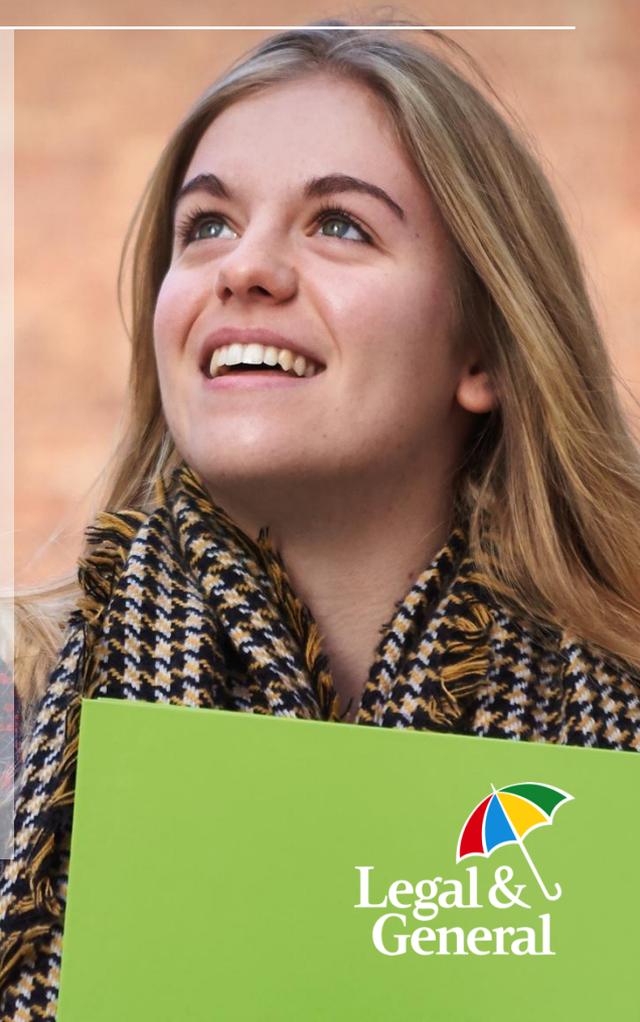
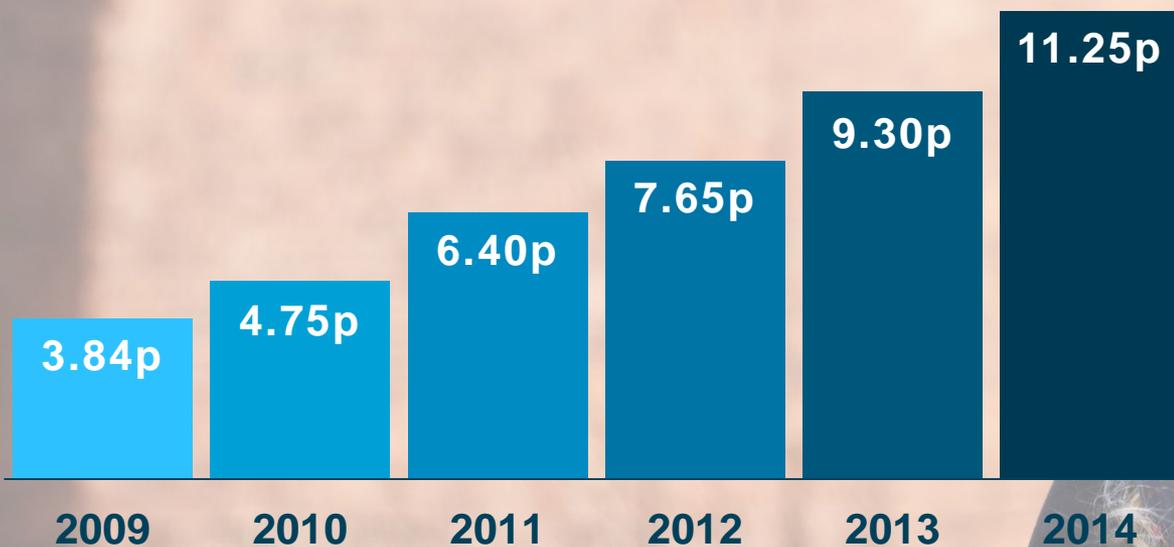


Legal & General Group plc
Year end results – 4 March 2015

2014

▶ A POSITIVE FUTURE FOR ALL
Delivering consistent dividend
growth for our shareholders



➤ 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.

Nigel Wilson

Group Chief Executive

+10%
£1,275m

Operating profit

+21%
11.25p

Full year dividend

Our investment into student accommodation at the University of Southampton is part of our £15 billion direct investment programme

Financial highlights

Annuity assets

£44bn

(2013: £34bn)

+28%

LGIM assets

£709bn

(2013: £612bn)

+16%

UK Protection GWP

£1.4bn

(2013: £1.3bn)

+6%

Net cash generation

£1,104m

(2013: £1,002m)

+10%

Operational cash generation

£1,101m

(2013: £1,042m)

+6%

Operating profit

£1,275m

(2013: £1,158m)

+10%

Profit before tax

£1,238m

(2013: £1,144m)

+8%

Profit after tax

£992m

(2013: £906m)

+9%

Earnings per share

16.70p

(2013: 15.20p)

+10%

IFRS return on equity

16.9%

(2013: 16.1%)

Full year dividend

11.25p

(2013: 9.30p)

+21%

Net cash dividend cover

1.65 times

(2013: 1.82 times)

▶ Clear and focused strategy

GROWTH DRIVERS	2014 ACHIEVEMENTS
AGEING POPULATIONS	<ul style="list-style-type: none"> • LGR annuity transactions over £8.5bn including two of the largest ever UK bulk deals • Workplace assets over £11bn, up 28% • LDI assets of £293bn, up 26%
GLOBALISATION OF ASSET MARKETS	<ul style="list-style-type: none"> • International assets of £129bn, up 110%* • Entered US index and DC market • Won first \$1bn+ passive Asian mandate
WELFARE REFORMS	<ul style="list-style-type: none"> • UK protection premiums £1.4bn, up 6% • Market leading retail protection business • Workplace has 1.2m customers and 2,287 schemes on the platform
DIGITAL LIFESTYLES	<ul style="list-style-type: none"> • Retail protection straight through processing over 80% • Platforms assets of £72bn, up 12% • Launched Direct to Consumer (D2C) investment platform in Workplace for SMEs
BANK RETRENCHMENT	<ul style="list-style-type: none"> • £5.7bn of direct investments, up 98% • Further investment in housebuilding, Banner Homes and in SME lending, Pemberton (40%) • Co-investment of £370m with PGGM (major Dutch pension fund) managed by LGP

* Growth includes transfer of c.\$60bn index funds to the US in 2014.

Our new operating structure in 2015

LEGAL & GENERAL RETIREMENT (LGR)	INVESTMENT MANAGEMENT (LGIM) ¹	LEGAL & GENERAL CAPITAL (LGC)	INSURANCE	SAVINGS		LEGAL & GENERAL AMERICA (LGA)
				DIGITAL	MATURE	
Kerrigan Procter, MD	Mark Zinkula, CEO	Paul Stanworth, MD	Duncan Finch, MD	Mike Bury, MD	Jackie Noakes, MD	Gene Gilbertson, CEO ²
<p>A leading UK de-risking provider to pension schemes</p> <p>Over one million customers</p> <p>Largest ever UK BPA deal, capitalising on strong bulk annuity pipeline</p> <p>Developed innovative range of Individual Retirement Solutions</p> <p>In 2015 we announced our entry into lifetime mortgage market through acquisition of New Life</p> <p>Expect to write £100m of lifetime mortgages in 2015</p>	<p>Largest manager of UK DB pension passive fund assets</p> <p>Largest LDI manager in the UK</p> <p>£709bn total assets: AUM £499bn, Notional derivatives £195bn, Advisory £15bn</p> <p>Over 3,000 institutional clients globally</p> <p>LGIM have won mandates with four of the largest ten corporate pension schemes in the US</p> <p>Halved 2013 Workplace Savings losses</p>	<p>Implements Group's investment strategy – assumed annualised risk adjusted yield 4.3%</p> <p>98% increase in direct and infrastructure investments to £5.7bn</p> <p>Investing in new asset classes including the English Cities Fund, Canning town and Salford schemes and loans to SME's</p> <p>Joint venture with Schroders to £200m regeneration of Bracknell Town Centre</p> <p>Announced plans to build 1,000 new homes in Crowthorne near Bracknell</p> <p>CALA targeting turnover of c.£800m by the end of 2016</p>	<p>UK number one provider of retail protection products</p> <p>Over 1.8 million customers in group protection schemes</p> <p>Over 3.8 million customers in individual protection schemes</p> <p>11% year on year improvement in GI claims closure rates</p>	<p>£124bn of Savings assets, including Cofunds the largest UK investment platform</p> <p>Recently expanded non-advised services to SMEs through launch of Direct to Consumer (D2C) solutions</p> <p>£8bn of assets in our SIPP business, Suffolk Life</p> <p>With-profits fund closed to new business in January 2015</p>	<p>Number 3 term life assurance provider in the US</p> <p>Gross written premiums of \$1.1bn</p> <p>In excess of one million policies</p> <p>Increased contribution to Group's net cash, despite adverse mortality experience</p>	

1. Workplace savings included within LGIM in 2015.

2. Interim President and CEO.

Mark Gregory

Group Chief Financial Officer

+10%
£1,104m
Net cash generation

+10%
16.70p
Earnings per share (EPS)

We've put £5.7 billion to date into direct investments including the regeneration of Canning Town through the English Cities Fund



► Consistent delivery: strong results

Growth

	2014	2013	GROWTH
Annuity assets (£bn)	44.2	34.4	28%
LGIM assets (£bn)	708.5	611.6	16%
LGAS savings assets (£bn)	124.2	113.4	10%
UK protection and GI gross premiums (£m)	1,784	1,701	5%
Direct investments (£m)	5,703	2,879	98%

