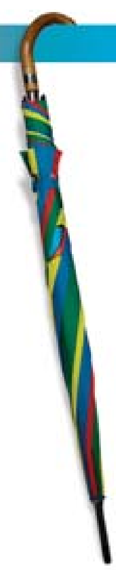
Interim Report 2007

Balanced Growth



Legal & General

Contents

Financial Highlights

Worldwide New Business APE[1] (£m)	Six months to 30 June
2007	830
2006	896
2005	652
2004	511
2003	453

New Institutional Funds (£bn)	Six months to 30 June
2007	16.2
2006	10.8
2005	6.9
2004	8.7
2003	6.0

Dividend per Share (p)	Six months to 30 June
2007	1.87
2006	1.74
2005	1.65
2004	1.61
2003	1.57

Half year
Full year

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

"Your Company has made a good start in 2007. Although market conditions show signs of becoming somewhat more challenging, Legal & General's wide range of value for money products, and balanced distribution model, continue to ensure our position at the forefront of our sector."

Sir Rob Margetts
Chairman

Making good progress

Tim Breedon answers topical questions:

Eighteen months into your tenure as Group Chief Executive, how do you see Legal & General's strategy changing?

I don't see strategic change as being necessary. We have in place the key elements for future success: a broad set of high quality products, balanced distribution, scale and the operational infrastructure to support it, a huge depth of skills and experience, a well-known brand, and a strong balance sheet.

That is not the same as saying that it is sufficient to continue exactly as we are. Far from it. We must aim for continuous improvement in all that we do and be ready to exploit new opportunities. The challenges I see are twofold. First, we need to continually refine our products and processes so as to provide value for money, customer responsiveness, and high quality service. Secondly we need to build in flexibility to adapt to future changes, for example to regulation or the way customers interact with us via new technology.

Legal & General is already good at responding to change, I want to place more emphasis on anticipating change and indeed driving it where that is in the interests of our customers and shareholders.

What are your operational priorities for the Company?

The current operational priority for Legal & General is to continue to earn attractive margins on new and existing business.

Specific priorities vary across different business units, and partly depend on our market share and how established we are in that sector. In Wealth Management, we are still growing our presence and developing new products, including an International Bond and a Group SIPP. In Protection and Annuities we are an established market leader, but we have to adapt to market changes such as a growing focus on pension scheme buyouts, while continuing to maximise our pricing and administrative expertise. In General Insurance, we are concentrating much more closely on the domestic sector and adding new products targeted specifically at the householder. And in LGIM, we are supplementing our market leading index-tracking fund management franchise with new capabilities including Liability Driven Investment and higher margin active equity management.

The Legal & General investment story seems to focus a great deal on capital. What should shareholders expect?

There is a commentary on capital within this report, which will bring you up to date on our 'balanced scorecard' and our plans for returning capital.

Capital strength is a strategic differentiator for us. A strong capital base means distributors and customers can be confident that we will be there when they need us, and that we will remain secure even through more difficult markets. Capital must, however, be used efficiently – we need to have the right amount of capital, of the right type, in the right places, and the ability to move capital around the Group to where it can best be employed.

That is the objective of the rolling review of capital led by Andrew Palmer, your Group Director (Finance). We aim to review our capital position regularly, and we will use excess capital as the basis of returns to shareholders where it is right to do so.

What do you see as the right balance between UK and international business for Legal & General?

Over 90% of our business is UK-based. We believe there is still capacity to grow here, and I don't foresee any dilution of our commitment to our home market.

Our overseas businesses make a good contribution to profits. We are open-minded about looking at new international opportunities, but are rigorously selective about allocating resources overseas. We are very focused about the size of our investment and the returns we expect to achieve.

The markets and partnerships we are interested in are those where we can bring our skills to bear and where we can create significant added value by applying our product and distribution expertise.

Tim Breedon
Group Chief Executive

Highlights of the period

Worldwide life and pensions PVNBP[1] of £4,979m:	+22%
UK life and pensions PVNBP of £4,472m:	+24%
Worldwide life and pensions new business contribution of £178m:	-7%
£16.2bn new institutional funds under management:	+51%
EEV[2] operating profit of £589m:	+5%
Interim dividend 1.87p:	+7.5%

1. Present value of new business premiums
2. European Embedded Value

Our business at a glance

Protection and Annuities

Legal & General's Protection and Annuities businesses focus on the provision of risk-based products, operating across a number of markets. These include life insurance and critical illness cover, individual and bulk purchase annuities, group risk, income protection and household insurance.

Market Position

Legal & General is the UK's 2007 Life Insurer of the Year, having won this award for the eighth time in ten years. Our position as a major provider of life, protection and annuity products, is supported by our value for money products, broad distribution and excellent customer service.

£197m

APE[1]

APE increased by 8%

1. Annual Premium Equivalent

Wealth Management

Legal & General's Wealth Management business is focused on increasing customers' wealth through medium and long term savings products. We distribute a wide range of individual and corporate pensions as well as investment bonds, unit trusts and ISAs through a variety of channels.

Market Position

We are a leading provider of wealth products to the IFA sector, partner to UK banks and building societies and a significant provider of investment products direct to customers.
We continue to enhance our 'Open Architecture' products through our partnership with Cofunds, a leading investment platform provider in the UK.

£167m

Retail investments APE

With-Profits

Legal & General's with-profits fund, with more than £30bn of assets, has the financial strength to take advantage of a wide range of investment opportunities. We have a management team dedicated to our with-profits business. Our with-profits fund includes pensions and unit linked savings products which offer a with-profits option.

Market Position

Whilst a number of insurers have closed their with-profits funds, we remain committed to attracting new customers into our with-profits fund. 2006 saw the fourth successive year of double-digit investment returns on the assets backing our with-profits policies, and the financial strength of the business has increased in 2007.

£1,174m

With-profits surplus

Investment Management

Legal & General Investment Management (LGIM) is one of the largest asset managers in the UK, providing institutional investors with straightforward, value for money investment solutions. Our product range includes index funds as well as actively managed equity, fixed income, and commercial property funds.

Market Position

LGIM is the leading provider of asset management services to UK corporate pension schemes, managing assets for over 2,800 companies including 57 of the top 100 UK listed companies. Our scale is such that we hold 4.0% of UK plc.

£16.2bn

New monies

New business up 51%

International

Legal & General's principal international businesses operate in the United States, France and the Netherlands. They are active in selected lines of business in individual and group protection and savings.

Market Position

More than 90% of Legal & General's business is in the UK. Our international operations form a complementary portfolio of profitable, specialist businesses.

+£3m

Increase in EEV operating profit

EEV operating profits up 6%

A well balanced business

OVERVIEW OF RESULTS

Worldwide new life and pensions business grew by 20% on an APE basis to £661m (H1 06: £553m). UK life and pensions volumes increased by 21% year on year, with strong growth in pensions, investment bonds and individual annuities. Total worldwide sales, including retail investments, were £830m APE. This compares with £896m APE in the first half of 2006, which included unusually high volumes of institutional and wholesale transfer business. Legal & General Investment Management (LGIM) attracted a record £16.2bn of new money in the first six months of the year and now has over £250bn of funds under management.

On an EEV basis, the Group's operating profit before taxation increased by 5% to £589m (H1 06: £560m). Worldwide contribution from new life and pensions business reduced to £178m (H1 06: £192m), primarily reflecting the change in mix of new business written in the period. Life and pensions experience variances and operating assumption changes were a positive £58m (H1 06: £43m). This resulted primarily from the move in July to charging fees for investment management services provided to Legal & General Assurance Society Limited (Society) by LGIM on a higher market referenced basis, rather than the cost recovery basis used historically.

On an IFRS basis, the Group's operating profit increased by 2% to £342m (H1 06: £334m). UK life and pensions operating profit grew by 16% to £249m (H1 06: £215m) and there were increased contributions from our overseas life and pensions business and LGIM. However, these were partly offset by an operating loss of £38m in our general insurance business (H1 06: £2m profit), reflecting weather-related losses in January and June. The final impact of the severe flooding from 20 July 2007 has not yet been quantified. However, early indications suggest that it could give rise to claims of the order of £30m net of reinsurance in the second half of 2007.

Capital return, dividend policy and ongoing investor communication

In November 2006, Legal & General committed both to conducting an annual assessment of the capital we hold and to communicating our findings at each set of Interim results. We indicated that where capital was identified as clearly in excess of the requirements of the business, this would be returned to shareholders.

Following this year's detailed assessment of our capital position, we have been able to confirm that the Group currently holds £1bn of capital in excess of requirements. This assessment has taken into account the long term growth potential of the business, our capital requirements and our strategic aim of maintaining a AA financial strength rating, even following a moderate shock event.

Based on this year's findings, the Board has approved a £1bn capital return programme, in the form of an on-market share buyback which will begin shortly. We will buy shares using a volume-led approach, based on typical buyback percentages of the average daily volume of Legal & General shares currently traded. Whilst we are committed to executing as quickly as possible, there is the potential that this process will last beyond July 2008.

Maintaining our AA financial strength rating continues to be a key constraint on the capital we hold. Legal & General does not expect the announcement of the capital return programme to have any impact on the current ratings or ratings outlook of the Group from the rating agencies, Standard & Poor's and Moody's.

We took a number of actions to ensure that sufficient liquid assets and distributable reserves were available in Legal & General Group Plc (Group Plc) at 30 June 2007 to support a return of capital to shareholders. During the first half of 2007, Society repaid internal subordinated debt of £602m and paid an interim dividend of £400m, both to Group Plc. We sold approximately £180m of equities held by shareholders' funds as part of this process.

The Board considered its dividend policy alongside its assessment of capital. It took into account the Group's future capital requirements, projections of future profits and dividends from subsidiaries, current investment market conditions and the aim of maintaining a progressive dividend policy. It concluded that it was appropriate to increase the 2007 Interim dividend by 7.5% to 1.87p per share.

In addition to conducting annual assessments of capital held, Legal & General will update its balanced scorecard of capital measures every six months, to assist investors in tracking movements in our capital base against key target ranges. The 2007 Interim results update can be found in the 'Capital and financing' section.

