

16 October 2001

Legal & General Group Plc
New business to 30 September 2001

New business APE*	Nine months to 30/9/01	Nine months to 30/9/00	
UK life and pensions			
- individual	£325m	£280m	+16%
- corporate	£103m	£50m	+106%
UK unit trusts and ISAs	£88m	£69m	+28%
Total UK	£516m	£399m	+29%
International (inc. unit trusts)	£69m	£74m	-7%
Total APE including unit trusts/ISAs	£585m	£473m	+24%
 New fund management business	 £9.0bn	 £9.6 bn	 -6%

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

Group Chief Executive, David Prosser, said: "Legal & General has delivered excellent new business growth in 2001, with the third quarter being another record for sales. We achieved good growth both from our IFA channel and through our business partnerships, where the benefits of our new relationships with Barclays and Alliance & Leicester are becoming apparent.

Our investment management business continues to deliver remarkable results. Since the beginning of 1998, it has averaged over £1 billion of new business a month and has maintained that record in the last quarter despite lower equity market levels. With over two thousand pension fund clients we are a market leader and have both quality and depth in management as well as technical expertise.

Legal & General provides a high degree of security for its customers despite the volatility in equity markets. Throughout these difficult market conditions we have continued to manage the business prudently. Accordingly, we expect to continue to achieve above market growth whilst still obtaining our desired return on capital."

UK new business

New business for the first nine months increased by 29% to £516m (30/9/00: £399m), with the third quarter representing another record as new business grew 37% to £191m APE (30/9/00: £139m).

Individual pensions

Annual premium business in the first nine months grew by 38% to £84m (30/9/00: £61m) of which £77m was written on Stakeholder terms. Growth was particularly strong in the third quarter (up 79% to £34m).

At the end of September some 36,000 employers covering one million potential scheme members had designated Legal & General as their Stakeholder pensions provider - an additional 12,000 designations since 30 June 2001. With this high level of designations, Legal & General is well placed to achieve its double-digit Stakeholder market share target. We are supporting worksite marketing initiatives to encourage scheme membership. Recent survey evidence shows that take-up may be slow initially in those cases where there is no employer contribution.

Individual life

Annual premium sales in the first nine months increased to £101m (30/9/00: £97m) as the strong position we have built up in the life protection market has largely offset the new business impact of our decision to withdraw our ISA mortgage repayment product in May. Despite this decision, annual premium life sales in the third quarter were maintained at £34m. The volumes of term business submitted and underwritten through the internet have continued to grow.

Single premium bond sales in the first nine months were up sharply at £843m (30/9/00: £550m), an increase of 53%, reflecting continuing high levels of demand, especially for with-profits bonds. Third quarter sales of £345m were 55% higher (30/9/00: £223m) supported by the distribution strengths of our business partners.

Corporate business

Corporate new business in the first nine months more than doubled to reach £103m APE, primarily as a result of our strength in the bulk purchase annuity market. Bulk purchase annuity premiums increased by 390% to £598m (30/9/00: £122m) following subdued demand in 2000. Future business flows may be adversely impacted by the current volatility in equity markets.

Unit trusts and ISAs

New business APE reached £88m in the first nine months of the year, an increase of 28% (30/9/00: £69m). In the third quarter, new business more than doubled to £29m APE. Although markets have been volatile, customers have continued to recognise the benefit of regular savings.

Distribution

Our distribution mix has become more balanced as our major new business partnerships have come on stream. Alliance & Leicester made their first full quarter's contribution while Barclays rolled out our full product range in their branch network in August. Allowing for lead times, the impact of Barclays' business will be greater in the fourth and subsequent quarters. The Woolwich has been offering Legal & General protection policies in association with its mortgage products since 1 October.

International business

In the USA, new business APE in the third quarter was \$19m, an increase of 19% on the third quarter last year. Comparisons with the first nine months of 2000 are distorted by the effect of the introduction of the "Triple X" solvency requirements, which boosted sales at the beginning of that year.

Given that our business in the USA is a major provider of term assurance for individual customers, it has inevitably been impacted by the terrorist attacks of 11 September. Despite the difficulties in establishing the full extent of claims, we do not currently expect our liability from that event to exceed \$10m net of reinsurance.

Our European businesses continue to show very strong growth, up 35% in the first nine months to €50m. In France, new business has increased by 17% to €28m APE (30/9/00: €24m), supported by strong growth in group annual premium business. Sales in the Netherlands continued to outperform the wider market, growing by an impressive 69% to €22m APE (30/9/00: €13m).

Investment management

New fund management business secured in the first nine months of the year totalled £9.0bn (30/9/00: £9.6bn). We have added 170 new pension fund clients so far this year. Since the beginning of 1998, we have averaged over £1bn of new UK pension business a month - a track record we believe to be unequalled.

Outlook

Notwithstanding current equity market volatility, we believe our financial, brand, product and distribution strengths will enable us to achieve further profitable business growth for the rest of the year and into 2002. The need for our customers to save is not diminished, so strong and successful providers will continue to have the opportunity to increase both volumes and market share.

