

Stock Exchange Release.
5 May 2010



LEGAL & GENERAL DELIVERS 32% GROWTH IN NET CASH*, 32% GROWTH IN ASSETS UNDER MANAGEMENT AND SOLID NEW BUSINESS SALES

FIRST QUARTER NET CASH UP 32% TO £179M (Q109: £136M)

- ON TRACK TO DELIVER £600M CASH IN 2010
- INTERNATIONAL DIVIDEND OF \$50M (£33M) RECEIVED IN Q1
- WORLDWIDE SALES UP 2% TO £388M (Q109: £382M)

INVESTMENT MANAGEMENT GROSS NEW FUNDS UP 51% TO £11.2BN (Q109: £7.5BN)

- LGIM ASSETS UNDER MANAGEMENT £330BN, NET INFLOWS OF £3.3BN YTD

UK RISK NEW BUSINESS APE DOWN 34% TO £84M (Q109: £127M)

- ANNUITY ASSETS UNDER MANAGEMENT £23.3BN (FY09: £22.5BN)

UK SAVINGS NEW BUSINESS APE UP 30% TO £267M (Q109: £206M)

- SAVINGS ASSETS UNDER ADMINISTRATION £58BN, NET INFLOWS OF £0.6BN YTD

INTERNATIONAL NEW BUSINESS £37M (INCLUDING £6M FROM INDIA)

- INDIAFIRST IS THE FASTEST GROWING INSURANCE START UP IN INDIA

Tim Breedon, Group Chief Executive, said:

“Our focus on generating cash, reducing costs, achieving higher returns on capital and modernising our product portfolio continues to deliver. The Group generated £179m of net cash in the quarter, 32% more than in the first quarter of last year and we remain on track to deliver £600m of cash in 2010.

“Investment Management continues to grow with gross new business of £11.2bn in Q1 2010. LGIM had a record £330bn of assets under management at the end of March. UK Savings grew by 30% with a further shift towards Unit Trust and ISA sales, which more than doubled. This positions us well, ahead of the Retail Distribution Review. Weakness in the UK housing market and a subdued BPA market continued to slow our Risk business with sales 34% lower than a year ago but 15% ahead of Q4 2009. Individual annuity sales were up 59% on Q4 2009. We are pleased with the progress of our Indian joint venture, IndiaFirst, which is growing well ahead of expectations.

“We remain confident about the Group’s medium term growth prospects with significant opportunities to grow across our Risk, Savings and Investment Management franchises.”

* Net cash generation includes operational cash generated less new business strain for the UK non profit Risk and Savings businesses, plus the shareholders' share of bonuses on With-profits business, the post-tax IFRS operating profit of LGIM and other UK businesses, the expected investment return on Group capital and financing invested assets, and dividends remitted from International businesses.

TRADING HIGHLIGHTS

| ASSETS UNDER MANAGEMENT £bn | Q1 2010 | Q4 2009 | Growth (%) |
|-----------------------------|---------|---------|------------|
| Investment Management | 330 | 315 | 5 |
| Annuities | 23.3 | 22.5 | 4 |
| Savings | 58 | 55 | 5 |
| | | | |
| NEW BUSINESS £m | Q1 2010 | Q4 2009 | Growth (%) |
| INVESTMENT MANAGEMENT | | | |
| New funds (gross) | 11,248 | 8,955 | 26 |
| | | | |
| RISK | 84 | 73 | 15 |
| Protection | 42 | 47 | (11) |
| Annuities | 42 | 26 | 62 |
| | | | |
| SAVINGS | 267 | 234 | 14 |
| Retail Investments | 144 | 117 | 23 |
| Non profit pensions | 68 | 60 | 13 |
| With-profits | 37 | 34 | 9 |
| Unit linked bonds | 18 | 23 | (22) |
| | | | |
| INTERNATIONAL | 37 | 23 | 61 |
| | | | |
| TOTAL GROUP APE | 388 | 330 | 18 |

CASH GENERATION AND CAPITAL

The focus on cash generation continues to be successful. We have continued to execute our strategy of redesigning products, reducing operational costs and deploying our capital effectively. The aim of generating around £600 million of cash is on track with net cash of £179 million generated in the first quarter (Q109: £136m). This includes a dividend of \$50 million received from our US business at the end of March.