Capital Return Programme – delivering on our promise

"Our preliminary conclusion is that we currently hold capital in excess of requirements… if we do have surplus capital, this will be returned to shareholders."
Investor Presentation, November 2006

"…the Board has approved a £1bn capital return programme, in the form of an on-market share buyback which will begin shortly."
Press Release, 26 July 2007

Update on capital review

Also in November 2006, Legal & General set out the timetable for a detailed review of its capital structure. The structure we have had in place has supported our strong, profitable growth for more than a decade. However, management indicated the need to review our structure in light of regulatory and fiscal developments over recent years. Our aims are to enhance the efficiency and flexibility of capital we hold, to improve the clarity of capital structure, and to support the continuing profitable growth of our business. We have detailed our progress during the first half of 2007 below:

1. Legal & General Pensions Limited

In December 2006, we ceded the non-linked non profit pensions and annuity business of Society to a new, wholly owned reinsurance company, Legal & General Pensions Limited (LGPL). This was an important first step in the broader restructuring of our balance sheet. However, as we anticipated, it gave rise to a capital inefficiency of £0.5bn on a regulatory basis due to the requirement to hold solvency capital in both entities. We disclosed this at the 2006 Preliminary results and indicated that we would work to remove the inefficiency.

The FSA introduced a framework for a new regulatory insurance entity – an Insurance

Special Purpose Vehicle (ISPV) – in December 2006. It remains our preference to convert LGPL into an ISPV. This would provide greater structural flexibility and, we believe, would have the effect of largely reversing the capital inefficiency created by establishing LGPL. We have lodged an application with the FSA and, together with the ABI, are seeking further clarity on the basis of taxation of this new type of vehicle. We remain keen to effect the conversion to an ISPV in the second half of 2007.

2. Capital structure of Society

Legal & General continues to review the long term structure of Society, including the Shareholder Retained Capital and the Sub-fund. We have appointed an independent expert to ensure that, in any future restructuring, all policyholders are treated fairly.

3. Internal investment management contracts

LGIM has historically charged investment management services to Society on a cost recovery basis. From 1 July 2007, the service will be provided at higher market referenced fees. We believe this aligns our practice with peers, recognises the value of services provided by LGIM and better reflects the generation of profits in the value chain. Investment management services provided to LGPL have been charged at market referenced fees since its inception.

4. Innovative tier I issue

In May 2007, Legal & General issued £600m of Innovative tier I debt. The proceeds were used in part to repay short term senior debt and the balance will be used to finance the acquisition of Nationwide Life and Nationwide Unit Trust Managers. This issue increased our Group regulatory capital surplus. It also counts as equity in the capital models of the rating agencies, Standard & Poor's (100%) and Moody's (75%), further supporting our AA+/Aa1 financial strength ratings.

Distribution and product developments

As previously disclosed, we secured new distribution partnerships with Nationwide Building Society and Intelligent Finance in the first half of this year. We now expect our relationship with Nationwide to go live in early 2008, slightly later than the timing originally announced, following the completion of the planned merger of Nationwide Building Society with Portman Building Society later this year.

We continue to develop new products and improve existing ones. We were pleased with the launch of our 'Open Architecture' Group SIPP product to the corporate pensions market and we have delivered enhancements to our Group Income Protection, Critical Illness Cover and high net worth protection products, among many others, in the first half of the year. We expect to launch an International bond product from our new Dublin subsidiary in the second half of 2007. The bond is aimed at the high net worth segment, will give Legal & General access to the £7bn International bond market in the UK and will further enhance our suite of 'Open Architecture' products.

OUTLOOK

Our core savings market has continued to benefit from the ongoing impact of A-Day and the increasing utilisation of platforms. Customers remain attracted to our leading products and services, supported by the strengths of LGIM. Current investment conditions have the potential to lead to some increase in market volatility. However, demographics continue to support the market for long term savings products.

Housing market activity has come under pressure recently as the interest rate rises appear to have dampened housing demand, impacting growth in the mortgage protection market. The protection market will also reflect the absence of pension term assurance, which contributed to sales growth in the second half of 2006. We are confident that we can continue to improve our market position despite these more challenging conditions – the impact of our new relationships with Nationwide Building Society, Intelligent Finance and others will, we believe, deliver further market share growth in 2008.

We continue to work to deliver innovative bulk purchase annuity solutions, harnessing the skills in both LGIM and our annuity business. We have seen an encouraging increase in enquiries from open pensions schemes looking at their buy-out options and have started to see sales coming through. In addition, we expect to continue to win significant volumes of both traditional bulk and individual annuity business from corporates and individuals attracted to our value for money products and consistently good customer service.

We support the broadening of pension provision through the government's personal account initiative. However, we have expressed concerns about details of the proposals and their likely impact on the existing private pension market. We remain actively and constructively engaged with government on issues, including taxpayer subsidy, 'levelling down' contribution levels and transfers.

We are encouraged by both the approach and direction being taken by the FSA in its Retail Distribution Review. We see clear benefits in introducing greater clarity at the point of sale between the cost of advice and the cost of products but will seek to ensure that any changes avoid unnecessary implementation expense and take account of the need for orderly transition. We believe that our diversified distribution model positions us favourably to capitalise on any changes proposed to the regulatory structures around distribution. The Retail Distribution Review is still in its very early stages and we will continue to play an active role in the debate it has stimulated.

NEW BUSINESS

UK life and pensions

Legal & General new UK life and pensions business volumes increased by 24% on a PVNBP basis in the first half of 2007, with growth in annuities, pensions and unit linked bonds, together with stable protection volumes. We saw an increase in new pensions volumes as a proportion of total new business, reflecting the significant expansion of this market over the last year.

Protection

Total protection volumes increased by 1% in the first half of 2007 to £563m on a PVNBP basis (H1 06: £555m).

Individual protection annual premiums grew by 5% to £82m (H1 06: £78m). The effect of increasing interest rates began to filter through into housing market activity in the second quarter. Legal & General wrote £40m of new individual protection business in the second quarter of 2007, compared with £42m in the first, although this was marginally higher than the second quarter of 2006 (£39m).

Group protection annual premiums fell by 12% to £29m (H1 06: £33m) in challenging trading conditions, with increased competition, particularly in the group life segment. We recently launched an innovative group income protection product and are encouraged by early feedback from intermediaries.

The protection margin, which incorporates both individual and group protection products, increased from 8.0% in H1 06 to 9.1% in H1 07. This represented a reduction against the full year 2006 margin of 10.9%, which included the benefit of the lower reserving requirements on individual protection products resulting from the implementation of the FSA's Policy Statement 06/14. We indicated in the Preliminary results 2006 that we expected this boost to margins to moderate over time, and this has indeed occurred in the first half of 2007.

Annuities

Volumes of both individual and bulk purchase annuities (BPAs) were strong in the first half of 2007 – total new annuities business on a PVNBP basis increased to £862m (H1 06: £708m).

Sales of single premium individual annuities were up 130% to £480m in the first half of the year (H1 06: £209m), as the more favourable market conditions of the second half of 2006 continued and bond yields increased further.

Sales of BPAs remained buoyant in the first half of 2007 with 108 policies written, amounting to £382m of single premiums (H1 06: £499m). Volumes in this line of business fluctuate significantly and 2006 was a record year for new BPA volumes for Legal & General – factors which make prior year comparisons difficult. However, second quarter volumes of £217m were broadly stable compared with the same period last year (Q2 06: £222m). We began to see some increased quotation activity for 'new market' schemes in the second quarter, ie for open – as opposed to the traditional closed – pension schemes.

The annuities margin is strongly influenced by the mix of new business written and, in particular, by the mix between lower margin individual and higher margin bulk annuity business. Individual annuities represented 56% of total non profit annuity sales, compared with 30% in H1 06 and 41% in FY 06. The aggregate annuity margin for each period was 10.1%, 14.1% and 11.0% respectively. The annuity margin at FY 06 was reduced by approximately one percentage point as a result of the additional solvency capital required following the creation of LGPL in 2006, and the assumption that assets backing the solvency margin on new business are invested 50:50 in bonds:equities. This effect remained in place in the first half of 2007.

Unit linked bonds

We continued to build scale in our unit linked bond business in the first half of 2007. Sales increased by 12% to £1,355m (H1 06: £1,213m), supported by additional unit allocation offers for customers on our Portfolio Bond. These offers continued in the first half of 2007, but at a lower rate than during the second half of 2006, giving rise to a reduction in volumes against the second half 2006 (£1,399m). 68% of Portfolio Bond sales in the first half of the year were written on-platform, indicating strong support from IFAs for our bond wrap proposition.

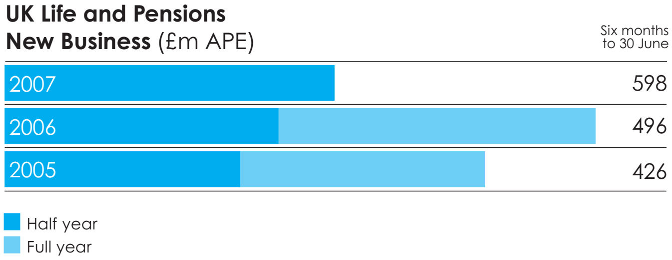
The unit linked bond margin decreased from 2.0% at the full year 2006 to 1.5% in the first half of 2007, due mainly to the promotional offers mentioned above and competitive conditions.

Pensions

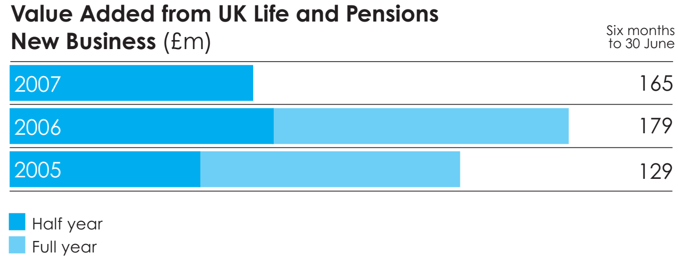
With changes brought about by pensions A-Day and 'Open Architecture', and with improving product economics, we believe that there is now an opportunity to build scale profitably in the pensions market, where we have a growing market share (based on ABI data – FY 06: 6%; Q1 07: 7%). We continue to target single premium transfer business, corporate schemes and incremental business. Annual premiums grew by 11% to £70m (H1 06: £63m) whereas single premium business grew by 116% to £635m (H1 06: £294m). Our Individual SIPP product continues to perform well, accounting for over 20% of non profit pension sales on a PVNBP basis in the first half of 2007. We also launched our 'Open Architecture' Group SIPP in the second quarter.

Supported by improved mix and growing scale, the total non profit pensions margin improved from negative 0.7% in the full year 2006 to negative 0.5% in the first half of 2007.

UK Life and Pensions New Business (£m APE)



Value Added from UK Life and Pensions New Business (£m)



With-profits

Annual premium sales of with-profits products increased by 27% to £80m in the first half of 2007 (H1 06: £63m) and single premium sales by 39% to £522m (H1 06: £375m). These figures include unit linked savings contracts which offer a with-profits investment option. The strong increase in sales was mainly due to increased pensions volumes but we also saw increased demand for with-profits bonds. Customers remain attracted to strong investment returns on assets backing the with-profits fund.

