

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR AUTHORISED PURSUANT TO THE FINANCIAL SERVICES AND MARKETS ACT 2000.

IF YOU HAVE SOLD OR TRANSFERRED ALL YOUR ORDINARY SHARES IN THE LEGAL & GENERAL GROUP Plc YOU SHOULD PASS THIS DOCUMENT AND OTHER ENCLOSURES TO THE PERSON THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED FOR TRANSMISSION TO THE PURCHASER OR TRANSFEREE.



Registered office:  
Temple Court,  
Legal & General Group Plc  
11 Queen Victoria Street,  
London  
EC4N 4TP  
Registered in England No. 1417162  
23 February 2005

Dear Shareholder,

#### **ANNUAL GENERAL MEETING**

I have pleasure in inviting you to the Annual General Meeting of Legal & General Group Plc which will be held at The Institution of Electrical Engineers, Savoy Place, London WC2R 0BL at 11.30 a.m. on Wednesday, 27 April 2005. The Notice of Annual General Meeting, together with explanations of the resolutions, is set out on pages 2 to 10.

In addition to the Annual General Meeting's regular business, we are taking the opportunity to seek your approval to update the Company's Articles of Association so that they meet the current requirements of the Listing Rules, including the Combined Code, reflect the provisions of the Uncertificated Securities Regulations 2001, the Electronic Communications Act 2000, the Companies (Audit, Investigation and Community Enterprise) Act 2004, International Financial Reporting Standards in relation to the Company's borrowing powers and provide the Company with an ability to purchase and hold its own shares under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003. A summary of the principal differences between the Company's current Articles of Association and the proposed new Articles is set out on pages 8 to 10 of this Circular.

#### **Action to be taken**

Even if you are unable to attend the Annual General Meeting your vote is important. A proxy form for use by the holders of Ordinary shares in connection with the Annual General Meeting is enclosed. Please complete the form in accordance with the instructions thereon and return it to Lloyds TSB Registrars.

If you prefer, you can submit your proxy electronically either via the Internet or, if you are a CREST member, through the CREST system. Details are set out in the notes to the Notice of Annual General Meeting on pages 4 and 5. Submission of a proxy appointment will not prevent you from attending and voting at the meeting in person should you wish to do so.

#### **Recommendation**

Your directors believe that all the proposed resolutions are in the best interests of the Company and its shareholders as a whole and recommend that you vote in favour of them as they intend to do in respect of their own shareholdings.

Yours faithfully

*Rob Margetts*

**Rob Margetts, CBE**  
Chairman

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## Notice of Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of Legal & General Group Plc will be held at The Institution of Electrical Engineers, Savoy Place, London WC2R 0BL on Wednesday, 27 April 2005 at 11.30 a.m. for the following purposes:

### **ORDINARY RESOLUTIONS**

To consider and, if thought fit, to pass the following resolutions which will be proposed as Ordinary resolutions:-

1. That the Report and Accounts for the year ended 31 December 2004 be received and considered.
2. That a final dividend of 3.45p per Ordinary share be declared.
3. That T. J. Breedon, who retires by rotation, be re-elected as a director.
4. That F. A. Heaton, who retires by rotation, be re-elected as a director.
5. That R. J. Margetts CBE, who retires by rotation, be re-elected as a director.
6. That H. E. Staunton, who was appointed by the Board since the last Annual General Meeting and who retires in accordance with Article 86, be elected as a director.
7. That Sir David Walker, who retires by rotation, be re-elected as a director.
8. That PricewaterhouseCoopers LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
9. That the directors be authorised to determine the auditors' remuneration.
10. To approve the Directors' Report on Remuneration as set out on pages 37 to 42 of the Report and Accounts.
11. That the directors of the Company be and they are hereby generally and unconditionally authorised, pursuant to Section 80 of the Companies Act 1985, to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of that Act) up to an aggregate nominal amount of £8,132,449, being 5% of the issued share capital of the Company as at 31 December 2004, in substitution for all previous such authorities, provided that this authority shall (unless renewed) expire at the conclusion of the Annual General Meeting of the Company to be held in 2006, or 30 June 2006 if earlier, except that the Company may at any time prior to the expiry of such authority make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority.

