

14 October 2004

Legal & General Group Plc
New business results to 30 September 2004

- **Strong growth in UK individual life and pensions**
- **Worldwide new business up 12%**
- **Group funds under management reach £154bn**

New business APE¹	Nine months to 30/9/04	Change	Three months to 30/9/04	Change
UK individual business				
- life and pensions	£444m	+23%	£167m	+27%
- retail investments	£145m	-14%	£30m	-35%
- total	£589m	+11%	£197m	+11%
UK group life and pensions	£85m	+9%	£24m	-8%
UK total	£674m	+11%	£221m	+9%
International	£85m	+20%	£27m	+17%
Worldwide total	£759m	+12%	£248m	+10%
 Institutional fund management	 £11.1bn		 £2.4bn	

¹ Annual Premium Equivalent (APE) is total new annual premiums + 10% of single premiums including ISAs and unit trusts.

David Prosser, Group Chief Executive, said: "Legal & General is continuing its record of new business success with double digit growth both year to date and against the corresponding quarter last year. Within this overall good growth, demand by individual investors for unit linked products has been strong. This has yet to be seen in ISAs and unit trusts where we believe further equity market recovery is needed to revive retail investor interest.

Legal & General Investment Management has continued its impressive record of new business success and has passed two milestones. Total assets under management are now over £154bn, and over £100bn is for external clients. The business has reinforced its position as one of Europe's major fund management houses.

Our value for money and financial strength are key brand attributes, which we are confident will continue to win us new distribution and increased market share. We anticipate achieving further profitable growth."

UK new business

In the third quarter we maintained the positive progress of the second quarter, with Legal & General once again achieving encouraging new business growth. We experienced particularly strong growth in IFA sourced single premium life and pensions new business. Success in these markets is the result of our strategy of building a more significant position in the IFA market place.

Unit linked bonds proved very popular with retail investors at the expense of with-profits bonds and ISAs and unit trusts, where demand appeared weak across the market during the quarter. Total UK life and pensions new business was up 22% on the corresponding quarter last year and up 20% over the year to date.

We believe that growth at these levels demonstrates our continued ability to win market share in the UK. In the second quarter we estimate that our UK retail market share (including ISAs and unit trusts) exceeded 10% for the first time.

Individual life

In the third quarter, annual premium sales were broadly stable at £42m (2003: £43m). New annual premiums for the first nine months increased 5% to £120m (2003: £114m) as we maintained our market leading position in the life protection market.

Demand for unit linked bonds continued to grow strongly, more than offsetting the decline in sales of with-profit bonds. In aggregate, third quarter single premiums were £445m (2003: £275m), a 62% increase. Over the first nine months sales were 60% higher at £1,266m (2003: £789m).

Individual pensions

Third quarter new annual premium business maintained the momentum of the second quarter with sales of £32m (2003: £24m). We continue to focus on acquiring employer-related schemes where there is a matching contribution from the employer. New annual premium business over the first nine months amounted to £93m (2003: £81m).

In single premium business, our pensions transfer proposition has continued to attract strong business volumes. Our active pricing policy for individual annuities has enabled us to control margins while contributing to 33% growth in total single premium pension business in the third quarter to £480m (2003: £360m) and 19% growth to £1,042m (2003: £876m) for the first nine months of the year.

ISAs and unit trusts

Our sales have reflected the wider market weakness. Regular payment sales in the third quarter were £4m (2003: £8m). Single payment sales in the third quarter were also lower at £260m (2003: £386m), which includes sales to institutional clients of £106m (2003: £61m). For the nine-month period sales were 14% lower at £145m APE (2003: £168m).

Group business

After an exceptional second quarter, in which we benefited from a competitor's withdrawal from the group risk market, annual premiums in the third quarter were unchanged from the corresponding period last year at £11m but declined from the levels of the first and second quarters. Bulk purchase annuity single premiums at £120m in the third quarter were below both the second quarter (£139m) and the corresponding quarter last year (£149m). In the first nine months group new business totalled £85m APE (2003: £78m).

