



HALF-YEAR RESULTS.
A PRESENTATION FROM LEGAL & GENERAL
6 August 2013

5 MACRO TRENDS, 5 WINNING STRATEGIES

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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

5 MACRO TRENDS, 5 WINNING STRATEGIES

GREAT BRITAIN

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NEW ORGANISATION STRUCTURE: ACCELERATING GROWTH.

John Pollock LGAS	Mark Zinkula LGIM	Kerrigan Procter Annuities	Paul Stanworth L&G Capital	Jimmy Atkins LGA
<ul style="list-style-type: none"> • Retail Protection • Group Protection • General Insurance • SIPPS • Platforms • Workplace Savings • Mature Savings • France • Netherlands 	<ul style="list-style-type: none"> • Institutional • Private Wealth • Corporate • Retail – Unit Trusts • UK and International 	<ul style="list-style-type: none"> • Individual • Bulk • Longevity Insurance • UK and International 	<ul style="list-style-type: none"> • Direct Investments • Shareholder Funds • Debt and Liquidity • Balance Sheet Investment Strategy 	<ul style="list-style-type: none"> • US Term

H1 Op profit £m	213	152	151	86	53	Total 655
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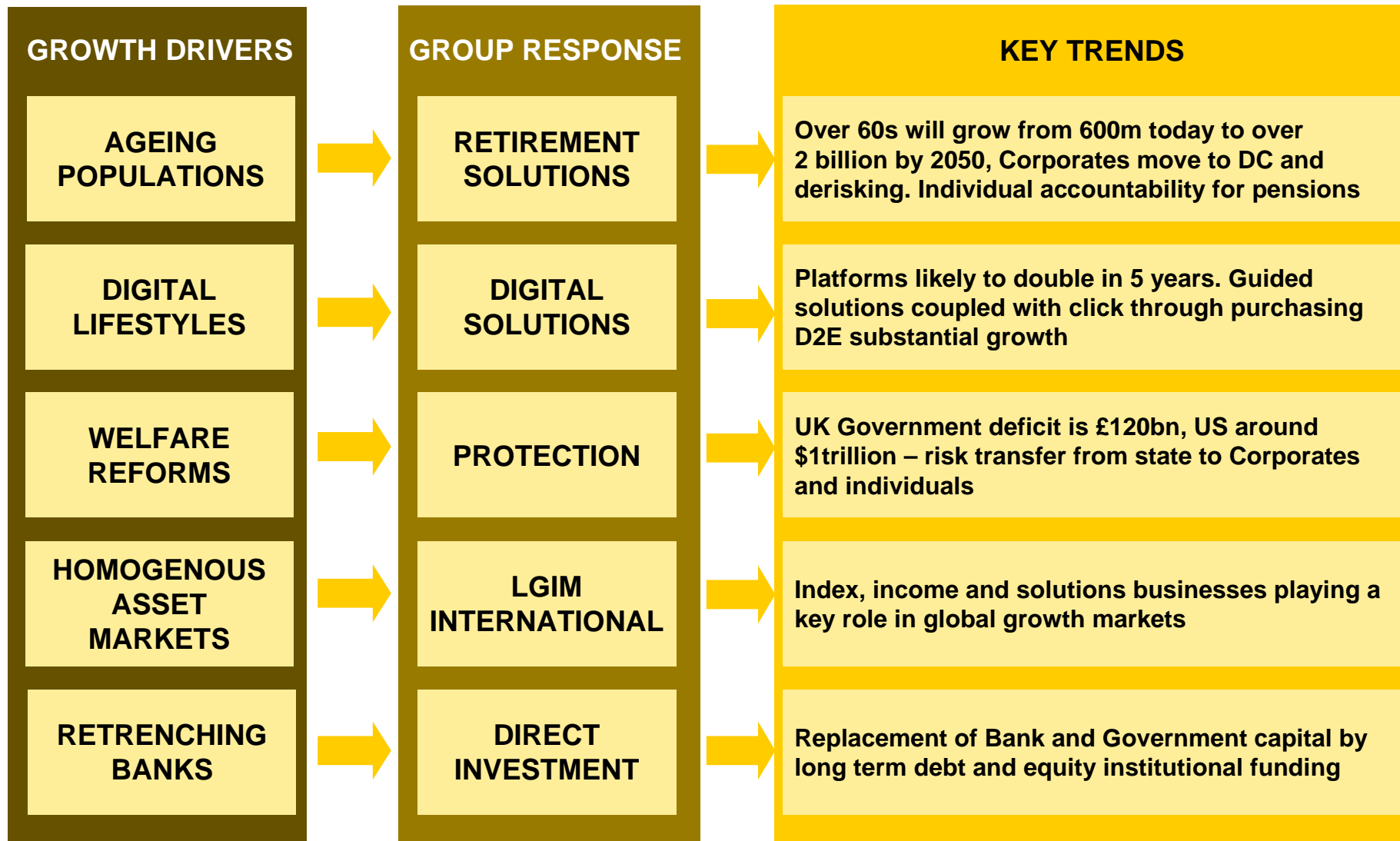
RESULTS SUMMARY: FINANCIAL HIGHLIGHTS.

1. LGIM gross flows up 66% to £25bn, net flows up 100% to £8bn
2. Bulk annuity premiums £670m (H1 2012:£67m)
Individual annuity premiums up 44% to £754m (H1 2012: £522m)
3. Net cash up 23% to £500m (H1 2012: £407m)
Operational cash up 14% to £537m (H1 2012: £471m)
4. Operating profit up 10% to £571m (H1 2012: £518m)
5. Profit after tax up 15% to £464m (H1 2012: £405m)
6. Earnings per share up 13% to 7.82p (H1 2012: 6.93p)
7. Interim dividend up 22% to 2.40p per share (H1 2012: 1.96p)
8. IFRS return on equity 16.8% (H1 2012: 15.8%)

STRATEGIC AND FINANCIAL EVOLUTION.

	2009 and Ongoing	2012	2013 and beyond
	CASH: CERTAINTY AND SUSTAINABILITY	CASH PLUS ORGANIC GROWTH	CASH PLUS ORGANIC GROWTH PLUS SELECTIVE ACQUISITIONS
STRATEGIC PROGRESS	<ul style="list-style-type: none"> Industrialised and automated processes Cost of new business reduced Capital efficiency increased 	<ul style="list-style-type: none"> Identification of five key macro drivers of growth Banks and governments excessive leverage create "white spaces" to expand into No burning platforms 	<ul style="list-style-type: none"> Accelerated growth in annuities, direct investment and LGIM Three selective acquisitions Measured international expansion Increased digital capacity
ORGANISATIONAL PROGRESS	<ul style="list-style-type: none"> One firm: shared culture, beliefs and values 	<ul style="list-style-type: none"> Expansion of key roles - Improving talent 	<ul style="list-style-type: none"> 5 major profit centres in our new operational structure. Becoming a destination for talent
OUTCOMES	<ul style="list-style-type: none"> Net cash: 2008: £320m 2012: £865m H1 2013: £500m up 23% Dividend: 2008: 4.06p 2012: 7.65p H1 2013: 2.40p up 22% 	<p>2012</p> <ul style="list-style-type: none"> UK Individual annuities up 26% UK Protection up 25% US Protection up 28% Direct investments £1.2bn Workplace net inflows £1.6bn <p>Return on Equity 15.4%</p>	<p>2013</p> <ul style="list-style-type: none"> LGIM International AUM: £52bn Largest UK longevity insurance deal £3.2bn UK Savings AUA £111bn including Cofunds acquisition UK Bulk Annuities at £670m plus Lucida acquisition CALA equity purchased with no goodwill <p>Return on Equity 16.8%</p>

MACRO DRIVERS OF GROWTH.



