

Legal & General Fixed Interest Trust

**Interim Manager's
Short Report
for the period ended
5 March 2008**



Investment Objective and Policy

The investment objective is to invest for high income and the prospects of capital growth from fixed interest securities, including overseas issues.

The Manager will choose from a variety of fixed interest instruments including convertibles and preference shares.

Risk Profile

Credit Risk

This Trust is invested in financial securities such as bonds. With these investments, there is a risk of suffering loss due to a party not meeting its financial obligations. This risk is managed by monitoring the financial stability of investments and companies, via credit ratings.

Market Risk

Market risk arises mainly from uncertainty about future prices. The Manager adheres to the investment guidelines and in this way, monitors and controls the exposure to risk from any type of security, sector or issuer.

Currency Risk

This Trust is invested in overseas financial securities. The performance of the Trust may therefore be affected by changes in exchange rates. This risk may be managed by the use of forward currency contracts, which aim to manage the effect of changing exchange rates.

Interest Rate Risk

This Trust is invested in interest bearing securities. The performance of the Trust may therefore be affected by changes in interest rates. The active monitoring and adjustment of the investments in the portfolio manages this risk.

Trust Facts

Period End Dates for Distributions:	5 Dec, 5 Mar, 5 Jun and 5 Sep	
Distribution Dates:	5 Feb, 5 May, 5 Aug and 5 Nov	
Total Expense Ratios:	5 Mar 08	5 Sep 07
R-Class	0.80%	0.79%
A-Class	0.80%	0.79%
I-Class	0.34%	0.35%

The Total Expense Ratio is the ratio of the Trust's operating costs (excluding overdraft interest and transaction charges) to the average net assets of the Trust.

Trust Performance

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
5 Sep 05**			
R-Class			
Distribution Units	£809,289,746	65.24p	1,240,416,583
Accumulation Units	£654,559,396	81.37p	804,428,240
5 Sep 06			
R-Class			
Distribution Units	£824,057,963	62.86p	1,310,847,830
Accumulation Units	£638,786,026	81.42p	784,602,544
A-Class*			
Distribution Units	£2,310,942	62.86p	3,676,068
Accumulation Units	£3,164,436	81.42p	3,886,786
I-Class*			
Distribution Units	£91,977,683	62.87p	146,299,887
Accumulation Units	£68,696,876	81.71p	84,076,424
5 Sep 07			
R-Class			
Distribution Units	£685,125,910	58.74p	1,166,463,025
Accumulation Units	£499,755,325	79.15p	631,377,755
A-Class*			
Distribution Units	£4,208,473	58.74p	7,165,148
Accumulation Units	£4,813,524	79.15p	6,081,280
I-Class*			
Distribution Units	£128,556,347	58.74p	218,855,325
Accumulation Units	£74,774,079	79.72p	93,790,718
5 Mar 08			
R-Class			
Distribution Units	£453,490,900	56.76p	798,968,762
Accumulation Units	£454,962,984	78.15p	582,177,577
A-Class*			
Distribution Units	£4,396,145	56.76p	7,745,210
Accumulation Units	£5,414,417	78.15p	6,928,370
I-Class*			
Distribution Units	£120,872,131	56.77p	212,933,938
Accumulation Units	£73,741,251	78.84p	93,532,133

* A-Class and I-Class units became available from 6 September 2005.

Under the requirements of the IMA SORP issued December 2005 the Trust's investments have been valued at their fair value, which for non-derivative securities is the bid market price and for derivative instruments is the cost of closing out the contract.

** In this prior period the Trust's investments were valued at their mid market price.

Past performance is not a guide to future performance.

The price of units and income from them may go down as well as up.

Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Information

The top 10 holdings and their associated weighting for the current and preceding period are:

Top 10 Holdings at 5 March 2008		Top 10 Holdings at 5 September 2007	
Holding	Percentage of Net Asset Value	Holding	Percentage of Net Asset Value
Treasury 4.25% 07/03/2036	2.47%	Monumental Global Funding 4.625% 18/01/2013	1.56%
Globe Pub Issuer 5.632% 26/09/2021	1.63%	Globe Pub Issuer 5.632% 26/09/2021	1.53%
Clydesdale Bank 4.875% 17/02/2016	1.62%	Gaz Capital 6.58% 31/10/2013	1.51%
Uncredito Italiano 6.375% 16/10/2018	1.52%	Severn Trent Water 6.25% 07/06/2029	1.51%
Angel Trains Finance 5.250% 18/12/2008	1.40%	Siemens Financieringsmat 6.125% 14/09/2066	1.48%
Unique Pub Finance 6.542% 30/03/2021	1.32%	Wachovia Bank 4.875% 29/11/2035	1.32%
Severn Trent Water 6.25% 07/06/2029	1.30%	Treasury 4.25% 07/06/2032	1.31%
Gaz Capital 6.58% 31/10/2013	1.25%	Clydesdale Bank 4.875% 17/02/2016	1.27%
Mitchells & Butlers Finance 5.965% 15/12/2023	1.25%	Banca Intesa 5.5% 19/12/2016	1.25%
Land Securities 4.875% 07/11/2019	1.21%	Textron 6.625% 07/04/2020	1.25%

Distribution Information

R-Class

The distribution payable on 5 May 2008 is 0.6122p net per unit for distribution units and 0.8333p net per unit for accumulation units.

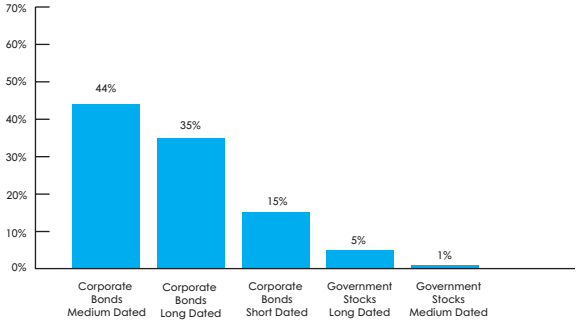
A-Class

The distribution payable on 5 May 2008 is 0.6122p net per unit for distribution units and 0.8333p net per unit for accumulation units.

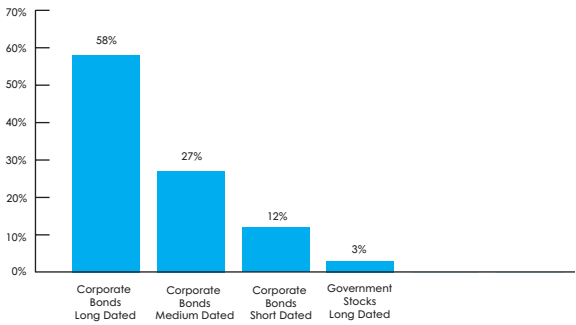
I-Class

The distribution payable on 5 May 2008 is 0.6654p net per unit for distribution units and 0.9126p net per unit for accumulation units.

Trust Holdings as at 5 March 2008



Trust Holdings as at 5 September 2007



Unit Price Range and Net Income

R-Class Units

Year	Highest Offer	Lowest Bid	Net Income
Distribution Units			
2003	65.66p	61.95p	2.6957p
2004	64.27p	60.10p	2.5853p
2005	66.00p	62.48p	2.4807p
2006	66.79p	62.17p	2.4136p
2007	63.37p	58.56p	2.4426p
2008 ⁽²⁾	60.57p	56.66p	1.2159p
Accumulation Units			
2003	74.77p	69.83p	3.0220p
2004	77.86p	71.38p	3.0227p
2005	82.75p	76.43p	3.0208p
2006	84.08p	79.76p	3.0526p
2007	82.85p	78.65p	3.2093p
2008 ⁽²⁾	82.41p	77.17p	1.6481p

