



YEAR END RESULTS.

**A PRESENTATION FROM LEGAL & GENERAL
6 March 2013**

**EVERY
DAY
MATTERS**

STEPPING UP

FOR SHAREHOLDERS, CUSTOMERS AND SOCIETY



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



**EVERY
DAY
MATTERS**



RESULTS SUMMARY: FINANCIAL HIGHLIGHTS.

1. Earnings per share up 12% to 13.90p (2011: 12.42p)
2. Full year dividend up 20% to 7.65p per share (2011: 6.40p)
3. Operating profit up to £1,087m (2011: £1,053m)
Operating profit from divisions up to £1,115m (2011: £1,058m)
4. Profit after tax up to £801m (2011: £721m)
5. Net cash up to £865m (2011: £846m)
Net cash from divisions up to £845m (2011: £802m)
6. IFRS return on equity 15.5% (2011: 14.9%)

FIVE MACRO TRENDS. FIVE CORPORATE RESPONSES.

Homogenous asset markets	➔	LGIM International
Ageing populations	➔	Retirement Solutions
'On the Go' lifestyles	➔	Digital Solutions
Welfare Reforms	➔	Protection
Retrenching banks	➔	Direct investments

RESULTS SUMMARY: ACCELERATING GROWTH.

GROWING FLOWS	GROWING STOCKS
LGIM net flows up to £7.1bn (2011: £3.0bn)	AUM up 9% to £406bn
Individual Annuity sales up 26% to £132m	AUM up 13% to £32bn
Savings sales up 15% to £1.5bn	AUA up 8% to £70bn
UK Protection sales up 25% to £221m	GWP up 6% to £1.3bn
US Protection sales up 28% to \$142m	GWP up 10% to \$922m
GI premiums up 15% to £349m	



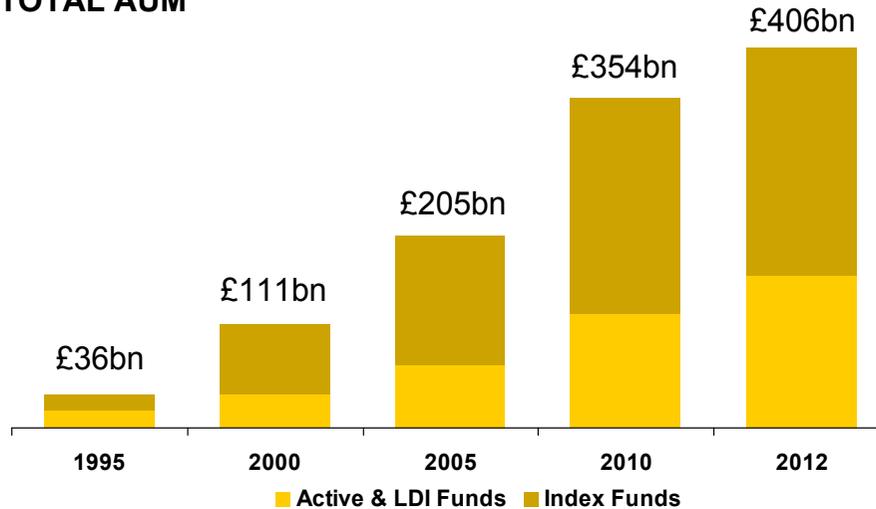
Key drivers of growth: Ageing population, corporate de-risking, decline in state spending, digital engagement and global investment growth

STRATEGIC AND FINANCIAL EVOLUTION.

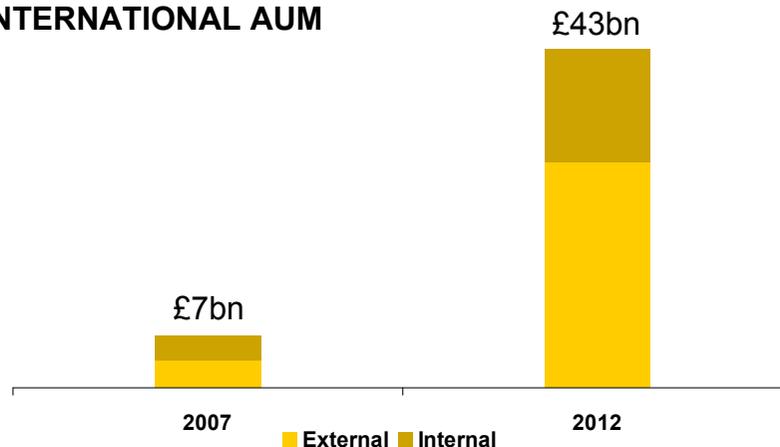
	2009	2012	2013 and beyond
	CASH: CERTAINTY AND SUSTAINABILITY	CASH PLUS ORGANIC GROWTH	CASH PLUS ORGANIC GROWTH PLUS BOLT-ON ACQUISITIONS
ACTIONS	<ul style="list-style-type: none"> • Substantial improvement in MI • Improve operational efficiency • Industrialisation of processes: <ul style="list-style-type: none"> Algorithmics software (ALM) Connect (Retail Protection) Elixir (Group Protection) Lifestyle (General Insurance) US Protection (Digital Office) • US capital restructuring including dividends from subsidiaries • Balance sheet de-risking 	<ul style="list-style-type: none"> • LGIM expansion into US, Gulf, Asia • Annuities expanded capability, e.g. entered large bulk annuity market (£500m plus) and large longevity insurance (£1bn plus) • Savings digital expansion: RDR, auto enrolment • Retail Protection: direct to consumer • US Protection: expanded network • Improved digital customer experiences • Improved organisational capability • Excellent customer and colleague engagement 	<ul style="list-style-type: none"> • Triangle of austerity creating opportunities for growth • International retirement solutions: ageing population, corporate de-risking, welfare reform • Internationalisation of LGIM: homogenous global asset markets • Digital: efficient customer engagement, e.g. Group Protection online quote and buy • Protection: welfare reform stimulates growth • Direct investing: infrastructure
OUTCOME	<p>Net cash: 2008: £320m 2012: £865m</p> <p>Dividend: 2008: 4.06p 2012: 7.65p</p> <p>Increase in size and quality of assets</p>	<p>2012</p> <ul style="list-style-type: none"> • LGIM AUM: £371bn to £406bn • 12% EPS growth: 12.4p to 13.9p • Sales up: UK Protection 25%, US Protection 28%, UK Savings 15%, Individual Annuities 26%, GI 15% • Return on Equity 15.5% 	<p>Generating high quality cash</p> <p>Growing earnings</p> <p>High returns on equity</p> <p>Disciplined use of capital</p> <p>Progressing dividends</p>

1. LGIM INTERNATIONAL EXPANSION.

TOTAL AUM



INTERNATIONAL AUM



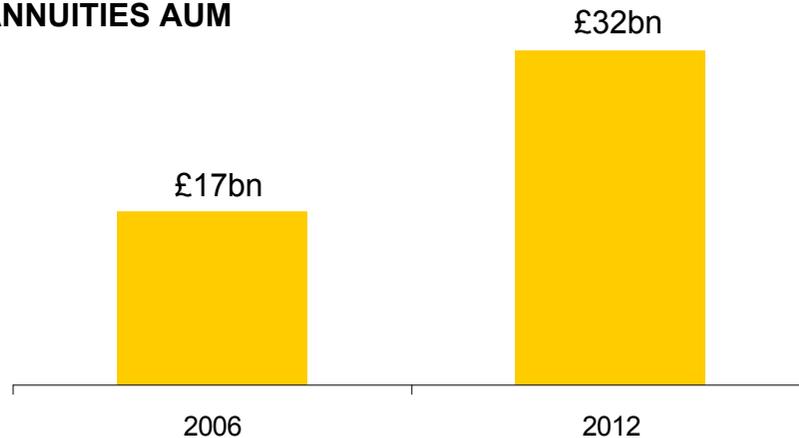
STRATEGIC SUMMARY

Product and geographic expansion:

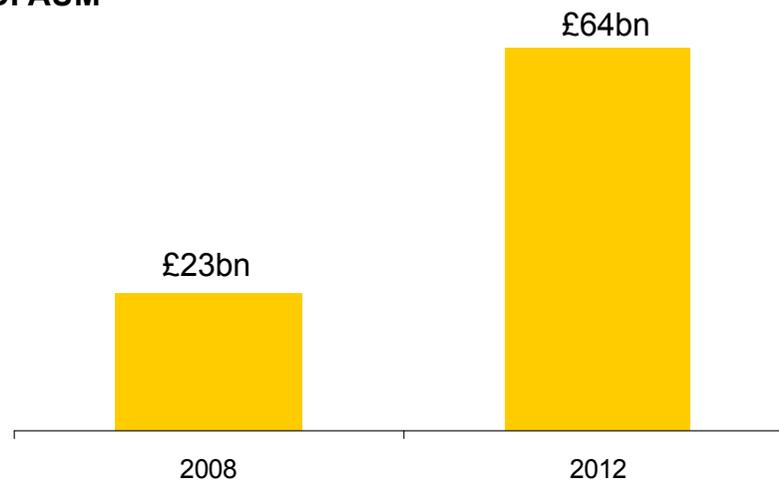
- US: Adding index to liability driven Investments (LDI) and active fixed, expand corporate de-risking, 2012 AUM \$33bn
- Gulf: Adding active fixed to index, 2012 AUM \$17bn
- UK and Europe: Expanding products and distribution
- Asia: Build out capability across region
- Bolt-on acquisitions: Passive, property and fixed income

