

**RISK, RETURN AND GROWTH –
GETTING THE BALANCE RIGHT**

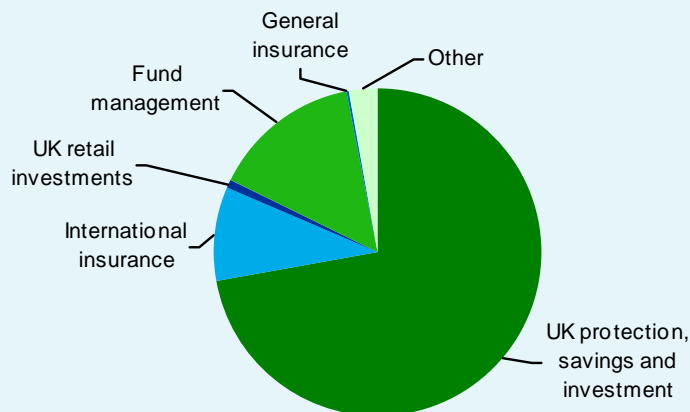
Tim Breedon
Group Chief Executive
5 October 2006



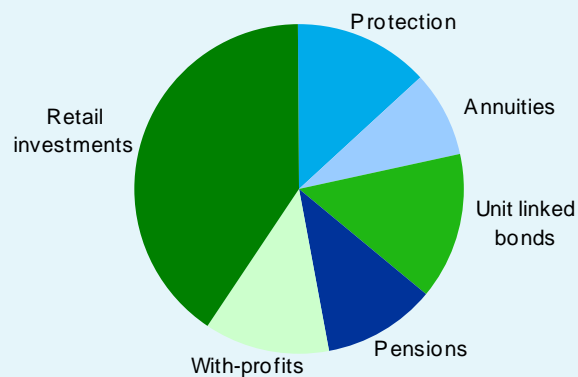
FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements with respect to certain of Legal & General Group Plc's plans and its current goals and expectations relating to future financial condition, performance and results. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Legal & General Group Plc'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 governmental and regulatory authorities, the impact of competition, the timing impact and other uncertainties of future mergers or combinations within relevant industries. As a result, Legal & General Group Plc's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in Legal & General Group Plc's forward-looking statements. 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.

Group profit profile - H1 2006



UK sales profile - H1 2006

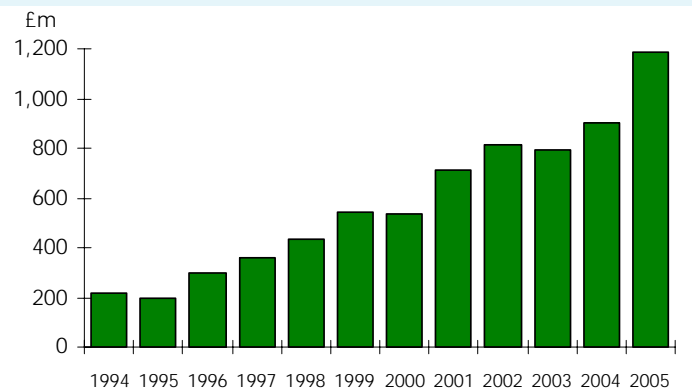


A balanced business

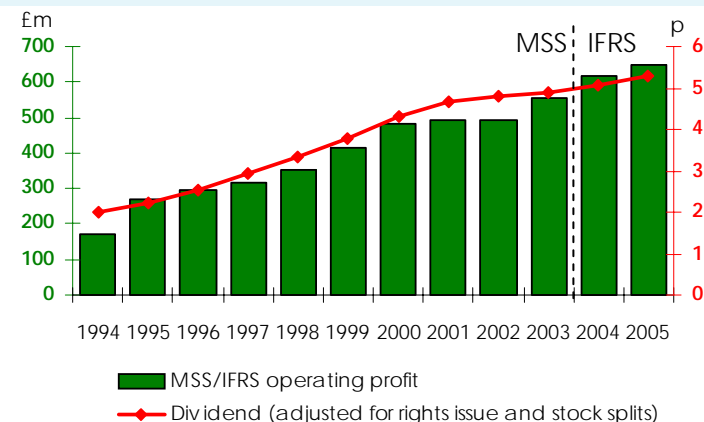
- UK focused – but diversified
- Leading protection, savings and investment provider
- Major investor in UK plc
- Strategic continuity
- Financial strength

