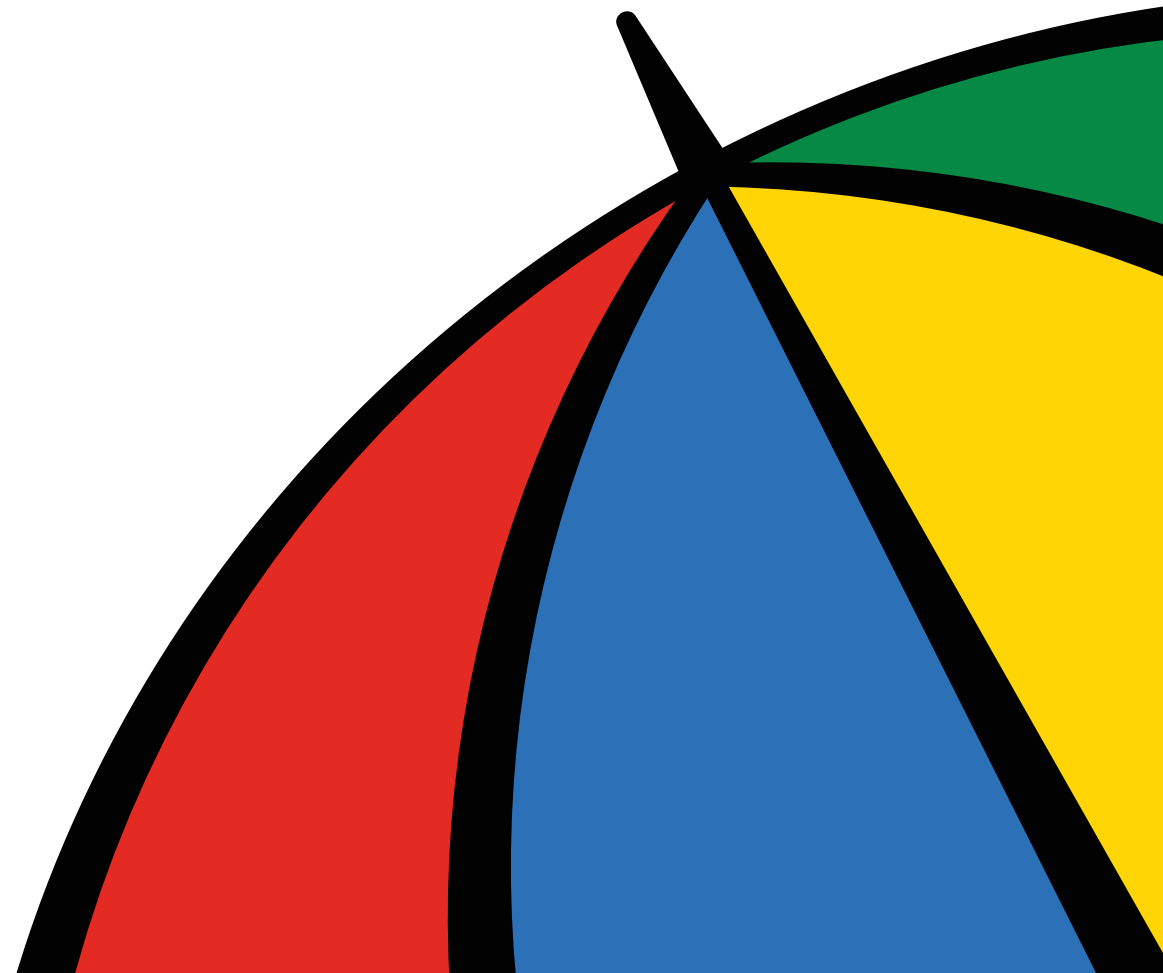


Proposed GBP 30.5NC10.5 Tier 2 Offering

Inclusive capitalism underpins our strategy

April 2020



Executive Summary

Legal & General Group plc

- UK market leader in managing risk, being the UK's leader in bulk annuities, life insurance and other retirement products for individuals and companies
- One of Europe's largest and most successful asset managers, with over £1.2 trillion of assets (FY 2019)
- Diversified business model, with 5 growing and profitable businesses:
 - Pension Risk Transfer (LGRI); Investment Management (LGIM); Capital Investment (LGC); Insurance (LGI); Retirement Solutions (LGRR)
- Legal & General have successfully identified growth areas and in doing so, have generated consistent, sustainable and socially beneficial returns

Financial highlights & capital position

- Established track record of consistent growth:
 - FY 2019 operating profit from divisions: £2,514m (+17% vs. FY 2018)
 - Full year dividend: 17.57p (+7% vs. FY 2018)
- On the 3rd of April 2020, Legal & General confirmed its current intention to pay a final 2019 dividend
- Robust Solvency position, with disciplined capital management and a significant Solvency II surplus:
 - Solvency II coverage ratio of 184%¹ at YE 2019 and Solvency II surplus of £7.3bn
 - Operational surplus generation of £1.6bn during FY 2019 (+9% vs. FY 2018)

Proposed transaction

- Proposed issue of benchmark GBP denominated Fixed Rate Reset 30.5NC10.5 Tier 2 Notes, issued under Legal & General Group plc's £5,000,000,000 Euro Note Programme
- Expected instrument rating of A3 / BBB+ (Moody's / S&P)
- Proceeds of the transaction will be used for general corporate purposes
- L&G has a strong pipeline of growth opportunities across the business

1. Solvency II shareholder coverage ratio

Our focused strategy continues to deliver profitable growth

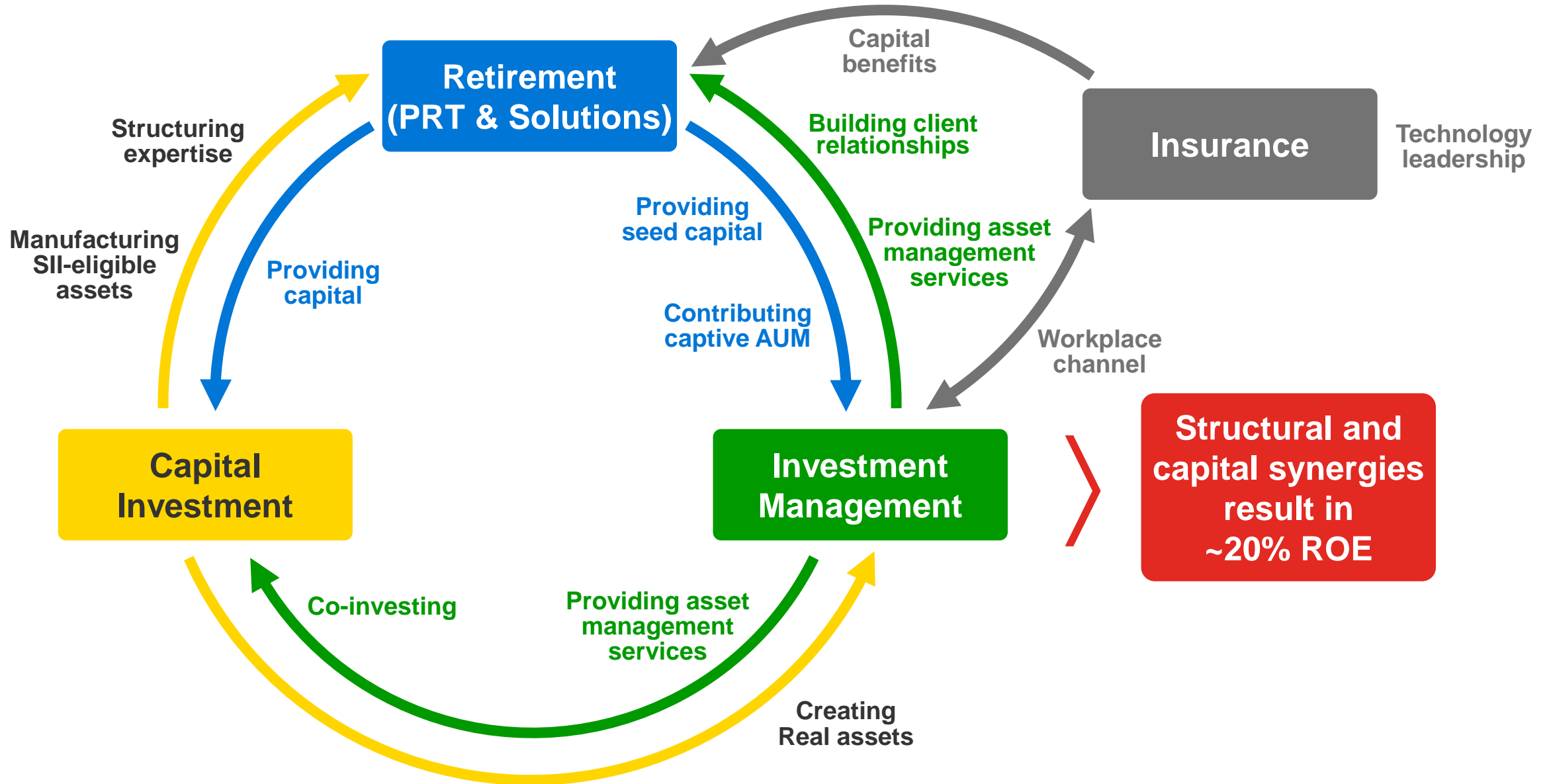
Division	Business	Operating Profit (£m)					CAGR %
		2015	2016	2017	2018	2019	
LGRI	Pension Risk Transfer (PRT) ¹	516	651	716	832	1,116	21
LGIM	Investment Management	355	366	400	407	423	4
LGC	Capital Investment	233	257	272	322	363	12
LGI	Insurance ²	288	303	303	308	314	2
LGRR	Retirement Solutions ¹	123	158	199	283	298	25
Continuing operating profit from divisions		1,515	1,735	1,890	2,152	2,514	13
EPS excluding mortality release ³ (p)		18.16	21.22	23.10	24.74	28.66	12

1. Excludes mortality reserve releases

2. LGI results adjusted to exclude profits generated by Legal & General France and Legal & General Netherlands, which were disposed of in 2015 and 2017 respectively

3. 2017 EPS of 23.10p also excludes the one-off benefit of £246m following the US tax reform

