RADICAL POST-CRISIS POLICIES HAVE LEFT US ADDICTED TO MONETARY METHADONE, OVER-RELIANT ON PROPHETIC CENTRAL BANKERS.

ASSET BUBBLES AND AUSTERITY MEAN LOSERS OUTNUMBER WINNERS.

NAKED ECONOMICS 1.01 IS NEEDED TO DRIVE SUSTAINED GROWTH, AND BEVERIDGE 2.0 WELFARE REFORM TO PAY FOR AN AGEING SOCIETY AND BUILD A FAIRER SOCIETY.

GOLDMAN SACHS CONFERENCE
NIGEL WILSON, 10 JUNE 2014

EVERY DAY MATTERS.®

Legal & General

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.

FROM MONETARY METHADONE TO NAKED ECONOMICS 1.01 AND BEVERIDGE 2.0.

1. Politicians, regulators and the media unfairly blamed financial crisis solely on banks - the result was the triangle of austerity - economic, political and regulatory

2. Solution was QE, monetary methadone, which drove asset price inflation, addiction to cheap money, inequality, massive Government deficits and the creation of "prophetic" Central Bankers - but avoided depression

3. Intellectuals and Politicians have diverted attention from the many opportunities to create real economic growth and a fairer society. Solutions include :
   – Supplying 21st century infrastructure, Western urban centres are not overbuilt they are underdemolished
   – Massive increase in investment in intellectual (not physical) property, not just Facebook and Google, but also healthcare, education - the digital age has just begun
   – Applying Digital, Demographic and Intergenerational Economics coupled with Beveridge 2.0 e.g. last time buyer, raining day savings

4. Firms like L&G can provide economically and socially useful products based around our five economic and demographic growth drivers: Ageing populations , Digital lifestyles , Welfare reform and Risk sharing, Globally homogenous asset markets and Retrenching banks. This coupled with our focus on cash has delivered good returns for shareholders

OUR BUSINESSES.

Legal & General Assurance Society (LGAS):

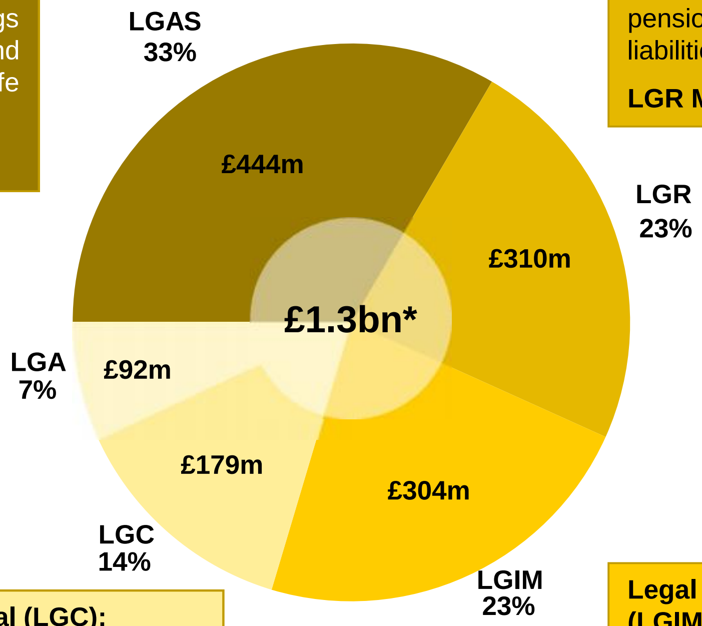
With over 6m individual customers and 2m group customers our three main areas are corporate (group pensions and group protection), retail savings (individual pensions, platforms and financial advice) and protection (life protection and general insurance)

LGAS CEO: John Pollock

Legal & General Retirement (LGR):

With around 1m customers, our retail business helps turn customers pension savings into lifelong retirement income and our corporate business helps defined benefit pension schemes manage their annuity liabilities

LGR MD: Kerrigan Procter



Legal & General America (LGA):

We're successfully building scale in the US. We offer life insurance plans to individuals with a focus on underwriting expertise and excellence in customer service. We're a top three US term life insurer with over 1m customers

LGA CEO: Jimmy Atkins

Legal & General Capital (LGC):

Our core purpose is increasing the returns on the Group's principal balance sheet. We focus on improving returns through direct investments whilst ensuring we have enough capital to withstand tough market conditions

LGC MD: Paul Stanworth

Legal & General Investment Management (LGIM):

Our International asset management business manages investments on behalf of institutional and retail customers. We've a broad range of fund management services and are the largest manager of UK pension fund assets

LGIM CEO: Mark Zinkula

* 2013 Total operating profit before tax from divisions

Source: Annual Report and Accounts

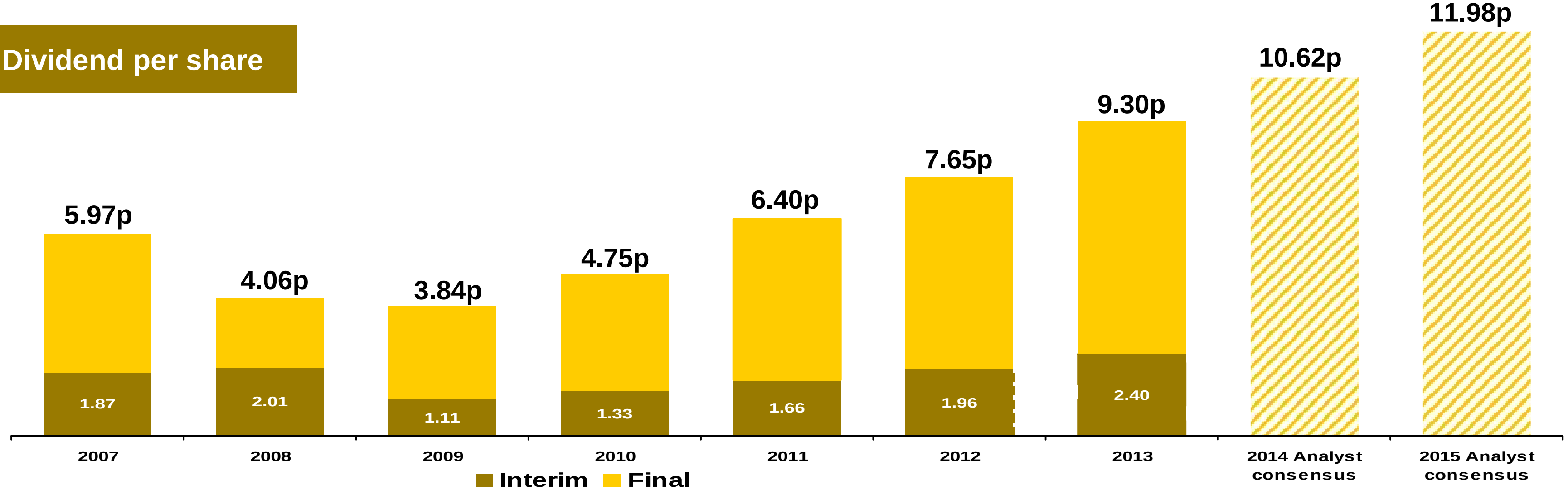
STRATEGIC AND FINANCIAL EVOLUTION.

	2009 AND ONGOING	2012	2013 AND BEYOND
	CASH: CERTAINTY AND SUSTAINABILITY	**CASH + ORGANIC GROWTH**	**CASH + ORGANIC GROWTH + SELECTIVE ACQUISITONS**
STRATEGIC PROGRESS	• Industrialised and automated processes • Cost of new business reduced • Capital efficiency increased	• Identification of five key macro drivers of growth • Banks and governments excessive leverage create 'white spaces' to expand into • No burning platforms	• Continue to accelerate growth in flow to annuities, direct investment and LGIM • Six bolt on acquisitions • Measured international expansion • Increased digital capability
ORGANISATIONAL PROGRESS	• One firm with shared culture, beliefs, values • Every Day Matters	• Expansion of key roles - improving talent • Strengthening our social purpose	• Five major profit centres in our new operational structure • Becoming a destination for talent
FINANCIAL PROGRESS	• **Net cash: 213% growth** 2013: £1,002m 2008: £320m • **Dividend: 129% growth** 2013: 9.30p 2008: 4.06p	• UK Individual annuities up 26% • UK Protection up 25% • US Protection up 28% • Direct investments £1.4bn • Workplace net inflows £1.6bn	• LGIM International AUM: £63bn* • Cofunds AUA: £66bn* • US Protection sales up 12%* • Direct investments of £1bn* • 1.5 times target dividend cover
	Cost of 2013 dividend £550m	**Return on equity 15.4%**	**Return on equity 16.1%**

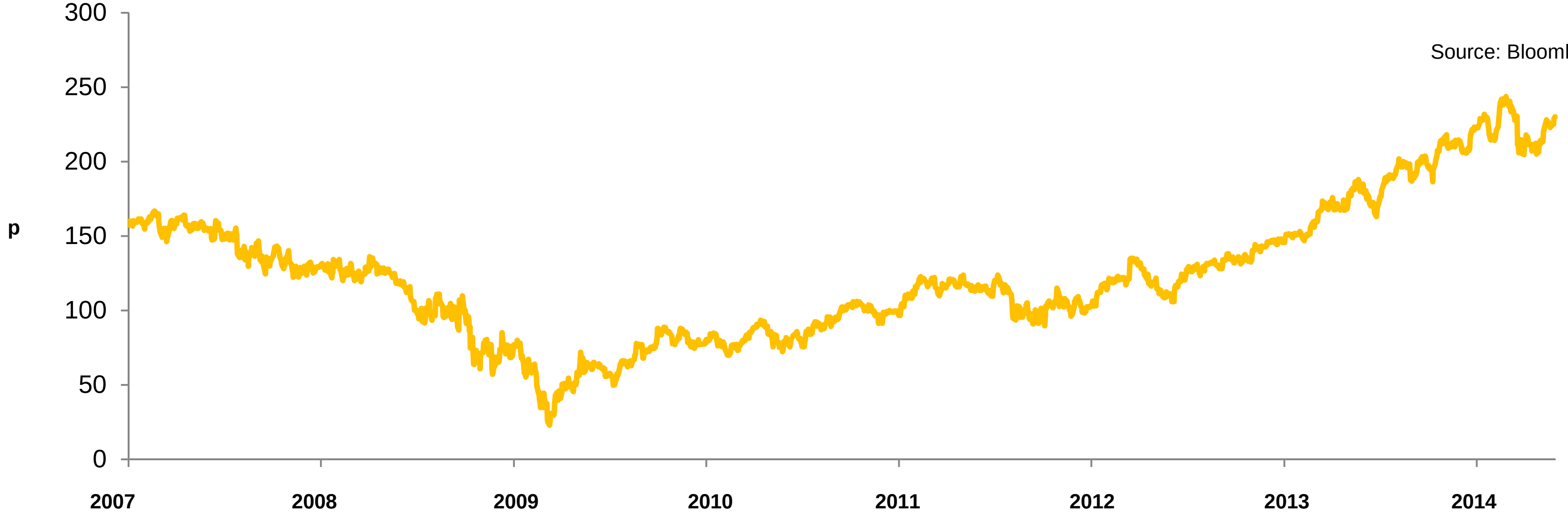
* As at Q1 2014

LEGAL & GENERAL'S FINANCIAL PERFORMANCE HAS BEEN STRONG.

Dividend per share



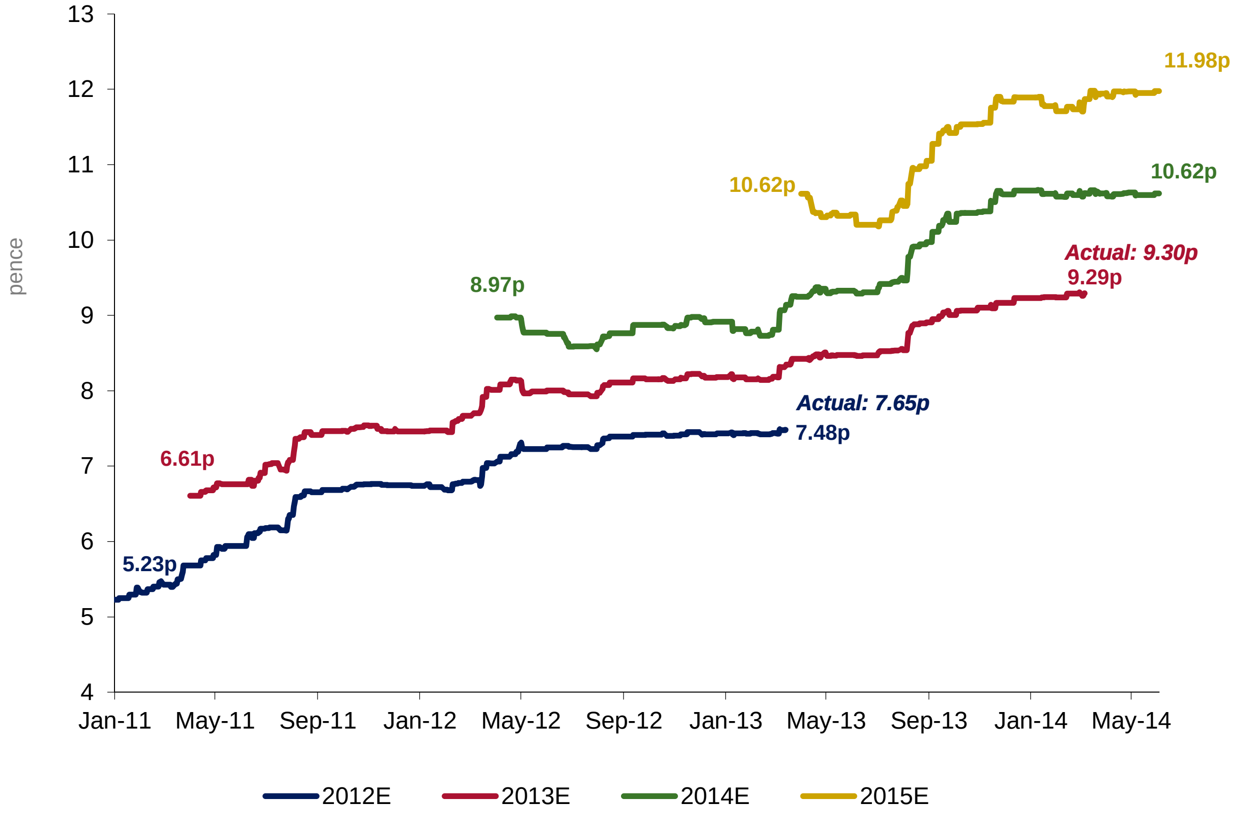
Source: Bloomberg as at 30th May 2014



Source: Datastream as at 30th May 2014

CONSENSUS DIVIDEND EXPECTATIONS.

