

Welcome

Sir John Kingman became our new Chairman on 24 October 2016.

I am delighted and privileged to have been asked to be Chairman of such a successful and respected company. In my previous roles, I have worked with Legal & General for many years, and I know how special the group's culture is.

I would like to thank my predecessor, John Stewart, for his wise leadership as Chairman over the last six years, taking the group from the depths of the financial crisis to consolidating its position as a highly successful UK financial services group. I also want to thank Rudy Markham, the group's longest-standing non-executive director, for his great service in acting as a hugely effective interim Chairman for five months during 2016.

The group's strategy continues to be very successful. Our commitment to being economically and socially useful will continue to be embedded in the company's values and culture. Our businesses have formidable further potential. Working with Nigel Wilson and the wider Board in the next phase of our development, we continue to build growth for our business, its shareholders, customers and employees.

Profit growth continues

We started 2016 with the implementation of the new Solvency II capital regime. The strength of our capital base enabled our balance sheet to demonstrate its resilience to market volatility through 2016 and provide a strong platform for business growth. I'm pleased to report that we increased operating profit by 7% to £1,562 million and IFRS profit after tax by 7% to £1.3 billion, with adjusted earnings per share now 22.20p (2015: 18.58p).

Since the financial crisis, the group has been able steadily to rebuild its dividend, with annual compound growth of 23% from 2009 to 2015. Having reached this level, the Board has considered carefully the best medium-term trajectory of dividend growth, taking into account both excellent continuing financial performance, and the importance

to our shareholders of a rate of dividend growth which is sustainable in a wide range of potential economic scenarios. Accordingly, the Board is recommending a full-year dividend of 14.35p for 2016, 7% higher than 2015.

Recent Board changes

Page 52 of this report describes recent Board changes in full. In 2016, Olaf Swantee, Stuart Popham and Liz Zlatkus stood down from the Board and Richard Meddings leaves at the 2017 AGM. Julia Wilson has succeeded Rudy Markham as Senior Independent Director. Rudy remains on the Board until the AGM. I would like to thank everyone for their important contributions and especially thank Mark Gregory who retires from the Board on 9 March, being replaced as Group CFO by Jeff Davies. New Board appointments in 2016 were Lesley Knox and Philip Broadley, with Toby Strauss joining in January 2017 and Kerrigan Procter who joins the board as an Executive Director on 9 March 2017.

An impressive management team

Since my appointment was announced, I've worked closely with the management teams across our businesses and have met many of our employees. I've been hugely impressed by their hard work, professionalism and specialist knowledge, which enable us to focus on looking after the financial security of over 15 million people in the UK, US and India. Our employees make Legal & General the exceptional group it is today.

A confident future

The company's strategy has benefited by taking advantage of the opportunities offered by long-term growth drivers. I believe the UK and the US are very attractive markets where we can take advantage of the many investment and growth opportunities which continue to emerge. I'm looking forward to my first AGM in May and hope to see as many of you as possible there.



Sir John Kingman
Chairman



SEE THE VIDEO

Sir John Kingman discusses his appointment and recent activities.

www.legalandgeneralgroup.com/investors/shareholder-centre.asp



Annual General Meeting 2017

11am on 25 May 2017, at the Honourable Artillery Company, Armoury House, City Road, London EC1Y 2BQ

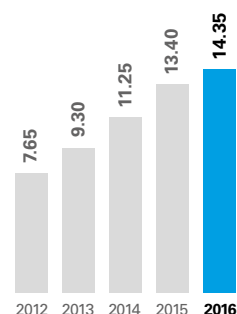
Dividend policy

We're a long-term business and set our dividend annually, according to agreed principles, which we set out in our results.

The Board has adopted a progressive dividend policy, reflecting the Group's expected medium-term underlying business growth, including 'Net Release from Operations' and 'Operating Earnings'.

Full year dividend

Five year progress (pence)



10.35p

Final dividend to be paid on 5 June 2017 (2015: 9.99p). Our dividend policy is described above.