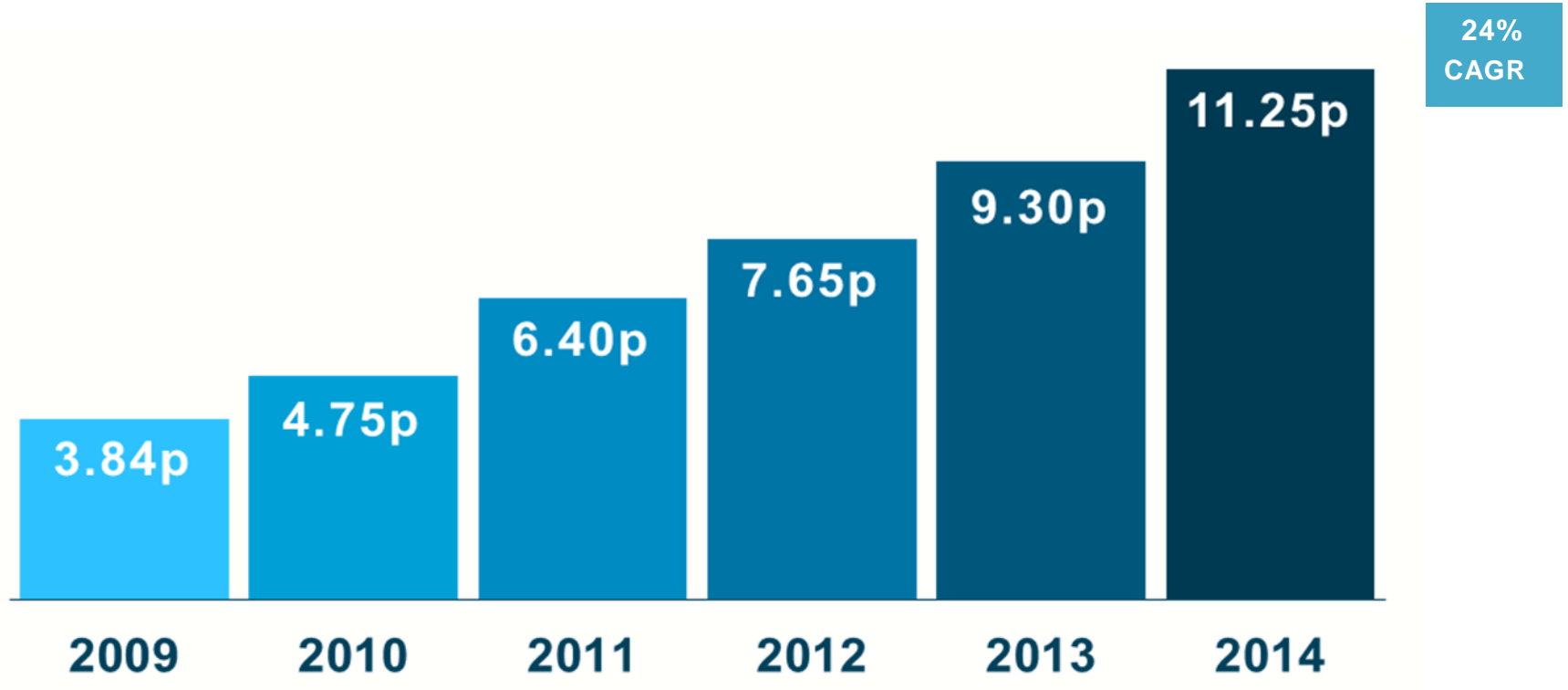


Legal & General

Mark Gregory
Chief Financial Officer

Goldman Sachs European Financials Conference

Delivering 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.

▶ The Productivity Puzzle

UK LABOUR PRODUCTIVITY LAGS



PRODUCTIVITY FOLLOWING UK RECESSIONS



UK Productivity suffered a deeper decline than other OECD countries

... and has not recovered as much as other OECD nations or as much as it has in previous recessions

Estimated to be 16% below pre-crisis trend

Although jobs have been maintained / created, pay is low

Is it the compositional effect of large financial sector?

➤ Cyclical Issue, or Long-term problem?

The Great Prosperity: 1947-79

Pay Rose With Productivity ...

Wages and overall compensation, for production and non-supervisory workers (now about 82 percent of the private sector work force), tracked steadily upward alongside gains in productivity.

The rising value of goods and services per worker meant rising pay. But that relationship ended in the 1970s.



Source: Robert Reich. New York Times. 9/4/2011

The Great Regression: 1980-Now

... And Then It Didn't

PRODUCTIVITY

AVG. HOURLY COMPENSATION

AVG. HOURLY WAGE

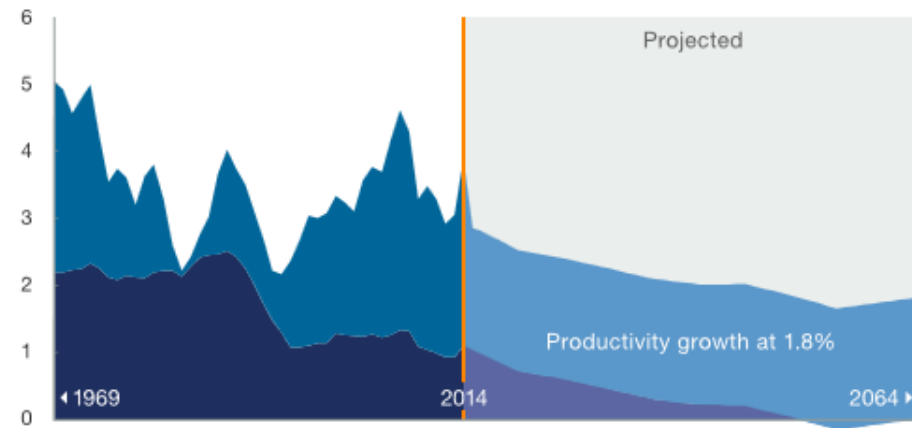
CHANGE, 1979-2009
+80%

CHANGE, 1979-2009
+8%

+7%

GDP growth, rolling 5-year periods, CAGR, %

■ Employment ■ Productivity



Source: The Conference Board Total Economy Database; International Labour Organization; United Nations Population Division; McKinsey Global Institute analysis

