



Hargreaves Lansdown PLC

Investor Presentation
Bristol, 19th May 2010

19 May 2010

Agenda

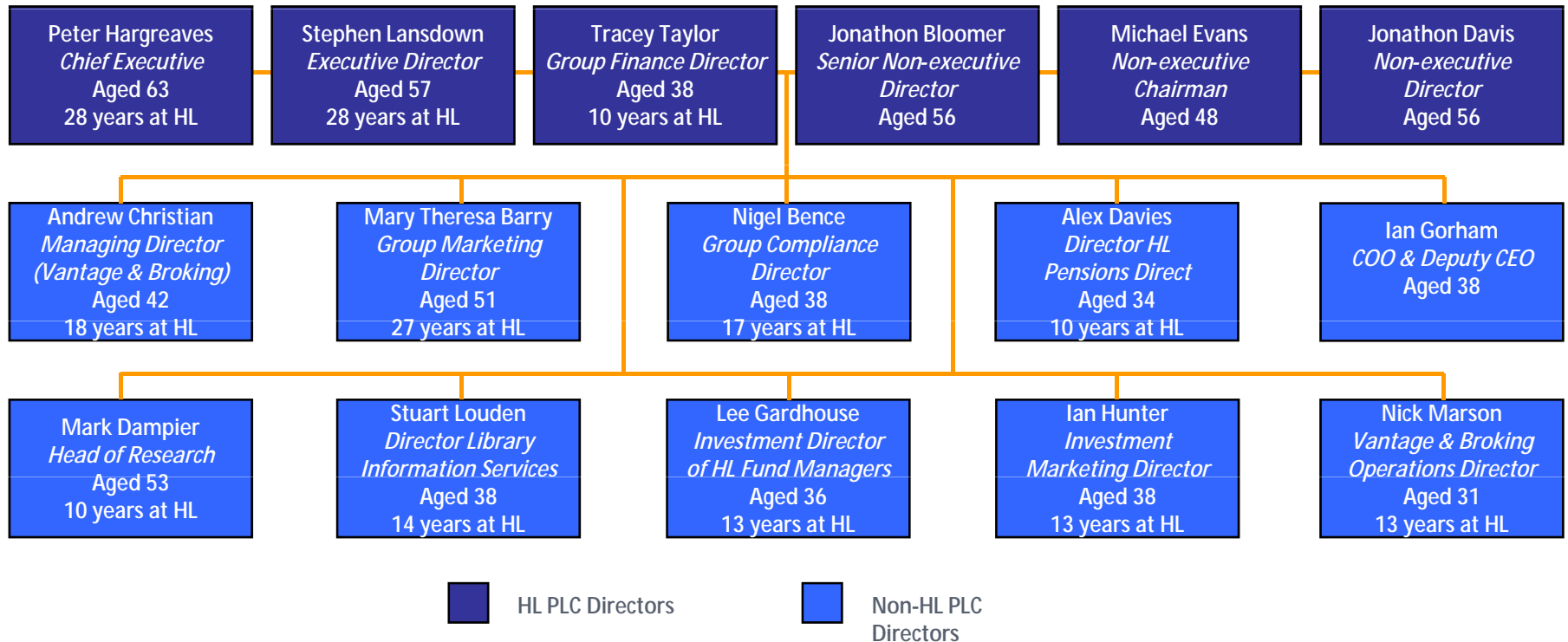
Welcome and Introduction -	Peter Hargreaves, CEO	10.15am
Tour of the office -	Ian Gorham, COO and deputy CEO	10.30am
Strategy -	Peter Hargreaves	11.15am
Operations -	Nick Marson Vantage and Broking Operations director	11.30am
Marketing -	Ian Hunter Investment Marketing director	11.45pm
IT & Systems -	Ian Gorham	12.00pm
Compliance -	Nigel Bence Group Compliance director	12.15pm
Q & A -		12.30pm
Lunch -		12.45pm – 2pm

Welcome & Introduction (Peter Hargreaves)

