



PREMIUM REVIEW

Andrew Palmer
Group Director (Finance)
6 December 2006



This document may contain certain forward-looking statements with respect to certain of Legal & General Group Plc's plans and its 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 Plc'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 governmental and regulatory authorities, the impact of competition, the timing impact and other uncertainties of future mergers or combinations within relevant industries. As a result, Legal & General Group Plc's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in Legal & General Group Plc's forward-looking statements. 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.



Legal & General
Assurance Society:
AA+

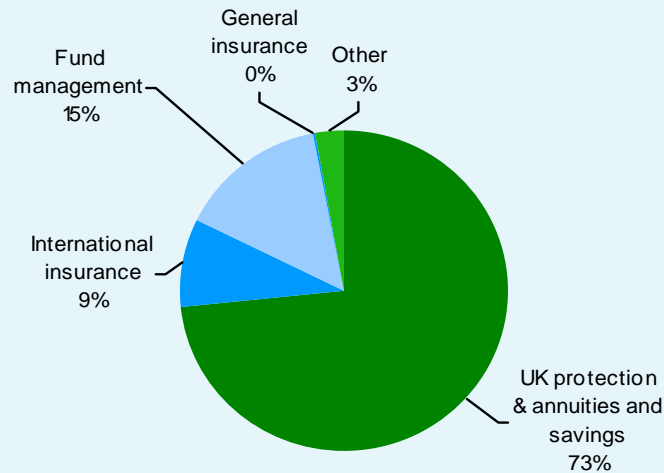
Interim results 2006

EEV operating profit	£560m	+17%
IFRS operating profit	£334m	+12%
EEV shareholders' equity	£7.2bn	+3%
Dividend per share	1.74p	+5%

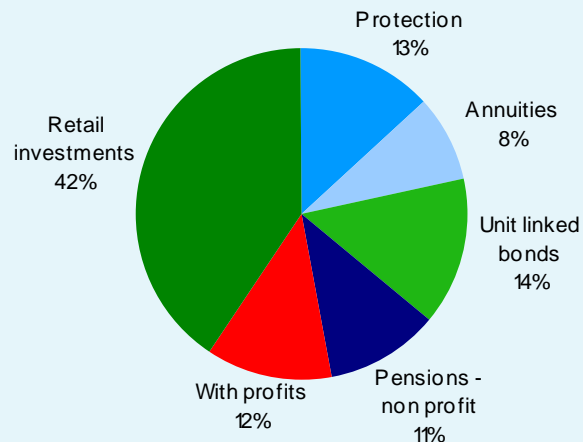
- Market capitalisation €14.4bn
- Focus on UK
- Broad product offering
- Multi channel distribution
- Strong pricing discipline
- Strong balance sheet



Group profit profile – H1 2006



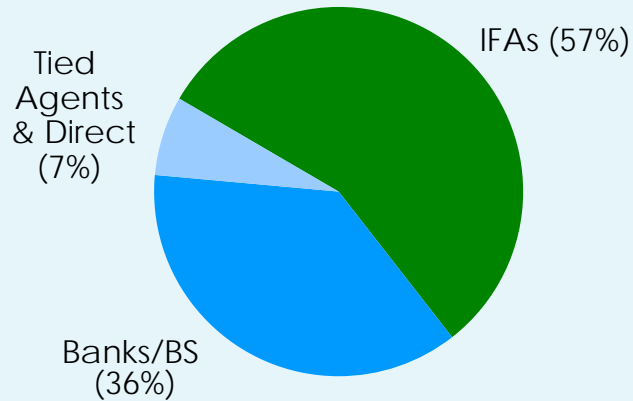
UK sales profile – H1 2006



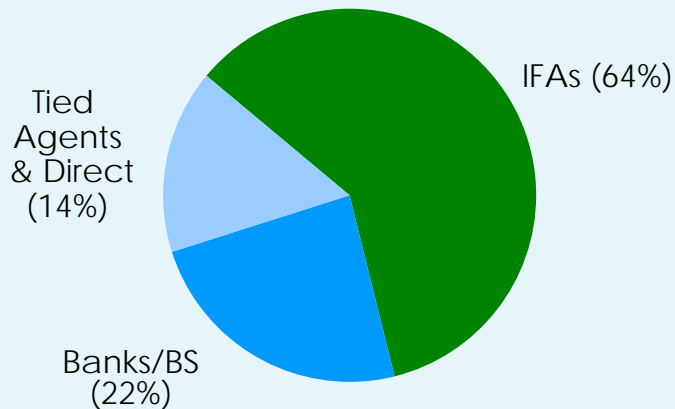
Diversity and expertise

- Strong presence in the UK market
- Different expertise for different products:
 - Pricing
 - Distribution
 - Asset management
 - Administration
- A wealth of skill and experience
- Reinforces competitive advantage
- Supports profitable growth

