

Stock Exchange Release
18 October 2006

A balanced business.

An attractive market.

Highlights for the nine months to 30 September 2006:

- Worldwide new business up 32% to £1,294m APE⁽¹⁾
- UK new business up 36% to £1,213m APE
- New institutional funds under management up 44% at £14.7bn

Tim Breedon, Group Chief Executive, said:

“Legal & General’s worldwide new business grew by 32% in the first nine months of 2006 with the UK businesses generating a 36% increase over the corresponding period last year.

“In the third quarter of 2006 we achieved £2bn of new bond, pension and retail investment sales⁽²⁾, bringing the total flow of new savings⁽³⁾ business to over £7bn in the year to date. Legal & General Investment Management saw new funds rise 44% to £14.7bn in the first nine months of this year. In the third quarter, our individual protection businesses produced a 22% increase in new business to £44m APE, thanks in part to a healthier housing market. At the same time, our new individual annuity sales doubled to £26m APE as our competitive position improved.

“Legal & General has a clear strategy combining focus on the UK protection, savings and investment markets with a balanced mix of products and distribution channels. This positions us strongly in this favourable UK economic climate and resurgent savings market. We believe this environment is set to continue.”

NEWS

(1) ‘Annual Premium Equivalent’ comprises new annual premiums together with 10% of single premiums

(2) ‘Sales’ includes the sum of annual and single premiums

(3) ‘Savings’ comprises bonds, pensions and retail investments



New business APE (£m)	Nine months to 30 Sept 2006	Nine months to 30 Sept 2005	% change	Q3 2006	Q3 2005	% change
<i>UK new business</i>						
Protection and annuities:						
- Individual protection	122	103	18	44	36	22
- Group risk	50	59	(15)	17	18	(6)
- Individual annuities	47	59	(20)	26	13	100
- Bulk purchase annuities	74	55	35	24	22	9
	293	276	6	111	89	25
Savings:						
- Unit linked bonds	181	148	22	60	54	11
- Pensions - stakeholder and other non profit	139	113	23	48	41	17
- Retail investments	433	248	75	91	78	17
	753	509	48	199	173	15
With-profits business	167	110	52	65	38	71
Total UK new business	1,213	895	36	375	300	25
International new business	81	84	(4)	23	27	(15)
Worldwide new business	1,294	979	32	398	327	22
Investment management	14,689	10,206	44	3,931	3,331	18

UK new business – up 36% to £1,213m APE

Protection and annuities – up 6% to £293m APE

Sales of protection and annuity products for the first nine months of this year increased by 6% against the same period last year. We saw strong growth in individual protection and bulk purchase annuities. This was offset by our reduced market share in individual annuities in the first half of this year, during which pricing conditions remained unattractive. In the last three months, however, sales of individual annuities have increased substantially. Group risk sales also reduced following unusually high industry sales in 2004 and 2005 but remained at levels significantly above those seen in 2003.

Individual protection

Over the nine months to 30 September 2006, individual protection sales increased by 18% to £122m APE (9M 2005: £103m APE). In the third quarter, volumes grew by 22% to £44m APE (Q3 2005: £36m APE). This reflected a healthier housing market and business received from our new partnership with the estate agency Connells. We also saw strong sales of our pensions term assurance product, evidence of the beneficial effect of changes to pension rules brought about by A-Day in April this year.

We continue to reinforce our competitive advantages in the individual protection market, most recently with a further enhancement to our intelligent underwriting capability with interactive functionality, which enables a greater proportion of underwriting decisions to be made at the point of sale.

Group risk

Sales of group risk products were £17m APE in the third quarter of this year, which represents a decrease of 6% on Q3 2005 (£18m APE) but is broadly in line with previous quarters this year (Q1 2006: £17m APE, Q2 2006: £16m APE). In 2004 and 2005, Legal & General's sales benefited, along with the industry, from the exit of a competitor towards the end of 2003. In the nine months to 30 September 2006, our total sales of £50m APE were more than twice the level seen in the same period of 2003 (9M 2003: £24m APE).

