

New Business Figures – Year Ended 31 December 1999

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14 January 2000

**Legal & General Group Plc
1999 New Business Results**

- **A record £16.5 billion invested with the Group in 1999**
- **Funds under management reached £104 billion - up 25%**

Worldwide EPI*	£628m	+27%
UK total EPI*	£541m	+24%
UK individual EPI*	£442m	+20%
UK corporate EPI*	£99m	+46%
International EPI*	£87m	+50%
New fund management business	£13.1bn	+16%

*Equivalent Premium Income (EPI) is total annual premiums + 10% of single premiums and includes unit trust sales, for continuing operations.

Group Chief Executive, David Prosser, said: "This is another set of record results showing the continuing strength and momentum of our customer focused business. UK new business exceeded £500 million EPI for the first time and sales have almost trebled since 1995 – a compound growth rate of 29% per annum.

"Our fund management business won £13.1 billion in new funds – another record. Funds under management have exceeded £100 billion for the first time and have trebled over the last five years. This makes Legal & General one of the fastest growing UK fund management businesses.

"Our strategy of good value products, provided to customers through the distribution channel of their choice, continues to build market share and gives a good return to shareholders. We are very well positioned for the future.

The support of our many customers and business partners has enabled us to achieve these remarkable results. With their continued support, Legal & General faces the future with great confidence and high expectations."

UK business

Retail

1999 saw further strong growth in new individual business, up 20% to £442m EPI (1998: £368m). New business in the final quarter was £102m EPI, an increase of 23% over the final quarter of 1998.

Life

Mortgage related business grew rapidly in 1999, as Legal & General built upon its strength in the housing market, both through Business Partnerships and by focusing on IFAs. As a consequence, life annual premium sales grew by 37% to £126m (1998: £92m). Mortgage related annual premiums include £20m of protection business and £46m of Flexible Mortgage PEP/ISA sales. Single premium bond sales remained strong throughout 1999, growing by 42% to £634m (1998: £446m), supported by the launch of our new With-Profits Bond in August.

Pensions

Our continued success in the group personal pensions market has largely offset the uncertainties created in the individual personal pensions market, where sales have slowed ahead of the launch of Stakeholder Pensions. New individual pension and annuity business, including group personal pensions, increased to £142m EPI (1998: £138m). We believe Legal & General is well positioned for the introduction of Stakeholder Pensions in April 2001.

Unit trusts and PEPs/ISAs

Legal & General enjoyed a strong final PEP season and, although investors' initial reaction to ISAs was one of caution, they have become increasingly accepted. Single payment ISA sales in the second half of 1999 exceeded PEP sales over the equivalent period of 1998 by 18%. This - together with increased institutional sales - produced a 16% increase in single payment sales over the full year to £877m (1998: £755m). Total PEP and ISA assets under management now exceed £2.5bn.

Banking

New mortgage advances grew by 83% to £271m, driven by our Flexible Reserve product. Mortgage loans now total £868m. The launch of Legal & General's "Easy Access" LIBOR tracker deposit account in November has generated an encouraging response from savers. By the year-end, Legal & General Bank deposits exceeded £1.03bn (1998: £942m) on behalf of some 66,000 customers.

Distribution

Multi-channel distribution is a key component in Legal & General's growth strategy. This maintains the greatest access to potential customers and embraces our business partners, IFAs and direct sales to customers through our call centre, the Internet and "off the page". Each of these channels is making increasing use of e-commerce opportunities to drive down costs and to enhance customer service. All channels have achieved volume growth, but growth continues to be strongest in the IFA channel, with individual new business growing by 31% over the prior year.

Corporate

UK corporate life and pensions new business in 1999 grew by 46% to £99m EPI (1998: £68m). Strong growth in bulk purchase annuity business in the first and final quarters of the year pushed single premiums up by 85% to £643m (1998: £348m). The group risk business achieved record sales levels, with new annual premiums increasing by 20% to £24m (1998: £20m).

Investment management

Our investment management business provides asset management expertise to Legal & General's Retail and Corporate businesses, as well as to trustees of pension schemes and other institutional clients. Total assets under management exceeded £100bn at the year-end, of which over 60% are held for external clients. This underlines Legal & General's position as a major UK investment house and as a leading provider of index tracking services.

New funds under management rose 16% to £13.1bn, following the exceptional result of £11.3bn achieved in 1998.

International life and pensions

New business from the Group's international operations grew strongly to £87m EPI, an increase of 50%.