- Introduction to the management team
- Welcome to the new office



Management Structure



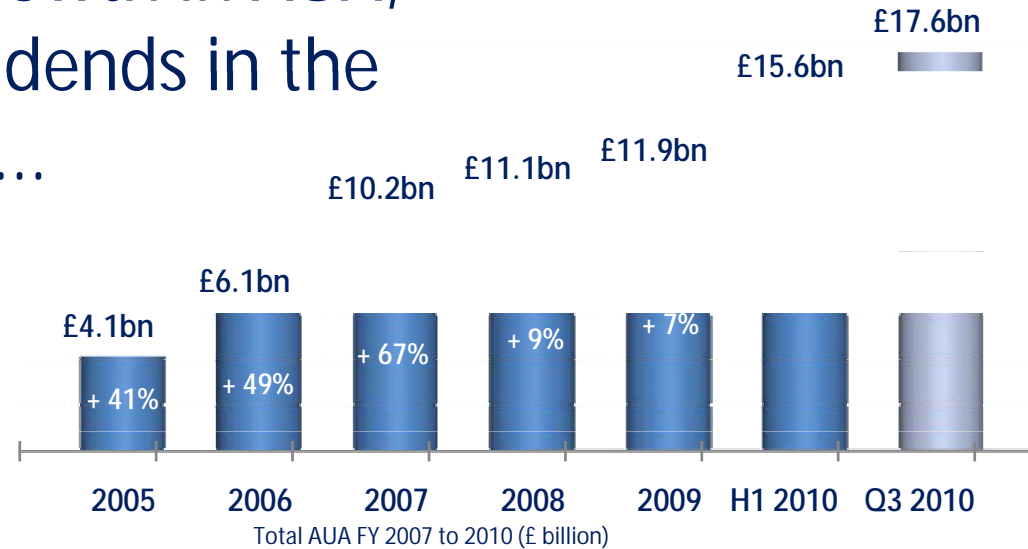
Office Tour (Ian Gorham)



Group Strategy

(Peter Hargreaves)

Significant growth in AUA, profits & dividends in the past 5 years ...



Organic growth (net inflows) +23% +33% +38% +26% +18% +12% (6m)

... and the focus is on more of the same for the future

Group Strategy

At the heart of our strategy is putting the client first
ensuring we provide them with:

the best information, best service & the best discounts

Group Strategy

The 4 key components to our strategy are:

- Asset gathering
- Excellent service
- Efficiency improvements
- Quality staff



Asset Gathering



“We will generate profitable growth primarily by increasing AUA”

SIPP - we are well placed to capture significant new business volumes as a result of structural changes in the pensions market

Business development – Corporate Vantage to be launched in June 2010; this has significant potential to grow pension AUA and also provide good cross selling opportunities for ISA's and Fund & Share AUA growth too.

ISA's – increased allowances from April 2010 increase the scope to gather assets

Recurring Revenue – Asset gathering helps drive recurring revenue. Sticky assets in SIPP or ISA tax wrappers. Regular savings and corporate pension schemes are building an increasing flow of recurring monthly investment

Marketing - PR coverage, direct mail, referrals and website

RDR – this may create opportunities for direct to private client platforms

Excellent Service



“Through continued excellent service we will retain clients and attract new clients”

Information - availability of best information, quality research and tools to enable investors to make informed decisions

Website - provision of a fast, informative, reliable and easy-to-use internet platform

Service - customer service provided wholly from Bristol head office by trained staff across all investment areas

Price - continued price competitiveness across all services

Opportunistic - the business remains flexible and nimble enough to react to market changes, tax changes and competitor moves

Efficiency Improvements



“Through efficiency improvements and control of risk we will increase shareholder value”

Scalable model - increase the proportion of clients using the internet (currently circa 70%)

Efficiencies - automate internal processes further, and push for industry wide process improvements

Capacity - focus is maintained on ensuring investment in IT, systems and business infrastructure is planned and in place to support the growth of client numbers, AUA and transactions

Culture - great emphasis is placed on risk control and compliance across the business to ensure quality of service, to treat clients fairly and to maintain HL's reputation

Quality Staff



“We aim to attract, retain and develop quality staff, providing satisfying careers”

