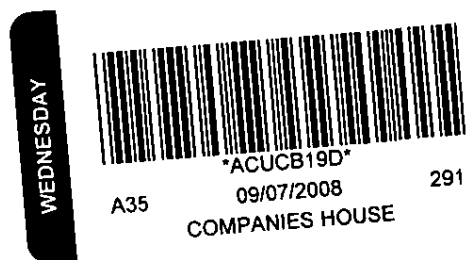


LEGAL & GENERAL
OVERSEAS OPERATIONS LIMITED
REPORT AND ACCOUNTS
2007



LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

CONTENTS

Page

2	Directors' Report
4	Statement of Directors' Responsibilities
5	Independent Auditors' Report
7	Profit and Loss Account
7	Statement of Total Recognised Gains and Losses
8	Balance Sheet
9	Notes to Financial Statements

Registered Office
One Coleman Street,
London EC2R 5AA

Registered in England & Wales No 3831702

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

DIRECTORS' REPORT

The directors submit their annual report together with the audited financial statements of Legal & General Overseas Operations Limited for the year ended 31 December 2007

Principal activity

Legal & General Overseas Operations Limited is an investment holding company

Significant events during the year

Legal & General Overseas Operations Limited purchased Legal & General International (Ireland) Limited for a total cash consideration of £1m and also made a capital contribution of £29m to Legal & General International (Ireland) Limited during the year

The investment in BLG Insurance Limited, a subsidiary of Legal & General Overseas Operations Limited, has been permanently impaired and subsequently liquidated during the year

Result for the year and dividend

The results of the Company are set out on page 7 The directors do not recommend the payment of a dividend (2006 £nil)

Financial risk management

The Company is exposed to market risk Overall responsibility for the management of these risks is invested in the Board The Company is a part of the Legal & General Group and is therefore included within the Group's risk settlement process as outlined in the consolidated financial statements

Currency risk

Legal & General Overseas Operations Limited is exposed to foreign exchange risk due to holdings in overseas subsidiaries Where appropriate Legal & General Overseas Operations Limited protects its exposure to exchange rate fluctuations through currency hedging transactions

Directorate

The names of the directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are shown below

A M Blance (Chairman)
N L Collard
G J Hoskin
J D Whorwood

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

Disclosure of information to auditors

Each of the directors, at the date of approval of this report, confirms that

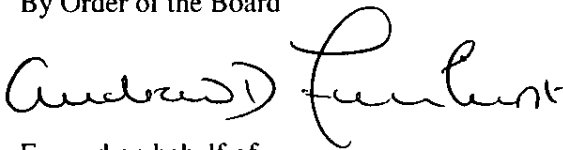
- so far as the director is aware, there is no relevant information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985

Auditors

An elective resolution was passed by the Company's shareholders under the Companies Act 1985. The elective regime was abolished by the Companies Act 2006 and the transitional provisions relating to the reappointment of auditors permit the auditors to remain in office unless the directors resolve otherwise. In accordance with the Companies Act 2006, the Company is no longer required to hold an Annual General Meeting or lay the Company's Report and Accounts before the shareholders.

By Order of the Board



For and on behalf of
Legal & General Co Sec Limited
Secretary
26 June 2008

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period and which comply with the relevant provisions of the Companies Act 1985. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates which are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors confirm that they comply with the above requirements

The directors are also responsible for

- ensuring that the Company has suitable internal controls for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company,
- safeguarding the assets of the Company, and
- taking reasonable steps for the prevention and detection of fraud and other irregularities

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

We have audited the financial statements of the Company for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED (CONTINUED)

Basis of audit opinion

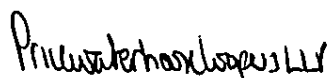
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
27 June 2008

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Note	2007 £m	2006 £m
Loss on continuing operations			
Income from shares in group undertakings	2	30.6	-
Administrative expenses		(9.4)	(0.1)
Amounts written off investments	7	(29.5)	-
Loss for the financial year	3	(8.3)	(0.1)

