9 May 2012

Resolution Limited
First quarter 2012
Interim Management Statement

Summary

- UK Life Project is in value delivery phase with good progress on financial targets;
- The Group has delivered improved new business results in the three month period to 31 March 2012, with value of new business ("VNB") increased to £35 million (31 March 2011: £19 million) and new business cash strain ("NBS") reduced to £67 million (31 March 2011: £105 million):
    - UK VNB increased to £22 million (31 March 2011: £6 million) reflecting the increasing proportion of new business on the target platforms and ongoing actions to generate operating cost synergies;
    - UK NBS of £33 million (31 March 2011: £69 million) has improved from 2011 reflecting ongoing delivery of cost synergies in addition to the recognition of negative reserves on protection business from the second quarter of 2011;
    - International new business results remain depressed in the current economic environment with VNB down slightly at £9 million (31 March 2011: £10 million). NBS is marginally down to £28 million (31 March 2011: £29 million) as the focus of the business moves towards new business with lower strain;
    - Lombard delivered a good quarterly performance in what remain challenging conditions with VNB of £4 million (31 March 2011: £3 million), driven by a 29% increase in new business volumes. Sales of £44 million on an annual premium equivalent ("APE") basis reflect an increased proportion of large cases in the period;
- Run-rate synergies of £50 million achieved by 31 March 2012 progressing towards the £112 million run-rate target to be delivered by the end 2013, and £143 million run-rate synergies by the end of 2015;
- Strong balance sheet maintained with an estimated Insurance Groups Capital Adequacy ("IGCA") surplus at the Friends Life group ("FLG") level of £1.9 billion (31 December 2011: £2.1 billion) reflecting the payment of a £250 million dividend up to Resolution Holdings (Guernsey) Limited in March 2012;
- Group available shareholder cash ("ASC") totalled £841 million (31 December 2011: £853 million) before payment of dividend to Resolution Limited shareholders and scheduled DCN repayment of £60 million; and
- Total sales (on an annualised premium equivalent basis) in the first quarter of 2012 totalled £292 million up 8% on the £270 million reported in the same quarter in 2011.

Mike Biggs, Chairman of Resolution Limited said:

"The Board sees good progress on the delivery of the financial targets of the UK Life Project. The UK business is benefiting from the financial discipline brought to the acquired businesses."

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Forward-looking statements

This announcement may contain certain "forward-looking statements" with respect to certain of Resolution's (and its subsidiaries) plans and current goals and expectations relating to future financial condition, performance, results, strategy and objectives. Statements containing the words "believes", "intends", "expects", "plans", "seeks", "aims", "may", "could", "outlook", "estimates" and "anticipates", and words of similar meanings, are forward-looking statements. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, Resolution's (and its subsidiaries) actual future financial condition, performance or other indicated results may differ materially from those indicated in any forward-looking statement.

Any forward-looking statements contained in this announcement are made only as of the date hereof. Resolution undertakes no obligation to update the forward-looking statements contained in this announcement or any other forward-looking statements it may make.

No statement contained in this announcement should be construed as a profit forecast.

Media

There will be a conference call today for wire services at 07.30 (BST) hosted by John Tiner, CEO of Resolution Operations LLP. Dial in telephone numbers: UK National 0871 700 0345, UK Standard International +44 (0) 1452 555 566 Conference ID: 77627008.

Analysts/Investors

There will be a conference call today for analysts and investors at 08.30 (BST) hosted by John Tiner, CEO of Resolution Operations LLP. Dial in telephone numbers: UK National 0871 700 0345, UK Standard International +44 (0)1452 555 566, Conference ID: 77627759.

Financial calendar

Interim results 2012	15 August 2012
Third quarter 2012 interim management statement	15 November 2012

The financial information contained in this IMS is unaudited.

1. Capital strength

Financial markets have demonstrated some stability at the beginning of 2012 compared to the second half of 2011, although conditions have been more varied over March and April 2012. The Group has maintained a strong balance sheet over the period with an estimated FLG IGCA surplus at 31 March 2012 of £1.9 billion (31 December 2011: £2.1 billion surplus) reflecting a £0.1 billion benefit from the overall improvements in financial markets in the period, offset by the payment of a £250 million dividend to Resolution at the end of March 2012. Exposure to the higher risk European sovereign debts remains immaterial.