RISK, RETURN AND GROWTH – A HISTORICAL PERSPECTIVE

Growth in UK APE – 1994-2005



Growth in MSS/IFRS profit and dividend – 1994-2005

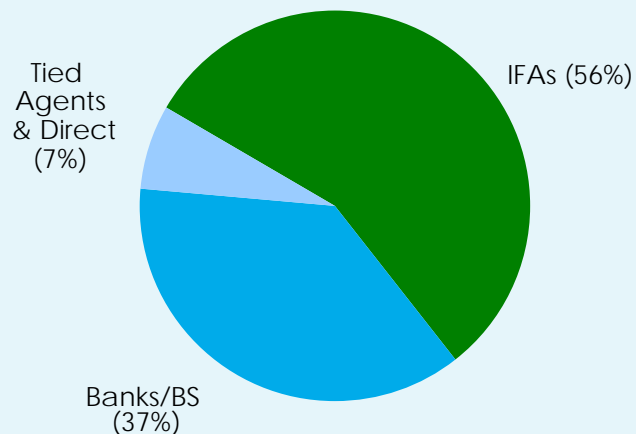


A track record of getting the balance right

- Compound annual sales growth of 17% (1994-2005)
- 1990s: Building scale critical in a concentrating marketplace
- Achieved scale without compromising profitability
- Continuous dividend growth

Scale delivers competitive advantages for the future

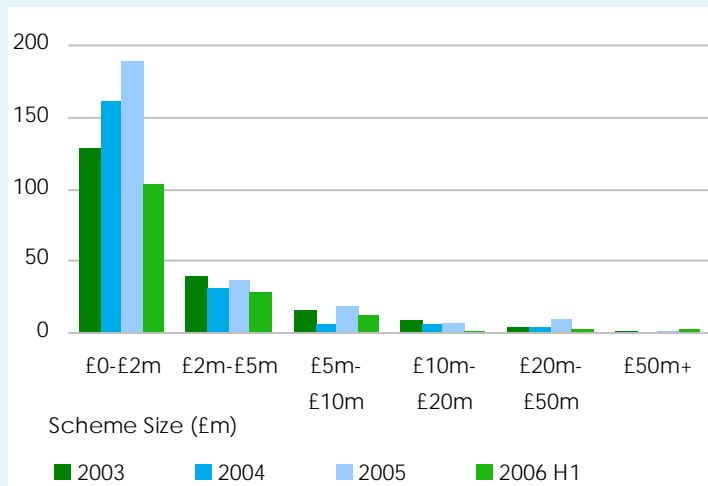
L&G UK distribution profile – H1 2006



Managing how we grow

- Excellence in risk pricing and administration
- Diversification:
 - By product
 - Within products
 - By distribution channel
 - Over time
- Credible experience data
 - **> 3m** annuitant years experience
 - **12m** customer years of protection experience
- Organic growth

