

# **Legal & General Assurance (Pensions Management) Limited**

**Annual FSA Insurance Returns for the year ended**

**31 December 2009**

**IPRU(INS) Appendices 9.1, 9.3, 9.4, 9.6**

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**Statement of solvency - long-term insurance business**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
	1006112	GL	31	12	2009	£000
			As at end of this financial year			As at end of the previous year
			1			2

**Capital resources**

Capital resources arising within the long-term insurance fund	11	30000	24000
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	224565	214503
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	254565	238503

**Guarantee fund**

Guarantee fund requirement	21	6337	5826
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	248228	232677

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	31	19011	17478
Resilience capital requirement	32		
Base capital resources requirement	33	3128	2518
Individual minimum capital requirement	34	19011	17478
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	19011	17478
Excess (deficiency) of available capital resources to cover 50% of MCR	37	245060	229764
Excess (deficiency) of available capital resources to cover 75% of MCR	38	240307	225395

**Enhanced capital requirement**

With-profits insurance capital component	39		
Enhanced capital requirement	40	19011	17478

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	41	19011	17478
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	235554	221025

**Contingent liabilities**

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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**Covering Sheet to Form 2**

**Form 2**

Name of insurer      **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended      **31 December 2009**

..... **C P Chambers      Chairman**

..... **M D T Craston      Managing Director**

..... **A K Overy      Finance Director**

**22-Mar-10**

**Components of capital resources**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**

Company registration number	GL/UK/CM	day month year			Units	
<b>R3</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year		
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		

**Core tier one capital**

Permanent share capital	<b>11</b>		100	100	100
Profit and loss account and other reserves	<b>12</b>		255175	255175	238696
Share premium account	<b>13</b>				
Positive valuation differences	<b>14</b>				
Fund for future appropriations	<b>15</b>				
Core tier one capital in related undertakings	<b>16</b>				
Core tier one capital (sum of 11 to 16)	<b>19</b>		255275	255275	238796

**Tier one waivers**

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	<b>21</b>				
Implicit Items	<b>22</b>				
Tier one waivers in related undertakings	<b>23</b>				
Total tier one waivers as restricted (21+22+23)	<b>24</b>				

**Other tier one capital**

Perpetual non-cumulative preference shares as restricted	<b>25</b>				
Perpetual non-cumulative preference shares in related undertakings	<b>26</b>				
Innovative tier one capital as restricted	<b>27</b>				
Innovative tier one capital in related undertakings	<b>28</b>				

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>		255275	255275	238796
Investments in own shares	<b>32</b>				
Intangible assets	<b>33</b>				
Amounts deducted from technical provisions for discounting	<b>34</b>				
Other negative valuation differences	<b>35</b>				
Deductions in related undertakings	<b>36</b>				
Deductions from tier one (32 to 36)	<b>37</b>				
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>		255275	255275	238796

**Components of capital resources**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day month year			Units	
	<b>R3</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year	3	Total as at the end of the previous year	4
		1	2	3		4	

**Tier two capital**

Implicit items, (tier two waivers and amounts excluded from line 22)	41					
Perpetual non-cumulative preference shares excluded from line 25	42					
Innovative tier one capital excluded from line 27	43					
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44					
Perpetual cumulative preference shares	45					
Perpetual subordinated debt and securities	46					
Upper tier two capital in related undertakings	47					
<b>Upper tier two capital (44 to 47)</b>	<b>49</b>					

Fixed term preference shares	51					
Other tier two instruments	52					
Lower tier two capital in related undertakings	53					
<b>Lower tier two capital (51+52+53)</b>	<b>59</b>					

<b>Total tier two capital before restrictions (49+59)</b>	<b>61</b>					
Excess tier two capital	62					
Further excess lower tier two capital	63					
<b>Total tier two capital after restrictions, before deductions (61-62-63)</b>	<b>69</b>					

## Components of capital resources

Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day month year			Units
<b>R3</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	

## Total capital resources

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>				
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		255275	255275	238796
Inadmissible assets other than intangibles and own shares	<b>73</b>				
Assets in excess of market risk and counterparty limits	<b>74</b>				
Deductions for related ancillary services undertakings	<b>75</b>				
Deductions for regulated non-insurance related undertakings	<b>76</b>		710	710	293
Deductions of ineligible surplus capital	<b>77</b>				
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>		254565	254565	238503

## Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	<b>81</b>		254565	254565	238503
Available capital resources for 50% MCR requirement	<b>82</b>		254565	254565	238503
Available capital resources for 75% MCR requirement	<b>83</b>		254565	254565	238503

## Financial engineering adjustments

Implicit items	<b>91</b>				
Financial reinsurance - ceded	<b>92</b>				
Financial reinsurance - accepted	<b>93</b>				
Outstanding contingent loans	<b>94</b>				
Any other charges on future profits	<b>95</b>				
Sum of financial engineering adjustments (91+92-93+94+95)	<b>96</b>				

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>	<b>1</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>				

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>				
	Debts and loans	<b>22</b>				
Other insurance dependants	Shares	<b>23</b>				
	Debts and loans	<b>24</b>				
Non-insurance dependants	Shares	<b>25</b>			970	618
	Debts and loans	<b>26</b>				
Other group undertakings	Shares	<b>27</b>				
	Debts and loans	<b>28</b>				
Participating interests	Shares	<b>29</b>				
	Debts and loans	<b>30</b>				

**Other financial investments**

Equity shares		<b>41</b>				
Other shares and other variable yield participations		<b>42</b>				
Holdings in collective investment schemes		<b>43</b>				
Rights under derivative contracts		<b>44</b>				
Fixed interest securities	Approved	<b>45</b>			202499	206701
	Other	<b>46</b>				
Variable interest securities	Approved	<b>47</b>				
	Other	<b>48</b>				
Participation in investment pools		<b>49</b>				
Loans secured by mortgages		<b>50</b>				
Loans to public or local authorities and nationalised industries or undertakings		<b>51</b>				
Loans secured by policies of insurance issued by the company		<b>52</b>				
Other loans		<b>53</b>				
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>			37971	38869
	More than one month withdrawal	<b>55</b>				
Other financial investments		<b>56</b>				
Deposits with ceding undertakings		<b>57</b>				
Assets held to match linked liabilities	Index linked	<b>58</b>				
	Property linked	<b>59</b>				



**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>	<b>1</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>		
Dependants	due in 12 months or less	<b>76</b>		
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>		
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>		
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	363	1236
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		
Deductions from the aggregate value of assets		<b>87</b>	
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)		<b>89</b>	241803 247424

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
<b>R13</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>	<b>1</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	241803	247424
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>		
Other asset adjustments (may be negative)	<b>101</b>		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	241803	247424
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>	<b>10</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>				

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		
	Debts and loans	<b>22</b>		
Other insurance dependants	Shares	<b>23</b>		
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>		
	Debts and loans	<b>26</b>		
Other group undertakings	Shares	<b>27</b>		
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares	<b>41</b>			
Other shares and other variable yield participations	<b>42</b>			
Holdings in collective investment schemes	<b>43</b>			
Rights under derivative contracts	<b>44</b>			
Fixed interest securities	Approved	<b>45</b>	23087	3937
	Other	<b>46</b>		
Variable interest securities	Approved	<b>47</b>		
	Other	<b>48</b>		
Participation in investment pools	<b>49</b>			
Loans secured by mortgages	<b>50</b>			
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>			
Loans secured by policies of insurance issued by the company	<b>52</b>			
Other loans	<b>53</b>			
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	30768	120588
	More than one month withdrawal	<b>55</b>		
Other financial investments	<b>56</b>			
Deposits with ceding undertakings	<b>57</b>			
Assets held to match linked liabilities	Index linked	<b>58</b>		
	Property linked	<b>59</b>	208386893	174726723

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>	<b>10</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	1689	1541
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>	339	459
	Ceded	<b>75</b>		
Dependants	due in 12 months or less	<b>76</b>		
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>		
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	27015	
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	26	58
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	50758	36438
Deductions from the aggregate value of assets	<b>87</b>		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	208520575	174889744

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total long term insurance business assets**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
<b>R13</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>	<b>10</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	208520575	174889744
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	7494	8050
Other asset adjustments (may be negative)	<b>101</b>		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	208528069	174897794
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Long term insurance business liabilities and margins**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**Total business/Sub fund **Total long term business**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	<b>11</b>	208386893	174726723
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>		
Balance of surplus/(valuation deficit)	<b>13</b>	30000	24000
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	208416893	174750723
Claims outstanding	Gross	<b>15</b>	
	Reinsurers' share	<b>16</b>	
	Net (15-16)	<b>17</b>	
Provisions	Taxation	<b>21</b>	
	Other risks and charges	<b>22</b>	
Deposits received from reinsurers	<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	10630
	Reinsurance accepted	<b>32</b>	
	Reinsurance ceded	<b>33</b>	
Debenture loans	Secured	<b>34</b>	
	Unsecured	<b>35</b>	
Amounts owed to credit institutions	<b>36</b>		
Creditors	Taxation	<b>37</b>	10412
	Other	<b>38</b>	80161
Accruals and deferred income	<b>39</b>	2479	2531
Provision for "reasonably foreseeable adverse variations"	<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	103682	139021
Excess of the value of net admissible assets	<b>51</b>		
Total liabilities and margins	<b>59</b>	208520575	174889744

