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Merrill Lynch Conference: Competing in the new normal  
1<sup>st</sup> October 2009

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Scale, synergy and  
cash driving future  
performance

Legal & General  
Tim Breedon  
Group Chief Executive

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## Forward-looking statements

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This document may contain certain forward-looking statements with respect to certain of Legal & General Group Plc's (and its subsidiary undertakings') plans and its (and their) current goals and expectations relating to future financial condition, performance and results. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Legal & General Group'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 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 Legal & General Group's forward-looking statements. Persons receiving the presentation should not place reliance on forward looking statements and these forward-looking statements are made only as at the date on which such statements are made. 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.

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## Legal & General: The UK's outstanding risk, savings and investment management group

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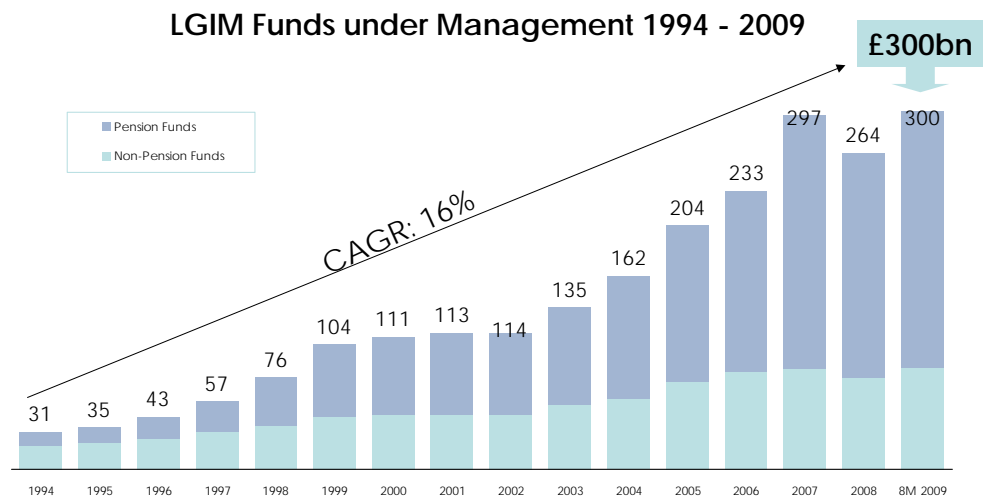
- **High scale businesses**
  - LGIM: £300bn funds under management, 3,000 pension fund clients
  - Retail : 6.5million UK retail customers, 10% market share of new business
  - Market leader in protection and annuities
  - Powerful distribution machine
- **Massive synergy within the Group**
- **Strong cash generative model**
  - on track to exceed £450m cash target in 2009
  - exceed 10% headcount and annualised £50m cost reduction targets
- **Balance sheet provides headroom for growth**
- **Well positioned to benefit from economic recovery**

# The UK's outstanding risk, savings and investment management group



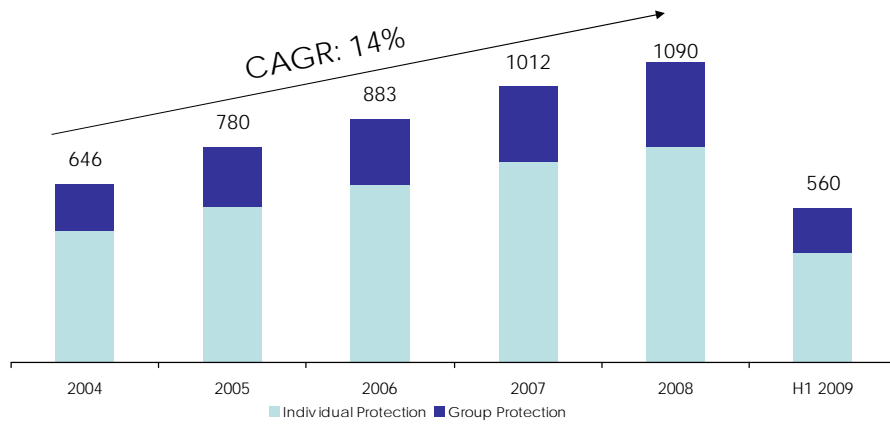
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|--|--|--|---|--|
| <p><b>1 Risk:</b> L&amp;G has scale and is <b>market leading</b> in protection and annuities</p> <p><b>2 Investment Management:</b> L&amp;G has scale, a low cost base and very strong client relationships. It <b>generates significant value</b> and is a <b>strong contributor of profits and cash</b></p> <p><b>3 Savings:</b> L&amp;G's turnaround is on track to deliver <b>significant cash generation</b> and targeted/efficient capital usage</p> <p><b>4 International:</b> is delivering <b>strong profit growth</b> and will be an important contributor of cash in the future</p> | <p><b>5 Efficient capital and balance management (AA rated, £2.4bn IGD)</b> – actively manages assets to reduce risk to capital</p> <p><b>6 Continuing improvements</b> in capital allocation to divisions and products <b>will drive RoE growth</b></p> | <p><b>7 Focused on industry leading cash generation – will exceed 2009 £450m target</b></p> <ul style="list-style-type: none"> <li>• Focused on <b>cost management – will exceed £50m target</b></li> <li>• <b>Significant operational and financial synergies across the Group</b> <ul style="list-style-type: none"> <li>–30% of Group APE and 40% OF NBVA</li> <li>–Substantial financial synergy</li> </ul> </li> <li>• <b>Underpins strong dividend growth</b></li> </ul> | <p><b>8 Enhanced disclosure</b> will help unlock significant unrecognised value</p> <p><b>9 Portfolio management</b> offers opportunities to create and recognise value</p> | <p><b>10 Well positioned to benefit from the economic recovery</b>, through</p> <ul style="list-style-type: none"> <li>–Increased product demand</li> <li>–Equity market increases</li> <li>–Improved credit conditions</li> <li>• <b>Solvency II:</b> technical and political arguments support optimism that we can achieve an appropriate outcome for L&amp;G and the industry</li> </ul> |
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## LGIM: Well executed strategy, hard to replicate. A high performing, valuable business



