

NEW CAPITAL STRUCTURE
RECORD YEAR FOR UK LIFE AND PENSIONS BUSINESS
AND FUND MANAGEMENT



Legal & General will today brief analysts and investors on the completion of the major structural components of its Capital Review, as set out on 31 December 2007 and will take the opportunity to update the market on headline new business figures for 2007.

The broad ranging capital review has resulted in a modern, flexible capital structure, in support of long-term profitable growth. Detailed new business figures for 2007 will be released as previously scheduled on the 24 January 2008.

New business highlights for 2007 are:

UK Life and Pensions up 8% to £1,160m APE
Risk Business - Protection and Annuities up 4% to a record £423m APE
UK L&P Non- Profit Savings up 7% to £504m APE
Legal & General Investment Management new business up 155% to an exceptional £52.6bn

Tim Breedon, Group Chief Executive said:

“Legal & General delivered a record year for new business in UK Life and Pensions in 2007 and despite tougher market conditions, the fourth quarter proved to be our strongest of the year for both UK and worldwide new business APE.

“Legal & General Investment Management’s new business performance was outstanding in 2007. LGIM won over £52 billion in new mandates, reinforcing its position as the UK’s leading institutional investor.

“The UK marketplace is likely to prove just as challenging in 2008 as it was in the second half of 2007, with the economy forecast to soften as it digests the credit crunch. However, great opportunities exist for us to further strengthen our outstanding new business franchise, and the changes introduced from the capital review will provide excellent support to deliver further profitable growth.”

Risk Business

Annuities – APE £200m (2006: APE £174m) up 15% on previous record year

Bulk purchase annuities (BPA) had a record Q4 and a record year. £62m APE of new business was won in Q4, resulting in £1.12bn (£0.6bn Q4) single premium during 2007. There is evidence that the “step-change” in demand from “open” schemes that we have been anticipating for some time is now taking place.

Individual annuities also had a record year with sales 24% higher than 2006. Our postcode pricing pilot was successful and is being rolled out more widely. It will further enhance Legal & General’s position at the forefront of pricing technology.

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Protection – APE £223m (2006: APE £231m) down 3% on previous record year

Group protection had a good final Q4. Full year sales for Group protection of £63m APE are broadly in line with 2006, which was itself a strong year. We aim to invest further in product, infrastructure and service to continue growing our position in this attractive market.

Individual Protection sales held up well in Q4. 2007 finished close to the previous year at £160m APE. The softening housing market and credit crunch made trading conditions in the second half of the year more challenging. Legal & General continues to expand distribution and diversify its product range away from housing related sales. In February we will be launching our partnership with Nationwide Building Society, which has the potential to be one of our largest distribution partnerships. We expect to have maintained market share in 2007 and to outperform the market in 2008.

Savings Business

Savings – APE £504m (2006: APE £469m) up 7%

With-profits – APE £228m (2006: APE £191m) up 19%

Pensions sales were strong in 2007 as our SIPP launches continued to gain traction in the market and the A-day benefit effect continued, although now at a slower pace (Non profit pensions APE £253m in 2007 vs APE £207m in 2006). Investment bonds sales slowed in Q4 in volatile investment markets and as the uncertainty around potential tax changes impacted the market. Total new business sales for investment bonds ended just down on last year (Non profit bond APE £251m in 2007 vs APE £261m in 2006). We are pleased that our successful partnership with the market-leading Cofunds fund platform has been broadened and extended.

UK Retail Investments - APE £344m (2006: APE £664m), core retail down 1%, wholesale/institutional down 71%

Full year sales were down but stronger in Q4. Once again these included some of the large transfers of bundled unit trusts from financial institutions which were a feature of 2006, but were not repeated to the same extent in 2007. Underlying retail demand was a little weaker in Q4 in line with industry trends.

International

International – APE £114m (2006: APE £103m) up 11%

The USA and France drove business sales growth. In the USA we strengthened our position in the high net worth term market, and in France regulatory changes have stimulated the savings market. Conditions in the Netherlands remained challenging.

Investment Management

Legal & General Investment Management (LGIM) - new business £52.6bn (2006: £20.7bn) up 155%

LGIM had another record quarter and another record year, recording gross new business of £20.2bn and £52.6bn respectively. Our core product offering and strong client service continues to resonate with the investment marketplace. UK corporate and local authority pension funds continued to invest in LGIM's index funds and structured solutions. Although the business is showing good momentum and we are confident of further progress in 2008, it is unlikely that this exceptional level of inflows will be repeated.

ENDS.

Notes to Editors

There will be a presentation held today at 9.30am at One Coleman Street, London EC2R 5AA.

There will be a live audiocast of the presentation which can be accessed at <http://www.legalandgeneralgroup.com/investors/presentations.cfm>. The presentation slides will be available from 09.20 GMT.

There will be a live listen only teleconference link to the presentation. UK investors should dial 0800 694 1449 and overseas investors should dial +44 (0)1452 560304. The conference ID number is 30184565.

About Legal & General

Legal & General is a leading UK risk, savings and investment group. Founded over 170 years ago, Legal & General today provides life assurance and other financial protection products, annuities and long-term savings products including ISA's and pensions. With over £250 billion in funds under management, it is also the largest investor for UK pension funds. Legal & General has over 5.5 million UK customers. Our products are sold through over 30 bank and building society relationships, through Independent Financial Advisers and also directly to customers. Legal & General Assurance Society Limited, our principal operating company, is one of Europe's top rated life companies for financial strength, with an AA+ rating from Standard & Poor's and Aa1 from Moody's.

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Forward-looking statements:

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