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	18567	15039
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	208386893	174726723

Total liabilities (11+12+49)	<b>71</b>	208490575	174865744
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	7494	8050
Other adjustments to liabilities (may be negative)	<b>74</b>		
Capital and reserves and fund for future appropriations	<b>75</b>	30000	24000
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	<b>76</b>	208528069	174897794

**Liabilities (other than long term insurance business)**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**

Company registration number	GL/UK/CM	day	month	year	Units	
<b>R15</b>	<b>1006112</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>
					As at end of this financial year 1	As at end of the previous year 2

**Technical provisions (gross amount)**

Provisions for unearned premiums	<b>11</b>		
Claims outstanding	<b>12</b>		
Provision for unexpired risks	<b>13</b>		
Equalisation provisions	Credit business	<b>14</b>	
	Other than credit business	<b>15</b>	
Other technical provisions	<b>16</b>		
Total gross technical provisions (11 to 16)	<b>19</b>		

**Provisions and creditors**

Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>31</b>		
Creditors	Direct insurance business	<b>41</b>		
	Reinsurance accepted	<b>42</b>		
	Reinsurance ceded	<b>43</b>		
Debenture loans	Secured	<b>44</b>		
	Unsecured	<b>45</b>		
Amounts owed to credit institutions		<b>46</b>		
Creditors	Taxation	<b>47</b>	478	3882
	Foreseeable dividend	<b>48</b>		
	Other	<b>49</b>	16050	28746
Accruals and deferred income		<b>51</b>		
Total (19 to 51)		<b>59</b>	16528	32628
Provision for "reasonably foreseeable adverse variations"		<b>61</b>		
Cumulative preference share capital		<b>62</b>		
Subordinated loan capital		<b>63</b>		
Total (59 to 63)		<b>69</b>	16528	32628

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>	16050	19038
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Amounts deducted from technical provisions for discounting	<b>82</b>		
Other adjustments (may be negative)	<b>83</b>		
Capital and reserves	<b>84</b>	225275	214796
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	<b>85</b>	241803	247424

**Profit and loss account (non-technical account)**

Name of insurer

**Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended

**31 December 2009**

		Company registration number	GL/ UK/ CM	day	month	year	Units
		R16	GL	31	12	2009	£000
				This financial year		Previous year	
				1		2	
Transfer (to)/from the general insurance business technical account	From Form 20		11				
	Equalisation provisions		12				
Transfer from the long term insurance business revenue account			13			84020	82379
Investment income	Income		14			7929	9299
	Value re-adjustments on investments		15				5865
	Gains on the realisation of investments		16				191
Investment charges	Investment management charges, including interest		17			50	50
	Value re-adjustments on investments		18			668	
	Loss on the realisation of investments		19			3790	
Allocated investment return transferred to the general insurance business technical account			20				
Other income and charges (particulars to be specified by way of supplementary note)			21			(6)	(8)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			87435	97676
Tax on profit or loss on ordinary activities			31			956	4359
Profit or loss on ordinary activities after tax (29-31)			39			86479	93317
Extraordinary profit or loss (particulars to be specified by way of supplementary note)			41				
Tax on extraordinary profit or loss			42				
Other taxes not shown under the preceding items			43				
Profit or loss for the financial year (39+41-(42+43))			49			86479	93317
Dividends (paid or foreseeable)			51			76000	77000
Profit or loss retained for the financial year (49-51)			59			10479	16317



## Long-term insurance business : Revenue account

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2009**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11	34743211	34622550
Investment income receivable before deduction of tax	12	5956407	7048135
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14	22758584	(35516703)
Other income	15	170668	155929
<b>Total income</b>	<b>19</b>	<b>63628870</b>	<b>6309911</b>

**Expenditure**

Claims incurred	21	29697428	33987941
Expenses payable	22	75022	68819
Interest payable before the deduction of tax	23	724	1389
Taxation	24	105506	119760
Other expenditure	25		
Transfer to (from) non technical account	26	84020	82379
<b>Total expenditure</b>	<b>29</b>	<b>29962700</b>	<b>34260288</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	33666170	(27950377)
Fund brought forward	49	174750723	202701100
Fund carried forward (39+49)	59	208416893	174750723

**Long-term insurance business : Analysis of premiums**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2009**  
 Units **£000**

UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
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**Gross**

Regular premiums	11					
Single premiums	12		34349651	393560	34743211	34622550

**Reinsurance - external**

Regular premiums	13					
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17					
Single premiums	18		34349651	393560	34743211	34622550

**Total**

Gross	19		34349651	393560	34743211	34622550
Reinsurance	20					
Net	21		34349651	393560	34743211	34622550

**Long-term insurance business : Analysis of claims**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2009**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11					
Disability periodic payments	12					
Surrender or partial surrender	13		29241096	456332	29697428	33987941
Annuity payments	14		1251		1251	1408
Lump sums on maturity	15					
<b>Total</b>	<b>16</b>		29242347	456332	29698679	33989349

**Reinsurance - external**

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
<b>Total</b>	<b>26</b>					

**Reinsurance - intra-group**

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		1251		1251	1408
Lump sums on maturity	35					
<b>Total</b>	<b>36</b>		1251		1251	1408

**Net of reinsurance**

Death or disability lump sums	41					
Disability periodic payments	42					
Surrender or partial surrender	43		29241096	456332	29697428	33987941
Annuity payments	44					
Lump sums on maturity	45					
<b>Total</b>	<b>46</b>		29241096	456332	29697428	33987941

**Long-term insurance business : Analysis of expenses**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2009**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13		12365	3	12368	11468
Management - maintenance	14		60372	16	60388	55989
Management - other	15		2266		2266	1362
<b>Total</b>	<b>16</b>		<b>75003</b>	<b>19</b>	<b>75022</b>	<b>68819</b>

**Reinsurance - external**

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>					

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43		12365	3	12368	11468
Management - maintenance	44		60372	16	60388	55989
Management - other	45		2266		2266	1362
<b>Total</b>	<b>46</b>		<b>75003</b>	<b>19</b>	<b>75022</b>	<b>68819</b>

**Long-term insurance business : Linked funds balance sheet**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business  
 Financial year ended **31 December 2009**  
 Units **£000**

Financial year	Previous year
1	2

**Internal linked funds (excluding cross investment)**

Directly held assets (excluding collective investment schemes)	11	209092913	175944879
Directly held assets in collective investment schemes of connected companies	12	12869	10836
Directly held assets in other collective investment schemes	13	18925	12625
<b>Total assets (excluding cross investment) (11+12+13)</b>	<b>14</b>	<b>209124707</b>	<b>175968340</b>
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16	1999	4510
Other liabilities	17	735814	1237107
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	<b>208386893</b>	<b>174726723</b>

**Directly held linked assets**

Value of directly held linked assets	21		
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**Total**

Value of directly held linked assets and units held (18+21)	31	208386893	174726723
Surplus units	32		
Deficit units	33		
<b>Net unit liability (31-32+33)</b>	<b>34</b>	<b>208386893</b>	<b>174726723</b>

**Long-term insurance business : Revenue account for internal linked funds**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business  
 Financial year ended **31 December 2009**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Value of total creation of units	11	34743211	34622550
Investment income attributable to the funds before deduction of tax	12	5914743	7019641
Increase (decrease) in the value of investments in the financial year	13	22795859	(35501902)
Other income	14		
<b>Total income</b>	<b>19</b>	<b>63453813</b>	<b>6140289</b>

**Expenditure**

Value of total cancellation of units	21	29713828	34002158
Charges for management	22	76	85
Charges in respect of tax on investment income	23	79105	87795
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	634	628
<b>Total expenditure</b>	<b>29</b>	<b>29793643</b>	<b>34090666</b>

Increase (decrease) in funds in financial year (19-29)	39	33660170	(27950377)
Internal linked fund brought forward	49	174726723	202677100
Internal linked funds carried forward (39+49)	59	208386893	174726723

**Long-term insurance business : Summary of new business**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business  
 Financial year ended **31 December 2009**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Number of new policyholders/  
scheme members for direct  
insurance business**

Regular premium business	11					
Single premium business	12					
<b>Total</b>	<b>13</b>					

**Amount of new regular  
premiums**

Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23					
<b>Total</b>	<b>24</b>					

**Amount of new single  
premiums**

Direct insurance business	25		34349651	393560	34743211	34622550
External reinsurance	26					
Intra-group reinsurance	27					
<b>Total</b>	<b>28</b>		34349651	393560	34743211	34622550

**Long-term insurance business : Analysis of new business**

**Legal & General Assurance (Pensions Management) Limited**

Name of insurer

Total business

Financial year ended

Units

UK Pension / Direct Insurance Business

**31 December 2009**

**£000**

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
765	Group managed fund				34349651





**Long-term insurance business : Assets not held to match linked liabilities**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2009**  
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

**Assets backing non-profit liabilities and non-profit capital requirements**

Land and buildings	11					
Approved fixed interest securities	12	23113	23113	359	0.14	
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	110569	110569	203	0.20	
<b>Total</b>	<b>19</b>	<b>133682</b>	<b>133682</b>	<b>562</b>	<b>0.19</b>	