Institutional fund management

Legal & General Investment Management continued to win significant volumes of new business in the quarter and in so doing has passed two important milestones. Assets managed for external clients now exceed £100bn and total assets under management now exceed £154bn.

New business of £11.1bn in the first nine months of the year (2003: £10.1bn) maintained our record of averaging over £1bn of new UK pension fund investment business per month since January 1998. We have continued to widen the sources of index fund business with new clients in the Netherlands and the Irish republic and to broaden the product range with notable success in active bond mandates.

International business

In sterling terms, third quarter new business (including unit trusts) grew 17% to £27m APE (2003: £23m) bringing new business for the nine month period to £85m APE (2003: £71m).

In local currency terms, new business in the USA in the third quarter grew to \$26m APE (2003: \$20m). Our European businesses produced €19m APE in the third quarter (2003: €15m) with growth in most business areas.

Outlook

Major opportunities continue to emerge for well positioned companies, such as Legal & General, from the many changes occurring in the UK insurance industry.

The introduction of the regulation of mortgage advice next month has provided an opportunity, through Legal & General Partnership Services Ltd, to further develop our market leading mortgage related distribution by establishing a network of tied mortgage advisers. In pension provision, the simplification of the tax regime and the proposals which will emerge following the report of the Turner Commission will, we believe, expand the market. We expect the strong growth we have recently experienced in the IFA sector to stand us in good stead once depolarisation finally occurs.

With our brand, distribution and financial strength, we believe we continue to be well positioned to take advantage of our changing market place.

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Notes:

1. A copy of this announcement can be found in the shareholder section of our website at <http://investor.legalandgeneral.com/releases.cfm>

2. Financial Calendar:

2004 Full year new business results	26 January 2005
2004 Preliminary results	24 February 2005
2005 First quarter new business results and AGM	27 April 2005
2005 Interim results and second quarter new business	28 July 2005
2005 Third quarter new business results	20 October 2005

LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 NINE MONTHS TO 30 SEPTEMBER 2004

NEW UK BUSINESS

	Nine months to 30 September			Three months to 30 September		
	2004 £m	2003 £m	increase/ (decrease) %	2004 £m	2003 £m	increase/ (decrease) %
INDIVIDUAL LIFE AND PENSIONS BUSINESS						
New annual premiums						
Life:						
- Mortgage related	82	78		29	30	
- Protection	38	36		13	13	
Pensions:						
- Individual pensions	93	81		32	24	
Total new annual premiums	213	195	9	74	67	10
Single premiums						
Life:						
- With-profits	310	450		86	122	
- Other	956	339		359	153	
Pensions:						
- Individual pensions	302	217		124	52	
- Annuities - individual	647	525		280	211	
- DWP rebates	93	134		76	97	
Total single premiums	2,308	1,665	39	925	635	46
Individual life and pensions APE	444	362	23	167	131	27

	Nine months to 30 September			Three months to 30 September		
	2004 £m	2003 £m	increase/ (decrease) %	2004 £m	2003 £m	increase/ (decrease) %
ISAS, PEPS AND UNIT TRUSTS						
New annual premiums						
- ISAs/PEPs (excluding cash ISAs)	17	22		4	7	
- Unit trusts	1	5		0	1	
Total new annual premiums	18	27	(33)	4	8	(50)
Single premiums						
- ISAs/PEPs (excluding cash ISAs)	437	496		48	104	
- Unit trusts	833	914		212	282	
Total single premiums	1,270	1,410	(10)	260	386	(33)
ISAs, PEPs and unit trusts APE	145	168	(14)	30	46	(35)
Total individual business APE	589	530	11	197	177	11