2. RETIREMENT SOLUTIONS.

ANNUITIES AUM



LDI AUM

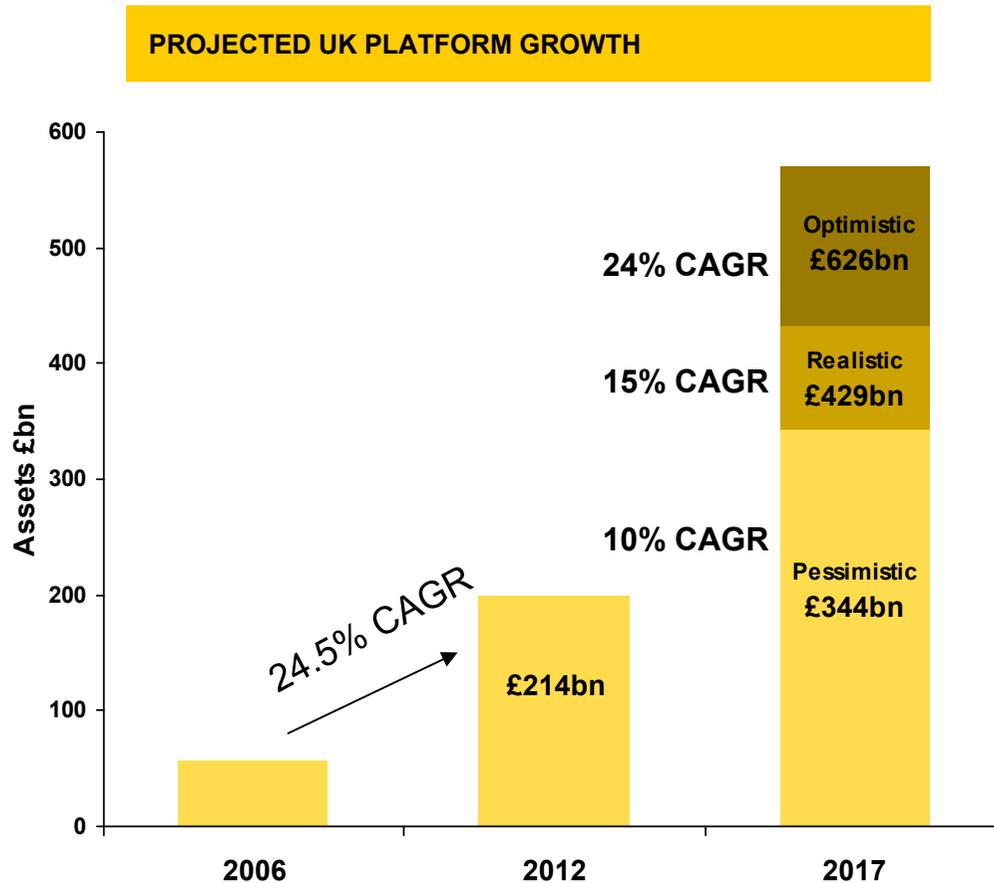


STRATEGIC SUMMARY

Product and geographic expansion:

- UK: Add enhanced annuities
- Europe: Lead with Bulk Annuity capabilities
- US: Lead with Bulk Annuities, research individual businesses
- Thought leadership in longevity modelling to support international expansion
- Bolt-on acquisitions: Opportunities will be evaluated against strict financial criteria

3. DIGITAL SOLUTIONS.



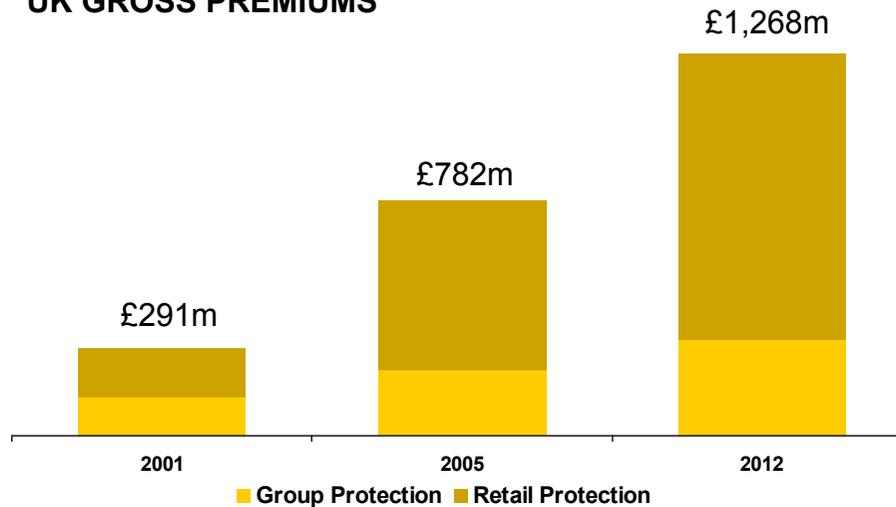
STRATEGIC SUMMARY

- Industrial processes drive efficient scalable models
- Platforms gaining economic scale from Workplace and post RDR distribution
- Online tools supporting client to assess needs and transact
- Accelerating direct to consumer volumes across product areas
- Innovative use of social media to engage customers

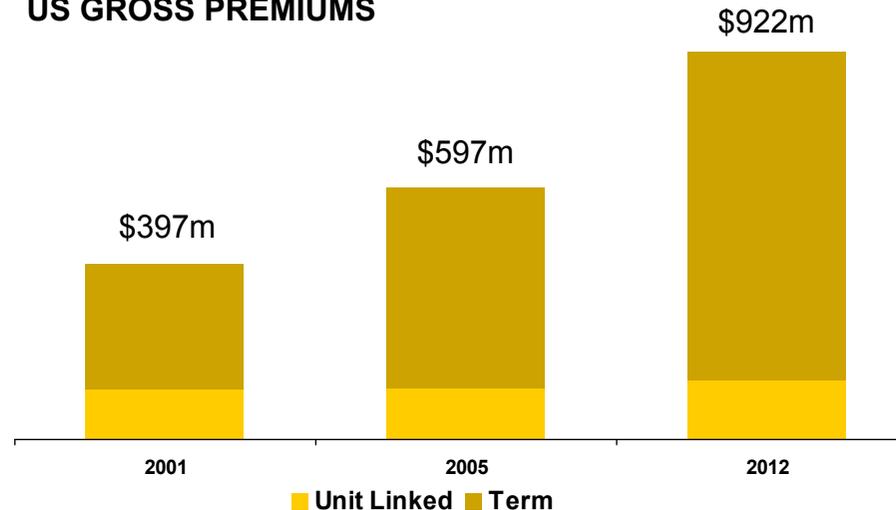
Source: Fundscape Platform Report, February 2013

4. PROTECTION MARKET LEADERSHIP.

UK GROSS PREMIUMS



US GROSS PREMIUMS



STRATEGIC SUMMARY

- UK: Increased digital engagement, expand link with housing
- Europe: Expand footprint building both Retail Protection and Group Protection
- US: Expand distribution network and evaluate new product opportunities
- Evaluate new geographies such as Australia and Canada
- Bolt-on acquisitions

5. DIRECT INVESTMENTS.



Sale and Leasebacks

- National Football Centre, St George's Park at Burton-on-Trent
- Development funding



Income Partnerships

- Joint venture with Imperial College
- £116m student accommodation project in Clapham, London



Commercial Lending

- Unite Group
- £121m, 10-year facility



STRATEGIC SUMMARY

Capacity and sector expansion:

- Banking austerity has expanded opportunities
- Attractive risk adjusted yield
- Long duration assets to match long duration liabilities
- UK infrastructure funding gap moving up policy agenda
- Ready to play a bigger role in funding economic and social development

WHAT WE'VE CHOSEN NOT TO DO.

BUSINESS AREA	LOGIC
US variable annuities	<ul style="list-style-type: none">• Complexity of hedging• Capital efficiency
Long term guaranteed interest rate products	<ul style="list-style-type: none">• Did not invest in European businesses• Euro sovereign, foreign exchange and economic risks
Buying pensions back book	<ul style="list-style-type: none">• System integration difficult• No growth / declining value
Equity release (in current form)	<ul style="list-style-type: none">• Reputation risk• Regulatory uncertainty
Long term care	<ul style="list-style-type: none">• Complexity of risk management / adverse selection• Uncertain role of state / local authority

BUSINESSES WE'RE NOT BIG IN: BUT SHOULD BE.

