

2008 bonus factsheet

(incorporating PPFM Data Annex)

19 February 2009



This factsheet contains the facts and figures for the bonus declaration on 19 February 2009.

Market background

Our view of how the investment markets performed in 2008 was:

UK shares

2008 was characterised by extreme trading conditions and a fundamental change in the macroeconomic environment. Investors endured unprecedented market volatility, steep equity market declines and the worst credit market conditions in more than fifty years. The inflationary pressures which were building during the first part of the year vanished, triggering an aggressive policy response from governments and central banks across the globe. As a result, UK equities declined 32.8% (excluding dividends) as measured by the FTSE All Share index.

Overseas shares

At the beginning of the year, the biggest threat to financial markets was that the US sub-prime housing crisis would spill into other economies, while rising inflation was the main preoccupation of governments. However, towards the end of the year, inflation fears disappeared as developed economies fell into recession, global trade stalled, profits tumbled and unemployment rose. Initially it was thought the emerging economies would escape the global financial crisis, however they have also fallen victim of the sharp deterioration in the global economic backdrop. China has been

particularly hurt by the decline in the availability of trade finance and the consequences that has for global investors. The credit crunch took longer to reach Europe but recent data paints a picture of a region in economic decline as demand from important trading partners (Eastern Europe, UK and US) slows. Japanese shares performed the worst of the global regions although this was shielded somewhat by the significant depreciation of sterling against other major currencies.

Commercial property

Conditions in the UK commercial property market proved challenging during the year. The combination of the weak economic background and bank deleveraging continued to weigh on market sentiment. Investment transaction volumes remained low with buyers extremely cautious and deals harder to agree and complete. Developers have responded to weaker demand by shelving or delaying new projects. This is critical to avoiding large scale oversupply in commercial property markets and protecting rental values.

Fixed interest securities

The credit crisis led to large scale writedowns from leading banks in the US, Europe and the UK creating a climate of risk aversion. As a result investors sought the safety of government bonds, increasing their global demand. This led to a fall in yields – lower yields translate into higher prices which meant strong returns for government bond fund investors during the year. On the other hand, corporate bond markets came under pressure as availability of credit to corporations and consumers became very restricted as the year progressed.

Investment information

At the end of the last five years, for all With Profits plans that could receive bonuses, the proportion of investments were:

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---------------------------|------|------|------|------|------|
| UK shares | 43% | 38% | 40% | 32% | 28% |
| Overseas shares | 9% | 11% | 12% | 14% | 13% |
| Fixed interest securities | 29% | 33% | 28% | 37% | 43% |
| Commercial property | 19% | 18% | 20% | 17% | 16% |

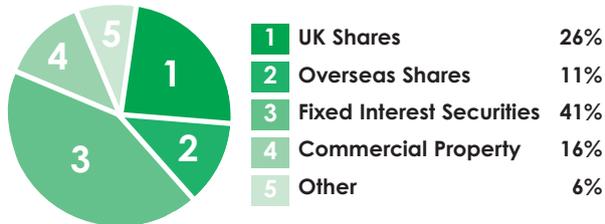
The proportions of each type of investment we hold vary for groups of products. The next section shows the different investment proportions for different product groups.

Investment proportions by product group

The investment mix will change over time and the amounts shown in this factsheet are those at 31 December 2008. The investment mix may also depend on when you invested. At the end of 2008, the investment mixes for each product group were:

Life plans

A. Growth and Income Bonds available from October 2003 to September 2005 with a guaranteed minimum amount payable on the tenth anniversary*.



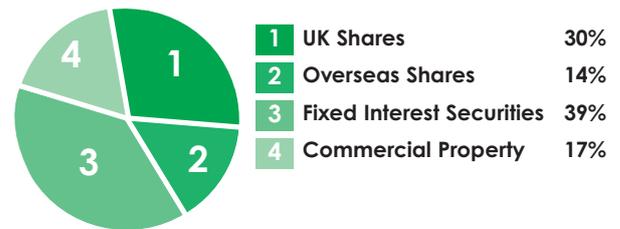
B. Capital Protection Plus Growth Bonds available from November 2008 or later, with a guaranteed minimum amount payable on the fifth or tenth anniversary.



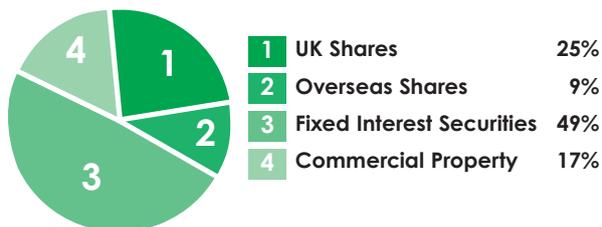
C. Capital Protection Plus Income Bonds available from November 2008 or later, with a guaranteed minimum amount payable on the fifth or tenth anniversary.