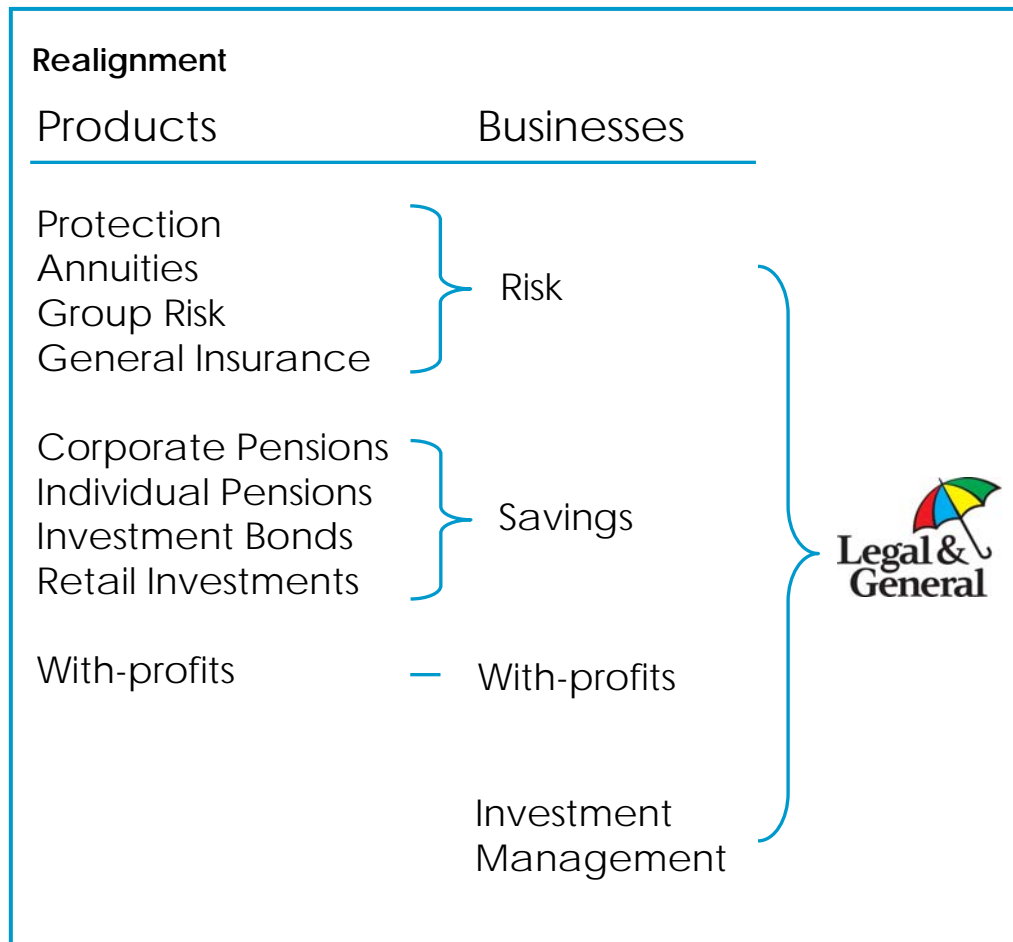
New L&G BPA Schemes by Size 2003 – H1 2006



Source: L&G Data

Aligning skills with risk

- Realignment of our UK business
- Risk, savings and investment businesses
- Focusing expertise
- Different risks – different skills needed
- End-to-end risk management

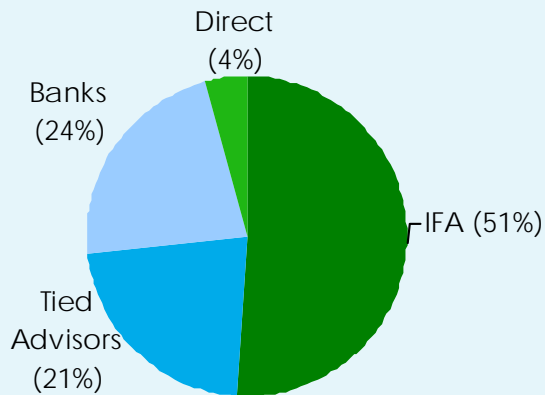


GROWTH OPPORTUNITIES: PROTECTION

A wealth of opportunities



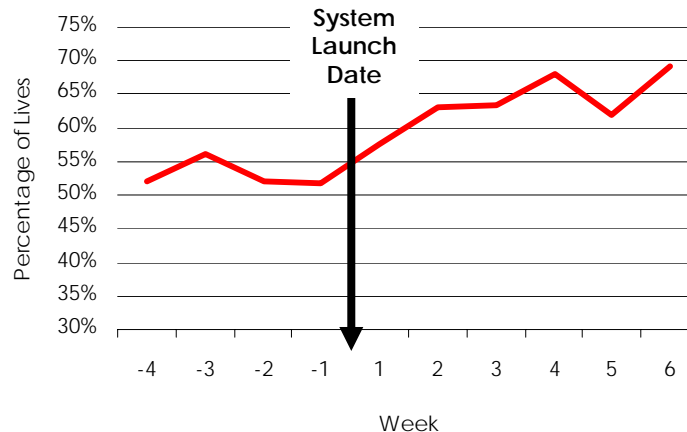
Broad distribution reach



Protection: scale is critical

- Strategic pursuit of scale
- No 1 provider
- Brings significant competitive advantage
- Investment in systems, technology and people
- Benefits of tied distribution