2. Available shareholder cash ("ASC")

At 31 March 2012 available shareholder cash held in the holding companies of Resolution and Friends Life totalled £841 million (31 December 2011: £853 million). There has been no material change in this Group balance although the split between that held at the Resolution and Friends Life levels reflects the payment of the £250 million dividend from Friends Life to Resolution at the end of March 2012.

As announced with the 2011 full year results, the Group will provide an update on the second stage of the targeted capital return programme no later than the interim 2012 results.

3. Cost synergies

The Group has continued to make good progress towards the delivery of the targeted synergy savings with the separation and integration program, Diligenta outsourcing deal and other cost reduction initiatives delivering run-rate synergies of £50 million by the end of the period (31 December 2011: £45 million).

As announced previously, the significant outsourcing deal with Diligenta commenced on 1 March 2012 and has resulted in approximately 1,900 roles in the UK (the majority of the Group's UK Heritage service operations), transferring to the Diligenta business. Other elements of the UK Heritage business are outsourced to Capita and other providers.

4. Asset management

The Group remains on track to launch its asset management business, Friends Life Investments ("FLI") with the first tranche of assets expected to be recaptured in the middle of 2012. To date, the Group has served notice on £8 billion of core non-linked and shareholder assets, with £6 billion expected to transfer to FLI on launch.

In line with the aim to maximise the operating efficiency of the new asset management business the majority of the middle and back-office support functions are expected to be wholly outsourced, with the Group in advanced discussions with a possible service provider.

5. Friends Life Group new business

The Group has extended the content of the quarterly trading releases to encompass the value of new business ("VNB") and new business cash strain ("NBS") associated with the reported new business volumes. These results are presented on the same basis as those in the 2011 full year results and there have been no operating assumption changes made in the period to 31 March 2012. The normal review of assumptions, notably those where experience is diverging from that expected, will be conducted in the second half of 2012 and, where necessary, assumptions updated accordingly.

Due to the change in management structure announced with the interim results in August 2011, comparative results for the new UK Heritage and Go to Market business units are not available for the first quarter of 2011. As a result, comparison to full year information has been provided below with the historic presentation of the UK new business premiums information included in appendix 2.

	Q1 2012	Q1 2011	*Change*	Full year 2011
	£m	£m	*%*	£m
Value of new business				
UK Go to Market	27			63
UK Heritage	(5)			(4)
Total UK	**22**	**6**	***296***	**59**
International				
International (exc. Lombard)	9	10	*(12)*	40
Lombard	4	3	*21*	52
Total Group	**35**	**19**	***83***	**151**
New business cash strain				
UK Go to Market	(21)			(115)
UK Heritage	(12)			(54)
Total UK	**(33)**	**(69)**	***(52)***	**(169)**
International				
International (exc. Lombard)	(28)	(29)	*(5)*	(89)
Lombard	(6)	(7)	*(13)*	(20)
Total Group	**(67)**	**(105)**	***(36)***	**(278)**
APE				
UK Go to Market	173			564
UK Heritage	24			157
Total UK	**197**	**172**	***15***	**721**
International				
International (exc. Lombard)	51	64	*(20)*	252
Lombard	44	34	*29*	237
Total Group	**292**	**270**	***8***	**1,210**

The Group has delivered good new business results in the three month period to 31 March 2012 benefiting from the actions taken in 2011. Group VNB totalling £35 million and NBS amounting to £67 million have improved on the same period in 2011.

The principal driver of the Group's improvement has been through the UK business where VNB has increased from £6 million to £22 million reflecting the increasing proportion of new business on the target platforms and ongoing actions to generate operating cost synergies. NBS has also benefited from the reductions made in the UK business where it has reduced by 52% to £33 million in the first quarter of 2012.

International performance continues to be affected by market and operating headwinds with the value of new business down to £9 million in the period to 31 March 2012 (31 March 2011: £10 million). As reported in March, John Van Der Wielen, who joined the Group in November as Chief Executive Officer of International (which includes Lombard), is undertaking a strategic review of the division and details of this will be included in a market update in the second half of 2012.