LEGAL & GENERAL DIVIDEND CONSENSUS



Prospective 2014E dividend yields:

L&G[1]: 4.6%
FTSE 100: 3.7%
Dow Jones: 2.2%
S&P 500: 2.0%

Source: BAML - Factset, Bloomberg
1. Based on 30th May share price of 230.2p and consensus 2014E DPS of 10.62p.

UK IS IN A PRE-ELECTION BOOM.

– Post 2015 election higher interest rates may cause an unstable UK economy alongside a volatile international economic background

– UK consumption growth driven by jobs growth, improved credit availability, coupled with windfall gains from £22bn of PPI payments and £28bn of mortgage interest cost savings – remortgaging will drive further growth

– Investment is following consumption – there remains huge potential growth opportunity which requires better policy intervention and more Corporates investing in real activity not simply buying back their shares. "Big business and Government have under-delivered on investment."

– Government deficit remains "sticky" at around £100bn, cost of funding this deficit is likely to rise in 2015 as timing of US rates increase becomes more certain. Further welfare reform and risk sharing is needed

– UK goods trade deficit remains "sticky" at around £100bn (exports £300bn, imports £400bn) – lack of investment and poor export infrastructure remain a problem. Services can continue to grow quickly

We expect 0.5% rise in interest rates in 2015: risks a 0.5% decline in GDP growth

EUROZONE – MUDDLING THROUGH.

- Economy is in recovery phase, but growth will be constrained by structural rigidities and impaired banking sector. GDP expected to rise 1% in 2014 and 1.3% in 2015.
- Domestic demand is picking up as austerity fades and confidence returns.
- Progress on structural reforms in most countries will continue but at a slower pace. Spain has made significant progress in increasing competitiveness but France is lagging behind.
- ECB has stepped in to prevent deflation by cutting interest rates into negative territory and launched a new liquidity scheme to reboot lending to SMEs.

More monetary methadone: But five years late?

US - RECOVERING FROM THE STORM.

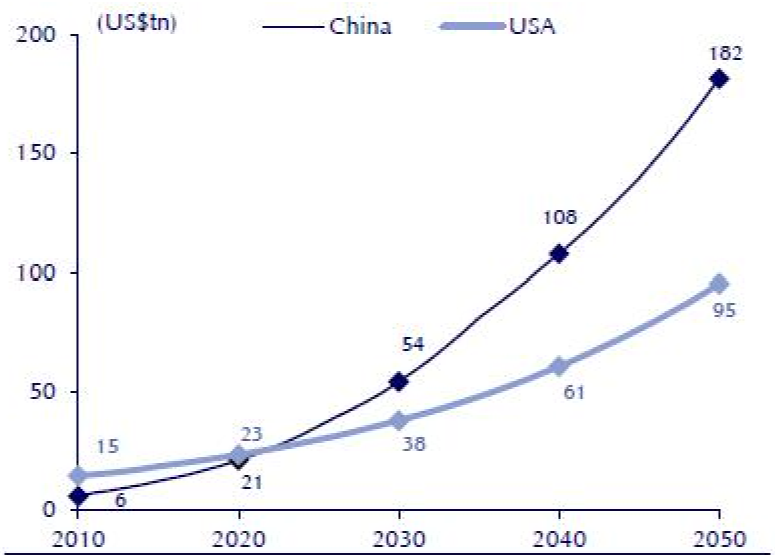
- Economy should bounce back from winter disruptions as high frequency data have recovered to previous trends
- End of fiscal drag to boost growth. Federal deficit has fallen from 10% of GDP in 2009 to 4% in 2013.
- Labour market continues to tighten, pushing up wage growth as firms cite recruitment difficulties.
- Core inflation starting to rise, Fed risks getting behind the curve.
- We expect a similar lift-off point to the market for the first Fed hike (mid 2015) but a faster pace (25bp per meeting) of rate hikes.
- Upward trend in Treasury yields likely to resume

“Feelgood Factor”: 3% GDP + 0% wage growth ≠ 2% wage growth + 1% GDP

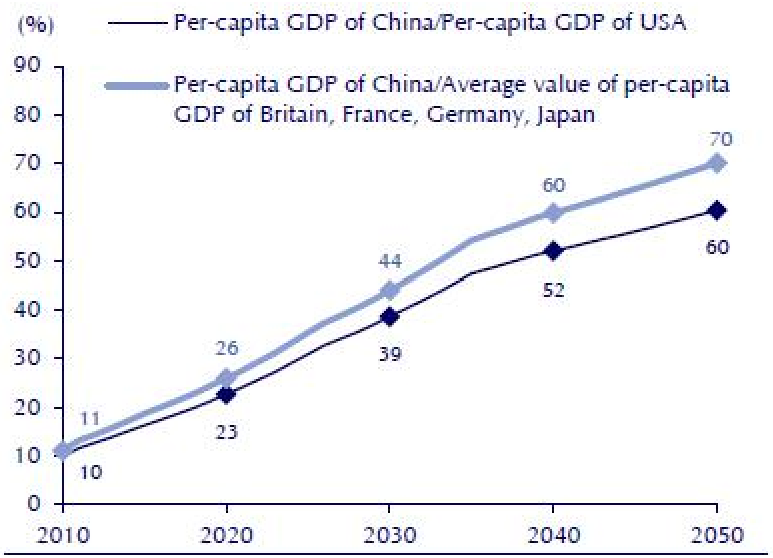
"A WESTERN FORECASTING BIAS?"

WE ARE VERY POOR AT FORECASTING POOR OUTCOMES FOR WESTERN ECONOMIES, PARTICULARLY CENTRAL BANKERS, HOWEVER WE ASSUME WE ARE GOOD AT FORECASTING POOR OUTCOMES FOR THE CHINESE ECONOMY.

CHINA AND US GDP ESTIMATES IN EARLY MID 21st CENTURY



CHINA'S AND MAJOR ECONOMIES PER-CAPITA GDP ESTIMATES



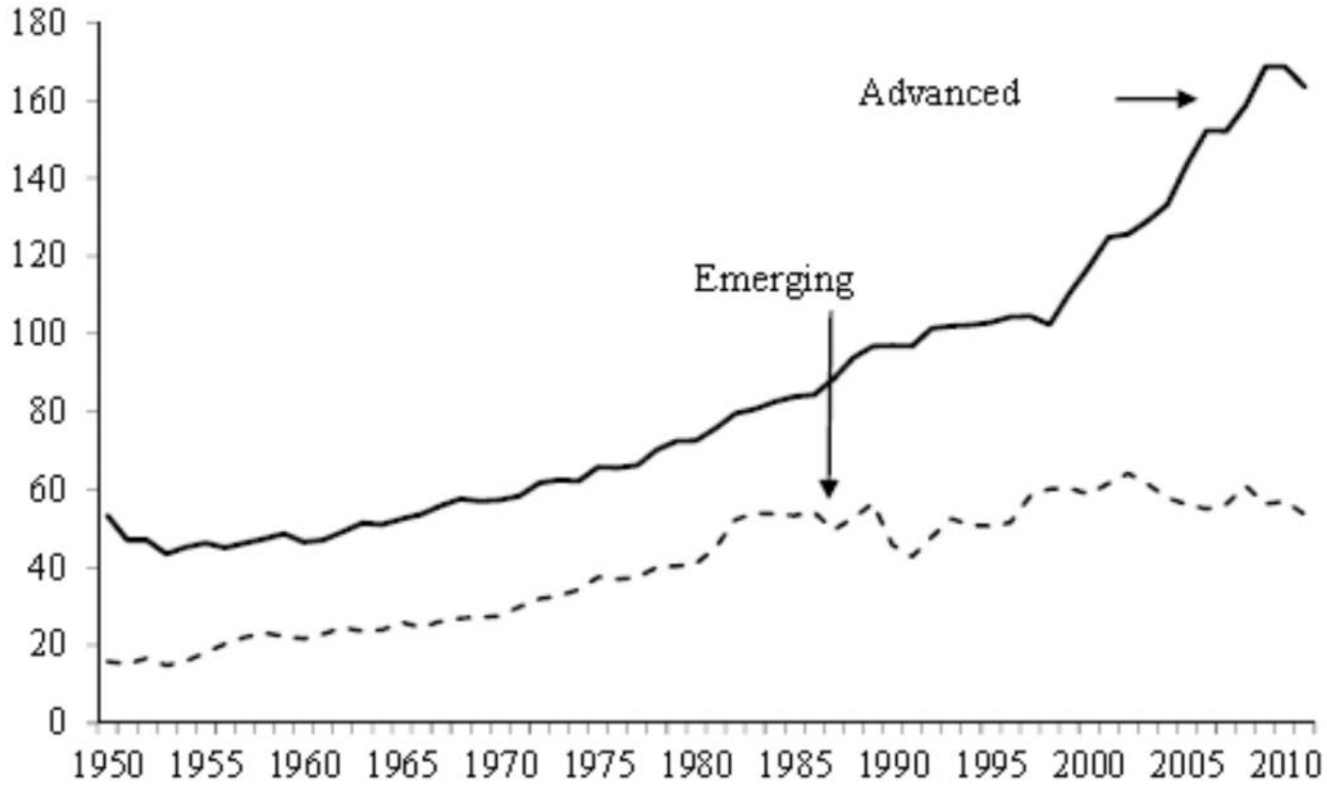
Source: CLSA

WORLD – PASSING MID CYCLE POINT.

- Global measures of economic slack are back above average, led by advanced-economy labour markets
- With commodity prices no longer falling, core inflation likely to rise from here
- ‘Peak of globalisation’ should lead to worse growth-inflation trade off than previous decade
- China’s economy slowing, but because it is much bigger than before, still contributing more to world growth than in 2007.
- US and UK domestic demand benefitting from easier credit conditions and reduced economic uncertainty. Europe muddling through.

This could still be the Chinese decade?

PRIVATE DOMESTIC CREDIT AS A % OF GDP: 1950 – 2011



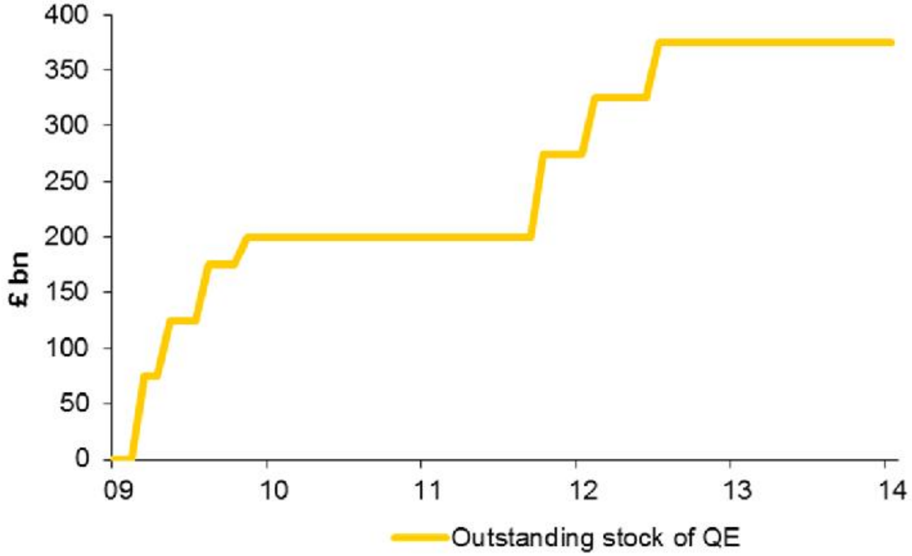
- **Credit expansion key reason for crash**
- **Steep rise in credit in advanced countries from 1995**

Source: *Financial and Sovereign Debt Crises: Some Lessons Learned and Those Forgotten*, C. Reinhart & K. Rogoff, 2013

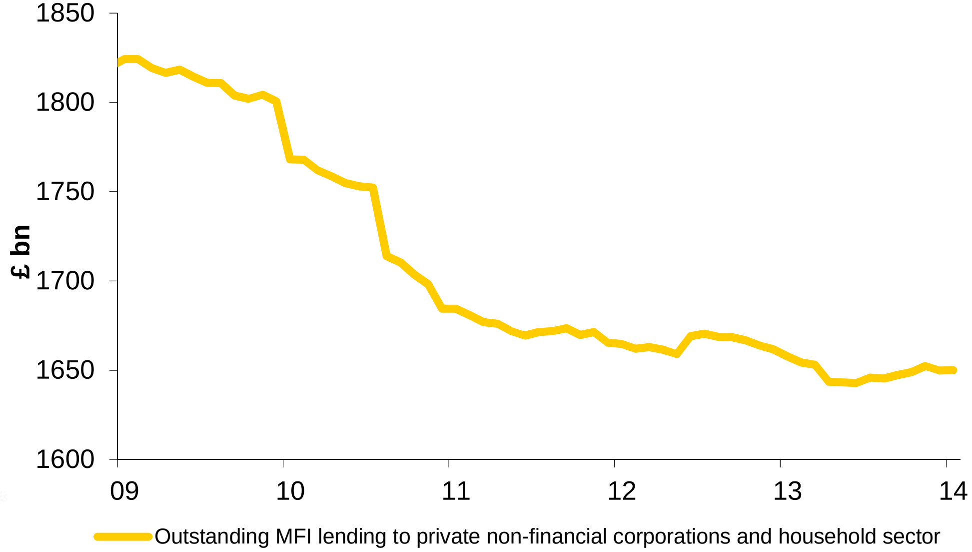
FAST AND SLOW MONEY: WHAT HAPPENED.

QE = PERPETUAL ZERO-COUPON FINANCING FOR UK GOVERNMENT?

QE MONEY PRINTING



STERLING M4



- **QE probably saved us in 2008.**
- **More ‘narrow money’ doesn’t compensate for ‘broad money’ destruction: if over-indebtedness was the problem, this cannot be the solution.**
- **Two-speed money is the result**
  - **Different winners and losers**
  - **Less sustainable recovery**
- **Have the laws of economics changed, or have they just been suspended?**

Source: Bloomberg and Ecowin.

