

Legal & General Assurance (Pensions Management) Limited

Annual FSA Insurance Returns for the year ended

31 December 2011

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

Contents

Balance Sheet and Profit and Loss Account

Form 2	Statement of solvency - long-term insurance business	1
Form 3	Components of capital resources	3
Form 13	Analysis of admissible assets	6
Form 14	Long term insurance business liabilities and margins	12
Form 15	Liabilities (other than long term insurance business)	13
Form 16	Profit and loss account (non-technical account)	14

Long Term Insurance Business: Revenue Account and Additional Information

Form 40	Revenue account	15
Form 41	Analysis of premiums	16
Form 42	Analysis of claims	17
Form 43	Analysis of expenses	18
Form 44	Linked funds balance sheet	19
Form 45	Revenue account for internal linked funds	20
Form 46	Summary of new business	21
Form 47	Analysis of new business	22
Form 48	Assets not held to match linked liabilities	24
Form 49	Fixed and variable interest assets	25
Form 50	Summary of mathematical reserves	26
Form 51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	27
Form 53	Valuation summary of property linked contracts	29
Form 55	Unit prices for internal linked funds	30
Form 58	Distribution of surplus	33
Form 60	Long-term insurance capital requirement	34

Supplementary notes to the return	35
--	----

Additional information on derivative contracts	49
---	----

Abstract of the Valuation Report	51
---	----

Directors' Certificate	61
-------------------------------	----

Auditor's Report	63
-------------------------	----

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

Global business

Financial year ended **31 December 2011**

Solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
R2	1006112	GL	31	12	2011	£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	30000
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	244624	237420
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	274624	267420

Guarantee fund

Guarantee fund requirement	21	7767	7636
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	266857	259784

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	23302	22908
Resilience capital requirement	32		
Base capital resources requirement	33	3056	3040
Individual minimum capital requirement	34	23302	22908
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	23302	22908
Excess (deficiency) of available capital resources to cover 50% of MCR	37	262973	255966
Excess (deficiency) of available capital resources to cover 75% of MCR	38	257148	250239

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	23302	22908

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	23302	22908
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	251322	244512

Contingent liabilities

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

Covering Sheet to Form 2

Name of insurer **Legal & General Assurance (Pensions Management) Limited**
Global business
Financial year ended **31 December 2011**

..... **MDT Craston Chief Executive**

..... **KJ Gregory Director**

..... **AK Overy Director**

Date **27-Mar-12**
.....

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

Global business

Financial year ended **31 December 2011**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	1006112	GL	31	12	2011	£000
		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	
		1	2	3	4	

Core tier one capital

Permanent share capital	11		100	100	100
Profit and loss account and other reserves	12		274713	274713	268756
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		274813	274813	268856

Tier one waivers

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

Other tier one capital

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

Total tier one capital before deductions (19+24+25+26+27+28)	31		274813	274813	268856
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		85	85	
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		85	85	
Total tier one capital after deductions (31-37)	39		274728	274728	268856

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

Global business

Financial year ended **31 December 2011**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	1006112	GL	31	12	2011	£000
		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	
		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				
Upper tier two capital (44 to 47)	49				

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

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

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

Global business

Financial year ended **31 December 2011**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	1006112	GL	31	12	2011	£000
		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	
		1	2	3		4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		274728	274728	268856
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74				
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76		104	104	1436
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		274624	274624	267420

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		274624	274624	267420
Available capital resources for 50% MCR requirement	82		274624	274624	267420
Available capital resources for 75% MCR requirement	83		274624	274624	267420

Financial engineering adjustments

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

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

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	1006112	GL	31	12	2011	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings			11					

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	1248	1438
	Debts and loans	26		750
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41			
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43			
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	224887	223434
	Other	46		
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	51737	36221
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

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

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1006112	GL	31	12	2011	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

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

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	1268	1339
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
---	-----------	--	--

Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	279140	263182
---	-----------	--------	--------

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

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1006112	GL	31	12	2011	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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)	91	279140	263182
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94	104	
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	85	
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
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)	102	279329	263182
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

Global business

Financial year ended **31 December 2011**Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	1006112	GL	31	12	2011	£000	
							As at end of this financial year	As at end of the previous year
							1	2
Land and buildings							11	

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41			
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43			
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	29981	30449
	Other	46		
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	24565	59465
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59	226551919	224812621

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

Global business

Financial year ended **31 December 2011**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1006112	GL	31	12	2011	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	33831	14110
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	1343	2231
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78		
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	12186	32328
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	4	6
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	62344	57673

Deductions from the aggregate value of assets	87		
---	-----------	--	--

Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	226716173	225008883
---	-----------	-----------	-----------

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

Global business

Financial year ended **31 December 2011**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1006112	GL	31	12	2011	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

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)	91	226716173	225008883
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	6056	6813
Other asset adjustments (may be negative)	101		
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)	102	226722229	225015696
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

Global business

Financial year ended **31 December 2011**Total business/Sub fund **Total long term business**Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus	11	223807492	224812621
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	30000	30000
Long term insurance business fund carried forward (11 to 13)	14	223837492	224842621
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	12461
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	14601
	Other	38	2849363
Accruals and deferred income	39	2256	2667
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	2878681	166262
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	226716173	225008883

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	23004	23771
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	223807492	224812621

Total liabilities (11+12+49)	71	226686173	224978883
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	6056	6813
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75	30000	30000
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)	76	226722229	225015696

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

Global business

Financial year ended **31 December 2011**

	Company registration number	GL/UK/CM	day	month	year	Units
R15	1006112	GL	31	12	2011	£000
					As at end of this financial year 1	As at end of the previous year 2

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	31			
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions	46			
Creditors	Taxation	47	267	274
	Foreseeable dividend	48		
	Other	49	34250	24052
Accruals and deferred income	51			
Total (19 to 51)	59	34517	24326	
Provision for "reasonably foreseeable adverse variations"	61			
Cumulative preference share capital	62			
Subordinated loan capital	63			
Total (59 to 63)	69	34517	24326	