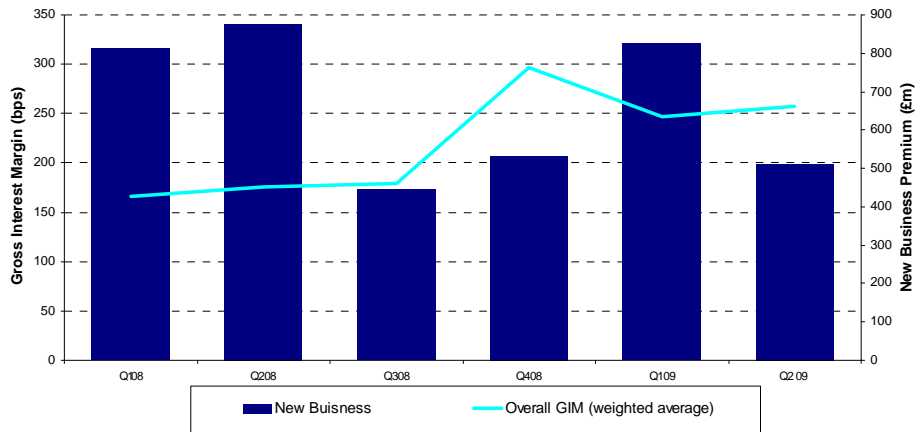
## Protection: The UK's leading protection business. A high scale, high quality franchise

Protection Gross Premiums (£m) 2004-2009



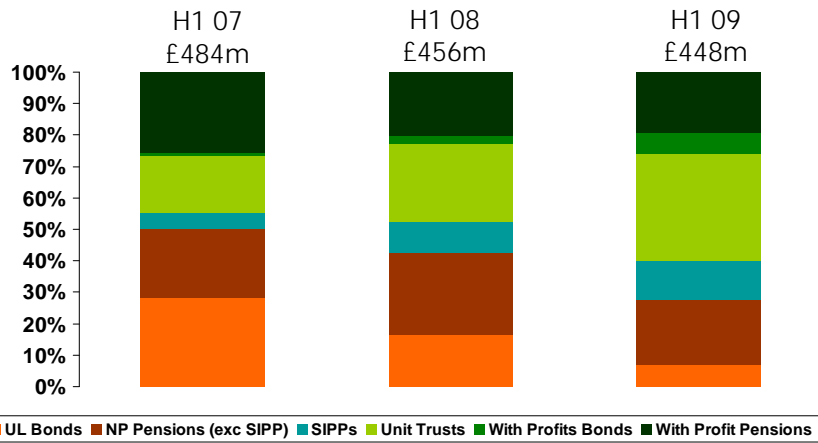
## Annuities: The UK's leading annuity business. A high scale spread business, strong risk management

