



SAVINGS INVESTOR DAY.

23 May 2013

EVERY
DAY
MATTERS



Legal &
General

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.

AGENDA.



Mark Gregory
Chief Executive Officer
Savings

Strategic Overview



Chris Rhodes
Executive Director Group
Retail
Nationwide Building Society

**Banks and Building Society Distribution: A Leading
Mass Market Distribution Model**

Mark Gregory

**Positioned to Gather Assets:
Banks & Building Societies; Retail Investments;
Workplace Savings**



Chris Last
Chief Executive Officer
Designate
Cofunds

Cofunds Opportunity



Andrea Blance
Chief Financial Officer
Savings

Framework for Driving Results

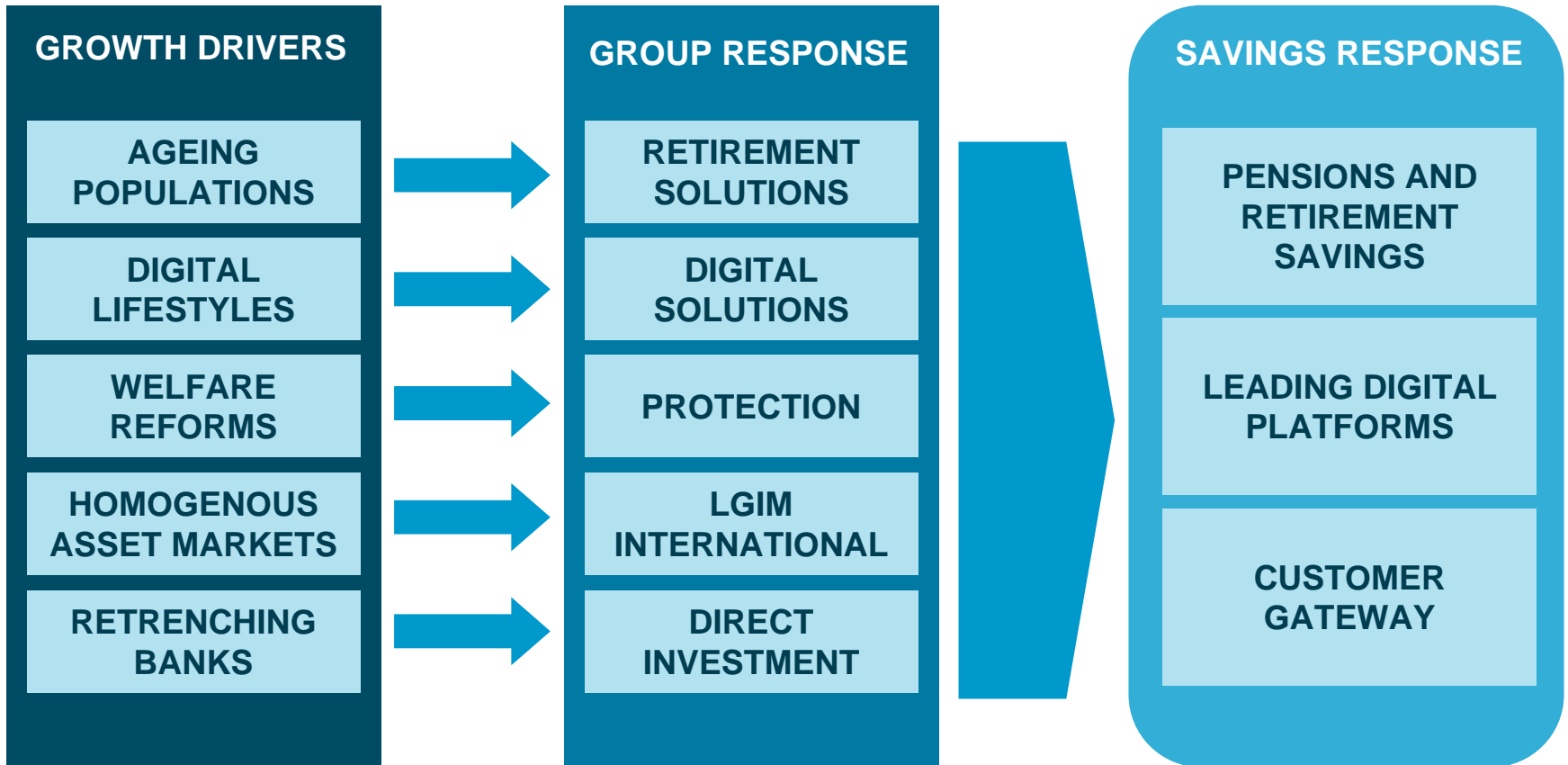
Mark Gregory

The Long Term Prize

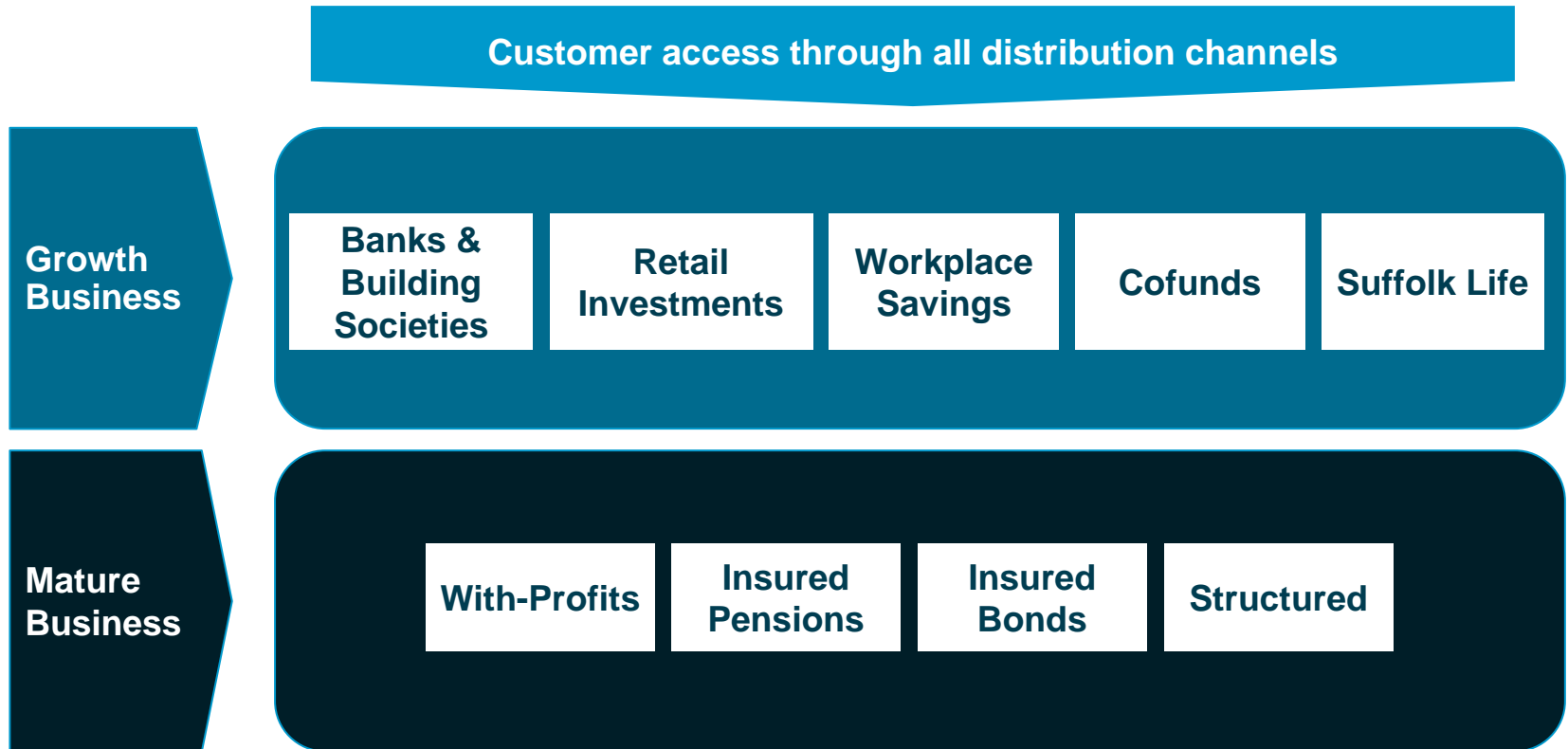
Questions and Answers

Lunch

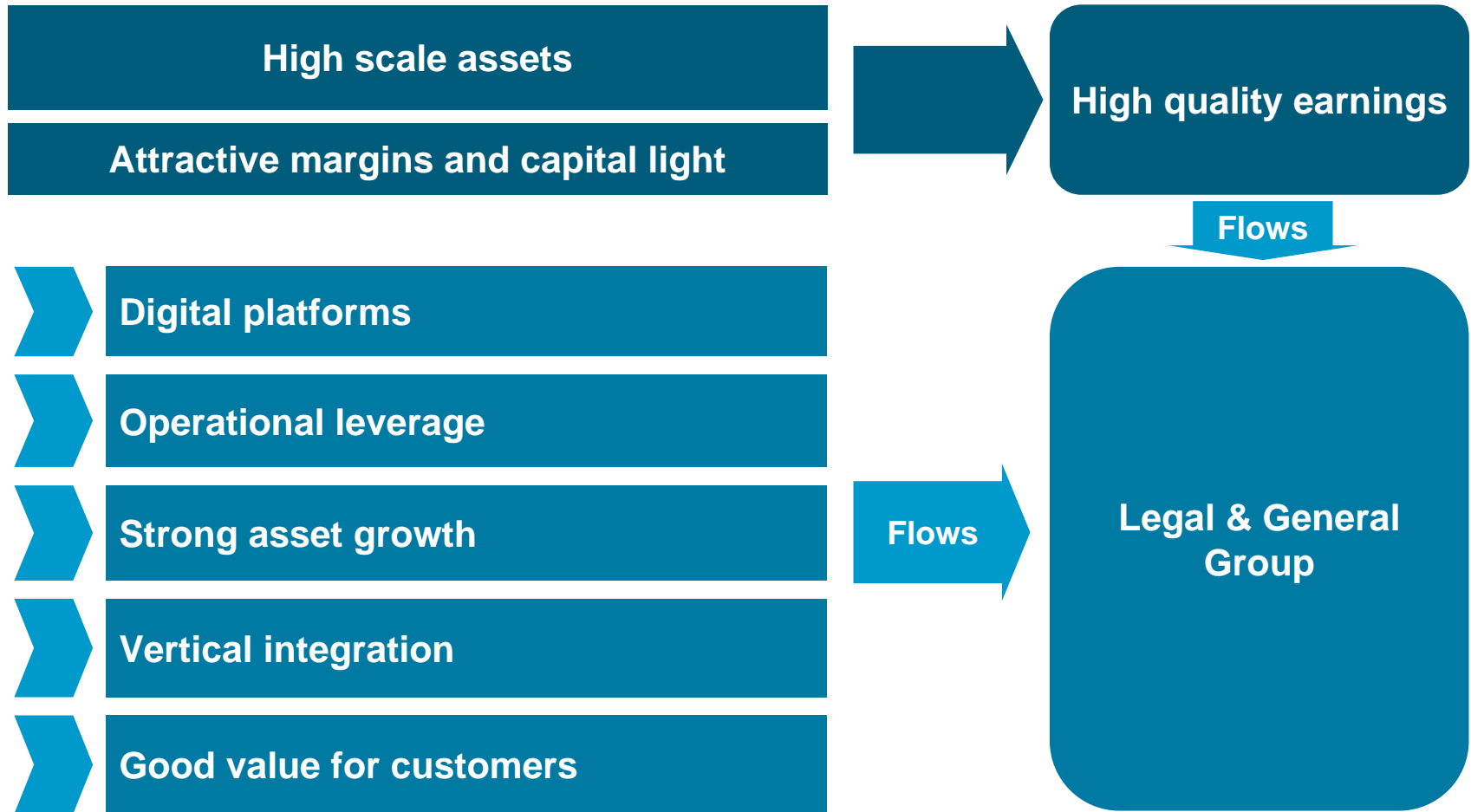
SAVINGS INTEGRAL TO GROUP STRATEGY.



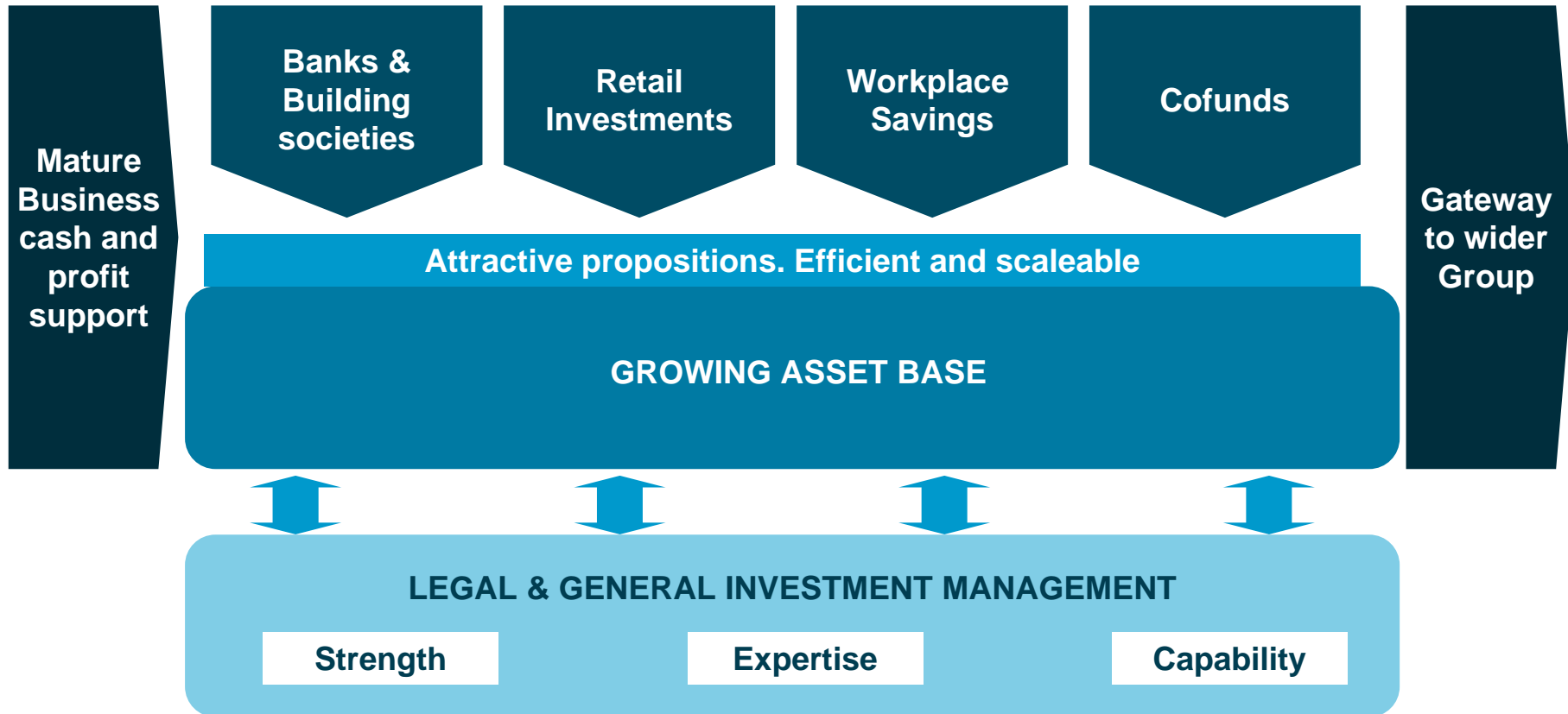
LEVERAGING MATURE TO DRIVE GROWTH.



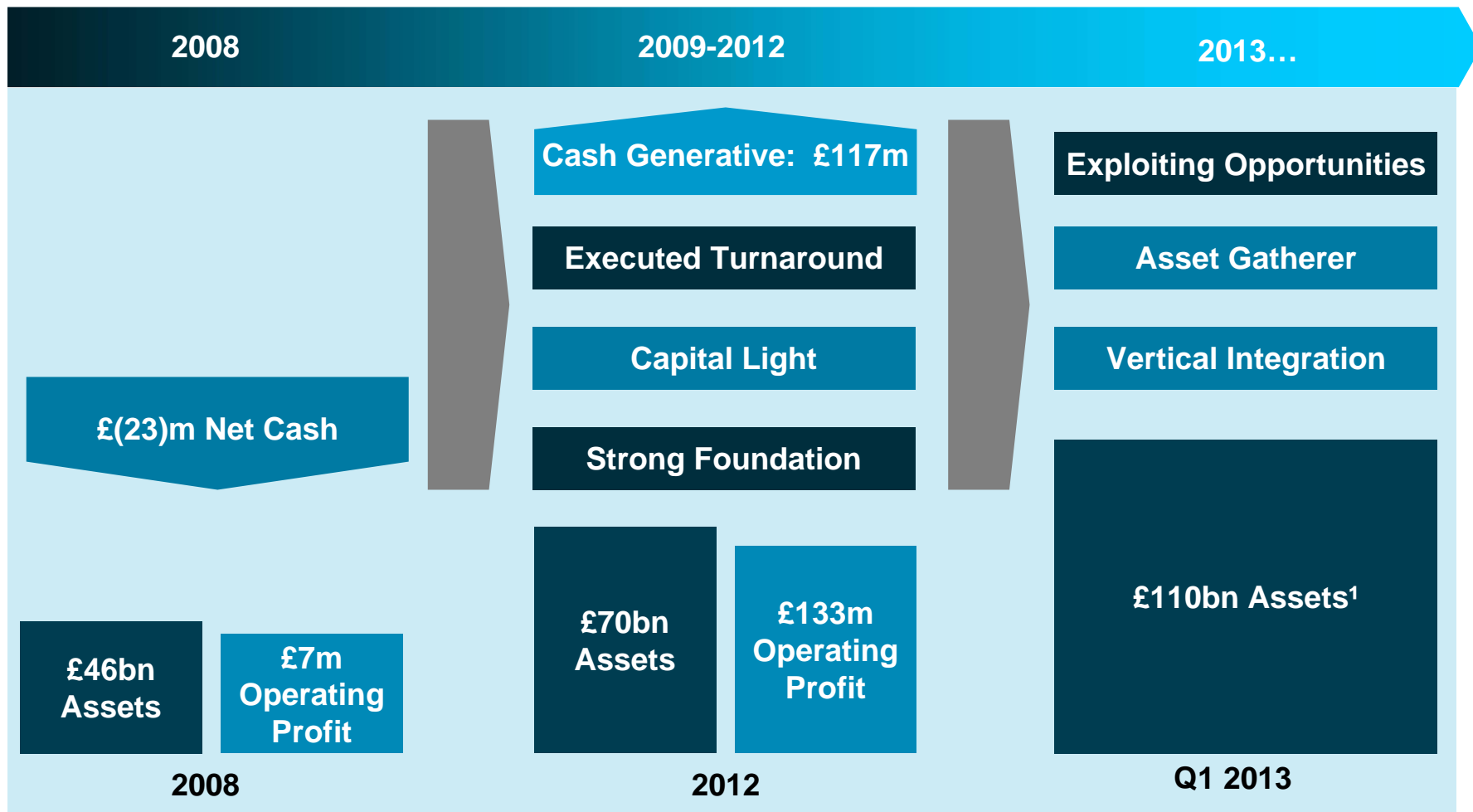
ASSET GATHERER STRATEGY.



