

Stock Exchange Release.
3 November 2009



LEGAL & GENERAL DELIVERS 2009 NET CASH TARGET THREE MONTHS EARLY

£461M NET CASH GENERATED* IN 9 MONTHS TO 30 SEPTEMBER 2009

- AHEAD OF £450M NET CASH GENERATION TARGET FOR FY09
- £50M ANNUALISED COST REDUCTION TARGET FOR FY09 ACHIEVED WITHIN 9 MONTHS

WORLDWIDE NEW BUSINESS DOWN 7% TO £1,058M (9M08: £1,137M)

- INVESTMENT MANAGEMENT: GROSS NEW FUNDS £24.3BN (YTD-Q308: £28.3BN)
 - LGIM assets under management £311BN, Net inflows of £12.2bn YTD
- UK RISK NEW BUSINESS APE DOWN 23% TO £293M (YTD-Q308: £381M)
 - Non Profit Annuity assets under management £21BN, Net inflows of £0.7bn YTD
- UK SAVINGS NEW BUSINESS APE UP 1% TO £673M (YTD-Q308: £666M)
 - Savings assets under administration £52BN, Net inflows of £1.4bn YTD
- INTERNATIONAL NEW BUSINESS UP 2% TO £92M (YTD-Q308: £90M)

ESTIMATED IGD SURPLUS £2.5BN (COVERAGE RATIO 196%) AT 30 SEPTEMBER 2009

Tim Breedon, Group Chief Executive, said:

“In March I set out our intention to accelerate the net cash generation of the Group. We set targets to deliver £450 million of net cash and £50 million of annualised cost savings in 2009. We have already exceeded both these targets.

“In the first nine months of 2009, new business sales were good. LGIM continues to receive strong new business flows and has £311 billion of funds under management. Protection sales, down 16 per cent, have proved resilient to a weakened UK housing market. Reduced pensions buyout scheme tenders and increased competition in recent months have limited attractive pensions buyout opportunities, although individual annuity sales are up 35 per cent. In Savings we have continued our move towards SIPPs and Unit Trusts. Total savings sales are up 1 per cent year on year. International sales are 2 per cent ahead with trading in India on schedule to commence in November.

“Confidence is slowly returning to the economy. We see modest recovery in the UK going forward. The actions we have taken this year mean that our businesses are well placed to capitalise on future market growth and continue to deliver strong net cash generation.”

* Net cash generation is defined as the expected release (before experience variances) from in-force business less new business strain for the UK non profit Risk and Savings businesses, plus the shareholders' share of bonuses on With-profits business and the post-tax IFRS operating profit on LGIM and other UK businesses

TRADING OVERVIEW

GROUP STRATEGY AND SYNERGY

BENEFITING FROM SCALE, SYNERGY AND MARKET LEADING CUSTOMER FRANCHISES

Legal & General manages high scale operations in large markets. These operations have strong client and distribution franchises. The Savings business is an investment management led manufacturer and assembler of modern, flexible and capital light products. In Risk we insure risks we are able to understand and target an appropriate return on the capital deployed. Investment management delivers low cost, high quality service in scalable, lower risk core funds. Our International portfolio comprises businesses focused on generating enhanced growth prospects for the Group.

The Group benefits from multiple layers of synergy across a number of market leading customer franchises. These synergies arise across product, distribution, cost and financing. Nearly 50 per cent of new bulk annuity business in the first nine months was sold to LGIM clients. Individual annuities are sold to around 60 per cent of maturing Legal & General pension customers. Group Protection and Defined Contribution Group Pensions clients are frequently introduced from other parts of the Group. In total, the estimated sales value of this new business synergy in the first nine months was around 30 per cent of Group new business APE.