BUSINESS AREA	LOGIC	ACTION
International Passive Equity	<ul style="list-style-type: none"> • Global homogenous customer market • Regulatory approval received from US in 2012, Asia planned for 2013 	<ul style="list-style-type: none"> • Launch in US in 2013 • Asia in 2013 • Accelerate growth in the Gulf and Asia
Digital platforms	<ul style="list-style-type: none"> • Platform growth level be substantial • UK £214bn in 2012, could be over £600bn in 5 years 	<ul style="list-style-type: none"> • Bolt-on acquisitions
Enhanced annuities	<ul style="list-style-type: none"> • High customer demand • Closeness to our existing products 	<ul style="list-style-type: none"> • Investing in new system for 2013
Customer advice	<ul style="list-style-type: none"> • Gap in UK market: RDR, Auto enrolment • Part of digital platform offering 	<ul style="list-style-type: none"> • Continue to enhance IPS and Workplace platforms
Private Wealth (including potential new products)	<ul style="list-style-type: none"> • Strong customer pull for our capability • Part of our digital platform offering • New products, such as ETFs, would be close to our existing products 	<ul style="list-style-type: none"> • Expansion in 2013

INVESTMENT DISCIPLINE.

“We seek economically attractive global opportunities, where we have management expertise, subject to statutory capital affordability.”

FORWARD LOOKING	Extensive LGIM resources	LGIM: 6 economists, 20 person strategic risk team, plus a large pool of investment analysts
	External Inputs	Industry standard Algorithmics software covering in excess of £350bn assets
	Prospective risk analysis	500,000 simulations and theme based scenario analysis
ACTIVELY REVIEWED	Regular review	Strategic asset allocation process with monthly reviews and second line challenge
	Bespoke mandates	Mandates uniquely aligned to business objectives; few ‘market benchmarks’
	Broad challenge	Inputs from Asset Liability Committee, Chief Risk Officer, Group Treasury and Investments, business units
TIGHTLY MANAGED	Clear hedge objectives	Low risk appetite for interest rate, inflation and currency risk across the Group
	Simple liabilities	Virtually no un-hedgeable options or minimal reinvestment risk in products
	Tight limits	Limited IGD sensitivity to interest rates, inflation and currency

CAPITAL DISCIPLINE.

Solvency 2 and ICA plus	<ul style="list-style-type: none">• IMAP submission Nov 2012, economic capital in use• Regulation to reflect economic reality
M&A	<ul style="list-style-type: none">• Strategic and financial discipline• Clarity around financial targets• Strong returns above cost of capital
US capital restructuring	<ul style="list-style-type: none">• \$735m to date• Further transactions being evaluated
Focus on Scale businesses	<ul style="list-style-type: none">• Operate large scale businesses with industrial processes• Platforms now advanced on journey to profitable scale• Planning for profitable growth in GI, France, Netherlands
Major project capability	<ul style="list-style-type: none">• Auto enrolment, RDR, Solvency 2, all executed well• New digital projects, for example, Enhanced Annuities, Group Protection



WADHAM DOWNING.

GROUP CHIEF FINANCIAL OFFICER (INTERIM)

FINANCIAL RESULTS: EXECUTION POWERS GROWTH

EVERY
DAY
MATTERS



STRONG RESULTS: STRONG PROGRESS.

£m	2012	2011	Growth
Earnings per share (basic) (pence)	13.90	12.42	Up 12%
Profit after tax	801	721	Up 11%
Operating profit	1,087	1,053	Up £34m
Operating profit from divisions	1,115	1,058	Up £57m
IFRS profit before tax	1,036	953	Up £83m
Net cash generation	865	846	Up £19m
Net cash from divisions	845	802	Up £43m
IFRS return on equity (%)	15.5	14.9	Up 0.6 pps
IGD surplus (£bn)	4.1	3.8	Up £0.3bn
LGIM net flows (£bn)	7.1	3.0	Up £4.1bn
Savings net flows (£bn)	(0.6)	1.2	Down £1.8bn
Sales – APE (£m)	2,113	1,837	Up £276m
Protection and GI gross premiums (£m)	1,617	1,504	Up £113m
US gross premiums (\$m)	922	836	Up \$86m

GROWTH THEMES: STRONG PROGRESS.

LGIM INTERNATIONAL EXPANSION

- International net flows up 73% to £7.8 billion
- International AUM up 36% to £43 billion
- LGIMA 39 external clients

RETIREMENT SOLUTIONS

- Tate & Lyle annuity buy in £347 million
- BAE Systems longevity insurance for £3.2 billion liabilities, largest in the UK
- Individual Annuity sales up 26% to £1,320 million premium

PROTECTION

- UK Retail Protection up 15% to £151 million APE
- UK Group Protection up 52% to £70 million APE
- US Protection up 28% to \$142 million APE

DIGITAL SOLUTIONS

- IPS platform sales up 34% to £273m APE, assets up 26% to £8.6 billion
- Workplace platform sales up 128% to £614m APE, assets up to £6.0 billion
- RDR distribution now gives access to over 20 million customers

DIRECT INVESTMENT

- Property and infrastructure lending up 100% to £1.2 billion
- Student accommodation for Imperial, Greenwich and Southampton
- Started regeneration of Bracknell town centre

CASH FOCUS CONTINUES.

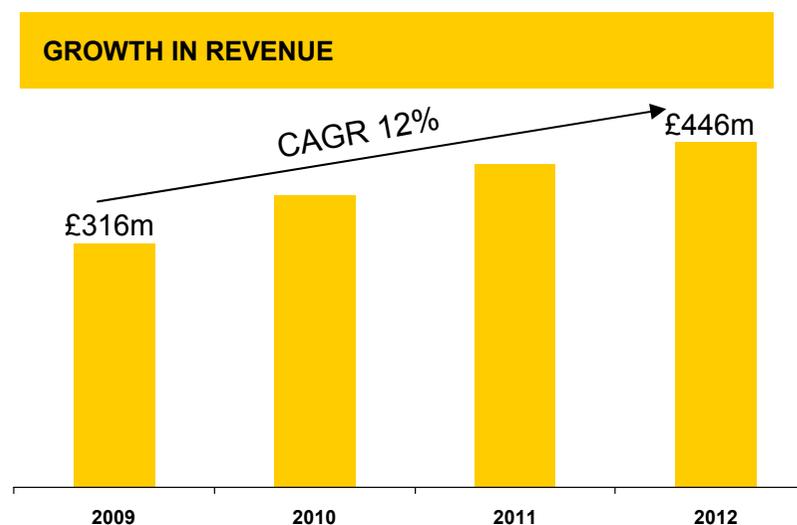
£m	2013	2012	2012			DIVIDEND	DIVIDEND
	GUIDANCE	GUIDANCE	OP CASH	STRAIN	NET CASH	TO GROUP	% CASH
Annuities	c.620	c.590	243	14	257	525	88
UK Protection			240	(45)	195		
Insured Savings			108	(62)	46		
SUB TOTAL			591		498		
With-profits	c.55	c.50	52		52		
US Protection	c.60	c.55	40		40	40	100
European dividends			14		14	14	100
SUB TOTAL	c.735	695	697		604		
Savings Investments			19		19		
GI and other risk			25		25		
LGIM			197		197	175	89
TOTAL CASH FROM DIVISIONS			938	(93)	845	754	89
GCF			20		20		
TOTAL CASH			958	(93)	865	754	87

STRONG RESULTS: FEW SURPRISES.

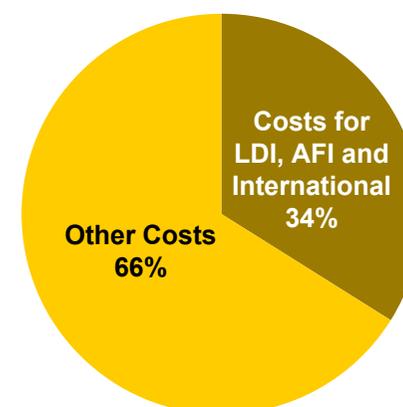
All in £m	Operational cash generation	New business strain	Net cash generation	Experience variances	Changes in valuation assumptions	Non-cash items	Investment gains and losses, international and other	IFRS profit/(loss) after tax	Tax expense/(credit)	IFRS profit/(loss) before tax
Annuities	243	14	257	43	(24)	(71)	7	212	69	281
Housing and Protection	279	(45)	234	(29)	22	30	12	269	90	359
Investment Management	197	-	197	-	-	-	-	197	46	243
Savings	179	(62)	117	(39)	20	11	(9)	100	33	133
US Protection	40	-	40	-	-	-	22	62	37	99
GC&F	20	-	20	-	-	-	(2)	18	4	22
Investment projects	-	-	-	-	-	-	(38)	(38)	(12)	(50)
OPERATING PROFIT	958	(93)	865	(25)	18	(30)	(8)	820	267	1,087
Variances and other	-	-	-	-	-	-	(19)	(19)	(32)	(51)
GRAND TOTAL	958	(93)	865	(25)	18	(30)	(27)	801	235	1,036
Per share (p)	16.40		14.80					13.90		
Dividend per share (p)			7.65					7.65		
Dividend cover			1.91					1.80		

GROWTH IN LGIM: RECORD FLOWS.