A-Class Units

Year	Highest Offer	Lowest Bid	Net Income
Distribution Units			
2005 ⁽¹⁾	67.71p	64.16p	—
2006	68.80p	62.17p	2.4136p
2007	65.27p	58.56p	2.4426p
2008 ⁽²⁾	62.39p	56.66p	1.2159p
Accumulation Units			
2005 ⁽¹⁾	85.23p	80.02p	—
2006	86.61p	79.76p	3.0526p
2007	85.33p	78.65p	3.2093p
2008 ⁽²⁾	84.88p	77.17p	1.6481p

I-Class Units

Year	Highest Offer	Lowest Bid	Net Income
Distribution Units			
2005 ⁽¹⁾	65.97p	63.99p	—
2006	66.83p	62.38p	2.6400p
2007	63.44p	58.70p	2.6657p
2008 ⁽²⁾	60.59p	56.71p	1.3241p
Accumulation Units			
2005 ⁽¹⁾	82.85p	79.80p	—
2006	84.20p	80.23p	3.3431p
2007	83.30p	79.05p	3.5206p
2008 ⁽²⁾	83.12p	77.86p	1.8065p

⁽¹⁾ From 6 September 2005.

⁽²⁾ The above tables show highest offer and lowest bid prices to 5 March 2008 and net income per unit to 5 May 2008.

Past performance is not a guide to future performance.

The price of units and the income from them may go down as well as up.

Exchange rate changes may cause the value of any overseas investments to rise or fall.

Manager's Investment Report

During the period under review, the bid price of the Trust's distribution units in the R-Class fell by 3.4%.

Past performance is not a guide to future performance.

The value of investments and income from them may go down as well as up.

Exchange rate changes may cause the value of any overseas investments to rise or fall.

Market/Economic Review

Credit spreads rose significantly over the review period, as investor sentiment became increasingly risk averse.

In September 2007, the Bank of England was forced to implement a rescue package for Northern Rock, which had been heavily reliant on the credit markets for the financing of its mortgage business. Subsequently, the resulting lack of liquidity in the Banking sector was reflected by a steep rise in the Sterling 3-month London Interbank Offer Rate (LIBOR), as banks became increasingly reluctant to lend to each other. Overseas, the downturn in the US housing market, and its broader financial and economic impact, continued to preoccupy investors. Leading banks in the US, Europe and the UK announced substantial write-downs, arising from their exposure to mortgage-backed securities linked to the US sub-prime market. This market, which specialises in lending to borrowers with weak credit histories, had collapsed, as higher borrowing costs led to widespread defaults.

In the Investment Grade Bond market, the credit squeeze has been most pronounced in the Financial sector, where spreads rose to their highest level since 2002, which marked the high profile WorldCom and Enron defaults. The Banking sector is faced with a huge overhang of loans from the boom in leveraged merger and acquisition activity, which has now ground to a halt. Deteriorating credit conditions have meant it has not been possible for the banks to facilitate a refinancing of their loan books. Elsewhere, amongst financials, investors have become increasingly concerned as to the creditworthiness of the major US bond insurers. These companies, such as MBIA, play a vital role in guaranteeing bonds issued by municipal borrowers and carry triple-A credit ratings. In recent years, their activities have branched out to encompass the insurance of securitised bonds backed by mortgages and Collateralised Debt Obligations (CDOs). Prior to December 2007, MBIA revealed that it held over \$30 billion worth of such exposure. This has raised fears that the major bond insurers may lose their cherished triple-A status, which would be a severe jolt for investor sentiment.

