

Competing in the age of
austerity.

BAML Conference
30 September 2010



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.

Market leading businesses, strong group synergies

INVESTMENT MANAGEMENT

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

Activity	Scale	Position
Funds Under Management	£320bn assets under management	#2
External Clients	79% of assets under management	#1
UK Corp Pensions	3,200 clients	#1
FTSE 100 Clients	55 out of 100 clients	#1

SAVINGS

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

Activity	Scale	Position
UK Unit Trusts	£15bn assets	#2
UK SIPPs	£5bn assets	#4
UK With Profits	£21bn assets	#2
UK Unit Linked Bonds	£10bn assets	#5
UK Pensions	£6bn assets	#7

RISK

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

Activity	Scale	Position
UK Annuities	£24bn assets	#1
UK Protection	£800m premiums	#1
UK Group Protection	£300m premiums	#3
UK General Insurance	£250m premiums	#7
UK Housing	£10bn mortgages	#1

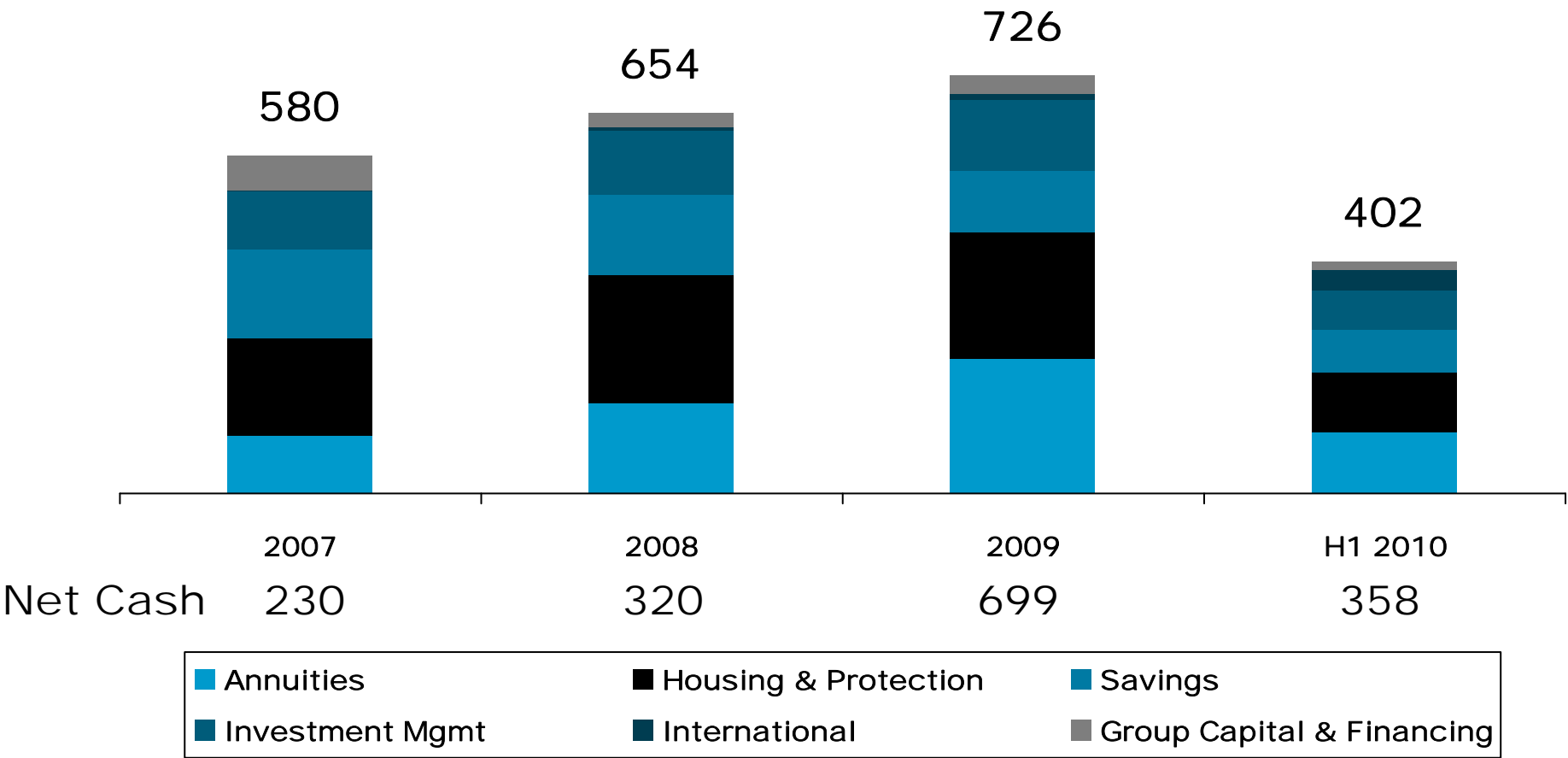
INTERNATIONAL

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

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

Cash: 12% per annum growth across diversified business model

Operational Cash Generation 2007 – 2010 (£m)



Creating shareholder value through increasing cashflow, dividends and growing our business

