

LEGAL & GENERAL.

9 September 2014

Barclays Conference

WE KNOW **EVERY DAY MATTERS**
AND WE NEVER FORGET **OUR SOCIAL**
PURPOSE WHICH SEES OUR DEDICATED
PROFESSIONALS
COMMITTED TO BRINGING **FINANCIAL SECURITY**
TO **OUR CUSTOMERS**, FROM
FIRST TO LAST TIME BUYERS,
FROM THE WORLD'S LARGEST
PENSION FUNDS TO THOSE ON A
DEADLINE TO THE **BREADLINE**,
WE DELIVER **SOCIALLY USEFUL**
PRODUCTS AND PROVIDE **VALUE**
TO **OUR CUSTOMERS.**

**EVERY
DAY
MATTERS.**



FORWARD LOOKING STATEMENTS.

This document may contain certain forward-looking statements relating to Legal & General Group, its plans and its current goals and expectations relating to future financial condition, performance and results. By their nature, forward-looking statements involve uncertainty because they relate to future events and circumstances which are beyond Legal & General's control, including, among others, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact of these events and other uncertainties of future acquisition or combinations within relevant industries. As a result, Legal & General Group's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in these forward-looking statements and persons reading this announcement should not place reliance on forward-looking statements. These forward-looking statements are made only as at the date on which such statements are made and Legal & General Group Plc. does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.

LEGAL AND GENERAL GROUP PLC.

WHO ARE WE

We're one of the world's largest insurance and investment management groups, with assets under management of £465bn (c.\$795bn) at 30 June 2014. Established in London in 1836, we have been providing insurance for our customers for over 178 years. With more than 9,000 employees we guard and look after the financial security of over 10 million customers worldwide with a ceaseless desire to provide excellent service. We have been listed on the London Stock Exchange since 1979 with the ticker: LGEN.LN and have an ADR programme as LGCNY. At 31 August 2014 our market capitalisation stood at £14.35bn (c.\$24bn)

WHAT WE DO

We enable our customers, who range from some of the world's largest companies and funds to millions of individuals and families, to manage their financial futures whether by protecting against unforeseen events, helping to save for retirement or investing money to deliver growth over time. We deploy our strong balance sheet, our ability to understand and pool risk, our market insight and our capacity to create good value customer propositions for every customer, large or small. Our strong social purpose means that we strive at all times to do the right thing not just for our customers and shareholders, but for the broader economy and society at large

INVESTMENT CASE

A socially aware group with broad, market leading, customer solutions with a proven track record in earnings and dividend growth; a strategy designed to respond to five macro trends; a low cost scale business; a strong balance sheet with disciplined capital management and sustainable cash generation, supporting both organic growth and bolt-on acquisitions and directed by an empowered, experienced management team

OUR BUSINESSES.

Legal & General Assurance Society (LGAS):

With over 6m individual customers and 2m group customers our three main areas are corporate (group pensions and group protection), retail savings (individual pensions, platforms and financial advice) and protection (life protection and general insurance)

LGAS CEO: John Pollock

Legal & General America (LGA):

We're successfully building scale in the US. We offer life insurance plans to individuals with a focus on underwriting expertise and excellence in customer service. We're a top three US term life insurer with over 1m customers

LGA CEO: Jimmy Atkins

Legal & General Capital (LGC):

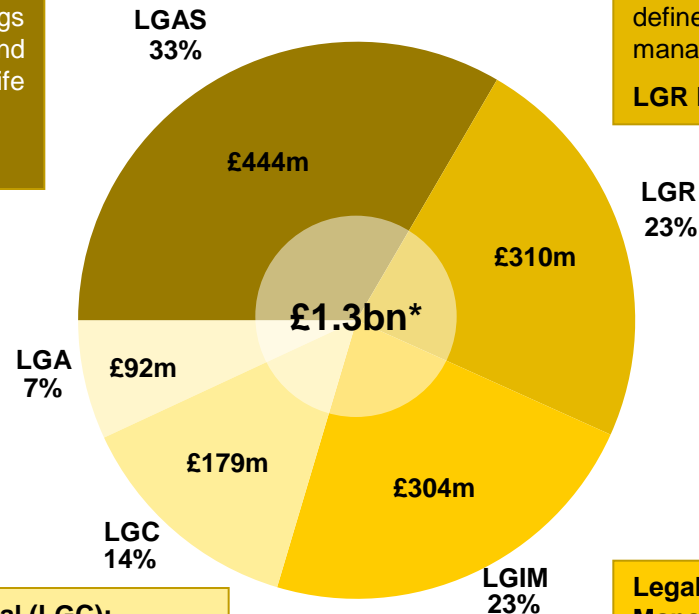
Our core purpose is increasing the returns on the Group's principal balance sheet. We focus on improving returns through direct investments whilst ensuring we have enough capital to withstand tough market conditions

LGC MD: Paul Stanworth

Legal & General Retirement (LGR):

With around 1m customers, our retail business helps turn customers pension savings into lifelong retirement income and our corporate business helps defined benefit pension schemes manage their annuity liabilities

LGR MD: Kerrigan Procter



Legal & General Investment Management (LGIM):