NET CASH GENERATION

£450 MILLION UK TARGET DELIVERED THREE MONTHS EARLY

We announced UK net cash generation of £302 million at the end of June. As a result of ongoing changes in product design and mix, cost reduction, and favourable pricing conditions in the annuity market in the first half, £461 million of net cash has been generated at the end of September 2009. This exceeds the full year 2009 net cash target of £450 million.

Further improvement in the net cash generation profile of the Group will be underpinned by further actions taken this year, the full impact of which is yet to be realised.

£50 MILLION COST REDUCTION TARGET DELIVERED AHEAD OF PLAN

A Group wide cost reduction programme including a 10 per cent reduction in UK headcount during 2009 was targeted to deliver a £50 million reduction in annualised costs. This £50m annualised reduction has been achieved at the end of September. Substantial cost reduction in the Savings business in parallel with an overhaul of the Savings product portfolio has contributed to a significant reduction in new business strain.

NEW BUSINESS

In the nine months ending 30 September 2009 worldwide new business APE was 7 per cent lower than the same period last year at £1,058 million. This reflects our strategy to focus on higher quality new business, economic conditions and low investor confidence in the first half which has improved in Q3.

We have made changes to the distribution channel mix over the last twelve months. In advance of the implementation of the Retail Distribution Review, UK risk and savings sales via IFAs have fallen from 75 per cent of total APE in the first nine months of 2008 to 65 per cent in the same period in 2009. At the

same time sales through the Tied and Direct channels have increased to 27 per cent and 8 per cent respectively.

Legal & General Investment Management (LGIM) continues to outperform peers in the UK attracting funds from new and existing customers in excess of £24.3 billion year to date. Total funds under management rose to £311 billion, with £246 billion of funds managed for external clients, including the pension funds of 51 FTSE 100 companies and 41 Local Authorities.

The Risk business retains a market leading position in key market segments, backed by high quality customer service, superior technology and economies of scale. The 35 per cent increase in individual annuity sales was off set by lower pension buyout sales. Legal & General has strict financial hurdles for annuity business. In the last three months volumes were low for new pension buyout and fewer large tenders were seen. Total protection and annuity new business was 23 per cent lower year on year driven primarily by the reduced pension buyout business.

In Savings, volumes were 1 per cent higher at £673 million including substantial growth in unit trusts (including Guaranteed Equity Bonds) up 64 per cent at £184 million APE, and an increase in ISA sales of 32 per cent to £74 million APE. In the period, retail customers have invested nearly £2.5 billion of new funds into the unit trust and non-life savings range. As anticipated, steps taken to reduce reliance on products with high levels of initial commission and long payback periods has resulted in a reduction in sales of Unit Linked bonds and Stakeholder pensions.

The international businesses generated £92 million of new business. Our operations in USA, France and the Netherlands continue to perform well. Good progress has been made in the Gulf States and India to establish fully functioning joint venture operations. Having received the R2 regulatory approval in India ahead of schedule, we expect to achieve R3 approval imminently and operations are due to begin trading later this month via our joint venture partners' branch network. We are developing plans for our international businesses; these operations will become a source of future profit growth.

BALANCE SHEET AND CAPITAL

At the end of September 2009, the estimated IGD surplus was £2.5 billion. This is almost double the required level of regulatory capital, resulting in a coverage ratio of 196 per cent. The increase from £1.9 billion at the end of June 2009 reflects the benefit of £300 million Lower Tier 2 debt raised in July, the net cash generated in the business and favourable market conditions.

In the first half of the year the annuity portfolio experienced defaults net of expected recoveries of just £1 million. During the third quarter there were no further defaults on our bond portfolio backing UK non profit annuity business. At the end of June the provision for defaults on assets backing the annuity portfolio was increased to £1.3 billion.

TRADING OUTLOOK

The Group is well placed to benefit from the emerging economic recovery in the UK. Recovering markets and confidence will stimulate demand across the product range. Over the next 12 months we anticipate modest growth in the UK economy.

INVESTMENT MANAGEMENT

Investment management includes institutional investment management business (“LGIM”), and institutional sales of unit trust contracts.