**Assets backing with-profits liabilities and with-profits capital requirements**

Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
<b>Total</b>	<b>29</b>					

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

## Long-term insurance business : Fixed and variable interest assets

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **####**  
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
<b>UK Government approved fixed interest securities</b>	<b>11</b>	23113	0.31	0.14	0.14
<b>Other approved fixed interest securities</b>	<b>21</b>				
<b>Other fixed interest securities</b>					
AAA/Aaa	31				
AA/Aa	32				
A/A	33				
BBB/Baa	34				
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
<b>Total other fixed interest securities</b>	<b>39</b>				
<b>Approved variable interest securities</b>	<b>41</b>				
<b>Other variable interest securities</b>	<b>51</b>				
<b>Total (11+21+39+41+51)</b>	<b>61</b>	23113	0.31	0.14	0.14

## Long-term insurance business : Summary of mathematical reserves

Name of insurer **Legal & General Assurance (Pensions Management) Limited**Total business / subfund **Total long term business**Financial year ended **31 December 2009**

Units

£000

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Form 51 - with-profits	11				
Form 51 - non-profit	12		7494	7494	8050
Form 52	13				
Form 53 - linked	14		208386893	208386893	174726723
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
<b>Total</b>	<b>18</b>		208394387	208394387	174734773

**Reinsurance - external**

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
<b>Total</b>	<b>28</b>				

**Reinsurance - intra-group**

Form 51 - with-profits	31				
Form 51 - non-profit	32		7494	7494	8050
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
<b>Total</b>	<b>38</b>		7494	7494	8050

**Net of reinsurance**

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44		208386893	208386893	174726723
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
<b>Total</b>	<b>48</b>		208386893	208386893	174726723

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business / subfund **Total long term business**

Financial year ended **31 December 2009**

Units **£000**

UK Pension / Gross

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
400	Annuity non-profit (CPA)	81	1483					7494



Long-term insurance business : Valuation summary of property linked contracts

Name of insurer Legal & General Assurance (Pensions Management) Limited

Total business / subfund Total long term business

Financial year ended 31 December 2009

Units £000

UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
765	Group managed fund	3123			208386893	208386893		208386893

## Long-term insurance business : Unit prices for internal linked funds

Name of insurer Legal &amp; General Assurance (Pensions Management) Limited

Total business

Financial year ended 31 December 2009

Units £000

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
15YEAR FIXED INT FUND	24 - group managed fund - other managed fund	204414			1.3869	1.3377	(3.54)
ACTAG LG DTD(50)FX INT	24 - group managed fund - other managed fund	108936			1.1684	1.2388	5.86
ACTAGS ALLSTK(50)FXD IT	24 - group managed fund - other managed fund	121496			1.2059	1.2750	5.73
ACTIVE CORP BOND > 10YR FD	24 - group managed fund - other managed fund	2442919			1.5655	1.7986	14.89
ACTIVE CORP BOND ALL ST FD	24 - group managed fund - other managed fund	7249062			1.3554	1.5290	12.81
ACTIVE GBP CRDT ALL ST FD	24 - group managed fund - other managed fund	7032521				1.5280	
ACTIVE USD CRD ALL STK FD	24 - group managed fund - other managed fund	208788			1.0278		
CASH	24 - group managed fund - other managed fund	2138323			6.2719	6.2980	0.42
CASH (CHARGES INCLUDED)	24 - group managed fund - other managed fund	369054			6.1567	6.1957	0.63
CORE PLUS	24 - group managed fund - other managed fund	224139			1.0119	1.2134	19.91
HIGH YIELD BOND FUND	24 - group managed fund - other managed fund	172920			0.7815	1.1203	43.36
INDEX-LINKED BOND FUND	24 - group managed fund - other managed fund	160527			6.5836	6.9741	5.93
LDI 2025 ACT CORP BD FD	24 - group managed fund - other managed fund	239860			1.0159	1.0459	2.94
LDI 2035 ACT CORP BD	24 - group managed fund - other managed fund	253999			1.3225	1.2015	(9.15)
LDI 2045 ACT CORP BD FD	24 - group managed fund - other managed fund	138726			1.2084	1.0077	(16.67)
LDI 6A CORP BD (LIBOR)	24 - group managed fund - other managed fund	953471			0.8946	0.9818	9.74
LDI ACT CORP BD (2020)	24 - group managed fund - other managed fund	203104			1.0637	1.1512	8.22
LDI ACT CORP BD (2030) RPI	24 - group managed fund - other managed fund	153189			1.1340	1.1642	2.66
LDI ACT CORP BD (2040)	24 - group managed fund - other managed fund	119756			1.3341	1.1645	(12.71)
LDI ACT CORP BD (2055) RPI	24 - group managed fund - other managed fund	137260			1.1314	1.2005	6.11
LDI ACT CORP BD (LIBOR)	24 - group managed fund - other managed fund	2274040			0.9066	1.0410	14.83
LDI ACTIVE CORP BD (2030)	24 - group managed fund - other managed fund	178124			1.1648	1.1248	(3.43)
LDI LIBOR FUND	24 - group managed fund - other managed fund	436881				1.0182	
LDI RPI LKD ACT CORP BD	24 - group managed fund - other managed fund	103426			1.1019	1.3170	19.53
LDI RPI 2025 ACT CORP BD	24 - group managed fund - other managed fund	147075			1.1157	1.2047	7.98
LDI RPI 2035 ACT CORP BD	24 - group managed fund - other managed fund	215129			1.4783	1.4834	0.35
LDI RPI 2045 ACT CORP BD	24 - group managed fund - other managed fund	128894			1.3512	1.3622	0.81
LIQUIDITY FUND	24 - group managed fund - other managed fund	1234696			1.0382	1.0517	1.20
MM MATURITY FUND II (LIQ)	24 - group managed fund - other managed fund	341579				1.3347	
MONEY MARKET FUND	24 - group managed fund - other managed fund	597931			1.2052	1.3351	10.78
PAN EUROPEAN CREDIT FUND	24 - group managed fund - other managed fund	105725			0.9637	1.1125	15.44
PRE-RETIREMENT FUND - EK	24 - group managed fund - other managed fund	313623			1.2128	1.3186	8.81
Property	27 - group managed fund - property	631738			23.0986	25.4148	10.03
UK CONCENTRATED EQUITY FD	24 - group managed fund - other managed fund	103307			1.7825	2.2837	28.12
UK TREASURY BILLS FUND	24 - group managed fund - other managed fund	164866			1.0043	1.0101	0.57
USD ACT CDT DUR NEUTRAL	24 - group managed fund - other managed fund	219027				1.0401	



**Long-term insurance business : Distribution of surplus**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2009**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	208416893	174750723
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	84020	82379
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	208500913	174833102
Mathematical reserves	21	208386893	174726723
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	114020	106379

**Composition of surplus**

Balance brought forward	31	24000	24000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	90020	82379
Total	39	114020	106379

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	84020	82379
Total distributed surplus (46+47)	48	84020	82379
Surplus carried forward	49	30000	24000
Total (48+49)	59	114020	106379

**Percentage of distributed surplus allocated to policyholders**

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long-term insurance capital requirement**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2009**Units **£000**

LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
1	2	3	4	5	6

**Insurance death risk capital component**

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%				
Classes I (other), II and IX	13	0.15%				
Classes I (other), II and IX	14	0.3%				
Classes III, VII and VIII	15	0.3%				
<b>Total</b>	<b>16</b>					

**Insurance health risk and life protection reinsurance capital component**

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					
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**Insurance expense risk capital component**

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	7494	0.85	64	68
Classes III, VII and VIII (investment risk)	33	1%				
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%			18756	17205
Class IV (other)	36	1%				
Class V	37	1%				
Class VI	38	1%				
<b>Total</b>	<b>39</b>				18819	17273

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	7494	0.85	191	205
Classes III, VII and VIII (investment risk)	43	3%				
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%	208386893	208386893		
Class IV (other)	46	3%				
Class V	47	0%				
Class VI	48	3%				
<b>Total</b>	<b>49</b>		208394387	208386893	191	205

<b>Long term insurance capital requirement</b>	<b>51</b>				19011	17478
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## **Returns under the Accounts and Statements Rules (IPRU (INS))**

### **Appendix 9.4 (Rule 9.31):**

#### **Legal & General Assurance (Pensions Management) Ltd**

#### **Abstract of the Valuation Report**

#### **Financial year ended 31 December 2009**

##### 1. Introduction

- 1.(1) The date to which this investigation relates, namely the Valuation Date, is 31 December 2009.
- 1.(2) The date to which the last previous investigation under rule 9.4 related was 31 December 2008.
- 1.(3) There have been no valuations since the previous investigation.

##### 2. Product range

- 2.(1) The pooled fund contract provides for investment of the assets of defined benefit and defined contribution pension schemes into internal linked funds. The name of the fund section generally indicates the nature of the underlying asset.
- 2.(2) 26 new sections were created in 2009. These are listed and include the internal reference code.

