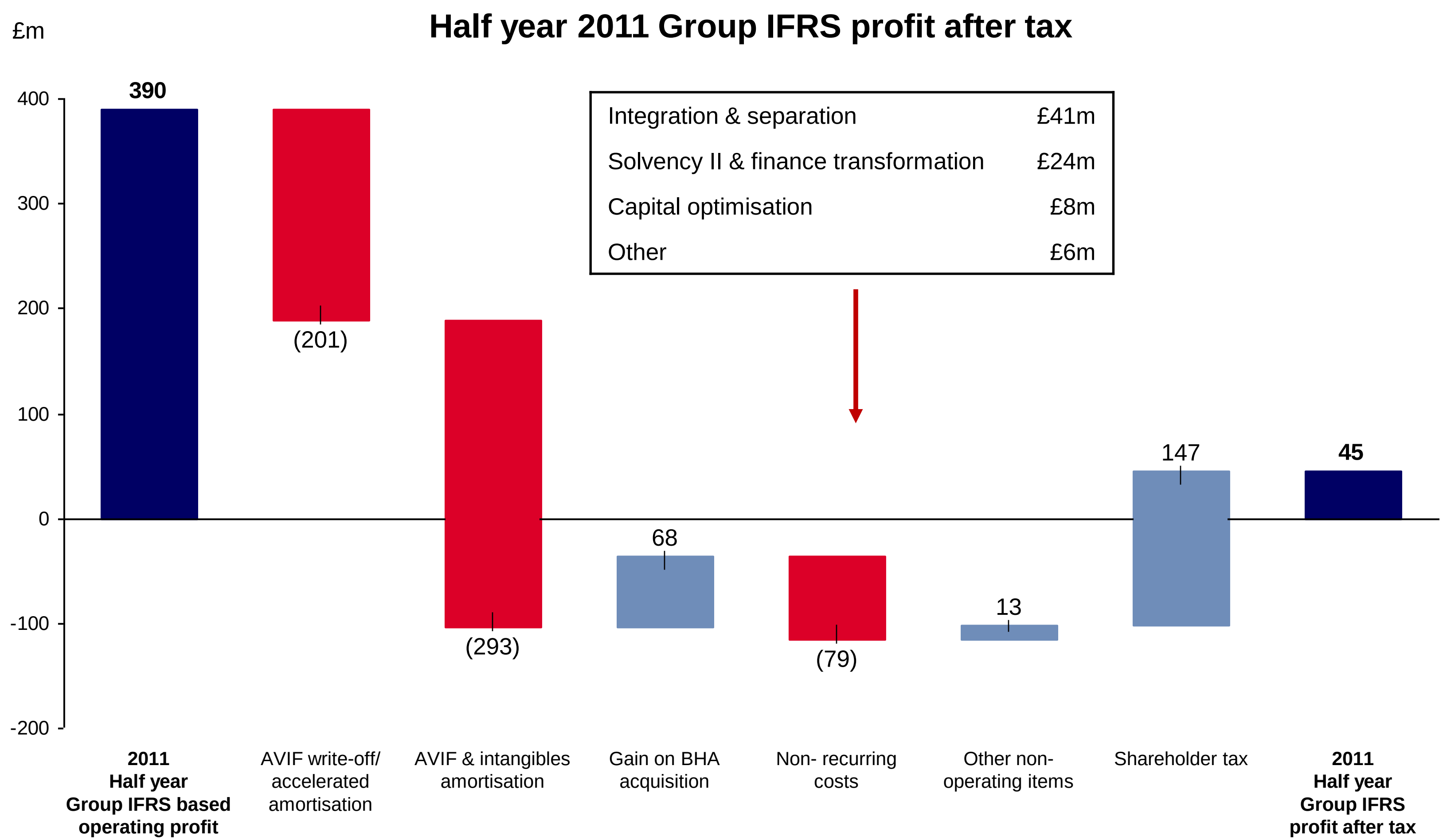
	June 2011		June 2010	
	Allocation%	Rtn%	Allocation%	Rtn%
Gilts	12%	3.7%	11%	4.3%
Bonds	19%	5.0%	35%	6.3%
Cash – lifeco	25%	3.7%	34%	4.3%
Cash - holdco	44%	1.1%	20%	1.0%
Total	**100%**	**2.8%**	**100%**	**4.3%**

Market value of debt/STICS underpinning LTIR for half year ended:

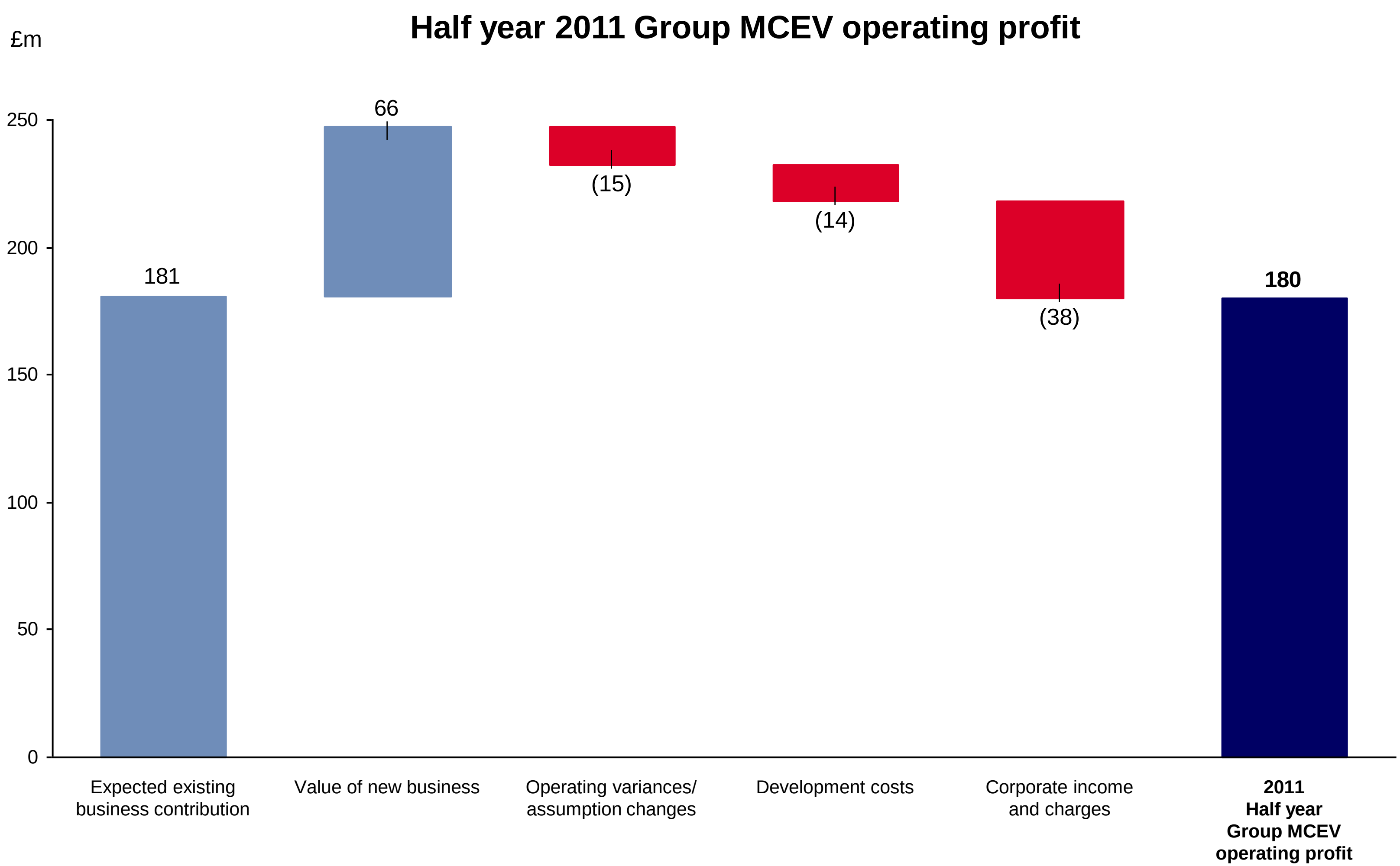
£m	June 2011	June 2010
£162m external LT2 debt	201	187
£500m external LT2 bond	500	-
Internal loan from Resolution holding company	200	-
STICS[1]	393	318
FLG debt and STICS underpinning LTIR	**1,294**	**505**

[1] STICS are classed as equity not debt under IFRS but an expected return for these instruments is included within LTIR based on market value.