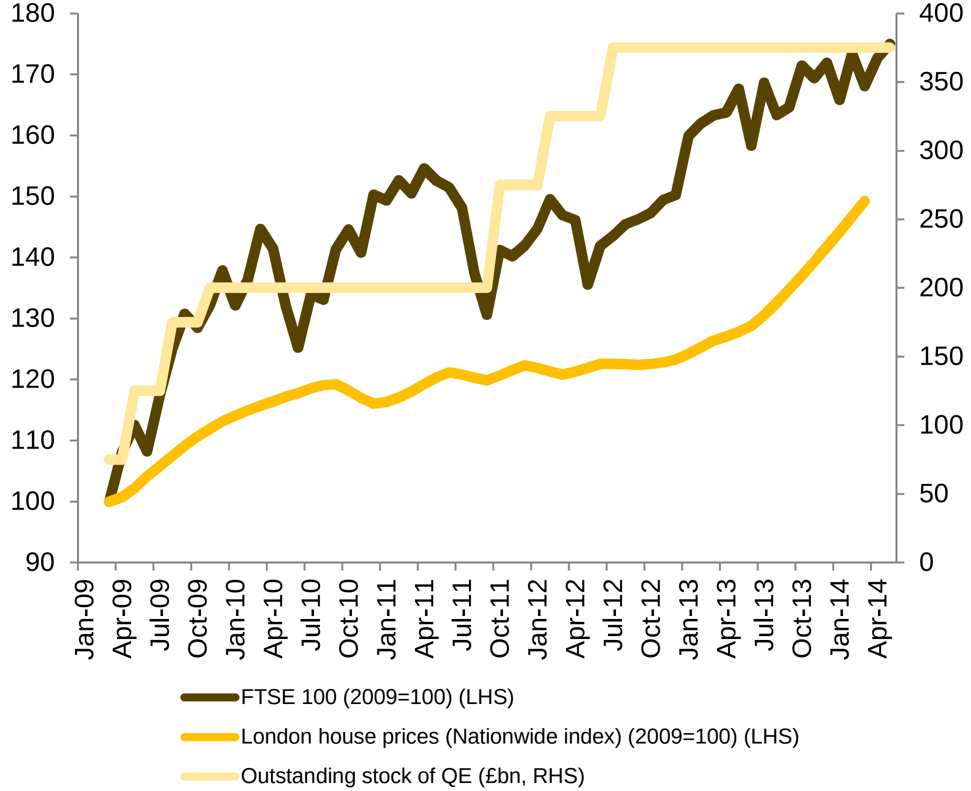
FAST AND SLOW MONEY: WINNERS AND LOSERS, AND THE POLITICS OF ENVY”.

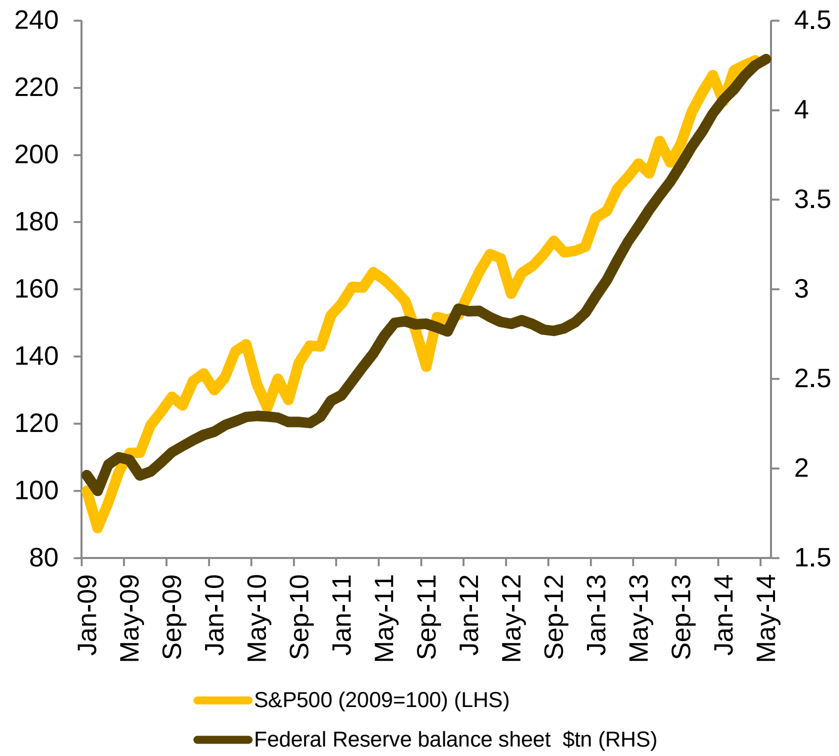
WINNERS	LOSERS
Rich people	Poor people
Assets	Real Wages
Financial Assets	Capital Goods
Baby Boomers (mostly)	Young people (mostly)
Consumers	Savers
Countries with own central bank	Countries in monetary union
Monetary Policy Specialists	Supply side economists

Intellectuals discovering inequality:

- **“The Spirit Level”, Wilson, Pickett, 2009**
- **“23 things they don’t tell you about capitalism”, Ha-Joon Chang, 2010**
- **“The price of inequality”, Stiglitz, 2012**
- **“Capital in the Twenty First century”, Piketty, 2013**

QE: A POLICY FOR THE RICH, BY THE RICH?



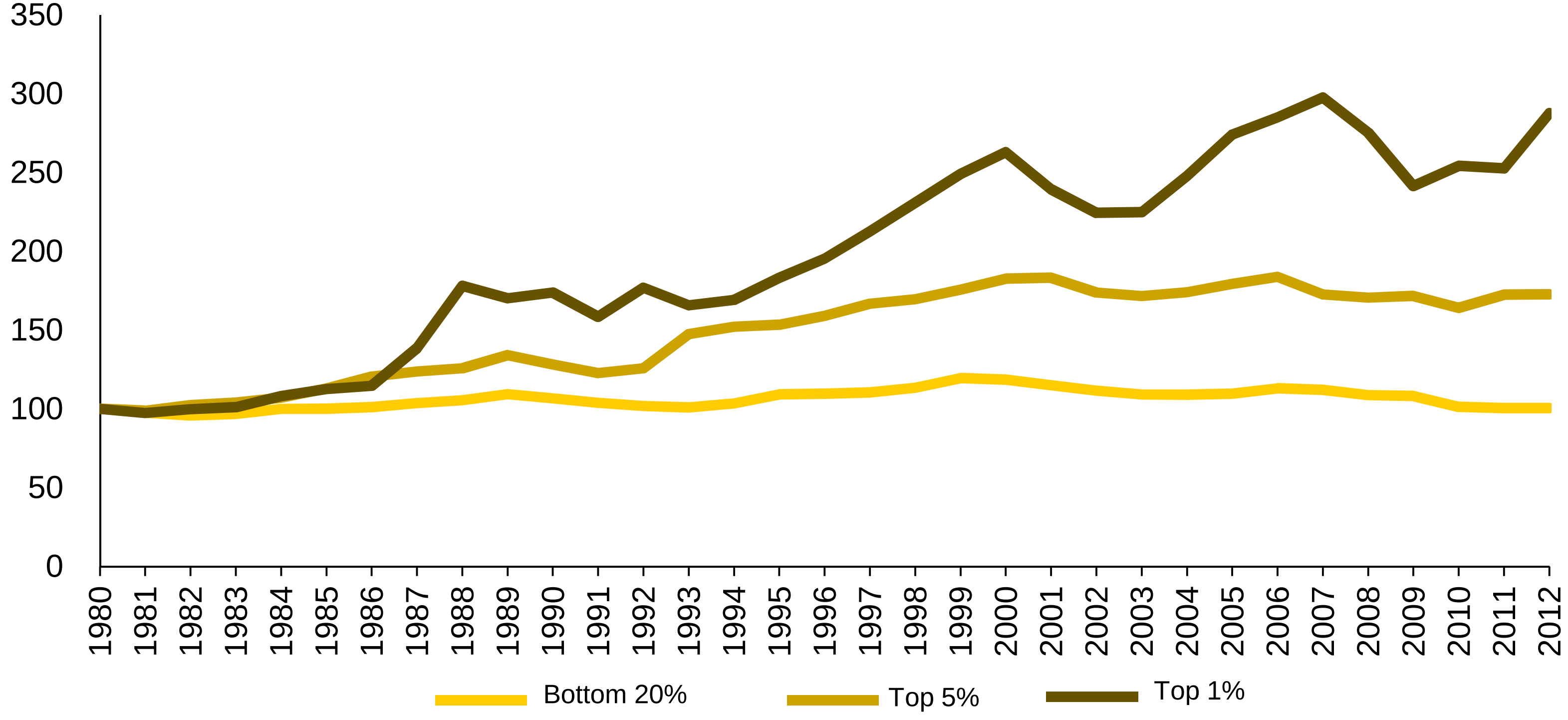


- **QE inflated asset bubbles - benefitted the rich not the poor**
- **Monetary methadone very hard to wean off**
- **Mobile QE money can cause instability as shown by Bernanke in June 2013 – emerging markets sell off**

Source: LGIM, Bloomberg and Ecowin.

RICH ARE GETTING RICHER. A "WINNER TAKES IT ALL" SOCIETY?

AVERAGE INCOME INCREASES US
(1980=100)

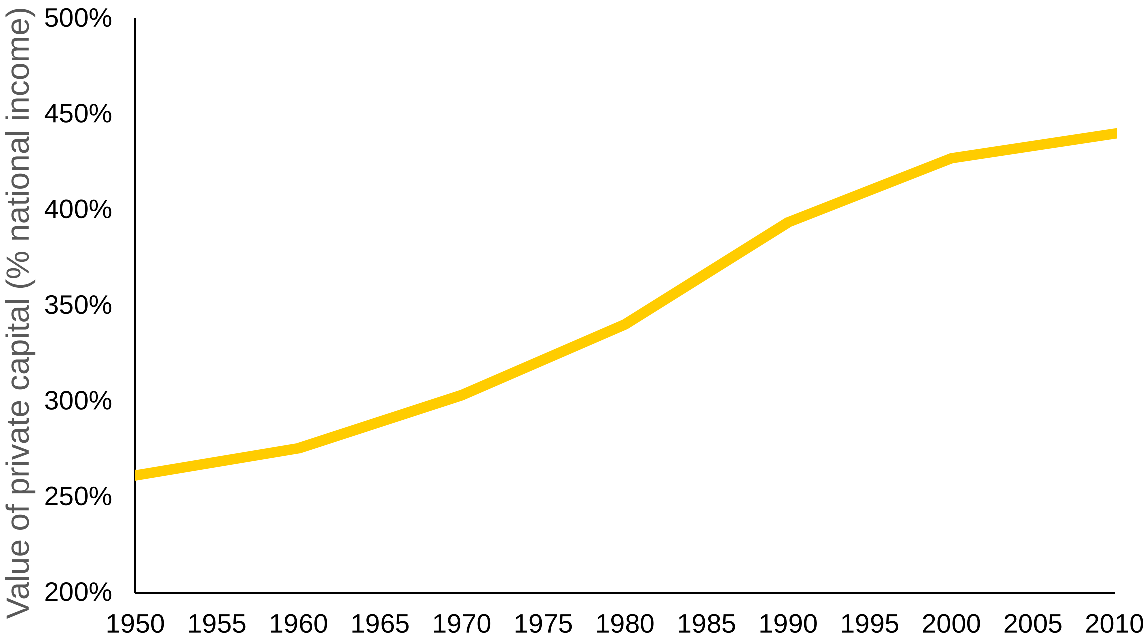


- **Inequality increased from the 1980's onwards**

Source: US Census Bureau; World Top Incomes Database

SELECTIVELY CHANNELLING ENGELS; OR WHY PIKETTY IS WRONG?

THE WORLD CAPITAL / INCOME RATIO: 1950 – 2010

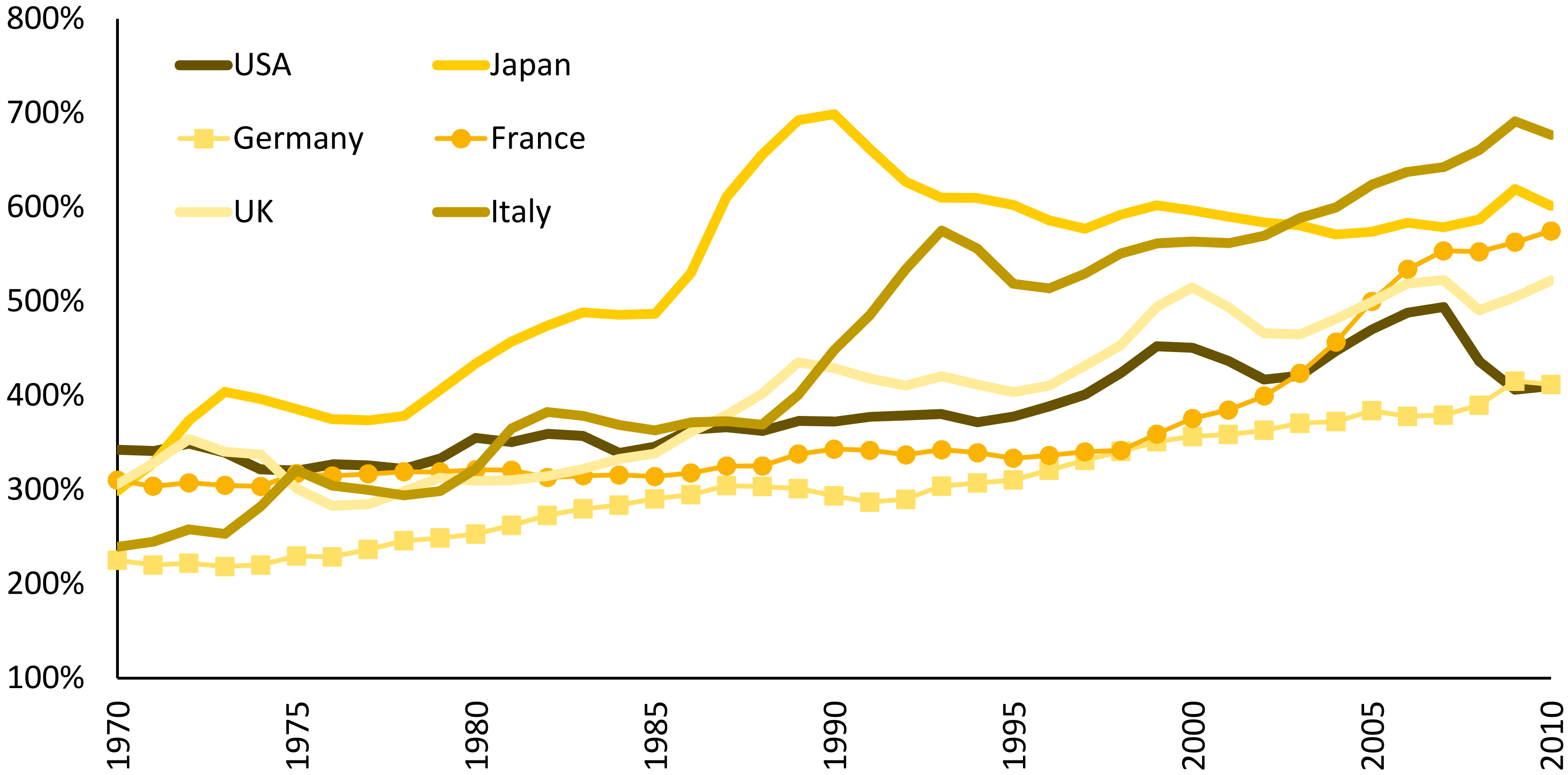


- **Piketty's Thesis - not just income disparity also about changing capital to income ratio**
- **Ignores capital from new businesses e.g. Facebook, Google, Alibaba**
- **Ignores overall rise in wealth in emerging markets**
- **Ignores 'capital' supporting welfare e.g. pensions, health**
- **More capital provides security, supports business creation**