### **SPECIAL RESOLUTIONS**

To consider and, if thought fit, to pass the following resolutions which will be proposed as Special resolutions:-

12. That, subject to the passing of resolution No. 11, the directors of the Company be and they are hereby authorised pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of that Act) under the authority conferred by resolution No. 11 and/or where such allotment constitutes an allotment of equity securities by virtue of Section 94(3A) of that Act as if Section 89(1) of that Act did not apply, provided that this authority shall be limited to:-
  - (a) the allotment of equity securities in connection with a rights issue, open offer or other pre-emptive offer in favour of shareholders (excluding any shareholders holding shares as treasury shares) where the equity securities are offered to each such shareholder in the same proportion (as nearly as may be) to the number of shares held by each such shareholder (subject to such exclusions or other arrangements as the directors of the Company may think fit in connection with fractional entitlements or legal or practical problems arising in connection with the laws of, or requirements of, any recognised regulatory body or stock exchange in any territory); and

## Notice of Annual General Meeting

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- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £8,132,449, being 5% of the issued share capital of the Company as at 31 December 2004,

and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2006, or 30 June 2006 if earlier, except that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

13. That the directors of the Company be and they are hereby granted, pursuant to Article 7 of the Articles of Association of the Company and in accordance with Section 166 of the Companies Act 1985, general and unconditional authority to make market purchases of any of its Ordinary shares upon, and subject to, the following conditions:-
- (a) the maximum number of ordinary shares in the Company hereby authorised to be acquired is 325,297,974 Ordinary shares, being 5% of the issued share capital of the Company as at 31 December 2004.
- (b) the minimum price which may be paid for each Ordinary share is 2.5p.
- (c) the maximum price which may be paid for each Ordinary share is an amount equal to 105% of the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary shares are purchased; and
- (d) the authority hereby conferred shall (unless renewed) expire at the conclusion of the Annual General Meeting to be held in 2006, or 30 June 2006 if earlier, except that the Company may at any time prior to the expiry of such authority enter into a contract for the purchase of Ordinary shares which would or might be completed wholly or partly after the expiry of such authority.
14. That the regulations contained in the document produced to the meeting and for the purposes of identification signed by the Chairman of the meeting be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of the Company.

By Order of the Board



David Binding  
Group Secretary  
23 February 2005

Registered Office:  
Legal & General Group Plc  
Temple Court,  
11 Queen Victoria Street,  
London EC4N 4TP.

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# Notes to the Notice of Annual General Meeting

## **APPOINTMENT OF PROXIES**

1. A proxy form is enclosed for use by shareholders. Only shareholders are entitled to attend or be represented at the Annual General Meeting. A shareholder entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a shareholder. To be valid the proxy form must be received by Lloyds TSB Registrars by 11.30 a.m. on Monday, 25 April 2005. Completion of a form of proxy will not preclude a member from attending and voting at the meeting in person. Anyone who holds their Ordinary shares within the Legal & General Electronic Share Service must submit their form of proxy to be received by Lloyds TSB Registrars no later than 6.00 p.m. on Friday, 22 April 2005.
2. Shareholders who prefer to register the appointment of their proxy electronically via the Internet can do so through the Lloyds TSB Registrars' website at [www.sharevote.co.uk](http://www.sharevote.co.uk) where full instructions on the procedure are given. The personal reference number, card ID and account number printed on the proxy form will be required to use this electronic proxy appointment system. Alternatively, shareholders who have already registered with Lloyds TSB Registrars' on-line portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and clicking on 'Company Meetings'. A proxy appointment made electronically will not be valid if sent to any address other than that provided or if received after 11.30 a.m. on Monday, 25 April 2005. Please note that any electronic communication found to contain a computer virus will not be accepted.

## **ENTITLEMENT TO ATTEND AND VOTE**

3. Legal & General specifies, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, that only those shareholders registered on the register of members of Legal & General as at 6.00 p.m. on Monday, 25 April 2005 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 p.m. on Monday, 25 April 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

## **APPOINTMENT OF PROXIES THROUGH CREST**

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on Wednesday, 27 April 2005 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Lloyds TSB Registrars (ID 7RA01) by no later than 11.30 a.m. on Monday, 25 April 2005. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Lloyds TSB Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers

## **Notes to the Notice of Annual General Meeting**

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are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Legal & General may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

5. Copies of the executive directors' service contracts, the terms and conditions of appointment of the Chairman, and the non-executive directors, together with the Register of Directors' Interests are available for inspection at the Registered Office during normal business hours on any business day (excluding public holidays) until the close of the Annual General Meeting, and will also be available for inspection at the Annual General Meeting venue for at least 15 minutes prior to and during the meeting.
6. Copies of the existing and amended Articles of Association, will be available for inspection as from the date of this notice during normal business hours on any business day (excluding public holidays) until the close of the Annual General Meeting, at the offices of Slaughter and May, One Bunhill Row, London, EC1Y 8YY, at the Registered Office and also at the Annual General Meeting venue for at least 15 minutes prior to and during the meeting.

