

Creating shareholder value through increasing cash flow, dividends and growing our business

January 2011



2

Market leading businesses, strong group synergies

INVESTMENT MANAGEMENT

H1 2010: IFRS Profits: £98m (+32%)
Cash: £70m (+29%)

Activity	Scale	Position
Funds Under Management	£342bn assets under management	#2
External Clients	79% of assets under management	#1
UK Corp Pensions	3,200 clients	#1
FTSE 100 Clients	55 out of 100 clients	#1

SAVINGS

H1 2010: IFRS Profits: £54m (+217%)
Cash: £38m (09: £(4m))

Activity	Scale	Position
Unit Trusts	£20bn assets	#3
UK Equity ISAs	£7bn assets	#3
UK With Profits	£21bn assets	#2
SIPPs	£5bn assets	#4
Workplace Pensions	£6bn assets	#3

RISK

H1 2010: IFRS Profits: £310m (+39%)
Cash: £202m (-12%)

Activity	Scale	Position
UK Annuities	£23bn assets	#1
UK Protection	£800m premiums	#1
UK Group Protection	£300m premiums	#3
UK General Insurance	£250m premiums	#7
UK Housing	£10bn mortgages	#2

INTERNATIONAL

H1 2010: IFRS Profits: £61m (-6%)
Cash: £33m (09: £nil)

Country	Scale	Position
USA	\$400bn sum assured	#8
France	€350m premiums	Top 20
Netherlands	€350m premiums	#7
India	5,000 branches	Launched Nov 09
Gulf States	JV across six Gulf States	Launched Dec 09

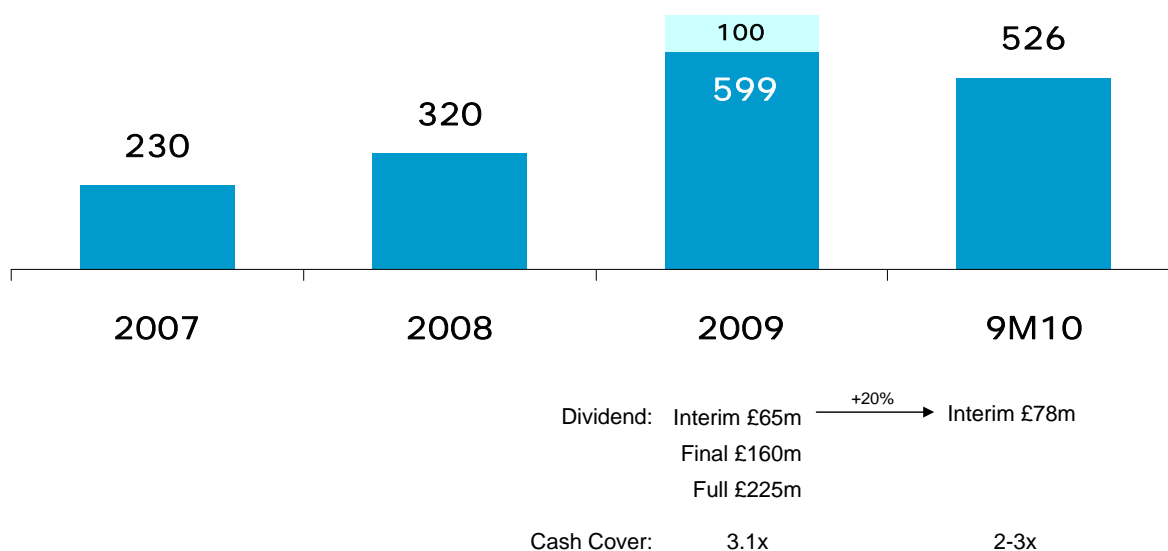
Strong performance against key objectives.

- Divergent and sustainable cash flows across multiple businesses which have market leading positions
- New sources of cash flow from international dividends and improvement in Savings performance. US capital management programme will produce more cash
- We continue to grow our “stock” of assets which drives profits and cash
- Substantial headroom for dividend increases
- Opportunities to deploy cash flow and capital in shareholder value creating transactions
- Nine months net cash* up 14% to £526m (9M09: £461m)
- LGIM assets under management up 10% to £342bn (30.09.09: £311bn)
- Savings assets under administration up 17% to £61bn (30.09.09: £52bn)
- US dividend H110: £33m
- Worldwide sales up 27% to £1,347m (9M09: £1,0588m)
- Final dividend 2009: +33%
- Interim dividend 2010: +20%

* Net cash generation includes operational cash generated less new business strain for the UK non profit Risk and Savings businesses, plus the shareholders' share of bonuses on With-profits business, the post-tax IFRS operating profit of LGIM and other UK businesses, the expected investment return on Group capital and financing invested assets, and dividends remitted from International businesses.

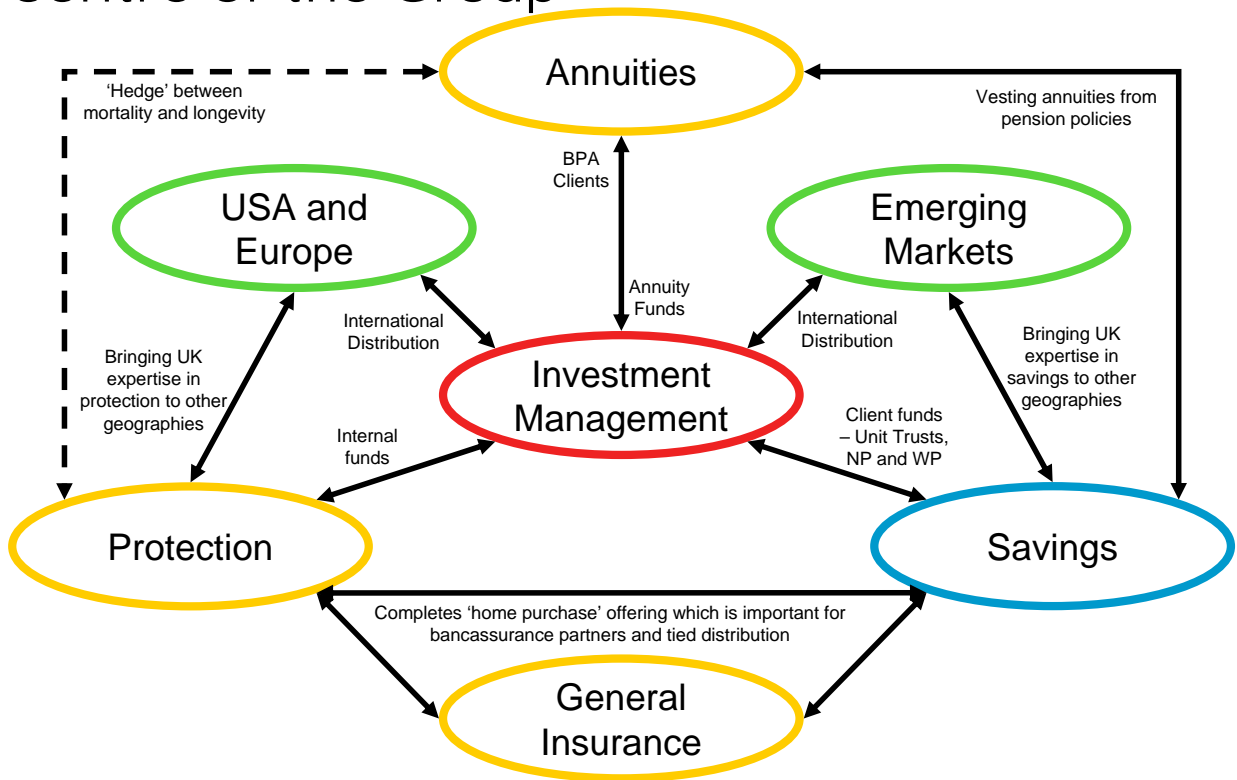
Cash: massive increase in free cash flow