The with-profits margin remained stable at 1.4% when compared with the full year 2006 position.

International life and pensions

In the USA, we saw robust sales growth of 13% in the first half of 2007 to $293m on a PVNBP basis (H1 06: $260m). Volumes in the Netherlands were down by 12% to €183m (H1 06: €207m) against the backdrop of ongoing challenging market conditions. However, we believe that we improved our market position over the period. Sales in France grew strongly by 21% to €346m on a PVNBP basis (H1 06: €285m), reflecting increased sales of savings products stimulated by regulatory changes.

Retail investments

Worldwide retail investment sales were £169m APE (H1 06: £343m APE). In the UK, individual retail investment business was broadly stable in the first half of 2007 at £121m APE (H1 06: £127m APE). However, the volume of institutional and wholesale business written was significantly lower at £46m APE (H1 06: £215m APE). 'Institutional' here describes business transacted with charitable organisations, friendly societies and other financial institutions and 'wholesale' describes transfers from some of our distribution partners. Both these types of transactions are bulky by nature.

Investment management

LGIM delivered an outstanding £16.2bn of new business in the first half of 2007, an increase of over £5bn compared with the first half of 2006 (H1 06: £10.8bn).

Funds under management stood at £253bn at 30 June 2007 (30 June 2006: £211bn), of which £180bn was invested in index tracking funds on behalf of clients. Our index tracking capabilities, our scale and our commitment to a high level of client service are at the heart of our business model, and have combined to deliver strong new business flows over more than a decade.

LGIM continued to expand its capabilities in other product segments. We delivered significant improvements in active equity investment performance and demand for our Structured Solutions products and services continued to grow, with £6.0bn funds under management at 30 June 2007 (30 June 2006: £3.5bn).

In July this year, we were delighted to be recommended by Hermes Investment Management for the provision of passive equity fund management services to its clients. This is further testimony to LGIM's reputation, products and focus on excellence in customer service.

PROFITABILITY

Life and pensions operating profit

UK life and pensions operating profit – EEV basis

UK life and pensions operating profit increased by 23% to £497m (H1 06: £405m).

The contribution from new business decreased to £165m in the first half of 2007 (H1 06: £179m), with a greater proportion of pensions business written, a lower unit linked bond margin and a lower margin mix on our annuities business.

The expected return from in-force business was £127m (H1 06: £158m), reflecting the unwinding at a higher opening risk discount rate of 7.6% (2006: 7.1%) on a lower opening in-force value. The in-force value was lower at the end of 2006 than at the end of 2005 due to the impact of corporate restructuring and reserve changes, which we highlighted in our 2006 Preliminary results.

Experience variances for the first half of 2007 were positive £74m (H1 06: positive £53m). This consisted almost exclusively of the effect of moving to market referenced fees for investment management services provided by LGIM to Society – these were historically charged on a cost recovery basis. The effect totalled a positive £88m, reflecting the increased underlying value of with-profits business from adopting the EEV look through principle, and the small reduction in value of non profit business as a result of allowing for higher regulatory reserves, which now include market referenced fees.

Operating assumption changes were negative £10m (H1 06: negative £7m).

Development costs of £10m (H1 06: £10m) related primarily to improvements to our pensions administration systems.

The contribution from shareholder net worth was £151m (H1 06: £32m). The shareholder net worth comprises the embedded value of the SRC and Sub-fund and, since the end of 2006, the shareholder capital of LGPL. The contribution from shareholder net worth comprised:

- In respect of Society: the unwind at a higher opening risk discount rate (7.6% in H1 07 vs 7.1% in H1 06) on a higher adjusted opening embedded value of the SRC and Sub-fund. This figure was grossed up at a tax rate of 28% (H1 06: 20%) reflecting the new corporation tax rate from April 2008.
- In respect of LGPL: an expected investment return on the opening shareholder capital, after the payment of interest on the £400m internal subordinated debt.
- There were additionally some small negative adjustments amounting to £16m in total.

International life and pensions operating profit – EEV basis

EEV operating profit from our international operations grew by 6% to £54m (H1 06: £51m). This primarily reflected growth in the expected return, as higher opening risk discount rates were applied to higher opening embedded values. The contribution from new business for the period reflected the absence of Triple X financing for our US protection business.

UK life and pensions operating profit – IFRS basis

The UK life and pensions operating profit increased by 16% to £249m in the first half of 2007 (H1 06: £215m). This comprised:

- The distribution relating to non profit and shareholder net worth, which grew by 27% to £199m (H1 06: £157m). In any year, this is based on the formula agreed with our regulator.

- Profits from the with-profits business, which increased by 25% to £50m in H1 07 (H1 06: £40m), reflecting increases in bonuses applied to a higher level of maturities and other claims.

Internal subordinated debt of £602m was repaid from the SRC to Legal & General Group Plc in December 2006 as part of the Corporate restructuring, which we highlighted in our 2006 Preliminary results. There is therefore no subordinated debt interest transfer from Society in the first half of 2007.

International life and pensions operating profit – IFRS basis

International life and pensions operating profit grew to £41m in the first half of 2007 (H1 06: £37m). This was owing mainly to an increase in operating profit in our operations in the Netherlands (H1 07: £4m profit; H1 06: £3m loss) – under IFRS, all assets but not all liabilities are valued at fair value, leading to ongoing volatility in this line.

Investment management operating profit – IFRS basis

Operating profits from our investment management business increased by 12% to £73m (H1 06: £65m). This was due mainly to the growth in pension funds under management to £160bn at 30 June 2007 (30 June 2006: £130m), driven by a combination of excellent new business figures and high levels of client retention. Other income of £11m (H1 06: £9m) included £4m of profits arising from market referenced fees charged for the provision of investment management services to LGPL.

The cost/income ratio increased to 46% (H1 06: 36%), primarily as a result of the costs of transferring to new City premises, scheduled for the second half of the year, and planned investment in people and systems across the business.

Our supplementary reporting also includes details of the results of our managed pension funds business on an EEV basis.

General insurance operating result – IFRS basis

Our General insurance business recorded a pre-tax operating loss of £38m in the first half of 2007, compared with a £2m profit in the same period last year. This was due to increased household claims following windstorm Kyrill in January, which gave rise to £8m in claims, and two flooding events in June this year, giving rise to estimated claims of £40m net of reinsurance. The final impact of the severe flooding from 20 July 2007 has not yet been quantified. However, early indications suggest that it could give rise to claims of the order of £30m net of reinsurance in the second half of 2007. Other operating profit for the first half of 2007 included a profit of £6m following our decision to withdraw from the healthcare market earlier in the year.

Other operational income – IFRS and EEV basis

Following the creation of LGPL in 2006, the investment return on LGPL ordinary shareholders' capital on an EEV basis is reported as covered business within 'Contribution from shareholder net worth'. On an IFRS basis, investment return on LGPL ordinary shareholders' equity is reported within 'Other operational income'. The investment return increased to £90m (H1 06: £69m) following the growth in opening Society shareholder capital to £2,257m (FY 05: £1,896m).

Interest expense increased to £55m in H1 07, broadly in line with the charge for the second half of 2006 (H2 06: £58m).

Unallocated corporate and development expenses of £18m include ongoing financial project costs and the development of our International bond product.

Profit attributable to equity holders

EEV basis

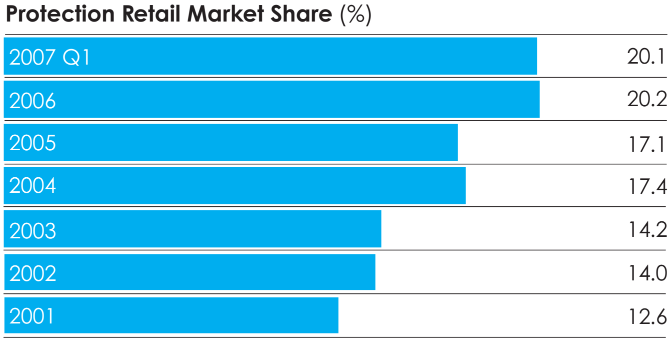
Below the EEV operating profit line, there were two main variances against the first half of 2006. The variation from longer term investment return rose by £84m to £197m (H1 06: £113m), primarily as a result of outperformance in equities and property, partly offset by a reduction in the value of bond portfolios as a result of increased yields.

There was also a one-off increase to embedded value of £93m, relating primarily to the reduction in the corporation tax rate from 30% to 28% from April 2008.

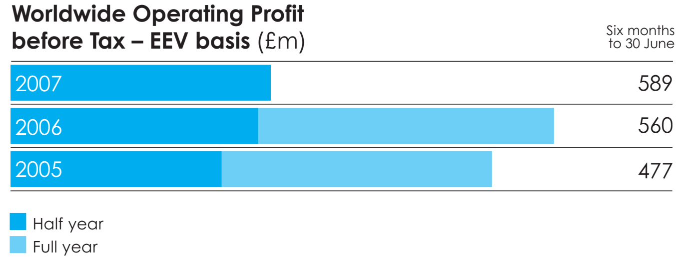
IFRS basis

The increase in the variation from longer term investment return to £21m in H1 07 (H1 06: £7m) is principally due to improved equity returns, partly offset by decreasing bond portfolios as a consequence of rising bond yields.

Protection Retail Market Share (%)



Worldwide Operating Profit before Tax – EEV basis (£m)



The net capital released from the non profit business increased to £153m (H1 06: £110m). Within this, the new business strain of £142m (H1 06: £185m, after financing arrangements) was covered by the expected release from the in-force book of £211m (H1 06: £264m, after financing arrangements), all on a net of tax basis. These two figures were substantially lower than the comparatives for H1 06, reflecting the implementation of new reserving rules under the FSA's Policy Statement 06/14 at the end of 2006. The overall impact of other movements on the net capital released after tax was positive £38m (H1 06: negative £2m).

Our estimate of the potential IFRS deferred tax charge on a hypothetical full distribution of the SRC reduced from £717m at the full year 2006 to £295m at the end of June 2007. This resulted from tax changes in the Finance Act 2007, which could allow capital to be released from the SRC at a significantly lower net tax rate than previously.

CAPITAL AND FINANCING

The Group is required to measure and monitor its capital resources on a regulatory as well as an IFRS basis and to comply with the minimum capital requirements of regulators in each territory in which it operates. In general, the regulators require more prudent assumptions than IFRS. Legal & General's total capital resources are substantially in excess of both total regulatory capital and the minimum regulatory capital it is required to hold.

At Group level, the Insurance Groups Directive capital surplus was £2.6bn (31 December 2006: £2.0bn) in excess of the required capital of £4.5bn (31 December 2006: £4.6bn). The capital requirement included £0.6bn (31 December 2006: £0.6bn) relating to LGPL, which would not be required if LGPL were converted to an ISPV.