DIRECT INVESTMENTS: INCREASING OUR RISK ADJUSTED RETURN.



- **Strong underwriting and structuring skills**
- **Convert pipeline: We have invested in infrastructure, commercial lending, property and private equity**



£65m CALA Group
(equity)



£115m Tesco
Distribution Centre (sale
and leaseback)



The Hyde Group
Making a lasting difference
£102m Hyde Housing
(loan)



£145m University of
Hertfordshire
(debt and equity)

- **Move from traded assets into direct investments and infrastructure – over £4bn to date**



WELCOME TO
CALA HOMES

MARK GREGORY.

GROUP CHIEF FINANCIAL OFFICER

FINANCIAL RESULTS: STRATEGIC DISCIPLINE

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STRONG RESULTS ON ALL KEY METRICS.

GROWTH

	H1 2013	H1 2012	Growth %
LGIM net flows (£bn)	8.0	4.0	100
Annuity premiums (£bn)	1.4	0.6	142
Savings growth business net inflows (£bn)	2.3	1.3	77
Protection and GI gross premiums (£m)	872	838	4
US Protection gross premiums (\$m)	503	456	10

EARNINGS

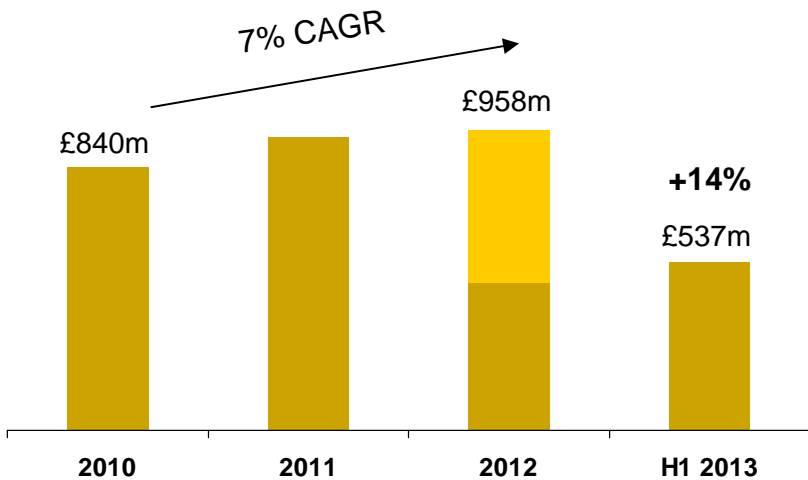
Net cash generation (£m)	500	407	23
Operational cash generation (£m)	537	471	14
Operating profit (£m)	571	518	10
IFRS profit after tax (£m)	464	405	15
Earnings per share (pence)	7.82	6.93	13

CAPITAL

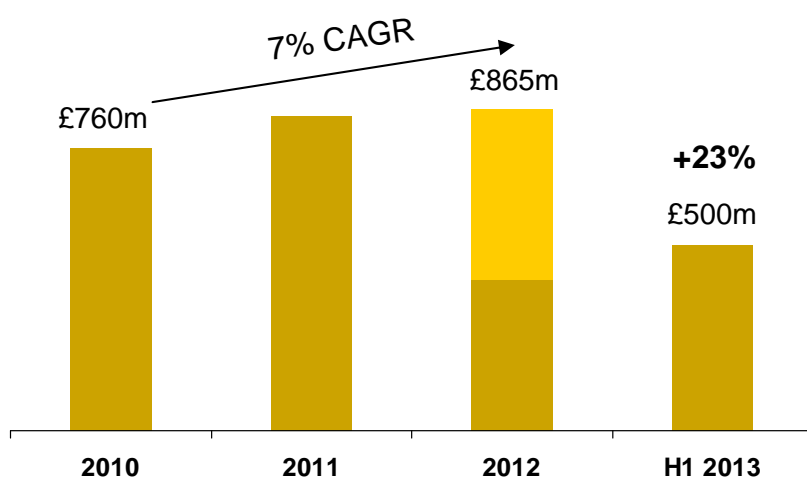
IGD surplus (£bn)	4.1	3.8
IGD coverage ratio (%)	226	224
Return on equity (%)	16.8	15.8

ACCELERATED DELIVERY OF GROWTH.