Net Cash Generation 2007 – 2010 (£m)

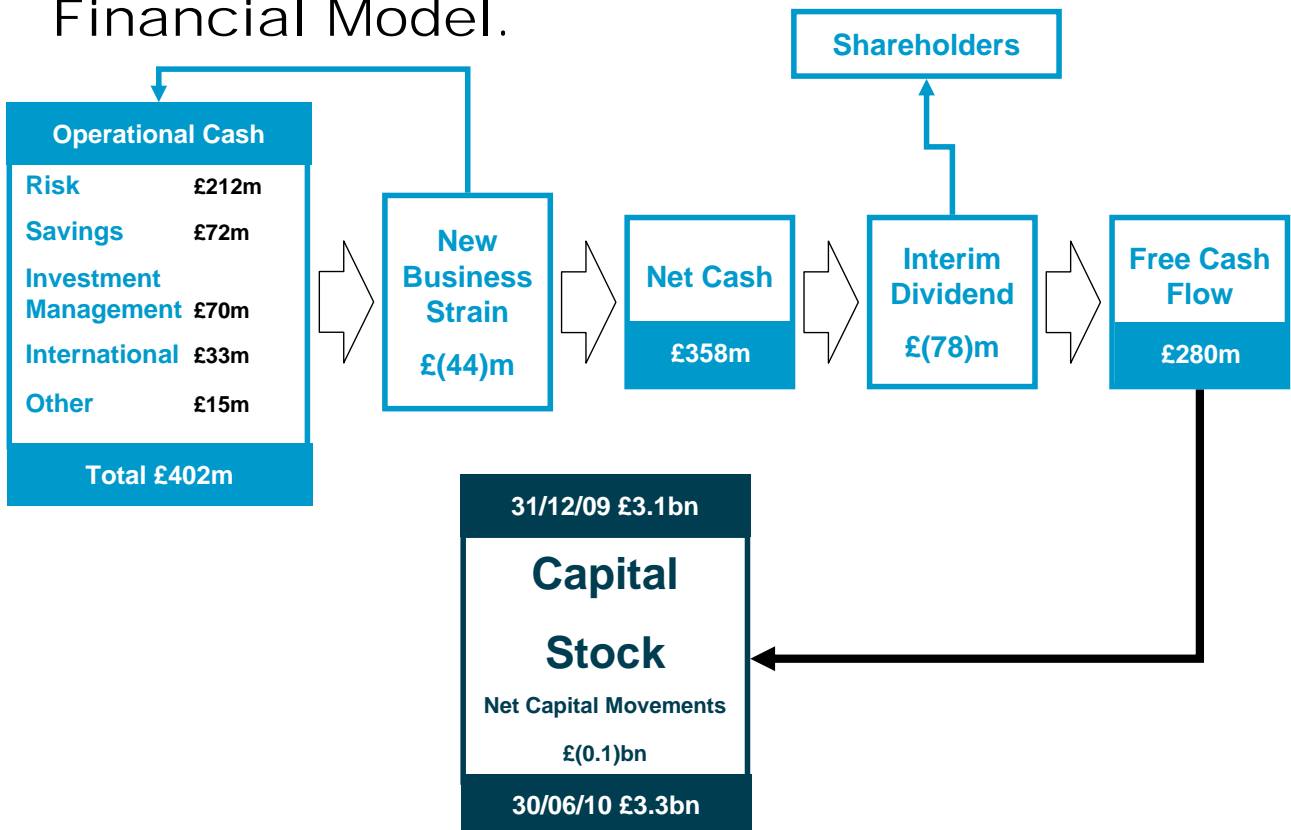


Dividend: “Underlying growth rate - comfortably double digit”

Multiple Levels of Synergy - LGIM at the centre of the Group



Financial Model.



Cash flow: strong prospects for sustained cash generation

Estimated monetisation of worldwide VIF (undiscounted) ¹ (£m)	Total	2010	2011	2012
International VIF monetisation	2,300	90	>90	>80
UK Business in-force at start of year ²	7,200	700	630	560
2009 UK new business cash flows	700	70	50	50
2010 UK new business cash flows ³			70	50
2011 UK new business cash flows ³				70
UK VIF monetisation	7,900	770	750³	730³
With Profit	900	60	60	70
Non Profit	7,000	710	>620	>540
Modelled Capital release (to Capital stock)		190		
Expected Risk and Savings cash release		520		

