

2010 BONUS FACTSHEET.

Incorporating the Principles and Practices
of Financial Management (PPFM) Data Annex.
17 February 2011



This document contains data regarding the With Profits Sub Fund and the facts and figures for the bonus declaration on 17 February 2011.

▶ MARKET COMMENTARY.

This is our view of how the investment markets performed in 2010.

UK SHARES

The UK stock market, as represented by the FTSE All-Share Index, delivered strong gains in 2010, despite short periods of extreme volatility, rising by 10%. Following a positive first quarter, the UK market followed its leading global peers by sliding dramatically from mid-April's peak. With the Eurozone and US economy heavily in crisis, the FTSE All-Share Index dropped by 12% during the second quarter. The market's slide was then made worse by the halving of BP's share price over the second quarter due to the after effects of the Deepwater Horizon disaster.

Data showed that the UK economy grew by a robust 1.2% during the second quarter, thanks in part to the bounce back in construction. The Bank of England held interest rates at 0.5% throughout 2010 supporting economic recovery, though concerns rose over the level of inflation.

Despite brief market setbacks, worries over the sluggish pace of the US recovery and concerns of the spread of the Eurozone debt crisis, investors' confidence that the ongoing global recovery would boost the UK's economy held strong deep into the final quarter.

OVERSEAS SHARES

The French stock markets delivered positive returns during 2010, though worries that other deficit-heavy Eurozone countries would follow Greece, by requiring financial rescue from the European Union/International Monetary Fund, were proven right by Ireland's reluctant acceptance of a bailout in November. Investor sentiment was supported by the much stronger performance of 'core' Eurozone economies. The export-orientated German economy grew by an impressive 2.2% during the second quarter, while pan-European corporate newsflow during the year provided further grounds for investor optimism. Despite the gap between 'core' and 'peripheral' economies performance, the European Central Bank held interest rates at 1.0% in 2010.

Following a positive first quarter for the US, investor confidence dropped as the world's largest economy appeared to dip. Despite this, the US market had a robust performance in the second half of the year with the ongoing support from the Federal Reserve, an increase in retail activity and encouraging results from corporate heavyweights such as General Motors. By the end of the year, unemployment remained close to 10%, and so the Federal Reserve continued to support US economic recovery.

Japanese stocks performed well during the first quarter of the year, but endured a tougher period until deep into the final quarter. With much of the domestic economy's recovery attributed to state stimulus measures, concerns grew that the recovery in Japan's exports could be impacted by China's efforts to slow its booming economy and the strength of the yen. With deflationary pressures continuing to haunt Japan, the central bank restarted its quantitative easing programme in an effort to support the fragile recovery.

Emerging Asian economies such as China and India were at the forefront of the global recovery. Though economic growth for 2010 is set to be of the order of 10%, Chinese equities broadly underperformed their counterparts in India, Malaysia and Indonesia where economic growth remains robust.

FIXED INTEREST SECURITIES

Corporate bonds delivered strong returns in 2010, with the yields spread over government debt lessening as investors became more willing to take up credit risk as they pursued higher returns. Credit spreads briefly narrowed in May and November as events, such as the Eurozone debt crisis, attracted investors to the safety of government debt. High yield debt performed strongly in 2010 as investors sought higher income.

Government bonds generally delivered strong gains over 2010, supported by low inflation in most developed markets. As concerns increased over the US deficit and stresses within the Eurozone, uncertainty over the global economic outlook saw mainstream government bond markets, such as the US and the UK, attract investors looking for safe havens. Gilts found further favour as investors took comfort from the coalition's plans for spending cuts to address the deficit, while core Eurozone bonds, such as those issued by Germany, dramatically outperformed those in debt such as Greece and Ireland.

COMMERCIAL PROPERTY

The strong performance of the UK economy helped commercial property investments to continue the recovery from the lows of March 2009. However, property generally delivered smaller returns towards the end of 2010 as investors predicted a slowdown, with government spending reduced, and the continued global economic crisis.