The total regulatory capital resources available to Society, the Group's main UK operating subsidiary, amounted to £9.0bn at 30 June 2007 (31 December 2006: £9.4bn) and exceeded the total capital requirements by £4.5bn (31 December 2006: £4.9bn). The capital requirement included £0.6bn (31 December 2006: £0.6bn) relating to LGPL.

As at 30 June 2007, the value of the assets supporting the UK with-profits business was estimated to have exceeded realistic liabilities by £1,174m (31 December 2006: £1,128m). The required Risk Capital Margin (RCM) for the with-profits part of the fund, calculated by reassessing realistic assets and liabilities in financially stressed conditions, was £236m at 30 June 2007 (31 December 2006: £465m). The RCM continued to benefit from management actions, which included refinements to our management of investment market risk.

In May 2007, the Group issued £600m perpetual capital securities which have been reported as Innovative tier I regulatory capital for IGD purposes.

Capital balanced scorecard measures

We first outlined our balanced scorecard for capital management in November 2006. These are updated at every Preliminary and Interim results announcement.

We will review the planning ranges each year as part of our annual five year financial projection and stress testing exercise and, if appropriate, we will recalibrate them to take account of business volumes, changes to corporate structure or developments in regulatory or financial reporting regimes.

"Our return of capital is part of a sustained programme rather than a one-off decision. Ongoing regular reviews will ensure that over any given time period, we have the right amount of capital, the right type of capital and the right balance sheet structure in place to support our business."

Andrew Palmer
Group Director (Finance)

Our values:
customer focus; teamwork; open and fair; results driven

Around

37%

of UK employees are members of AMICUS

CSR and our employees
Celebrating the Amicus Partnership

This summer we celebrate the tenth anniversary of our partnership with our trade union, Amicus. Over the last decade, the partnership approach has cemented Legal & General's reputation as a good company to work for. Both parties have shared and open access to information, and the union plays an important part in decision-making in areas of common interest. Together, we have amongst other things, implemented family-friendly employment practices, improved training for managers and benefited greatly from Amicus' input to a wide range of employment, health and safety and CSR issues. The positive nature of the partnership has in turn given Legal & General the opportunity to move quickly and flexibly in response to a highly competitive and fast-moving market.

Urban regeneration projects
The English Cities Fund (ECF) is an innovative public-private partnership formed of Legal & General Assurance Society Limited, AMEC, and English Partnerships. Legal & General Property's expertise and financial backing plays a major part in enabling the ECF to successfully carry out urban regeneration projects across the UK.

Employees in the community
Legal & General's employees are at the heart of the CSR programme. Our employees play a huge part in fostering our relations with the communities in which we operate. Around 12% of employees participate in our Give As You Earn scheme, which facilitates charitable giving to their chosen good causes. The Company matches staff fund raising efforts, and contributes additionally to specific charitable activities, especially in areas and communities where we are represented.

Last year, approximately 0.45% of pre tax profits were committed to charitable and community activities, and we aim to maintain spending at a comparable level this year. Earlier this year, we held a 'Making a Difference' (MAD) Roadshow in all our major locations, giving our charitable partners an opportunity to present their work to all employees. Over 1,300 employees in total attended an event, which survey evidence tells us they want to have repeated.

One employee summed up their views on Legal & General's CSR programme by saying: "It is one of the things that make Legal & General a nice place and more than just work."

Six months ended 30 June 2007

	Notes	30.06.07 £m	30.06.06 £m	Full year 2006 £m
From continuing operations				
Life and pensions	4/5	**551**	456	1,030
Investment management	6	**90**	87	181
General insurance	19	**(38)**	2	9
Other operational income	7	**(14)**	15	13
Operating profit		**589**	560	1,233
Variation from longer term investment return	8	**197**	113	460
Effect of economic assumption changes	4	**(6)**	(18)	2
Property income attributable to minority interests		**17**	21	67
Corporate restructure	15	**–**	–	(216)
Profit from continuing operations before tax attributable to equity holders		**797**	676	1,546
Tax charge on profit from ordinary activities		**(218)**	(198)	(422)
Effect of UK Budget tax changes	10	**93**	–	–
Tax impact of corporate restructure	15	**–**	–	322
Profit from ordinary activities after tax		**672**	478	1,446
Profit attributable to minority interests	28	**(17)**	(21)	(67)
Profit attributable to equity holders of the Company		**655**	457	1,379

	p	p	p
Earnings per share			
Based on operating profit from continuing operations after income tax attributable to equity holders	**6.62**	6.19	13.45
Based on profit attributable to equity holders of the Company	**10.08**	7.05	21.27
Diluted earnings per share			
Based on operating profit from continuing operations after income tax attributable to equity holders	**6.59**	6.07	13.36
Based on profit attributable to equity holders of the Company	**10.03**	6.89	21.12

This financial information was approved by the Board on 25 July 2007.

The results for the six months to 30 June 2007 and 30 June 2006 are unaudited, but have been subject to a review by the Group's independent auditors and constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The published full year 2006 supplementary financial information on the European Embedded Value (EEV) basis included an auditors' report which was unqualified.

These figures have been prepared for covered business using the EEV basis. The International Financial Reporting Standards (IFRS) results are included on pages 19 to 28.

As at 30 June 2007

	Notes	At 30.06.07 £m	At 30.06.06 £m	At 31.12.06 £m
Assets				
Investments		**235,303**	193,050	213,228
Long term in-force business asset		**2,872**	2,943	2,529
Other assets		**5,743**	6,862	4,614
		243,918	202,855	220,371
Equity and liabilities				
Shareholders' equity	12	**8,365**	7,166	7,931
Minority interests	28	**456**	318	414
Total equity		**8,821**	7,484	8,345
Subordinated borrowings	27	**1,371**	813	818
Unallocated divisible surplus		**2,277**	1,982	2,178
Participating contract liabilities		**19,231**	19,764	19,770
Non-participating contract liabilities		**205,771**	167,126	183,618
Senior borrowings	27	**1,332**	1,682	1,607
Other liabilities and provisions		**5,115**	4,004	4,035
		243,918	202,855	220,371

Consolidated Statement of Recognised Income and Expense

Six months ended 30 June 2007

	30.06.07 £m	30.06.06 Restated £m	Full year 2006 £m
Fair value losses on cash flow hedges	**–**	(3)	(3)
Exchange differences on translation of overseas operations	**(1)**	(25)	(41)
Actuarial gains on defined benefit pension schemes	**36**	38	3
Actuarial (gains) on defined benefit pension schemes transferred to unallocated divisible surplus	**(25)**	(28)	(1)
Income/(expense) recognised directly in equity, net of tax	**10**	(18)	(42)
Profit from ordinary activities after tax	**672**	478	1,446
Total recognised income and expense	**682**	460	1,404
Attributable to:			
Minority interests	**17**	21	67
Equity holders of the Company	**665**	439	1,337

1. BASIS OF PREPARATION

This financial information has been prepared in accordance with the EEV Principles issued in May 2004 by the European Insurance CFO Forum. The detailed methodology used was included in the supplementary financial information within the full year 2006 consolidated Group financial statements.

The consolidated statement of recognised income and expense for the period ended 30 June 2006 has been restated to reduce the actuarial gains on the defined benefit scheme and therefore the total recognised income and expense by £26m. This adjustment is in respect of the movement in the pension deficit for the covered business. There is no impact on the consolidated shareholders' equity.

2. NEW BUSINESS

	30.06.07 APE £m	30.06.06 APE £m	Full year 2006 APE £m
Life and pensions			
Protection	**111**	111	231
Annuities	**86**	71	174
Savings			
– Unit linked bonds	**136**	121	261
– Pensions, stakeholder and other non profit	**133**	93	208
With-profits	**132**	100	199
UK life and pensions	**598**	496	1,073
USA	**22**	21	42
Netherlands	**14**	16	29
France	**27**	20	32
	661	553	1,176
Investment management			
Retail investment			
ISAs – UK	**38**	41	68
Unit trusts			
– UK	**129**	301	596
– France	**2**	1	2
Institutional fund management[1]			
UK managed pension funds			
– Pooled funds	**15,568**	8,263	17,878
– Segregated funds	**448**	599	608
	16,016	8,862	18,486
Limited partnerships	**42**	41	99
Other funds	**168**	1,855	2,065
	16,395	11,101	21,316
Total new business	**17,056**	11,654	22,492

Annual Premium Equivalent (APE) is calculated for total new business, including ISAs and unit trusts, and comprises the new annual premiums together with 10% of single premiums. APE from insurance business in the first six months was £262m (H1 06: £235m; FY 06: £513m). APE from total new business in the same period was £830m (H1 06: £896m; FY 06: £1,842m).

1. Excludes £7.8bn (H1 06: £1.7bn; FY 06: £4.4bn) which is held on a temporary basis, generally as part of portfolio reconstructions.

3. PRESENT VALUE OF NEW BUSINESS PREMIUMS (PVNBP) AND NEW BUSINESS MARGIN

	Annual premiums £m	Present value of annual premiums £m	Capitalisation factor	Single premiums £m	PVNBP £m	New business margin %
Six months ended 30 June 2007						
UK	**261**	**1,098**	**4.2**	**3,374**	**4,472**	**3.7**
International	**38**	**260**	**6.8**	**247**	**507**	**2.6**
Total life and pensions	**299**	**1,358**		**3,621**	**4,979**	**3.6**
Six months ended 30 June 2006						
UK	237	1,023	4.3	2,590	3,613	4.9
International	37	279	7.5	203	482	2.7
Total life and pensions	274	1,302		2,793	4,095	4.7
Full year ended 31 December 2006						
UK	474	2,115	4.5	5,991	8,106	4.7
International	66	459	7.0	365	824	4.6
Total life and pensions	540	2,574		6,356	8,930	4.7