FINANCIAL HIGHLIGHTS £m	2012	2011
Total revenue	446	417
Total costs	(203)	(183)
Operating profit	243	234
Net cash generation	197	189
Gross flows (£bn)	34.2	32.8
Net flows (£bn)	7.1	3.0
Of which international	7.8	4.5
AuM (£bn)	406	371
Of which international	43	32
Cost:income ratio (%)	46	44
Total fee margin (bps)	11.4	11.4
Expense margin (bps)	5.5	5.3



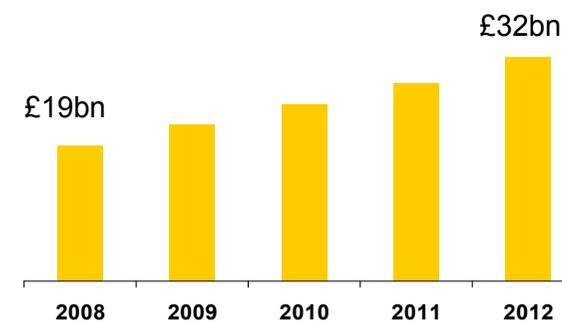
IMPACT OF DIVERSIFICATION:



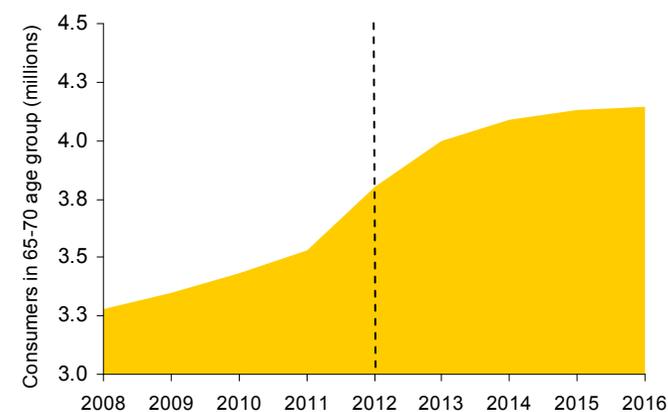
GROWTH IN ANNUITIES: SCALE.

FINANCIAL HIGHLIGHTS £m	2012	2011
Operational cash generation	243	227
New business strain	14	35
Net cash generation	257	262
Operating profit	281	287
Individual Annuities APE	132	105
Bulk Annuities APE	102	146
Total Annuities APE	234	251
LGPL Credit Default provision (£bn)	1.7	1.6
Annuities AUM (£bn)	32.2	28.4
Direct Investment (£bn)	1.2	0.6
Annuities EEV margin (%)	8.8	10.0

UK ANNUITY ASSET GROWTH



UK CONSUMERS REACHING RETIREMENT ⁽¹⁾

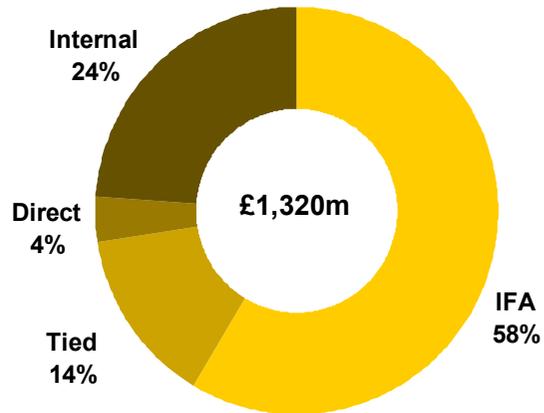


Sources: ⁽¹⁾ Government Actuary's Department

EXECUTION POWERS GROWTH.

RETIREMENT SOLUTIONS

2012: INDIVIDUAL ANNUITIES 76% EXTERNAL SOURCES



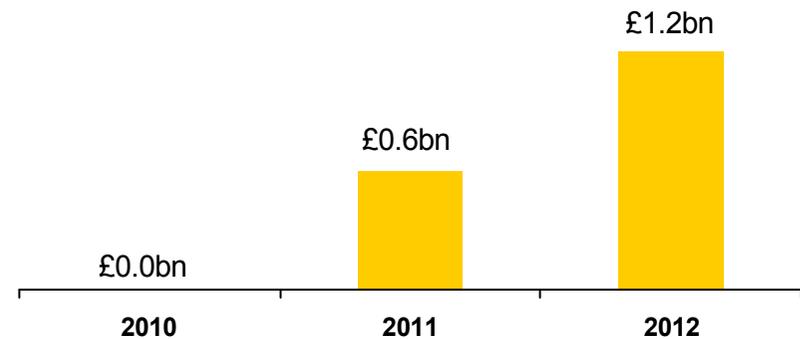
LONGEVITY INSURANCE CONTRACT: BAE SYSTEMS 2000 PENSION PLAN

February 2013, covering **31,000 pensioners and £3.2 billion** of liabilities, 70% reinsured to Hannover Re

Advantage vs banks through ability to carry insurance risk and manage reinsurance

Capability in longevity: forecast correct population level of 90+ years before 2011 census publication

2012: GROWTH IN DIRECT INVESTMENT



2013: EXECUTION PLANS



FTSE 350 pension deficits up to £75 billion

Opportunities to use our **annuity expertise outside UK**

Appetite for more **Longevity Insurance arrangements**

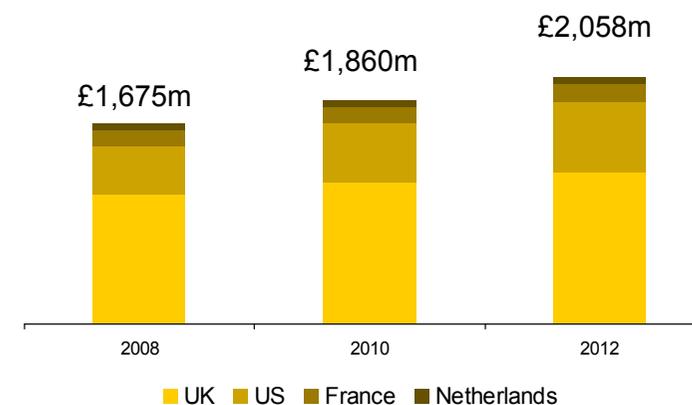
Acquire £0.5bn of Workplace pension scheme assets in 2013 from transfers to L&G

GROWTH IN PROTECTION: EFFICIENCY.

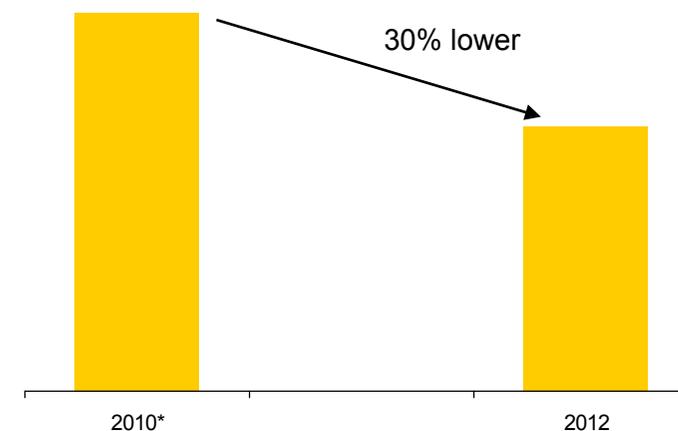
FINANCIAL HIGHLIGHTS £m	2012	2011
Operating profit	359	314
Operational cash generation	279	270
New business strain	(45)	(66)
Net cash generation	234	204
Retail Protection APE	151	131
Group Protection APE	70	46
Protection gross premiums	1,268	1,200
GI gross premiums	349	304
Protection EEV margin (%)	11.8	9.3

FINANCIAL HIGHLIGHTS US \$m	2012	2011
Operating profit	156	155
Protection gross premiums	922	836
Retail Protection APE	142	111
Protection EEV margin (%)	11.8	10.7

WORLDWIDE PROTECTION GROSS PREMIUMS



US PROTECTION NEW BUSINESS PROCESSING UNIT COST REDUCTION

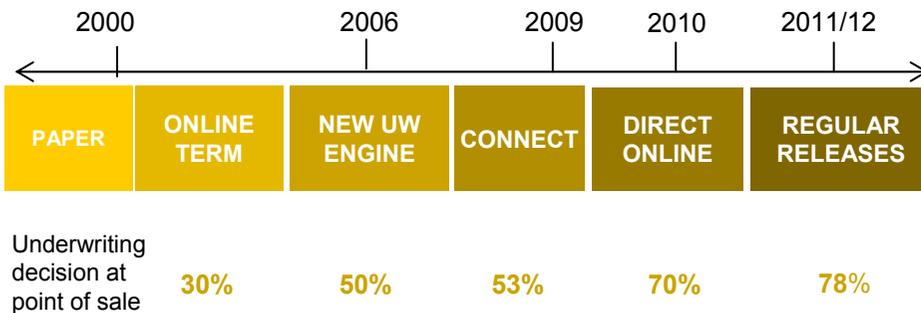


*2010 CPI adjusted

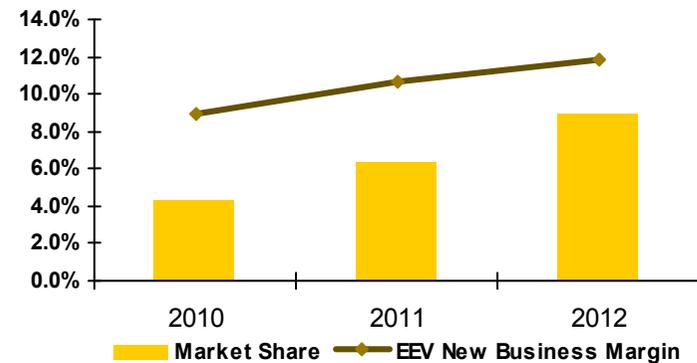
EXECUTION POWERS GROWTH.