Individual annuities

Third quarter sales of individual annuities doubled to £26m APE (Q3 2005: £13m APE), bringing the total for the first nine months of the year to £47m APE (9M 2005: £59m APE). Legal & General only competes in this market where the required return on capital can be achieved. In the more favourable bond yield environment of Q2 and Q3, we have significantly improved our competitive position (Q1 2006: £5m APE; Q2 2006: £16m APE).

Bulk purchase annuities

Over the first nine months of the year, single premium bulk purchase annuity sales increased by 35% to £743m (9M 2005: £549m). Third quarter sales grew to £244m, including the transfer of business from the Skandia back book, which we announced earlier this year. This was against a strong prior year comparator of £220m. Excluding the Skandia transaction, we won 57 policies during the quarter with an average case size of under £4m of single premiums. We are now beginning to see some evidence of increased quotation activity from new competitors for larger cases.

Savings⁽⁴⁾ – up 48% to £753m APE

Growing awareness of the need to save among UK consumers, the availability of a wide and flexible range of savings options and renewed impetus from Pensions A-Day changes have, we believe, combined to deliver strong growth in sales of savings products this year. Taking into account products written in both the non profit and with-profits part of the long term fund (see below), we have written over £7bn of savings business premiums⁽⁵⁾ in the nine months to 30 September 2006. This represents an increase of over 50% against the same period in 2005.

Unit linked bonds

Over the first nine months of the year, sales of unit linked bonds increased by 22% over the same period in 2005. In the third quarter, new business volumes grew by 11% to £60m APE (Q3 2005: £54m APE), driven predominantly by strong sales of the Legal & General Portfolio Bond through IFAs. Two thirds of these sales were processed using fund platform technology.

Non profit pensions

New non profit pensions business grew by 23% in the nine months to 30 September 2006 to £139m APE (9M 2005: £113m APE) and by 17% in the third quarter to £48m (Q3 2005: £41m APE). Taking into account pension products written in the with-profits part of the fund (see below), new business volumes increased by 43% to £293m APE (9M 2005: £205m) over the same period in 2005. In the third quarter, we continued to focus on opportunities in the pensions transfer and corporate schemes segments. We were pleased with the continued success of our Portfolio Plus product, launched onto the Cofunds platform at the end of April, which provides customers with a wide range of investment options.

Retail investments

Sales of retail investment products grew by 75% over the first nine months of the year to £433m APE (9M 2005: £248m APE). This result benefited from a £1.3bn single premium institutional transfer in the second quarter. In the third quarter, sales increased by 17% to £91m APE (Q3 2005: £78m APE).

With-profits new business – up 52% to £167m APE

The strong growth in with-profits business to £167m APE (9M 2005: £110m APE) over the nine months to 30 September 2006 was mainly a result of higher volumes of pension sales, as referred to above. These include unitised pension products which contain a with-profits investment option. Sales of these products increased by 97% in the third quarter to £59m APE (Q3 2005: £30m APE), including DWP rebates.

(4) Savings business not written in the with-profits part of the fund
(5) Includes the sum of annual and single premiums

International new business – down 4% to £81m APE

Over the nine months to 30 September 2006, new business from our international operations decreased by 4% in sterling terms to £81m APE (9M 2005: £84m APE). In local currency terms, sales in our US business increased by 5% to \$58m APE (9M 2005: \$55m APE) and in our operation in the Netherlands by 3% to €33m APE (9M 2005: €32m APE). In France, volumes fell by 19% against strong prior year comparators to €38m APE (9M 2005: €47m APE) and in the third quarter declined to €6m APE (Q3 2005: €12m APE).

Investment management – new funds up 44% to £14.7bn

In the third quarter of 2006, Legal & General Investment Management continued its impressive record of growth, once again delivering an average of over £1bn of new funds under management per month. This brings total new funds under management over the nine months to 30 September 2006 to nearly £15bn, an increase of 44% on the same period last year (9M 2005: £10.2bn). Total funds under management stood at £219bn at 30 September 2006 (30 September 2005: £187bn).

