

Stock Exchange Release
3 May 2012



LEGAL & GENERAL BUILDS FURTHER SCALE IN KEY MARKETS

OPERATIONAL CASH GENERATION £249M (Q1 2011: £245M)

NET CASH GENERATION £210M (Q1 2011: £209M)

LGIM ASSETS UP TO £383BN (FY 2011: £371BN)

LGIM NET FLOWS UP 29% TO £2.6BN (Q1 2011: £2.0BN)

RISK SALES UP 8% TO £78M APE (Q1 2011: £72M APE)

SAVINGS SALES DOWN 6% TO £300M APE (Q1 2011: £320M APE)

INTERNATIONAL SALES UP 37% TO £56M APE (Q1 2011: £41M APE)

Tim Breedon, Group Chief Executive, said:

“The strength of Legal & General’s diversified model has enabled us to deliver strong sales in Risk, increased net inflows to LGIM and another good performance on cash generation this quarter.

“Despite the challenging economic backdrop we have strong positions in our chosen markets. LGIM delivered positive net flows of £2.6bn, up 29% on Q1 2011, and now has assets under management of £383bn. Risk has achieved sales growth of 8% as consumers seek to protect their families and to secure their retirement incomes. Our International operation had a strong quarter with sales of £56m, 37% above Q1 2011. However, Savings has been affected by lower consumer confidence and disposable income, and as a result APE is down 6% to £300m.

“Our workplace savings model is proving attractive to employers. In the first quarter, we secured 31 new scheme mandates, three of which have potential members of 15,000 each. Total new mandates provide us with a potential 415,000 scheme members after auto enrolment.

“We continue to evolve our model both in the UK and in International markets and our diverse product range and broad distribution position us to respond well to regulatory changes. Although we expect market conditions to remain challenging, we remain confident in our ability to continue delivering growth in scale together with substantial cash generation in 2012 and beyond.”

TRADING HIGHLIGHTS

OPERATIONAL CASH GENERATION £249M, NET CASH GENERATION £210M

Net Cash Generation £m	Q1 2012	Q1 2011	Growth %
Operational cash generation ¹	249	245	2
New business strain	(39)	(36)	(8)
Net cash generation ¹	210	209	-

NEW BUSINESS APE OF £434M RESILIENT

New Business £m	Q1 2012	Q1 2011	Growth %
INVESTMENT MANAGEMENT			
New funds (gross)	7,580	10,370	(27)
RISK	78	72	8
Individual protection	36	33	9
Group protection	12	15	(20)
Individual annuities	26	22	18
Bulk annuities	4	2	100
SAVINGS	300	320	(6)
Savings investments	140	176	(20)
Insured savings	132	108	22
With-profits	28	36	(22)
INTERNATIONAL	56	41	37

ASSETS – LGIM UP 3%, SAVINGS UP 5%

Stock of Assets £bn	Q1 2012	FY 2011	Growth %
LGIM assets ²	383	371	3
Savings assets	68	65	5
Annuities assets	28	28	-

LGIM NET INFLOWS £2.6BN

Net Inflows and gross premiums £bn	Q1 2012	Q1 2011	Growth %
LGIM	2.6	2.0	29
Savings	(0.4)	0.6	(164)
Protection gross premiums (£m)	306	300	2
General insurance gross premiums (£m)	83	71	17
USA premiums (\$m)	217	195	11

1. Operational cash generation is defined as the post-tax operating profit on our Investment management, General insurance and Savings investments businesses together with the group capital and financing segment, the sustainable dividends remitted from our international businesses, the expected release from in-force business for the UK non profit Risk and Savings businesses, and the shareholders' share of bonuses on with-profits business. Net cash generation is defined as operational cash generation less new business strain for the UK non profit Risk and Savings businesses. Operational cash generation for the group capital and financing segment includes expected gains/losses on equities as reported at the 2011 HY and lower assumed returns on cash and LIBOR benchmarked bonds as reported at the 2011 FY. This has been applied to the 2011 quarterly cash generation comparatives as if these changes had been in effect since 1 January 2011. There is no impact on IFRS profit before tax from these changes.

2. LGIM assets include those assets managed on behalf of the Risk and Savings divisions.

TRADING OUTLOOK

Good flows in April.

We continue to see strong institutional gross flows for LGIM and have a strong bulk purchase annuity quote pipeline. The market potential in bulk purchase annuities remains significant and with our diverse package of de-risking solutions, we are well positioned to capitalise on opportunities as they arise. Activity levels for both individual and group protection are good, with group protection APE in Q2 to materially exceed Q1.

