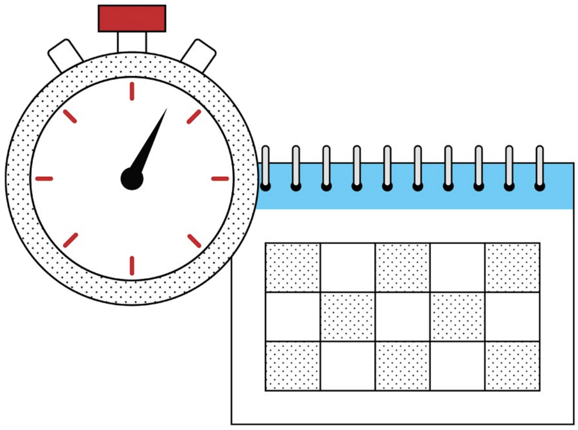
Deferred premium transactions



Every defined benefit pension scheme faces unique challenges along its de-risking journey. At Legal & General we continue to expand our range of pension scheme insurance solutions to meet our clients' needs.

Our deferred premium buy-in solution removes investment, longevity, and inflation risk, just like a standard bulk annuity. The key difference is that this solution allows pension schemes to defer part of their premium due to Legal & General. This means that even those pension schemes that are not yet able to afford a bulk annuity for their entire pension scheme are able to lock down pension risk in full now.

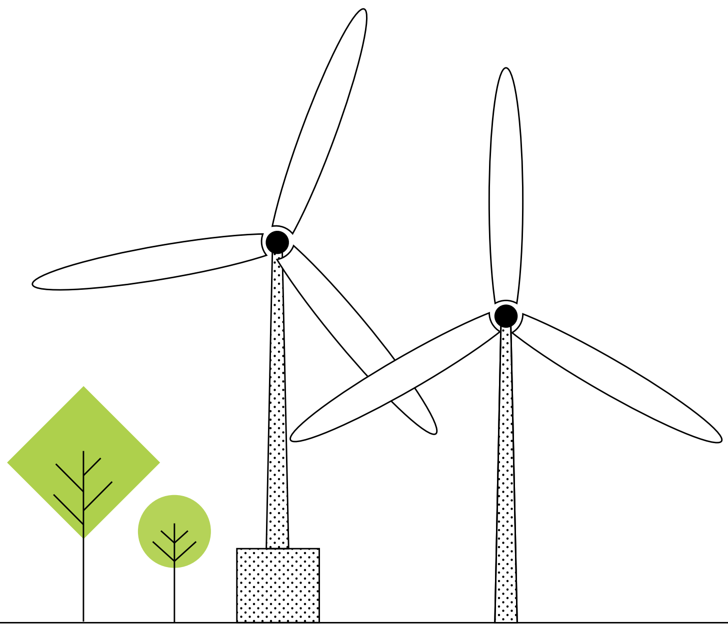
A deferred premium structure may be particularly suitable for a pension scheme with...

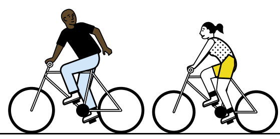
- future recovery plan payments that cannot be accelerated
- illiquid assets that require extra time to mature or sell down
- concerns about "trapped surplus" upon buyout

We will work with each pension scheme to set the deferral amount and term according to their individual needs. As a rule of thumb, a deferred premium structure is likely to be most suitable for pension schemes that would like to defer less than 30% of the total premium for up to four years (though longer may be possible).

Typically, up to three different deferral tranches may be possible, particularly for larger pension schemes. We do not have pension scheme size restrictions for using our deferred premium solution, but we will work with trustees and their advisors to ensure that there is sufficient comfort that the future payments will be met.

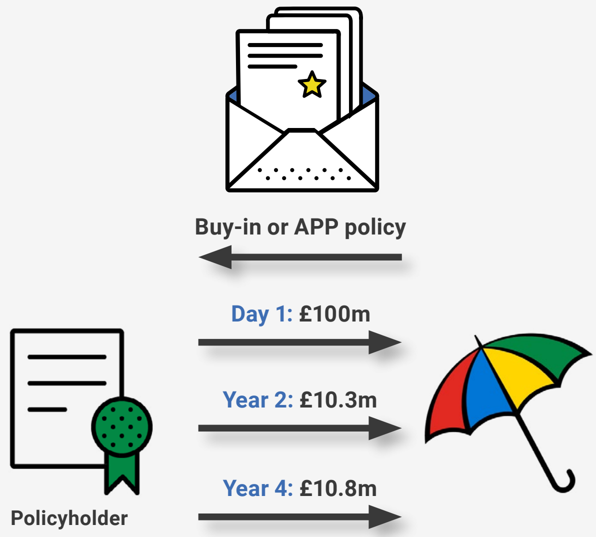
Our deferred premium solution is flexible and can also be used in the context of **Assured Payment Policies (APPs)**, our de-risking solution focused on investment risk.





Deferred premium: illustrative example

- As per a standard buy-in or APP, the trustees pay a premium to us in return for a buy-in or APP policy.
- The trustees hold additional policies for each deferred tranche. All policies are held as an asset of the pension scheme.
- Payment for the deferred tranches will fall due at a specified date. The trustees may also be able to pay the deferred premium early, if mutually agreed.
- The trustees are contractually obliged to pay the deferred premium. If they fail to do so then the insured benefits would be adjusted, to reflect the unpaid premium.



The premium if paid in full on day 1 would be £120 million in this example. Values are purely illustrative and will depend on a pension scheme's individual circumstance.

A closer look at a recent transaction

This transaction involved:

The deferral of <5% of the pension scheme's buy-in premium for one year	Full protection against pension related risks for the pension scheme from the outset	Cost certainty for the overall buy-in transaction

The transaction demonstrated:

- The ability to avoid trapping surplus within the pension scheme following the transaction's data cleanse.
- The flexibility of our deferred premium solution, which tailors the required deferral tranches to best suit a pension scheme's objectives.

Please email us for further information, or contact your de-risking advisor

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