

Stock Exchange Release
29 January 2009

New business sales up 3% year on year Capital and cashflow remain robust

Highlights for the 12 months to 31 December 2008⁽¹⁾:

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| Worldwide new business £1,486m (FY 07: £1,437m) | up 3% |
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|---|--------------|
| UK new business £1,367m (FY 07: £1,321m) | up 3% |
| Q4 new business 6% ahead of Q3 | |
- | | |
|---|---------------|
| UK Risk: new business £488m (FY 07: £428m) | up 14% |
| Bulk purchase annuities grow strongly | |
| Group protection continues to grow | |
- | | |
|---|----------------|
| UK Savings: new business £879m (FY 07: £893m) | down 2% |
| Unit trust and ISA sales ⁽²⁾ remain strong | |
| Non profit pension growth boosted by SIPP sales | |
| Unit linked bond sales remain lower as anticipated | |
- | | |
|---|--|
| Investment Management gross new funds £33.1bn (FY 07: £54.4bn) | |
| 2007 gross new funds were £34.1bn excluding business transferred from clients of Hermes | |
- Robust capital and cashflow position**

Tim Breedon, Group Chief Executive, said:

"Our sales performance has been good in a tough environment. In Q4 we have increased Risk and Savings sales compared to Q3, and attracted £5bn of gross inflows into Investment Management.

"In our Risk business we have moved our protection products further away from housing related business and delivered strong, diversified annuity sales. Our reputation, products and client service offering have continued to attract customers to our Savings and Investment Management businesses.

"Legal & General's capital and cashflow position remains robust, and our significant surplus gives confidence to our customers, underpins returns to investors, and enables us to build the business even through volatile markets.

"The challenges of recent months look set to continue in 2009 – but there will be opportunities for growth. We have the confidence to continue to grow and develop our business profitably and invest for the future."

(1) All new business sales figures are quoted in APE terms unless otherwise stated (APE = Annual Premium Equivalent = new regular premium plus 10% of new single premium)

(2) Core retail investment sales



New Business Commentary

Legal & General has three main businesses: Risk, Savings and Investment Management. Our UK Risk and Savings businesses generated combined APE new business of £1,367m, an increase of 3% on 2007. Worldwide APE new business was £1,486m, also up 3%. Our institutional investment management business added £33.1bn of gross new funds during 2008.

UK Risk business

Protection: 7% lower at £207m (FY 07: £223m)

Individual protection sales of £140m (FY 07: £160m) were 13% lower, comparing favourably to the 39% fall in mortgage approvals⁽³⁾ in 2008. The proportion of products not associated with a mortgage grew, including family protection, business protection and high sum assured business, as we continued to diversify away from mortgage related sales. We also benefited through the year from new sales through our major distribution relationship with Nationwide Building Society.

Group protection sales rose 6% to £67m (FY 07: £63m) as employers continued to seek competitive and attractive benefits for their employees. Customers are shifting their emphasis to focus more on benefit design to give them and their employees greater flexibility and value for money. We continue to build on our leading product and service proposition, positioning us well in this dynamic market.

Annuities: up 37% to £281m (FY 07: £205m)

Bulk Purchase Annuity (BPA) sales increased by 73% to £194m (FY 07: £112m), reflecting a step change in demand. New business was made up of 194 separate policies with an average single premium case size of £10m, helping to further diversify our business. In Q4 we have signed only one scheme in excess of £100m single premium, reflecting our cautious approach to pricing larger schemes due to volatility in credit markets. Sales in Q4 were £31m, £6m higher than Q3 (£25m), achieved in conditions of improving interest margins.

Sales of individual annuities of £87m were 6% lower than last year (FY 07: £93m), but Q4 sales of £27m were the highest since the start of 2007. We continue to balance our appetite between bulk and individual annuity markets. In the early part of the year we reduced our activity in the individual market reflecting in part our focus on the significant opportunities in the BPA market. In Q4 we stepped up our sales initiatives as the interest margin for individual annuities improved.

UK Savings business

Unit linked bonds: 48% lower at £131m (FY 07: £251m)

The decline in sales was in line with recent trends. The major driver of this reduction remains the impact of industry volumes, which have fallen materially after changes to Capital Gains Tax announced towards the end of 2007. Some customers have also reduced their appetite for unit linked investments in a period of market volatility.

Non profit pensions: up 30% to £328m (FY 07: £253m).

We continued to refocus our non profit pension business towards more modern, flexible, transparent and less capital intensive products. This includes SIPPs, which accounted for 57% of individual non profit pensions and 15% of corporate non profit pensions. The acquisition of Suffolk Life early in 2008 further expanded our strong SIPP franchise and added to the growth we saw in our other pensions products.

(3) Bank of England data for the 11 month period to the end of November 2008, compared to the same period of 2007

With-profits savings: 16% lower at £191m (FY 07: £228m).

Investors' appetite for products with more defensive investment characteristics continues to be seen in the with-profits bond market, where we saw sales increase from £10m to £28m.