LONG TERM GROWTH OPPORTUNITIES.



DEMONSTRABLE EXECUTION.



¹Includes net additional assets from Cofunds acquisition

£110BN OF ASSETS GENERATING REVENUES.

Acquisition



£36bn^{1 2}

- No. 1 UK platform by assets³
- Earnings accretive
- Synergy benefits

Organic

£32bn¹

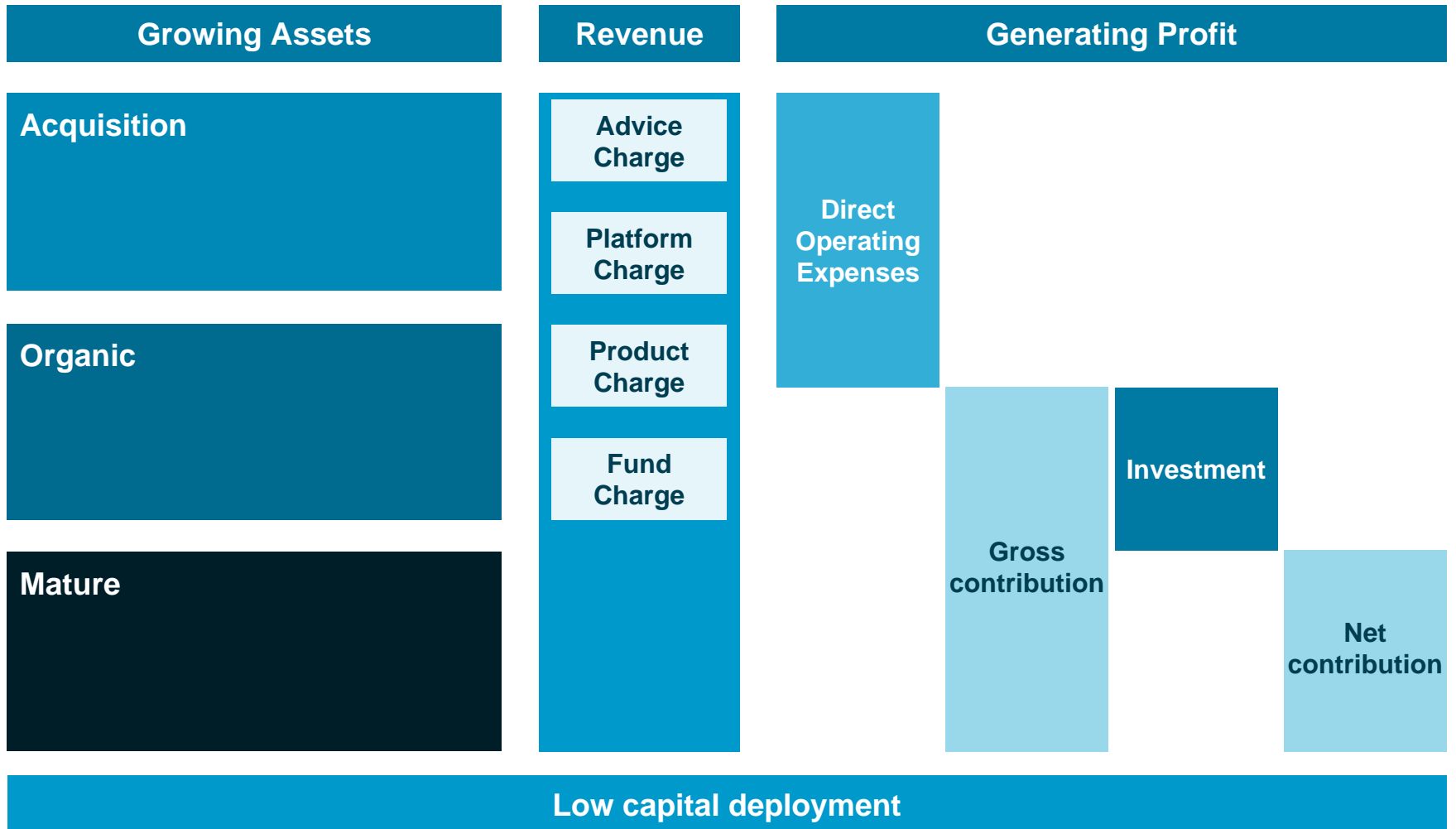
- Access to 21m building society members⁴
- £9.1bn on Investor Portfolio Service (IPS) platform¹
- Over 500,000 Workplace customers⁵
- 23% share of UK passive funds market⁶

Mature

£42bn¹

- Predictable cash flows to support growth
- Tight cost control

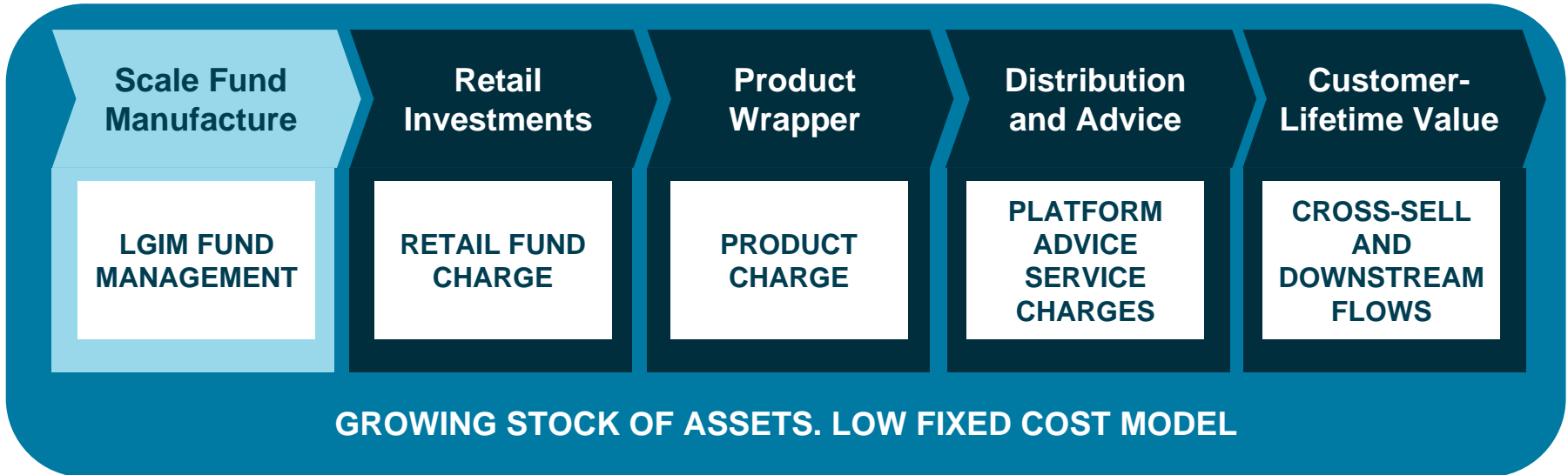
DRIVING LONG TERM SHAREHOLDER VALUE.



LEVERAGING THE FULL VALUE CHAIN.

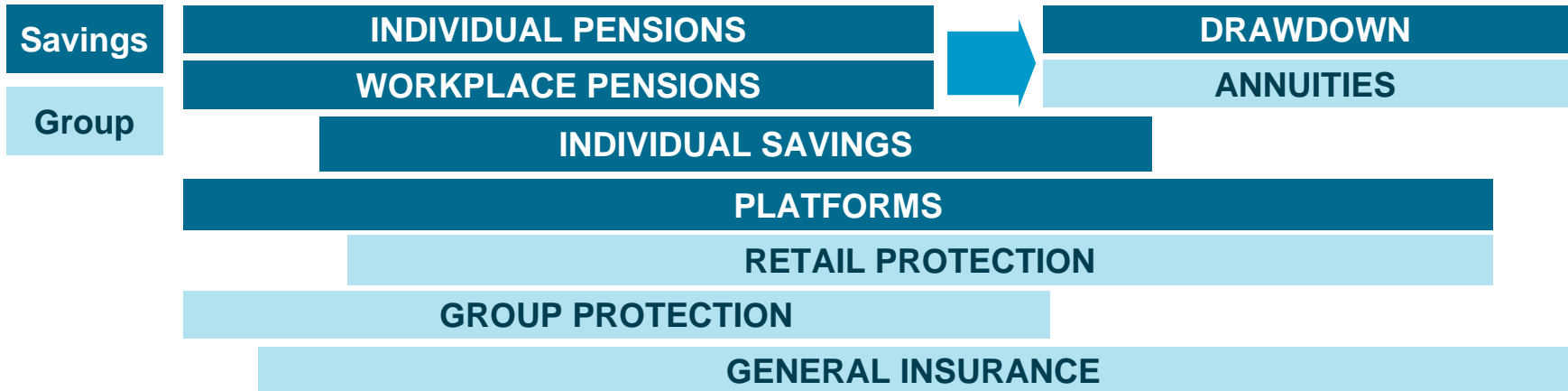
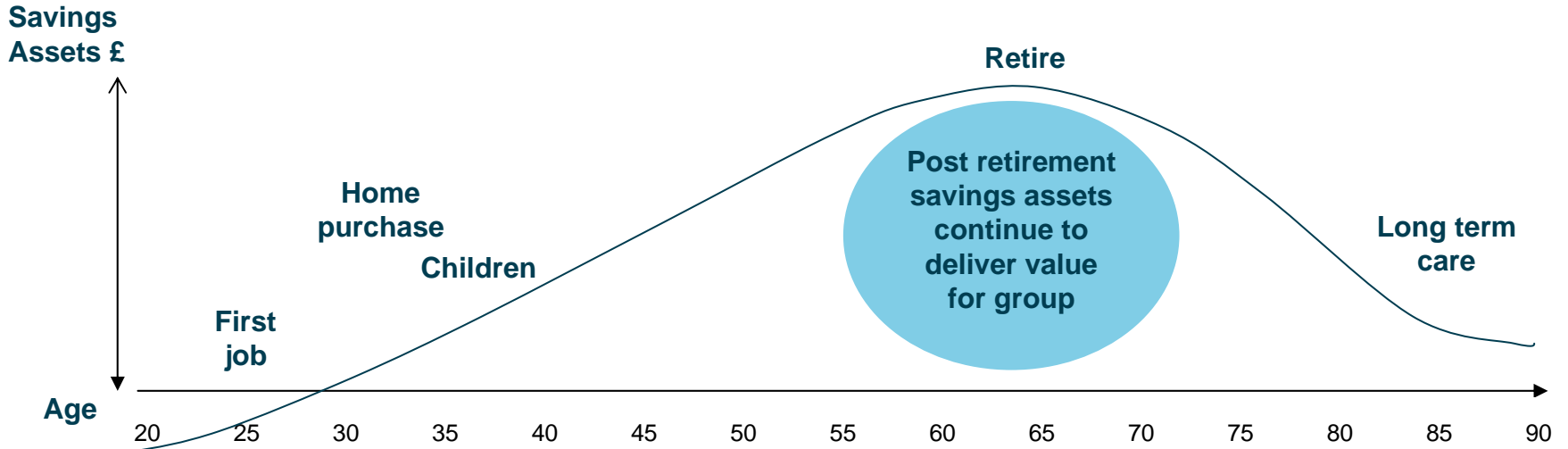


Closer and greater access to a broad customer base

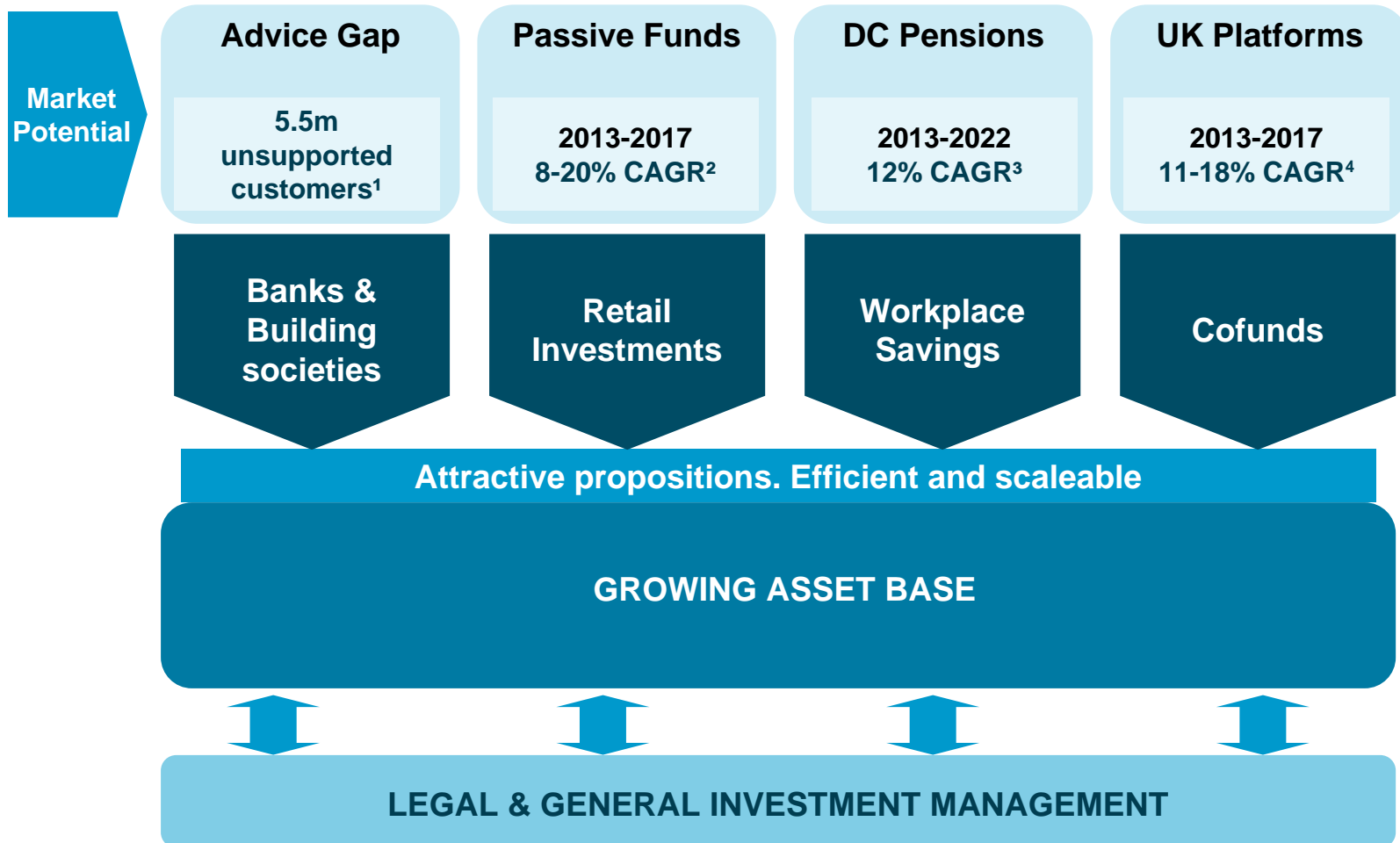


PROVIDING A GATEWAY TO LEGAL & GENERAL.

Customer for Life Model



EXPLOITING ASSET GATHERING OPPORTUNITIES.



¹Deloitte estimates ²In house estimates of Passive funds market growth ³Spence Johnson January 2013 Market Analysis ⁴Fundscape Feb 2013 Platform Market Report

2013

Delivering mutuality in partnership

Chris Rhodes
Executive Director
Group Retail

Confidential



VIDEO PLACEHOLDER
No.1 Threadneedle street

DELIVERING MUTUALITY IN PARTNERSHIP.

Our vision is to be the 1st choice for financial services



Safeguarding
our members'
financial
interests

Helping them
to save

Helping them to
make the most
of their money

Helping them to
buy their own
homes

DELIVERING MUTUALITY IN PARTNERSHIP.

**Why Legal &
General?**

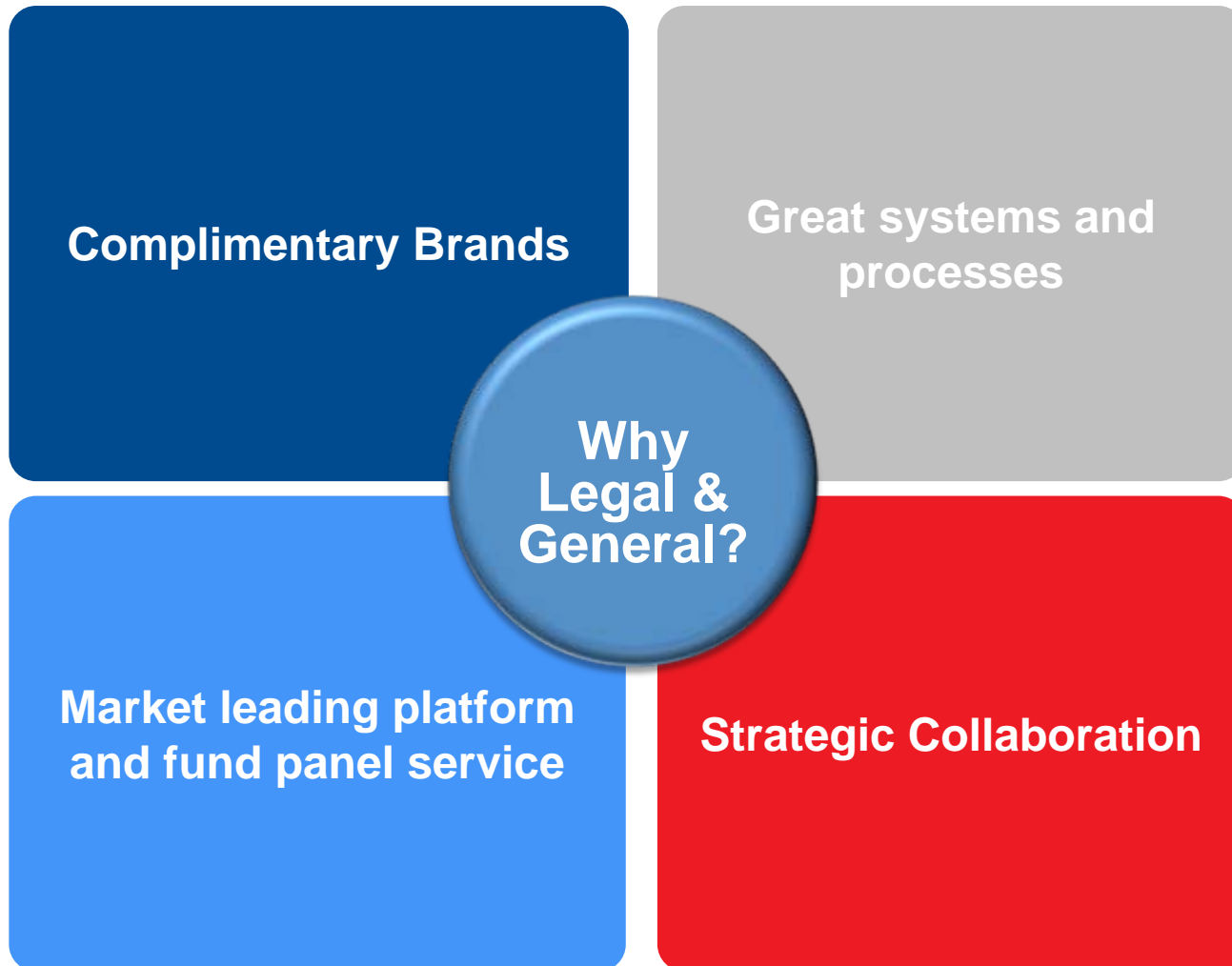
**Advice on
the High
Street**

**Our position
today**

**Our
potential**

WHY LEGAL & GENERAL?