	YTD - 30/09/2009	YTD - 30/09/2008	Change
Assets under management	£311bn	£273bn	14%

LGIM has achieved record assets under management of £311 billion as at end September 2009, increasing by £38 billion year on year as a result of strong new business flows and recovering markets.

NEW BUSINESS

	YTD - 30/09/2009	YTD - 30/09/2008	Change
Index	17.1	23.3	(27%)
Active Fixed (incl cash)	3.1	1.6	94%
LDI	2.7	1.7	59%
Unit Trusts	1.4	1.7	(18%)
Investment Management	24.3	28.3	(14%)

Against a backdrop of reduced asset prices, investment management delivered a very strong performance in the generation of gross new business, with £24.3 billion of new mandates won year to date. Over 80 per cent of new investments were made by existing clients. It is encouraging that LGIM has significantly increased inflows into active fixed income and liability driven investment (LDI) mandates, with 94 per cent and 59 per cent respective growth year on year. These asset classes typically generate higher fee income than traditional index mandates. Net asset flows were £12.2 billion positive in the year to date.

OUTLOOK

Market volatility has meant there is a growing appetite amongst pension plan sponsors and trustees to de-risk their schemes. Demand for liability driven investment solutions and “core” active fixed income will accordingly continue to rise and LGIM is well placed to benefit from this trend. Looking into Q4 and further into 2010 the pipeline of new business enquiries remains very healthy as our offering of index and lower risk active products allied to high levels of customer service continues to appeal to UK pension fund trustees and, increasingly, international clients.

RISK

NEW BUSINESS

Overall APE sales of £293 million were 23 per cent lower than last year. UK Protection sales were down 16 per cent in response to a weak UK housing market and a challenging comparator for Group Protection. A 35 per cent rise in sales of Individual annuities was off set by a 52 per cent decline in the value of pensions buyout new business. The general buy-out market was subdued by increased pensions deficits and the consequent higher costs to execute transactions and fewer large schemes came to market.

PROTECTION:

New business APE £m	YTD - 30/09/2009	YTD - 30/09/2008	Change
Individual	92	107	(14%)
Group	41	51	(20%)
Protection	133	158	(16%)

Individual protection: Activity in the housing market has continued to increase gradually and we have recorded our best quarter of the year (Q3: £32 million APE). Volumes are down 14 per cent year on year, but considerably less down than housing transactions (CML: YTD 2009 gross mortgage lending down 50 per cent year on year). The drive to diversify away from the mortgage event is continuing with almost 50 per cent of our sales now not connected to the mortgage event (up from 42 per cent of APE in 2008). Direct sales are 9 per cent higher than last year and IFA application volumes have improved since Q2 through a combination of distribution enhancement and new technology launches.

Group protection: We have focused on sustainable pricing and developing long-term business relationships. New sales are down on last year, but this is primarily driven by record Q2 in 2008. Total premiums receivable rose by 3 per cent reflecting the strong scheme retention achieved through proven service relationships.

ANNUITIES

New business APE £m	YTD - 30/09/2009	YTD - 30/09/2008	Change
Individual	81	60	35%
Pensions Buyout	79	163	(52%)
Annuities	160	223	(28%)

Legal & General grew sales in individual annuities by 35 per cent to £81 million as the result of our ongoing focus on extending our product range, and building new distribution.

The number of pensions buyout transactions closing in the third quarter was low, even in a traditionally quiet period. This year pension buyout activity has been dominated by a small number of larger transactions. Lower market volumes and strict pricing discipline were the main reasons for the year on year decline in business. However, the appetite for trustees and scheme sponsors to pass risk to insurers through pension buyout transactions remains strong and we would expect to see continued interest especially when scheme deficits reduce.