#### **2009 New Funds (Code Name)**

1. LP Client Specific Unitised 34091
2. LX Client Specific Unitised 35228
3. LY Client Specific Unitised 31478
4. TV GI Cr 6A 40% Fin Pass- GBP Hdg
5. VB GI 6A 40% Fin Pas-IntRate&GBPHd
6. VR N America Large Cap Equ Des B
7. VT FRN fund
8. VW Glo Eqty NW(30:70) – 75% GBP Hgd
9. VX Global Equity MW (30:70) – 75% GBP Hgd (chgs)
10. WC Mega Cap Index Designation B
11. WD LIBOR Fund
12. WK Portfolio Implement 34913/4
13. WL Active USD Credit All Stocks
14. WR Money Mkt Maturity II Liquidity
15. WS Active GBP Credit All Stocks
16. WV LDI LIBOR Fund
17. WX ABS Fund
18. WY 2042 Index-Linked Gilt
19. XE Client Specific Unitised 33593
20. XF Client Specific Unitised 35293
21. XG USDAct Credit Duration Neutral
22. XH Korea Equity Index
23. XJ A/Pac ex Jap&Kor Dev Equity Ind
24. XK A/Pac ex Jap&Kor Dev Equity Ind - GBPHgd

## Returns under the Accounts and Statements Rules (IPRU (INS))

### Appendix 9.4 (Rule 9.31):

#### Legal & General Assurance (Pensions Management) Ltd

#### Abstract of the Valuation Report

#### Financial year ended 31 December 2009

25. XL Client Specific Unitised 35566
26. XN 2050 Index Linked Gilt

3 sections were withdrawn in 2009. These are listed below and include the internal reference code.

#### 2009 Closed Funds (Code Name)

1. NX Europe (exUK) Equ Ind (Des B)
2. FD Act Agg Long Dat 50:25:25 Bond
3. TL Portfolio Implementation 32305

- 2.(3) The products do not contain any options or guarantees that are in force.
- 2.(4) The Company maintains a spread between the bid and offer prices of units. This covers the Company's dealing costs, including stamp duty. Bid/offer spreads vary from nil to a maximum of 6.8% on the property fund (of which 4% is for stamp duty).
- 2.(5) For information the additional voluntary contribution contract included, at outset, guaranteed annuity rates for members retiring at normal retirement date within the first ten years of the scheme. No members are now entitled to this guarantee.
- 2.(6) There are certain Overseas Life Assurance Benefit (OLAB) contracts where the benefits are paid in a non sterling currency, either -euro or US dollars.
- 2.(7) There have been no changes to the product brand name.
- 2.(8) None of the contracts contain a with-profits option.
- 2.(9) Where monies being reallocated match monies allocated to the fund, the saving in external dealing costs is passed to the policyholder or retained by the Company depending upon the circumstances. In the latter case such matching is a source of revenue to the Company.
- 2.(10) The maximum annual charge is 1% and the current terms and conditions of the policy may be changed on four months' notice to policyholders.

### 3. Discretionary charges and benefits

- 3.(1) The company does not have the option of applying market value reductions
- 3.(2) The company does not write non-linked protection business
- 3.(3) The company does not write non-profit deposit administration benefits
- 3.(4) The company does not use benefit charges
- 3.(5) The contracts are not with profits

## **Returns under the Accounts and Statements Rules (IPRU (INS))**

### **Appendix 9.4 (Rule 9.31):**

#### **Legal & General Assurance (Pensions Management) Ltd**

#### **Abstract of the Valuation Report**

#### **Financial year ended 31 December 2009**

- 3.(6) The Company recovers its costs, other than flat charges for smaller schemes with less than £25m invested or for ancillary services, through the annual management charge which accrue daily as a proportion of the assets of the fund. The charges vary from 0.05% to 0.75% for active internal linked funds and from 0.03% to 0.60% for index tracking funds; the charges also vary within these ranges depending upon the amount invested. There are extra fixed charges for other related services including asset allocation and scheme benchmarking.
- 3.(7) For active funds, where the investment objective is not related to tracking an index, the management charge and custodial costs, have historically been charged against the assets of the internal linked fund. For certain newer funds charges are paid directly by the policyholder.
- 3.(8) The management charges for index-tracking funds are usually paid directly by the policyholder on a quarterly basis. There are certain index-tracking funds where the charges are built into the unit price of the internal fund; these have '(charges)' after the fund name.
- 3.(9) Internal linked funds
- (a) (i) There are two methods used in the creation and cancellation of units in the internal linked funds and in the determination of unit prices for the allocation and cancellation of units. These are daily pricing and weekly pricing.

Daily pricing is used for all funds which are described as "index (Charges Included)" and for certain clients in other index funds. Prices are struck each business day and are based upon the last valuation adjusted by the total return on the index being tracked to allow for movements between that valuation and the pricing day for the fund. On the valuation day (normally weekly), all existing funds are valued at bid, mid and offer. If the fund is due to receive a net inflow then new units are created at the offer price; if the fund is due to pay a net outflow then units are cancelled at the bid price. When the net flow in either direction is small the mid price is used for both the creation and cancellation of units. On each pricing day, until the next valuation day, the unit price is adjusted for the total return on the index being tracked up to the close of business that day. The price used for the creation or cancellation of units is also used for the allocation or de-allocation of units on that day. The Company does not retain a "box" of units.

**Returns under the Accounts and Statements Rules (IPRU (INS))**  
**Appendix 9.4 (Rule 9.31):**  
**Legal & General Assurance (Pensions Management) Ltd**  
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- (a) (ii) Weekly pricing is used for all other funds:

On the day before a dealing day all existing investments of a linked fund are valued at the closing mid-market price (or last traded price in some markets) by reference to a recognised pricing service. Allowance is made for current assets and the fund value is divided by the number of units to derive a unit value. The Directors determine the bid and offer price around that value on a basis which reflects the typical spread for dealing in the market, including where applicable, local tax and stamp duties and brokerage. Where a bid/offer spread exists and the fund is due to receive a net inflow, units are created at the offer price; conversely if the fund is due to pay an outflow then units are cancelled at the bid price. The offer and bid prices calculated for the creation or cancellation of units on a dealing day are used respectively for the allocation or de-allocation of units from contracts on that day. The Company does not retain a “box” of units.

Liability Driven Investments (LDI) and Client Specific Unitised Funds (CSUF's) are valued using the unit prices as described above for the underlying funds together with a value of the swap(s). These OTC swaps are valued through a price discovery mechanism process agreed with the counter-party investment banks supported by an internal valuation model.

Dealing days are most Wednesdays and the first business day of each calendar month, except in the Property fund where they are monthly.

The additional voluntary contribution contract is an internal unit linked fund which has a single unit price i.e. it does not have a bid/offer spread. Investment charges are currently 0.50%pa of the total value of the fund and there is administration charges of up to 5.75% of the premiums received.

- 3.(10) No method is required to provide for tax on realised or unrealised capital gains.
3. (11) Double charging for expenses is eliminated in unit cross holdings.

4. Valuation basis

- 4.(1) The valuation liability for the pooled fund contracts has been taken as the total value at valuation unit prices of the units standing to the credit of the policies as at the Valuation Date. The valuation unit prices are the published prices on the first business day following the Valuation Date adjusted for expenses in respect of the disposal of assets and for interest accrued between the Valuation Date and the next business day.

No allowance is made for interest or mortality in the valuation of linked contracts.

Unit liabilities are valued at valuation unit prices without any discounting. The valuation unit prices include a margin over the published bid prices on the first business day following the Valuation Date to allow for possible expenses on disposal of assets. The size of the margin varies according to the nature of the assets and, in the case of some fund sections, may be offset by accrued interest in the bid price.

## Returns under the Accounts and Statements Rules (IPRU (INS))

### Appendix 9.4 (Rule 9.31):

#### Legal & General Assurance (Pensions Management) Ltd

#### Abstract of the Valuation Report

Financial year ended 31 December 2009

The valuation liability for immediate annuities is obtained by discounting future payments on the basis shown below. Individual contracts are valued with explicit allowance for future expenses.

- i. Due regard has been given to the duty to treat customers fairly through their contractual entitlements and the valuation is in line with those expectations. No increases in policy charges are anticipated in deriving the mathematical reserves. Policyholders are not eligible to participate in any established surplus.
  - ii. The net premium method of valuation is not used.
  - iii. The valuation methods do not give rise to negative values and do not allow any contract to be treated as an asset.
  - iv. The contracts are non profit and so no reserve has been made for future bonuses.
  - v. No provision has been made for any liability to taxation on unrealised capital gains.
  - vi. No reserve has been deemed necessary for the capital guarantee provided under the AVC contract since deposit-based investment portfolios are used to back these liabilities.
  - vii. The contingent liability for original guaranteed annuity rates under the AVC contract has been reviewed and no reserve has been deemed necessary.
- 4.(2) The rate of interest used to value annuities in the course of payment is 5.49% (6.50% 2008).
- 4.(3) The yield has not been adjusted.
- 4.(4) The mortality tables used are set out below and have been published.
- i. For 2009, the tables of mortality used for the valuation of annuity contracts are males 87% PCMA00 and females 88% PCFA00.

These were adjusted to allow for future mortality improvement of the CMI MC cohort based improvers with a minimum 2.0% for males up to age 89 tapering to 0% at age 120 and CMI MC cohort based improvers with a minimum of 1.5% for females up to age 89 tapering to 0% at age 120. Both cases use a base date of 31.12.2007.

The expectations of life for annuities in the course of payment are:

Age	65	75
Male	22.6	13.6
Female	24.3	15.2

- ii. The equivalent table for 2008 were
  - 88% males PCMA00

## Returns under the Accounts and Statements Rules (IPRU (INS))

### Appendix 9.4 (Rule 9.31):

#### Legal & General Assurance (Pensions Management) Ltd

#### Abstract of the Valuation Report

Financial year ended 31 December 2009

- 88% females PCFA00

These were adjusted to allow for future mortality improvement for males of the CMI MC cohort based improvers with a minimum of 2.00% and for females by the CMI MC based improvers with a minimum of 1.50%. In both cases the base date is 30.9.2007.