- **IFRS operating profit:** up 34% at £542m (H109: £404m)
- **IFRS profit before tax:** up to £537m (H109: £(143m))
- **Net cash generated:** up 19% at £358m (H109: £302m)
- **Worldwide new business APE:** up 18% to £881m (H109: £746m)
- **IGD surplus¹:** £3.3bn at 30 June 2010 (31/12/09: £3.1bn)
- **EEV per share:** 118.6 pence per share
- **EPS²:** 6.66 pence per share
- **H1 dividend:** up 20% to 1.33p per share

(1) Estimated and unaudited

(2) Based on diluted IFRS operating profit after tax

Drivers of Change

- Conservative Lib Dem coalition agenda
 - need to cut government spending
 - greater individual self sufficiency
 - new public/private partnership
- New regulatory settlement
 - backlash from the crisis
 - risk of prudential overkill
 - Impact on customers

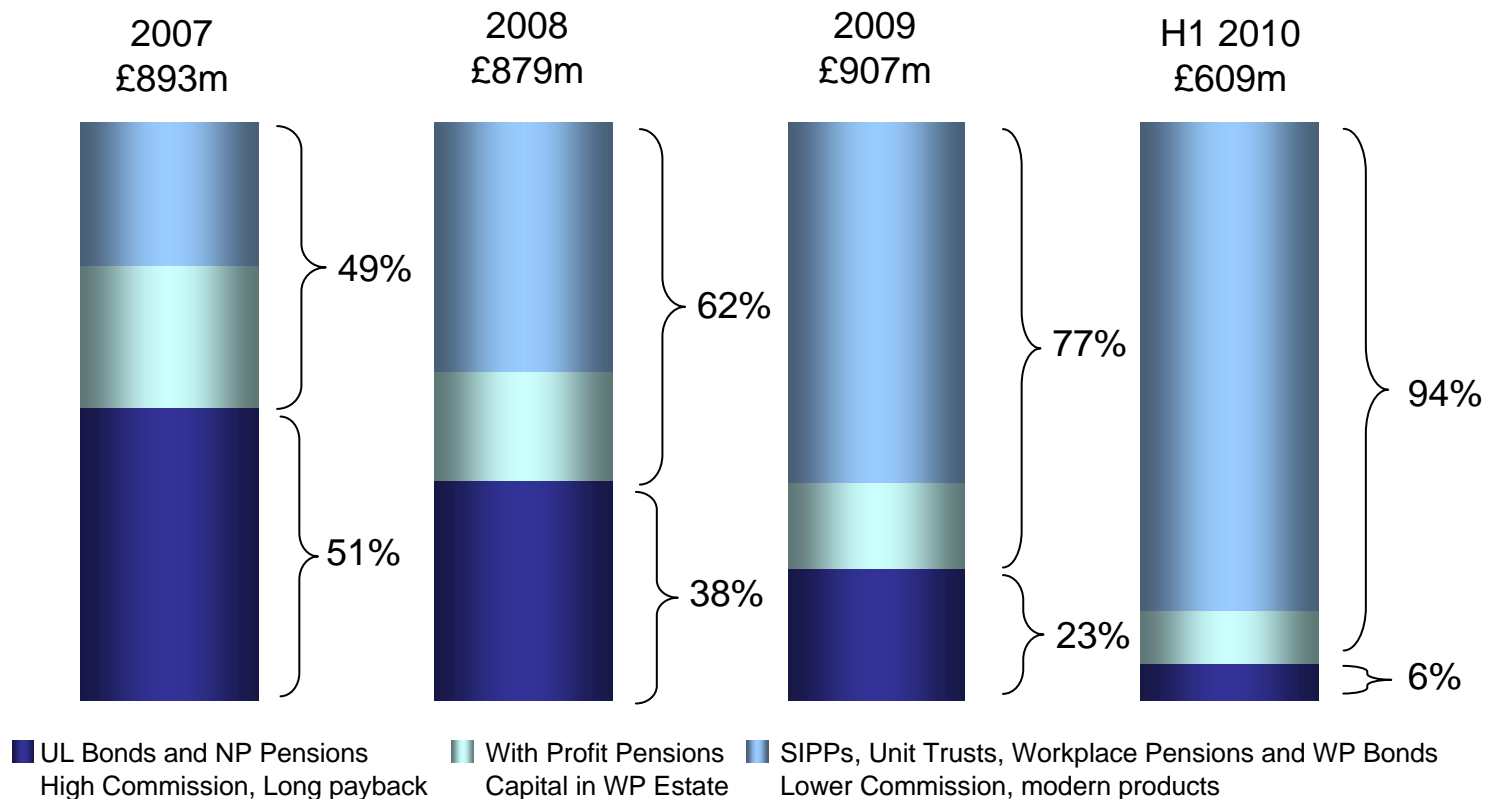
Savings: Transformation story continues. Further growth in profits, cash, assets and margins.

