

Legal & General Assurance (Pensions Management) Limited

Annual FSA Insurance Returns for the year ended

31 December 2010

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

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

Global business

Financial year ended **31 December 2010**

Solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
R2	1006112	GL	31	12	2010	£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	237420	224565
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	267420	254565

Guarantee fund

Guarantee fund requirement	21	7636	6337
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	259784	248228

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	22908	19011
Resilience capital requirement	32		
Base capital resources requirement	33	3040	3128
Individual minimum capital requirement	34	22908	19011
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	22908	19011
Excess (deficiency) of available capital resources to cover 50% of MCR	37	255966	245060
Excess (deficiency) of available capital resources to cover 75% of MCR	38	250239	240307

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	22908	19011

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	22908	19011
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	244512	235554

Contingent liabilities

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

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

Global business

Financial year ended **31 December 2010**

..... **M D T Craston** **Chief Executive**

..... **K J Gregory** **Director**

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

Date **22-Mar-11**
.....

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

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	1006112	GL	31	12	2010	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4

Core tier one capital

Permanent share capital	11		100	100	100
Profit and loss account and other reserves	12		268756	268756	255175
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		268856	268856	255275

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		268856	268856	255275
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39		268856	268856	255275

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

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R3	1006112	GL	31	12	2010	£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 2010**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	1006112	GL	31	12	2010	£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		268856	268856	255275
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		1436	1436	710
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		267420	267420	254565

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		267420	267420	254565
Available capital resources for 50% MCR requirement	82		267420	267420	254565
Available capital resources for 75% MCR requirement	83		267420	267420	254565

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 2010**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	2010	£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	1438	970
	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	223434	202499
	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	36221	37971
	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 2010**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	2010	£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	1339	363
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	263182	241803
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Analysis of admissible assetsName of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2010**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	2010	£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	263182	241803
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		
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	263182	241803
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 2010**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	2010	£000	10
						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	30449	23087
	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	59465	30768
	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	224812621	208386893

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

Global business

Financial year ended **31 December 2010**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	2010	£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	14110	1689
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	2231	339
	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	32328	27015
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	6	26
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	57673	50758

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	225008883	208520575
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Analysis of admissible assetsName of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2010**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	2010	£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	225008883	208520575
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	6813	7494
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	225015696	208528069
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 2010**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	224812621	208386893
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	224842621	208416893
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	34250
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	18214
	Other	38	111131
Accruals and deferred income	39	2667	2479
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	166262	103682
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	225008883	208520575

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	23771	18567
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	224812621	208386893

Total liabilities (11+12+49)	71	224978883	208490575
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	6813	7494
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	225015696	208528069

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

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R15	1006112	GL	31	12	2010	£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	274	478
	Foreseeable dividend	48		
	Other	49	24052	16050
Accruals and deferred income		51		
Total (19 to 51)		59	24326	16528
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	24326	16528

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	24050	16050
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	238856	225275
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	263182	241803

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

Global business

Financial year ended **31 December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	1006112	GL	31	12	2010	£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			116722	84020	
Investment income	Income		14			2307	7929	
	Value re-adjustments on investments		15					
	Gains on the realisation of investments		16					
Investment charges	Investment management charges, including interest		17			50	50	
	Value re-adjustments on investments		18			26	668	
	Loss on the realisation of investments		19			853	3790	
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21			(6)	(6)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			118094	87435	
Tax on profit or loss on ordinary activities			31			513	956	
Profit or loss on ordinary activities after tax (29-31)			39			117581	86479	
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			117581	86479	
Dividends (paid or foreseeable)			51			104000	76000	
Profit or loss retained for the financial year (49-51)			59			13581	10479	

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 2010**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	27082924	34743211
Investment income receivable before deduction of tax	12	5966123	5956407
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14	18730493	22758584
Other income	15	215896	170668
Total income	19	51995436	63628870

Expenditure

Claims incurred	21	35248271	29697428
Expenses payable	22	90706	75022
Interest payable before the deduction of tax	23	361	724
Taxation	24	113648	105506
Other expenditure	25		
Transfer to (from) non technical account	26	116722	84020
Total expenditure	29	35569708	29962700

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	16425728	33666170
Fund brought forward	49	208416893	174750723
Fund carried forward (39+49)	59	224842621	208416893

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 2010**
 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		26117072	965852	27082924	34743211

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		26117072	965852	27082924	34743211

Total

Gross	19		26117072	965852	27082924	34743211
Reinsurance	20					
Net	21		26117072	965852	27082924	34743211

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 2010**
 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	34793136	455135	35248271	29697428
Annuity payments	14	1134		1134	1251
Lump sums on maturity	15				
Total	16	34794270	455135	35249405	29698679

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	1134		1134	1251
Lump sums on maturity	35				
Total	36	1134		1134	1251

Net of reinsurance

Death or disability lump sums	41				
Disability periodic payments	42				
Surrender or partial surrender	43	34793136	455135	35248271	29697428
Annuity payments	44				
Lump sums on maturity	45				
Total	46	34793136	455135	35248271	29697428

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 2010**
 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		14732	89	14821	12368
Management - maintenance	14		71926	433	72359	60388
Management - other	15		3526		3526	2266
Total	16		90184	522	90706	75022

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		14732	89	14821	12368
Management - maintenance	44		71926	433	72359	60388
Management - other	45		3526		3526	2266
Total	46		90184	522	90706	75022