OUTLOOK

The UK economic outlook suggests that improvement in conditions in the Protection markets will be slow in 2010. Progressive product development launches, including products for inheritance tax planning and more flexible product options, and increasing on line accessibility will drive future sales growth. Further operating efficiency improvements will continue through leveraging our latest Protection technology platform. Investment in technology for our Group Protection business is anticipated to deliver improved capacity and service in time for the improvement in the UK economy.

As defined benefit pensions trustees continue to seek to de-risk their liabilities, the medium term growth prospects for transactions in the bulk annuity market are strong. There remains substantial demand over many years from companies wishing to transfer the risks associated with their final salary pension schemes into the insurance markets and we see strong prospects for substantial and profitable growth in pensions buyout in the medium term.

SAVINGS

In Savings the mix of products has been shifted towards modern less capital intensive products . During the year action to take costs out of our business, reduce commissions and redesign products will all contribute to improving underlying net cash flow in the remainder of the year and in 2010.

New business APE £m	YTD - 30/09/2009	YTD - 30/09/2008	Change
Retail investments	258	168	54%
Non profit	258	347	(26%)
With-profits	157	151	4%
SAVINGS TOTAL	673	666	1%

NEW BUSINESS

CORE RETAIL INVESTMENTS

APE sales rose 54 per cent to £258 million with substantial growth in Unit Trust and Guaranteed Equity Bonds up 64 per cent at £184 million APE, and an increase in ISA sales of 32 per cent to £74 million APE. Gross flows into these products were strong at £2.5 billion. The strong growth in sales reflects the success of distributing products through Nationwide Building Society and our campaign to sell more products via specialist IFAs and direct sales channels.

NON PROFIT:

Sales of non profit business were 26 per cent lower at £258 million as management actions to reduce sales of old style savings products and increase sales of flexible, capital light, modern products continued. Individual SIPP sales grew by 8 per cent year to date and now represent 72 per cent of all non profit individual pension sales. In total APE sales of non profit pensions were 13 per cent lower at £212 million (YTD 2008: £245 million).

Sales in Group pensions have remained resilient. Sales of Group SIPP products were 12 per cent higher than last year and new business tender activity remains strong. The changes made to initial commission structures and a focus on fee based intermediaries continues and 84 per cent of non profit corporate pension sales were made on a fee basis in the first nine months.

Unit linked bonds sales were 55 per cent lower at £45 million (YTD 2008: £101 million) as management actions to reduce the capital strain of sales impacted and the tax changes continued to reduce customer appeal for this product.

WITH-PROFITS:

Sales of with-profits bonds remain strong rising 120 per cent, continuing the trend seen in the first half of the year. In line with our strategy in the Savings business, we have also taken action to reduce sales of old style products in the With-profits area. Overall APE was 4 per cent higher at £157 million.

OUTLOOK

Overall savings new business is expected to continue in line with recent experience. Growth in products where the capital and cash flow dynamics are favourable will be offset by declines where deliberate action is taken to reduce volumes in less economically attractive products such as Unit Linked Bonds.

Actions taken during the first half of the year will deliver a better and more profitable mix of business overall. Significant improvements to non profit new business strain will arise as changes made to the distribution model take full effect going forward.

INTERNATIONAL

New business APE £m	YTD - 30/09/2009	YTD 30/09/2008	Change
USA	40	36	11%
Netherlands	17	23	(26%)
France (including Retail)	35	31	13%
INTERNATIONAL	92	90	2%

NEW BUSINESS

In the USA we have taken a measured approach to sales, preferring to implement selected price rises to improve profitability and cash flow rather than pursuing volumes. This has led to a 13 per cent reduction in local currency terms to US\$62 million (Q3 2008: US\$71 million).

Our business in the Netherlands continues to gain market share. Regulatory impacts are depressing volumes in unit linked products and in local currency terms, overall new business APE at €20 million was 33 per cent lower compared to the same period last year.