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

*Annualised, excluding with-profits

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

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

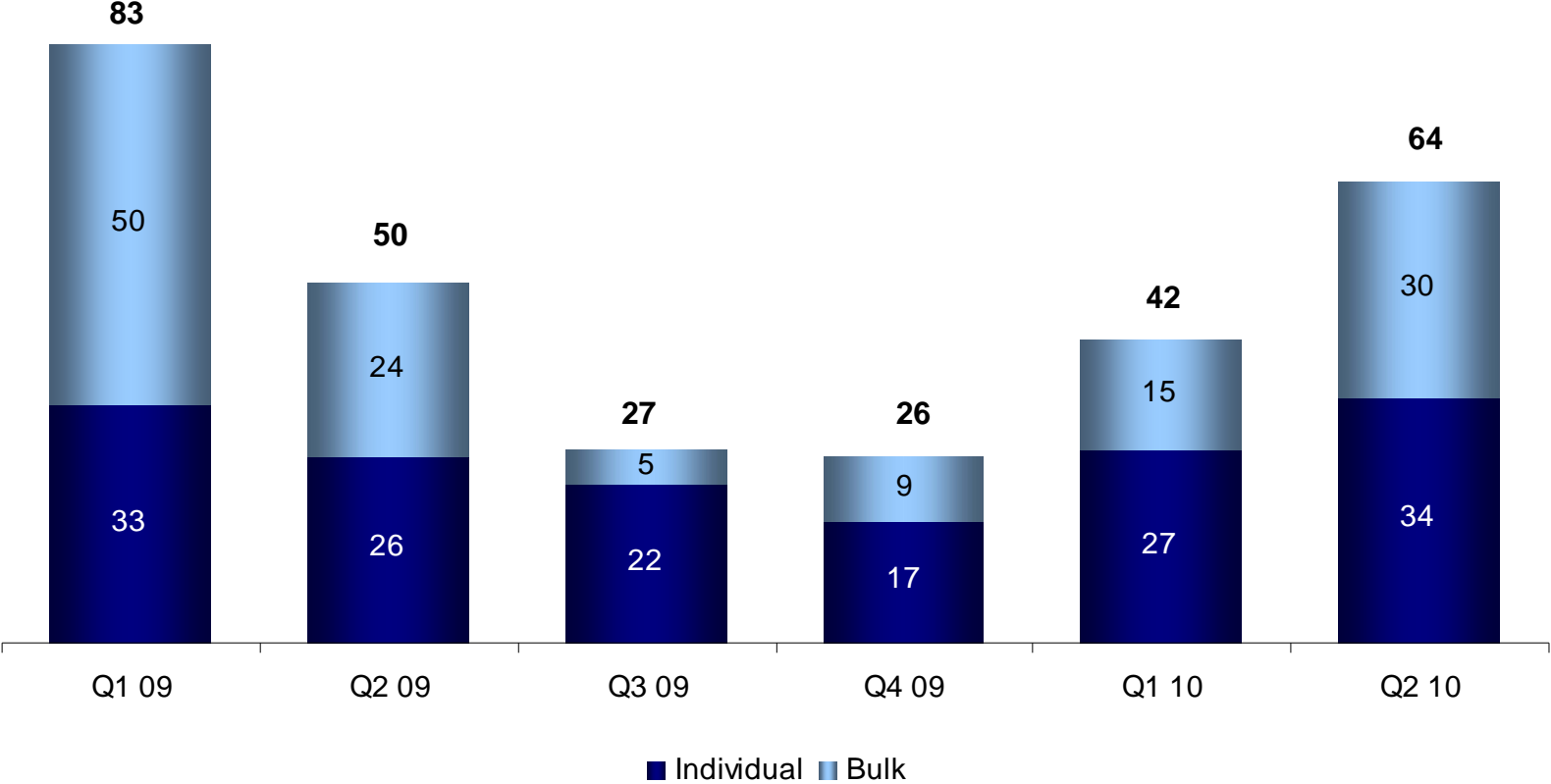


Risk: Another strong six months.
Healthy cash and profit contribution.