Private capital can be more effective, even for philanthropic purposes: e.g. Gates Foundation; Warren Buffet

Source: Capital in the Twenty First Century, T. Piketty (2013)

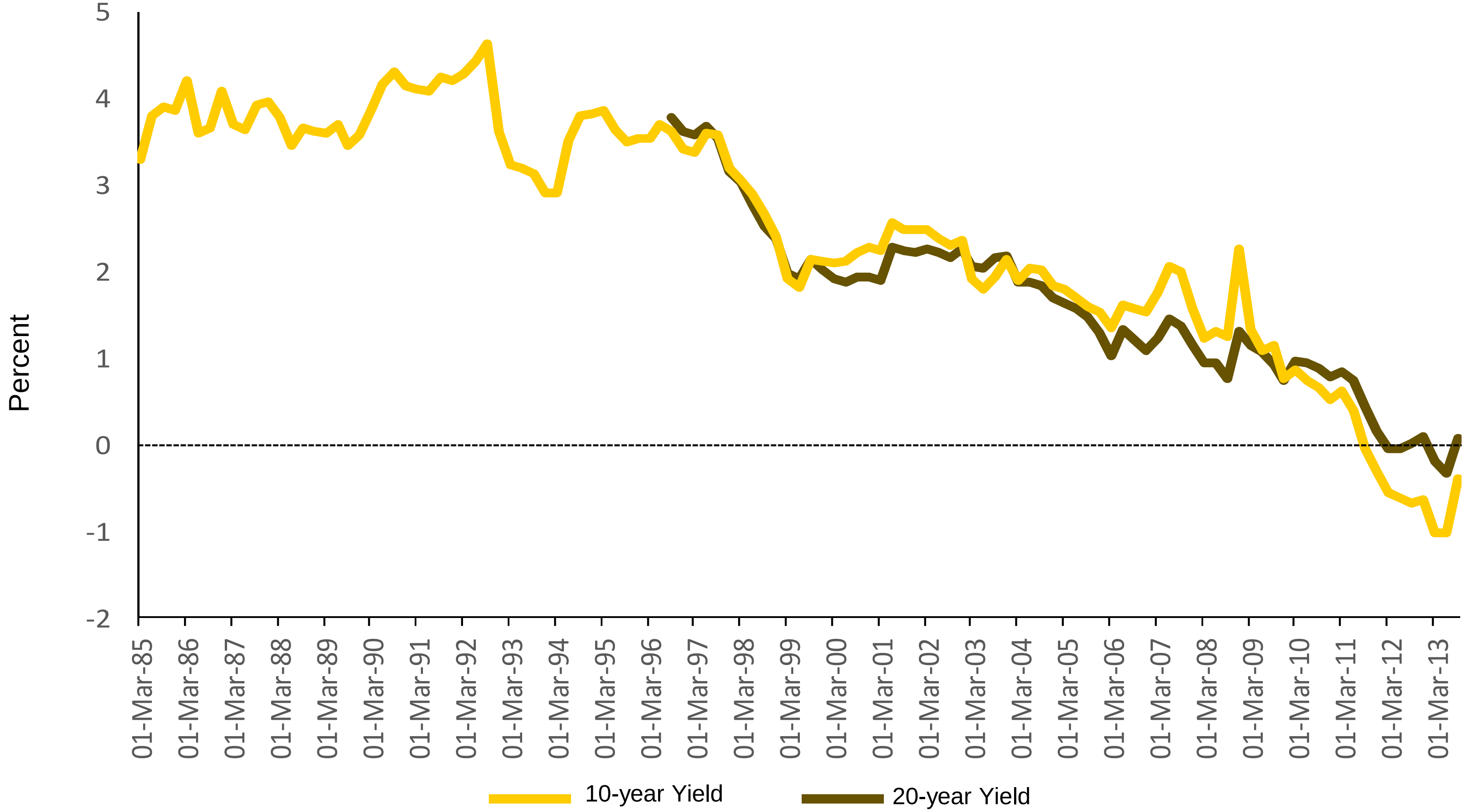
PRIVATE CAPITAL/NATIONAL INCOME:
RICH COUNTRIES, 1970 – 2010



- **Income inequality growing, however the numbers are cut**
- **But Intergenerational inequality is more important – old gaining at the expense of the young e.g. housing, welfare, education**

Source: Capital in the Twenty First Century, T. Piketty (2013)

REAL YIELDS TO MATURITY ON UK INDEXED LINKED GILTS.



Low interest rates= big win for borrowers, £28bn saved on variable mortgages
= big loss for savers, minus real returns on cash savings and falling annuity rates

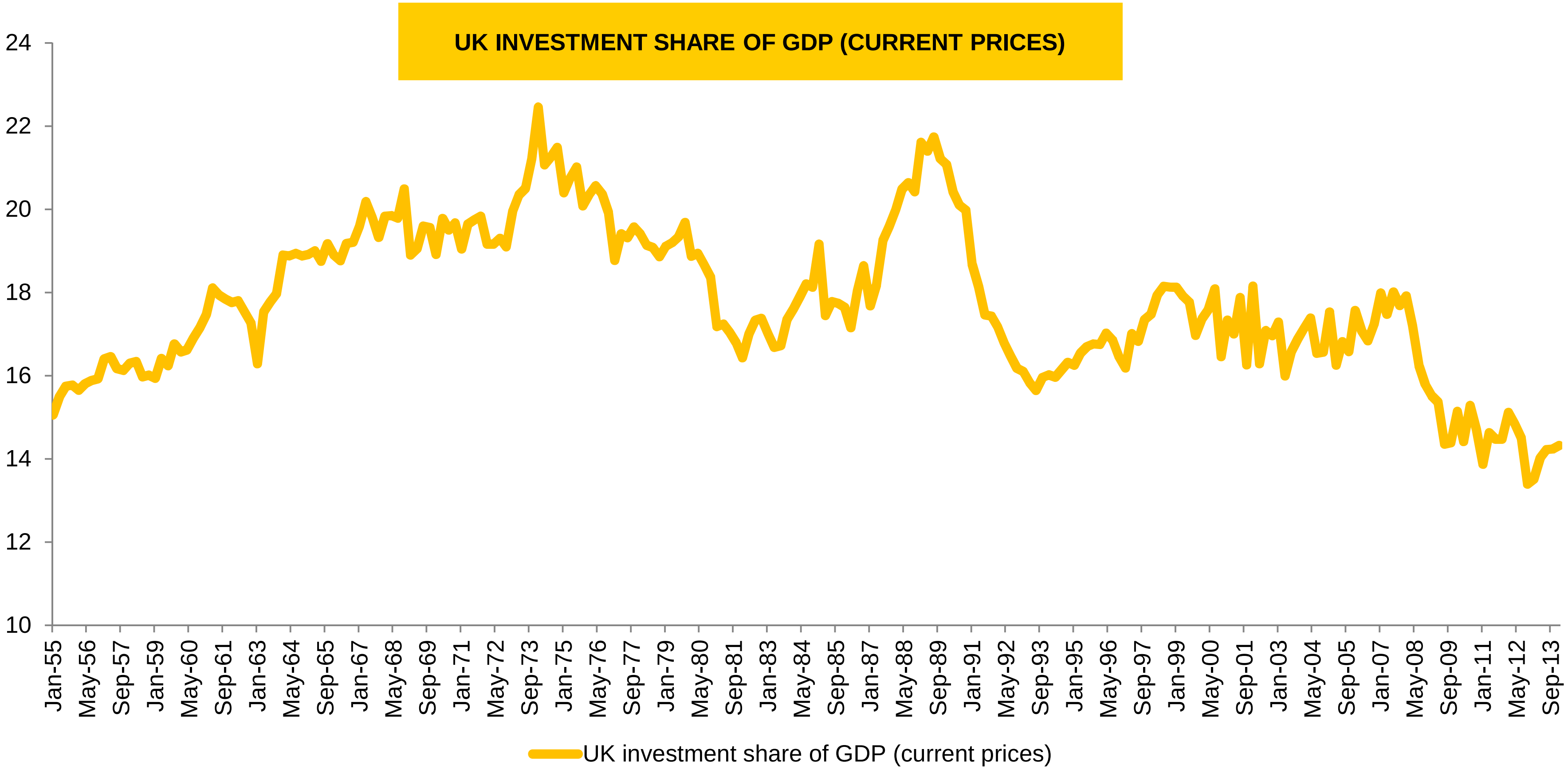
Source: Bank of England Statistics, Zero coupon real yields

ECONOMIC AUSTERITY LEADS TO POLITICAL UNEMPLOYMENT.

	Pre 2010	2012		2014
Sarkozy	55%	35%	34% Exit	
Hollande		Elected 51%	30%	2014 Euro elections won by Front National. Hollande's socialists on 14%.
Obama	65%	50%	Re-elected	Senate and House of Representatives elections in Nov, GOP has poll lead. 44% approval rating.
Merkel	60%	63%	60%	Sept 2013 General Election Re-elected with 41.5%
Abe	30% Resigns 2007	76% Elected	62%	58% approval rating
Cameron	54%	36%	28%	2014 Euro Elections - Significant UKIP gains General Election May 2015 32% average Conservative poll rating.

Austerity casualties: Zapatero (Spain), Berlusconi & Monti (Italy), Papandreou & Papademos (Greece), Cowen (Ireland), Sócrates (Portugal), Stoltenberg (Norway)

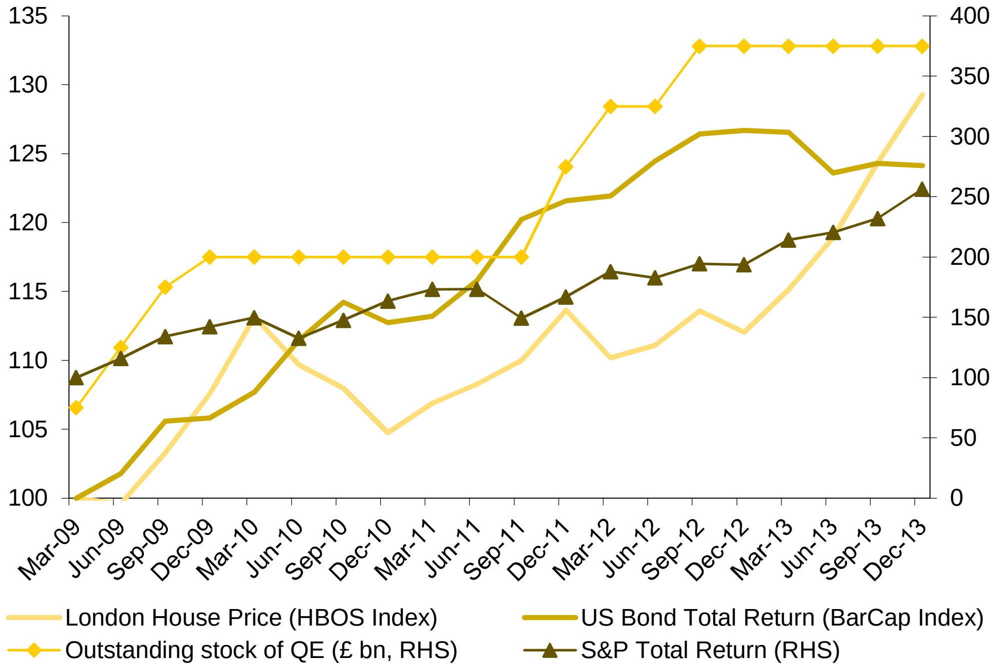
THE UK SUFFERS FROM A LACK OF INVESTMENT.

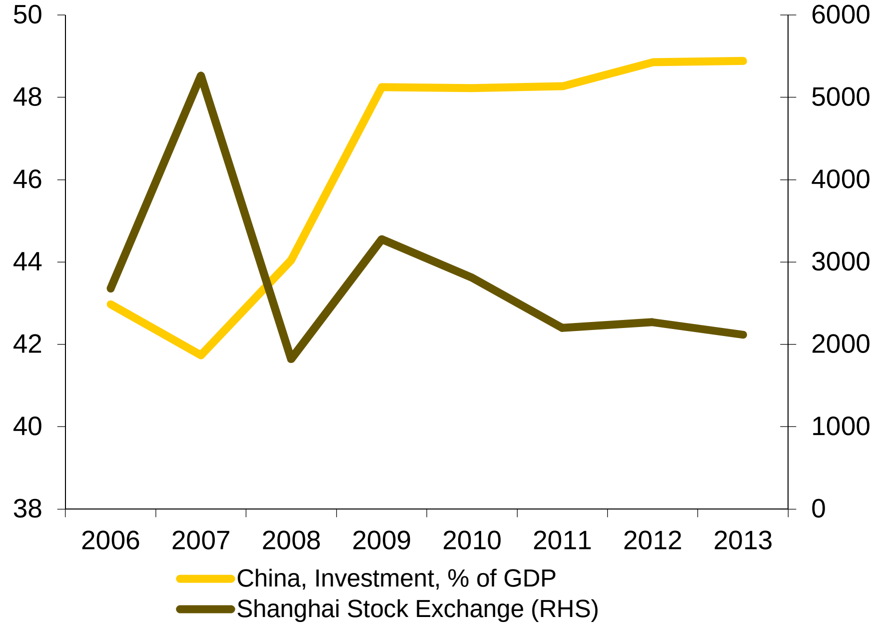


- **QE benefitted financial assets not capital goods**
- **Clear trend of lack of UK investment – accelerated in 2008**
- **UK companies sat on cash in recession – cheaper to hire than invest in plants**

Source: LGIM

CAPITAL INVESTMENT OUTSOURCED TO CHINA.

