

11 April 2002

Legal & General Group Plc

New business results - first quarter 2002

- **Another record new business result**
- **New institutional fund management business of £3bn**
- **Funds under management exceed £122bn**

New business APE¹	Q1 2002	Q1 2001	Change
UK total	£208m	£149m	+40%
- UK individual business	£190m	£123m	+54%
International	£25m	£25m	-
Total	£233m	£174m	+34%

¹ Annual Premium Equivalent (APE) is total new annual premiums + 10% of single premiums.

Group Chief Executive, David Prosser, said: "This year has started very strongly for Legal & General with good support from all channels and the benefit of our major strategic alliances. These results underline the success of our strategy of delivering profitable organic growth.

Our UK individual new business has shown an impressive performance across the product range with growth of 54%. I expect this rate of growth will significantly increase our market share. An outstanding achievement was 77% growth in ISA and unit trust sales.

Our institutional fund management company continued to average £1bn new business per month and has done so since January 1998.

Our UK long term fund has the highest possible rating from Standard & Poor's and A M Best. This financial strength, together with our product range and distribution capabilities, ensures that Legal & General's prospects for further profitable growth remain strong."

UK new business

New annual premium equivalent (APE) increased by 40% to £208m (2001: £149m). Individual business grew by 54% to £190m APE (2001: £123m), reflecting the new business volumes contributed by existing and new business partners, in particular the strategic alliances with Barclays, Alliance & Leicester and Northern Rock.

Individual life

Legal & General has retained its leading position in the housing related market. Annual premium sales of £34m were up 13% (2001: £30m), as the strong position we have continued to build in the life protection market has more than offset the impact of our decision to withdraw our ISA mortgage repayment product.

Demand for single premium bonds remained buoyant, with sales more than doubling to £401m (2001: £196m), benefiting from the contribution from our new distribution partners.

Individual pensions

New annual premium business grew by 95% to £43m (2001: £22m), of which £40m was written on Stakeholder terms. This reflects both our success in winning employer Stakeholder business from fee based employee benefit consultants, and the increasing membership in schemes with employer contributions.

Unit trusts and ISAs

Market statistics for January and February showed a sharp downturn in sales. Against that background we have achieved exceptionally strong growth in new business, achieving a double-digit share of the ISA market in the first two months of the year.

New business APE reached £53m, an increase of 77% (2001: £30m). Demand was strongest for our UK Index Trust, the Fixed Interest (corporate bond) and High Income Trusts and for our Protected Portfolio product.

Group business

Group new business was £18m APE (2001: £26m), these lower volumes reflecting reduced levels of demand in the bulk purchase annuity market. The decline in this business from larger schemes appears to reflect the adverse impact of equity markets on funding levels. However, despite price increases in October 2001, we continue to win encouraging volumes of bulk purchase business in the small and mid-sized segment of the market.

Institutional fund management

Our institutional fund management subsidiary maintained its highly successful track record by winning new business of £3bn in the quarter.

This also maintained our record of averaging over £1bn of new UK pension fund investment business per month since January 1998.

Group funds under management at 31 March 2002 exceeded £122bn, up from £110bn a year earlier.

International business

In the USA, new annual premium business increased by 24% to \$21m (2001: \$17m) as we continue to develop our chosen niche market of term assurance for upper income customers.

Our European businesses produced €16m APE (2001: €22m). Sales in the Netherlands of €9m were 50% up on the final quarter of 2001 but did not match the exceptional result of €11m achieved in the first quarter last year. In France, where market conditions remain difficult, new business was €7m APE, matching the final quarter of 2001 but below the first quarter 2001 result of €11m.

UK Distribution

We have achieved volume growth in all distribution channels. The growing contribution from Business Partners reflects the strategic alliances with Barclays, Alliance & Leicester and Northern Rock, together with the record number of smaller business partners recruited last year. Our success in recruiting new agents continues in 2002.

