

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

L&G announces the sale of its US protection business to Meiji Yasuda, and the creation of a long-term strategic partnership, for a valuation of 2.3bn

- Longstanding partner Meiji Yasuda has agreed to purchase L&G's US protection business and to establish a strategic partnership with L&G to grow the US Pension Risk Transfer business (taking a 20% interest in L&G's US PRT business) for a combined equity value of 2.3bn (£1.8bn^[1])
- Meiji Yasuda intends to acquire a c. 5% shareholding in Legal & General Group plc^[2] and to build on its existing partnership with L&G in asset management
- L&G anticipates an additional share buyback of £1.0bn following completion^[3] and now expects to return the equivalent of c. 40% of its market cap to shareholders over 2025-2027 through a combination of dividends and buybacks

L&G Group CEO, António Simões, and Group CFO, Jeff Davies, will host a virtual investor presentation at 9am this morning (Friday 7 February 2025). You can access the virtual call [here](#) and the presentation slides will be made available online shortly beforehand (at the same link).

The Transaction

Legal & General Group Plc ("L&G" or the "Group") today announces that it has agreed the sale of its US insurance entity^[4], comprising its US protection and US Pension Risk Transfer ("US PRT") businesses, to Meiji Yasuda Life Insurance Company ("Meiji Yasuda"), a Japanese mutual life insurance company, for an equity value of 2.3bn (£1.8bn) payable in cash at completion (subject to certain purchase price adjustments) (the "Transaction"). Following completion, Meiji Yasuda will own L&G's US protection business and have a 20% economic interest in its US PRT business, with L&G retaining 80% of existing and new PRT through reinsurance arrangements between L&G and Meiji Yasuda.

Under the terms of the Transaction, the equity value of 2.3bn represents a compelling multiple to estimated 2024 post-tax earnings.

The Transaction is expected to complete towards the end of 2025 and is subject to customary closing conditions and regulatory approvals.

The Group also announces the formation of a long-term strategic partnership with Meiji Yasuda to support L&G's growth ambitions in US PRT and asset management:

- Meiji Yasuda intends to acquire a c. 5% shareholding in L&G, deepening the strong corporate relationship and bringing closer alignment of interest between the two companies.
- L&G and Meiji Yasuda will partner to drive growth in the US PRT business.
- Meiji Yasuda will expand its established partnership with L&G in asset management by outsourcing the investment management of US PRT and protection assets to L&G. In addition, the two companies will form a long-term partnership in global private assets. This will include significant co-investment into L&G's range of private assets capabilities over several years, supporting the Group's ambition in this business.

Use of Proceeds

L&G will receive estimated proceeds of 2.3bn (£1.8bn) on completion of the Transaction. Approximately £400m will be used to fund the US PRT reinsurance arrangement described above, and the remainder will be deployed in line with the Group's capital allocation framework.

In line with that framework, it is the Group's current intention, subject to market conditions and regulatory approval, to return £1.0bn to shareholders, which represents more than half of the Transaction proceeds. This would be incremental to the Group's existing distribution policy. L&G therefore expects to return the equivalent of c. 40% of its market cap to shareholders over 2025-2027 through a combination of dividends and buybacks. The remaining net proceeds from the Transaction would be retained and invested to support the delivery of the Group's growth strategy.

The Transaction will increase the Group's Solvency II ratio by approximately 22% at completion, and by approximately 7% post the proposed buyback.

Strategic Rationale

The Transaction supports L&G's long-term strategic goals as set out at the Capital Markets Event ("CME") on 12 June 2024. Since then, L&G has made significant progress in implementing its strategy, including new senior management appointments, the sale of Cala and the strategic investment in Taurus Investment Holdings.

This Transaction demonstrates continued momentum in executing the strategy. We are committed to growing internationally and this partnership will support growth in our US PRT and global (including US) asset management propositions while delivering increased returns to shareholders. It will also provide capital to invest for growth across L&G's three synergistic core businesses: Asset Management, Institutional Retirement and UK Retail.

We reiterate the guidance for full year 2024 of mid-single digit growth in core operating profit, and confirm we are on track to achieve the Group targets set out at the CME:

- 6-9% CAGR in core operating EPS (2024-27)
- >20% operating Return on Equity (2025, 2026, 2027); and
- £5-6bn cumulative Solvency II capital generation over three years (2025-2027).

We will include the anticipated capital generation of the Transaction of approximately £1.2bn in the calculation for Solvency II capital generation target, as the Transaction will accelerate the expected future capital generation of the US protection business.

We remain confident in meeting the targets that we set out at the CME for our Institutional Retirement and Asset Management businesses, which remain unchanged. We will update the target for our Retail business, to reflect the sale of the US protection business, at our Retail investor deep dive event planned for H2 2025.

António Simões, Group Chief Executive Officer of Legal & General said:

"This is a transformative transaction that brings significant strategic and financial benefits to the Group and demonstrates our commitment to deliver on our strategy - sharpening our focus on core businesses, leveraging the synergies between them, and driving sustainable growth to enhance shareholder returns.