Statement of Total Recognised Gains and Losses

Loss for the financial year	(8.3)	(0.1)
Loss on revaluation of investments in subsidiary undertakings	(7.9)	(73.1)
Exchange gain on currency loans	5.4	38.6
Total recognised gains and losses	(10.8)	(34.6)

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED
BALANCE SHEET

As at 31 December 2007

	Note	2007 £m	2006 £m
Fixed assets			
Investments			
Shares in group undertakings	7	545 9	553 5
Total assets less current liabilities		545 9	553 5
Creditors: amounts falling due after more than one year			
Amounts owed to group undertakings		(619 1)	(615 9)
Shareholders' net liabilities		(73.2)	(62.4)
Representing capital and reserves			
Called up share capital (1 ordinary share of £1 each)	9	-	-
Revaluation reserve	10	(64 5)	(62 0)
Profit and loss account	10	(8 7)	(0 4)
Total shareholders' deficit		(73.2)	(62.4)
Reconciliation of movements in shareholders' funds			
At 1 January		(62 4)	(27 8)
Total recognised gains and losses		(10 8)	(34 6)
At 31 December		(73.2)	(62.4)

The notes on pages 9 to 12 form an integral part of these financial statements

The financial statements on pages 7 to 12 were approved by the board of directors on 26 June 2008 and signed on its behalf by



A M Blance, Director

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

1 Accounting policies

(a) Basis of preparation

The financial statements conform to applicable accounting standards and have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of certain fixed assets, and in accordance with the provisions of section 226 and Schedule 4 of the Companies Act 1985

The accounts are prepared on a going concern basis as a result of receiving a letter of comfort from the parent company stating that it will provide finance as required to Legal & General Overseas Operations Limited so as to enable it to meet its liabilities as they fall due for a period of one year from the date of signing these financial statements

The principal accounting policies are set out below

(b) Subsidiary undertakings

Investments in subsidiaries are carried at cost less any provision for permanent diminution in value

(c) Investment income

Investment income includes dividends and interest. Dividends receivable from Group companies are recognised when paid for interim dividends, and when approved by the subsidiary Board for final dividends. All other investment income is recognised on an accruals basis

(d) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the time of the transactions. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date with the exception of non-monetary items which are maintained at historic rates. Foreign currency transactions which are covered by specific forward exchange contracts are translated into sterling at the contracted exchange rates. The interest differential reflected in forward contracts is taken to the profit and loss account. All other exchange gains or losses are recognised in the profit and loss account, except where the Company has used foreign currency borrowings to finance overseas equity investments. In these circumstances, revaluation of the net assets of overseas subsidiary undertakings less revaluations of the related borrowings are taken to reserves

(e) Deferred tax

The charge for taxation is based on the result for the year adjusted for disallowable items. Deferred taxation is provided in full on all timing differences at the rate at which it is expected that the tax liability or benefit will arise. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

(f) Impairment

The Company reviews the carrying value of its assets at each balance sheet date. If the carrying value of a financial asset is impaired, the carrying value is reduced through a charge to the profit and loss account. There must be objective evidence of impairment as a result of one or more events which have occurred after the initial recognition of the asset. Impairment is only recognised if the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Income from shares in group undertakings

	2007 £m	2006 £m
Liquidation payment from Banner Life Guernsey Insurance Ltd (BLG)	30.6	-

3 Loss on ordinary activities before tax

Loss on ordinary activities before tax is stated after charging

	2007 £m	2006 £m
Permanent diminution of value of BLG (ongoing liquidation process)	29.5	-

The loss also includes auditors' remuneration of £1,000 (2006 £1,000)

4 Directors' emoluments

The directors are remunerated as employees of the Legal & General Group Plc ("the Group"). The directors have received no incremental emoluments from the Company or the Group for the services as directors of the Company (2006 £nil)