- iii. No allowance has been made for changes in the incidence of disease or developments in medical science other than for reductions in rates of mortality of annuitants as described above.

4.(5) Not relevant

4.(6) The valuation liability for immediate annuity contracts includes a per policy expense allowance of £17.92 p.a. increasing from 31.12.09 at 1.00% p.a. The Company itself is involved in no expense with regard to the payment of annuities. The basis used in 2008 was £19.98 with increases of 3.50%.

4.(7) Derivative assets are held by the Company only for the purposes set out in the FSA rules and guidance. In all cases the value of the derivatives matches the value of the assets held. No additional reserve has therefore been deemed necessary in respect of derivative holdings. When valuing derivatives as part of the unit pricing mechanism, warrants, futures and listed options are taken at market value, and currency forwards are valued using current exchange rates.

4.(8) The changes to INSPRU rules at 31 December 2007 have not resulted in any impact on the mathematical reserves.

5. Options and guarantees

5. (1) There are no options and guarantees that require a reserve to be held.

6. Expenses

6.(1) The valuation basis for linked contracts does not require an explicit reserve for expenses since the amount required to meet expenses arising in future years will implicitly be covered by charges on the linked funds. The amount of fees expected in 2010, according to the Business Plan approved by the Directors, amount to £206m and is in excess of the expected expenses. The basis of calculation of the requirement in respect of the expenses of continuing to transact new business during the 12 months following the Valuation Date is that used for the Company's Business Plan and the budgets of the relevant cost centres. No reserve is required.

6. (2) The terms under which the new business is written are such that there is no new business strain and as such no need to hold any such reserve.



**Returns under the Accounts and Statements Rules (IPRU (INS))**

**Appendix 9.4 (Rule 9.31):**

**Legal & General Assurance (Pensions Management) Ltd**

**Abstract of the Valuation Report**

**Financial year ended 31 December 2009**

- 6.(3) If the Company were to cease transacting new business 12 months after the Valuation Date then any closure costs would be borne by an associated company which has no legal right to recover those costs from the Company. No provision is necessary for such costs. However the Company's capital and reserves have been reviewed as to their adequacy to cover the operational risk of costs arising from cessation of new business combined with the event of the associated company not being able either to provide the services or to fund the administration costs or both. The administration of the in force portfolio would, in practice, have to be transferred to a third party provider. The costs of the new arrangements would be reflected in adjustments to the expense charge to the linked funds after due notice had been given. The cost of negotiating an arrangement with a third party, and of any expenses which could not be charged to the linked funds in the notification period, is not significant in the context of the excess of maintained capital and reserves over the required margin of solvency. It would also be less than any reasonable estimate of the value of future profits from the in force business that would exist on cessation of new business.
- 6.(4) Projections of the fund, incorporating expected future expense levels, investment returns and fee income reflecting current experience and recent trends indicate that expenses would continue to be covered by fee income. These projections are performed using a model office and testing of the model office indicated that expense margins were in surplus even under adverse scenarios.
7. The contracts are internal unit linked and there is no mismatch of reserves.
- 7.(1) All liabilities, other than liabilities for property linked benefits, are expressed to be payable in Sterling and are matched by Sterling assets.
8. There are no "other special reserves"
9. Reinsurance
- 9.(1) No reinsurance is ceded on a facultative basis.
- 9.(2) Reinsurance treaties
- A Immediate annuities
- i. The liability in respect of immediate annuities is wholly reinsured under a treaty with Legal & General Assurance Society Limited ("Society").
  - ii. The reinsurance is on original terms.
  - iii. No premiums were payable by the Company under the treaty during the report period and no new annuities written.
  - iv. There is no deposit back arrangement.
  - v. The treaty is not closed to new business.
  - vi. Society is authorised to carry on insurance business in the United Kingdom.

**Returns under the Accounts and Statements Rules (IPRU (INS))**

**Appendix 9.4 (Rule 9.31):**

**Legal & General Assurance (Pensions Management) Ltd**

**Abstract of the Valuation Report**

**Financial year ended 31 December 2009**

- vii. Society is a connected insurer.
- viii. The Company has no liability to refund any amounts of reinsurance commission in the event of surrender of the contracts.

\*Where there is no letter the point is not applicable.

**B Index Funds**

- i. The liability of the Index Funds in respect of exposure to the price of Legal & General Group Plc shares is wholly reinsured under a treaty with Swiss Re Europe S.A (SRE) ("Swiss Re") a company based in Luxembourg.
- ii. The reinsurance is on original terms. The Company has a charge over the assets held by Swiss Re to match its liability.
- iii. The Company ceded client monies of £172.3 million under the treaty during the report period.
- iv. There is no deposit back arrangement.
- v. The treaty is not closed to new business.
- vi. (Swiss Re is authorised to carry on insurance business in the United Kingdom under a branch structure and the assets and custodian are based in London and operate under English law.
- vii. Swiss Re is not a connected insurer.
- viii. The assets held by Swiss Re are subject to a floating charge.
- ix. The Company has no liability to refund any amounts of reinsurance commission in the event of surrender of the contracts

- 10. The policies are all non-profit.

**Returns under the Accounts and Statements Rules**  
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**Legal & General Assurance (Pensions Management) Limited**  
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**\*0301\* Reconciliation of Net Admissible Assets to the capital resources shown on Form 3**

	2009 £'000
Form 13, Line 89 (other than long-term)	241,803
Form 13, Line 89 (long-term)	208,520,575
LESS:	
Form 14, Line 11	(208,386,893)
Form 14, Line 49	(103,682)
Form 15, Line 69	(16,528)
Core tier one capital (line 19)	<u>255,275</u>
Deductions for regulated non-insurance related undertakings	(710)
Total capital resources after deductions (line 79)	<u>254,565</u>

**\*0313\* Reconciliation of Profit and Loss account and other reserves Form 3 line 12 to the profit and loss retained Form 16 line 59**

	£'000
Form 3, Line 12, (Profit and Loss account and other reserves 2009)	255,175
Form 3, Line 12, (Profit and Loss account and other reserves 2008)	(238,696)
Form 58, Line 49, (Surplus carried forward) *	(6,000)
Form 16, Line 59 (Profit and Loss retained for the financial year)	<u>10,479</u>

\* The LTF capital was increased from £24m to £30 to reflect the growth of the overall business and its complexity.

**\*1301\* OLTB: Aggregate Value of Certain Investments**

The Company has no assets of the types specified in instruction 5 to Form 13.

**\*1302\* OLTB: Hybrid Securities**

The Company has no hybrid securities.

**\*1303\* OLTB: Salvage or Subrogation Recoveries**

The Company has not included any salvage or subrogation recoveries in Form 13.

**\*1304\* OLTB: Set Off**

In accordance with paragraph 8 of Appendix 9.1, amounts shown in Forms 13 and 15 have been calculated by netting amounts due to any one person against amounts due from that person.

**Returns under the Accounts and Statements Rules**  
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**Financial year ended 31 December 2009**

**\*1305\* OLTB: Counterparty Limits**

The investment managers of the shareholders' and General Insurance funds of UK companies in the Legal & General Group have been given counterparty limits as authorised by the Group Counterparty Credit Committee which is a sub committee of the Group Risk & Compliance Committee. These global limits for cash deposits, money market investments, foreign exchange and interest rate management transactions (including exposures related to derivatives, stock lending and cash balances with custodian banks) apply to groupwide shareholders' funds in all UK companies of the Group.

- (a) These limits are for approved counterparties and are graded by counterparty and duration, but the maximum counterparty exposure limit was £1,118 million.
- (b) Limits are also established for unapproved counterparties for the purpose of investing in Commercial Paper issued by such counterparties. The maximum limit for such counterparties is £45 million.
- (c) These limits were not exceeded during the financial year.

**\*1306\* OLTB: Year End Exposures to Counterparties**

There was no exposure to any counterparty in excess of 5% of the long-term insurance business amount.

**\*1307\* OLTB: Secured Obligations**

The Company has no OLTB rights to which paragraph 14 of Part I of Appendix 4.2 applies. For the Company's secured LTB rights, see Note 1313 below.

**\*1308\* LTB: Aggregate Value of Certain Investments**

The Company has no assets of the types specified in instruction 5 to Form 13.

**\*1309\* LTB: Hybrid Securities**

The Company has no hybrid securities.

**\*1310\* LTB: Set Off**

In accordance with paragraph 8 of Appendix 9.1, amounts shown in Forms 13 and 14 have been calculated by netting amounts due to any one person against amounts due from that person.

**Returns under the Accounts and Statements Rules**  
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**Legal & General Assurance (Pensions Management) Limited**  
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**\*1311\* LTB: Counterparty Limits**

The non-linked assets held within the long-term insurance fund are treated as shareholders' funds for this purpose (see Note 1305).

**\*1312\* LTB: Year End Exposures to Counterparties**

There was no exposure to any counterparty in excess of 5% of the long-term insurance business amount.