▶ INVESTMENT INFORMATION.

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

	2006	2007	2008	2009	2010
UK shares	40%	32%	28%	24%	25%
Overseas shares	12%	14%	13%	14%	16%
Fixed interest securities	28%	37%	43%	48%	43%
Commercial property	20%	17%	16%	14%	16%

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

INVESTMENT PROPORTIONS BY PRODUCT GROUP.

The following tables show the overall investment mixes for each product group at the end of 2010.

Please note, the figures shown in brackets are the asset mixes at the end of 2009, where applicable.

LIFE POLICIES

PRODUCT	INVESTMENT MIXES				
	UK shares	Overseas shares	Fixed interest securities	Commercial property	Other
A. Growth and Income Bonds with a guaranteed minimum amount payable on the tenth anniversary (invested in from October 2003 to September 2005)*	25% (23%)	15% (13%)	42% (46%)	17% (14%)	1% (4%)
B. Capital Protection Growth Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (invested in from May to December 2008)	27% (26%)	18% (15%)	38% (44%)	17% (15%)	0% (0%)
C. Capital Protection Income Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (invested in from May to December 2008)	22% (21%)	13% (10%)	48% (54%)	17% (15%)	0% (0%)
D. Capital Protection Growth Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (January 2009 and later investments)	17% (16%)	20% (18%)	43% (49%)	19% (17%)	1% (0%)
E. Capital Protection Income Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (January 2009 and later investments)	17% (16%)	15% (13%)	48% (54%)	19% (17%)	1% (0%)
F. Capital Protection Plus Growth Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (invested in from November 2008 to 31 December 2009)	17% (16%)	20% (18%)	43% (49%)	19% (17%)	1% (0%)
G. Capital Protection Plus Income Bonds with a guaranteed amount payable on the fifth or tenth anniversary (invested in from November 2008 to 31 December 2009)	17% (16%)	15% (13%)	48% (54%)	19% (17%)	1% (0%)
H. Capital Protection Plus Growth Bonds (Generation 2) with a guaranteed minimum amount payable on the fifth or tenth (invested in from 1 December 2009)	19% (19%)	12% (11%)	58% (60%)	11% (10%)	0% (0%)
I. Capital Protection Plus Income Bonds (Generation 2) with a guaranteed minimum amount payable on the fifth or tenth (invested in from 1 December 2009)	17% (16%)	11% (10%)	62% (65%)	10% (9%)	0% (0%)
J. Capital Control Growth Bonds with a guaranteed amount payable on fifth or tenth anniversary (1 March 2010 and later investments)	17%	20%	43%	19%	1%
K. Capital Control Income Bonds with a guaranteed amount payable on fifth or tenth anniversary (1 March 2010 and later investments)	17%	15%	48%	19%	1%

LIFE POLICIES (CONTINUED)

PRODUCT	INVESTMENT MIXES				
	UK shares	Overseas shares	Fixed interest securities	Commercial property	Other
L. Other Income Bonds (dated April 2002 and later) and Investment Bonds (dated July 1997 and later, and switched into With Profits in 2003 or later)	22% (21%)	13% (10%)	48% (54%)	17% (15%)	0% (0%)
M. Other life policies: 1) Conventional 2) Unitised	27% (26%)	18% (15%)	38% (44%)	17% (15%)	0% (0%)

PENSION POLICIES

N. Adaptable Pension Plan with contractual annual interest (CAI)	22% (23%)	14% (14%)	50% (50%)	14% (13%)	0% (0%)
O. With Profits Annuities*	33% (35%)	22% (21%)	24% (24%)	21% (20%)	0% (0%)
P. Other pension policies: 1) Personal Retirement Plan 2) Other Unitised Pensions 3) Adaptable Pension Plan without CAI 4) Conventional Buy Out Plans 5) Other Conventional Pensions	23% (21%)	15% (13%)	48% (54%)	14% (12%)	0% (0%)

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

The mixes shown are as at 31 December 2010 and will vary over time as investment conditions and other factors influencing the appropriate mix for each product group change.