Long-term insurance business : Linked funds balance sheet

Name of insurer **Legal & General Assurance (Pensions Management) Limited**
 Total business
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	225514230	209092913
Directly held assets in collective investment schemes of connected companies	12	42052	12869
Directly held assets in other collective investment schemes	13	22668	18925
Total assets (excluding cross investment) (11+12+13)	14	225578950	209124707
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16	1065	1999
Other liabilities	17	765264	735814
Total net assets (14-15-16-17)	18	224812621	208386893

Directly held linked assets

Value of directly held linked assets	21		
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Total

Value of directly held linked assets and units held (18+21)	31	224812621	208386893
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34	224812621	208386893

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 2010**Units **£000**

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

Income

Value of total creation of units	11	27082924	34743211
Investment income attributable to the funds before deduction of tax	12	5917432	5914743
Increase (decrease) in the value of investments in the financial year	13	18773867	22795859
Other income	14		
Total income	19	51774223	63453813

Expenditure

Value of total cancellation of units	21	35262766	29713828
Charges for management	22	196	76
Charges in respect of tax on investment income	23	84929	79105
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	604	634
Total expenditure	29	35348495	29793643

Increase (decrease) in funds in financial year (19-29)	39	16425728	33660170
Internal linked fund brought forward	49	208386893	174726723
Internal linked funds carried forward (39+49)	59	224812621	208386893

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

Total business

Financial year ended **31 December 2010**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		26117072	965852	27082924	34743211
External reinsurance	26					
Intra-group reinsurance	27					
Total	28		26117072	965852	27082924	34743211

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance (Pensions Management) Limited

Total business

Financial year ended

31 December 2010

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				26117072

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 2010**
 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	30449	30449			
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	165813	165813	442	0.27	
Total	19	196262	196262	442	0.23	

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 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	30449	0.31		
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	30449	0.31		

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 2010**
 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		6813	6813	7494
Form 52	13				
Form 53 - linked	14		224812621	224812621	208386893
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		224819434	224819434	208394387

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		6813	6813	7494
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38		6813	6813	7494

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44		224812621	224812621	208386893
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48		224812621	224812621	208386893

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

(Sheet 1)

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

Total business

Financial year ended **31 December 2010**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	2252827			6.2980	6.3328	0.55
PMC INDEX-LINKED BOND FUND	24 - group managed fund - other managed fund	156631			6.9741	7.6469	9.65
PMC ACTIVE CORP BOND ALL ST FD	24 - group managed fund - other managed fund	7423587			1.5290	1.6666	9.00
PMC MONEY MARKET FUND	24 - group managed fund - other managed fund	427469			1.3351	1.3673	2.41
PMC 15YEAR FIXED INT FUND	24 - group managed fund - other managed fund	188401			1.3377	1.4593	9.09
PMC ACTIVE CORP BOND > 10YR FD	24 - group managed fund - other managed fund	2844873			1.7986	1.9910	10.70
PMC ACTAGG ALLSTK(50:50)FXD IT	24 - group managed fund - other managed fund	133866			1.2750	1.3814	8.35
PMC HIGH YIELD BOND FUND	24 - group managed fund - other managed fund	205566			1.1203	1.2998	16.01
PMC PAN EUROPEAN CREDIT FUND	24 - group managed fund - other managed fund	141373			1.1125	1.2362	11.12
PMC CORE PLUS	24 - group managed fund - other managed fund	335816			1.2134	1.3619	12.24
PMC LIQUIDITY FUND	24 - group managed fund - other managed fund	1648332			1.0517	1.0586	0.65
PMC UK TREASURY BILLS FUND	24 - group managed fund - other managed fund	162543			1.0101	1.0154	0.53
PMC ACTIVE USD CRD ALL STK FD	24 - group managed fund - other managed fund	220775			1.0278	1.1649	13.34
PMC ACTIVE USD CRD OVR 10 YR	24 - group managed fund - other managed fund	140873				1.1342	
PMC LIBOR FUND	24 - group managed fund - other managed fund	274401			1.0044	1.0146	1.02
PMC FRN FUND	24 - group managed fund - other managed fund	122081			1.0035	1.0130	0.94
PMC ACTIVE GBP CRDT ALL ST FD	24 - group managed fund - other managed fund	7039962			1.5290	1.6702	9.24
PMC USD ACT CDT DUR NEUTRAL	24 - group managed fund - other managed fund	226339			1.0401	1.0990	5.67

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 2010**
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 MM MATURITY FUND II (LIQ)	24 - group managed fund - other managed fund	136606			1.3347	1.3693	2.59
PMC EUR ACT CRD DURAT NEUT FD	24 - group managed fund - other managed fund	143774				1.0331	
PMC ACTIVE EUR CRDT ALL ST FD	24 - group managed fund - other managed fund	150913				1.0346	
PMC ACT GBP CR +10YR FD	24 - group managed fund - other managed fund	2699687				1.9793	
PMC ACT USD DUR NEUT LG DTD	24 - group managed fund - other managed fund	146122				1.0440	
PMC MMMF II READILY REALISABLE	24 - group managed fund - other managed fund	124392				1.0165	
PMC LDI RPI LKD ACT CORP BD	24 - group managed fund - other managed fund	129034			1.3170	1.4361	9.04
PMC LDI RPI2035 ACT CORP BD	24 - group managed fund - other managed fund	199454			1.4834	1.6009	7.92
PMC LDI 2035 ACT CORP BD	24 - group managed fund - other managed fund	280292			1.2015	1.3405	11.56
PMC LDI 2045 ACT CORP BD FD	24 - group managed fund - other managed fund	156028			1.0077	1.1171	10.86
PMC LDI 2025 ACT CORP BD FD	24 - group managed fund - other managed fund	255829			1.0459	1.1917	13.95
PMC LDI RPI2045 ACT CORP BD	24 - group managed fund - other managed fund	148505			1.3622	1.4661	7.62
PMC LDI RPI2025 ACT CORP BD	24 - group managed fund - other managed fund	160674			1.2047	1.3372	11.00
PMC LDI ACT CORP BD (LIBOR)	24 - group managed fund - other managed fund	2393901			1.0410	1.0665	2.45
PMC LDI 6A CORP BD (LIBOR)	24 - group managed fund - other managed fund	1026881			0.9818	0.9959	1.43
PMC LDI ACTIVE CORP BD (2030)	24 - group managed fund - other managed fund	184462			1.1248	1.2729	13.16
PMC LDI ACT CORP BD (2020)	24 - group managed fund - other managed fund	212789			1.1512	1.2921	12.24
PMC LDI ACT CORP BD (2030) RPI	24 - group managed fund - other managed fund	138677			1.1642	1.2802	9.97