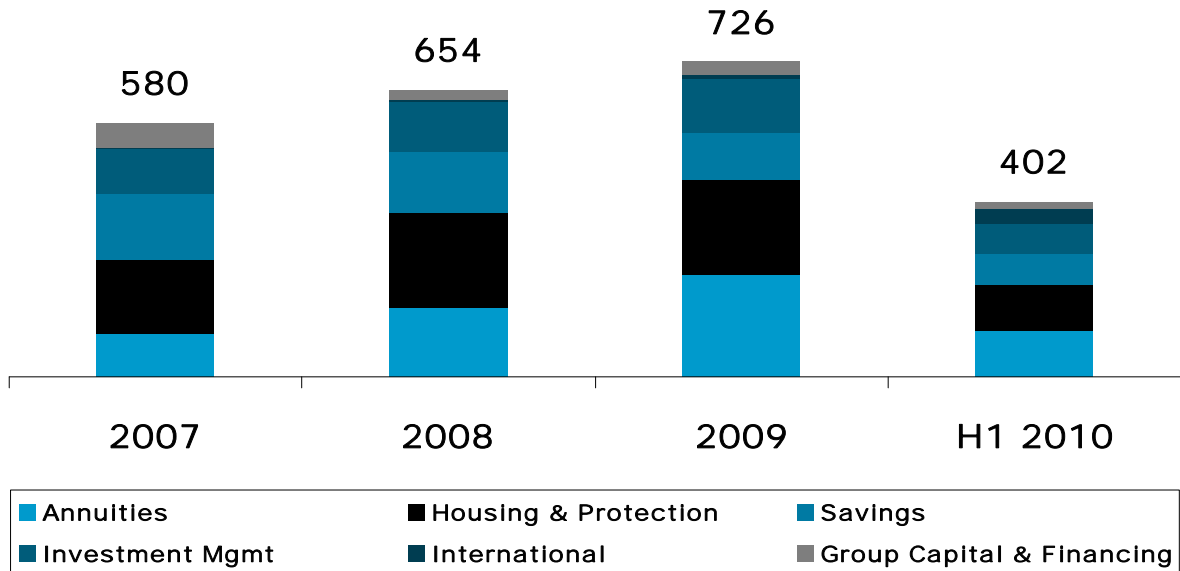
(1) Management estimates. (2) Based on 2009 year end assumptions. (3) For illustration purposes only, not a management forecast

Modelling the business

	Operational cash (£m)	New bus strain (£m)	Net cash (£m)	Operational cash (£m)	New bus strain (£m)	Net cash (£m)	Operational cash (£m)	New bus strain (£m)	Net cash (£m)
Risk & Savings release	496	(27)	469	239	(44)	195	520		
With-profits	46		46	23		23			
Retail Investments and other savings	2		2	12		12			
GI and other risk	16		16	10		10			
LGIM	125	FY 2009	125	70	H1 2010	70		FY 2010	
International dividends	8		8	33		33			
Group capital & financing	33		33	15		15			
Total	726	(27)	699	402	(44)	358			> 600
Variations and other			28			27			
International (excl. dividends)			78			7			
Tax gross up			304			150			
Operating profit			1,109			542			

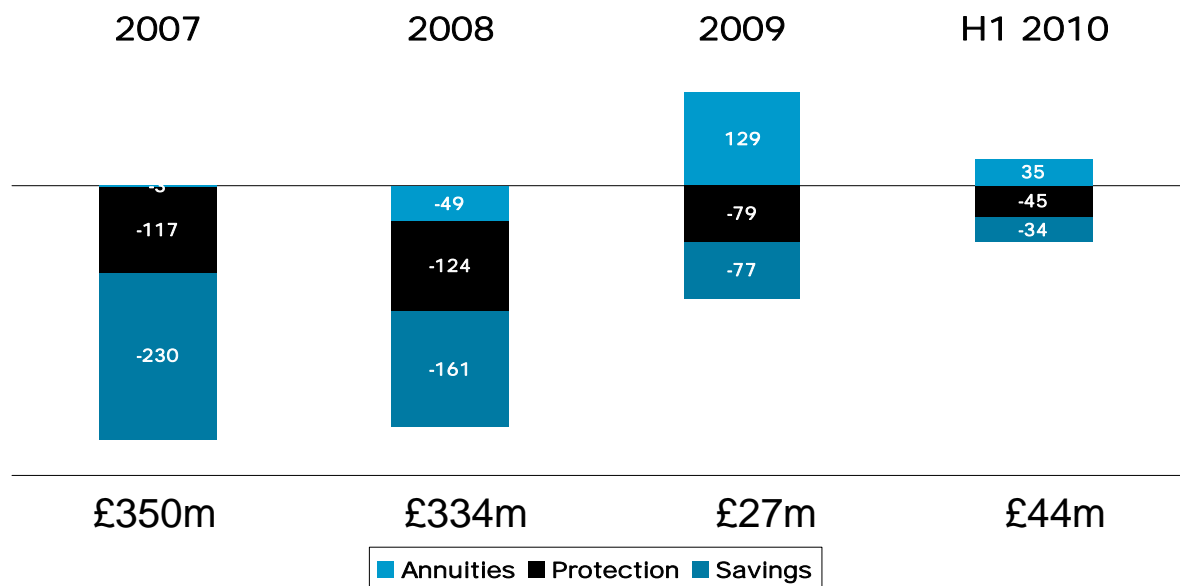
Cash: 12% per annum growth in operational cash generation

Operational Cash Generation 2007 – 2010 (£m)



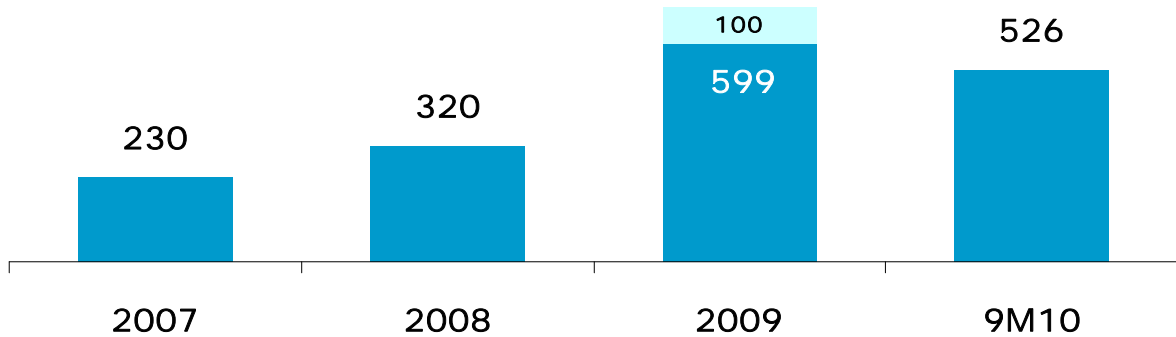
New Business Strain: Significant reduction in cost of new business