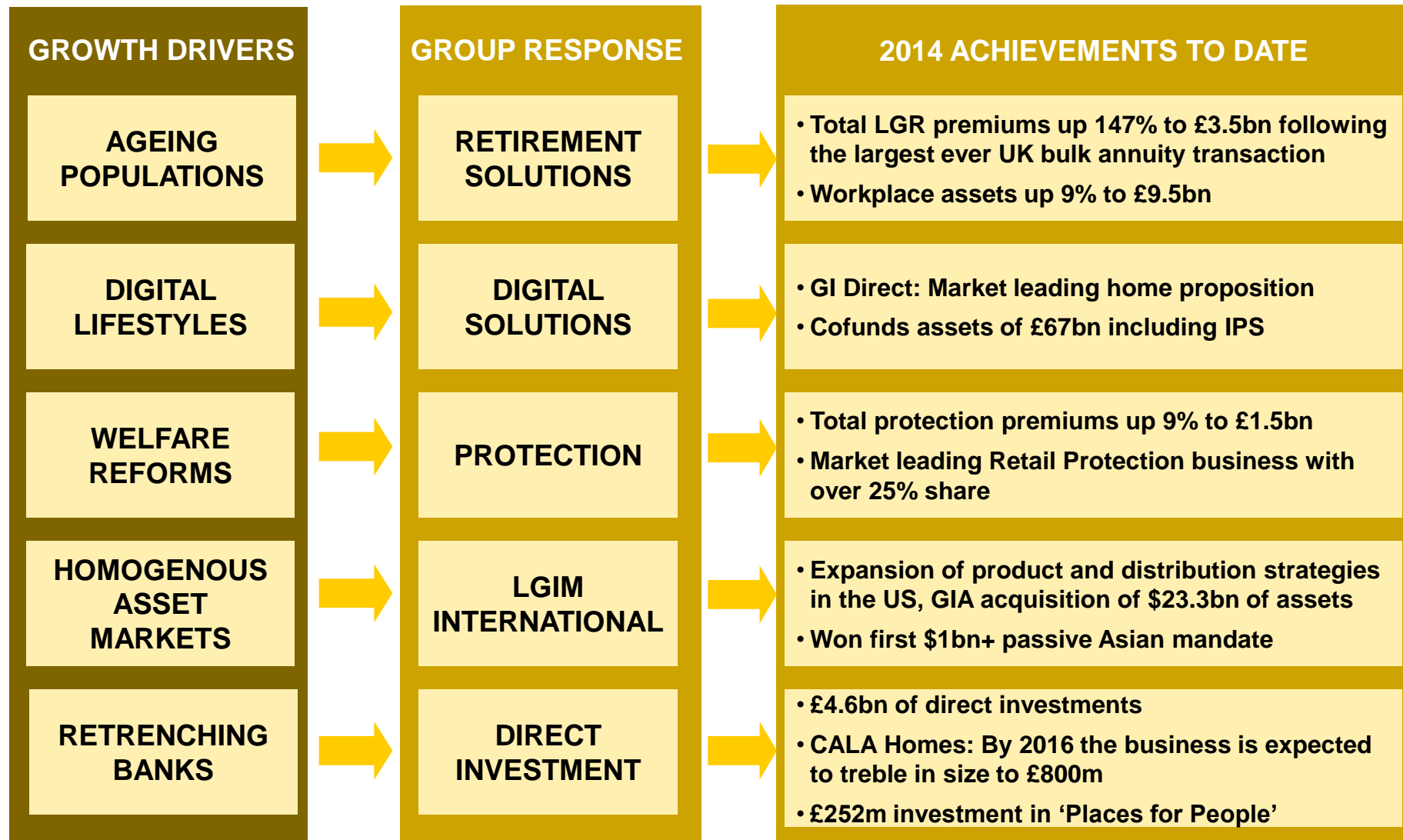
Our global asset management business manages investments on behalf of institutional and retail customers. We've a broad range of fund management services and are the largest manager of UK pension fund assets

LGIM CEO: Mark Zinkula

STRATEGIC & FINANCIAL EVOLUTION.

	2009 AND ONGOING	2012	2013 AND BEYOND
	CASH: CERTAINTY AND SUSTAINABILITY	CASH + ORGANIC GROWTH	CASH + ORGANIC GROWTH + SELECTIVE ACQUISITIONS
STRATEGIC PROGRESS	<ul style="list-style-type: none"> Industrialised and automated processes Cost of new business reduced Capital efficiency increased 	<ul style="list-style-type: none"> Identification of five key macro drivers of growth Banks and governments excessive leverage create 'white spaces' to expand into No burning platforms 	<ul style="list-style-type: none"> Continue to accelerate growth in flow to annuities, direct investment and LGIM Five bolt on acquisitions Measured international expansion Increased digital capability
ORGANISATIONAL PROGRESS	<ul style="list-style-type: none"> One firm with shared culture, beliefs, values Every Day Matters 	<ul style="list-style-type: none"> Expansion of key roles - improving talent Strengthening our social purpose 	<ul style="list-style-type: none"> Five major profit centres in our new operational structure Becoming a destination for talent
OUTCOMES	<ul style="list-style-type: none"> Net cash: 213% growth 2013: £1,002m 2008: £320m Dividend: 129% growth 2013: 9.30p 2008: 4.06p 	<ul style="list-style-type: none"> UK Individual annuities up 26% UK Protection up 25% US Protection up 28% Direct investments £1.4bn Workplace net inflows £1.6bn 	<ul style="list-style-type: none"> LGIM International AUM: £83bn* Cofunds AUA: £67bn* US Protection sales up 11%* Direct investments: £4.6bn* 1.5 times target dividend cover
	Cost of 2013 dividend £550m	Return on equity 15.4%	Return on equity 17.6%

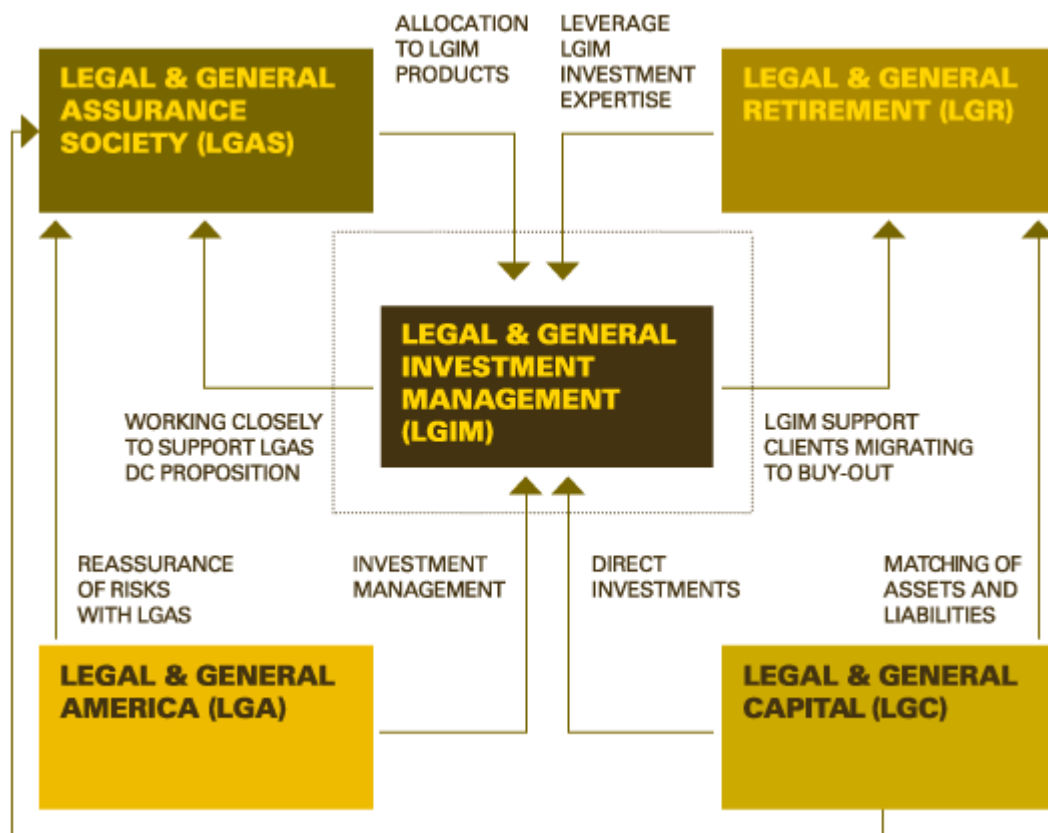
CLEAR AND FOCUSED STRATEGY.