In the IFA sector, we established a separate sales and servicing team in December 2001 focussed on the needs of the major employee benefit consultants and other fee based advisors. This reflects the growing importance of this segment of the market.

Our Direct operation supports the increasing volumes of new business obtained on a non-advised basis from lender partners such as Barclays and Alliance & Leicester. These direct sales from our business partners amounted to £13m APE (2001: £1m), reflecting the distribution power of our partners, together with the strengths of Legal & General's brand, product range and direct capabilities.

We have also benefited from our facility for customers to purchase and manage ISAs on line with 19% of Direct ISA sales over the quarter via the internet. E-commerce functionality provided for our Direct customers is also utilised by our Business Partners and in the IFA channel, most recently with the extension of our on-line term assurance functionality to a broad range of protection products.

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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 for 2002:

30 April Annual General Meeting
25 July Interim Results and second quarter new business
18 October Third quarter new business

LEGAL & GENERAL GROUP PLC
UNAUDITED NEW BUSINESS PREMIUMS
THREE MONTHS TO 31 MARCH 2002

<u>NEW UK BUSINESS</u>	Three months to 31 March		increase/ decrease
	2002	2001	
	£m	£m	%
INDIVIDUAL LIFE AND PENSIONS BUSINESS			
New annual premiums			
Life:			
- Mortgage related	24	23	
- Protection	10	7	
Pensions:			
- Individual pensions	43	22	
Total new annual premiums	77	52	48
Single premiums			
Life:			
- With-profits	353	179	
- Other	48	17	
Pensions:			
- Individual pensions	78	87	
- Annuities - individual	99	103	
- DSS rebates	23	24	
Total single premiums	601	410	47
Individual life and pensions APE	137	93	47

	Three months to 31 March		increase/ decrease
	2002	2001	%
	£m	£m	
ISAS, PEPS AND UNIT TRUSTS			
New annual premiums			
- ISAs/PEPs (excluding cash ISAs)	9	5	
- Unit trusts	2	0	
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Total new annual premiums	11	5	120
Single premiums			
- ISAs/PEPs (excluding cash ISAs)	206	170	
- Unit trusts	218	75	
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Total single premiums	424	245	73
ISAs, PEPs and unit trusts APE	----- 53 =====	----- 30 =====	----- 77 =====
Total individual business APE	----- 190 =====	----- 123 =====	----- 54 =====

	Three months to 31 March		increase/ decrease/ %
	2002 £m	2001 £m	
GROUP LIFE AND PENSIONS BUSINESS			
New annual premiums			
- Group risk	6	9	
- Group pensions	2	2	
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Total new annual premiums	8	11	-27
Single premiums			
- Annuities - bulk purchase	88	129	
- Other group business	13	22	
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Total single premiums	101	151	-33
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Group life and pensions APE	18	26	-31
	=====	=====	=====
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Total UK APE	208	149	40
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INSTITUTIONAL FUND MANAGEMENT			
UK Managed Funds			
- Pooled funds	2,548	3,247	
- Segregated funds	420	7	
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	2,968	3,254	
UK Other	36	6	
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Total fund management	3,004	3,260	-8
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OVERSEAS OPERATIONS IN LOCAL CURRENCY

	Three months to 31 March		increase/ decrease %
	2002	2001	
USA (\$m):			
New annual premiums	21	17	
Single premiums	0	0	
APE	21	17	24
Netherlands (Euro m):			
New annual premiums	4	3	
Single premiums	53	76	
APE	9	11	-18
France (Euro m):			
New annual premiums	1	4	
Single premiums	47	46	
Unit trusts	11	22	
APE	7	11	-36

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UK INDIVIDUAL APE BY CHANNEL

	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
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	88	102	190	100
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	Three months to 31 March 2001			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	31	43	74	60
Business partnerships	19	10	29	24
Business partners direct	0	1	1	1
Direct	7	12	19	15
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	57	66	123	100
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