



LEGAL & GENERAL ANNOUNCES STRONG SET OF RESULTS: DELIVERING ON BOTH CASH AND NEW BUSINESS GROWTH.

NINE MONTHS NET CASH* UP 14% TO £526M (9M09: £461M)

- THIRD QUARTER CASH GENERATION OF £168M (Q309: £159M)
- ON TRACK TO EXCEED £600M FULL YEAR TARGET

LGIM ASSETS UNDER MANAGEMENT UP 10% TO £342BN (30.09.09: £311BN)

- INVESTMENT MANAGEMENT GROSS NEW FUNDS UP 13% TO £27.6BN (9M09: £24.3BN)
- YEAR TO DATE REVENUE GROWTH OF 24% ACROSS DIVERSIFIED REVENUE SOURCES

WORLDWIDE SALES UP 27% TO £1,347M (9M09: £1,058M)

- RECORD UK SAVINGS NEW BUSINESS APE UP 43% TO £961M (9M09: £673M)
- SAVINGS NET FLOWS UP 78% TO £2.4BN (9M09: £1.4BN)
- INDIVIDUAL ANNUITY NEW BUSINESS APE UP 12% TO £91M (9M09: £81M)
- BULK ANNUITY NEW BUSINESS APE OF £54M (9M09: £79M)
- PROTECTION NEW BUSINESS APE DOWN 2% AT £130M (9M09: £133M)
- INTERNATIONAL NEW BUSINESS APE UP 21% TO £111M (9M09: £92M)

Tim Breedon, Group Chief Executive, said:

“These results demonstrate that we are successfully delivering both improvements to cash generation and growth in sales. The Group generated £526m of net cash in the first nine months and we are ahead of our plans to deliver £600m of net cash in 2010. Worldwide sales of £1.3bn in the first nine months of 2010 are nearly as much as in the whole of 2009.

“LGIM is successfully increasing assets under management and diversifying its revenue. In the first 9 months, 18% of LGIM gross sales were to non pension clients and 13% of gross sales were to international clients. Our capital light strategy in savings is delivering cash and higher assets under administration, up to £61bn at the end of September. In annuities and protection, we continue to target high quality new business with £275m APE written in the first nine months. Our strategy of cash generation, capital management and growth in the international portfolio is progressing well.

“We are optimistic about the Group’s medium term growth prospects. We see strong organic growth opportunities across our risk, savings and investment management franchises where we have built market leading positions. This, coupled with the opportunities to export our investment management and bancassurance models into new markets, puts the Group in an excellent position for the future.”

* 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

CASH £m	9M 2010	9M 2009	Growth (%)
Net Cash Generation	526	461	14
ASSETS UNDER MANAGEMENT £bn	Q3 2010	Q3 2009	Growth (%)
Investment Management ¹	342	311	10
Annuities ²	23	21	10
Savings	61	52	17
NEW BUSINESS £m	9M 2010	9M 2009	Growth (%)
INVESTMENT MANAGEMENT			
New funds (gross)	27,572	24,329	13
RISK			
Housing and Protection	130	133	(2)
Individual Annuities	91	81	12
Bulk Annuities	54	79	(32)
SAVINGS			
Investments business ³	431	258	67
Non profit pensions	356	213	67
Unit linked bonds	71	45	58
With-profits	103	157	(34)
INTERNATIONAL	111	92	21
TOTAL GROUP APE	1,347	1,058	27

1. Includes Annuities and some Savings assets

2. 2010 and 2009 annuity assets are presented net of derivative liabilities

3. Includes unit trusts, ISAs, structured products and platform sales

CASH GENERATION: NET CASH £526M UP 14%

We are successfully executing our strategy of growing the business, reducing operational costs and deploying our capital more effectively. The aim at the start of the year was to generate around £600m of net cash. During the third quarter we generated £168m of cash, the sixth consecutive quarter the Group has delivered in excess of £150m, demonstrating the sustainability of our cash flow. At the end of September the Group has delivered £526m of cash and, consequently, we are ahead of our full year plan to deliver £600m of cash this year.

