PRUDENTIAL

Prudential Assurance Company Limited

Annual FSA Insurance Returns for the year ended 31 December 2001

Returns under the Accounts and Statements Rules

(Appendix 4)

Incorporated and Registered in England and Wales Registered number 15454
Registered office 142 Holborn Bars London EC1N 2NH

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Linked**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	13

Valuation result	Fund carried forward		11	505358
	Bonus payments made to policyholders in anticipation of a surplus		12	
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	
	Total (11+12+15)		16	505358
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	38049
	Mathematical reserves for property linked contracts		19	350497
	Mathematical reserves for index linked contracts		20	3201
	Total (17 to 20)		21	391747
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	113611
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	113611
	Transfers into fund/part of fund	Transfer from non-technical account	32	8395
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	8395
	Surplus arising since the last valuation		35	(8395)
	Total (31+34+35)		39	113611
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	
	Allocated to policyholders by way of	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	
	Total distributed surplus (46+47)		48	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	113611
	Total (48+49)		59	113611
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	
	Earlier	(year of valuation **1999**)	63	
	Earliest	(year of valuation **1998**)	64	

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Long term sickness and accident business**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	14

Valuation result	Fund carried forward		11	30702
	Bonus payments made to policyholders in anticipation of a surplus		12	
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	14020
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	14020
	Total (11+12+15)		16	44722
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	27221
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	3481
	Total (17 to 20)		21	30702
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	14020
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	14020
	Total (31+34+35)		39	14020
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	
	Allocated to policyholders by way of	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	14020
	Total distributed surplus (46+47)		48	14020
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	14020
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	
	Earlier	(year of valuation **1999**)	63	
	Earliest	(year of valuation **1998**)	64	

Form 57
(Sheet 3)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling liabilities

Valuation rate(s) of interest **2.00%**

Type of business **Pension Insurance Business**

With profits

Category of assets **Other Long Term PAC Funds**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000	Stg	2.00	Pens	WP	12

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11	1800000	5.74	1440000	3945489	5385489	7.18
Fixed interest securities	Approved securities	12				919750	919750	8.25
	Other	13	6845700	5.96	5660759	(5660759)		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	20249	2.50	18806		18806	3.50
	Other	15	16943	3.92	15736		15736	3.92
Equity shares and holdings in collective investment schemes		16	4786750	4.52	3590062	2133666	5723728	3.88
Loans secured by mortgages		17						
All other assets	Producing income	18						
	Not producing income	19						
Total (11 to 19)		29	13469642	5.41	10725363	1338146	12063509	5.69
Gross valuation interest rate %		31		2.00				5.42
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	13469642				12063509	

Returns under the Accounts and Statements Rules

Form 57 (Sheet 4)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling liabilities

Valuation rate(s) of interest **3.00%**

Type of business **Pension Insurance Business**

With profits

Category of assets **Other Long Term PAC Funds**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000	Stg	3.00	Pens	WP	12

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	737000	5.25	609870	595540	1205410	8.25
	Other	13	189000	5.96	156285	(156285)		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16	1969291	2.18	1476968	(219302)	1257666	3.29
Loans secured by mortgages		17						
All other assets	Producing income	18						
	Not producing income	19						
Total (11 to 19)		29	2895291	3.21	2243123	219953	2463076	5.72
Gross valuation interest rate %		31		3.00				5.45
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	2895291				2463076	

Returns under the Accounts and Statements Rules

Form 57
(Sheet 8)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets **Other Long Term PAC Funds**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000		99			12

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11	8343553	5.74	6674843		6674843	7.18
Fixed interest securities	Approved securities	12	2568159	5.25	2125160		2125160	8.25
	Other	13	13949516	5.96	11534960		11534960	8.96
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	20249	2.50	18806		18806	3.50
	Other	15	1007139	3.92	1005932		1005932	3.92
Equity shares and holdings in collective investment schemes		16	25423588	3.84	19067691		19067691	4.86
Loans secured by mortgages		17	4112	5.63	4112		4112	5.63
All other assets	Producing income	18	3011557	3.40	3011557		3011557	3.40
	Not producing income	19	901796		901796		901796	
Total (11 to 19)		29	55229669	4.64	44344857		44344857	6.22
Gross valuation interest rate %		31						
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	55229669				44319914	