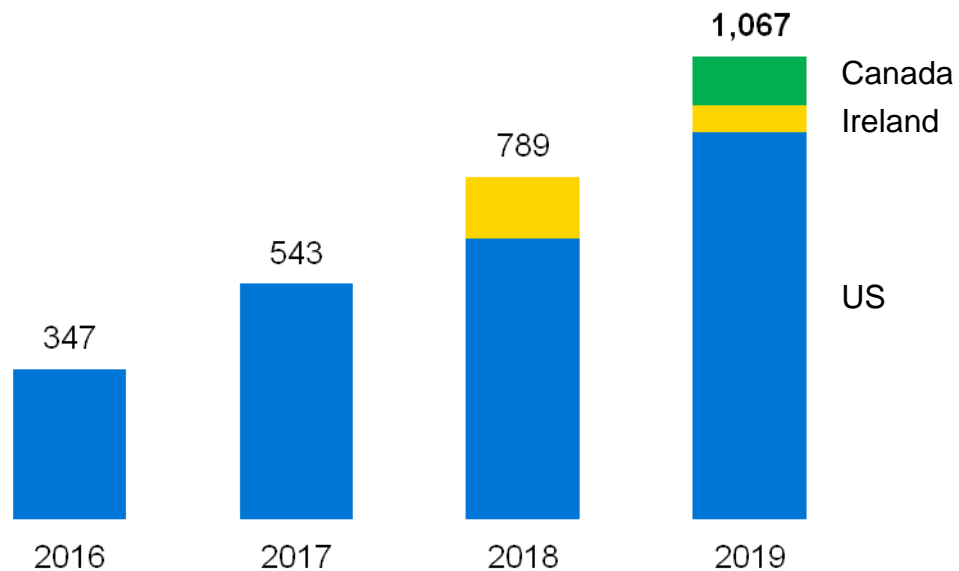
A collaborative business model creating value



We are growing our PRT business and LGIM internationally

International PRT Premiums (£m)

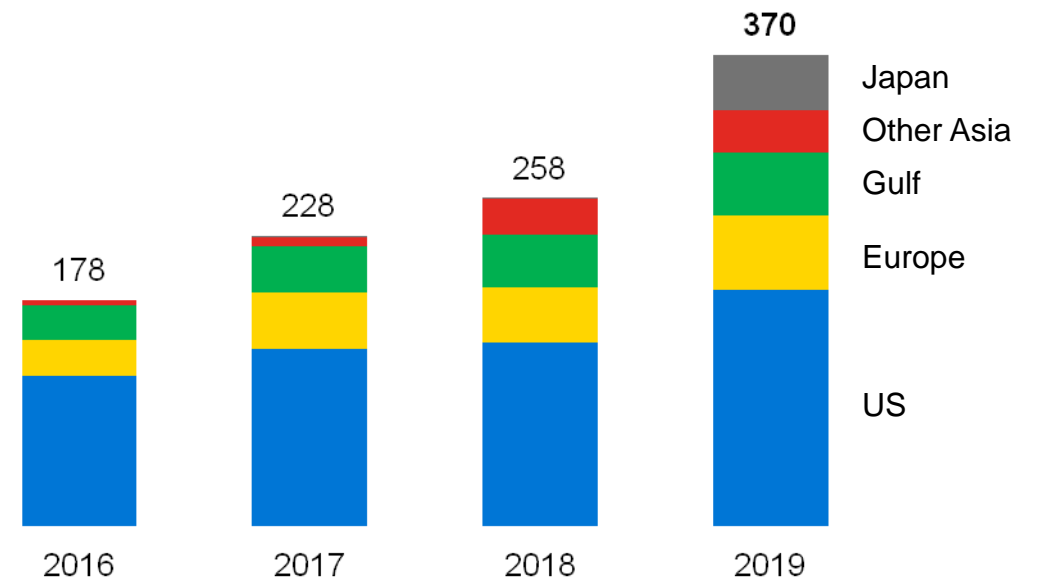
Volumes doubled in 3 years



- Record US PRT volumes, over \$1bn
- Won largest fully retained US PRT deal >\$200m in H1 2019
- Won first deal in partnership with Brookfield in Canada

International LGIM AUM (£bn)

AUM doubled in 3 years



- 28% CAGR in International AUM since 2016
- Positive flows in the US, Europe and Asia
- Won a £37bn passive mandate with Japanese Government Pension Investment Fund in H1 2019

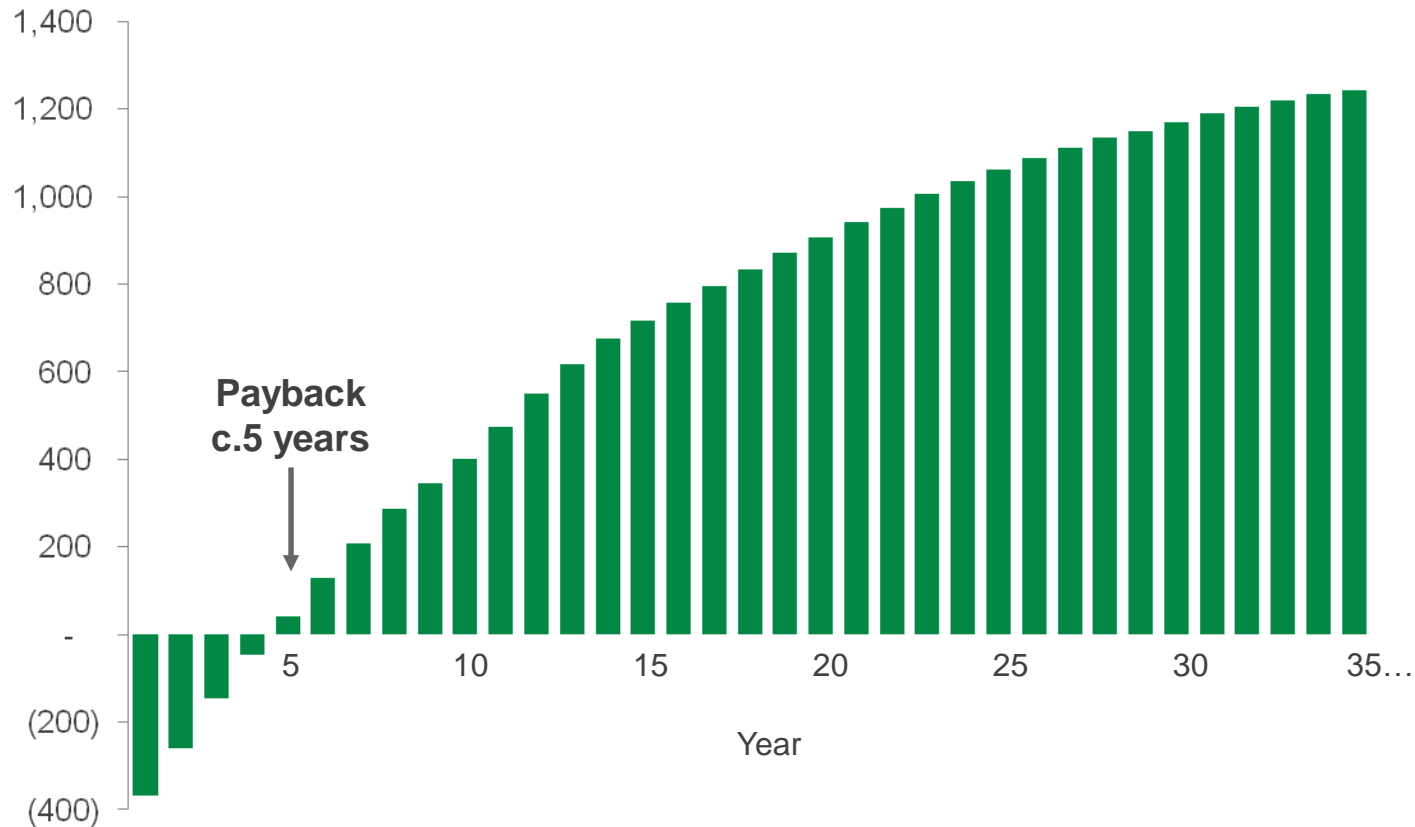
Financial highlights

An established track record of consistent growth



LGRI: PRT is highly cash generative and pays back in 5 years

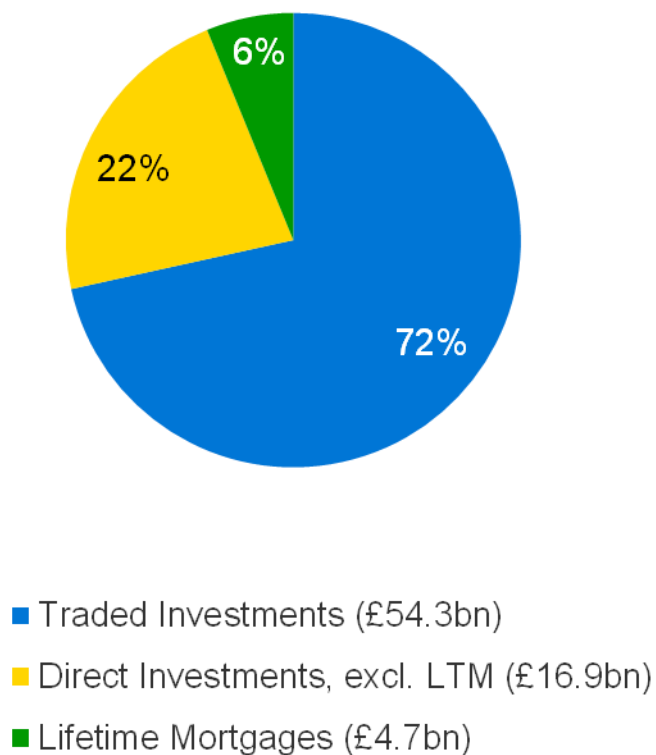
Cumulative OSG ¹ from £10bn of new UK PRT business (£m)