Succession - planning in place for all key areas of the business

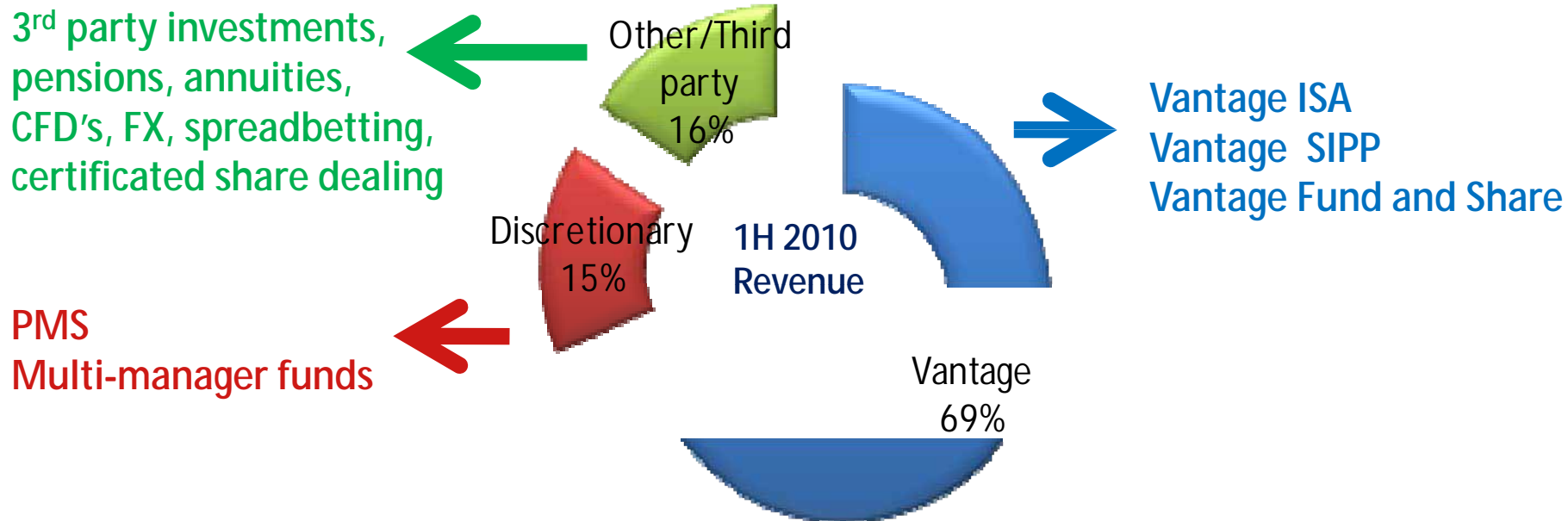
Flexible - well trained helpdesk staff focused on customer service, with the ability and flexibility to work in various business areas

Rewards - highly motivated staff with share ownership plans widely available to align their objectives with those of shareholders

Development - objective performance assessments in order to develop and motivate staff