FIVE SUCCESSFUL PROFIT CENTRES.

	LEGAL & GENERAL RETIREMENT (LGR)	INVESTMENT MANAGEMENT (LGIM)	PROTECTION AND SAVINGS (LGAS)	LEGAL & GENERAL CAPITAL (LGC)	LEGAL & GENERAL AMERICA (LGA)
	KERRIGAN PROCTER, MD	MARK ZINKULA, CEO	JOHN POLLOCK, CEO	PAUL STANWORTH, MD	JIMMY ATKINS, CEO
IMPLEMENTED SO FAR	<p>The leading UK de-risking provider to pension schemes</p> <p>Over one million customers</p> <p>Largest ever UK BPA deal</p>	<p>Largest manager of UK pension fund assets</p> <p>Largest LDI manager in the UK</p> <p>Over 3,000 institutional clients globally</p>	<p>UK number one provider of protection products</p> <p>Over six million customers and over 8,000 corporate schemes</p> <p>£118bn of Savings assets, including Cofunds the largest UK investment platform</p>	<p>Implements Group's investment strategy - improved risk adjusted yield</p> <p>Direct investments £4.6bn</p> <p>£5.2bn shareholder assets</p>	<p>Number 4 ordinary life provider in the US</p> <p>Gross written premiums of \$553m</p> <p>In excess of one million policies</p>
WHERE WE ARE GOING	<p>Evaluating opportunities in Canada, Netherlands and the US</p> <p>Developing innovative range of Individual Retirement Solutions</p> <p>Capitalise on strong bulk annuity pipeline</p>	<p>Build on international opportunities, notably in the US</p> <p>Maintain strong market share in growing DB de-risking and DC markets</p>	<p>Leverage Protection's market leading position</p> <p>Increase contribution of GI</p> <p>Launch D2C Savings proposition around the end of the year</p>	<p>Broaden the Group's asset base driving more attractive risk adjusted returns</p> <p>Continued investment in UK infrastructure</p>	<p>Increasing contribution to Group's net cash</p> <p>Focus on profitable growth</p>

WORKING TOGETHER....



Legal & General's five divisions work seamlessly together to provide unique expertise and innovative financial solutions to our customers.

- Our LGIM and LGAS corporate businesses use their combined strength to build our defined contribution (DC) footprint
- LGIM and LGR are forging stronger links to deliver solutions for existing clients
- LGIM works with LGC to expand its direct investment capabilities in property, commercial lending, asset finance and infrastructure investment
- We've started integrating Legal & General Investments (LGI) with LGIM, allowing our customers to benefit from LGIM's scale and low cost manufacturing

CONSISTENT DELIVERY: STRONG RESULTS.

GROWTH

	H1 2014	H1 2013	Growth
Annuity Assets (£bn)	38.5	32.2	↑ 20%
LGIM Assets (£bn)	654	579	↑ 13%
LGAS Savings Assets (£bn)	118	100	↑ 17%
UK Protection and GI gross premiums (£m)	921	875	↑ 5%
LGA gross premiums (\$m)	553	503	↑ 10%

