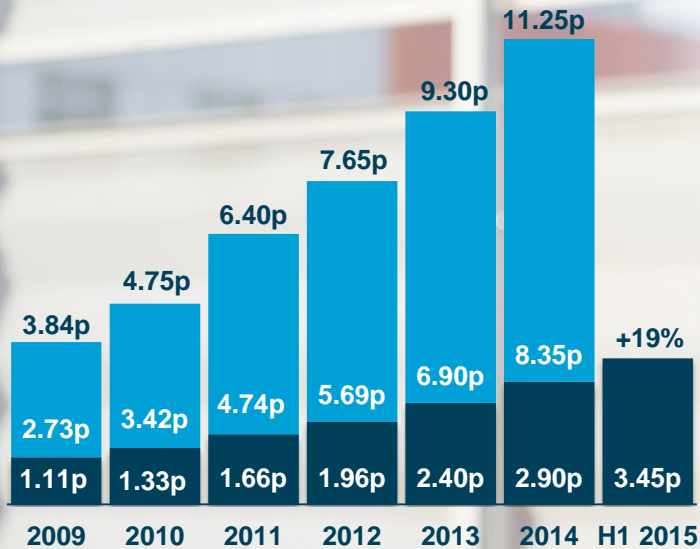


Legal & General Group plc
Half-Year results – 5 August 2015

2015

A POSITIVE FUTURE FOR ALL

Delivering consistent dividend growth
for our shareholders



➤ Forward looking statements

This document may contain certain forward-looking statements relating to Legal & General Group, its plans and its current goals and expectations relating to future financial condition, performance and results. By their nature, forward-looking statements involve uncertainty because they relate to future events and circumstances which are beyond Legal & General's control, including, among others, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact of these events and other uncertainties of future acquisition or combinations within relevant industries. As a result, Legal & General Group's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in these forward-looking statements and persons reading this announcement should not place reliance on forward-looking statements. These forward-looking statements are made only as at the date on which such statements are made and Legal & General Group Plc. does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.

Nigel Wilson

Group Chief Executive

+18%

£750m

Operating profit

+19%

3.45p

Interim dividend

19.1%

Return on equity

Financial highlights

Annuity assets

£43.4bn

(H1 2014: £38.5bn)

+13%

LGIM AUM

£715bn

(H1 2014 : £640bn)

+12%

Direct investments

£6.2bn

(H1 2014 : £4.6bn)

+35%

Net cash generation

£629m

(H1 2014 : £567m)

+11%

Operational cash generation

£624m

(H1 2014 : £578m)

+8%

Operating profit

£750m

(H1 2014 : £636m)

+18%

Interim dividend

3.45p

(H1 2014 : 2.90p)

+19%

Earnings per share¹

9.79p

(H1 2014 : 8.51p)

+15%

IFRS return on equity²

19.1%

(H1 2014 : 17.6%)

1. Represents adjusted earnings per share (EPS) which is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the period. This excludes a £40m expense in relation to Legal & General France and Legal & General Gulf as a consequence of both operations being classified as held for sale. Unadjusted EPS is 9.11p, up 7%

2. Return on equity is calculated by taking annualised profit after tax attributable to equity holders of the Company (twice the half-year number), as an average of shareholders' equity during the period, excluding the £40m expense as per note 1

➤ Clear and consistent strategy

GROWTH DRIVERS	2015 ACHIEVEMENTS
GLOBALISATION OF ASSET MARKETS	<ul style="list-style-type: none"> • International assets of £127bn, up 53%* • First multi-billion dollar US Index mandate win • Successful entry into Japan, Taiwan and Korea, and further progress in China
AGEING POPULATIONS	<ul style="list-style-type: none"> • Evolving to capital-lite strategy, reinsuring 77% of new business longevity in 2015 • Lifetime mortgages target doubled to £200m in 2015 • DC assets £43bn, up 15% • LDI assets £308bn, up 22%
WELFARE REFORMS	<ul style="list-style-type: none"> • Market leading retail protection business • Winning major new workplace schemes including John Lewis Partnership • Workplace savings assets of £13bn, up 38% • Workplace has 1.4m customers and over 3,000 schemes, on track for 2m customers
DIGITAL LIFESTYLES	<ul style="list-style-type: none"> • Retail protection straight through processing over 80% • Platform assets of £75bn, up 11% • Launched direct self-service platform in DC for SMEs
BANK RETRENCHMENT	<ul style="list-style-type: none"> • £6.2bn of direct investments, up 35% • Investment in UK urban regeneration (Salford and Bracknell) • Entered the UK Build to Rent sector • €447m fund established for SME lending through Pemberton Asset Management

* Growth includes transfer of c.£37.5bn index funds to the US in Q3 2014

High performing businesses aligned to growth drivers

ASSET MANAGEMENT

	Operating Profit (£m)	
	H1 2015	H1 2014
Legal & General Investment Management¹	176	149
• Over \$1 trillion of assets		
Legal & General Retirement	280	188
• Over £43bn of assets		
Legal & General Capital	115	102
• £4.8bn of shareholder assets		
TOTAL	571	439

INSURANCE

	Operating Profit (£m)	
	H1 2015	H1 2014
Legal & General Insurance	192	179
• Retail protection GWP £545m		
• Group protection GWP £229m		
• General insurance GWP £164m		
Legal & General America	40	43
• Term assurance business		
• \$80m net cash in H1		
TOTAL	232	222

DIRECT INVESTMENTS

- 48% stake in CALA Homes: UK top-ten house builder, on course for record operating profits
- 40% stake in Pemberton: SME finance company, raised €447m
- 50% investment in £500m Media City scheme
- Two JV's with PGGM (total £745m)
- JV with Schroders (£240m)

Group-wide direct investments H1 2015 (£bn)

6.2

SAVINGS

	Operating Profit (£m)	
	H1 2015	H1 2014 ²
Legal & General Savings	50	54
• £35bn of mature assets		
• £75bn of platform assets		

1. Including Workplace Savings
2. Excluding Workplace Savings

Improving efficiencies across our businesses

ASSET MANAGEMENT

	H1 2015	
	Headcount	Costs (£m)
Legal & General Investment Management	1,902	169
Legal & General Retirement	501	36
Legal & General Capital	26	4
TOTAL	2,429	209

INSURANCE

	H1 2015	
	Headcount	Costs (£m)
Legal & General Insurance	2,481	101
Legal & General America	508	43
TOTAL	2,989	144

GROUP

	H1 2015	
	Headcount	Costs (£m)
Group ¹	282	28
Shared services	583	76
TOTAL	865	104

SAVINGS

	H1 2015	
	Headcount	Costs (£m)
Legal & General Savings	2,041	89

TOTAL

	H1 2015	
	Headcount	Costs (£m)
Legal & General	8,324	546

1. Includes restructuring costs of £9m charged against operating profit in H1 2015

▶ De-cluttering and simplifying our business

We have aligned our business to our five growth drivers; global asset markets, ageing populations, increasing injection of slow money, adapting to digital lifestyles and transfer of welfare provision from state to employers and employees.

DISPOSALS AND CLOSURES

- Legal & General International Ireland - investment bonds (H2)
- Xperience: Estate agency business
- LGV venture capital business
- Insurance: France business (H2)
- Savings: Egypt and Gulf businesses (H2)
- With-profits (closure)
- Retail Investments and Workplace transferred to LGIM

COSTS

- On track to deliver c.£80m of operating cost savings across the Group, reducing costs from £1,250m in 2014 to c.£1,170m in 2015
- H1 costs: £546m

SELECTIVE BOLT ON ACQUISITIONS

- Accelerated expansion into lifetime mortgages through acquisition
- Using selective acquisitions to accelerate LGIM's growth in the US
- Have accelerated growth of housing through bolt on acquisitions

➤ Sustained growth

2009 – 2014

Bolt-on M&A
Organic growth
Cash focus

5 key macro trends

2014: EPS 16.70p, DPS 11.25p,
ROE 16.9%, Net cash £1.1bn

2015 – 2019

- Doubling size of LGIMA assets
- Direct investments to exceed £15bn
- Establishing LGR's international business
- Grow UK GWP at twice UK GDP
- Building market leading position in UK DC
- Creating new business segment in housing and urban regeneration
- Launching a mobile business to drive customer growth in UK and internationally (Africa and Asia)
- Leading welfare reform with new savings and insurance products
- Reducing operating costs in nominal terms

Bolt-on M&A
Organic growth
Cash focus

5 key macro trends

2019: EPS, DPS, ROE, Net cash

Mark Gregory

Group Chief Financial Officer

+11%

£629m

Net cash generation

+15%

9.79p

Earnings per share*

+35%

£6.2bn

Direct investments

* Represents adjusted earnings per share (EPS) which is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the period. This excludes a £40m expense in relation to Legal & General France and Legal & General Gulf as a consequence of both operations being classified as held for sale. Unadjusted EPS is 9.11p, up 7%

Consistent delivery: strong results

Growth

	H1 2015	H1 2014	GROWTH %
Annuity assets (£bn)	43.4	38.5	13
LGIM AUM (£bn)	715	640	12
Savings assets (£bn)	111	104	7
UK protection and GI gross premiums (£m)	938	921	2
Direct investments (£bn)	6.2	4.6	35

Earnings

Operational cash generation (£m)	624	578	8
Net cash generation (£m)	629	567	11
Operating profit (£m)	750	636	18
IFRS profit before tax (£m)	672	636	6
Earnings per share ¹ (pence)	9.79	8.51	15

