Press Release

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Legal & General INVESTMENT MANAGEMENT AMERICA

US pension funding ratios fall in the third quarter

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Legal & General Investment Management America, Inc. (LGIMA) announced today in its Pension Fiscal Fitness Monitor, a quarterly estimate of the change in health of typical US corporate defined benefit pension plans, that pension funding ratios decreased over the third quarter of 2015. LGIMA estimates the average funding ratio fell from 87.7% to 81.2% over the third quarter of 2015.

The Pension Fiscal Fitness Monitor showed funded ratios decreased over the quarter as liabilities grew due to lower rates, while return seeking assets fell. Global equity markets dropped 9.3% and the S&P 500 fell 6.4% for the quarter. Plan discount rates decreased 9 basis points, as Treasury rates fell 26 basis points and credit spreads widened 17 basis points. Overall liabilities for the average plan were up 2.4%, while plan assets with a traditional "60/40" asset allocation fell 5.2%, resulting in a funding ratio decrease of 6.5%.

LGIMA's Head of Solutions Strategy, Don Andrews said: "We estimate that funded ratio levels for the typical plan with a traditional asset allocation fell approximately 6.5% this quarter. The meaningful sell off in equities coupled with considerably lower Treasury rates were the main drivers of this drop in funding ratio. Funding ratios for plans that have previously implemented liability benchmarking and/or completion management strategies fared much better, falling only 2.9% over the quarter."

Andrews added, "Recent volatility in the equity and fixed income markets underscores the importance of establishing a comprehensive de-risking strategy. We continue to see significant interest from plans looking to mitigate funded ratio volatility via implementation of completion management and option based hedging strategies, and would expect this demand to continue."

The Pension Fiscal Fitness Monitor assumes a typical liability profile and 60% global equity/40% aggregate bond ("60/40") investment strategy, and incorporates data from LGIMA research and Bank of America Merrill Lynch and Bloomberg.

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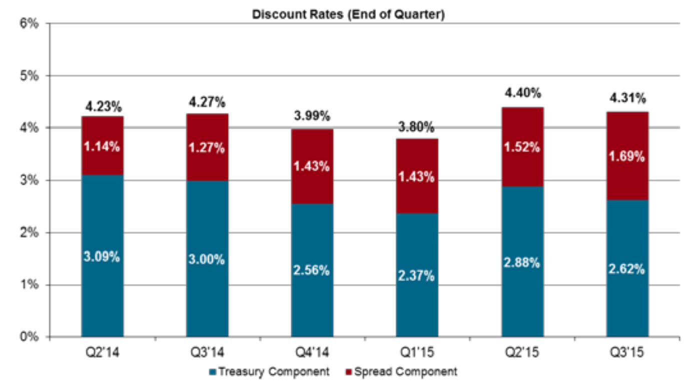
Notes to editors:

Notes to editors: Legal & General Investment Management America, Inc. (LGIMA) is a Chicago-based registered investment advisor specializing in index, active fixed income and liability driven investment (LDI) strategies for the US institutional market. LGIMA was founded in 2006 as a wholly-owned subsidiary of Legal & General Investment Management (Holdings) Ltd. (LGIM(H)), which also owns its affiliates Legal & General Investment Management Ltd. and LGIM International Ltd. Legal & General's worldwide assets under management are approximately $790 billion. In May 2014, LGIMA became a wholly owned subsidiary of Legal & General Investment Management US (Holdings) (LGIMUS(H)) which is wholly owned by LGIM(H).

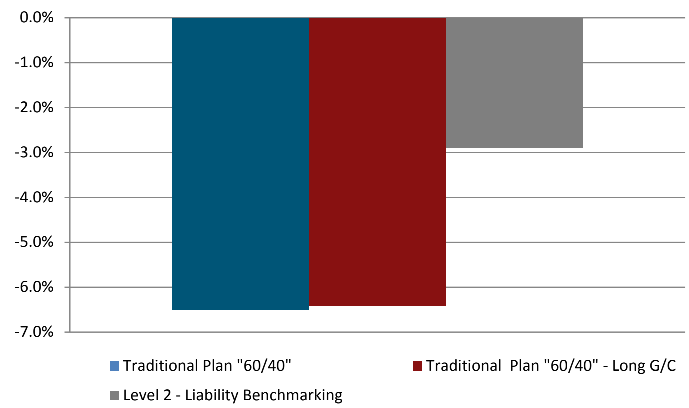
Pension funded status market summary:

- Liabilities increased over the quarter while asset portfolios (composed of a 60/40 mix of global equities and aggregate bonds) fell significantly, leading to a decrease in funding ratios
- Equity markets corrected, with global equities decreasing 9.3% and the S&P 500 decreasing 6.4% in the third quarter
- Average pension discount rates fell 9 basis points overall; Treasury rates fell 26 basis points while credit spreads widened 17 basis points (Barclays US Long Credit has widened 47 basis points year to date)

Funded status risk	3rd quarter 2015
Equities	↓
Interest rates	↓
Credit spreads	↑



Funding ratio performance of select pension investment strategies (over the quarter):



The Pension Fiscal Fitness Monitor measures the historical market-related funding ratio performance of the traditional "60/40" investment strategy and highlights a few different approaches to implementation.

For each of the three approaches to implementation, we analyze how funding ratio performance would have changed for two different levels of equity exposure – 60% and 40%. We define two different LDI approaches as follows:

- Traditional: Allocating 60% to equities and 40% to fixed income, contrasting different fixed income benchmarks
- Level 2 LDI: Custom liability benchmark and derivative overlay designed within a total portfolio context

  Level 2 implementation shown for comparison purposes and is chosen based upon the funding ratio of "a typical US corporate defined benefit pension plan" as of the beginning of the quarter

- LGIMA will look to incorporate the impact from the revised mortality assumptions over the remainder of the year

Traditional	Equity	LHA
60/40 Aggregate	60% MSCI AC World	40% Barclays Aggregate
60/40 Long G/C	60% MSCI AC World	40% Barclays Long Government/Credit
Level 2		
Level 2: 40% Equities/90% IR Hedge/30% CS Hedge	40% MSCI AC World	38% Barclays Long Credit A-AAA, 22% Treasuries and Futures

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