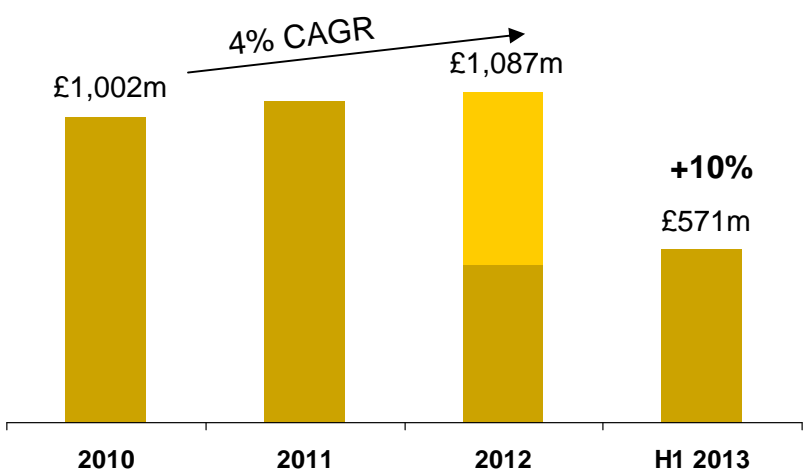
OPERATIONAL CASH GROWTH



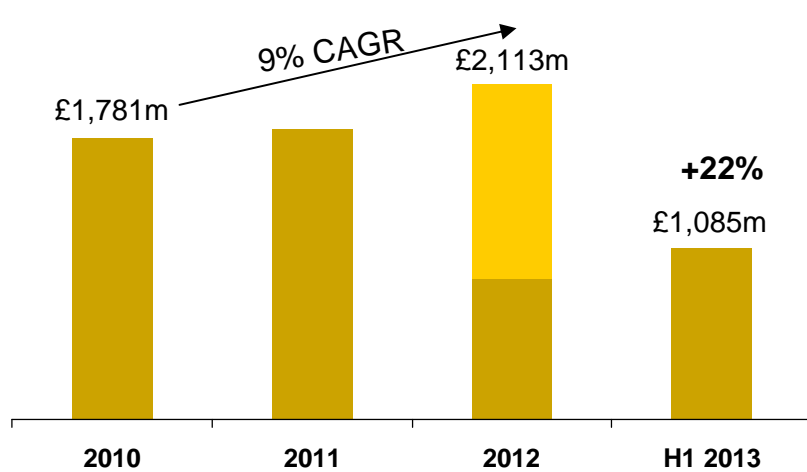
NET CASH GROWTH



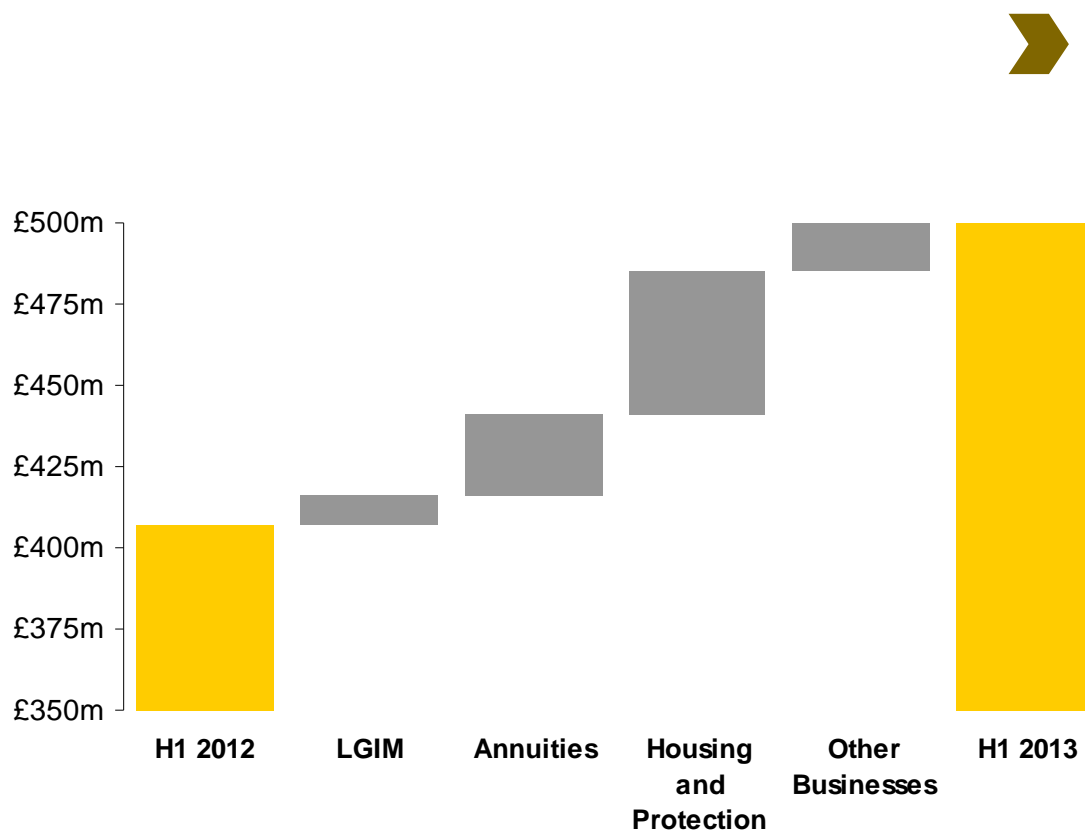
OPERATING PROFIT GROWTH



TOTAL NB APE SALES GROWTH



NET CASH: SCALE DRIVES GROWTH.



Increase from each division:

- LGIM: scale and fee growth + low cost ratio 45%
- Annuities: substantial stock and positive new business surplus
- GI: excellent combined operating ratio
- Retail Protection: permanent uplift in recognition of cash
- Growth in US Protection dividend
- Savings cost discipline

PROFIT: CLEAR VISIBILITY.

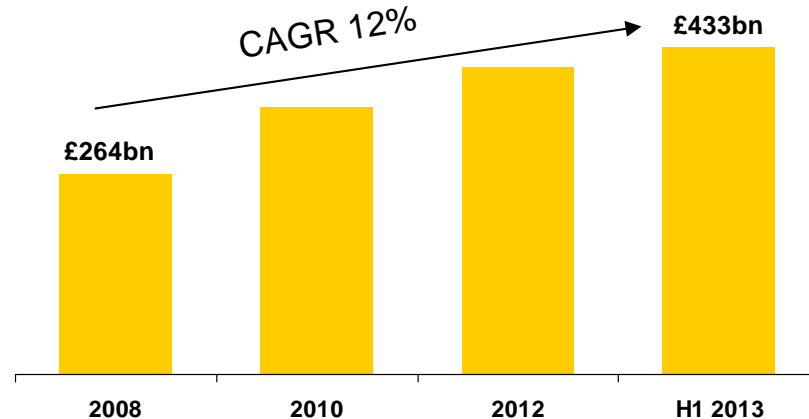
All in £m	Op cash	Strain	Net cash	Variances and other	Profit after tax	Tax	Profit before tax
Annuities	130	17	147	(31)	116	35	151
Housing and Protection	149	(23)	126	3	129	39	168
Investment Management	106	-	106	-	106	29	135
Savings	95	(31)	64	(18)	47	15	62
US Protection	43	-	43	(8)	35	18	53
L&G Capital	68	-	68	-	68	18	86
	591	(37)	554	(53)	501	154	655
Group debt and other	(54)	-	(54)	(10)	(64)	(20)	(84)
OPERATING PROFIT	537	(37)	500	(63)	437	134	571
Variances and other	-	-	-	27	27	(6)	21
IFRS PROFIT	537	(37)	500	(36)	464	128	592
Per share (p)	9.14		8.51		7.82		

LGIM: EXPANSION MOMENTUM.

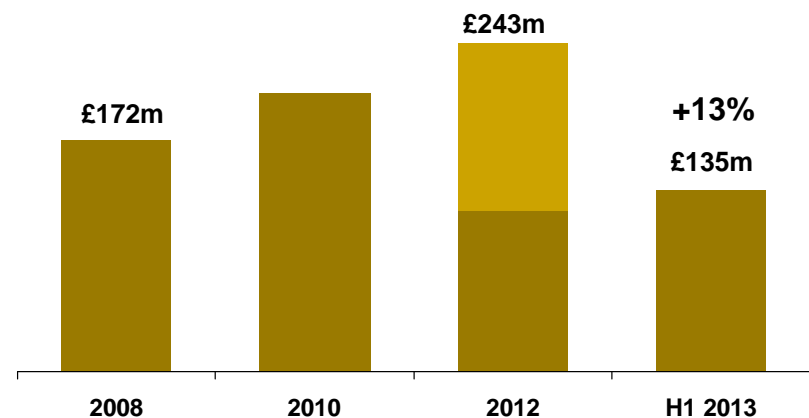
FINANCIAL HIGHLIGHTS £m	H1 2013	H1 2012
Total revenue	246	219
Total costs	(111)	(100)
Operating profit	135	119
Net cash generation	106	97
Gross inflows (£bn)	24.9	15.0
Net inflows (£bn)	8.0	4.0
Of which international (£bn)	7.5	2.4
Cost:income ratio (%)	45	46