Lombard has delivered good new business volumes, up 29% on the same period in 2011, with growth driven by a number of large individual cases in the first quarter of 2012. Large cases are, however, typically volatile and as a result the first quarter performance should not be regarded as a good indicator of future performance. The improvement in sales volume is not directly reflected in the value of new business as the mix of business sold reflects the higher proportion of lower margin large cases.

The decision to change the UK management structure with the creation of the UK Heritage and Go to Market Corporate Benefits, Protection and Retirement Income business units has increased the management focus of these businesses and supported the integration and transition of the acquired businesses to the strategic platforms. Further details on the result of these business units and the International businesses are included in appendix 1 to this document with the historic presentation of the UK new business included in appendix 2.

- Ends -

APPENDIX 1

1. Introduction

Analysis of life and pensions new business

In classifying new business premiums the following basis of recognition is adopted:

- single new business premiums consist of those contracts under which there is no expectation of continuing premiums being paid at regular intervals;
- regular new business premiums consist of those contracts under which there is an expectation of continuing premiums being paid at regular intervals, including repeated or recurrent single premiums where the level of premiums is defined, or where a regular pattern in the receipt of premiums has been established;
- non-contractual increments under existing group pensions schemes are classified as new business premiums;
- transfers between products where open market options are available are included as new business; and
- regular new business premiums are included on an annualised basis.

New UK management structure

Friends Life announced, in the 2011 interim results, the creation of the UK Heritage business unit. This new business unit will manage the requirements of customers with products that are no longer being actively marketed, alongside those with legacy products that have previously been closed to new business.

The following disclosures present the UK new business results in the new management structure with the historic presentation of the UK new business results presented in Appendix 2.

2. Regular and single premiums

	Regular premiums			**Single premiums**		
	Q1	Q1(i)		**Q1**	Q1(i)	
	2012	2011	change	**2012**	2011	change
	£m	£m	%	**£m**	£m	%
Corporate Benefits	**116.2**			**294.4**		
Protection	**18.3**			**-**		
Retirement Income	**-**			**91.4**		
UK Heritage	**13.3**			**106.1**		
Total UK life and pensions	**147.8**	122.5	21	**491.9**	494.2	-
International	**37.4**	46.0	(19)	**135.9**	175.1	(22)
Lombard	**-**	-	-	**442.7**	343.7	29
Total International life and pensions	**37.4**	46.0	(19)	**578.6**	518.8	12
Total life and pensions	**185.2**	168.5	10	**1,070.5**	1,013.0	6

(i) includes the trading results of the acquired BHA business for the period 1 February 2011 to 31 March 2011. Trading results of the acquired WLUK business not included as the business was only acquired in November 2011.

	Regular premiums			Single premiums		
	Q1	Q4(i)		**Q1**	Q4(i)	
	2012	2011	change	**2012**	2011	change
	£m	£m	%	**£m**	£m	%
Corporate Benefits	**116.2**			**294.4**		
Protection	**18.3**			**-**		
Retirement Income	**-**			**91.4**		
UK Heritage	**13.3**			**106.1**		
Total UK life and pensions	**147.8**	141.3	5	**491.9**	326.4	51
International	**37.4**	43.3	(14)	**135.9**	135.5	-
Lombard	**-**	-	-	**442.7**	995.9	(56)
Total International life and pensions	**37.4**	43.3	(14)	**578.6**	1,131.4	(49)
Total life and pensions	**185.2**	184.6	-	**1,070.5**	1,457.8	(27)

(i) includes the trading results of the acquired WLUK business for the two months period from 1 November 2011 to 31 December 2011.

3. APE

APE (Annualised Premium Equivalent) represents annualised new regular premiums plus 10% of single premiums.

	Q1	Q1(i)		**Q1**	Q4(ii)	
	2012	2011	change	**2012**	2011	change
	£m	£m	%	**£m**	£m	%
Corporate Benefits	**145.7**			**145.7**		
Protection	**18.3**			**18.3**		
Retirement Income	**9.1**			**9.1**		
UK Heritage	**23.9**			**23.9**		
Total UK life and pensions	**197.0**	171.9	15	**197.0**	174.0	13
International	**51.0**	63.5	(20)	**51.0**	56.8	(10)
Lombard	**44.3**	34.4	29	**44.3**	99.6	(56)
Total International life and pensions	**95.3**	97.9	(3)	**95.3**	156.4	(39)
Total life and pensions	**292.3**	269.8	8	**292.3**	330.4	(12)

(i) includes the trading results of the acquired BHA business for the period 1 February 2011 to 31 March 2011.
(ii) includes the trading results of the acquired WLUK business for the two month period from 1 November 2011 to 31 December 2011.