4. PROFIT FROM CONTINUING OPERATIONS AFTER TAX FROM COVERED BUSINESS

	UK £m	International £m	Life and pensions total £m	Investment management[1] £m	Total £m
Six months ended 30 June 2007					
Contribution from new business after cost of capital	**165**	**13**	**178**	**41**	**219**
Contribution from in-force business:					
– expected return	**127**	**40**	**167**	**15**	**182**
– experience variances[2]	**74**	**(6)**	**68**	**13**	**81**
– operating assumption changes	**(10)**	**–**	**(10)**	**3**	**(7)**
Development costs	**(10)**	**–**	**(10)**	**(1)**	**(11)**
Contribution from shareholder net worth[3]	**151**	**7**	**158**	**4**	**162**
Operating profit	**497**	**54**	**551**	**75**	**626**
Variation from longer term investment return[4]	**191**	**(15)**	**176**	**3**	**179**
Effect of economic assumption changes	**(12)**	**3**	**(9)**	**3**	**(6)**
Profit from continuing operations before tax	**676**	**42**	**718**	**81**	**799**
Tax[3]	**(189)**	**(13)**	**(202)**	**(23)**	**(225)**
Effect of UK Budget tax changes	**86**	**–**	**86**	**7**	**93**
Profit from continuing operations after tax	**573**	**29**	**602**	**65**	**667**
Six months ended 30 June 2006					
Contribution from new business after cost of capital	179	13	192	27	219
Contribution from in-force business:					
– expected return	158	33	191	12	203
– experience variances	53	(6)	47	12	59
– operating assumption changes	(7)	3	(4)	17	13
Development costs	(10)	–	(10)	(1)	(11)
Contribution from shareholder net worth[3]	32	8	40	3	43
Operating profit	405	51	456	70	526
Variation from longer term investment return[4]	125	(31)	94	(8)	86
Effect of economic assumption changes	(2)	(16)	(18)	–	(18)
Profit from continuing operations before tax	528	4	532	62	594
Tax[3]	(175)	(1)	(176)	(18)	(194)
Profit from continuing operations after tax	353	3	356	44	400
Full year ended 31 December 2006					
Contribution from new business after cost of capital	380	38	418	61	479
Contribution from in-force business:					
– expected return	323	70	393	24	417
– experience variances	41	19	60	34	94
– operating assumption changes	5	17	22	26	48
Development costs	(21)	–	(21)	(1)	(22)
Contribution from shareholder net worth[3]	146	12	158	7	165
Operating profit	874	156	1,030	151	1,181
Variation from longer term investment return[4]	387	(21)	366	13	379
Effect of economic assumption changes	(5)	7	2	–	2
Corporate restructure	(216)	–	(216)	–	(216)
Profit from continuing operations before tax	1,040	142	1,182	164	1,346
Tax[3]	(337)	(45)	(382)	(49)	(431)
Tax impact of corporate restructure	322	–	322	–	322
Profit from continuing operations after tax	1,025	97	1,122	115	1,237

1. For covered business, Investment management comprises managed pension funds and is included in the total Investment management result of £90m (H1 06: £87m; FY 06: £181m).
2. UK experience variances of £74m principally comprise the impact of introducing market referenced fees for the investment management services provided to Society and LGPL by Legal & General Investment Management (£88m) which are recognised on a look through basis.
3. For H1 07 the contribution from shareholder net worth has been grossed up using a notional attributed tax rate of 28% (H1 06: 20%; FY 06: 30%).
4. UK life and pensions variation from longer term investment return comprises £97m (H1 06: £59m; FY 06: £185m) relating to the value of in-force business and £94m (H1 06: £66m; FY 06: £202m) relating to shareholder net worth.

5. LIFE AND PENSIONS OPERATING PROFIT

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
UK	**497**	405	874
USA	**23**	20	89
Netherlands	**19**	17	45
France	**12**	14	22
	551	456	1,030

6. INVESTMENT MANAGEMENT OPERATING PROFIT[1]

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Managed pension funds	**75**	70	151
Ventures	**–**	2	4
Property	**5**	4	6
Retail investments	**6**	5	11
Other income[2]	**4**	6	9
	90	87	181

1. Operating profit in H1 07 excludes £4m of profits arising from the provision of investment management services at market referenced rates to the covered business which are reported on a look through basis and as a consequence included in the UK life and pensions covered business on an EEV basis.
2. Other income excludes the element relating to managed pension funds on the IFRS basis.

7. OTHER OPERATIONAL INCOME

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Shareholders' other income			
Investment return on shareholders' equity[1]	**59**	69	134
Interest expense	**(55)**	(48)	(106)
	4	21	28
Other operations[2]	**–**	(1)	(2)
Unallocated corporate and development expenses	**(18)**	(5)	(13)
	(14)	15	13

1. Investment return on shareholders' equity excludes the element relating to Legal & General Pensions Limited (LGPL) on the IFRS basis of £31m (H1 06: £nil, FY 06: £5m).
2. Principally the regulated mortgage network and Cofunds.

8. VARIATION FROM LONGER TERM INVESTMENT RETURN

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Total covered business	**179**	86	379
Investment management[1]	**(1)**	–	(1)
General insurance	**(9)**	(1)	(7)
Other operational income[2]	**28**	28	89
	197	113	460

For covered business, the variation from longer term investment return represents the effect of the investment performance and changes to investment policy in respect of shareholder net worth and in-force business, compared with embedded value assumptions at the beginning of the period.

1. Non-covered Investment management business.
2. Variation from longer term investment return on shareholders' equity excludes the element relating to LGPL on the IFRS basis.

9. TIME VALUE OF OPTIONS AND GUARANTEES

	At 30.06.07 £m	At 30.06.06 £m	At 31.12.06 £m
Life and pensions			
UK non profit	**4**	16	4
UK with-profits	**1**	2	2
International	**11**	12	12
	16	30	18

10. EFFECT OF UK BUDGET TAX CHANGES

The Finance Bill 2007 contains two measures which increased the UK embedded value by £93m. The reduction in the UK corporation tax rate from 30% to 28% with effect from 1 April 2008 increased the post-tax profits from the UK life and pensions and managed pensions funds businesses reported on an EEV basis over the projection period. The effect was to increase the UK embedded value by £101m. This was offset by a reduction of £8m from the requirement to tax the loan interest payable by LGPL to the SRC at the full UK corporation tax rate.

For the purposes of grossing up the movement in the UK embedded value to report pre-tax profits, the notional attributed tax rate was 28% (H1 06: 30%; FY 06: 30%).

11. EMBEDDED VALUE

	UK life and pensions £m	International life and pensions £m	Life and pensions total £m	Investment management £m	Total £m
As at 30 June 2007					
Value of in-force business (VIF)	**2,785**	**707**	**3,492**	**310**	**3,802**
Shareholder net worth (SNW)	**3,890**	**290**	**4,180**	**230**	**4,410**
Embedded value	**6,675**	**997**	**7,672**	**540**	**8,212**
As at 30 June 2006					
Value of in-force business	3,405	601	4,006	250	4,256
Shareholder net worth	1,714	248	1,962	216	2,178
Embedded value	5,119	849	5,968	466	6,434
As at 31 December 2006					
Value of in-force business	2,428	652	3,080	281	3,361
Shareholder net worth	3,828	261	4,089	194	4,283
Embedded value	6,256	913	7,169	475	7,644

For the UK life and pensions business, shareholder net worth comprises the shareholder retained capital (SRC), the Sub-fund within Society and the shareholder capital within LGPL, net of a notional allowance for tax.

The movement in value of in-force in the second half of 2006 primarily relates to the matters discussed in Note 15.

12. SEGMENTAL ANALYSIS OF SHAREHOLDERS' EQUITY

	At 30.06.07 £m	At 30.06.06 £m	At 31.12.06 £m
UK[1]	**6,675**	5,119	6,256
Society shareholder capital (excluding LGPL)[2]	**501**	2,042	1,307
	7,176	7,161	7,563
Embedded value of international life and pensions business			
– USA[3]	**595**	537	552
– Netherlands	**236**	197	228
– France[4]	**166**	115	133
	8,173	8,010	8,476
Investment management	**671**	564	592
	8,844	8,574	9,068
General insurance	**136**	164	169
Corporate funds[5]	**(615)**	(1,572)	(1,306)
	8,365	7,166	7,931

1. At 30 June 2006, Legal & General Group Plc (Group Plc) had lent £602m of subordinated debt to the SRC. In H2 06, this debt was repaid, then re-lent to Society shareholder capital, and £400m of this was lent to LGPL on similar terms. As part of ongoing capital restructuring work, Society repaid the subordinated debt to Group Plc in H1 07. The £400m lent to LGPL remains in place.
2. Represents surplus capital held outside Society's LTF, excluding LGPL shareholder capital, which is regarded as either required capital or free surplus held within the covered business.
3. Includes £46m ($90m) of capital injected into the US operation.
4. Includes £27m (€40m) of capital injected into the French operation.
5. Corporate funds includes investments, subordinated borrowings and senior borrowings.

13. RECONCILIATION OF SHAREHOLDER NET WORTH (SNW)

	At 30.06.07 £m	At 30.06.06 £m	At 31.12.06 £m
SNW of long term operations (IFRS basis)	**5,362**	3,520	5,138
Other assets (IFRS basis)	**153**	732	287
Shareholders' equity on the IFRS basis	**5,515**	4,252	5,425
Purchased interests in long term business	**(24)**	(29)	(25)
Sub-fund	**326**	292	313
Deferred acquisition costs/deferred income liabilities	**(703)**	(927)	(677)
Deferred tax[1]	**(460)**	(686)	(520)
Other[2]	**(91)**	8	54
Shareholder net worth on the EEV basis	**4,563**	2,910	4,570
Represented by:			
SNW of long term operations (EEV basis)	**4,410**	2,178	4,283
Other assets (IFRS basis)	**153**	732	287
	4,563	2,910	4,570

1. Deferred tax represents all tax which is expected to be paid under current legislation, including tax which would arise if shareholders' assets were distributed.
2. Other relates primarily to the different treatment of sterling reserves and other long term reserves and the non profit result of LGPL under EEV compared with IFRS.

14. ASSUMPTIONS

	At 30.06.07 % pa	At 30.06.06 % pa	At 31.12.06 % pa	At 31.12.05 % pa
UK				
Equity risk premium	**3.0**	3.0	3.0	3.0
Property risk premium	**2.0**	2.0	2.0	2.0
Investment return				
– Gilts:				
Fixed interest	**5.1**	4.6	4.6	4.1
RPI linked	**5.6**	4.7	4.7	4.2
– Non gilts:				
Fixed interest	**5.6 – 6.0**	4.9 – 5.3	4.9 – 5.3	4.4 – 4.8
RPI linked	**5.3 – 5.9**	4.7 – 5.2	4.6 – 5.1	4.2 – 4.6
– Equities	**8.1**	7.6	7.6	7.1
– Property	**7.1**	6.6	6.6	6.1
Risk margin	**3.0**	3.0	3.0	3.0
Risk discount rate (net of tax)	**8.1**	7.6	7.6	7.1
Inflation				
– Expenses/earnings	**4.5**	4.1	4.2	3.9
– Indexation	**3.5**	3.1	3.2	2.9
USA				
Reinvestment rate	**5.8**	5.9	5.4	5.1
Risk margin	**3.0**	3.0	3.0	3.0
Risk discount rate (net of tax)	**8.1**	8.2	7.8	7.4
Europe				
Government bond rate	**4.6**	4.1	4.0	3.3
Risk margin	**3.0**	3.0	3.0	3.0
Risk discount rate (net of tax)	**7.6**	7.1	7.0	6.3

Operational assumptions, which are reviewed annually to reflect recent operating experience, are largely unchanged from those made at the end of 2006.