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## Explanation of Resolutions

### **RESOLUTION 1 – REPORT AND ACCOUNTS**

The directors of Legal & General are required by company law to present the accounts, the directors' report and the auditors' report on the accounts to the meeting.

### **RESOLUTION 2 – FINAL DIVIDEND**

Legal & General is recommending to shareholders a final dividend of 3.45p for 2004, a 3.3% increase on 2003.

### **RESOLUTIONS 3 TO 7 – RE-ELECTION OF DIRECTORS**

The Board and its directors are subject to annual appraisal. The aim is to improve both individual contributions and group achievement. In 2004 the appraisal was facilitated by an external consultant and culminated in individual directors' interviews with the Chairman (in the case of the Chairman the interview was conducted by the Vice Chairman). A full report was provided to the Board and consequent actions agreed.

Under Legal & General's Articles of Association, all directors must submit themselves for re-election at an AGM once every three years.

Following the decision of B. H. Asher to stand down at the 2004 AGM, the Nominations Committee reviewed the composition of, the existing and required skills, and experience of the Board. External search agents were used to assist in the recruitment of new non-executive directors. This led to the Board accepting the recommendation of the Nominations Committee for the appointment of H. E. Staunton on 1 May 2004.

A summary of the directors' biographical details is outlined on page 31 of the Company's 2004 Annual Report and Accounts and has been replicated here for those directors seeking election or re-election.

#### **T. J. Breedon**

Group Director (Investments). Aged 46.

He joined Legal & General in 1987 and became Director (Index Funds) in 1994. He was promoted to Managing Director (Index Funds) on 1 January 2000. He was appointed Group Director (Investments) on 1 January 2002. He holds a degree from Oxford University. He initially joined Standard Chartered Bank before moving to the London Business School where he took an MSc in Business Administration. He is a Director of the Financial Reporting Council. He is a member of the Corporate Social Responsibility Committee.

#### **F. A. Heaton**

Independent, non-executive director. Aged 60.

She is a non-executive director of AWG PLC and Chairman of its Audit Committee. She was formerly a non-executive director of the Bank of England, and Deputy Chairman and Chairman of the Audit Committee of WS Atkins PLC and an executive director of Lazard Brothers & Co. Limited. She was appointed in July 2001. She is a member of the Audit and Nominations Committees.

#### **R. J. Margetts CBE**

Chairman and non-executive director. Aged 58.

He was appointed Chairman in January 2000. He is Chairman of The BOC Group Plc, senior independent non-executive director of Anglo American Plc and Chairman of their Remuneration Committee, and Chairman of the Natural Environment Research Council. He is a member of the Council of Science and Technology and a Trustee of the Council for Industry and Higher Education. He was formerly a director and Vice Chairman of Imperial Chemical Industries Plc. He is Chairman of the Nominations Committee.

As part of its regular evaluation the Board considered the Chairman's availability and capacity to undertake his role, against the background of the Chairman's other commitments. The Board was satisfied that the Chairman is able to fulfil the normal time commitments required and has the spare capacity to make himself available when unforeseen circumstances dictate.

### **H. E. Staunton**

Independent, non-executive director. Aged 56.

He was appointed to the Board in May 2004. He is Finance Director of ITV Plc and was formerly a non-executive director and Chairman of Ashtead Group PLC and a non-executive director of Emap Plc. He is a member of the Audit and Nominations Committees. He will become Chairman of the Audit Committee at the conclusion of the AGM in April 2005.

### **Sir David Walker**

Vice Chairman, Senior Independent Director and Chairman of the Remuneration Committee. He is also a member of the Nominations Committee. Aged 65.

Chairman to Morgan Stanley International Limited, and former Chairman of the London Investment Banking Association. He was previously an Executive Director of the Bank of England, Chairman of the Securities & Investments Board and a Deputy Chairman of Lloyds Bank. He was appointed in March 2002.

The Nominations Committee has reviewed and recommended to the Board the election and re-election of each of the directors referred to above. Each of the non-executive directors is considered to be independent. All the directors continue to make an effective and valuable contribution to the Board and demonstrate commitment to their respective roles at Legal & General. The Board unanimously recommends the election and re-election, as appropriate, of the directors referred to in resolutions 3 to 7 above.

## **RESOLUTIONS 8 AND 9 – RE-APPOINTMENT AND REMUNERATION OF THE AUDITORS**

Resolution 8 seeks to re-appoint PricewaterhouseCoopers LLP as auditors of Legal & General and Resolution 9 seeks authorisation for the directors to agree the auditors' remuneration.