International – APE by region

£m, actual exchange rates	**Q1 2012**	Q1 2011	change %	Q4 2011
North Asia	**16.5**	25.9	(36)	19.8
South Asia	**5.9**	6.9	(15)	6.6
Middle East	**11.4**	11.1	3	11.2
Europe (exc. UK)	**6.4**	7.6	(16)	9.9
UK	**4.5**	4.8	(6)	4.2
Rest of World	**5.3**	4.9	8	4.3
Malaysia (AmLife)	**1.0**	2.3	(57)	0.8
Total	**51.0**	63.5	(20)	56.8

Lombard – APE by region

£m, actual exchange rates	**Q1 2012**	Q1 2011	change %	Q4 2011
UK and Nordic	**11.0**	12.9	(15)	19.4
Northern Europe	**1.4**	3.3	(58)	20.0
Southern Europe	**22.6**	8.3	172	52.2
Rest of World	**9.3**	9.9	(6)	8.0
Total including large cases	**44.3**	34.4	29	99.6
Of which: Large cases (greater than €10m)	**22.4**	14.4	56	34.2
Total excluding large cases	**21.9**	20.0	10	65.4

New business APE at constant exchange rates

All amounts in currency in the tables above other than Sterling are translated into Sterling at a monthly average exchange rate. The estimated new business assuming constant currency rates would be as follows:

	Q1 2012 £m	Q1 2011 (as reported) £m	change %
International	**50.6**	63.5	(20)
Lombard	**46.4**	34.4	35

4. New business – present value of new business premiums ("PVNBP")

PVNBP equals new single premiums plus the expected present value of new regular premiums. Premium values are calculated on a consistent basis with the EV contribution to profits from new business. Start of period assumptions are used for the economic basis and end of period assumptions are used for the operating basis. A risk free rate is used to discount expected premiums in future years. The impact of operating assumption changes across a whole reporting period will normally be reflected in the PVNBP figures for the final quarter of the period that the basis changes relate to. No change in operating assumptions will be reflected in the PVNBP for the first and third quarters, when the contribution to profits from new business is not published. All amounts in currency other than Sterling are translated into Sterling at a monthly average exchange rate.

	Q1 2012 £m	Q1(i) 2011 £m	change %	**Q1 2012 £m**	Q4(ii) 2011 £m	change %
Corporate Benefits	**776**			**776**		
Protection	**118**			**118**		
Retirement Income	**91**			**91**		
UK Heritage	**169**			**169**		
Total UK life and pensions	**1,154**	1,050	10	**1,154**	900	**28**
International	**341**	396	(14)	**341**	397	**(14)**
Lombard	**443**	344	29	**443**	996	**(56)**
Total International life and pensions	**784**	740	6	**784**	1,393	**(44)**
Total life and pensions	**1,938**	1,790	8	**1,938**	2,293	**(15)**

(i) includes the trading results of the acquired BHA business for the period 1 February 2011 to 31 March 2011.

(ii) includes the trading results of the acquired WLUK business for the two month period from 1 November 2011 to 31 December 2011.

5. UK new business

Summary

VNB	Q1 2012 £m	Q1 2011 £m	*Improvement* %	Full year 2011 £m
Corporate Benefits	**5**			15
Protection	**9**			16
Retirement Income	**13**			32
UK Go to Market	**27**			63
UK Heritage	**(5)**			(4)
Total UK	**22**	6	*296*	59
APE	**197**	172	*15*	721

NBS	Q1 2012 £m	Q1 2011 £m	*Improvement* %	Full year 2011 £m
Corporate Benefits	**(17)**			(51)
Protection	**(13)**			(77)
Retirement Income	**9**			13
UK Go to Market	**(21)**			(115)
UK Heritage	**(12)**			(54)
Total UK	**(33)**	(69)	*52*	(169)

The UK business delivered a contribution from new business of £22 million in the first three months of 2012, significantly higher than the £6 million delivered over the same period in 2011. The benefits from decisions to focus new business on the more efficient strategic Protection and Corporate Benefits platforms are evident in the improved VNB levels with these business units showing encouraging trends towards their respective new business financial targets.