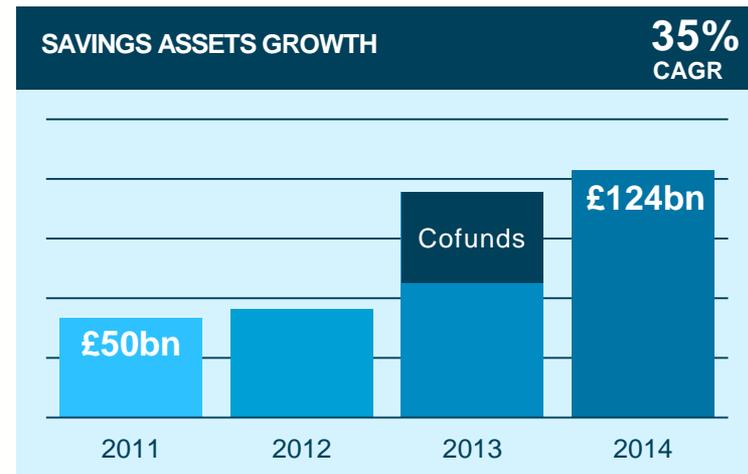
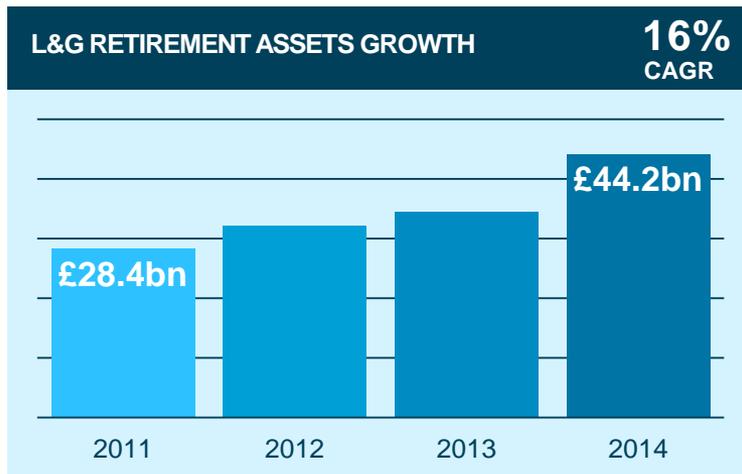
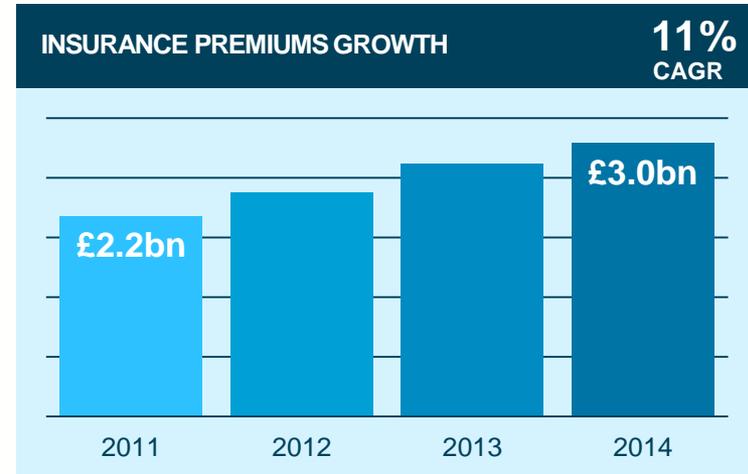
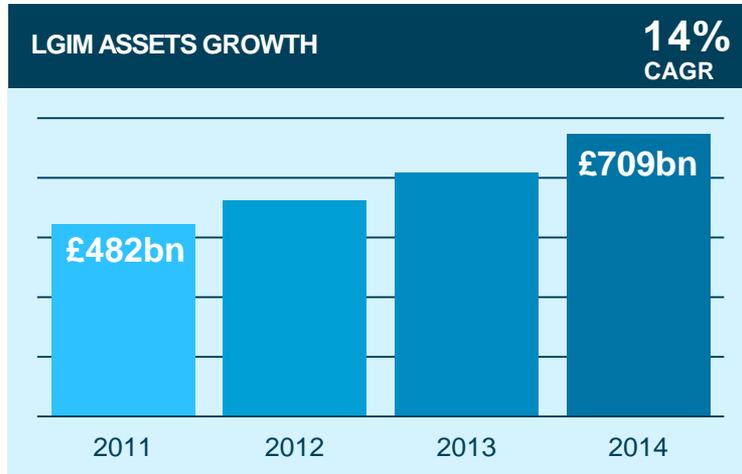
Earnings

Operational cash generation (£m)	1,101	1,042	6%
Net cash generation (£m)	1,104	1,002	10%
Operating profit (£m)	1,275	1,158	10%
IFRS profit before tax (£m)	1,238	1,144	8%
Earnings per share (pence)	16.70	15.20	10%

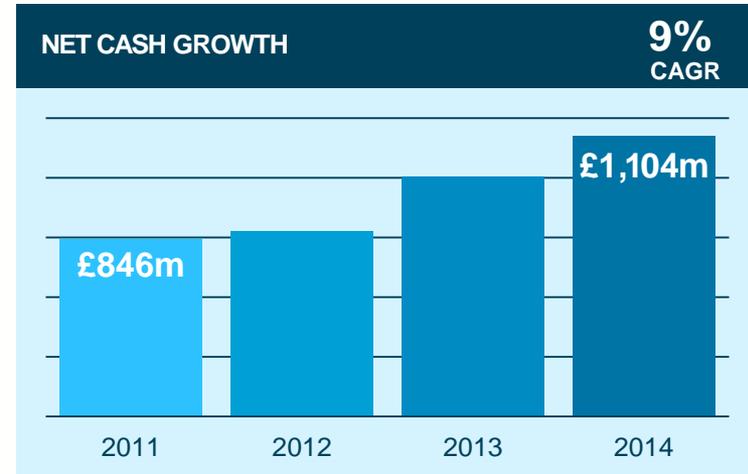
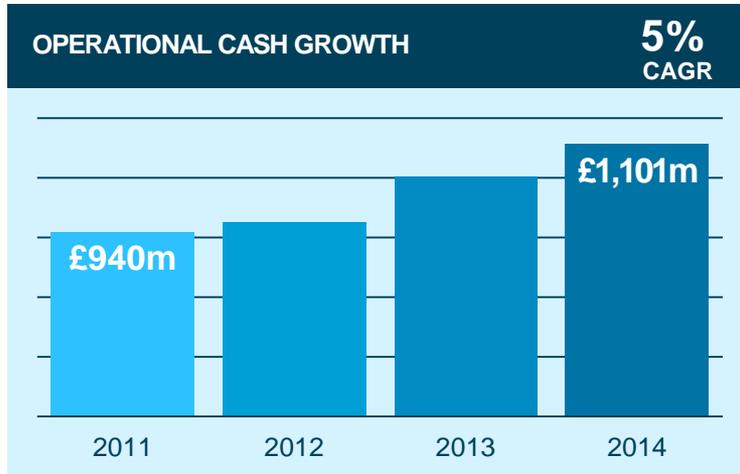
Capital

IGD surplus (£bn)	3.9	4.0	
IGD coverage ratio (%)	201	221	
Economic capital surplus (£bn)	7.0	6.9	
Economic capital 1-in-200 coverage ratio (%)	229	251	
Return on equity (%)	16.9	16.1	

▶ Driving growth: increasing stock

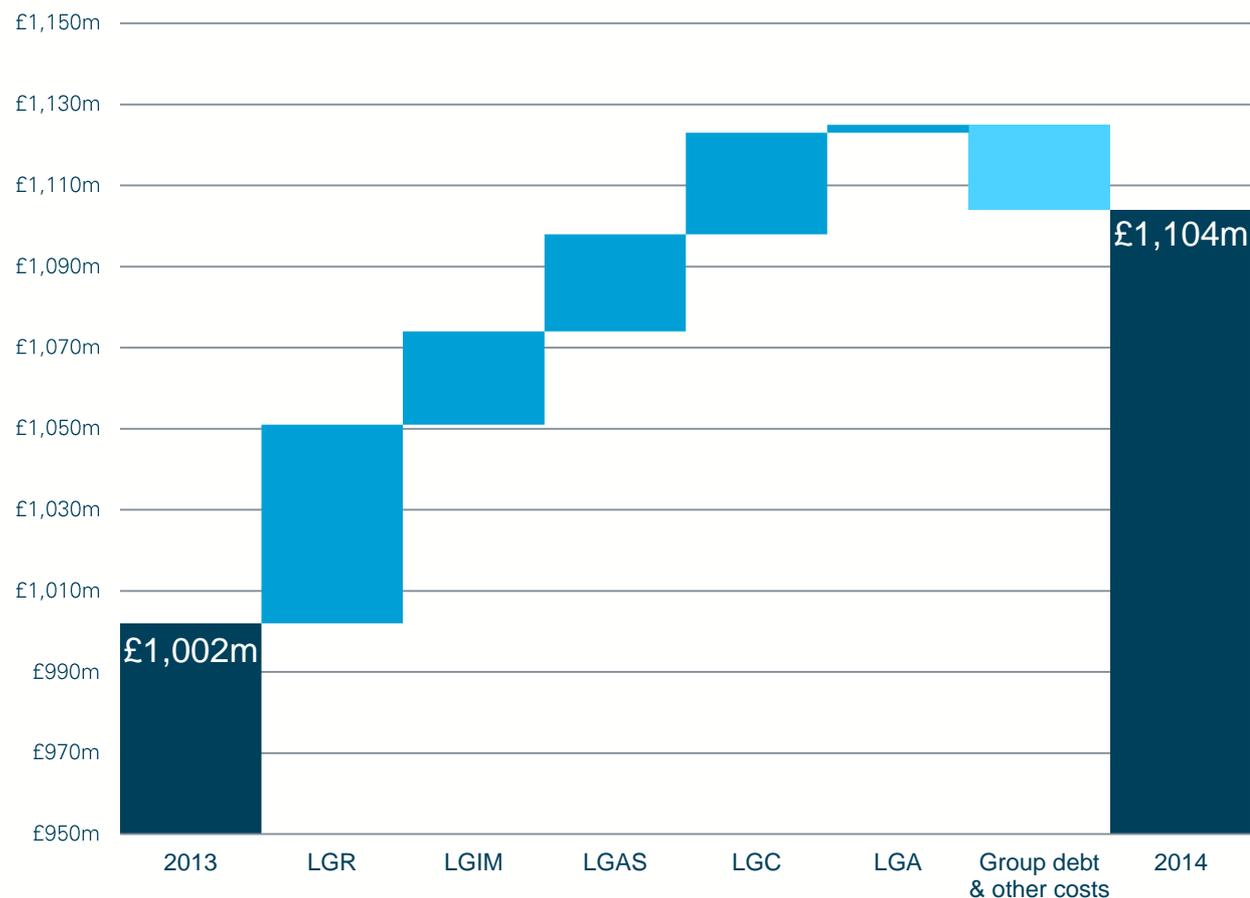


Increasing stock: rising returns



1. Restructuring costs of £31m charged against operating profit in 2014. Prior years have not been restated.

➤ Net cash: growth in all divisions



Increase in stock driving cash growth:

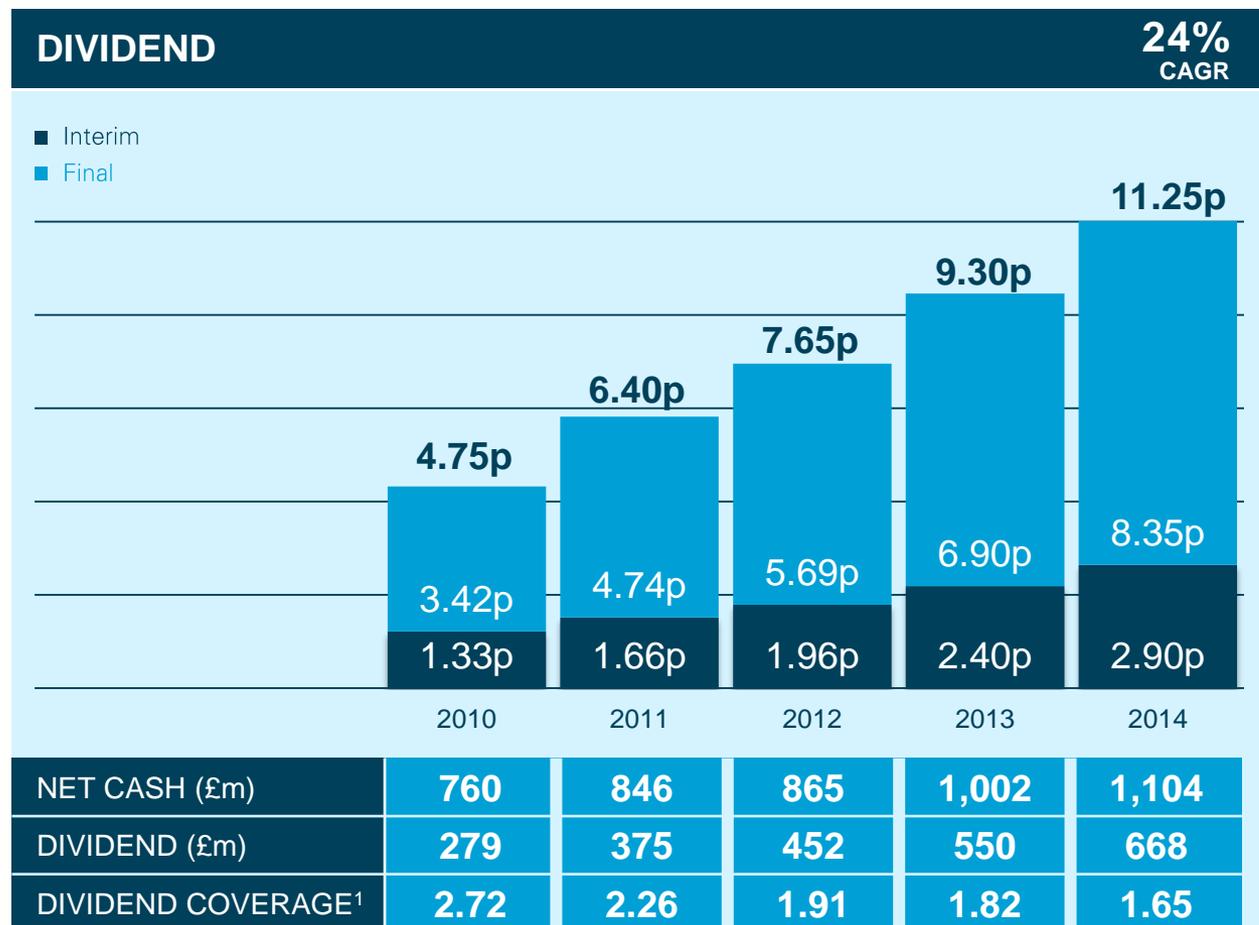
- LGR: 28% asset growth, 17% net cash growth
- LGIM: 16% asset growth, 10% net cash growth
- LGAS: 10% Saving assets growth, 6% UK Protection premiums growth, 6% LGAS net cash growth
- LGC: Continuance of direct investment strategy, delivering superior returns, 18% net cash growth
- LGA: \$ premiums up 9%, \$ net cash up 10%
- Group debt and other costs: £15m impact from £600m sub-debt issuance in June 2014

➤ Consistent focus on cash generation

£m	2014 OPERATIONAL CASH	2015 GUIDANCE
Legal & General Retirement	292	340
Insurance excluding General Insurance	286	290
Savings ¹	127	135
Legal & General America	46	50
Legal & General Capital	162	170
SUB TOTAL	913	985
Legal & General Investment Management ¹	275	
LGAS General Insurance	46	
FROM DIVISIONS	1,234	
Group debt costs	(112)	(116)
Other costs	(21)	
TOTAL OPERATIONAL CASH GENERATION	1,101	
New business surplus	3	
TOTAL NET CASH GENERATION	1,104	

1. Workplace savings is excluded from Savings operational cash and cash guidance, and included in LGIM operational cash.

Full year dividend up 21% to 11.25p



1.Dividend coverage based on net cash generation.

- Should our Solvency II surplus be no lower than Solvency I, we expect to reduce our net cash coverage of dividend in 2015 towards 1.5 times
- We will provide updated dividend guidance when final Solvency II clarity has fully emerged
- The Board remains committed to a progressive dividend policy over the long term

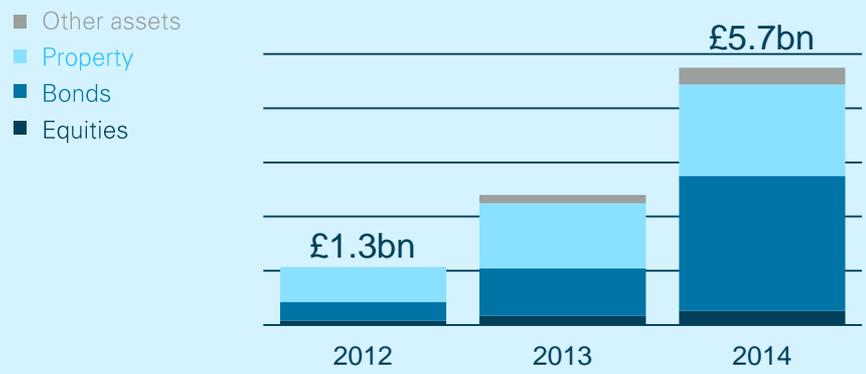
L&G capital: increasing direct investment

FINANCIAL HIGHLIGHTS	2014	2013
LGC net cash generation (£m)	162	137
LGC operating profit (£m)	203	179
Assumed annualised return on assets (%)	4.3	4.1
Actual return on assets (%)	3.5	4.4
Principal balance sheet assets (£bn):	57.2	43.7
of which LGC assets (£bn)	5.1	4.7

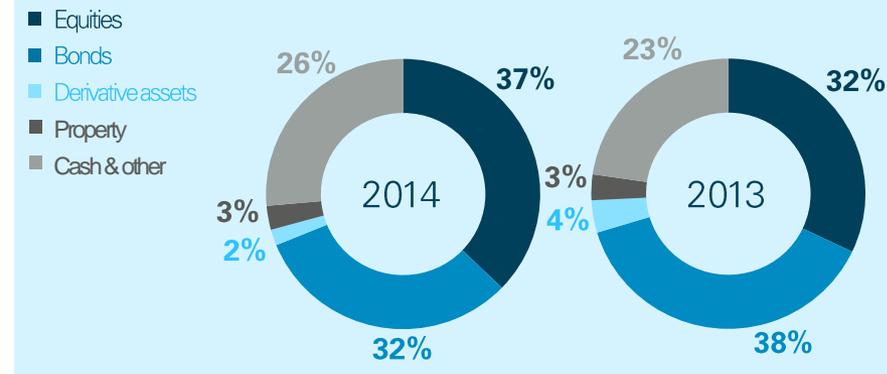
- Seeking to increase the risk adjusted returns on the Group's £57.2bn principal balance sheet
- Direct investments portfolio continues to expand, increasing by 98% to £5.7bn
- Investment in Banner Homes in 2014 through CALA, targeting turnover of c.£800m by the end of 2016
- Investing in 'slow money' opportunities matching long term pension liabilities to long term, less liquid assets

DIRECT INVESTMENTS GROWTH

111%
CAGR



LGC ASSET ALLOCATION



▶ Long term direct investments

📍 **£15bn**
Direct investment programme,
with £5.7 billion invested to date

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

Aberdeen international business park:
£127m investment, 335,000sq ft office space

Places for people:
£252m, acquiring 4,000 homes,
building 7,000 houses, 50 year
lease

English Cities Fund
schemes in Liverpool,
Plymouth, Canning Town,
Salford and Wakefield:
over 5.4m sq ft of mixed-use
space, brownfield land

CALA Homes:
£210m investment (47% stake),
further £200m for Banner Homes

Royal Liverpool University Hospital:
£429m rebuild

Hyde Housing Group:
£102m investment
15 year facility

Thames Valley Housing:
£40m, 25 year facility enabling
500 affordable homes

Sentinel Housing:
private placement
(registered social
housing provider
in Hampshire)

Methodist Care Homes:
£70m investment, 30 year lease

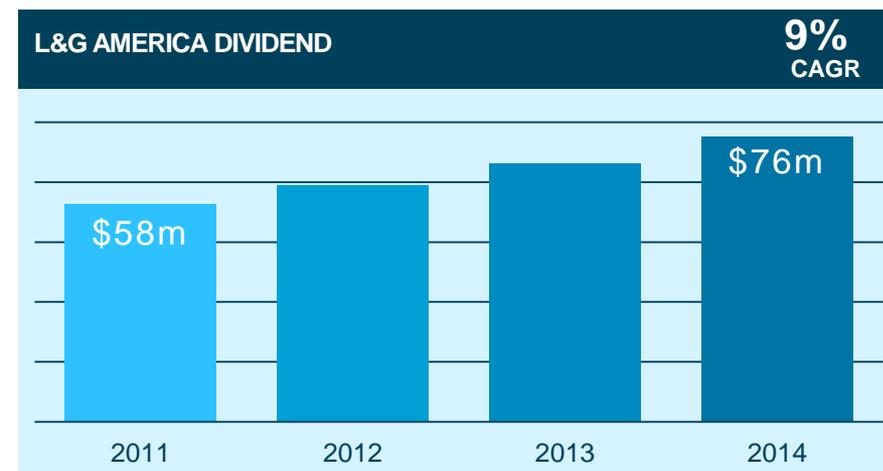
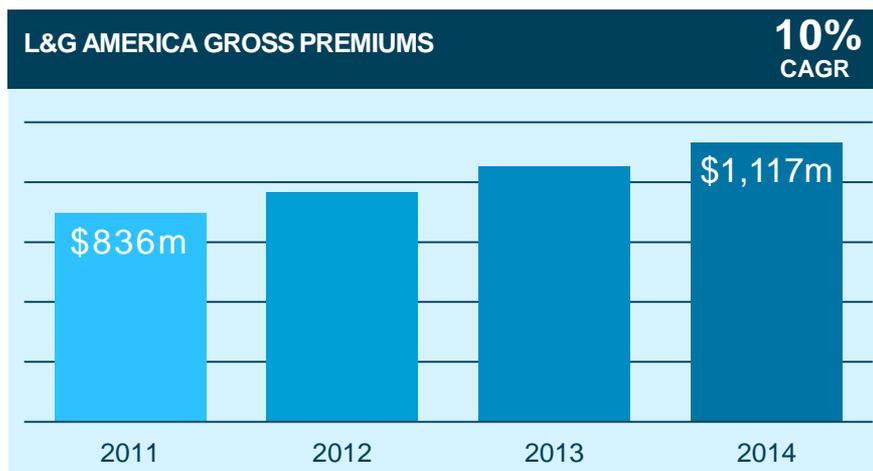
University of Southampton:
£93m, 1,104 beds, 40 years income

“ We’ve already made multi-million investments into student accommodation over the last three years, funding high-quality developments, with long leases, backed by premium universities in first-class locations.”

