

Our Investment Case

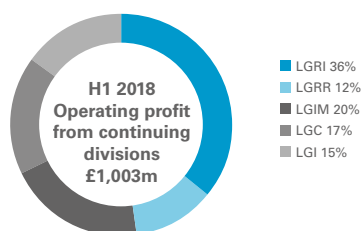
Our business model

We're one of Europe's biggest and most successful asset managers with around £1 trillion of assets. We are also a UK market leader in managing risk, being the UK's leader in bulk annuities, life insurance and other retirement products for individuals and companies.

Our purpose is to improve the lives of our customers, create value for shareholders and build a better society for the long term. We have a unique mix of businesses which complement each other, working together to build value from creating synergies.



Our diversified business model



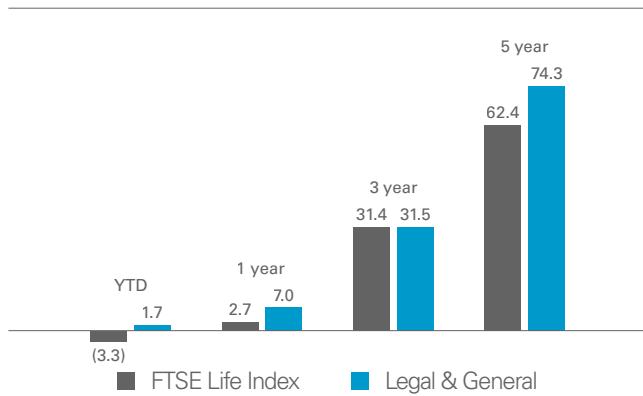
	Investing and annuities	Investment Management	Insurance
Businesses	Legal & General Retirement Institutional (LGRI) Legal & General Retirement Retail (LGRR) Legal & General Capital (LGC)	Legal & General Investment Management (LGIM)	Legal & General Insurance (LGI) General Insurance
How we create shareholder value	We create shareholder value by generating profits over the long term by managing mortality risks and successfully investing assets	We create shareholder value by generating fee income on investment assets	We create shareholder value by effectively managing insurance risks through efficient underwriting, claims management and reinsurance.
Assets and revenue	Annuity assets: £56.4 bn Direct investments: £16.3 bn	Global assets under management: £985 bn	£1.5 billion gross written premiums H1 2018

Our three successful UK business areas are now using their skills and expertise to expand in much larger US markets.

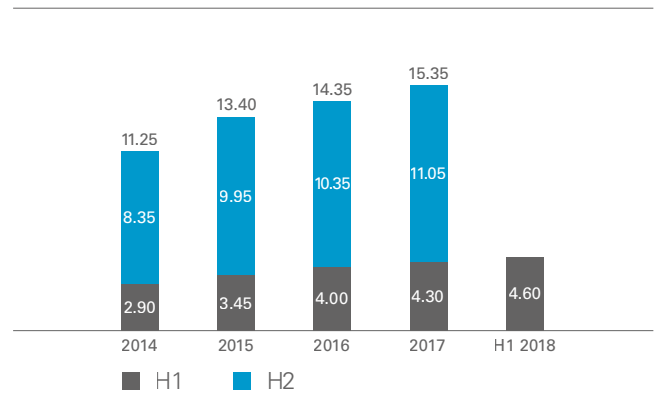
Share and dividend growth

We have consistently delivered superior shareholder value through asset and dividend growth.

Total shareholder return (%) to 30.09.18

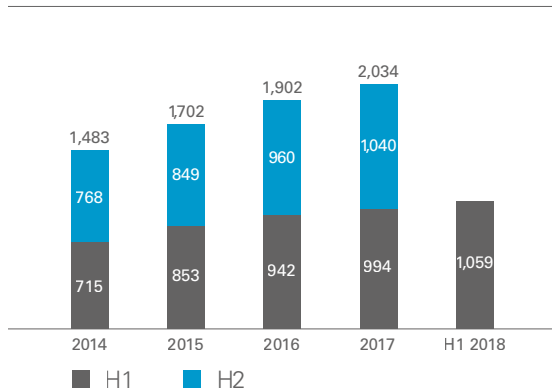


Dividend per share (p)