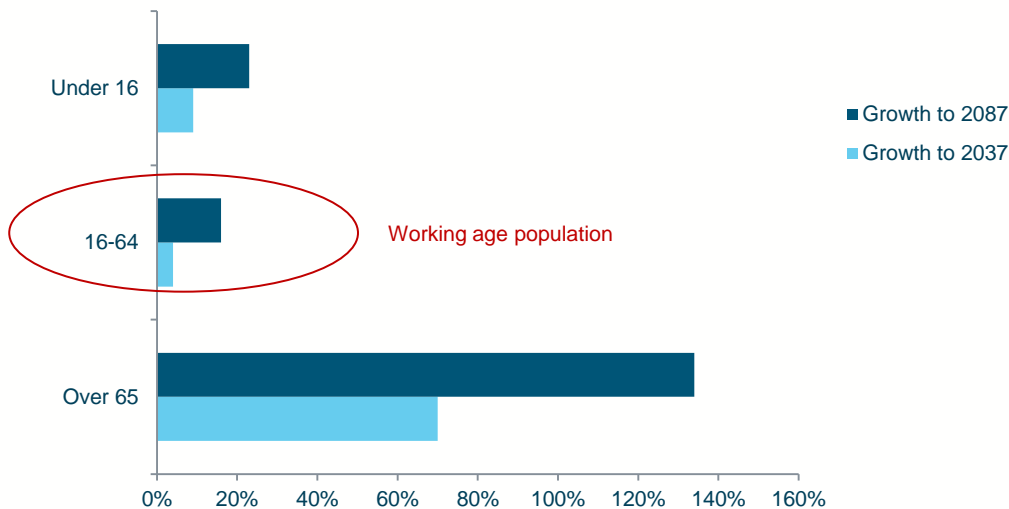
In the past 50 years rapid population growth spurred employment (1.7% CAGR) and increase in productivity (1.8% CAGR) which powered growth in GDP

With reducing working age population even if productivity growth matches at 1.8% global GDP growth will fall by 40% in the next 50 years

Source: http://www.mckinsey.com/insights/growth/can_long-term_global_growth_be_saved

Demographic Change

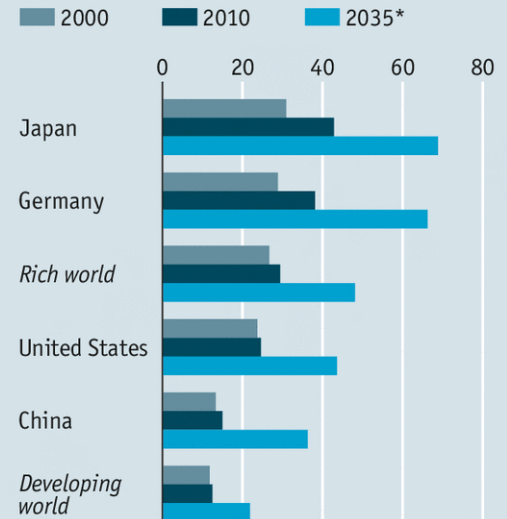
PROJECTED UK POPULATION GROWTH BY AGE FROM 2001



Source: ONS 28 March 2014

The big shift

Old-age dependency, population aged 65 and over per 100 people aged 25-64



Source: UN Population Division

*Forecast

- In the 20th century the planet's population doubled - twice. In this century it will not double even once as birth rates decline steeply in much of the world
- The number of over 65s is set to double in the next 25 years
- Globally the ratio of old-age dependents versus working age population is rising rapidly: 16 people aged 65+ to every 100 working adults in 2010 rising to 26 by 2035

Source: The Economist: 'Age invaders' <http://www.economist.com/news/briefing/21601248-generation-old-people-about-change-global-economy-they-will-not-all-do-so>

▶ Our Five Long-Term Macro-Trends Are Core To Productivity

DRIVERS	PRODUCTIVITY EFFECTS
AGEING POPULATIONS	<ul style="list-style-type: none"> • Shrinking working-age population drives down output • Higher (unproductive) public spending
GLOBALISATION OF ASSET MARKETS	<ul style="list-style-type: none"> • Financial sector productivity driver • Capital allocation efficiencies
WELFARE REFORMS	<ul style="list-style-type: none"> • Fiscal constraint, lower tax-base • UK workers funding tax credits needed to support low paid employees
DIGITAL LIFESTYLES	<ul style="list-style-type: none"> • Moore's Law (computer processing power to double every 2 years) and "free" goods • Long-term effects on productivity... "technological unemployment"
BANK RETRENCHMENT	<ul style="list-style-type: none"> • Cash hoarding resulting in less productive capital • Compensating for government prioritisation of current expenditure

Legal & General's clear and focused strategy

GROWTH DRIVERS	
AGEING POPULATIONS	<ul style="list-style-type: none"> • The world is getting older, people are living longer and have not saved enough for retirement. • Over 60's have c£1.3trn of housing equity, increasingly being used to fill this savings gap. • \$10trn of defined benefit liabilities globally, with increasing demand for de-risking solutions.
GLOBALISATION OF ASSET MARKETS	<ul style="list-style-type: none"> • Asset markets around the world are becoming increasingly homogenous. • This creates attractive opportunities to grow and internationalise our successful investment management capabilities.
WELFARE REFORMS	<ul style="list-style-type: none"> • Pressure on public finances is moving the provision of welfare from the state to individuals and employers. • Shrinking state funding will drive demand for the private provision of protection products.
DIGITAL LIFESTYLES	<ul style="list-style-type: none"> • Changes in digital customer engagement are presenting both opportunities and challenges to all companies. • Using digital capabilities to generate scale and efficiency will be key.
BANK RETRENCHMENT	<ul style="list-style-type: none"> • Retrenching banks create opportunities for annuity providers and other investors with long term investment horizons to invest in real assets. • Real assets provide enhanced risk adjusted returns if executed well.