However, we expect retail investment conditions to remain challenging with low market confidence and constraints on consumer disposable income levels.

Regulatory Change in 2012/2013.

The preparation for auto enrolment, which will start on 1 October 2012 for large employers, continues to drive schemes and hence assets under administration to Legal & General. Within the scheme mandates secured to date, our potential auto enrolment population will be 415,000 members (FY 2011: 350,000) in addition to the existing scheme members secured (FY 2011: 94,000 and Q1 2012: 29,000). The launch of many of the schemes secured in 2011 and Q1 2012 will take place in the latter part of 2012 and into 2013 at which point new business will be reported.

We are investing to further enhance our workplace proposition, develop our savings platform and to ensure strategic distribution partners have effective Retail Distribution Review (RDR) operating models. We expect to grow following RDR and have relationships with 3 out of the top 4 UK Building Societies. We expect to increase the number of our building society partnerships.

We anticipate preparation for RDR will reduce adviser activity for the rest of the year and the early part of 2013 due to the need for advisers to transform their client business models and processes.

Legislative progress on Solvency II.

We are encouraged by the growing consensus on Solvency II in support of appropriate stabilising measures to dampen volatility and pro-cyclicality for providers of long-dated financial products. However, the final detail remains to be resolved, and we consider there is still a risk of further delay to the implementation date.

TRADING PERFORMANCE

CASH GENERATION: OPERATIONAL CASH £249M, NET CASH GENERATION £210M

Resilient operational and net cash generation.

Legal & General continues to deliver strong, diversified and sustainable operational cash generation of £249m (Q1 2011: £245m). Q1 2012 operational cash generation includes the payment of the Legal & General America (LGA) dividend of \$60m (Q1 2011: \$55m) in March 2012, £3m lower operational cash generation from weather related claims in general insurance, and £5m lower group protection operational cash generation which is mostly due to phasing of scheme start dates.

We reiterate the guidance we gave at the FY2011 results, to deliver c£590m operational cash generation from our annuities, protection and insured savings businesses, c£50m from with-profits and in excess of £55m from International in 2012. This is in addition to the cash generated from LGIM, general insurance, Savings investments and Group capital and financing.

New business strain of £39m (Q1 2011: £36m) reflects sales mix and continued cost discipline. Net cash generation is in line with 2011 at £210m (Q1 2011: £209m).

LGIM: STRONG NET INFLOWS OF £2.6BN, AUM GROWTH TO £383BN

Further progress in active fixed and LDIs.

LGIM net inflows of £2.6bn in Q1 2012 significantly improved against net outflows of £0.6bn for Q4 2011 and were 29% above Q1 2011 inflows of £2.0bn. Total assets under management have increased to £383bn (FY 2011: £371bn) reflecting net inflows and market performance in Q1.

In Q1 2012, LGIM wrote £7.5bn of gross new business in line with the last 3 quarters. Active Fixed and LDI gross inflows increased to £3.0bn (Q1 2011: £2.4bn) with net inflows of £1.8bn (Q1 2011: £1.4bn).

International AuM building.

LGIM has increased assets under management from international clients to £20.3bn (FY 2011: £18.3bn). In 2012 we are strengthening our capability to deliver growth in the business, including investing in expanding the fund proposition in the US where we are seeing strong demand from US pension fund clients. We are also building a presence in Asia.

ANNUITIES: APE OF £30M UP 25%, ASSETS OF £28BN

Strong individual annuity APE up 18%.

We continue to perform strongly in the individual annuities market with Q1 2012 APE up by 18% to £26m (Q1 2011 £22m). We are maintaining a competitive pricing position whilst seeking to achieve our target return on capital.

As in 2011, the first quarter of the year saw limited opportunities in the bulk annuity market which reflects the uneven nature of this business.

We manage our LGPL bond portfolio prudently and continue to have minimal exposure to peripheral European sovereigns. We have experienced no defaults in Q1 2012.

HOUSING AND PROTECTION: APE OF £48M, GI PREMIUMS UP 17%

9% growth in individual protection APE. Individual protection achieved the strongest quarter since 2008 and volumes were 9% higher at £36m (Q1 2011: £33m). In the region of half of these policies are to cover family or business protection needs and the remainder are linked to a mortgage. We also continue to benefit from market consolidation and a strong proposition based on automated underwriting, which provides administration and underwriting cost efficiencies. Group protection achieved Q1 new business APE of £12m (Q1 2011: £15m).