IFRS profit after tax
Driven by the impact of acquisitions



MCEV operating profit
Profits maintained through challenging markets



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MCEV expected existing business contribution (EEBC)
Reflects scale of net worth and reduced expected long term returns

6 months to 30 June 2011	Net worth		VIF	Debt		Total net MCEV
	Covered	Non-covered		Covered	Non-covered	
Opening MCEV[1] 1 Jan 2011 (£m)	2,788	945	4,334	(594)	(900)	6,573
Proportion of gross MCEV (%)	34%	12%	54%	(8)%	(11)%	81%
EEBC[2] (£m)	15	-[4]	187	(21)	-[4]	181
Annualised EEBC[3] (%)	**1.1%**	**-**	**8.6%**	**7.1%**	**-**	**5.5%**

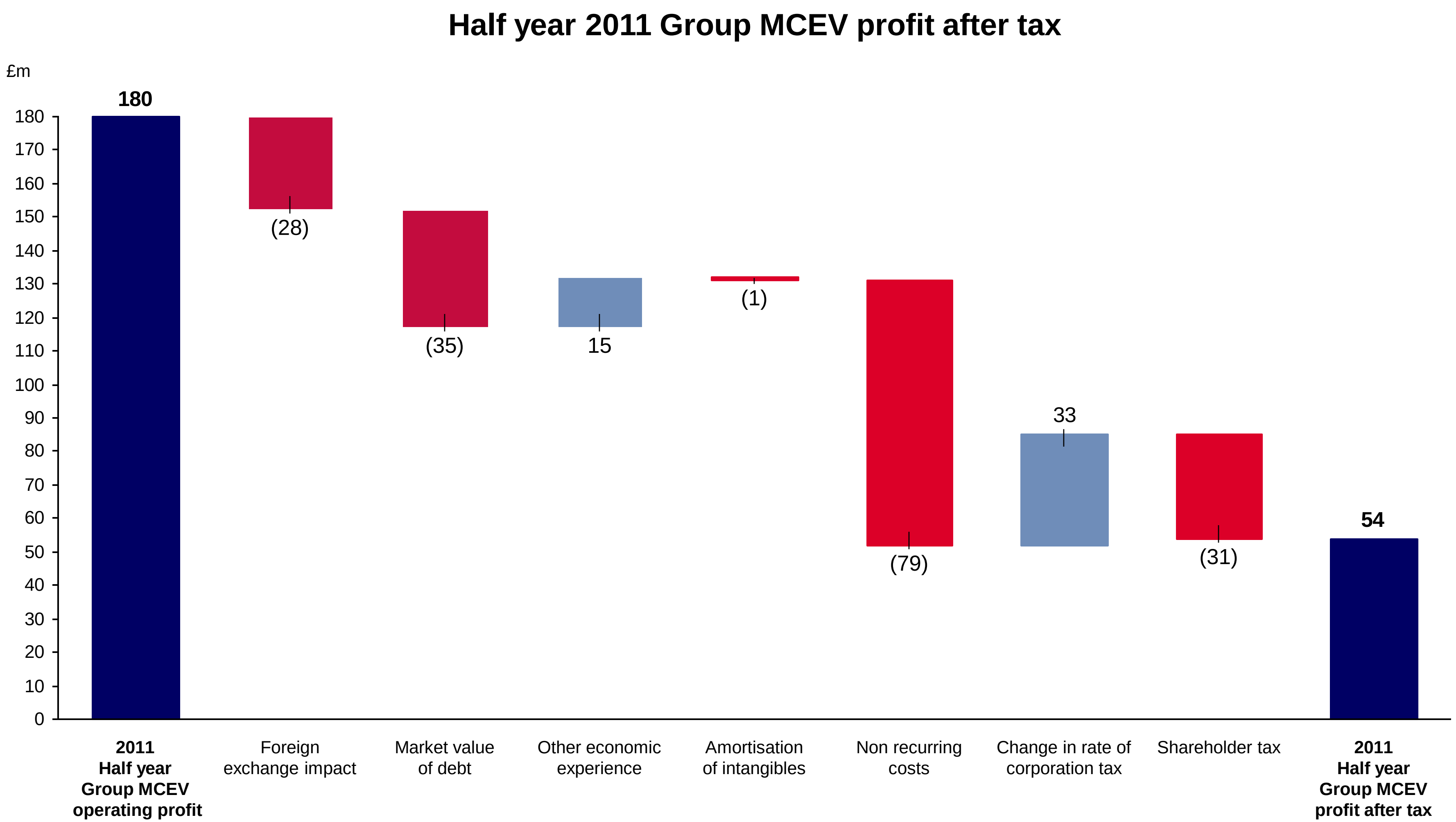
Expected economic rates of return	Year applied	
	2011	2010
Cash/ gilts	1.14%	1.01%
Corporate bonds	2.45%	2.98%
Property	5.70%	6.30%
Equities	6.70%	7.30%

6 months to 30 June 2010	Net worth		VIF	Debt		Total net MCEV
	Covered	Non-covered		Covered	Non-covered	
Opening MCEV 1 Jan 2010 (£m)	1,679	441	1,873	(505)	-	3,488
Proportion of gross MCEV (%)	42%	11%	47%	(13)%	-	87%
EEBC[2] (£m)	18	-[4]	89	(15)	-	92
Annualised EEBC[3] (%)	**2.1%**	**-**	**9.5%**	**5.9%**	**-**	**5.3%**

- Expected existing business contribution is based on 1 year swap rate and reflects management’s view of real returns
- Increase in Net Worth delivers low returns in current markets

[1] Adjusted to include £58m impact of acquisition of BHA
[2] Shown gross of tax
[3] Calculated as net of tax annualised EEBC divided by net of tax MCEV, then grossed up at tax rate of 26.5% for 2011 and 28% for 2010
[4] The expected return on non-covered business is included in “Other income and charge” rather than in “Expected Existing Business Contribution”