Legal & General



Market

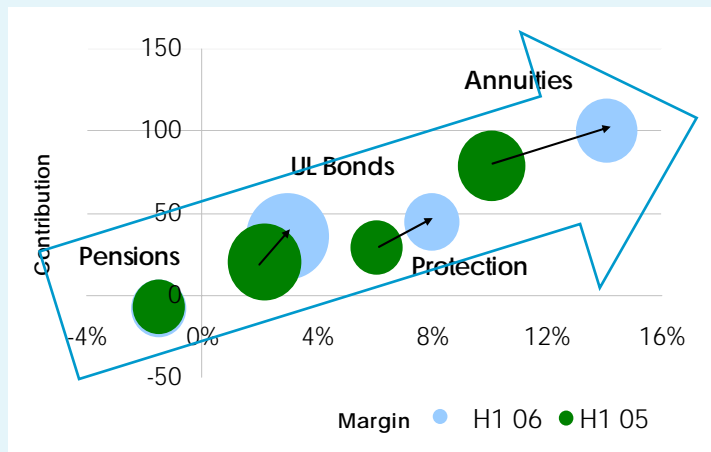


A strong, flexible distribution network

	2006 9m Individual APE £m	Growth %	Market Share %	Rank
IFA	619	33	10	3 rd /4 th
IFA Banks	42	8	16	1 st
Banks	353	35	17	1 st
Tied	41	(2)	14	1 st
Direct	32	25	10	2 nd /3 rd
Total	1,087	40	11	Top 3

- Strong position in banks, tied agency and direct
- Relatively stable business flows
 - Supports investment in products/systems

Margins up - for the right reasons



Scale, Efficiency, Product Mix

- Annuities: Mix, scale
 - 70% BPA vs 42% in 2005
- Protection: Scale, financing, mix
 - 70% retail vs 60% in 2005
- Bonds: Scale, pricing, case size
 - Portfolio Bond 54% vs 10% FY 05
- Pensions: Increments – early days
 - SIPP launched April 2006

