



A DIVERSIFIED FINANCIAL SERVICES  
BUSINESS CREATING SIGNIFICANT  
SHAREHOLDER VALUE.

LEGAL & GENERAL:  
DÉJÀ VU – LESSONS FROM THE  
CRISIS?



BoAML Conference  
5 October 2011.

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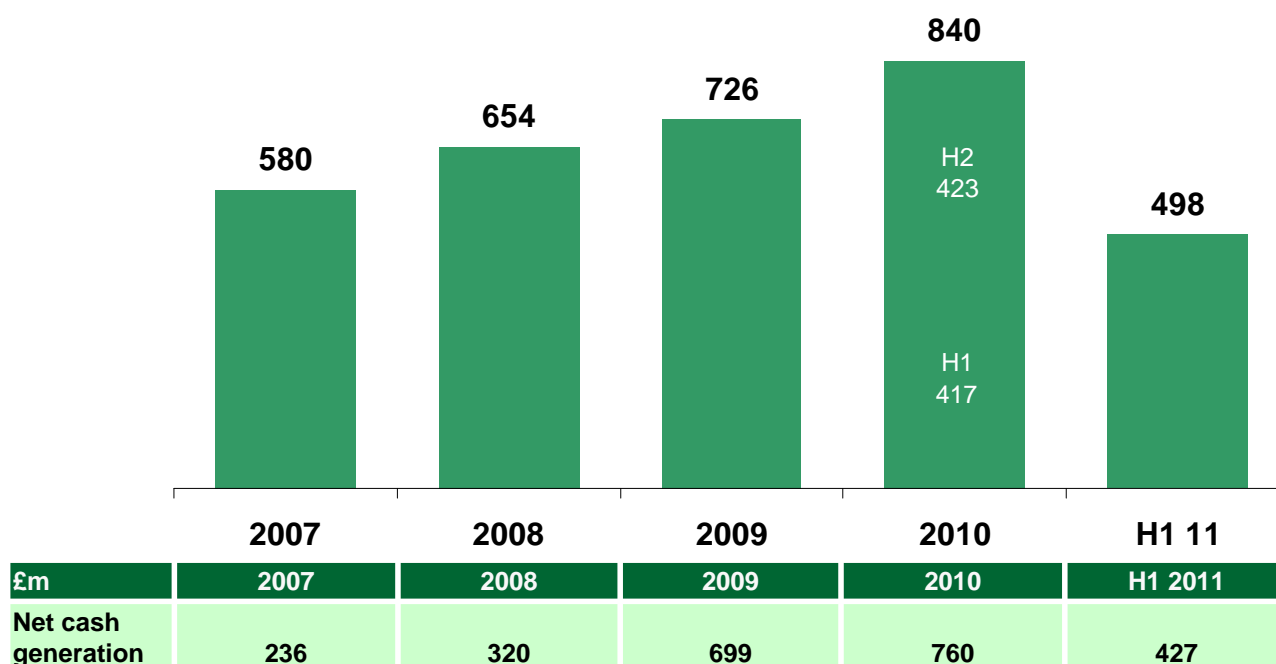
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LEGAL & GENERAL: A compelling equity story.

1. Sustainable, diversified and growing cashflow coupled with dividend cover unwind should result in superior dividend growth.
2. Strong balance sheet with successful management of risks.
3. Large and growing market shares in attractive markets.
4. LGIM developed into core growth driver for the Group.
5. Undemanding valuation on both free cash flow yield and EEV basis.

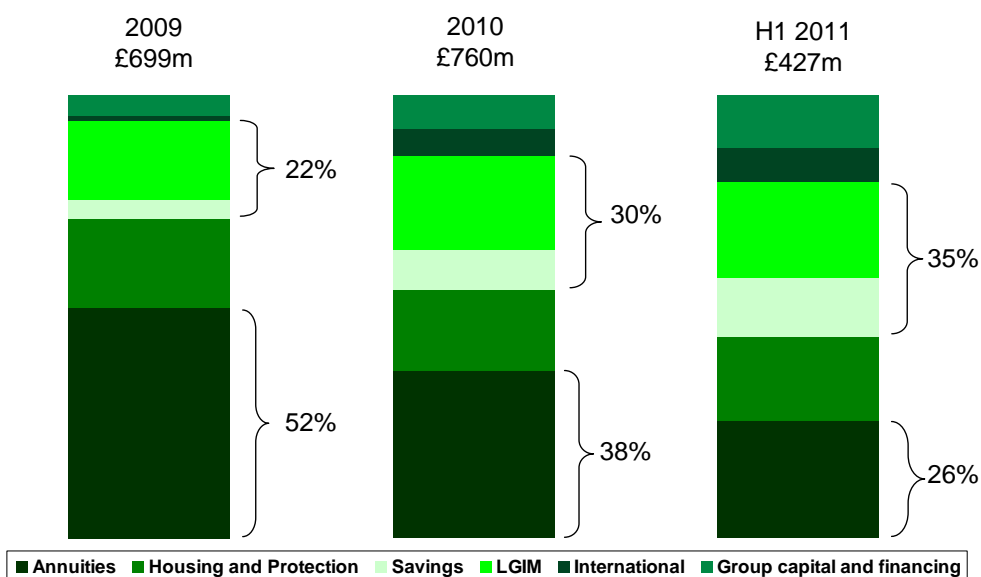
## CASH: Strong growth in operational and net cash generation.