## **RESOLUTION 10 – DIRECTORS' REPORT ON REMUNERATION**

Pursuant to The Directors' Remuneration Report Regulations 2004, Legal & General is required to put a resolution to approve the directors' report on remuneration for the financial year, to the shareholders in general meeting. The report includes details of the members of the Remuneration Committee, Legal & General's policy on directors' remuneration, a performance graph showing Legal & General's Total Shareholder Return performance compared to the FTSE 100 index Total Shareholder Return over the last five years, details of directors' service contracts and disclosures relating to each director's remuneration.

The report for the year ended 31 December 2004 is set out on pages 37 to 42 of the Report and Accounts 2004.

## **RESOLUTION 11 – RENEWAL OF DIRECTORS' AUTHORITY TO ALLOT SHARES**

This resolution seeks to allow the directors to allot Ordinary shares in Legal & General and will replace the existing authority. The new authorisation will last until the Annual General Meeting in 2006, or 30 June 2006 if earlier.

The maximum amount that can be allotted under this authority is £8,132,449 which is equivalent to 5% of the issued share capital at 31 December 2004. The directors currently have no intention of issuing further share capital.

## **RESOLUTION 12 – DISAPPLICATION OF PRE-EMPTION RIGHTS**

The effect of this resolution is to replace the existing authority to allow the directors to allot Ordinary shares in Legal & General for cash, and to transfer shares held in treasury, other than to existing shareholders in proportion to their holdings. Any allotment or transfer under this authority may be up to a maximum aggregate of £8,132,449 which is equivalent to 5% of the issued share capital at 31 December 2004 although it is not intended, without prior consultation with the Investment Committees of the Association of British Insurers and the National Association of Pension Funds, to issue or transfer in this way more than 7.5% of the share capital in any rolling three year period. The resolution will also authorise the directors to allot shares in connection with a rights issue, open offer or other pre-emptive offer otherwise than strictly *pro rata* where practical considerations, such as fractional entitlements and foreign securities laws, make this desirable. The authority under this resolution will last until the next Annual General Meeting in 2006, or 30 June 2006 if earlier.



## **Explanation of Resolutions**

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Both resolutions 11 and 12 are consistent with the recommendations of the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

The directors have no current intention of issuing further share capital and no issue will be made which would effectively alter control of the Company without prior approval of members in general meeting.

### **RESOLUTION 13 – PURCHASE OF OWN SHARES**

This resolution seeks to allow Legal & General to make market purchases of up to 325,297,974 of its own Ordinary shares (5% of Legal & General's issued share capital at 31 December 2004) at prices not less than 2.5p per Ordinary share and not more than 5% above the average of the middle market quotations as derived from the London Stock Exchange Daily Official List for the five business days before each purchase. The authority under this resolution will continue until the Annual General Meeting in 2006, or 30 June 2006 if earlier.

The directors currently have no intention to exercise the authority and will only purchase shares if the effect will be to increase earnings per share and the purchase would be in the best interests of shareholders as a whole. The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 allow companies to hold shares purchased from the market in treasury with a view to a possible reissue at a future date, as an alternative to cancelling them. If the Company were to purchase any of its own shares, it would consider holding them as treasury shares. This would give the Company the ability to reissue shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base.

No purchases were made following last year's authority. The total number of options to subscribe for Ordinary shares outstanding at 23 February 2005 was 102,538,633. This represents 1.58% of the issued Ordinary share capital at that date. If the Company were to buy back the maximum number of Ordinary shares permitted pursuant to the passing of resolution 13, then the total number of options to subscribe for shares outstanding at 23 February 2005 would represent 1.66% of the reduced issued Ordinary share capital.

### **RESOLUTION 14 – EXPLANATION OF PROPOSED ALTERATIONS TO THE COMPANY'S ARTICLES OF ASSOCIATION**

The principal differences between the Company's proposed new Articles of Association and the Company's existing Articles of Association are explained below. The number identifying each Article below corresponds to the numbering used in the proposed new Articles, which will be available for inspection before and during the Annual General Meeting as detailed in the Notice of Meeting.

#### **Articles 2, 52, 54, 56, 76, 77, 80, 92, 107, 115, 135-141 (Use of Electronic Communications)**

These Articles provide expressly for certain communications to be made in the form of electronic communications.

#### **Articles 8, 13, 98, 109, 128, 130 and 143 (Treasury Shares)**

These Articles have been amended to reflect the ability of the Company to purchase and hold its own shares as Treasury Shares under The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003.