Investment markets continued to improve during the first quarter. As a result, the Group's estimated IGD capital surplus increased to £3.4 billion (after payment of the final dividend) (FY2009: £3.1 billion) and the coverage ratio improved to 231 per cent (FY2009: 224%). The final dividend of 2.73 pence per share will be paid to eligible shareholders on 1 June 2010 (total cost: £160m).

NEW BUSINESS

Total APE sales of £388 million were 18 per cent higher than sales in the fourth quarter of 2009. They were also 2 per cent higher than Q1 last year and include for the first time a contribution from IndiaFirst, worth £6 million.

Investment Management continues to deliver strong new business results with £11.2 billion of gross new business in the quarter. Growth in demand for Savings products (including record sales of Retail Investment products of £144 million) offset the year on year decline in Risk volumes. Within the Risk business, Annuity sales in the first quarter of 2010 were 62 per cent higher than in the last quarter of 2009 with both Individual and Bulk Annuity business showing strong growth. We are continuing to broaden our distribution franchise in the UK ahead of the implementation of the Retail Distribution Review in 2012.

INVESTMENT MANAGEMENT

Legal & General Investment Management's (LGIM) success in winning new business continues in 2010, with an impressive £10.9 billion of gross inflows in the first quarter of 2010. This was £3.9 billion higher than in the first quarter of 2009. The combination of higher inflows and recovering markets helped LGIM grow assets under management by £15 billion during the first three months of 2010 to a record £330 billion, up 32% from 12 months ago (Q109: £250bn).

The strategy to diversify new business flows alongside a market leading index tracking business continued with almost £1 billion in new business inflows allocated to active fixed income management. LGIM also continued to expand its international reach with 20 per cent of new business coming from non-UK clients.

RISK

First quarter Protection APE of £42 million represented 95 per cent of the volume written in the same period last year. Total Protection gross written premiums of £272 million were 1 per cent higher than Q1 2009. The strategy of diversifying away from housing market related sales continues. A new income protection product was successfully launched, and the focus on sales of business and family protection products continued. In Group Protection, APE sales were maintained at the same level as those in Q1 2009. Despite low housing volumes, General Insurance gross written premiums were just 2 per cent below prior year levels.

Individual Annuity sales at £271 million were up 59 per cent on Q4 2009, but 18 per cent lower than the exceptional levels achieved in Q1 last year. In addition, Legal & General wrote £149 million of buyout business in the quarter. This was more than the value of new business that was written in the whole of the second half of 2009 (£145m).

SAVINGS

In Savings, a strategy of moving away from traditional capital intensive life products continues to deliver. Savings sales in the first quarter increased 30 per cent to £267 million (Q109: £206m) and assets under administration grew to £58 billion (FY2009: £55bn) benefiting from improvements in investment markets and positive net fund inflows of £0.6 billion.

First quarter sales were boosted by growth in Retail Investments of 140 per cent to £144 million. Unit Trust and Structured Products sales grew by 130 per cent and ISA sales by 171 per cent. This continued shift to Unit Trusts, positions us well ahead of the implementation of Retail Distribution Review in 2012.

Overall sales of Non profit Pensions were 11 per cent lower at £68 million (Q109: £76m) reflecting a strategy of limiting volume in older style Stakeholder products. Individual SIPP sales grew by 6 per cent to £31 million; SIPP sales now represent 82 per cent of all Non profit Individual Pension sales. Corporate Pension sales were 12 per cent lower at £30 million (Q109: £34m) reflecting current economic conditions.

Non profit Unit Linked Bond sales were flat at £18 million as market volumes stabilised at a lower level following fiscal changes in 2007, which reduced the relative attractiveness of this product. Sales of With-profits were 29 per cent lower at £37 million (Q109: £52m), primarily as a result of reduced volume in older style pension products, which were 31 per cent lower at £27 million (Q109: £39m).