PROTECTION

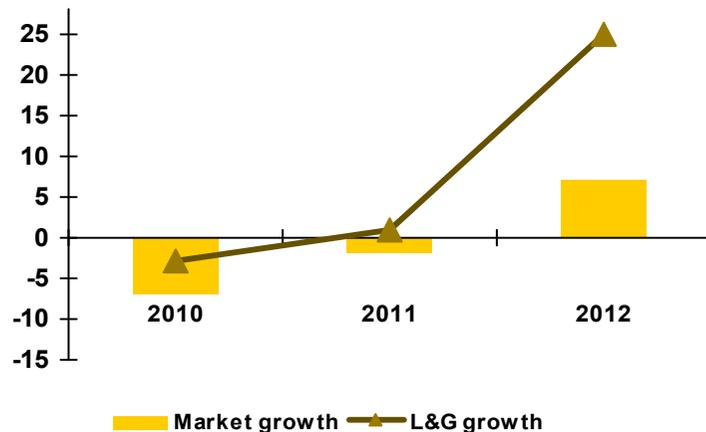
2012: RETAIL PROTECTION, BENEFITS OF TECHNOLOGY



2012: LGA MARGIN AND MARKET SHARE PROGRESSION



2012: PROTECTION, OUTPERFORMING THE MARKET



2013: EXECUTION PLANS

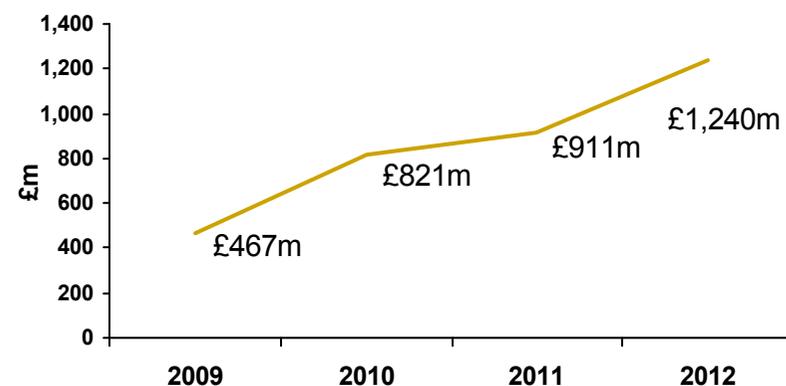


- Migrate** more Group Protection schemes to enhanced efficient, scalable platform (Elixir)
- UK welfare reform** will increase the value of protection for employees and employers
- Auto enrolment roll-out** to next tiers will provide further catalyst for Group Protection
- Quote and buy platform** for SME market launched in February 2013 for Group Protection

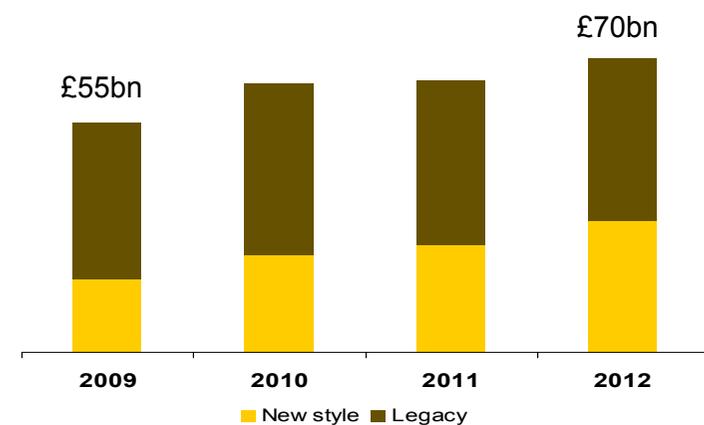
GROWTH IN SAVINGS: ASSETS.

FINANCIAL HIGHLIGHTS £m	2012	2011
Operating profit	133	126
Operational cash generation	179	174
New business strain	(62)	(63)
Net cash generation	117	111
New business APE	1,456	1,262
Net flows ex. With-profits (£bn)	1.6	2.9
With-profits net flows	(2.2)	(1.7)
New business strain % PVNBP	1.6	2.7
AUA (£bn)	70	65
IPS platform AUA (£bn)	8.6	6.8
Workplace platform AUA (£bn)	6.0	3.8

NEW STYLE PRODUCTS APE GROWTH



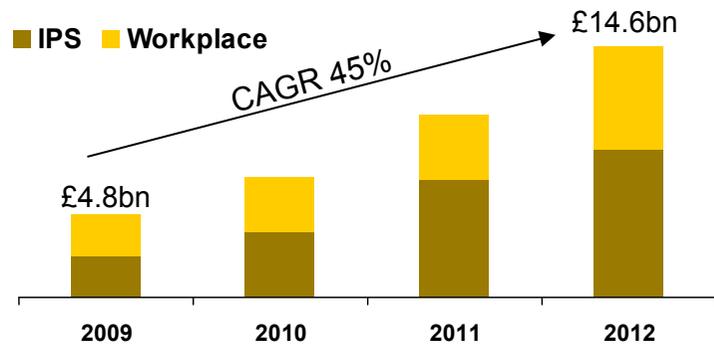
NEW STYLE PRODUCTS AUA GROWTH



EXECUTION POWERS GROWTH.

DIGITAL SOLUTIONS

2012: PLATFORM ASSET GROWTH



2012: DEVELOPMENT OF ONLINE QUOTE AND BUY

WELCOME.

Welcome OQBUsers. Online Quote and Buy allows you to quickly get a quote and set up a policy.

What would you like to do?

NEW QUOTE

Get a new quote for Group Life Assurance or Group Income Protection. Have a look at our [checklist](#) for information you may need.

[GET A QUOTE](#)

SAVED QUOTES

View your quotes and buy a policy.

A summary of your saved quotes:

- 3398 completed quotes [View](#)
- 5229 in progress quotes [View](#)
- 93 in progress applications [View](#)
- 333 completed applications [View](#)
- 7855 expired quotes [View](#)

[VIEW ALL SAVED QUOTES](#)

“We've invested in new technology and capabilities to provide SME businesses with an efficient, high quality service.”

Jim Islam,
Managing Director, Legal & General Group Protection

COVER excellence AWARDS 2012 winner

AWARD WINNING GROUP

2012: PROTECTION ENGAGEMENT HEALTHY LIVING

WHERE ARE YOU ON THE ROAD TO HEALTH?

Take our online health assessment and find out how healthy you are.

[GET STARTED](#)

HEALTHY LIVING.

ABOUT THE Q SCORE

Our unique 'Q Score' helps you to understand how your lifestyle is having an impact on your health by providing an easily understood 'health state'. Register with us today and complete your online health assessment to allow our innovative online healthcoach to take you on a personal journey towards a healthier future.

“The Q Score helped me understand the changes I needed to make in order to get healthy.”

ADDITIONAL BENEFITS

PROGRESS TRACKERS
[Read more](#)

HEALTH COACH
[Read more](#)

GOAL SETTING

HEALTH ARTICLES

CHOLESTEROL
Keeping your blood fats healthy
[Learn more](#)

GIMME FIVE!
Fruit, vegetables and your health

2013: EXECUTION PLANS



Extending Scale expect share of assets on platforms to double by 2017

Improving Financials of IPS and Workplace platforms

Group Protection Online Quote And Buy (February 2013), open SME market

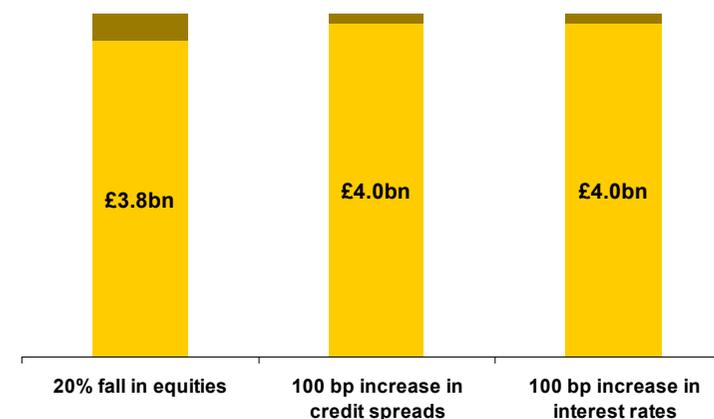
Evolution of direct to consumer portals

CAPITAL STRENGTH: LOW VOLATILITY.

