

12 April 2000

Legal & General Group Plc
New Business Results – First Quarter

- **UK individual life and pensions** - **up 22%**
- **International** - **up 30%**
- **Funds under management** - **up 22%**

	First quarter 2000	First quarter 1999
UK individual life and pensions*	£84m	£69m
UK corporate life and pensions*	£17m	£27m
UK unit trusts and ISAs*	£29m	£31m
International business*	£26m	£20m
Worldwide*	£156m	£147m
New fund management business	£2.3bn	£2.9bn
Funds under management	£107bn	£88bn

* Equivalent Premium Income (EPI) – i.e. total annual premiums + 10% of single premiums.

Group Chief Executive, David Prosser, said: “We have had a good start to the year. As we move towards next year’s introduction of Stakeholder pensions, we are particularly encouraged by the 39% growth in group personal pension business.

“Our investment management business goes from strength to strength - adding £2.3bn of funds in the first quarter, after the exceptional new business result in 1999. With £107bn under management we are one of the UK’s leading fund management houses.

“Internationally, I am also pleased with the continued strong growth produced by our business in the USA.

“In summary, our strategy of good value products provided through multi-channel distribution has continued to build market share. The skills and strengths of our investment management business are a key differentiator for Legal & General. We are very well positioned for continuing growth.”

UK business

Investment management

Our investment management business provides asset management expertise to Legal & General's retail and corporate businesses, as well as to the trustees of pension schemes and other institutional clients. After an exceptional year in 1999, our investment business attracted a further £2.3bn in new funds under management (1999: £2.9bn). Total funds under management exceeded £107bn at the end of the quarter - an increase of 22% over the past twelve months. This underlines Legal & General's position as a major UK investment house and a leading provider of index tracking funds.

Pensions

Growth in group personal pensions business has more than offset the decline in sales in the individual personal pensions market ahead of the launch of Stakeholder pensions. New individual pension and annuity business, including group personal pensions, increased 21% to £40m EPI (1999: £33m).

We are continuing to develop relationships with employers, trade unions and other affinity groups to ensure that we are well positioned for the introduction of Stakeholder Pensions in April 2001.

Year on year comparison for the bulk purchase annuity business is distorted by the inclusion of £130m of business for a single client in the first quarter of 1999. Excluding this, new corporate business was £10m EPI - an 11% increase.

Life

New retail annual premium business over the quarter grew by 43% to £30m (1999: £21m) building on the strong growth achieved in 1999. Single premium bond sales were £140m, close to the level of £144m achieved in the first quarter of 1999. Our group risk business continued to make good progress with new annual premiums increasing by 40% to £7m (1999: £5m).

Unit trusts and ISAs

Single payment unit trust sales more than doubled to £78m (1999: £35m). Single payment ISA sales were £183m in the first quarter (1999: £272m) reflecting our decision not to promote specialist high technology funds. Our recently launched internet ISA offering, generated single payments of over £20m by 5 April - another positive demonstration of the potential for e-commerce in our business.

International business

The Group's international operations continued to grow rapidly, producing £26m EPI, an increase of 30%.

Our business in the USA continued to produce very strong results, further reinforcing its position as one of the major specialist writers of term assurance. New annual premiums increased by 33% to \$32m (1999: \$24m).

Sales in the Netherlands grew by 33% to Dfl 8m EPI (1999: Dfl 6m) reflecting the positive customer response to our new universal life product launched last year. In France, new business increased by 32% to Ffr 41m EPI (1999: Ffr 31m) with single premium business benefiting particularly from the launch of a new unit linked fund.

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LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 THREE MONTHS TO 31 MARCH 2000

NEW UK BUSINESS

	Three months to		increase/ (decrease) %
	2000	1999	
	£m	£m	
RETAIL LIFE AND PENSIONS BUSINESS			
New annual premiums			
Life:			
- Mortgage related	27	17	
- Savings	0	0	
- Protection	3	4	
Pensions:			
- Individual pensions	20	19	
Total new annual premiums	50	40	25
Single premiums			
Life:			
- With profits	108	102	
- Other	32	42	
Pensions:			
- Individual pensions	81	66	
- Annuities - individual	99	44	
- DSS rebates	21	33	
Total single premiums	341	287	19
Retail life and pensions EPI	84	69	22
CORPORATE LIFE AND PENSIONS BUSINESS			
New annual premiums			
- Group risk	7	5	
- Group pensions	2	2	
Total new annual premiums	9	7	29
Single premiums			
- Annuities - bulk purchase	57	185	
- Other group business	19	14	
Total single premiums	76	199	-62
Corporate life and pensions EPI	17	27	-37

ISAS, PEPS AND UNIT TRUSTS

New annual premiums

- ISAs/PEPs (excluding cash ISAs)	3	1	200
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Single premiums

- ISAs/PEPs (excluding cash ISAs)	183	272
- Unit trusts	78	35

Total single premiums	<u>261</u>	<u>307</u>	<u>-15</u>
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ISAs, PEPS and
and unit trusts EPI

	<u>29</u>	<u>31</u>	<u>-6</u>
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Total UK EPI

	<u><u>130</u></u>	<u><u>127</u></u>	<u>2</u>
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PENSION FUND MANAGEMENT

	<u><u>2,328</u></u>	<u><u>2913</u></u>	<u><u>-20</u></u>
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WORLDWIDE NEW BUSINESS

	Three months to 31 March 2000		Three months to 31 March 1999	
	Annual £m	Single £m	Annual £m	Single £m
LIFE AND PENSIONS				
Life	37	140	26	144
Pensions	22	277	21	342
UK	<u>59</u>	<u>417</u>	<u>47</u>	<u>486</u>
USA	20	0	15	0
Netherlands	1	11	1	10
France	1	21	1	15
INSURANCE TOTAL	<u>81</u>	<u>449</u>	<u>64</u>	<u>511</u>

RETAIL INVESTMENT BUSINESS

UK	3	261	1	307
France		9		9
TOTAL NEW BUSINESS	<u>84</u>	<u>719</u>	<u>65</u>	<u>827</u>

OVERSEAS OPERATIONS IN LOCAL CURRENCY

	Three months to 31 March		increase/ (decrease)
	2000	1999	%
USA (\$m):			
New annual premiums	32	24	
Single premiums	0	1	
EPI	32	24	33
Netherlands (D.Fl.m):			
New annual premiums	4	3	
Single premiums	40	32	
EPI	8	6	33
France (F.Fr.m):			
New annual premiums	8	8	
Single premiums	229	149	
Unit trusts	102	84	
EPI	41	31	32

UK INDIVIDUAL EPI BY CHANNEL

	Three months to 31 March 2000			
	Annual £m	Single £m	Total EPI £m	%
Independent financial advisers	28	38	66	58
Business partnerships	20	7	27	24
Direct	5	15	20	18
	<u>53</u>	<u>60</u>	<u>113</u>	<u>100</u>

	Three months to 31 March 1999			
	Annual £m	Single £m	Total EPI £m	%
Independent financial advisers	21	33	54	54
Business partnerships	17	7	24	24
Direct	3	19	22	22
	<u>41</u>	<u>59</u>	<u>100</u>	<u>100</u>