New Business Strain 2007 – 2010 (£m)



Cash: massive increase in free cash flow

Net Cash Generation 2007 – 2010 (£m)



Dividend: Interim £65m → +20% → Interim £78m
 Final £160m
 Full £225m

Cash Cover: 3.1x → 2-3x

Dividend: “Underlying growth rate - comfortably double digit”

Multiple Sources of Sustainable Cashflow

H1 2010 £262m	H1 2010 £33m	H1 2010 £70m	H1 2010 £12m	H1 2010 £10m
<p>UK In Force Business</p> <p>£7.9bn across Risk, Savings and With Profits</p> <p>£24bn Annuities Business – 100bps pa profit</p> <p>£56bn Savings Business – 18bps pa profit</p> <p>£1.1bn Protection Premiums</p>	<p>International In Force Business</p> <p>£2.3bn across USA & Europe</p> <p>\$800m US Protection Premiums</p> <p>\$1.6bn capital in US</p> <p>€700m European Premiums</p> <p>Businesses in India, Gulf, Egypt</p>	<p>LGIM</p> <p>£320bn Assets Under Management</p> <p>10.6bps revenue</p> <p>5.5bps cost</p> <p>6.1bps profit</p> <p>£21.2bn gross new business in H110</p> <p>Doubled profits in 5 years</p>	<p>Retail Investments</p> <p>£20bn Assets under Administration</p> <p>H109: £(5)m loss</p> <p>H110: £14m profit</p> <p>£3.5bn gross new business in H110</p> <p>10% of all equity ISAs sold in the UK</p>	<p>General Insurance</p> <p>£250m Premiums in Force</p> <p>H107 £(38)m loss</p> <p>H108 £(4)m loss</p> <p>H109: £6m profit</p> <p>H110: £14m profit</p> <p>Combined operating ratio H110 90%</p>

Valuing the business - for generalist investors....

		31/12/09		30/06/10					
		EEV (£m)	Per Share (p)	EEV (£m)	Per Share (p)	H1 Net Cash (£m)	P/E	Valuation (£m)	Per Share (p)
IFRS Business	LGIM	305	5	370	6	70			
	Retail Investments	100	2	107	2	14			
	General Insurance	120	2	137	2	10			
Dis-counted VIF	UK	3,987	68	3,817	65	216			
	International	1,012	17	1,119	19	33			
EEV SNW	UK	2,588	44	2,988	51	15			
	International	518	9	496	9				
	Net Debt	(1,935)	(33)	(2,076)	(35)				
	Total	6,695	114	6,958	119	358			

Notes: VIF: Value of In Force,.. EEV SNW, European Embedded value Shareholder Net Worth. No of Shares: 5.8bn

Legal & General: Strategy

- Solid platform: cash generative, strong balance sheet
 - well placed to withstand heightened uncertainty
- Opportunities for profitable growth
 - capitalise on shift from public to private sector
 - net beneficiary from industry consolidation
 - strong momentum in Savings
 - annuity demand remains strong
 - export of LGIM and Bancassurance franchises
 - leverage multiple layers of synergy

Summary

- Divergent and sustainable cash flows across multiple businesses which have market leading positions
- New sources of cash flow from international dividends and improvement in Savings performance. US capital management programme will produce more cash
- We continue to grow our “stock” of assets which drives profits and cash
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Key business numbers

Investment Man.	2009	H1 10	Savings	2009	H1 10
AuM £bn	315	320	AuM £bn	55	56
Operating profit £m	167	98	Operating profit £m	50	54
Net cash £m	121	70	Net cash £m	33	38
Gross new funds £bn	31.5	21.2	APE £m	907	609
Ad valorem fee margin (bp)	9.8	10.6	New business strain £m	(77)	(34)
RoC (pre tax)	49%	n/a	RoC (pre tax)	8%	n/a

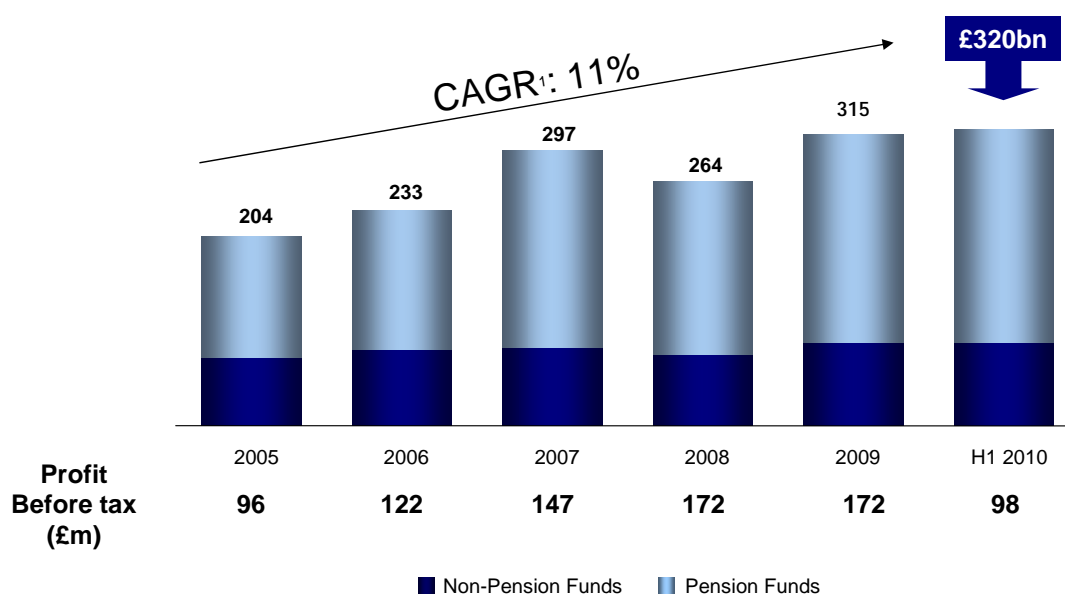
Risk	2009	H1 10	International	2009	H1 10
Annuity assets £bn	22	24	No. of businesses	6	7
Protection premiums £m	1,090	610	L&G America (GWP)	\$774m	\$800m
Operating profit £m	735	310	APE £m	115	81
Net cash £m	504	202	Operating profit £m	127	61
New business strain £m	50	(10)	Net cash £m	8	33
RoC (pre tax)	52%	n/a	RoC (pre tax)	9%	n/a

Investment Management: A record first half for LGIM Operating Profit of £98m, Sales of £21bn.