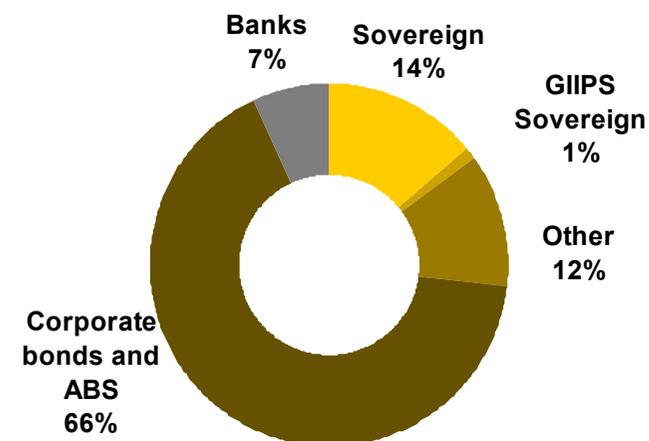
FINANCIAL HIGHLIGHTS £bn	2012
Group capital resources	7.2
Group capital requirement	(3.1)
IGD surplus	4.1
IGD coverage (%)	234
LGPL default provision	1.7

IGD SURPLUS £bn	2012
At 1 January 2012	3.8
Operational cash generation	1.0
New business strain	(0.1)
Dividends	(0.5)
Experience and other variances	(0.1)
Increase in UK capital requirement	(0.2)
Release of capital from US capital programme	0.3
Other regulatory adjustments	(0.1)
At 31 December 2012	4.1

IGD SURPLUS: SENSITIVITY TO MARKET MOVEMENTS



2012: ANNUITY PORTFOLIO (LGPL) EXPOSURES





MARK ZINKULA.

LGIM CHIEF EXECUTIVE OFFICER

LGIM: ACCELERATING MOMENTUM

**EVERY
DAY
MATTERS**



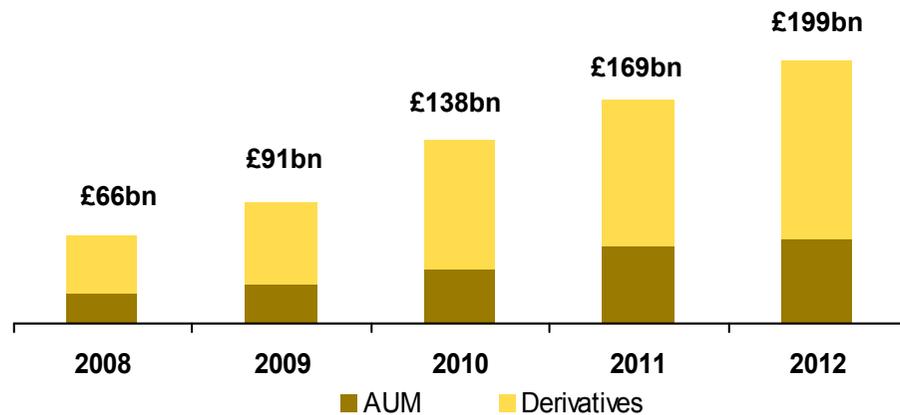
STRONG TRACK RECORD.

LGIM METRICS	2008	2009	2010	2011	2012
Operating Profit (£m)	172	172	206	234	243
Gross new business (external) (£bn)	31	32	33	33	34
Cost:income ratio (%)	45	46	46	44	46
Assets under Management (£bn)	264	315	354	371	406
Index - £bn	175	208	229	224	243
Non Index - £bn	89	107	125	147	163
International AUM (£bn)	15	23	30	32	43
Defined Contribution AUM (£bn)	12	17	20	21	25

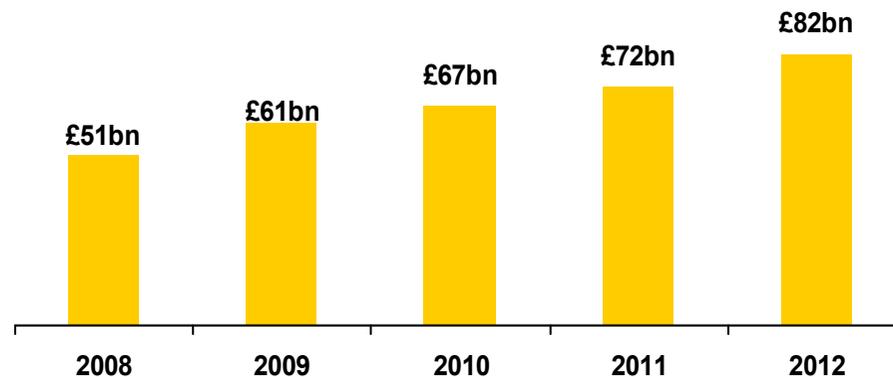
STRATEGY FOR DEFINED BENEFIT.

RETIREMENT SOLUTIONS

TOTAL LDI AUM (including derivatives*)



ACTIVE FIXED INCOME AUM



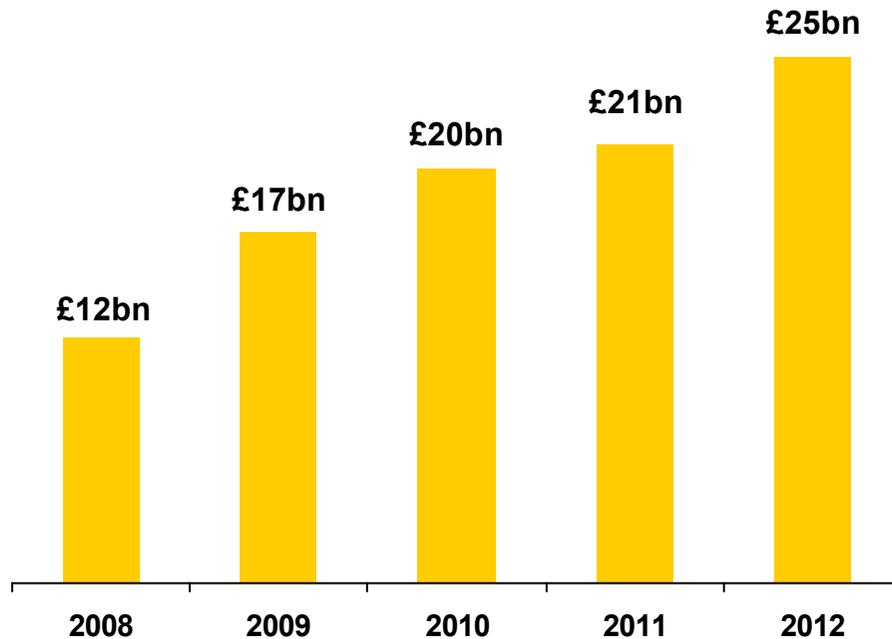
*derivative notional value

STRATEGIC SUMMARY

- Market trend to de-risk defined benefit schemes remains firmly in place
- LGIM witnessing significant growth in LDI and active fixed income mandates despite low rate environment
- Offering both bespoke and pooled delivery of client specific LDI solutions
- Expanding product range and enhancing client service approach as client needs evolve
- LGIM and Annuity division work closely together to deliver solutions for existing clients as appetite to move to buy-out / buy-in is rising