The benefits of actions to improve cash generation and principally the impact of cash invested in new business are also clear. NBS in the first quarter of £33 million represents a reduction of 52% on the same period in 2011. This reduction is a consequence of a number of factors including the reduction in the operating expense base, the outsourcing deal with Diligenta, the recognition of negative reserves from the second quarter of 2011 on all protection new business, and action taken in early 2011 to close the onshore bond proposition. The culmination of these activities along with continuing focus on operating expenses means the Group is on track to deliver the targeted £200 million annual reduction in UK new business strain by the end of 2013.

Sales volumes (on an APE basis) in the period to 31 March 2012 remain robust and are up 15% on the same period of 2011. The principal driver of sales volume growth is the acquisition of Winterthur Life UK Limited ("WLUK") in November 2011 which has benefited Corporate Benefits and Retirement Income volumes. Excluding WLUK, total UK sales in the period were £177 million.

5.1 Go to Market - Corporate Benefits

	2013 Full year target	**Q1 2012**	Full year 2011
VNB	**25**	**5**	15
NBS	**(75)**	**(17)**	(51)
APE	**n/a**	**146**	440

Corporate Benefits continued to deliver improved new business results with value of new business totalling £5 million in the first quarter of 2012 reflecting the strong management of expenses in addition to the benefit delivered by the Diligenta outsourcing deal.

New business cash strain of £17 million, whilst giving an implied full year run-rate in excess of the 2011 full year result, reflects increased sales volumes in the period. Sales volumes of £146 million in the first quarter include £19 million from the WLUK business acquired in November 2011 (compared to £12 million in 2011, post acquisition) but also reflect good sales on the target platform. The proportion of new business volumes on the target NGP platform is 74%. Excluding WLUK (which is not on the target platform), the proportion of new business volumes on the target NGP platform has steadily increased to approximately 85%.

The integrated business continues to drive incremental growth with improvements in new business pipeline also developing. Net fund inflows of £0.1 billion have been generated in the period whilst the improvements in investment markets have contributed to increased Corporate Benefits funds under management of £16.4 billion (31 December 2011: £15.4 billion).

As previously announced, the Group successfully launched the new Corporate Platform on 31 January 2012. This new online proposition enables Friends Life to offer workplace savings for the short and medium term, such as ISAs and an investment account. The new platform, 'My Money', allows employers to offer their employees more flexible, tailored benefit packages. The first clients were successfully written on to the new platform at the end of March and further development work will continue throughout this year.

5.2 Go to Market - Protection

	2013 Full year target	**Q1 2012**	Full year 2011
VNB	**80**	**9**	16
NBS	**(30)**	**(13)**	(77)
APE	**n/a**	**18**	92

The Protection business has evolved significantly compared to the same period in 2011. The business has successfully transitioned the chosen elements of the acquired protection propositions with intermediary new business capability now on the target platform. The completion of this integration and the focus on the strategic protection platform for individual and group protection is reflected in the new business results with the cost effective platform delivering improved value of new business and reduced levels of new business strain. Currently 76% of protection new business volumes are written on the target platforms (31 March 2011: 24%).

Sales volumes for the period to 31 March 2012 of £18 million APE imply a reduction in run rate against the 2011 full year position although this principally reflects the decision to target the Group's higher value product range, as evidenced in the VNB comparison.

The scheduled launch, at the beginning of March 2012, of the Group's partnership with Connells Group has been delivered successfully and the first policies have already been written.

The Group expects to transfer all Go to Market protection new business capability, including tied distribution, to the target platforms by the end of 2012 with the completion of this activity supporting the delivery of 2013 targets.

5.3 Go to Market - Retirement Income

	2013 Full year target	**Q1 2012**	Full year 2011
VNB	**50**	**13**	32
NBS	**n/a**	**9**	13
APE	**n/a**	**9**	32

Retirement Income new business contributed £13 million of VNB compared to a full year contribution of £32 million achieved in 2011. Cautious pricing levels, in response to continued relative uncertainty in fixed income markets, have driven strong margins in the period.

Sales volumes of £9 million in the period reflect maintained retention rates whilst the Retirement Income business unit has also benefited from the addition of the WLUK business in November 2011.