Financial highlights £m	H1 2010	H1 2009
Investment Management IFRS Operating profit	98	74
Net cash generated	70	54
LGIM highlights		
Total revenue	182	143
Total costs	84	69
IFRS operating profit	98	74
Average ad valorem fee margin (bps)	10.6	9.6
Average expense margin (bps)	5.5	5.5
Gross new fund management mandates (£bn)	21.2	14.2
Closing funds under management (£bn)	320	271
	Q3 2010	Q3 2009
Gross new fund management mandates (£bn)	27.6	24.3

LGIM: continued excellence in execution, central to group strategy

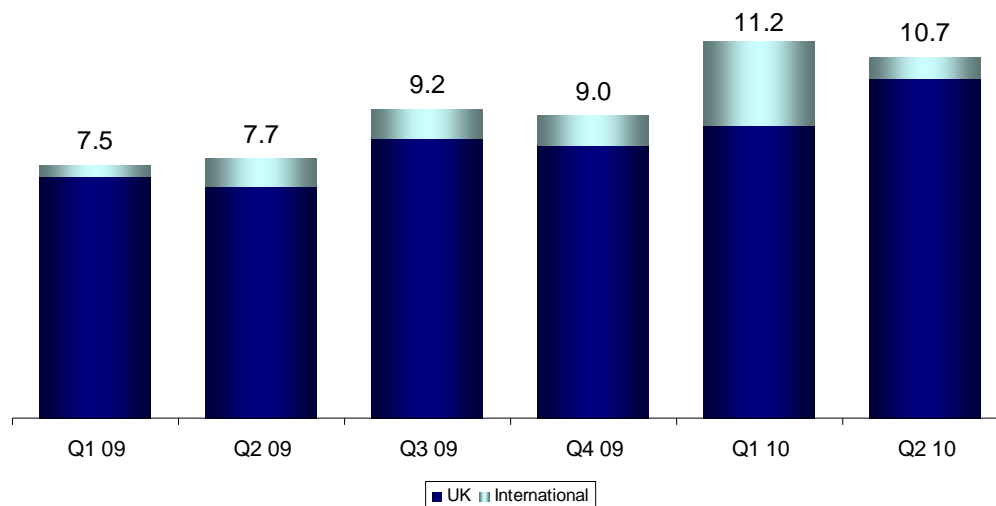
LGIM funds under management (£bn) 2005 – 2010



¹Compound Annual Growth Rate

Investment Management: new business continues to grow strongly.

Quarterly New Business 2009 – 2010 (£bn)



LGIM Net new business H1 2010: £8.3bn

LGIM Funds: Diversified across passive and active asset classes

£bn	30/06/10	30/06/09	% Change
Index			
UK Equities	61.4	55.6	10
International Equity	71.4	56.7	26
Fixed Interest (incl cash)	69.2	68.3	1
Total	202.0	180.6	12
Active			
Equities	8.0	7.3	10
Fixed Interest	64.5	54.5	18
Structured solutions (incl LDI)	37.6	22.5	67
Property & Other	7.9	6.0	32
Total	118.0	90.3	31

Growth in index, international, fixed interest and LDI

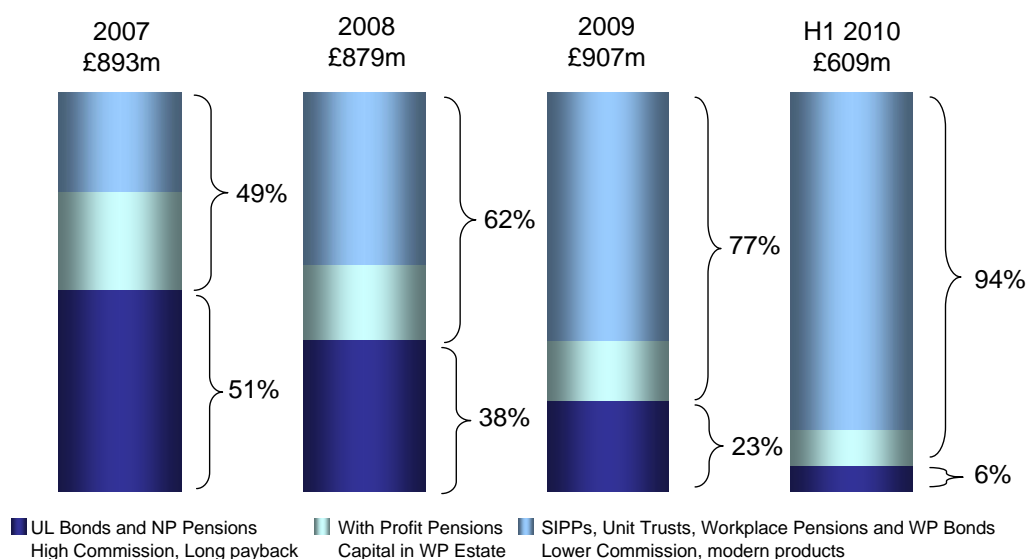
Savings: Transformation story continues. Further growth in profits, cash, assets and margins.

Financial highlights £m	H1 2010	H1 2009
IFRS operating profit	54	17
Operational cash generation	72	40
New business strain	(34)	(44)
Net cash generation	38	(4)
New business APE	609	448
Assets under administration £bn	56	46
	H1 2010	FY 2009
Fee to fund ratio (bps)*	77	73
Cost to fund ratio (bps)*	59	72

*Annualised, excluding with-profits

Savings: the transformation in new business mix continues.....