Against this backdrop, the economic outlook has deteriorated significantly. Growing concerns over the

Manager's Investment Report continued

impact of the credit squeeze on the broader US economy lay behind the Federal Reserve's decision to sanction an emergency 0.75% cut in interest rates in January 2008, after equity markets had recorded their heaviest one day losses since the terrorist attacks in September 2001. The US central bank followed this up with a 0.50% cut at its subsequent regular meeting, taking the Federal Funds rate to 3%. In the UK, investors have also been unsettled by weaker economic indicators, particularly evidence of a downturn in the housing market. The deteriorating growth outlook has overridden concerns about inflation, which has been pushed up largely by higher energy costs. While the benchmark Consumer Price Index (CPI) has climbed back above its official 2% target, the Bank of England cut interest rates to 5.25% in early February 2008.

Trust Review

Given the marked deterioration in investment conditions, we took steps to reduce the risk profile of the portfolio over the review period. We have restricted the Trust's exposure to the Financial sectors, as a combination of write-downs from exposure to mortgage-backed securities and an unwinding of positions in the CDO's market continue to overhang the Banking and Brokerage sectors. In addition, we reduced the Trust's exposure to more cyclical areas, selling down holdings in French construction companies Saint-Gobain and Lafarge on concerns over a weaker earnings outlook for the sector. As credit spreads continued to rise, we added to our holdings in more defensive areas of the Investment Grade Corporate Bond market such as Utilities and Pub Management groups. In volatile market conditions these sectors offer the attraction of relatively stable cash flows in marked contrast to the uncertainty that overhangs the Financial sector.

Outlook

The impact of the credit squeeze on the global economic outlook will be critical in shaping the performance of corporate bonds in 2008. With banks forced to write off large credit losses, the likelihood is that they will further tighten their lending requirements, both to commercial and industrial borrowers, as well as to households. There remains significant risk that more restrictive credit lines could well tip an already slowing US economy into recession, heralding a rise in default rates. However, the US Federal Reserve has acted swiftly to loosen monetary policy and underpin the domestic economy; stability in the banking system clearly remains its priority despite the recent rise in inflation. Within the credit markets, although investor sentiment remains fragile, historically high spreads

Manager's Investment Report continued

on Investment Grade Bonds indicate much of the downside risk has now been priced in. Although further volatility is likely over the coming months, taking a long term perspective on a three to five year view, we believe that Investment Grade credit is an attractive asset class, and now offers the potential for total returns significantly above those obtainable from government bonds.

Legal & General Investment Management Limited
(Investment Adviser)

1 April 2008

Manager's Report and Accounts

Copies of the most recent Interim and Annual Long Form Manager's Reports are available free of charge by telephoning 0870 050 0955 or by writing to the Manager.

Call charges will vary. We may record and monitor calls.

EU Savings Directive

This Trust falls within the scope of the reporting requirements for the European Directive on Savings Income (2003/48/EC).

Effective Yield

During the period, the Trust began accounting for income from debt securities on an effective yield basis. Effective yield considers the difference between purchase and redemption price of each security, and spreads that discount or premium across the life of the security. This may result in a small decrease in distributable income but will be offset by a corresponding increase in capital value. As such, it does not affect the total return of the Trust.

Other Information

The information in this report is designed to enable unitholders to understand how the Trust has performed during the period under review and how it is invested at the period end. Further information on the activities and performance of the Trust can be obtained by telephoning 0870 050 0955 or by writing to the Manager.

Manager: Legal & General (Unit Trust Managers) Limited,
One Coleman Street

London EC2R 5AA

Telephone: 0870 050 3350

Registered in England No. 1009418

Authorised and regulated by the Financial
Services Authority

Trustee: The Royal Bank of Scotland Plc, Trustee and
Depositary Services, Waterhouse Square, 138-142 Holborn,
London EC1N 2TH

Authorised and regulated by the Financial
Services Authority

Independent Auditors: PricewaterhouseCoopers LLP,
Hay's Galleria, 1 Hay's Lane
London SE1 2RD

**Authorised and regulated by the
Financial Services Authority**

Legal & General
(Unit Trust Managers) Limited
Registered in England No. 1009418
Registered office:
One Coleman Street,
London EC2R 5AA
www.legalandgeneral.com