ASSET SCALE £bn	H1 2013	FY 2012
Closing AUM	433	406
of which International	52	43
of which LDI	71	64

GROWTH IN SCALE



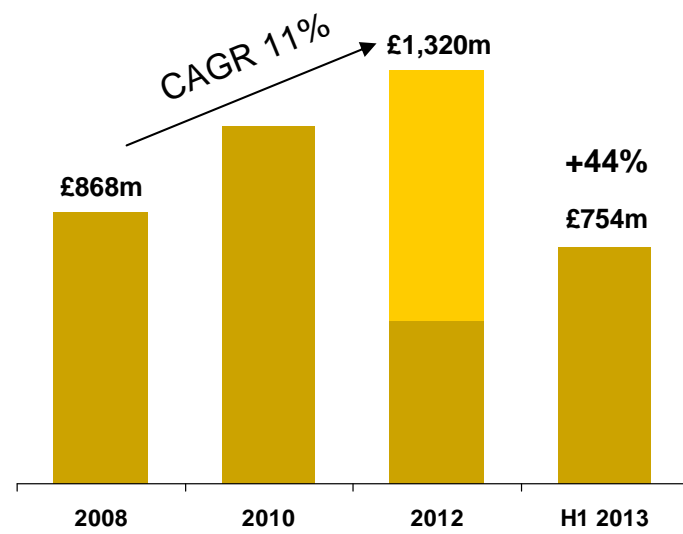
PROFIT GROWTH AND CONSISTENT COST RATIO



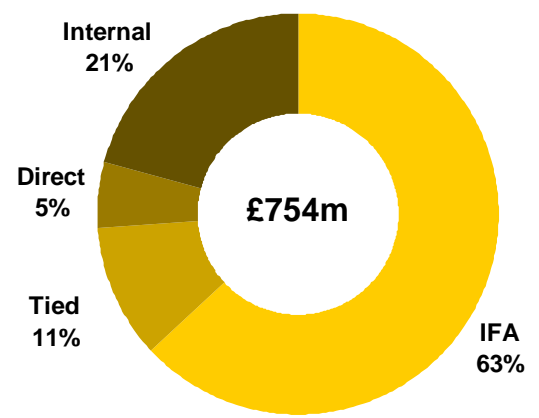
ANNUITIES: RESPONDING TO DEMAND.

FINANCIAL HIGHLIGHTS £m	H1 2013	H1 2012
Operational cash generation	130	121
New business surplus	17	1
Net cash generation	147	122
Operating profit	151	139
Individual Annuities single premiums	754	522
Bulk Annuities single premiums	670	67
Total Annuities premiums	1,424	589
Annuities EEV margin (%)	8.4	8.5

INDIVIDUAL ANNUITIES GROWTH



2013: INDIVIDUAL ANNUITIES - EXTERNAL = 79%



LONGEVITY DATA AND UNDERSTANDING.

EXPERIENCE

Internal:

- 30 Years of annuity data
- c15,000 Deaths pa
- c750,000 Lives quoted pa
- 725,000 Current annuitants

External:

- GP research database (3m patient records)
- ONS data
- England health survey
- Hospital episode statistics



FORWARD ASSESSMENT

Legal & General longevity team including:

- 3 Doctorates
- 4 Actuaries
- 2 Statisticians

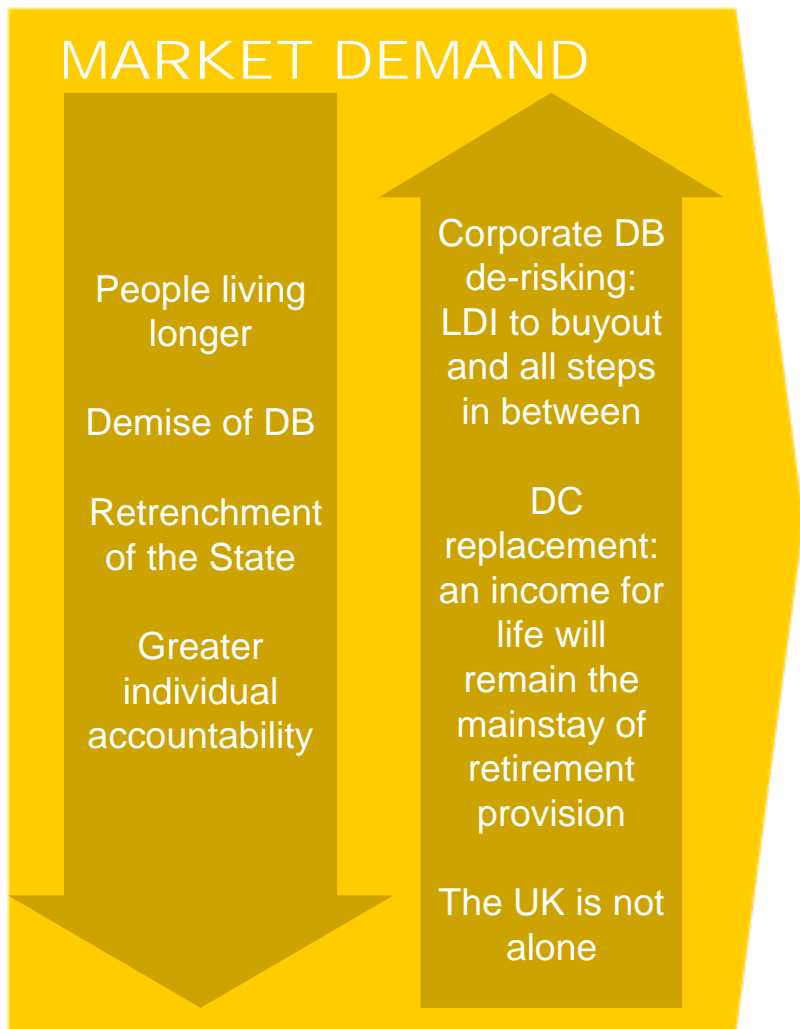
Longevity science advisory panel including:

- Former UK National Statistician
- Former Head of R&D at Dept. of Health
- Chair of National Heart Forum

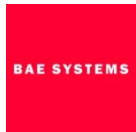
University partnerships:

- University College London
- University of Liverpool

ANNUITIES: ACCELERATING PROFITABLE GROWTH.