As set out at the time of the 2011 full year results announcement, a number of strategic initiatives are on track to be implemented later in the year with improved customer engagement and a more sophisticated approach to pricing supporting the drive to improve financial performance.

5.4 UK Heritage

	Q1 2012	Full year 2011
VNB	**(5)**	(4)
NBS	**(12)**	(54)
APE	**24**	157

The Heritage first quarter 2012 new business results, with negative VNB of £5 million and NBS of £12 million, are principally driven by the reduction in new business sales volumes compared to 2011. Heritage sales volumes of £24 million in the first quarter of 2012 are below the run-rate implied by the £157 million level delivered in the full year 2011 and mainly reflect the decision in 2011 to no longer actively market investment bond products.

This reduction in volumes has consequently improved levels of new business strain with levels of commission and expense strain reduced over the period. Heritage VNB has also been impacted by the reduction in volumes but in comparison to full year 2011 also reflects the lack of contribution from DWP rebate business which is typically written in the second quarter of the year. The delivery of further expense synergies, as well as the contribution from the outsourcing transaction with Diligenta, are expected to improve the results over time.

6. International (excluding Lombard)

	Q1 2012 £m	Q1 2011 £m	*Change %*	Full year 2011 £m
VNB	**9**	10	*(12)*	40
NBS	**(28)**	(29)	*(5)*	(89)
APE	**51**	64	*(20)*	252

The International financial results for the first quarter of 2012 continue to be adversely impacted by market and operating headwinds. In Asia, market volatility has negatively impacted investor sentiment and competitive pressure has increased. Further, market conditions remain difficult in Europe with Eurozone investor confidence remaining impacted by economic concerns.

Sales volumes are down by 20% compared to the same period in 2011, and whilst also reducing levels of VNB by 12% to £9 million, the results demonstrate the increasing business focus on value over volume.

International NBS was £28 million in the first quarter of 2012. This is traditionally lower in the second half of the year as surplus emerging on regular premium business sold in the first half partially offsets the strain on these policies.

Sales through AmLife, the Group's 30% owned Malaysian joint venture, have been maintained at a comparable level to that achieved in the final quarter of 2011 and continue to reflect the business's focus on value over volume.

The business has a target of achieving £20 million dividends and 20% IRR by 2013. The management team has been strengthened and a strategic review is underway; details of this will be included in a market update in the second half of 2012. The business is focused on improving profitability, reducing new business strain and working to meet its cash generation target.

7. Lombard

	Q1 2012 £m	Q1 2011 £m	*Change %*	Full year 2011 £m
VNB	**4**	3	*21*	52
NBS	**(6)**	(7)	*(13)*	(20)
APE	**44**	34	*29*	237

Despite continuing difficult macroeconomic conditions and fiscal uncertainty in Europe, Lombard new business results have improved in the first quarter of 2012. The value of new business, at £4 million, is up 21% whilst new business cash strain remains stable compared to the same period of 2011.

The principal driver of the improved results has been the 29% increase in sales volumes. At a regional level Italy, Mexico, UK and France performed strongly in the first quarter of

2012, with sales volumes significantly up on the same period of 2011 although volumes in Belgium remain depressed.

First quarter trading is traditionally low compared to the previous fourth quarter reflecting the seasonal nature of Lombard's sales. In the first quarter of 2012, sales of £44 million (up 35% excluding currency movements) have been supported by a significant proportion of large cases (cases with premiums in excess of €10m), with these representing 50% of APE volumes (31 March 2011: 42%). This increased proportion of larger cases is reflected in the value of new business as the mix of business results in lower average margins. In addition, as a result of the traditional sales seasonality, VNB remains relatively low during the first part of the year and accordingly the current levels should not be extrapolated for the full year.

APPENDIX 2

Historic presentation of UK new business

As referenced above the following disclosures are presented in the historic UK new business format. This is followed by a reconciliation from the historic presentation of APE sales into the new UK management structure.