In France, a very strong performance in Savings during Q3 resulted in an 18 per cent increase on the same period last year. The French business is well positioned to continue to expand in its core markets of high net worth savings and group protection.

OUTLOOK

The profitability of our international businesses has continued to improve. They will make a growing contribution to Group profits in the future.

In the USA performance should remain resilient for the remainder of the year due to distribution strength and our market position as a leader in individual protection. Margin rather than volume growth will remain the priority. Market conditions in the Netherlands will continue to be challenging as we seek to continue to grow our market share. France has continued to perform strongly this year and is well positioned to grow in its core markets in 2010.

In India, the joint venture with Bank of Baroda and Andhra Bank will begin trading later this month once final R3 approval from the Insurance Regulatory and Development Authority (IRDA) has been received.

In the Gulf, group life and credit life products are already on sale. Full operations through the retail branches of joint venture partner Ahli United Bank will commence in Q4 2009.

ENQUIRIES

INVESTORS:

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MEDIA:

John Godfrey	Group Communications Director	020 3124 2090
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NOTES

- **A teleconference will be held at 9.00 am.** UK investors should dial 0800 358 1449 and overseas investors should dial +44 (0)20 8609 0582. All participants should quote "L&G third quarter 2009 new business results" to join the call.
- 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 2009:

Event	Date
Q4 new business 2009	4 February 2010
2009 Preliminary results	25 March 2010
Q1 Interim Management Statement 2010	5 May 2010

FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements with respect to certain of Legal & General Group Plc's (and its subsidiary undertakings') plans and its (and their) 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'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 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 Legal & General Group's 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
 Nine months to 30 September 2009

WORLDWIDE NEW BUSINESS

	Nine months to 30 September 2009			Nine months to 30 September 2008			Increase/ (decrease) %
	Annual premiums £m	Single premiums £m	APE £m	Annual premiums £m	Single premiums £m	APE £m	
Protection							
- Individual	92	-	92	107	-	107	(14%)
- Group	41	-	41	51	-	51	(20%)
	133	-	133	158	-	158	(16%)
Annuities							
- Individual (non profit)	-	797	80	-	578	58	38%
- Individual (with-profits)	-	11	1	-	23	2	(50%)
- Bulk purchase	-	792	79	-	1,632	163	(52%)
	-	1,600	160	-	2,233	223	(28%)
Total risk	133	1,600	293	158	2,233	381	(23%)
Non profit savings							
- Unit linked bonds	-	455	45	-	1,009	101	(55%)
- Individual pensions	115	969	212	137	1,075	245	(13%)
- DWP rebates	-	8	1	-	8	1	N/A
With-profits savings							
- Bonds	-	437	44	-	198	20	120%
- Individual pensions	84	176	101	81	369	118	(14%)
- DWP rebates	-	109	11	-	113	11	0%
- Group pensions	1	-	1	2	3	2	(50%)
Total life and pensions savings	200	2,154	415	220	2,775	498	(17%)
Core retail investments ¹							
- Unit trusts	8	1,766	184	8	1,042	112	64%
- ISAs	18	555	74	23	327	56	32%
	26	2,321	258	31	1,369	168	54%
Total savings	226	4,475	673	251	4,144	666	1%
Total UK risk and savings new business	359	6,075	966	409	6,377	1,047	(8%)
- USA	40	-	40	36	-	36	11%
- Netherlands	6	113	17	10	128	23	(26%)
- France	14	171	31	15	126	27	15%
	60	284	88	61	254	86	2%
France retail investment business	-	43	4	-	44	4	0%
Total international new business	60	327	92	61	298	90	2%
Total worldwide new business	419	6,402	1,058	470	6,675	1,137	(7%)

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
 Nine months to 30 September 2009