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 2010**
 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 LDI ACT CORP BD (2040)	24 - group managed fund - other managed fund	130385			1.1645	1.2875	10.56
PMC LDI ACT CORP BD (2055) RPI	24 - group managed fund - other managed fund	185029			1.2005	1.3251	10.38
PMC LDI LIBOR FUND	24 - group managed fund - other managed fund	446133			1.0192	1.0426	2.29
PMC CASH (CHARGES INCLUDED)	24 - group managed fund - other managed fund	353874			6.1957	6.2180	0.36
Property	27 - group managed fund - property	1096124			25.4148	28.5544	12.35

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 2010**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	224842621	208416893
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	116722	84020
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	224959343	208500913
Mathematical reserves	21	224812621	208386893
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	146722	114020

Composition of surplus

Balance brought forward	31	30000	24000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	116722	90020
Total	39	146722	114020

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	116722	84020
Total distributed surplus (46+47)	48	116722	84020
Surplus carried forward	49	30000	30000
Total (48+49)	59	146722	114020

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 2010**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					
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	6813	0.85	58	64
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%			22677	18756
Class IV (other)	36	1%				
Class V	37	1%				
Class VI	38	1%				
Total	39				22734	18819

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	6813	0.85	174	191
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%	224812621	224812621		
Class IV (other)	46	3%				
Class V	47	0%				
Class VI	48	3%				
Total	49		224819434	224812621	174	191

Long term insurance capital requirement	51				22908	19011
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Returns under the Accounts and Statements Rules (IPRU (INS))

Appendix 9.4 (Rule 9.31):

Legal & General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2010

1. Introduction

- 1.1) The date to which this investigation relates, namely the Valuation Date, is 31 December 2010.
- 1.2) The date to which the last previous investigation under rule 9.4 related was 31 December 2009.
- 1.3) There have been no valuations since the previous investigation.

2. Product range

- 2.1) The pooled fund contract provides for investment of the assets of defined benefit and defined contribution pension schemes into internal linked funds. The name of the fund section generally indicates the nature of the underlying asset.
- 2.2) 36 new sections were created in 2010. These are listed and include the internal reference code.

2010 Opened Funds (Code Name)

1. CAAA Emerging Market Credit Fund
2. CYAA Active Aggregate Long Dated (33:33:33) Bond Fund
3. LFAB AAA Government Inflation Linked All Stocks Fund
4. NPAA U.S. Real Estate Equity Index Fund
5. VL Liquidity Fund (including charges)
6. VM World Equity Index (charges)
7. VN World Equity Index - Hedged (charges)
8. VY Global Equity MW (30:70) (Net WHT) - 75%GBP Hedged
9. WA World ex UK Developed (Net WHT) Equity Index
10. WB World ex UK Developed (Net WHT) Equity Index – GBP Hedged
11. WH Active EUR Credit All Stocks Fund
12. WJ Active USD Duration neutral long dated fund
13. WM Active USD Credit Over 10 Year Fund
14. WN World Eurozone (50:50) Equity Index Fund
15. WT Active GBP Credit Long Dated Fund
16. XM Active EUR credit duration neutralisation Fund
17. XP CSUF (31421)
18. XR GBP Corporate Financials Bond AAA-AA-A Fund (Passive)
19. XS GBP Corporate Ex Financials Bond AAA-AA-A Fund (Passive)
20. XT GBP Corporate Bond AAA-AA-A Fund (Passive)
21. XV MMMF II - Readily Realisable
22. XW MMMF II - Retained in Run Off
23. XX Global Advanced Emerging Market Fund
24. XY Hybrid Property (70:30) Fund
25. YA LPI Income Property Fund
26. YB 2040 Index Linked Gilt Fund
27. YC 2060 Single Stock Gilt Fund

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 2010

28. YF Global Eq FW (50:50) Net WHT - GBP Hedged
29. YM Germany/France/Netherlands Govt Bond Over 15 Yr Index
30. YN Germany/France/Netherlands Govt Bond All Stocks Index
31. YP French Government Inflation OATe 2032 Fund
32. YR French Government Inflation OATe 2040 Fund
33. YS French Government OAT 2055 Fund
34. YV French Government OAT 2060 Fund
35. YW World (ex Euro) Developed (net WHT) Equity Index Fund
36. YX FTSE-RAFI Global 3000 Index Fund

22 sections were withdrawn in 2010. These are listed below and include the internal reference code.