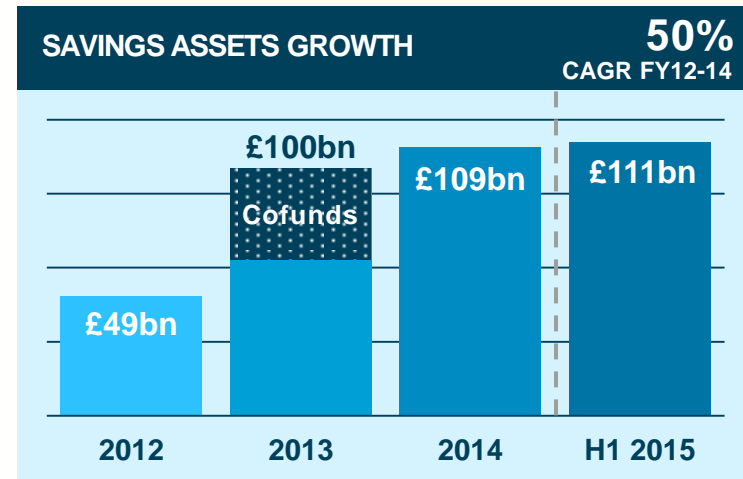
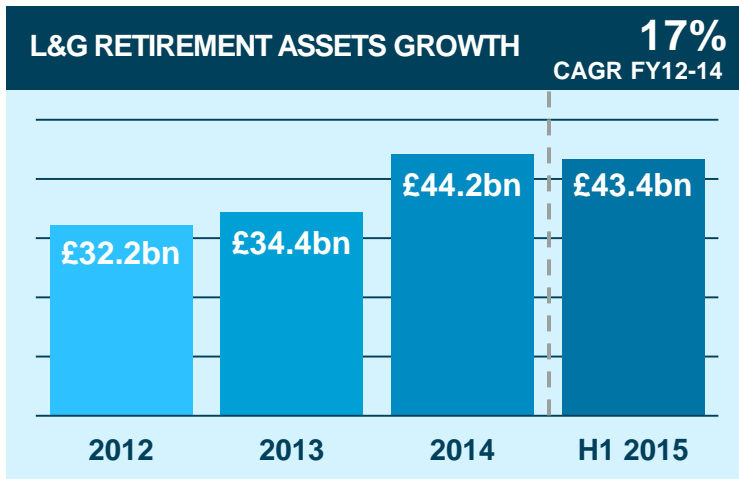
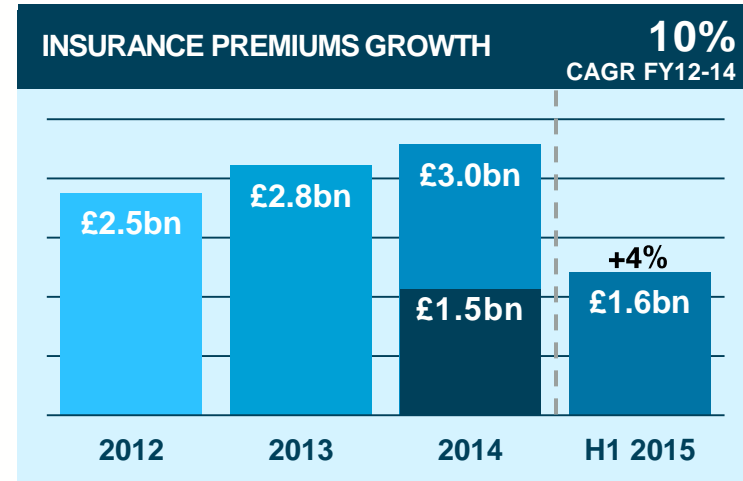
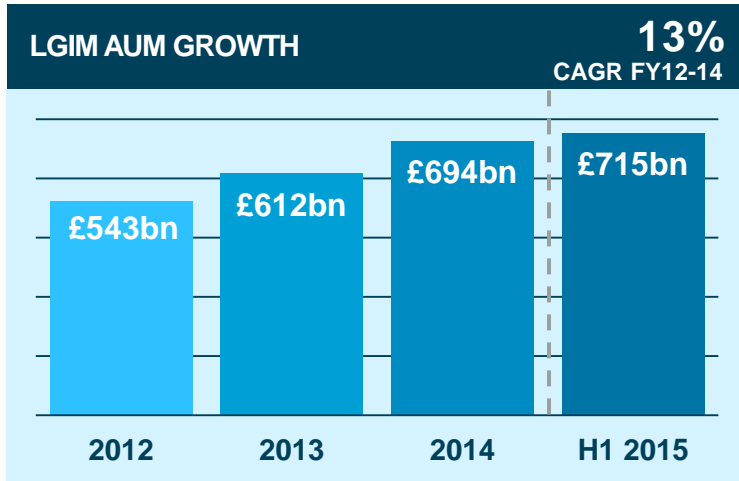
Capital

IGD surplus (£bn)	3.8	4.7
IGD coverage ratio (%)	198	236
Economic capital surplus (£bn)	6.4	7.6
Economic capital 1-in-200 coverage ratio (%)	220	261
Return on equity ² (%)	19.1	17.6

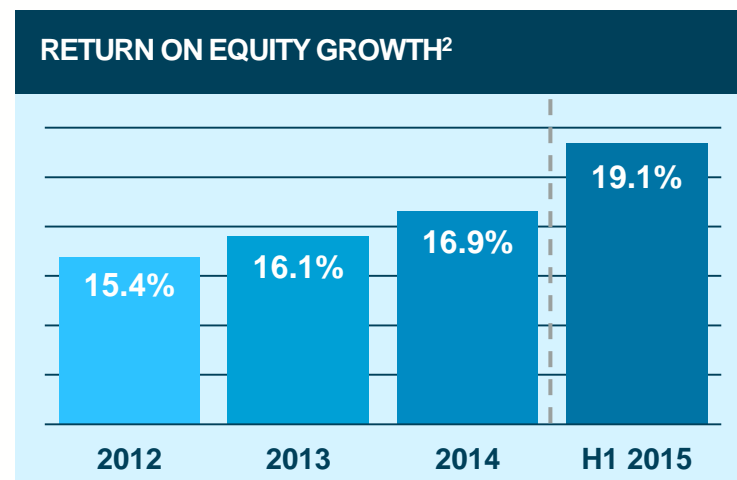
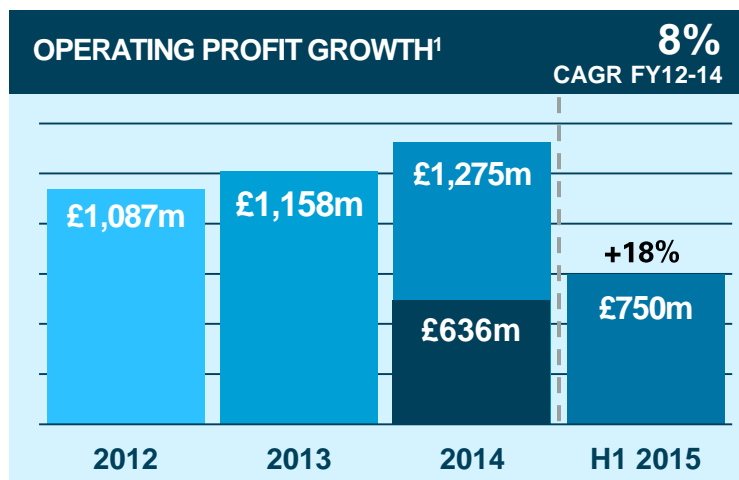
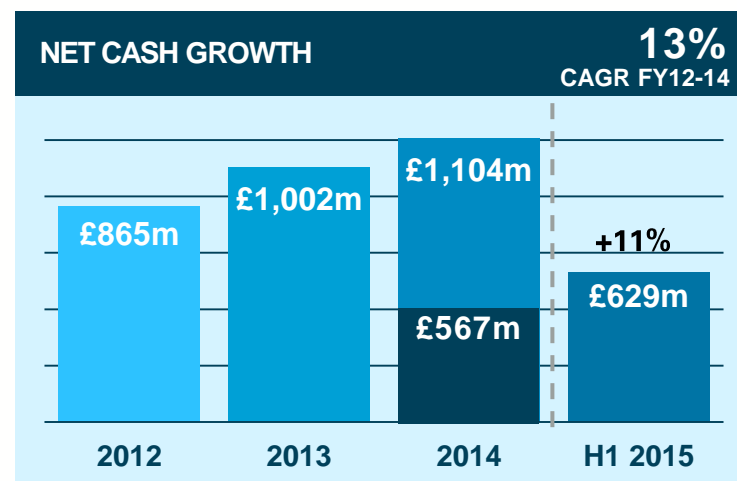
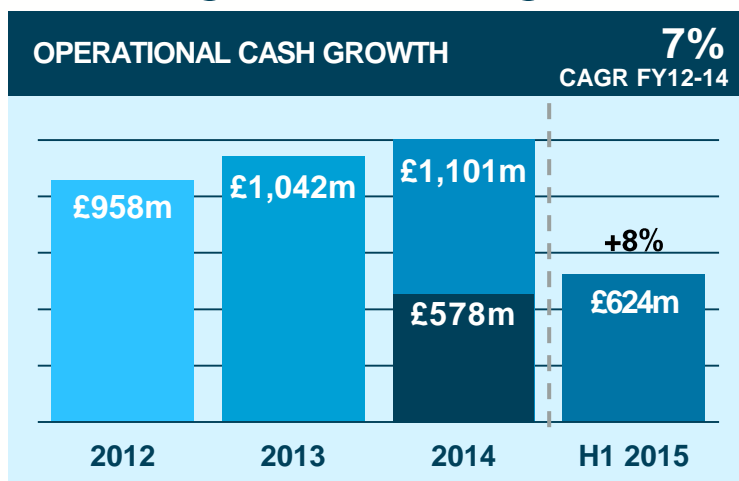
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2. Return on equity is calculated by taking annualised profit after tax attributable to equity holders of the Company (twice the half-year number), as an average of shareholders' equity during the period, excluding the £40m expense as per note 1