➤ L&G America: focus on cash generation

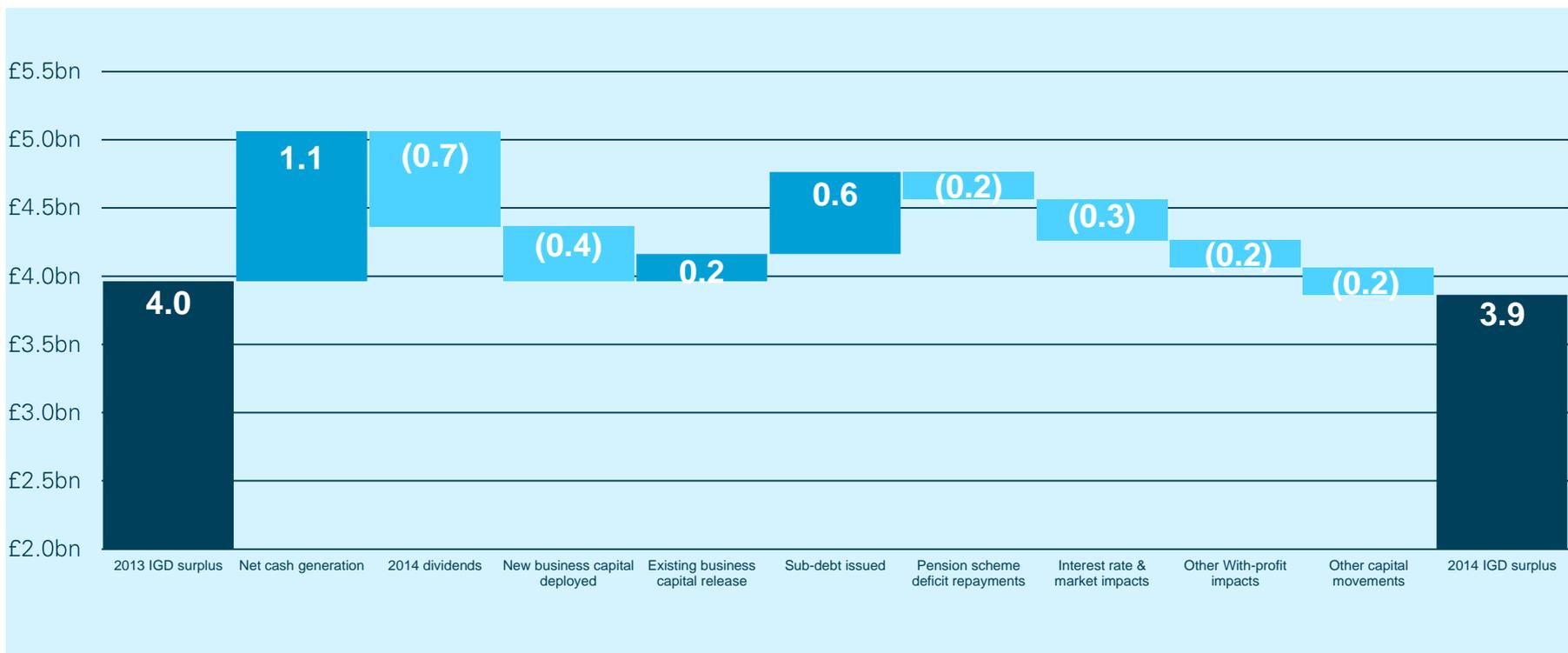
FINANCIAL HIGHLIGHTS	2014	2013
Net cash generation (\$m)	76	69
Operating profit (\$m)	93	145
New business margin (%)	9.9	11.6
Gross written premiums (\$m)	1,117	1,024
Policies in force (k)	1,150	1,068

- Net cash generation up 10% to \$76m
- Gross premiums up 9% to \$1,117m
- 3rd largest provider of term life assurance by cover in the US
- Operating profit down 36% to \$93m
- Adverse mortality impact of \$46m in the year
- Change in business mix through introduction of new pricing model resulting in lower new business volumes
- Ordinary dividend of \$80m paid in February 2015
- Cash and dividend outlook remain strong



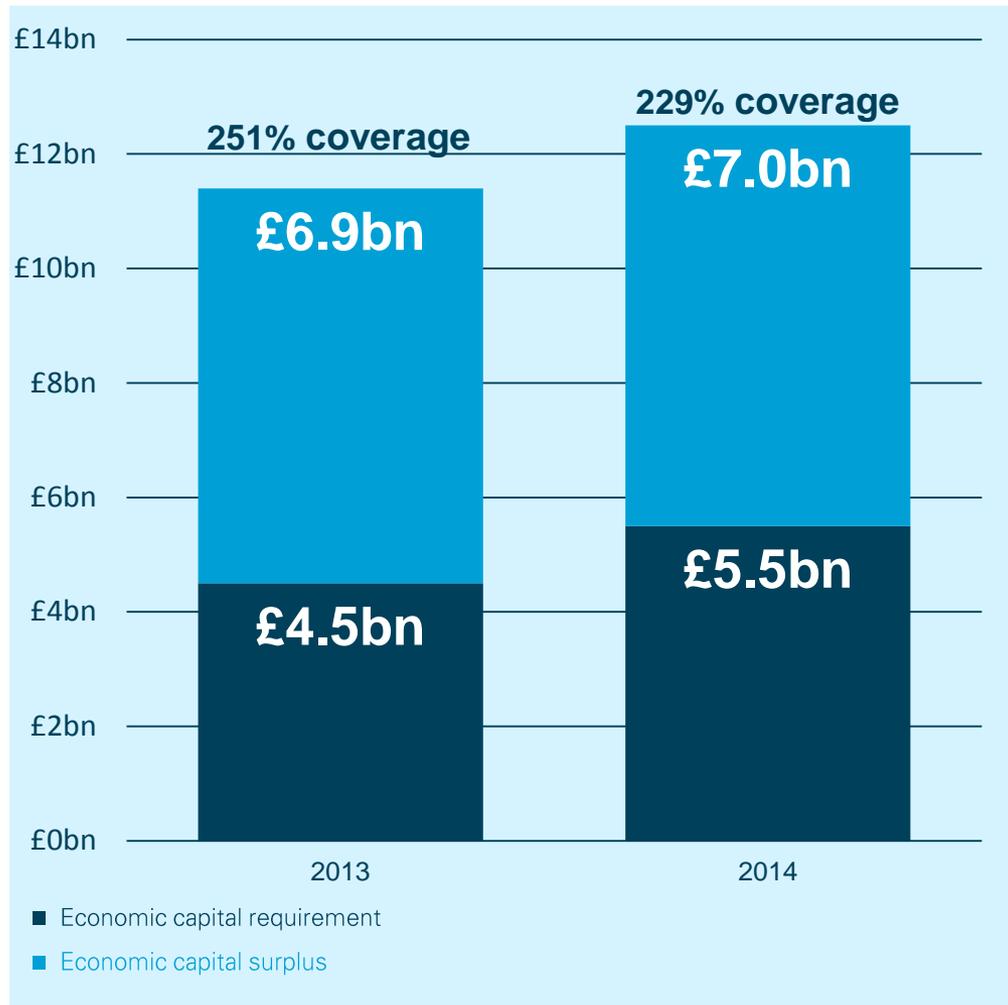
Note: 2011-2014 include preference dividends paid in Q4 of \$2m p.a.

Capital position: strong IGD surplus



- IGD surplus represents a coverage ratio of 201%, within our preferred range of 175% - 225%
- Capital continues to be deployed, returns are being generated and balance sheet strength maintained
- £0.4bn of capital deployed in new business following significant increase in bulk annuity transactions in 2014
- Other movements comprise differences between accounting and regulatory bases

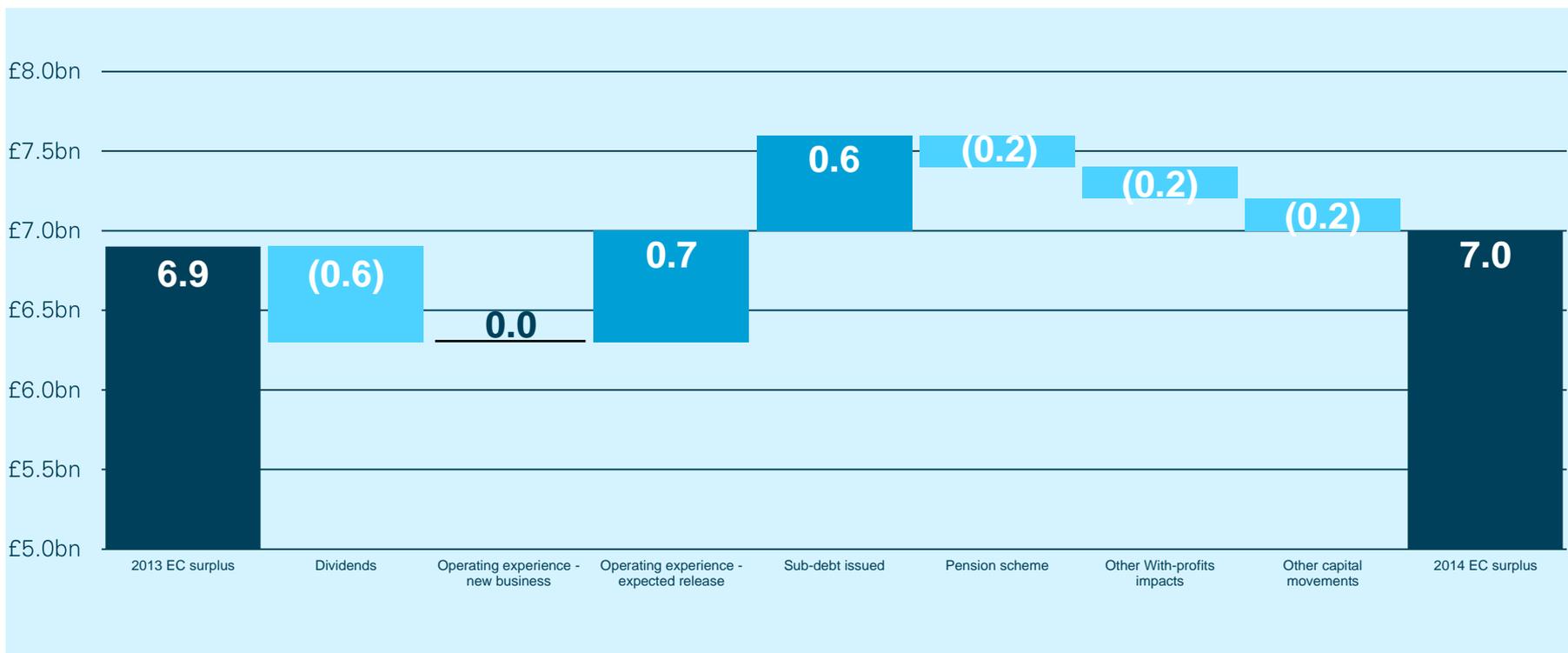
➤ Capital position: stable economic capital surplus



Economic capital is the amount of capital that the Board believes the Group needs to hold, over and above its liabilities, in order to meet the Group's strategic objectives.

These numbers do not represent our view of the Solvency II outcome for the Group. Solvency II has elements which Legal & General considers to be inconsistent with the Group's definition of economic capital, so there will be differences between the two balance sheets. Our economic capital model has not been reviewed by the Prudential Regulatory Authority (PRA), nor will it be.