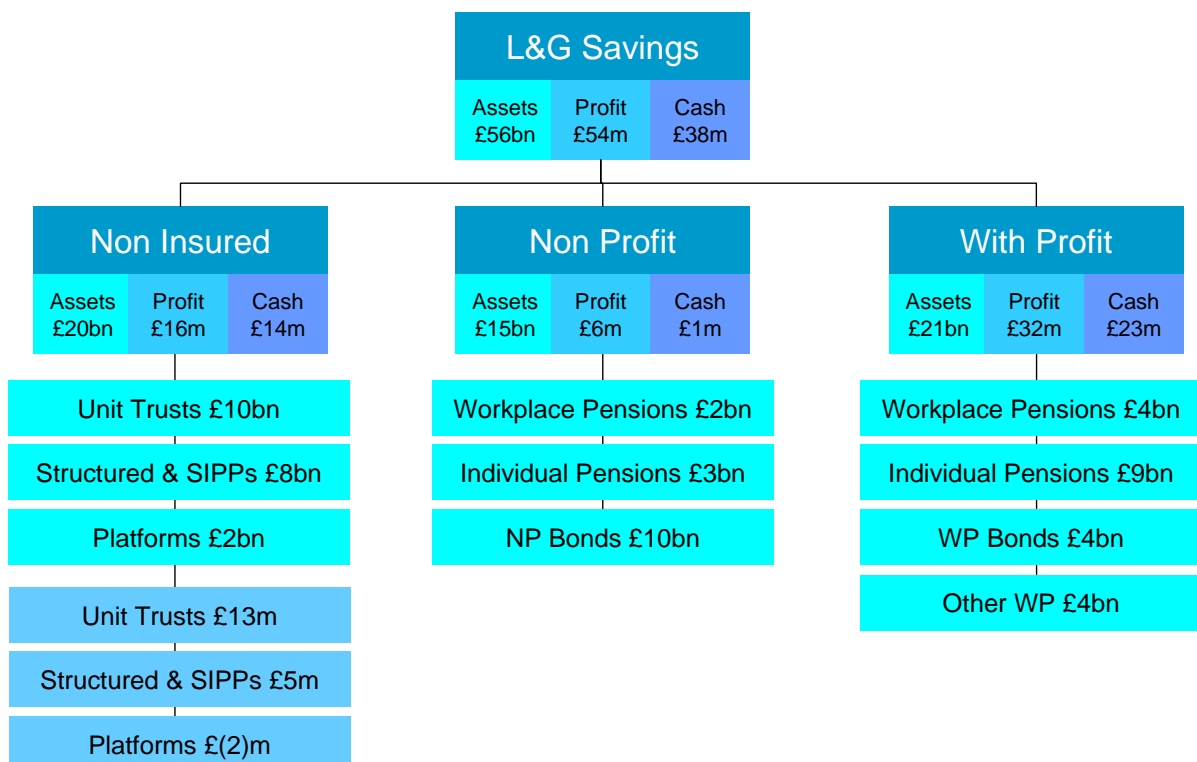
Savings new business APE: product mix (£m) 2007-2010



Savings: Profit contribution across the business.

Financial highlights £m	H1 2010	H1 2009
IFRS operating profit		
Non Insured Savings	16	(8)
Non Profit Savings	6	(4)
With Profit Savings	32	29
Total	54	17
Net cash generation		
Non Insured Savings	14	(5)
Non Profit Savings	1	(20)
With Profit Savings	23	21
Total	38	(4)

Savings deconstructed.....

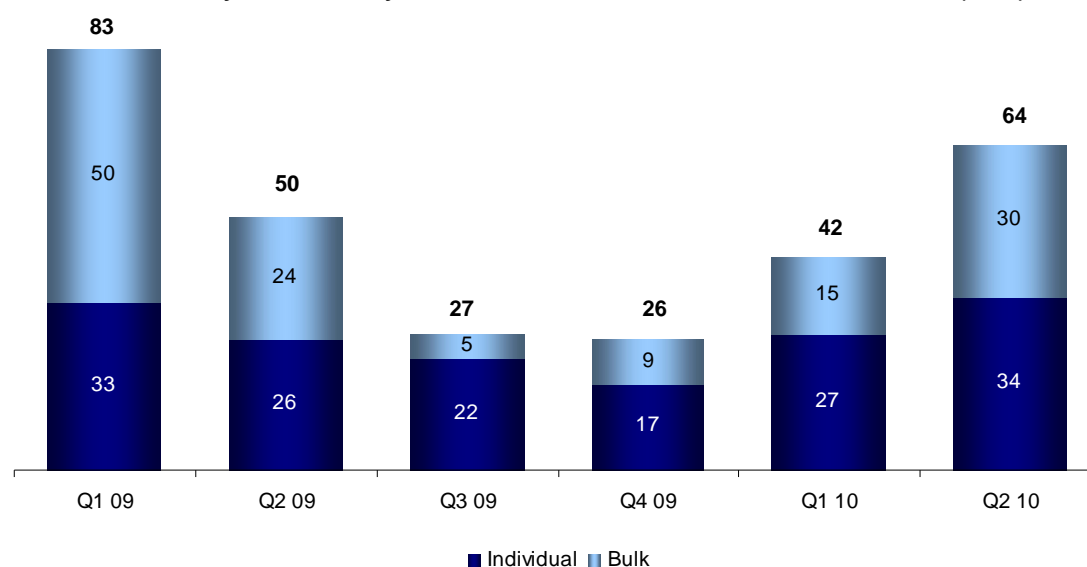


Risk: Another strong six months.
Healthy cash and profit contribution.