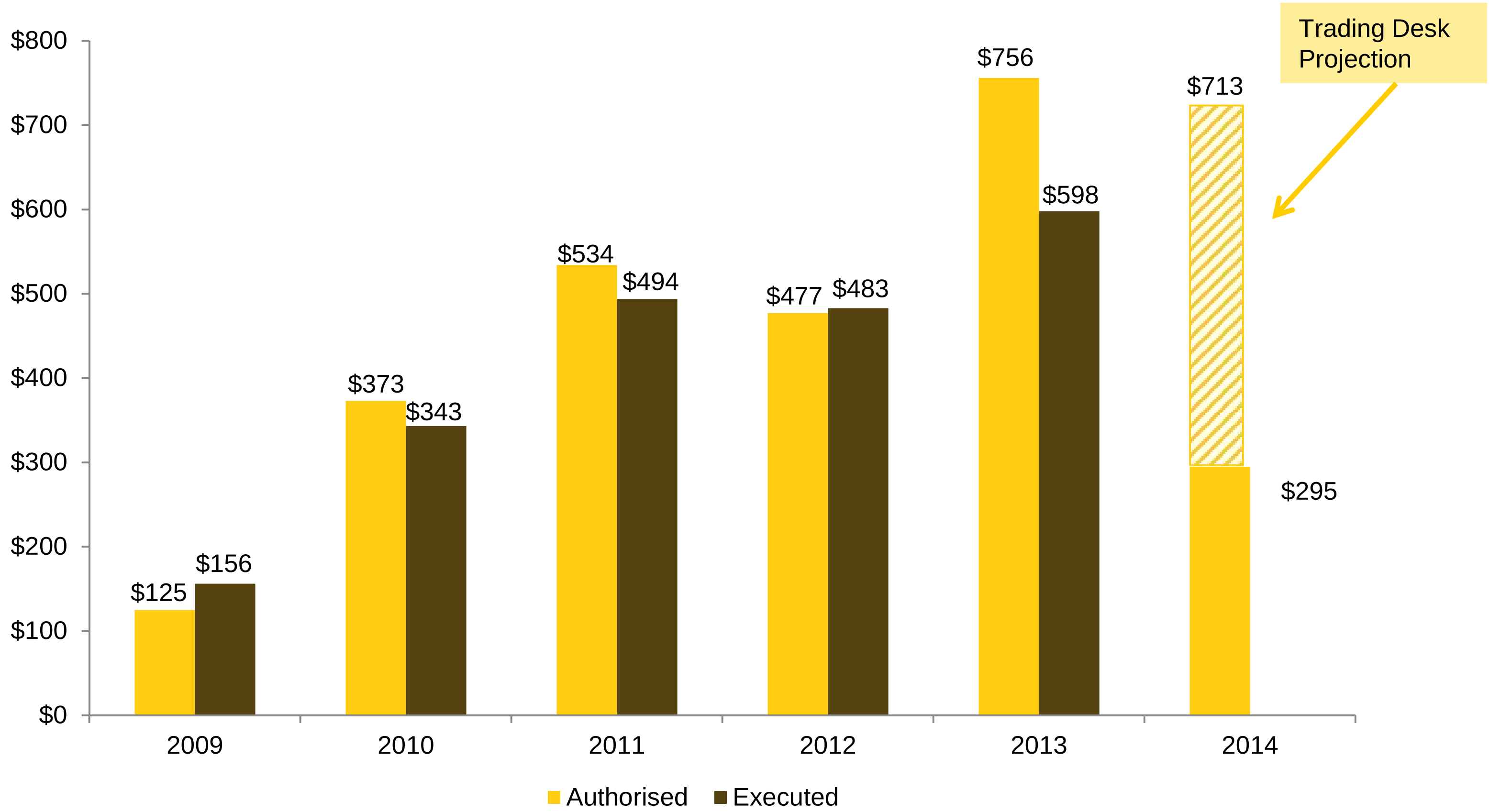




- **Growth is consumption and asset-price-led in the West**
- **Western under-investment in infrastructure and capital goods**
- **UK Vulnerable to rate rises due to variable mortgages**
- **Bank retrenchment, maturity less transformable, inherently unstable?**

Source: Bloomberg and Ecowin.

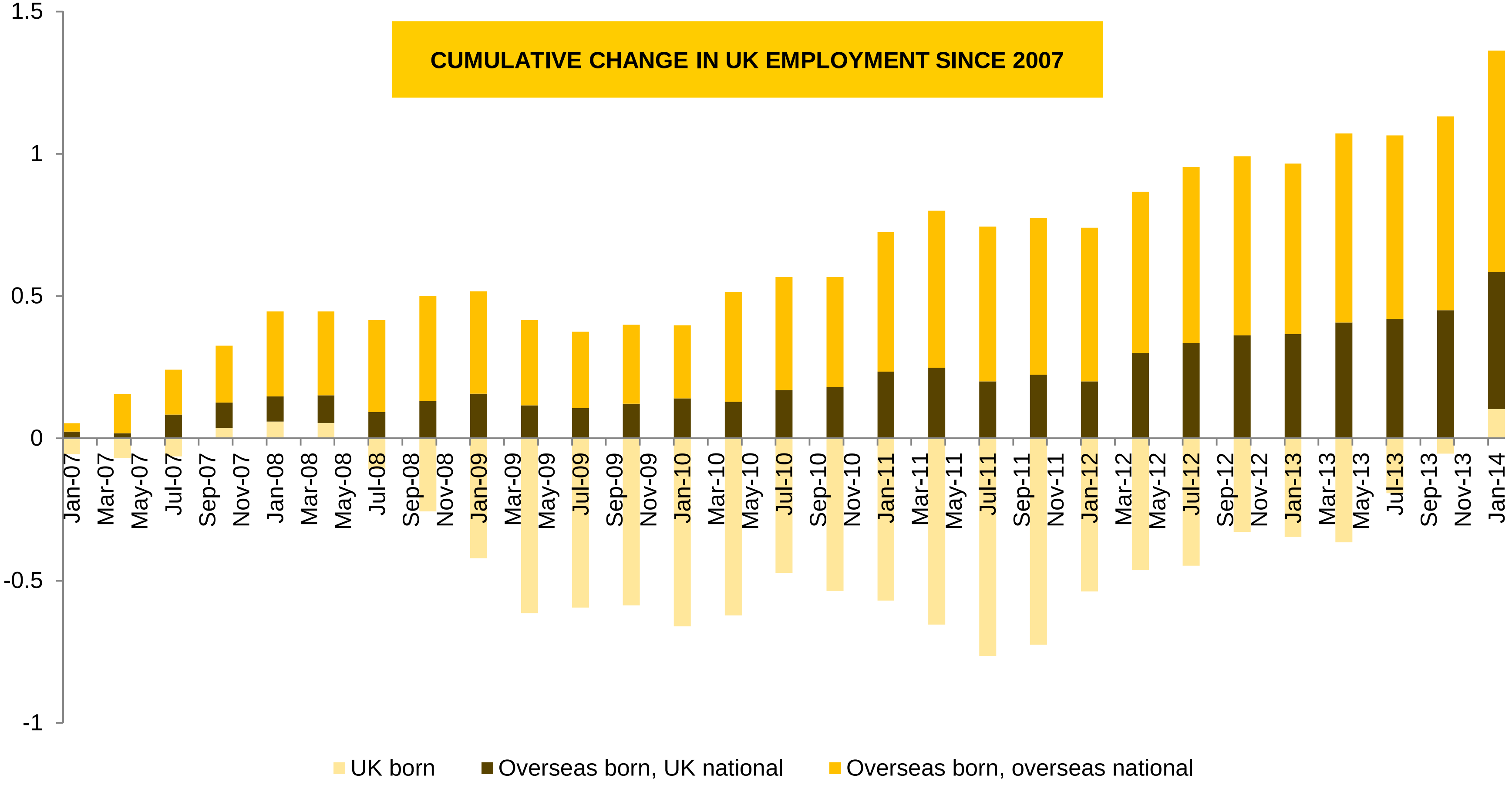
ANNUAL US SHARE BUYBACK ACTIVITY ($BN)



Many sophisticated IP/technology companies are just as sophisticated at financial engineering and tax

Source: Goldman Sachs

MIGRANTS ACCOUNT FOR A LARGE SHARE OF NET JOB CREATION.



- **Politicians have ignored immigration and are now losing the case for open borders**

Source: LGIM

FORECASTING IS DIFFICULT…EVEN FOR SMART CENTRAL BANKERS.

(4 months before US warning that the sub-prime crisis could cost $100bn) “At this juncture, however, the impact on the broader economy and financial markets of the problems in the subprime market seems likely to be contained. In particular, mortgages to prime borrowers and fixed-rate mortgages to all classes of borrowers continue to perform well, with low rates of delinquency.”
Bernanke, March 28 2007

(As BoE continued to miss its monthly forecast target before effectively abandoning it in 2013) “Like the English batsmen preparing to defend the Ashes, watching carefully and perfectly balanced in the crease ready to play forward or back according to the length of the incoming delivery, so the monetary policy committee will watch the incoming data carefully, ready to adjust policy in either direction in order to keep inflation on track to meet the 2pc target in the medium term."
Mervyn King, November 2010

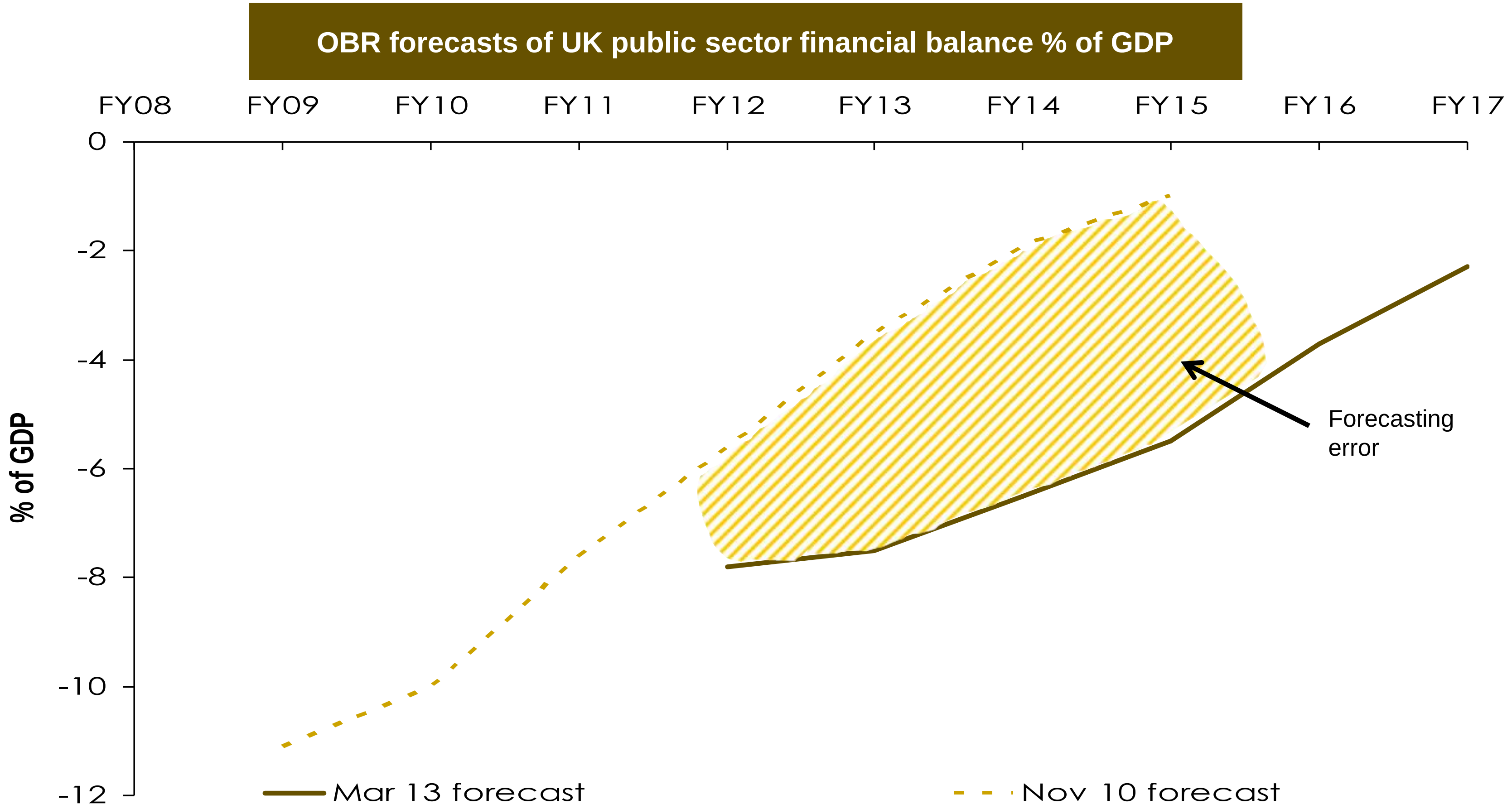
(Two months before Fannie Mae and Freddie Mac collapsed and were nationalised) “ They will make it through the storm.”
Bernanke, January 18 2008

(As interest rates settled to record lows) “Thus I continue to expect to see higher long term US interest rates in the decade ahead – treasury bonds that at times will flirt with double-digit yields and stocks, real and other income-earning assets that perform in a more subdued fashion in the next two decades than they did in the past two decades”
Greenspan, 2007 – The Age of Turbulence

“I wish I’d been omniscient and seen the crisis coming.”
Bernanke, December 5 2010

“We really can’t forecast all that well, and yet we pretend that we can, but we really can’t.”
Greenspan, October 2013

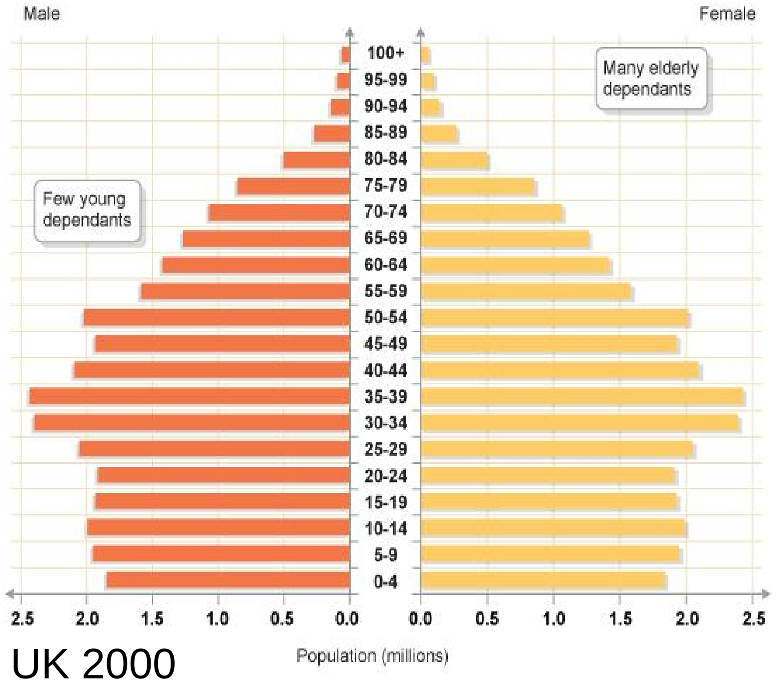
FORECAST MISSES UNDERLINE A STUBBORN DEFICIT.



