

ETHICAL UK EQUITY INDEX FUND

Data to 31 March 2010

| | |
|---------------------------|--------------------|
| Fund Size | £74 million |
| Number of Holdings | 263 |

In a Nutshell

- Offers opportunities to maximise the growth of your pension account over the mid to long-term
- Aimed at members with mid to long-term investment horizons who wish to take account of their ethical, environmental or social principles **in the UK equity markets**
- Tracks the FTSE4Good UK Index

Glossary

Credit markets 'Fixed income', 'bonds' and 'credit' are typically used interchangeably to refer to financial markets where debt securities are traded. Unlike equities, when investors acquire a debt security, it represents a loan to the organisation behind it (i.e. government, corporation, etc)

Equities Shares in companies

Index A measure of performance of a market

Investment classes Different types of investments, for example, equities, bonds or cash

Investment horizon The period over which you are looking to maintain your investment (such as until your pension date)

Long-term 15 years and longer

Mid-term 5 to 15 years

Returns In this case, the capital growth and the income derived from investing in a fund or stockmarket

Volatile Subject to fluctuations in value, caused by rising and falling stock markets, interest rates and for overseas investments, exchange rate between currencies

Why Legal & General Investment Management?

Legal & General Investment Management is one of the largest investment managers in the UK, with more than £315 billion* under management and over 3,113* company pension scheme clients. We offer a wide range of investment products designed to meet the needs of pension schemes and their members, all managed by dedicated fund management teams and supported by award winning client service.

Investing for Mid to Long-Term Growth

The Ethical UK Equity Index Fund aims to capture the returns of the FTSE4Good UK Index and is aimed at investors who wish to take account of ethical, environmental or social principles.

The Fund is likely to be of specific interest to members with mid to long-term investment horizons.

Why invest in equities?

The suitability of one investment class over another changes throughout your working life. If you are aiming for mid to long-term growth in the value of your pension account, a suitable strategy could be to invest in equities. Although equities can demonstrate extreme short-term volatility due to their sensitivity to movements in the economy and news about companies and industries, over the long-term they have historically given higher returns than other asset classes. Their long-term returns have outpaced inflation thereby increasing the buying power of your money. However, please remember that past performance is not a guide to the future.

The index fund approach

Index funds aim to eliminate the risk of poor share selection and deliver returns that are close to market returns. They do this by investing in most of the companies within the relevant market measured by the index.

FTSE4Good Index Series

FTSE4Good is an Index series for socially responsible investment, which was designed with the support of the United Nations Children's Fund, and uses data provided by the Ethical Investment Research Service. The FTSE4Good Advisory Committee is responsible for the management of the FTSE4Good selection criteria and for undertaking the review of all FTSE4Good indices.

The FTSE4Good index completely excludes companies that are significantly involved in tobacco production, the manufacture of whole weapons systems or strategic parts or services for nuclear weapon and those who operate nuclear power stations or mine/process uranium. When deciding whether to exclude companies outside these sectors, FTSE4Good classify companies based on their impact on the environment. Criteria for inclusion are more stringent for companies having a high impact on the environment.

*Data as at 31 December 2009.

This document should not be taken as an invitation to deal in Legal & General investments or any of the stated stock markets.

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ETHICAL UK EQUITY INDEX FUND

PERFORMANCE

| | FUND NET % | FUND GROSS % | INDEX % |
|---------------------|---------------|-----------------|------------|
| Mar 2009 - Mar 2010 | 49.1 | 49.4 | 48.7 |
| Mar 2008 - Mar 2009 | -27.5 | -27.4 | -27.5 |
| Mar 2007 - Mar 2008 | -10.3 | -10.2 | -10.1 |
| Mar 2006 - Mar 2007 | 9.2 | 9.4 | 9.4 |
| Mar 2005 - Mar 2006 | 23.9 | 24.1 | 24.1 |

Per annum to 31 March 2010

| | FUND NET % | FUND GROSS % | INDEX % |
|---------|---------------|-----------------|------------|
| 3 years | -1.0 | -0.8 | -1.1 |
| 5 years | 5.6 | 5.8 | 5.6 |

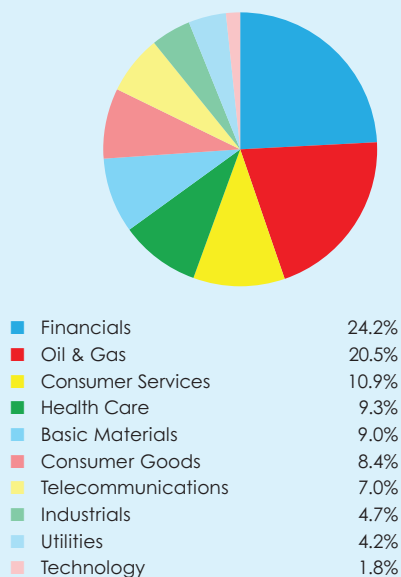
Past performance is not a guide to the future.

Returns are calculated on the basis of closing middle-market prices. Fund Net returns are after the deduction of our standard investment management fees (please refer to your scheme's literature to determine the fee rate you are paying).

Prior to the launch of the Index the Fund was managed passively.

INDEX SECTOR DISTRIBUTION

As at 31 March 2010



The source of all information is LGIM unless otherwise stated.

Market Highlights Over 12 Months to 31 March 2010

Financial markets have staged a remarkable comeback from the extreme lows reached in March one year ago. At the centre of this turnaround has been a dramatic improvement in the investment environment. Through the past twelve months the developed world has emerged from the worst economic recession in more than seventy years. With the global economy in decline and the financial system left battered from the financial crisis, world leaders concentrated on formulating strategies to rebuild the banking sector and bring major economies back to growth. As a result, central banks and governments across the globe coordinated ways of stimulating their economies which resulted in official interest rates being reduced towards zero in major developed markets and the introduction of 'quantitative easing' (essentially creating new money) measures in America and the United Kingdom.

The weight of the extraordinary measures undertaken proved effective. Financial markets rallied through the second half of 2009 as signs of life began to return to developed economies. However, equity markets remained highly volatile as investors debated the timing and strength of the economic recovery. The economic data and news from the corporate sector have continued to be broadly reassuring during the first three months of 2010 and the global economic recovery appears 'on track', albeit at a subdued pace.

While investor sentiment has improved markedly through the course of the year and most stock markets have produced strong results, a number of concerns have begun to appear towards the end of the reporting period. High government debt levels in much of the developed world have been brought into focus as a result of fears surrounding the ability of a number of Southern European economies (particularly Greece, Spain and Portugal) to service their ever expanding deficits. While the global economy has emerged from recession and growth rates are strong in the emerging economies, unemployment remains high in many developed nations. As policy makers begin to unwind their supportive measures, stock markets may need to begin to factor in a more subdued global economic climate.

Ten Largest Index Companies %

| | |
|-------------------|-----|
| BP | 8.8 |
| Royal Dutch Shell | 8.8 |
| HSBC Holdings | 8.7 |
| Vodafone Group | 6.0 |
| GlaxoSmithKline | 4.9 |
| Rio Tinto | 4.4 |
| BHP Billiton | 3.7 |
| Astrazeneca | 3.2 |
| Barclays | 3.2 |
| BG Group | 2.9 |

Important Information

Past performance is not a guide to the future and the value of investments can go down as well as up. Investors may not recoup the value of their original investment. This document should not be taken as an invitation to deal in Legal & General investments or any of the stated stock markets.

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