NEW BUSINESS: APE £1.35BN UP 27%

Total APE sales of £1,347m were 27% higher than sales in the first nine months of 2009. Investment Management continues to deliver strong new business results with £27.6bn of gross new business in the first nine months and £8.2bn of net new business. Savings growth continues with a 43% increase in APE sales to £961m, more than in the whole of 2009. Individual annuities sales of £91m are 12% higher than the corresponding period last year, bulk annuity sales are in line with recent trends. Despite a challenging housing market, Housing & Protection new business has remained flat with protection APE at £130m and general insurance gross written premiums at £206m. International APE of £111m was up 21% on 2010.

Our diversified distribution platform continues to thrive. Only 38% of UK new business was written through Retail IFAs and within that segment we are increasing our focus on IFAs who have evolved their model to meet the demands of the impending FSA Retail Distribution Review (RDR). Bancassurance partners delivered 25% of new business in the UK where we continue to build relationships across the banking sector. Fee based employee benefit consultants provided 33% of new business in the period and tied and direct distribution accounted for 4% of sales. Our distribution model means that we are ideally positioned to benefit from the implementation of the Retail Distribution Review in 2012.

INVESTMENT MANAGEMENT: ASSETS UNDER MANAGEMENT £342BN UP 10%

Legal & General Investment Management (LGIM) new business volumes of £26.5bn in the nine months to September were up 15% on the same period last year (9M09: £23.0bn). Net new business in the period was £8.2bn (9M09: £12.2bn). Revenue for the period was up 24%. Funds under management at the end of September were £342bn up from £320bn at the end of June.

As one of the largest providers of risk management solutions to UK pension schemes, LGIM continues to benefit from the rapid growth in liability driven investment (LDI). During the first nine months of the year 17% of LGIM's gross asset sales were into LDI mandates (9M09: 12%), with additional demand from clients paying fees to LGIM to provide value added services to an internally managed LDI strategy. The pipeline for LDI business remains strong.

As clients seek alternative managers in a consolidating market we are seeing increased demand from a more diverse range of clients. During the first nine months of the year 18% of LGIM gross sales were to non pensions clients (9M09: 9%) and 13% of gross sales were to international clients (9M09: 8%).

LGIM's international distribution strategy continues apace with the launch of the first in a series of new pooled funds structured as an Open Ended Investment Company (OEIC), which meets the requirements of European institutional investors. This builds on our evolving Euro credit capabilities with mandates won this year in Scandinavia, Germany and Holland.

Outside of the high scale passive, fixed income and LDI businesses, LGIM results benefited from a successful quarter in LGV Capital, Legal & General Property and Active Equities.

ANNUITIES: INDIVIDUAL APE UP 12%, BULK APE DOWN 32%

Total annuity APE sales of £145m in 2010 were 9% lower than in 2009 (9M09: £160m). Quarterly sales of £39m APE were in line with the quarterly average for the last 12 months (quarterly average Q309 – Q210: £40m).

In the individual annuity market APE sales remained strong at £91m, up 12% from the corresponding period in 2009. We expect to continue to grow in this area having entered into an annuity partnership deal with Zurich Financial Services to provide annuities for their pension customers from 1 October.

We continued our strategy of focusing on small bulk annuity transactions. During a relatively quiet third quarter we completed 20 deals worth £89m of single premiums to bring year to date sales to £536m from 77 completed schemes. Pension trustees continue to develop plans to de-risk their schemes either through LDI schemes or bulk purchase schemes.

HOUSING & PROTECTION: APE £130M IN LINE WITH PRIOR YEAR

Total protection APE for the year to end September was £130m, in line with sales for the same period last year (9M09: £133m). We have maintained our leading market positions in protection markets.