Our business in the USA had another excellent year and has established itself as one of the major specialist writers of term assurance. Legal & General America markets its products through a national brokerage distribution to high net worth individuals. Its success is based upon excellent underwriting capabilities and the efficiency of its low cost, internet based operating environment. New business (which is almost entirely annual premium business) increased by 77% to \$101m EPI (1998: \$57m).

Continuing strong performance in the Netherlands saw sales grow by 20% to Dfl 30m EPI (1998: Dfl 25m). Annual premiums grew particularly strongly - up 29% to Dfl 18m, of which Dfl 7m (39%) represented sales of the new flexible universal life product launched in April.

In France, there was a 12% increase in new business over the year to Ffr 161m EPI (1998: Ffr 144m). New annual premiums - including group protection business - increased 10% to Ffr 53m. Life single premiums grew 22% to Ffr 754m, with a particularly strong performance in the final quarter which benefited from the launch of a new unit linked fund.

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LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 YEAR ENDED 31 DECEMBER 1999

NEW UK BUSINESS

	Year ended			Three months to		
	31 December		inc/(dec)	31 December		inc/(dec)
	1999	1998		1999	1998	
	£m	£m	%	£m	£m	%
RETAIL LIFE AND PENSIONS BUSINESS						
New annual premiums						
Life:						
- Mortgage related	107	71		30	22	
- Savings	2	2		0	1	
- Protection	17	19		4	5	
Pensions:						
- Individual pensions	73	77		15	17	
Total new annual premiums	199	169	18	49	45	9
Single premiums						
Life:						
- With profits	448	274		106	76	
- Other	186	172		36	50	
Pensions:						
- Individual pensions	260	272		39	61	
- Annuities - individual	304	291		92	42	
- DSS rebates	120	45		33	34	
Total single premiums	1,318	1,054	25	306	263	16
Retail life and pensions EPI	331	274	21	80	71	13
CORPORATE LIFE AND PENSIONS BUSINESS						
New annual premiums						
- Group risk	24	20		6	4	
- Group pensions	11	13		6	3	
Total new annual premiums	35	33	6	12	7	71
Single premiums						
- Annuities - bulk purchase	573	258		235	46	
- Other group business	70	90		17	19	
Total single premiums	643	348	85	252	65	288
Corporate life and pensions EPI	99	68	46	37	13	185

UNIT TRUSTS, PEPS AND
ISAS

New annual premiums
- PEPs/ISAs (excluding cash
ISAs)

23 19 11 4

Single premiums

- Unit trusts
- PEPs/ISAs (excluding cash
ISAs)

276 154 66 33
601 601 46 47

Unit trusts/PEPs/ISAs EPI

111 94 18 22 12 83

Total UK EPI

541 436 24 139 96 45

PENSION FUND
MANAGEMENT

13,098 11,322 16 3,950 4,360 (9)

LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 YEAR ENDED 31 DECEMBER 1999

NEW BUSINESS FROM CONTINUING
 OPERATIONS

	Year ended 31 December 1999		Year ended 31 December 1998	
	Annual £m	Single £m	Annual £m	Single £m
LIFE AND PENSIONS				
Life	150	634	112	446
Pensions	84	1,327	90	956
UK	234	1,961	202	1,402
USA	63	1	34	5
Netherlands	5	35	4	38
France	5	71	5	66
INSURANCE TOTAL	307	2,068	245	1,511
RETAIL INVESTMENT BUSINESS				
UK	23	877	19	755
France		31		36
TOTAL NEW BUSINESS	330	2,976	264	2,302

OVERSEAS OPERATIONS IN LOCAL CURRENCY

	Year ended 31 December		inc/(dec) %
	1999	1998	
USA (\$m):			
New annual premiums	101	56	
Single premiums	1	8	
EPI	101	57	77
Netherlands (D.Fl.m):			
New annual premiums	18	14	
Single premiums	125	117	
EPI	30	25	20
France (F.Fr.m):			
New annual premiums	53	48	
Single premiums	754	618	
Unit trusts	329	339	
EPI	161	144	12

UK INDIVIDUAL EPI BY CHANNEL

	Year ended 31 December 1999			
	Annual	Single	Total	%
	£m	(10%) £m	EPI £m	
Independent financial advisers	107	144	251	57
Business partners	52	10	62	14
Financial consultancy	36	19	55	12
Direct	27	47	74	17
Total	222	220	442	100

	Year ended 31 December 1998			
	Annual	Single	Total	%
	£m	(10%) £m	EPI £m	
Independent financial advisers	80	111	191	52
Business partners	45	7	52	14
Financial consultancy	40	15	55	15
Direct	23	48	71	19
Total	188	181	369	100