Insurance Group Capital Adequacy

Name of reporting insurance firm	**Legal & General Assurance Society Ltd.**
Name of insurance parent undertaking	**Legal & General Group Plc.**
	Year ended 31 December 2005

Information required under IPRU (INS) 9.40(1)

Ultimate insurance parent undertaking	Legal & General Group Plc
Principal activity	The principal activites of the Group and its subsidiaries are the provision of long term insurance, general insurance and investment management.
Head Office	Temple Court 11 Queen Victoria Street London EC4N 4TP

Calculation of consolidated position

	£'000
Tier 1	
Group core tier 1	6,478,014
Deductions from tier 1	430,348
Tier 1 total	6,047,666
Tier 2	
Group upper tier 2	394,145
Group lower tier 2	407,967
Group capital resources before deductions	6,849,778
Total group capital resources deductions	62,404
Group capital resources	6,787,374
Group capital resources requirement	4,376,190
Group surplus/(deficit)	2,411,184

Name of insurance parent undertaking **Legal & General Group Plc.**

Reconciliation of Group Capital Resources to Consolidated Capital & Reserves on an IFRS basis

	£'000
Capital and reserves attributable to equity holders on an IFRS basis	4,651,133
Qualifying lower tier II capital	407,967
Additional capital available from Legal & General Assurance Society Ltd	2,148,119
Adjustment to reflect regulatory value of L&G America	(430,348)
Other adjustments to restate to IGD basis	10,503
Group capital resources	6,787,374

Reconciliation of Group Capital Resources for IGD Calculation to Capital Resources on an FRS 27 basis

	£'000
Group capital resources	6,787,374
Additional capital available from Legal & General Assurance Society Ltd	(2,148,119)
Adjustment to reflect regulatory value of L&G America	430,348
Other adjustments to restate to IGD basis	(3,470)
Implicit item (from FRS 27 Capital Position Statement)	540,000
Unallocated divisible surplus (from FRS 27 Capital Position Statement)	1,893,595
Other adjustments onto regulatory basis (from FRS 27 Capital Position Statement)	(1,328,000)
Group capital resources (FRS 27 basis)	6,171,728

The net effect of the reconciling items above is £615m. Under FRS 27, total available capital resources from the UK Long Term Fund amount to £3.4bn, reflecting the with-profits surplus on a realistic basis. For IGD purposes, we are allowed to include assets from the UK Long Term Fund up to the value of the capital resources requirement of Legal & General Assurance Society Ltd, which is £4.1bn.