- **Innovative solutions implemented efficiently**



Feb 2013: BAE Systems: £3.2bn longevity insurance



Apr 2013: New Ireland: €136m international annuities



Jun 2013: Kenwood: innovative deferred premium buy-in



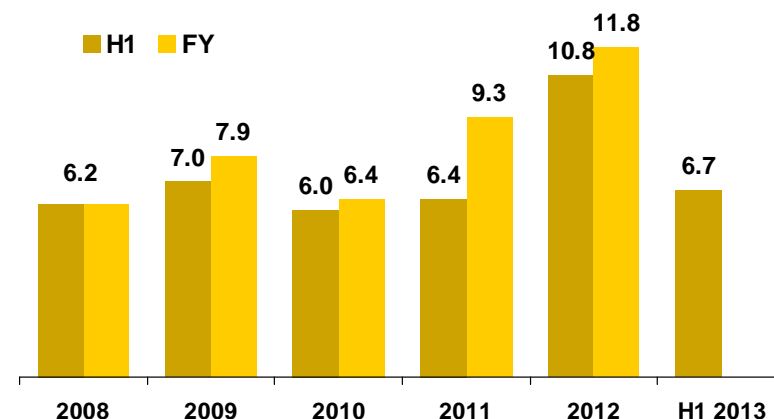
Q3 2013: Purchase of Lucida: £1.4bn assets

- **Individual annuities: a leading provider of competitively-priced open-market annuities from standard annuities through to severely impaired lives**

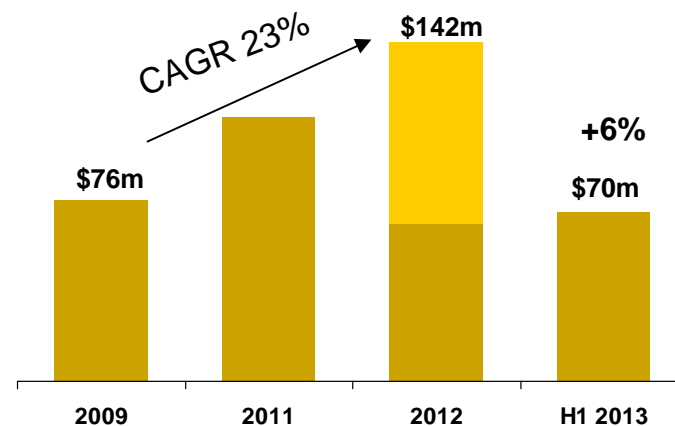
HOUSING AND PROTECTION: NAVIGATING CHANGE.

FINANCIAL HIGHLIGHTS £m	H1 2013	H1 2012
Operating profit	168	150
Operational cash generation	149	115
New business strain	(23)	(33)
Net cash generation	126	82
Retail Protection APE	65	72
Group Protection APE	40	37
Protection gross premiums	689	672
GI gross premiums	183	166
Protection EEV margin (%)	6.7	10.8

PROTECTION NB EEV MARGINS (%)



US PROTECTION APE



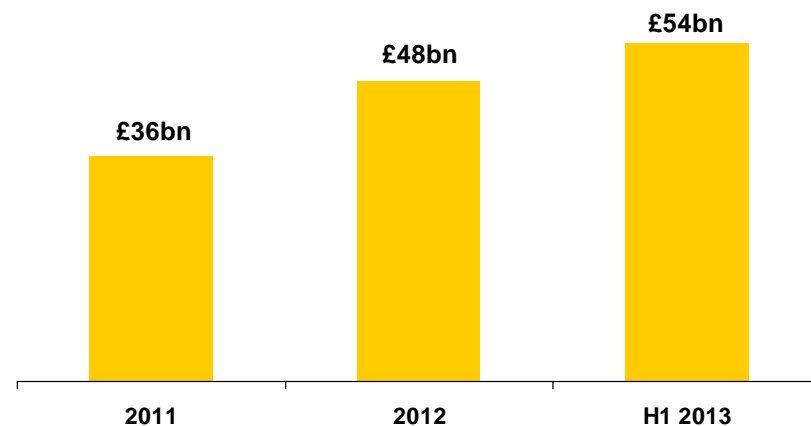
FINANCIAL HIGHLIGHTS US \$m	H1 2013	H1 2012
Operating profit	81	76
Protection gross premiums	503	456
Protection APE	70	66
Protection EEV margin (%)	10.0	10.9

SAVINGS: GATHERING ASSETS.

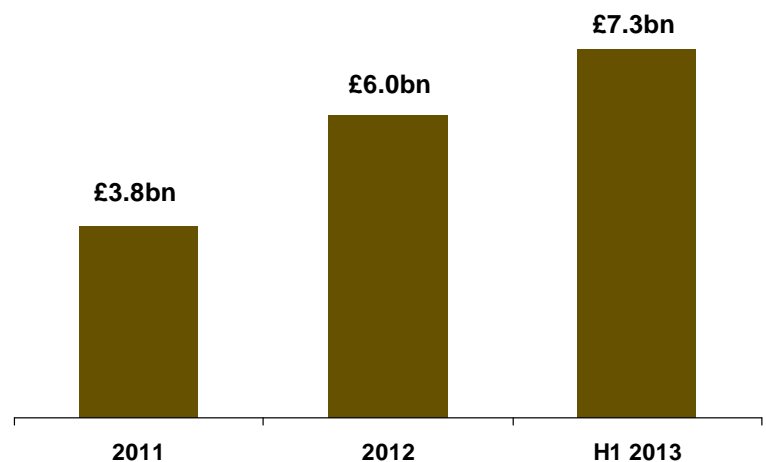
FINANCIAL HIGHLIGHTS £m	H1 2013	H1 2012
Operating profit	62	72
Operational cash generation	95	88
New business strain	(31)	(32)
Net cash generation	64	56
New business strain % PVNBP	1.8%	2.4%
New business APE	734	620
Growth businesses net flows	2.3	1.3
Mature businesses net flows	(2.2)	(1.4)
Net flows	0.1	(0.1)

ASSET SCALE £bn	H1 2013	FY 2012
Closing AUA	111	70

COFUNDS AUA GROWTH



WORKPLACE AUA GROWTH



DISCIPLINED INVESTMENT OF CAPITAL.