Driving growth: increasing stock



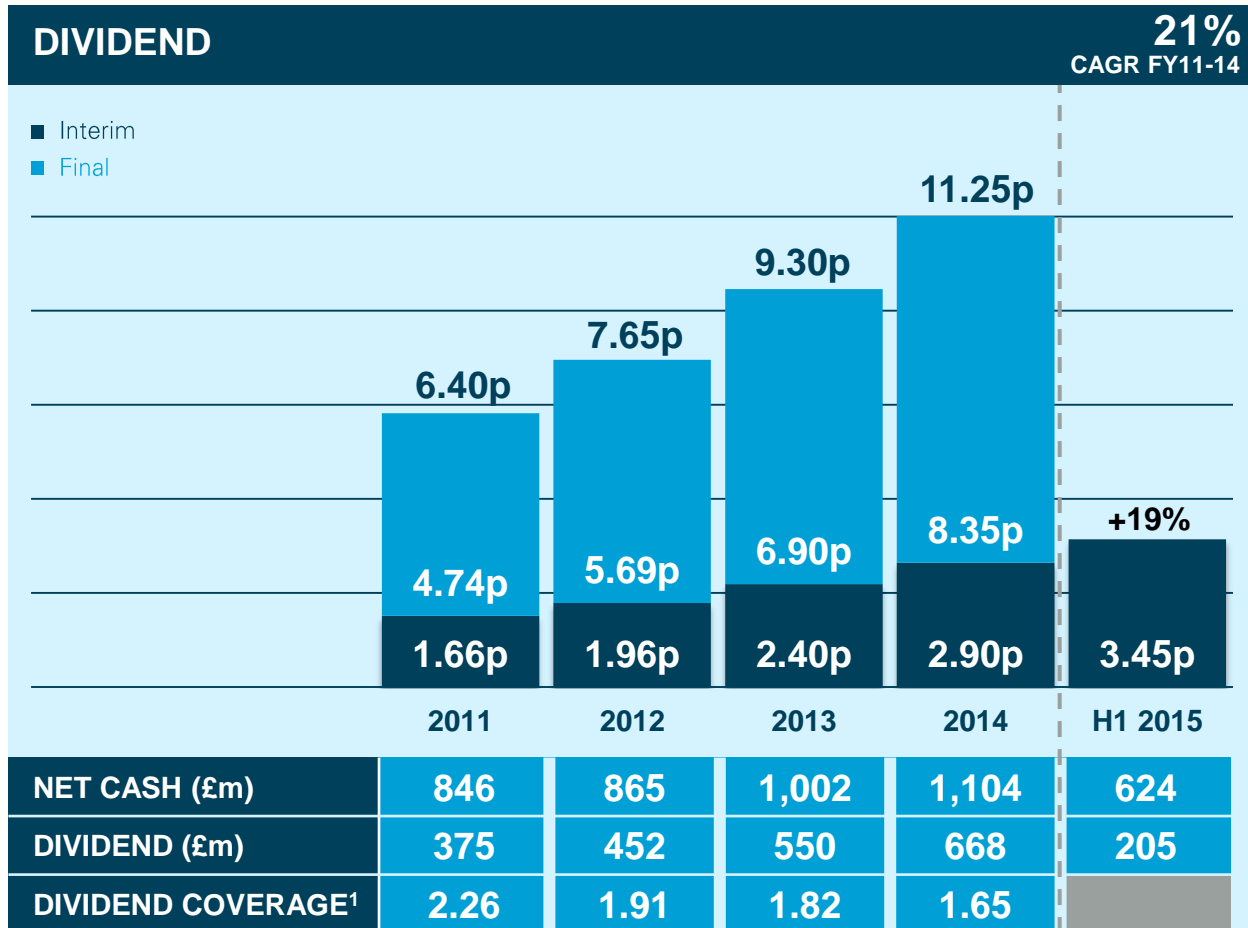
Increasing stock: rising returns



1. Restructuring costs of £9m charged against operating profit in H1 2015 (£31m in 2014). 2012-13 have not been restated

2. Return on equity is calculated by taking annualised profit after tax attributable to equity holders of the Company (twice the half-year number), as an average of shareholders' equity during the period, excluding the £40m expense in relation to Legal & General France and Legal & General Gulf as a consequence of both operations being classified as held for sale

Interim dividend up 19% to 3.45p



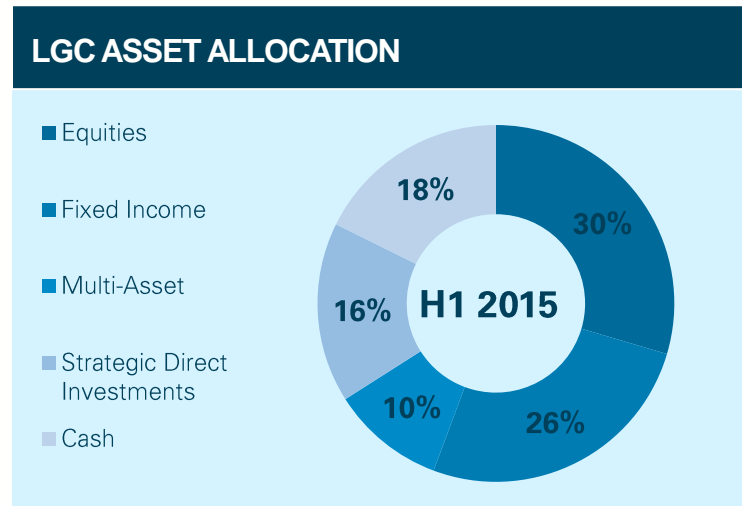
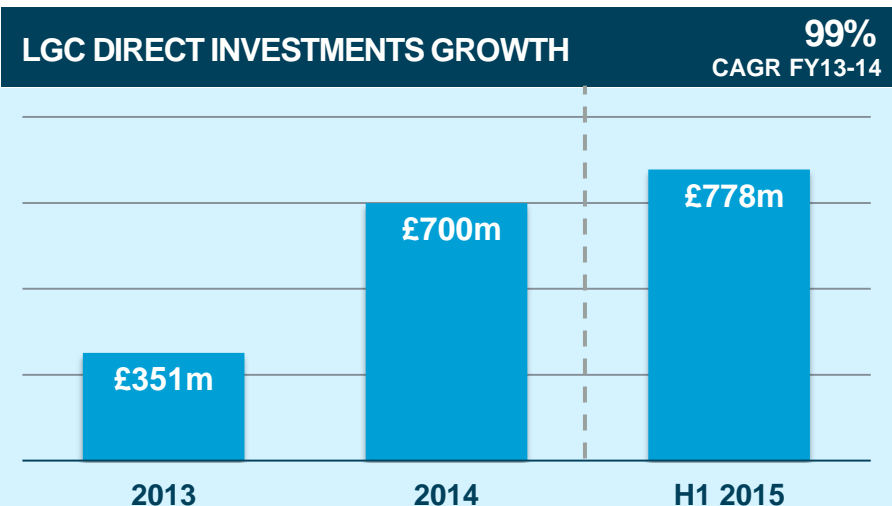
1. Dividend coverage based on net cash generation

- Should our Solvency II surplus be no lower than Solvency I, we expect to reduce our net cash coverage of full year dividend in 2015 towards 1.5 times
- The Board has confidence in the strength and growth prospects for the business
- We will provide updated dividend guidance when final Solvency II clarity has fully emerged

L&G Capital: taking advantage of our long-term balance sheet

FINANCIAL HIGHLIGHTS	H1 2015	H1 2014
LGC net cash generation (£m)	92	82
LGC operating profit (£m)	115	102
Assumed annualised return on assets (%)	4.4	4.4
Actual annualised return on assets (%)	4.2	2.5
LGC average assets (£bn)	5.3	4.7
LGC assets (£bn)	4.8	5.2

- Strategically investing the Group's net assets
- Creating business lines in economically crucial sectors that require long term finance
- Originating assets for LGR and creating co-investment opportunities for LGIM client base
- In H1 2015, LGC invested £203m in businesses and projects, and has a robust pipeline for H2



▶ L&G Capital: strategic focused investments

Housing

- Build to Rent sites projects in London and the North of England for c.500 units
- Consent for 1,000 new houses in the South of England
- CALA Homes on track for record revenue and profits (YE June 2015)

Urban Regeneration

- £500m MediaCity UK scheme in Salford alongside the Peel Group, a world class digital community and home for the BBC and ITV
- £240m Bracknell Town centre (Berkshire), alongside Schrodgers, a new modern retail town centre

Alternative Finance

- €447m first close of Pemberton's European Mid-Market Debt Fund

Clean energy

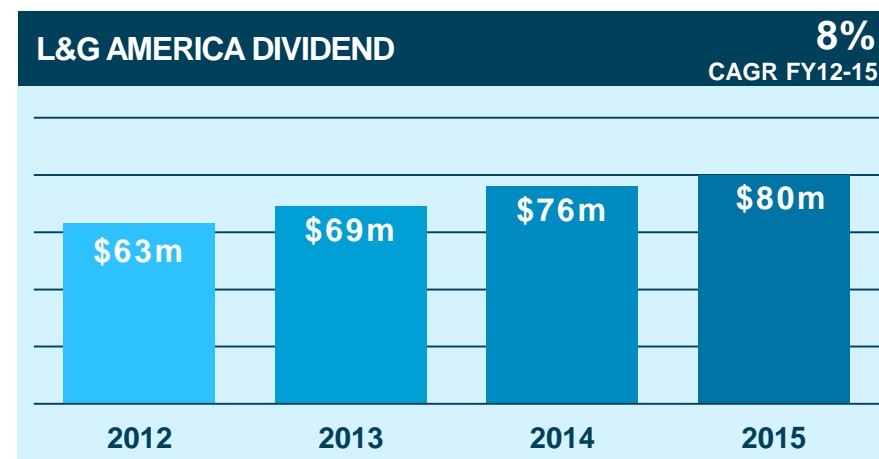
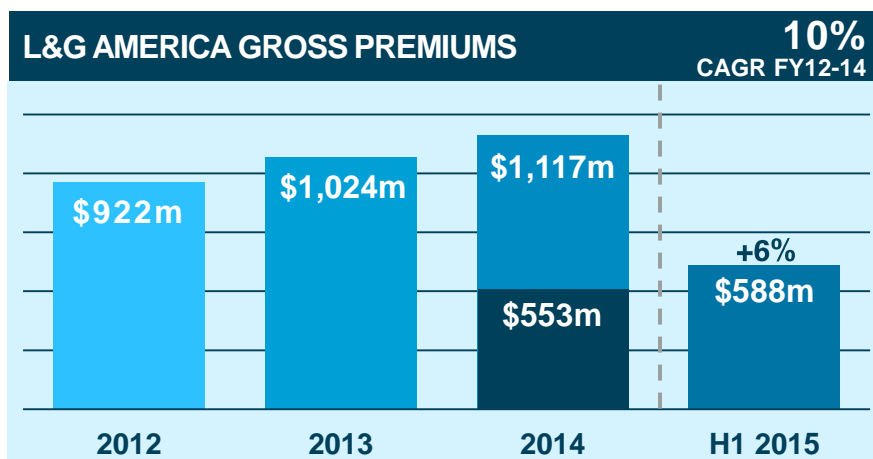
- Developing solar and wind generation investment pipeline



L&G America: continued focus on cash generation

FINANCIAL HIGHLIGHTS	H1 2015	H1 2014
Net cash generation (\$m)	80	73
Operating profit (\$m)	61	72
New business margin (%)	10.1	10.8
Gross written premiums (\$m)	588	553
Policies in force (k)	1,180	1,114

- Operational cash generation up 10% to \$80m. This represents the ordinary dividends paid to the Group
- Gross premiums up 6% to \$588m
- Policies in force up 6% to 1,180k
- Operating profit of \$61m after \$13m of adverse mortality experience in H1
- LGA is providing support to launch the LGR business in the US
- Cost saving initiatives implemented resulting in a 15% reduction in expenses run-rate



Note: 2012-2014 include preference dividends paid in Q4 of \$2m p.a.