MCEV profit after tax
Reflecting investment in change



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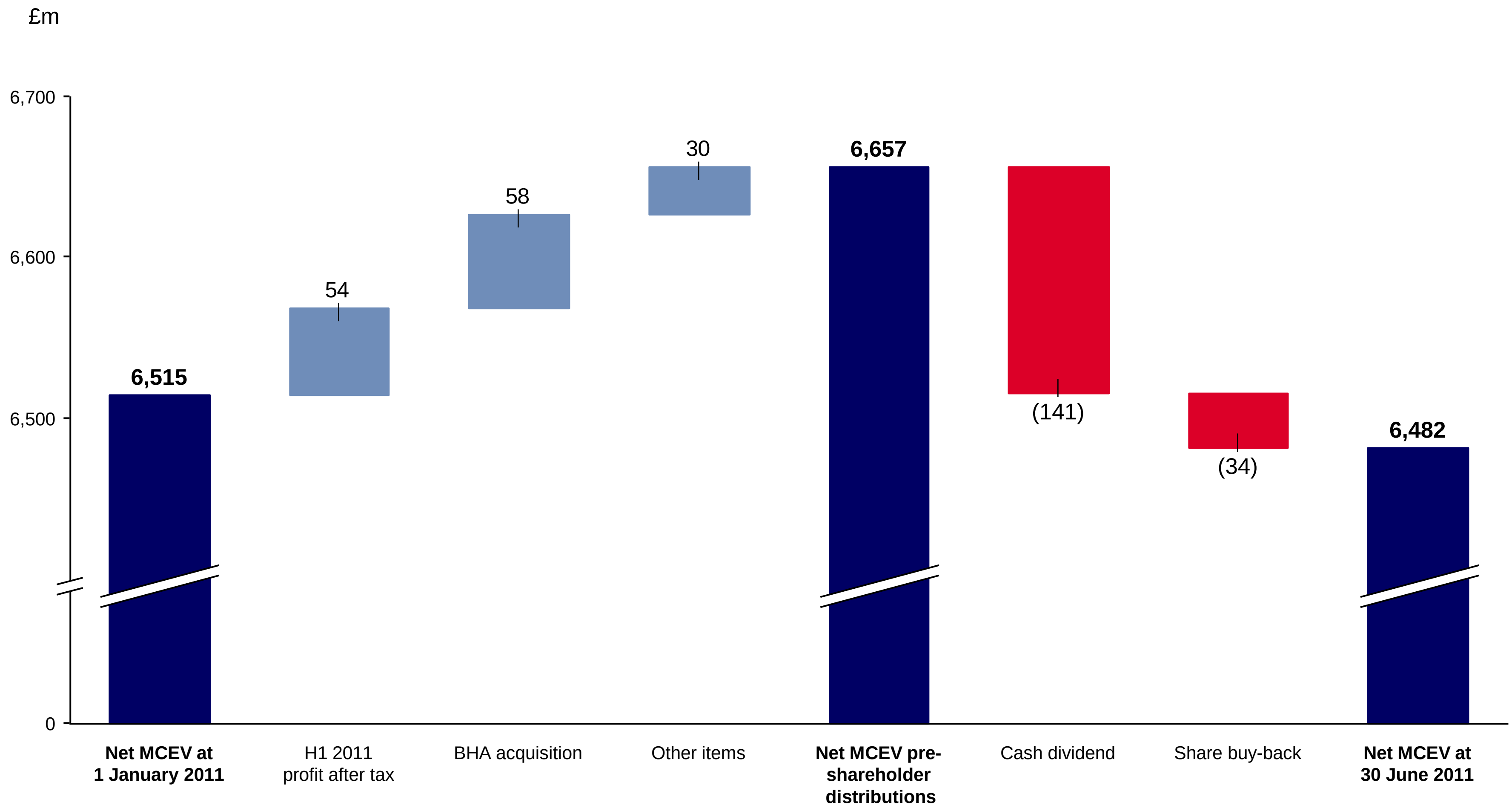
MCEV development in H1
Underlying growth before shareholder distributions



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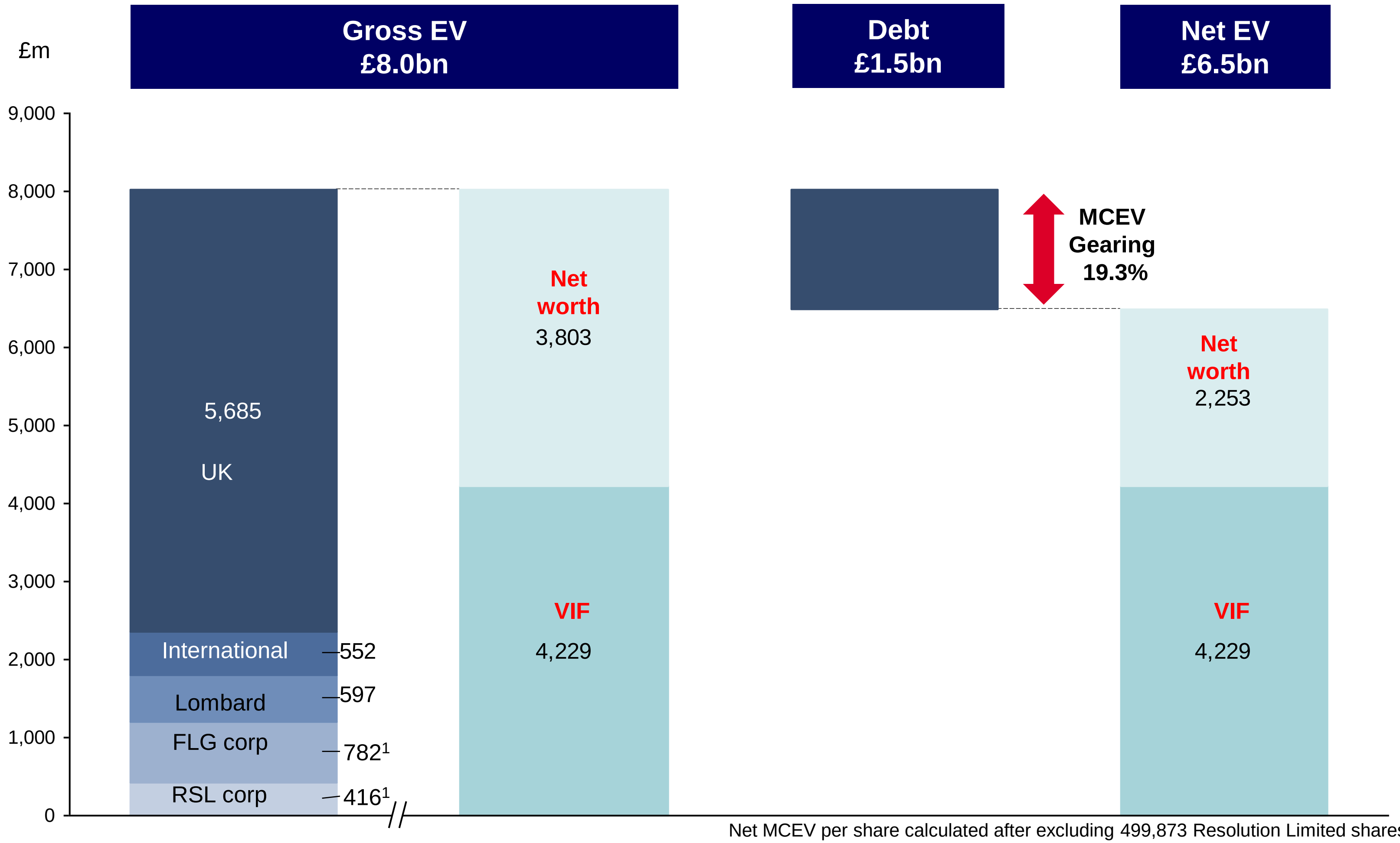
MCEV at 30 June 2011
Net MCEV per share: £4.46



[1] RSL corp and FPH corp excludes the £200m internal LT2 Bond

Net MCEV per share calculated after excluding 499,873 Resolution Limited shares held by subsidiaries at 30 June 2011