#### **Articles 8, 56, 61 and 115 (Meetings)**

These Articles have been clarified to provide that, in addition to fulfilling the requirements of the Companies Acts and any provision of these Articles, a member (or, in the case of Article 115, a director) must be entitled to vote in order to constitute a quorum at a meeting.

#### **Articles 13, 14, 42, 43 and 142 (Uncertificated Securities/Electronic Transfer System)**

Wording has been added to these Articles to provide for uncertificated securities and the maintenance of a register of uncertificated securities by the operator of a relevant electronic transfer system.

#### **Article 13 (Suspension of Rights Where Non-Disclosure of Interest)**

This Article now sets out in more detail the circumstances in which the Company may issue a restriction notice over its shares.



## **Explanation of Resolutions**

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### **Article 15 (Right to Share Certificates)**

This Article now provides expressly for the right to receive a share certificate within the time limit prescribed by the Companies Acts if a shorter time limit was specified or prescribed upon issue of the shares.

### **Article 38 (Other Rights to Decline Registration)**

This Article now sets out additional grounds on which the board may refuse to register the transfer of a certificated share and has been expanded to cover the renunciation of the allotment of any shares by the allottee in favour of another person.

### **Article 40 (Untraced Shareholders)**

Wording has been added to this Article as a result of the proposed new electronic communications provisions.

### **Article 53 (Omission or Non-Receipt of Notice)**

This Article has been expanded to deem that any member present at a meeting, whether in person or by proxy, has received proper notice of that meeting and, where applicable, of its purpose.

### **Article 58 (Chairman of a Meeting)**

This Article now makes it clear that none of the powers or rights of a chairman of a meeting which are given by law shall be restricted or excluded by anything in the Articles.

### **Article 61 (Adjournments)**

This Article has been expanded to clarify that any meeting can be adjourned more than once.

### **Article 63 (Amendments to Resolutions)**

This Article now expressly permits the proposal for an amendment to a resolution to be withdrawn by the proposer before it is put to the vote, provided that the chairman of the meeting consents.

### **Article 65 (Votes of Members)**

The wording of this Article has been changed to clarify that the right of a member on a poll to one vote per share held by him/her is subject to any special terms which may be attached to that share, or to any other provision of the Articles.

### **Article 69 (Continuance of Other Business after Poll Demand)**

This Article now makes it clear that any other business of a meeting shall not continue after a demand for a poll on the election of a chairman of the meeting or on a question of adjournment.

### **Article 77 (Receipt of Proxies)**

This Article has been amended to provide that the authority appointing a proxy must be received by the board no less than 48 hours in advance of the meeting or adjourned meeting at which the appointee intends to vote.

### **Article 79 (Form of Proxy)**

This Article now extends the authority of a proxy to vote on any other business which may properly come before the meeting to which the appointment relates.

### **Article 81 (Number of Directors)**

Wording has been added to reflect that alternate directors shall not count towards the number of directors for the purposes of this Article.

### **Articles 96 and 144 (Expenses and Directors' Indemnities)**

These Articles have been updated to reflect legislative changes introduced under the Companies (Audit, Investigation and Community Enterprise) Act 2004, which clarifies the circumstances in which a company can meet the costs incurred by directors in defending proceedings and can indemnify and maintain insurance for directors. The revised Articles confirm that the Company has the power to meet defence costs, provide indemnities and maintain insurance within the limits set out in the new legislation.

## **Explanation of Resolutions**

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### **Article 100 (Borrowing Powers)**

This Article has been amended in light of the introduction of International Financial Reporting Standards, which are expected to take effect in relation to the Company's accounts before the 2006 AGM. Under the revised wording, the borrowing limit will be increased automatically to compensate for reductions in permitted borrowings that arise as a result of changes to accounting standards, policies or practices.

### **Article 124 (Payment Procedure)**

This Article has been amended to clarify the position and limit the liability of the Company in relation to payments made on its behalf by a bank or other funds transfer system.

Other than as set out above, the proposed alterations are of a minor or technical nature.

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## Definitions

Legal & General/the Company

Ordinary resolution

Ordinary shares

Special resolution

Combined Code

Listing Rules

Legal & General Group Plc

A resolution passed by more than 50% of the votes cast

Legal & General Group Plc ordinary shares of 2.5p each

A resolution passed by at least 75% of the votes cast

The Combined Code on Corporate Governance issued in July 2003

the Listing Rules of the Markets Division of the Financial Services Authority