Why Legal
& General?



ADVICE ON THE HIGH STREET.

Advice on the High Street

Advice to the Mass Affluent

Simple pricing – sustainable through mutuality

TRUSTED ADVISOR

Restricted to mainstream products

Competitive platform



Helping members make the most of their money

Powered by



Legal & General



Nationwide

On your side

ADVICE ON THE HIGH STREET.

Advice on
the High
Street

Daily Mail
www.dailymail.co.uk 50p

“If banks want us to invest with them perhaps they should take a leaf out of Nationwide’s book”

Hand picked investment funds

Defaqto 5* Protection products

Which?

TRUSTED
ADVISOR

Award winning Annuity proposition

‘On Your Side’ Protection pricing

“Nationwide's new (annuity) service is good news for consumer choice”

ADVICE ON THE HIGH STREET.

Advice on
the High
Street



Mr Grey

**Typically older
Lump sum investor**

**Investing to
maintain wealth
and distribute
income**

**More complex
needs**



Mr Black

**Typically younger
Regular investor**

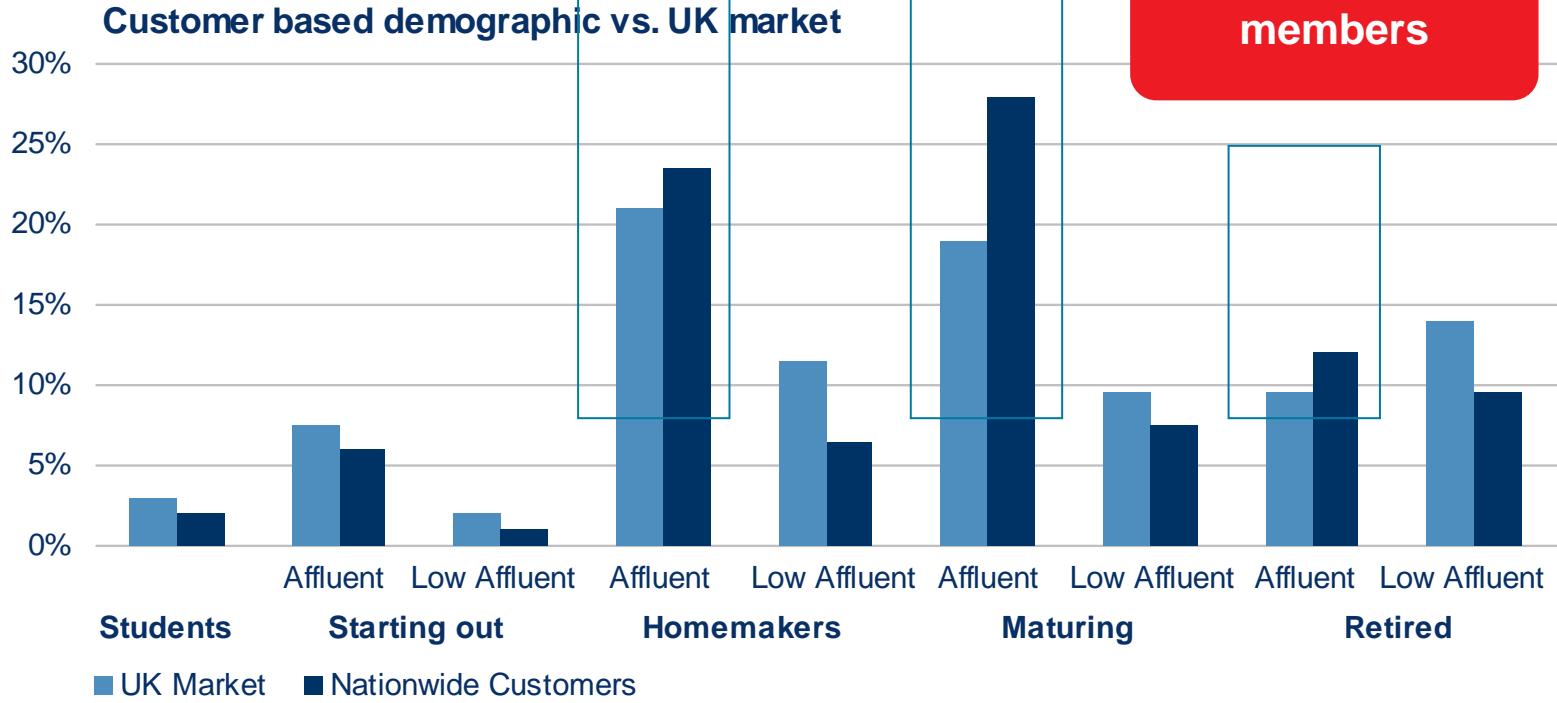
**Investing to grow
their wealth**

**Protect their home
and family**

OUR DEMOGRAPHIC.

Our position today

6.3m
Valuable members



Source FRS: 12 months ending Jul-11. 16+. Includes NBS new & existing customers opening new accounts

Nationwide has a greater percentage of Affluent customers in three of our core demographic groups than the UK market

OUR POSITION TODAY.

Our position today

£10.6bn

560k Investment customers

501k
Customers protected

Market share
3.0% Protection
8.3% Investments

74% are new to investing with Nationwide

A growing population of
450
Senior Financial Consultants

Mortgage & protection advisors
385
and growing to 474

OUR POTENTIAL.

Our potential

c84% of the UK population less than **5 miles** from a branch

c700 branches

89% of our investors hold another product

£126bn held by **8.2m** Savings customers

630k with over **£50k**

16m online visitors every month

1.9m without protection

2.2m Mortgage customers

DELIVERING MUTUALITY IN PARTNERSHIP.

1st choice for financial services

Safeguarding
our members'
financial
interests

Helping them to
make the most
of their money

STRENGTH IN PARTNERSHIP

Powered by
the experts

Here for our
Members

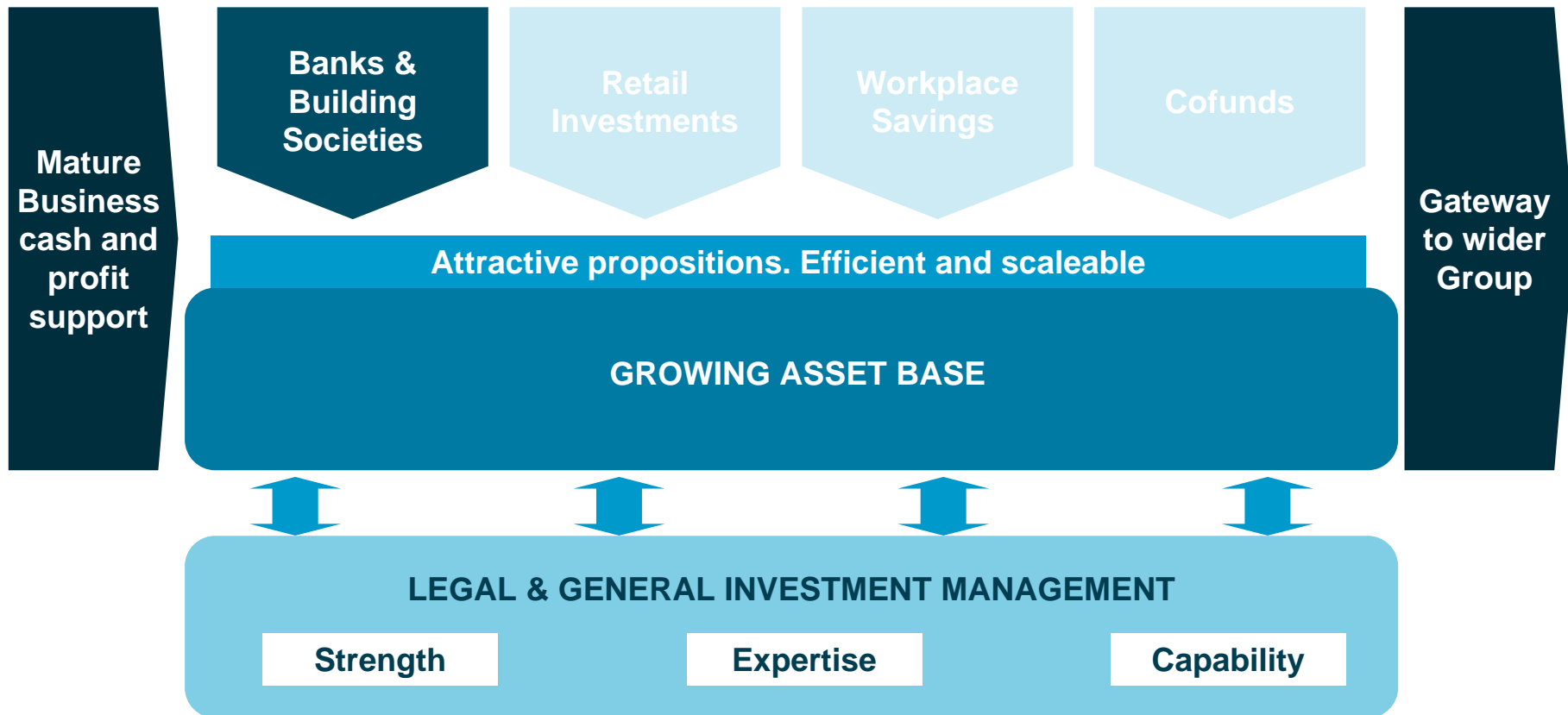
Unique on the
High Street



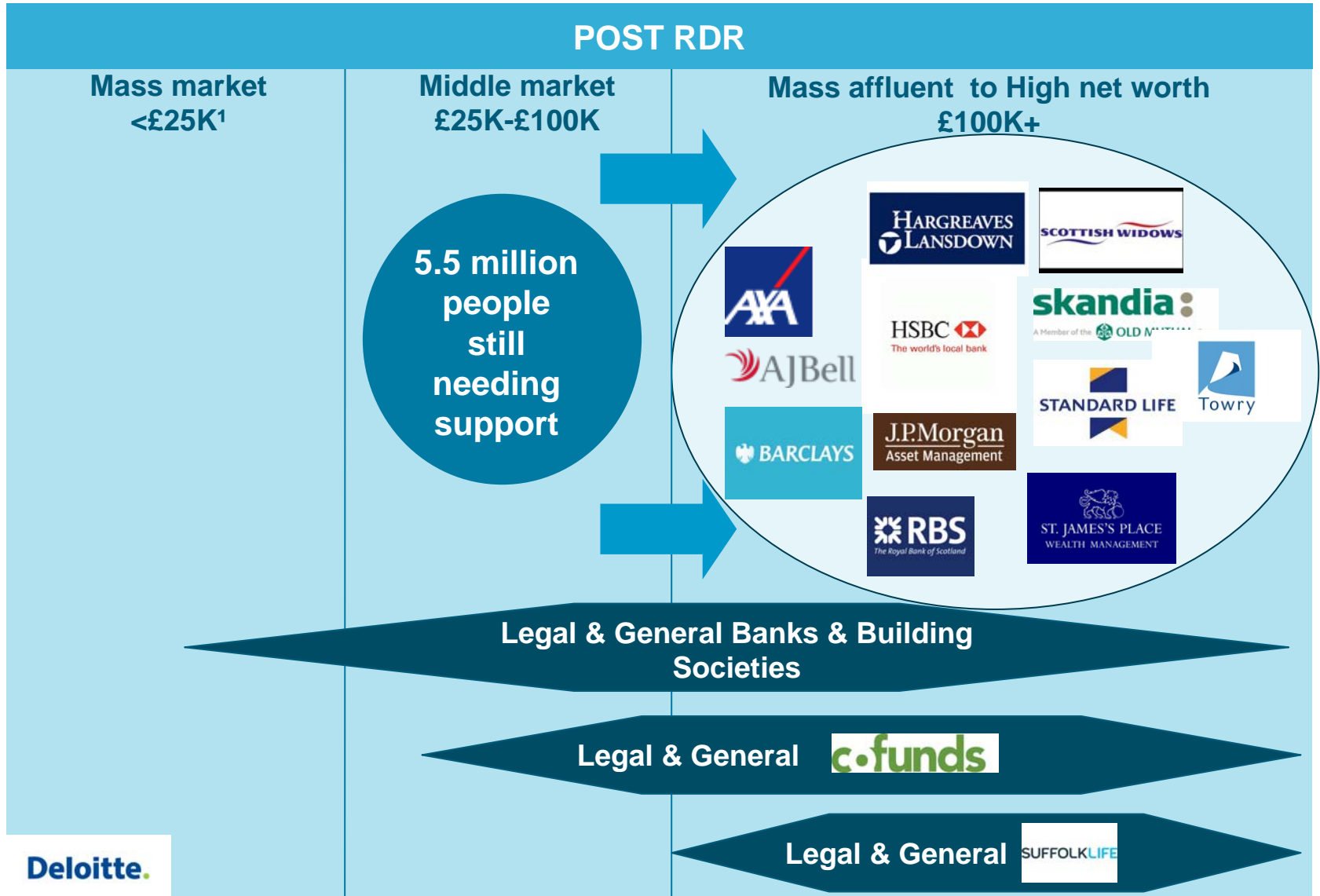
MARK GREGORY.

CHIEF EXECUTIVE OFFICER, SAVINGS

PROFITABLY SERVING MIDDLE MARKET INVESTORS.



BENEFITING FROM THE IMPACT OF RDR.

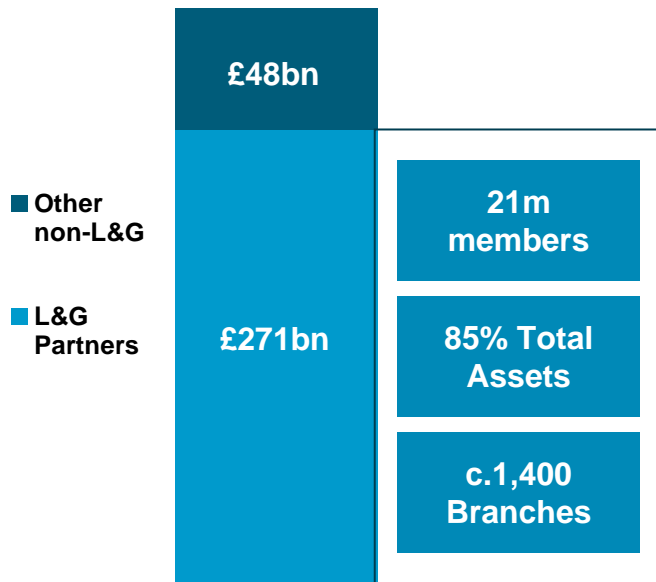


¹Investible Assets ONS Wealth and Assets Survey 2012. Companies represented not exclusive. Logo positions in alphabetical order only

SCALEABLE, FLEXIBLE AND BROAD REACH.