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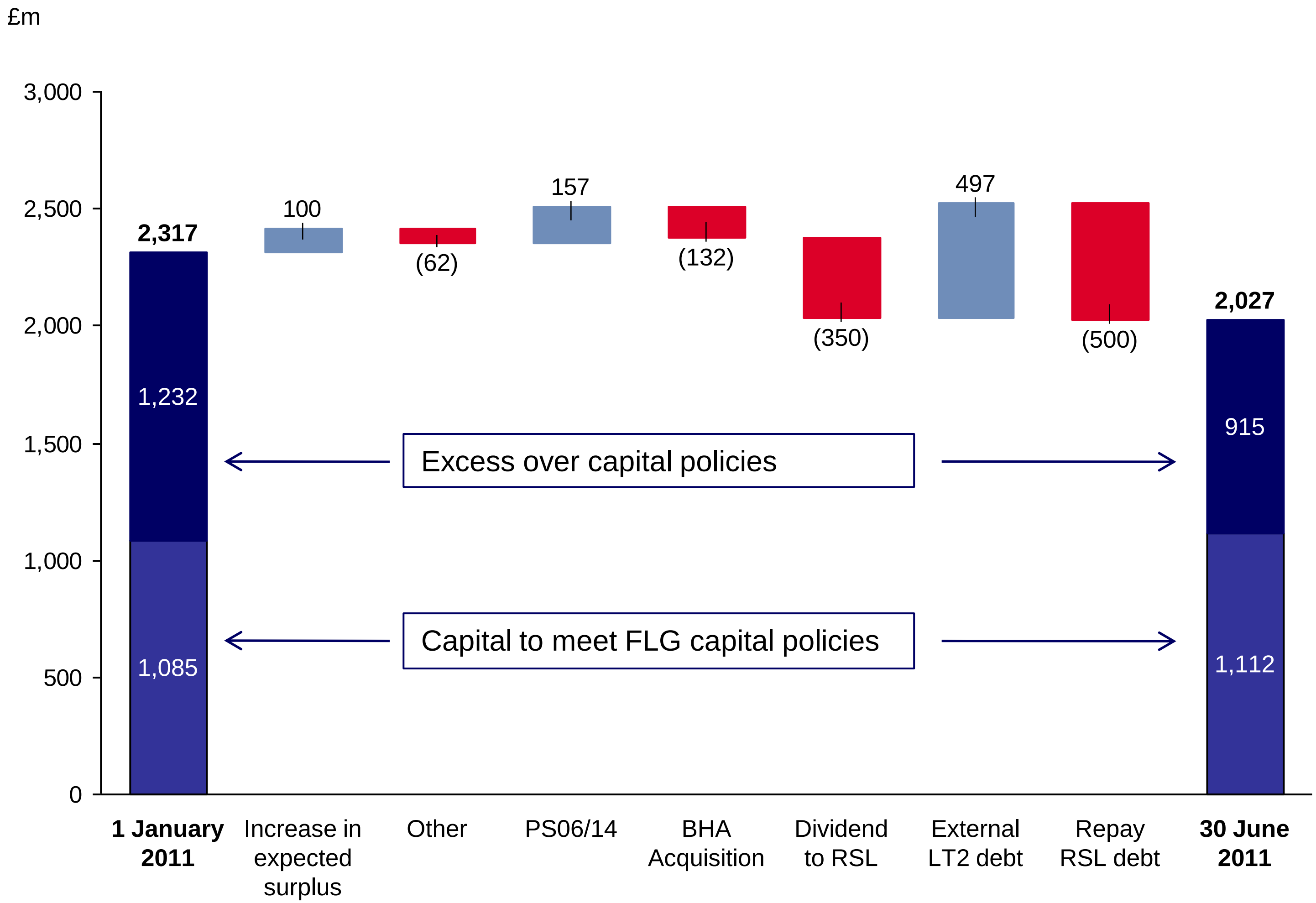
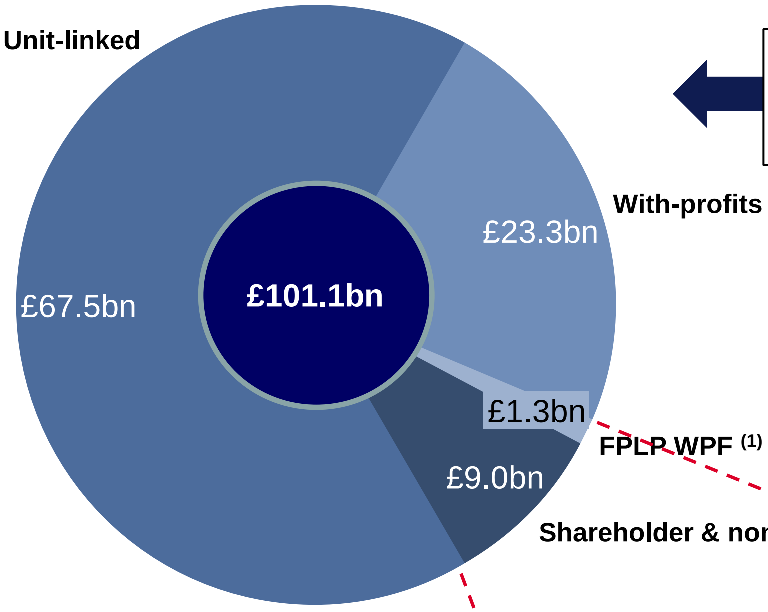
FLG IGCA surplus
Robust capital position in volatile markets



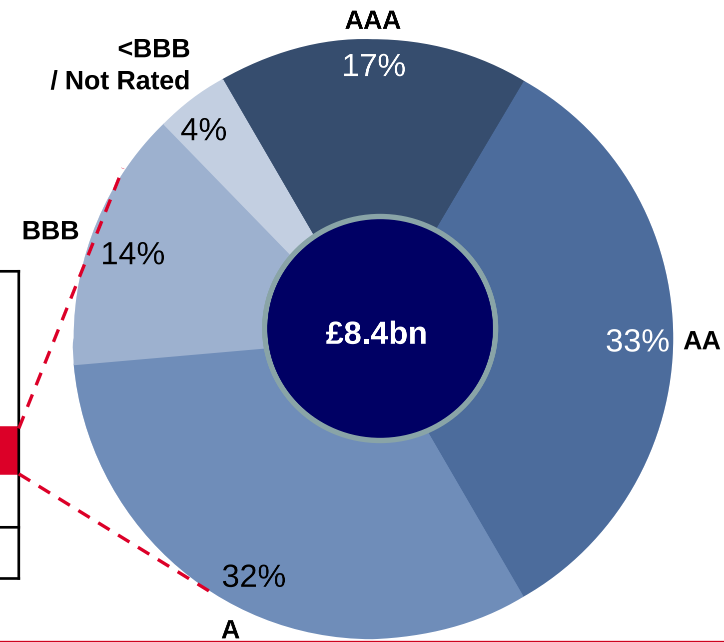
- Robust surplus relatively insensitive to equity and bond market movements
- 40% fall in equity markets from end June levels would reduce surplus by approx £0.1 bn
- 100 bps increase in interest rates would reduce surplus by less than £0.1 bn