L&G Savings: cash flows maintained in a changing environment

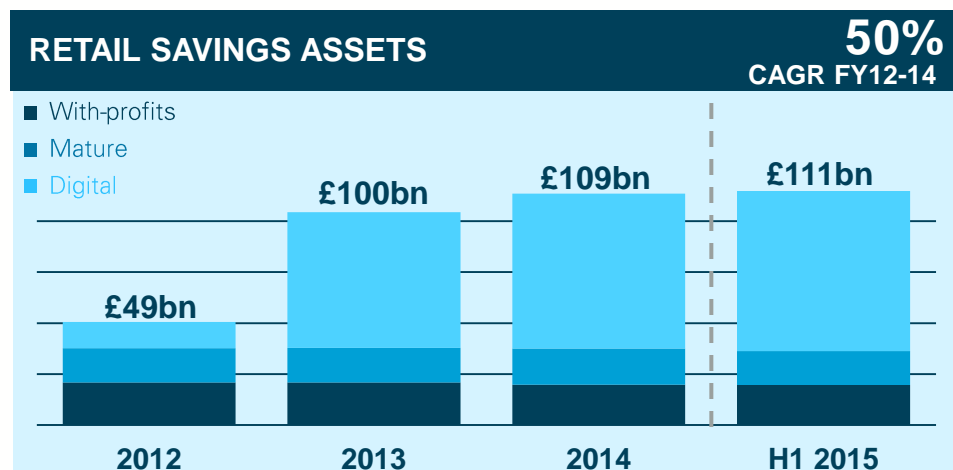
FINANCIAL HIGHLIGHTS	H1 2015	H1 2014
Operational cash generation (£m)	64	64
New business strain (£m)	(5)	(8)
Net cash generation (£m)	59	56
Operating profit (£m)	50	54

Platforms

- Focus remains on achieving required efficiency as asset base continues to grow
- Higher penetration of pension assets on Cofunds, over 80% increase in Cofunds pension account sales

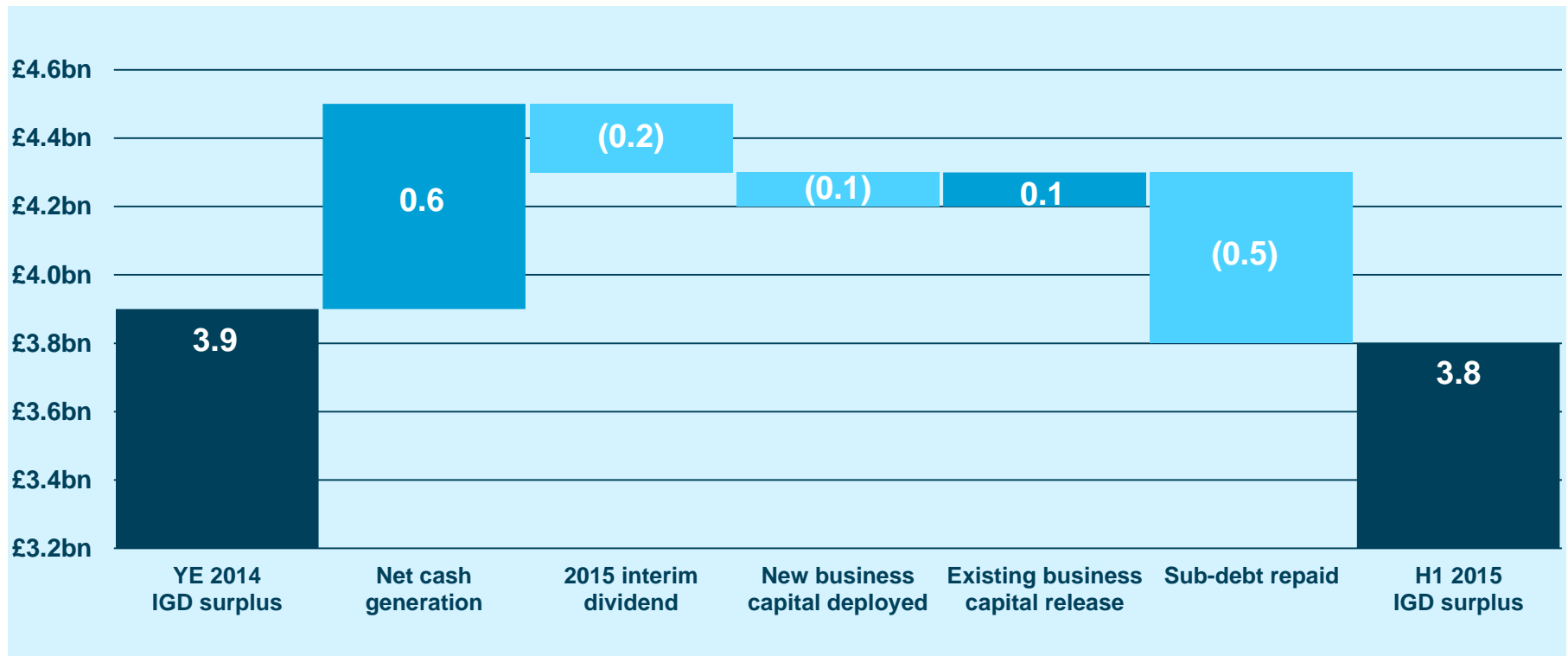
Mature business

- Closed With-profits fund
- Focus on cost savings as Mature savings book declines over time



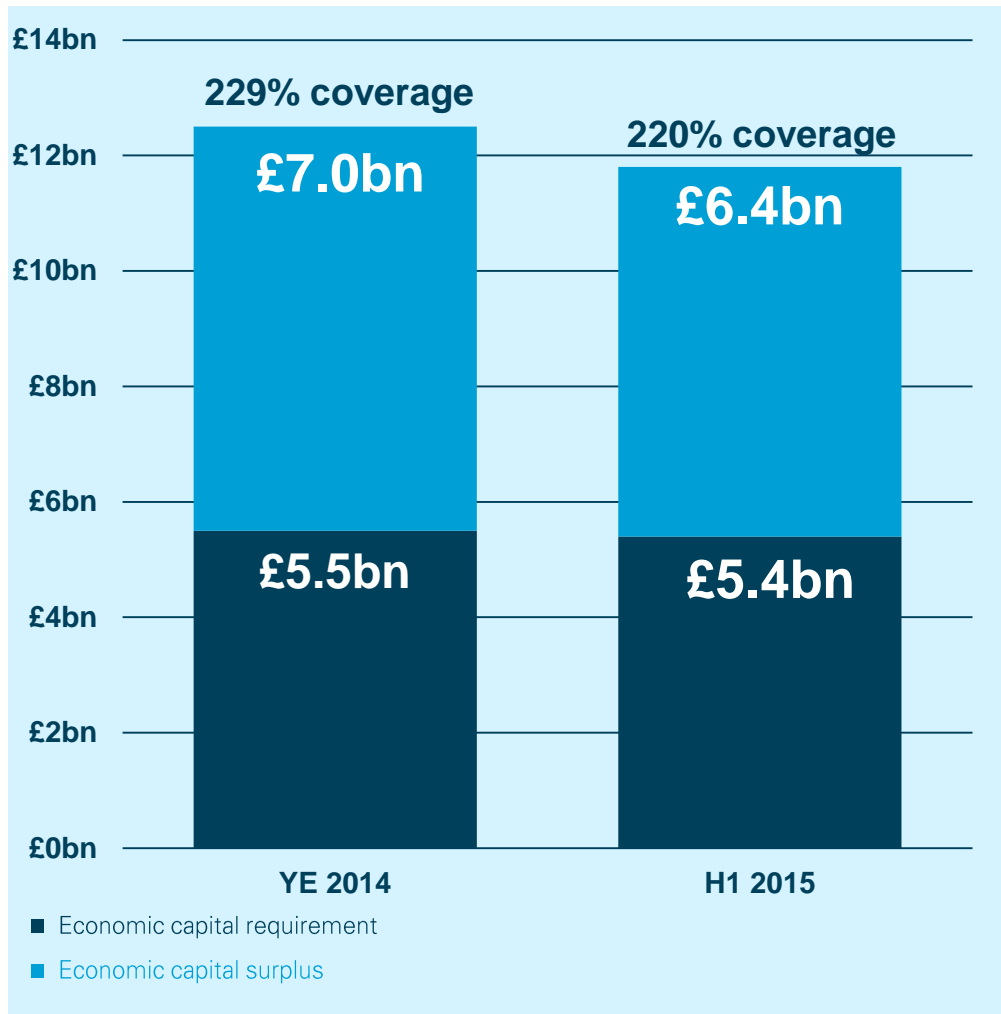
Note: 2012-2013 includes pre-acquisition Cofunds assets

