

30 April 2003

Legal & General Group Plc
New business results - first quarter 2003

- **Resilient UK new business performance**
- **New institutional fund management business of £2.8bn**

| New business APE ¹ | Q1 2003 | Q1 2002 | Change |
|-------------------------------|---------|---------|--------|
| UK total | £200m | £208m | -4% |
| - life and pensions business | £148m | £155m | -5% |
| - retail investment business | £52m | £53m | -2% |
| International | £23m | £25m | -8% |
| Total | £223m | £233m | -4% |

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 are encouraging results for Legal & General, achieved in difficult market conditions. We have seen our group life and pensions business grow strongly. Although UK market demand for retail investment products has been impacted adversely by equity market levels, our sales have remained resilient. Our firm underwriting approach has been maintained and we believe the profitability of UK sales, measured by the value/premium ratio, compares favourably with the result achieved in 2002.

Our other UK business areas have also performed well. Legal & General Investment Management has continued its impressive growth record, winning another £2.8bn of new business. In addition, net premiums written by our General Insurance business have grown by over 28%.

We expect conditions to remain difficult this year, but with our financial strength and our good value product range, we believe we remain well positioned to achieve profitable market share growth.”

UK new business

New business was 4% lower at £200m APE (2002: £208m) with the decline in individual business being balanced by strong growth in group life and pensions business.

Individual life

Annual premium sales for protection business were 6% lower at £32m (2002: £34m). Despite this, Legal & General maintained its leading position in the housing related market. Higher average premiums have largely counteracted a lower level of new business applications. Demand for with-profits bonds fell sharply but this was partly offset by the growing demand for unit-linked bonds, taking single premium sales to £273m (2002: £401m).

Individual pensions

New annual premium business at £29m was in line with the fourth quarter but fell short of the corresponding quarter last year of £43m, which benefited from the initial population of employer-sponsored stakeholder schemes. Single premium business was more buoyant at £267m, an increase of 34% on the 2002 level of £200m, with particularly strong growth in individual annuity business.

Unit trusts and ISAs

Although the market experienced a sharp downturn in sales, our new business held up in the quarter at £52m APE (2002: £53m). Our ISA volumes have fallen but this has been largely offset by increased volumes of unit trust business from institutional clients, bancassurance partners and specialist IFAs. Demand was strongest for our UK Equity Index and Fixed Interest Trusts.

Group business

Group new business was £33m APE (2002: £18m), reflecting increased levels of demand in the bulk purchase annuity market. In the first quarter of 2003, two schemes together generated single premiums of some £130m but there has also been a significant increase in the number of smaller schemes won.

Institutional fund management

Our institutional fund management subsidiary maintained its highly successful track record by winning new business of £2.8bn in the quarter.

Group funds under management at 31 March 2003 were £116bn, unchanged from the end of 2002 despite further falls in worldwide equity markets.

International business

In the USA, we continued to develop our term assurance business with new annual premiums increasing by 10% to \$23m (2002: \$21m).

Our European operations produced €13m APE (2002: €16m). Sales in the Netherlands of €8m APE were 11% down on the first quarter last year reflecting lower volumes of single premium business. In France, where market conditions remain difficult, new business was €5m APE (2002.: €7m).

In sterling terms, total sales from our international operations were £23m (2002: £25m).

UK market outlook

Volatility and uncertainty in equity markets worldwide have created difficult operating conditions in the markets for our products in recent months. For Legal & General, these difficult conditions have also had positive consequences. Distributors have been attracted to our brand, financial strength and full product range. As a consequence, we have been

discussing and agreeing new partnerships with a wide range of organisations in recent months. This bodes well for our future new business prospects.

The outlook for our industry as a whole will be heavily influenced by the performance of equity markets. We are cautious about the outlook for the rest of this year but, longer term, we expect to see equity markets recover and for this to stimulate a revival in consumer confidence in savings and other financial products. We believe Legal & General's strengths will position us well to take full advantage of the anticipated upturn.

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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:

24 July 2003
20 October 2003

Interim results and second quarter new business
Third quarter new business.

1. LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 THREE MONTHS TO 31 MARCH 2003

NEW UK BUSINESS

| | Three months to 31 March | | increase/ (decrease) % |
|--|-----------------------------|------------|------------------------------|
| | 2003 £m | 2002 £m | |
| INDIVIDUAL LIFE AND PENSIONS BUSINESS | | | |
| New annual premiums | | | |
| Life: | | | |
| - Mortgage related | 21 | 24 | |
| - Protection | 11 | 10 | |
| Pensions: | | | |
| - Individual pensions | 29 | 43 | |
| Total new annual premiums | 61 | 77 | -21 |
| Single premiums | | | |
| Life: | | | |
| - With-profits | 195 | 353 | |
| - Other | 78 | 48 | |
| Pensions: | | | |
| - Individual pensions | 90 | 78 | |
| - Annuities - individual | 160 | 99 | |
| - DSS rebates | 17 | 23 | |
| Total single premiums | 540 | 601 | -10 |
| Individual life and pensions APE | 115 | 137 | -16 |
| ISAS, PEPS AND UNIT TRUSTS | | | |
| New annual premiums | | | |
| - ISAs/PEPs | | | |
| (excluding cash ISAs) | 6 | 9 | |
| - Unit trusts | 1 | 2 | |
| Total new annual premiums | 7 | 11 | -36 |
| Single premiums | | | |
| - ISAs/PEPs | | | |
| (excluding cash ISAs) | 120 | 206 | |
| - Unit trusts | 328 | 218 | |
| Total single premiums | 448 | 424 | 6 |
| ISAs, PEPs and unit trusts APE | 52 | 53 | -2 |
| Total individual business APE | 167 | 190 | -12 |
| GROUP LIFE AND PENSIONS BUSINESS | | | |
| New annual premiums | | | |
| - Group risk | | | |
| | 7 | 6 | |
| - Group pensions | | | |
| | 1 | 2 | |
| Total new annual premiums | 8 | 8 | 0 |
| Single premiums | | | |
| - Annuities - bulk purchase | | | |
| | 248 | 88 | |
| - Other group business | | | |
| | 1 | 13 | |
| Total single premiums | 249 | 101 | 147 |
| Group life and pensions APE | 33 | 18 | 83 |
| Total UK APE | 200 | 208 | -4 |
| INSTITUTIONAL FUND MANAGEMENT | | | |
| UK Managed Funds | | | |
| - Pooled funds | | | |
| | 2,751 | 2,548 | |
| - Segregated funds | | | |
| | 12 | 420 | |
| | 2,763 | 2,968 | |
| UK Other | 65 | 36 | |
| Total fund management | 2,828 | 3,004 | -6 |

LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 THREE MONTHS TO 31 MARCH 2003

WORLDWIDE NEW BUSINESS

| | Three months to 31 March 2003 | | Three months to 31 March 2002 | | increase/decrease | |
|----------------------------|----------------------------------|--------------|----------------------------------|--------------|-------------------|-------------|
| | Annual £m | Single £m | Annual £m | Single £m | Annual % | Single % |
| LIFE AND PENSIONS | | | | | | |
| Life | 39 | 273 | 40 | 401 | -3 | -32 |
| Pensions | 30 | 516 | 45 | 301 | -33 | 71 |
| UK | 69 | 789 | 85 | 702 | -19 | 12 |
| USA | 14 | 1 | 15 | 0 | -7 | n/a |
| Netherlands | 2 | 29 | 2 | 32 | 0 | -9 |
| France | 1 | 26 | 1 | 29 | 0 | -10 |
| INSURANCE TOTAL | 86 | 845 | 103 | 763 | -17 | 11 |
| RETAIL INVESTMENT BUSINESS | | | | | | |
| UK | 7 | 448 | 11 | 424 | -36 | 6 |
| France | | 5 | | 7 | | -29 |
| TOTAL NEW BUSINESS | 93 | 1,298 | 114 | 1,194 | -18 | 9 |

OVERSEAS OPERATIONS
IN LOCAL CURRENCY

| | Three months to 31 March | | increase/ (decrease) % |
|---------------------|-----------------------------|------|------------------------------|
| | 2003 | 2002 | |
| USA (\$m): | | | |
| New annual premiums | 23 | 21 | |
| Single premiums | 2 | 0 | |
| APE | 23 | 21 | 10 |
| Netherlands (€m): | | | |
| New annual premiums | 4 | 4 | |
| Single premiums | 42 | 53 | |
| APE | 8 | 9 | -11 |
| France (€m): | | | |
| New annual premiums | 1 | 1 | |
| Single premiums | 37 | 47 | |
| Unit trusts | 7 | 11 | |
| APE | 5 | 7 | -29 |

LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 THREE MONTHS TO 31 MARCH 2003

UK INDIVIDUAL APE BY CHANNEL

| | 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> |

| | Three months to 31 March 2002 | | | |
|--------------------------------|-------------------------------|--------------|-----------------|------------|
| | Annual £m | Single £m | Total APE £m | % |
| Independent financial advisers | 38 | 44 | 82 | 43 |
| Business partnerships | 38 | 43 | 81 | 43 |
| Business partners direct | 7 | 6 | 13 | 7 |
| Direct | 5 | 9 | 14 | 7 |
| | <u>88</u> | <u>102</u> | <u>190</u> | <u>100</u> |