WORLDWIDE NEW BUSINESS APE QUARTERLY PROGRESSION

	3 months to 30.09.09 £m	3 months to 30.06.09 £m	3 months to 31.03.09 £m	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
Protection							
- Individual	32	30	30	33	34	37	36
- Group	11	16	14	16	14	23	14
	43	46	44	49	48	60	50
Annuities							
- Individual (non profit)	22	25	33	26	20	20	18
- Individual (with-profits)	-	1	-	1	-	1	1
- Bulk purchase	5	24	50	31	25	66	72
	27	50	83	58	45	87	91
Total risk	70	96	127	107	93	147	141
Non profit savings							
- Unit linked bonds	13	14	18	30	26	35	40
- Individual pensions	65	71	76	82	83	93	69
- DWP rebates	1	-	-	-	1	-	-
With-profits savings							
- Bonds	13	18	13	8	9	7	4
- Individual pensions	22	40	39	31	33	47	38
- DWP rebates	4	7	-	1	4	6	1
- Group pensions	-	1	-	-	1	1	-
Total life and pensions savings	118	151	146	152	157	189	152
Core retail investments ¹							
- Unit trusts	73	65	46	47	37	45	30
- ISAs	34	26	14	14	16	28	12
	107	91	60	61	53	73	42
Total savings	225	242	206	213	210	262	194
Total UK risk and savings new business	295	338	333	320	303	409	335
- USA	11	13	16	15	12	12	12
- Netherlands	4	6	7	6	6	8	9
- France	1	6	24	6	8	4	15
	16	25	47	27	26	24	36
France retail investment business	1	1	2	2	1	2	1
Total international new business	17	26	49	29	27	26	37
Total worldwide new business	312	364	382	349	330	435	372

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
 Nine months to 30 September 2009

INVESTMENT MANAGEMENT

	Nine months to 30 September 2009 £m	2008 £m	Increase/ (decrease) %
Managed pension funds			
- Pooled funds	18,864	23,310	(19%)
- Segregated funds	2,037	411	396%
	20,901	23,721	(12%)
Other funds ¹	3,428	4,627	(26%)
Total new funds	24,329	28,348	(14%)
Attributable to:			
Legal & General Investment Management	23,035	26,688	(14%)
Legal & General Retail Investments	1,294	1,660	(22%)

INVESTMENT MANAGEMENT QUARTERLY PROGRESSION

	3 months to 30.09.09 £m	3 months to 30.06.09 £m	3 months to 31.03.09 £m	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
Managed pension funds							
- Pooled funds	7,076	5,763	6,025	3,423	9,748	8,254	5,308
- Segregated funds	790	533	714	430	47	141	223
	7,866	6,296	6,739	3,853	9,795	8,395	5,531
Other funds ¹	1,326	1,382	720	890	908	3,151	568
Total new funds	9,192	7,678	7,459	4,743	10,703	11,546	6,099
Attributable to:							
Legal & General Investment Management	8,853	7,166	7,016	4,185	10,464	10,611	5,613
Legal & General Retail Investments	339	512	443	558	239	935	486

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

	Nine months to 30 September 2009			Nine months to 30 September 2008			Increase/ (decrease) %
	Annual premiums	Single premiums	APE	Annual premiums	Single premiums	APE	
USA (\$m):	62	-	62	71	-	71	(13%)
Netherlands (€m):	7	127	20	13	165	30	(33%)
France (€m):							
- Life and pensions	15	193	34	19	162	35	(3%)
- Unit trusts	-	49	5	-	56	6	(17%)

UK INDIVIDUAL APE BY CHANNEL

	Nine months to 30 September 2009			
	Annual £m	Single £m	Total APE £m	% of total
Independent financial advisers	237	3,083	545	65%
Tied	63	1,675	231	27%
Direct	17	524	69	8%
Total	317	5,282	845	100%

	Nine months to 30 September 2008			
	Annual £m	Single £m	Total APE £m	% of total
Independent financial advisers	261	3,585	620	75%
Tied	81	1,051	186	22%
Direct	14	106	25	3%
Total	356	4,742	831	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).