15. CORPORATE RESTRUCTURE

On 31 December 2006, the non-linked non profit pensions and annuity business of Society was ceded to a new, wholly owned, reinsurance company, Legal & General Pensions Limited (LGPL). Full details of the restructuring are included in the 2006 Annual Report and Accounts.

Six months ended 30 June 2007

	Notes	30.06.07 £m	30.06.06 £m	Full year 2006 £m
From continuing operations				
Life and pensions	17	**290**	252	592
Investment management	18	**73**	65	133
General insurance	19	**(38)**	2	9
Other operational income	20	**17**	15	18
Operating profit		**342**	334	752
Variation from longer term investment return		**21**	7	63
Contribution from UK non profit business	21	**119**	39	1,136
Property income attributable to minority interests		**17**	21	67
Profit from continuing operations before tax attributable to equity holders		**499**	401	2,018
Tax attributable to equity holders		**(170)**	(124)	(387)
Profit from ordinary activities after tax		**329**	277	1,631
Profit attributable to minority interests		**(17)**	(21)	(67)
Profit attributable to equity holders of the Company		**312**	256	1,564

	p	p	p
Earnings per share			
Based on operating profit from continuing operations after tax attributable to equity holders	**3.87**	3.69	8.33
Based on profit attributable to equity holders of the Company	**4.80**	3.95	24.12
Diluted earnings per share			
Based on operating profit from continuing operations after tax attributable to equity holders	**3.84**	3.67	8.27
Based on profit attributable to equity holders of the Company	**4.77**	3.93	23.95

This supplementary operating profit information provides further analysis of the results reported under IFRS and we believe gives shareholders a better understanding of the underlying performance of the business.

16. BASIS OF PREPARATION

For UK life and pensions business, operating profit in a full year represents:
- the distribution of profit relating to non profit and shareholder net worth, grossed up for tax. The current distribution comprises;
  - 7% of the embedded value of the shareholder retained capital (SRC) and Sub-fund (shareholder net worth – SNW) adjusted to remove the effect of the contingent loan (between SRC and LGPL) and the SNW of LGPL; and
  - 5% of the embedded value of the non profit business adjusted to remove the effect of the contingent loan between SRC and LGPL;
- the shareholders' share of the with-profits surplus recognised in the year, grossed up for tax;
- the subordinated debt interest on the intra-group subordinated debt included within the SRC, until it was repaid in December 2006.

Operating profit includes a longer term investment return on shareholders', General insurance and Netherlands' funds held outside a long term fund. It excludes investment variances and the contribution from UK non profit business. The income statement comprises returns to shareholders and excludes policyholders' returns.

17. LIFE AND PENSIONS OPERATING PROFIT

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Distribution relating to non profit and SNW	**199**	157	388
Subordinated debt interest	**–**	18	34
Non profit business	**199**	175	422
With-profits business	**50**	40	95
UK	**249**	215	517
USA	**32**	33	58
Netherlands	**4**	(3)	7
France	**5**	7	10
	290	252	592

18. INVESTMENT MANAGEMENT OPERATING PROFIT

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Managed pension funds	**51**	45	96
Ventures	**–**	2	4
Property	**5**	4	6
Retail investments	**6**	5	11
Other income[1]	**11**	9	16
	73	65	133

1. Other income in H1 07 includes £4m of profits arising from the provision of investment management services at market referenced rates to business reinsured to LGPL.

19. GENERAL INSURANCE GROSS WRITTEN PREMIUMS AND OPERATING PROFIT

	30.06.07 Premiums written £m	**30.06.07 Operating profit/(loss) £m**	30.06.06 Premiums written £m	30.06.06 Operating profit £m	Full year 2006 Premiums written £m	Full year 2006 Operating profit/(loss) £m
From continuing operations						
Household[1]	**122**	**(52)**	115	2	240	(9)
Other business[2]	**36**	**14**	46	–	83	18
	158	**(38)**	161	2	323	9

1. Household business in 2007 includes a loss of £40m as a result of flood related claims in June 2007.
2. Other business in 2007 includes £6m profit following the withdrawal from the healthcare business in the first quarter.

20. OTHER OPERATIONAL INCOME

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Shareholders' other income			
Investment return on shareholders' equity	**90**	69	139
Interest expense	**(55)**	(48)	(106)
	35	21	33
Other operations[1]	**–**	(1)	(2)
Unallocated corporate and development expenses	**(18)**	(5)	(13)
	17	15	18

1. Principally the regulated mortgage network and Cofunds.

21. CONTRIBUTION FROM UK NON PROFIT BUSINESS

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Investment income	**62**	45	75
Interest expense and charges	**(2)**	(1)	(3)
Realised investment gains	**114**	95	215
Unrealised investment (losses)/gains	**(9)**	(35)	16
Investment return on SRC	**165**	104	303
Net capital released from non profit business	**153**	110	1,255
Distribution of operating profit from non profit business	**(199)**	(175)	(422)
Contribution from UK non profit business before tax	**119**	39	1,136

The net capital released from non profit business for the full year 2006 was augmented by the corporate restructure, changes to the FSA reporting and capital rules, and the review of annuity investment policy outlined in the 2006 financial statements.

Condensed Consolidated Income Statement

Six months ended 30 June 2007

	Notes	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Net premiums earned		**2,029**	1,804	3,775
Fees from fund management and investment contracts		**313**	248	535
Investment return		**6,588**	2,730	16,572
Operational income		**28**	23	84
Total revenue		**8,958**	4,805	20,966
Net claims and change in insurance liabilities		**1,177**	1,203	3,061
Change in provisions for investment contract liabilities		**6,325**	2,511	13,878
Finance costs		**80**	70	153
Other expenses		**851**	628	1,945
Total expenses		**8,433**	4,412	19,037
Profit before income tax		**525**	393	1,929
Income tax attributable to policyholder returns		**(26)**	8	89
Profit from continuing operations before income tax attributable to equity holders		**499**	401	2,018
Total income tax expense		**(196)**	(116)	(298)
Income tax attributable to policyholder returns		**26**	(8)	(89)
Income tax attributable to equity holders		**(170)**	(124)	(387)
Profit from ordinary activities after income tax		**329**	277	1,631
Attributable to:				
Minority interests		**17**	21	67
Equity holders of the Company		**312**	256	1,564
Dividend distributions to equity holders of the Company during the period	23	**248**	236	349
Dividend distributions to equity holders of the Company proposed after the period end	23	**122**	113	248
		p	p	p
Earnings per share	25			
Based on profit from continuing operations after income tax attributable to equity holders		**4.80**	3.95	24.12
Diluted earnings per share	25			
Based on profit from continuing operations after income tax attributable to equity holders		**4.77**	3.93	23.95

This financial information was approved by the Board on 25 July 2007.

The results for the six months to 30 June 2007 and 30 June 2006 are unaudited, but have been subject to a review by the Group's independent auditors and constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. They have been prepared on a basis which is consistent with the consolidated Group financial statements approved on 13 March 2007 which have been filed with the Registrar of companies. The published full year 2006 consolidated Group financial statements prepared under IFRS included an independent auditors' report which was unqualified and did not contain a statement under either Sections 237(2) or 237(3) of the Companies Act 1985.

Condensed Consolidated Balance Sheet

As at 30 June 2007

	Notes	At 30.06.07 £m	At 30.06.06 £m	At 31.12.06 £m
Assets				
Investments		**235,303**	193,050	213,228
Other assets		**5,765**	6,891	4,637
Total assets		**241,068**	199,941	217,865
Equity and liabilities				
Capital and reserves attributable to equity holders of the Company		**5,515**	4,252	5,425
Minority interests	28	**456**	318	414
Total equity	26	**5,971**	4,570	5,839
Subordinated borrowings	27	**1,371**	813	818
Unallocated divisible surplus		**2,277**	1,982	2,178
Participating contract liabilities		**19,231**	19,764	19,770
Non-participating contract liabilities		**205,771**	167,126	183,618
Senior borrowings	27	**1,332**	1,682	1,607
Other liabilities and provisions		**5,115**	4,004	4,035
Total liabilities		**235,097**	195,371	212,026
Total equity and liabilities		**241,068**	199,941	217,865

Consolidated Statement of Recognised Income and Expense

Six months ended 30 June 2007

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Fair value losses on cash flow hedges	**–**	(3)	(3)
Exchange differences on translation of overseas operations	**(1)**	(26)	(35)
Actuarial gains on defined benefit pension schemes	**62**	64	3
Actuarial (gains) on defined benefit pension schemes transferred to unallocated divisible surplus	**(25)**	(28)	(1)
Net change in financial investments designated as available-for-sale	**(4)**	(12)	7
Income/(expense) recognised directly in equity, net of tax	**32**	(5)	(29)
Profit from ordinary activities after income tax	**329**	277	1,631
Total recognised income and expense	**361**	272	1,602
Attributable to:			
Minority interests	**17**	21	67
Equity holders of the Company	**344**	251	1,535

International Financial Reporting Standards Basis
Condensed Consolidated Cash Flow Statement

Six months ended 30 June 2007

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
Profit from ordinary activities after income tax	**329**	277	1,631
Adjustments for non cash movements in net profit for the period	**(6,090)**	(2,371)	(15,638)
Net increase in operational assets	**(6,164)**	(9,112)	(9,293)
Net increase in operational liabilities	**9,921**	8,161	18,503
Cash used in operating activities	**(2,004)**	(3,045)	(4,797)
Interest paid	**(91)**	(73)	(146)
Interest received	**1,946**	1,653	3,478
Income tax paid	**(141)**	(184)	(315)
Dividends received	**1,756**	1,843	3,095
Net cash flows from operating activities	**1,466**	194	1,315
Cash flows from investing activities			
Net acquisition of plant and equipment	**(43)**	(9)	(24)
Net proceeds from disposal of Ventures' investments	**–**	–	10
Non-financial investments purchased	**–**	(2)	(3)
Net cash flows from investing activities	**(43)**	(11)	(17)
Cash flows from financing activities			
Dividend distributions to equity holders of the Company during the year	**(248)**	(236)	(349)
Proceeds from issue of share capital	**3**	12	15
Purchase of treasury shares	**(3)**	(9)	(11)
Increase in borrowings	**339**	45	11
Net cash flows from financing activities	**91**	(188)	(334)
Net increase/(decrease) in cash and cash equivalents	**1,514**	(5)	964
Exchange losses on cash and cash equivalents	**(9)**	(15)	(35)
Cash and cash equivalents at 1 January	**4,930**	4,001	4,001
Cash and cash equivalents at 30 June/31 December	**6,435**	3,981	4,930

The Group's consolidated cash flow statement includes all cash and cash equivalent flows, including those relating to the UK Long Term Funds.