Capital position: IGD surplus maintained



- IGD surplus represents a coverage ratio of 198%, within our preferred range of 175% - 225%
- Capital continues to be deployed, returns are being generated and balance sheet strength maintained
- £0.1bn of capital deployed in new business following fewer significant bulk annuity transactions in 2015
- Strong capital surplus maintained despite repayment of €600m subordinated debt in June 2015

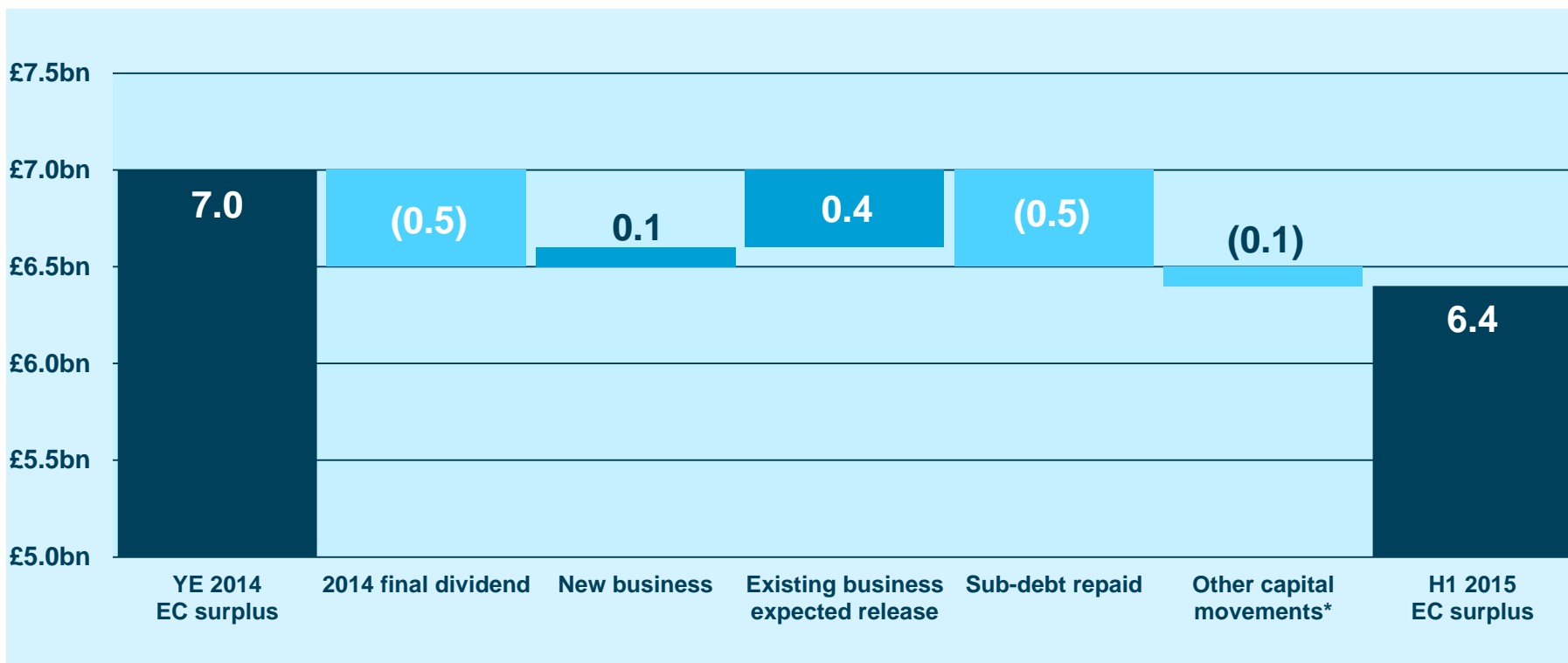
➤ Economic capital position remains strong



Economic capital is the amount of capital that the Board believes the Group needs to hold, over and above its liabilities, in order to meet the Group's strategic objectives

These numbers do not represent our view of the Solvency II outcome for the Group. Solvency II has elements which Legal & General considers to be inconsistent with the Group's definition of economic capital, so there will be differences between the two balance sheets. Our economic capital model has not been reviewed by the Prudential Regulatory Authority (PRA), nor will it be

Strong economic capital surplus



* Other capital movements include operating and non-operating experience items other than the expected release from existing business

- Strong capital surplus maintained despite repayment of €600m subordinated debt in June 2015
- New business surplus of £0.1bn (H1 2014: £0.0bn)

Mark Zinkula

LGIM Chief Executive Officer

+12%
£715bn
Total AUM

+18%
£176m
Operating profit

+38%
£13bn
Workplace AUA

➤ Successfully executing our strategy

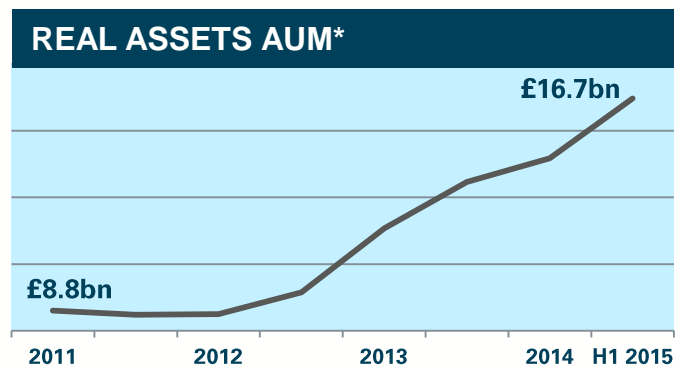
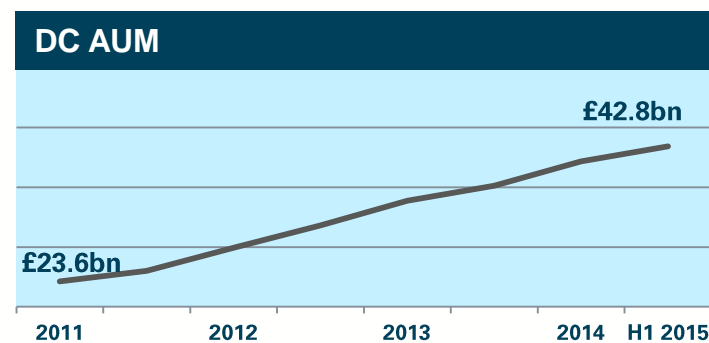
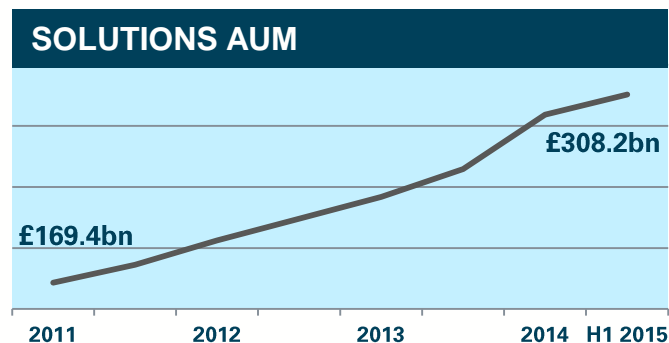
FINANCIAL HIGHLIGHTS	H1 2015	H1 2014
Total revenue (£m)	347	309
Total costs (£m)	(168)	(150)
Asset management operating profit (£m)	179	159
Workplace Savings (£m)	(3)	(10)
Operating profit (£m)	176	149
Net cash generation (£m)	138	117
Cost:income ratio ¹ (%)	48	49
External gross inflows (£bn)	25.3	19.8
External net inflows ² (£bn)	13.8	8.5
of which international ² (£bn)	5.4	5.8
of which DC (£bn)	1.0	1.1
Persistency (%)	91	90
ASSET SCALE	H1 2015	H1 2014
AUM (£bn)	714.6	640.0
of which international (£bn)	115.8	69.2
AUA (Workplace Savings) (£bn)	13.1	9.5
Advisory assets (£bn)	11.3	13.7

1. Excluding Workplace Savings

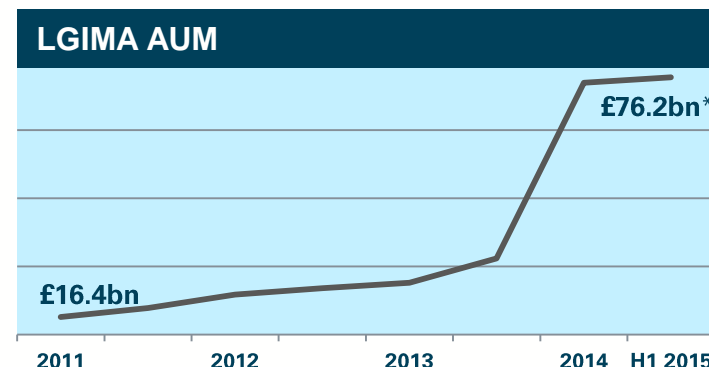
2. Includes overlay assets

- Operating profit of £176m, up 18%
- Continued low cost:income ratio, driven by operational efficiency while we continue to invest in expanding our business
- Significant improvement in net flows, primarily due to better Index and Fixed Income flows
- Continued strong flows in Solutions and Real Assets
- Expansion of the US business is driving international growth and we are increasing investment in other regions
- Strong growth in the DC business
- Persistency continues to be in line with long term expectations