17% growth in general insurance gross premiums. Gross premiums have increased by 17% to £83m (Q1 2011: £71m), with 21% growth in our broker channel and 25% growth in the direct channel.

SAVINGS: APE OF £300M, WORKPLACE ACCELERATING, AUA UP TO £68BN

Challenging retail investment conditions Due to the challenging macro economic climate, we have seen a decline in the ability of customers to invest and save. As a result, APE was down 6% to £300m (Q1 2011: £320m) and net flows within Savings were £(0.4)bn in the quarter (Q1 2011: £0.6bn). Market conditions particularly affected Savings investments with APE down by 20% to £140m (Q1 2011: £176m).

Workplace scheme success. Legal & General's non profit workplace pension proposition attracted higher net inflows of £345m (Q1 2011: £148m) and new business APE increased by 54% to £94m (Q1 2011: £61m). Non profit workplace assets under administration have grown by 18% during the quarter to £4.5bn (FY 2011: £3.8bn). Combined non profit and with-profits in-force scheme members at the end of Q1 2012 now total 391,000 (FY 2011: 350,000).

In Q1 2012, our workplace business secured 31 new workplace pension schemes (Q1 2011: 35 schemes) with 29,000 existing members (Q1 2011: 10,000 and FY 2011: 94,000) and a potential further 65,000 auto enrolment members. This included three large schemes, each with over 15,000 existing and auto enrolment members. Our workplace pipeline remains strong and we continue to attract large employers with substantial existing members and new potential auto enrollees.

IPS Platform and AUA Growth. The Investor Portfolio Service (IPS) platform achieved APE growth of 14% to £50m (Q1 2011: £44m) and now has £7.4bn of combined collectives and insured assets under administration (FY 2011: £6.8bn).

INTERNATIONAL: APE OF £56M UP 37%

Strong term assurance growth in International operations. Term assurance is driving sales momentum in the international franchises. Legal & General America has achieved a ninth consecutive quarter of growth benefitting from the distribution strategy that was put in place over the last two years with new business APE increasing 25% to £20m (Q1 2011: £16m). Gross premiums have increased to \$217m (Q1 2011: \$195m).

Legal & General Netherlands has delivered term assurance volumes of £3m (Q1 2011: £1m), out of a total APE of £6m (Q1 2011: £5m), following the re-launch of the product in Q4 2011. In Legal & General France, with many annual group protection policies starting in January, new business has increased APE to £20m (Q1 2011: £16m).

Legal & General's joint ventures in emerging markets have also made excellent progress with new business APE up to £10m (Q1 2011: £4m).

ENQUIRIES

INVESTORS:

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MEDIA:

John Godfrey	Group Communications Director	020 3124 2090
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NOTES

A copy of this announcement can be found in "Results", under the "Financial information" section of our shareholder website at <http://www.legalandgeneralgroup.com/investors/results.cfm>.

There will be a teleconference at 10.00 BST (05.00 EST). Investors should dial + 44 (0)2031400668 (PIN code 133211#). A replay of this can be accessed by dialing+ 44 (0)20 3140 0698 (PIN Code 384116#).

Financial Calendar 2012	Date
Annual General Meeting	16 May 2012
Payment date of 2011 final dividend	23 May 2012
Half Year Results 2012	26 July 2012

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.

Unaudited new business
Three months to 31 March 2012

INVESTMENT MANAGEMENT NEW BUSINESS £m	Q1 2012	Q1 2011	Change %
Pooled funds	4,421	6,079	(27)
Segregated funds	1,660	1,638	1
Managed pension funds	6,081	7,717	(21)
Other funds	1,499	2,653	(43)
Total new funds	7,580	10,370	(27)
Attributable to:			
Legal & General Investment Management	7,517	10,088	(25)
Legal & General Retail Investments	63	282	(78)
LGIM net flows	2,587	1,999	29

INVESTMENT MANAGEMENT NEW BUSINESS QUARTERLY PROGRESSION £m	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Pooled funds	4,421	4,084	5,219	6,712	6,079
Segregated funds	1,660	973	1,810	255	1,638
Managed pension funds	6,081	5,057	7,029	6,967	7,717
Other funds	1,499	2,807	331	920	2,653
Total new funds	7,580	7,864	7,360	7,887	10,370
Attributable to:					
Legal & General Investment Management	7,517	7,741	7,251	7,764	10,088
Legal & General Retail Investments	63	123	109	123	282
LGIM net flows	2,587	(607)	586	1,005	1,999