EARNINGS

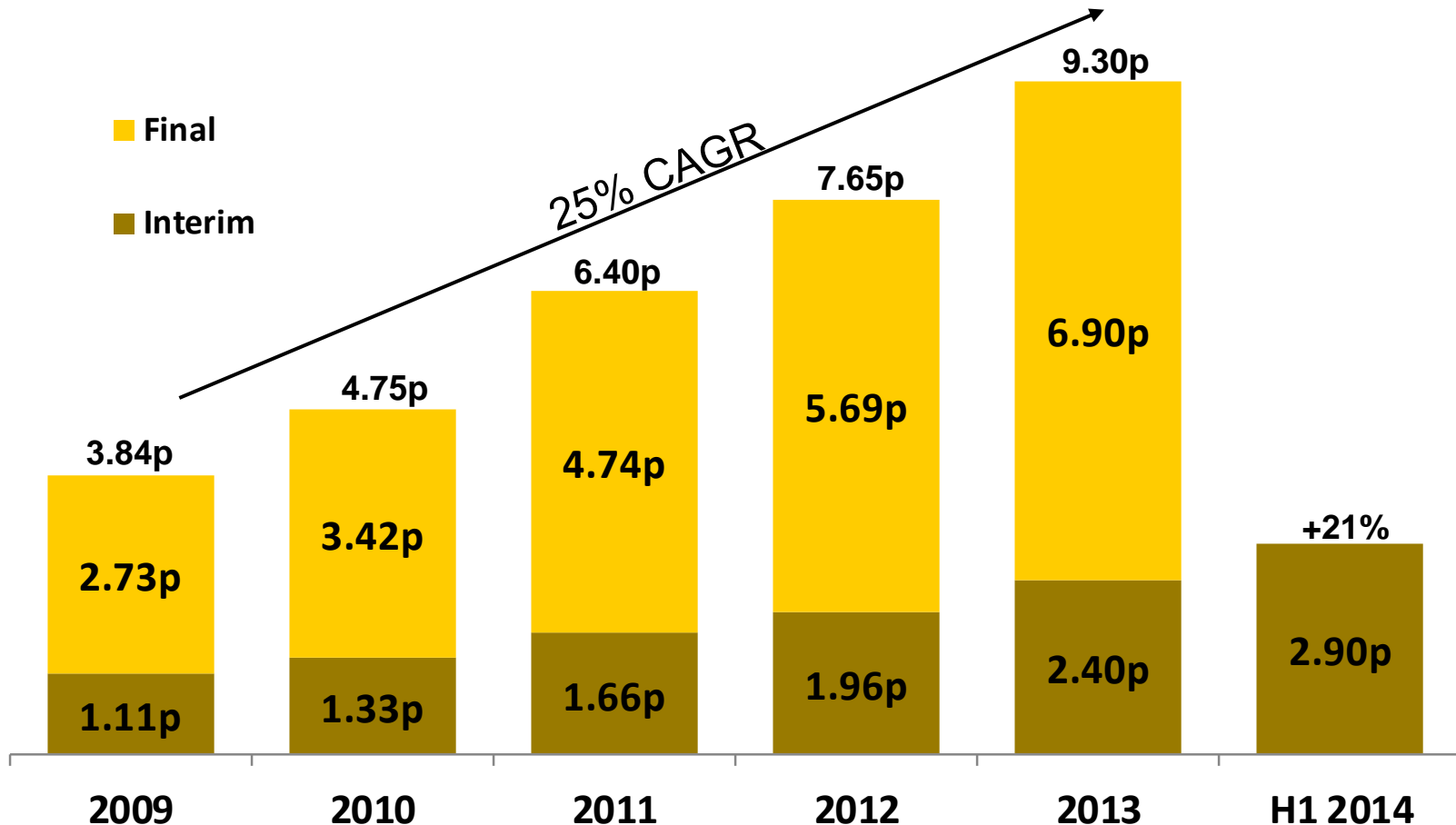
Operational cash generation (£m)	578	537	↑ 8%
Net cash generation (£m)	567	500	↑ 13%
Operating profit (£m)	636	571	↑ 11%
IFRS profit after tax (£m)	507	466	↑ 9%
Earnings per share (pence)	8.51	7.82	↑ 9%

CAPITAL

IGD surplus (£bn)	4.7	4.1
IGD coverage ratio (%)	236	226
Economic Capital Surplus (£bn)	7.6	n/a
Economic Capital 1-in-200 coverage ratio (%)	261	n/a
IFRS Return on equity (%)	17.6	16.8

INTERIM DIVIDEND UP 21% TO 2.90p.

■ Final
■ Interim



Dividend coverage ¹	2009	2010	2011	2012	2013	H1 2014
	3.11	2.72	2.26	1.91	1.82	n/a

DIVIDEND GUIDANCE: Assuming we continue to anticipate a Solvency II surplus being no lower than Solvency I, we expect to reduce our **net cash coverage of dividend towards 1.5 times**. We will provide dividend guidance for subsequent years when Solvency II clarity has emerged. The Board remains committed to a progressive dividend policy over the long term.

1. Dividend coverage based on net cash generation.

› FIVE MACRO TRENDS.



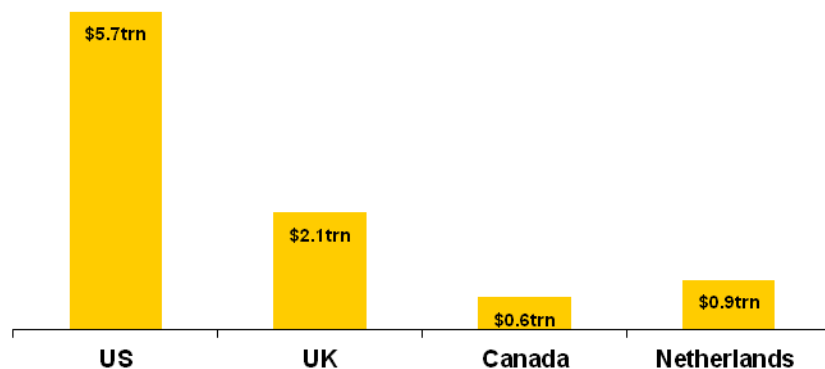
Our 2014 report shows the need for protection, with the average household having a 'Deadline to the Breadline' of just 26 days.

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Legal &
General

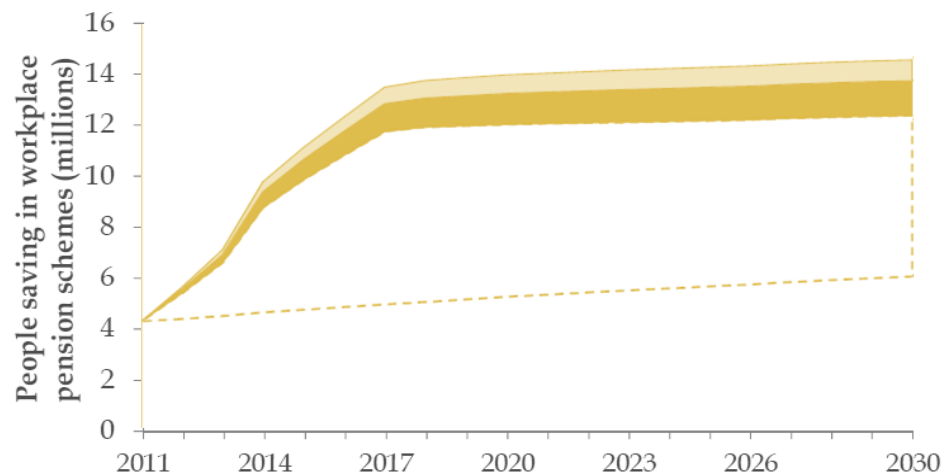
AGEING POPULATIONS: GLOBAL PENSIONS MARKET.