2010 Closed Funds (Code Name)

1. AH Closure - Latin America Emerging markets
2. AX Closure - EMEA Emerging Markets
3. BK Close - Multinational Equity Index Fund
4. BL Close - UK Equity Index (ex Multinational)
5. BM Close - US Equity Index (ex Multinational)
6. BN Close - Europe ex UK Index (ex Multinational)
7. BP Close - Pacific ex Japan (ex Multinational)
8. BR Close - Japan (ex Multinational)
9. CF Closure - Over 5 Year US Inflation-Linked - GBP hedged Fund
10. FL Closure - Eurozone 1-10 Yr Inflation Linked Bond Fund
11. LA Closure - CSUF (31499)
12. LC Closure - CSUF (33564)
13. LD Closure - CSUF 33857
14. LH Closure - CSUF 34944
15. LW Closure - CSUF 31448
16. NJ Closure - 1-15 yr Investment grade - fund closure
17. PW Closure - Cash Flow Matching 2010 Fund
18. RH Closure - Cash Flow Matching 2010 RPI Linked Fund
19. TN Closure - US Securitised Fund
20. VD Closure - PIF 35027
21. WK Closure - PIF 3493/4
22. XH Closure - Korea Equity Fund

2.(3) The products do not contain any options or guarantees that are in force.

2.(4) The Company maintains a spread between the bid and offer prices of units. This covers the Company's dealing costs, including stamp duty. Bid/offer spreads vary from nil to a maximum of 6.8% on the property fund (of which 4% is for stamp duty).

2.(5) For information the additional voluntary contribution contract included, at outset, guaranteed annuity rates for members retiring at normal retirement date within the first ten years of the scheme. No members are now entitled to this guarantee.

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 2010

- 2.(6) There are certain Overseas Life Assurance Benefit (OLAB) contracts where the benefits are paid in a non sterling currency, either -euro or US dollars.
 - 2.(7) There have been no changes to the product brand name.
 - 2.(8) None of the contracts contain a with-profits option.
 - 2.(9) Where monies being reallocated match monies allocated to the fund, the saving in external dealing costs is passed to the policyholder or retained by the Company depending upon the circumstances. In the latter case such matching is a source of revenue to the Company.
 - 2.(10) The maximum annual charge is 1% and the current terms and conditions of the policy may be changed on four months' notice to policyholders.
-
3. Discretionary charges and benefits
 - 3.(1) The company does not have the option of applying market value reductions
 - 3.(2) The company does not write non-linked protection business
 - 3.(3) The company does not write non-profit deposit administration benefits
 - 3.(4) The company does not use benefit charges
 - 3.(5) The contracts are not with profits
 - 3.(6) The Company recovers its costs, other than flat charges for smaller schemes with less than £25m invested or for ancillary services, through the annual management charge which accrue daily as a proportion of the assets of the fund. The charges vary from 0.05% to 0.75% for active internal linked funds and from 0.03% to 0.60% for index tracking funds; the charges also vary within these ranges depending upon the amount invested. There are extra fixed charges for other related services including asset allocation and scheme benchmarking.
 - 3.(7) For active funds, where the investment objective is not related to tracking an index, the management charge and custodial costs, have historically been charged against the assets of the internal linked fund. For certain newer funds charges are paid directly by the policyholder.
 - 3.(8) The management charges for index-tracking funds are usually paid directly by the policyholder on a quarterly basis. There are certain index-tracking funds where the charges are built into the unit price of the internal fund; these have '(charges)' after the fund name.
 - 3.(9) Internal linked funds
 - (a) (i) There are two methods used in the creation and cancellation of units in the internal linked funds and in the determination of unit prices for the allocation and cancellation of units. These are daily pricing and weekly pricing.

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 2010

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 2010

- (a) (ii) Weekly pricing is used for all other funds:

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

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

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

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

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

4. Valuation basis

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

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

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

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

Appendix 9.4 (Rule 9.31):

Legal & General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2010

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

- i. Due regard has been given to the duty to treat customers fairly through their contractual entitlements and the valuation is in line with those expectations. No increases in policy charges are anticipated in deriving the mathematical reserves. Policyholders are not eligible to participate in any established surplus.
 - ii. The net premium method of valuation is not used.
 - iii. The valuation methods do not give rise to negative values and do not allow any contract to be treated as an asset.
 - iv. The contracts are non profit and so no reserve has been made for future bonuses.
 - v. No provision has been made for any liability to taxation on unrealised capital gains.
 - vi. No reserve has been deemed necessary for the capital guarantee provided under the AVC contract since deposit-based investment portfolios are used to back these liabilities.
 - vii. The contingent liability for original guaranteed annuity rates under the AVC contract has been reviewed and no reserve has been deemed necessary.
- 4.(2) The rate of interest used to value annuities in the course of payment is 4.97% (5.49% 2009).
- 4.(3) The yield has not been adjusted.
- 4.(4) The mortality tables used are set out below and have been published.

82% of PCMA00 for males and 86% of PCFA00 for females. Allowance for future improvement, commencing 31.12.2008, as per CMIB's mortality improvement model; CMI2009 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.

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

Age	65	75
Male	23.6	14.5
Female	24.9	15.6

- i. The equivalent table for 2009 were

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

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- 87% males PCMA00
- 88% females PCFA00

Allowance for future improvement, commencing 31.12.2007, as per CMI Working Paper 30 projection MC for males with a minimum of 2% p.a. up to age 90 tapering to 0% at 120 and 75% of CMI Working Paper 30 projection MC for females with a minimum of 1.5% p.a. up to age 90 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 £17.96 p.a. increasing from 31.12.10 at 3.5% p.a. The Company itself is involved in no expense with regard to the payment of annuities. The basis used in 2009 was £17.92 with increases of 3.5%.

