

CASH FUND

Data to 31 March 2010

Fund Size £2,518 million

In a Nutshell

- Invested in cash deposits and short-term investments
- Offers protection against stock market falls (rather than growth in the long-term)
- Likely to be of specific interest to members anticipating a cash sum on their pension date

Glossary

Annuity A pension which guarantees an income for life bought with the cash value of a pension account

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

Pension Date The date on which an individual starts to receive a pension

Return In this case, the income derived from cash deposits and other short-term investments

Risk The possibility that an investment will lead to a gain or a loss - the higher the risk, the higher anticipated rewards or potential losses, the lower the risk, the lower the anticipated rewards or potential losses

Short-term investments Cash or bonds with a short "life-span" of up to one year are considered to be short-term investments

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 the Short-Term

The Cash Fund aims to deliver competitive rates of return from sterling cash deposits with a number of UK and overseas financial institutions. It aims to match the median return of similar cash funds.

The Cash Fund holds cash deposits with high quality institutions monitored by Legal & General's Cash Management Team. The Fund will also hold investments issued by the UK Government.

If any of the financial institutions with whom the Fund's money is deposited becomes insolvent or suffers other financial difficulties, the full deposit may not be returned. This would mean that you may not get back the full value of your investment.

The Fund is likely to be of specific interest to investors looking for a short-term investment.

Cash is generally not considered a suitable investment for longer periods of investment, such as the whole of a working lifetime, because historically it has lacked the ability to keep pace with inflation.

Different investment classes have different levels of volatility and risk which means that the levels of return vary greatly. The suitability of one investment class over another therefore changes throughout your working life.

As you near your Pension Date

If you wish to take a cash sum at your Pension Date, you may wish to start building up a proportion of your pension account as cash, as you approach this date, moving it out of more volatile investments into cash can help provide for your final sum.

At your Pension Date, you can take part of your pension in cash. Under current legislation, this is paid free of tax and is an attractive benefit to consider. The remainder will be used to buy a pension annuity.

*Data as at 31 December 2009.

Legal & General Investment Management Limited provides investment and management services to Legal & General Assurance (Pensions Management) Limited, the operating company for the Fund. Both companies are authorised and regulated by the Financial Services Authority. Legal & General Investment Management, One Coleman Street, London EC2R 5AA

CASH FUND

PERFORMANCE

FUND	FUND NET %	FUND GROSS %
Mar 2009 - Mar 2010	0.4	0.5
Mar 2008 - Mar 2009	3.9	4.0
Mar 2007 - Mar 2008	5.8	5.9
Mar 2006 - Mar 2007	4.9	5.0
Mar 2005 - Mar 2006	4.6	4.7

Per annum to 31 March 2010

	FUND NET %	FUND GROSS %
3 years	3.3	3.4
5 years	3.9	4.0

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).

Market Highlights Over 12 Months to 31 March 2010

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 extraordinary measures which policy makers have undertaken during the past twelve months have significantly affected the performance of cash instruments and government bond markets. While an improving economic backdrop typically places upward pressure on interest rates, the sheer scale of monetary stimulus programmes has kept interest rates artificially low. In the US, the Federal Reserve completed \$300bn in purchases of US Treasuries and the Bank of England (BOE) completed close to £200bn of quantitative easing almost entirely taken up by gilt purchases.

The weight of the extraordinary measures undertaken by policy makers appears to have proven effective in stabilising the global economy. Economic data have continued to be broadly reassuring during the first three months of 2010 and the global recovery remains appears 'on track', albeit at a subdued pace. However, a number of concerns have also mounted 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, investors may need to begin to factor in a more subdued global economic climate.

Important Information

Past performance is not a guide to the future. Returns are calculated on the basis of closing middle-market prices after the deduction of fees. 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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