Retail investments: up 42% to £229m (FY 07: £161m)

In a challenging environment for the wider retail investment industry, our products continued to resonate with our customers, and our sales have benefited as a result. Underlying sales increased year on year, further boosted by our distribution agreement with Nationwide Building Society.

Institutional investment management business

In 2008 gross new funds under management from new and existing clients amounted to £33.1bn (FY 07: £54.4bn including one off transfers of £20.3bn from clients of Hermes). Our core product and service offering continues to appeal to customers, who appreciate our value for money investment propositions combined with low risk of performance disappointment and reputation for excellent client service. Gross sales were significantly ahead of our long-term average of £18bn per annum over the last 10 years.

International businesses

In local currency, our US business sales were 4% higher year on year at \$94m (FY 07: \$90m), with continued growth in high net worth term life business.

In France investment market volatility and the absence in 2008 of the fiscally-stimulated sales seen in 2007 were reflected in total sales being 21% lower at €50m (FY 07: €63m).

Sales in the Netherlands of €36m were 5% lower (FY 07: €38m) due to a 13% drop in single premium business in challenging industry conditions.

Total overseas sales on a sterling basis were 3% higher at £119m (FY 07: £116m), benefiting from the appreciation of the Euro and US dollar over the year.

Balance sheet

As at 30 September 2008 we estimated our IGD surplus position to be £2.9bn. At that point the FTSE 100 index stood at 4,902, and we indicated significant resilience to further investment market volatility, estimating that a 30% equity market reduction would reduce this to c£2bn. At 31 December 2008 the FTSE 100 index stood at 4,434, approximately 10% lower.

The final IGD position as at 31 December 2008 will be provided with our preliminary results in March. This will reflect market movements over the fourth quarter, any impact of our normal year-end reserving review and the Board's recommendation on final dividend.

Relative financial strength remains, in our view, a key strategic differentiator of Legal & General in the sector and a core part of our balance sheet management philosophy.

Supplementary reporting

For the 2008 year end we will continue to produce EEV supplementary information to cover our UK and overseas life and pensions businesses. However we do not believe it is appropriate for our managed pension fund business within LGIM to be included as part of the covered business. As a result all of our Investment Management businesses will now be reported on the IFRS basis, though some EEV information will still be made available.

Enquiries

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Notes

- Issued share capital at 31 December 2008 was 5,861,627,994 shares of 2.5p.
- A copy of this announcement can be found in the News and Results section of our shareholder web site at <http://www.legalandgeneralgroup.com/investors/results.cfm>

Financial calendar:

2008 Preliminary results	25 March 2009
Q1 2009 Interim management statement	23 April 2009
Half year 2009 results	4 August 2009

Forward-looking statements

This document may contain certain forward-looking statements with respect to certain of Legal & General Group Plc's plans and its current goals and expectations relating to future financial condition, performance and results. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Legal & General Group Plc'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 authorities, the impact of competition and the policies and actions of governmental and regulatory authorities and the timing impact and other uncertainties of future acquisition or combinations within relevant industries. As a result, Legal & General Group Plc's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in Legal & General Group Plc's forward-looking statements. 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
 Twelve months to 31 December 2008

WORLDWIDE NEW BUSINESS

	Twelve months to 31 December 2008			Twelve months to 31 December 2007			Increase/ (decrease) %
	Annual premiums £m	Single premiums £m	APE £m	Annual premiums £m	Single premiums £m	APE £m	
Protection							
- Individual	140	-	140	160	-	160	(13%)
- Group	67	-	67	63	-	63	6%
	207	-	207	223	-	223	(7%)
Annuities							
- Individual (non profit)	-	841	84	-	875	88	(5%)
- Individual (with-profits)	-	27	3	-	47	5	(40%)
- Bulk purchase	-	1,938	194	-	1,123	112	73%
	-	2,806	281	-	2,045	205	37%
Total risk	207	2,806	488	223	2,045	428	14%
Non profit savings							
- Unit linked bonds	-	1,306	131	-	2,512	251	(48%)
- Individual pensions	181	1,460	327	141	1,118	253	29%
- DWP rebates	-	8	1	-	4	-	N/A
With-profits savings							
- Bonds	-	283	28	-	102	10	180%
- Individual pensions	106	434	149	124	752	199	(25%)
- DWP rebates	-	118	12	-	124	12	0%
- Group pensions	2	3	2	6	5	7	(71%)
Total life and pensions savings	289	3,612	650	271	4,617	732	(11%)
Core retail investments ¹							
- Unit trusts	12	1,466	159	7	962	103	54%
- ISAs	29	413	70	14	437	58	21%
	41	1,879	229	21	1,399	161	42%
Total savings	330	5,491	879	292	6,016	893	(2%)
Total UK risk and savings new business	537	8,297	1,367	515	8,061	1,321	3%
- USA	51	-	51	45	-	45	13%
- Netherlands	13	157	29	11	156	27	7%
- France	17	164	33	17	248	42	(21%)
	81	321	113	73	404	114	(1%)
France retail investment business	-	63	6	-	24	2	200%
Total international new business	81	384	119	73	428	116	3%
Total worldwide new business	618	8,681	1,486	588	8,489	1,437	3%

