

24 May 2005

Legal & General Group Plc
Restatement of 2004 Full Year Results under
International Financial Reporting Standards (“IFRS”) and
European Embedded Value (“EEV”)

	2004 IFRS restatement		2004 EEV restatement	
	IFRS	MSSB	EEV	AP
Operating profit before tax	£618m	£608m	£752m	£789m
Profit attributable to equity holders	£451m	£464m	£849m	£870m
Shareholders’ equity	£3,671m	£3,376m	£6,182m	£6,116m
Contribution from new business*	N/A	N/A	£276m	£317m

* Contribution before tax from new worldwide life and pensions business

Legal & General Group Plc (“the Group”) has today published the restatement of its 2004 full year results under both IFRS and EEV bases. Andrew Palmer, Group Director (Finance), commented: “Phase 1 of IFRS has had a limited impact on our results and financial strength. We believe that the EEV principles build successfully on existing Achieved Profits reporting in the UK by providing increased transparency and enhanced comparability between European insurers. The EEV results show continued strength both in our capital base and profitability.”

IFRS

IFRS has replaced the existing Modified Statutory Solvency Basis of reporting in the Group’s consolidated results. The detailed results, which are attached in Part B of this announcement, reflect the implementation of FRS27, “Life Assurance”.

Adoption of IFRS has resulted in a small increase in Shareholders’ equity and a minimal impact on profit. The underlying economics of the business are unaffected, and there is, therefore, no impact on either dividend policy or solvency.

Business classified as insurance or participating investment contracts will continue to be accounted for under the existing basis until the International Accounting Standards Board’s (“IASB”) completion of Phase 2 for insurers at a date yet to be agreed. In accordance with the accounting standards issued by the IASB, the Group’s primary consolidated financial statements for the 2005 Interim Results to be announced on 28 July will adopt the IFRS basis. Restated results for the first half of 2004 on both IFRS and EEV bases will be published at that time.

EEV

In view of the phased implementation of IFRS, the Group believes that investors will continue to place considerable reliance on supplementary embedded value information. For the 2005 Interim Results the Group will adopt the EEV principles developed by the European CFO Forum.

These principles build on the strengths of the existing Achieved Profits methodology and provide enhanced disclosure. They focus on specific allowance for risk; firstly through the allocation of sufficient capital to the business and a recognition of the cost of that capital, secondly through an explicit allowance for financial options and guarantees and thirdly through the economic assumptions, in particular in the establishment of the risk discount rate to reflect the residual risks in the business.

Adoption of the EEV principles results in a 4% reduction in total embedded value of the covered businesses to £5,505m. The new business margin for 2004 (new business value added as a ratio of the present value of new business premiums) was 4.6% reflecting the scale efficiencies of our UK business. A restatement of the 2004 full year results is included as Part C of this announcement.

Enquiries to:

Investors:

Andrew Palmer, Group Director (Finance) 020 7528 6286

Peter Horsman, Head of Investor Relations 020 7528 6362

Media:

John Morgan, Head of Public Relations 020 7528 6213

Anthony Carlisle, Citigate Dewe Rogerson 020 7638 9571
07973 611888

Notes:

1. A copy of this announcement can be found in the News and Results section of our Shareholder web site at <http://investor.legalandgeneral.com/releases.cfm>
2. A presentation of the results will be made to analysts and fund managers at Temple Court, 11 Queen Victoria Street, London EC4N 4TP at 9.30 today. A webcast of the presentation to analysts and fund managers will be available later today at <http://investor.legalandgeneral.com/presentations.cfm>