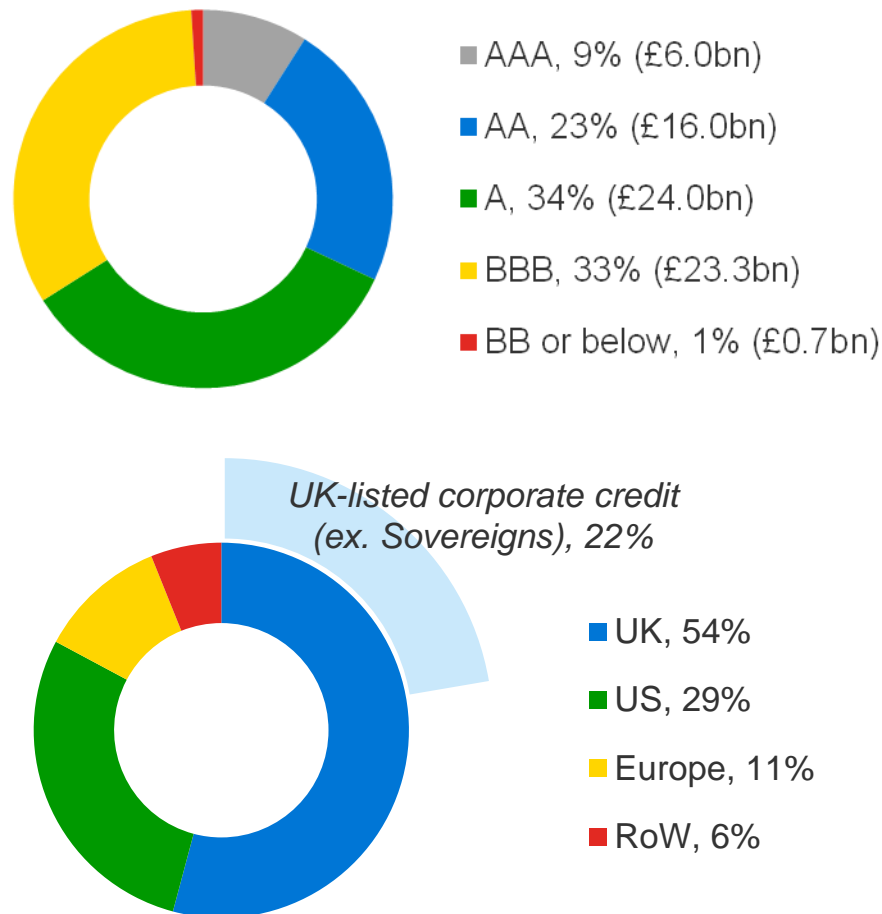
- **Payback on new PRT business is c.5 years**
- £10bn of UK PRT new business will generate:
 - A c.4% strain in year 1
 - OSG of c.£100m in year 2
 - OSG of over £1bn over the expected life of the transaction

LGR: diversified portfolio, high quality assets

LGR Asset portfolio - £75.9bn



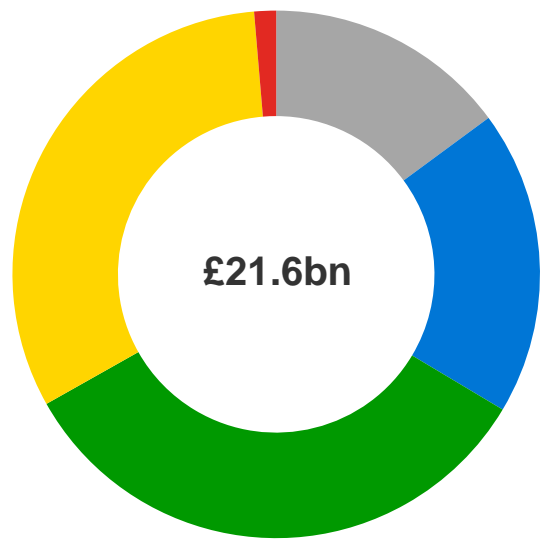
LGR Bond Portfolio



- **17%** of bonds in Sovereign-like assets
- Two-thirds **A rated or better**
- 22% of LGR's bond portfolio invested in UK-listed corporate credit (ex. Sovereigns)
 - Of which 46% are in multi-nationals, e.g. GSK, Vodafone, Unilever
- Bank exposure reduced from c.20% pre-crisis to 4.6%
- Minimal portfolio exposure to sectors at risk of disruption, e.g. automotive and traditional retail together constitute <2%
- Climate filters applied to new investments in line with TCFD commitments
- Non-GBP FX exposure hedged
- Credit default reserve at **£3.2bn**

LGR: unique and high quality Direct Investment portfolio

LGR DI Portfolio* (2019)



- AAA, 15% (£3.2bn)
- AA, 19% (£4.0bn)
- A, 33% (£7.2bn)
- BBB, 32% (£6.9bn)
- BB or below, 1% (£0.3bn)

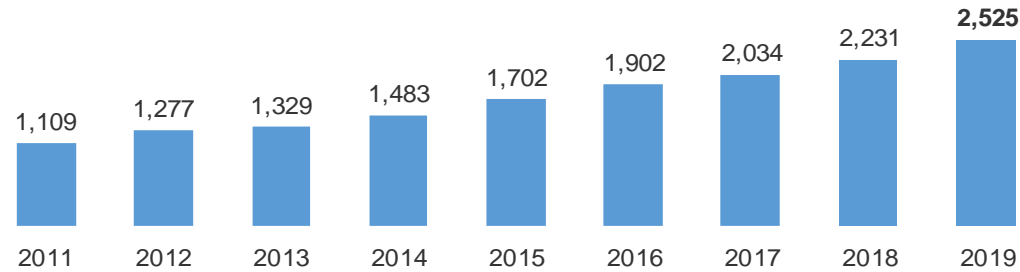
- **Diversified and high quality DI portfolio of £21.6bn:**
 - 1% sub investment grade
 - >90% of portfolio MA eligible
- Primary exposure is to the underlying high quality tenant on rental income, not property risk, e.g. Amazon
- Largest DI counterparty exposure is to quasi-sovereign:
 - HMRC (5% of total DI)
 - Secretary of State (1% of total DI)
 - Transport for London (1% of total DI)
- LGR originated £4.3bn of new, high quality DI during the year. Completed first deals with Affordable Housing and Build-to-Rent

DI ESG Investments

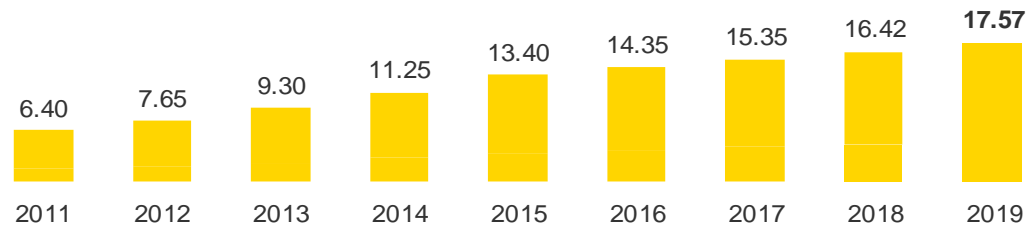
- **£1.1bn** of renewable and alternate energy investments, predominantly in solar and offshore wind
- **£1.3bn** of affordable public housing investments helping to solve the UK's housing shortage. In 2019, LGR:
 - Funded its first Build-to-Rent investment in London for £250m
 - Added several affordable housing assets to its portfolio, including a £45m investment in public housing in Croydon, a suburb of London
- Commitment to decarbonise the assets on our balance sheet to align with the Paris objective

A well-supported dividend

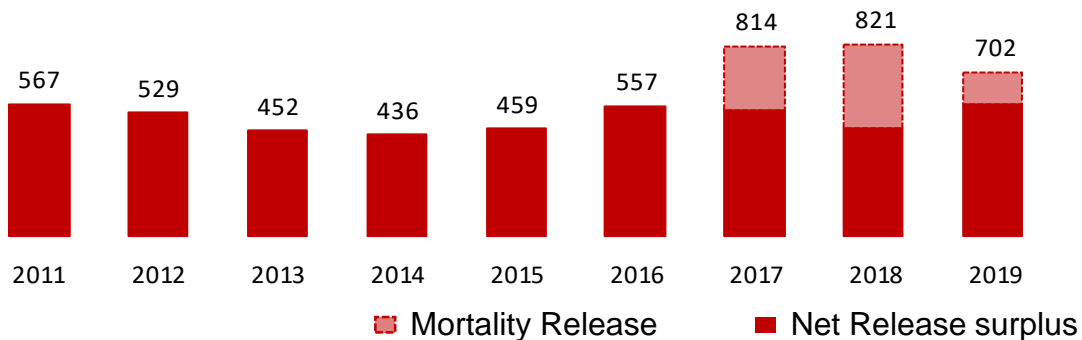
Operating profit from divisions¹ (£m)



Dividend per share (p)



IFRS cash surplus over dividend²



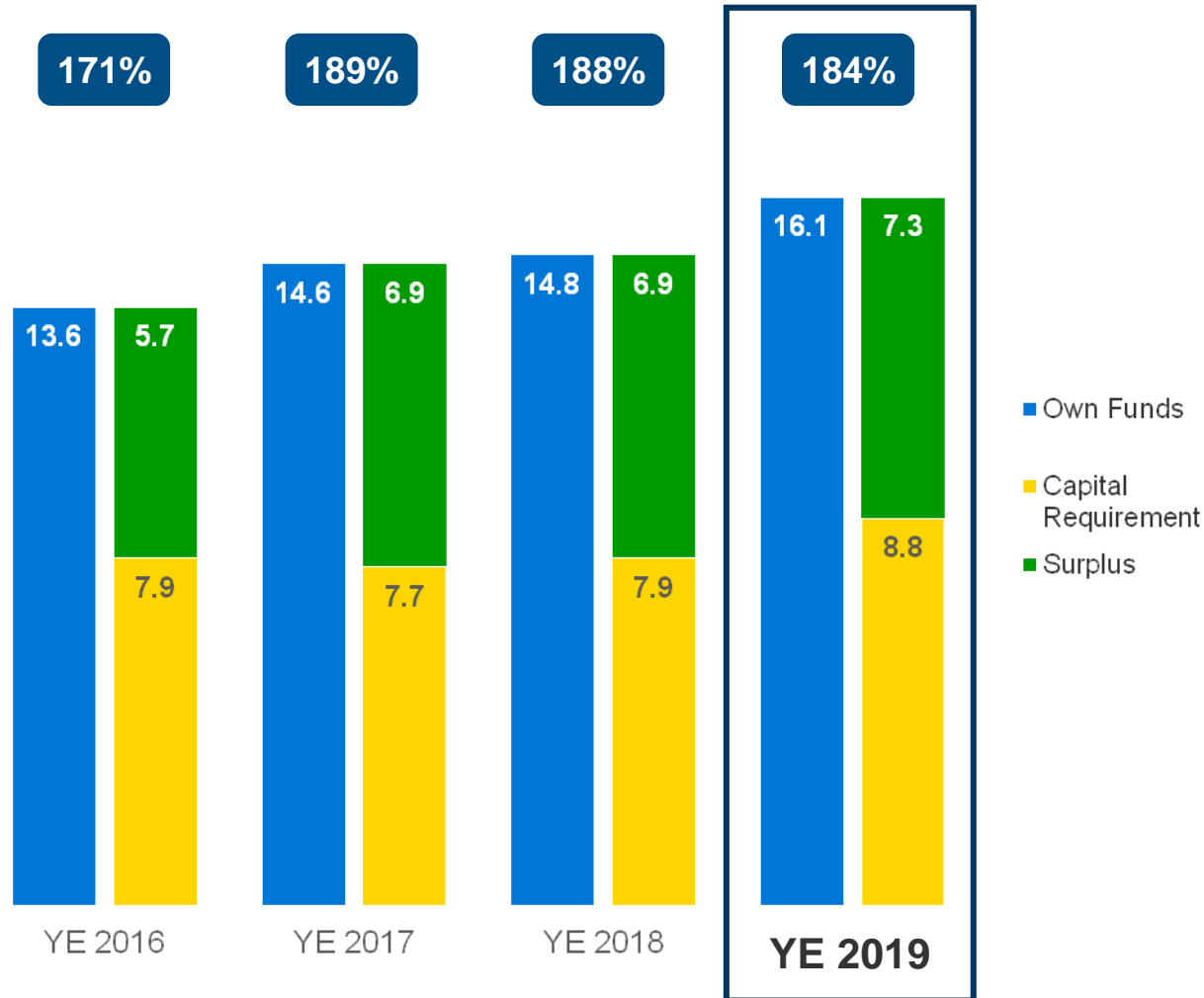
- On the 3rd of April 2020, Legal & General confirmed its current intention to pay a final 2019 dividend.
- The Board of Legal & General plc gave careful consideration to the PRA's letter of 31 March 2020.
- Notwithstanding the significant market volatility, the Board observed that the Legal & General Group's Solvency position remains robust.
- Whilst the Board will continue to monitor events, its current intention is to confirm its previous recommendation for a final dividend of 12.64p giving a full year dividend of 17.57p.