**\*1313\* LTB: Secured Obligations**

The Company has rights to which paragraph 14 of Part I of Appendix 4.2 applies under its reinsurance treaty with Swiss Re Europe S.A (see section 12 of the Abstract of the Valuation Report prepared by the Actuarial Function Head). The potential value of these rights at the Valuation Date was equal to the deduction for Reinsurance Ceded shown on Form 53.

**\*1401\* LTB: Provision for Adverse Changes**

The Company has no obligations to which rule INSPRU 3.2 applies. Accordingly there is no method used to determine any provision for adverse changes.

**\*1402\* LTB: Details of Charges over Assets, Contingent Liabilities etc.**

- (i) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- (ii) The fund has no liability to tax on capital gains that might arise if the Company disposed of its assets.
- (iii) 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. In addition, the extent of liabilities in respect of contracts with policyholders may be affected by Court judgments, Ombudsman rulings, regulatory action and industry compensation schemes. Whilst it is not possible to predict with certainty the resultant financial impact or timing of all these factors, the Company considers that provisions have been made on a prudent basis and that it has adequate capital and reserves to meet all reasonably foreseeable eventualities.
- (iv) There are no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business in respect of the existing or future liabilities of any related Company.
- (v) There is no other fundamental uncertainty.

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**Legal & General Assurance (Pensions Management) Limited**  
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**\*1501\* OLTB: Provision for Adverse Changes**

The Company has no obligations to which rule INSPRU 3.2 applies. Accordingly there is no method used to determine any provision for adverse changes.

**\*1502\* OLTB: Details of Charges over Assets, Contingent Liabilities etc.**

- (i) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- (ii) There is no liability to tax on capital gains that might arise if the Company disposed of its assets.
- (iii) 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. In addition, the extent of liabilities in respect of contracts with policyholders may be affected by Court judgements, Ombudsman rulings, regulatory action and industry compensation schemes. Whilst it is not possible to predict with certainty the resultant financial impact or timing of all these factors, the Company considers that provisions have been made on a prudent basis and that it has adequate capital and reserves to meet all reasonably foreseeable eventualities.
- (iv) There are no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business in respect of the existing or future liabilities of any related Company.
- (v) There is no other fundamental uncertainty.

**\*1601\* Basis of Conversion of Foreign Currency**

Assets, liabilities and revenue transactions in foreign currencies are translated to sterling at rates of exchange ruling at the end of the period other than certain revenue transactions which are translated to sterling at the appropriate rates prevailing during the period.

**\*1603\* Other Income and Charges**

Other charges consist of administration expenses and custody charges for OLTB assets.

**\*1700\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

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**\*4002\* Other Income and Expenditure**

Other income consists of: -

	£'000	£'000
	2009	2008
Investment management fees for pension fund management contracts	168,374	151,855
Specific charges to clients on asset allocation, subsidies, ex-gratia payments and stock reservation recoveries	2,372	4,207
Interest claims	(78)	(133)
	170,668	155,929

**\*4006\* Allocation of Income, Appreciation/Depreciation, Expenses and Taxation**

As there is only one long-term insurance fund all investment income, increase or decrease in the value of the assets brought into account, expenses and taxation is directly allocated to the fund.

**\*4008\* Provision of Management Services to or by the Company**

- (a) Legal & General Investment Management (Holdings) Limited (“LGIM(H)”) provides, either directly or indirectly, administration services to the Company.
- (b) Legal & General Investment Management Limited, a wholly owned subsidiary of LGIM(H), provides investment management services to the Company.
- (c) Legal & General Property Limited, a wholly owned subsidiary of LGIM(H), provides property management services to the Company.

**\*4009\* Material Connected Party Transactions**

Names of transacting parties	Legal & General Investment Management Limited
Relationship between transacting parties	Fellow subsidiary undertakings
Description of transaction	Investment management services
Amounts involved £'000	36,318
Other relevant elements of the transaction	None
Amounts written off in respect of debts due to/from connected parties	None

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**Financial year ended 31 December 2009**

**\*4101\* Analysis of Premiums**

Premiums represent the investment in linked funds. Investment management fees for pension fund management contracts is recognised as other income.

	UK Pensions £'000	Overseas £'000
Direct written insurance business	34,231,421	385,605
Reinsurance accepted intra-group: Pooled	118,230	7,955
	<u>34,349,651</u>	<u>393,560</u>

For completeness, the following segregated intra-group fee income of £428k was recognised in other technical income. The corresponding entry would be reported in Form 41 as group pension fund management non profit single premium.

**\*4201\* Analysis of claims**

	UK Pensions £'000	Overseas £'000
Surrender or partial surrender: Gross	29,202,361	456,332
Reinsurance accepted: intra-group Pooled	38,735	-
	<u>29,241,096</u>	<u>456,332</u>

**\*4401\* Basis of Valuation of Assets**

The long-term insurance business assets have been valued at bid price of the underlying securities. The Property Fund has been valued on a mid-market basis.

**\*4402\* Rights under Derivative Contracts**

Rights under derivative contracts gross and net of variation margin, are held as assets by the internal linked funds as follows: -

	£'000
BC: Asia Emerging Markets Index	11,804
BJ: Active Corporate Bond – Over 10 Yr	4,269
BN: Eur ex-UK Index (ex-Multi)	7
BP: Pacific (ex-Jap) Index (ex-Multi)	7
BR: Japan Index (ex-Multi)	2
CS: Eurozone Equity Index	593
EC: Japan Equity Index – GBP Hedged	92,496
ED: Europe (ex UK) Index – GBP Hedged	115,472
EE: North American Equity Index – GBP Hedged	68,434
EF: Asia Pacific (ex-Japan) Developed Index – GBP Hedged	8,725
EW: North America Net US WHT - Euro Hedged	3
EX: Japan Equity Index – Euro Hedged	51
FA: Overseas Bond Index – GBP Hedged	1,210
FG: UK World Equity Index – Euro Hedged	24



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**Financial year ended 31 December 2009**

GC: North America Net US WHT – GBP Hedged	205
GW: North American Equity (Net US WHT)	6
HD: Active Corporate Bond – All Stock – RPI	1,911
HE: Active Corporate Bond - All Stock – RPI 2035	15,909
HF: Active Corporate Bond – All Stock – 2035	7,190
HN: World Emerging Markets Equity Index	820
JA: Active Corporate Bond - All Stock 2025	10,984
JB: Active Corporate Bond - All Stock 2045	4,285
JC: Active Corporate Bond – All Stock – RPI 2025	11,665
JD: Active Corporate Bond – All Stock – RPI 2045	6,225
JE: AAA-AA-A Corp Bond All Stock 2025	5,321
JF: AAA-AA-A Corp Bond All Stock – 2035	3,954
JG: AAA-AA-A Corp Bond All Stock 2045	1,917
JJ: AAA-AA-A – Corp Bond All Stock Index – RPI 2025	5,177
JK: AAA-AA-A – Corp Bond All Stock – RPI 2035	3,835
JL: AAA-AA-A – Corp Bond All Stock – RPI 2045	353
JM: AAA-AA-A – Corp Bond All Stock RPI Linked	1,242
JR: Ethical US Equity Index Fund	1
KA: Enhanced Matching Fund 2020 Fixed	12,303
KB: Enhanced Matching Fund 2030 Fixed	7,092
KC: Enhanced Matching Fund 2020 RPI	4,165
KD: Enhanced Matching Fund 2025 RPI	5,086
KE: Enhanced Matching Fund 2030 RPI	5,165
KF: Enhanced Matching Fund 2035 RPI	5,131
KN: Japan Equity (Net WHT) Index	4
KR: Japan Equity (Net WHT) Index – GBP Hedged	445
KV: Korea & Taiwan Equity Index	42
LB: Client Specific Unitised 34813	2,231
LC: Client Specific Unitised 33564	23,505
LD: Client Specific Unitised 33857	30,176
LE: Client Specific Unitised 34786	14,030
LF: Client Specific Unitised 34865	29,396
LG: Client Specific Unitised 34447	17,163
LH: Client Specific Unitised 34944	118,654
LK: Client Specific Unitised 35032	124,809
LN: Client Specific LDI 34818	938,913
LR: Client Specific Unitised 35113	34,764
LT Client Specific Unitised 34595	1,391
LV: Client Specific Unitised 35112	43,924
LY: CSUF 314478	7,189
M: Pacific Basin Equity	3
MD: GRE Equity Index Fund	6
MG: Active Corp Bond – All Stock 2030	4,390
MH: Active Corp Bond – All Stock RPI 2030	13,000
MJ: Active Corp Bond – All Stock 2040	446
MK: Active Corp Bond – All Stock RPI 2040	5,445
MM: Active Corp Bond – All Stock 2050	841
MN: Active Corp Bond – All Stock RPI 2050	1,814
MP: Enhanced Matching Fund 2015 Fixed	1,772

**Returns under the Accounts and Statements Rules**  
**Supplementary Notes**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