Capital position: stable economic capital surplus



- New business has neutral impact on surplus despite significant increase in bulk annuity transactions
- Other capital movements include impact of changes to the Group asset strategy

Mark Zinkula

LGIM Chief Executive Officer

+16%
£709bn
Total assets

+9%
£645m
Total revenue

Legal & General Property's programme of funding new student accommodation has delivered high quality developments with long-term income streams

Continued strong business performance

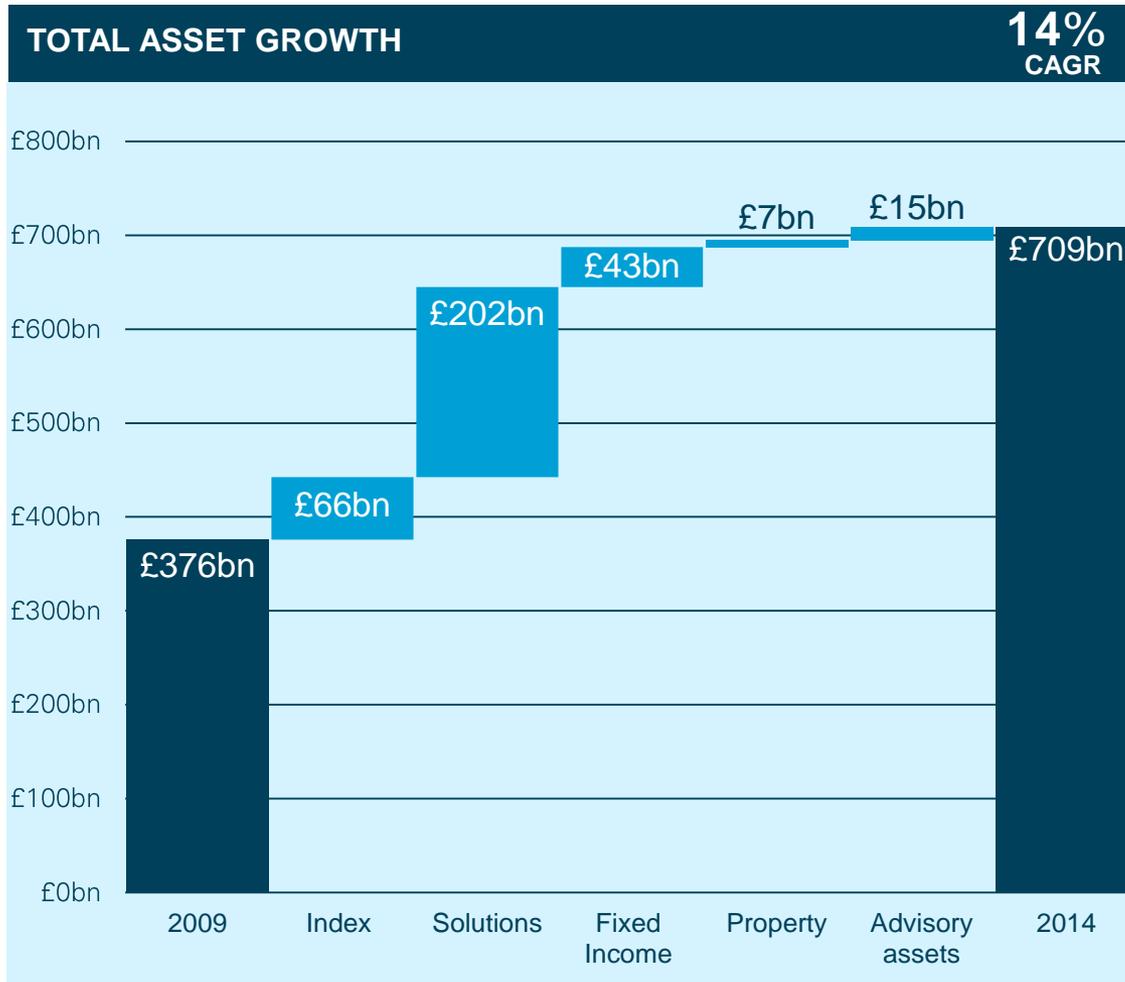
FINANCIAL HIGHLIGHTS	2014	2013
Total revenue (£m)	645	594
Total costs (£m)	(309)	(290)
Operating profit (£m)	336	304
Net cash generation (£m) ¹	262	239
Cost:income ratio (%)	48	49
External gross inflow (£bn)	56.0	60.9
External net inflow (£bn)	5.9	20.5
of which international (£bn)	8.5	15.8
of which retail (£bn)	0.8	0.4
of which DC (£bn)	1.3	(0.2)
Persistency (%)	89	90
ASSET SCALE	2014	2013
Total assets (£bn)	709	612
of which international (£bn) ²	129	61

1. Net cash generation excludes Workplace savings.

2. Includes transfer of c.\$60bn index funds to the US in 2014.

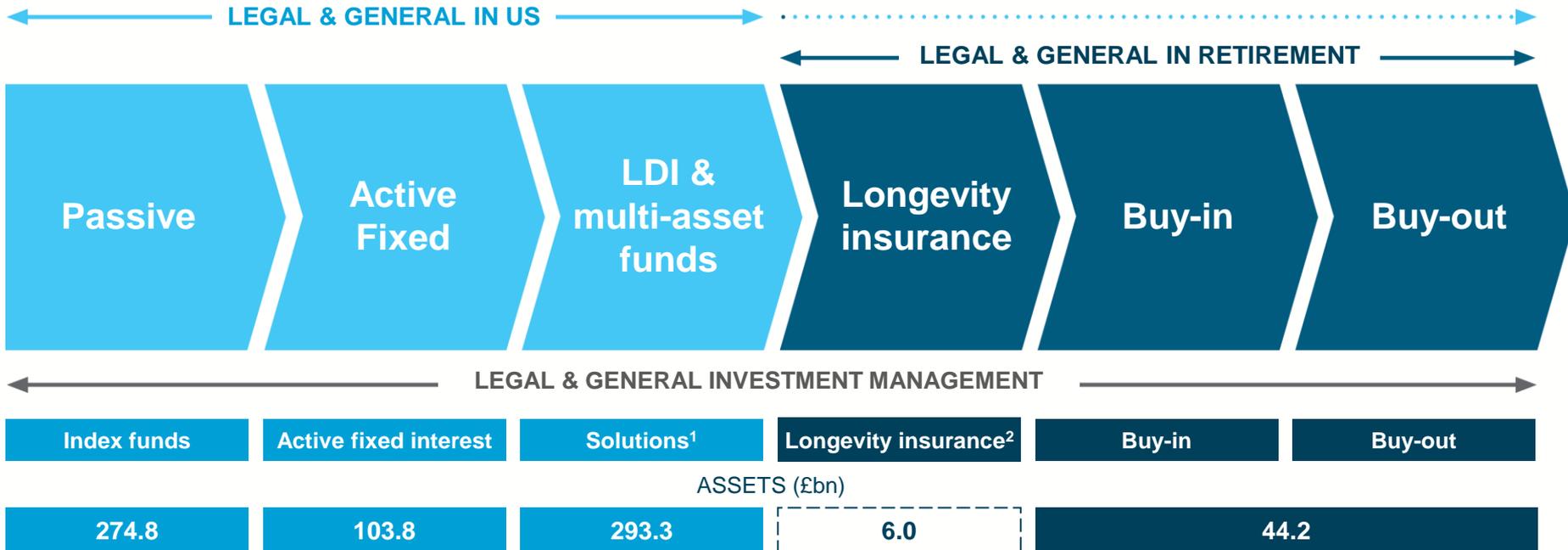
- Operating profit growth of 11%
- Cost:income ratio remains stable against a backdrop of continuing investment
- Persistency in line with long term expectations
- Solutions net inflows of £21.1bn underpinned by DB plans de-risking, offset by index net outflows of £(16.0)bn
- Record property inflows drive AUM up 20% to £13.6bn
- Increasing DC capabilities
- The US business continues to drive international asset growth

▶ LGIM's business is becoming increasingly diverse



- **Index** up 6% due to positive market movements and international inflows offset by de-risking related outflows in the UK DB market
- **LDI and Multi-Asset Solutions** up 26% benefitting from de-risking trend and DC market growth
- **Fixed Income** is up 11% per annum and **Property** is up 15% per annum driven by strong performance and increasing client demand for these asset classes

Comprehensive suite of de-risking solutions



- Legal & General is the only company which participates in all the aspects of the de-risking journey
- LGIM manages c.20% of UK DB assets³ and has a market leading position of c.40% in LDI within the UK⁴
- UK DB clients moving out of equities and into liability driven investing (LDI) solutions and ultimately buy-out

- Delivering product innovation across active and pooled LDI strategies and a broader set of fixed income and multi-asset funds
- Recently launched a delegated solutions proposition

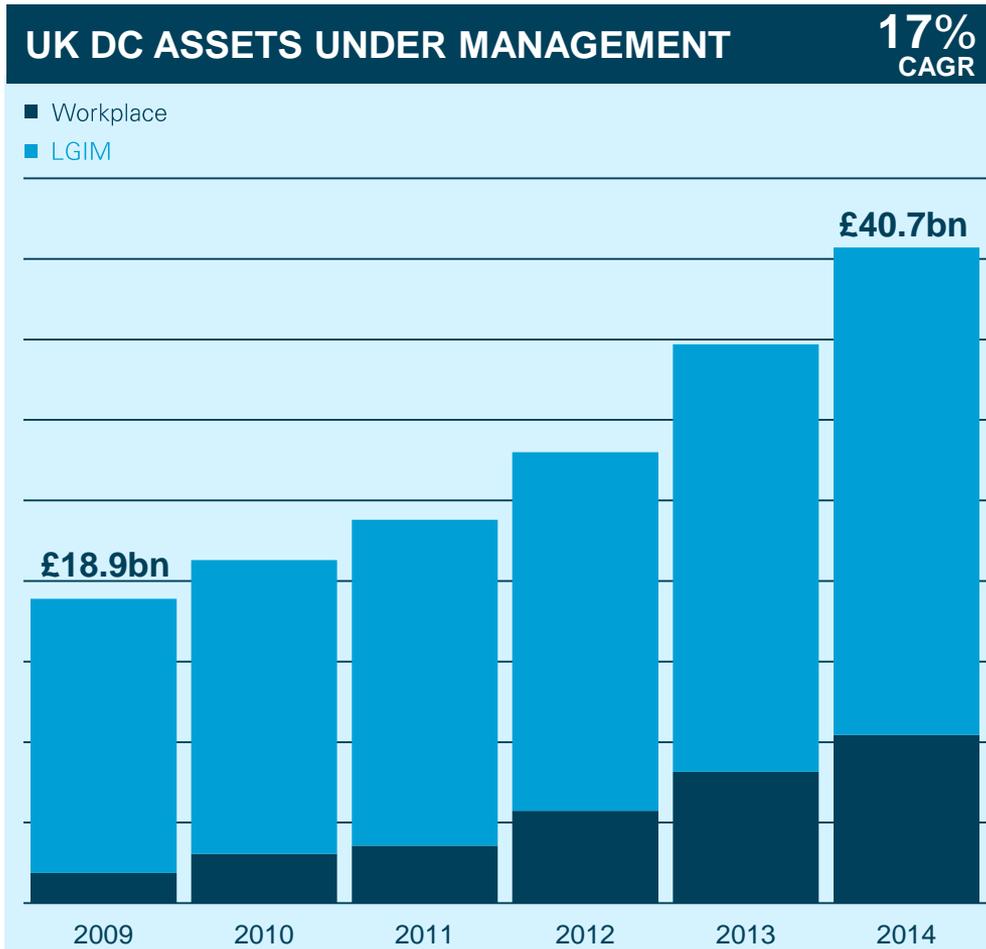
1. Includes overlay assets, which comprise derivative notional associated with solutions business.