In individual protection, the weak housing market continues to depress demand although intermediaries within the protection market are replacing the loss of income from mortgage business with other protection sales. This, coupled with our focus on non mortgage related sales, which now represent just over 50% of all new individual protection business, led to sales of £88m in the nine months to September, down 4% on the same period last year (9M09: £92m).

In group protection, traditional corporate markets continue to be adversely impacted by falling staff numbers and wage freezes. However, new business APE in the first nine months was £42m, in line with the same period last year (9M09: £41m).

In general insurance, gross written premiums of £206m are flat on 2009 (9M09: £205m) although new business is ahead of 2009 with new banking distribution deals signed in the period.

SAVINGS: ASSETS UNDER ADMINISTRATION £61BN UP 17%, APE £961M UP 43%

In Savings, our strategy of moving away from traditional, capital intensive life products continues to deliver. In the first nine months of 2010, Savings delivered a record £961m of sales, more than in the whole of 2009 and 43% ahead of the same period last year. Assets under management rose by 17% to £61bn (30.09.09: £52bn) with positive net flows of £2.4bn.

Investments sales of £431m were up 67% on 2009 (9M09: £258m) with continued strong demand for structured products, platform sales and our range of low cost ISAs and unit trust products. Net flows into our investments products were £2.9bn in the first nine months, more than double the corresponding period in 2009 (9M09: £1.4bn).

Non profit bond sales were up 58% to £71m (9M09: £45m) reflecting the growing demand for our range of international bonds. Non profit pensions sales were up 67% to £356m (9M09: £213m) as we continue to make strong progress in the development of our workplace pensions business. The number of employees contributing to a Legal & General workplace pension grew by 13% during the quarter as we

completed a number of workplace pension schemes including the defined contribution scheme for Alliance Boots with over 20,000 members.

INTERNATIONAL: APE £111M UP 21%

India First, our joint venture with Bank of Baroda and Andhra Bank, in which we have a 26% share, continues to make progress. The business commenced trading in November 2009 and over 124,000 policies have now been issued. Total new business for 9M10 was £42m APE. We are continuing to search for new opportunities to deploy our savings led bancassurance model in other emerging markets.

US new business is down 13% at \$54m (9M09: \$62m). However, management action in June to make products more attractive is now yielding results with Q310 sales 17% higher than Q210, and 11% higher than Q309. Average monthly proposals received in Q310 were 29% higher than the run rate for the first half of this year. New business in Europe of €67m is 14% higher than in 2009 (9M09: €59m), driven by a recovery in the level of new group business in France.

TRADING OUTLOOK

Economic conditions and financial markets are slowly recovering from the crisis. We have minimal exposure to a prolonged low interest rate environment. Savings ratios are rising in the UK, annuity markets are experiencing strong demand and de-risking of pension funds is continuing. We are encouraged by the UK Government's approach to pensions saving and annuities.

The regulatory outlook remains uncertain although progress is being made. The achievement of a pragmatic regulatory settlement for banks under Basel III will, hopefully, inform the Solvency II process for insurers. However, there remain significant uncertainties for the industry which we anticipate will be addressed in parallel with the completion of the latest information gathering exercise for European insurers (QIS5). We are working closely with regulators and the Government to ensure a smooth transition to a properly balanced and effective regime and remain hopeful that this can be achieved.

Against this background, we continue to deliver consistent performance in terms of both cash generation and new business growth. We are ahead of our plan to deliver £600m of cash in 2010. We are increasingly optimistic about the Group's medium term growth prospects. We see strong organic growth opportunities across our risk, savings and investment management franchises where we have built market leading positions. We continue to benefit from consolidation in the sector. This, coupled with the opportunities to export our investment management and bancassurance models into new territories, leaves the Group in an excellent position.