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	34250	24050
---	-----------	-------	-------

Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	244813	238856
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)	85	279330	263182

Profit and loss account (non-technical account)Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2011**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	1006112	GL	31	12	2011	£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			137687	116722	
Investment income	Income		14			1869	2307	
	Value re-adjustments on investments		15					
	Gains on the realisation of investments		16			118		
Investment charges	Investment management charges, including interest		17			50	50	
	Value re-adjustments on investments		18			593	26	
	Loss on the realisation of investments		19				853	
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)	(6)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			139025	118094	
Tax on profit or loss on ordinary activities			31			268	513	
Profit or loss on ordinary activities after tax (29-31)			39			138757	117581	
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			138757	117581	
Dividends (paid or foreseeable)			51			132800	104000	
Profit or loss retained for the financial year (49-51)			59			5957	13581	

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 2011**
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

Income

Earned premiums	11	25409395	27082924
Investment income receivable before deduction of tax	12	6241284	5966123
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14	3127685	18730493
Other income	15	240694	215896
Total income	19	35019058	51995436

Expenditure

Claims incurred	21	35677867	35248271
Expenses payable	22	92384	90706
Interest payable before the deduction of tax	23	424	361
Taxation	24	115825	113648
Other expenditure	25		
Transfer to (from) non technical account	26	137687	116722
Total expenditure	29	36024187	35569708

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1005129)	16425728
Fund brought forward	49	224842621	208416893
Fund carried forward (39+49)	59	223837492	224842621

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 2011**
 Units **£000**

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

Gross

Regular premiums	11					
Single premiums	12		24982516	426879	25409395	27082924

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		24982516	426879	25409395	27082924

Total

Gross	19		24982516	426879	25409395	27082924
Reinsurance	20					
Net	21		24982516	426879	25409395	27082924

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 2011**
 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		35245024	432843	35677867	35248271
Annuity payments	14		1050		1050	1134
Lump sums on maturity	15					
Total	16		35246074	432843	35678917	35249405

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				
Total	26				

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		1050		1050	1134
Lump sums on maturity	35					
Total	36		1050		1050	1134

Net of reinsurance

Death or disability lump sums	41					
Disability periodic payments	42					
Surrender or partial surrender	43		35245024	432843	35677867	35248271
Annuity payments	44					
Lump sums on maturity	45					
Total	46		35245024	432843	35677867	35248271

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 2011**
 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		14744	215	14959	14821
Management - maintenance	14		71984	1051	73035	72359
Management - other	15		4390		4390	3526
Total	16		91117	1267	92384	90706

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43		14744	215	14959	14821
Management - maintenance	44		71984	1051	73035	72359
Management - other	45		4390		4390	3526
Total	46		91117	1267	92384	90706

Long-term insurance business : Linked funds balance sheet

Name of insurer **Legal & General Assurance (Pensions Management) Limited**
 Total business
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	220036165	225514230
Directly held assets in collective investment schemes of connected companies	12	4410986	42052
Directly held assets in other collective investment schemes	13	23194	22668
Total assets (excluding cross investment) (11+12+13)	14	224470345	225578950
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16	411	1065
Other liabilities	17	662442	765264
Total net assets (14-15-16-17)	18	223807492	224812621

Directly held linked assets

Value of directly held linked assets	21		
--------------------------------------	----	--	--

Total

Value of directly held linked assets and units held (18+21)	31	223807492	224812621
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34	223807492	224812621

Long-term insurance business : Revenue account for internal linked fundsName of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2011**Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

Income

Value of total creation of units	11	25409395	27082924
Investment income attributable to the funds before deduction of tax	12	6232171	5917432
Increase (decrease) in the value of investments in the financial year	13	3130310	18773867
Other income	14		
Total income	19	34771876	51774223

Expenditure

Value of total cancellation of units	21	35683255	35254605
Charges for management	22	8127	8357
Charges in respect of tax on investment income	23	84662	84929
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	961	604
Total expenditure	29	35777005	35348495

Increase (decrease) in funds in financial year (19-29)	39	(1005129)	16425728
Internal linked fund brought forward	49	224812621	208386893
Internal linked funds carried forward (39+49)	59	223807492	224812621

Long-term insurance business : Summary of new businessName of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2011**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					
Total	13					

**Amount of new regular
premiums**

Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23					
Total	24					

**Amount of new single
premiums**

Direct insurance business	25		24982516	426879	25409395	27082924
External reinsurance	26					
Intra-group reinsurance	27					
Total	28		24982516	426879	25409395	27082924

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance (Pensions Management) Limited

Total business

Financial year ended

31 December 2011

Units

£000

UK Pension / Direct Insurance Business

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				24982516

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance (Pensions Management) Limited

Total business

Financial year ended

31 December 2011

Units

£000

Overseas / Direct Insurance Business

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				426879

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 2011**
 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	29981	29981			
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	134273	134273	132	0.10	
Total	19	164254	164254	132	0.08	

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					
Total	29					

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 **31 December 2011**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	29981	0.18		
Other approved fixed interest securities	21				
Other fixed interest securities					
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				
Total other fixed interest securities	39				
Approved variable interest securities	41				
Other variable interest securities	51				
Total (11+21+39+41+51)	61	29981	0.18		

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 2011**
 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		6056	6056	6813
Form 52	13				
Form 53 - linked	14		223807492	223807492	224812621
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		223813548	223813548	224819434

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				
Total	28				

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32		6056	6056	6813
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38		6056	6056	6813

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44		223807492	223807492	224812621
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48		223807492	223807492	224812621

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 2011
Units	£000
UK Pension / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuity non-profit (CPA)	78	1176					6056

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 2011**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

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
400	Annuity non-profit (CPA)	78	1176					6056