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

Legal & General Group Plc
 Unaudited New Business Premiums
 Twelve months to 31 December 2008

WORLDWIDE NEW BUSINESS APE QUARTERLY PROGRESSION

	3 months to 31.12.08 £m	3 months to 30.09.08 £m	3 months to 30.06.08 £m	3 months to 31.03.08 £m	3 months to 31.12.07 £m	3 months to 30.09.07 £m	3 months to 30.06.07 £m	3 months to 31.03.07 £m
Protection								
- Individual	33	34	37	36	37	41	40	42
- Group	16	14	23	14	18	16	15	14
	49	48	60	50	55	57	55	56
Annuities								
- Individual (non profit)	26	20	20	18	16	24	23	25
- Individual (with-profits)	1	-	1	1	-	2	1	2
- Bulk purchase	31	25	66	72	62	12	21	17
	58	45	87	91	78	38	45	44
Total risk	107	93	147	141	133	95	100	100
Non profit savings								
- Unit linked bonds	30	26	35	40	53	62	62	74
- Individual pensions	82	83	93	69	60	60	64	69
- DWP rebates	-	1	-	-	-	-	-	-
With-profits savings								
- Bonds	8	9	7	4	3	2	2	3
- Individual pensions	31	33	47	38	40	48	56	55
- DWP rebates	1	4	6	1	1	4	6	1
- Group pensions	-	1	1	-	1	-	5	1
Total life and pensions savings	152	157	189	152	158	176	195	203
Core retail investments ¹								
- Unit trusts	47	37	45	30	28	26	26	22
- ISAs	14	16	28	12	9	12	25	13
	61	53	73	42	37	38	51	35
Total savings	213	210	262	194	195	214	246	238
Total UK risk and savings new business	320	303	409	335	328	309	346	338
- USA	15	12	12	12	11	12	11	11
- Netherlands	6	6	8	9	7	6	6	8
- France	6	8	4	15	6	9	17	10
	27	26	24	36	24	27	34	29
France retail investment business	2	2	1	1	-	-	1	1
Total international new business	29	28	25	37	24	27	35	30
Total worldwide new business	349	331	434	372	352	336	381	368

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

Legal & General Group Plc
 Unaudited New Business Premiums
 Twelve months to 31 December 2008

INVESTMENT MANAGEMENT

	Twelve months to 31 December 2008 £m	2007 £m	Increase/ (decrease) %
Managed pension funds			
- Pooled funds	26,733	49,460	(46%)
- Segregated funds	841	2,603	(68%)
	27,574	52,063	(47%)
Other funds ¹	5,517	2,368	133%
Total new funds	33,091	54,431	(39%)
Attributable to:			
Legal & General Investment Management	30,873	52,622	(41%)
Legal & General Retail Investments	2,218	1,809	23%

INVESTMENT MANAGEMENT QUARTERLY PROGRESSION

	3 months to 31.12.08 £m	3 months to 30.09.08 £m	3 months to 30.06.08 £m	3 months to 31.03.08 £m	3 months to 31.12.07 £m	3 months to 30.09.07 £m	3 months to 30.06.07 £m	3 months to 31.03.07 £m
Managed pension funds								
- Pooled funds	3,423	9,748	8,254	5,308	19,903	13,989	10,646	4,922
- Segregated funds	430	47	141	223	230	1,925	380	68
	3,853	9,795	8,395	5,531	20,133	15,914	11,026	4,990
Other funds ¹	890	908	3,151	568	871	492	506	499
Total new funds	4,743	10,703	11,546	6,099	21,004	16,406	11,532	5,489
Attributable to:								
Legal & General Investment Management	4,185	10,464	10,611	5,613	20,247	16,149	11,167	5,059
Legal & General Retail Investments	558	239	935	486	757	257	365	430

1. Other funds includes institutional investments in unit trust funds managed by Legal & General Retail Investments which were previously disclosed as UK core retail investments APE.

INTERNATIONAL OPERATIONS IN LOCAL CURRENCY

	Twelve months to 31 December 2008			Twelve months to 31 December 2007			Increase/ (decrease) %
	Annual premiums	Single premiums	APE	Annual premiums	Single premiums	APE	
USA (\$m):	94	-	94	90	-	90	4%
Netherlands (€m):	16	199	36	15	228	38	(5%)
France (€m):							
- Life and pensions	21	206	42	24	364	60	(30%)
- Unit trusts	-	79	8	-	29	3	167%

UK INDIVIDUAL APE BY CHANNEL

	Twelve months to 31 December 2008			
	Annual £m	Single £m	Total APE £m	% of total
Independent financial advisers	345	4,819	827	75%
Tied	104	1,388	243	22%
Direct	19	149	34	3%
Total	468	6,356	1,104	100%
	Twelve months to 31 December 2007			
	Annual £m	Single £m	Total APE £m	% of total
Independent financial advisers	324	5,175	842	74%
Tied	102	1,596	261	23%
Direct	20	167	36	3%
Total	446	6,938	1,139	100%

1. Total UK 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).