▶ Transforming our business for future growth



* Comprises Property and Infrastructure AUM



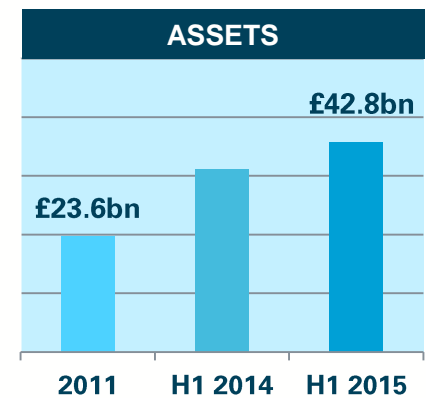
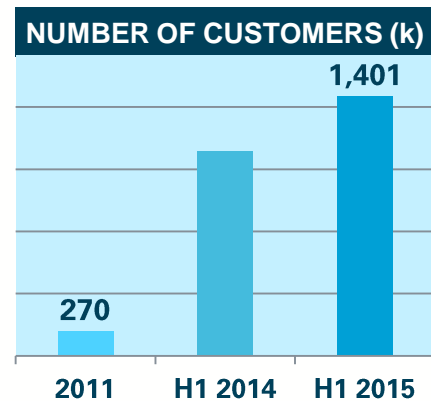
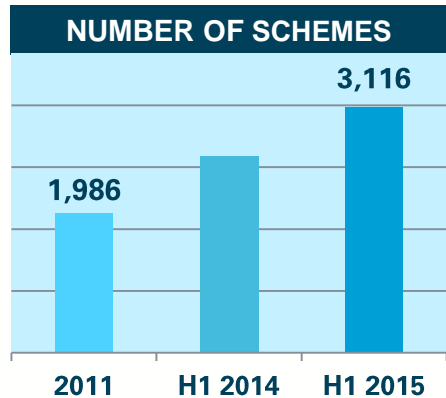
* Includes transfer of £37.5bn Index assets to the US in Q3 2014

- Over 40% LDI market share as we expand our range of solutions for the maturing UK defined benefit market
- Creating a comprehensive business model for UK defined contribution market, which will allow us to continue increasing market share
- Rapidly growing our Real Assets business by expanding our capabilities and client base
- Accelerating international growth, with the US business leading the way

▶ Building UK Defined Contribution business for the future

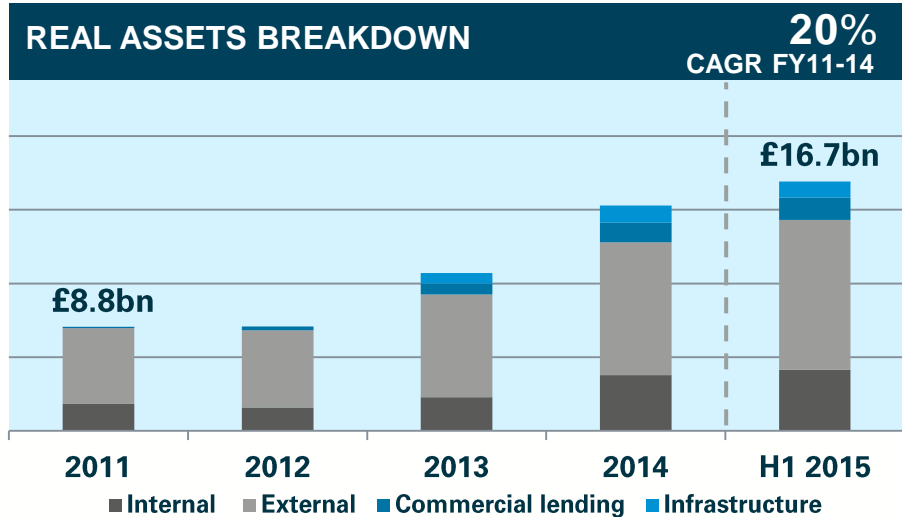
UK DC ASSET GROWTH

20%
CAGR FY11-14

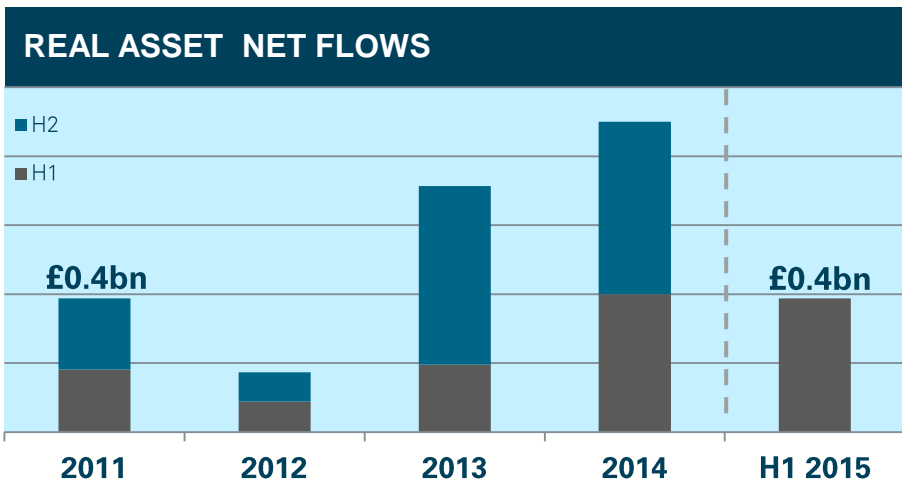


- Increased gross new business year on year to £3.4bn in H1 2015 (H1 2014: £2.6bn)
- Transfer of Workplace Savings is progressing well; now have 1.4 million bundled customers
- The Investment Only platform has generated £3.5bn of assets since inception in September 2014
- Product range further developed:
 - Post Retirement Solution within our Mastertrust
 - Expect to launch DC Target Date Funds in Q3 2015 in the UK
- We are well-placed for the 'Strengthening the incentive to save' consultation on pensions tax relief

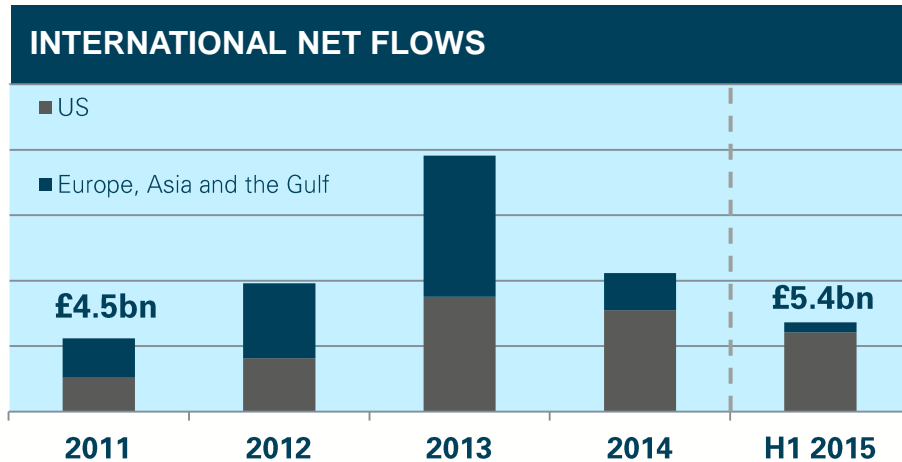
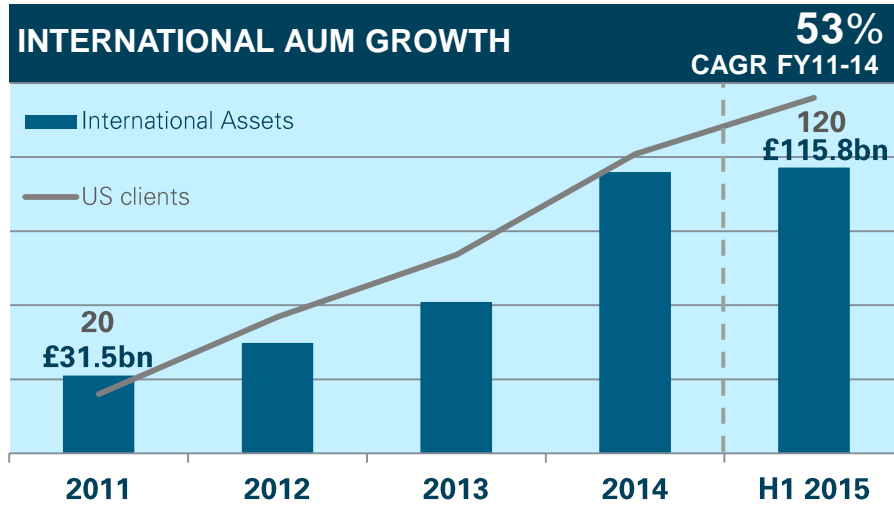
Accelerating growth of Real Assets business



- Created a Real Assets business by combining Property and Infrastructure teams under common leadership
- AUM has increased by an annual rate of 20%
- Expanded into property lending and infrastructure and have now entered the build to rent sector
- Closed the second UK Property Income Fund (UK PIF II) with equity of £400m from a total of 16 institutional investors in 10 countries
- Recently entered into two joint ventures with PGGM
- Property Authorised Investment Fund has reached £2bn
- Successfully growing international client base



Increasing global footprint



- Total external international AUM net flows of £5.4bn (H1 2014: £5.8bn)
- In the US, continuing to attract strong inflows into active funds and onboarded first passive clients
- Launched a range of passive collective investment trusts to target pension clients in the US
- Now have over 100 US clients
- 100% of US active fixed income composites outperforming respective benchmarks over 1, 3 and 5 years
- In Europe and Asia, won several index mandates which are due to fund in H2
- Expanding in Asia and entering Latin America