Financial assets
Strong investment base with high quality credit



Total financial assets (including loans) £101.1bn

Shareholder [(2)] and non-profit: corporate bonds and ABS £8.4bn

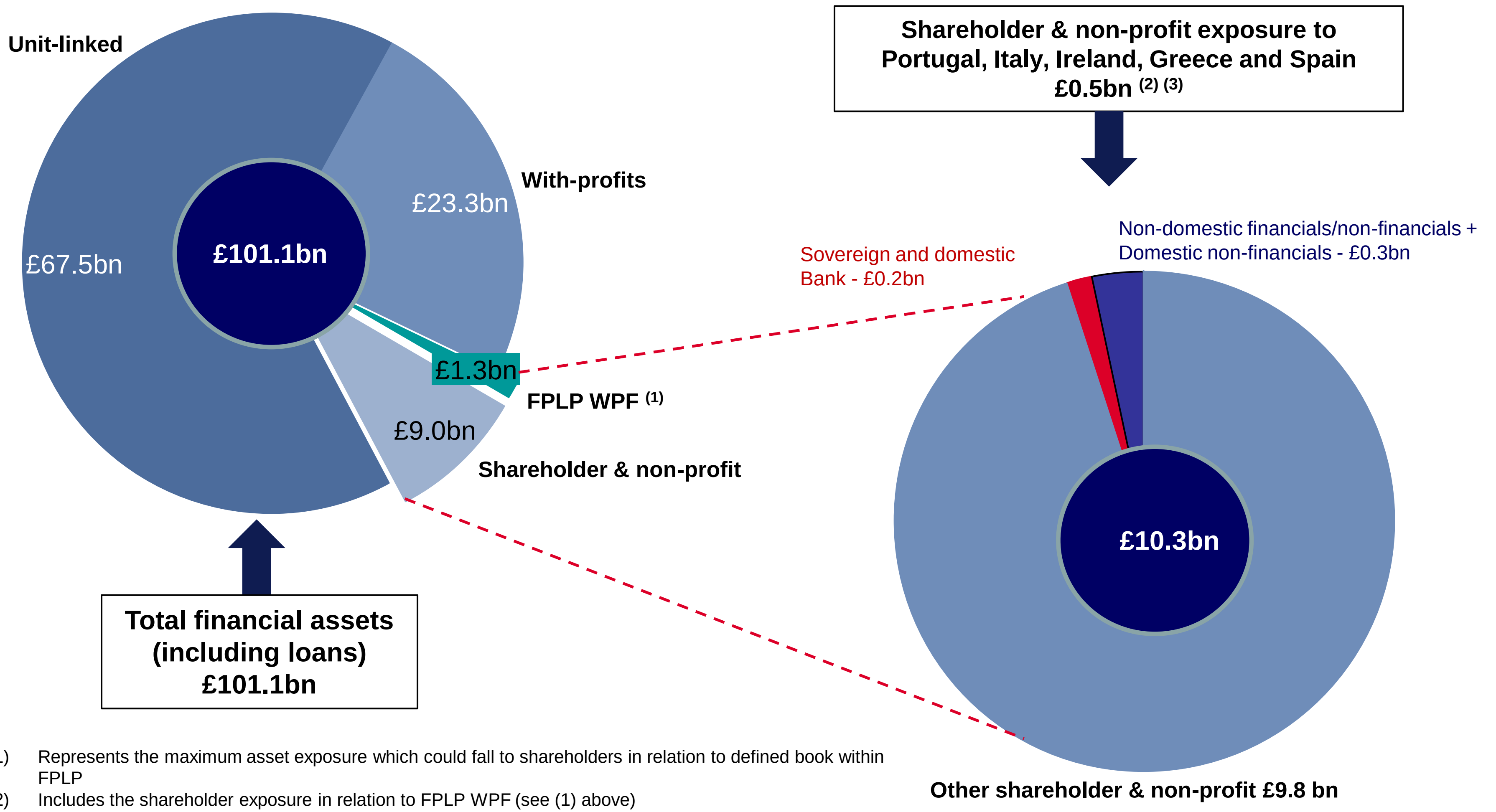


Non-profit & Shareholder[(2)] analysis:	
Shares, unit trusts, OEICS	£0.2bn
Gilts	£1.5bn
Corporate bonds & ABS	**£8.4bn**
Loans	£0.2bn
Total	**£10.3bn**

(1) Represents the maximum asset exposure which could fall to shareholders in relation to defined book within FPLP
(2) Includes the shareholder exposure in relation to FPLP WPF (see (1) above)

Financial assets

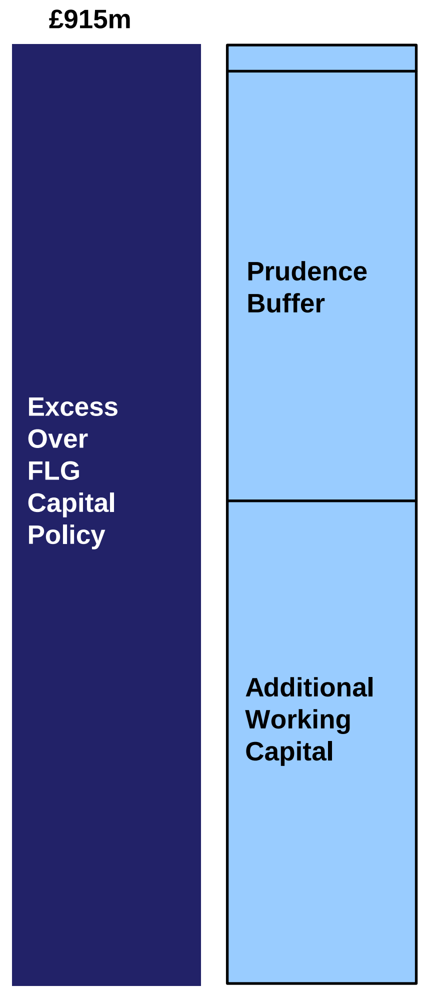
Sovereign and corporate exposure to Portugal, Italy, Ireland, Greece and Spain



(1) Represents the maximum asset exposure which could fall to shareholders in relation to defined book within FPLP
(2) Includes the shareholder exposure in relation to FPLP WPF (see (1) above)
(3) The Group's shareholder exposure to Greek corporate securities and sovereign debt is less than £1 million

FLG IGCA usage in H1
Use of excess over capital policies

- Surplus capital on a Solvency I basis after allowing for known requirements and Prudence Buffer
- Surplus capital reflects £100m capital synergies recognised in the period and free surplus generated less amounts held in long term funds pending valuations
- 2011 capital return funded from RSL resources
  - No impact on FLG capital position
- Capital returns in 2012 and future years in excess of planned dividends need to be funded from delivery of capital synergies