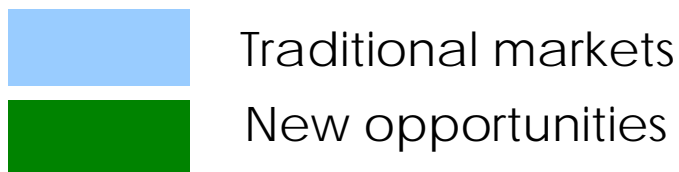
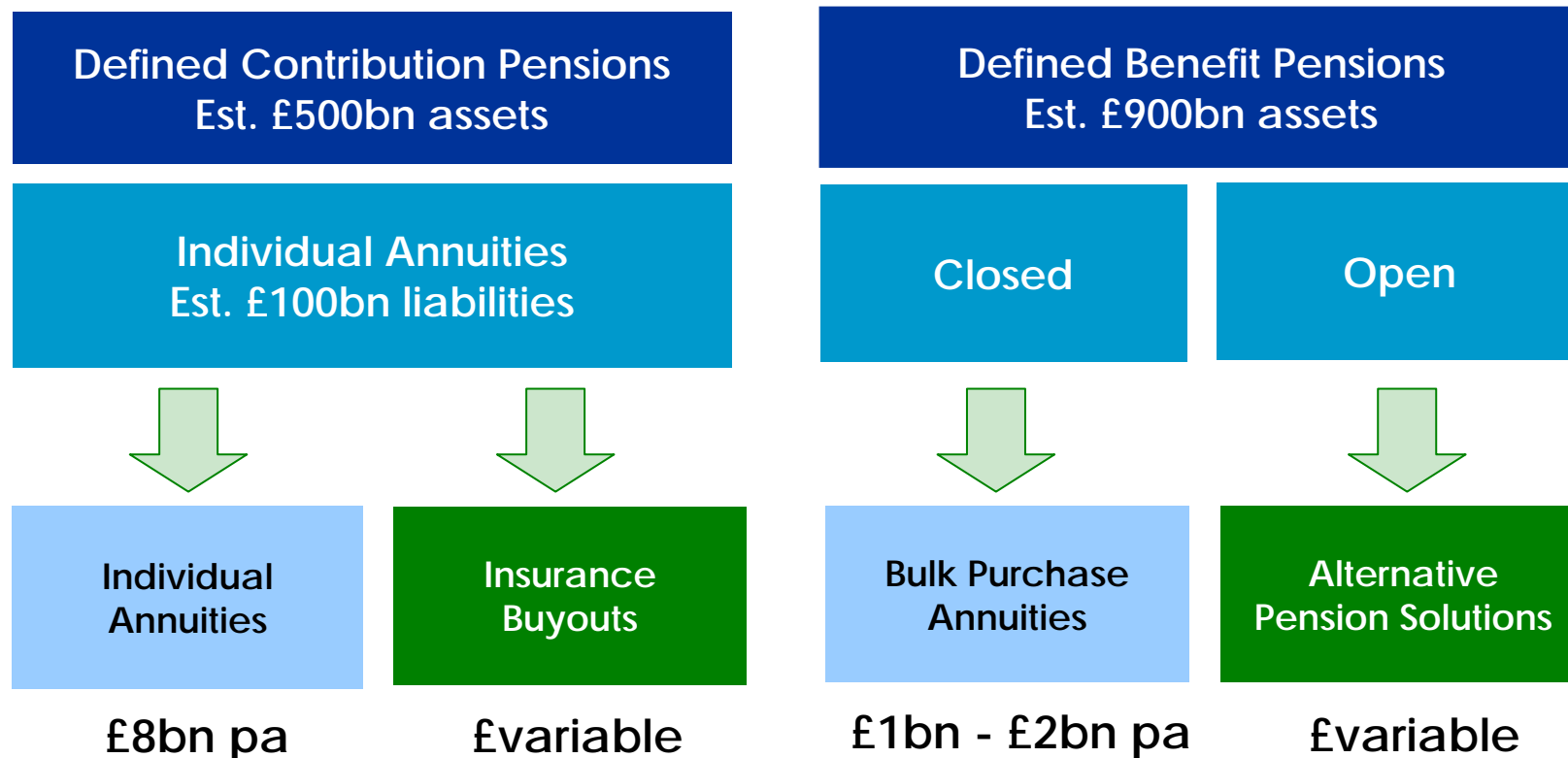
Pilot upgrade to underwriting system – Increase in Point of Sale underwriting decisions