▶ Providing our retirement customers with freedom, choice and value

Housing, Lifetime Mortgages

- Retirement housing for the c4 million people looking to right size
- Entered the UK lifetime mortgage market, the over 60's having £1.3trn of housing equity.

newlife
equity release

Freedom & Choice

- Cash-Out Retirement Plan
- Fixed Term Retirement Plan
- Secondary Annuity Auctions

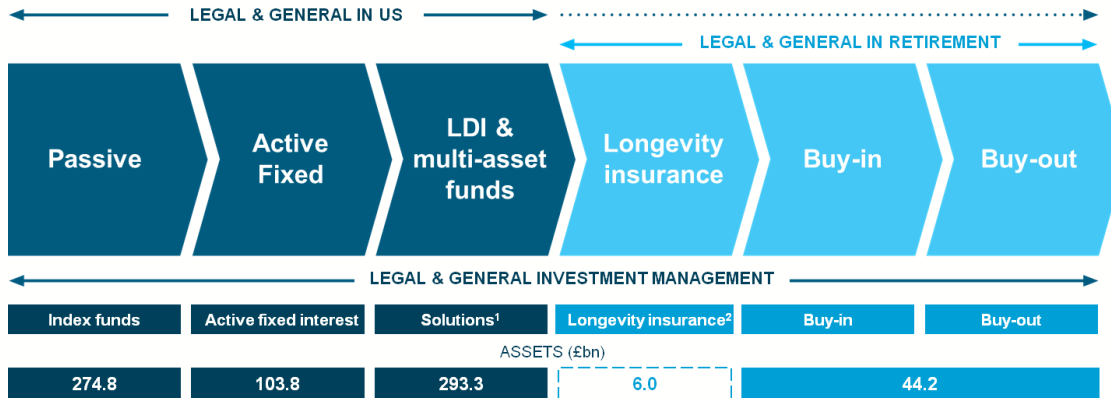


Policy changes

- 2014: "No-one will have to buy an annuity" George Osborne
- 2016: Secondary market for annuities to be introduced
- Charge cap for Workplace: possible move from 75bps to 50bps?

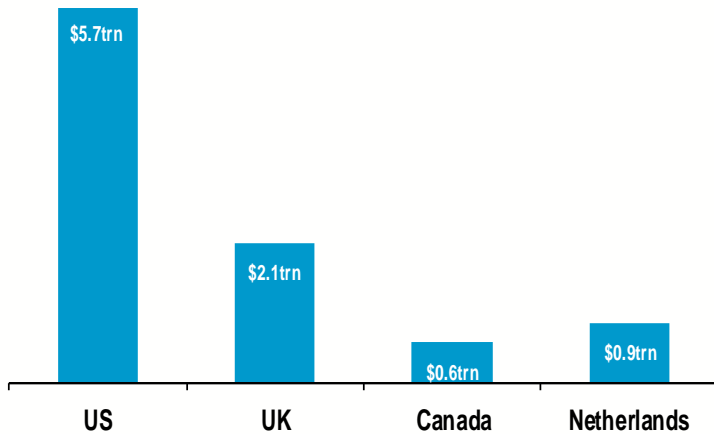


Ageing Population: Pension De-risking



1. Includes overlay assets, which comprise derivative nationals associated with solutions business.
2. Deal size

DEFINED BENEFIT PENSION ASSETS



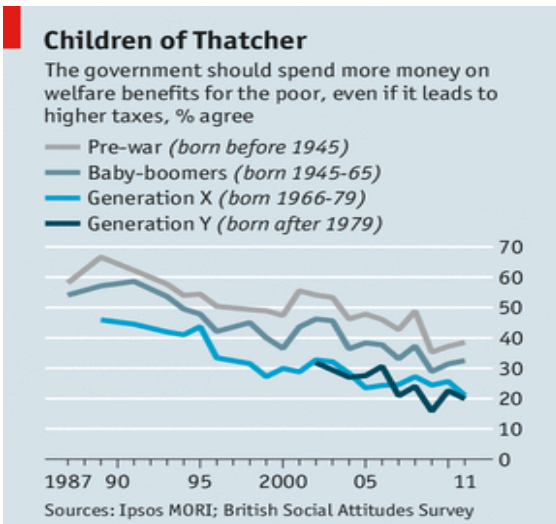
Source: Towers Watson Global Pension Asset Survey 2014

- Legal & General is the only global company who participates in all the aspects of the de-risking journey
- Active Fixed Interest and Multi Asset capabilities necessary for pension solutions
- Market leading position in Liability Driven Investment (LDI) in the UK
- Established capabilities in active fixed, LDI and multi-asset in the US
- Opportunities in Netherlands, Canada and Ireland in addition to UK and US
- Global de-risking is a huge opportunity with \$9.3 trillion of private DB assets in the UK, US, Canada and Netherlands
- Associated liabilities on a buy-out basis estimated at \$10 trillion
- Building on 30 years UK track record

▶ Unaffordable Welfare: Beveridge



“Europe accounts for just over 7% of the world’s population, produces around 25% of global GDP and has to finance c.50% of global social spending... It’s obvious it will have to work very hard to maintain its prosperity and way of life”
Angela Merkel, German Chancellor



*The Economist 1 June 2013. From the print edition

Polling shows 18-24 year-olds are increasingly likely to see welfare as a personal, not a State, responsibility.