INTERNATIONAL

International businesses generated £37 million of new business APE during the first quarter of 2010. Although sales were down year-on-year for Q1, sales were 61 per cent higher than in Q4 2009.

In the US, new business sales were down 32 per cent in local currency terms at \$15 million (Q109: \$22m) as challenging trading conditions continued.

In the Netherlands, the total Dutch insurance market was down 24 per cent year-on-year in early 2010. Legal & General new business sales of €7 million were down €2 million compared to Q1 2009 but still outperformed the wider market.

L&G France also outperformed the market with underlying premium growth in savings of 47 per cent during the first quarter. Total sales were down 33 per cent year-on-year in local currency terms at €18 million (Q109: €27m) primarily due to reporting of exceptional Group Protection sales figures in March 2009.

IndiaFirst, the Group's joint venture with Bank of Baroda and Andhra Bank, completed its first full quarter of operations. It has now achieved sales of over two billion Rupees (£30m) since its launch in mid-November 2009 and of this £22 million was achieved in Q1 2010. Savings policies have already been sold in over two thirds of the 4,500 branches. Joint venture sales are consolidated in reported numbers based on Legal & General's shareholding. For IndiaFirst this shareholding is currently 26 per cent resulting in £6 million of reported Q1 2010 sales.

TRADING OUTLOOK

The UK economy in 2010 is experiencing slow growth and we expect the UK housing market to remain subdued. We continue to expect further recovery in our core UK Risk and Savings markets during 2010. We remain on track to deliver £600m of cash in 2010. We are positive about the Group's medium term growth prospects. We aim to capitalise on our market leading positions in Risk, further build the LGIM franchise, deliver additional improvements in Savings and continue to develop our existing International portfolio whilst exploring opportunities to expand into other attractive markets.

ENQUIRIES

INVESTORS:

| | | |
|-----------------|---|---------------|
| Matt Hotson | Director, Investor Relations and Strategy | 020 3124 2150 |
| Damian O'Reilly | Investor Relations Manager | 020 3124 2151 |
| Ching-Yee Chan | Investor Relations | 020 3124 2345 |

MEDIA:

| | | |
|---------------|-------------------------------|---------------|
| John Godfrey | Group Communications Director | 020 3124 2090 |
| Richard King | Head of Media Relations | 020 3124 2095 |
| James Bradley | Tulchan Communications | 020 7353 4200 |
| Mal Patel | Tulchan Communications | 020 7353 4200 |

NOTES

- **A teleconference will be held at 3 pm.** Investors should dial +44 (0)20 7906 8535. An archive of the call will be available after 4pm which can be accessed by dialling +44 (0)20 3364 5943, pin code 266626#.
- A copy of this announcement can be found in "Results", under the "Financial information" section of our shareholder website at <http://investor.legalandgeneral.com/investors/results.cfm>.

| Financial calendar 2010 | Date |
|--|---------------|
| Annual General Meeting | 26 May 2010 |
| Payment of 2009 final dividend | 1 June 2010 |
| Half year Interim Management Statement | 4 August 2010 |

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.

Legal & General Group Plc
Unaudited New Business Premiums
Three months to 31 March 2010

1. INVESTMENT MANAGEMENT NEW BUSINESS

| | Three months to 31 March 2010 £m | Three months to 31 March 2009 £m | Increase/ (decrease) % |
|---------------------------------------|-------------------------------------|-------------------------------------|------------------------------|
| Managed pension funds | | | |
| - Pooled funds | 7,384 | 6,025 | 23 |
| - Segregated funds | 268 | 714 | (62) |
| | 7,652 | 6,739 | 14 |
| Other funds ¹ | 3,596 | 720 | 400 |
| Total new funds | 11,248 | 7,459 | 51 |
| Attributable to: | | | |
| Legal & General Investment Management | 10,853 | 7,016 | 55 |
| Legal & General Retail Investments | 395 | 443 | (11) |