Q2 Market share

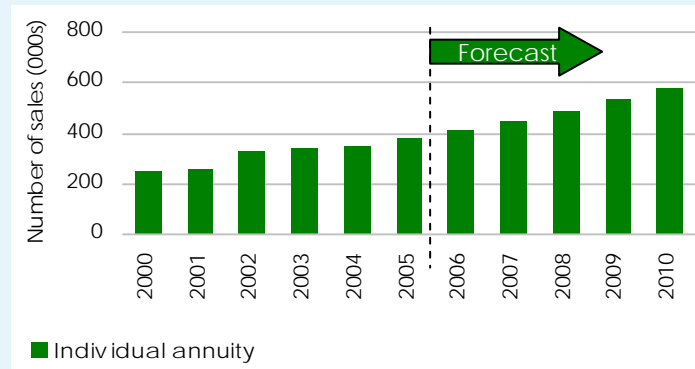
13.5%

20.4%

9.3%

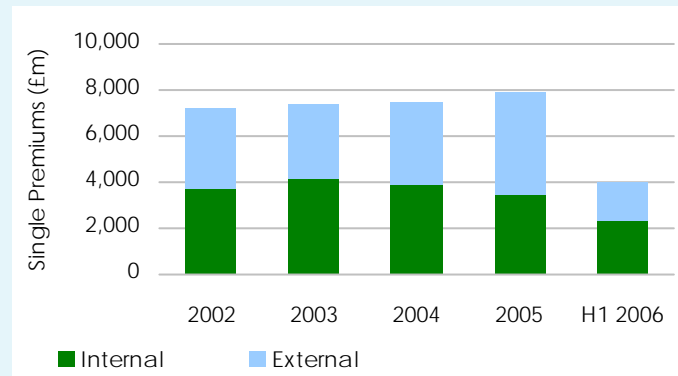
5.5%

UK Individual Annuity Sales Forecasts 2000-2010



Source : Datamonitor

UK Individual Annuity Market 2002-2006



Source : ABI

Long-term growth expected

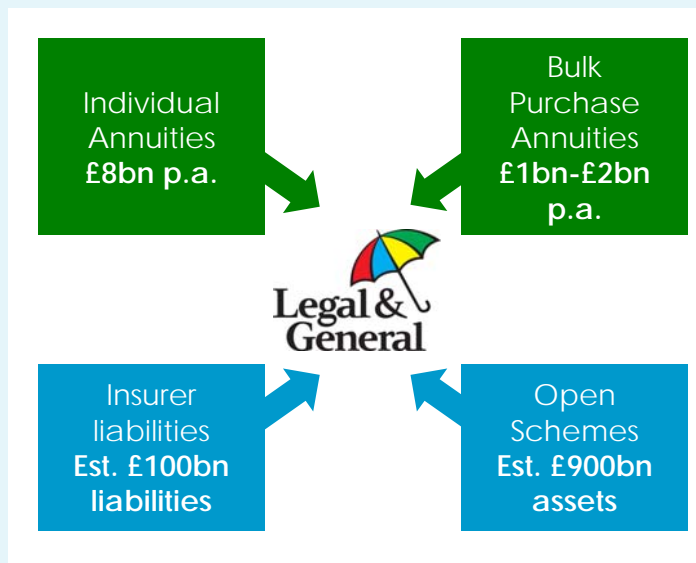
- Risk expertise
- Strong pricing discipline
- Dynamic pricing capacity
- Target returns are paramount
- Huge, demographic growth opportunity

Risk pricing

Large book of bulk and individual annuities

- >3,000,000 annuitant years experience
- >12,000 deaths in a year

Annuities market



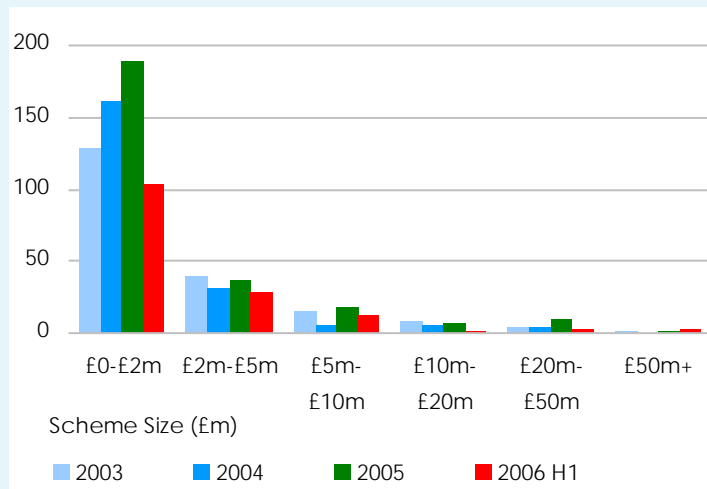
Strength in “traditional” market

- Wound up schemes of companies moving to BPA
- >200 policies written in 9m this year
- Administrative capability
- Pricing expertise
- Reputation

New opportunities emerging

- Open schemes, insurer portfolios
- Larger case sizes, shorter lead-times
- Innovation required
- L&G skills can be leveraged to capture the opportunities

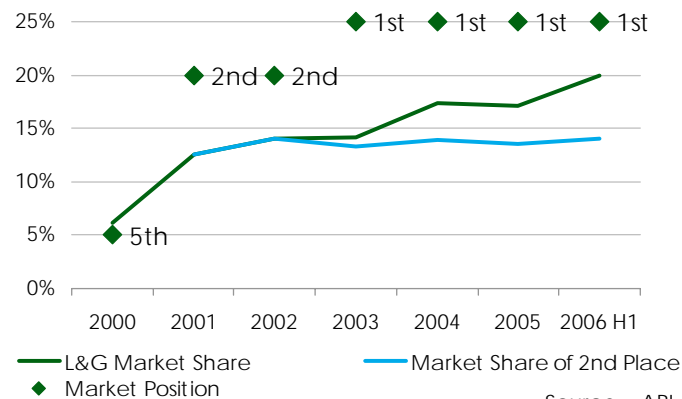
New L&G BPA Schemes by Size 2003 – H1 2006



Contribution and Margin

First half of	PVNBP £m	Contribution £m	Margin %
2006	555	45	8.0
2005	478	29	6.1
Change (%)	16	55	-

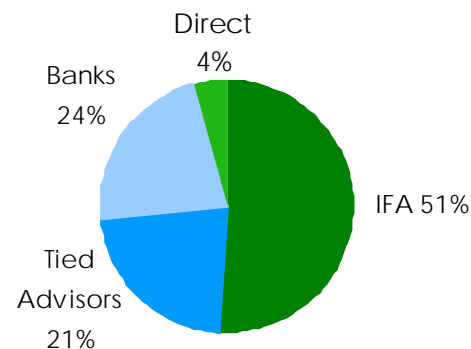
Retail Market Share and Rank 2000-06 H1



Significant scale player

- 50,000 new policies each month
- 600,000 new customers covered in past year
- 12m customer years of experience
- £185bn sum assured covered
- 2m inforce policies