Form 57
(Sheet 1)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling liabilities

Valuation rate(s) of interest **2.00%**

Type of business **Life Assurance and Annuity Insurance Business**

With profits

Category of assets **Ordinary Branch (Europe)**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000	Stg	2.00	L&GA	WP	13

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	6456	4.57	5262		5262	7.57
	Other	13	1228	5.17	1001		1001	8.17
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16	16557	2.34	12418		12418	3.12
Loans secured by mortgages		17						
All other assets	Producing income	18	5747	1.90	5747		5747	1.90
	Not producing income	19	6885		6885		6885	
Total (11 to 19)		29	36873	2.32	31313		31313	3.12
Gross valuation interest rate %		31		2.00				2.90
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	36873				31305	

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Summary**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	15

Valuation result	Fund carried forward		11	61497601
	Bonus payments made to policyholders in anticipation of a surplus		12	2409174
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	280819
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	280819
	Total (11+12+15)		16	64187594
	Mathematical reserves for accumulating with profit policies		17	39235789
	Mathematical reserves for other non linked contracts		18	20801879
	Mathematical reserves for property linked contracts		19	428246
	Mathematical reserves for index linked contracts		20	19281
	Total (17 to 20)		21	60485195
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	3702399
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	113611
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	3588788
	Total (31+34+35)		39	3702399
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	2409174
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	460388
		Other bonuses	44	438407
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	3307969
	Net transfer out of fund/part of fund		47	280819
	Total distributed surplus (46+47)		48	3588788
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	113611
	Total (48+49)		59	3702399
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	92.18
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 2000)	62	91.92
	Earlier	(year of valuation 1999)	63	92.14
	Earliest	(year of valuation 1998)	64	92.07

Form 58

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Other**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	11

Valuation result	Fund carried forward		11	23094435
	Bonus payments made to policyholders in anticipation of a surplus		12	846489
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	154738
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	154738
	Total (11+12+15)		16	24095662
	Mathematical reserves for accumulating with profit policies		17	16112382
	Mathematical reserves for other non linked contracts		18	6412145
	Mathematical reserves for property linked contracts		19	10353
	Mathematical reserves for index linked contracts		20	12599
	Total (17 to 20)		21	22547479
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	1548183
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	1548183
	Total (31+34+35)		39	1548183
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	846489
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	176430
		Other bonuses	44	370526
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	1393445
	Net transfer out of fund/part of fund		47	154738
	Total distributed surplus (46+47)		48	1548183
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	1548183
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	90.01
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	90.01
	Earlier	(year of valuation **1999**)	63	90.00
	Earliest	(year of valuation **1998**)	64	90.00

Form 57
(Sheet 3)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling liabilities

Valuation rate(s) of interest **2.00%**

Type of business **Pension Insurance Business**

With profits

Category of assets **Other Long Term PAC Funds**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000	Stg	2.00	Pens	WP	12

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11	1800000	5.74	1440000	3945489	5385489	7.18
Fixed interest securities	Approved securities	12				919750	919750	
	Other	13	6845700	5.96	5660759	(5660759)		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	20249	2.50	18806		18806	3.50
	Other	15	16943	3.92	15736		15736	3.92
Equity shares and holdings in collective investment schemes		16	4786750	4.52	3590062	2133666	5723728	3.88
Loans secured by mortgages		17						
All other assets	Producing income	18						
	Not producing income	19						
Total (11 to 19)		29	13469642	5.41	10725363	1338146	12063509	5.06
Gross valuation interest rate %		31		2.00				5.42
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	13469642				12063509	

Form 57
(Sheet 4)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling liabilities

Valuation rate(s) of interest **3.00%**

Type of business **Pension Insurance Business**

With profits

Category of assets **Other Long Term PAC Funds**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000	Stg	3.00	Pens	WP	12

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	737000	5.25	609870	595540	1205410	8.25
	Other	13	189000	5.96	156285	(156285)		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16	1969291	1.16	1476968	(219302)	1257666	1.02
Loans secured by mortgages		17						
All other assets	Producing income	18						
	Not producing income	19						
Total (11 to 19)		29	2895291	2.51	2243123	219953	2463076	4.56
Gross valuation interest rate %		31		3.00				5.45
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	2895291				2463076	