DEFINED BENEFIT PENSION ASSETS¹



- Global de-risking at an early stage of a structural de-risking trend
- \$9.3 trillion of private DB assets in the UK, US, Canada and Netherlands.
- Associated liabilities on a buy-out basis estimated at approaching \$10 trillion.
- Legal & General continues to explore opportunities in this global de-risking market

DEFINED CONTRIBUTION²

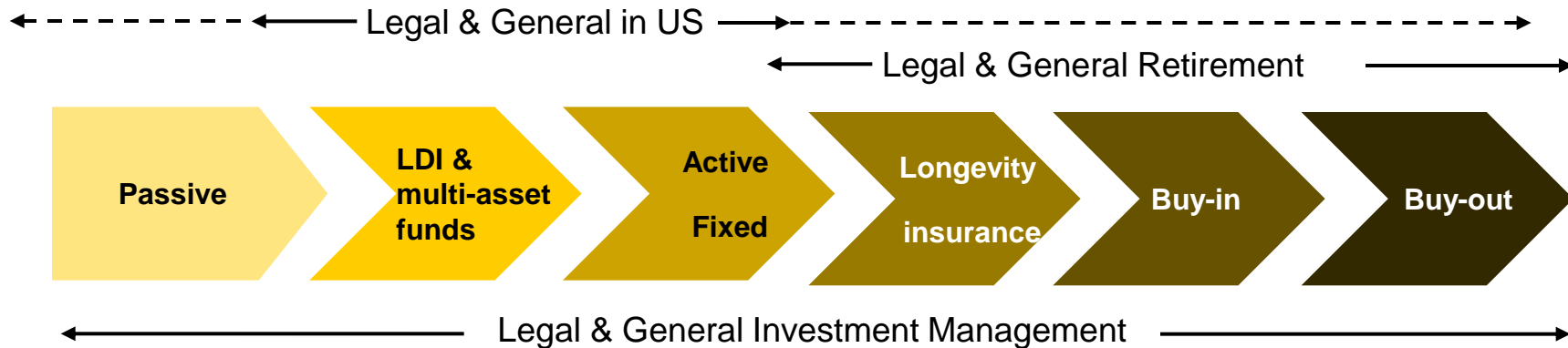


- UK defined contribution market anticipated to have around 12 million auto-enrolled pension savers by 2030
- Legal & General already has a 20% market share of auto-enrolment
- Acquisition of Global Index Advisors gives us access to \$6 trillion US defined contribution market

1. Source: Towers Watson Global Pension Asset Survey 2014

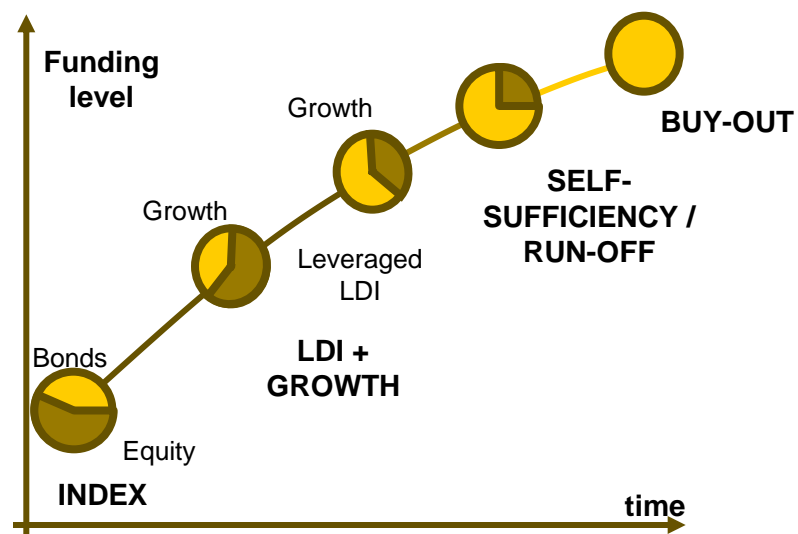
2. Source: PPI release 17 July 2014

LGR AND LGIM DE-RISKING CAPABILITY.



	Index funds	Solutions ¹	Active fixed interest	Longevity insurance	Buy-in	Buy-out
Assets (£bn)	268.7	253.1	97.2		38.5	

- Legal & General is the only company who participates in all the aspects of the de-risking journey
- Significant Active Fixed Interest and Multi Asset capabilities necessary for DC solutions
- Access to 40% of the client universe in the UK
- Market leading position in Liability Driven Investment (LDI)
- Established capabilities in active fixed, LDI and multi-asset in the US; ideally placed to expand the offer to all parts of the de-risking journey
- Private sector UK DB liabilities of around £1.8 trillion²



1. Includes Overlay assets, which comprise derivative notionals associated with Solutions business.
 2. The Purple Book: PPF / The Pensions Regulator - November 2013 on a full buy-out basis.

UK REGULATORY ENVIRONMENT.

“NO ONE WILL HAVE TO BUY AN ANNUITY”

George Osborne, 19th March 2014

The Chancellor aimed to increase customer choice, encourage competition and innovation in the annuity market. We welcome this and believe we will be a beneficiary from the changes