5 Pensions

The Company has no direct employees and hence makes no contribution towards retirement benefits (2006 £nil)

6 Tax charge/(credit)

The tax on profit on ordinary activities for the year is £nil (2006 £nil) and represents the current tax charge for the year

The tax assessed for the period is lower than (2006 equal to) the standard rate of corporation tax in the UK for a company (30%) (2006 30%). The differences are due to disallowable expenditure (£11.6m) (2006 £nil) and non-taxable income including UK dividends (£9.2m) (2006 £nil)

7 Fixed asset investments

	2007 £m	2006 £m
Shares in group undertakings		
At 1 January	553.5	606.6
Additions in year	29.8	20.0
Impairments in year	(29.5)	-
Loss on revaluation of investments in subsidiary undertakings	(7.9)	(73.1)
At 31 December	545.9	553.5

During 2007, the Company purchased 1,000,000 ordinary shares in Legal & General International (Ireland) Limited for a total cash consideration of £1.0m. An additional capital contribution was also made of £28.8m.

BLG began liquidation process during 2007, and although this will be completed in 2008, the investment at cost has been permanently impaired.

During 2006, the Company purchased an additional 499,000 ordinary shares in BLG Insurance Limited for a total cash consideration of US\$35.0m.

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

8 Subsidiary undertakings

The principal subsidiary undertakings of Legal & General Overseas Operations Limited are listed below. Each undertaking operates mainly in its country of incorporation and has only one class of issued ordinary shares, all of which are held by the Legal & General Overseas Operations Group. None of the subsidiary undertakings omitted from the list materially affects the results or assets of the Company.

	Nature of business	Incorporated in
<i>Held directly by the company</i>		
Legal & General America Inc	Holding company	USA
Legal & General International (Ireland) Limited	Long term business	Ireland
BLG Insurance Limited ¹	Reinsurance	Guernsey
<i>Held indirectly through subsidiary undertakings</i>		
Banner Life Insurance Company Inc	Long term insurance	USA
William Penn Life Insurance Company of New York Inc	Long term insurance	USA

1 BLG Insurance Limited has been liquidated since the year end

9 Share capital

	2007 £m	2006 £m
Authorised 1,000,000,000 ordinary shares of £1 each	1,000	1,000
Issued 1 ordinary share of £1 fully paid	-	-

10 Movement in reserves

	Revaluation Reserve £m	Profit and Loss Account £m
At 1 January 2007	(62.0)	(0.4)
Loss on revaluation of investments in subsidiary undertakings	(7.9)	-
Exchange gain on currency loans	5.4	-
Loss for the financial year	-	(8.3)
At 31 December 2007	(64.5)	(8.7)

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

11 Holding company

Legal & General Overseas Operations Limited is exempt from the obligation to prepare and deliver group accounts as it is a wholly-owned subsidiary of Legal & General Group Plc, a company incorporated in England & Wales - the controlling party and the ultimate holding undertaking which consolidates the financial statements of the Company. These accounts therefore provide information about the Company as an individual undertaking. Copies of the accounts of the ultimate holding company, Legal & General Group Plc, are available at the Registered Office, One Coleman Street, London EC2R 5AA.

12 Exchange rates

Principal rates of exchange used for translation into sterling at the end of the year

	2007	2006
United States Dollars	1.99	1.96

13 Cash flow statement

In accordance with FRS 1 'Cash Flow Statements (Revised 1996)' the Company has not prepared a cashflow statement as the ultimate holding company, Legal & General Group Plc, has included a group cashflow statement within its financial statements.

14 Segmental disclosure

The turnover and pre-tax profit is all attributable to the company's activities as an investment holding company and arises wholly in the UK.

15 Related party transactions

The Company has taken advantage of the exemptions under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of Legal & General Group Plc or investees of Legal & General Group Plc.

The directors and key management of the Company had no material transactions with the Company or any other group undertakings.