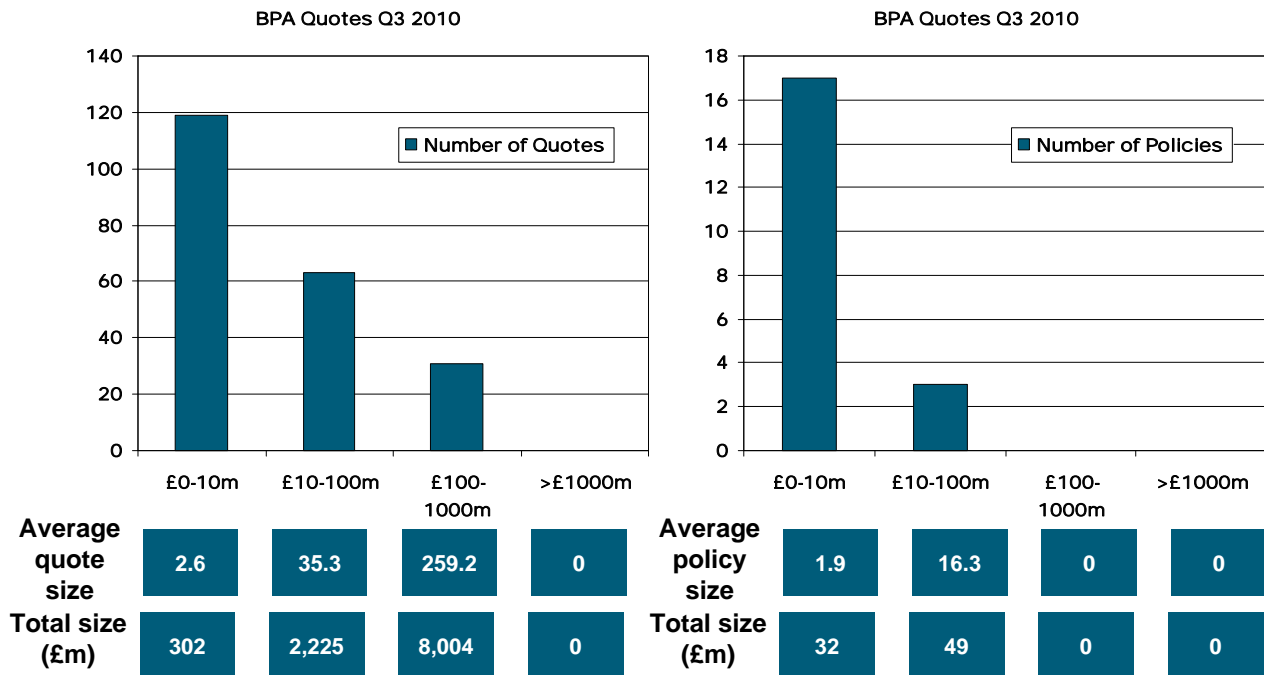
Financial Highlights £m	H1 2010	H1 2009
IFRS operating profit	310	223
Operational cash generation	212	216
New business strain	(10)	13
Net cash generation	202	229
Protection new business EEV margin (%)	6.0	7.0
Protection Gross Premiums (£m)	610	561
General Insurance Combined Operating Ratio (%)	90	99
General Insurance Gross Premiums	134	136
Non profit annuity earned interest margin (bps)	117	124
Non profit annuity assets (£bn)	23.9	22.4

Annuities New Business: Q2 volumes significantly above previous four quarters.

Annuity Quarterly New Business APE 2009 – 2010 (£m)



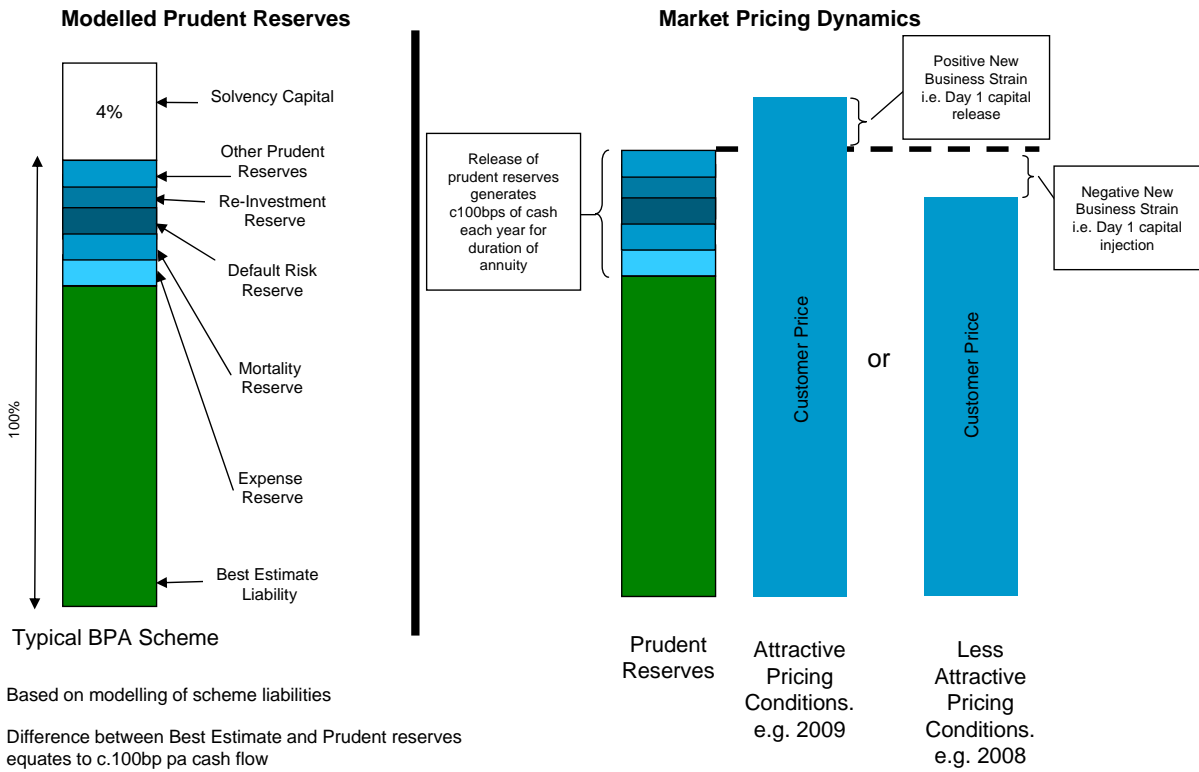
Bulk Annuities: Strong New Business Pipeline