SECURED HIGH STREET PRESENCE

Building Society Assets¹

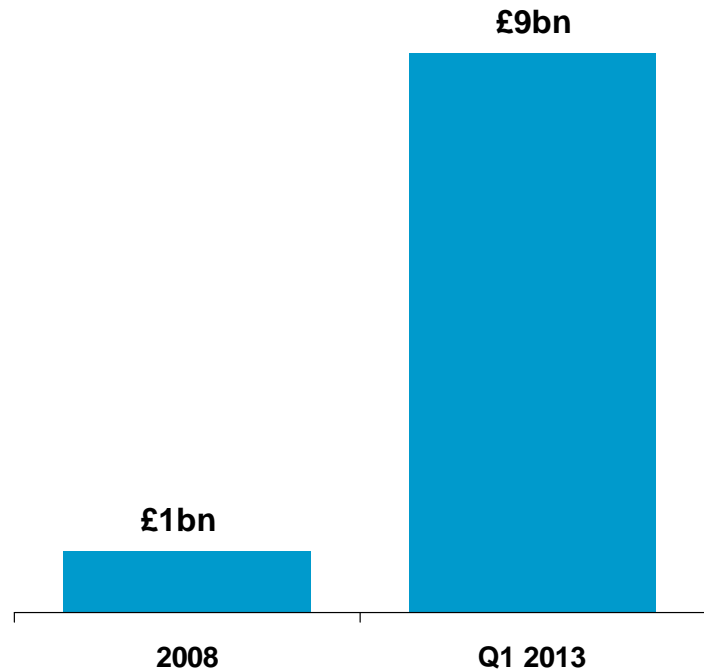


Building Society Assets

c. 600 advisers

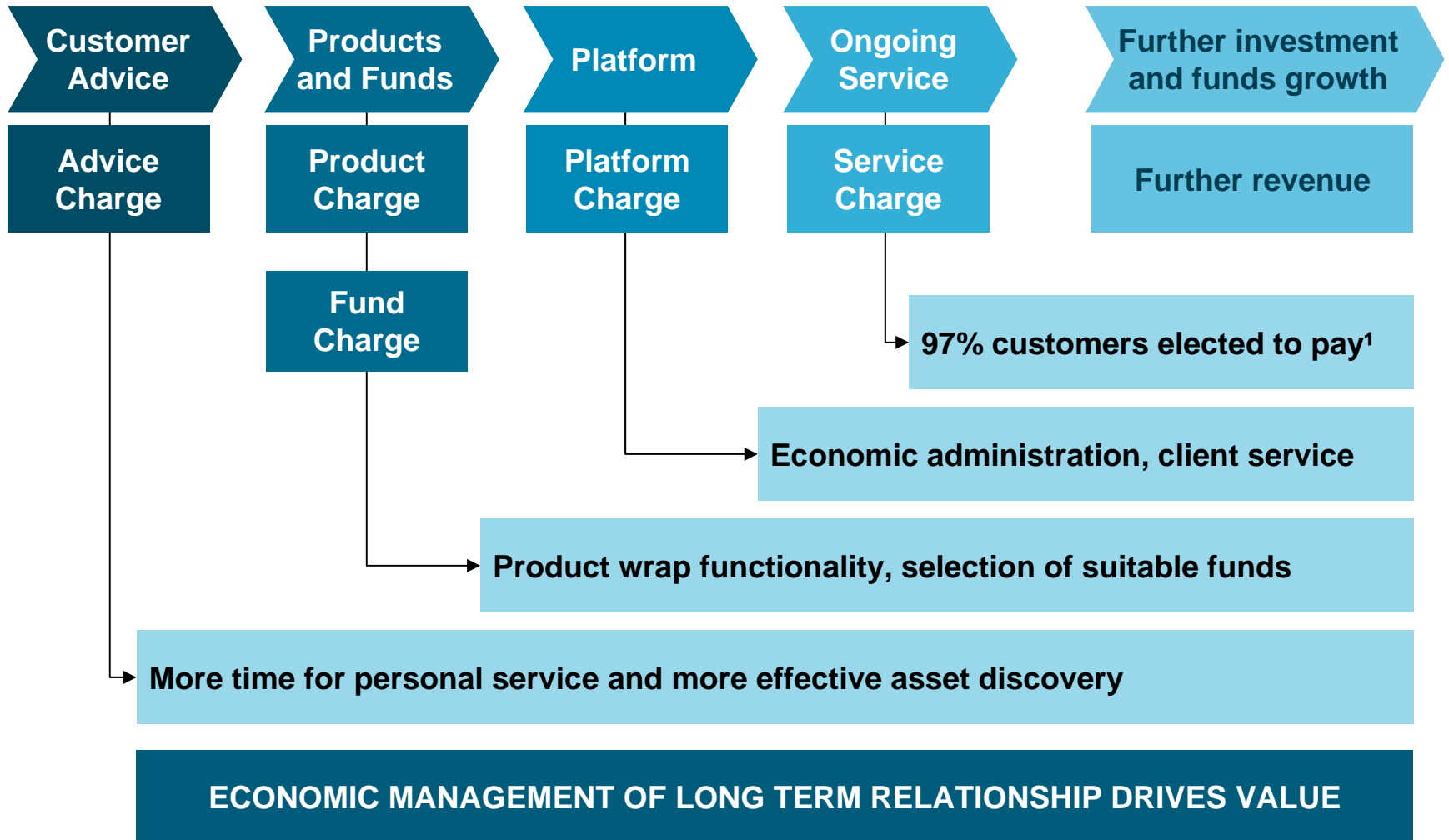
ACHIEVING SCALE AND EFFICIENCY

Investor Portfolio Service (IPS) Assets²



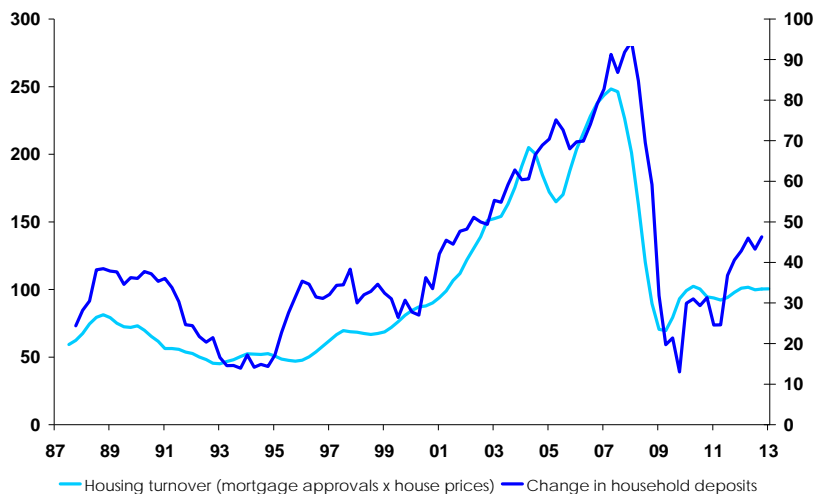
¹Building Society Association Individual building society key statistics 2012/13: ²£9bn includes Bonds and Pensions on Mature Book

DIGITAL: THE ENABLER OF ECONOMIC ADVICE.



HOUSING ASSETS TO DRIVE SAVINGS GROWTH.

UK housing turnover and household deposit growth¹



1981 TO 2011

- Home ownership from 58% to 64%²
- 200% real increase in house prices²

OPTIONS FROM EQUITY

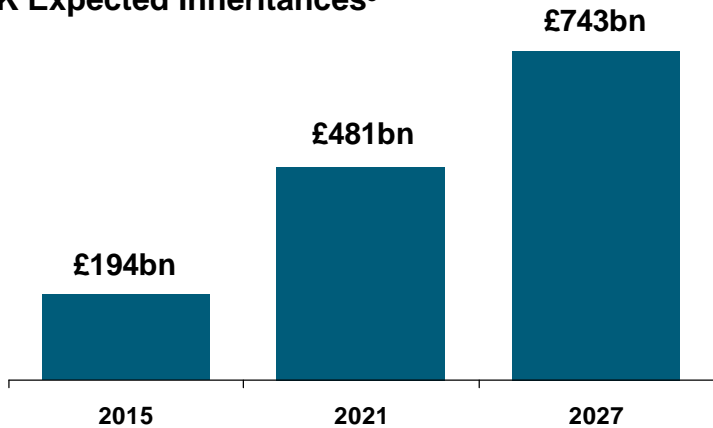
- 71% of over 65s own property outright³
- Option to downsize to release equity



GROWTH IN INHERITANCES

- Over 55s already inherited £465 billion⁴
- Inherited wealth to grow rapidly
- 61% of over 55yr olds expect to leave more than £200,000⁴
- 30% of those expecting inheritance intend to invest in long term savings⁴

UK Expected Inheritances³



¹LGIM ²ONS, ³Council of Mortgage Lenders 2013. ⁴HSBC, The age of inheritance in the UK, September 2011

ONE RELATIONSHIP - MULTIPLE BENEFITS.

Mortgage Club

Largest distributor of mortgages in UK, 25% of intermediated mortgage lending market

£19bn mortgage completions in club

Housing Surveys

Survey relationships, Supporting our wider mortgage network



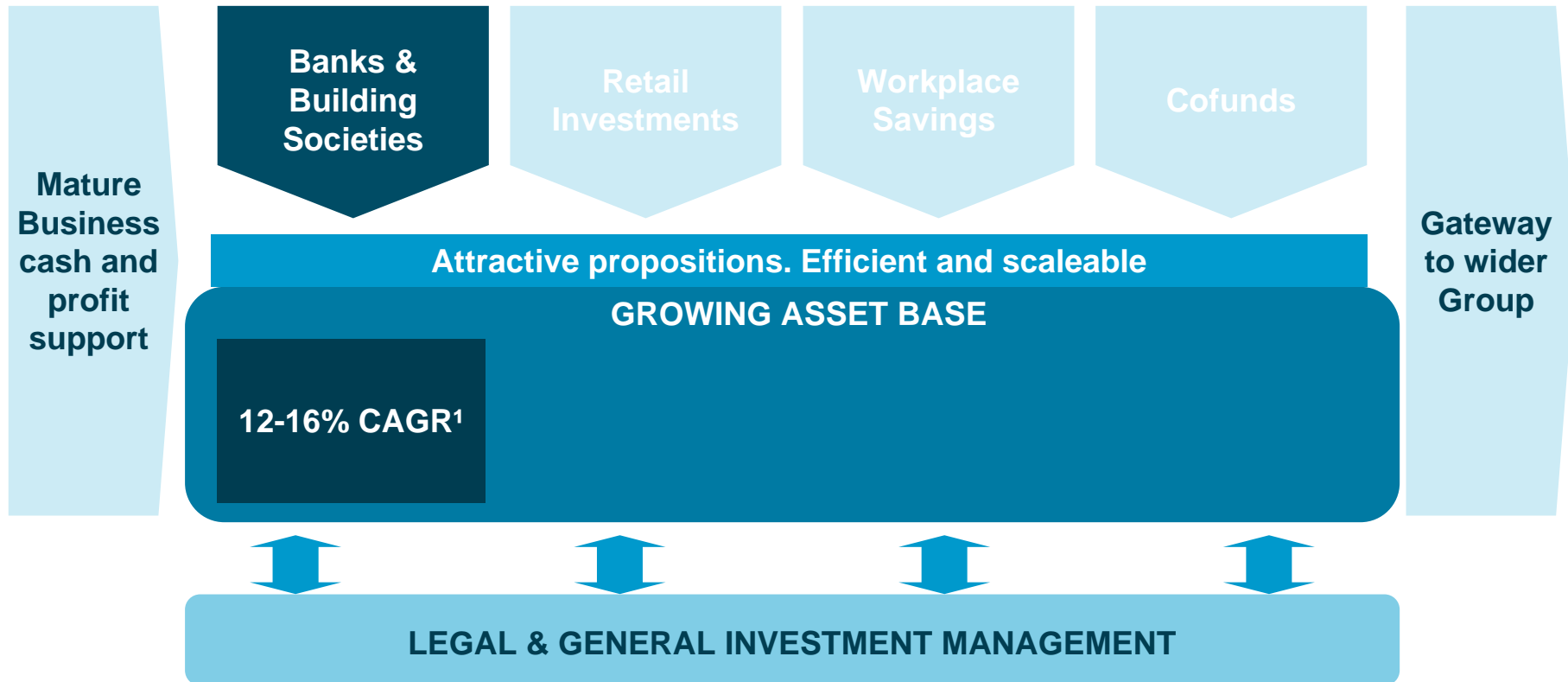
L&G Protection Sales

£16m Annual Premium Equivalent

LGIM Funds

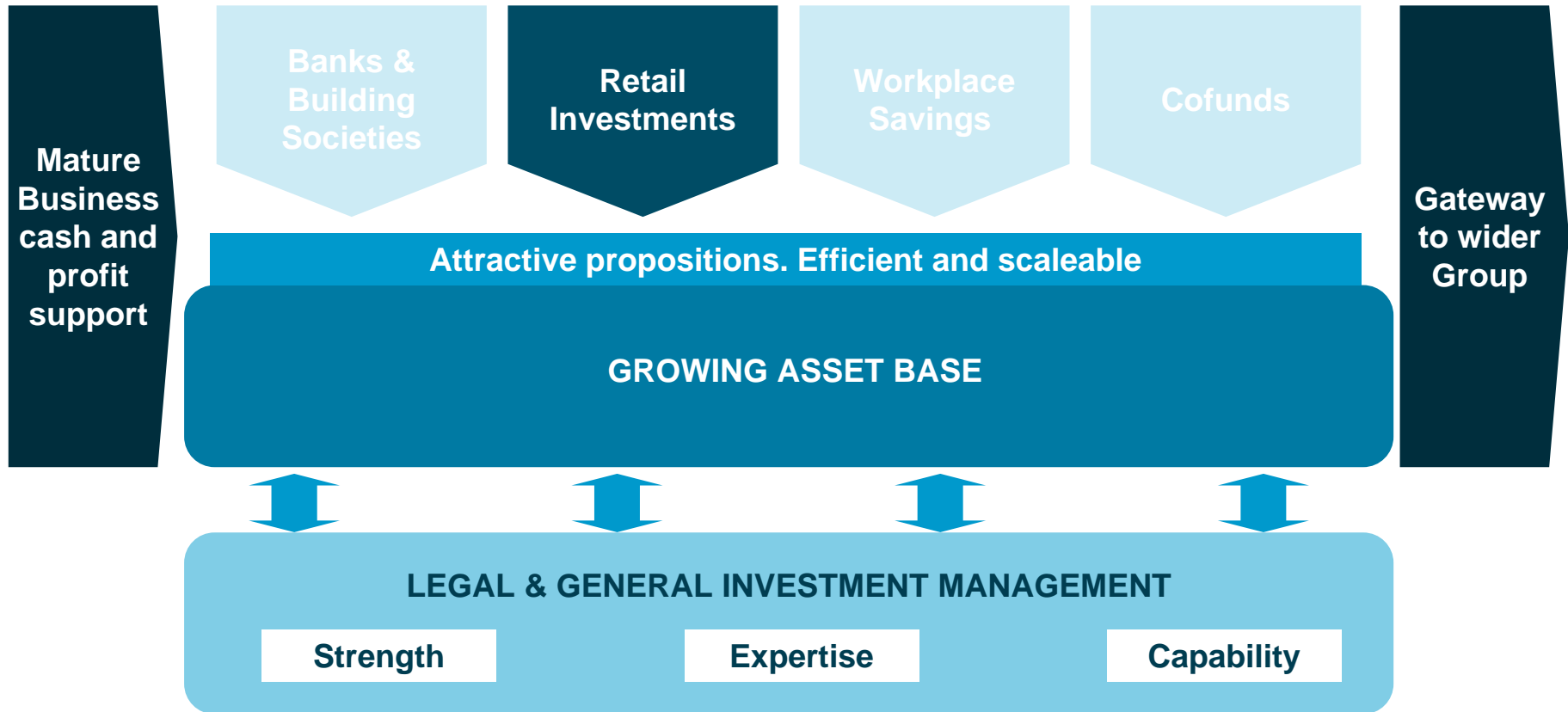
LGIM funds 19% of IPS AUA

PROFITABLE SCALE GROWTH.

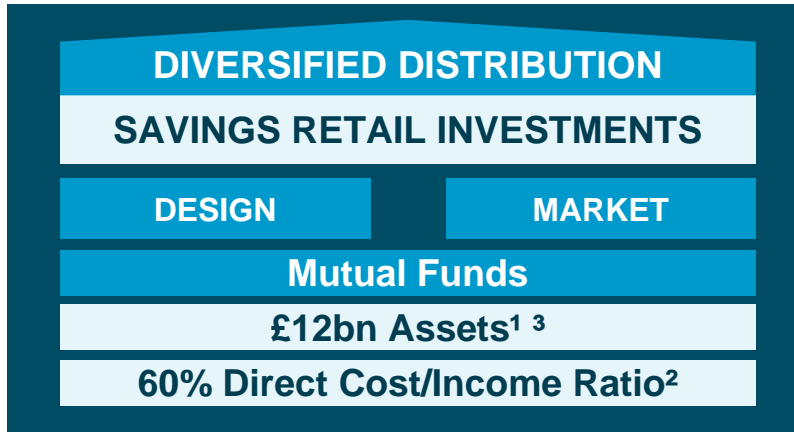


¹L&G Savings Banks and Building Society growth projection range 2013-2017 inclusive

RETAIL FUNDS BUSINESS: RETAIL INVESTMENTS.

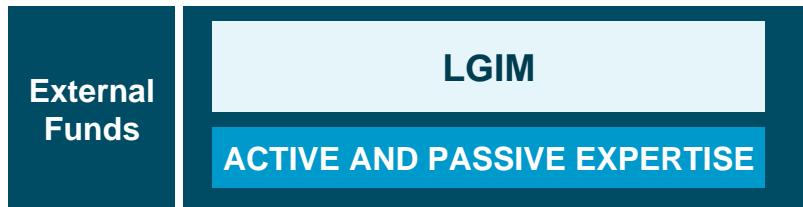
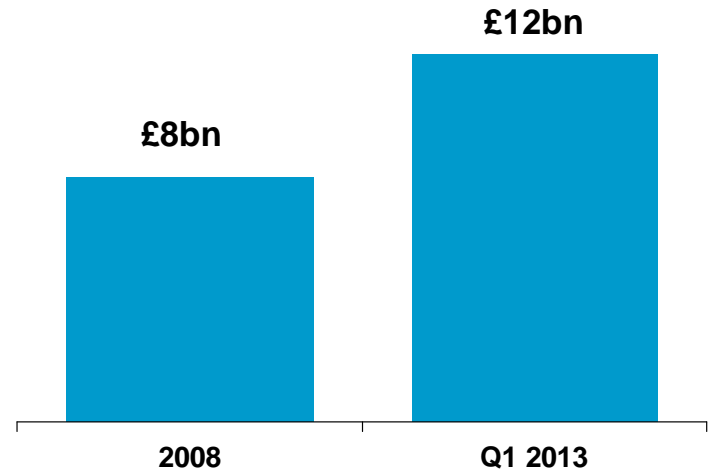


GROWTH RETAIL BUSINESS WITH 'LGIM' INSIDE.



DELIVERING SCALE GROWTH

L&G Retail Investments Core Retail Assets³

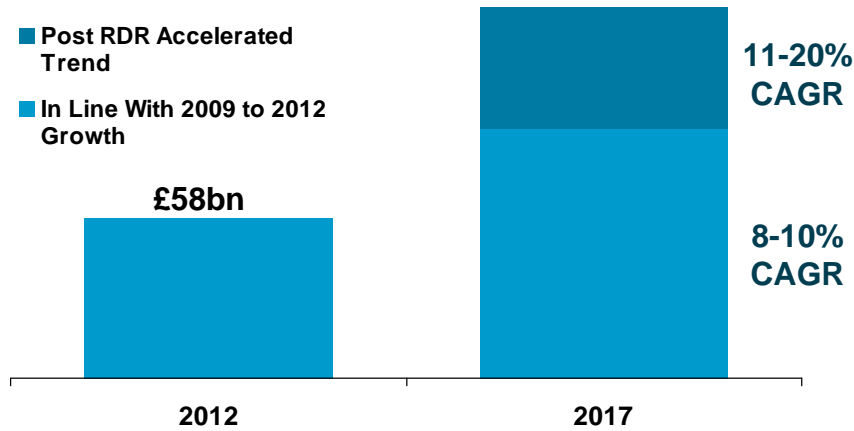


One of the world's leading providers of index fund management

¹As at 31 March 2013 ²Direct Cost/income FY 2012 ³Core Retail Assets not including institutional and IPS

GROWING DEMAND FOR PASSIVE RETAIL FUNDS.