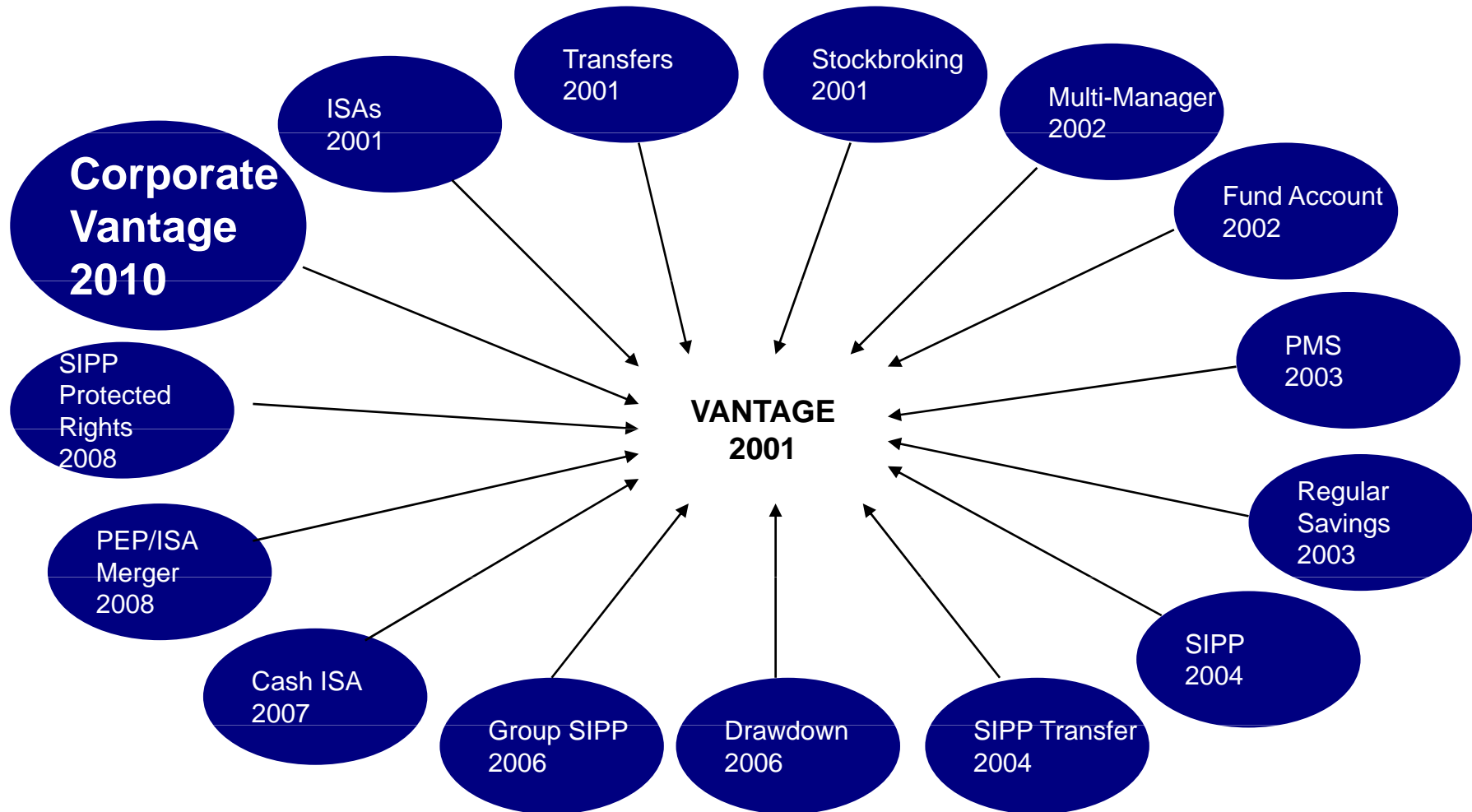
Talent management – development and reward schemes for key staff

Our Business



Revenue by division		1H 2010	1H 2009	FY 2009
- Vantage	+22%	£51.3m	£42.0m	£87.5m
- Discretionary	+16%	£11.5m	£9.9m	£19.3m
- Other/third party	-14%	£11.8m	£13.7m	£26.0m
	+14%	£74.6m	£65.6m	£132.8m

Evolution of Vantage



New Corporate Vantage Service

Survey ¹:

- 2/3rds of employees don't have enough investment choice
- 1/2 of employees think that the online facilities of their pension scheme is poor or very poor
- More than 1/2 said investment information currently provided by their company pension was poor or very poor
- 1/3 of employees do not take up the employer pension scheme even though employer contributes

¹HL survey, 750 respondents

Corporate Vantage service

Benefits to the Employer:

Greater employee **engagement**

A more **flexible** benefits package

Solutions to help **attract and retain**

Simple administration

Cost – greater choice to employee at no extra cost to employer

Benefits to the Employee:

Flexibility – employer contributions, employee contributions. ISA, SIPP, and investment accounts

Branded - employer branded website

Financial education – clear and jargon free information, workplace seminars and one-to-ones

Choice – employee can choose from thousands of investments. Model portfolios and tools to help them choose

Convenience – online 24/7, postal options available

Operations - Introduction

(Nick Marson)

Scope and size of operations:

- Over 320,000 Vantage clients with over 500,000 accounts
- Approximately 250,000 fund and 90,000 equity deals processed per month
- ISA and SIPP transfers, income drawdown, deceased estates, corporate actions, equity IPOs and fund launches

Efficiency and accuracy of processing are key

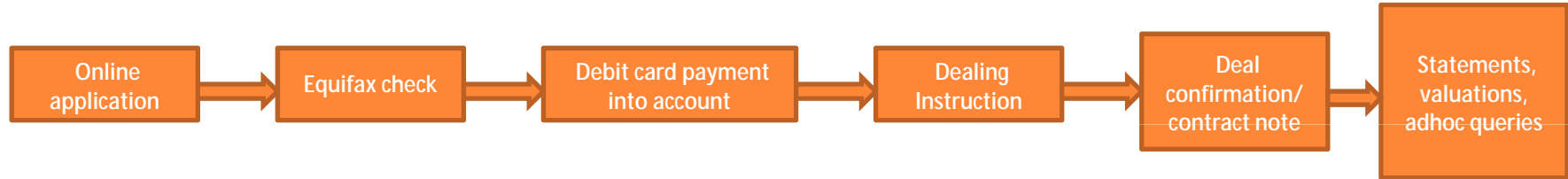
The internet has a big part to play in **scalability** and driving efficiencies

