



20 January 2005

**Legal & General Group Plc
2004 new business results**

- **Worldwide full year new business breaks £1bn barrier**
- **UK new business up 13% to a record £901m**
- **Another outstanding year for institutional fund management**

New business APE*	12 months to 31/12/04	Increase/ decrease	3 months to 31/12/04	Increase/ decrease
UK individual business				
- life and pensions	£614m	+24%	£170m	+29%
- retail investments	£179m	-11%	£34m	0%
- total	£793m	+14%	£204m	+23%
UK group business	£108m	+10%	£23m	+15%
UK total	£901m	+13%	£227m	+22%
International	£107m	+16%	£22m	+5%
Worldwide total	£1,008m	+14%	£249m	+20%

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

New institutional fund management	£15.5bn	+19%	£4.4bn	+47%
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David Prosser, Group Chief Executive, said: "We have ended 2004 with our strongest quarter on quarter growth in UK individual business and have achieved a record level of new business in the full year.

UK individual life and pensions increased by 29% in the final quarter - a clear indication of the momentum of our business. Over the year, new worldwide life, pensions and savings business exceeded £1bn APE for the first time, with our UK business contributing over £900m of this total. We believe continued recovery in equity markets will further increase consumer confidence in savings products.

Legal & General Investment Management has had yet another outstanding year, winning no less than £15.5bn of new funds, bringing total funds under management to £162bn.

The consistent application of our proven strategy has enabled us to build our UK market share continuously over the last ten years. The excellent new business performance in 2004 was a testimony to the strength of our business model which, we believe, will continue to deliver profitable growth."

UK BUSINESS

In the final quarter, Legal & General delivered 22% growth in new business. This brought sales for the year to £901m APE (2003: £794m), an increase of 13%, as the market continued to concentrate on those companies with well recognised brands coupled with operational and financial strength.

Individual

Individual new business in the final quarter at £204m APE exceeded both the third quarter and the corresponding period last year. This brought individual new business for the full year to £793m APE (2003: £696m) an increase of 14%. IFA sourced new business grew 38% in the final quarter with particularly strong sales in unit-linked bonds and individual pensions.

Life

Despite the lower level of activity in the housing market, increased term assurance sales have more than offset lower volumes of critical illness business. As a consequence, annual premium sales increased by 7% over the year to £160m (2003: £149m).

Full year sales of single premium bonds increased by 61% to £1,808m (2003: £1,126m), as unit linked bond business more than doubled, benefiting from an expanded product range and more than offsetting lower with-profit bond sales. New single premiums in the final quarter also increased by 61% to £542m (2003: £337m).

Pensions

Increased individual pension and annuity sales led to a 25% increase in single premium business over the year to £1,476m (2003: £1,180m). New single premiums in the fourth quarter were even stronger, 43% ahead at £434m (2003: £304m). Annual premium new business was unchanged at £33m bringing the full year total to £126m (2003: £114m), an increase of 11%.

ISAs and unit trusts

Equity market volatility in the early part of 2004 impacted sales of ISAs and unit trusts, which finished the year at £179m APE (2003: £202m). Regular payment business for the full year was lower at £22m (2003: £33m) and single payment sales fell 7% to £1,565m (2003: £1,689m). However, single payment sales in the fourth quarter grew by 6% to £295m (2003: £279m), helped by increased sales to institutional clients.

Group

Group new business for the year increased by 10% to £108m (2003: £98m) as higher annual premium sales more than offset lower levels of single premium business. In the fourth quarter, new business increased 15% to £23m (2003: £20m).

In 2004, we benefited from a competitor's withdrawal from the group risk market, which resulted in an increase in annual premium business of 63% to £62m (2003: £38m). Single premium business of £456m (2003: £603m) reflected lower levels of bulk purchase annuity business. However, we maintained a steady flow of small and medium sized bulk purchase annuity cases with new business rising in the final quarter to £98m (2003: £83m).

Expanding distribution

During the year we have continued to build our business sourced from IFAs and at the same time we have been positioning ourselves for the introduction of depolarisation. Quality products and increased focus on this segment have enabled us to grow business from this channel by 32%. Prospects continue to be strong, particularly following our announcement last year of an important link with Cofunds, the IFA platform. In addition, we have been appointed to the protection panels of Bankhall and Sesame and, earlier this month, THINC Destini announced that we had been appointed to their multi-tie panel.

Bradford & Bingley announced in November 2004 that it would tie to Legal & General for protection and investment products, an agreement which comes into effect this month. The introduction of the regulation of mortgage advice provided an opportunity, through Legal & General Partnership Services Ltd, to further develop our market leading mortgage related distribution by establishing a network of tied mortgage advisers.

Outlook

In our judgement, levels of consumer confidence in savings markets grew steadily through 2004, a view supported by both the growth in equity values and the momentum in our UK individual new business performance, with each quarter exceeding the prior year.

Our expectation for 2005 is that we will maintain momentum despite the impact of rising interest rates on products relating to the housing market. The prospects for growth in other product areas, in particular in individual pensions and medium term savings products, remain encouraging driven by increasing consumer demand, further product development and enhanced distribution capabilities.

INSTITUTIONAL FUND MANAGEMENT

Over the year, Legal & General Investment Management maintained its highly successful track record, delivering new funds of £15.5bn (2003: £13.1bn). Results for 2004 include an impressive increase in the volume of actively managed fixed interest business at £2.5bn (2003: £1.5bn).

In the last seven years, the company has averaged in excess of £1bn of new UK pension fund investment business per month, totalling £94bn over the period. At the year end, funds managed by Legal & General Investment Management were up 20% at £162bn (2003: £135bn), reflecting both new business success and equity market recovery.