Surplus Capital: £150m

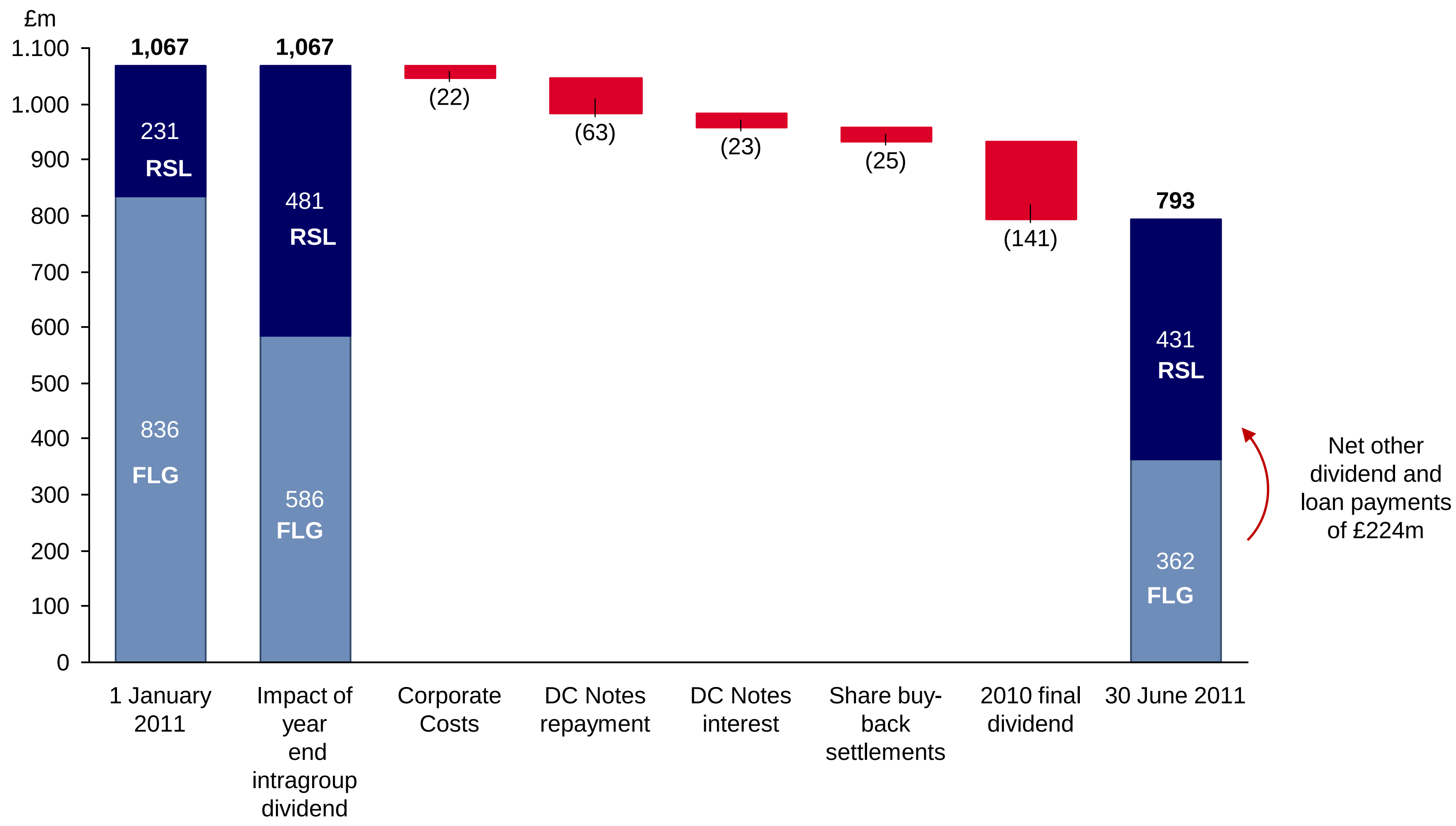
£400m

- RSL dividend cost (assuming no scrip)
- DC Note repayments
- DC Note interest (2012)
- RSL corporate costs etc

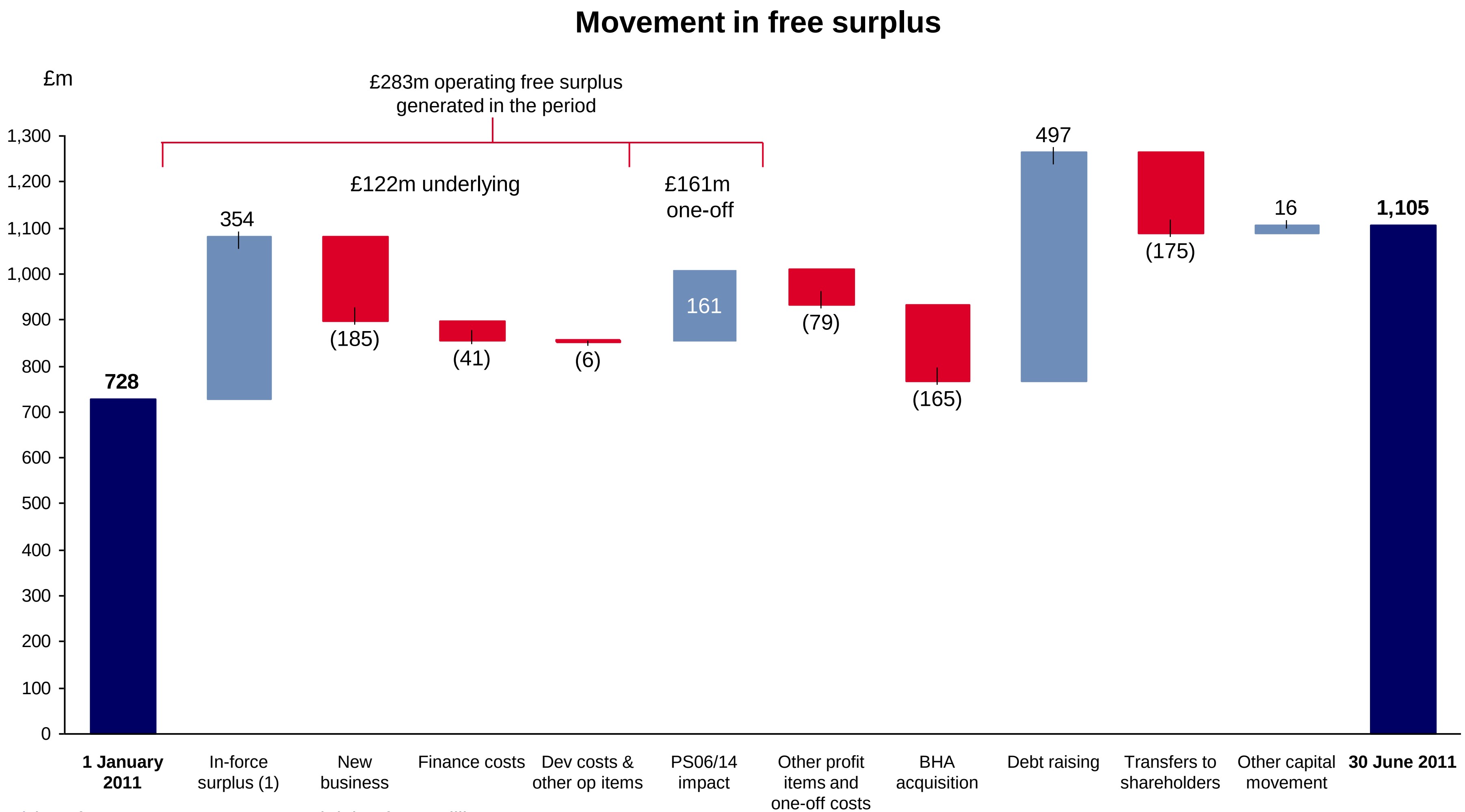
£365m

- £140m retained to meet separation, integration and service company costs
- £225m to be released over time to support DCT until entirely covered by sustainable sources

Available Shareholder Cash – development to date
Funding dividend, debt payments and share buy-back

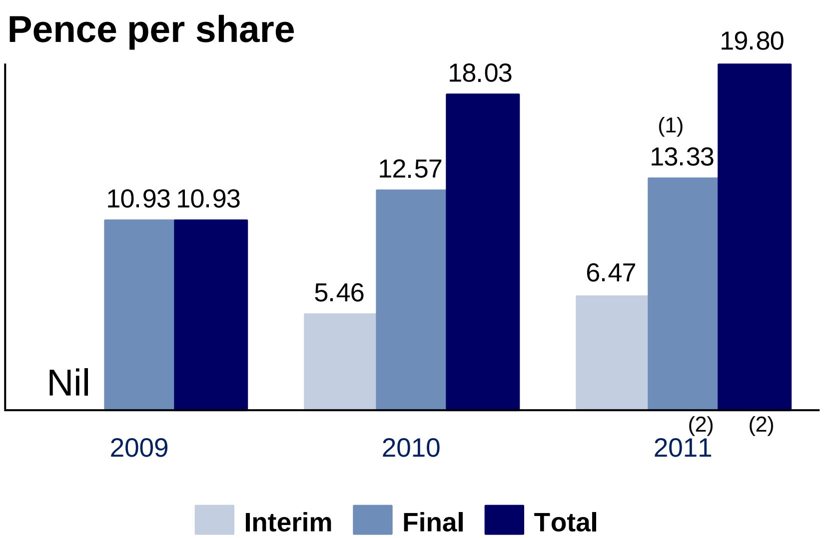


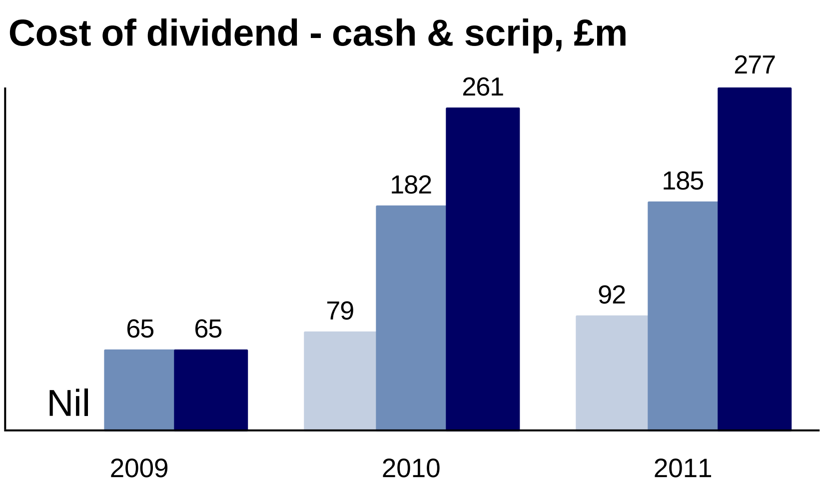
Free surplus movement
Growth in operating free surplus