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **EUROPE**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	18

Valuation result	Fund carried forward		11	40751
	Bonus payments made to policyholders in anticipation of a surplus		12	490
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	
	Total (11+12+15)		16	41241
	Mathematical reserves for accumulating with profit policies		17	36873
	Mathematical reserves for other non linked contracts		18	
	Mathematical reserves for property linked contracts		19	3878
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	40751
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	490
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	9966
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	9966
	Surplus arising since the last valuation		35	(9476)
	Total (31+34+35)		39	490
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	490
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	
		Other bonuses	44	
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	490
	Net transfer out of fund/part of fund		47	
	Total distributed surplus (46+47)		48	490
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	490
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	100.00
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	
	Earlier	(year of valuation **1999**)	63	
	Earliest	(year of valuation **1998**)	64	

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **EUROPE**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	18

Valuation result	Fund carried forward		11	40751
	Bonus payments made to policyholders in anticipation of a surplus		12	800
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	
	Total (11+12+15)		16	41551
	Mathematical reserves for accumulating with profit policies		17	36873
	Mathematical reserves for other non linked contracts		18	
	Mathematical reserves for property linked contracts		19	3878
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	40751
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	800
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	9966
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	9966
	Surplus arising since the last valuation		35	(9166)
	Total (31+34+35)		39	800
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	800
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	
		Other bonuses	44	
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	800
	Net transfer out of fund/part of fund		47	
	Total distributed surplus (46+47)		48	800
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	800
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	100.00
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 2000)	62	
	Earlier	(year of valuation 1999)	63	
	Earliest	(year of valuation 1998)	64	

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **SAIF**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	16

Valuation result	Fund carried forward		11	12154211
	Bonus payments made to policyholders in anticipation of a surplus		12	532136
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	
	Total (11+12+15)		16	12686347
	Mathematical reserves for accumulating with profit policies		17	4594045
	Mathematical reserves for other non linked contracts		18	7342473
	Mathematical reserves for property linked contracts		19	56753
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	11993271
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	693076
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	693076
	Total (31+34+35)		39	693076
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	532136
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	160940
		Other bonuses	44	
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	693076
	Net transfer out of fund/part of fund		47	
	Total distributed surplus (46+47)		48	693076
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	693076
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	100.00
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	100.00
	Earlier	(year of valuation **1999**)	63	100.00
	Earliest	(year of valuation **1998**)	64	100.00

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Long term sickness and accident business**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	14

Valuation result	Fund carried forward		11	30702
	Bonus payments made to policyholders in anticipation of a surplus		12	
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	1907
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	1907
	Total (11+12+15)		16	32609
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	27221
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	3481
	Total (17 to 20)		21	30702
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	1907
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	1907
	Total (31+34+35)		39	1907
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	
	Allocated to policyholders by way of	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	1907
	Total distributed surplus (46+47)		48	1907
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	1907
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	
	Earlier	(year of valuation **1999**)	63	
	Earliest	(year of valuation **1998**)	64	

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Linked**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	13

Valuation result	Fund carried forward		11	505358
	Bonus payments made to policyholders in anticipation of a surplus		12	
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	
	Total (11+12+15)		16	505358
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	38049
	Mathematical reserves for property linked contracts		19	350497
	Mathematical reserves for index linked contracts		20	3201
	Total (17 to 20)		21	391747
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	113611
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	113611
	Transfers into fund/part of fund	Transfer from non-technical account	32	1522
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	1522
	Surplus arising since the last valuation		35	(1522)
	Total (31+34+35)		39	113611
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	
	Allocated to policyholders by way of	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	
	Total distributed surplus (46+47)		48	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	113611
	Total (48+49)		59	113611
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	
	Earlier	(year of valuation **1999**)	63	
	Earliest	(year of valuation **1998**)	64	

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Other**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	11