Public-private risk-sharing offers a solution.

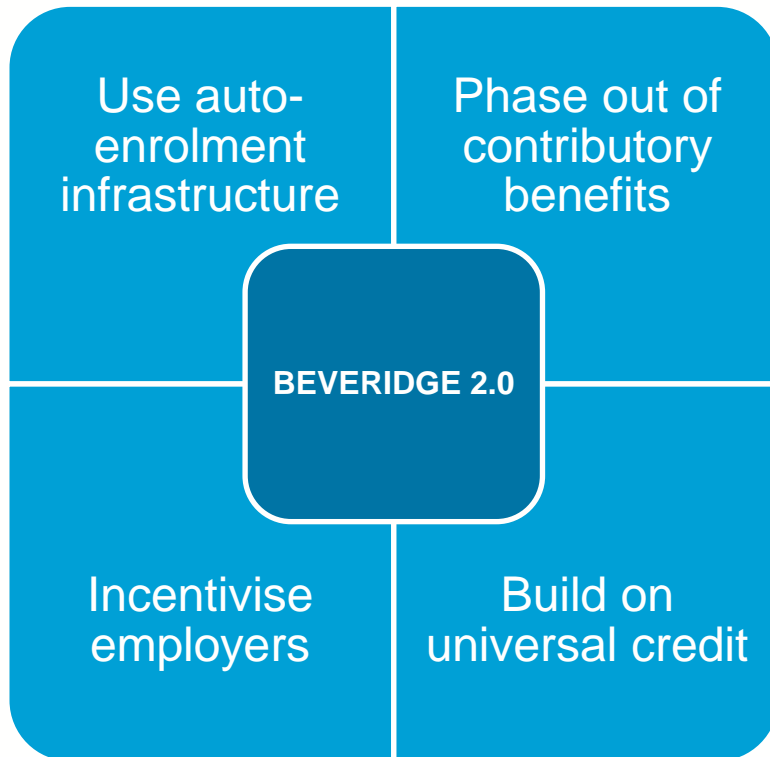
➤ Four steps to Beveridge 2.0

			Saving / (cost) to Government
1	Replace pension tax relief with flat rate	Introducing a flat rate of pension contribution tax relief at 25% saves UK government £8bn p.a.	£8bn
2	Phase out 'contributory' benefits	Contributory Employment Support Allowance costs £4.35bn Contributory Job Seekers Allowance costs £480m	£5bn
3	Raise employees NI threshold	Increasing the employees NI threshold to £10k costs £4.7bn	£(4.7)bn
4	Support employers	Increase the Enterprise Allowance to £4k, benefitting SMEs, costs c£1.5bn	£(1.5)bn

Net saving to UK Government of £6.8 billion

Welfare reforms: extending fee-capped auto-enrolment to protection

THE SYSTEMS ARE
ALREADY IN PLACE.



“Today’s welfare state is a sadly corrupted version of the triumphant settlement made in 1945.

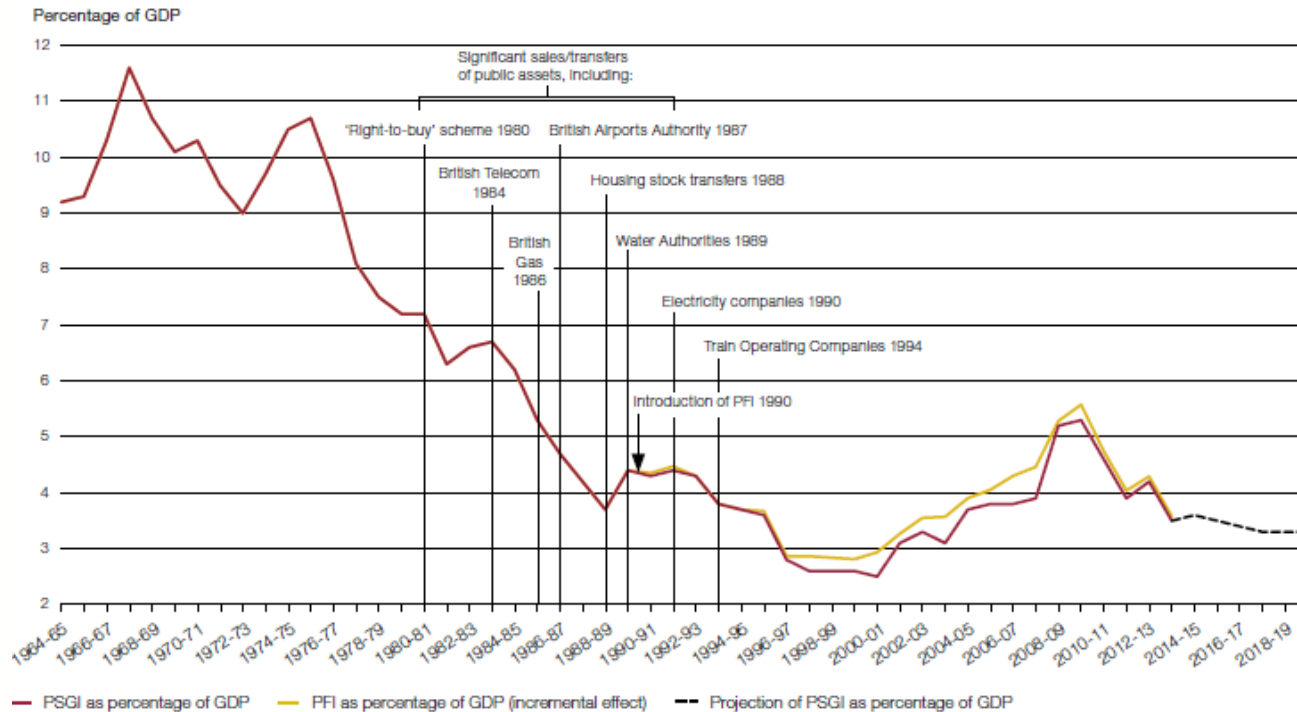
When William Beveridge laid the foundations for the creation of a proper national safety net he intended that most working-age adults would rely on benefits in temporary periods of hardship and the system would continue to encourage self-reliance.