2. Deal size.

3. Oliver Wyman report 2014 and company estimate.

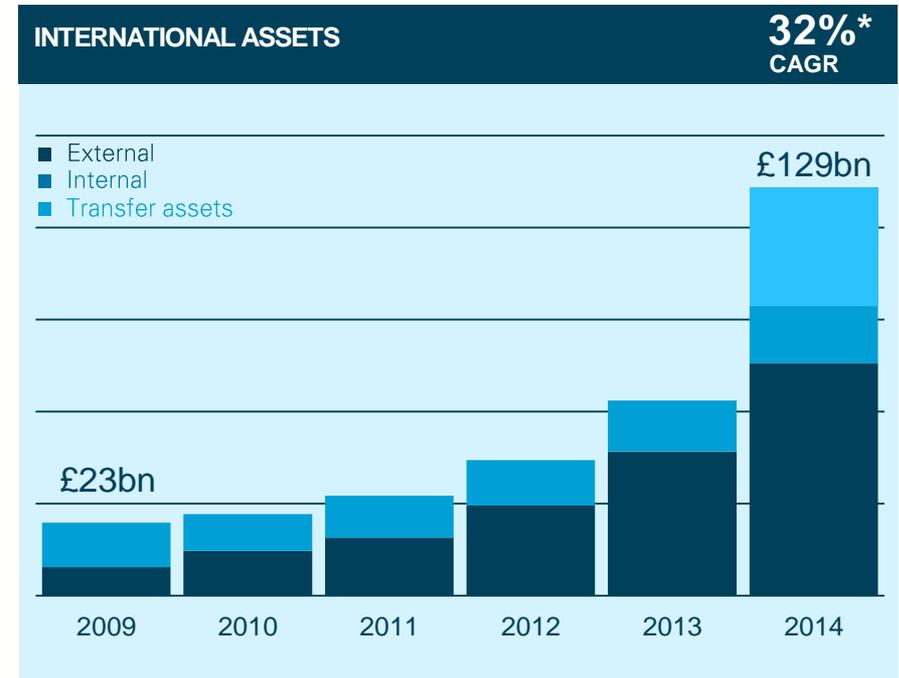
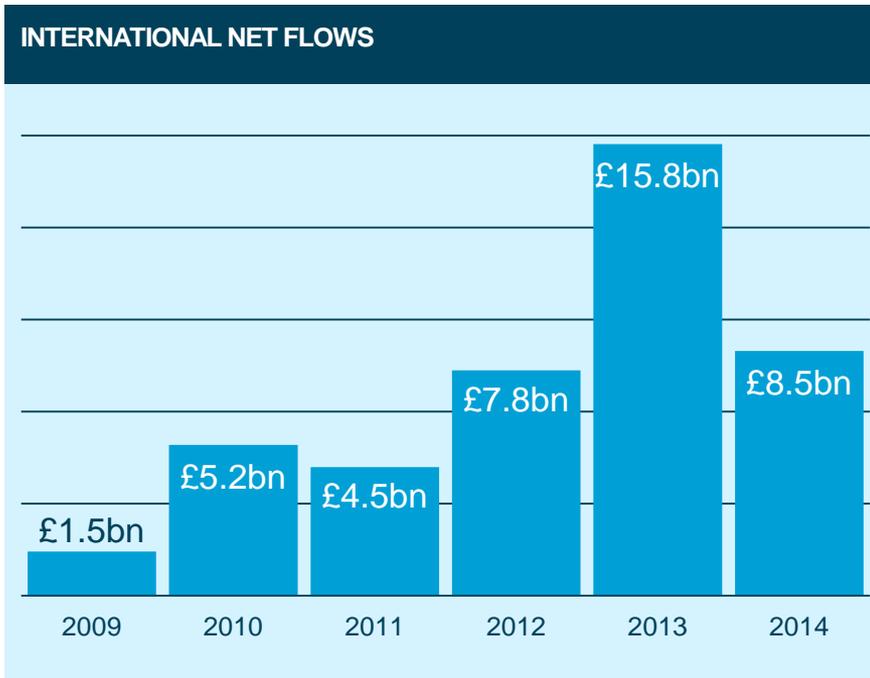
4. KPMG LDI Survey 2014.

▶ Building market leading capability for UK defined contribution clients



- Workplace DC platform transferred to LGIM in 2015, creating a comprehensive customer proposition
- Increased gross new business by 17% year on year
- Targeting delivery to all potential partners:
 - Employee benefit consultants
 - External platforms
 - Trustees
 - Employers
- A full suite of innovative products:
 - Diversified growth funds
 - Pre-retirement funds
 - Real income funds
 - Income drawdown funds

US business continues driving international growth



* CAGR excludes \$60bn transfer of index assets to the US in 2014.

- Strong international net flows of £8.5bn and c.\$60bn of index assets transferring to the US
- Rapidly growing LDI and Fixed Income assets in the US
- Increasing presence in US DC and Index market by launching own brand funds
- Expanding range of mandates and client relationships in the Gulf
- Winning Fixed Income and Index mandates in Asia and expanding our team in the region
- Over \$30bn assets managed on behalf of clients in the Gulf

Kerrigan Procter

LGR Managing Director

+61%
£6,578m
Annuities single premiums

+28%
£44.2bn
Annuity assets

Legal & General Retirement's record breaking year has provided secure lifetime pension income to more and more people

➤ An outstanding year for our retirement business

A leading UK pension de-risking provider providing financial security in retirement to over one million customers.

1.

DEPLOY CAPITAL
FLEXIBLY AND
DYNAMICALLY

Global pension
risk transfer

Individual retirement
income

Actively manage
longevity risk

2.

MANAGE OUR BALANCE
SHEET EFFICIENTLY

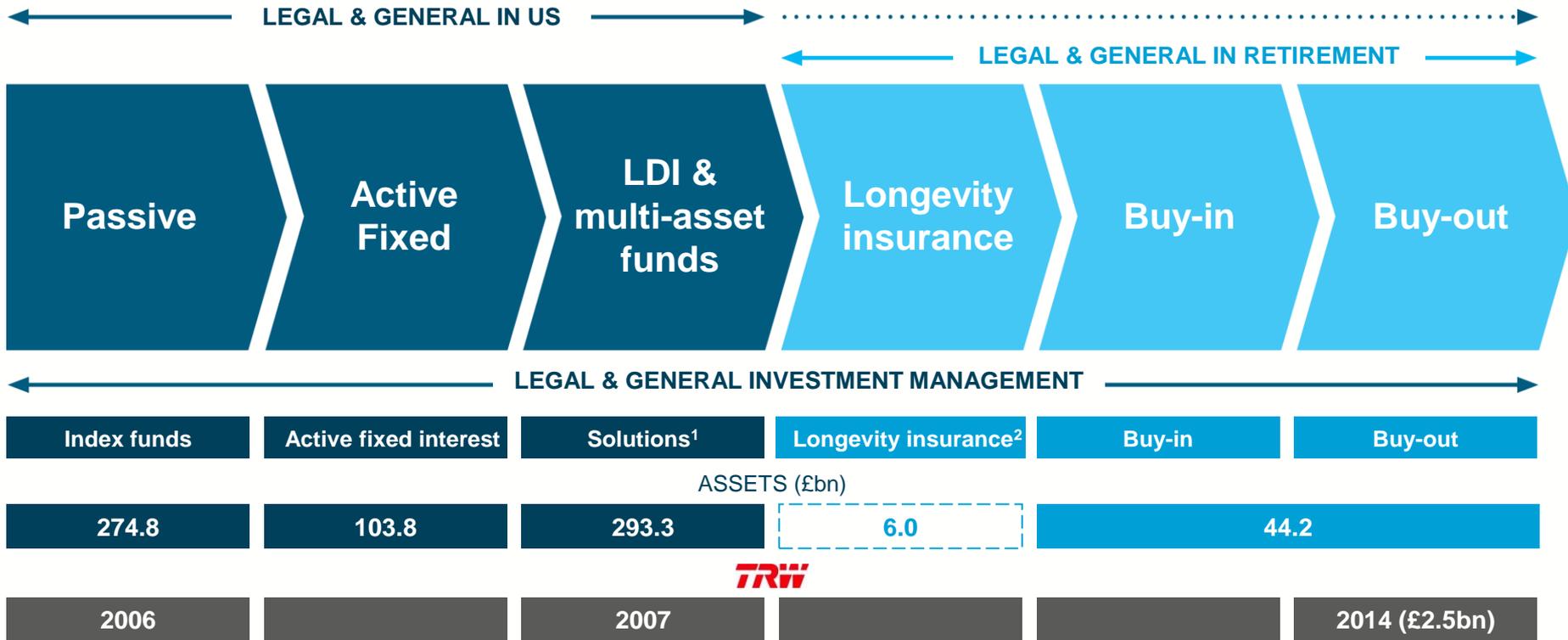
Improve risk
adjusted return

Reduce unit costs

FINANCIAL HIGHLIGHTS	2014	2013
Net cash generation (£m)	343	293
Operating profit (£m)	428	310
Individual annuity assets (£bn)	15.1	13.3
Bulk annuity assets (£bn)	29.1	21.1
Total annuity assets (£bn)	44.2	34.4
Individual single premiums (£m)	591	1,277
Bulk single premiums (£m)	5,987	2,812
Internal transfer from with-profits (£m)	1,953	-
Total annuity transactions (£m)	8,531	4,089
New business EEV margin (%)	9.3	8.7

Note: New business surplus increased to £51m from £33m in 2013.

Comprehensive suite of de-risking solutions



- Legal & General is the only company which participates in all the aspects of the de-risking journey
- 2014 a record year for annuities with £8.5bn of annuity transactions including two of the largest ever UK bulk deals

- ICI £3.0bn largest ever UK buy-in
- TRW £2.5bn largest ever UK buy-out

1. Includes overlay assets, which comprise derivative notional associated with solutions business.

2. Deal size.

▶ Providing our retirement customers with freedom & choice

Lifetime Mortgages

- Newlife acquisition expected to complete in H1 2015



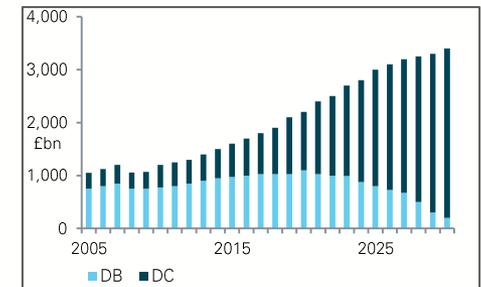
Freedom & Choice

- Cash-Out Retirement Plan
- Fixed Term Retirement Plan
- New Retirement website



One DC

- Full range of funds and products to help customers save for and enjoy retirement