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

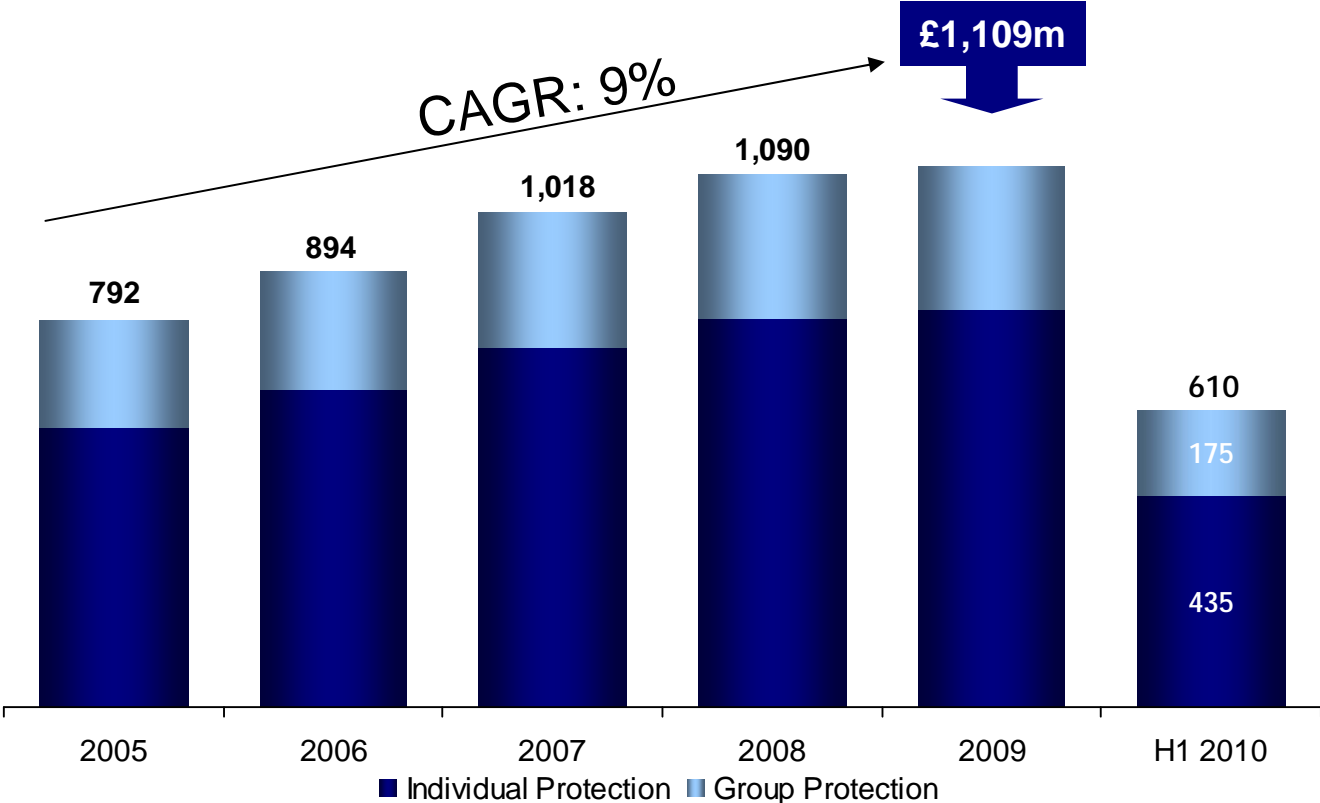
Annuities New Business: Q2 volumes significantly above previous four quarters.

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



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

Protection gross premiums (£m) 2005- 2010

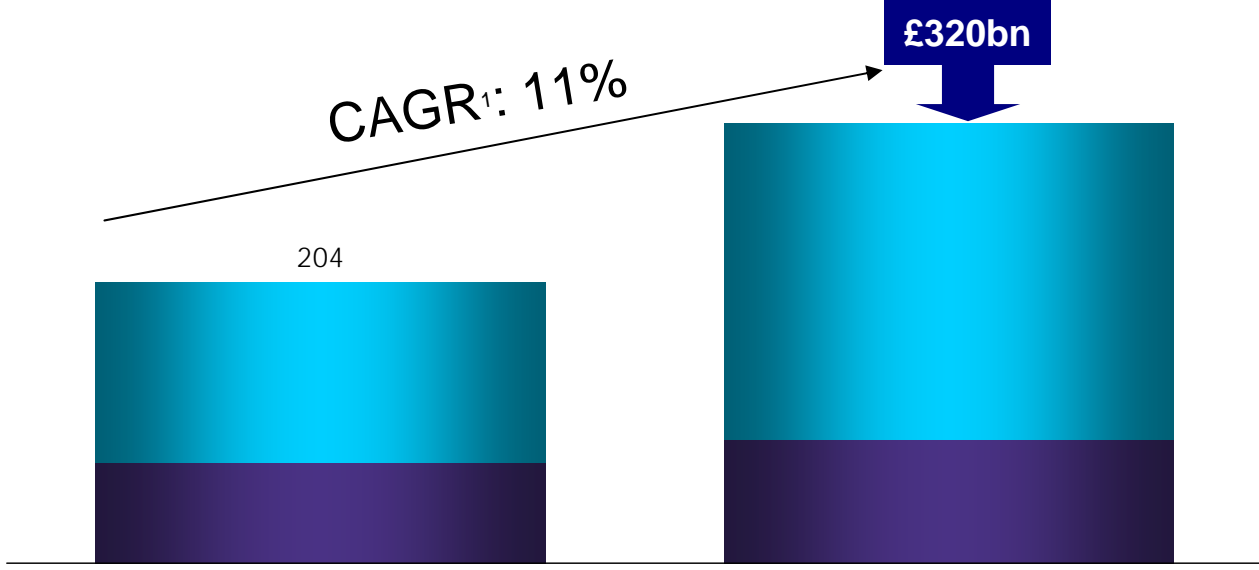


Investment Management: A record first half for LGIM Operating Profit of £98m, Sales of £21bn.

Financial highlights £m	H1 2010	H1 2009	% Change
Investment Management IFRS Operating profit	98	74	32
Net cash generated	70	54	30
LGIM highlights			
Total revenue	182	143	28
Total costs	84	69	22
IFRS operating profit	98	74	32
Average ad valorem fee margin (bps)	10.6	9.6	10
Average expense margin (bps)	5.5	5.5	-
Gross new fund management mandates (£bn)	21.2	14.2	49
Closing funds under management (£bn)	320	271	18