AUTO-ENROLMENT

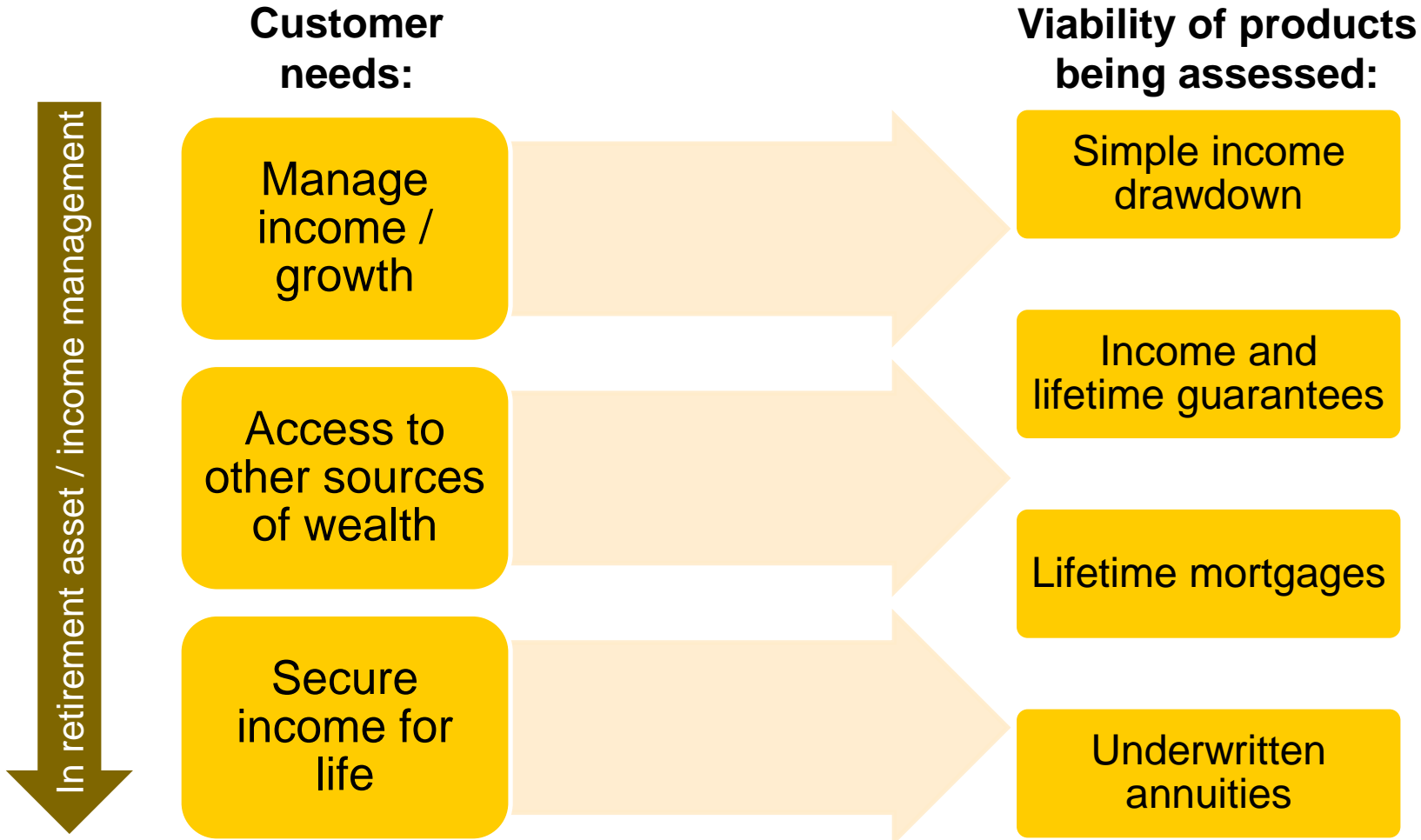
UK employers have to automatically enrol their staff into a workplace pension if they meet certain criteria

Employee contributions currently at 2%, but will rise to 5% in 2017 and 8% from 2018

We consider it likely that contributions will have to rise further once people are accustomed to saving

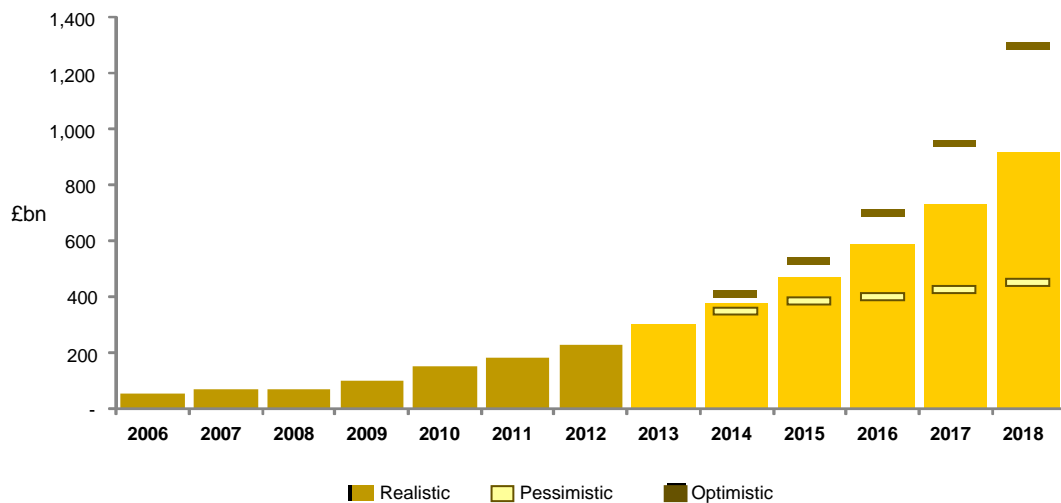
Our diversified portfolio of low cost savings, protection and retirement solution products together with our proven track record in specialist investment capabilities and our increasing international footprint means we are well placed to deliver high quality solutions to our customers while growing returns for our shareholders

IDEALLY PLACED TO PROVIDE RETIREMENT CHOICES.

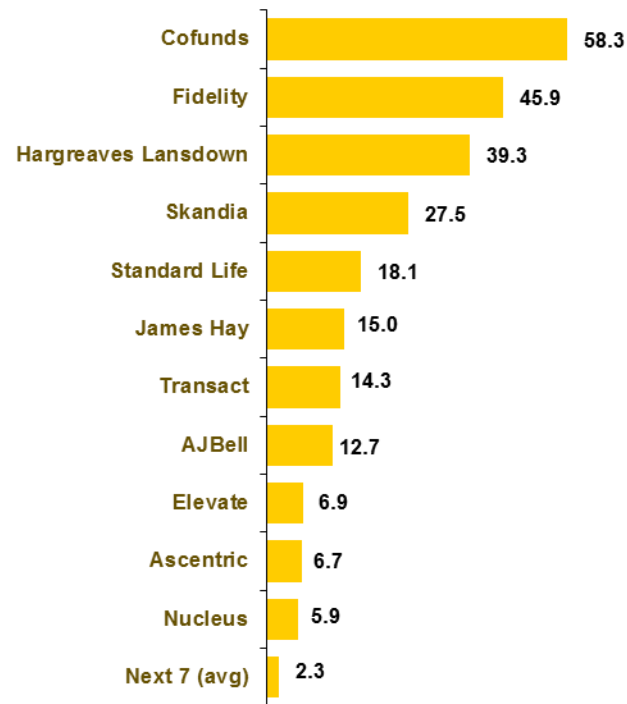


DIGITAL SOLUTIONS.