Capital Position & Proposed Transaction



Solvency II Balance sheet

Solvency II Balance Sheet (£bn)



YE 2019 Solvency position

- Solvency II surplus of **£7.3bn**
- Shareholder Solvency ratio of **184%**
- Core tier 1 Own funds of **£12.4bn (77%)**

Legal & General's solvency ratio remains robust and has moved broadly in line with published sensitivities since the latest published figure of 174% on 28 February 2020¹

Group risk profile on a pre-diversified basis

- Primary exposures are to Longevity & Credit (c.50%)
- Economic exposure to interest rates is low (1%)

We have maintained solvency surplus while investing in new PRT

- Operational surplus generation over 4 years **£5.4bn**
- Dividends paid over 4 years **£3.6bn**
- Annuities written over 4 years **£33.9bn**

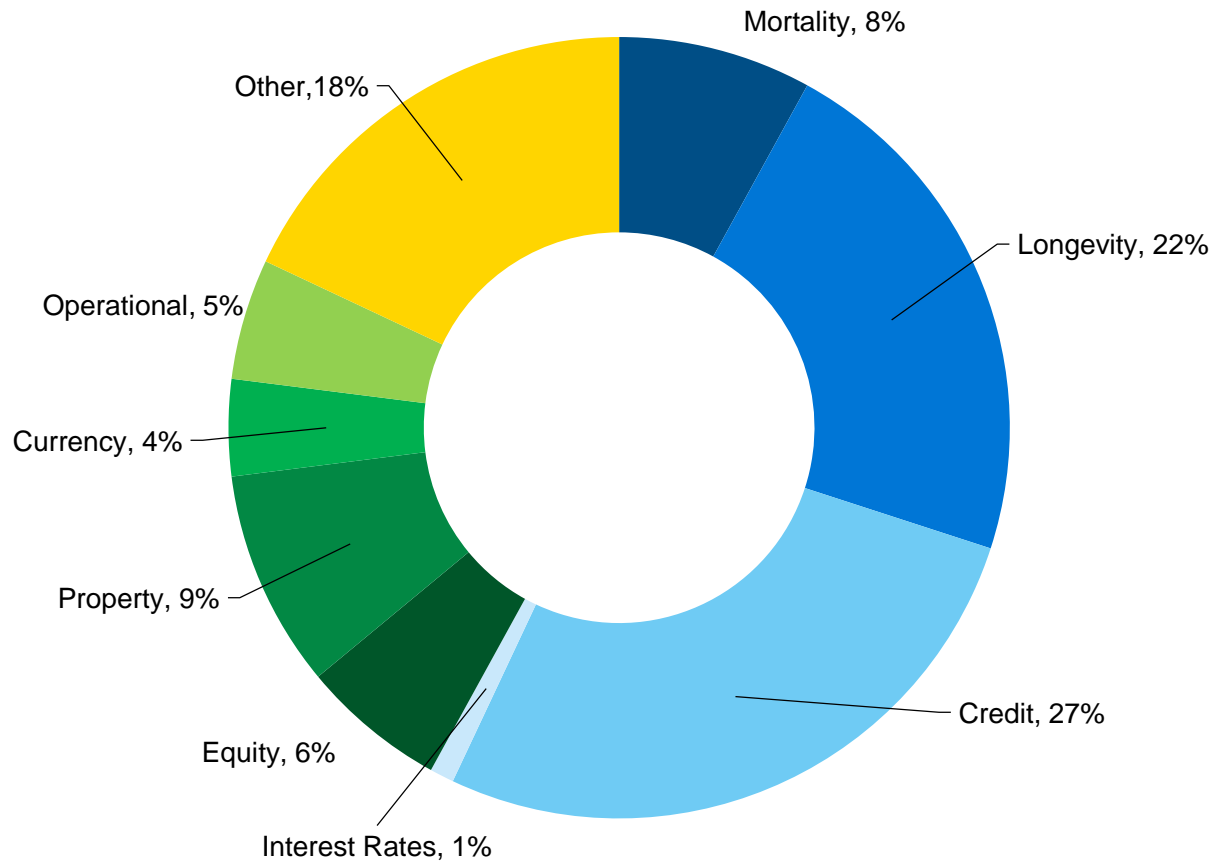
Movement in the surplus

Solvency II surplus analysis of change (£bn)



Group risk profile: Our economic exposure to rates is low

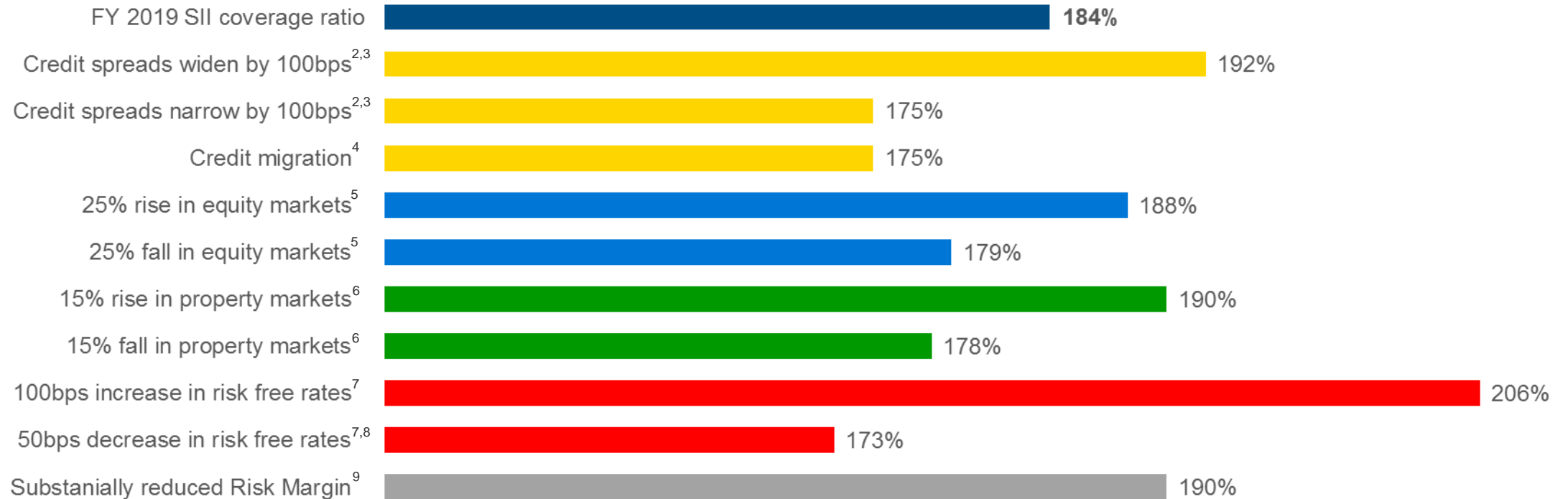
Solvency Capital Exposures



- Primary exposures are to Longevity & Credit (c.50%)
- Economic exposure to interest rates is low (1%)
- Property exposure is just 9%

Solvency II sensitivity analysis

Solvency II sensitivities ¹: Impact on coverage ratio



Solvency II coverage ratio is on shareholder basis

1. The sensitivities exclude the impact from the Mature Savings business (including the With-Profits fund) as the risks have been transferred to ReAssure Limited from 1 January 2018.

2. The spread sensitivity applies to the group's corporate bond (and similar) holdings, with no change in long term default expectations. Restructured lifetime mortgages are excluded.

3. The stress for AA bonds is twice that for AAA bonds, for A bonds it is three times, for BBB four times and so on, such that the weighted average spread stress for the portfolio is 100 basis points.

4. Credit migration stress covers the cost of an immediate big letter downgrade on 20% of all assets where the capital treatment depends on a credit rating (including corporate bonds, sale and leaseback rental strips and lifetime mortgage senior notes).

5. This relates primarily to equity exposure in LGC but will also include equity-based mutual funds and other investments that receive an equity stress (for example, certain investments in subsidiaries). Some assets have factors that increase or decrease the stress relative to general equity levels via a beta factor.

6. Assets stressed include residual values from sale and leaseback, the full amount of lifetime mortgages and direct investments treated as property.