But over the years, through a combination of naivety, cowardice and electioneering, governments distorted his original intentions.”

Camilla Cavendish, then Sunday Times, now Policy Unit, 10 Downing Street

Investment spending

UK PUBLIC SECTOR GROSS INVESTMENT (PSGI) AND PFI INVESTMENT IN PAST 50 YEARS



Source: National Audit Office March 2015: 'The choice of finance for capital investment'
<http://www.nao.org.uk/wp-content/uploads/2015/03/The-choice-of-finance-for-capital-investment.pdf>

Public and private sector investment has fallen significantly in the last 50 years

Investment spending by UK businesses fell by 1.4% in Q4 2014: the fastest rate in almost six years

Despite infrastructure multiplier effect meaning £2.84 for every £1 spent

Source: ONS, ICAEW, National Infrastructure Plan 2014

Long term direct investments

 **£15bn**
Direct investment programme,
with £6.3 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."

▶ Slow Money: Media City, Salford



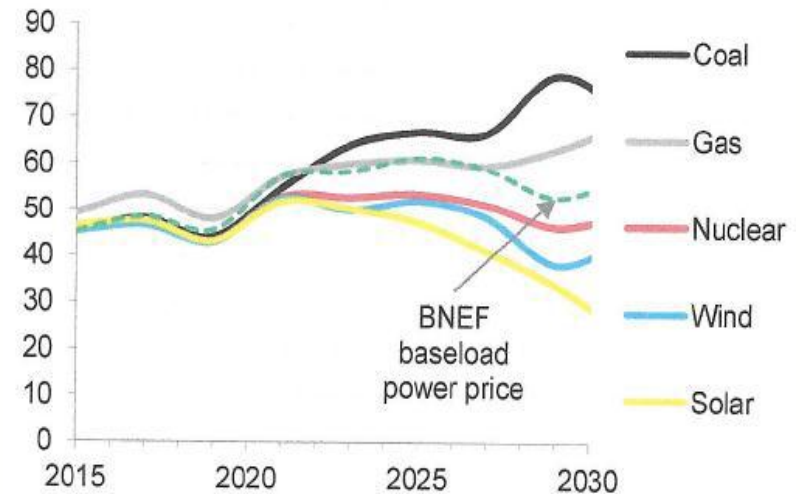
- Investment in a £500m development
- Part of our £6.3bn Direct Investments
- Illiquid liabilities boost risk-adjusted returns

- English Cities Fund
- RIO Funding Vehicle
- £1.5bn student accommodation
- Build to sell: CALA
- Build-to-let
- Affordable Housing
- Healthcare
- Transport
- Energy

➤ Energy Opportunities – e.g. Photovoltaic, not Hinkley C



UK realised power price (real£/MWh)



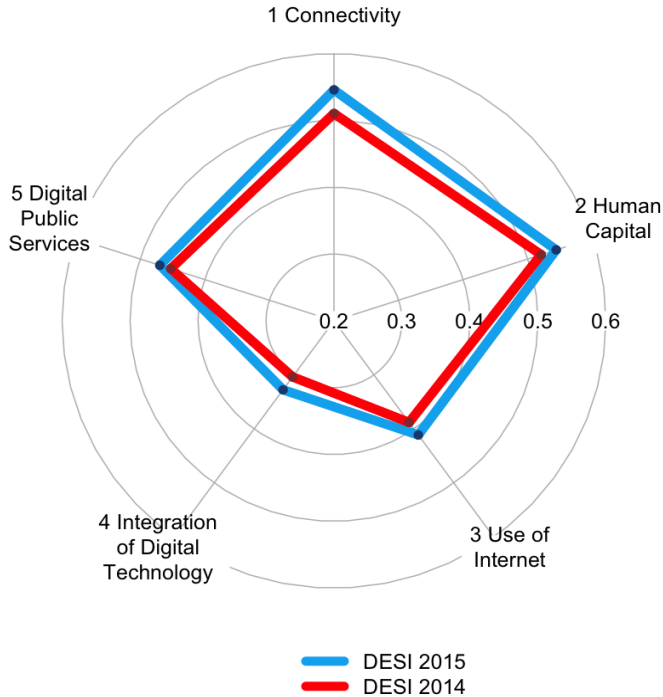
Source: Bloomberg New Energy Finance

According to the Centre for Economics and Business Research (CEBR):