Outlook

The UK market continues to offer significant opportunities for growth. We expect that Pensions A-Day will continue to provide a catalyst for further expansion in the market over the short term and believe longer term growth potential is supported by demographic and economic trends.

We believe that the annuities market continues to offer attractive opportunities in both individual and bulk segments and that we will maintain a strong competitive position in this market given our administrative capabilities, financial strength and reputation. Our individual protection business continues to lead the UK market, where our significant scale allows us to remain competitive, to invest in our systems and people and to pursue further growth profitably.

Our diversified product base and distribution network provides the flexibility needed to compete effectively in those markets where we see opportunities and where we believe we can continue to create value for shareholders.



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Notes:

A copy of this announcement can be found in the News and Results section of our shareholder web site at <http://investor.legalandgeneral.com/releases.cfm>

Financial Calendar 2006/2007:

Capital and cash flow presentation	15 November 2006
Q4 2006 New business results	25 January 2007
2006 Preliminary results	14 March 2007
Q1 2007 New business results	25 April 2007
2007 Interim results	26 July 2007

Forward-looking statements:

This document may contain certain forward-looking statements with respect to certain of Legal & General Group Plc's plans and its current goals and expectations relating to future financial condition, performance and results. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Legal & General Group Plc's control, including, among others, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the impact of competition, the timing impact and other uncertainties of future mergers or combinations within relevant industries. As a result, Legal & General Group Plc's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in Legal & General Group Plc's forward-looking statements. Legal & General Group Plc does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.

Legal & General Group Plc
 Unaudited New Business Premiums
 Nine months to 30 September 2006

WORLDWIDE NEW BUSINESS

	Nine months to 30 September 2006			Nine months to 30 September 2005			Increase/ (decrease) %
	Annual premiums	Single premiums	APE	Annual premiums	Single premiums	APE	
	£m	£m	£m	£m	£m	£m	
Protection							
- Mortgage related	78	-	78	67	-	67	16%
- Other	44	-	44	36	-	36	22%
- Group risk	50	-	50	59	-	59	(15%)
	172	-	172	162	-	162	6%
Annuities							
- Individual	-	472	47	-	589	59	(20%)
- Bulk purchase	-	743	74	-	549	55	35%
	-	1,215	121	-	1,138	114	6%
Savings							
- Unit linked bonds	-	1,813	181	-	1,483	148	22%
- Individual pensions - stakeholder and other non profit	93	458	139	71	420	113	23%
- DWP rebates	-	4	-	-	1	-	N/A
	93	2,275	320	71	1,904	261	23%
With-profits							
- Annuities	-	66	7	-	41	4	75%
- Individual pensions	92	462	138	55	287	84	64%
- DWP rebates	-	136	14	-	44	4	250%
- Group pensions	2	1	2	4	5	4	(50%)
- Bonds	-	60	6	-	137	14	(57%)
	94	725	167	59	514	110	52%
	359	4,215	780	292	3,556	647	21%
UK retail investment business							
- Unit trusts	1	3,778	379	1	2,001	201	89%
- ISAs	15	390	54	11	356	47	15%
	16	4,168	433	12	2,357	248	75%
Total UK new business	375	8,383	1,213	304	5,913	895	36%
- USA	32	-	32	30	-	30	7%
- Netherlands	9	130	22	10	117	22	0%
- France	11	145	25	16	140	30	(17%)
	52	275	79	56	257	82	(4%)
France retail investment business	-	17	2	-	19	2	0%
Total international new business	52	292	81	56	276	84	(4%)
Total worldwide new business	427	8,675	1,294	360	6,189	979	32%

Legal & General Group Plc
 Unaudited New Business Premiums
 Nine months to 30 September 2006