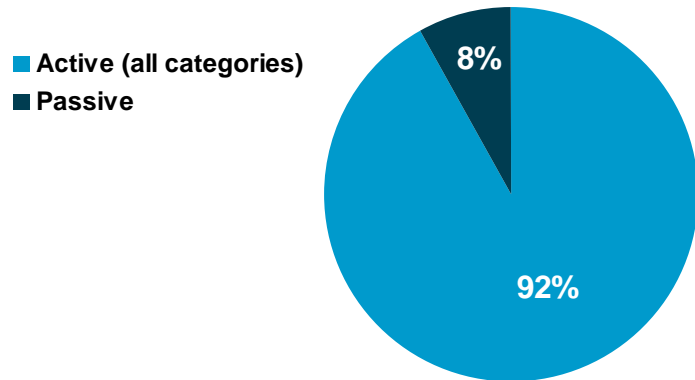
Retail Passive Market Potential AUA¹



SIGNIFICANT MARKET GROWTH EXPECTED

- Commission differentials removed
- Reduced passive fees
- L&G has 23% of UK passive market²
- Broadening the proposition

UK IMA Market AUA by category²

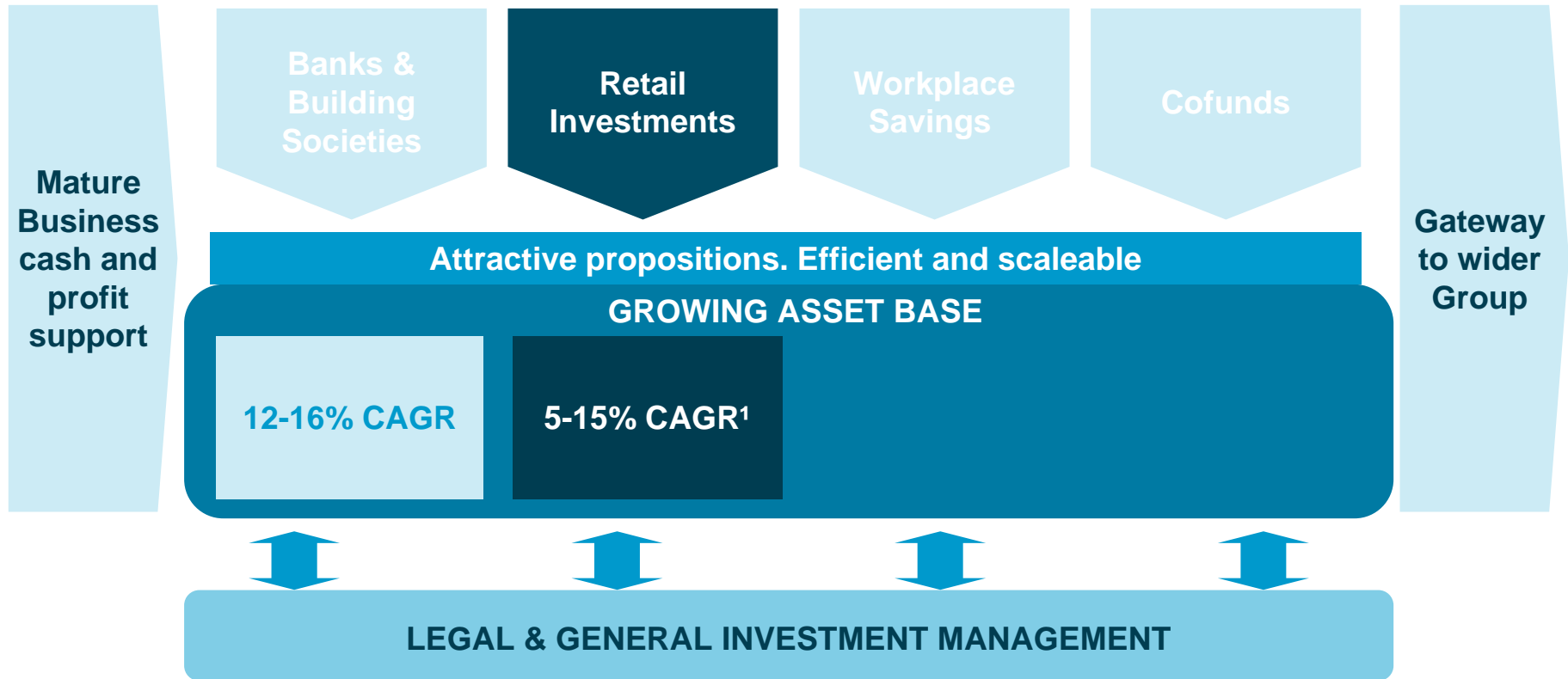


INDEX FUND MANAGEMENT

- £243bn³ of index AUA
- Extensive in-house capability

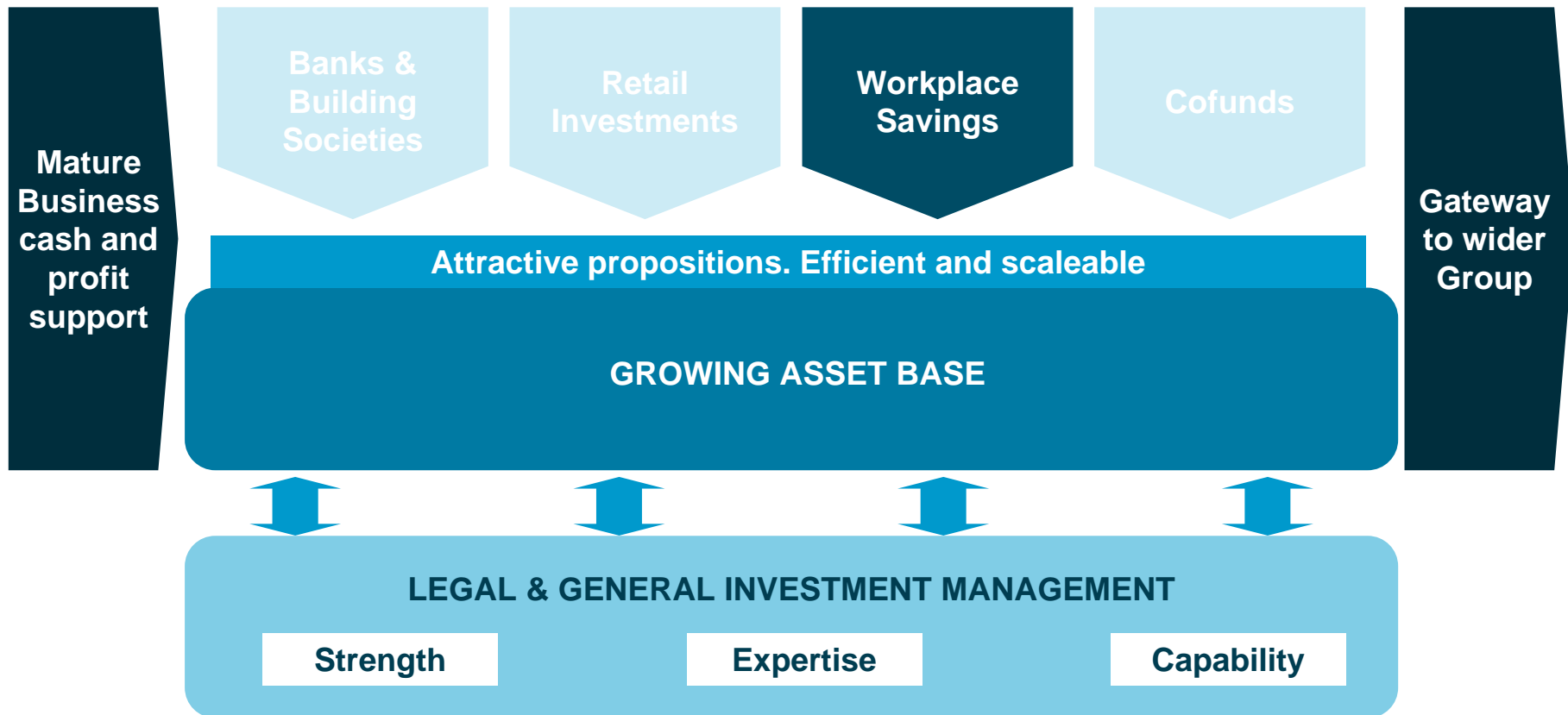
¹In-house estimates of Passive Fund growth. ²IMA Sector FUM Market Share Dec12 ³FY 2012 Legal & General Report and Accounts

PROFITABLE SCALE GROWTH.

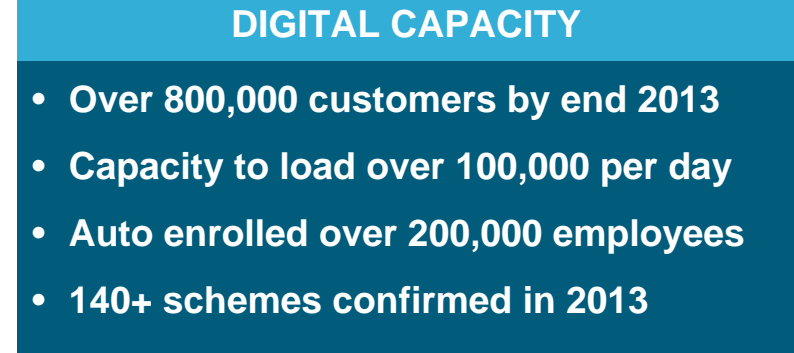
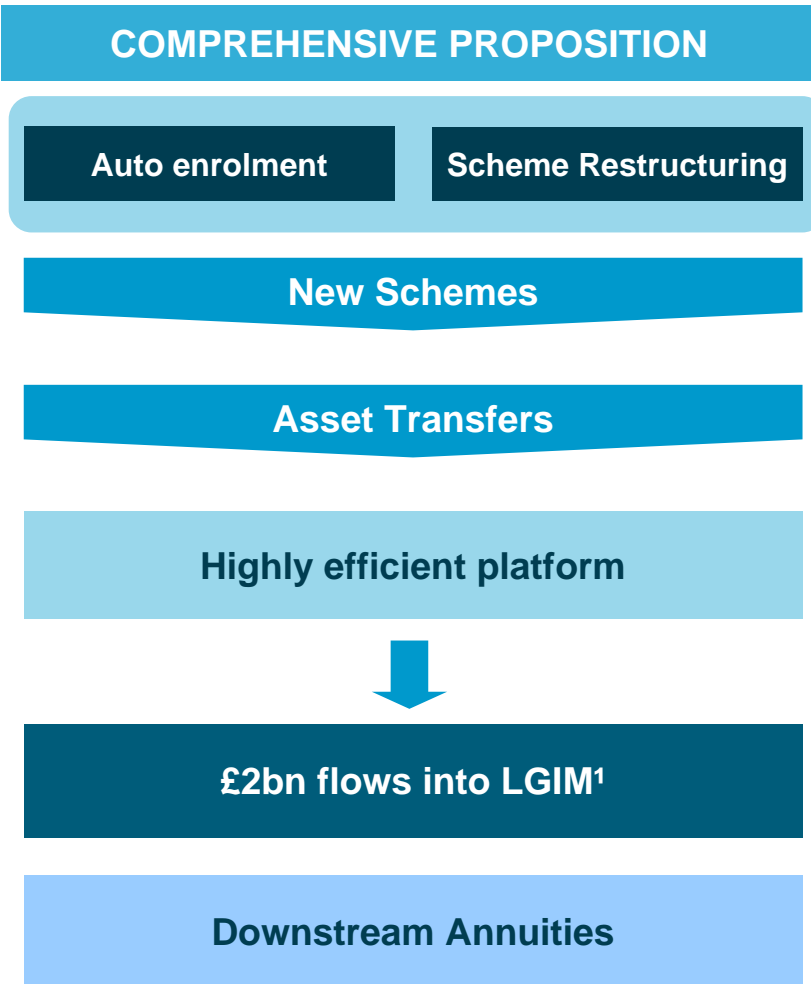


¹L&G Savings Retail Investments growth projection range 2013-2017 inclusive.

EXPLOITING THE OPPORTUNITY.

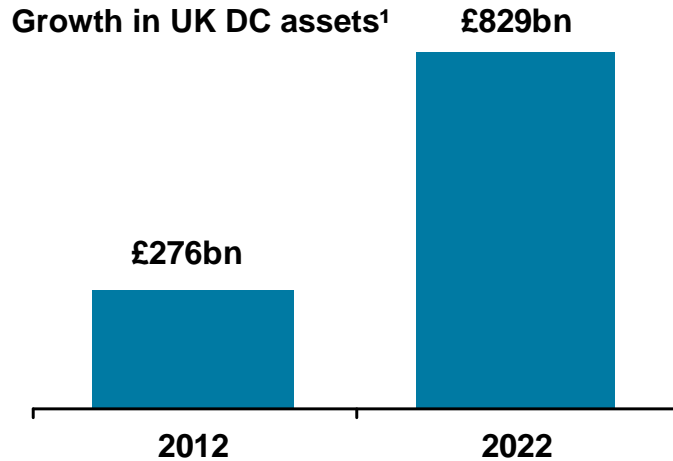


DIGITAL PROPOSITION DRIVING INFLOWS.

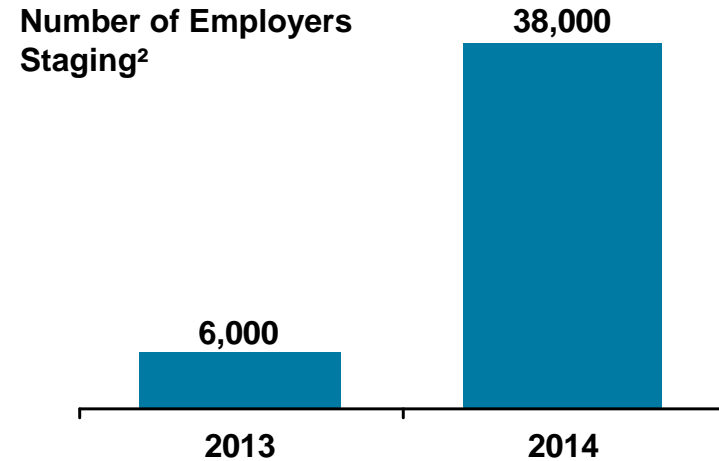


MOMENTUM ON SCALE AND EFFICIENCY.

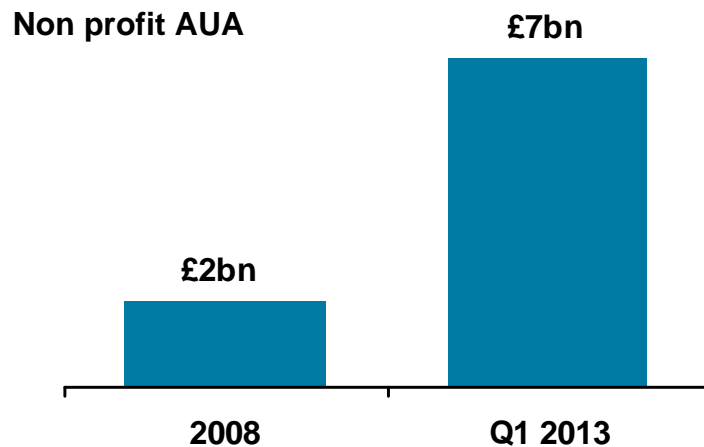
MARKET POTENTIAL



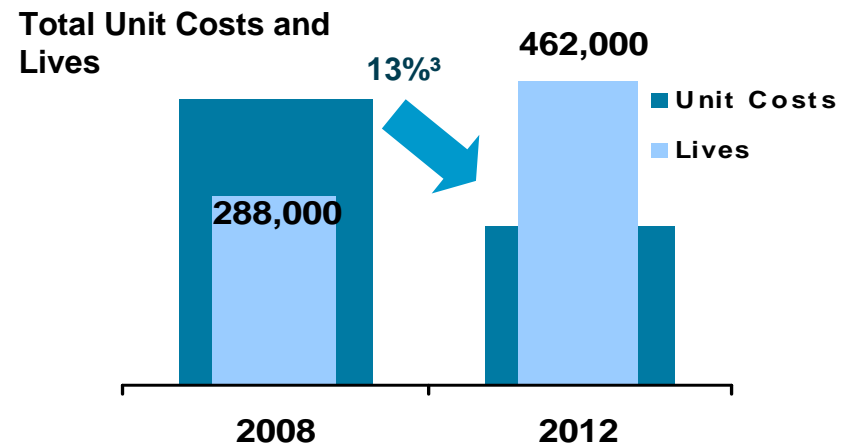
SCHEME PHASING



MOMENTUM ON SCALE

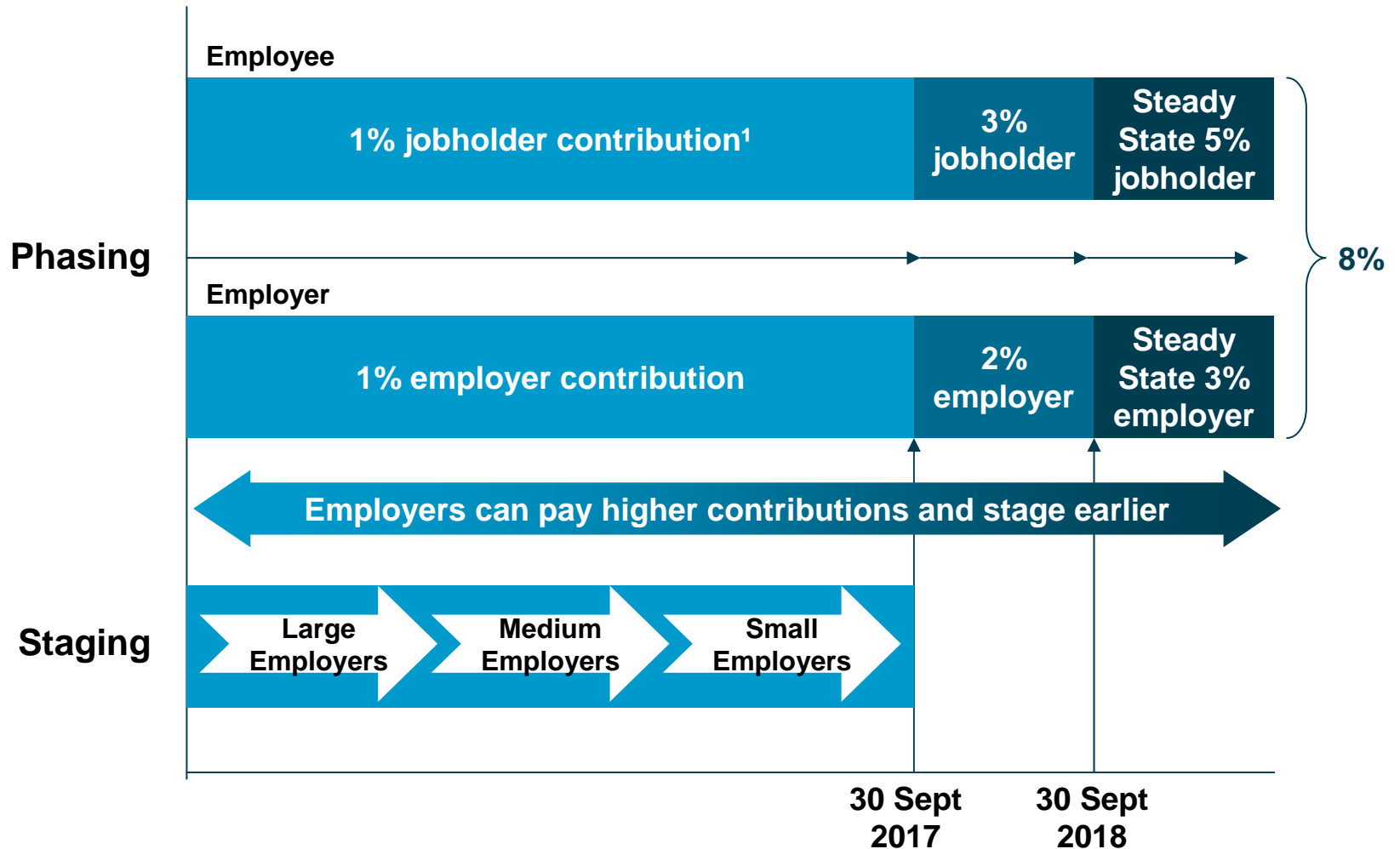


ACHIEVING OPERATIONAL LEVERAGE



¹Spence Johnson – estimate of DC market (Jan 2013) ²The Pensions Regulator ³Compound Annual Reduction Rate

AUTO-ENROLMENT TIMETABLE.

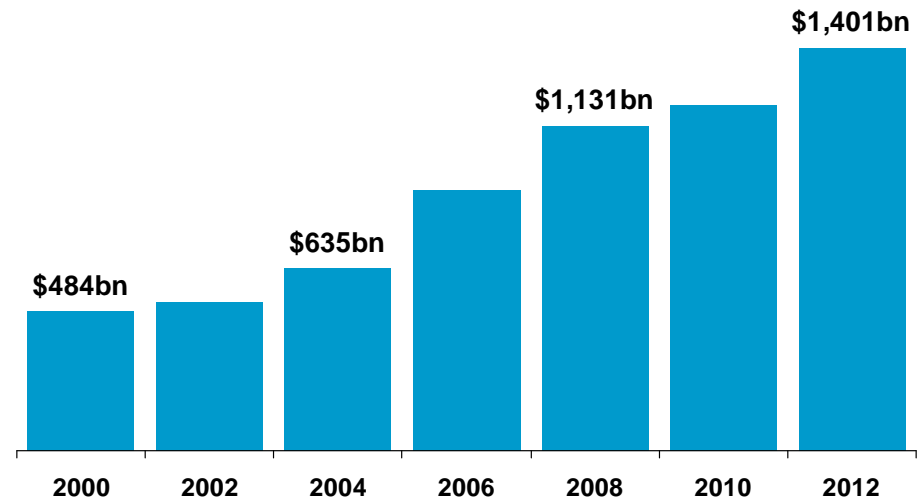


AUSTRALIAN EXPERIENCE POINTS WAY TO RAPID GROWTH IN UK DC ASSETS.