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

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

5. Options and guarantees

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

6. Expenses

6.(1) The valuation basis for linked contracts does not require an explicit reserve for expenses since the amount required to meet expenses arising in future years will implicitly be covered by charges on the linked funds. The amount of fees expected in 2011, according to the Business 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 Business Plan and the budgets of the relevant cost centres. No reserve is required.

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

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

Appendix 9.4 (Rule 9.31):

Legal & General Assurance (Pensions Management) Ltd

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- 6.(3) If the Company were to cease transacting new business 12 months after the Valuation Date then any closure costs would be borne by an associated company which has no legal right to recover those costs from the Company. No provision is necessary for such costs. However the Company's capital and reserves have been reviewed as to their adequacy to cover the operational risk of costs arising from cessation of new business combined with the event of the associated company not being able either to provide the services or to fund the administration costs or both. The administration of the in force portfolio 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.
- 7.(1) All liabilities, other than liabilities for property linked benefits, are expressed to be payable in Sterling and are matched by Sterling assets.
8. There are no "other special reserves"
9. Reinsurance
- 9.(1) No reinsurance is ceded on a facultative basis.
- 9.(2) Reinsurance treaties
- A Immediate annuities
- i. The liability in respect of immediate annuities is wholly reinsured under a treaty with Legal & General Assurance Society Limited ("Society").
 - ii. The reinsurance is on original terms.
 - iii. No premiums were payable by the Company under the treaty during the report period and no new annuities written.
 - iv. There is no deposit back arrangement.
 - v. The treaty is not closed to new business.
 - vi. Society is authorised to carry on insurance business in the United Kingdom.

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

Appendix 9.4 (Rule 9.31):

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

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

B Index Funds

- i. The liability of the Index Funds in respect of exposure to the price of Legal & General Group Plc shares is wholly reinsured under a treaty with Swiss Re Europe S.A (SRE) ("Swiss Re") a company based in Luxembourg.
- ii. The reinsurance is on original terms. The Company has a charge over the assets held by Swiss Re to match its liability.
- iii. The Company ceded client monies of £183 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.

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

	2010 £'000
Form 13, Line 89 (other than long-term)	263,182
Form 13, Line 89 (long-term)	225,008,883
LESS:	
Form 14, Line 11	(224,812,621)
Form 14, Line 49	(166,262)
Form 15, Line 69	<u>(24,326)</u>
Core tier one capital (line 19)	268,856
Deductions for regulated non-insurance related undertakings	<u>(1,436)</u>
Total capital resources after deductions (line 79)	<u>267,420</u>

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

	£'000
Form 3, Line 12, (Profit and Loss account and other reserves 2010)	268,756
Form 3, Line 12, (Profit and Loss account and other reserves 2009)	<u>(255,175)</u>
Form 16, Line 59 (Profit and Loss retained for the financial year)	<u>13,581</u>

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

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

***1302* OLTB: Hybrid Securities**

The Company has no hybrid securities.

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

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

***1304* OLTB: Set Off**

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

***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

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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.

***1310* LTB: Set Off**

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

Returns under the Accounts and Statements Rules
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***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.

***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.

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

- (i) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- (ii) There is no liability to tax on capital gains that might arise if the Company disposed of its assets.
- (iii) Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance of actual experience from that assumed may result in such liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of such contracts, or the circumstances in which policyholders have entered into them. In addition, the extent of liabilities in respect of contracts with policyholders may be affected by Court judgements, Ombudsman rulings, regulatory action and industry compensation schemes. Whilst it is not possible to predict with certainty the resultant financial impact or timing of all these factors, the Company considers that provisions have been made on a prudent basis and that it has adequate capital and reserves to meet all reasonably foreseeable eventualities.
- (iv) There are no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business in respect of the existing or future liabilities of any related Company.
- (v) There is no other fundamental uncertainty.

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

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

***1603* Other Income and Charges**

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

***1700* Omission of Form**

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

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***4002* Other Income and Expenditure**

Other income consists of: -

	£'000 2010	£'000 2009
Investment management fees for pension fund management contracts	213,919	168,374
Specific charges to clients on asset allocation, subsidies, ex-gratia payments and stock reservation recoveries	2,120	2,372
Interest claims	(143)	(78)
	215,896	170,668

***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	41,989
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
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Legal & General Assurance (Pensions Management) Limited
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***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	25,717,773	960,707
Reinsurance accepted intra-group: Pooled	399,299	5,145
	<u>26,117,072</u>	<u>965,852</u>

For completeness, the following segregated intra-group fee income of £10k was recognised in other technical income. The corresponding entry would be reported in Form 41 as group pension fund management non profit single premium.

***4201* Analysis of claims**

	UK Pensions £'000	Overseas £'000
Surrender or partial surrender: Gross	35,097,366	454,042
Reinsurance accepted: intra-group Pooled	150,905	1,093
	<u>35,248,271</u>	<u>455,135</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
B: UK Fixed Interest - All Stocks	4
BC: Asia Emerging Markets Index	7,317
BJ: Active Corporate Bond - Over 10 Yr	6,665
CAAB: Emerging Market Credit Fund - GBP Hedged	598
CS: Eurozone Equity Index	2
DC: Active Corporate Bond - All Stocks	3,225
DJ: World Adv Emerging (ex-A Pac)	11
EC: Japan Equity Index - GBP Hedged	13,758
ED: Europe (ex-UK) Index - GBP Hedged	15,717
EE: North America Equity Index - GBP Hedged	108,595
EF: Asia Pacific (ex-Jap) Dev Index - GBP Hedged	10,935
EW: N America Net US WHT - Euro Hedged	500
EX: Japan Equity Index-Euro Hedged	21
FA: Overseas Bond Index - GBP Hdg	158