ENQUIRIES

INVESTORS:

Matt Hotson	Director, Investor Relations and Strategy	020 3124 2150
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MEDIA:

John Godfrey	Group Communications Director	020 3124 2090
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NOTES

- **A teleconference will be held at 9.30 am.** Investors should dial +44 (0)20 3140 0724. An archive of the call will be available after 11.00am which can be accessed by dialling +44 (0)20 3140 0698, no passcode required.
- 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 2010/11	Date
2010 Preliminary results and Q4 new business	17 March 2011
Q1 Interim Management Statement	12 May 2011

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 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
 Nine months to 30 September 2010

INVESTMENT MANAGEMENT	Nine months to 30 September		Increase/ (decrease) %
	2010 £m	2009 £m	
Pooled funds	16,329	18,864	(13)
Segregated funds	5,266	2,037	159
Managed pension funds	21,595	20,901	3
Other funds ¹	5,977	3,428	74
Total new funds	27,572	24,329	13
Attributable to:			
Legal & General Investment Management	26,465	23,035	15
Legal & General Retail Investments	1,107	1,294	(14)

INVESTMENT MANAGEMENT QUARTERLY PROGRESSION

	3 months to 30 Sep 2010 £m	3 months to 30 Jun 2010 £m	3 months to 31 Mar 2010 £m	3 months to 31 Dec 2009 £m	3 months to 30 Sep 2009 £m	3 months to 30 Jun 2009 £m	3 months to 31 Mar 2009 £m
Pooled funds	4,009	4,936	7,384	6,742	7,076	5,763	6,025
Segregated funds	221	4,777	268	1,344	790	533	714
Managed pension funds	4,230	9,713	7,652	8,086	7,866	6,296	6,739
Other funds ¹	1,400	981	3,596	869	1,326	1,382	720
Total new funds	5,630	10,694	11,248	8,955	9,192	7,678	7,459
Attributable to:							
Legal & General Investment Management	5,307	10,305	10,853	8,450	8,853	7,166	7,016
Legal & General Retail Investments	323	389	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.

SAVINGS	Nine months to 30 September		Increase/ (decrease) %
	2010 £m	2009 £m	
Investment business	2,866	1,403	104
Non profit pensions and bonds	563	408	38
With-profits	(997)	(441)	(126)
Insured business	(434)	(33)	(1,215)
Total net flows	2,432	1,370	78

SAVINGS QUARTERLY PROGRESSION

	3 months to 30 Sep 2010 £m	3 months to 30 Jun 2010 £m	3 months to 31 Mar 2010 £m	3 months to 31 Dec 2009 £m	3 months to 30 Sep 2009 £m	3 months to 30 Jun 2009 £m	3 months to 31 Mar 2009 £m
Investment business	985	1,060	821	801	687	547	169
Non profit pensions and bonds	284	137	142	34	106	(98)	400
With-profits	(369)	(290)	(338)	(457)	(77)	(343)	(21)
Insured business	(85)	(153)	(196)	(423)	29	(441)	379
Total net flows	900	907	625	378	716	106	548

Legal & General Group Plc
 Unaudited new business
 Nine months to 30 September 2010

WORLDWIDE NEW BUSINESS

	Nine months to 30 September 2010			Nine months to 30 September 2009			Increase/ (decrease) %
	Annual premiums £m	Single premiums £m	APE £m	Annual premiums £m	Single premiums £m	APE £m	
Individual protection	88	-	88	92	-	92	(4)
Group protection	42	-	42	41	-	41	2
Protection	130	-	130	133	-	133	(2)
Individual (non profit)	-	899	90	-	797	80	13
Individual (with-profits)	-	15	1	-	11	1	0
Bulk purchase	-	536	54	-	792	79	(32)
Annuities	-	1,450	145	-	1,600	160	(9)
Risk	130	1,450	275	133	1,600	293	(6)
Unit trusts	6	2,958	302	8	1,766	184	64
ISAs	14	1,155	129	18	555	74	74
Investment business	20	4,113	431	26	2,321	258	67
Non profit pensions	252	1,041	356	115	977	213	67
Unit linked bonds	-	706	71	-	455	45	58
With-profits pensions	54	185	72	85	285	113	(36)
With-profits bonds	-	309	31	-	437	44	(30)
Insured business	306	2,241	530	200	2,154	415	28
Savings	326	6,354	961	226	4,475	673	43
USA	36	-	36	40	-	40	(10)
Netherlands	5	82	13	6	113	17	(24)
France	20	176	38	14	171	31	23
India (Group's 26% interest)	11	5	11	-	-	-	-
Egypt (Group's 55% interest)	8	-	8	-	-	-	-
	80	263	106	60	284	88	20
France retail investment business	-	49	5	-	43	4	25
International	80	312	111	60	327	92	21
Worldwide	536	8,116	1,347	419	6,402	1,058	27