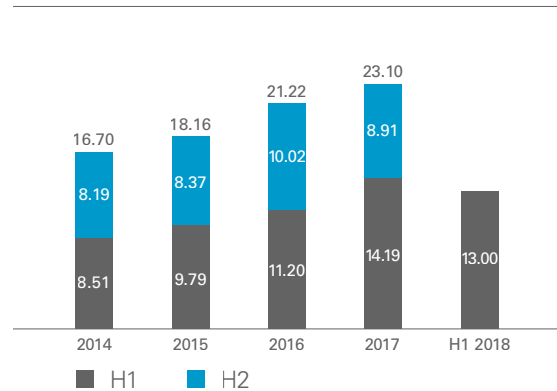


Our performance

Operating profit from divisions (£m)

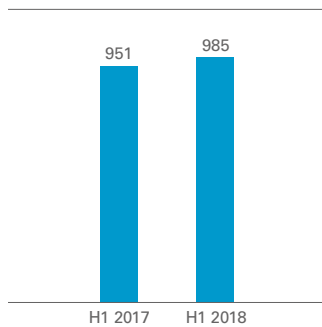


Earnings per share (p)

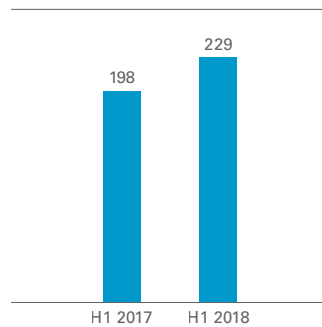


Asset growth

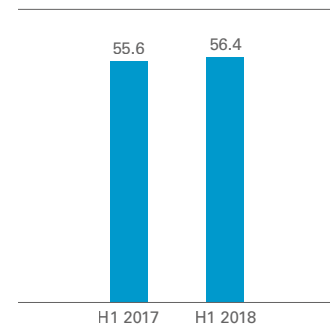
Global AuM (£bn)



International AuM (£bn)



Annuity assets (£bn)



Capital strength

We have a robust capital position with a Solvency II surplus of £6.9bn and a coverage ratio of 193%. Our surplus increased by £1.2bn year on year to the end of 2017. Our coverage ratio is benefiting from increasing interest rates.

Our key differentiators

- **Business model:** Combining businesses that provide patient capital to match long term, stable liabilities and driving growth through stable, fee driven businesses. We create growth from excellent synergies across our major group businesses. For example, we are the only company that helps clients across all aspects of the pensions de-risking journey
- **Market leadership:** We deliver value for customers and have become the market leader in most of our major markets with 25% to 40% shares
- **Scale:** We benefit from achieving scale in our market leading businesses. There is huge future market demand in key markets such as pensions de-risking and managing DC pensions assets
- **Proven track record:** Trusted brand in existence for 180 years with excellent relationships with numerous institutional customers leaving us well placed to assist and take over management of pension assets
- **Investing for growth:** We continue to invest for long term growth in our market leading businesses

Investing and annuities

- One of the world's leading bulk annuity providers, helping companies de-risk their defined benefits while providing security in retirement to more than 1 million people
- In-house capability: to originate and warehouse higher yielding infrastructure and housing assets to support and match pension obligations
- Building a natural pipeline of future pensions business through our close working relationships with clients throughout the pension risk lifecycle
- Multiple investment partners enable us to initiate self-generated products and provide liquidity for asset sales

Investment Management

- One of the world's leading asset managers, managing pension assets for third-parties and in-house pensions worth close to £1 trillion. Around 3,000 institutional clients
- Alignment to growth areas in asset management e.g. index, multi-assets, ESG
- Industry leading fund management cost income ratio of circa 50%
- Diverse sectorial and geographic distribution and asset production, with offices in US, Europe and Asia

Insurance

- Leading edge data analytics/technology in insurance to deliver efficient customer solutions e.g. Smart Quote
- Our longstanding market leadership makes Insurance a hugely cash generative business

Strategy and focus

We have a clear and consistent strategy, based upon six global growth drivers, which continue to create real demand for our products and services.

Ageing demographics

Global leadership in pensions de-risking

Globalisation of asset markets

Build a world class international asset management business

Creating real assets

Become the UK leader in direct investments such as housing and urban regeneration

Welfare reforms

Become the UK leader in direct investments such as housing and urban regeneration

Technological innovation

Cut costs and increase efficiency, enabling customers to increase their engagement

Creating today's capital

Benefit from the huge demand for new capital from SMEs and start-up businesses

Financial ambition

Between 2011 to 2015, we achieved a 10% growth in earnings per share. Our ambition is to replicate this performance out to 2020.