FORECAST PLATFORM GROWTH TO 2018



Platform Size Q3 2013 AUA £bn²



- The forecast for platform fund growth is exciting as people take great responsibility for their savings and we expect to benefit from the inevitable consolidation of the platform providers
- Our intermediated Cofunds platform is the largest fund platform in the UK
- Legal & General expects to launch a D2C proposition available around the end of the year


¹Pre PS13/1

²Fundscape Platform Report November 2013

UK WELFARE REFORM.

- UK Budget deficit and ageing population with rising healthcare costs means we need to look at alternative ways of looking at welfare reform. The UK Government spent £179bn more than it received in tax in the last financial year
- UK State pension could cost over £400bn p.a. by 2063 vs. c£90bn today
- Forecast average state pension to be just £7,000 per annum and current average UK private pension annuity is c£5,700 a year
- Growing intergenerational ‘unfairness’ as the young pay heavily for university education and struggle to get on the housing ladder, while the baby boomers continue to enjoy rising house prices and valuable pensions.

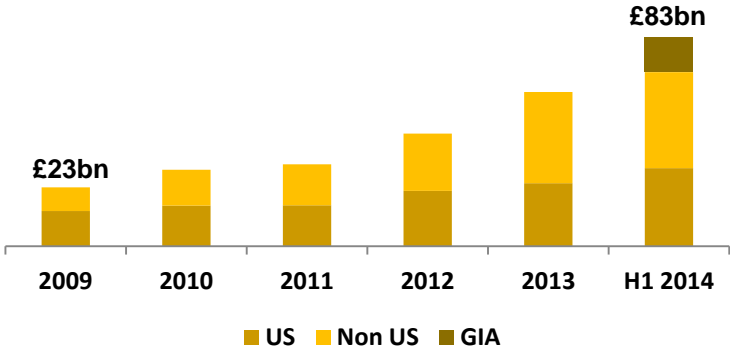
Means we need more auto-enrolment to help encourage savings; we need to look at ways of letting people access the estimated £1.2trn of housing equity owned by people over 60s via lifetime mortgages and building ‘last time buyer’ properties; and develop protection solutions to replace or supplement state benefits



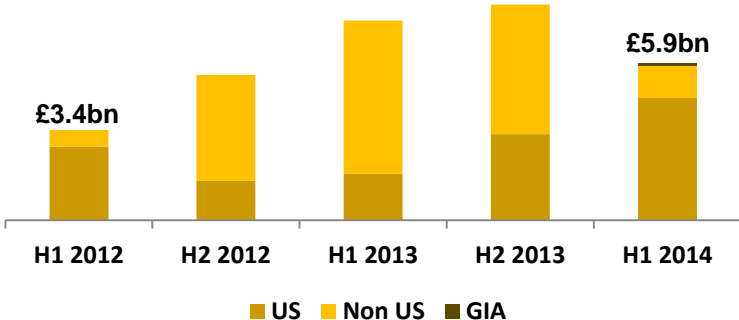
Legal & General are well placed to make the best of the opportunities that will arise. It already has a 20% market share of auto-enrolment schemes, has facilitated a pipeline of 25,000 homes and are assessing the viability of lifetime mortgages

HOMOGENEOUS ASSET MARKETS.

LGIM INTERNATIONAL ASSETS



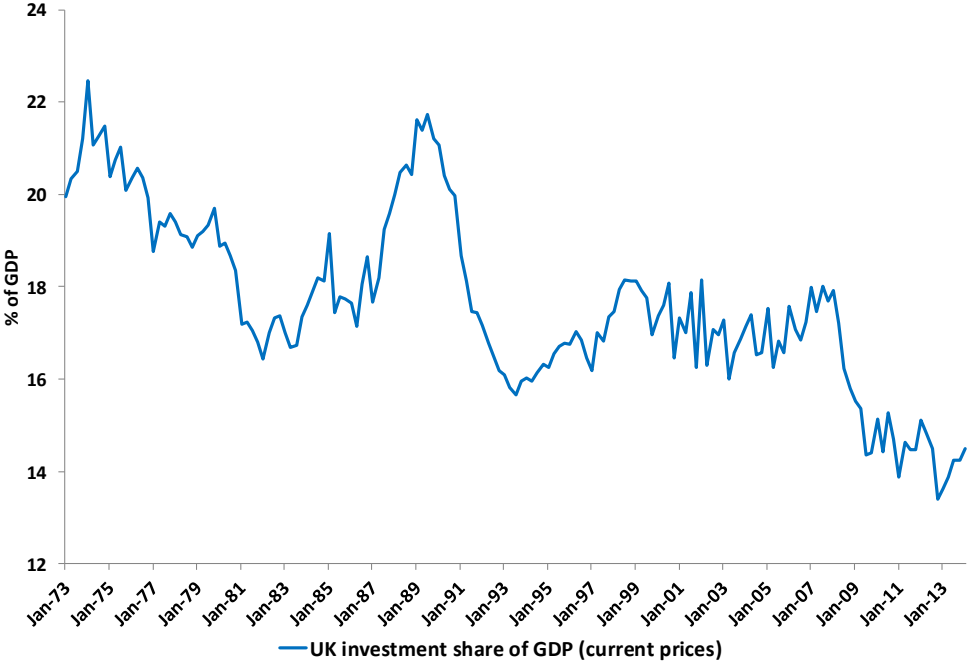
LGIM INTERNATIONAL NET FLOWS



- Strong growth in the US continues with net flows of £4.7bn in H1 2014
- Integration of GIA following the acquisition in May
- Developing plans to enter the US Index market
- Won our first passive mandate from Asia in Q2
- In Europe, our SICAV fund range received its first major inflows
- Expanding our product offering in the Gulf
- Subdued non-US flows reflect the lumpy nature of large passive mandates in Europe and the Gulf

RETRENCHMENT OF BANKS: SLOW MONEY POWERHOUSE.