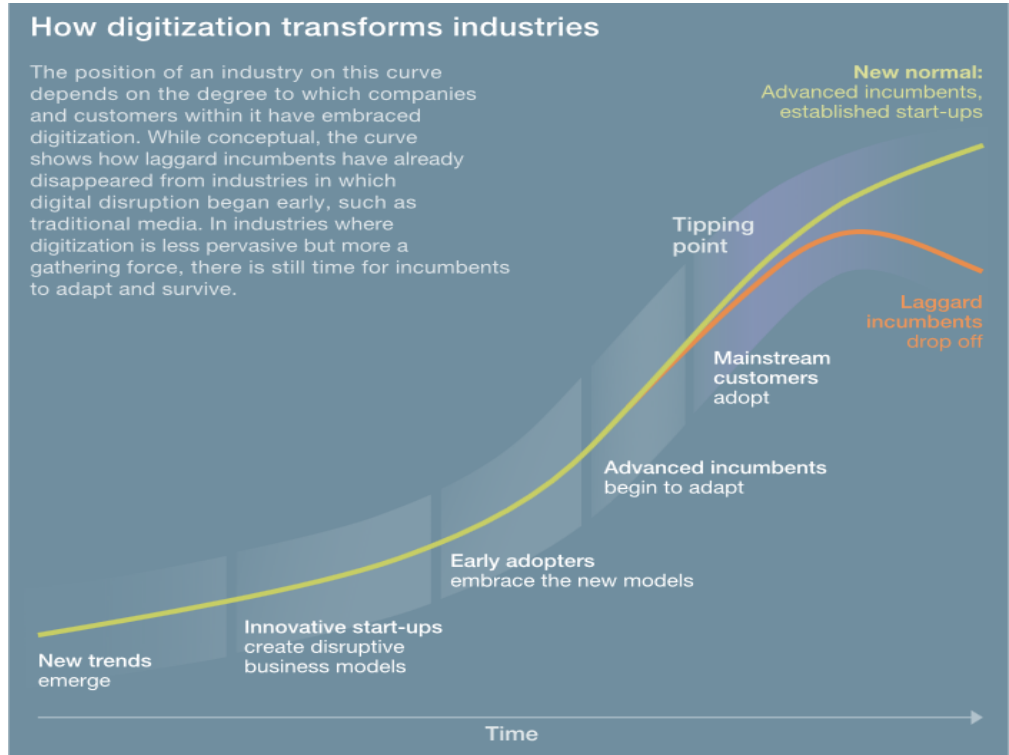
Solar powered deployment could contribute to the UK economy between 2014-2030:

- in excess of £9.5 billion in gross value added (GVA) contributions to UK GDP, as a result of large scale photovoltaic capacity investments and electricity generated
- 48,900 full time equivalent (FTE) jobs for one year each, equivalent to an annual average of 2,900 FTEs in large-scale solar

Digitalisation



N.B. Digital Economy and Society Index (DESI) is a composite index that summaries relevant indicators on Europe's digital performance and tracks the evolution of EU states in digital competitiveness
 Source: European Commission



Source: McKinsey

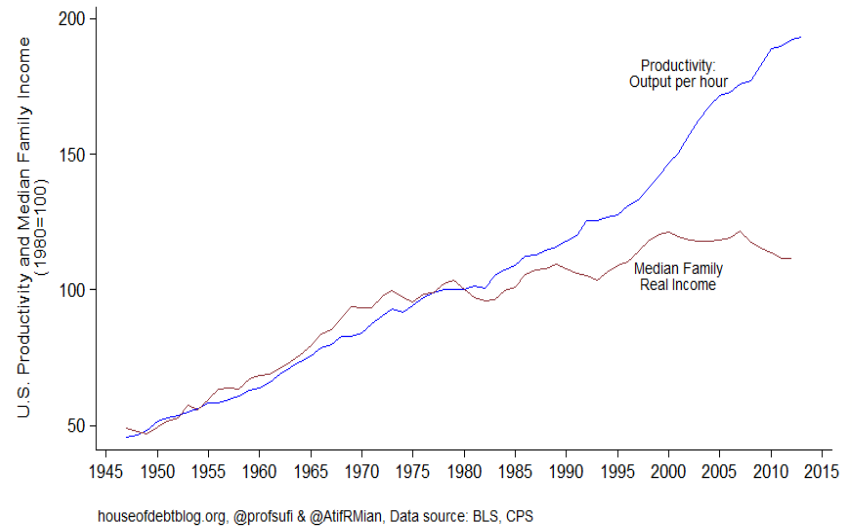
“For every £1 invested in broadband, the UK economy grows by £20”

Source: National Infrastructure Plan 2014

➤ Digital: Bounty, Spread and Productivity



US Productivity vs Median Income



“To those who sweat for their daily bread leisure is a longed-for sweet – until they get it.”

JM Keynes

▶ Achievements to date

GROWTH DRIVERS	2015 ACHIEVEMENTS TO DATE
AGEING POPULATIONS	<ul style="list-style-type: none"> • LGR assets up 19% to £45.6bn • Workplace assets up 43% to £13bn • LDI assets of £304bn, up 24%
GLOBALISATION OF ASSET MARKETS	<ul style="list-style-type: none"> • International assets of £126.4bn, up 92%* • First US Index mandate win • Further mandate wins in Asia
WELFARE REFORMS	<ul style="list-style-type: none"> • UK protection premiums of £372m, up 5% • Market leading retail protection business • Winning major new workplace schemes e.g. John Lewis
DIGITAL LIFESTYLES	<ul style="list-style-type: none"> • Retail protection straight through processing over 80% • Platforms assets of £76bn, up 16% • Launched Direct self-service platform in DC for SMEs
BANK RETRENCHMENT	<ul style="list-style-type: none"> • £6.3bn of direct investments, up 62%. This includes 50% purchase of MediaCity UK • Entered the UK Private Rented Sector • Started SME Lending through Pemberton Asset Management (40% owned)