This strategic partnership brings together two highly complementary global businesses, with a shared ambition for growth, and will enable us to capitalise on the large market opportunities in US Pension Risk Transfer while driving scale and profitability in global asset management.

Today's announcement reflects our commitment to value creation and shareholder returns as we expect to distribute c. 40% of our market cap through dividends and share buybacks over the next three years."

Hideki Nagashima, President and Group CEO of Meiji Yasuda Life Insurance Company said:

"We are pleased to announce this landmark transaction, which will accelerate Meiji Yasuda's international growth strategy - strengthening our position in the US life insurance market, deepening our long-standing partnership with L&G in asset management, and enabling access to the US PRT market, where we will benefit from L&G's market-leading expertise to unlock sustainable growth together.

Our intention to acquire a 5% shareholding in L&G reflects our confidence in their leadership, strategy and long-term prospects."

Additional Financial Information

Key financial information:

- The US protection business is expected to generate operating profits of c. 90m in 2024 (34m in 2023).

- The anticipated 2024 US statutory net assets of the businesses being sold is c. 850m.
- The IFRS profit on completion of the Transaction is expected to be greater than £1.0bn.
- In the 12 months to 31 December 2024, US protection and 20% of the US PRT business are expected to generate c. £350-400m of Operational Surplus Generation, driven largely by realising benefits in the back book on writing new US protection business. After allowing for anticipated new business strain, we expect a Net Surplus Generation ("NSG") of c. £200-250m. The anticipated capital generation of approximately £1.2bn resulting from the Transaction represents a multiple to expected NSG of c. 5 times.

Inside Information

The information contained within this announcement is deemed by Legal & General Group Plc to constitute inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 (as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018). By the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain. The person responsible for making this announcement on behalf of Legal & General Group Plc is Geoffrey Timms.

Enquiries

Investors

Michelle Moore, Group Strategy & Investor Relations Director

investor.relations@group.landg.com

+44 20 3124 3773

Gregory Franck, Investor Relations Director

investor.relations@group.landg.com

+44 203 124 4415

Media

Natalie Whitty, Group Corporate Affairs Director

Natalie.Whitty@group.landg.com

+44 738 443 5692

Lucy Legh / Nigel Prideaux / Charlie Twigg, Headland Consultancy

LandG@headlandconsultancy.com

+44 20 3805 482

Notes to Editors

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with £1.2 trillion in total assets under management (as at HY24) of which c. 40% (c. £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading international player in Institutional Retirement, in Retail Savings and Protection, and in both public and private markets through our Asset Management division. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

As at 6 February 2025, Legal & General has a market capitalisation of £14.1 billion.

About Meiji Yasuda Life Insurance Company

Meiji Yasuda Life Insurance Company is headquartered in Tokyo, and is the oldest and one of the major life insurance companies in Japan. It provides a variety of group and individual life insurance products, bancassurance, and group annuity products in Japan. It also has insurance operations in the US, Poland, Thailand and China. Additional information about Meiji Yasuda can be found at <http://www.meijiyasuda.co.jp/english/>.

About Legal & General America

Legal & General America's individual life insurance division is part of the worldwide Legal & General Group. For over

70 years, the Legal & General America companies have been in the business of providing financial protection through life insurance for American families. The Legal & General America companies are Banner Life Insurance Company and William Penn Life Insurance Company of New York. With more than 105 billion in new coverage issued in 2023, LGA is a top three US term life insurance provider with 1.4 million U.S. customers. LGA shares Legal & General's independent financial strength ratings: A+ Superior from A.M. Best and AA- Very Strong from Standard and Poor's and Fitch. For more information, please visit <https://www.lgamerica.com>.

About Legal & General Retirement America

Legal & General Retirement America specializes in customized pension risk solutions for institutional clients in the US market. Established in 2015, Legal & General Retirement America is a business unit of Legal & General America, Urbana, MD. Legal & General America life insurance and retirement products are underwritten and issued by Banner Life Insurance Company, Urbana, MD and William Penn Life Insurance Company of New York, Valley Stream, NY. Banner products are distributed in 49 states, the District of Columbia and Puerto Rico. William Penn products are distributed exclusively in New York; Banner Life is not authorized as an insurer in and does not do business in New York. The Legal & General America companies are part of the worldwide Legal & General Group.

Forward-looking statements

This announcement may contain certain forward-looking statements relating to Legal & General, 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 acquisitions or combinations within relevant industries. As a result, Legal & General'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 announcement or any other forward-looking statement it may make.

No statement in this announcement is intended as a profit forecast, profit estimate or quantified financial benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for the Legal & General for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of Legal & General.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different parts of this announcement may vary slightly and figures shown as totals in certain parts of this announcement may not be an arithmetic aggregation of figures that precede them.

^[1] Based on USD FX rate of 1.24 as at 6 February 2025.

^[2] Through market purchases.

^[3] This buyback would be incremental to the Group's existing distribution policy and is subject to market conditions and regulatory approval.

^[4] To be implemented by the Group disposing of all of the shares held in Legal & General America Inc, the parent company of Banner Life and William Penn, which write L&G's US protection and US PRT business.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@seg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

MSCDZGGZVNMKGZG