Regular and single premiums

	Regular premiums			**Single premiums**		
	Q1 2012 £m	Q1[(i)] 2011 £m	change %	**Q1 2012 £m**	Q1[(i)] 2011 £m	change %
Corporate						
- pensions	**123.9**	92.3	34	**280.2**	209.1	34
- protection	**6.6**	4.5	47	**-**	-	-
Individual						
- protection	**13.1**	22.1	(41)	**8.1**	-	n/a
- pensions	**4.2**	3.6	17	**73.2**	62.4	17
- investments	**-**	-	-	**21.1**	134.5	(84)
Annuities	**-**	-	-	**109.3**	88.2	24
Total UK life and pensions	**147.8**	122.5	21	**491.9**	494.2	-

(i) includes the trading results of the acquired BHA business for the period 1 February 2011 to 31 March 2011. Trading results of the acquired WLUK business not included as the business was only acquired in November 2011.

	Regular premiums			**Single premiums**		
	Q1 2012 £m	Q4[(i)] 2011 £m	change %	**Q1 2012 £m**	Q4[(i)] 2011 £m	Change %
Corporate						
- pensions	**123.9**	119.7	4	**280.2**	95.8	192
- protection	**6.6**	6.5	2	**-**	-	-
Individual						
- protection	**13.1**	11.0	19	**8.1**	46.8	(83)
- pensions	**4.2**	4.1	2	**73.2**	46.6	57
- investments	**-**	-	-	**21.1**	42.7	(51)
Annuities	**-**	-	-	**109.3**	94.5	16
Total UK life and pensions	**147.8**	141.3	5	**491.9**	326.4	51

(i) includes the trading results of WLUK for the two months period from 1 November 2011 to 31 December 2011.

APE

	Q1 2012 £m	Q1(i) 2011 £m	change %	**Q1 2012 £m**	Q4(ii) 2011 £m	change %
Corporate						
- pensions	**152.0**	113.2	34	**152.0**	129.3	18
- protection	**6.6**	4.5	47	**6.6**	6.5	2
Individual						
- protection	**13.9**	22.1	(37)	**13.9**	15.7	(11)
- pensions	**11.5**	9.8	17	**11.5**	8.8	31
- investments	**2.1**	13.5	(84)	**2.1**	4.3	(51)
Annuities	**10.9**	8.8	24	**10.9**	9.4	16
Total UK life and pensions	**197.0**	171.9	15	**197.0**	174.0	13

(i) includes the trading results of the acquired BHA business for the period 1 February 2011 to 31 March 2011.
(ii) includes the trading results of WLUK for the two month period from 1 November 2011 to 31 December 2011.

PVNBP

	Q1 2012 £m	Q1(i) 2011 £m	change %	**Q1 2012 £m**	Q4(ii) 2011 £m	change %
Corporate						
- pensions	**797**	577	38	**797**	573	**39**
- protection	**41**	27	52	**41**	39	**5**
Individual						
- protection	**97**	142	(32)	**97**	102	**(5)**
- pensions	**89**	82	9	**89**	52	**71**
- investments	**21**	134	(84)	**21**	40	**(48)**
Annuities	**109**	88	24	**109**	94	**16**
Total UK life and pensions	**1,154**	1,050	10	**1,154**	900	**28**

(i) includes the trading results of the acquired BHA business for the period 1 February 2011 to 31 March 2011.
(ii)includes the trading results of WLUK for the two month period from 1 November 2011 to 31 December 2011.

APE conversion matrix

(£m)	New UK management structure				
31 March 2012	**Protection**	**Corporate Benefits**	**Retirement Income**	**Heritage**	**Total UK**
Corporate					
- pensions	-	141.6	-	10.4	**152.0**
- protection	6.6	-	-	-	**6.6**
Individual					
- protection	11.7	-	0.8	1.4	**13.9**
- pensions	-	4.1	-	7.4	**11.5**
- investments	-	-	-	2.1	**2.1**
Annuities	-	-	8.3	2.6	**10.9**
Sales across new UK management structure	**18.3**	**145.7**	**9.1**	**23.9**	**197.0**

APPENDIX 3 – Shareholder exposure to higher risk European debts and banks

(£m)	**Total**	Spain	Portugal	Italy	Ireland	Greece
Sovereign debt	**7**	-	-	7	-	-
Corporate exposure						
- Domestic banks	**64**	31	-	33	-	-
- Domestic non-bank financials	**28**	-	-	15	13	-
- Non-domestic banks	**50**	50	-	-	-	-
- Domestic non-financials	**217**	64	11	119	23	-
- Non-domestic non-financials	**36**	36	-	-	-	-
Total 31 March 2012	**402**	**181**	**11**	**174**	**36**	**-**
Total 31 December 2011	376	167	10	160	39	-