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

Name of insurer **Legal & General Assurance (Pensions Management) Limited**
 Total business
 Financial year ended **31 December 2011**
 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
PMC CASH	24 - group managed fund - other managed fund	1602708			6.3328	6.3740	0.65
PMC UK FIXED INTEREST FUND	24 - group managed fund - other managed fund	106371				51.7497	
PMC INDEX-LINKED BOND FUND	24 - group managed fund - other managed fund	216518			7.6469	9.4506	23.59
PMC ACTIVE CORP BOND ALL ST FD	24 - group managed fund - other managed fund	7814410			1.6666	1.8027	8.16
PMC MONEY MARKET FUND	24 - group managed fund - other managed fund	155439			1.3673	1.3844	1.25
PMC 15YEAR FIXED INT FUND	24 - group managed fund - other managed fund	201480			1.4593	1.8436	26.33
PMC ACTIVE CORP BOND > 10YR FD	24 - group managed fund - other managed fund	3661269			1.9910	2.2289	11.95
PMC HIGH YIELD BOND FUND	24 - group managed fund - other managed fund	138533			1.2998	1.2798	(1.54)
PMC CLIENT SPEC UNITISED 34595	24 - group managed fund - other managed fund	222073				1.4796	
PMC PAN EUROPEAN CREDIT FUND	24 - group managed fund - other managed fund	319255			1.2362	1.3232	7.03
PMC US CREDIT FUND	24 - group managed fund - other managed fund	115081				1.7408	
PMC CORE PLUS	24 - group managed fund - other managed fund	503198			1.3619	1.5343	12.66
PMC LIQUIDITY FUND	24 - group managed fund - other managed fund	1675332			1.0586	1.0673	0.82
PMC UK TREASURY BILLS FUND	24 - group managed fund - other managed fund	197754			1.0154	1.0202	0.47
PMC ACTIVE USD CRD ALL STK FD	24 - group managed fund - other managed fund	124514			1.1649	1.2900	10.73
PMC ACTIVE USD CRD OVR 10 YR	24 - group managed fund - other managed fund	168063			1.1342	1.3531	19.30
PMC LIBOR FUND	24 - group managed fund - other managed fund	189922			1.0146	1.0268	1.20
PMC FRN FUND	24 - group managed fund - other managed fund	111566			1.0130	1.0247	1.15

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

Name of insurer **Legal & General Assurance (Pensions Management) Limited**
 Total business
 Financial year ended **31 December 2011**
 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
PMC ACTIVE GBP CRDT ALL ST FD	24 - group managed fund - other managed fund	7531286			1.6702	1.8045	8.04
PMC USD ACT CDT DUR NEUTRAL	24 - group managed fund - other managed fund	128301			1.0990	1.0807	(1.67)
PMC EUR ACT CRD DURAT NEUT FD	24 - group managed fund - other managed fund	141551			1.0331	1.0109	(2.15)
PMC ACTIVE EUR CRDT ALL ST FD	24 - group managed fund - other managed fund	152684			1.0346	1.0472	1.22
PMC ACT GBP CR +10YR FD	24 - group managed fund - other managed fund	3456730			1.9793	2.2308	12.71
PMC ACT USD DUR NEUT LG DTD	24 - group managed fund - other managed fund	176442			1.0440	0.9813	(6.01)
PMC CORE PLUS (USS) FUND	24 - group managed fund - other managed fund	443037				1.1073	
PMC CSUF (36008) GBP	24 - group managed fund - other managed fund	424877				1.0262	
PMC CSUF (36008) USD	24 - group managed fund - other managed fund	166847				1.0260	
PMC LDI RPI LKD ACT CORP BD	24 - group managed fund - other managed fund	139568			1.4361	1.5565	8.38
PMC LDI RPI2035 ACT CORP BD	24 - group managed fund - other managed fund	236411			1.6009	1.9303	20.57
PMC LDI 2035 ACT CORP BD	24 - group managed fund - other managed fund	322899			1.3405	1.6914	26.17
PMC LDI 2045 ACT CORP BD FD	24 - group managed fund - other managed fund	197327			1.1171	1.4315	28.14
PMC LDI 2025 ACT CORP BD FD	24 - group managed fund - other managed fund	306013			1.1917	1.4185	19.03
PMC LDI RPI2045 ACT CORP BD	24 - group managed fund - other managed fund	183115			1.4661	1.7885	21.99
PMC LDI RPI2025 ACT CORP BD	24 - group managed fund - other managed fund	190797			1.3372	1.5848	18.52
PMC LDI ACT CORP BD (LIBOR)	24 - group managed fund - other managed fund	2540968			1.0665	1.0165	(4.69)
PMC LDI 6A CORP BD (LIBOR)	24 - group managed fund - other managed fund	1210355			0.9959	0.9581	(3.79)

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

Name of insurer **Legal & General Assurance (Pensions Management) Limited**
 Total business
 Financial year ended **31 December 2011**
 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
PMC AAA AA A CORP BD IDX2030	24 - group managed fund - other managed fund	115768				1.5808	
PMC AAA AA A ALL IDX 2040RPI	24 - group managed fund - other managed fund	118131				1.7372	
PMC AAA AA A CORP ALL IDX 2025	24 - group managed fund - other managed fund	105270				1.5256	
PMC LDI ACTIVE CORP BD (2030)	24 - group managed fund - other managed fund	227791			1.2729	1.5793	24.07
PMC LDI ACT CORP BD (2020)	24 - group managed fund - other managed fund	222911			1.2921	1.4390	11.37
PMC LDI ACT CORP BD (2020) RPI	24 - group managed fund - other managed fund	106868				1.4085	
PMC LDI ACT CORP BD (2030) RPI	24 - group managed fund - other managed fund	164322			1.2802	1.5711	22.72
PMC LDI ACT CORP BD (2055)	24 - group managed fund - other managed fund	122087				1.4819	
PMC LDI ACT CORP BD (2040)	24 - group managed fund - other managed fund	160059			1.2875	1.6389	27.29
PMC LDI ACT CORP BD (2050)	24 - group managed fund - other managed fund	107283				1.7092	
PMC LDI ACT CORP BD (2055) RPI	24 - group managed fund - other managed fund	236245			1.3251	1.5757	18.91
PMC LDI LIBOR FUND	24 - group managed fund - other managed fund	287691			1.0426	1.0568	1.37
PMC ACTAGG ALLSTK(50:50)FXD IT	24 - group managed fund - other managed fund	113216			1.3814	1.5463	11.94
PMC CASH (CHARGES INCLUDED)	24 - group managed fund - other managed fund	331712			6.2180	6.2507	0.53
PROPERTY	27 - group managed fund - property	1307581			28.5544	30.2874	6.07

