



Legal & General announces largest UK bulk annuity with Rolls-Royce UK Pension Fund

Legal & General Group Plc announces that the business (“Legal & General”) has written a pension risk transfer (“PRT”) transaction in excess of £4.6 billion with the Rolls-Royce UK Pension Fund (“RRPF”), covering approximately 33,000 in-payment pensioners.

This is the largest bulk annuity written in the UK and, including this, Legal & General has now transacted four of the five largest UK PRT deals, namely, British Airways (£4.4 billion), ICI (£3.0 billion) and TRW (£2.5 billion).

Legal & General has a long standing relationship with Rolls-Royce, having provided investment management services to the pension plan since 1989. In 2016, Legal & General issued a £1.1bn buyout for the Vickers Group Pension Scheme. Legal & General will continue to provide investment management services for a significant proportion of RRPF’s remaining £8.4 billion asset portfolio following today’s transaction.

In aggregate, Legal & General has transacted over £6.2 billion of global PRT year to date (H1 2018: £0.7bn). The financial metrics and Solvency II capital strain of these deals are in line with previous transactions.

Nigel Wilson, Chief Executive, Legal & General, said:

“The Rolls-Royce transaction again demonstrates our extensive strengths and synergies. We have a unique combination of pension, actuarial and structuring expertise coupled with the capacity to create and source long-term direct investments at scale. The global PRT opportunity remains sizeable and compelling: only 8% of the £2.2 trillion of UK DB pension liabilities and 5% of the \$3.5 trillion in the US have completed PRT. Our pipeline and appetite for further transactions in H2 remains strong.”

Laura Mason, CEO Legal & General Retirement Institutional, said:

“We have developed an excellent relationship over many years with Rolls-Royce, providing both investment and pension de-risking expertise and support. This transaction, which demonstrates the strength and expertise of the Legal & General team, is excellent news for the pension plan and the sponsor. It will provide enhanced security for plan members and the quality customer service for which Legal & General is known.”

Liz Airey, Chair of Trustees, Rolls-Royce Pension Fund, said:

“The Trustee is delighted to have achieved this outcome for our members. The transaction will provide greater security and certainty around the retirement benefits our members have been promised. This has been made possible by careful risk management over many years and a strong collaboration between the Trustee, Rolls-Royce and our advisers.”

Notes to editors

Legal & General Group Plc

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1 trillion in total assets under management, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income. As at 5 June 2019, Legal & General has a market capitalisation of £15.6 billion.

Legal & General Retirement Institutional works with trustees and sponsoring companies of Defined Benefit (DB) Pension Schemes to settle their pension obligations and secure scheme members' benefits, through a full range of risk transfer solutions to pension schemes of all sizes.

Forward-looking statements

This announcement may contain certain forward-looking statements relating to Legal & General, 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 acquisitions or combinations within relevant industries. As a result, Legal & General'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 does not undertake to update forward-looking statements contained in this announcement or any other forward-looking statement it may make.

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