Institutional investment can help reverse the consistent decline in UK investment



Source: LGIM



Student Accommodation over £1bn, maturities to 50 years



Affordable Housing £500m, maturities to 50 years



Hospitals, Care Homes Over £210m, maturities to 32 years



Transport and Logistics c£320m, maturities to 30 years

“It’s no good trying to run a modern competitive economy unless you build modern competitive infrastructure... And this infrastructure, it’s absolutely vital that it’s private sector and public sector. We’ve got to modernise our energy infrastructure, modernise our ports, modernise our roads, hospitals, schools, all of that is a vital part of our economic plan.”
David Cameron, 22nd April 2014



▶ **OUR INTERIM RESULTS.**

FIVE MACRO TRENDS, FIVE WINNING STRATEGIES.

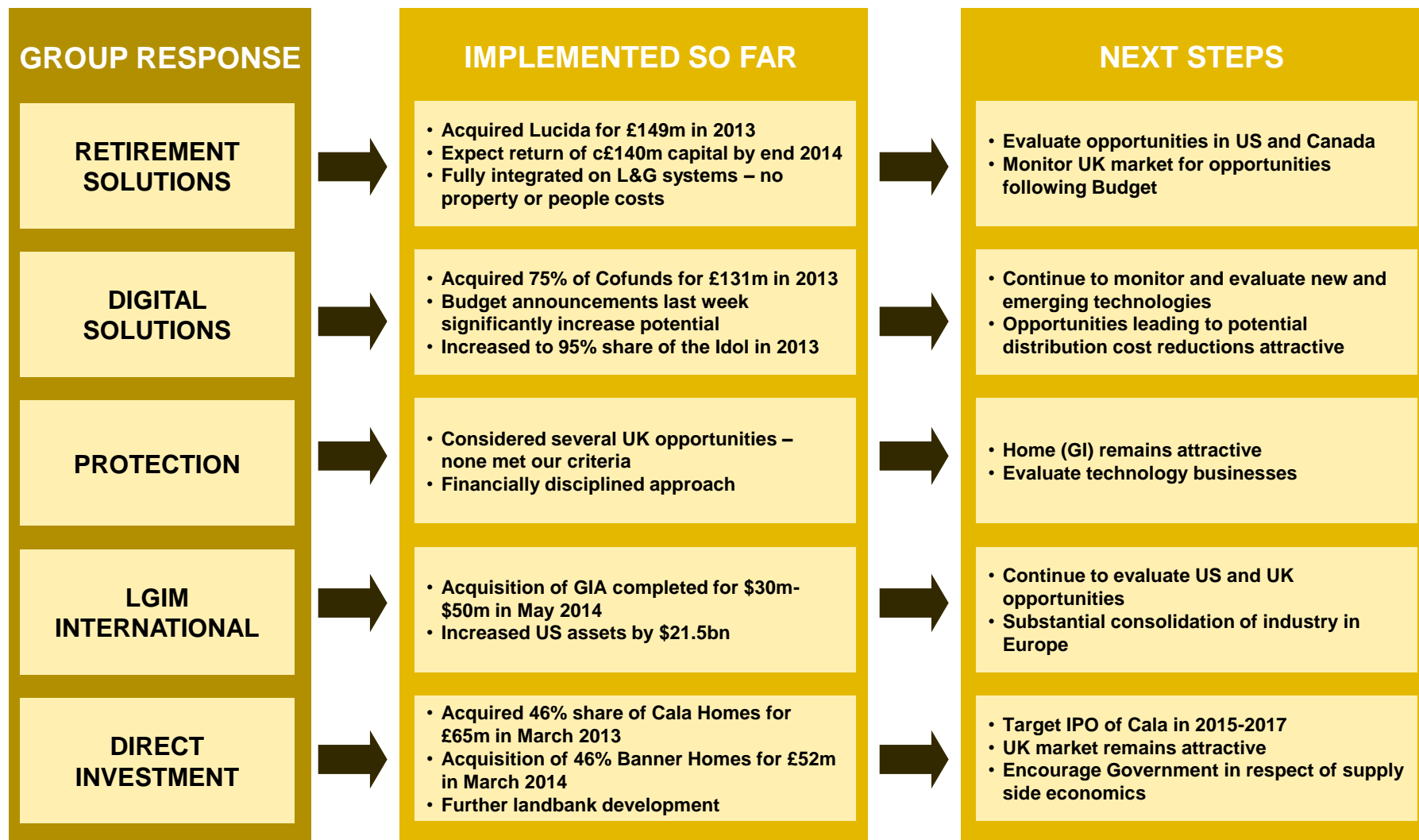
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**Legal &
General**

INTERIM RESULTS SUMMARY: FINANCIAL HIGHLIGHTS.

1. Annuity assets up 20% to £38.5bn (H1 2013: £32.2bn), LGIM assets up 13% to £654bn (H1 2013: £579bn) and Savings assets up 17% to £118bn (H1 2013: £100bn)
2. Net cash up 13% to £567m (H1 2013: £500m);
Operational cash up 8% to £578m (H1 2013: £537m)
3. Operating profit up 11% to £636m (H1 2013: £571m)
4. IFRS profit before tax up 7% to £636m (H1 2013: £594m)
5. Earnings per share up 9% to 8.51p (H1 2013: 7.82p)
6. Interim dividend up 21% to 2.90p per share (H1 2013: 2.40p)
7. IFRS return on equity 17.6% (H1 2013: 16.8%)

NEXT STEPS.



L&G: FINANCIALLY SUCCESSFUL, SOCIALLY AND ECONOMICALLY USEFUL, WITH A STRONG FUTURE.

- LGR: Opportunities for growth have increased
- LGAS: Substantial digital progress coupled with improving internal cost efficiency
- LGIM: Transformation to international fund manager accelerating
- LGC: Success in housing, infrastructure and urban regeneration to be followed by other asset classes
- LGA: Dividend momentum continues

 **ALTHOUGH PROGRESS HAS BEEN SIGNIFICANT, THERE REMAINS MUCH TO DO.**

EVERY DAY MATTERS.

➤ We have a powerful purpose. Every day, we promise to make financial security easier to achieve for our customers.

We help people build better and more secure lives. In this way we demonstrate that we are economically and socially useful.

We know our customers benefit from our deep collaboration with charities, which increases our knowledge and our reach to the wider community.

EVERY DAY MATTERS.®

Legal & General



YOUTH/NET