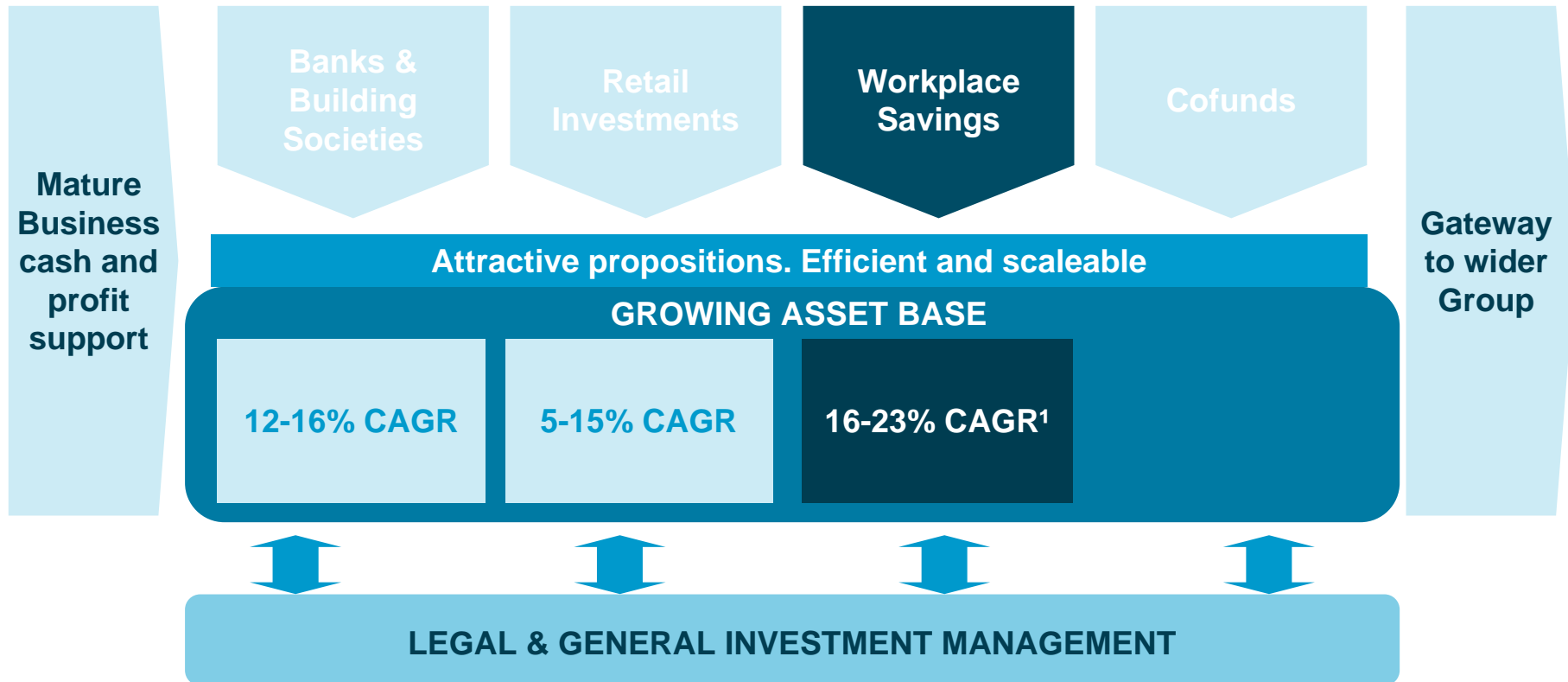
AUSTRALIAN SUPERANNUATION

- Compulsion from 1992
- Assets growth 18%+ p.a. in last 10 years (UK 9.3%, US 6.5%)²
- Superannuation assets are 96% of Australian GDP²
- Average fund on retirement is AUD280,000 (£180,000)³
- UK average annuity pot size £33,000 on launch of auto-enrolment⁴

Total superannuation assets (AUD)¹



BUILDING A PROFITABLE SCALE MODEL.



¹L&G Workplace Savings growth projection range 2013-2017 inclusive.

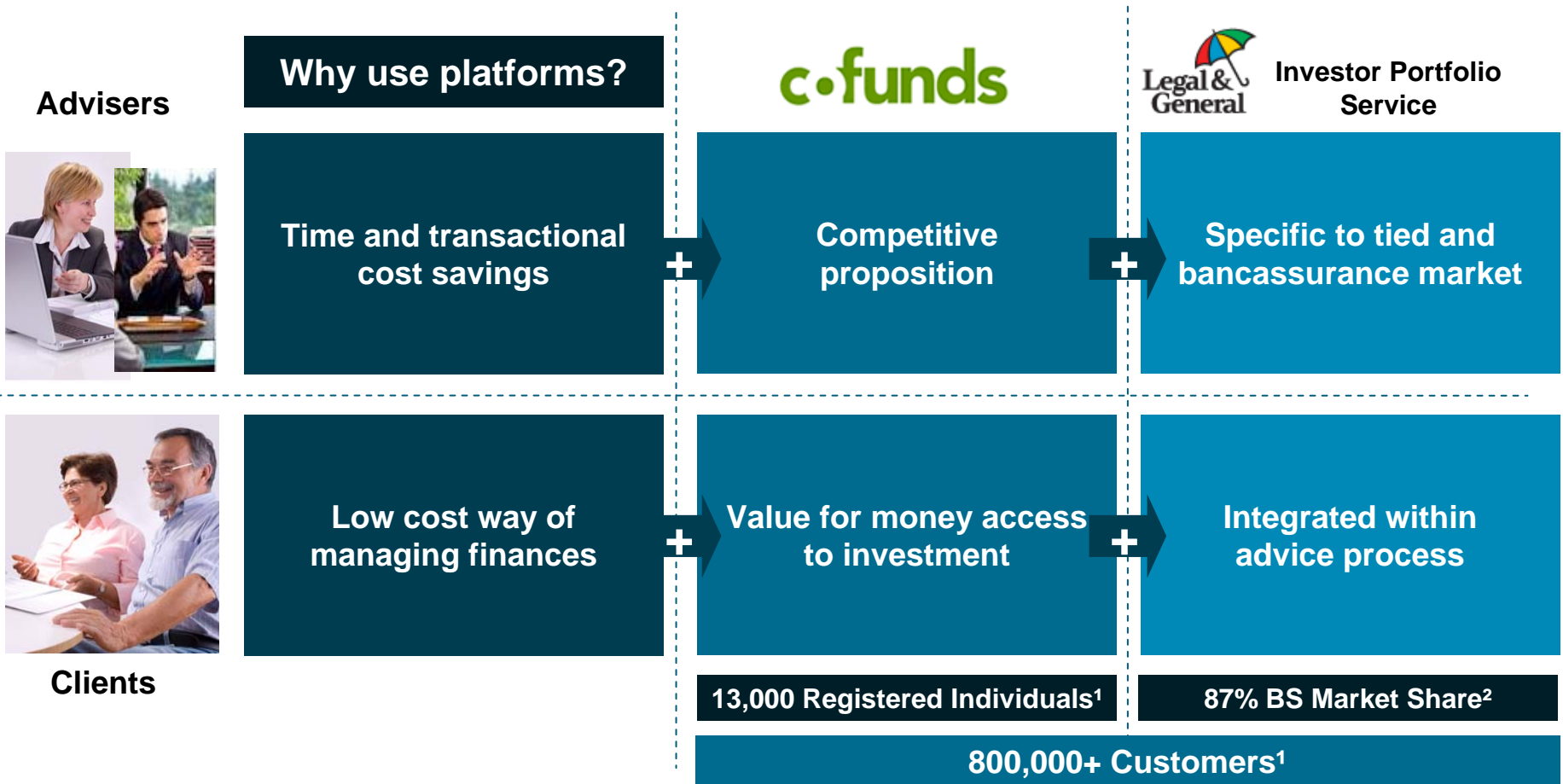
A photograph of two men hugging outdoors. The man on the left is wearing a blue and white plaid shirt and a straw hat. The man on the right is wearing a pink striped shirt. They are standing in front of a brick building with a grey roof. A blue semi-transparent box is overlaid on the top left of the image, containing white text.

CHRIS LAST. CEO DESIGNATE COFUNDS. COFUNDS OPPORTUNITY

EVERY
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MATTERS



PLATFORMS AN ESSENTIAL ADVISER TOOL.

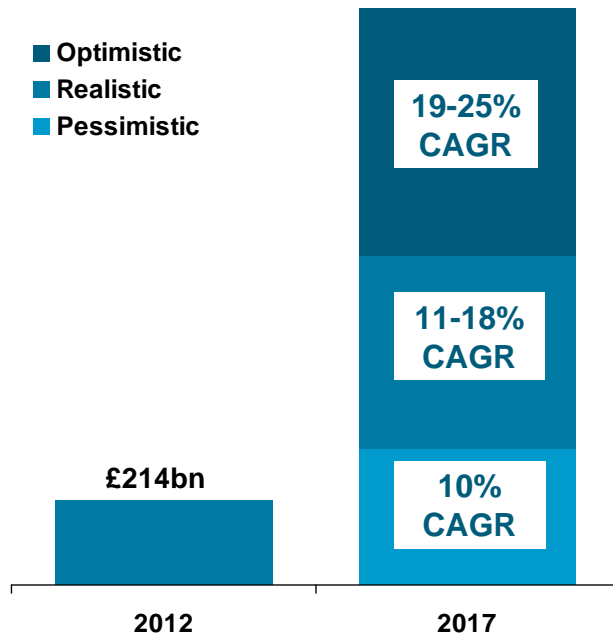


¹Cofunds Internal MI FY 2012 ²Building Society Association Individual building society key statistics 2012/13

MIGRATION OF ASSETS.

Investment Platform Sector Growth to 2017

£bn assets on platforms¹

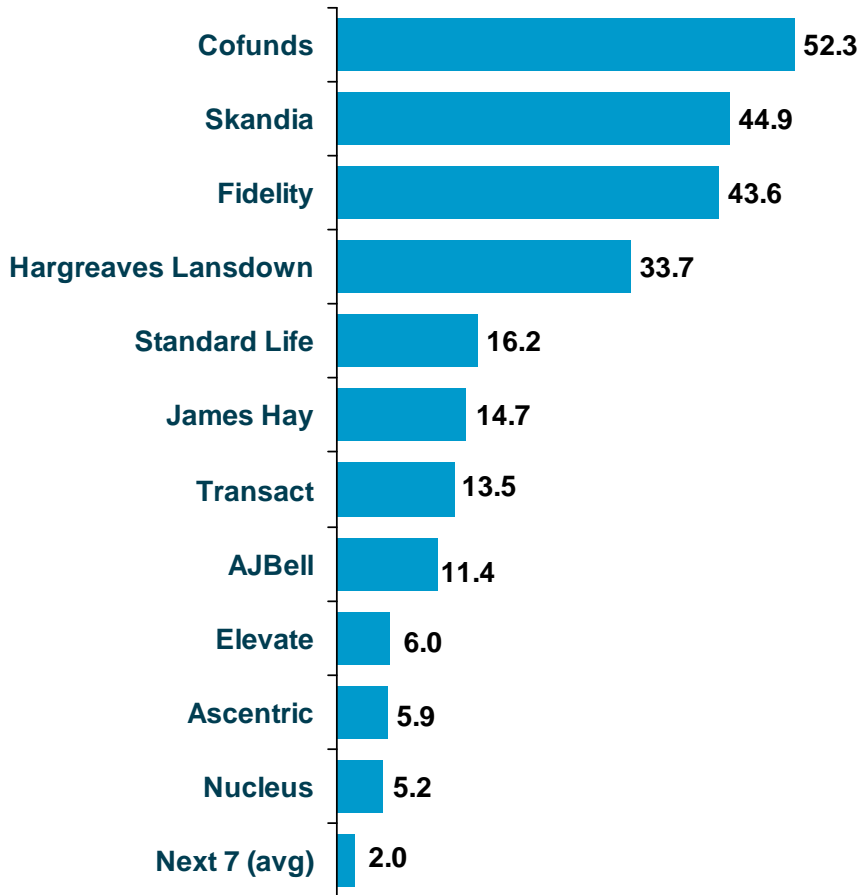


MARKET DRIVERS

- Assets on platforms 8% of total UK investible assets^{1 2}
- RDR potential to accelerate:
 - Distributor drive for efficiency
 - Focus on proposition
- Migration of assets from traditional insurance
- AUA - 20% Market Share¹ in Q1 2013

CROWDED MARKET: SCALE IS KEY.

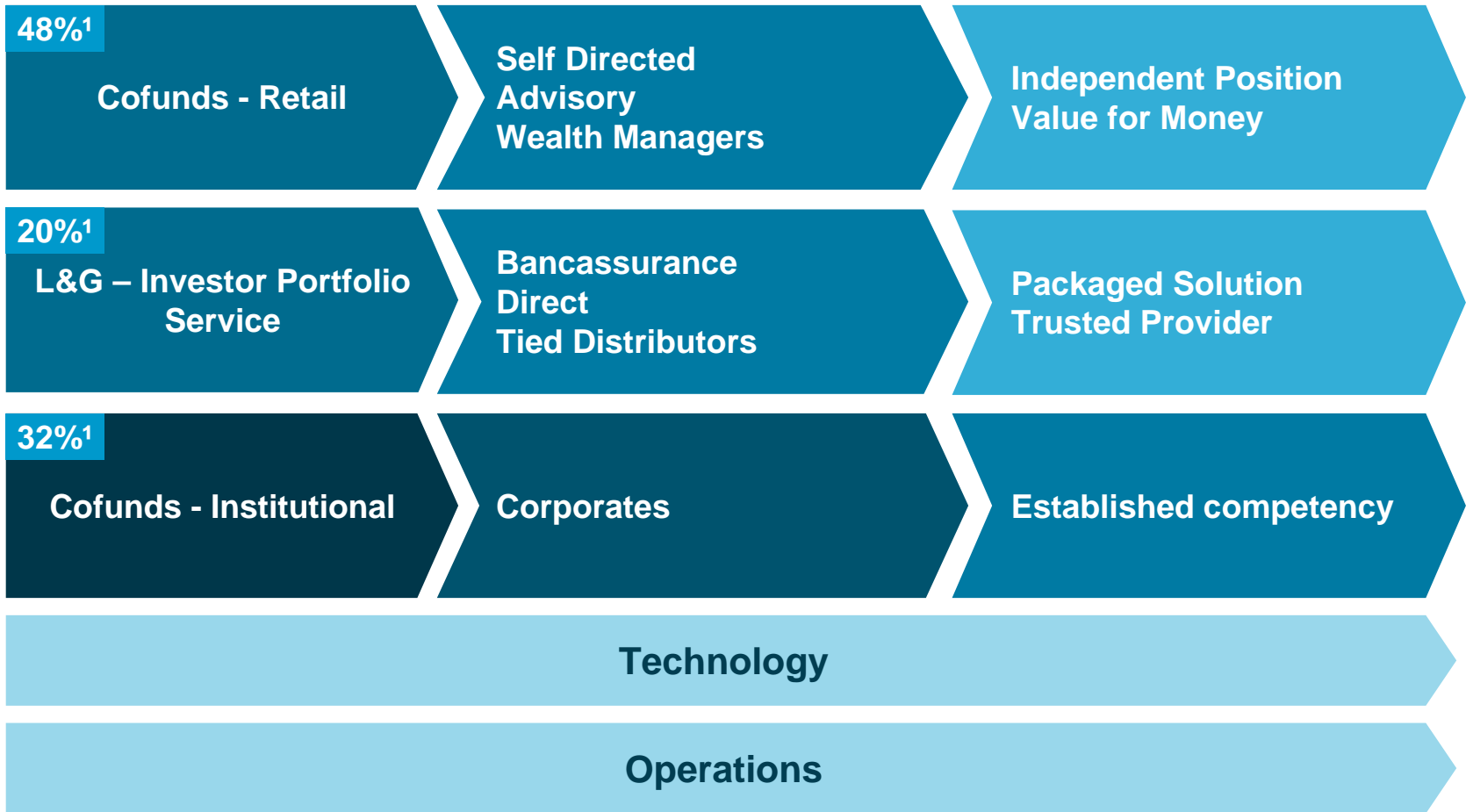
Platform Size Q1 2013 AUA £bn²



COFUNDS WELL POSITIONED

- Explicit pricing already implemented¹
- Diversified across multiple market segments
- Embedded with large national distributors
- At scale

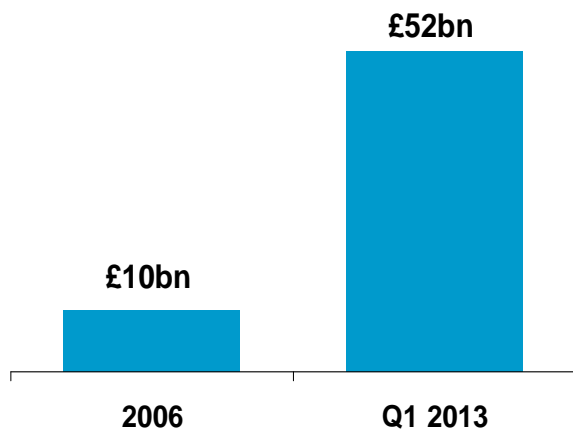
SCALE THROUGH MULTIPLE CHANNELS.



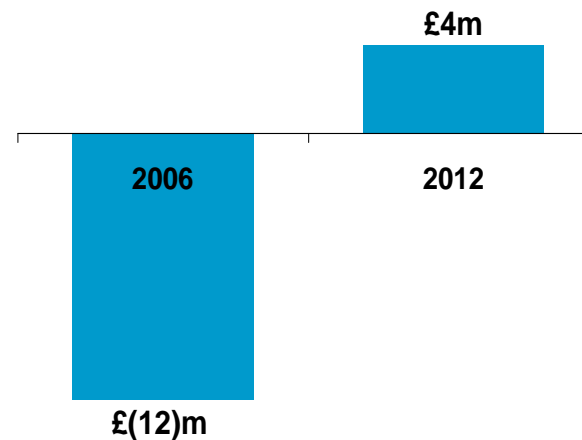
¹Percentage 2012 Assets under Administration by channel: Cofunds MI

ON JOURNEY TO PROFITABLE SCALE.