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 2011**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	223837492	224842621
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	137687	116722
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	223975179	224959343
Mathematical reserves	21	223807492	224812621
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	167687	146722

Composition of surplus

Balance brought forward	31	30000	30000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	137687	116722
Total	39	167687	146722

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	137687	116722
Total distributed surplus (46+47)	48	137687	116722
Surplus carried forward	49	30000	30000
Total (48+49)	59	167687	146722

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

Global business

Financial year ended **31 December 2011**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%				
Total	16					

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					
--	----	--	--	--	--	--

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	6056	0.85	51	58
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%			23096	22677
Class IV (other)	36	1%				
Class V	37	1%				
Class VI	38	1%				
Total	39				23147	22734

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	6056	0.85	154	174
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%	223807492	223807492		
Class IV (other)	46	3%				
Class V	47	0%				
Class VI	48	3%				
Total	49		223813548	223807492	154	174

Long term insurance capital requirement	51				23302	22908
--	-----------	--	--	--	-------	-------

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

***0301* Reconciliation of Net Admissible Assets to the capital resources shown on Form 3**

	2011 £'000
Form 13, Line 89 (other than long-term)	279,330
Form 13, Line 89 (long-term)	223,971,746
LESS:	
Form 14, Line 11	(223,807,492)
Form 14, Line 49	(134,254)
Form 15, Line 69	(34,517)
Core tier one capital (line 19)	<u>274,813</u>
Deductions for regulated non-insurance related undertakings	(104)
Total capital resources after deductions (line 79)	<u>274,709</u>

***0310* Net valuation differences**

	2011 £'000
Negative valuation differences - assets	(85)

Negative valuation differences for assets arise due to the difference between the UK statutory valuation and the FSA valuation for the subsidiaries owned by the Company.

***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 2011)	274,713
Form 3, Line 12, (Profit and Loss account and other reserves 2010)	(268,756)
Form 16, Line 59 (Profit and Loss retained for the financial year)	<u>5,957</u>

During the year, the directors elected to prepare the financial statements of the Company in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The date of transition for the Company is 1 January 2010. However, there has been no restatement of prior year comparatives in the Annual Returns to Financial Services Authority for the year ended 31 December 2011 as, in accordance with IPRU(INS) Appendix 9.1 paragraph 7, restatement is not considered necessary in order to allow the appropriate comparison to be made, given the limited differences between UK GAAP and IFRS.

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

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

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

***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.

***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 £925 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.

***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.

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

***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.

***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).

***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.

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

***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.

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

***4002* Other Income and Expenditure**

Other income consists of: -

	£'000	£'000
	2011	2010
Investment management fees for pension fund management contracts	237,969	213,919
Specific charges to clients on asset allocation, subsidies, ex-gratia payments and stock reservation recoveries	2,753	2,120
Interest claims	(28)	(143)
	240,694	215,896

***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	46,690
Other relevant elements of the transaction	None
Amounts written off in respect of debts due to/from connected parties	None

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

***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	24,319,268	423,519
Reinsurance accepted intra-group: Pooled	663,248	3,360
	<u>24,982,516</u>	<u>426,879</u>

***4201* Analysis of claims**

	UK Pensions £'000	Overseas £'000
Surrender or partial surrender: Gross	35,071,524	430,670
Reinsurance accepted: intra-group Pooled	173,500	2,173
	<u>35,245,024</u>	<u>432,843</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	3,813
BJ: Active Corporate Bond - Over 10 Yr	32,124
CAAC: Core Plus (USS) Fund	2,415
CS: Eurozone Equity Index	45
CY: UK (World) Equity Index	3
DC: Active Corporate Bond - All Stocks	13,445
EC: Japan Equity Index - GBP Hedged	4,049
ED: Europe (ex-UK) Index - GBP Hedged	91,044
EE: North America Equity Index - GBP Hedged	29,784
EF: Asia Pacific (ex-Jap) Dev Index - GBP Hedged	8,241
EPAA: Europe (exUK) Equ (NetWHT) Ind	22
EPAB: Europe (exUK) NetWHT Ind GBPHgd	1,366
EW: N America Net US WHT - Euro Hedged	24
EX: Japan Equity Index-Euro Hedged	22
FA: Overseas Bond Index - GBP Hdg	507
FV: HSBC Stock Fund	33
GC: Nth America Net US WHT - GBP Hedgd	41
GPAB: MSCI Value Weighted Developed Index	2