Kerrigan Procter

LGR Managing Director

+49%

£280m

Operating profit

+13%

£43.4bn

Annuity assets

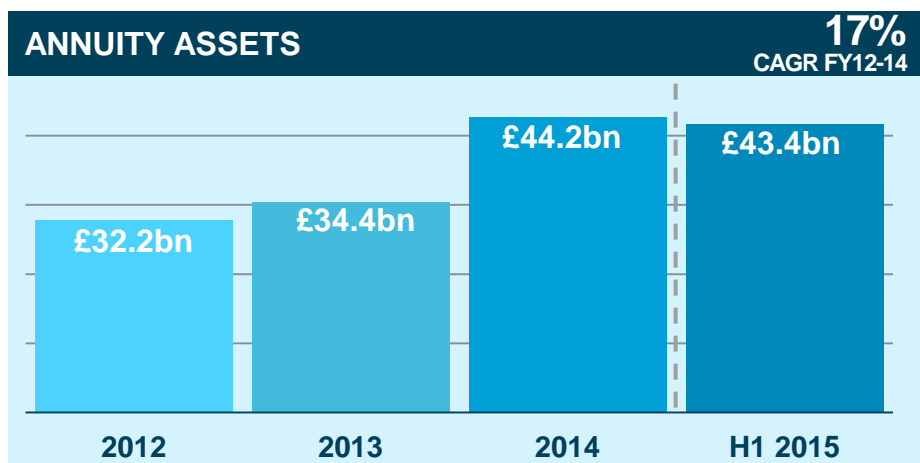
£37m

Lifetime mortgage
advances

Increased scale of business leading to profit growth

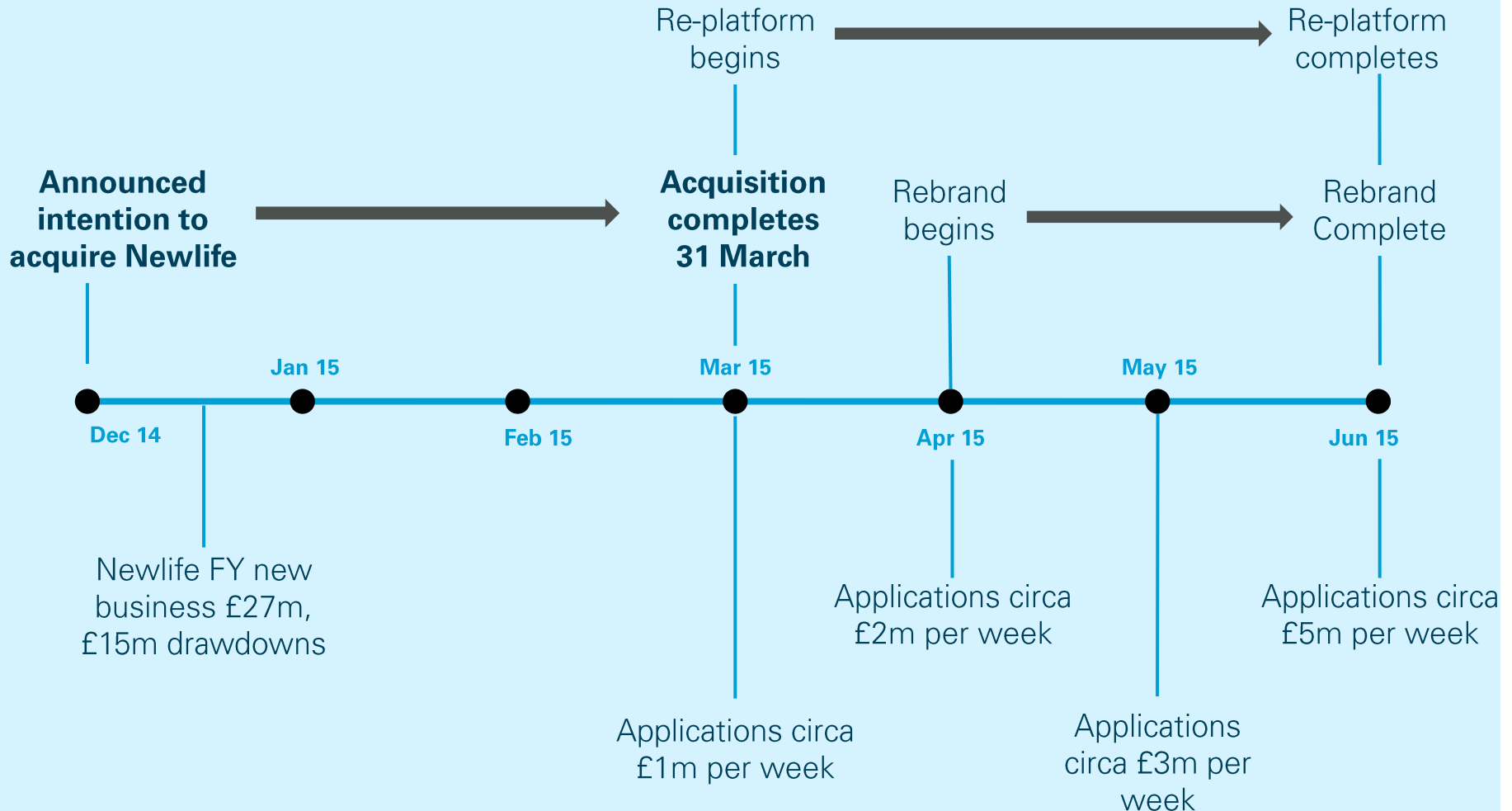
FINANCIAL HIGHLIGHTS	H1 2015	H1 2014
Operational cash generation (£m)	170	146
New business surplus (£m)	22	20
Net cash generation (£m)	192	166
Operating profit (£m)	280	188
Total annuity assets (£bn)	43.4	38.5
Annuity single premiums (£m)	1,326	3,518
New business EEV margin (%)	7.2	8.4
Lifetime mortgages (£m)	37	n/a

- Operating profit of £280m, up 49%, reflecting focus on managing the back book efficiently for cash and continuing to adopt a 'capital-lite' model for new annuity business
- Benefitted from selective reinsurance of longevity and asset risk to enhance shareholder returns
- Head of US retirement business appointed to facilitate entry into US pension risk transfer market
- Completed acquisition of Newlife Home Finance, doubling target for lifetime mortgages to £200m in 2015



Accelerated entry into lifetime mortgages

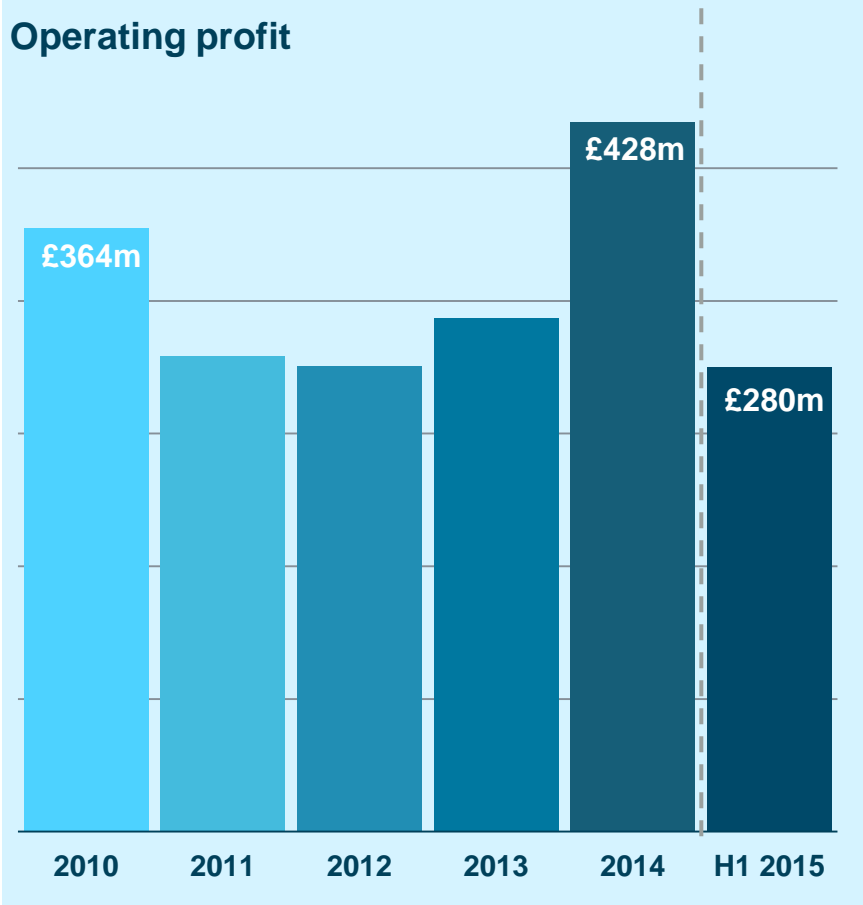
LIFETIME MORTGAGES



➤ Back book for cash, capital-lite front book

BACK BOOK FOR CASH

Operating profit



CAPITAL-LITE FRONT BOOK

Managing our risk exposure:

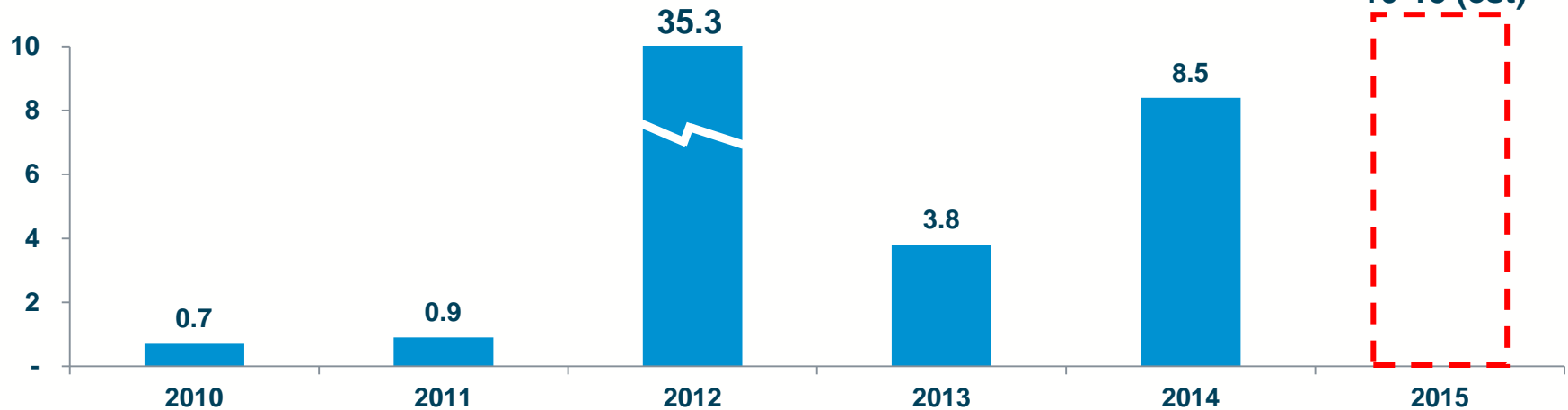
- Reinsured 76% of new business longevity exposure in the last 18 months and 77% in the last 6 months
- Live reinsurance with 7 counterparties
- Transacted an asset reinsurance deal

Capital-lite investment strategy:

- Self-manufacturing high quality long dated assets

▶ Building out our US business to deliver growth

US buyout market (\$bn)