MR: Enhanced Matching Fund 2025 Fixed	14,357
MT: Enhanced Matching Fund 2035 Fixed	4,914
MV: Enhanced Matching Fund 2015 RPI	4,438
MW: LDI Active Corp Bond – All Stock 2020	10,259
MX: LDI Active Corp Bond – All Stock RPI 2020	6,303
MY: LDI Active Corp Bond – All Stock 2055	1,749
N: UK Equity Index	1,175
NA: LDI Active Corp Bond – RPI 2055	12,800
NB: LDI AAA-AA-A Corp Bond LIBOR	5,902
NC: LDI Active Corp Bond LIBOR	107,314
NK: AAA-AA-A Corp Bond All Stock 2020	2,820
NM: AAA-AA-A Corp Bond All Stock 2030	4,429
NN: AAA-AA-A Corp Bond All Stock 2020 RPI	2,667
NP: AAA-AA-A Corp Bond All Stock 2030 RPI	3,637
NR: AAA-AA-A Corp Bond All Stock 2040 RPI	5,669
P: UK Smaller Companies	4
PA: Eur (ex UK) Eq Idx (Des E)	2
PB: Japan Eq Index (Des E)	11
PC: Asia Pacific. (ex Jap) Dev Equity Index (Des E)	10
PE: Europe (ex UK) With Wtd Fund	2
PH: AAA-AA-A Corp Bond All Stocks RPI 2050	561
PJ: AAA-AA-A Corp Bond All Stock 2050	473
PK: AAA-AA-A Corp Bond All Stock RPI 2050	248
PL: AAA-AA-A Corp Bond All Stock 2055	1,149
PM: AAA-AA-A Corp Bond All Stock RPI 2055	349
PP: EurLgeCap (exUK Eq Idx (Des B)	19
PT: World Equity Index (MSCI)-GBP Curr Hdg	28
PV: World Equity Index MSCI – GBP Currency Hedged	5,975
PW: Cashflow Matching 2010	1,346
PX: Cashflow Matching 2015	1,899
PY: Cashflow Matching 2020	918
R: Japan Equity Index	176
RA: Cashflow Matching 2025	630
RB: Cashflow Matching 2030	516
RC: Cashflow Matching 2035	413
RD: Cashflow Matching 2040	811
RE: Cashflow Matching 2045	727
RF: Cashflow Matching 2050	569
RG: Cashflow Matching 2055	369
RH: Cashflow Matching RPI 2010	326
RJ: Cashflow Matching RPI 2015	1,093
RK: Cashflow Matching RPI 2020	1,059
RL: Cashflow Matching RPI 2025	791
RM: Cashflow Matching RPI 2030	668
RN: Cashflow Matching RPI 2035	544
RP: Cashflow Matching RPI 2040	457
RR: Cashflow Matching RPI 2045	379
RT: Cashflow Matching RPI 2050	278
RV: Cashflow Matching RPI 2055	1,010

**Returns under the Accounts and Statements Rules**  
**Supplementary Notes**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

S: North America Equity Index	676
T: Europe (ex UK) Equity Index	1,783
TD: Core Plus Fund	6,740
TE: Pan-European Credit Fund	2,091
TK: Portfolio Implementation 34747	13,137
TN: US Securitised Fund	42
TR: Middle East/Africa Equity Index	295
TS: EUR AAA-AA-A Corp Bond (Fins)>5Yr-IF	10
TV: GI Credit (40%Fins)IF -£Hdgd	15,764
VA: EUR Corp Bond Index – GBP Hedged	5,578
VB: USD-EUR CB 40% Fin IndxIT&GBP Hdg	14,797
VF: USD Corp Bond Index – GBP Hedged	3,978
WS: Active GBP Credit All Stock	27,390
WX: ABS Fund	268
X: Overseas Bond	9
XF: Client Specific Unitised 35293	419
XG: USDAct Credit Duration Neutral	5,505
XH: Korea Equity Index	206
XJ: Asia Pac ex Jap & Korea Dev Eq Ind	57
XK: Asia Pac xJapKor Dev Eq Ind GBPH	1,800
	<u>2,150,180</u>

Liabilities in relation to derivative contracts, gross and net of variation margin, are held by the internal linked funds as follows: -

	£'000
AH: Latin America Equity Index	(2)
BC: Asia Emerging Markets Index	(525)
BJ: Active Corporate Bond – Over 10 Yr	(3,526)
BK: Multinationals Equity Index	(1)
BP: Pacific (ex-Jap) Index (ex-Multi)	(20)
BR: Japan Index (ex-Multi)	(2)
CF: Over 5 year US Inflation Linked	(58)
CY: UK (World) Equity Index	(7)
DC: Active Corporate Bond – All Stocks	(2,769)
DK: Ethical UK Equity Index	(2)
EC: Japan Equity Index – GBP Hedged	(33,110)
ED: Europe (ex UK) Index – GBP Hedged	(46,104)
EE: North American Equity Index – GBP Hedged	(187,985)
EF: Asia Pacific (ex-Japan) Developed Index – GBP Hedged	(21,083)
EW: North America Net US WHT - Euro Hedged	(409)
EX: Japan Equity Index – Euro Hedged	(12)
FA: Overseas Bond Index – GBP Hedged	(491)
FG: UK World Equity Index – Euro Hedged	(63)
FV: HSBC Stock	(121)
GC: North America Net US WHT – GBP Hedged	(450)
GW: North America Equity (NET US WHT)	(6)
HD: Active Corporate Bond-All Stock-RPI	(1,445)

**Returns under the Accounts and Statements Rules**  
**Supplementary Notes**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

HE: Active Corporate Bond All Stock RPI- 2035	(21,869)
HF: Active Corporate Bond All Stock – 2035	(16,081)
HN: World Emerging Markets Equity Index	(13)
HP: UK FTSE 100 Equity Index	(20)
JA: Active Corporate Bond - All Stock 2025	(5,112)
JB: Active Corporate Bond - All Stock 2045	(11,399)
JC: Active Corporate Bond – All Stock – RPI 2025	(12,543)
JD: Active Corporate Bond-All Stock – RPI 2045	(9,591)
JE: AAA-AA-A Corp Bond All Index 2025	(855)
JF: AAA-AA-A Corp Bond All Stock Idx 2035	(249)
JG: AAA-AA-A Corp Bond All Stock 2045	(899)
JJ: AAA-AA-A – Corp Bond All Stock Index – RPI 2025	(7,384)
JK: AAA-AA-A – Corp Bond All Stock – RPI 2035	(5,962)
JL: AAA-AA-A – Corp Bond All Stock – RPI 2045	(686)
JM: AAA-AA-A – Corp Bond All Stock RPI Linked	(1,467)
KC: Enhanced Matching Fund 2020 RPI	(223)
KD: Enhanced Matching Fund 2025 RPI	(621)
KE: Enhanced Matching Fund 2030 RPI	(813)
KF: Enhanced Matching Fnd 2035 RPI	(1,600)
KH: UK Wealth Weighted Fund	(7)
KM: UK FTSE 350 Higher Yield Fund	(17)
KR: Japan Equity (Net WHT) Index - GBP Hedged	(142)
LB: Client Specific Unitised 34813	(806)
LC: Client Specific Unitised 33564	(55,375)
LD: Client Specific Unitised 33857	(27,641)
LE: Client Specific Unitised 34786	(3,192)
LF: Client Specific Unitised 34865	(9,282)
LG: Client Specific Unitised 34447	(2,236)
LH: Client Specific Unitised 34944	(80,433)
LK: Client Specific Unitised 35032	(262,879)
LN: Client Specific LDI 34818	(648,794)
LR: Client Specific Unitised 35113	(26,520)
LT: Client Specific Unitised 34595	(2,195)
LV: Client Specific Unitised 35112	(54,462)
LX: CSUF 35228 (LX) - Euro	(232)
MG: Active Corp Bond – All Stock 2030	(6,243)
MH: Active Corp Bond – All Stock RPI 2030	(14,668)
MJ: Active Corp Bond – All Stock 2040	(12,084)
MK: Active Corp Bond – All Stock RPI 2040	(5,082)
MM: Active Corp Bond – All Stock 2050	(8,356)
MN: Active Corp Bond – All Stock RPI 2050	(1,989)
MW: LDI Active Corp Bond – All Stock 2020	(1,765)
MX: LDI Active Corp Bond – All Stock RPI 2020	(5,131)
MY: LDI Active Corp Bond – All Stock 2055	(5,294)
N: UK Equity Index	(862)
NA: LDI Active Corp Bond – RPI 2055	(7,019)
NB: LDI AAA-AA-A Corp Bond LIBOR	(77,758)
NC: LDI Active Corp Bond LIBOR	(132,361)
NM: AAA-AA-A Corporate Bond All Stock 2030	(673)

**Returns under the Accounts and Statements Rules**  
**Supplementary Notes**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