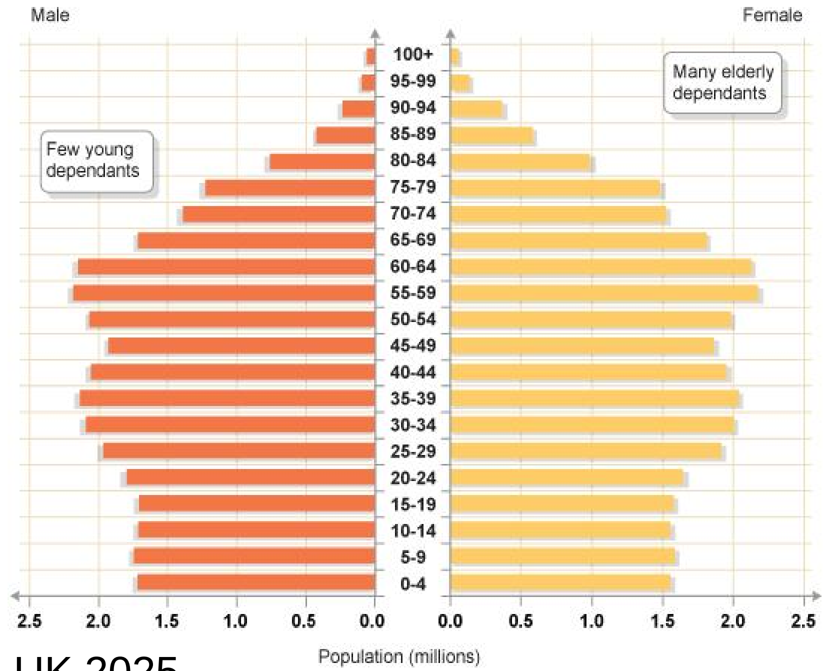
- **“G” gap can’t be closed at GDP < 5% nominal**
- **Ageing population will force hard decisions on welfare – risk sharing?**
- **Welfare vs Bond Market: “Clash of the Titans”**

* (excluding Royal Mail, BoE coupon payments)

FALLING UK DEPENDENCY RATIOS BOOST NEED FOR RETIREMENT SOLUTIONS.



UK 2000



UK 2025

Dependency Ratio	1950	2030 (Est)
Japan	12.2	1.8
Germany	7.1	2.1
Italy	8.0	2.3
France	5.8	2.4
UK	5.9	2.9
US	8.1	3.0

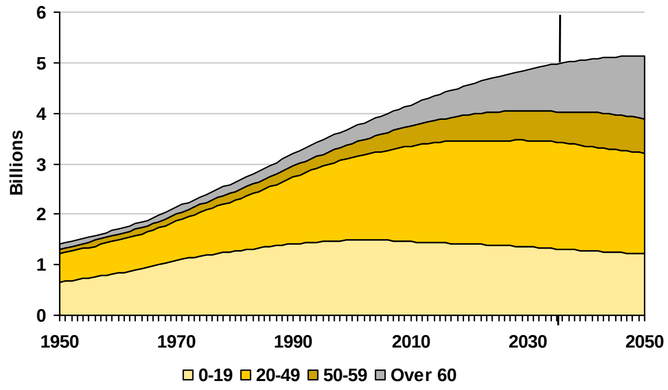
Sources: ONS, United Nations Population Division.

LONG TERM DEMOGRAPHIC TRENDS ARE FAVOURABLE FOR LEGAL & GENERAL.

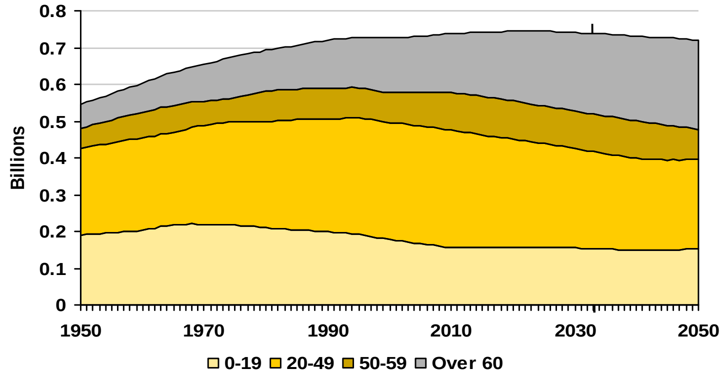
"The world is becoming grey. Over 60s rising from 600 million to 2 billion by 2050"

WORLD POPULATION GROWTH 1950-2050

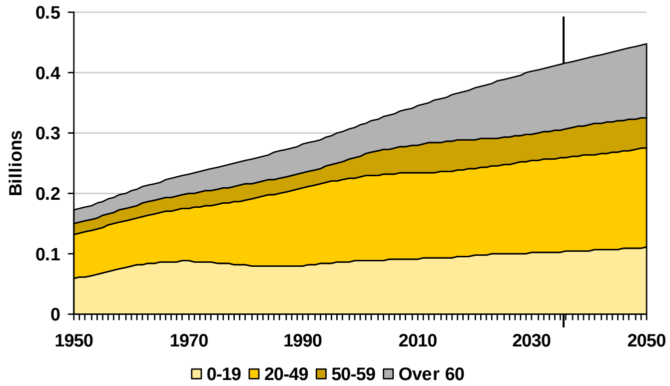
ASIA



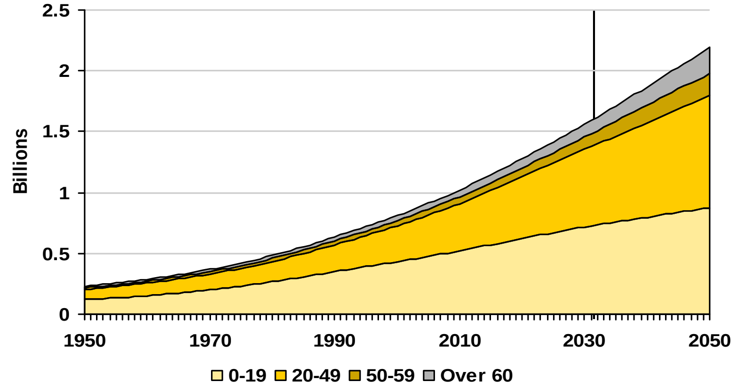
EUROPE



NORTH AMERICA



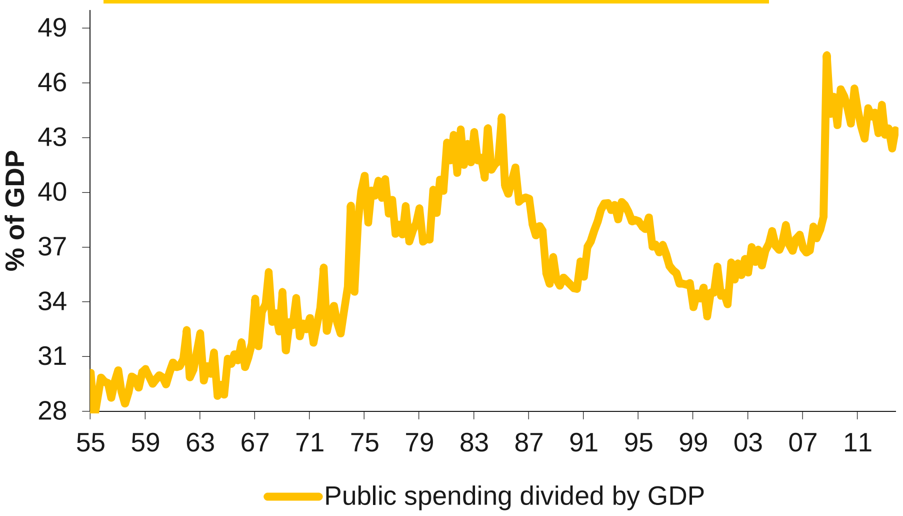
AFRICA



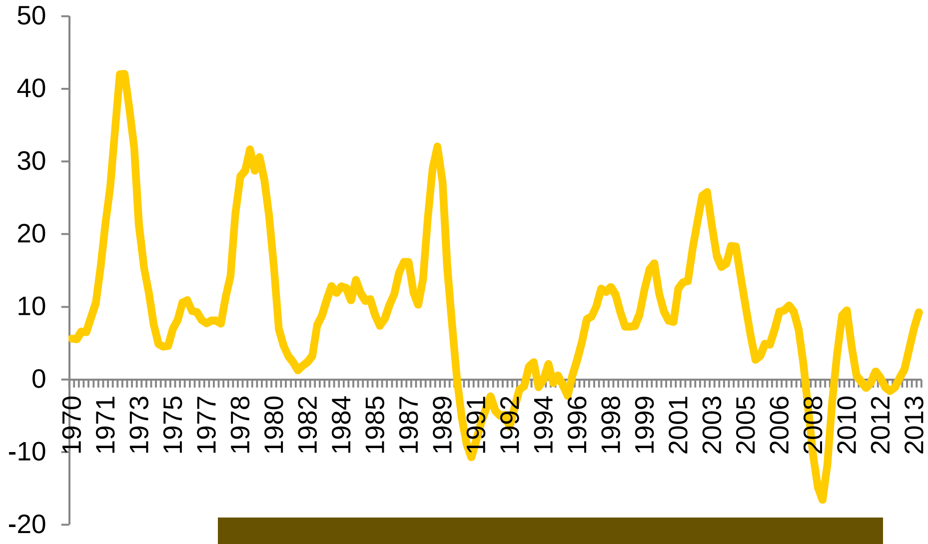
Source: United Nations Population Division, 2010 projections. Total projected world population in 2050 is 9.3 billion.

A GROWING INTERGENERATIONAL BURDEN.