Source : Pilot IFA L&G Data

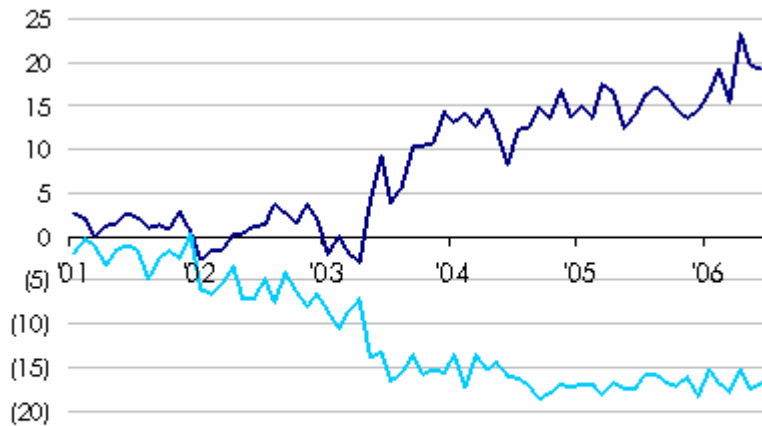


Growth from both traditional and new markets



Increasing propensity to save...

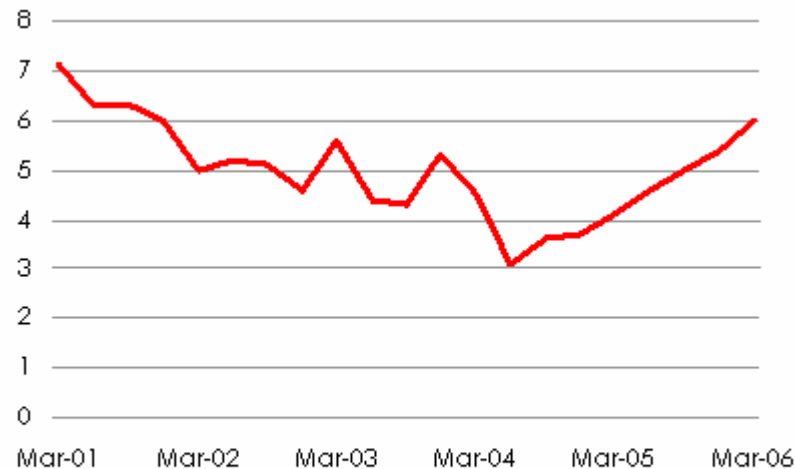
Savings and spending – the gap widens



— Intentions to save — Intentions to spend

GfK survey of consumer confidence

Saving ratio*, % of disposable income

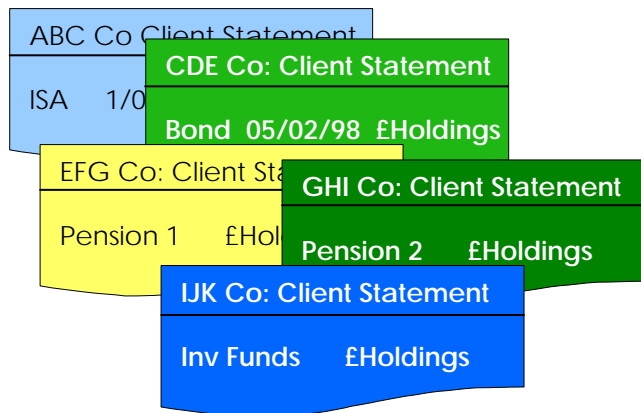


* Savings in the household sector as a proportion of disposable income

...and a wide range of savings choices

- Bonds
- Pensions
- SIPPs
- Single premium
- PEPs
- Locked-in
- Deposit accounts
- Regular premium
- With-profits
- Off-shore bonds
- Tax advantaged
- ISAs
- Flexible