	Nine months to			Three months to		
	30 September		increase/	30 September		increase/
	2004	2003	(decrease)	2004	2003	(decrease)
	£m	£m	%	£m	£m	%
GROUP LIFE AND PENSIONS BUSINESS						
New annual premiums						
- Group risk	47	24		11	11	
- Group pensions	3	2		1	0	
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Total new annual premiums	50	26	92	12	11	9
Single premiums						
- Annuities - bulk purchase	350	515		120	149	
- Other group business	4	9		2	5	
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Total single premiums	354	524	(32)	122	154	(21)
Group life and pensions APE	-----	-----	-----	-----	-----	-----
	85	78	9	24	26	(8)
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Total UK APE	674	608	11	221	203	9
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INSTITUTIONAL FUND MANAGEMENT						
UK Managed Funds						
- Pooled funds	9,699	8,327		2,089	3,120	
- Segregated funds	1,143	1,256		80	897	
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	10,842	9,583		2,169	4,017	
UK Other	-----	-----	-----	-----	-----	-----
	301	470		231	56	
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	11,143	10,053	11	2,400	4,073	(41)
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LEGAL & GENERAL GROUP PLC						
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NINE MONTHS TO 30 SEPTEMBER 2004						

WORLDWIDE NEW BUSINESS

	Nine months to			Three months to		increase/ (decrease) %
	30 September 2004 £m	2003 £m	increase/ (decrease) %	30 September 2004 £m	2003 £m	
Annual premiums						
Life and pensions:						
- Life	167	138		53	54	
- Pensions	96	83		33	24	
UK	263	221	19	86	78	10
- USA	41	39		14	12	
- Netherlands	10	8		4	2	
- France	13	6		3	2	
Total life and pensions	327	274	19	107	94	14
Retail investment business:						
- UK	18	27		4	8	
Total new annual premiums	345	301	15	111	102	9
Single premiums						
Life and pensions:						
- Life	1,266	789		445	275	
- Pensions	1,396	1,400		602	514	
UK	2,662	2,189	22	1,047	789	33
- USA	1	11		0	3	
- Netherlands	91	67		27	21	
- France	106	85		38	36	
Total life and pensions	2,860	2,352	22	1,112	849	31
Retail investment business:						
- UK	1,270	1,410		260	386	
- France	14	18		6	9	
Total single premiums	4,144	3,780	10	1,378	1,244	11
Annual premium equivalent (APE)						
- UK life and pensions business	529	440		191	157	
- Overseas life and pensions business	84	69		27	22	
Total life and pensions business	613	509	20	218	179	22
- UK retail investment business	145	168		30	46	
- Overseas retail investment business	1	2		0	1	
Total retail investment business	146	170	(14)	30	47	(36)
Worldwide APE	759	679	12	248	226	10

LEGAL & GENERAL GROUP PLC
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OVERSEAS OPERATIONS
IN LOCAL CURRENCY

	Nine months to 30 September		increase/ (decrease) %	Three months to 30 September		increase/ (decrease) %
	2004	2003		2004	2003	
USA (\$m):						
New annual premiums	74	64		26	19	
Single premiums	1	18		0	5	
APE	74	66	12	26	20	30
Netherlands (€m):						
New annual premiums	14	12		5	4	
Single premiums	132	96		37	29	
APE	27	21	29	9	6	50
France (€m):						
New annual premiums	18	9		4	3	
Single premiums	155	121		54	50	
Unit trusts	21	26		8	12	
APE	36	24	50	10	9	11

UK INDIVIDUAL APE BY CHANNEL

	Nine months to 30 September 2004			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	126	242	368	62
Business partnerships	88	87	175	30
Business partnerships direct	3	14	17	3
Direct	14	15	29	5
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	231	358	589	100
	=====	=====	=====	=====
	Nine months to 30 September 2003			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	106	177	283	53
Business partnerships	92	100	192	36
Business partnerships direct	9	16	25	5
Direct	15	15	30	6
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	222	308	530	100
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