

HALF-YEAR PERFORMANCE

I think the first thing I would like to say is having visited many of the sites what was really, really apparent is people are absolutely committed to the customer, and they're putting the customer at the heart of everything we do, and the performance in our customer ratings in the first six months has been fantastic.

The second thing I'd like to talk about is the execution around the strategy. We completed three acquisitions in the three growth sectors that we identified in three months, again a terrific team achievement.

The third thing is some of the innovation that we've seen, the innovation around getting deals completed, the acquisition of Lucida, the £3.2 billion longevity deal, these are all great examples of us getting things done.

And I guess the other thing I'd like to mention is the pace and energy and drive of the people within our organisation. That's just been a fantastic energy level wherever I go, and as a consequence of that, we've had terrific results.

Everything is up, sales, cash, dividends, ROE, and that for shareholders is just a terrific achievement, and as a consequence we've had a great share price performance in the first six months of this year.

FIVE MACRO TRENDS, FIVE WINNING STRATEGIES

I'm absolutely delighted with the progress that we've made in 2013. We identified five macro-growth trends and they've led to five winning strategies. I'll talk a little bit about each of them.

The first is the globalisation of asset markets, where LGIM has been executing fantastically well, in America, in the Gulf, in Europe and now in Asia. So that's a huge tick in the box for that.

The second area is retirement solutions, the world is getting greyer, it's getting older. We are uniquely placed to capitalise on that. We are the only one-stop-shop in the world, for providing retirement solutions, and again our performance in the first six months of the year and looking forward is looking, absolutely, as strong as can be. The third area is digital solutions, we all know the world's moving to being digital, we've made the Cofunds acquisition, which is the largest platform business in the UK, we've had a lot of success in auto-enrolment. Our key challenge now is to execute well in the UK, but also to expand internationally.

The fourth area is welfare reform, and as you can see, from the slide here, even Angela Merkel is a believer in what we're trying to do. Welfare reform, the decline of the state, is going to be a key strategy going forward, as individuals are going to be more accountable for providing both protection, savings and their pension going forward.

And the fifth area is bank retrenchment, we're making a lot of moves in that area because banks are absolutely de-leveraging, and that's creating the white-space for us to move into. We've been lending, we've been doing infrastructure investment, and increasingly we'll be taking on more and more responsibilities that banks have traditionally been doing.

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We're very excited about the investment opportunities around infrastructure. It's now become at the centre of both political and economic debates, not just in the UK, but in China, in America, and indeed in most of Europe. What we would like to do is invest more in UK PLC. We think UK PLC is a great place for doing business. We'd like to invest in a number of different sectors. We've already made a commitment to the housing sector, we feel as though that's a business with a real social purpose, we're desperately short of housing in the UK, and we'd like to invest more in housing, both in the build-to-sale section, but also in the build-to-rent section of the market. Both are opportunities for us.

We'd like to get more engaged in the energy debate, more engaged in transport, particularly airports, and more engaged in the education area. We've invested about half a billion so far in student accommodation, but we'd like to do much more investment across all four areas.