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

GPAC: MCSI Value Weighted Developed Index - GBP Hedged	563
GPAH: FTSE RAFI AW 3000 GBP Hedged	410
GW: North America Equity (Net US WHT)	52
HD: Act Corp Bond All Stk RPI	2,826
HE: Act Corp Bond All Stk RPI2035	48,496
HF: Act Corp Bond All Stk 2035	60,470
HN: World Emerging Markets Eqty Index	57
HP: UK Equity FTSE 100 Equity Index	338
JA: Active Corp Bnd - All Stk 2025 JA	39,188
JB: Active Corp Bnd - All Stk 2045 JB	42,916
JC: Act Corp Bond All Stock -RPI2025	25,653
JD: Act Corp Bond All Stock -RPI2045	42,505
JE: AAA-AA-A Corp Bond All Index 2025	13,789
JF: AAA-AA-A Cp Bd All Stk Idx2035	11,493
JG: AAA-AA-A Corp Bd All Stks 2045	8,265
JJ: AAA-AA-A Corp Bond All Stk RPI2025	14,178
JK: AAA-AA-ACB All Stk RPI Lnk2035	16,454
JL: 6A Corp Bond All Stk IF(2045) RPI	2,463
JM: AAA-AA-A Corp Bond All Stk RPI	1,526
KA: Enhanced Matching Fnd 2020 Fxd	35,991
KB: Enhanced Matching Fnd 2030 Fxd	694
KC: Enhanced Matching Fnd 2020 RPI	24
KD: Enhanced Matching Fnd 2025 RPI	109
KE: Enhanced Matchg Fnd (2030 RPI)	3,649
KF: Enhanced Matchg Fnd (2035 RPI)	5,834
KH: UK Wealth Weighted Fund	2
KM: UK FTSE 350 Higher Yield Fund	4
KR: Japan Eq (Net WHT) Idx GBP Hdg	78
KT: High Yield Bond	6,679
KV: Korea & Taiwan Equity Index	4
LE: Client Specific Unitised 34786	40,526
LF: Client Specific Unitised 34865 -000	61,633
LG: Client Specific Unitised 34447	46,052
LK: Client Specific Unitised 35032	1,341,578
LR: Client Specific Unitised 35113	152,051
LT: Client Specific – Merseyside	75
LV: Client Specific Unitised 35112	304,342
LX: CSUF 35228(LX) - Sara Lee - (Euro)	19,691
MD: GRE Equity Index Fund	2
MG: LDI Active Corp Bond (2030)-MG	38,529
MH: LDI Active Corp Bond (2030)-MH	31,858
MJ: LDI Act Corp Bond (2040) MJ	33,851
MK: LDI Active Corp Bond (2040)-MK	21,576
MM: LDI Act Corp Bond (2050) MM	22,978
MN: LDI Active Corp Bond (2050) RPI MN	11,030
MR: Enhanced Matchg Fnd (2025 Fxd)	33,863
MT: Enhanced Matchg Fnd (2035 Fxd)	76
MW: LDI Act Corp Bond (2020) RPI	16,698
MX: LDI Act Corp Bond (2020) RPI	8,500

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

MY: LDI Active Corp Bond (2055) MY	26,090
N: UK Equity Index	10,720
NA: LDI Active Corp Bond (2055) RPI NA	52,870
NB: LDI AAA-AA-A Corp Bond (LIBOR)	3,451
NC: LDI Active Corp Bond (LIBOR)	70,360
NK: AAA-AA-A Corp Bond All Stk 2020	2,975
NM: AAA-AA-A Corp Bond All Stk 2030	19,826
NN: AAA-AA-A Corp Bond All Stk 2020 RPI	2,731
NP: AAA-AA-A Corp Bond All Stk 2030 RPI	12,902
NPAA: US Real Estate Equity Index Fund	2
NR: AAA-AA-A Corp Bond All Stk 2040 RPI	28,887
PG: UK Equity Index (Des E)	2
PH: AAA-AA-A Corp Bd All Stks RPI2050	9,905
PJ: 6A CorpBond-All Stk - I.F.2050	6,694
PK: 6A CpBnd-AllStk-I.F2050 RPI	1,698
PL: 6A Corp Bond All Stk Ind(2055)	4,665
PM: 6A Corp Bond All Stk Ind(2055) RPI	2,754
PR: UK FTSE 100 Eq Idx (Des E)	6
PT: World Equ Index(MSCI)	80
PV: Wld Equ Ind-MSCI-GBPCurrHdg	1,546
PX: Cashflow Matching (2015)	651
PY: Cashflow Matching (2020)	730
R: Japan Equity Index	139
RA: Cashflow Matching (2025)	591
RB: Cashflow Matching (2030)	364
RD: Cashflow Matching (2040)	2,123
RE: Cashflow Matching (2045)	1,983
RF: Cashflow Matching (2050)	2,062
RG: Cashflow Matching (2055)	1,762
RJ: Cashflow Match (RPI Lnkd 2015)	1,876
RK: Cashflow Match (RPI Lnkd 2020)	2,748
RL: Cashflow Match (RPI Lnkd 2025)	2,845
RM: Cashflow Match (RPI Lnkd 2030)	2,703
RN: Cashflow Match (RPI Lnkd 2035)	2,315
RP: Cashflow Match (RPI Lnkd 2040)	1,961
RR: Cashflow Match (RPI Lnkd 2045)	1,603
RT: Cashflow Match (RPI Lnkd 2050)	1,224
S: North America Equity Index	220
T: Europe (ex UK) Equity Index	2,669
TD: Core Fund	3,257
TE: Pan-European Credit Fund	3,223
TK: Portfolio Implementation 34747 - 001	682
TR: Middle East/Africa Equ Index	88
TSAC: Client Specific Unitised Fund (32538)	973
TSAH: PMC CSUF (34747 Run-Off)	71
TSAJ: CSUF (36008) – GBP	2,341
TV: GlCredit(40%Fins)IF-£Hdg	12,007
VA: Corp Bond(NonFin)F-\$ Hdgd	9,102
VB: USD-EUR CB 40% Fin IndxIT&GBP Hdg	2,018

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

VF: \$CorpBond(NonFin)F-£Hdgd	6,611
W: Asia Pacific (ex Jap) Dev Equity Index	25
WH: Active EUR Credit All Stocks	1,353
WS: Active GBP Credit All Stock	41,616
WT: Act GBP Credit Over 10 Yr Fund	15,276
WX: ABS Fund	302
X: Overseas Bond	9
XK: AsiaPac xJapkorDevEqIndGBPH	52
XP: Client Specific Unitised 31421	446
YX: FTSE-RAFI All World 3000 Equity Index	3
	3,144,787