Strong Capabilities in Managing Risk In Annuities

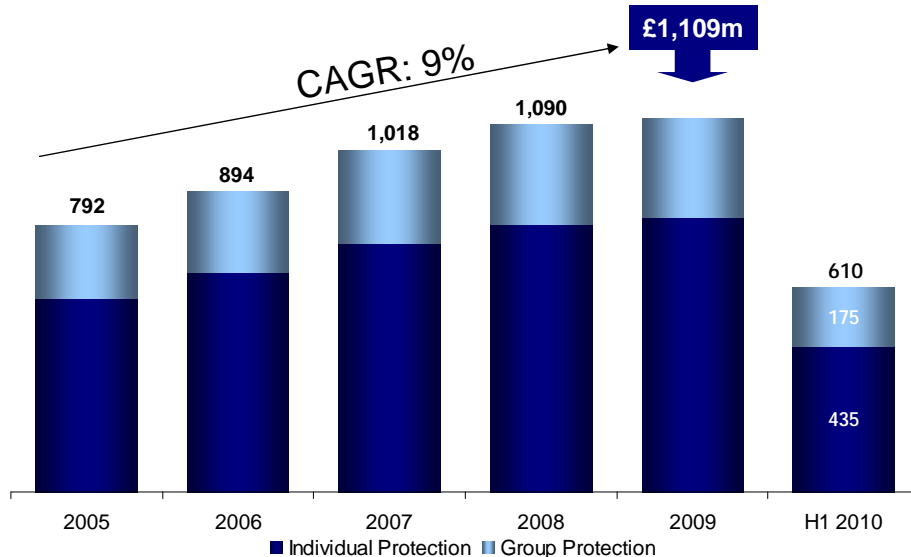
- Close Duration Matching
 - Asset duration: 11 years (including derivative overlay)
 - Liability duration: 12 years (at prudent assumptions)
- Credit Risk
 - 98% Investment Grade Corporate Bonds, only £7m PIIGS Sovereign Debt
 - Zero defaults in H1 2010
 - £1.5bn default reserve
- Reinvestment
 - Prudent assumed reinvestment rate
 - Highly liquid portfolio - 95% is tradable bonds
- Longevity
 - Sophisticated postcode pricing model
 - Positive IFRS experience and assumption variance since 2008 – over £100m

Annuity Pricing.



Protection: the UK's leading protection business. A high scale, high quality franchise

Protection gross premiums (£m) 2005- 2010



International: generating cash from mature markets, continuing to invest in emerging markets.

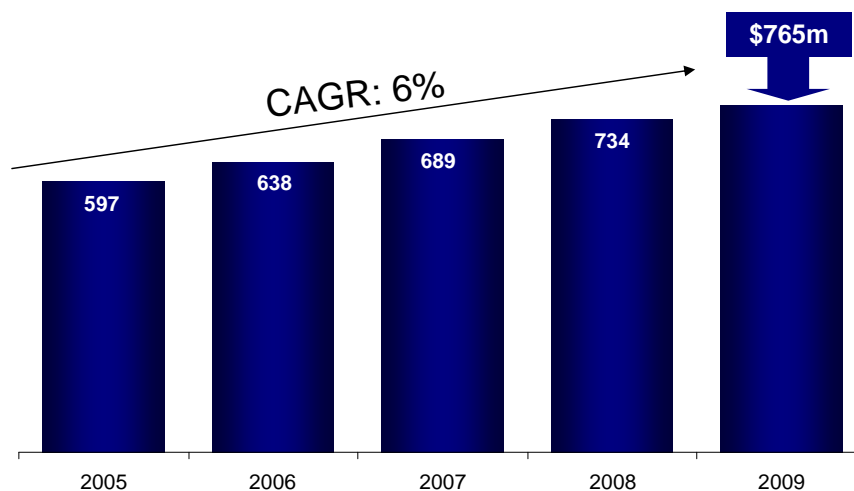
Financial highlights £m	H1 2010	H1 2009
USA	44	45
Europe (France and Netherlands)	21	20
Middle East and Asia (Egypt, the Gulf and India)	(4)	-
IFRS operating profit	61	65
Net cash generated	33	-

US dividend of \$50m

Expected to be sustainable and growing

LGA is already a substantial business

L&G America: gross written premiums (\$m) 2005-2009



835,000 customers

Over \$400bn sum assured

Embedded Value US\$1.5bn

410 staff

\$90m cost base

Independent BGA distribution

IFRS Op Prof H1 2010: \$67m

2010 Q3 APE: \$54m

\$50m dividend paid in 2010



Strong fit with strategy

- Major emerging insurance market
- Strong banking partners with nationwide distribution
- Good ability for L&G to influence start up and ongoing oversight

Excellent first year

- Successful launch, at speed - £43m APE in first nine months
- Strong out performance of plan
- Partnership working well

Future

- Young market undergoing major changes
- Product and distribution diversification key

Cash: Legal & General Definition.

		H1 10
Risk:	In force release from Protection	96
	In force release from Annuities	106
	General Insurance post tax Profits	10
	(Protection New Business Strain)	(45)
	(Annuity New Business Strain)	35
Savings:	In force release from Non Profit Savings	37
	With Profits transfer	23
	Retail Investments post tax profits	14
	(Savings new business strain)	(34)
Investment Mgmt:	LGIM post tax profits	70
International:	Dividends received	33
GC&F:	Investment return on shareholder funds	96
	(Cost of debt)	(63)
	Net Cash Generated	358

Key events

2011

24-26th January

Germany/Scandinavia Roadshow

17th March

Preliminary Results

21-24th March

London/Scotland Roadshows

29 March

Morgan Stanley Conference

4-8th April

US Roadshow

4th May

Interim Management Statement

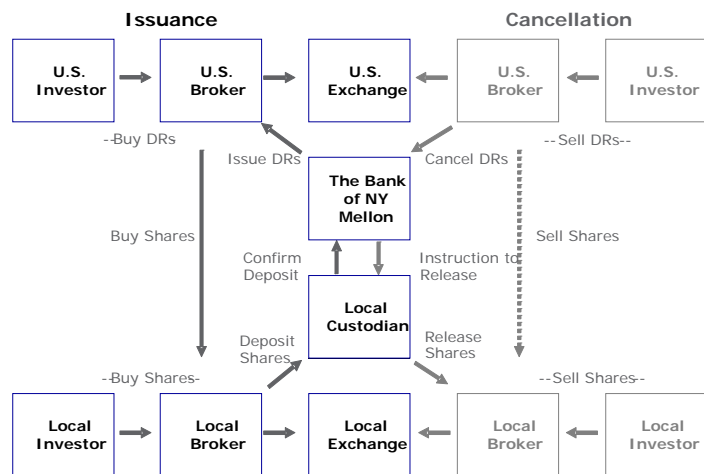
ADR Programme

Legal & General Group ADR shares trade on the US over-the-counter (OTC) market under the following information:

- Symbol LGGNY
- CUSIP 52463H103
- Ratio 1 ADR : 5 ORD
- Country United Kingdom
- Effective Date June 01, 1995
- Underlying SEDOL 0560399
- Underlying ISIN GB0005603997
- Depositary BNY Mellon

ADR Benefits to US Investors:

- ADRs give access to cross-border market liquidity
- ADRs are cost-effective
- ADRs are convenient to own:
 - Quoted in US dollars
 - Dividends paid in US dollars



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