Operational cash generation 2007 – 2011 (£m)

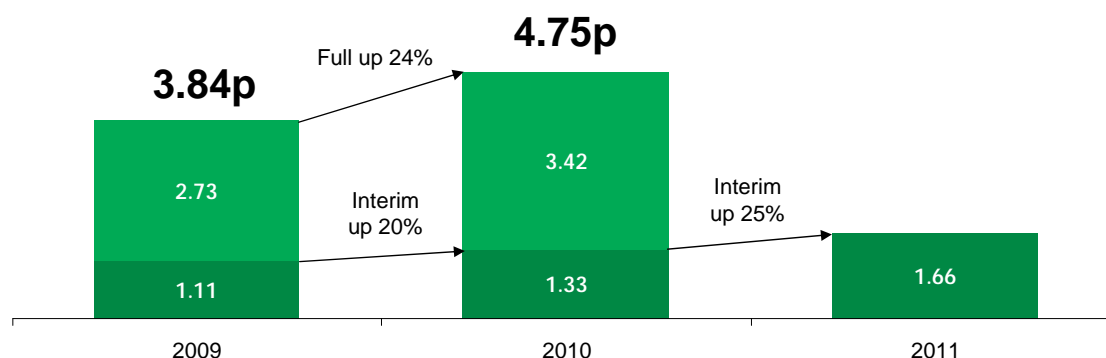


## Improvement in quality and diversification of net cash generation.

Source of net cash generation 2009-2011



## Interim dividend up 25%.



£m	2009	2010	2011
Cash cover (x)	3.1	2.6	
Earnings cover (x)	3.9	3.0	

Cash cover to move towards two times over the medium term and potential to fall further thereafter as risks recede

## SALES: Solid H1 performance, confident about H2.

New business sales (£m)	H1 2011	H1 2010
Protection APE	94	85
Annuities APE	76	106
Savings APE	662	609
International APE	88	81
<b>Worldwide new business APE</b>	<b>920</b>	<b>881</b>
LGIM gross new business (£bn)	17.9	21.2
LGIM net asset flows (£bn)	3.0	8.3
Savings net asset flows (£bn)	1.1	1.5
<b>Total net asset flows (£bn)</b>	<b>4.1</b>	<b>9.8</b>

## BALANCE SHEET: Continuing to get stronger.

IGD Surplus (£m)	H1 2011	FY 2010
<b>At start of period</b>	<b>3,745</b>	3,148
Operational cash generation	498	840
New business strain	(71)	(80)
Dividends	(97)	(279)
Experience variances and assumption changes	27	138
Investment variance	(27)	46
(Increase) / decrease in operational regulatory capital requirement	(8)	(155)
Release of capital from US capital management programme	-	132
Other	(32)	(45)
<b>At end of period</b>	<b>4,035</b>	3,745

## MARKET LEADING BUSINESSES.

### RISK BUSINESS

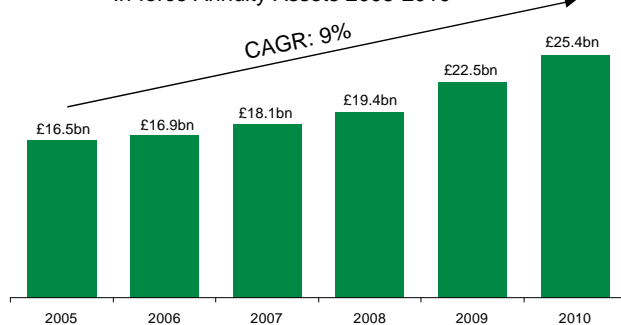
2010: IFRS Profits: £560m  
Net Cash: £429m

#### ANNUITIES

2010: Operational Cash: £229m  
Net Cash: £289m

High scale spread business. #1 in the UK. Experts in annuities. Strong growth prospects

In-force Annuity Assets 2005-2010

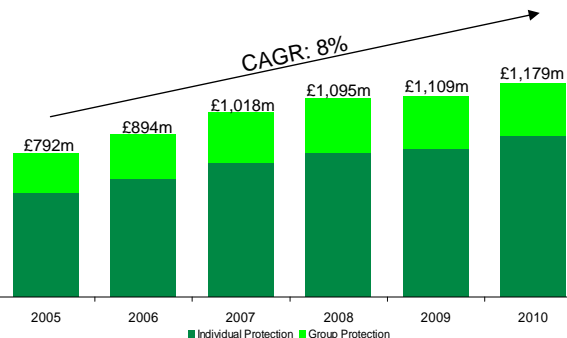


#### HOUSING & PROTECTION

2010: Operational Cash: £210m  
Net Cash: £140m

High scale insurance business. Leading distribution franchise. 15-20% market share. #1 in the UK