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

► FY14 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

Q1 2015 highlights

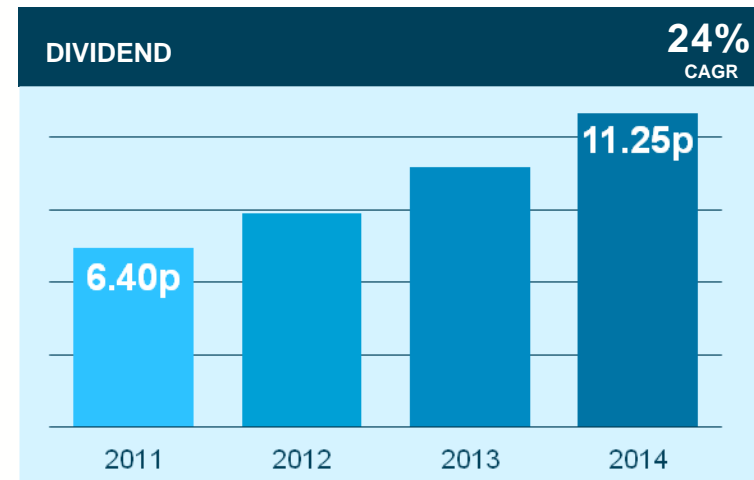
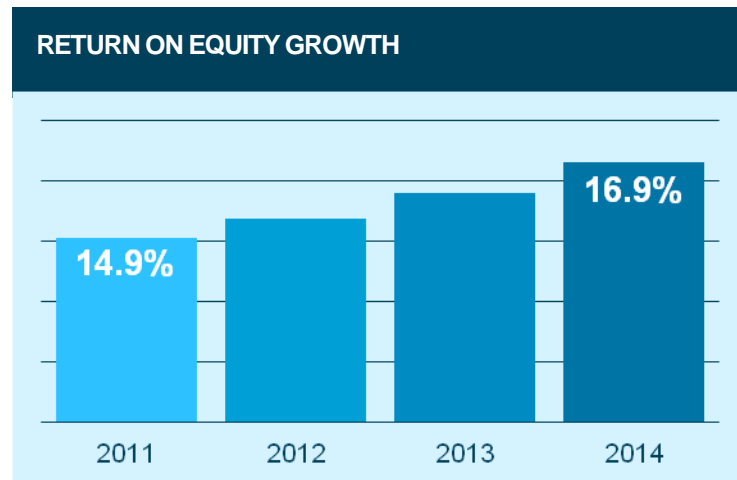
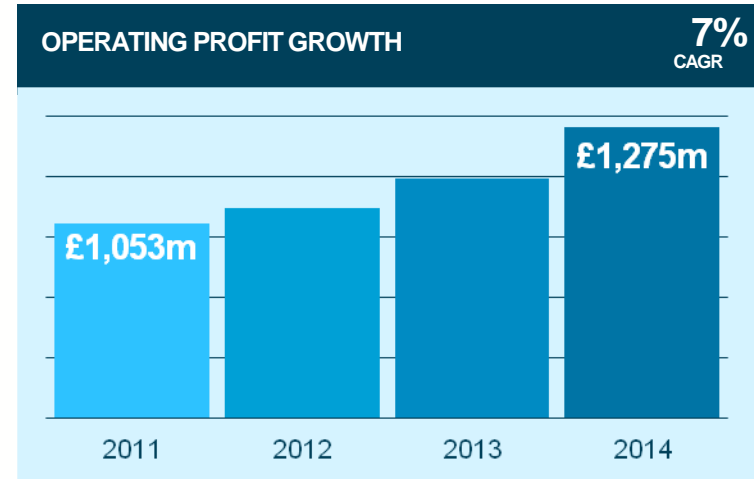
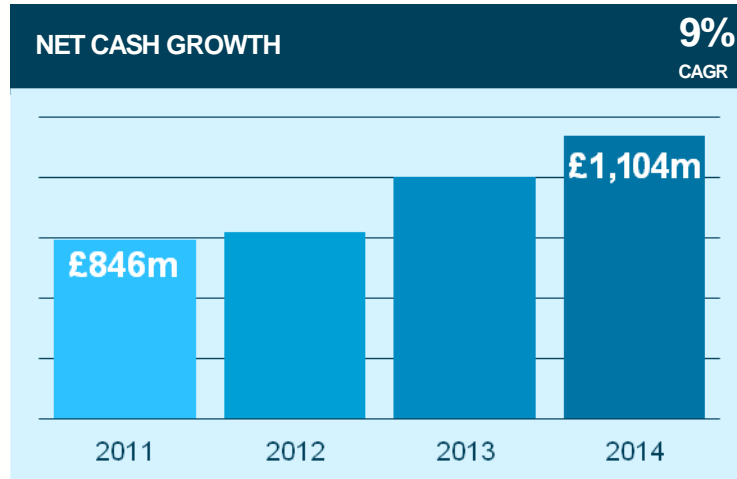
EARNINGS

	Q1 2015	Q1 2014	GROWTH %
Operational cash generation (£m)	330	297	↑ 11
Net cash generation (£m)	326	301	↑ 8

GROWTH

	Q1 2015	Q1 2014	GROWTH %
Annuity assets (£bn)	45.6	38.3	↑ 19
LGIM total assets (£bn)	736.8	630.9	↑ 17
LGIM total international assets (£bn)	126.4	66.0	↑ 92
Insurance premiums (£m)	772	743	↑ 4
Savings AUA (£bn)	113.2	101.8	↑ 11
Group-wide direct investments (£bn)	6.3	3.9	↑ 62