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

	£'000
B: UK Fixed Interest - All Stocks	(110)
BC: Asia Emerging Markets Index	(99)
BJ: Active Corporate Bond - Over 10 Yr	(4,423)
CAAC: Core Plus (US\$) Fund	(1,888)
CY: UK (World) Equity Index	(2)
DC: Active Corporate Bond - All Stocks	(3,385)
DD: Europe (ex UK) & Eurozone Index	(2)
EC: Japan Equity Index - GBP Hedged	(31,231)
ED: Europe (ex-UK) Index - GBP Hedged	(10,812)
EE: North America Equity Index – GBP Hedged	(78,793)
EF: Asia Pacific (ex-Jap) Dev Index - GBP Hedged	(26,866)
EPAB: Europe (exUK) NetWHT Ind GBPHgd	(42)
EW: N America Net US WHT - Euro Hedged	(2,140)
EX: Japan Equity Index-Euro Hedged	(394)
FA: Overseas Bond Index - GBP Hdg	(588)
FG: UK World Eq Index-Euro Hedged	(251)
FV: HSBC Stock Fund	(25)
GC: Nth America Net US WHT - GBP Hedgd	(1,889)
GPAB: MSCI Value Weighted Developed Index	(1)
GPAC: MCSI Value Weighted Developed Index - GBP Hedged	(884)
GPAE: FTSE RAFI Dev 1000 Equity Fund	(1)
GPAH: FTSE RAFI AW 3000 GBP Hedged	(611)
GW: North America Equity (Net US WHT)	(5)
HD: Act Corp Bond All Stk RPI	(1,159)
HE: Act Corp Bond All Stk RPI2035	(12,682)
HN: World Emerging Markets Eqty Index	(204)
HP: UK Equity FTSE 100 Equity Index	(4)
JC: Act Corp Bond All Stock -RPI2025	(5,059)
JD: Act Corp Bond All Stock -RPI2045	(8,119)
JF: AAA-AA-A Cp Bd All Stk Idx2035	(310)
JJ: AAA-AA-A Corp Bond All Stk RPI2025	(4,192)
JK: AAA-AA-ACB All Stk RPI Lnk2035	(4,890)

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

JL: 6A Corp Bond All Stk IF(2045) RPI	(499)
JM: AAA-AA-A Corp Bond All Stk RPI	(1,041)
KH: UK Wealth Weighted Fund	(2)
KM: UK FTSE 350 Higher Yield Fund	(3)
KN: Japan Equity (Net WHT) Index	(3)
KR: Japan Eq (Net WHT) Idx GBP Hdg	(630)
KT: High Yield Bond	(2,589)
LF: Client Specific Unitised 34865 -000	(45,783)
LG: Client Specific Unitised 34447	(4,592)
LK: Client Specific Unitised 35032	(1,027,431)
LR: Client Specific Unitised 35113	(150,218)
LT: Client Specific	(9)
LV: Client Specific Unitised 35112	(264,923)
LX: CSUF 35228 (Euro)	(3,716)
MD: GRE Equity Index Fund	(27)
MH: LDI Active Corp Bond (2030)	(7,734)
MK: LDI Active Corp Bond (2040)	(4,904)
MN: LDI Active Corp Bond (2050) RPI	(2,298)
MX: LDI Act Corp Bond (2020) RPI	(1,814)
N: UK Equity Index	(140)
NA: LDI Active Corp Bond (2055) RPI	(10,231)
NB: LDI AAA-AA-A Corp Bond (LIBOR)	(106,968)
NC: LDI Active Corp Bond (LIBOR)	(191,207)
NN: AAA-AA-A Corp Bond All Stk 2020 RPI	(765)
NP: AAA-AA-A Corp Bond All Stk 2030 RPI	(2,715)
NR: AAA-AA-A Corp Bond All Stk 2040 RPI	(8,755)
NY: Nth Am Equity Index (Des E)	(8)
PC: AsiaPac.exJapDevEq Idx(DesE)	(19)
PD: Nth Am Wlth Wtd Fund	(6)
PG: UK Equity Index (Des E)	(2)
PK: 6A CpBnd-AllStk-I.F2050 RPI	(351)
PM: 6A Corp Bond All Stk Ind(2055) RPI	(577)
PP: EurLgeCap(exUK Eq Idx(DesB)	(4)
PR: UK FTSE 100 Eq Idx (Des E)	(5)
PT: World Equ Index(MSCI)	(12)
PV: Wld Equ Ind-MSCI-GBPCurrHdg	(3,568)
R: Japan Equity Index	(117)
RJ: Cashflow Match (RPI Lnkd 2015)	(301)
RK: Cashflow Match (RPI Lnkd 2020)	(558)
RL: Cashflow Match (RPI Lnkd 2025)	(758)
RM: Cashflow Match (RPI Lnkd 2030)	(1,041)
RN: Cashflow Match (RPI Lnkd 2035)	(1,096)
RP: Cashflow Match (RPI Lnkd 2040)	(842)
RR: Cashflow Match (RPI Lnkd 2045)	(633)
RT: Cashflow Match (RPI Lnkd 2050)	(455)
S: North America Equity Index	(973)
T: Europe (ex UK) Equity Index	(180)
TD: Core Fund	(2,011)
TE: Pan-European Credit Fund	(1,923)

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

TK: Portfolio Implementation 34747 - 001	(4,383)
TR: Middle East/Africa Equ Index	(37)
TSAJ: CSUF (36008) - GBP	(427)
TSAK: CSUF (36008) - EUR	(1)
TV: GICredit(40%Fins)IF-£Hdgd	(9,947)
VA: Corp Bond(NonFin)F-\$ Hdgd	(1,148)
VB: USD-EUR CB 40% Fin IndxIT&GBP Hdg	(119,383)
VF: \$CorpBond(NonFin)F-£Hdgd	(17,951)
VR: N Am LgeCap Equ Ind-Des B	(7)
W: Asia Pacific (ex Jap) Dev Equity Index	(1,306)
WH: Active EUR Credit All Stocks	(905)
WJ: Active USD Dur Neutral Long Dated	(1,402)
WS: Active GBP Credit All Stock	(17,322)
WT: Act GBP Credit Over 10 Yr Fund	(4,408)
X: Overseas Bond	(1)
XG: USDAct Credit Duration Neutral	(710)
XK: AsiaPac xJapkorDevEqIndGBPH	(247)
XM: EUR Act Cred Duration Neutral	(4,201)
XP: Client Specific Unitised 31421	(50,505)
	<hr/>
	(2,289,789)