22. BASIS OF PREPARATION

The Group's financial information for the period ended 30 June 2007 has been prepared in accordance with the Listing Rules of the Financial Services Authority. The Group's financial information has been prepared in accordance with the accounting policies which the Group expects to adopt for the 2007 year end. These policies are consistent with the principal accounting policies which were set out in the Group's 2006 consolidated financial statements which were consistent with IFRSs issued by the International Accounting Standards Board as adopted by the European Commission for use in the European Union. The Group has chosen not to adopt IAS 34 'Interim Financial Reporting' in preparing its 2007 interim accounts since adoption of this standard is not mandatory. The Group intends to apply IAS 34 in the 2008 interim accounts.

The preparation of the financial information includes the use of estimates and assumptions which affect items reported in the consolidated balance sheet and income statement and the disclosure of contingent assets and liabilities at the date of the financial information. Although these estimates are based on management's knowledge and understanding of current circumstances and future events and actions, actual results may differ from those estimates, possibly significantly.

23. DIVIDENDS

	30.06.07 p	**30.06.07 £m**	30.06.06 p	30.06.06 £m	Full year 2006 p	Full year 2006 £m
Dividends paid in the period	**3.81**	**248**	3.63	236	5.37	349
Dividend proposed[1]	**1.87**	**122**	1.74	113	3.81	248

1. The dividend proposed has not been included as a liability in the balance sheet.

24. SEGMENTAL ANALYSIS

The Group is organised into three main business segments:
– Long term business (includes insurance and investment business)
– Investment management
– General insurance

Other operations comprise shareholders' assets, regulated mortgage network, estate agencies and corporate expenses, none of which constitute a separately reportable segment.

Six months ended 30 June 2007	Long term business £m	Investment management £m	General insurance £m	Other operations £m	Elimination of inter segment amounts £m	Total £m
Total revenue from continuing operations	**3,234**	**5,443**	**149**	**242**	**(110)**	**8,958**
Total expenses from continuing operations	**2,842**	**5,342**	**196**	**163**	**(110)**	**8,433**
Profit from continuing operations after income tax	**241**	**50**	**(33)**	**71**	**–**	**329**
Inter segment revenue	**(14)**	**(30)**	**–**	**(66)**	**110**	**–**
Six months ended 30 June 2006						
Total revenue from continuing operations	2,469	2,067	154	225	(110)	4,805
Total expenses from continuing operations	2,245	1,984	158	135	(110)	4,412
Profit from continuing operations after income tax	151	45	(3)	84	–	277
Inter segment revenue	–	(34)	–	(76)	110	–
Full year ended 31 December 2006						
Total revenue from continuing operations	8,355	12,013	315	526	(243)	20,966
Total expenses from continuing operations	6,802	11,849	314	315	(243)	19,037
Profit from continuing operations after income tax	1,344	93	1	193	–	1,631
Inter segment revenue	(26)	(40)	(2)	(175)	243	–

25. EARNINGS PER SHARE

	30.06.07 Basic	**30.06.07 Diluted**	30.06.06 Basic	30.06.06 Diluted	Full year 2006 Basic	Full year 2006 Diluted
Based on profit attributable to equity holders	**4.80**	**4.77**	3.95	3.93	24.12	23.95

26. TOTAL EQUITY

	30.06.07 £m	30.06.06 £m	Full year 2006 £m
At 1 January	**5,839**	4,936	4,936
Total recognised income and expense	**361**	272	1,602
Issue of share capital	**3**	12	15
Net movements in employee share schemes and treasury shares	**(9)**	(4)	(5)
Dividend distributions to equity holders of the Company during the period	**(248)**	(236)	(349)
Movements in minority interests including disposals	**25**	12	62
Reclassification of subordinated borrowings from equity to debt	**–**	(394)	(394)
Fair value loss after tax on reclassification of subordinated borrowings as debt	**–**	(28)	(28)
At 30 June/31 December	**5,971**	4,570	5,839

27. ANALYSIS OF BORROWINGS

	At 30.06.07 £m	At 30.06.06 £m	At 31.12.06 £m
Subordinated borrowings			
6.385% Sterling perpetual capital securities	**580**	–	–
5.875% Sterling undated subordinated notes	**428**	429	429
4.0% Euro subordinated notes 2025	**363**	384	389
Total subordinated borrowings	**1,371**	813	818
Senior borrowings			
2.75% Sterling convertible bond 2006	**–**	518	–
Sterling medium term notes 2031–2041	**602**	602	608
Euro commercial paper	**114**	111	370
Bank loans	**18**	25	3
Non recourse financing			
– US Dollar Triple X securitisation 2025	**264**	286	270
– US Dollar Triple X securitisation 2037	**220**	–	226
– Sterling property partnership loans 2011	**114**	140	130
Total senior borrowings	**1,332**	1,682	1,607
Total borrowings	**2,703**	2,495	2,425
Total borrowings (excluding non recourse financing)	**2,105**	2,069	1,799

Subordinated borrowings
For regulatory purposes the sterling perpetual capital securities are treated as innovative tier I capital, the sterling undated subordinated notes as upper tier II capital and the Euro subordinated notes as lower tier II capital.

6.385% Sterling perpetual capital securities
In 2007, Legal & General Group Plc issued £600m of 6.385% sterling perpetual capital securities. These securities are callable on 2 May 2017 and every three months thereafter. If not called, the coupon from 2 May 2017 will be reset to three month LIBOR plus 1.93% per annum. Simultaneous with the issuance, the fixed coupon was swapped into six month LIBOR plus 0.94% per annum.

5.875% Sterling undated subordinated notes
These notes are callable on 1 April 2019 and every five years thereafter. If not called, the coupon from 1 April 2019 will be reset to the prevailing five year benchmark gilt yield plus 2.33% per annum.

4.0% Euro subordinated notes 2025
The notes are callable on 8 June 2015 and each year thereafter. If not called, the coupon from 8 June 2015 will reset to a floating rate of interest based on prevailing three month Euribor plus 1.7% per annum. The proceeds were swapped into sterling.

Non recourse financing
US Dollar Triple X securitisations
This non recourse debt was issued by a subsidiary of Legal & General America Inc in the US capital markets to meet the Triple X reserve requirements on the US term insurance business. They are secured on the cash flows related to this business.

Sterling property partnership loans 2011
These loans are secured on specific properties.

Convertible bond
The convertible bond matured in 2006 and was redeemed at par without being converted into ordinary shares.

28. MINORITY INTERESTS

Minority interests represent third party interests in property investment vehicles which are consolidated in the Group's results.

29. FOREIGN EXCHANGE RATES

Period end exchange rates	At 30.06.07	At 30.06.06	At 31.12.06
United States Dollar	**2.01**	1.85	1.96
Euro	**1.49**	1.45	1.48

Average exchange rates	01.01.07-30.06.07	01.01.06-30.06.06	01.01.06-31.12.06
United States Dollar	**1.97**	1.79	1.84
Euro	**1.48**	1.46	1.47

30. CONTINGENT LIABILITIES, GUARANTEES AND INDEMNITIES

Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance of actual experience from that assumed may result in such liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of such contracts, or the circumstances in which policyholders have entered into them (together in this paragraph 'liabilities'). The extent of such liabilities is influenced by a number of factors including the actions and requirements of the FSA, by ombudsman rulings, by industry compensation schemes and by court judgements. The continuing general profile and emphasis being given by the FSA and other bodies to the suitability of the past sales of endowment policies in the context of some mortgage transactions has led to the continuing receipt of claims from holders of endowment policies.

Various Group companies receive claims and become involved in actual or threatened litigation and regulatory issues from time to time. Provision for liabilities continues to be made and is regularly reviewed. However, it is not possible to predict, with certainty, the extent and the timing of the financial impact to which these claims, litigation or issues may give rise. The relevant members of the Group nevertheless consider that each makes prudent provision, as and when circumstances calling for such provision become clear, and that each has adequate capital and reserves to meet all reasonably foreseeable eventualities.

In 1975, the Society was required by the Institute of London Underwriters (ILU) to execute the ILU form of guarantee in respect of policies issued through the ILU's Policy Signing Office on behalf of NRG Victory Reinsurance Company Limited (Victory), a company which was then a subsidiary of the Society. In 1990, Nederlandse Reassurantie Groep Holding NV (the assets and liabilities of which have since been assumed by Nederlandse Reassurantie Groep NV under a statutory merger in the Netherlands) acquired Victory and provided an indemnity to the Society against any liability the Society may have as a result of the ILU's requirement, and the ILU agreed that its requirement of the Society would not apply to policies written or renewed after the acquisition. Whether Society has any liability as a result of the ILU's requirement and, if so, the amount of its potential liability is uncertain. The Society has made no payment or provision in respect of this matter.

Group companies have given indemnities and guarantees, including interest rate guarantees, as a normal part of their operating activities or in relation to capital market transactions.

31. CORPORATE RESTRUCTURE

On 31 December 2006, the non-linked non profit pensions and annuity business of Society was ceded to a new, wholly owned, reinsurance company, Legal & General Pensions Limited (LGPL). Full details of the restructuring are included in the 2006 Annual Report and Accounts.

32. POST BALANCE SHEET EVENT

The Board has approved an on-market share buy back programme to return £1bn of capital to shareholders. Full details are provided in the 2007 Interim Review.

There is no impact on the results of the Group for the six month period to 30 June 2007.

Introduction
We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated income statement, the consolidated balance sheet as at 30 June 2007 and associated notes prepared on the European Embedded Value basis, and the condensed consolidated income statement, condensed consolidated balance sheet as at 30 June 2007, the consolidated statement of recognised income and expense, the condensed consolidated cash flow statement and associated notes, prepared in accordance with the accounting policies set out in Note 22 (together, the "financial information"). We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

The interim report has been prepared in accordance with the bases set out in Notes 1 and 22.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

PricewaterhouseCoopers LLP
Chartered Accountants
London
25 July 2007

Notes:
(a) The maintenance and integrity of the Legal & General Group Plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Shareholders at 30 June 2007

Categories of ordinary shareholders and ranges of shareholdings at 30 June 2007 were:

	Shareholders		Shares	
	Number	%	Number	%
Category of shareholder				
Individuals	35,171	73.0	348,456,214	5.3
Banks	8	–	40,750,615	0.6
Nominee Companies	11,835	24.6	5,968,513,303	91.4
Insurance/Pension Funds	23	–	316,421	–
Limited Companies	753	1.6	97,458,543	1.5
Other Corporate Bodies	380	0.8	80,022,275	1.2
Total	48,170	100.0	6,535,517,371	100.0
Range of holdings				
1-20,000	42,444	88.1	197,464,758	3.0
20,001-100,000	4,209	8.7	166,204,328	2.5
100,001-500,000	793	1.7	174,707,888	2.7
500,001 and over	724	1.5	5,997,140,397	91.8
Total	48,170	100.0	6,535,517,371	100.0

OTHER SHAREHOLDER INFORMATION

Registrars: The Company's share register is administered by Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA (Tel: 0870 600 3954). All shareholder enquiries should be addressed to Lloyds TSB Registrars.