Shareholder exposure to bank debt securities

(£m) Seniority	**Rating**	**UK**	**Euro**	**USA**	**France**	**PIIGS(i)**	**ROW**	**Shareholder total**
Senior	AAA	17	565	-	-	-	25	607
	AA	26	65	-	15	-	35	141
	A	193	6	290	8	23	27	547
	BBB	-	-	22	-	-	-	22
	Below BBB/NR	2	3	-	-	-	-	5
	Senior total	**238**	**639**	**312**	**23**	**23**	**87**	**1,322**
Secured	AAA	315	-	-	34	32	-	381
	AA	11	2	11	-	-	-	24
	A	5	4	-	-	-	-	9
	BBB	1	1	13	-	-	-	15
	Below BBB/NR	-	-	-	-	-	2	2
	Secured total	**332**	**7**	**24**	**34**	**32**	**2**	**431**
Subordinated	AA	-	9	-	-	-	-	9
	A	203	15	34	18	22	68	361
	BBB	234	4	29	16	37	63	383
	Below BBB/NR	58	12	3	-	-	-	73
	Subordinated total	**496**	**40**	**66**	**34**	**59**	**131**	**826**
Cash	**Cash total**	**366**	**68**	**272**	**393**	**47**	**438**	**1,584**
Grand total		**1,432**	**754**	**674**	**484**	**161**	**658**	**4,163**

(i) Portugal, Ireland, Italy, Greece, Spain

APPENDIX 4 –Update on Value Share

The Resolution Group ("TRG"), which is the private advisory group of which ROL forms a part, remains aligned with shareholders through its investment in the Company's ordinary shares, its direct investment in Resolution Holdco No. 1 LP ("Holdco") and its entitlement to receive 10 per cent of the value created from the UK Life Project through its Value Share. The Value Share structure was established at the time the Company was formed and, in broad terms, rewards members of The Resolution Group where the accumulated value of the deployed equity capital contributed to the UK Life Project has been returned to the Company or its shareholders, or there has been a change of control of the Group. The structure of the Value Share means that it is expected to be payable only on completion of the UK Life Project.

However, given that the Company has only one restructuring project, a mark-to-market valuation of the Value Share can be determined on any given day by deducting the value of cash held at Resolution level from the market value of Resolution, and then comparing the result to the accumulated value of the net equity deployed in Holdco (i.e., in the UK Life Project) accumulated at the agreed rate (currently 4% per annum).

Total gross equity deployed in the UK Life Project is approximately £4,056 million and the accumulated value of net equity deployed (at 4% per annum and after the return of £635 million of capital returned to Resolution Limited to date) is approximately £3,721 million as shown below.

	Equity deployed (£m)		
Transaction	**RSL**	**TRG**	**Total**
Friends Provident(i)	1,915.8	0.2	1,916.0
AXA UK Life Business(ii)	2,139.8	0.2	2,140.0
BHA(iii)	–	–	–
Total	**4,055.6**	**0.4**	**4,056.0**

Date	**Accumulated value of net Equity Deployed at 4% per annum (£m)**
31 December 2009	1,927
30 June 2010	1,904
31 December 2010	4,042
31 March 2011	3,911
30 June 2011	3,769
31 December 2011	3,844
31 March 2012	3,721

(i) See page 102 of Friends Provident Group plc acquisition prospectus for more details of equity deployed.
(ii) See page 89 of AXA UK Life Business acquisition prospectus for more details of equity deployed.
(iii) The acquisition of BHA was funded using existing FLG resources.

Based on the accumulated value of net equity deployed and the value of the Company's net assets as at 31 March 2012, the value share is theoretically "in the money" at a

Company share price of 287 pence at that date. Therefore the implied value share at 31 March 2012 (based on a closing share price of 261.3 pence on 30 March) was nil (31 March 2011: £1.4 million).

Whether there is an implied value to the Value Share calculated on this basis will vary day-to-day depending, among other things, on the Company's share price. Furthermore, this implied market value does not guarantee that the Value Share will be realised for this amount, which will depend on how and when the Company realises value from the UK Life Project.