NN: AAA-AA-A Corp Bond All Stock 2020 RPI	(2,183)
NP: AAA-AA-A Corp Bond All Stock 2030 RPI	(4,514)
NR: AAA-AA-A Corp Bond All Stock 2040 RPI	(9,210)
PB: Japan Eq Index (Des E)	(11)
PC: Asia Pacific (ex Jap) Dev Equity Index (Des E)	(24)
PG: UK Equity Index (Des E)	(10)
PH: AAA-AA-A Corp Bd All Stocks RPI2050	(807)
PJ: AAA-AA-A Corp Bond All Stock 2050	(992)
PK: AAA-AA-A Corp Bond All Stock RPI 2050	(396)
PL: AAA-AA-A Corp Bond All Stock 2055	(743)
PM: AAA-AA-A Corp Bond All Stock RPI 2055	(311)
PR: UK FTSE 100 Eq Index (Des E)	(56)
PT: World Equ Index (MSCI)-GBP CurrHdg	(2)
PV: World Equity Index MSCI – GBP Currency Hedged	(5,585)
R: Japan Equity Index	(1)
RH: Cashflow Matching RPI 2010	(166)
RJ: Cashflow Matching RPI 2015	(423)
RK: Cashflow Matching RPI 2020	(463)
RL: Cashflow Matching RPI 2025	(445)
RM: Cashflow Matching RPI 2030	(564)
RN: Cashflow Matching RPI 2035	(497)
RP: Cashflow Matching RPI 2040	(324)
RR: Cashflow Matching RPI 2045	(215)
RT: Cashflow Matching RPI 2050	(120)
RV: Cashflow Matching RPI 2055	(81)
S: North America Equity Index	(349)
T: Europe (ex-UK) Equity Index	(38)
TD: Core Plus Fund	(8,062)
TE: Pan-European Credit Fund	(1,965)
TK: Portfolio Implementation 34747	(1,431)
TR: Middle East/Africa Equity Index	(534)
TV: GI Credit (40%Fins)IF- £Hgd	(15,521)
TX: USD AAA-AA-A Corp Bond (Fins)> 5Yr	(2)
TY: USD AAA-AA-A Corp Bond (Fins)> 5 Yr-IF	(5)
VA: EUR Corp Bond Index – GBP Hedged	(1,802)
VB: USD-EUR CB 40% Fin Indx IT&GBP Hdg	(27,782)
VF: USD Corp Bond Index – GBP Hedged	(8,579)
WS: Active GBP Credit All Stock	(25,714)
X: Overseas Bond	(5)
XF: Client Specific Unitised 35293	(35,936)
XJ: Asia Pac ex Jap & Korea Dev Eq Ind	(206)
XK: Asia Pac xJapKor Dev Eq Ind GBPH	(3,362)
	<u>(2,008,512)</u>

**Returns under the Accounts and Statements Rules**  
**Supplementary Notes**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

Rights under contracts which have the effect of derivative contracts are held as assets by the internal linked funds as follows: -

	£'000
BL: UK Eq Index (ex-Multi)	147
CN: AAA-AA-A Bonds All Stk Index	7,581
DK: Ethical UK Equity Index	4
DL: Money Market	594,466
EB: Inv Grade Corp Bond All Stocks Index	4,591
HA: UK Core Equity Index Fund	239
KH: UK Wealth Weighted Fund	17
KM: UK FTSE 350 Higher Yield Fund	45
LB: Client Specific Unitised 34813	30,248
LD: Client Specific Unitised 33857	710,125
LG: Client Specific Unitised 34447	26,181
LH: Client Specific Unitised 34944	15,193
LK: Client Specific Unitised 35032	1,023,979
LN: Client Specific Unitised 34818	662,060
LR: Client Specific Unitised 35113	65,340
LT: Client Specific Merseyside	1,098
LV: Client Specific Unitised 35112	39,887
LW: Client Specific Unitised 31448	187
N: UK Equity Index	2,363
NJ: 1-15 Yr Inv Grade IF	2,108
PG: UK Equity Index (Des E) PG	28
TD: Core Plus Fund	8,643
TN: US Securitised Fund	15,462.
VT: FRN Fund	32,049
WL: Active USD Credit All Stocks	4,486
WR: Money Mkt Maturity II-liq	339,885
WS: Active GBP Credit All Stock	60,001
WX: ABS Fund	10,455
	<u>3,656,867</u>

**Returns under the Accounts and Statements Rules**  
**Supplementary Notes**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

**\*4502\* Other Income and Expenditure**

Other expenditure consists of: -

	£'000
Custody Charges	184
Bank Charges	2
Stamp Duty	(2)
Property Surveyor fees	100
Other Expenses	350
	<hr/>
	634

**\*4601\* Non-linked Group Contracts**

At the end of the report period there were 81 non-linked group contracts in force covered by one treaty for reinsurance ceded.

**\*4602\* Linked Group Contracts**

At the end of the report period there were 3,123 linked group contracts in force.

**\*4701\* Analysis of New Business**

All business is regarded as recurrent single premium business. The number of new policyholders/scheme members is zero as the benefits at member level is unknown.

**\*4801\* Accrued Interest**

The Company has only one fund to which assets covering long-term insurance business liabilities are appropriated. The amount of accrued interest included in line 12 is £26,000.

**\*5200\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**\*5400\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**\*5600\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**\*5700\* Omission of Form**

A total Form 57 has been omitted, as it would be the same as the underlying Form 57.

**Returns under the Accounts and Statements Rules**  
**Supplementary Notes**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

**\*5800\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**\*5900\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.



**Return under the Accounts and Statements Rules**  
**Statements required by the Rules**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

**Rule 9.29: Additional information on derivative contracts**

- a) Investment objectives and guidelines are set for each fund. These reflect the specific objectives of the fund in terms of its asset structure, permitted holdings and performance targets. Compliance with the rules and Guidance in respect of the derivatives is taken fully into account during drafting. The overriding principles are to have adequate controls in place to ensure long term funds are not exposed excessively to risks related to derivative contracts. Specific guidelines are set and these are summarised below:
- (i) The use of derivatives must be appropriately justified as efficient portfolio management or as a reduction of investment risks.
  - (ii) Adequate cover must be maintained to enable obligations to be met and rights to be exercised.
  - (iii) Regular monitoring should be performed in order to determine aggregate exposure to each asset and counterparty exposure (for which a limit is set).
  - (iv) Monitoring and valuation procedures must enable the external reporting on derivative contracts to be completed satisfactorily.
  - (v) Derivatives must be based on assets which are themselves admissible or based on an index of such assets or based on an official index of retail prices.
  - (vi) Derivatives transactions should only be undertaken in the full knowledge of their treatment for tax purposes to ensure that such transactions are financially appropriate.
- b) The investment objectives and guidelines do not specifically refer to derivative contracts as referred to in sub-paragraph (b) of the rule.
- c) The Company has not been party to any derivative contract during the financial year of the kind described in sub-paragraph (b) of the rule.
- d) There were no circumstances surrounding the use, during the year, of any derivative or quasi derivative which required a significant provision under INSPRU 3.2.17R or that did not fall under the definition of a permitted derivatives contract under the permitted link rules.
- e) No considerations were received by the firm during the year for granting rights under derivatives or quasi derivatives. (The company received £25,442,247 of underwriting commission).

**Return under the Accounts and Statements Rules**  
**Statements required by the Rules**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

**Rule 9.30: Additional information on controllers**

Legal & General Group Plc ("the Group") was, throughout the year, a shareholder controller of the Company. The Group holds all the ordinary share capital and voting rights in Legal & General Investment Management (Holdings) Limited, which holds all the share capital and voting rights in the Company.

**Returns under the Accounts and Statements Rules**  
**Certificate required by rule 9.34**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2009**

We certify that:

1. (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
2. that we satisfied that:
  - (i) throughout the financial year, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
  - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
3. in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
4. the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
5. we have, in preparing the return, taken and paid due regard to advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.

..... C P Chambers, Chairman

..... M D T Craston, Managing Director

..... A K Overy, Finance Director

22 March 2010

**Auditors' Report: Regulatory Return for a life insurance company  
Report to the directors pursuant to IPRU(INS) rule 9.35  
Legal & General Assurance (Pensions Management) Limited  
Global Business  
Financial year ended 31 December 2009**

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 to the Interim Prudential Sourcebook for Insurers and GENPRU the General Prudential Sourcebook and INSPRU the Insurance Prudential Sourcebook ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 16, 40 to 45, 46, 47, 48, 49, 58 and 60, (including the supplementary notes) on pages 1 to 56 ("the Forms");
- the statement required by IPRU(INS) rules 9.29 on pages 57 to 58 ("the Statement"); and
- the valuation report required by IPRU(INS) rule 9.31 (a) ("the valuation report") 35 to 42.

We are not required to examine and do not express an opinion on:

- Forms 50 to 55 (including the supplementary notes) on pages 28 to 32;
- the statements required by IPRU(INS) rules 9.30 on pages 57 to 58; and
- the certificate required by IPRU(INS) rule 9.34 on page 59 ("the certificate").

**Respective responsibilities of the company and its auditors**

The company is responsible for the preparation of an annual return including the Forms, the Statement, the valuation report, the forms and statements not examined by us and the certificate under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the Statement, the valuation report, the forms and statements not examined by us and the certificate are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

The methods and assumptions determined by the company and used to perform the actuarial investigation as set out in the valuation report, prepared in accordance with IPRU(INS) rule 9.31 are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the Statement and the valuation report meet these requirements, and to report our opinions to you. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information we require for our examination. This report has been prepared for the directors of Legal and General (Pensions Management) Limited to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

**Basis of opinion**

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the Statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the

**Auditors' Report: Regulatory Return for a life insurance company  
Report to the directors pursuant to IPRU(INS) rule 9.35  
Legal & General Assurance (Pensions Management) Limited  
Global Business  
Financial year ended 31 December 2009**

financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms, the Statement and the valuation report.

We planned and performed our work 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 Forms, Statement and the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, Statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the company.

**Opinion**

In our opinion:

(i) the Forms, the Statement and the valuation report fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and

(ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with IPRU(INS) rule 9.31 appropriately reflect the requirements of INSPRU 1.2.

PricewaterhouseCoopers LLP  
Chartered Accountants  
Hays Galleria  
1 Hays Lane  
London  
SE1 2RD  
22 March 2010