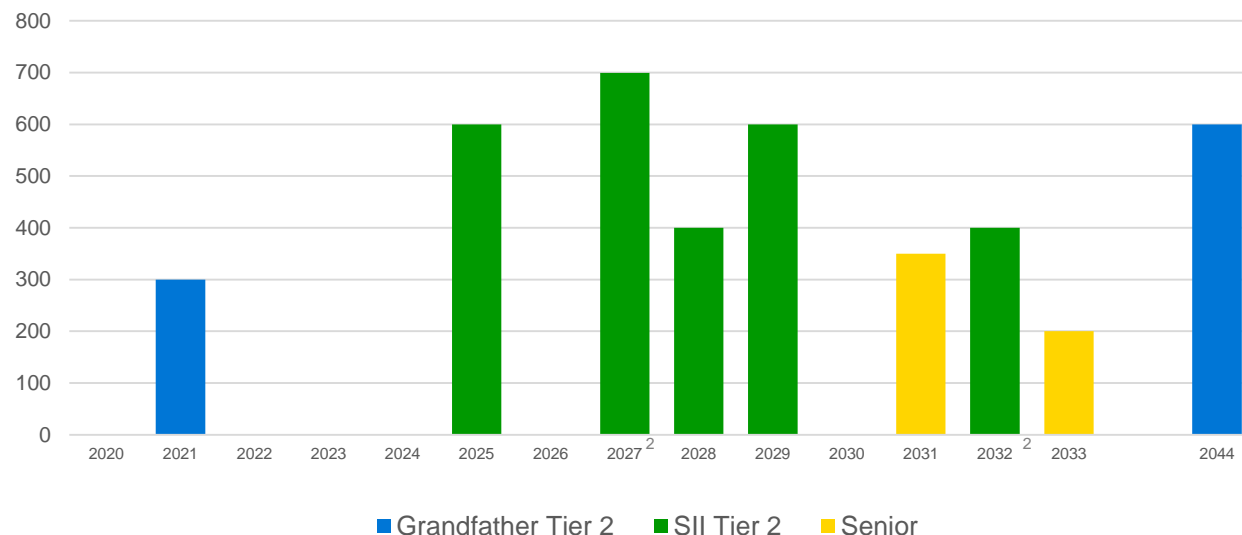
7. Assuming a recalculation of the Transitional Measure on Technical Provisions that partially offsets the impact on Risk Margin.

8. In the interest rate down stress negative rates are allowed, i.e. there is no floor at zero rates.

9. Assuming a 2/3 reduction in the Risk Margin, allowing for offset from the Transitional Measure on Technical Provisions.

Debt instruments summary

Debt Redemption Profile (£m)¹



Rating Type	Entity / Instruments	Moody's	S&P
Financial Strength Rating	L&G Assurance Society Ltd	Aa3	AA-
Instrument Credit Ratings	L&G Finance plc / Senior	A2	A
	L&G Group plc / Tier 2	A3	BBB+
Outlook		Stable	Stable

Issue Date	Entity	SII Classification	Rating (Moody's / S&P)	Currency	Amount (Ccy m)	Coupon (%)	Call Date	Maturity Date
Jul 09	L&G Group plc	Grandfathered Tier 2	A3 / BBB+	GBP	300	10.0	July 2021	July 2041
Oct 15	L&G Group plc	SII Tier 2	A3 / BBB+	GBP	600	5.375	October 2025	October 2045
Mar 17	L&G Group plc	SII Tier 2	A3 / BBB+	USD	850	5.25	March 2027	March 2047
Nov 18	L&G Group plc	SII Tier 2	A3 / BBB+	GBP	400	5.125	November 2028	November 2048
Nov 19	L&G Group plc	SII Tier 2	A3 / BBB+	GBP	600	3.750	November 2029	November 2049
Nov 00	L&G Finance plc	Senior	A2 / A	GBP	350	5.875	-	December 2031
Apr 17	L&G Group plc	SII Tier 2	A3	USD	500	5.55	April 2032	April 2052
Mar 02	L&G Finance plc	Senior	A2 / A	GBP	200	5.875	-	April 2033
Jun 14	L&G Group plc	Grandfathered Tier 2	A3 / BBB+	GBP	600	5.5	June 2044	June 2064

1. Legal & General outstanding debt and capital instruments greater than £100m, based on the earliest of the first call date or maturity date

2. GBP/USD rate at time of pricing used to convert to £ equivalent

Proposed transaction: Summary Terms & Conditions

Issuer	Legal & General Group Plc
Instrument	£[•]m Fixed Rate Reset Subordinated Notes due 2050 (the “Notes”)
Amount	£ benchmark
Issuer Credit Ratings	A2 / A / A+ (Moody’s / S&P / Fitch)
Expected Issue Rating	A3 / BBB+ (Moody’s / S&P)
Maturity Date	[•] November 2050, subject to the redemption conditions
Optional Redemption	[•] November 2030 (the “ First Call Date ”) and each 5 year reset date thereafter (subject to fulfilling redemption conditions under the documentation)
Status / Subordination of the Notes	Direct, unsecured and subordinated obligations of the Issuer, ranking (i) at least <i>pari passu</i> with all other obligations of the Issuer which constitute Tier 2 Capital; and (ii) in priority to all obligations of the Issuer which constitute Tier 1 Capital and all classes of share capital of the Issuer
Interest	<ul style="list-style-type: none"> • [•] per cent. per annum payable semi-annually in arrear until the First Reset Date • Thereafter reset every 5 years to the sum of the 5-year UK Gilt + initial credit spread + Step-up Margin
Step-up Margin	100bps
Interest Deferral	<ul style="list-style-type: none"> • Mandatory cumulative (not compounding) deferral of interest upon any event (including breach of the Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Group or any insurance undertaking within the Group, or where Insolvent Insurer Winding-up has occurred and is continuing and the continuation of such Insolvent Insurer Winding-up is, or, as the case may be, such breach is, an event) which under the Relevant Rules would require the Issuer to defer payment of interest and the Relevant Regulator has not waived the requirement to defer payment of interest under the Notes (a “Regulatory Deficiency Interest Deferral Event”) • Optional cumulative deferral of interest at Issuer’s discretion, subject to 6-month look-back dividend pusher
Solvency Condition	All payments outside of a winding-up are conditional on the Issuer being solvent at the time of payment
Early Redemption/ Substitution or Variation	In case of a Tax Event, Capital Disqualification Event or a Rating Methodology Event, the Issuer may redeem the Notes at par, or substitute or vary the terms of the Notes to remedy such event (provided the resulting notes have terms not materially less favourable to an investor than the terms of the Notes and comply with Tier 2 regulatory requirements and, in the case of a Rating Methodology Event, rating agency equity content criteria), and in the case of redemptions, subject to the redemption conditions and in the case of redemption prior to year 5, to be either (i) funded out of the proceeds of a new issuance of capital of at least the same quality as the Notes or effected by way of exchange or conversion of the Notes into capital of at least the same quality as the Notes, or (ii) in respect of a Tax Event or a Capital Disqualification Event, funded out of any other funds, provided that the Tax Event or a Capital Disqualification Event was not reasonably foreseeable as at the Issue Date, and provided the Relevant Regulator is satisfied that the Solvency Capital Requirement applicable to the Issuer will be exceeded by an appropriate margin immediately after such redemption.
Mandatory Redemption Deferral	Mandatory deferral of any scheduled redemption upon any event (including an Insolvent Insurer Winding-up, breach of Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Group or any insurance undertaking within the Group) which under the Relevant Rules would require the Issuer to defer repayment or redemption of the Notes and the Relevant Regulator has not waived the requirement to defer repayment or redemption of the Notes (a “ Regulatory Deficiency Redemption Deferral Event ”)
Insolvent Insurer Winding-up	The winding-up or the appointment of an administrator of any insurance undertaking within the Group where the claims of the policyholders and beneficiaries pursuant to a contract of insurance of that insurance undertaking which is in winding-up or administration may or will not be met
Law / Listing	English law / London Stock Exchange
Denominations	£100k + £1k

Structural comparison

	Legal & General Group Plc	Legal & General Group Plc	Royal London	M&G Prudential
Issue Date	Apr 2020	Nov 2019	Sep 2019	Jul 2019
First Call Date	Nov 2030	Nov 2029	Sep 2039 6m Par Call prior to Sep 2039	Jul 2024
Maturity	Nov 2050	Nov 2049	Sep 2049	Jul 2049
Issuer Rating (M/S/F)	A2 / A / A+	A2 / A / A+	A2 / A / -	A2 / A- / A+
Current Instrument Rating (M/S/F)	A3 ¹ / BBB+ ¹ / -	A3 / BBB+ / -	Baa1 / BBB+ / -	A3 / BBB / BBB+
Size	£[•]m	£600m	£600m	£300m
Initial Coupon	[●]% semi-annually	3.750% semi-annually	4.875% annually	3.875% semi-annually
Step-Up / Reset²	100bps in year 10.5 / 5-year UK Gilt + [●]bps	100bps in year 10 / 5-year UK Gilt + 405bps	100bps in year 10 / 5-year UK Gilt + 510bps	100bps in year 10 / 5-year UK Gilt + 350bps
Optional Interest Deferral	At issuer's discretion, subject to 6-month dividend pusher	At issuer's discretion, subject to 6-month dividend pusher	At issuer's discretion, subject to dividend stopper	At issuer's discretion, subject to 6-month dividend pusher
Mandatory Interest Deferral	Breach of SCR or MCR ³	Breach of SCR or MCR	Breach of SCR or MCR	Breach of SCR or MCR
Arrears of Interest	Cash cumulative / Non-compounding	Cash cumulative / Non-compounding	Cash cumulative / Non-compounding	Cash cumulative / Non-compounding
Special Event Calls	At par upon a Tax Event, Capital Disqualification Event or Rating Methodology Event	At par upon a Tax Event, Capital Disqualification Event or Rating Methodology Event	At par upon a Tax Event, Capital Disqualification Event or Rating Methodology Event	At par upon a Tax Event, Capital Disqualification Event or Rating Methodology Event
Substitution / Variation	Applicable upon a Tax Event, Capital Disqualification Event, or Rating Methodology Event	Applicable upon a Tax Event, Capital Disqualification Event, or Rating Methodology Event	Applicable upon a Tax Event, Capital Disqualification Event, or Rating Methodology Event	Applicable upon a Tax Event or Capital Disqualification Event
Redemption Deferral	Breach of SCR and/or MCR or Insolvent Insurer Winding-up	Breach of SCR and/or MCR or Insolvent Insurer Winding-up	Breach of SCR and/or MCR or Insolvent Insurer Winding-up	Breach of SCR and/or MCR or Insolvent Insurer Winding-up