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FE: Active Agg All Stks 50:50 Fixed Int	12
FG: UK World Eq Index-Euro Hedged	69
GC: Nth America Net US WHT - GBP Hedgd	1,132
GW: North America Equity (Net US WHT)	22
HD: Act Corp Bond All Stk RPI	2,440
HE: Act Corp Bond All Stk RPI2035	31,312
HF: Act Corp Bond All Stk 2035	18,840
HN: World Emerging Markets Eqty Index	289
HP: UK Equity FTSE 100 Equity Index	38
HS: Middle East/Africa Equ Ind	2
JA: Active Corp Bnd - All Stk 2025	33,579
JB: Active Corp Bnd - All Stk 2045	9,908
JC: Act Corp Bond All Stock -RPI2025	28,836
JD: Act Corp Bond All Stock -RPI2045	15,459
JF: AAA-AA-A Cp Bd All Stk Idx2035	610
JG: AAA-AA-A Corp Bd All Stks 2045	1,047
JJ: AAA-AA-A Corp Bond All Stk RPI2025	15,831
JK: AAA-AA-ACB All Stk RPI Lnk2035	10,015
JL: 6A Corp Bond All Stk IF(2045) RPI	965
JM: AAA-AA-A Corp Bond All Stk RPI	1,397
KA: Enhanced Matching Fnd 2020 Fxd	24,572
KB: Enhanced Matching Fnd 2030 Fxd	6,520
KC: Enhanced Matching Fnd 2020 RPI	8,674
KD: Enhanced Matching Fnd 2025 RPI	11,065
KE: Enhanced Matchg Fnd (2030 RPI)	9,399
KF: Enhanced Matchg Fnd (2035 RPI)	8,342
KN: Japan Equity (Net WHT) Index	13
KR: Japan Eq (Net WHT) Idx GBP Hdg	169
KT: High Yield Bond	1,016
KV: Korea & Taiwan Equity Index	17
LE: Client Specific Unitised 34786	21,311
LF: Client Specific Unitised 34865 -000	10,220
LG: Client Specific Unitised 34447	26,990
LK: Client Specific Unitised 35032	91,020
LN: Client Specific Unitised 34818 - 003	1,107,081
LR: Client Specific Unitised 35113	28,387
LT: Client Specific - Merseyside	721
LV: Client Specific Unitised 35112	35,154
LX: CSUF 35228 (Euro)	319
LY: CSUF 31478	2,742
M: Pacific Basin Equity	7
MG: LDI Active Corp Bond (2030)	16,583
MH: LDI Active Corp Bond (2030)	21,764
MJ: LDI Act Corp Bond (2040)	3,771
MK: LDI Active Corp Bond (2040)	10,950
MM: LDI Act Corp Bond (2050)	3,358
MN: LDI Active Corp Bond (2050) RPI	3,826
MP: Enhanced Matchg Fnd (2015 Fxd)	2,938
MR: Enhanced Matchg Fnd (2025 Fxd)	22,931

Returns under the Accounts and Statements Rules
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MT: Enhanced Matchg Fnd (2035 Fxd)	9,946
MV: Enhanced Matchg Fnd (2015 RPI)	9,976
MW: LDI Act Corp Bond (2020) RPI	27,706
MX: LDI Act Corp Bond (2020) RPI	14,641
MY: LDI Active Corp Bond (2055)	7,200
N: UK Equity Index	210
NA: LDI Active Corp Bond (2055) RPI	24,899
NB: LDI AAA-AA-A Corp Bond (LIBOR)	2,042
NC: LDI Active Corp Bond (LIBOR)	91,147
NM: AAA-AA-A Corp Bond All Stk 2030	711
NN: AAA-AA-A Corp Bond All Stk 2020 RPI	5,605
NP: AAA-AA-A Corp Bond All Stk 2030 RPI	9,520
NR: AAA-AA-A Corp Bond All Stk 2040 RPI	13,694
PH: AAA-AA-A Corp Bd All Stks RPI2050	2,515
PJ: 6A CorpBond-All Stk - I.F.2050	1,508
PK: 6A CpBnd-AllStk-I.F2050 RPI	693
PL: 6A Corp Bond All Stk Ind(2055)	3,322
PM: 6A Corp Bond All Stk Ind(2055) RPI	989
PP: EurLgeCap(exUK Eq Idx(DesB)	1
PT: World Equ Index(MSCI)	10
PV: Wld Equ Ind-MSCI-GBPCurrHdg	4,745
PX: Cashflow Matching (2015)	3,312
PY: Cashflow Matching (2020)	1,791
R: Japan Equity Index	217
RA: Cashflow Matching (2025)	1,465
RB: Cashflow Matching (2030)	1,167
RC: Cashflow Matching (2035)	865
RD: Cashflow Matching (2040)	1,527
RE: Cashflow Matching (2045)	1,382
RF: Cashflow Matching (2050)	1,237
RG: Cashflow Matching (2055)	1,059
RJ: Cashflow Match (RPI Lnkd 2015)	1,727
RK: Cashflow Match (RPI Lnkd 2020)	1,894
RL: Cashflow Match (RPI Lnkd 2025)	1,633
RM: Cashflow Match (RPI Lnkd 2030)	1,371
RN: Cashflow Match (RPI Lnkd 2035)	1,102
RP: Cashflow Match (RPI Lnkd 2040)	893
RR: Cashflow Match (RPI Lnkd 2045)	738
RT: Cashflow Match (RPI Lnkd 2050)	626
RV: Cashflow Match (RPI Lnkd 2055)	1,870
S: North America Equity Index	592
T: Europe (ex UK) Equity Index	56
TD: Core Fund	3,511
TE: Pan-European Credit Fund	2,645
TK: Portfolio Implementation 34747 - 001	31,425
TR: Middle East/Africa Equ Index	220
TV: GlCredit(40%Fins)IF-£Hdgd	8,867
TX: USD6ACorpBond-Non-Fin>5YrIF	55
TY: USD6ACorpBond(Fins)>5Yr-IF	131