The **website** offers the client the quickest and easiest way to trade, utilise research data, make payments, and have visibility of the value and performance of their investments

Lower transaction costs

Operations - Online v Offline

Online application and dealing process– all stages are fully automated:



The whole process of opening an account, depositing money, buying and selling investments, receiving contract notes, statements and valuations can be carried out online with no manual intervention by HL staff.

Greater convenience for client, lower cost for HL.

Operations - Opportunities for efficiency

“Efficiencies can and will be further improved, but not at the expense of customer service”

Internet – online business handled with minimal additional operating cost. c.76% of Vantage clients are registered to manage their account online and c.70% of equity deals are online. Scope to further improve. More services can be made available online e.g. corporate actions

Utilisation - internal processes can still be improved. Staff utilisation can be improved through multi-skilling and better scheduling

Automation - where possible processes are automated. An example: Bulk Fund Trading, we now handle 250,000 fund trades per month with a team of just 10 staff

Areas for efficiency improvement – corporate actions, SIPP and ISA transfer processing

Industry Initiatives - HL is active in pushing for industry changes to improve efficiency

- Automated matching, settlement and reconciliation of funds
- Platform Group – re-registration, service standards, RDR

Marketing

(Ian Hunter)

Reach: HL list of more than 1.4 million mailable names

Marketing channels include: the internet, HL website, publications (Investment Times, SIPP Times etc) and ad-hoc mailings as opportunities arise

Referrals: a key driver of client growth has and will remain “word of mouth”

In-house marketing expertise – including design, website and content

External marketing and distribution costs are primarily print and postage costs, and internet marketing campaigns

Led by **Mark Dampier**, the PR reach of HL has grown significantly and many HL senior staff regularly give their expert opinions via various media channels (449 media quotes in March 2010)

Marketing

Website:

- Over 250k visitors each week
- Over 500k visits each week

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Market latest

FTSE 100	5,324.91	↓	-98.82	-1.82%
FTSE 250	10,112.96	↓	-173.00	-1.60%
FTSE All Share	2,758.88	↓	-50.04	-1.78%
Dow Jones	10,782.95	↓	-113.96	-1.06%
NASDAQ	2,394.38	↓	-30.66	-1.28%
Nikkei 225	10,462.51	↓	-158.04	-1.51%
Hang Seng	20,145.43	↓	-277.03	-1.38%

Guides and publications:

- Investment Times distributed to more than 550k households
- Over 15k guides requested and sent by post each month
- Over 10k guides downloaded online each month



Technology and Infrastructure

(Ian Gorham)

Continuous enhancement in order to increase capacity, provide scalability, maximise performance and further improve resilience and security

Infrastructure improvement was the key IT strategy focus in FY10

Continued investment in infrastructure FY10 to FY12

Internal capabilities: application and web development teams



Technology and Infrastructure

Preference to maintain internal capabilities and in-house development as it provides the ability to react quickly to changing market and customer requirements

The in-house development team reflects the ever increasing use of IT for providing new and improved services. FY2010 projects include:

- Secure messaging service
- Online payments
- Corporate Vantage

63 IT staff, representing 10% of the workforce and indicating the significance the Company places upon its IT capabilities

Of which 42 are development staff who develop, enhance and support the core business applications

Compliance and Risk Control

(Nigel Bence)

“Compliance is embedded in HL and is a key focus in all that we do”

HL's business has been built on **treating our clients fairly**

HL compliance culture examples

- Financial crime controls
- Ombudsman success rate – one of the best in the industry

FSA: HL has maintained a good relationship with the FSA



Compliance and Risk Control

(Nigel Bence)

“Compliance is embedded in HL and is a key focus in all that we do”

HL has a **low risk appetite**

and actively monitors risk through the use of risk mapping software and stress testing the business



RDR - Industry initiatives – Platform Group