Annuity Volumes and Gross Margins 2008-9



## Savings: Turnaround on track to deliver improved performance in 2010

Savings New Business APE: Product Mix 2007-9



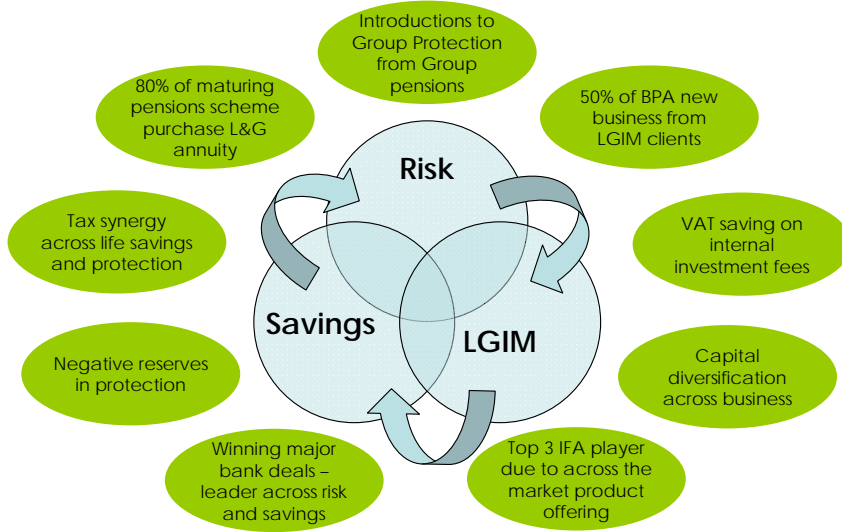


## International: Focus on maximising value, cash and long term, high growth business opportunities

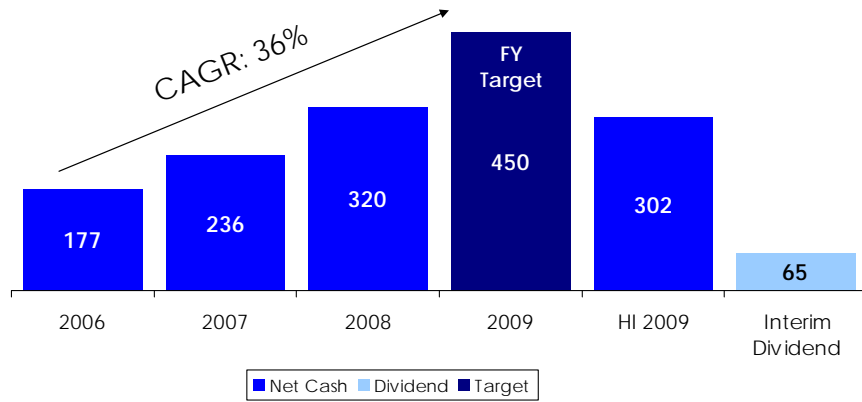
IFRS profit/(loss)	Performance	H1 2009	H1 2008
L&G America	↑ 50%	45	30
L&G France	↓ 60%	4	10
L&G Netherlands	↑ 100%	16	8
Other	↑ -	-	-
Total	↑ 35%	65	48

**Key Issue:** Creating visible shareholder value through increasing cash flow and returns on equity

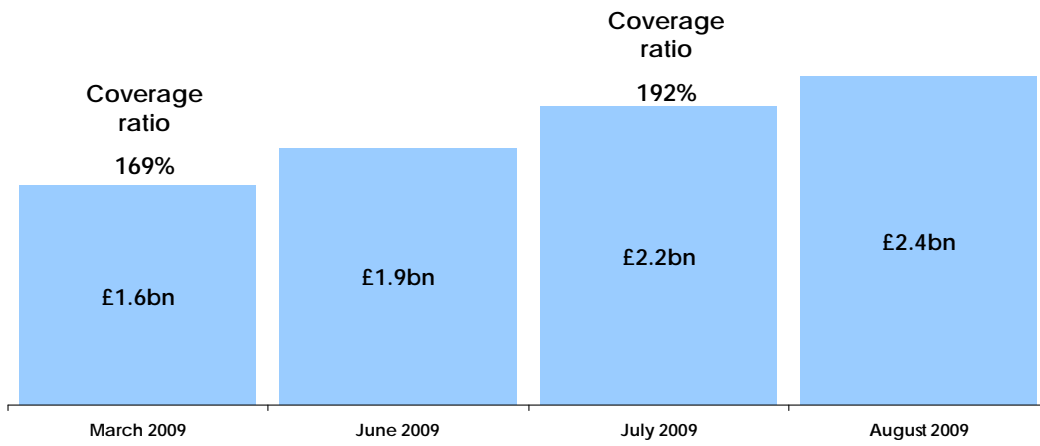
## Synergy: 30% of Group APE, 40% of new business value added and substantial financial synergy benefit



**Operational Cash Generation: Focus yielding material improvement in cash profile. Dividend well covered.**



## Balance Sheet: Increasing IGD surplus provides headroom for growth



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## Legal & General: Scale, Synergy and cash driving performance

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- **Well executed strategy**

- A diversified group of inter-related businesses
- Investment management – high scale, low cost, strong client franchise
- Risk – scale, expertise, market leadership
- Savings - turn around on track, improved contribution in 2010
- International - Focus on maximising value, cash and growth

- **Well positioned for the future**

- Well positioned to benefit from economic recovery
- Increase in cash generation – to fund dividend growth
- Balance sheet provides headroom for growth
- Better disclosure to improve investor understanding

# Legal & General: The UK's outstanding risk, savings and investment management group