INTERNATIONAL BUSINESS

In sterling terms, international new business was £107m (2003: £92m). The contribution from the USA was adversely affected by the weakness of the dollar, as reflected in the year end exchange rate of \$1.92 (2003: \$1.79).

In local currency terms, new business in the USA was 14% higher over the year at \$98m (2003: \$86m). Fourth quarter new business grew 20% to \$24m (2003: \$20m). The XXX capital markets solution to finance new business written in 2004 and some older business is now in place.

Our European businesses produced new business of €79m, a 30% increase over the year (2003: €61m). In the Netherlands, where we were again named Best Life Assurer, strong performance in term assurance contributed to a 17% increase in new business to €5m (2003: €3m). In France, new business (including unit trusts) grew 42% to €44m (2003: €31m). Growth in life assurance, with group business especially strong, more than offset slightly lower unit trust sales.

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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:

2004 preliminary results	24 February 2005
2005 first quarter new business results and AGM	27 April 2005
2005 interim results and second quarter new business	28 July 2005
2005 third quarter new business results	20 October 2005

LEGAL & GENERAL GROUP PLC
 UNAUDITED NEW BUSINESS PREMIUMS
 YEAR ENDED 31 DECEMBER 2004

<u>NEW UK BUSINESS</u>	Year ended			Three months to		
	31 December 2004	2003	increase/ (decrease) %	31 December 2004	2003	increase/ (decrease) %
	£m	£m	%	£m	£m	%
INDIVIDUAL LIFE AND PENSIONS BUSINESS						
New annual premiums						
Life:						
- Mortgage related	109	103		27	25	
- Protection	51	46		13	10	
Pensions:						
- Individual pensions	126	114		33	33	
Total new annual premiums	286	263	9	73	68	7
Single premiums						
Life:						
- With-profits	390	593		80	143	
- Other	1,418	533		462	194	
Pensions:						
- Individual pensions	452	274		150	57	
- Annuities - individual	859	727		212	202	
- DWP rebates	165	179		72	45	
Total single premiums	3,284	2,306	42	976	641	52
Individual life and pensions APE	614	494	24	170	132	29
ISAS, PEPS AND UNIT TRUSTS						
New annual premiums						
- ISAs/PEPs						
(excluding cash ISAs)	20	27		4	5	
- Unit trusts	2	6		0	1	
Total new annual premiums	22	33	(33)	4	6	(33)
Single premiums						
- ISAs/PEPs						
(excluding cash ISAs)	499	572		62	76	
- Unit trusts	1,066	1,117		233	203	
Total single premiums	1,565	1,689	(7)	295	279	6
ISAs, PEPs and unit trusts APE	179	202	(11)	34	34	0
Total individual business APE	793	696	14	204	166	23
GROUP LIFE AND PENSIONS BUSINESS						
New annual premiums						
- Group risk						
	59	34		12	10	
- Group pensions	3	4		1	2	
Total new annual premiums	62	38	63	13	12	8
Single premiums						
- Annuities - bulk purchase						
	449	598		98	83	
- Other group business	7	5		3	-4	
Total single premiums	456	603	(24)	101	79	28
Group life and pensions APE	108	98	10	23	20	15
Total UK APE	901	794	13	227	186	22
INSTITUTIONAL FUND MANAGEMENT						
UK Managed Funds						
- Pooled funds						
	13,951	11,066		4,252	2,739	
- Segregated funds	1,228	1,504		85	248	
	15,179	12,570	21	4,337	2,987	45
UK Other	368	482		68	12	
	15,547	13,052	19	4,405	2,999	47

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 YEAR ENDED 31 DECEMBER 2004

OVERSEAS OPERATIONS
IN LOCAL CURRENCY

	Year ended		increase/ (decrease) %	Three months to		increase/ (decrease) %
	31 December 2004	2003		31 December 2004	2003	
USA (\$m):						
New annual premiums	98	84		24	20	
Single premiums	1	18		0	0	
APE	98	86	14	24	20	20
Netherlands (€m):						
New annual premiums	18	16		4	4	
Single premiums	166	136		33	40	
APE	35	30	17	7	8	(13)
France (€m):						
New annual premiums	19	10		1	1	
Single premiums	214	176		59	55	
Unit trusts	32	36		12	10	
APE	44	31	42	8	8	0

UK INDIVIDUAL APE BY CHANNEL

	Year ended 31 December 2004			
	Annual £m	Single £m	Total £m	APE %
Independent financial advisers	171	334	505	64
Business partnerships	115	120	235	30
Business partnerships direct	4	14	18	2
Direct	18	17	35	4
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	308	485	793	100
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	Year ended 31 December 2003			
	Annual £m	Single £m	Total £m	APE %
Independent financial advisers	147	235	382	55
Business partnerships	121	131	252	36
Business partnerships direct	10	17	27	4
Direct	18	17	35	5
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	296	400	696	100
	=====	=====	=====	=====

	Three months to 31 December 2004			
	Annual £m	Single £m	Total £m	APE %
Independent financial advisers	45	92	137	67
Business partnerships	27	32	59	29
Business partnerships direct	1	1	2	1
Direct	4	2	6	3
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	77	127	204	100
	=====	=====	=====	=====

	Three months to 31 December 2003			
	Annual £m	Single £m	Total £m	APE %
Independent financial advisers	41	58	99	60
Business partnerships	29	31	60	36
Business partnerships direct	1	1	2	1
Direct	3	2	5	3
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	74	92	166	100
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