Please note, the figures shown in brackets are the asset mixes at the end of 2009, where applicable.

▶ INVESTMENT RETURNS.

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

YEAR	2006	2007	2008	2009	2010
Return (before tax)	11%	4%	-18%	14%	13%
Return (after tax)	10%	4%	-15%	12%	11%

We do not use the same investment returns to calculate bonuses for all With Profits policies. When assessing appropriate levels of policy benefits, we took into account the following investment returns for the year 2010, derived from the investment mixes applied to the product groups.

LIFE POLICIES

PRODUCT	INVESTMENT RETURN
A. Growth and Income Bonds with a guaranteed minimum amount payable on the tenth anniversary (invested in from October 2003 to September 2005)*	10% (9%)
B. Capital Protection Growth Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (invested in from May to December 2008)	11% (12%)
C. Capital Protection Income Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (invested in from May to December 2008)	11% (10%)
D. Capital Protection Growth Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (January 2009 and later investments)	11% (10%)
E. Capital Protection Income Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (January 2009 and later investments)	11% (9%)
F. Capital Protection Plus Growth Bonds with a guaranteed minimum amount payable on the fifth or tenth anniversary (invested in from November 2008 to 31 December 2009)	11% (10%)
G. Capital Protection Plus Income Bonds with a guaranteed amount payable on the fifth or tenth anniversary (invested in from November 2008 to 31 December 2009)	11% (9%)
H. Capital Protection Plus Growth Bonds (Generation 2) with a guaranteed minimum amount payable on the fifth or tenth anniversary (invested in from 1 December 2009)	10% (1%)
I. Capital Protection Plus Income Bonds (Generation 2) with a guaranteed minimum amount payable on the fifth or tenth anniversary (invested in from 1 December 2009)	10% (1%)
J. Capital Control Growth Bonds with a guaranteed amount payable on fifth or tenth anniversary (1 March 2010 and later investments)	11%
K. Capital Control Income Bonds with a guaranteed amount payable on fifth or tenth anniversary (1 March 2010 and later investments)	11%

LIFE POLICIES (CONTINUED)

PRODUCT	INVESTMENT RETURN
L. Other Income Bonds (dated April 2002 and later) and Investment Bonds (dated July 1997 and later, and switched into With Profits in 2003 or later)	11% (10%)
M. Other life policies 1) Conventional 2) Unitised	10% (12%) 11% (12%)

Please note, the figures shown in brackets are the investment returns at the end of 2009, where applicable.

PENSION POLICIES

PRODUCT	INVESTMENT RETURN
N. Adaptable Pension Plan with contractual annual interest (CAI)	13% (13%)
O. With Profits Annuities*	14% (16%)
P. Other pension policies: 1) Personal Retirement Plan 2) Other Unitised Pensions 3) Adaptable Pension Plan without CAI 4) Conventional Buy Out Plans 5) Other Conventional Pensions	13% (14%) 13% (14%) 13% (13%) 12% (12%) 13% (15%)

* For policies in groups A and O, the investment return depends upon the product type held and the date the investment was made. The figures shown are averages for all types and dates.

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

Please note, the figures shown in brackets are the investment returns at the end of 2009.

▶ THE INVESTMENTS AND LIABILITIES OF THE WITH PROFITS SUB FUND.

At the end of 2010, the investments and liabilities were as follows:

INVESTMENTS AND LIABILITIES	£bn
Total admissible investments	27.14
Assets supporting non-profit business	(11.48)
Remainder	15.66
Excess admissible investments and future profits on non-participating With Profits business	0.55
Available investments	16.21
Participating With Profits plan liabilities	15.26
Difference (Inherited estate)	0.95

▶ BONUS DECLARATION DATES.

From February 2004 to February 2011 bonus declaration dates were as follows:

17 February 2011
18 February 2010
19 February 2009
22 October 2008*
21 February 2008
22 February 2007
23 February 2006
24 February 2005
26 February 2004

*Reduction in final bonus.