SELECTIVE ACQUISITIONS

Selective acquisitions - financial and strategic criteria, broadening our capability, or geographical expansion

3 acquisitions in 2013:

CALA £65m – no goodwill, earnings accretive in its first year

Cofunds £131m - earnings accretive in 2014, from 2015 £11m pa cost synergy benefit

Lucida Est. £85m (net) – representing 54% of EV (estimated at £157m after capital and reserve releases)

INVESTMENT IN NEW BUSINESS

Pricing discipline - to achieve our target return on economic capital

Low capital requirements – reducing NB strain, relatively low levels of capital required

PREDICTABLE OUTCOMES

Benefit Realisation – review and accountability for strategic projects and acquisitions

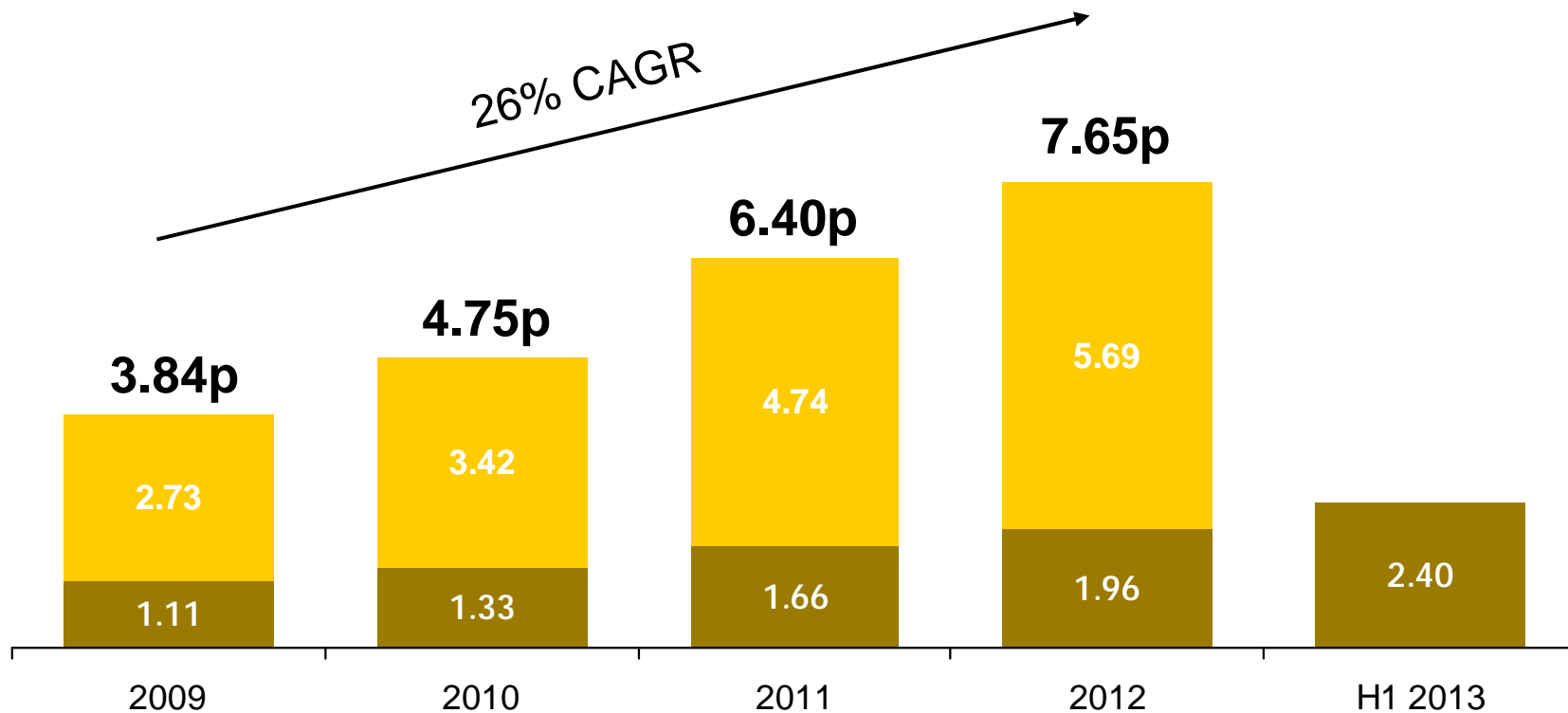
Big Data Assets (Longevity and Mortality):

725,000 Annuitants, 3 million Retail Protection customers

L&G Capital and Annuity Portfolio Returns – measured risk appetite, clear hedge objectives, prospective risk analysis, regular review, broad challenge

Return on Equity up to 16.8%

INTERIM DIVIDEND UP TO 2.40p.



The background features three stylized plants with white stems and yellow-green leaves. The leftmost plant has a blue circular flower with a white pound sterling symbol (£). The middle plant is taller and has no flower. The rightmost plant has a blue circular flower with a white euro symbol (€).

c.funds

➤ **JOHN POLLOCK.**

CHIEF EXECUTIVE OFFICER - LGAS

LGAS: ACCELERATING EVOLUTION

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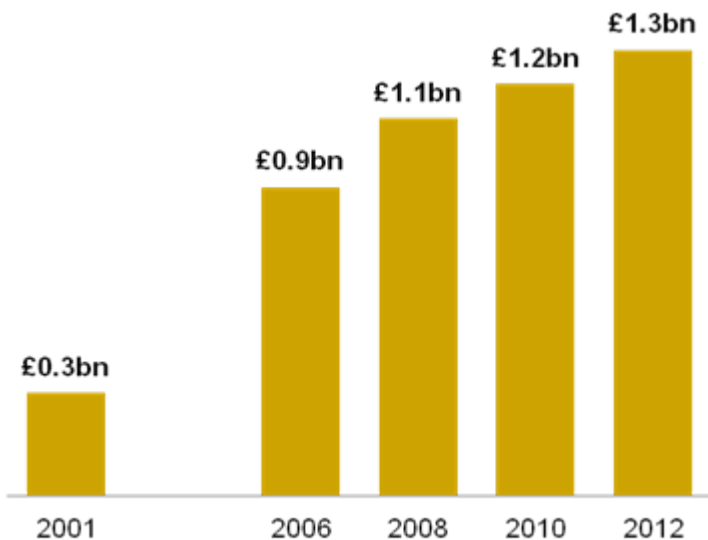
The logo for Legal & General, featuring a stylized umbrella with a multi-colored canopy (red, yellow, green, blue) and a white handle.

Legal &
General

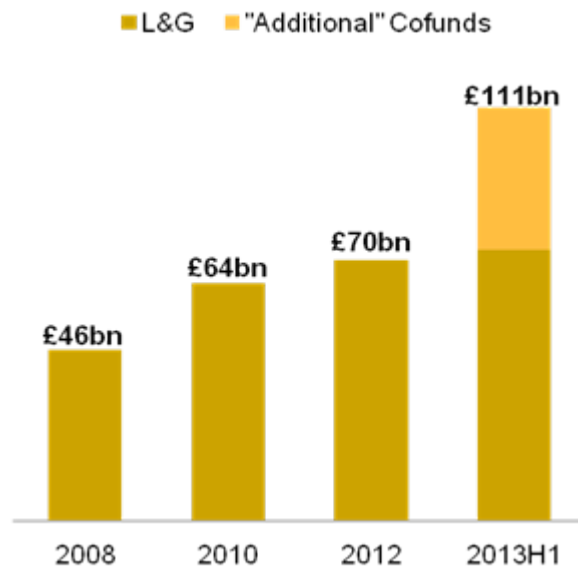
LGAS: SCALE + DIGITAL = OPERATIONAL LEVERAGE.

**UK Market leader in Protection and Savings Platforms:
6 million individual customers + 7,000 corporate customers (2.5 million members)**

UK PROTECTION GWP



UK SAVINGS AUA



LGAS: SOCIAL CHANGE DRIVING GROWTH.