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VA: Corp Bond(NonFin)F-\$ Hdgd	1,653
VB: USD-EUR CB 40% Fin IndxIT&GBP Hdg	9,655
VF: \$CorpBond(NonFin)F-£Hdgd	16,608
W: Asia Pacific (ex Jap) Dev Equity Index	247
WC: Mega Cap Index Fund (Des. B)	10
WH: Active EUR Credit All Stocks	353
WJ: Active USD Dur Neutral Long Dated	5,478
WS: Active GBP Credit All Stock	21,522
WT: Act GBP Credit Over 10 Yr Fund	8,476
X: Overseas Bond	15
XG: USDAct Credit Duration Neutral	5,136
XJ: AsiaPac exJap&KoreaDevEqInd	1
XK: AsiaPac xJapkorDevEqIndGBPH	182
XM: EUR Act Cred Duration Neutral	659
XP: Client Specific Unitised 31421	10,707
	2,204,329

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	(4)
BJ: Active Corporate Bond - Over 10 Yr	(4,315)
CY: UK (World) Equity Index	(3)
DC: Active Corporate Bond - All Stocks	(2,903)
DH: Euro Govt Bond > 10 Yr Index	(5)
DK: Ethical UK Equity Index	(1)
EC: Japan Equity Index - GBP Hedged	(57,645)
ED: Europe (ex-UK) Index - GBP Hedged	(133,840)
EE: North America Equity Index - GBP Hedged	(76,177)
EF: Asia Pacific (ex-Jap) Dev Index - GBP Hedged	(58,044)
ET: Euro > 5 Yr Inflation Linked Index	(6)
EW: N America Net US WHT - Euro Hedged	(116)
EX: Japan Equity Index-Euro Hedged	(10)
FA: Overseas Bond Index - GBP Hdg	(1,173)
FE: Active Agg All Stks 50:50 Fixed Int	(11)
FG: UK World Eq Index-Euro Hedged	(15)
FV: HSBC Stock Fund	(53)
GC: Nth America Net US WHT - GBP Hedgd	(785)
HD: Act Corp Bond All Stk RPI	(964)
HE: Act Corp Bond All Stk RPI2035	(24,941)
HF: Act Corp Bond All Stk 2035	(3,770)
HN: World Emerging Markets Eqty Index	(47)
HP: UK Equity FTSE 100 Equity Index	(9)
JA: Active Corp Bnd - All Stk 2025	(1,828)
JB: Active Corp Bnd - All Stk 2045	(4,607)
JC: Act Corp Bond All Stock -RPI2025	(16,945)
JD: Act Corp Bond All Stock -RPI2045	(10,410)

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JE: AAA-AA-A Corp Bond All Index 2025	(646)
JF: AAA-AA-A Cp Bd All Stk Idx2035	(283)
JJ: AAA-AA-A Corp Bond All Stk RPI2025	(11,542)
JK: AAA-AA-ACB All Stk RPI Lnk2035	(8,552)
JL: 6A Corp Bond All Stk IF(2045) RPI	(813)
JM: AAA-AA-A Corp Bond All Stk RPI	(978)
JP: Euro Govt Bond > 15yr Index	(1)
KD: Enhanced Matching Fnd 2025 RPI	(2)
KE: Enhanced Matchg Fnd (2030 RPI)	(222)
KF: Enhanced Matchg Fnd (2035 RPI)	(324)
KH: UK Wealth Weighted Fund	(2)
KM: UK FTSE 350 Higher Yield Fund	(7)
KR: Japan Eq (Net WHT) Idx GBP Hdg	(429)
KT: High Yield Bond	(3,449)
KV: Korea & Taiwan Equity Index	(8)
LF: Client Specific Unitised 34865 -000	(20,853)
LG: Client Specific Unitised 34447	(9,061)
LK: Client Specific Unitised 35032	(291,033)
LN: Client Specific Unitised 34818 - 003	(756,965)
LR: Client Specific Unitised 35113	(68,023)
LT: Client Specific - Merseyside	(223)
LV: Client Specific Unitised 35112	(123,982)
LX: CSUF 35228 - (Euro)	(2,320)
LY: CSUF 31478	(691)
MG: LDI Active Corp Bond (2030)	(1,336)
MH: LDI Active Corp Bond (2030)	(13,433)
MJ: LDI Act Corp Bond (2040)	(5,364)
MK: LDI Active Corp Bond (2040)	(6,462)
MM: LDI Act Corp Bond (2050)	(3,315)
MN: LDI Active Corp Bond (2050) RPI	(1,303)
MW: LDI Act Corp Bond (2020) RPI	(809)
MX: LDI Act Corp Bond (2020) RPI	(7,185)
MY: LDI Active Corp Bond (2055)	(1,187)
N: UK Equity Index	(331)
NA: LDI Active Corp Bond (2055) RPI	(2,395)
NB: LDI AAA-AA-A Corp Bond (LIBOR)	(10,062)
NC: LDI Active Corp Bond (LIBOR)	(176,084)
NK: AAA-AA-A Corp Bond All Stk 2020	(275)
NM: AAA-AA-A Corp Bond All Stk 2030	(537)
NN: AAA-AA-A Corp Bond All Stk 2020 RPI	(3,059)
NP: AAA-AA-A Corp Bond All Stk 2030 RPI	(6,515)
NR: AAA-AA-A Corp Bond All Stk 2040 RPI	(12,082)
PG: UK Equity Index (Des E) PG	(4)
PH: AAA-AA-A Corp Bd All Stks RPI2050	(195)
PK: 6A CpBnd-AllStk-IF2050 RPI	(402)
PL: 6A Corp Bond All Stk Ind(2055)	(169)
PM: 6A Corp Bond All Stk Ind(2055) RPI	(257)
PR: UK FTSE 100 Eq Idx (Des E)	(19)
PT: World Equ Index(MSCI)	(1)