LGIM: doubled profits in the last five years. AUM increased by £116bn

LGIM funds under management (£bn) 2005 – 2010



	2005	H1 2010
Profit Before tax (£m)	96	98
FTSE100	5,600	4,900

■ Non-Pension Funds ■ Pension Funds

¹Compound Annual Growth Rate

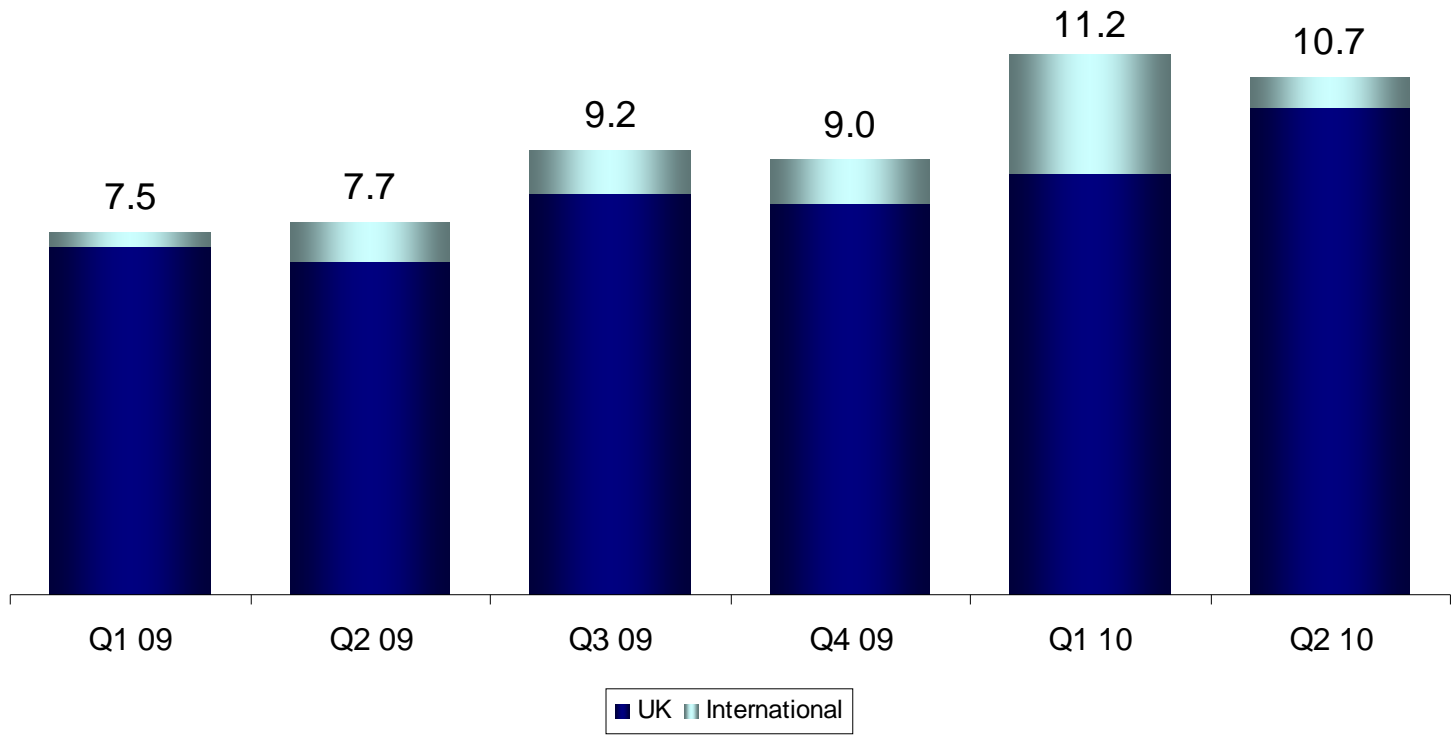
Legal & General: Strategy

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

Appendix

Investment Management: new business continues to grow strongly. International demand is building.

Quarterly New Business 2009 – 2010 (£bn)



LGIM Net new business H1 2010: £8.3bn

LGIM Funds: Diversified across passive and active asset classes

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

Growth in index, international, fixed interest and LDI

Savings: New sources of profit from transformed business model

Financial highlights £m	H1 2010	H1 2009
IFRS operating profit		
With Profit Savings (Workplace Pensions, Bonds)	32	29
Non Insured Savings (Unit Trusts, SIPPs, Structured Products)	16	(8)
Non Profit Savings (Workplace Pensions, UL Bonds)	6	(4)
Total	54	17
Net cash generation		
With Profit Savings	23	21
Non Insured Savings	14	(5)
Non Profit Savings	1	(20)
Total	38	(4)