▶ CONTRACTUAL MINIMUM ADDITION.

On some types of Life and Pensions policies we add a contractual minimum addition (CMA) at the end of each year. This increases the value of your policy each year by a guaranteed amount. The amount depends on the year in which contributions/premiums were paid and the type of policy.

To see if your policy is eligible for a contractual minimum addition, please refer to your annual bonus statement.

Historic rates of contractual minimum addition (CMA) are:

YEAR	1998	1999	2000	2001	2002	2003	2004	2005
CMA (Life) (%)	2.15	2.20	1.90	1.75	2.25	2.80	2.60	2.50
CMA (Pensions) (%)	2.40	2.50	2.15	1.95	2.50	3.15	2.90	2.85
YEAR	2006	2007	2008	2009	2010	2011		
CMA (Life) (%)	1.40	1.45	1.55	1.50	1.30	1.20		
CMA (Pensions) (%)	1.75	1.80	1.95	1.90	1.60	1.50		

▶ MARKET VALUE REDUCTION FACTORS.

The ranges of market value reduction factors which were applied from 2006 to 2010 were:

YEAR	2006	2007	2008	2009	2010
Pensions	All were 100%	95% to 100%	76% to 100%	71% to 100%	83% to 100%
Annual-bonus-only bonds	85% to 100%	93% to 100%	75% to 100%	71% to 100%	81% to 100%
Other bonds	95% to 100%	95% to 100%	77% to 100%	73% to 100%	84% to 100%
Regular premium Life	All were 100%	All were 100%	78% to 100%	74% to 100%	85% to 100%

DEDUCTIONS IN RESPECT OF GUARANTEES AND OPTIONS.

We made a deduction of 0.75% from the value of the assets underlying policies for 2008 and a refund of 0.4% of the value of these assets for 2009. We have reflected these adjustments in our calculation of bonus rates for the 2010 declaration. There will be a deduction of 0.2% for 2010, which will be reflected in the next bonus declaration. This deduction will also be taken into account should you decide to take your money out of With Profits during 2011, but it will have no impact on what we pay out at your normal retirement date or if your policy matures if this is before the next bonus declaration.

REVIEW OF OUR BONUS DECLARATION.

The bonus declaration has been reviewed by Milliman acting as the independent person. In Milliman's judgement, the 17 February 2011 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.

In June 2011 the Board of Directors will report to policyholders on compliance with our Principles and Practices of Financial Management (PPFM) for the period 1 January to 31 December 2010.

The Board Report on Compliance will be available on our website at www.legalandgeneral.com/with-profits by 30 June 2011. You can also download a copy of our PPFM from the website.

The PPFM is available now. 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.

INVESTMENT MANAGEMENT REVIEW 2010.

We are committed to providing consistent attractive long-term returns for our investors. In 2007 we wrote to you and told you we now have the right to use investment managers other than Legal & General Investment Management (LGIM) in certain circumstances. During 2010 we appointed two new investment managers, Lazard Asset Management Limited and Marathon Asset Management LLP, to manage some of the With Profits Fund's Japanese equity investments. Further details of these appointments can be found on our website at www.legalandgeneral.com/with-profits

HOW DO I FIND OUT MORE?



For information

You can find more information in your policy documents.



We also have booklets called 'An Introduction to Unitised With Profits' and 'An Introduction to Conventional With Profits' which have further information on how your policy works.

You can get copies of these by calling **0845 071 0062** or by visiting our website:

www.legalandgeneral.com/bonus-declaration



General information on With Profits is also available at this address.

For advice

If you'd like advice, please speak to your usual financial adviser.

Alternatively you may speak to a Legal & General adviser, however we can only give financial advice on our own products. If you don't have an adviser, you can visit **www.unbiased.co.uk** to find local independent financial advisers.

For service

For all general queries please call us on the number shown on the letter that came with your statement.

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



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