RETIREMENT SOLUTIONS

- Workplace Platform, H1 net inflows £0.7bn, total AUA £7.3bn
- Suffolk Life, H1 net inflows £0.3bn, total AUA £5.7bn

PROTECTION

- Retail Protection No1 in the UK for over a decade
- Protection Review's "Organisation of the Decade"

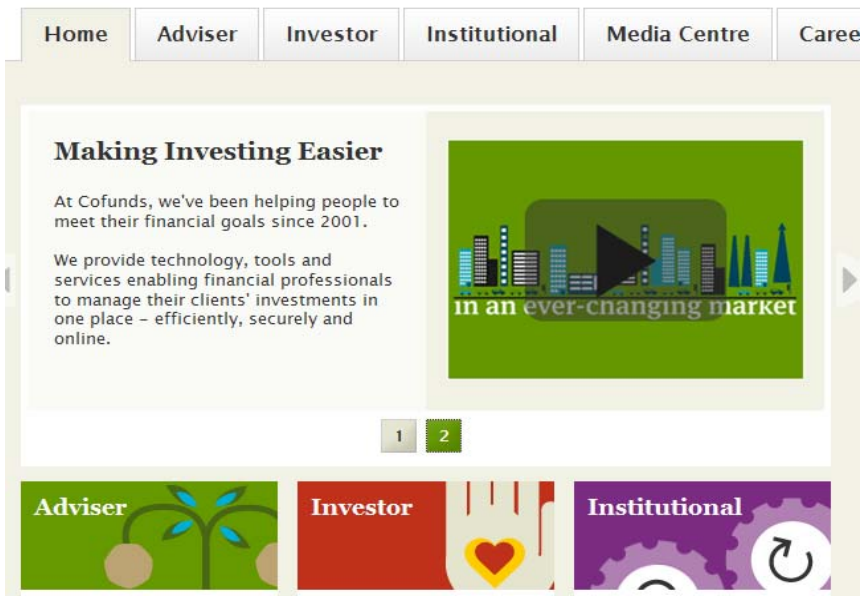
DIGITAL SOLUTIONS

- Cofunds platform net inflows £3.5bn, £54bn AUA (FY 2012: £48bn)
- Individual Protection achieving c.80% straight through processing
- Group Protection Online Quote and Buy (SME market)

COFUNDS: GROWTH AND EXPANDING DISTRIBUTION.

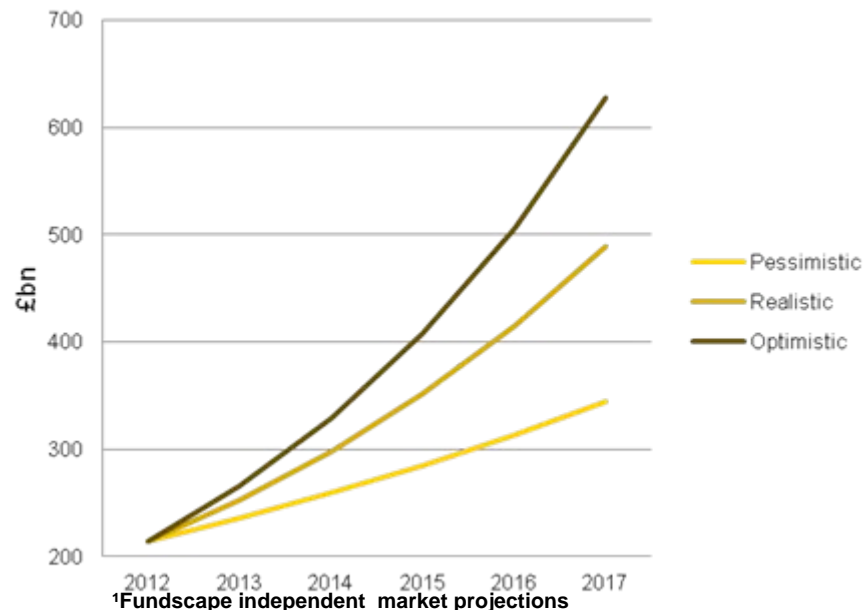
c•funds

£54bn AUA



Forecast Platform Sector Growth to 2017

£bn assets on platforms¹



PROGRESS ON COFUNDS SYNERGY PLAN

- Over £3m annualised cost reduction already delivered
- 2013 Integration plan on track – additional savings for 2013
- On track to deliver £11m of annualised savings by 2015

LGAS: INTEGRATION TO ENSURE LONG TERM VALUE.

OPERATIONAL LEVERAGE

- **Housing and Protection - substantial cash engine**
- **Workplace Savings - industrial processes driving scale efficiencies**
- **Mature business - drive down costs and retain customers**
- **Integration - drive cost and revenue synergies (including Cofunds)**

SYNERGY OPPORTUNITIES

- **Workplace Savings and Group Protection**
- **Workplace gateway (Direct to Employee)**
- **Protection proposition within Cofunds**
- **Group Protection and France**
- **Retail Protection and Netherlands**



➤ **MARK ZINKULA.**

LGIM CHIEF EXECUTIVE OFFICER

LGIM: DELIVERING OUR STRATEGY

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ONGOING PROFIT AND CASH DELIVERY.

Financial highlights £m	H1 2013	H1 2012
Operating profit	135	119
Total revenue	246	219
Total costs	(111)	(100)
Net cash generation	106	97
Cost:income ratio (%)	45	46
Gross inflows (£bn)	24.9	15.0
Net inflows (£bn)	8.0	4.0
of which International	7.5	2.4

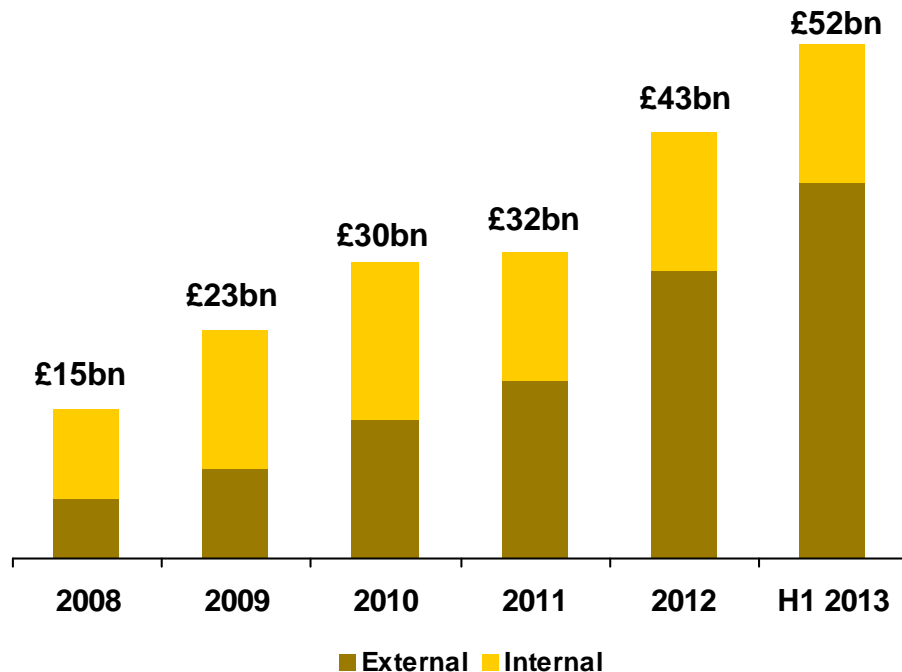


- Operating profit has increased 13% to £135m
- Cost income ratio broadly unchanged at 45% Net inflows of £8.0bn have doubled year on year
- Record net inflows of £7.5bn received from international clients
- Strong flows across our core business areas