Changing the way we save: the rise of the fund platform



A collection of savings

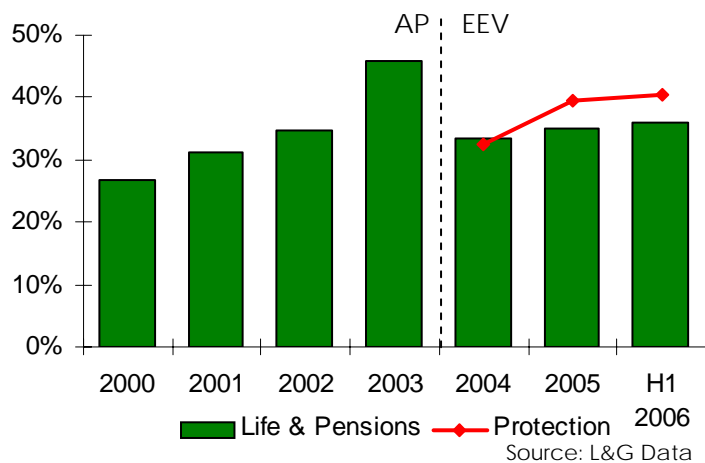
- Products administered separately
- Multiple statements
- Cost of switching between products
- Limited fund choice

A savings continuum

- Changing the way customers view their savings
- Single point of access to:
 - A wide choice of funds
 - A range of product wrappers
- Simplified administration
- Switch between funds easily
- Service throughout lifetime

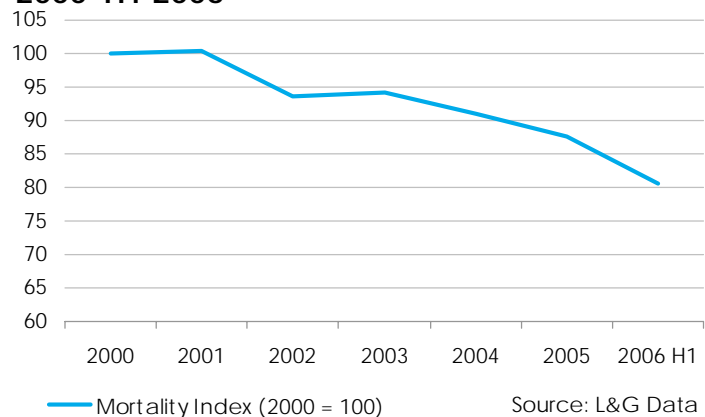
Delivering strong returns...

Life & Pensions and Protection profit margins
2000-H1 2006



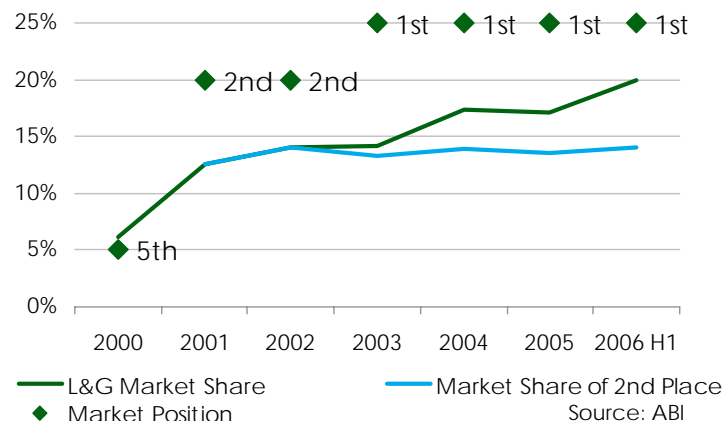
...and managing risk

Protection claims experience
2000-H1 2006



...by both growing scale...

Protection Retail Market Share and Rank
2000-H1 2006



Simply better

- Experience and expertise in the UK market
- Strong record of growth
- Well managed risks
- Competitive advantages in key markets
- Delivering results