(1) Before coupon on FLG external debt of £24 million

Dividend
Continued development of Group dividend





- Interim 2011 based on expected number of shares in issue at record date and one third of expected total cost of £277m - increase 18%
- Guidance for 2011 final based on expected number of shares in issue after completion of share buy-back programme – increase 5%
- Actual 2011 final dividend will vary dependant on average cost of share buy-back

(1) 13.33 pps estimate of final dividend, with total cost maintained at £277m based on number of shares in issue after the share buy-back programme

(2) Guidance, subject to shareholder approval

UK Life Project
Delivering value

- Integration of businesses well underway
  - Delivering synergies
  - New business strategy showing initial benefits
  - Capital optimism delivering benefit
- Robust capital base, stability in volatile markets
- Improving cash flow
  - On track to deliver £635 million of distributable cash in 2011
  - Interim dividend increase 18%
  - £500m cash return target by mid 2012 reaffirmed

Friends Life
The future direction

Initial Impressions

Strengths

- Strategic direction clear
- Strong propositions and distributor relationships
- Good progress on integration
- Well placed for changing market environment

Initial Impressions

Strengths	Opportunities
• Strategic direction clear • Strong propositions and distributor relationships • Good progress on integration • Well placed for changing market environment	• Focus on UK new business profitability • Increased focus on profitability of in-force book • Clear accountabilities, structure and financial targets

Benefiting from the Market Environment

	Corporate Benefits	Protection	Retirement Income
Automatic Enrolment	• Significant growth ✓	• No impact	• Further increase in growth ✓
RDR	• Initial commission market falls • Worksite as a channel ✓	• Excluded, so expect growth ✓	• No significant impact
Life Tax Changes	• No impact	• Level playing field ✓	• No impact
Solvency II	• Existing Business impact - Savings capital reduces, Annuity capital increases ✓		

Friends Life is well positioned

Friends Life
Organised to deliver financial targets

UK Businesses				International	
Corporate Benefits	Protection	Retirement Income	UK Heritage	FPI	Lombard
Colin Williams	Steve Payne	David Still	Evelyn Bourke	Search in progress	

Friends Life
Organised to deliver financial targets

UK Businesses				International	
Corporate Benefits	Protection	Retirement Income	UK Heritage	FPI	Lombard
Colin Williams	Steve Payne	David Still	Evelyn Bourke	Search in progress	

Cash	• **£400m DCT** • **£200m UK NBS reduction**
Profitable New Business	• **VNB, IRR Targets** • **10% + operating ROEV**
Costs	• **£112m synergies**

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FriendsLife

Friends Life
Organised to deliver financial targets

UK Businesses				International	
Corporate Benefits	Protection	Retirement Income	UK Heritage	FPI	Lombard
Colin Williams	Steve Payne	David Still	Evelyn Bourke	Search in progress	

Cash	• £400m DCT • £200m UK NBS reduction
Profitable New Business	• VNB, IRR Targets • 10% + operating ROEV
Costs	• £112m synergies

Exciting and sustainable long term future

Q&A

Appendices

IFRS- debt movement analysis

£m	2010 31 December	Movements in H1 2011 Repaid	Drawn	Other	2011 30 June	LTIR	Other operating cost	Short term fluct'ns	Total interest cost
Lombard undated subordinated debt	3	-	-	-	**3**	-	-	-	**-**
£162m external LT2 debt	186	-	-	(2)	**184**	12	-	(2)	**10**
£500m external LT2 bond	-	-	500	(3)	**497**	8	-	-	**8**
STICS[1]	n/a	-	-	-	**n/a**	13	-	3	**16**
FLG internal debt	*700*	*(500)*	-	-	***200***	24	-	-	**24**
Operational reinsurance and financing[2]	123	(21)	21	-	**123**	-	6	-	**6**
Total FLG debt (excl STICS)/ interest cost	**1,012**	**(521)**	**521**	**(5)**	**1,007**	**57**	**6**	**1**	**64**
DCN – series A	300	(60)	-	-	**240**	-	9	-	**9**
DCN – series B	200	(3)	-	-	**197**	-	7	-	**7**
Acquisition finance facility	400	(400)	-	-	**-**	-	10	-	**10**
Total Resolution holding companies debt/ interest cost	**900**	**(463)**	**-**	**-**	**437**	**-**	**26**	**-**	**26**
Total external Group debt[3] (excl STICS)/ interest cost	**1,212**	**(484)**	**521**	**(5)**	**1,244**	**57**	**32**	**1**	**90**

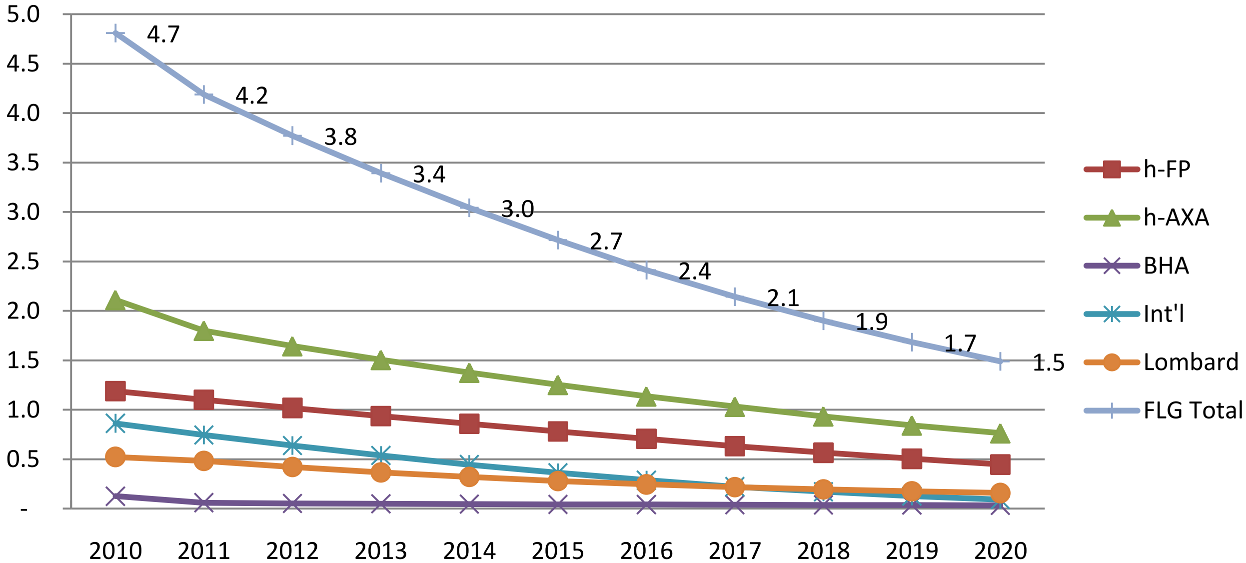
1 STICS are classed as equity in IFRS but £13m of the £16m coupon has been included in operating profit (based on expected return) offset by £3m of adverse short term investment fluctuations and deduction of £16m in non operating items in accordance with IFRS
2 Includes Lombard and Friends Provident reinsurance treaties and overdrafts and £47 million of overdrafts in OEICs
3 Excludes lower tier 2 debt issued by FLG to Resolution holding companies