Asset movements £bn	Index	LDI	Fixed income	Other	Total
Assets under management (at 1 January 2013)	243.2	64.0	82.2	16.6	406.0
Gross inflows	16.0	5.7	3.1	0.1	24.9
Gross outflows	(13.8)	(1.7)	(1.1)	(0.3)	(16.9)
Net flows	2.2	4.0	2.0	(0.2)	8.0
Market and other movements	16.7	2.9	(1.3)	0.7	19.0
Assets under management (at 30 June 2013)	262.1	70.9	82.9	17.1	433.0

INTERNATIONAL EXPANSION CONTINUES.

INTERNATIONAL AUM



- **Europe:** Record sales in H1 with 9 new clients from the region. We plan to launch our first SICAV by the end of the year
- **Gulf:** Strong inflows in the first half. We have a healthy pipeline for both Index and Property products
- **Asia:** LGIM Hong Kong has received regulatory approval. Significant opportunities to sell Index and Fixed Income in the region
- **US:** AUM increased to £22bn (FY £20bn) with momentum expected to continue with a strong pipeline in H2

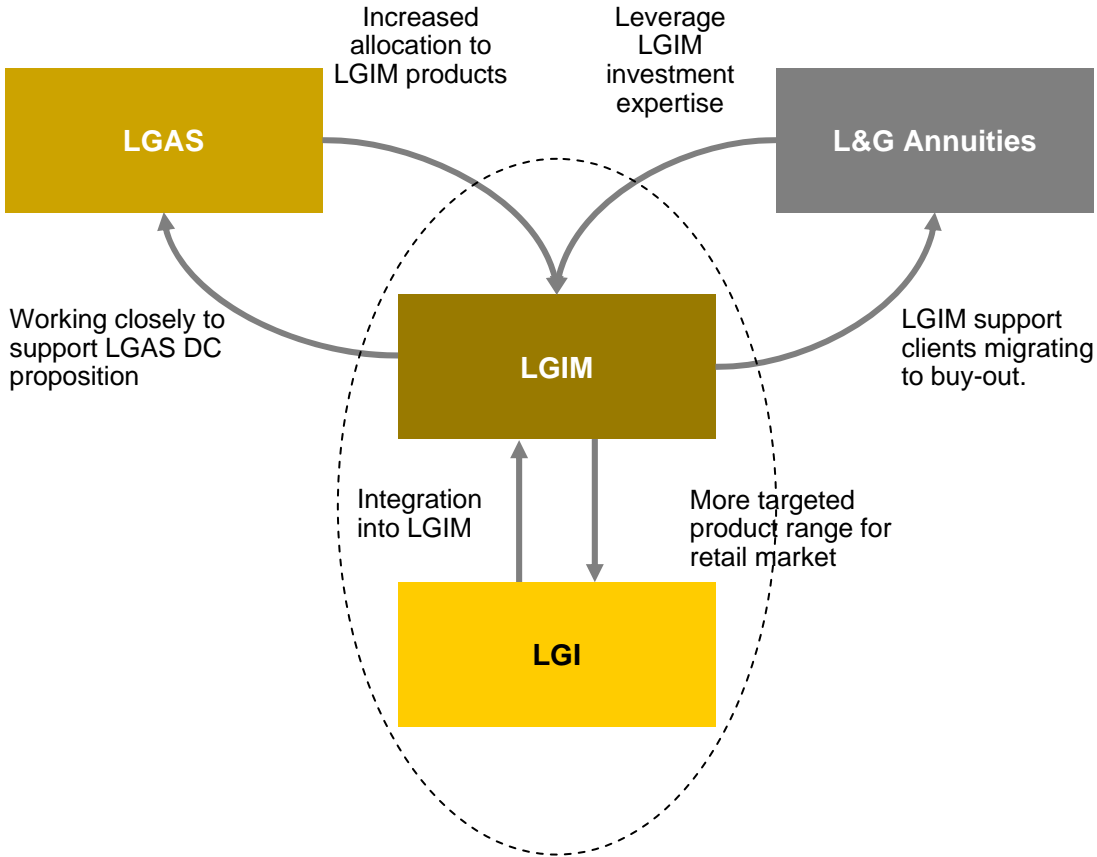
PROVIDING UK RETIREMENT SOLUTIONS.



- UK net inflows were driven by strong flows of £4bn into our market leading LDI strategies
- We rolled out, on a targeted basis, our digital solution to help smaller DB clients de-risk, ahead of its official launch later in the year
- We continue to expand our growing range of multi-asset products to provide innovative solutions for our DB and DC clients
- LGP awarded two property mandates by NEST
- We are repositioning our Active Equity strategy away from “index plus” objectives towards funds designed for DC and other target markets

MAXIMISING SYNERGIES ACROSS THE GROUP.

Legal & General Group Synergies



- L&G Investments integration into LGIM has commenced. This will allow our LGI customers to benefit from LGIM's scale and low cost manufacturing
- LGIM and Workplace Savings are benefiting from using their combined strength to build L&G's DC footprint
- LGIM and Annuity division are forging stronger links to deliver solutions for existing clients
- LGIM continues to expand its direct investment capabilities in property, commercial lending, social housing and infrastructure investment



➤ NIGEL WILSON.

GROUP CHIEF EXECUTIVE

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The Greater London 80p Pensioner FEB. 2012
2,700 people die each winter in our country because they can't afford to heat their homes. As bills continue to soar, another 3 million people have fallen into fuel poverty since 2004.
CHILLING
PENSIONERS DESERVE BETTER
PUBLISHED BY THE GREATER LONDON PENSIONERS' ASSOCIATION
INTERCHANGE STORES, HAMPSHIRE HOUSE CENTRE
2110 KENSTOCK HILL, W8 4QP, 020 7261 0800
email: glpa@glpa.co.uk
www: www.glpa.co.uk

The Greater London 80p Pensioner FEB. 2012
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Legal & General
PENSIONERS DESERV

ACCELERATING EVOLUTION.

**ATTRACTIVE
MACRO TRENDS**

**The triangle of prosperity replacing the triangle of austerity
– the importance of political will**

**ORGANISATIONAL
CAPABILITY**

**Organisational capability aligned with strategic
opportunities**
Destination for talent

**ACCELERATING
EVOLUTION**

The internationalisation of Legal & General



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