For further information contact:

Investors: Peter Horsman
Head of Investor Relations
020 7528 6362

Media: John Morgan
Head of Public Relations
01737 375353

Anthony Carlisle
Citigate Dewe Rogerson
07973 611888

Note:

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

LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 NINE MONTHS TO 30 SEPTEMBER 2001

NEW UK BUSINESS

	Nine months to 30 September		increase/ (decrease)	Three months to 30 September		increase/ (decrease)
	2001	2000		2001	2000	
	£m	£m	%	£m	£m	%
INDIVIDUAL LIFE AND PENSIONS BUSINESS						
New annual premiums						
Life:						
- Mortgage related	75	86		24	29	
- Savings	0	1		0	1	
- Protection	26	10		10	4	
Pensions:						
- Individual pensions	84	61		34	19	
Total new annual premiums	185	158	17	68	53	28
Single premiums						
Life:						
- With-profits	774	468		315	201	
- Other	69	82		30	22	
Pensions:						
- Individual pensions	211	287		53	130	
- Annuities - individual	255	310		95	121	
- DSS rebates	88	76		53	50	
Total single premiums	1,397	1,223	14	546	524	4
Individual life and pensions APE	325	280	16	123	105	17
GROUP LIFE AND PENSIONS BUSINESS						
New annual premiums						
- Group risk	25	25		9	11	
- Group pensions	12	7		8	4	
Total new annual premiums	37	32	16	17	15	13
Single premiums						
- Annuities - bulk purchase	598	122		201	31	
- Other group business	69	58		32	25	
Total single premiums	667	180	271	233	56	316
Group life and pensions APE	103	50	106	39	20	95
ISAS, PEPS AND UNIT TRUSTS						
New annual premiums						
- ISAs/PEPs (excluding cash ISAs)	25	14	79	9	3	200
Single premiums						
- ISAs/PEPs (excluding cash ISAs)	369	345		59	49	
- Unit trusts	260	207		140	63	
Total single premiums	629	552	14	199	112	78
ISAs PEPs and unit trusts APE	88	69	28	29	14	107
Total UK APE	516	399	29	191	139	37
INSTITUTIONAL FUND MANAGEMENT						
UK Managed Funds						
- Pooled funds	7,766	8,033		2,169	3,060	
- Segregated funds	1,198	295		796	6	
	8,964	8,328		2,965	3,066	
UK Other	28	1,271		15	664	
	8,992	9,599	-6	2,980	3,730	-20

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WORLDWIDE NEW BUSINESS

	Nine months to 30 September			Three months to 30 September		
	2001 £m	2000 £m	increase/ (decrease) %	2001 £m	2000 £m	increase/ (decrease) %
New annual premiums						
Life and pensions:						
- Life	126	122		43	45	
- Pensions	96	68		42	23	
UK	222	190	17	85	68	25
- USA	38	52		12	12	
- Netherlands	6	4		2	1	
- France	6	4		1	1	
Total life and pensions	272	250	9	100	82	22
Retail investment business:						
- UK	25	14		9	3	
Total new annual premiums	297	264	13	109	85	28
Single premiums						
Life and pensions:						
- Life	843	550		345	223	
- Pensions	1,221	853		434	357	
UK	2,064	1,403	47	779	580	34
- USA	0	0		0	0	
- Netherlands	77	30		15	8	
- France	84	78		29	22	
Total life and pensions	2,225	1,511	47	823	610	35
Retail investment business:						
- UK	629	552		199	112	
- France	29	27		7	7	
Total single premiums	2,883	2,090	38	1,029	729	41
Equivalent premium income (APE)						
- Life and pensions business	494	401	23	182	143	27
- Retail investment business	91	72	26	30	15	100
Worldwide APE	585	473	24	212	158	34

LEGAL & GENERAL GROUP PLC
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 NINE MONTHS TO 30 SEPTEMBER 2001

OVERSEAS OPERATIONS IN LOCAL CURRENCY

	Nine months to 30 September		increase/ (decrease) %	Three months to 30 September		increase/ (decrease) %
	2001	2000		2001	2000	
USA (\$m):						
New annual premiums	55	76		19	16	
Single premiums	1	1		0	0	
APE	55	76	-28	19	16	19
Netherlands (€m):						
New annual premiums	10	8		4	3	
Single premiums	125	50		22	15	
APE	22	13	69	6	4	50
France (€m):						
New annual premiums	10	6		1	2	
Single premiums	135	130		44	42	
Unit trusts	46	46		9	15	
APE	28	24	17	6	8	-25

UK INDIVIDUAL APE BY CHANNEL

	Nine months to 30 September 2001			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	114	123	237	57
Business partnerships	73	55	128	31
Direct	23	25	48	12
	<u>210</u>	<u>203</u>	<u>413</u>	<u>100</u>

	Nine months to 30 September 2000			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	92	120	212	61
Business partnerships	59	24	83	24
Direct	21	33	54	15
	<u>172</u>	<u>177</u>	<u>349</u>	<u>100</u>

	Three months to 30 September 2001			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	40	42	82	54
Business partnerships	32	31	63	41
Direct	5	2	7	5
	<u>77</u>	<u>75</u>	<u>152</u>	<u>100</u>

	Three months to 30 September 2000			
	Annual £m	Single £m	Total APE £m	%
Independent financial advisers	32	46	78	66
Business partnerships	18	10	28	23
Direct	6	7	13	11
	<u>56</u>	<u>63</u>	<u>119</u>	<u>100</u>