IFRS AVIF amortisation profile – post PS06/14

AVIF at end of year (£m)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
UK: h-FP	1,188	1,102	1,018	936	857	780	705	632	565	504	446
UK: h-AXA	2,112	1,801	1,644	1,505	1,376	1,252	1,135	1,032	934	842	763
UK: BHA	-	82	72	66	62	58	56	54	51	48	45
Int'l	863	745	637	537	445	361	287	222	171	127	91
Lombard	522	482	421	367	320	279	245	218	195	175	157
FLG Total	**4,685**	**4,212**	**3,792**	**3,411**	**3,060**	**2,730**	**2,428**	**2,158**	**1,916**	**1,696**	**1,502**
Amortisation for the period	**364**	**645**	**420**	**381**	**351**	**330**	**302**	**270**	**242**	**220**	**194**

AVIF run-off profile in £m



- The table and graph show the expected AVIF run off pattern over the next 10 years
- This projection includes the impact in 2011 of the implementation of certain elements of PS06/14, resulting in:
  - an acceleration of AVIF amortisation of £130m in the AXA UK Life Business;
  - an impairment charge against AVIF of £71m in BHA; and
  - a reduced gradient of the UK: h-AXA profile

MCEV debt movement analysis

£m	2010 31 December	Movements in H1 2011 Repaid	 Drawn	 Other	2011 30 June	EEBC	Other income and charges	Econ'c variances	Total interest cost
£162m external LT2 debt	201	-	-	7	**208**	5	-	5	**10**
£500m external LT2 bond	-	-	500	(2)	**498**	6	-	2	**8**
STICS[1]	393	-	-	14	**407**	10	-	6	**16**
FLG internal debt	*700*	*(500)*	-	-	***200***	-	24	-	**24**
Total FLG debt (incl STICS)[1]/ interest cost	**1,294**	**(500)**	**500**	**19**	**1,313**	**21**	**24**	**13**	**58**
DCN – series A	300	(60)	-	-	**240**	-	9	-	**9**
DCN – series B	200	(3)	-	-	**197**	-	7	-	**7**
Acquisition finance facility	400	(400)	-	-	**-**	-	10	-	**10**
Total Resolution holding companies debt/ interest cost	**900**	**(463)**	**-**	**-**	**437**	**-**	**26**	**-**	**26**
Total external Group debt[2] (incl STICS)/ interest cost	**1,494**	**(463)**	**500**	**19**	**1,550**	**21**	**50**	**13**	**84**

1 Debt is shown at clean market value
2 Excludes lower tier 2 issued by FLG to Resolution holding companies

Resolution

FLG operating ROEV
Targeting growth in returns

£m MCEV operating returns and % ROEV	2010 Full year		2010 Baseline(1)		2011 H1	
	£m	%	£m	%	£m	%
Value of new business	145	3.3%	153	2.0%	66	1.7%
Expected existing business contribution (2)	277	5.6%	416	5.5%	202	5.2%
Development & corporate costs (3)	(21)	(0.4%)	(21)	(0.3%)	(12)	(0.3%)
Operating profit before variances	**401**	**8.5%**	**548**	**7.2%**	**256**	**6.6%**
Operating variances & assumption changes	74	1.4%	0	0.0%	(15)	(0.4%)
Impact of financing	(48)	0.7%	(87)	0.1%	(45)	(0.1%)
MCEV operating profit (excluding RSL costs)	**427**	**10.6%**	**461**	**7.3%**	**196**	**6.1%**
Tax on operating profit	(96)	(2.3%)	(111)	(1.8%)	(50)	(1.6%)
MCEV operating return after tax	**331**	**8.3%**	**350**	**5.5%**	**146**	**4.5%**

(1) Assumes h-AXA contributes 12/4 of the actual YE10 result. Assumes BHA contributes 12/5 of the actual HY11 result. Assumes no impact of operating variances and assumption changes.
(2) Gross of financing costs
(3) Also includes other income and charges

- Baseline impact reflects BHA/ AXA UK Life Business on full year basis
- Target by 2013 is 10%+ operating return on EV

Resolution

Further analysis of sovereign and corporate exposure to Spain, Portugal, Italy and Ireland

£m	Total [i]	Spain	Portugal	Italy	Ireland
Sovereign debt	**8**	-	-	8	-
Corporate debt exposure:					
-Domestic financials	**151**	34	-	92	25
	159	34	-	100	25
Other corporate debt exposure:					
-Non-domestic financials	**44**	40	-	4	-
-Domestic non-financials	**212**	66	12	121	13
-Non-domestic non-financials	**32**	32	-	-	-
	288	138	12	125	13
Total exposure	**447**	**172**	**12**	**225**	**38**

[1] The Group's shareholder exposure to Greek corporate securities and sovereign debt is less than £1 million

Cash framework at 30 June 2011

MCEV
£6,482m

Net worth = shareholder resources
£2,253m

VIF
£4,229m

100% MCEV

Shareholder resources
£2,253m

Free surplus
£1,105m

Required capital and inadmissible items
£2,261m

£1,113m
life co external debt

35% MCEV

Free surplus
£1,105m

Available shareholder cash
£793m

Working capital and other resources
£749m

£437m holding co debt

17% MCEV

Available shareholder cash
£793m

£793m cash with no constraint

12% MCEV

Share buy-back

Share buy-back progress to date	
No. of shares bought back – 8 June to 30 June	11,243,352
Cost of shares bought back – 8 June to 30 June	£33.8m
Average price bought back at	300.73p
No. of shares bought back - 1 July to 12 August	23,166,069
Cost of shares bought back – 1 July to 12 August	£62.7m
Average price bought back at	270.63p
No. of shares bought back - 8 June to 12 August	34,409,421
Cost of shares bought back – 8 June to 12 August	£96.5m
Average price bought back at	280.46p

Update on Value Share calculation

- Total equity deployed to date approx £4 billion
- Capital returned to RSL to date approx £475 million
- Accumulated value of net equity deployed approx £3,769 million on 30 June 2011
- Implied value of Holdco from market cap of RSL assuming RSL cash of £377 million, after settlement of outstanding own share purchases, on 30 June 2011 at face value
- Value Share theoretically "in the money" at RSL share price of £2.85 on 30 June 2011
- Value Share on a mark to market basis:
  - Zero at 31 December 2010
  - £13 million at 30 June 2011[3]
- Implied average annualised return on equity deployed in Holdco at 30 June 2011[3] of 6.8% pa before Value Share
  - Remain confident of hitting targeted mid-teen returns on UK Life Project

	Equity Deployed (£m)		
Transaction	RSL	TRG	Total
Friends Provident[1]	1,915.8	0.2	1,916.0
AXA UK Life[2]	2,139.8	0.2	2,140.0
BHA	-	-	-
Total	4,055.6	0.4	4,056.0

Date	Accumulated value of net Equity Deployed at 4% pa (£m)
31 Dec 2009	1,927.2
30 June 2010	1,904.1
31 Dec 2010	4,041.7
30 June 2011	3,768.6

1. See page 102 of Friends Provident Group plc acquisition prospectus for more details of equity deployed
2. See page 89 of AXA UK Life Business acquisition prospectus for more details of equity deployed
3. At RSL closing share price of 294.0p on 30 June

Resolution