

28 April 2004

Legal & General Group Plc
New business results - first quarter 2004

- **Continuing progress in core retail life and pensions**
- **Record £5.4bn new institutional fund management business**

New business APE ¹	Q1 2004	Q1 2003	Change
UK retail business			
- life and pensions	£131m	£115m	+14%
- retail investments	£39m	£52m	-25%
- total retail business	£170m	£167m	+2%
UK group life and pensions	£23m	£33m	-30%
UK total	£193m	£200m	-4%
Worldwide total	£215m	£223m	-4%
 New institutional fund management	 £5.4bn	 £2.8bn	 +93%

¹ Annual Premium Equivalent (APE) is total new annual premiums + 10% of single premiums for life, pensions and retail investment business.

Group Chief Executive, David Prosser, said: "These results show further good progress for Legal & General, with our core UK retail life and pensions business continuing to grow well in sluggish markets. Legal & General Investment Management had a record quarter, winning another £5.4bn of new business. £1.3bn of this was for active bond management, developing momentum in our strategy of building this aspect of the business.

In UK group business, the quarter on quarter comparisons are distorted by large single payments for bulk purchase annuity business, where we have maintained a firm underwriting approach. In contrast, group risk business has performed well.

Independent financial advisors and other distributors continue to recognise the strength of our life and pensions product range. We believe Legal & General's strengths will enable us to gain further market share and to do so profitably."

Overview

In the UK, retail business continued to benefit from our broad spread of good value products and our wide distribution network with strong growth in life and pensions business, stable ISA volumes but lower unit trust sales. In the corporate market, we made good progress in group risk business but in bulk purchase annuities, new business volumes remained variable although the level of quotation requests remains high.

In local currency terms, our Continental European businesses have shown good growth in single premiums and in the USA new annual premium business was broadly maintained.

Legal & General Investment Management achieved further strong growth in funds under management with a record quarter, winning £5.4bn of new business, including substantial growth in actively managed bonds.

UK new business

Individual life

Annual premium sales for protection business were 16% higher at £37m (2003: £32m) as Legal & General maintained its leading position in the housing related market.

Demand for with-profits bonds remained relatively subdued at £123m (2003: £195m). However, this was more than offset by strong demand for unit-linked bonds, especially property linked funds, taking total single premium sales for the quarter to £384m (2003: £273m), up 41%.

Individual pensions

New annual premium business at £28m was broadly in line with the corresponding quarter last year (2003: £29m). Single premium new business also changed little at £273m (2003: £267m) as lower levels of DWP rebates were offset by an increase in individual annuity business.

Unit trusts and ISAs

ISA and unit trust sales in the first quarter fell to £39m APE (2003: £52m). Regular payment sales were maintained and single payment ISA sales increased slightly. However, single payment unit trust sales at £201m were down from £328m in the corresponding quarter last year when we benefited from a number of large unit trust purchases by institutional clients.

Group life and pensions

Group new business was £23m APE (2003: £33m), as good progress in group risk business was more than offset by lower levels of bulk purchase annuity business. Group risk new annual premiums nearly doubled to £13m (2003: £7m). Single premiums for bulk purchase annuity business, where we continued to maintain pricing discipline, were £91m compared to £248m in the corresponding quarter last year. This result was ahead of the final quarter of 2003 but the first quarter of 2003 benefited from two bulk purchase annuity schemes, which together generated single premiums of some £130m.

Institutional fund management

Our institutional fund management business had another excellent quarter winning record new business of £5.4bn (2003: £2.8bn). Of this total, £1.3bn was for active bond business, reflecting our successful strategy of developing this aspect of the business. New index fund business, which included one particularly large mandate, almost equalled the previous record in the fourth quarter of 2001.

At 31 March 2004, funds managed by Legal & General Investment Management exceeded £143bn.

International business

In the USA, new business was broadly maintained at \$22m APE (2003: \$23m) as we continued to develop our term assurance business.

Our Continental European operations produced increased new business of €16m APE (2003: €13m) as annual premium business was stable but single premium life and pensions business grew by 34%.

In sterling terms, total new business was broadly maintained at £22m APE (2003: £23m) but increased at constant exchange rates.

UK distribution and outlook

We continue to focus additional effort on the IFA market, which we believe continues to offer good growth opportunities for Legal & General. In the first quarter, this resulted in an increase in volumes and the share of business from this distribution channel. We are pleased to announce that we have been successful in securing a place on Sesame's short panel (Protection Select Plus) for term assurance.

Major partnership distribution developments in the quarter include Sainsbury's Bank, which has chosen to offer Legal & General term assurance to the 11 million customers who shop regularly in Sainsbury's supermarkets. Enquiries are handled through our direct call centre, which then uses our online functionality to give an immediate decision.