Consistent growth in key metrics



Focused businesses

ASSET MANAGEMENT

2014 Operating Profit (£m)¹

Legal & General Investment Management

- Over \$1 trillion of assets

336

Legal & General Retirement

- Over £44 billion of assets

428

Legal & General Capital

- Runs our £57 billion principal balance sheet

203

TOTAL

967

INSURANCE

2014 Operating Profit (£m)¹

Legal & General Insurance

- Retail protection GWP £1,056m

- Group protection GWP £351m

- General insurance GWP £377m

370

Legal & General America

- Term assurance business

- generated \$76m net cash

56

DIRECT INVESTMENTS

- 47% stake in CALA Homes: our UK top-ten housebuilder
- 40% stake in Pemberton: our SME finance company
- 50% investment in Media City

Group-wide direct investment²

6.3bn

SAVINGS

Mature Savings

- Over £36 billion of assets

2014 Savings Operating Profit (£m)¹

Digital Savings

- Over £72 billion of assets on Cofunds

90

1. For full year 2014
2. As at 31st March 2015

➤ De-cluttering the business

ACQUISITIONS

CALA Homes: housebuilder
Banner Homes: housebuilder
Lucida: bulk annuity assets
Cofunds: open architecture fund platform
Global Index Advisors: US DC asset manager
NewLife: lifetime mortgage provider

DISPOSALS / CLOSURE

LGII: Irish retail investment bond business
Xperience: Estate agency business
LGV: venture capital business
With-profits: shut to new business
Retail savings and Workplace transferred to LGIM
LGV and hedge funds closed to new business

On track to deliver c£80m of operating cost savings across the Group, reducing costs from £1,250m in 2014 to c£1,170m.

MORE TO COME

Further significant progress in 2014, 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
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	<ul style="list-style-type: none"> • 6.4% nominal cost reduction

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.

▶ Progressing the strategy

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

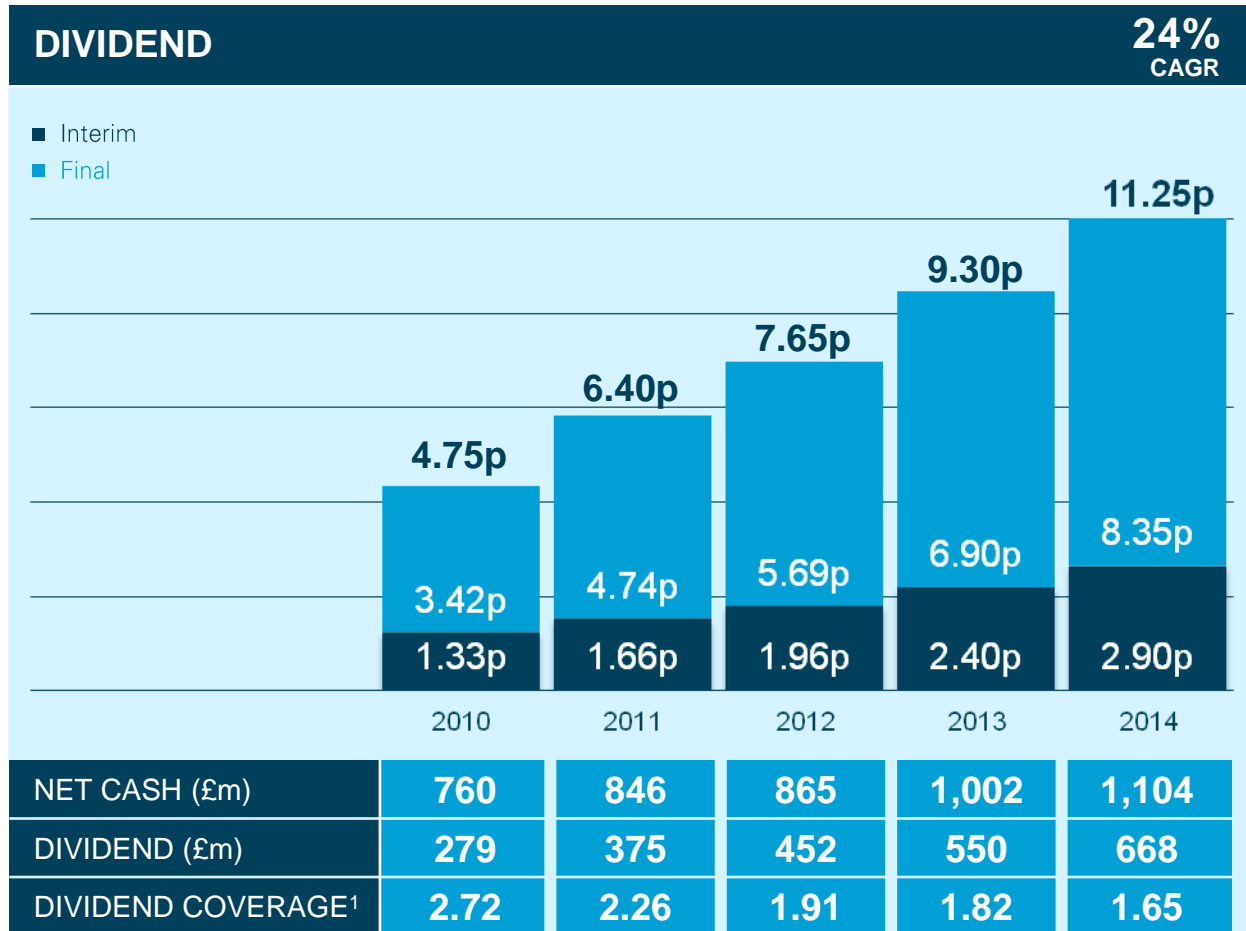
- Doubling size of LGIMA assets
- Direct investments to exceed £15bn
- Establishing LGR's international business
- Grow UK GWP at twice UK GDP
- Building market leading position in UK DC
- Creating new business segment in housing and urban regeneration
- Launching a mobile business to drive customer 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

➤ Full year dividend up 21% to 11.25p



1.Dividend coverage based on net cash generation.

2.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