John Pollock

LGAS Chief Executive Officer

+4%

£2,008m

Insurance gross written premiums

+10%

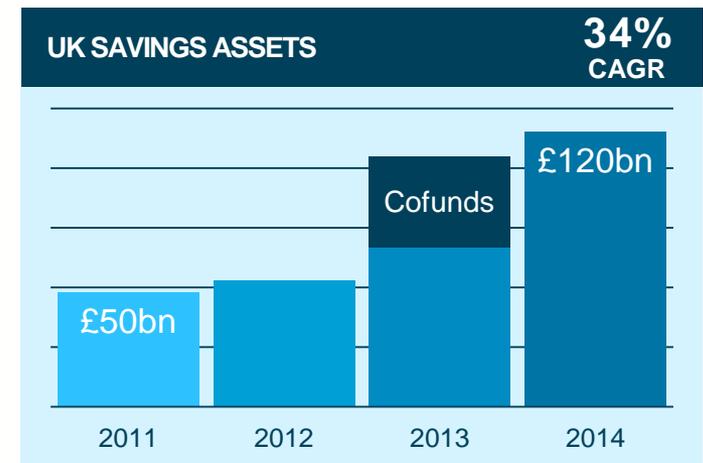
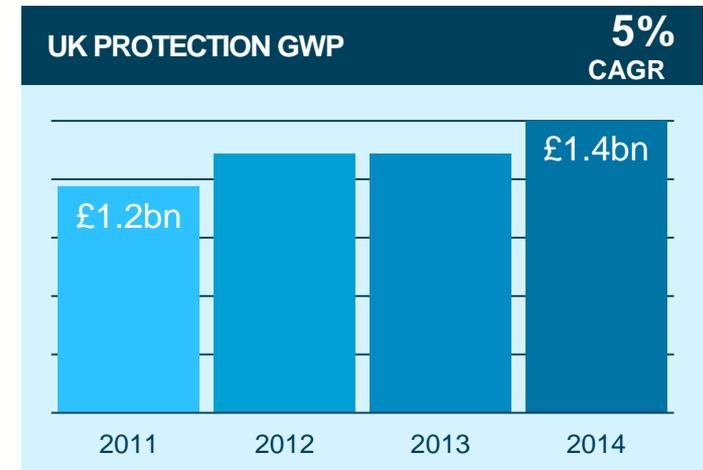
£124bn

Savings assets under administration

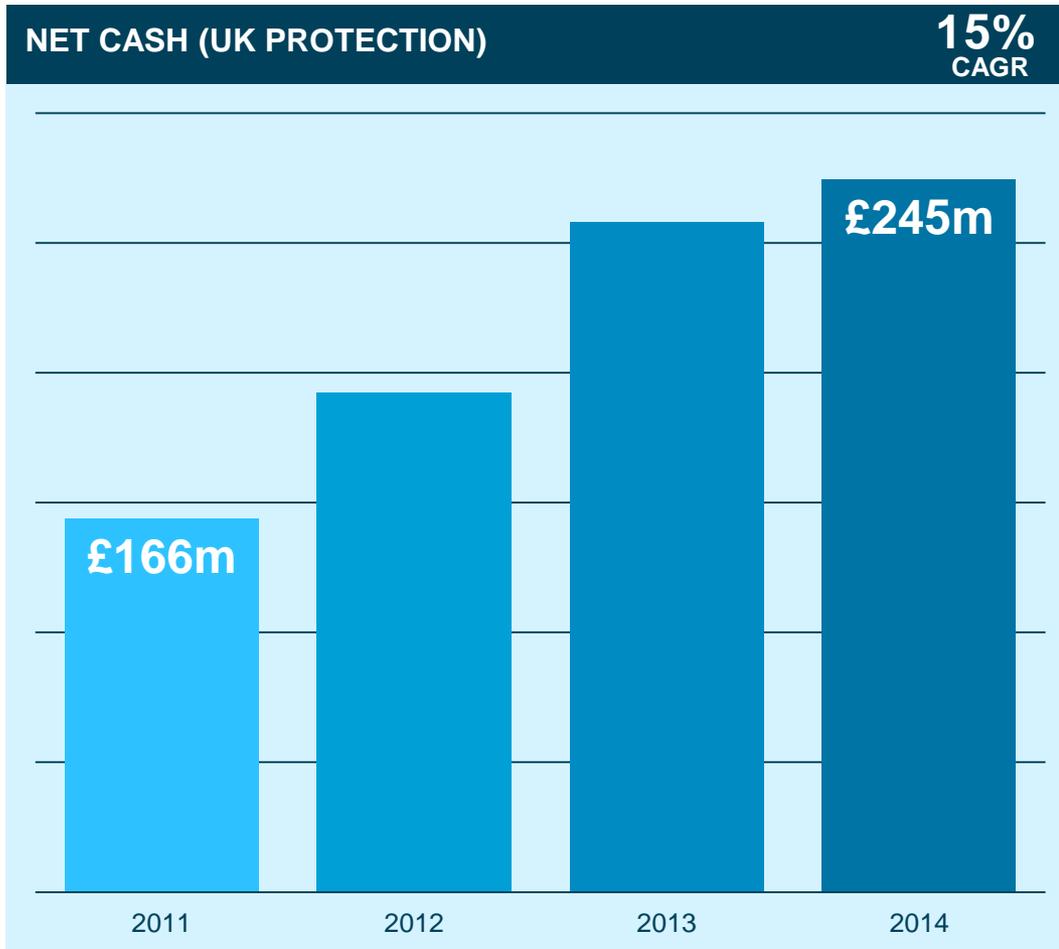
Our 'what would you say to your younger self' campaign helped contribute to UK Protection gross written premiums of £1.4 billion

➤ LGAS: increasing scale and efficiency

FINANCIAL HIGHLIGHTS	2014	2013
LGAS TOTAL		
Operational cash generation (£m)	472	474
New business strain (£m)	(48)	(73)
Net cash generation (£m)	424	401
Operating profit (£m)	460	444
Profit before tax (£m)	453	371
UK PROTECTION		
UK Protection GWP (£m)	1,407	1,326
UK Protection EEV margin (%)	8.4	8.9
UK SAVINGS		
UK Savings assets (£bn)	120	109
UK Savings net flows (£bn)	5.6	6.8
GENERAL INSURANCE		
General Insurance GWP (£m)	377	375
General Insurance combined ratio (%)	87	84



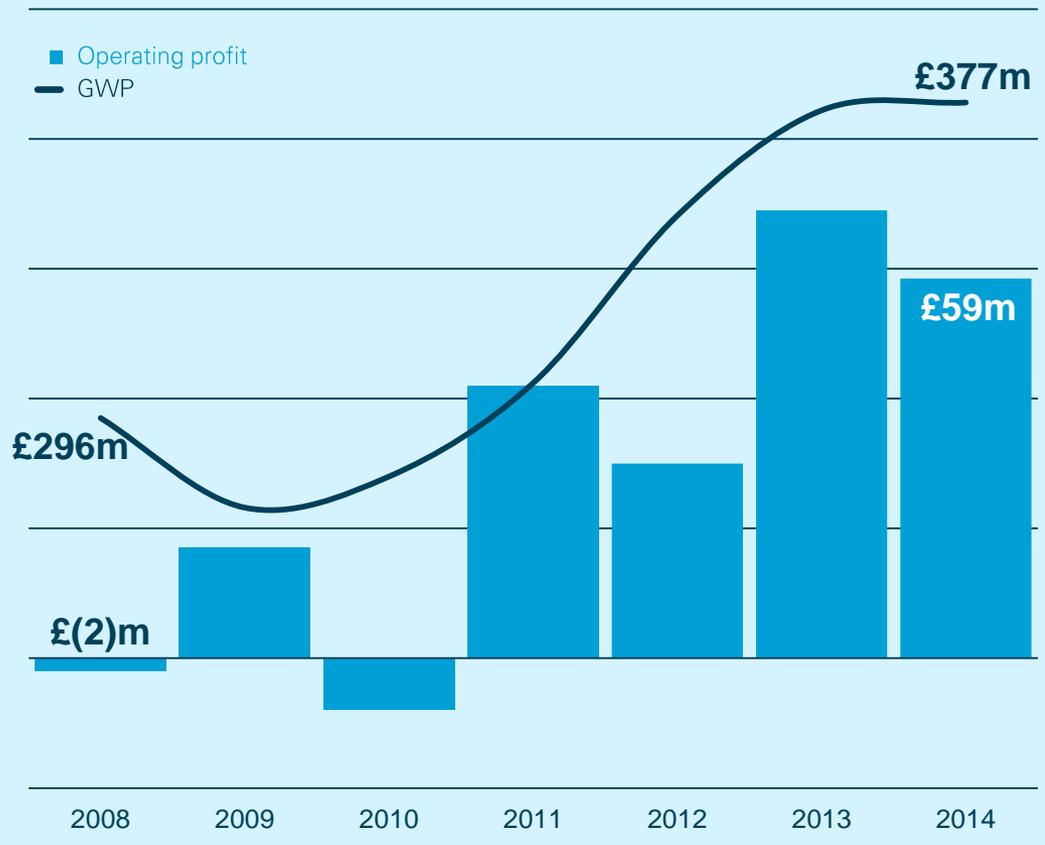
UK Protection: consistently market leading



- Retail Protection increasing Direct Channel sales 2014 :16% of new business (2013: 13%)
- Retail Protection widening distribution channels through NAG, TSB & Direct Line
- Group Protection continuing to deliver new large scheme wins and increments
- Group Protection: 2,950 companies with 1.8 million members
- 2014 LG Network facilitated £40bn or 1 in 6 of UK mortgages