1. Expected rating

2. Reset margin is equal to Initial Credit Spread plus 100bps Step-Up Margin

3. Mandatory Interest Deferral also require interest to be deferred upon an Insolvent Insurer winding up if the relevant rules require it

Appendix



FY19 Financial highlights

£2,514m

+17%

Operating profit from divisions¹
2018: £2,152m

28.66p

+16%

Earnings per share²
2018: 24.74p

20.4%

Return on equity
2018: 22.7%

156p

+9%

Book value per share
2018: 143p

£1.6bn

+9%

SII operational surplus generation
2018: £1.4bn

17.57p

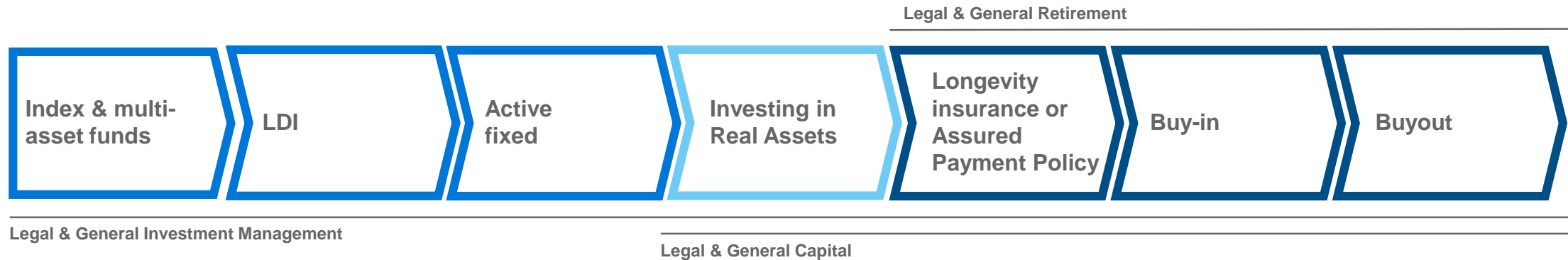
+7%

Full year dividend
2018: 16.42p

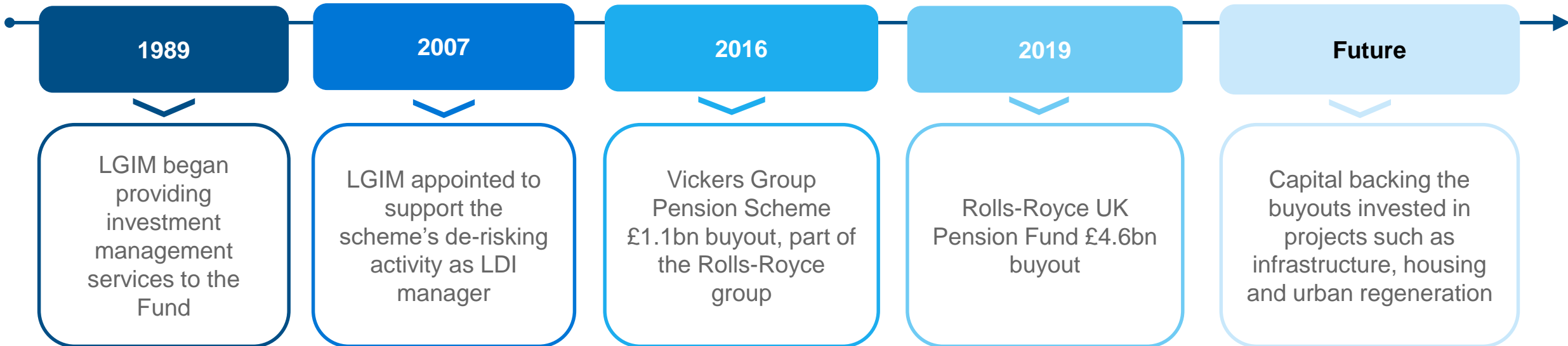
Strong growth across the business

Division	Business	Product	2015	2016	2017	2018	2019	CAGR %
LGRI	Pension Risk Transfer (PRT)	Global bulk annuity premiums (£m)	2,417	6,630	3,948	9,140	11,392	47
LGIM	Investment Management	External net flows (£bn)	37.7	29.2	43.5	42.6	86.4	23
LGC	Capital Investment	Direct investments AUM (£m)	867	1,137	1,450	2,359	2,877	35
LGI	Insurance	Gross written premiums (£m)	2,215	2,409	2,531	2,580	2,729	5
LGRR	Retirement Solutions	Individual annuity premiums (£m)	327	378	671	795	970	31
		Lifetime Mortgage advances (£m)	201	620	1,004	1,197	965	48

Legal & General operates across the full DB pension journey



A case study: Rolls Royce



Financial highlights: Consistent delivery in 2019

Metric	FY 2018	FY 2019	%
Operating profit from continuing divisions (£m)	2,152	2,514	17
Discontinued operations (£m)	79	11	n/a
Operating profit from divisions (£m)	2,231	2,525	13
Group debt costs (£m)	(203)	(208)	(2)
Group investment projects & expenses (£m)	(126)	(186)	(48)
Operating profit excluding mortality release (£m)	1,902	2,131	12
Mortality release (£m)	433	155	n/a
Operating profit (£m)	2,335	2,286	
Investment & other variances (£m)	(207)	(174)	n/a
Profit before tax (£m)	2,128	2,112	
Profit before tax excluding mortality release (£m)	1,695	1,957	15
Earnings per share excluding mortality release (p)	24.74	28.66	16
Return on equity (%)	22.7	20.4	
SII operational surplus generation (£bn)	1.4	1.6	9
SII coverage ratio (%)	188	184	

LGR: Consistently delivering, record £13bn new business

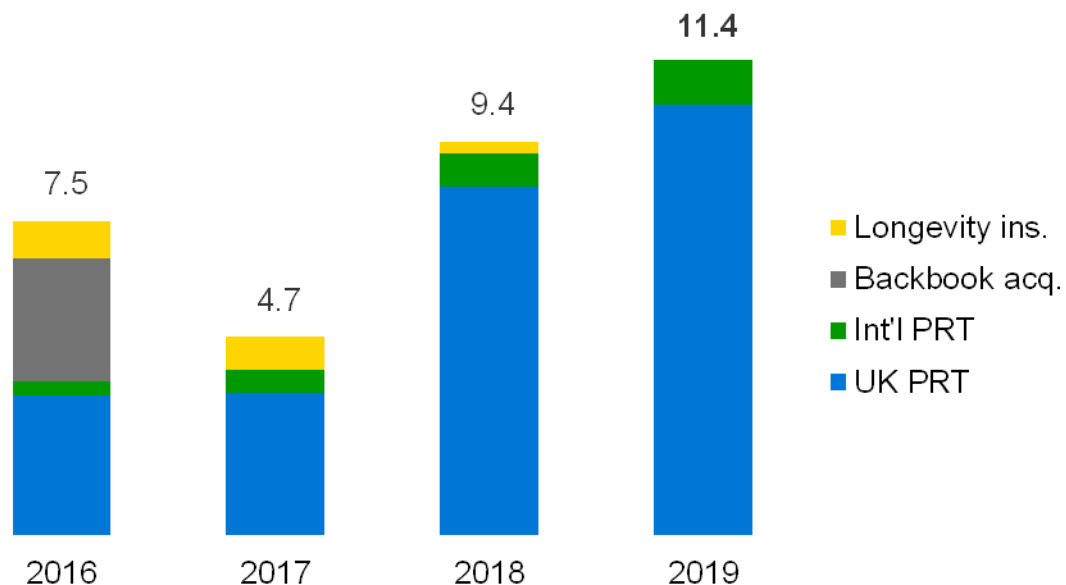
Financial Highlights	FY 2018	FY 2019
Operating profit excl. mortality release (£m)	1,115	1,414
- LGR Institutional	832	1,116
- LGR Retail	283	298
Profit before tax excl. mortality release (£m)	1,210	1,457
Mortality release (£m)	433	155
Total LGR new business (£m)	11,419	13,327
- LGR Institutional	9,427	11,392
- LGR Retail	1,992	1,935
Total annuity AUM (£bn)	63.0	75.9
Of which: Direct investments (£bn)	15.7	21.6
Solvency II New business value ¹ (£m)	722	890
Solvency II New business margin ¹ (%)	7.9	7.9

- **Operating profit excluding mortality releases of £1,414m up 27%**, reflecting:
 - Strong performance from back book prudential margin unwind
 - Record PRT new business volumes of £11.4bn and 22% growth in Individual annuity volumes to £970m
 - Positive variances driven by routine updates to our mortality assumptions
- We have maintained pricing discipline in a competitive UK PRT market and kept associated **SII new business strain at c.4%**
- UK annuities achieved a **SII new business margin of 7.9%**, in line with 2018

LGRI: Record new business

Total Sales (£m)	FY 2018	FY 2019
UK Pension Risk Transfer	8,351	10,325
International Pension Risk Transfer	789	1,067
Longevity insurance	287	-
Total LGRI New Business	9,427	11,392

LGRI New Business (£bn)

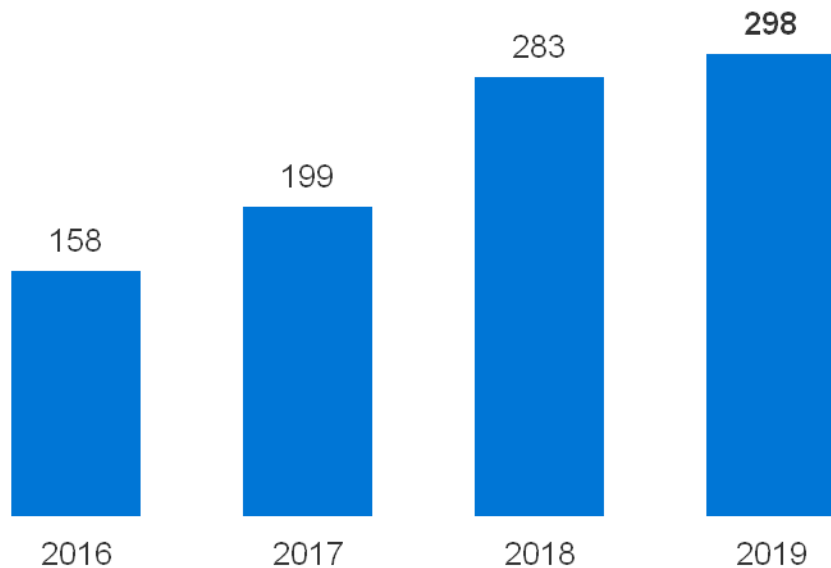


- **£11.4bn premium for global PRT transactions** including:
 - **£4.6bn** bulk annuity for the Rolls-Royce UK Pension Fund
 - **£1.6bn** bulk annuity with National Grid UK Pension Scheme (total pension size: £20bn)
 - A third and final bulk annuity for the Hitachi Plan, the culmination of a seven year de-risking journey
 - One of the first transfers from fiduciary management to pension buyout
 - The launch of a new, capital-light product – the Assured Payment Policy
- **Over the past three years, 51% of UK PRT transactions were from existing LGIM clients¹**
- **On-going international expansion**, with premiums up 35% year on year:
 - Continued growth year on year in US with **over \$1bn** written in 2019
 - First Canadian transaction through our Canadian partnership with Brookfield Annuity Company of more than CAD \$200m