SAVINGS NET FLOWS £m	Q1 2012	Q1 2011	Change %
Investments	(16)	899	(102)
Insured business	98	113	(13)
With-profits	(471)	(400)	(18)
Total Savings net flows	(389)	612	(164)

SAVINGS NET FLOWS QUARTERLY PROGRESSION £m	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Investments	(16)	165	622	804	899
Insured business	98	200	4	107	113
With-profits	(471)	(381)	(568)	(387)	(400)
Total Savings net flows	(389)	(16)	58	524	612

Unaudited new business
Three months to 31 March 2012

WORLDWIDE NEW BUSINESS £m	Q1 2012			Q1 2011			Change %
	Annual premium	Single premium	APE	Annual premium	Single premium	APE	
Individual	36	-	36	33	-	33	9
Group	12	-	12	15	-	15	(20)
Protection	48	-	48	48	-	48	-
Individual (non profit)	-	264	26	-	212	21	24
Individual (with-profits)	-	4	-	-	6	1	(100)
Bulk purchase	-	36	4	-	23	2	100
Annuities	-	304	30	-	241	24	25
Longevity insurance	-	-	-	-	-	-	-
Total Risk	48	304	78	48	241	72	8
Investments	13	1,269	140	11	1,654	176	(20)
Insured business	75	573	132	59	489	108	22
With-profits	18	98	28	22	140	36	(22)
Total Savings	106	1,940	300	92	2,283	320	(6)
USA (LGA)	20	-	20	16	-	16	25
Netherlands (LGN)	3	29	6	1	39	5	20
France (LGF)	15	52	20	9	56	15	33
India (Group's 26% interest)	3	15	5	2	11	3	67
Egypt (Group's 55% interest)	4	-	4	1	-	1	300
Gulf (Group's 50% interest)	1	1	1	-	-	-	-
	46	97	56	29	106	40	40
France (LGF) retail investment business	-	1	-	-	9	1	(100)
Total International	46	98	56	29	115	41	37
Total worldwide new business	200	2,342	434	169	2,639	433	0

UK NEW BUSINESS BY CHANNEL £m	Q1 2012			% of total
	Annual premium	Single premium	APE	
Retail IFA	22	1,227	145	38
Employee benefit consultants	98	324	130	35
Tied agents	7	13	8	2
Bancassurance	22	622	84	22
Direct	5	58	11	3
Total	154	2,244	378	100

UK NEW BUSINESS BY CHANNEL £m	Q1 2011			% of total
	Annual premium	Single premium	APE	
Retail IFA	22	1,437	166	42
Employee benefit consultants	87	173	104	26
Tied agents	7	12	8	2
Bancassurance	18	822	100	26
Direct	6	80	14	4
Total	140	2,524	392	100

Unaudited new business
Three months to 31 March 2012

WORLDWIDE NEW BUSINESS APE QUARTERLY PROGRESSION £m	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Individual	36	33	33	32	33
Group	12	7	10	14	15
Protection	48	40	43	46	48
Individual (non profit)	26	21	31	30	21
Individual (with-profits)	-	-	1	-	1
Bulk annuities	4	119	3	22	2
Annuities	30	140	35	52	24
Longevity insurance	-	70	-	-	-
Total Risk	78	250	78	98	72
Investments	140	133	184	195	176
Insured business	132	128	97	112	108
With-profits	28	26	25	35	36
Total Savings	300	287	306	342	320
USA (LGA)	20	19	18	16	16
Netherlands (LGN)	6	4	3	3	5
France (LGF)	20	5	6	21	15
India (Group's 26% interest)	5	1	2	1	3
Egypt (Group's 55% interest)	4	3	3	2	1
Gulf (Group's 50% interest)	1	-	1	1	-
	56	32	33	44	40
France (LGF) retail investment business	-	2	1	1	1
Total International	56	34	34	45	41
Total worldwide new business	434	571	418	485	433

INTERNATIONAL NEW BUSINESS IN LOCAL CURRENCY	Q1 2012			Q1 2011			Change %
	Annual premium	Single premium	APE	Annual premium	Single premium	APE	
USA (\$m)	32	-	32	26	-	26	23
Netherlands (€m)	3	35	7	2	44	6	17
France (€m)							
-Life and pensions	18	62	24	11	64	17	41
-Unit trusts	-	1	-	-	10	1	(100)
India (Rs m) - Group's 26% interest	247	1,201	367	171	742	245	50
Egypt (Pounds m) - Group's 55% interest	36	1	36	8	-	8	350
Gulf (\$m) - Group's 50% interest	2	2	2	-	-	-	-