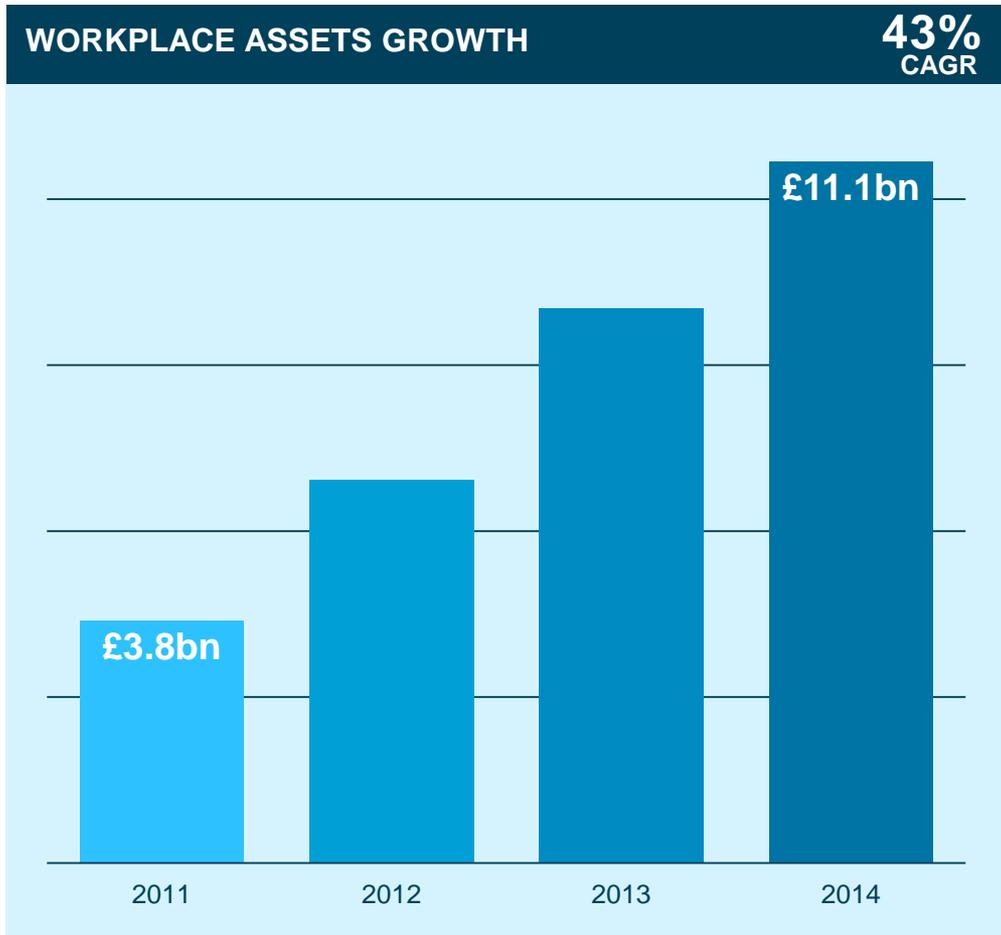
General insurance: another strong year

GI OPERATING PROFIT / GWP



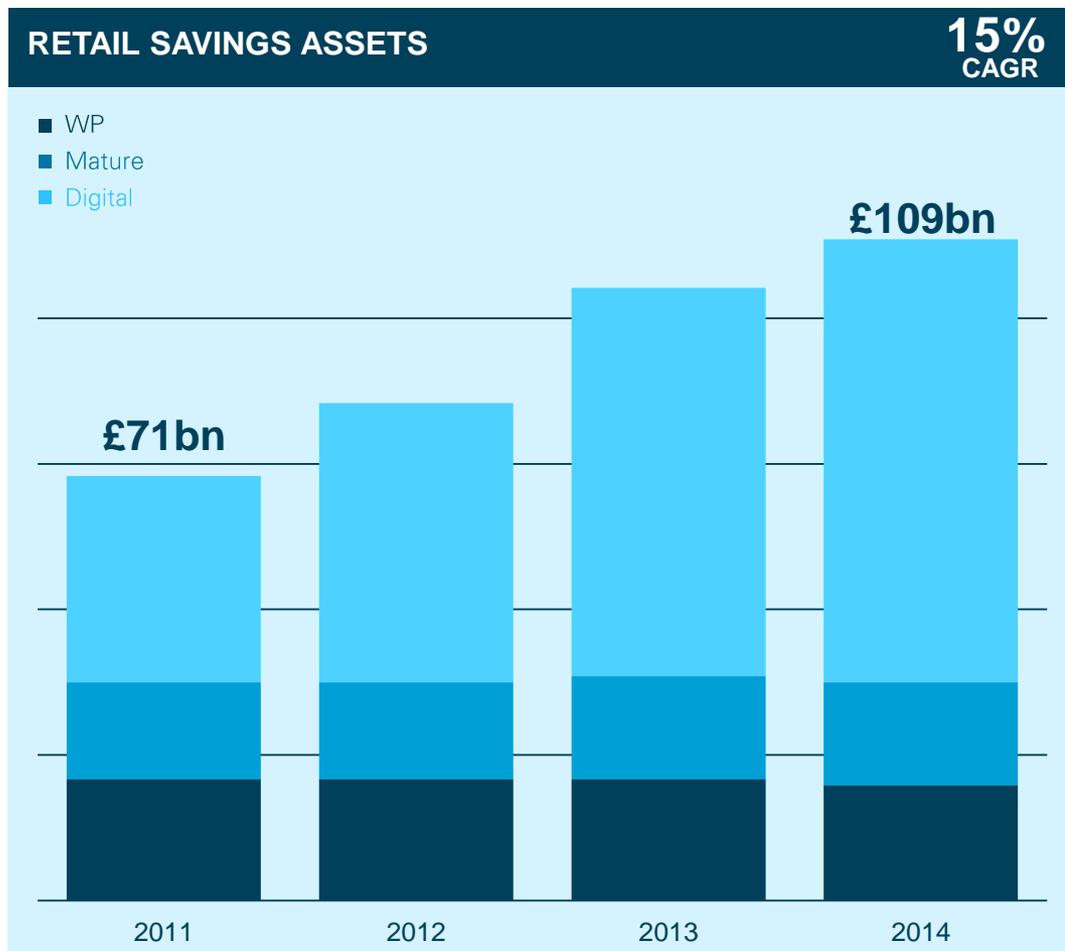
- Strong 2014 Operating Profit despite adverse £(12)m weather in Q1
- Pricing and risk discipline maintained in competitive market

▶ Corporate pensions: focus on asset base driving revenue growth



- Scale and operational leverage results in losses decreasing to £(15)m (2013: £(29)m)
- Workplace Savings: 1.2m members (2013: 903,000)
- Workplace Savings: 60% reduction in unit costs over three years
- Shared clients: Assets £3.6bn; GWP £78m
- Leverage D2E opportunities

▶ Retail savings: leveraging market leading platform



Note: 2011-2013 includes pre-acquisition Cofunds assets

Platforms

- Streamlined administration and efficient service
- Delivered annualised cost savings of £7m per annum to date and continue to target £11m per annum in 2015
- Further operational synergies being realised through consolidation of property portfolio
- Empowering distribution partners through access to technology platform (e.g. Nationwide)
- Digital drive: increase Direct to Consumer proposition through Cofunds capability

Suffolk Life

- £7.7bn assets generated from schemes already won and back book acquisitions

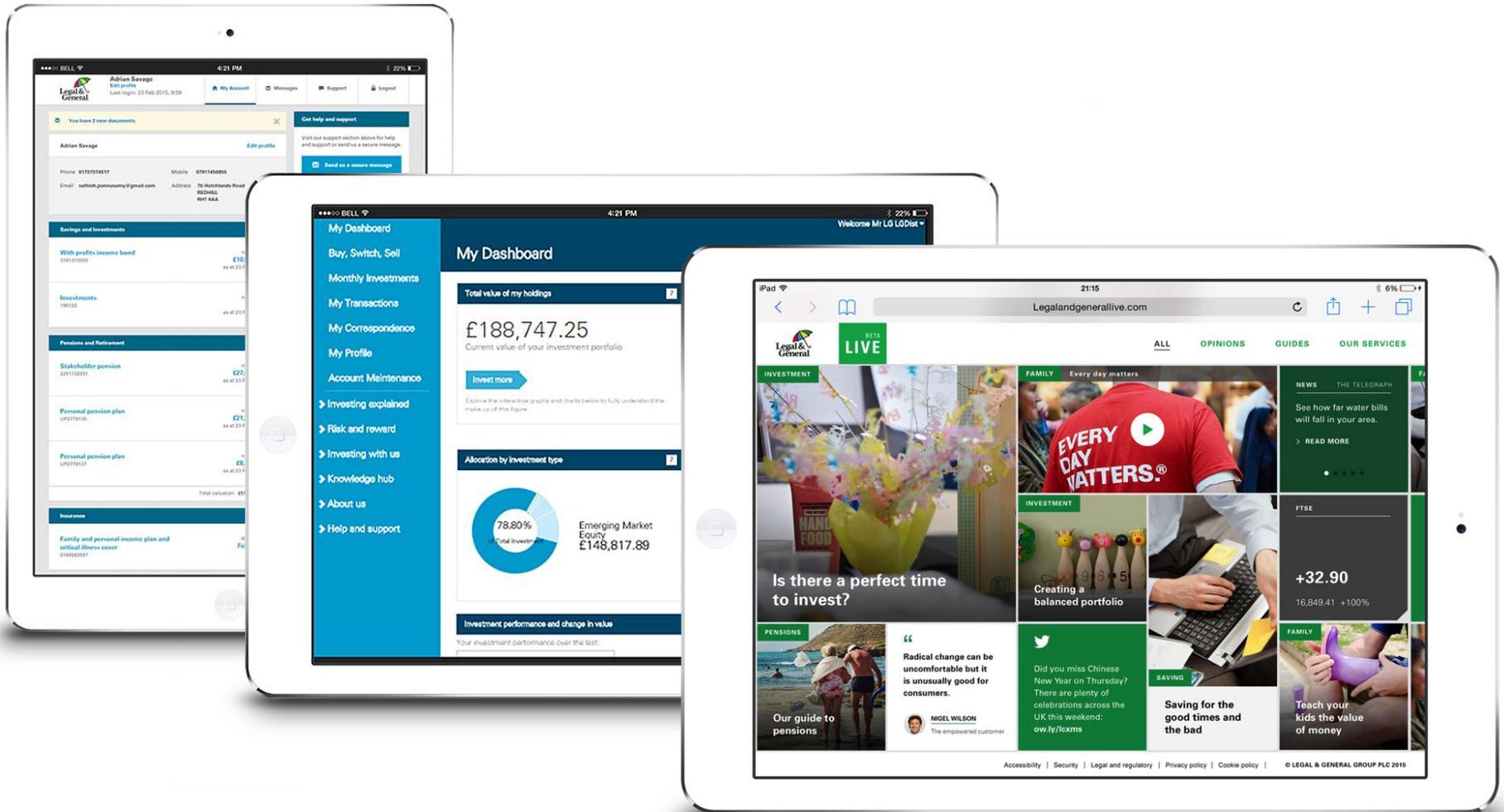
Mature business

- Mature book driving £85m of operational cash

With-profits

- With-profits fund now closed to new business

Digital delivery



Nigel Wilson

Group Chief Executive



➤ Further significant progress, however more to do in 2015

DIVISIONS	2014 OPERATIONAL CASH £m	2015 GUIDANCE £m	2015 KEY ACTIONS
LGR	292	340	<ul style="list-style-type: none"> • Creation of international business • Growth in direct sales and lifetime mortgages
Insurance excl. GI	286	290	<ul style="list-style-type: none"> • Reduce unit costs • Profitably grow the non-growing businesses e.g. Group protection
Savings ¹	127	135	<ul style="list-style-type: none"> • Reduce unit costs • Improve platform profitably
LGA	46	50	<ul style="list-style-type: none"> • Reduce unit costs • Help establish LGR in the US
LGC	162	170	<ul style="list-style-type: none"> • Create private rental sector as asset class • Accelerate urban regeneration e.g. RIO, Walthamstow
LGIM ¹	275		<ul style="list-style-type: none"> • Accelerate US and Asian growth • Accelerate retail and DC growth
GI	46		<ul style="list-style-type: none"> • Build direct distribution channel • Evaluate new lines of business
Group debt costs	(112)	(116)	
Other costs	(21)		
Total operational cash	1,101		
New business surplus	3		
Total net cash	1,104		
Operating costs²	1,250	1,170³	

1. Workplace savings is excluded from Savings operational cash and cash guidance, and included in LGIM operational cash.

2. Operating costs represent management expenses and project expenditure incurred during the year. This excludes defined benefit scheme costs.

3. Guidance excludes c.£40m restructuring costs to achieve the c.£80m reduction in operating costs.

➤ Sustained growth

2009 – 2014

Bolt-on M&A
Organic growth
Cash focus

5 key macro trends

2014: EPS 16.70p, DPS 11.25p,
ROE 16.9%, Net cash £1.1bn

2015 – 2019

- Doubling size of LGIMA assets
- Direct investments to exceed £15bn
- Establishing LGR's international business
- Grow UK GWP at twice UK GDP
- Building market leading position in UK DC
- Creating new business segment in housing and urban regeneration
- Launching a mobile business to drive customer growth in UK and internationally (Africa and Asia)
- Leading welfare reform with new savings and insurance products
- Reducing operating costs in nominal terms

Bolt-on M&A
Organic growth
Cash focus

5 key macro trends

2019: EPS, DPS, ROE, Net cash

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