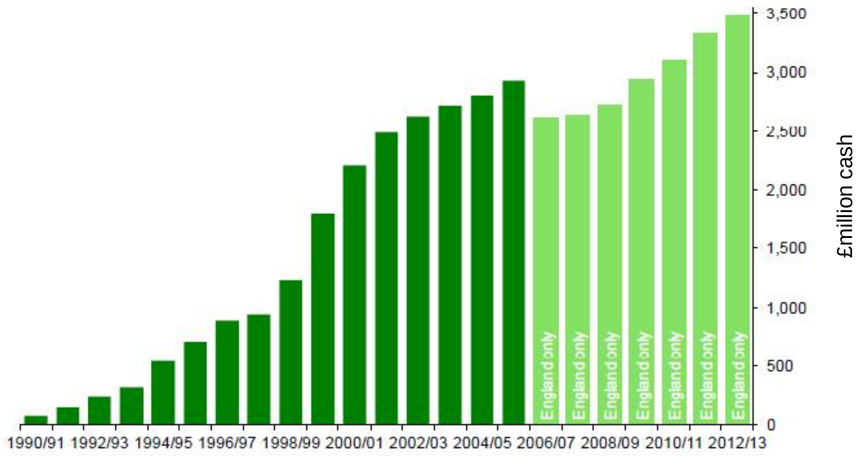
UK PUBLIC SECTOR CURRENT SPENDING



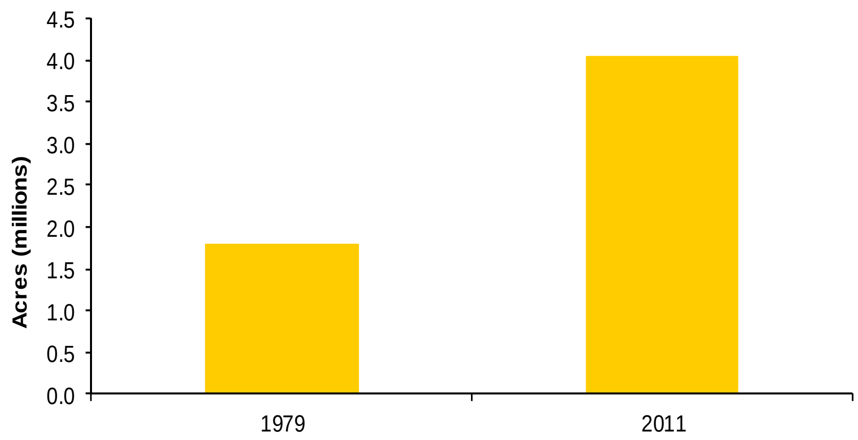
UK HOUSE PRICE INFLATION 1970-2014



ANNUAL VALUE OF STUDENT MAINTENANCE LOANS, UK

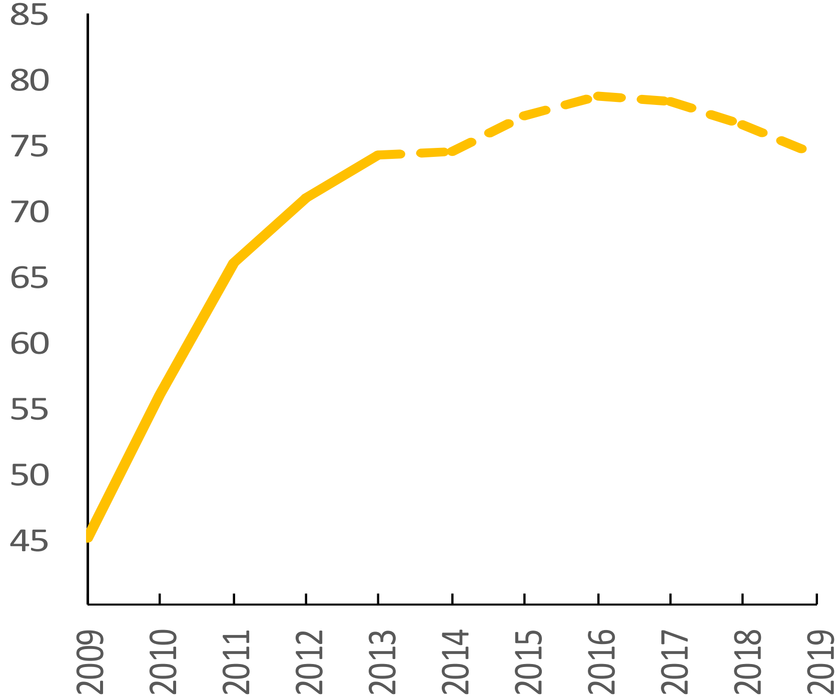


A HIGH GROWTH SECTOR - GREEN BELT

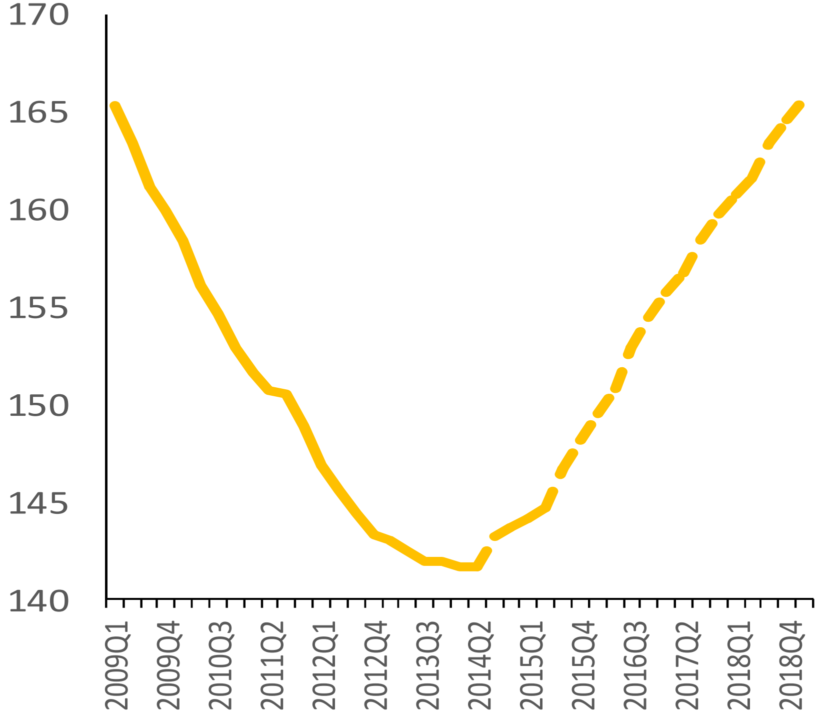


SHIFTING LEVERAGE: BACK TO PRIVATE AGAIN.

Public net debt as % of GDP: 2009 - 2019

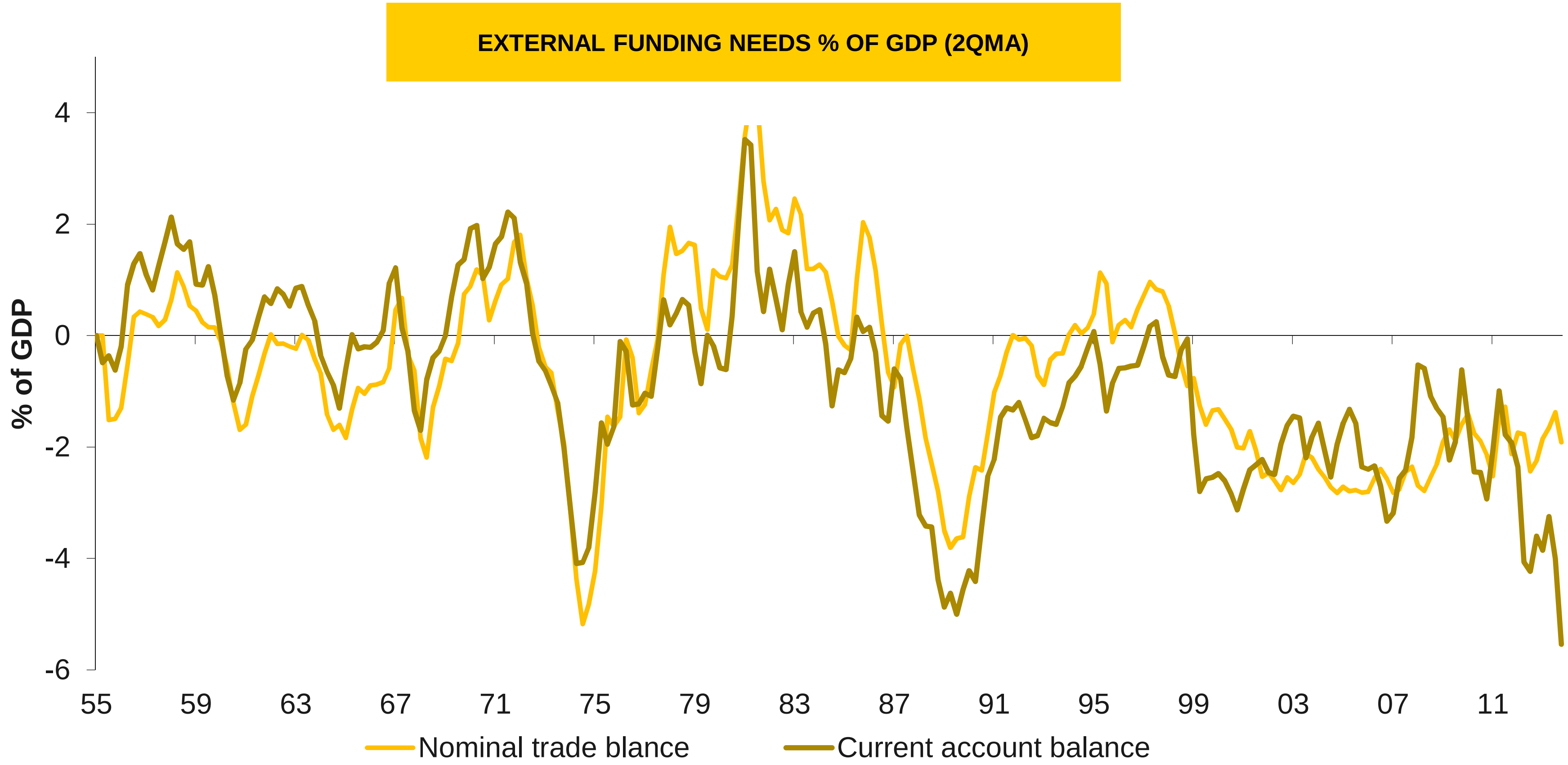


Household gross debt as % of income: 2009 - 2019



Source: OBR Economic and Fiscal Outlook, March 2014

THE UK WILL FIND INCREASING BORROWING FROM ABROAD MORE DIFFICULT.



- **Export £300bn, imports £400bn – deficit £100bn**
- **Export services not manufacturing and export infrastructure poor**

Source: LGIM

Q1 HIGHLIGHTS.

GROUP HIGHLIGHTS:

- NET CASH GENERATION UP 21% TO £301M (Q1 2013: £249M)
- OPERATIONAL CASH GENERATION UP 6% TO £297M (Q1 2013: £281M)

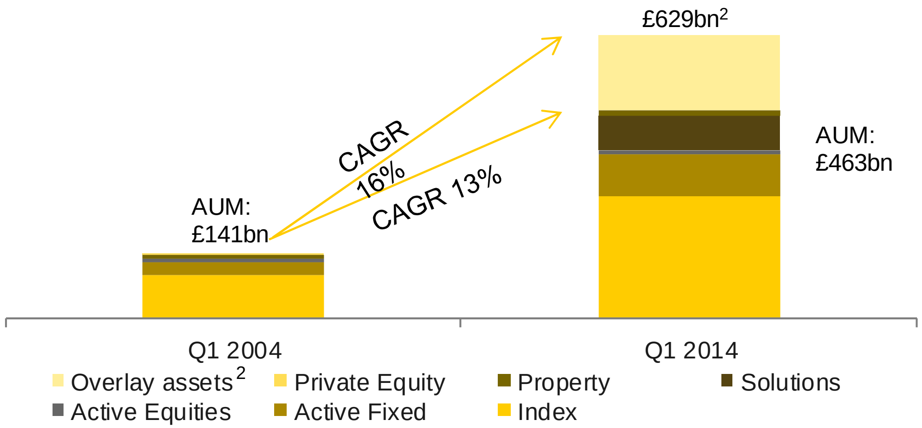
BUSINESS HIGHLIGHTS:

- RECORD BULK PURCHASE ANNUITY PREMIUMS OF £3,045M (Q1 2013: £357M)
- ANNUITY ASSETS UP 15% TO £38.3BN (Q1 2013: £33.3BN)
- LGIM TOTAL AUM UP 5% TO £462.6BN (Q1 2013: £441.2BN)
- LGIM INTERNATIONAL AUM UP 21% TO £63.2BN (Q1 2013: £52.4BN)
- LGIM NET FLOWS OF £3.8BN (Q1 2013: £4.7BN)
- UK RETAIL PROTECTION SALES UP 56% TO £42M (Q1 2013: £27M)
- WORKPLACE AUA UP 32% TO £9.1BN (Q1 2013 £6.9BN)
- COFUNDS AUA UP 25% TO £65.6BN (Q1 2013 £52.3BN)
- US PROTECTION SALES UP 12% TO $38M (Q1 2013: $34M)
- £1.0BN OF DIRECT INVESTMENTS COMPLETED IN Q1

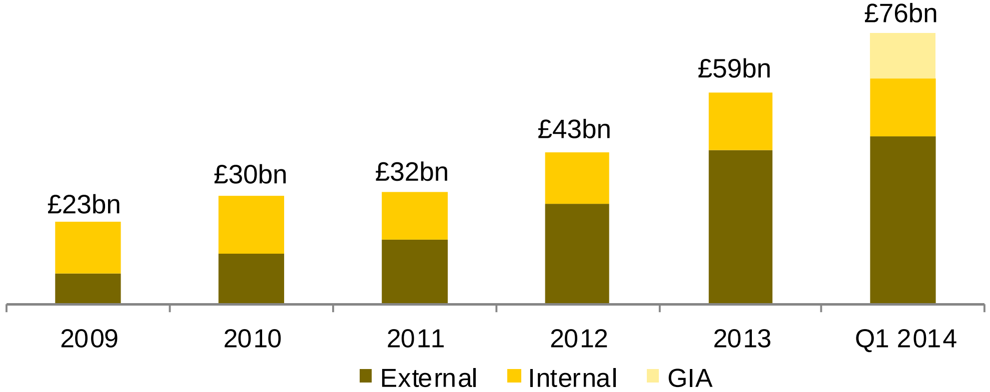
LGIM: WELL POSITIONED FOR CONTINUED GROWTH.

- Global AUM have more than tripled over the last decade
- LGIM has diversified its product range and capabilities
- Largest manager of UK pension scheme assets – leading provider of LDI solutions
- Large and growing share of the UK DC market
- Strong, sustainable international growth over last five years
- In the US, LGIMA is a leading provider of LDI and active fixed income strategies
- Acquired GIA, top 5 provider of US index target date funds with $22bn of assets[1]
- Expanding our footprint in the Gulf, Europe and Asia

GLOBAL AUM



LGIM INTERNATIONAL ASSETS



[1]Morningstar Fund Research Target-Date Series Research Paper 2013
[2]Overlay assets (Q1 2014: £166bn) managed by UK solutions business
Source: LGIM as at 31 March, 2014

LGC: INNOVATIVE SLOW MONEY.

AT A GLANCE

"SHAREHOLDER CAPITAL INVESTED TO SUPPORT L&G"

Financials

LGC Assets	**2013**
Operating profit	£179m
AuM	£4.7bn
RoA	3.8%

Delivering
1. Principal investment strategies across the Group
2. A developing principal Direct Investment portfolio
3. Capital, liquidity and collateral for the Group

HIGHLIGHTS

INNOVATION AND GROWTH

Growing a diverse range of Direct Investments into a core portfolio for the Group

Growth in Direct Investment	£0.5bn in 2012 to £4.0m in 2013 £1bn investment Q1 2014
Innovation	£252m to Places for People to build 7000 homes
Housing	CALA + Banner → top 10 UK Housebuilder £0.6bn in Social Housing
Infrastructure	£1.0bn into Student Accommodation
Growth in Direct Investment	£0.5bn in 2012 to £4.0m in 2013 £1bn investment Q1 2014

Strategically secure
Develop and implement successful strategies in a more complex regulatory environment

Investments	£43bn global portfolio across international Group businesses, moving to a S2 regime
Treasury	£3.1bn borrowing, c£50bn derivative-based ALM strategy under increased regulation (EMIR)

LGR: HELPING PEOPLE ACHIEVE FINANCIAL SECURITY IN RETIREMENT.

In 2009 we helped c. 500,000 people achieve financial security in retirement and managed £20bn assets.
Now we help over 1,000,000 people achieve financial security in retirement and manage £38bn assets.

WHERE WE WERE.	WHERE WE ARE.	WHERE WE WILL BE.
Bulk Annuities Provider of bulk annuities to small and medium size schemes only.	**Pension Risk Transfer** Largest number of £1bn+ bulk annuity and longevity insurance deals in UK. Largest ever bulk annuity transaction in UK, £3bn with ICI Pension Scheme. Increasingly international with our first transaction in Ireland.	**Global Pension Risk Transfer** Be THE 'go to' provider of de-risking solutions to large and mega UK Pension Schemes. Provide risk transfer globally with transactions in US, Canada and Netherlands. Innovate to bring large scheme solutions to small and medium size pension schemes.
Individual Annuities Established provider of core fixed and inflation-linked annuities. Distribution through IFAs.	**Retirement Income** Added enhanced annuities to our core product offering. Diversified our distribution : • Direct now form c.10% • Largest number of distribution partnerships with insurers. • Unique white-labelled marketing arrangement.	**Retirement Choices** Leverage our established pricing and product capability and distribution options to provide flexible income choices throughout retirement: Expanded product range: • Core and enhanced annuities. • Lifetime mortgages. • Flexible retirement income. Expanded information offering to enable customers and professional advisors.

LGAS: SCALE AND CHANGE DRIVING EFFICIENCY.