Diverse distribution reach



50% of business from tied distribution provides resilience

Well positioned in an attractive market

Bonds contribution and margin

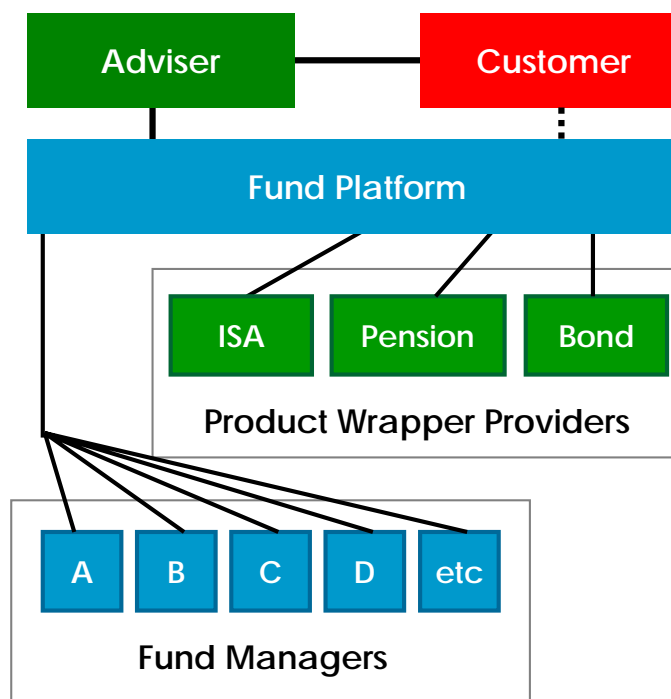
First half of	PVNBP £m	Contribution £m	Margin %
2006	1,213	36	3.0
2005	939	20	2.2
<i>Change (%)</i>	<i>29</i>	<i>80</i>	<i>-</i>

Pensions contribution and margin

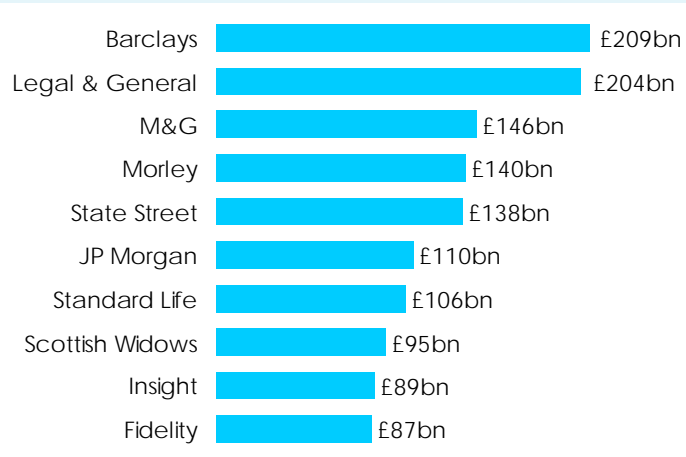
First half of	PVNBP £m	Contribution £m	Margin %
2006	535	(8)	(1.5)
2005	471	(7)	(1.5)
<i>Change (%)</i>	<i>14</i>	<i>n/a</i>	<i>-</i>

Building for the future

- A-Day - increased opportunities for savings
- Cofunds open architecture – provides greater flexibility on SIPP & Bonds



Assets Managed in the UK – Ten Largest Firms*



* December 2005

Well ahead of the pack

UK pension funds under management	2005 £bn	Change %
Legal & General	128.5	25
BGI	92.7	12
Hermes	61.1	24
UBS	37.4	11
Capital	34.8	20

Source: Hymans Robertson Market Briefing 2006

From strength to strength

- Impressive nine months new business results: **£14.7bn +44%**
- Pension fund leaders
- Operating profits for H1 2006: **£65m +35%**
- Building the business



Indicative planning ranges**IGD surplus capital**

31 December 2005	£2.4bn
Range	£1-2bn

Society surplus capital

31 December 2005	£4.4bn
Range	£2.5-3.5bn

Economic capital

31 December 2005	Very strong AA
Range	Strong AA

Return on EV

31 December 2005	12.6%
Range	Increase over medium term

Balanced scorecard

- Forward looking planning ranges
- Output from GSST process
- Yearly review and recalibration
- Largely based on published data
- Measures likely to develop

Implications

- Capital in excess of current requirements around £1bn
- Capacity to raise £0.5bn of hybrid capital in moderate equity stress
- Optimise use of shareholder retained capital

Formal capital management discipline

What makes us successful?

- Focus on UK
- Broad product offering
- Multi channel distribution
- Strong pricing discipline
- Strong Balance Sheet