GROWTH FROM UK DEFINED CONTRIBUTION. RETIREMENT SOLUTIONS

DEFINED CONTRIBUTION AUM

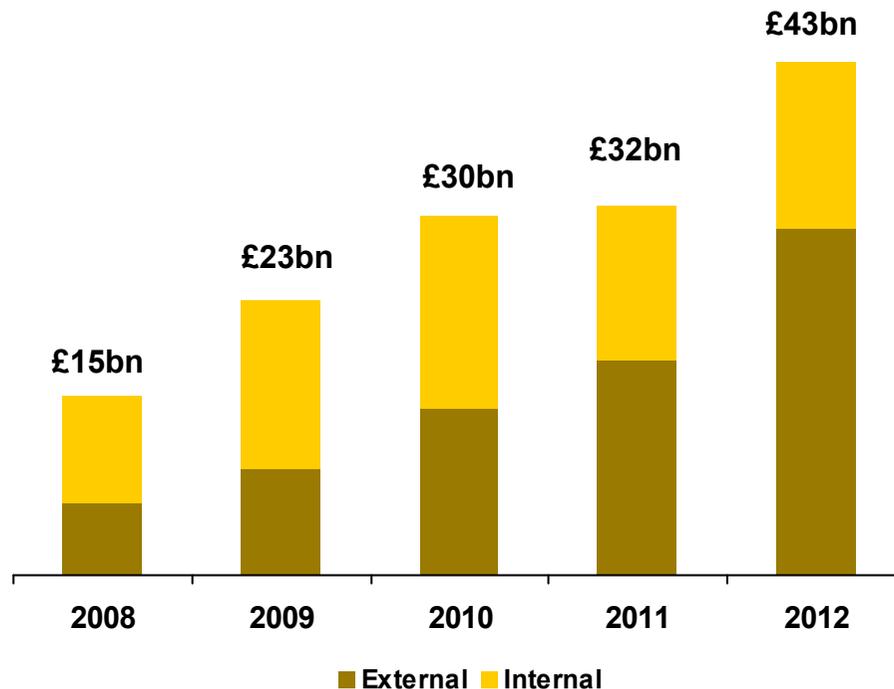


STRATEGIC SUMMARY

- This market is projected to grow significantly as corporations close Defined Benefit (DB) plans to future accrual and transition to Defined Contribution (DC)
- The launch of an enhanced suite of DC products, including a range of multi-asset funds, has made LGIM's product offering more attractive, particularly for auto enrolment schemes
- Assets managed for platforms is now in excess of £10bn. Growing share in this area remains a priority
- LGIM benefits significantly from the ongoing success that Workplace Savings is having as market leader in auto enrolment

LGIM INTERNATIONAL EXPANSION.

INTERNATIONAL AUM



STRATEGIC SUMMARY

- **US:** Excellent fund performance and growing reputation driving a healthy pipeline for LDI and Active fixed income. Expanding product set to include index capability
- **Europe:** Strong pipeline of mandates and enquiries reflects LGIM's enhanced reputation with European institutions. Developing plan for private wealth market
- **Gulf:** Expanding client base and gaining further flows from existing clients into current and new strategies
- **Asia:** Awarded first mandate in 2012. Will build out a full service operation in Hong Kong to target institutional clients



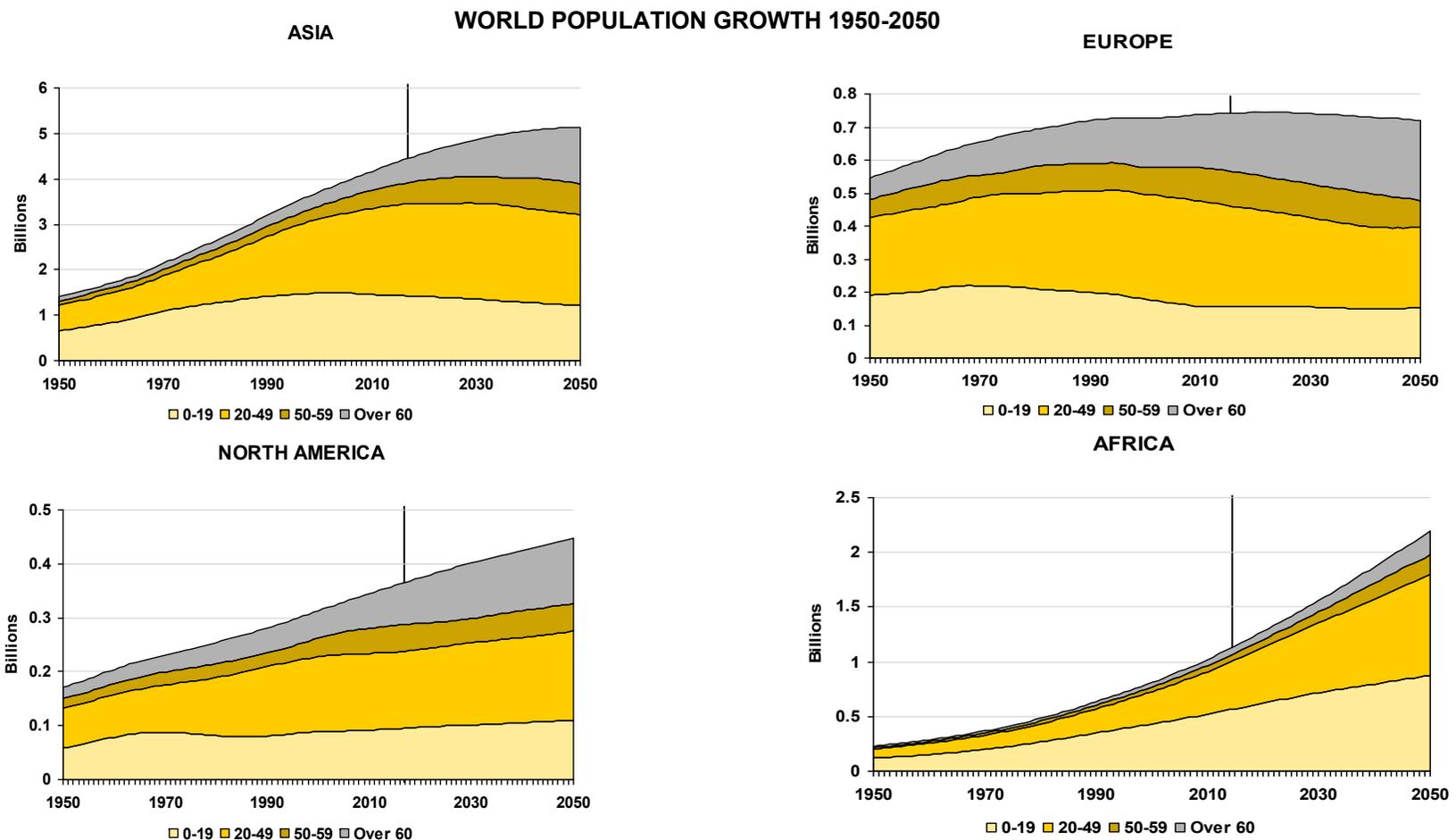
NIGEL WILSON

GROUP CHIEF EXECUTIVE



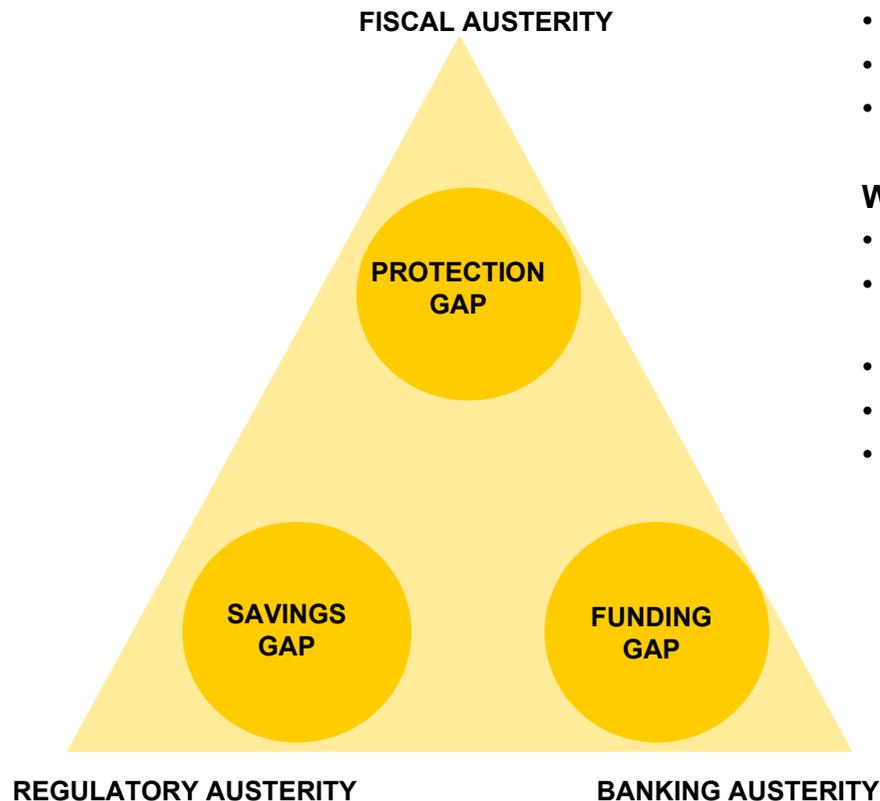
LONG TERM DEMOGRAPHIC TRENDS ARE FAVOURABLE.

“The world is becoming grey. Over 60s rising from 600 million to 2 billion by 2050.”



Source: United Nations Population Division, 2010 projections. Total projected world population in 2050 is 9.3 billion.