In-force Protection Premiums 2005-2010



**INVESTMENT MANAGEMENT**

2010: IFRS Profits: £206m  
Net Cash: £162m

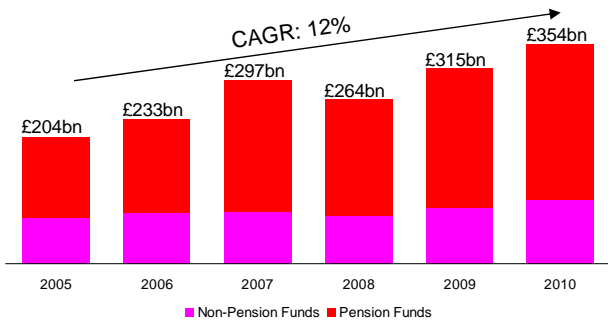
Low cost asset manager, 15-20% share in the UK.  
Strong international growth potential

**SAVINGS**

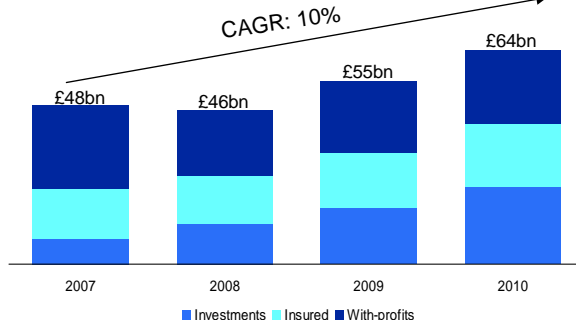
2010: IFRS Profits: £115m  
Net Cash: £68m

Transformation continuing. Sales up 43%,  
headcount down 20%. Attractive market prospects

LGIM Assets Under Management 2005-2010



Savings Assets Under Administration 2007-2010



**INTERNATIONAL**

2010: IFRS Profits: £102m Net Cash: £44m

Aim to be coherent, dividend paying and delivering acceptable returns

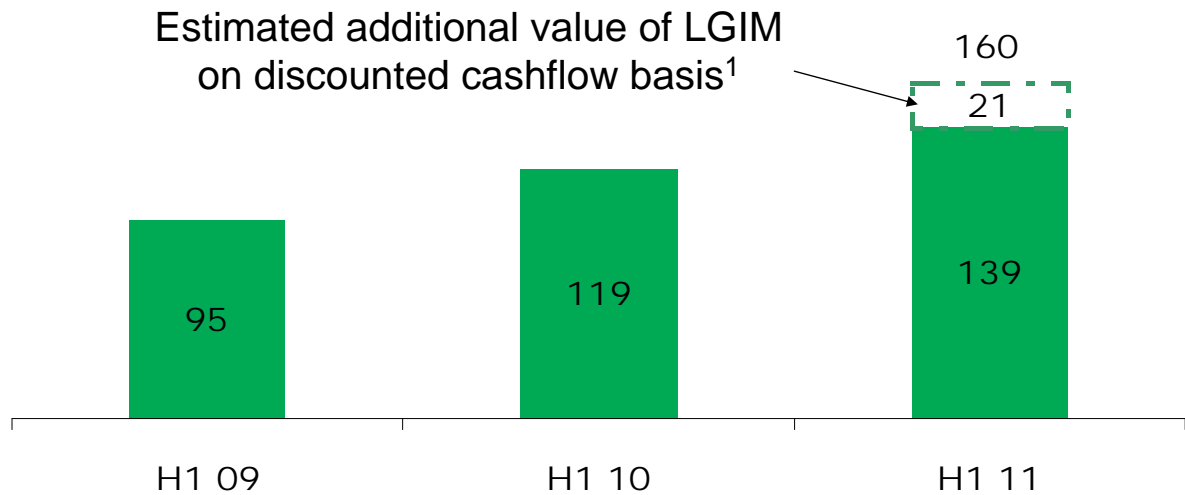
Region	Key Metrics
US	\$778m premiums, \$175m operating profit, \$53m cash
Europe	€709m premiums, €37m profits, €12m cash
Emerging Markets	£53m APE in India

High degree of confidence over 2011 cash.

	Operational cash generation (£m)	New business strain (£m)	Net cash generation (£m)	Operational cash generation (£m)	New business strain (£m)	Net cash generation (£m)
Annuities	112	1	113	c. 220		
Protection	109	(41)	68	c. 230		
Insured savings	53	(31)	22	c. 100		
<b>In-force cash generation</b>	<b>274</b>	<b>(71)</b>	<b>203</b>	<b>c. 550</b>		
With-profits	26		26	c. 50		
Savings investments and other savings	10		10	>20		
GI and other risk	12		12	>24		
LGIM	91		91	>182		
International dividends	35		35	c. 50		
Group capital and financing	100		50	>50		
Cost of Debt	(50)					
<b>Total</b>	<b>498</b>	<b>(71)</b>	<b>427</b>	<b>&gt;900</b>		
Variations and other			(46)			
International (excl. dividends)			9			
Tax gross up			133			
<b>Operating profit</b>			<b>523</b>			

1. Undiscounted VIF

EEV per share increased to 139p.



1. Management estimates, assuming stable margins and 10% outflows per annum

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## FORWARD LOOKING STATEMENTS.

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