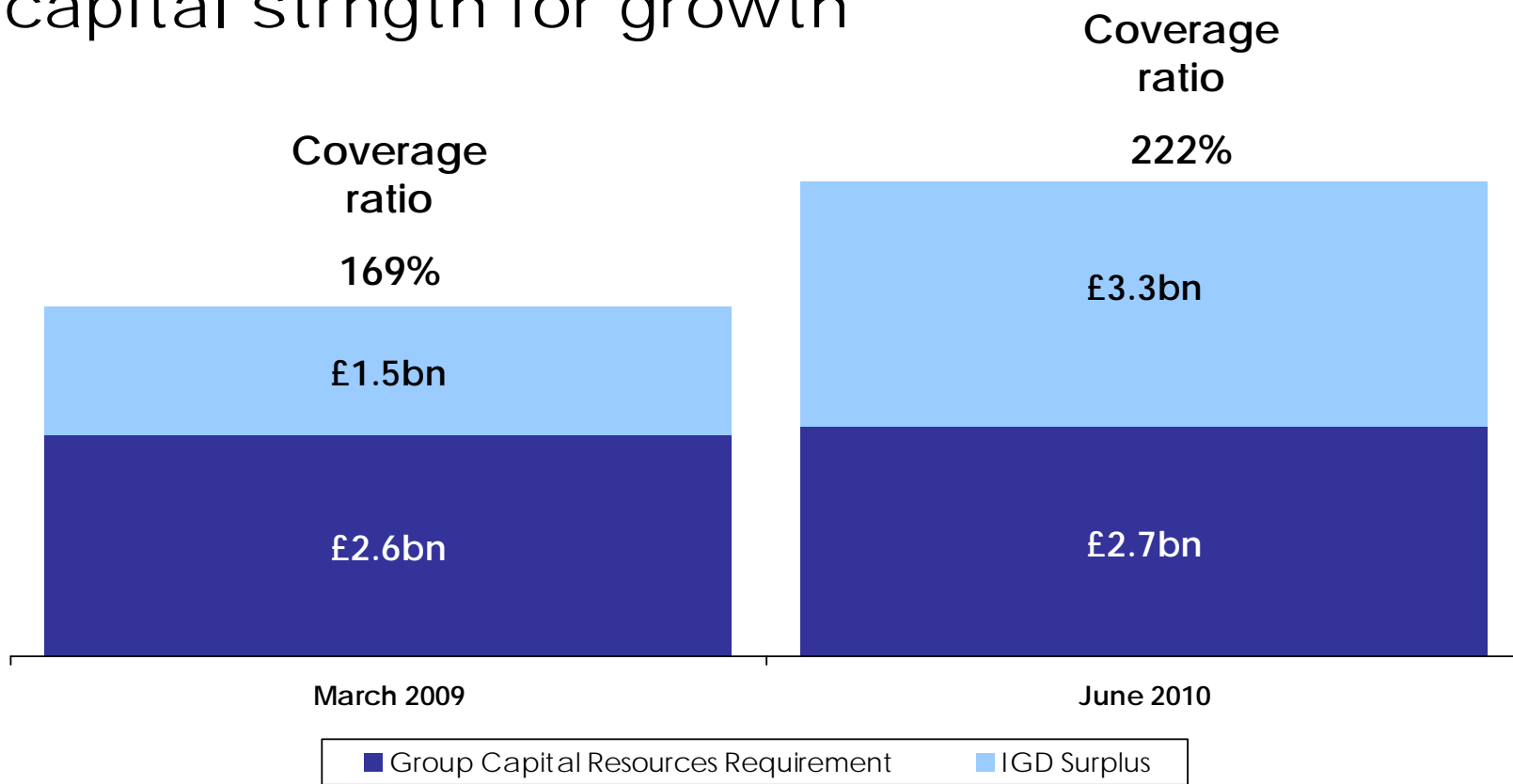
International: generating cash from mature markets, continuing to invest in emerging markets.