THE 'TRIANGLE OF AUSTERITY'. CREATES OPPORTUNITIES



The 'Triangle of Austerity' is caused by:

- Fiscal austerity: government finances under pressure
- Banking austerity: deleveraging reduces lending
- Regulatory austerity: policy forces 'risk off'

We are well positioned because:

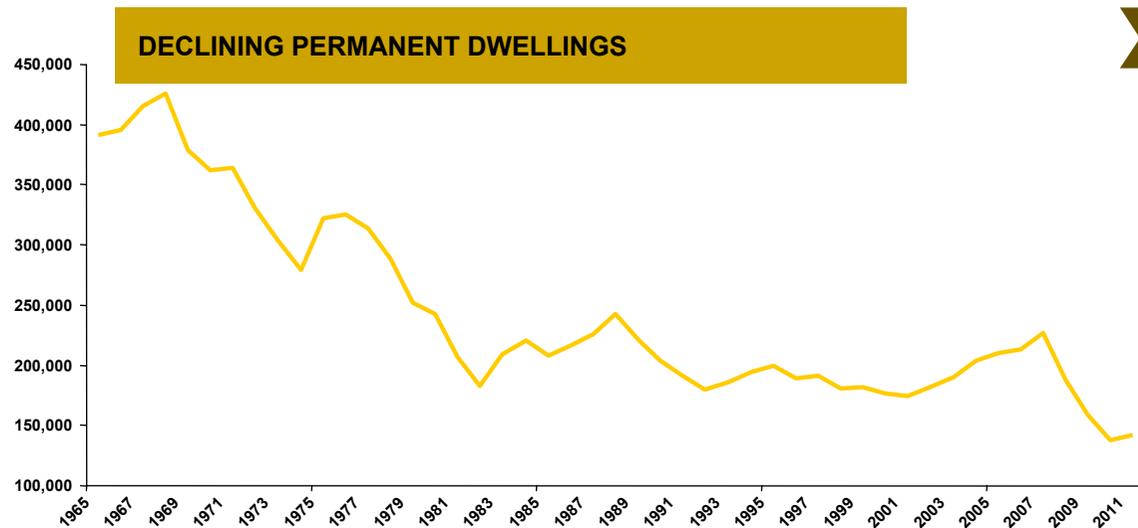
- Protection steps in where government cuts welfare
- Leading auto-enrolment and RDR solutions to gain from policy incentives for long-term saving
- Leading DB pension de-risking solutions for corporates
- Funds available to replace bank financing
- Strong balance sheet: no need for regulatory deleveraging



As a provider of protection, savings and investment management, with multi-billions of capital resource, we are uniquely positioned to address the three gaps exposed by the 'triangle of austerity'

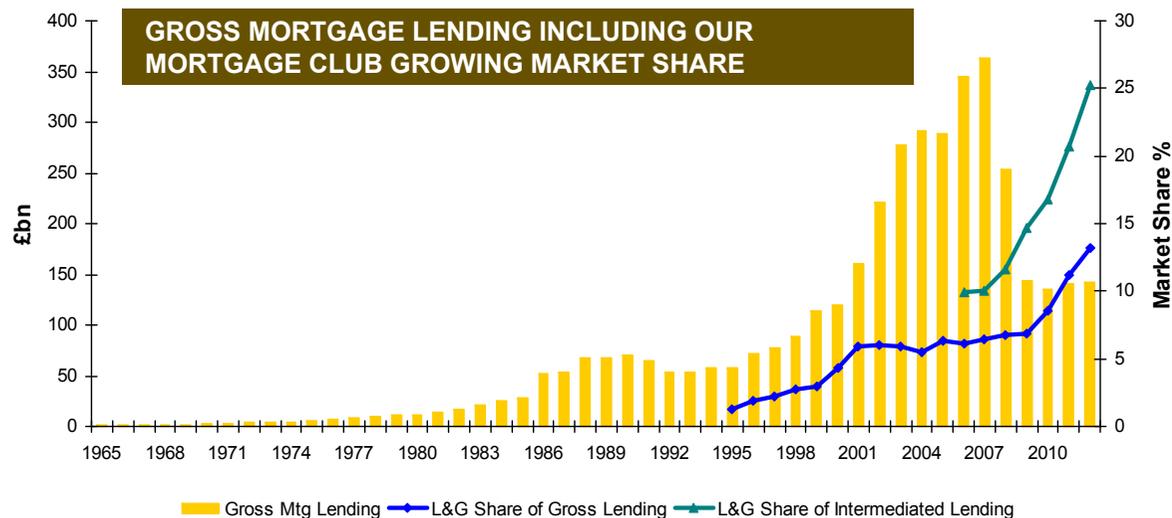
UK NEEDS EFFECTIVE GROWTH POLICIES.

WE CAN PLAY A KEY ROLE IN ECONOMIC AND SOCIAL DEVELOPMENT

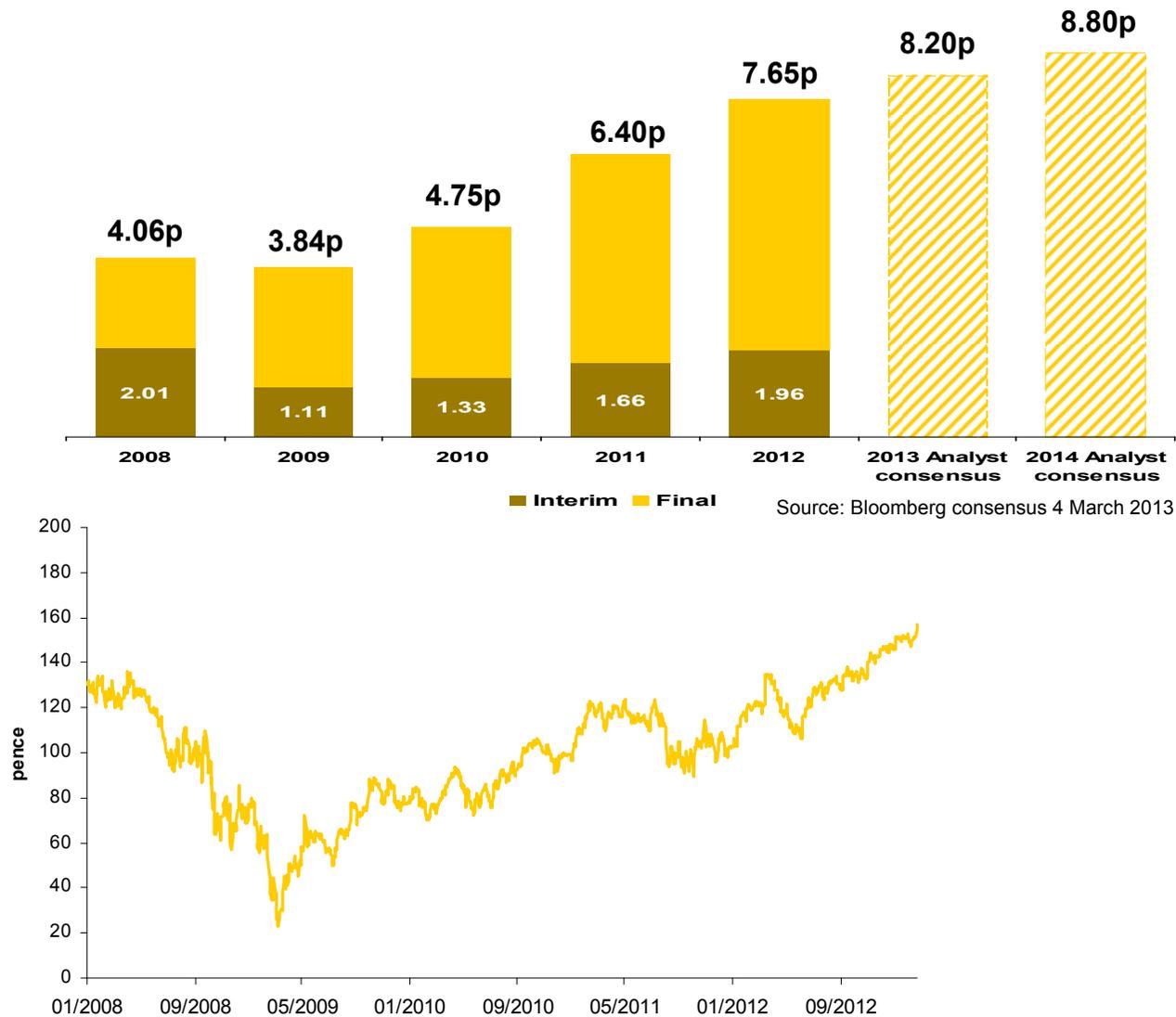


STRATEGIC SUMMARY

- **Housing: under supplied and over priced**
- **Shortage of dwellings, rather than mortgages**
- **Finance and land is available**
- **Planning restrictions slow down development**
- **We can finance and build affordable homes for ownership or rent**
- **Funding for energy, transport, health and education**



SHARE PRICE AND DIVIDEND PERFORMANCE.



SUMMARY

- **Macro trends create opportunities for growth**
- **5 strategic responses:**
 LGIM International
 Retirement Solutions
 Digital Solutions
 Protection
 Direct Investments
- **Growing organically**
- **Disciplined inorganic growth**
- **Strong, consistent cash generation**
- **Growing earnings**

THANK YOU.