In addition to growing direct distribution, we have continued to grow our tied relationships, while building our mortgage network to maximise opportunities in the new regulatory environment, which takes effect from 1 October this year.

We expect the current stability in equity markets will lead to improved consumer confidence in savings and other financial products. At the same time we expect the trend of market share concentration to continue. All this maintains our confidence that Legal & General's strengths in products and distribution will enable us to gain further market share and to do so profitably.

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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:

29 July 2004

20 October 2004

Interim results and second quarter new business

Third quarter new business.

LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 THREE MONTHS TO 31 MARCH 2004

NEW UK BUSINESS

	Three months to 31 March		increase/ (decrease) %
	2004 £m	2003 £m	
INDIVIDUAL LIFE AND PENSIONS BUSINESS			
New annual premiums			
Life:			
- Mortgage related	25	21	
- Protection	12	11	
Pensions:			
- Individual pensions	28	29	
Total new annual premiums	65	61	7
Single premiums			
Life:			
- With-profits	123	195	
- Other	261	78	
Pensions:			
- Individual pensions	87	90	
- Annuities - individual	182	160	
- DWP rebates	4	17	
Total single premiums	657	540	22
Individual life and pensions APE	131	115	14
ISAS, PEPS AND UNIT TRUSTS			
New annual premiums			
- ISAs/PEPs			
(excluding cash ISAs)	6	6	
- Unit trusts	1	1	
Total new annual premiums	7	7	0
Single premiums			
- ISAs/PEPs			
(excluding cash ISAs)	122	120	
- Unit trusts	201	328	
Total single premiums	323	448	(28)
ISAs, PEPs and unit trusts APE	39	52	(25)
Total individual business APE	170	167	2
GROUP LIFE AND PENSIONS BUSINESS			
New annual premiums			
- Group risk			
	13	7	
- Group pensions	1	1	
Total new annual premiums	14	8	75
Single premiums			
- Annuities - bulk purchase			
	91	248	
- Other group business	1	1	
Total single premiums	92	249	(63)
Group life and pensions APE	23	33	(30)
Total UK APE	193	200	(4)
INSTITUTIONAL FUND MANAGEMENT			
UK Managed Funds			
- Pooled funds			
	4,412	2,751	
- Segregated funds	962	12	
	5,374	2,763	
UK Other	57	65	
Total fund management	5,431	2,828	92

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WORLDWIDE NEW BUSINESS

	Three months to 31 March		increase/ (decrease)
	2004 £m	2003 £m	%
Annual premiums			
Life and pensions:			
- Life	50	39	
- Pensions	29	30	
	-----	-----	-----
UK	79	69	14
- USA	12	14	
- Netherlands	3	2	
- France	0	1	
	-----	-----	-----
Total life and pensions	94	86	9
Retail investment business:			
- UK	7	7	
	-----	-----	-----
Total new annual premiums	101	93	9
Single premiums			
Life and pensions:			
- Life	384	273	
- Pensions	365	516	
	-----	-----	-----
UK	749	789	(5)
- USA	0	1	
- Netherlands	40	29	
- France	30	26	
	-----	-----	-----
Total life and pensions	819	845	(3)
Retail investment business:			
- UK	323	448	
- France	3	5	
	-----	-----	-----
Total single premiums	1,145	1,298	(12)
Annual Premium Equivalent (APE)			
- UK life and pensions business	154	148	
- Overseas life and pensions business	22	23	
	-----	-----	-----
Total life and pensions business	176	171	3
- UK retail investment business	39	52	
- Overseas retail investment business	0	0	
	-----	-----	-----
Total retail investment business	39	52	(25)
Worldwide APE	----- 215	----- 223	----- (4)

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OVERSEAS OPERATIONS
IN LOCAL CURRENCY

	Three months to 31 March		increase/ (decrease) %
	2004	2003	
USA (\$m):			
New annual premiums	22	23	
Single premiums	0	2	
APE	22	23	(4)
Netherlands (€m):			
New annual premiums	4	4	
Single premiums	60	42	
APE	10	8	25
France (€m):			
New annual premiums	1	1	
Single premiums	46	37	
Unit trusts	6	7	
APE	6	5	20

UK INDIVIDUAL APE BY CHANNEL

	Three months to 31 March 2004			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	38	63	101	60
Business partnerships	28	28	56	33
Business partners direct	1	1	2	1
Direct	4	7	11	6
	<u>71</u>	<u>99</u>	<u>170</u>	<u>100</u>

	Three months to 31 March 2003			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	32	63	95	57
Business partnerships	30	28	58	35
Business partners direct	3	3	6	3
Direct	3	5	8	5
	<u>68</u>	<u>99</u>	<u>167</u>	<u>100</u>