LGRR: Increasing annuity volumes driving profit growth

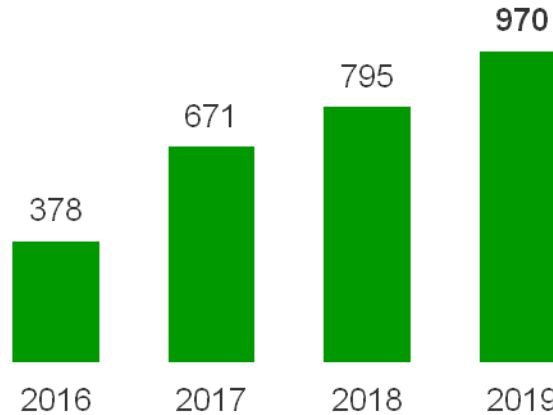
Operating Profit excl. mortality release (£m)

24% CAGR



- Strong growth in operating profit driven by increasing annuity volumes at sustained margins

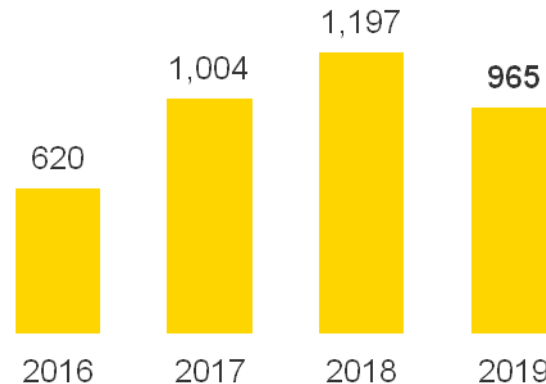
Individual Annuity Sales (£m)



Individual annuity sales up 22% to £970m

- Higher sales benefiting from improved enhanced annuity proposition and increased intermediary presence
- Introducer arrangement with Prudential (which began in November 2019) expected to increase sales by 15% in 2020
- Doubled market share since 2016

Lifetime Mortgage Sales (£m)



Lifetime mortgage advances of £965m

- L&G focused on managing risk by maintaining pricing and underwriting discipline (25% market share)
- Now ready to move into the mainstream mortgage market through Retirement Interest Only (RIO) mortgage offering
- Launched own advice business to complete vertically-integrated model

LGR: Top direct investments by exposure*

	Counterparty	Sector	Year of Investment	Investment value (£m)
1	HMRC Buildings	Government	2016 - 2019	1,201
2	Places For People	Social Housing	2014	320
3	London Gateway	Transportation	2016	306
4	Thames Tideway	Utilities	2016	296
5	The Rolls Building, EC4, Secretary of State	Office	2011	288
6	Campus Living Villages	Student Accommodation	2014	285
7	F&C Commercial Trust	Commercial Property	2014	282
8	BBC	Senior Unsecured Debt	2017	269
9	Get Living Plc	Commercial Property	2019	251
10	United Utilities Water Ltd	Senior Unsecured Debt	2018 - 2019	251
			Total	3,749

**17% of overall
DI portfolio**

- Assets are predominantly in city locations, with long duration cash flows secured against high quality tenants, with limited downside valuation risk e.g. HMRC, BBC

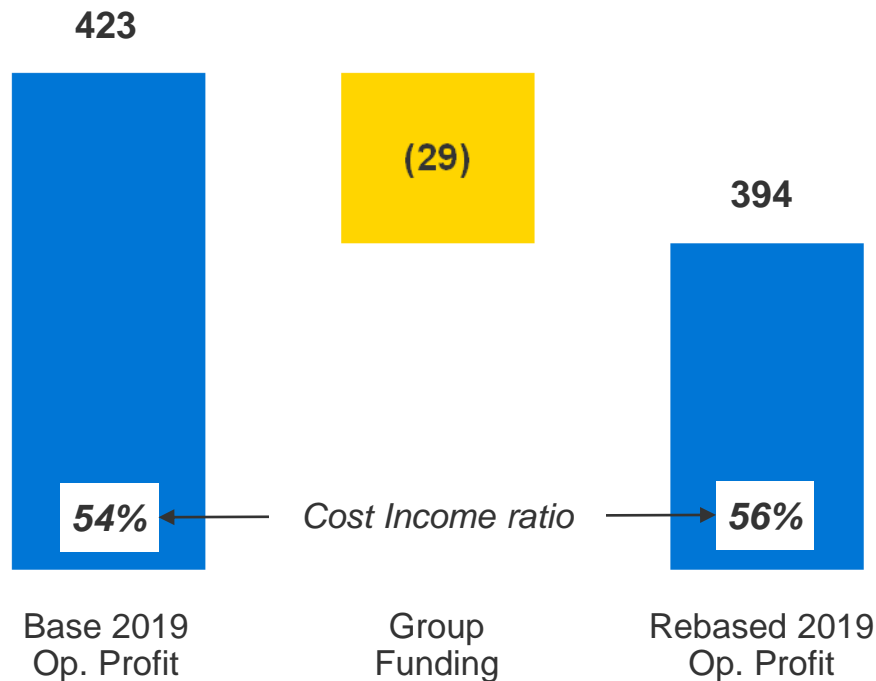
LGIM: Record external net flows of £86bn

Financial Highlights	FY 2018	FY 2019
Asset management revenue ¹ (£m)	847	912
Asset management expenses ¹ (£m)	(443)	(491)
Workplace Savings operating profit (£m)	3	2
Total LGIM operating profit (£m)	407	423
External net flows (£bn)	42.6	86.4
Of which: International (£bn)	19.6	59.2
External net flows % of opening AUM	4.8	9.4
Closing AUM (£bn)	1,015	1,196
International AUM (£bn)	258	370
UK DC AUM (£bn)	71	94
Retail AUM (£bn)	31	39
Asset management cost : income ratio (%)	52	54

- Operating profit up **4% to £423m**
- **Net flows of £86.4bn (9.4% of opening external AUM)**, of which **£59.2bn International**:
 - International flows included £37bn passive mandate with the Japan Government Pension Investment Fund, which provides a long term foundation for future growth in Japan and the broader region
 - Our European (ex. UK) business performed well, with net flows of £11.6bn, reflecting the continued focus we have placed on the region
- **AUM up 18% to £1.2tn**, with continued diversification across channels, regions, and product lines:
 - **International AUM of £370bn**
 - A market leader in **UK DC with £94bn of AUM, with 3.5m Workplace members**. Strong net flows of £7.3bn
 - Retail ranked 2nd in both gross and net UK retail sales² in 2019 with high demand for multi-asset and index products, despite challenging market conditions
- **Cost : income ratio of 54%** reflects our **continued investment** in areas of the business experiencing strong growth and where increased automation and simplification will generate operational leverage

LGIM: An on-going commitment to profitable growth and investment

LGIM Re-based Operating Profit (£m)



- Going forward, LGIM-related project expenditure currently reflected in Group Investment projects, will be allocated to the LGIM result:
 - In 2019, this was equivalent to £29m of expenses. This would have increased LGIM's cost : income ratio from 54% to 56%
 - In 2020, we expect this to be c.£20m of expenses
- Allows increased transparency and accountability of spend for management, and aligns with general practice in the rest of the Group
- No impact on overall Group results

LGC: Delivering profits and generating assets for LGR

Financial Highlights	FY 2018	FY 2019
Operating profit (£m)	322	363
- Direct Investments	188	217
- Traded portfolio and Treasury	134	146
Investment and other variances (£m)	(273)	91
Profit before tax (£m)	49	454
Assets (£m)	8,642	8,990
- Direct Investments	2,359	2,877
- Traded portfolio and Treasury	6,283	6,113
of which: Cash and Treasury assets	4,438	3,579

- **LGC operating profit up 13% to £363m**, driven by our diversified and growing Direct Investments portfolio
- **Direct Investments assets up 22% to £2.9bn:**
 - **Homes up 28% to £1,483m.** CALA revenues up 6% to £1bn, Affordable Housing business profitable in first year of operation
 - **Future Cities up 18% to £930m.** Development partnership with Oxford University, with funding provision of up to £4bn from shareholder, annuity and LGIM-managed funds for the development of university accommodation, and science and innovation districts in and around Oxford
 - **SME Finance up 12% to £464m.** Pemberton¹ has accelerated capital deployment across all funds: €3bn invested in 2019
- Profit before tax of £454m, driven by strong equity markets in the Traded portfolio
- Cash and Treasury assets movement reflects further investment in Direct Investments and equities, including the LGIM Future World fund range, contributing to our commitment to reduce the carbon emission intensity of the Group's assets

LGI: Stable margins in competitive markets

Financial Highlights	FY 2018	FY 2019
Operating profit (£m)	308	314
- UK	246	223
- US	62	91
Investment and other variances (£m)	(1)	(234)
Profit before tax (£m)	307	80
Gross written premium (£m)	2,580	2,729
- UK	1,608	1,672
- US	972	1,057
Solvency II New business value (£m)	206	216
- UK	115	122
- US	91	94

- **Operating Profit up 2% to £314m**, continuing to contribute stable profits to the Group:
 - **UK Operating Profit down 9% to £223m**, due to a change in intra-group reinsurance of US business, and the prior year benefiting from model refinements
 - **US Operating Profit up 47% to £91m**, driven by the reinsurance change and a reserve release following improvements to our IFRS methodology, partially offset by adverse mortality, consistent with experience across the broader US life sector
- Profit before tax down to £80m, impacted by the fall in government yields in both the UK and the US
- **Strong growth in gross written premium, up 6% £2.7bn**, supported by all business lines
- **SII NBV up 5% to £216m**, reflecting improved margins in the UK
- \$109m dividend paid by LGIA on 27 Feb 2020 (2019: \$107m)