INTERNATIONAL NEW BUSINESS APE IN LOCAL CURRENCY

	Nine months to 30 September 2010			Nine months to 30 September 2009			Increase/ (decrease) %
	Annual premiums	Single premiums	APE	Annual premiums	Single premiums	APE	
USA (\$m):	54	-	54	62	-	62	(13)
Netherlands (€m):	6	99	16	7	127	20	(20)
France (€m):							
Life and pensions	24	208	45	15	193	34	32
Unit trusts	-	57	6	-	49	5	20
India (Rs m) - Group's 26% interest:	745	342	779	-	-	-	-
Egypt (Pounds m) - Group's 55% interest:	67	3	67	-	-	-	-

Legal & General Group Plc
 Unaudited new business
 Nine months to 30 September 2010

WORLDWIDE NEW BUSINESS APE QUARTERLY PROGRESSION

	3 months to 30 Sep 2010 £m	3 months to 30 Jun 2010 £m	3 months to 31 Mar 2010 £m	3 months to 31 Dec 2009 £m	3 months to 30 Sep 2009 £m	3 months to 30 Jun 2009 £m	3 months to 31 Mar 2009 £m
Individual protection	31	29	28	31	32	30	30
Group protection	14	14	14	16	11	16	14
Protection	45	43	42	47	43	46	44
Individual (non profit)	30	33	27	16	22	25	33
Individual (with-profits)	-	1	-	1	-	1	-
Bulk annuities	9	30	15	9	5	24	50
Annuities	39	64	42	26	27	50	83
Risk	84	107	84	73	70	96	127
Unit trusts	92	104	106	85	73	65	46
ISAs	32	59	38	32	34	26	14
Investment business	124	163	144	117	107	91	60
Non profit pensions	174	114	68	60	66	71	76
Unit linked bonds	27	26	18	23	13	14	18
With-profits pensions	16	28	28	23	26	48	39
With-profits bonds	11	11	9	11	13	18	13
Insured business	228	179	123	117	118	151	146
Savings	352	342	267	234	225	242	206
USA	14	13	9	9	11	13	16
Netherlands	3	4	6	5	4	6	7
France	6	19	13	7	1	6	24
India (26% share)	3	2	6	-	-	-	-
Egypt (55% share)	3	5	-	-	-	-	-
France retail investment business	29	43	34	21	16	25	47
	1	1	3	2	1	1	2
International	30	44	37	23	17	26	49
Worldwide	466	493	388	330	312	364	382

UK NEW BUSINESS BY CHANNEL	Nine months to 30 September 2010			% of total
	Annual premiums £m	Single premiums £m	APE £m	
Retail IFA	57	4,122	469	38
Employee benefit consultants	325	813	406	33
Tied agents	20	90	29	2
Bancassurance	37	2,663	303	25
Direct	17	116	29	2
Total	456	7,804	1,236	100

	Nine months to 30 September 2009			% of total
	Annual premiums £m	Single premiums £m	APE £m	
Retail IFA	65	3,135	379	39
Employee benefit consultants	204	1,004	304	32
Tied agents	22	90	31	3
Bancassurance	51	1,743	225	23
Direct	17	103	27	3
Total	359	6,075	966	100