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

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

	£'000
AC: UK Smaller Companies Index (AC)	28
CAAC: Core Plus (USS) Fund	1,582
CN: AAA-AA-A Bonds All Stk Index (CN)	3,917
DL: Money Market	132,205
FRN Fund (VT)	67,189
HA: UK Core Equity Index Fund (HA)	28
LG: Client Specific Unitised 34447	19,562
LK: Client Specific Unitised 35032	597,918
LR: Client Specific Unitised 35113	13,305
LV: Client Specific Unitised 35112	11,062
N: UK Equity Index (N)	205
PG: UK Equity Index (Des E) PG	2
TD: Core Fund (TD)	1,582
TF: US Credit Fund (TF)	1,101
TSAH: PMC CSUF (34747 Run-Off)	39,863
TSAK: CSUF (36008) - EUR	1,087
TSAL: CSUF (36008) - USD	1,180
WH: Active EUR Credit All Stocks	5,192
WL: Active USD Credit All Stocks	1,190
WS: Active GBP Credit All Stock	13,210
WX: ABS Fund (WS)	15,555
XV: MMMF II - Readily Available	72,266
XW: MMMF II Retained Run Off	16,329
	1,015,558
	1,015,558

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

***4502* Other Income and Expenditure**

Other expenditure consists of: -

	£'000
Bank Charges	2
Property Surveyor fees	249
Expenses On Dividends Received	470
Other Expenses	240
	<u>961</u>

***4511* Comparative Figures**

The amount shown as “Charges for management” includes unit management charges which were paid via cancellation of units. Previously it has been shown under “Value of total cancellation of units”. The previous year comparative figures have been amended.

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

At the end of the report period there were 78 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 3,054 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.

***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.

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011

***5700* Omission of Form**

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

***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 2011

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 £249,984 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 2011

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 (IPRU (INS))

Appendix 9.4 (Rule 9.31):

Legal & General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2011

1. Introduction

- 1.(1) The date to which this investigation relates, namely the Valuation Date, is 31 December 2011.
- 1.(2) The date of the previous investigation under rule 9.4 was 31 December 2010.
- 1.(3) There have been no valuations (for the purposes of rule 9.4) 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) 52 new sections were created in 2011. These are listed and include the internal reference code.

2011 Opened Funds (Code Name)

1. AABA: Property Fund (charges included 2011)
2. CAAB: Emerging Market Credit Fund- GBP Hedged
3. CAAC: Core Plus Fund
4. CAAD: US Special Situations
5. CCAB: BBB Corporate Bond - All Stocks - Index Fund
6. CSAE: Active Corp Bond Over 10 Yr Fund (charges inc 2011)
7. EPAA: Europe ex UK Equity (Net WHT) Index fund
8. EPAB: Europe ex UK Equity (Net WHT) Index fund - GBP hedged
9. EPAC: Europe ex UK Equity (Net WHT) Index fund (charges)
10. FAAB: PMC 2015 Fixed Fund
11. FAAC: PMC 2020 Fixed Fund
12. FAAD: PMC 2025 Fixed Fund
13. FAAE: PMC 2030 Fixed Fund
14. FAAF: PMC 2035 Fixed Fund
15. FAAG: PMC 2040 Fixed Fund
16. FAAH: PMC 2050 Fixed Fund
17. FAAJ: PMC 2060 Fixed Fund
18. FRAB: PMC 2015 Real Fund
19. FRAC: PMC 2020 Real Fund
20. FRAD: PMC 2025 Real Fund
21. FRAE: PMC 2030 Real Fund
22. FRAF: PMC 2035 Real Fund
23. FRAG: PMC 2040 Real Fund
24. FRAH: PMC 2050 Real Fund
25. GPAB: MSCI Value Weighted Developed Equity Fund
26. GPAC: MSCI Value Weighted Developed Index Fund - GBP Hedged

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 2011

27. GPAE: FTSE RAFI Developed 1000 Equity Fund
28. GPAF: World Equity (Net WHT) (charges included)
29. GPAH: FTSE RAFI 3000 GBP Hedged
30. LGCC: Commodity Composite Fund
31. LUAA: Over 15 Year Index Linked Gilt Fund (including charges)
32. LUAB: 2062 Index Linked Gilt Fund
33. RAAE: PMC 2030 Inflation Fund
34. RAAF: PMC 2035 Inflation Fund
35. REAA: Enhanced Matching RPI Linked 2040
36. TLAA: PMC CSUF (Legacy)
37. TLAB: PMC CSUF (Long Term)
38. TSAA: CSUF 31478
39. TSAB: CSUF 31478
40. TSAC: CSUF 32538
41. TSAD: Bespoke 31478
42. TSAE: Bespoke 31478
43. TSAF: Bespoke 31478
44. TSAG: CSUF
45. TSAH: CSUF
46. TSAJ: CSUF GBP
47. TSAK: CSUF EUR
48. TSAL: CSUF USD
49. UPAA: UK Equity Carbon Optimised Fund
50. XPAA: FTSE RAFI Emerging Markets Equity Fund
51. XPAB: Emerging Market Passive Govt Bond Fund (Local Currency)
52. YAAB: LGIM Euro Liquidity Fund

18 sections were withdrawn in 2011. These are listed below and include the internal reference code.