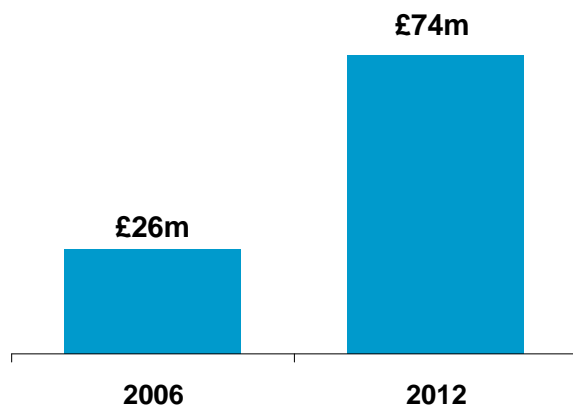
Cofunds Assets



Cofunds Profit



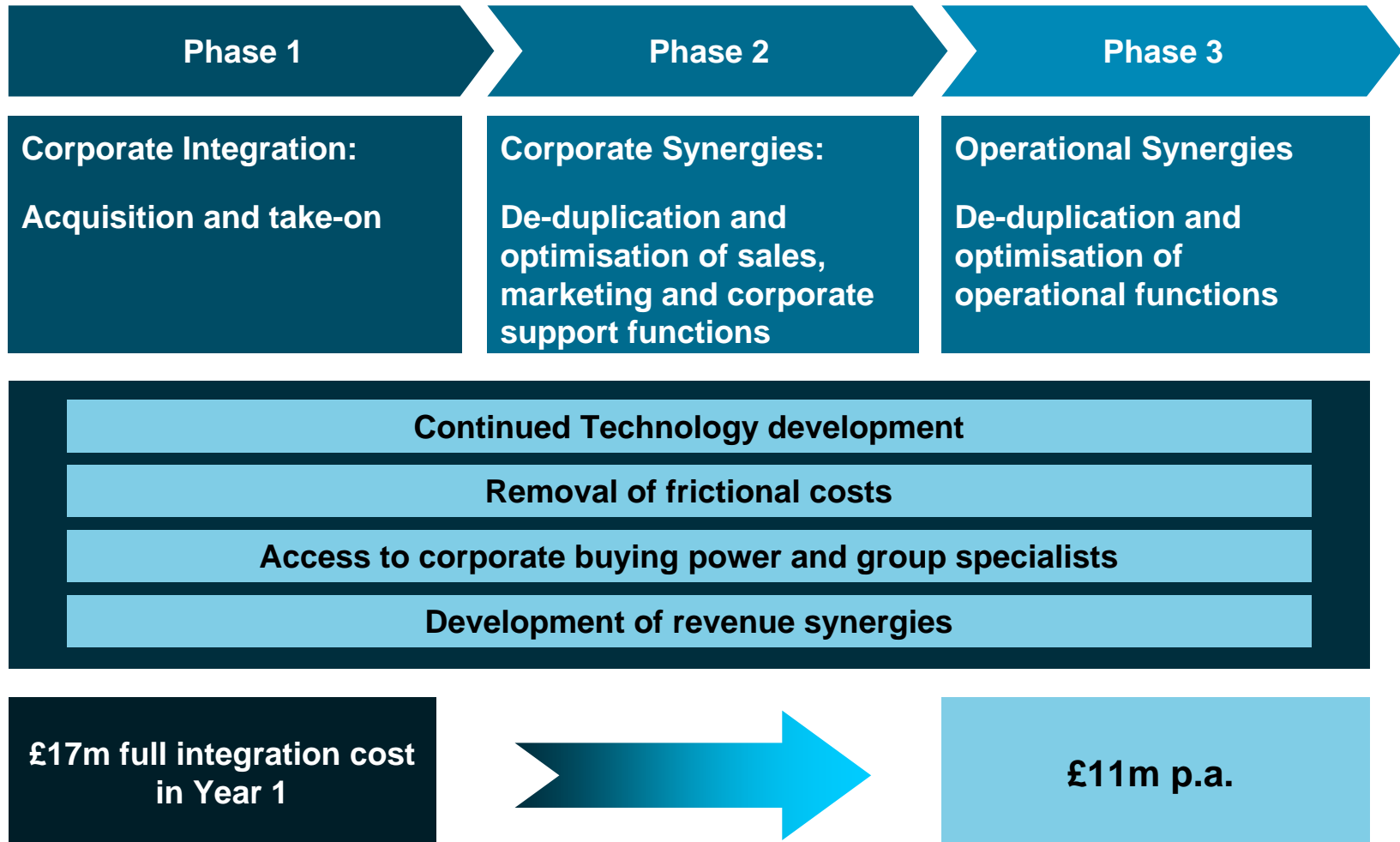
Cofunds Revenue



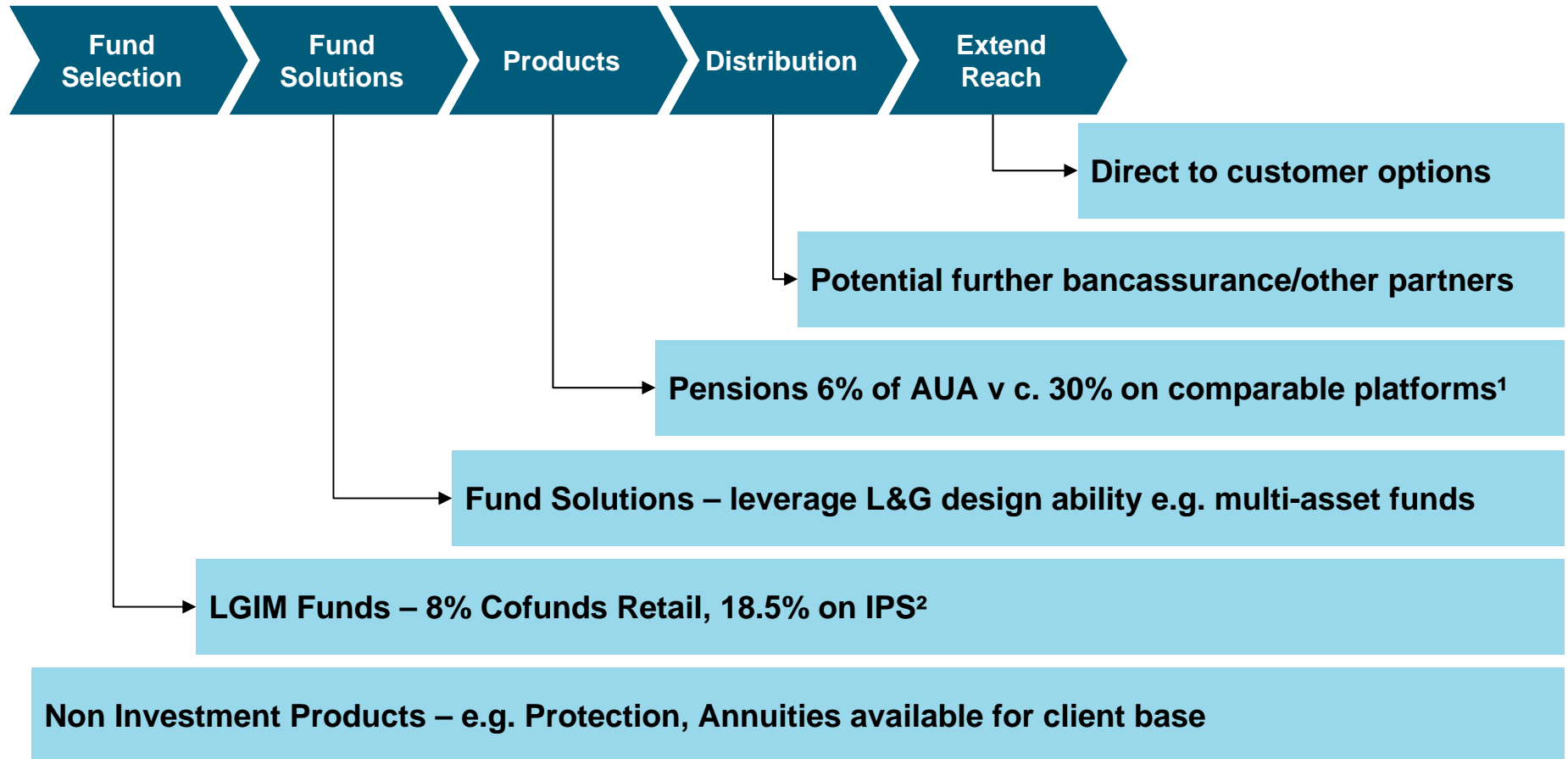
JOURNEY

- Focus to date on growth
 - Scale has driven revenue
- Future focus on growth and efficiency
 - Continue integration with distributor systems
 - Investment in straight through processing
 - Consolidate the back-office

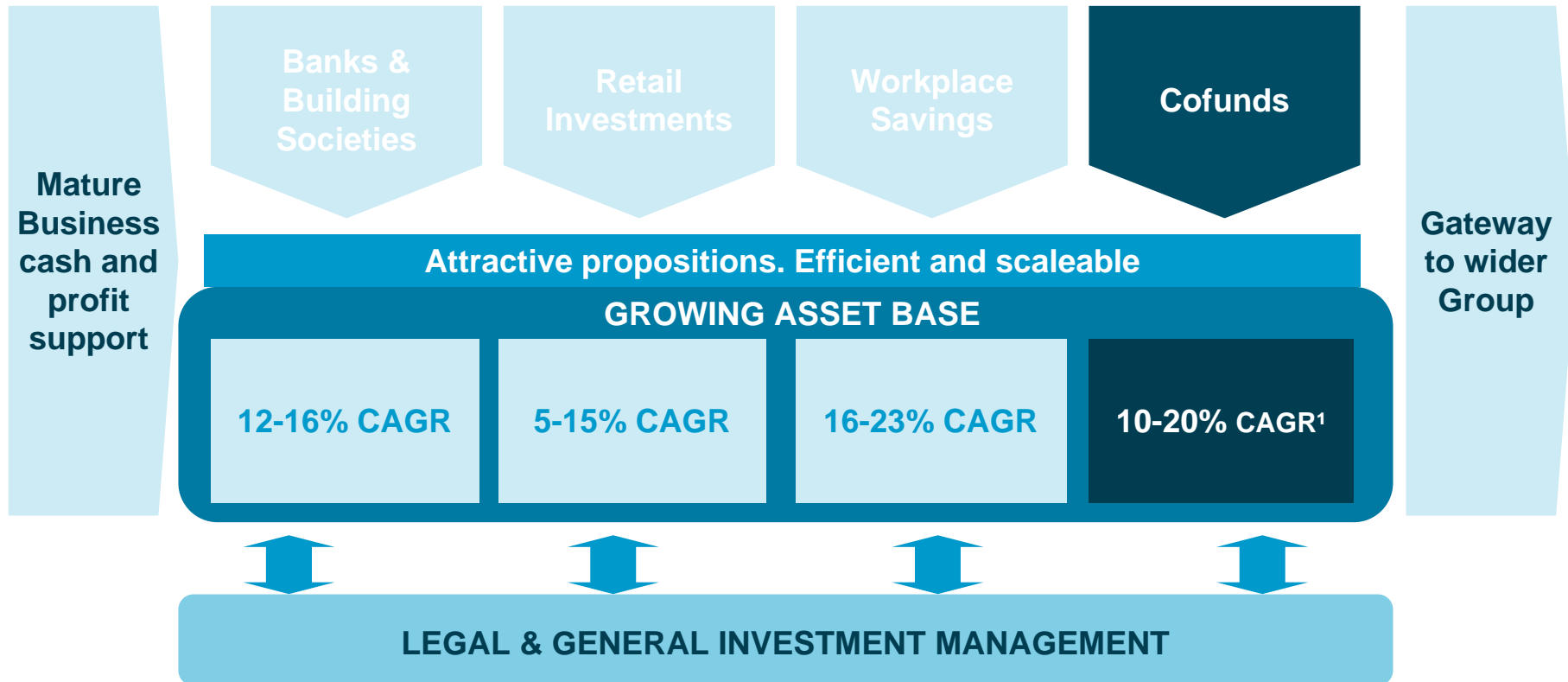
PLAN FOR SCALE EFFICIENCIES...



...OPPORTUNITIES FOR FURTHER VALUE.



BUILDING A PROFITABLE SCALE MODEL.



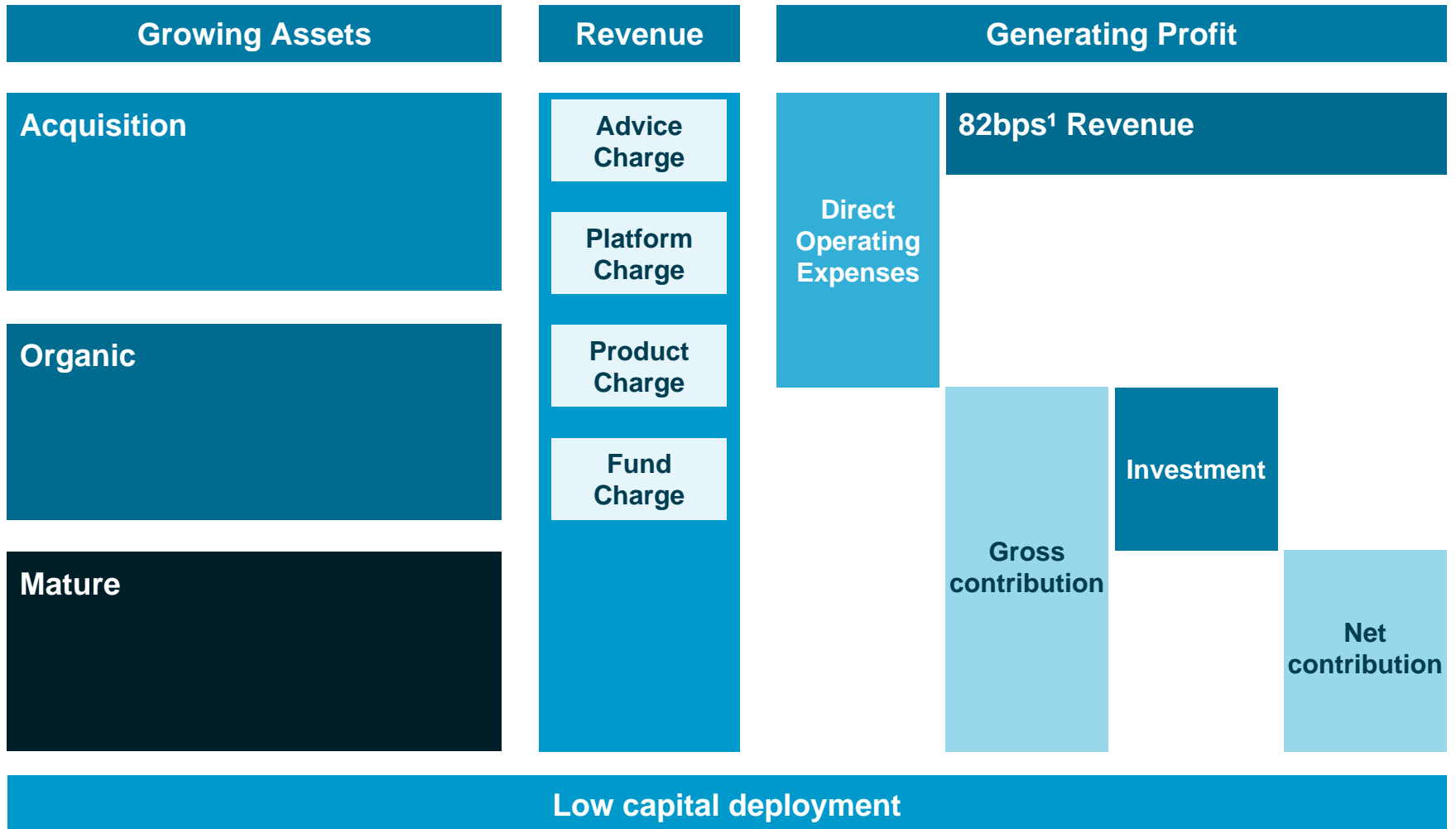
¹L&G Cofunds growth projection range 2013-2017 inclusive.

ANDREA BLANCE. CHIEF FINANCIAL OFFICER SAVINGS FRAMEWORK FOR DRIVING RESULTS

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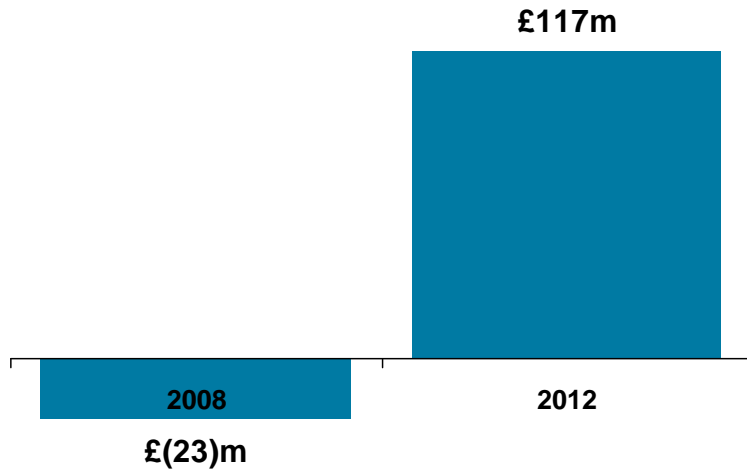


DRIVING LONG TERM SHAREHOLDER VALUE.

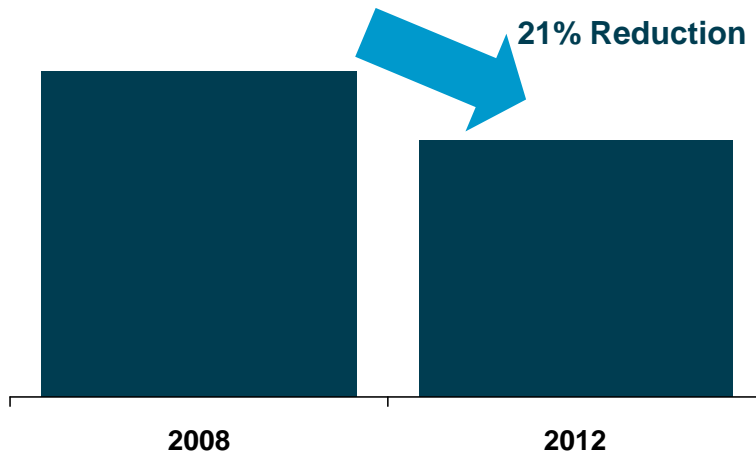


TRACK RECORD OF EXECUTING ON STRATEGY.