Electronic Share Service: This service allows you to hold shares in Legal & General without the need for a share certificate and enables you to benefit from shorter market settlement periods. Individual shareholders hold their shares in the Company in a nominee holding registered in the name of Lloyds TSB Registrars Corporate Nominee Limited.

If you would like to join this service, or require further information, you should contact the Registrars directly on 0870 600 3954. They will send you a booklet, which sets out the terms and conditions under which your shares will be held, together with the appropriate share transfer form. The booklet and the share transfer form are also available from the shareholder section of Legal & General's website at www.legalandgeneralgroup.com. You can view your shareholding in Legal & General Group Plc on the internet at www.shareview.co.uk. To register to use this service you should log onto www.shareview.co.uk and follow the instructions on screen. You will need your shareholder reference number, shown on your latest dividend counterfoil. Should you have any queries, please call the shareholder helpline on 0870 600 3954.

Dividend: The record date for the proposed Interim dividend for 2007, payable on 1 October 2007, is 7 September 2007 and the shares will trade ex-dividend on the London Stock Exchange from 5 September 2007. The Board has recommended an interim dividend of 1.87p per share.

Multiple Share Certificates: Shareholders with more than one certificate for shares may arrange for them to be consolidated into one certificate by contacting Lloyds TSB Registrars.

Individual Savings Account (ISA): Lloyds TSB Registrars provides a Single Company ISA for Legal & General Group Plc shares. If you would like more information please call the helpline on 0870 242 4244.

Capital Gains Tax: For the purpose of calculating UK capital gains tax, the market value on 31 March 1982 of each of the shares was 7.996p, after adjusting for the 1986 capitalisation issue and the 1996 and 1999 sub-divisions, but not reflecting any rights taken up under the 2002 rights issue.

Close Company Provisions: The Company is not a close company within the terms of the Income and Corporation Taxes Act 1988.

Dividend Reinvestment Plan: The Legal & General Dividend Reinvestment Plan (DRIP) enables shareholders to use their cash dividends in an inexpensive and efficient way to purchase Legal & General Group Plc shares.

Should you wish to participate in the DRIP in respect of the Interim dividend to be paid on 1 October 2007, a completed and signed DRIP mandate form should be received by the Registrars no later than 17 September 2007. For further details please contact Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA or call on 0870 241 3018. You can find further information, including the DRIP booklet and mandate form, in the shareholder section of Legal & General's website at www.legalandgeneralgroup.com.

2007 Results Presentation: A webcast recording of the presentation given to analysts and fund managers by Tim Breedon, Group Chief Executive and Andrew Palmer, Group Director (Finance) and the slides accompanying that presentation can be found in the shareholder section of Legal & General's website at www.legalandgeneralgroup.com. A full copy of the announcement, sent to the London Stock Exchange on 26 July 2007, can also be viewed on the shareholder site.

Annual General Meeting: The 2008 Annual General Meeting will be held on Wednesday, 14 May 2008 at The Institution of Electrical Engineers, Savoy Place, London WC2R OBL.

Registered Office: Temple Court, 11 Queen Victoria Street, London EC4N 4TP until 30 September 2007. With effect from 1 October 2007, our registered office will be One Coleman Street, London EC2R 5AA.

No. 1417162

Registered in England and Wales

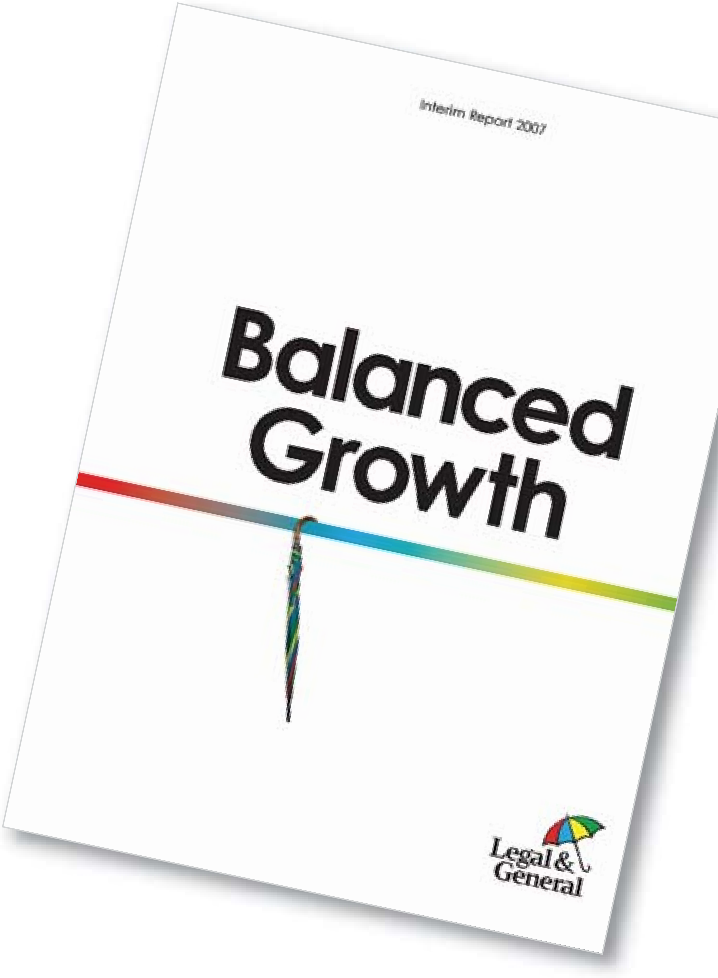
Forward-looking statements:
This document may contain certain forward-looking statements with respect to certain of Legal & General Group Plc's plans and its current goals and expectations relating to future financial condition, performance and results. By their nature forward-looking statements involve 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.

Designed and produced by Black Sun Plc.

Future communication... the options

The Chairman's letter outlines the ways shareholders can choose to receive future communications from us.

Please use this card to indicate your preferred means of communication.



Your options...

Option 1 – Website Communication

In future, documents will be published directly on our website www.legalandgeneral.com as soon as they become available. Unless you advise us that you would prefer to continue to receive printed documents, website communications will become the default option and you will no longer receive information in paper form.

We will tell you each time a document is posted on the website and explain how you can find it. You can choose whether to receive this notification by post or by email.

By email

If you have already signed up for email notifications, there is no need to re-register.

If you wish to be notified by email as soon as documents are available on the website, please register for electronic communications at www.shareview.co.uk/landgsignup.

By post

If you do not sign up for email notification you will be notified by post when documents are available on the website. This will be sent to the address held on our share register.

Option 2 – Printed Communication

To continue to receive documents in the traditional paper form, please tick the appropriate box, complete your details below and send to Lloyds TSB Registrars using the envelope enclosed.

- ☐ I wish to continue to receive printed Summary Financial Statements.
- ☐ I wish to receive a printed version of the full Annual Report and Accounts.

Your Details (IN BLOCK CAPITALS)

Full Name(s):

Address:

Shareholder Reference No.:

(This can be found on your dividend tax voucher or share certificate)

Signature: Date:

In case of joint signatories, only one signature is required.

Please Note: If you do not return this card or register online before 21 September 2007, then we will assume that you are happy to receive website communications as detailed above.

You can change your instructions at any time by writing to Lloyds TSB Registrars.

Legal & General

Around

12%

of employees actively donating in the Give As You Earn scheme

55%

we use 55% recycled paper for all our marketing material

A responsible company

Legal & General takes its social, environmental and ethical duties seriously. Our Corporate Social Responsibility (CSR) programme is focused on four core areas:

- Customers
- Employees
- Environment
- Communities

Our focus on the highest ethical and social standards is also reflected in our dealings with over 3,000 suppliers and with the many companies in which we are a significant shareholder. The CSR committee is chaired by Tim Breedon, and reports to the Board of the Company – evidence of a firm commitment to CSR at the very highest level of the Company.

Setting ourselves tough targets

We set ourselves tough goals ranging from employee relations measures to environmental, community involvement and Socially Responsible Investment (SRI) targets. These are subject to audit and verification processes, and reported in our CSR Report.
www.legalandgeneralgroup.com/csr

Some highlights of 2007

We continually explore ways to broaden and deepen our Socially Responsible approach, looking to reach a wider community of our stakeholders, as well as weaving the principles of corporate social responsibility into the fabric of our day-to-day business. This process continues during 2007:

- Business in the Community (BiTC) is a movement of over 700 of the UK's top companies committed to improving their positive impact on society. Legal & General ranked among the top 100 companies in its 2006 Corporate Responsibility survey.
- In 2006 we again participated in the Mori CSR Research to understand what customers want and expect from the companies they deal with, and the results confirmed that we are focusing on the right areas.
- We are members of the FTSE4Good index series and the Dow Jones Sustainability World Index. Last year we qualified for the Dow Jones STOXX index for the first time.
- We continue to address and improve the way we communicate with customers, making their experience of Legal & General a positive one and incorporating their specific concerns into our CSR programme.
- We set ourselves targets to reduce our environmental impacts. These include reducing emissions from our buildings and increasing the use of recycled materials. We keep these continually under review, and our performance is independently monitored and audited.
- We have a long track record of involvement in our communities, and this year we are trialling new schemes to further encourage employee involvement.
- Our commitment to SRI remains integral to our investment approach. As a major institutional shareholder we consistently work with investee companies to ensure the highest standards of corporate governance, responsibility and integrity.

Five great reasons to visit **www.legalandgeneralgroup.com**

1 Legal & General news
To view the latest financial, corporate and consumer news releases.

2 Current share price
To access our daily and historical share price data.

3 Reports and presentations
To view our latest Annual, Interim and CSR Reports as well as presentations to analysts and fund managers.

4 Email alerts
To sign up to receive email alerts of our forthcoming events and results.

5 Shareholder services
To find information on electronic share dealing, our Annual General Meetings and our dividend history.

Help protect the environment by receiving your communications online. For more information visit: **www.shareview.co.uk**

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At least 55% of this paper is made from recycled materials.