WORLDWIDE NEW BUSINESS APE QUARTERLY PROGRESSION

	3 months to 30.09.06 £m	3 months to 30.06.06 £m	3 months to 31.03.06 £m	3 months to 31.12.05 £m	3 months to 30.09.05 £m	3 months to 30.06.05 £m	3 months to 31.03.05 £m
Protection							
- Mortgage related	26	26	26	23	24	23	20
- Other	18	13	13	11	12	12	12
- Group risk	17	16	17	12	18	19	22
	61	55	56	46	54	54	54
Annuities							
- Individual	26	16	5	7	13	29	17
- Bulk purchase	24	22	28	33	22	6	27
	50	38	33	40	35	35	44
Savings							
- Unit linked bonds	60	60	61	60	54	51	43
- Individual pensions - stakeholder and other non profit	48	50	41	39	41	41	31
- DWP rebates	-	-	-	-	-	-	-
	108	110	102	99	95	92	74
With-profits							
- Annuities	3	2	2	2	2	1	1
- Individual pensions	49	48	41	26	27	30	27
- DWP rebates	10	2	2	8	3	-	1
- Group pensions	1	-	1	1	2	1	1
- Bonds	2	2	2	3	4	4	6
	65	54	48	40	38	36	36
	284	257	239	225	222	217	208
UK retail investment business							
- Unit trusts	78	191	110	58	69	68	64
- ISAs	13	27	14	9	9	27	11
	91	218	124	67	78	95	75
Total UK new business	375	475	363	292	300	312	283
- USA	11	10	11	12	11	9	10
- Netherlands	6	7	9	7	8	6	8
- France	5	13	7	6	7	17	6
	22	30	27	25	26	32	24
France retail investment business	1	1	-	-	1	1	-
Total international new business	23	31	27	25	27	33	24
Total worldwide new business	398	506	390	317	327	345	307

Legal & General Group Plc
 Unaudited New Business Premiums
 Nine months to 30 September 2006

INVESTMENT MANAGEMENT

	Nine months to 30 September		Increase/ (decrease) %
	2006 £m	2005 £m	
UK Managed Funds			
- Pooled funds	12,077	9,649	25%
- Segregated funds	607	146	316%
	12,684	9,795	29%
UK Other	2,005	411	388%
Total new funds	14,689	10,206	44%

INVESTMENT MANAGEMENT QUARTERLY PROGRESSION

	3 months to 30.09.06 £m	3 months to 30.06.06 £m	3 months to 31.03.06 £m	3 months to 31.12.05 £m	3 months to 30.09.05 £m	3 months to 30.06.05 £m	3 months to 31.03.05 £m
UK Managed Funds							
- Pooled funds	3,814	4,500	3,763	5,129	2,939	3,396	3,314
- Segregated funds	8	538	61	94	41	63	42
	3,822	5,038	3,824	5,223	2,980	3,459	3,356
UK Other	109	157	1,739	1,705	351	3	57
Total new funds	3,931	5,195	5,563	6,928	3,331	3,462	3,413

INTERNATIONAL OPERATIONS IN LOCAL CURRENCY

	Nine months to 30 September 2006			Nine months to 30 September 2005			Increase/ (decrease) %
	Annual premiums	Single premiums	APE	Annual premiums	Single premiums	APE	
USA (\$m):	58	-	58	55	-	55	5%
Netherlands (€m):	14	189	33	15	171	32	3%
France (€m):							
- Life and pensions	15	212	36	23	205	44	(18%)
- Unit trusts	-	24	2	-	28	3	(33%)

UK INDIVIDUAL APE BY CHANNEL

	Nine months to 30 September 2006			
	Annual £m	Single £m	Total APE £m	% of total
Independent financial advisers	218	4,427	661	61%
Tied	89	3,047	394	36%
Direct	16	165	32	3%
Total	323	7,639	1,087	100%

	Nine months to 30 September 2005			
	Annual £m	Single £m	Total APE £m	% of total
Independent financial advisers	155	3,474	502	65%
Tied	74	1,759	250	32%
Direct	12	126	25	3%
Total	241	5,359	777	100%