2011 Closed Funds (Code Name)

1. AW: Closure - Global Equity Index/Active
2. CAAA: Emerging Market Credit Fund
3. CAAB: Emerging market Credit Fund - GBP Hedged
4. CD: Closure - Overseas Equity Index
5. J: Closure - Japan
6. K: Closure North America
7. L: Closure - Europe ex UK
8. LB: Closure - CSUF 34813
9. LN: Client Specific LDI (34818)
10. MP: Enhanced Matching 2015
11. MV: Enhanced Matching 2015 Real

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 2011

12. RC: Cashflow Matching Fund 2035
13. REAA: Enhanced Matching 2040 RPI
14. RV: Cashflow Matching 2055 RPI
15. TLAA: Closure CSUF
16. TLAB: Closure CSUF
17. VP: Closure - PIF 32898
18. YF: Global Equity Fixed Weight 50:50 x WHT GBP Hedged

- 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 6.41% on the property fund (of which 4% is for stamp duty on direct properties).
 - 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 0.75% p.a. and the current terms and conditions of the policy may be changed with 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
 - 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 0.03% to 0.75% p.a. for active internal linked funds and from 0.03% to 0.60% p.a. 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.

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 2011

- 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
Abstract of the Valuation Report
Financial year ended 31 December 2011

(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.

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

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.

Where the Company on behalf of its policyholders purchases units in the LGIM (Ireland) Risk Management Solutions PLC Qualifying Investor Scheme, the Company charges a fee which includes a pro-rata allowance for the cost of providing the relevant sub-fund of the Qualifying Investor Scheme. The Company does not retain for itself any discount, commission or other allowance on purchase or sale of units.

Where the Company on behalf of its policyholders purchases shares in the LGIM Commodity Composite Source ETF, a sub-fund of Source Markets plc, a proportion of the fee charged to the shares is paid to a related company Legal & General Investment Management (LGIM). Neither the Company nor LGIM receive any allowances from the UCITS compliant sub-fund on purchase or sale of shares.

Where the Company on behalf of its policyholders purchases units in LGIM Liquidity Funds PLC UCITS scheme, the Company charges a fee which includes a pro-rata allowance for the cost of providing the relevant sub fund of the UCITS scheme. The Company does not receive any allowances from the UCITS compliant sub-fund on purchase or sale of shares.

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% p.a. of the total value of the fund and there is administration charges of up to 5.75% of the premiums received.

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 2011

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 persistency, interest or mortality in the valuation of linked contracts.

Unit liabilities are valued at valuation unit prices without any discounting.

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. The potential cost associated with the timing difference between quoting and purchase of immediate annuities has been reviewed and no reserve has been deemed necessary.

4.(2) The annual rate of interest used to value annuities in the course of payment is 4.60% (4.97% 2010).

4.(3) The yield has been adjusted for valuation margins and allowance for default risk.

4.(4) The mortality tables used are set out below and have been published:

81.5% of PCMA00 for males and 87% of PCFA00 for females. Allowance for future improvement, commencing 30.06.2009, as per CMI's mortality improvement model; CMI2009 MC with the following parameters:

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 2011

Males: Long term rate of 2% p.a. up to age 85, tapering to 0% at 120.

Females: Long term rate of 1.5% p.a. up to age 85, tapering to 0% at 120.

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

Age	65	75
Male	23.6	14.4
Female	24.7	15.4

- i. The equivalent tables for 2010 were:

82% of PCMA00 for males and 86% of PCFA00 for females. Allowance for future improvement, commencing 31.12.2008, as per CMI's mortality improvement model; CMI2009 MC with the following parameters:

Males: Long term rate of 2% p.a. up to age 85, tapering to 0% at 120.

Females: Long term rate of 1.5% p.a. up to age 85, tapering to 0% at 120.

- ii. 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 £18.65 p.a. increasing from 31.12.2011 at 3.5% p.a. The basis used in 2010 was £17.96 with increases of 3.5% p.a. from 31.12.2010. The Company itself does not incur expenses as part of the payment of annuities.

4.(7) Not relevant

4.(8) Not relevant

4.(9) Not relevant

4.(10) Not relevant

4.(11) 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.(12) The changes to INSPRU rules at 31 December 2006 have not resulted in any impact on the mathematical reserves.

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 2011

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 2012, according to the 2012 Operating Plan approved by the Directors, 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 Operating 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.
 - 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 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 costs arising from cessation of new business. The administration of the in force portfolio is likely, in practice, 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.
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

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 2011

- 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. The value of the mathematical reserves under this treaty is £6.1m.
- vii. Society is authorised to carry on insurance business in the United Kingdom.
- viii. Society is a connected insurer.
- ix. The Company has no liability to refund any amounts of reinsurance commission in the event of surrender of the contracts.

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 £182 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
Certificate required by rule 9.34
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011**

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.

..... M D T Craston, Chief Executive

..... K J Gregory, Director

..... A K Overy, Director

27 March 2012

**Auditors' Report: Regulatory Return for a life insurance company
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011
Independent auditors' report to the directors pursuant to rule 9.35 of the Interim
Prudential Sourcebook for Insurers**

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ('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, 48, 49, 58 and 60, (including the supplementary notes) on pages 1 to 48 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 49 ('the statement'); and
- the valuation report required by IPRU(INS) rule 9.31(a) on pages 51 to 60 ('the valuation report');

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

- Forms 50 to 55 (including the supplementary notes) on pages 26 to 32;
- the statements required by IPRU(INS) rules 9.30 on page 50; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 61.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation report 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 insurer and used to perform the actuarial investigation as set out in the valuation report 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 opinion to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the statement and the valuation report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

This report has been prepared for the directors of the insurer 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.

**Auditors' Report: Regulatory Return for a life insurance company
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2011
Independent auditors' report to the directors pursuant to rule 9.35 of the Interim
Prudential Sourcebook for Insurers**

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 insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer 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, the 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 insurer.

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 appropriately reflect the requirements of INSPRU 1.2.

PricewaterhouseCoopers LLP
Chartered Accountants

27 March 2012