D. Capital Protection Growth Bonds dated May 2008 or later with a guaranteed minimum amount payable on the fifth or tenth anniversary.

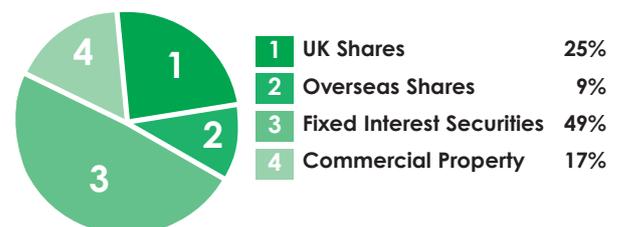


E. Capital Protection Income Bonds dated May 2008 or later with a guaranteed minimum amount payable on the fifth or tenth anniversary.

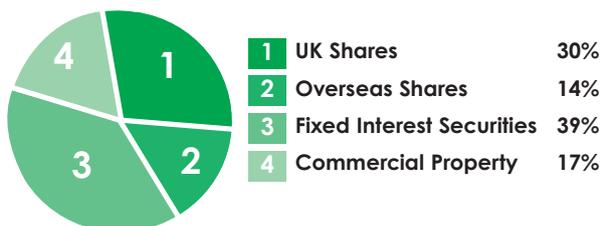


F. Bonds

- i) With Profits Income Bonds dated April 2002 or later including Capital Protection Income Bonds, other than those in A, B, C, D and E, and,
- ii) Investment Bonds dated July 1997 and later, and switched into With Profits in 2003 or later.



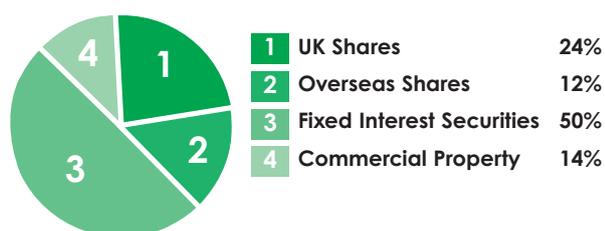
G. All other life plans.



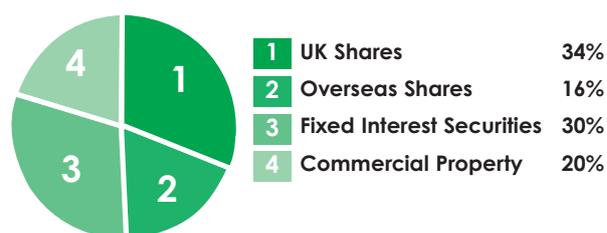
* For plans in group A, the investment mixes and investment returns depend upon the product type held and the date the investment was made. The figures shown are averages for all types and dates.

Pension plans

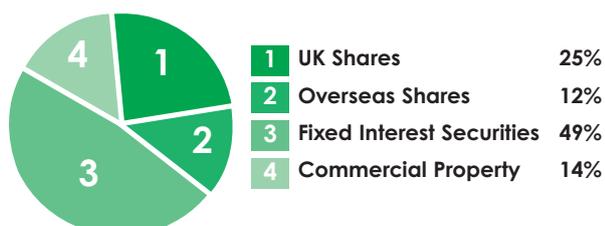
H. Adaptable Pension Plan with contractual annual interest.



I. With Profits Annuities*.



J. All other pension plans.



* For plans in group I, the investment mixes and investment returns depend upon the product type held and the date the investment was made. The figures shown are averages for all types and dates.

Investment returns

The overall investment returns over each of the last five years on the assets applicable to With Profits plans eligible for bonuses were as follows:

| Year | 2004 | 2005 | 2006 | 2007 | 2008 |
|---------------------|------|------|------|------|------|
| Return (before tax) | 12% | 19% | 11% | 4% | -18% |
| Return (after tax) | 10% | 16% | 10% | 4% | -15% |

We do not apply the same investment returns to all With Profits plans. When assessing appropriate levels of plan benefits, we took into account the following investment returns for the year 2008, derived from the investment mixes applied to the product groups.

Life plans

| Product | Investment return |
|--|-------------------|
| A. Growth and Income Bonds available from October 2003 to September 2005 with a guaranteed minimum amount payable on the tenth anniversary. | -15% |
| B. Capital Protection Plus Growth Bonds dated November 2008 or later, with a guaranteed minimum amount payable on the fifth or tenth anniversary. | 0% |
| C. Capital Protection Plus Income Bonds dated November 2008 or later, with a guaranteed minimum amount payable on the fifth or tenth anniversary. | 0% |
| D. Capital Protection Growth Bonds dated May 2008 or later with a guaranteed minimum amount payable on the fifth or tenth anniversary. | -14% |
| E. Capital Protection Income Bonds dated May 2008 or later with a guaranteed minimum amount payable on the fifth or tenth anniversary. | -13% |
| F. Bonds i) With Profits Income Bonds dated April 2002 or later including Capital Protection Income Bonds, other than those in A, B, C, D and E, and, ii) Investment Bonds dated July 1997 and later, and switched into With Profits in 2003 or later. | -15% |
| G. All other life plans i) Conventional ii) Unitised. | -15% -17% |

Pension plans

| Product | Investment return |
|---|-------------------|
| H. Adaptable Pension Plan with contractual annual interest. | -17% |
| I. With Profits Annuities. | -21% |
| J. All other pension plans. | -18% |

All returns are gross of investment expenses, net of tax payable by Legal & General and before any policy charges.