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

US dividend of \$50m: Expected to be sustainable and growing

Excess capital in US to be freed up to benefit of shareholders

Balance Sheet: Increasing IGD¹ surplus provides capital strength for growth



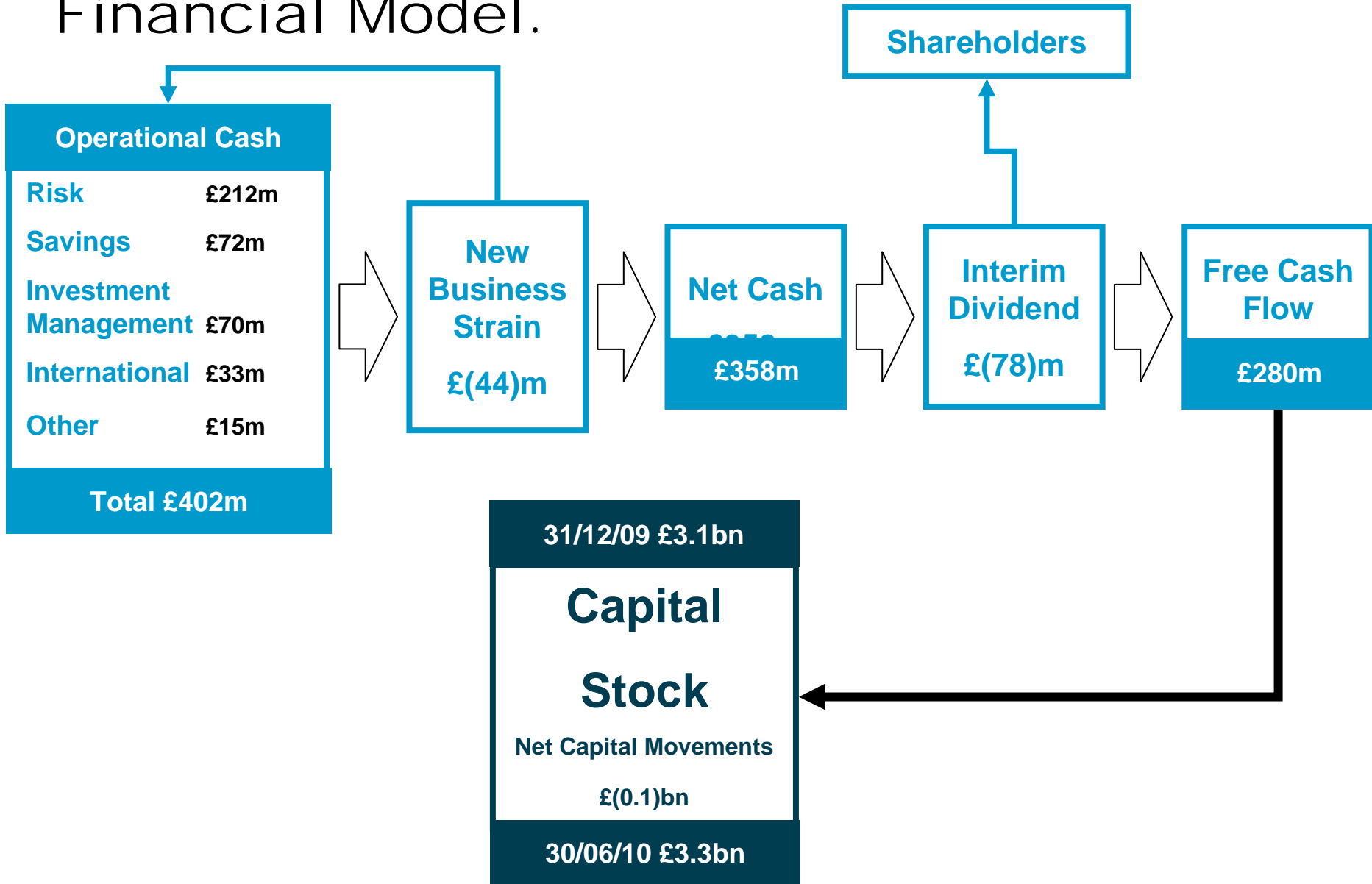
IGD surplus excludes
LGIM value c. £1.2bn+
LGA value c. £0.4bn
Default Reserve £1.5bn