Source: Aon Hewitt and Mercer

Progressing well with building out our US business

Team	Product	Administration	Regulatory framework
<ul style="list-style-type: none"> • President of US Retirement appointed George Palms • Team of 7 people based in Stamford 	<ul style="list-style-type: none"> • Started quoting on pension risk transfer deals 	<ul style="list-style-type: none"> • Building out our in-house administration capabilities within LGA 	<ul style="list-style-type: none"> • Writing business out of LGA (Banner) leveraging their regulatory approvals

Duncan Finch

Insurance Managing Director

+7%

£192m

Operating profit

+4%

£774m

UK protection GWP

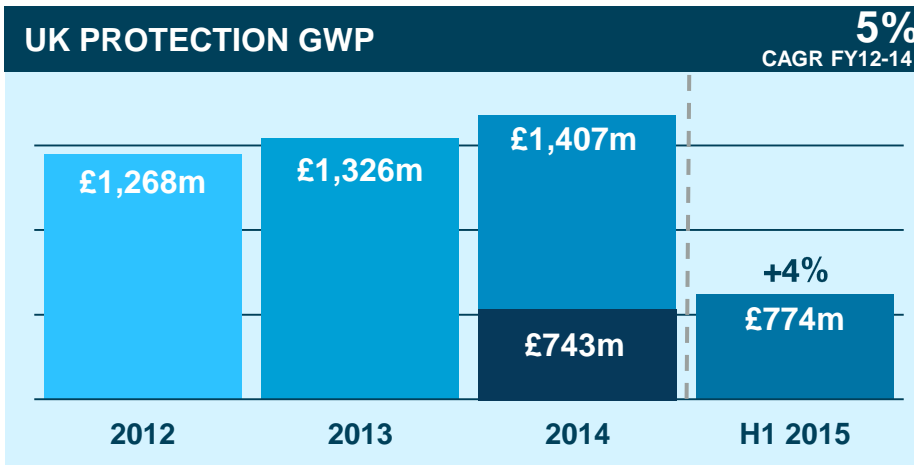
No. 1

UK market leader in
retail protection

➤ L&G Insurance: scale and efficiency driving profit

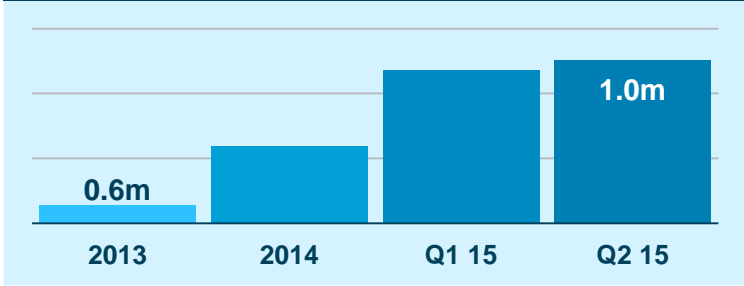
FINANCIAL HIGHLIGHTS	H1 2015	H1 2014
Operational cash generation (£m)	165	166
Net cash generation (£m)	165	158
Operating profit (£m)	192	179
Gross written premiums (£m)	1,047	1,038
UK protection EEV margin (%)	8.5	9.3
General insurance combined ratio (%)	82	88

- Higher net cash driven by strong new business volumes and favourable market conditions
- Operating profit up 7%, driven by Household and favourable claims experience in Group Protection
- Protection margin remains strong
- General insurance combined ratio favourable due to mild weather and cost saving initiatives implemented in H1 2015
- Premiums continue to benefit from the scale and efficiency established from a digital platform that underwrites in excess of 80% of applications at point of sale
- Secured an intermediary distribution arrangement for Individual Protection with Intrinsic

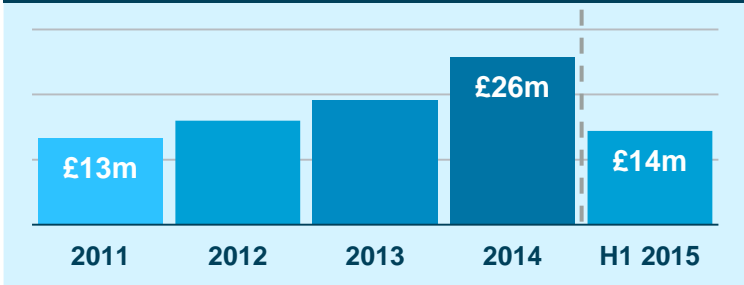


L&G Insurance: successful growth in direct

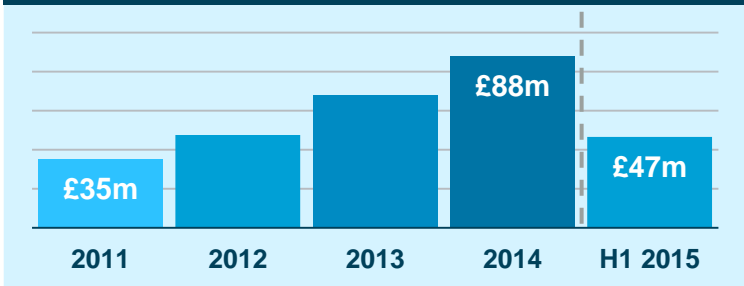
CUSTOMERS



RETAIL PROTECTION APE



HOUSEHOLD GWP



Online self service

Multi channel customer engagement



Digitalising our business

Online & offline marketing expertise



Simplification & automation



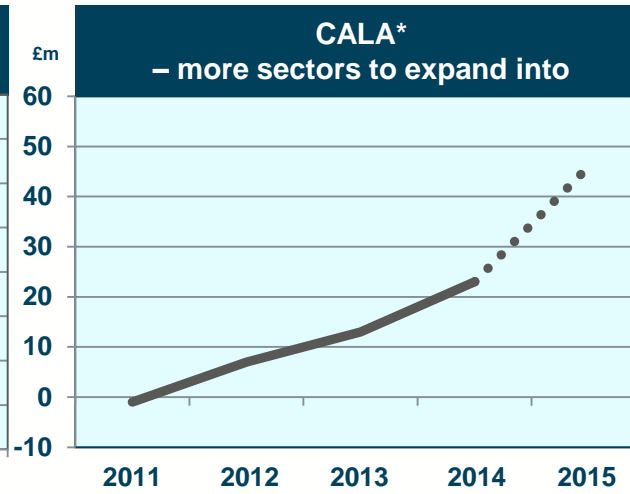
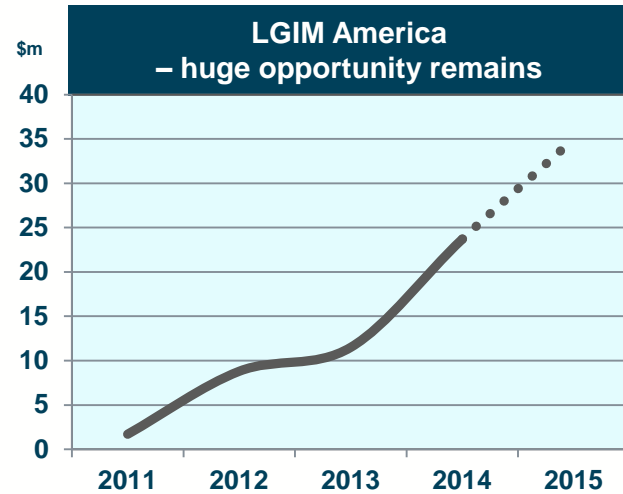
Cross sales ability

Nigel Wilson

Group Chief Executive

“Cities are not overbuilt, they are under demolished”

▶ Building businesses to deliver long term sustainable profit growth

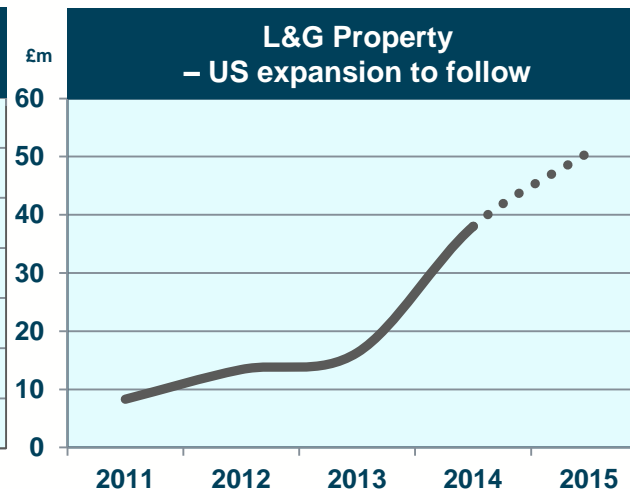
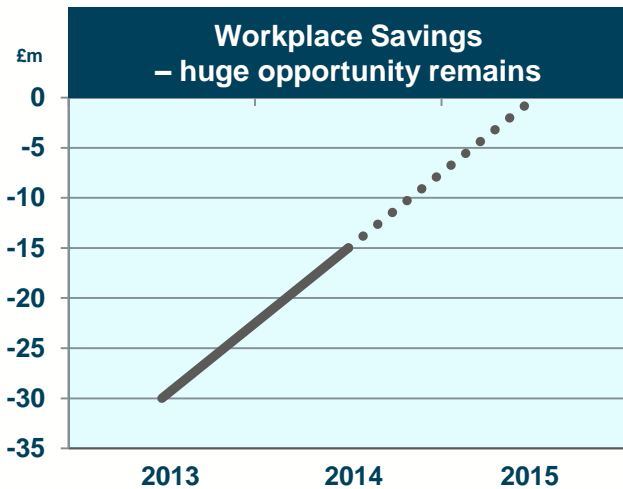


Other J curve businesses:

- LGIM Asia
- Global pension risk transfer
- Lifetime mortgages
- Alternative finance
- Urban regeneration

Areas with slow run-off include:

- With-profits
- Individual annuities
- Insured savings



*Represents Legal & General's share of profits in CALA Homes

Legal & General Group plc
Half-Year results – 5 August 2015

2015

A POSITIVE FUTURE FOR ALL

Delivering consistent dividend growth
for our shareholders