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2010

PV: Wld Equ Ind-MSCI-GBPCurrHdg	(7,022)
R: Japan Equity Index	(97)
RJ: Cashflow Match (RPI Lnkd 2015)	(393)
RK: Cashflow Match (RPI Lnkd 2020)	(622)
RL: Cashflow Match (RPI Lnkd 2025)	(662)
RM: Cashflow Match (RPI Lnkd 2030)	(789)
RN: Cashflow Match (RPI Lnkd 2035)	(716)
RP: Cashflow Match (RPI Lnkd 2040)	(488)
RR: Cashflow Match (RPI Lnkd 2045)	(316)
RT: Cashflow Match (RPI Lnkd 2050)	(184)
RV: Cashflow Match (RPI Lnkd 2055)	(126)
S: North America Equity Index	(246)
T: Europe (ex UK) Equity Index	(76)
TD: Core Fund	(4,301)
TE: Pan-European Credit Fund	(2,089)
TK: Portfolio Implementation 34747 - 001	(103)
TR: Middle East/Africa Equ Index	(757)
TS: EUR6ACorpBond(Fins)>5Yr-IF	(9)
TT: EURA6ACorpBond-NonFin>5YrIF	(5)
TV: GICredit(40%Fins)IF-£Hdg	(12,424)
VA: Corp Bond(NonFin)F-\$ Hdgd	(10,122)
VB: USD-EUR CB 40% Fin IndxIT&GBP Hdg	(47,300)
VF: \$CorpBond(NonFin)F-£Hdg	(11,184)
W: Asia Pacific (ex Jap) Dev Equity Index	(101)
WH: Active EUR Credit All Stocks	(198)
WJ: Active USD Dur Neutral Long Dated	(14)
WS: Active GBP Credit All Stock	(7,730)
WT: Act GBP Credit Over 10 Yr Fund	(4,094)
WX: ABS Fund	(199)
X: Overseas Bond	(5)
XG: USDAct Credit Duration Neutral	(9)
XJ: AsiaPac exJap&KoreaDevEqInd	(1)
XK: AsiaPac xJapkorDevEqIndGBPH	(821)
XM: EUR Act Cred Duration Neutral	(966)
XP: Client Specific Unitised 31421	(14,525)
YV: French Government OAT 2060 Fund	(1)
	<hr/>
	(2,080,512)
	<hr/> <hr/>

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2010

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	255
CN: AAA-AA-A Bonds All Stk Index	7,586
DK: Ethical UK Equity Index	4
DL: Money Market	425,161
EB: Inv Grade Corp Bond All Stocks Index	5,990
FE: Active Agg All Stks 50:50 Fixed Int	189
HA: UK Core Equity Index Fund	264
KH: UK Wealth Weighted Fund	11
LG: Client Specific Unitised 34447	17,632
LK: Client Specific Unitised 35032	857,038
LN: Client Specific Unitised 34818 - 003	469,048
LR: Client Specific Unitised 35113	44,009
LV: Client Specific Unitised 35112	27,573
N: UK Equity Index	2,174
PG: UK Equity Index (Des E)	25
TD: Core Fund	922
TE: Pan-European Credit Fund	1,036
TF: US Credit Fund	529
VT: FRN Fund	83,167
WH: Active EUR Credit All Stocks	6,582
WL: Active USD Credit All Stocks	3,594
WS: Active GBP Credit All Stock	67,911
WX: ABS Fund	17,707
XV: MMMF II - Readily Available	123,866
XW: MMMF II Retained Run Off	21,563
	<u>2,183,836</u>

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2010

***4502* Other Income and Expenditure**

Other expenditure consists of: -

	£'000
Custody Charges	52
Bank Charges	6
Property Surveyor fees	246
Other Expenses	300
	<u>604</u>

***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 3,127 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.

***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.

**Returns under the Accounts and Statements Rules
Supplementary Notes
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2010**

Return under the Accounts and Statements Rules
Statements required by the Rules
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2010

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 £4,044,529 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 2010

Rule 9.30: Additional information on controllers

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

Returns under the Accounts and Statements Rules
Certificate required by rule 9.34
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2010

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

22 March 2011

**Auditors' Report: Regulatory Return for a life insurance company
Legal & General Assurance (Pensions Management) Limited
Financial year ended 31 December 2010
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 57 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 58 ('the statement'); and
- the valuation report required by IPRU(INS) rule 9.31(a) on pages 35 to 43 ('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 59; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 60.

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 2010
Independent auditors' report to the directors pursuant to rule 9.35 of the Interim
Prudential Sourcebook for Insurers
Basis of opinion**

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

22 March 2011