IGD surplus excludes
Value of UK VIF* c. £3.7bn
Value of Int'l VIF* c.£1.0bn

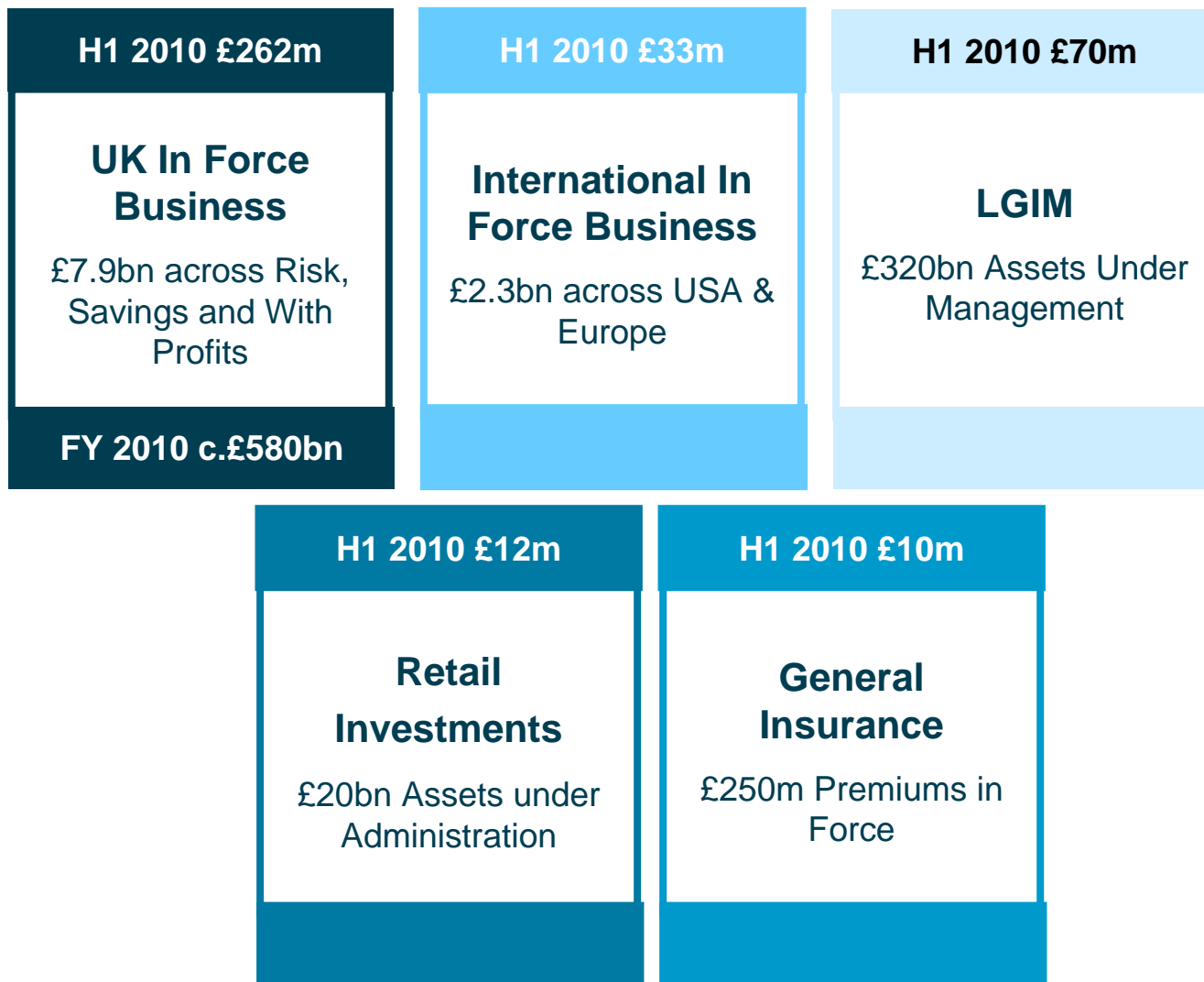
*VIF = Value of In Force

¹IGD: Insurance Groups Directive

Financial Model.



Multiple Sources of Sustainable Cashflow



Modelling the business

	Operational cash (£m)	New bus strain (£m)	Net cash (£m)	Operational cash (£m)	New bus strain (£m)	Net cash (£m)	Operational cash (£m)	New bus strain (£m)	Net cash (£m)
Risk & Savings release	496	(27)	469	239	(44)	195	520		
With-profits	46		46	23		23	60		
Retail Investments and other savings	2		2	12		12			
GI and other risk	16	FY	16	10	H1	10		FY	
LGIM	125	2009	125	70	2010	70		2010	
International dividends	8		8	33		33			
Group capital & financing	33		33	15		15			
Total	726	(27)	699	402	(44)	358			> 600
Variances and other			28			27			
International (excl. dividends)			78			7			
Tax gross up			304			150			
Operating profit			1,109			542			

Asset businesses are the major contributor to profit and cash...

Net cash £358m

74%

26%

Asset businesses

Fee

Spread

	Net Cash		Net Cash
LGIM	70	Annuities ¹	141
Savings	38	Group	15
Total Cash	108	Total Cash	156
Total Profit²	152	Total Profit²	227

Insurance businesses

	Net Cash
Protection	51
GI	10
International	33
Total Cash	94
Total Profit²	177

¹Annuities business includes longevity risk,

²Profit numbers excludes Investment projects of £(14m)

Key business numbers

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

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

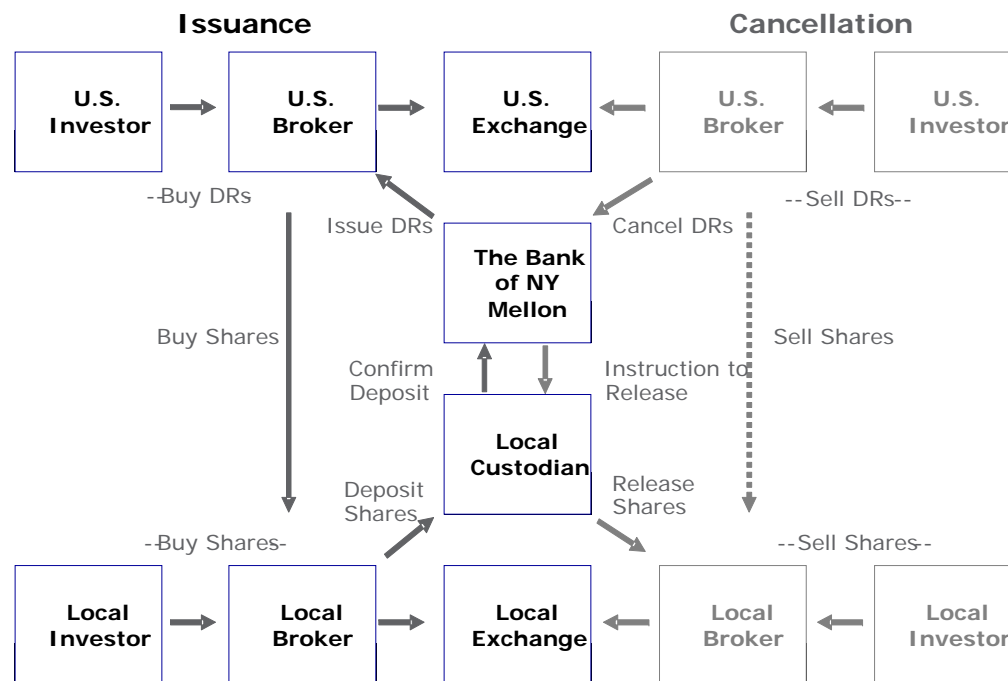
ADR Programme

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

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

ADR Benefits to US Investors:

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



For more information, please contact BNY Mellon marketing desks:

New York

BNYM-Western Europe
Marianna Dimentman
marianna.dimentman@bnymellon.com
Telephone +1 212 815 3938

New York

BNYM-Sell-Side
Michael Ludwig
michael.ludwig@bnymellon.com
Telephone +1 212 815 2213

New York

BNYM-Buy-Side
Tanya Amaya
tanya.amaya@bnymellon.com
Telephone +1 212 815 2892

London

BNYM-Sell-Side
Mark Lewis
mark.lewis@bnymellon.com
Telephone +44 207 964 6089