Net Cash Generation



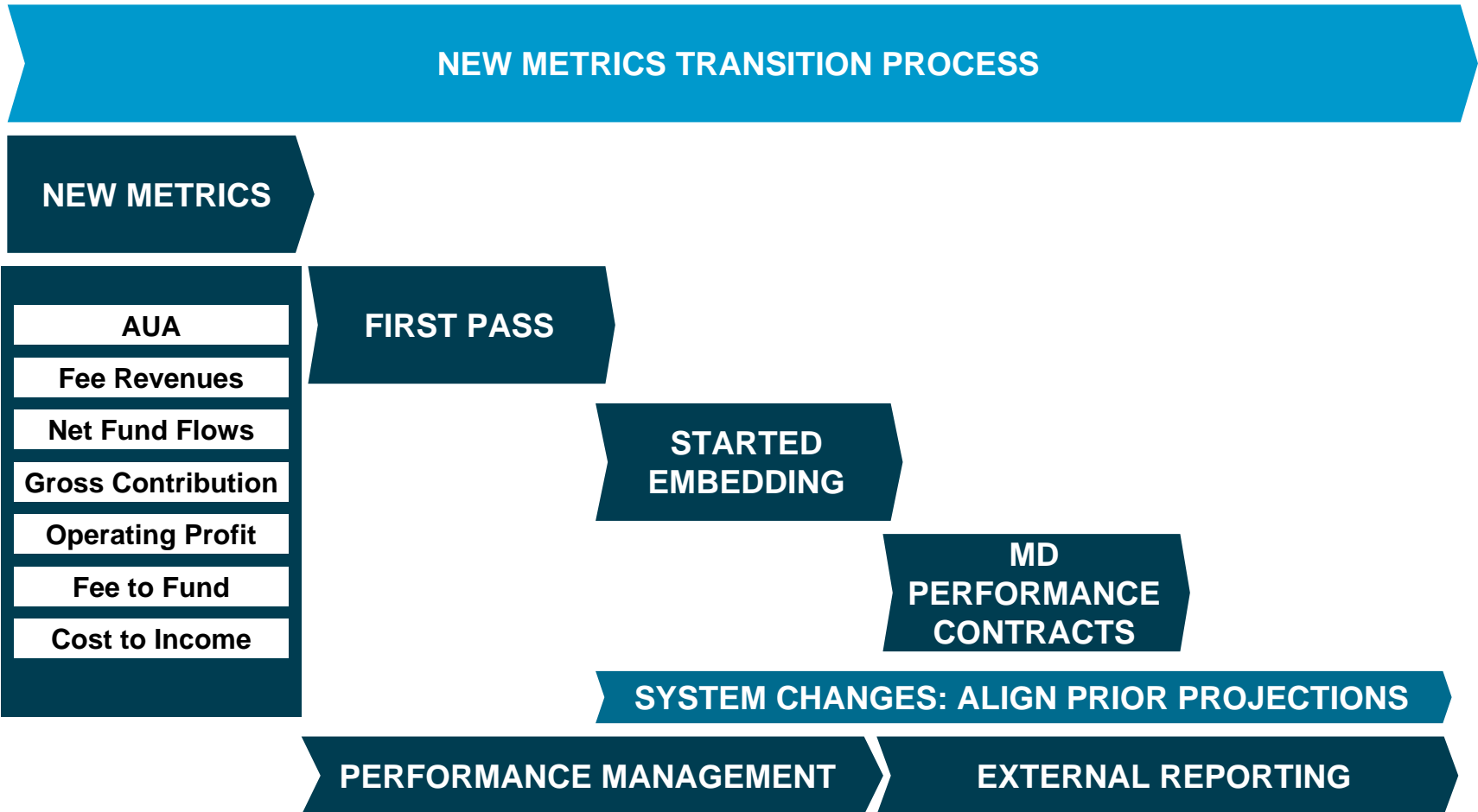
In-force Unit Cost (£)



KEY MEASURES TAKEN

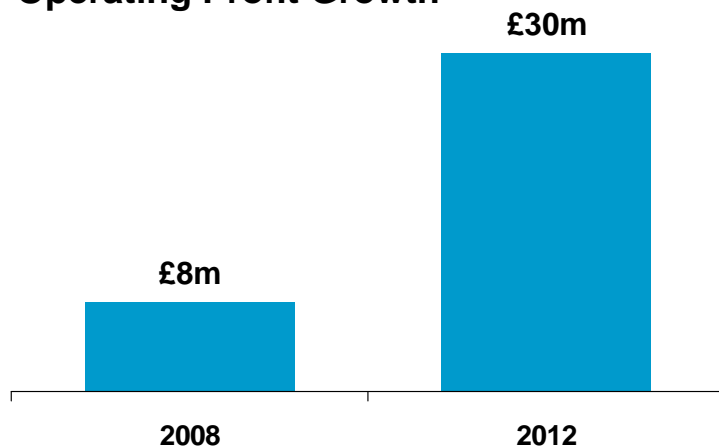
- Headcount reduced 20% 2008 to 2010
- Commission payments reduced
- Product structures improved
- Right sized IFA account management
- New business strain down from £161m in 2008 to £62m in 2012

IMPROVING TRANSPARENCY AND DRIVING PERFORMANCE.



RETAIL INVESTMENTS: A PROFITABLE MODEL FOR SAVINGS.

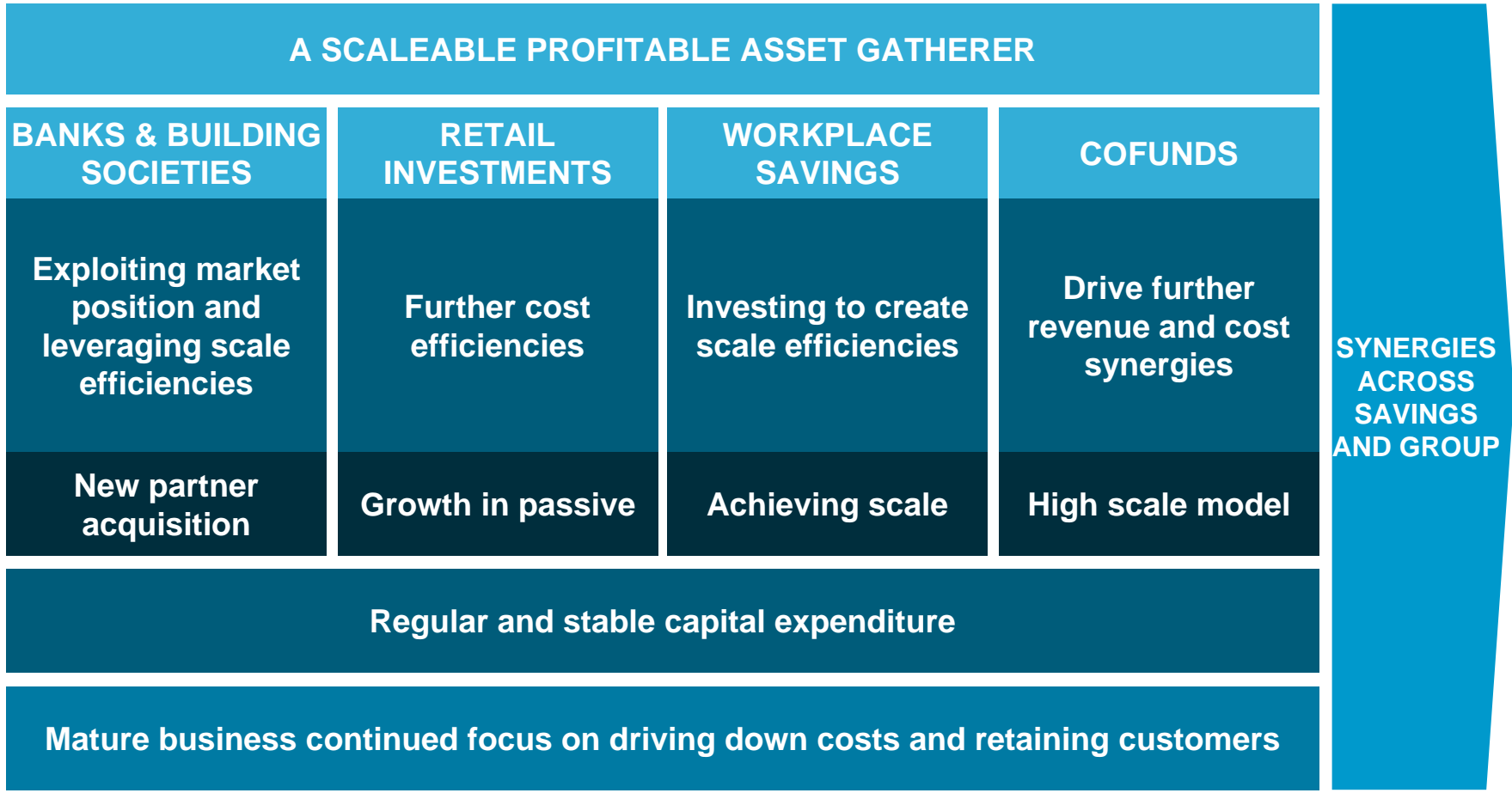
Operating Profit Growth



2012 Profit ¹	£m
Fee based revenues	100
Direct operating expenses	(60)
Gross Contribution	40
Investment in new business	(7)
Net Contribution	33
Group expenses	(3)
Operating profit	30

ASSET METRICS EMBEDDED			
	AUA	Net Contribution Margin	Direct Cost: Income
2008	£8bn	15bps	78%
2012	£11bn	31bps	60%

KEY PRIORITIES.



MARK GREGORY.
CHIEF EXECUTIVE OFFICER, SAVINGS
THE LONG TERM PRIZE

EVERY
DAY
MATTERS



VISION FOR LONG TERM VALUE CREATION.

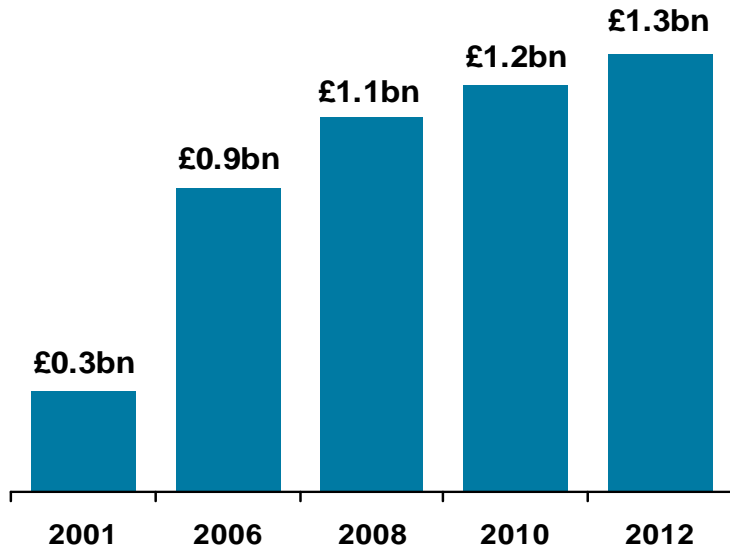
AN ASSET GATHERING, “FEES LESS EXPENSES” BUSINESS

- **Delivering steady year-on-year progress**
- **Selected a differentiated portfolio across attractive growth markets**
- **Focus on building long term value**
- **Operational excellence is in our DNA**
- **Optionality to deploy models and platforms more widely**

TRACK RECORD OF DELIVERY.

UK PROTECTION

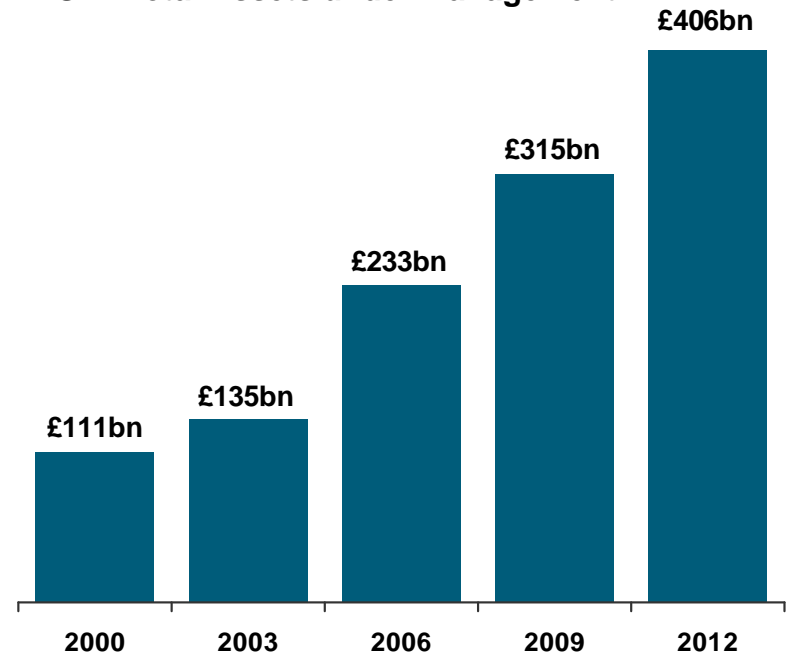
UK Protection Premiums



Strength in industrial processes drives value in core markets

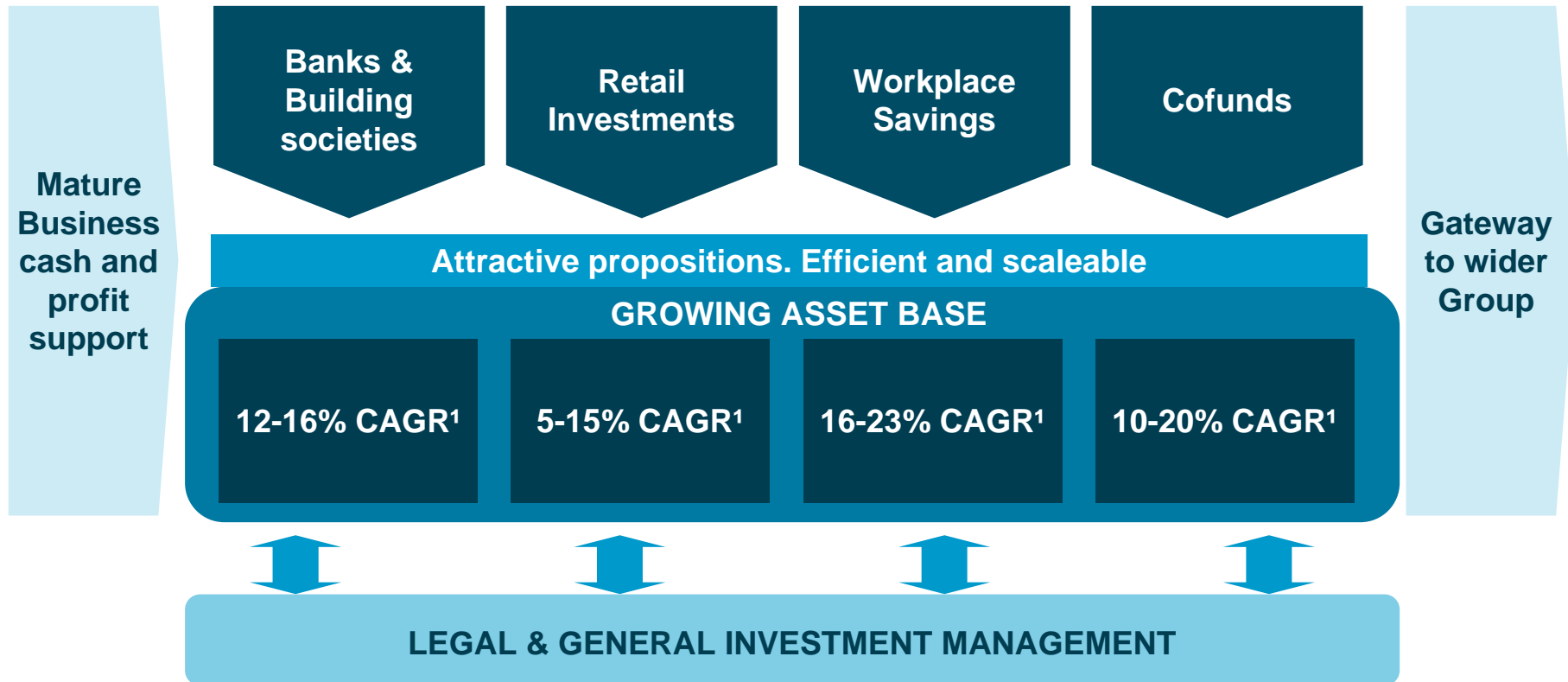
INVESTMENT MANAGEMENT

LGIM Total Assets under Management



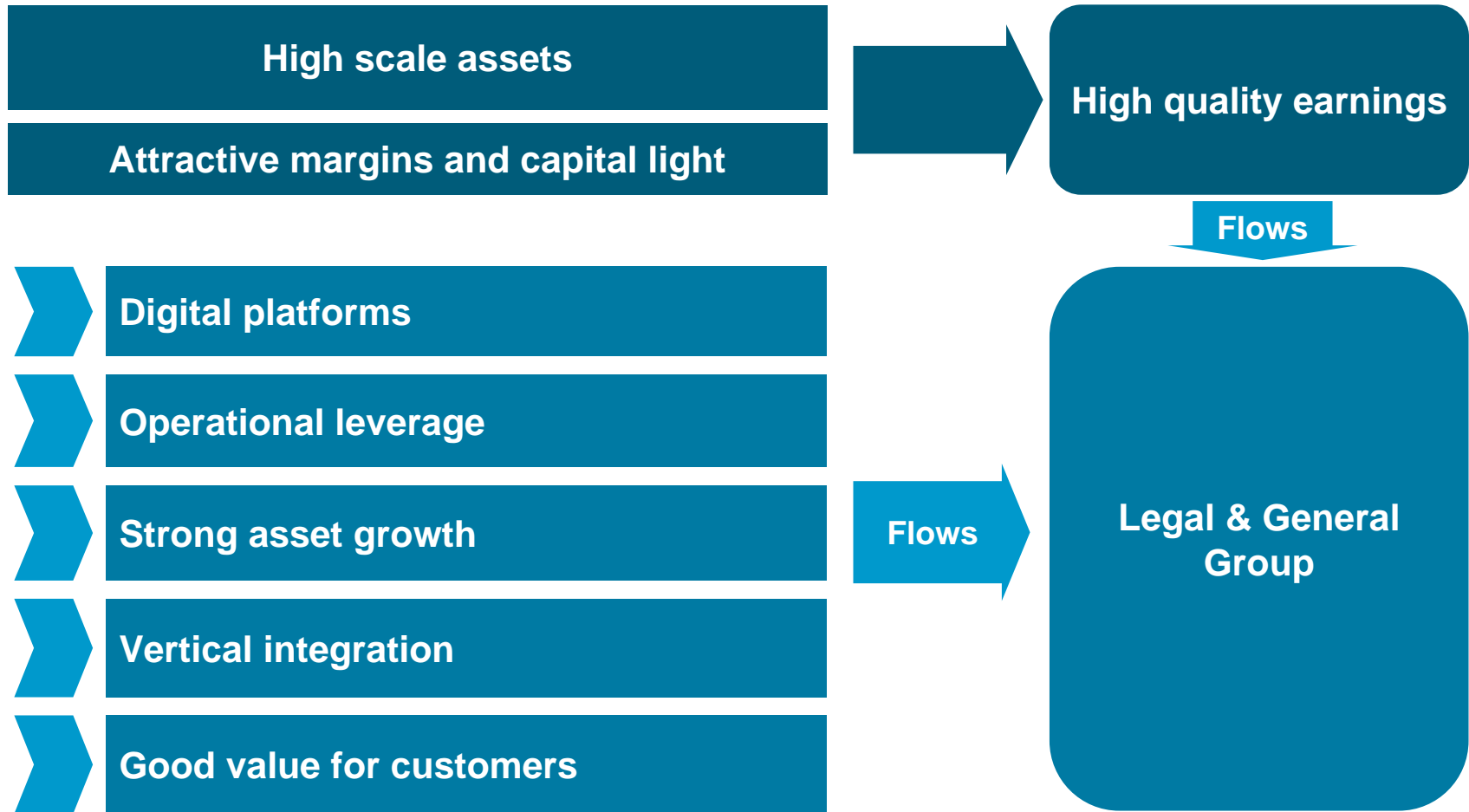
Diversification, scale and consistent performance

BUILDING A PROFITABLE ASSET GATHERER.



¹Legal & General forecast growth projection ranges 2013 to 2017 inclusive

ASSET GATHERER STRATEGY.



THANK YOU.

QUESTIONS AND ANSWERS



EVERY
DAY
MATTERS