2. INVESTMENT MANAGEMENT NEW BUSINESS QUARTERLY PROGRESSION

| | 3 months to 31.03.10 £m | 3 months to 31.12.09 £m | 3 months to 30.09.09 £m | 3 months to 30.06.09 £m | 3 months to 31.03.09 £m |
|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Managed pension funds | | | | | |
| - Pooled funds | 7,384 | 6,742 | 7,076 | 5,763 | 6,025 |
| - Segregated funds | 268 | 1,344 | 790 | 533 | 714 |
| | 7,652 | 8,086 | 7,866 | 6,296 | 6,739 |
| Other funds ¹ | 3,596 | 869 | 1,326 | 1,382 | 720 |
| Total new funds | 11,248 | 8,955 | 9,192 | 7,678 | 7,459 |
| Attributable to: | | | | | |
| Legal & General Investment Management | 10,853 | 8,450 | 8,853 | 7,166 | 7,016 |
| Legal & General Retail Investments | 395 | 505 | 339 | 512 | 443 |

¹ Includes segregated property, property partnerships, private equity partnerships and institutional clients funds managed by Legal & General Investment Management and institutional investments in unit trust funds managed by Legal & General Retail Investments.

3. WORLDWIDE NEW BUSINESS

| | Three months to 31 March 2010 | | | Three months to 31 March 2009 | | | Increase/ (decrease) % |
|---|-------------------------------|--------------------------|------------|-------------------------------|--------------------------|------------|------------------------------|
| | Annual premiums £m | Single premiums £m | APE £m | Annual premiums £m | Single premiums £m | APE £m | |
| Protection | | | | | | | |
| - Individual | 28 | - | 28 | 30 | - | 30 | (7) |
| - Group | 14 | - | 14 | 14 | - | 14 | 0 |
| | 42 | - | 42 | 44 | - | 44 | (5) |
| Annuities | | | | | | | |
| - Individual (non profit) | - | 267 | 27 | - | 323 | 33 | (18) |
| - Individual (with-profits) | - | 4 | - | - | 3 | - | - |
| - Bulk purchase | - | 149 | 15 | - | 504 | 50 | (70) |
| | - | 420 | 42 | - | 830 | 83 | (49) |
| Total risk | 42 | 420 | 84 | 44 | 830 | 127 | (34) |
| Core retail investments ¹ | | | | | | | |
| - Unit trusts | 2 | 1,037 | 106 | 3 | 431 | 46 | 130 |
| - ISAs | 3 | 349 | 38 | 6 | 82 | 14 | 171 |
| | 5 | 1,386 | 144 | 9 | 513 | 60 | 140 |
| Non profit savings | | | | | | | |
| - Unit linked bonds | - | 183 | 18 | - | 175 | 18 | 0 |
| - Individual pensions | 33 | 347 | 68 | 40 | 358 | 76 | (11) |
| - DWP rebates | - | - | - | - | - | - | - |
| With-profits savings | | | | | | | |
| - Bonds | - | 94 | 9 | - | 134 | 13 | (31) |
| - Individual pensions | 22 | 47 | 27 | 32 | 67 | 39 | (31) |
| - DWP rebates | - | 2 | - | - | 2 | - | - |
| - Group pensions | 1 | 1 | 1 | - | - | - | - |
| Total savings | 61 | 2,060 | 267 | 81 | 1,249 | 206 | 30 |
| - USA | 9 | - | 9 | 16 | - | 16 | (44) |
| - Netherlands | 2 | 43 | 6 | 2 | 55 | 7 | (14) |
| - France | 8 | 45 | 13 | 19 | 49 | 24 | (46) |
| - India (Group's 26% interest) | 6 | 1 | 6 | - | - | - | - |
| | 25 | 89 | 34 | 37 | 104 | 47 | (28) |
| France retail investment business | - | 29 | 3 | - | 16 | 2 | 50 |
| Total international new business | 25 | 118 | 37 | 37 | 120 | 49 | (24) |
| Total worldwide new business | 128 | 2,598 | 388 | 162 | 2,199 | 382 | 2 |

¹ Core retail investments excludes institutional investments in unit trust funds which are disclosed as part of institutional fund management new business (see Investment Management above).