Large shares in existing markets, expanding into new ones

Our strategy is aligned to our 6 structural growth drivers

Growth Drivers	Market Opportunity	Market Share %	Market Size	Growth Drivers	Market Opportunity	Market Share %	Market Size
Ageing Demographics	• UK PRT	25	£42bn ¹	Welfare Reforms	• UK DC AUM	22	£438bn
	• US PRT	4	\$30bn ¹		• UK ISA AUM	c.1	£608bn
	• UK Individual Annuities	19	£4bn ¹		• VC into DC (NM)	-	-
	• UK LTM	25	£4bn ¹		• Affordable Homes (private) (NM)	<1	57k ²
	• UK Later Living (NM)	c.3	4.7k ²		• Retail Protection (APE)	23	£770m ¹
Globalisation of asset markets	• Global AUM	1.7	\$74tn	Technological Innovation	• Lower unit costs, better service		
	• Global Revenues	<1	\$279bn		• Retail Protection		
	• Global Solutions AUM	6	\$11tn ³		• LGRI small scheme processing		
Investing in the Real Economy	• UK Build to sell	1	165k ²	Addressing Climate Change	• SalaryFinance		
	• UK Build to rent (NM)	7	10k ²		• SciTech		
	• Pemberton	-	-		• Clean investment opport'ies (NM)		
	• UK Infrastructure	n/a	>£500bn deficit		• ESG fund range		
					• De-carbonisation (NM)		

NM denotes New Market

Market size and share is based on most recent available data and in some cases L&G estimates

1. Market size per annum

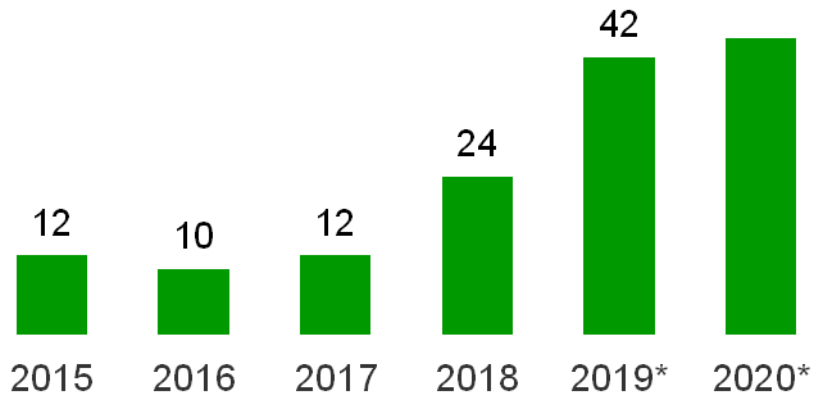
2. Market size represents units built per annum

3. Global Solutions AUM of \$11tn includes LDI, Multi-Asset and Solutions

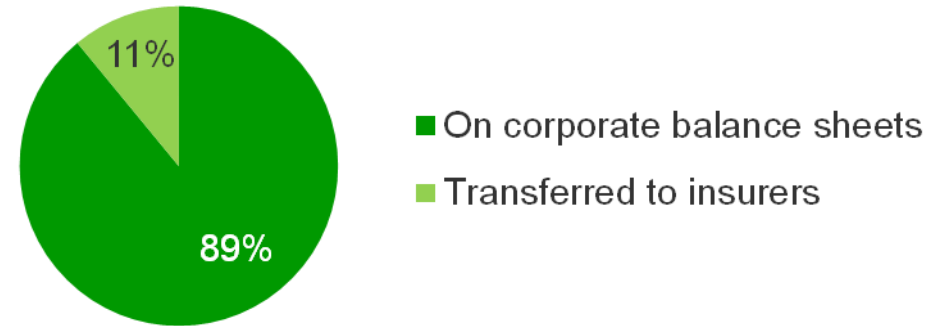
PRT: Large UK and US markets, with significant further potential

Ageing
Demographics

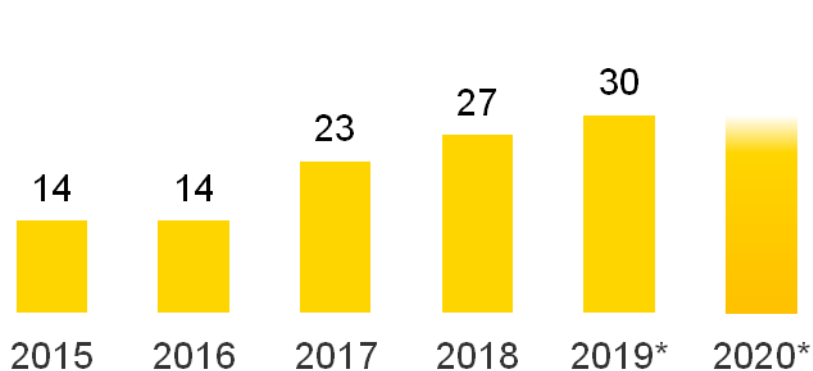
UK PRT market (£bn)



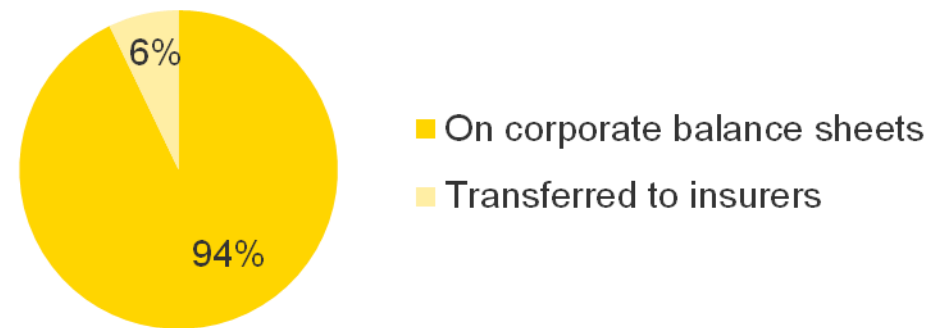
UK DB Liabilities (c£2.1tn)



US PRT market (\$bn)



US DB Liabilities (c\$3.5tn)



LGIM: Strong growth in AUM at scale by product, region and channel
















Globalisation of asset markets	By Product	AUM 2019 £bn	15-19 CAGR %	By Region	AUM 2019 £bn	15-19 CAGR %	By Channel	AUM 2019 £bn	15-19 CAGR %
	Index ¹	404	11	UK	823	7	UK DB	679	7
	Active Strategies	177	13	US	186	23	UK DC	94	20
	LDI Solutions	527	12	Europe ¹	61	36	Retail	39	18
	Multi-Asset	58	29	Gulf	49	24	International ¹	373	32
	Real Assets	31	15	Asia	77	148	Internal ²	104	5
Total	1,196	13	Total	1,196	13	Adjustments ³	(93)	n/a	
						Total	1,196	13	

1. ETF AUM of £3.1bn is included within Index, Europe and International

2. Internal includes Mature Savings of £26bn, whose disposal we expect to complete in H1 20. LGIM will continue to manage these assets post disposal

3. Reporting adjustments of £93bn represents assets managed in the US and Asia on behalf of UK clients

LGC: Our alternative asset capabilities are growing






	Type	Rationale	Sector	Examples	Profit Maturity	Access to Ext'l Funding Partners	Creation of LGR Financed Assets
Investing in the Real Economy	Alternative Asset Manager	<ul style="list-style-type: none"> Building businesses and investment platform to attract third party capital and LGR funding 	Future Cities <ul style="list-style-type: none"> •Urban Regeneration •Clean Energy •Digital •SciTech 	<ul style="list-style-type: none"> – Oxford, MediaCity – Pod Point – KAO Data Campus – Bruntwood 			
			Housing <ul style="list-style-type: none"> •Affordable Homes •Later Living •Build to Rent 	<ul style="list-style-type: none"> – Cornwall – Millbrook, Exeter – Walthamstow 			
			SME Finance <ul style="list-style-type: none"> •Debt and venture investing in SMEs 	<ul style="list-style-type: none"> – Pemberton – VC into DC 			
Welfare Reforms	Operational Business	<ul style="list-style-type: none"> Growing profits Delivering expertise and products for other L&G businesses 	Housing (mature)	<ul style="list-style-type: none"> – CALA 			
			Housing (start-up)	<ul style="list-style-type: none"> – Later Living – Modular Homes 			
Addressing Climate Change							

LGC's ambition is to reach £5bn Direct Investment AUM over the next 3-5 years, with a blended target return of 8-10%

A commitment to energy transition. Strong ESG credentials

Addressing Climate Change

Identifying value creation and destruction from climate change

	Power	Heat	Transport
Produce Wind, Solar	  L&G has invested £1.3bn in renewable energy investments, mostly solar and wind	LGIM Real Assets – Waste to energy	VC investments hydrogen
Connect Smart Networks, Power Storage	Digital technology battery storage	Smart heat & power networks	Charging infrastructure
Consume Cities, Homes, Electric Vehicles		 CALA uses air-source heat pumps and photovoltaics	 CALA uses electric vehicle charging points

Strong ESG credentials

L&G is recognised as an ESG leader both in terms of:

1. How our businesses operate

- AA (leader) by MSCI ESG Ratings
- Leader (top 10%) by State Street R-Factor
- Low Risk (3rd percentile of global insurers) by Sustainalytics
- Bloomberg Gender Equality (79% GEI score)

2. How we influence as one of the world's largest asset managers

- £150bn AUM in ESG strategies
- Green Star Status for GRESB (Real Estate and Infrastructure Investments)
- Active and Index ESG strongly outperforms peers (State Street)

NTR: acquires, constructs and manages sustainable infrastructure assets investing in clean energy

Oxford PV: Leaders in perovskite solar technology

Pod point: UK leaders in electric vehicle charging

Delivering Inclusive Capitalism

Between 2011 – 2015 we achieved +10% growth in EPS

Set out ambition to maintain 10% EPS CAGR to 2020
Achieved this in 4 years instead of 5

Will set out future ambition at a Capital Markets Event on 12th November 2020

Achieve global leadership in pensions de-risking

Provide customer solutions to maximise retirement income

Build a world class international asset management business

Use 'patient capital' to become the UK leader in direct investments including housing and regeneration

Become a leading data driven and digitally enabled insurer

Developing and commercialising de-carbonisation technologies

To be a leader in financial solutions and a globally trusted brand

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