£m	Q1 2014	Q1 2013	Growth
UK Protection new business annual premiums	**62**	47	32%
UK Protection gross premiums	**353**	325	9%
Savings net flows (£bn)	**1.6**	(0.3)	n/a
Savings AUA (£bn)	**115.3**	61.7	87%

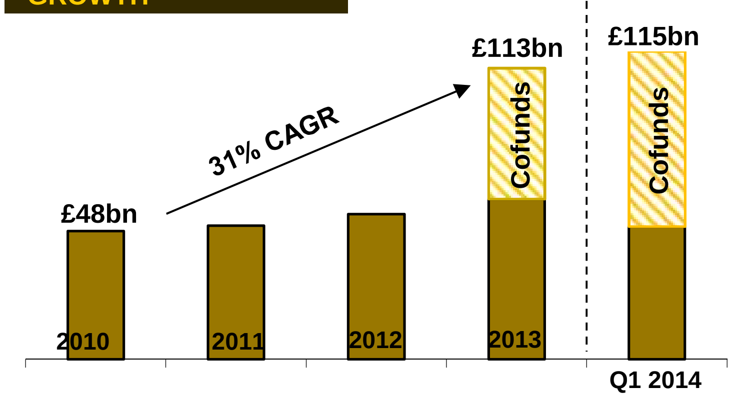
UK market leader in protection and savings platforms with over 6 million individual customers and over 8,000 corporate schemes.

Q1 2014: Retail Protection had a record Q1 with sales up 56% to £42m (Q1 2013: £27m) as a result of our well positioned, competitively priced range of products provided through leading technology. Growth is broad based across all key distribution channels, including our direct sales.

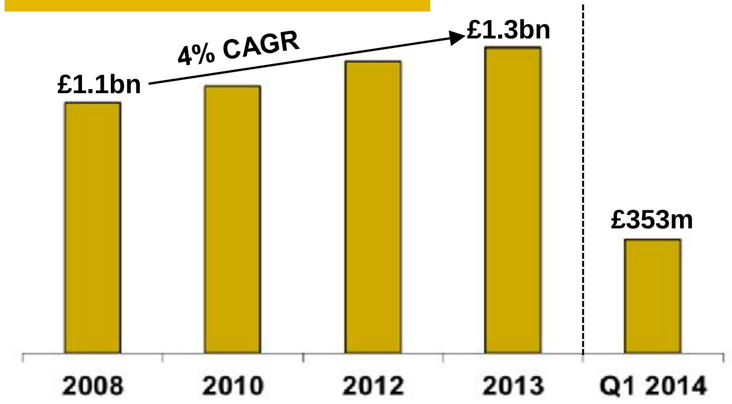
UK Group Protection achieved sales of £20m (Q1 2013: £20m) benefiting from the robustness of our market proposition. In France our Group Protection business has increased by 38% (Q1 2014: €40m, Q1 2013: €29m) following continued collaboration with the UK and early progress on building our distribution network.

In Q1 our LGAS Savings net inflows were £1.6bn (Q1 2013: outflows of £0.3bn) with assets under administration (AUA) now at £115.3bn (Q1 2013: £61.7bn).

UK SAVINGS ASSETS GROWTH



UK PROTECTION GWP



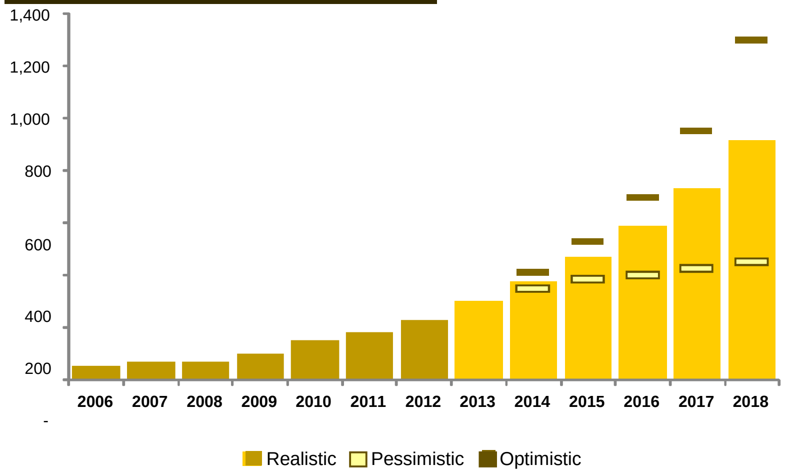
LGAS: SCALE AND CHANGE DRIVING EFFICIENCY.

Our digital platforms continue to grow. **Cofunds generated net inflows of £1.5bn leading to an increased AUA of £65.6bn.**

Our **Workplace savings net flows were £0.5bn** (Q1 2013: £0.3bn). Gross inflows of £0.7bn (Q1 2013: £0.5bn) continued on a steady upward trend benefiting from incremental enrolment into pre-existing schemes and new schemes in the quarter. Participation rates remain high at more than 90% as opt outs continue to be low and the platform now has AUA of £9.1bn (Q1 2013: £6.9bn). Workplace savings now has 1 million customers on the platform (FY 2013: 903k). We continue to target halving the losses of £29m per annum experienced in 2013 as the business benefits from increased scale and continued automation.

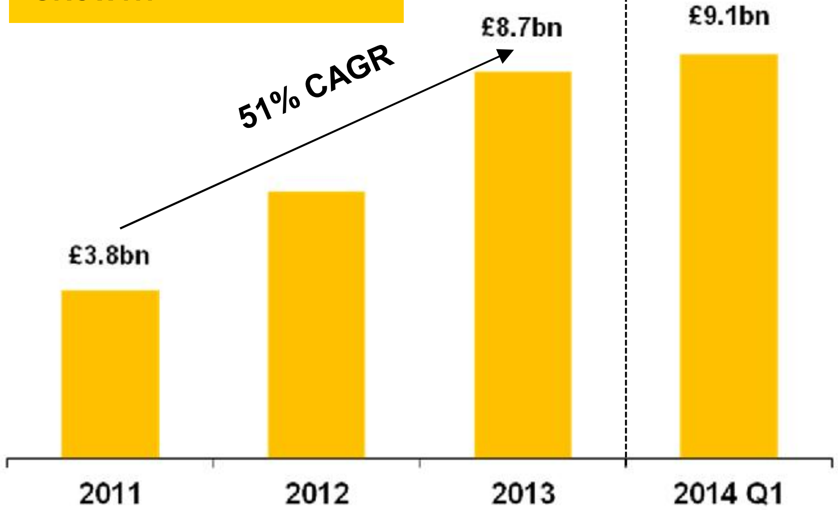
General Insurance gross premiums were slightly lower, down 2%, to £84m (Q1 2013: £86m) reflecting disciplined pricing although direct sales continued to grow.

FORECAST PLATFORM GROWTH TO 2018



Source: Fundscape Platform Report Q4 2013.

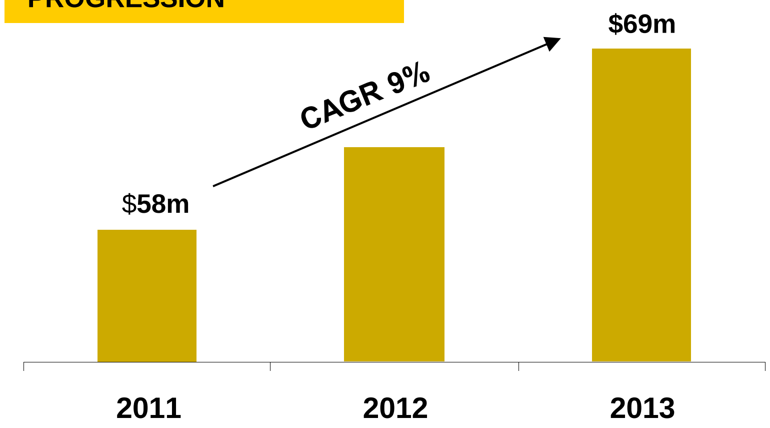
WORKPLACE ASSETS GROWTH



L&G AMERICA: GROWING CASH.

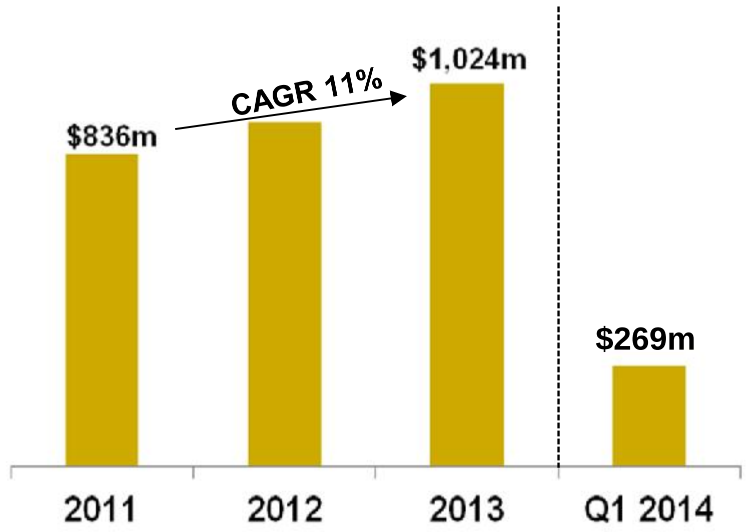
US $m	Q1 2014	Q1 2013	Growth
LGA new business annual premiums	**38**	34	12%
LGA gross premiums	**269**	238	13%

US PROTECTION DIVIDEND PROGRESSION



Note: Ordinary dividends of $73m were paid in February 2014.

US PROTECTION GWP



Q1 2014: LGA continued to deliver growth in sales with Q1 up 12% to $38m (Q1 2013: $34m). LGA has focussed term assurance and universal life offerings with high quality service and value for money pricing. Gross premiums are up 13% to $269m (Q1 2013: $238m) and LGA now has over 1 million customers.

CLEAR STRATEGY, OUTSTANDING RESULTS.

GROWTH DRIVERS	GROUP RESPONSE	Q1 2014 ACHIEVEMENTS
AGEING POPULATIONS	RETIREMENT SOLUTIONS	Annuity assets up 15% to £38.3bn Record £3bn BPA deal for ICI Pension Fund Workplace assets up 32% to £9.1bn
DIGITAL LIFESTYLES	DIGITAL SOLUTIONS	Cofunds assets of £66bn GI direct: Market leading
WELFARE REFORMS	PROTECTION	UK Protection premiums up 9% to £353m France Group Protection sales up 38% to €40m
HOMOGENOUS ASSET MARKETS	LGIM INTERNATIONAL	£63.2bn LGIM International AUM: 21% growth Acquisition of Global Index Advisors agreed in February 2014
RETRENCHING BANKS	DIRECT INVESTMENT	Portfolio more than doubled to £2.9bn in 2013 with further £1.0bn direct investment in Q1 2014

DRIVING CASH AND DIVIDENDS.

ACQUISITIONS - CLEAR STRATEGY, OUTSTANDING RESULTS.

GROUP RESPONSE	IMPLEMENTED SO FAR	NEXT STEPS
RETIREMENT SOLUTIONS	• Acquired Lucida for £149m in 2013 • Expect return of c£140m capital by end 2014 • Fully integrated on L&G systems – no property or people costs	• Evaluate opportunities in US and Canada • Monitor UK market for opportunities following Budget
DIGITAL SOLUTIONS	• Acquired 75% of Cofunds for £131m in 2013 • Budget announcements significantly increase potential • Increased to 95% share of the Idol in 2013	• Continue to monitor and evaluate new and emerging technologies • Opportunities leading to potential distribution cost reductions attractive
PROTECTION	• Considered several UK opportunities – none met our criteria • Financially disciplined approach	• Home (GI) remains attractive • Evaluate technology businesses
LGIM INTERNATIONAL	• Acquisition of GIA completed for $30m-$50m in May 2014 • Increased US assets by $21.5bn	• Continue to evaluate US and UK opportunities • Substantial consolidation of industry in Europe
DIRECT INVESTMENT	• Acquired 46% share of Cala Homes for £65m in March 2013 • Acquisition of 46% Banner Homes for £52m in March 2014 • Further landbank development	• Target IPO of Cala in 2015-2017 • UK market remains attractive • Encourage Gov't in respect of supply side economics

WHAT WE HAVE DONE – SLOW MONEY.

CREATED AN INSTITUTIONAL MARKET IN PRIVATE RENTAL : STUDENT ACCOMMODATION.

- University of Hertfordshire
- £145m, 50 year financing and equity investment
- Inflation linked leases

- Imperial College, Clapham
- £116m, 43 year financing
- 566 postgraduate studio rooms
- Inflation linked leases

- University of Southampton
- £93m, 40 year financing
- 1,104 beds
- Inflation linked leases

- University of Greenwich
- £43m, 37 year financing
- 358 beds
- Inflation linked leases

- University of Arts, London
- £58m, 28 year financing
- 475 beds
- Inflation linked leases

- Unite Group
- £121m, 10 year facility
- £149m, 9 year facility

Next step: Identify another segment: Retirees

WHAT WE HAVE DONE. MORE SLOW MONEY.

DIRECT INVESTMENTS

- Housebuilder
- Purchased alongside private equity £210m. Acquired Banner Homes
- “Double the size in 3 years”

- Hyde Housing Group
- £102m, 15-year facility

- Royal Liverpool £89m
- 32 year long term funding

- 25 year financing to Thames Valley Housing Association (£40m)
- For NHS key workers

- £252m investment
- 50 year financing
- Acquiring 4,000 homes
- Building 7,000 houses
- Inflation linked lease

- Methodist Care Homes
- £70m long term (30 year) RPI linked financing.
- Ideal Carehomes - £51m. 10 year debt facility
- Inflation linked lease

- Tesco distribution hub at Reading £120m. 25 year lease term
- Next distribution hub £86.7m. 25 year lease term
- Waitrose distribution hub in Milton Keynes for £114m. 30 year lease term
- Inflation linked lease

EVERY DAY MATTERS – OUR SOCIAL PURPOSE.

“Insurance has a **powerful social purpose**. We make a promise to our customers that we will be there to stand behind that **promise** when disaster or tragedy strikes. Our clear aim is to be a **force for good** in society, make every day matter for our customers and staff and live by the promises we make in our high **quality** products.”

WE KNOW EVERY DAY MATTERS AND WE NEVER FORGET OUR SOCIAL PURPOSE WHICH SEES OUR DEDICATED PROFESSIONALS COMMITTED TO BRINGING FINANCIAL SECURITY TO OUR CUSTOMERS, FROM FIRST TO LAST TIME BUYERS, FROM THE WORLD'S LARGEST PENSION FUNDS TO THOSE ON A DEADLINE TO THE BREADLINE, WE DELIVER SOCIALLY USEFUL PRODUCTS AND PROVIDE VALUE TO OUR CUSTOMERS.

EVERY
DAY
MATTERS.

Legal & General