4. WORLDWIDE NEW BUSINESS APE QUARTERLY PROGRESSION

| | 3 months to 31.03.10 £m | 3 months to 31.12.09 £m | 3 months to 30.09.09 £m | 3 months to 30.06.09 £m | 3 months to 31.03.09 £m |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Protection | | | | | |
| - Individual | 28 | 31 | 32 | 30 | 30 |
| - Group | 14 | 16 | 11 | 16 | 14 |
| | 42 | 47 | 43 | 46 | 44 |
| Annuities | | | | | |
| - Individual (non profit) | 27 | 16 | 22 | 25 | 33 |
| - Individual (with-profits) | - | 1 | - | 1 | - |
| - Bulk purchase | 15 | 9 | 5 | 24 | 50 |
| | 42 | 26 | 27 | 50 | 83 |
| Total risk | 84 | 73 | 70 | 96 | 127 |
| Core retail investments ¹ | | | | | |
| - Unit trusts | 106 | 85 | 73 | 65 | 46 |
| - ISAs | 38 | 32 | 34 | 26 | 14 |
| | 144 | 117 | 107 | 91 | 60 |
| Non profit savings | | | | | |
| - Unit linked bonds | 18 | 23 | 13 | 14 | 18 |
| - Individual pensions | 68 | 60 | 65 | 71 | 76 |
| - DWP rebates | - | - | 1 | - | - |
| With-profits savings | | | | | |
| - Bonds | 9 | 11 | 13 | 18 | 13 |
| - Individual pensions | 27 | 22 | 22 | 40 | 39 |
| - DWP rebates | - | 1 | 4 | 7 | - |
| - Group pensions | 1 | - | - | 1 | - |
| Total savings | 267 | 234 | 225 | 242 | 206 |
| - USA | 9 | 9 | 11 | 13 | 16 |
| - Netherlands | 6 | 5 | 4 | 6 | 7 |
| - France | 13 | 7 | 1 | 6 | 24 |
| - India (26% share) | 6 | - | - | - | - |
| | 34 | 21 | 16 | 25 | 47 |
| France retail investment business | 3 | 2 | 1 | 1 | 2 |
| Total international new business | 37 | 23 | 17 | 26 | 49 |
| Total worldwide new business | 388 | 330 | 312 | 364 | 382 |

¹ Core retail investments excludes institutional investments in unit trust funds which are disclosed as part of institutional fund management new business (see Investment Management on previous page).

5. UK INDIVIDUAL APE BY CHANNEL - TOTAL

| | Three months to 31 March 2010 | | | |
|--------------------------------|-------------------------------|--------------|-----------------|---------------|
| | Annual £m | Single £m | Total APE £m | % of total |
| Independent financial advisers | 68 | 1,402 | 208 | 65 |
| Tied | 16 | 724 | 88 | 27 |
| Direct | 4 | 205 | 25 | 8 |
| Total | 88 | 2,331 | 321 | 100 |
| | Three months to 31 March 2009 | | | |
| | Annual £m | Single £m | Total APE £m | % of total |
| Independent financial advisers | 85 | 1,063 | 191 | 71 |
| Tied | 20 | 306 | 51 | 19 |
| Direct | 6 | 206 | 27 | 10 |
| Total | 111 | 1,575 | 269 | 100 |

6. INTERNATIONAL OPERATIONS IN LOCAL CURRENCY

| | Three months to 31 March 2010 | | | Three months to 31 March 2009 | | | Increase/ (decrease) % |
|--------------------------------------|-------------------------------|--------------------|-----|-------------------------------|--------------------|-----|------------------------------|
| | Annual premiums | Single premiums | APE | Annual premiums | Single premiums | APE | |
| USA (\$m): | 15 | - | 15 | 22 | - | 22 | (32) |
| Netherlands (€m): | 2 | 49 | 7 | 3 | 60 | 9 | (22) |
| France (€m): | | | | | | | |
| - Life and pensions | 10 | 50 | 15 | 20 | 54 | 25 | (40) |
| - Unit trusts | - | 33 | 3 | - | 17 | 2 | 50 |
| India (Rs m) - Group's 26% interest: | 394 | 89 | 403 | - | - | - | - |