The investments and liabilities of the With Profits Sub Fund

At the end of 2008, the investments and liabilities were as follows:

| Investments and liabilities | £bn |
|---|--------|
| Total admissible investments | 24.56 |
| Assets supporting non-profit business | (9.64) |
| Remainder | 14.92 |
| Excess admissible investments and future profits on non-participating With Profits business | 0.42 |
| Available investments | 15.34 |
| Participating With Profits plan liabilities | 14.70 |
| Difference (Inherited estate) | 0.64 |

Bonus declaration dates

From February 2003 to February 2009 bonus declaration dates were as follows:

| |
|------------------|
| 19 February 2009 |
| 21 February 2008 |
| 22 February 2007 |
| 23 February 2006 |
| 24 February 2005 |
| 26 February 2004 |
| 27 February 2003 |

Contractual minimum addition

Historic rates of contractual minimum addition are:

| Year | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| CMA (Life) (%) | 2.45 | 2.15 | 2.20 | 1.90 | 1.75 | 2.25 | 2.80 | 2.60 | 2.50 | 1.40 | 1.45 | 1.55 | 1.50 |
| CMA (Pensions) (%) | 3.05 | 2.40 | 2.50 | 2.15 | 1.95 | 2.50 | 3.15 | 2.90 | 2.85 | 1.75 | 1.80 | 1.95 | 1.90 |

Market value reduction factors

The ranges of market value reduction factors which were applied from 2004 to 2008 were:

| Year | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------------------|-------------|-------------|---------------|---------------|-------------|
| Pensions | 79% to 100% | 86% to 100% | All were 100% | 95% to 100% | 76% to 100% |
| Annual-bonus-only bonds | 78% to 100% | 80% to 100% | 85% to 100% | 93% to 100% | 75% to 100% |
| Other bonds | 82% to 100% | 85% to 100% | 95% to 100% | 95% to 100% | 77% to 100% |
| Regular premium Life | 90% to 100% | 95% to 100% | All were 100% | All were 100% | 78% to 100% |

Deductions in respect of guarantees and options

We said we would let you know if there had been any deductions made from the With Profits Sub Fund in the past year to cover the expected cost of guarantees and options to be paid in the future. No such deductions were made during 2008, however market conditions mean that we need to make a charge of 0.75% of the value of your policy during 2009. Should you decide to come out of With Profits then it's likely that an additional charge will be made. This would be for the expected cost of guarantees and options not covered by the charge already taken.

Developments in how we manage our With Profits business

With Profits investments are currently managed by Legal & General Investment Management, another company within the Legal & General Group, under an agreement which specifies, amongst other things, the fees payable for this service.

Prior to 1 July 2007 the investment management fees charged by Legal & General Investment Management were generally incurred at cost. However, with effect from 1 July 2007, these fees have increased to reflect the typical market rate for this service. In return for the increase in fees, Legal & General Assurance Society has gained the discretion, in certain circumstances to seek investment management services from companies outside the Legal & General Group. We will publish information about any such decision on our website www.legalandgeneral.com/with-profits/

Where you can find out more

For more information, call us on the number shown on the letter that came with your statement or contact your usual financial adviser.

We also have a booklet called An Introduction to Unitised With Profits or An Introduction to Conventional With Profits which has further information on how your plan works. You can get a copy by calling **0845 071 0062** or by visiting our website www.legalandgeneral.com/bonus-declaration

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

You can also find out more information in your plan documents.

Review of our bonus declaration

The bonus declaration has been independently reviewed by Milliman. In Milliman's judgement, the 19 February 2009 bonus declaration, and the process by which it was reached, comply with Legal & General's Principles and Practices of Financial Management (PPFM). In carrying out this review, Milliman relied on the accuracy and completeness of the information supplied to it by Legal & General.

The board of directors will report to planholders in June 2009 on compliance with the PPFM for the year 2008. Copies of the report will be available on request, or from www.legalandgeneral.com/bonus-declaration

The report will also cover compliance of the 19 February 2009 bonus declaration with the PPFM.

Copies of the PPFM are available now. Copies of the June report will be available to planholders shortly after publication. You can request these by calling **0845 071 0062**, or view them at www.legalandgeneral.com/bonus-declaration Call charges will vary. We may record and monitor calls.

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W11438 11/09