Valuation result	Fund carried forward		11	23094435
	Bonus payments made to policyholders in anticipation of a surplus		12	846419
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	154740
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	154740
	Total (11+12+15)		16	24095594
	Mathematical reserves for accumulating with profit policies		17	16112382
	Mathematical reserves for other non linked contracts		18	6412145
	Mathematical reserves for property linked contracts		19	10353
	Mathematical reserves for index linked contracts		20	12599
	Total (17 to 20)		21	22547479
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	1548115
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	1548115
	Total (31+34+35)		39	1548115
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	846419
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	176430
		Other bonuses	44	370526
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	1393375
	Net transfer out of fund/part of fund		47	154740
	Total distributed surplus (46+47)		48	1548115
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	1548115
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	90.00
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	90.01
	Earlier	(year of valuation **1999**)	63	90.00
	Earliest	(year of valuation **1998**)	64	90.00

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Non-linked pensions**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	12

Valuation result	Fund carried forward		11	25672144
	Bonus payments made to policyholders in anticipation of a surplus		12	1030059
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	135662
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	135662
	Total (11+12+15)		16	26837865
	Mathematical reserves for accumulating with profit policies		17	18492489
	Mathematical reserves for other non linked contracts		18	6981991
	Mathematical reserves for property linked contracts		19	6765
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	25481245
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	1356620
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	1356620
	Total (31+34+35)		39	1356620
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	1030059
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	123018
		Other bonuses	44	67881
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	1220958
	Net transfer out of fund/part of fund		47	135662
	Total distributed surplus (46+47)		48	1356620
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	1356620
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	90.00
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	90.04
	Earlier	(year of valuation **1999**)	63	90.00
	Earliest	(year of valuation **1998**)	64	90.06

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Other**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	11

Valuation result	Fund carried forward		11	23094435
	Bonus payments made to policyholders in anticipation of a surplus		12	846489
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	154738
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	154738
	Total (11+12+15)		16	24095662
	Mathematical reserves for accumulating with profit policies		17	16112382
	Mathematical reserves for other non linked contracts		18	6412145
	Mathematical reserves for property linked contracts		19	10353
	Mathematical reserves for index linked contracts		20	12599
	Total (17 to 20)		21	22547479
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	1548183
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	1548183
	Total (31+34+35)		39	1548183
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	846489
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	176430
		Other bonuses	44	370526
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	1393445
	Net transfer out of fund/part of fund		47	154738
	Total distributed surplus (46+47)		48	1548183
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	1548183
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	90.01
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	90.01
	Earlier	(year of valuation **1999**)	63	90.00
	Earliest	(year of valuation **1998**)	64	90.00

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Summary**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	15

Valuation result	Fund carried forward		11	61497601
	Bonus payments made to policyholders in anticipation of a surplus		12	2409174
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	280819
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	280819
	Total (11+12+15)		16	64187594
	Mathematical reserves for accumulating with profit policies		17	39235789
	Mathematical reserves for other non linked contracts		18	20801879
	Mathematical reserves for property linked contracts		19	428246
	Mathematical reserves for index linked contracts		20	19281
	Total (17 to 20)		21	60485195
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	3702399
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	113611
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	3588788
	Total (31+34+35)		39	3702399
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	2409174
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	460388
		Other bonuses	44	438407
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	3307969
	Net transfer out of fund/part of fund		47	280819
	Total distributed surplus (46+47)		48	3588788
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	113611
	Total (48+49)		59	3702399
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	92.18
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	91.92
	Earlier	(year of valuation **1999**)	63	92.14
	Earliest	(year of valuation **1998**)	64	92.07

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Category of surplus **Summary**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	15454	GL	31	12	2001	£000	15

Valuation result	Fund carried forward		11	61497601
	Bonus payments made to policyholders in anticipation of a surplus		12	2409414
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	286061
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	286061
	Total (11+12+15)		16	64193076
	Mathematical reserves for accumulating with profit policies		17	39235789
	Mathematical reserves for other non linked contracts		18	20801879
	Mathematical reserves for property linked contracts		19	428246
	Mathematical reserves for index linked contracts		20	19281
	Total (17 to 20)		21	60485195
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	3707881
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	113611
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	3594270
	Total (31+34+35)		39	3707881
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	2409414
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	460388
		Other bonuses	44	438407
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	3308209
	Net transfer out of fund/part of fund		47	286061
	Total distributed surplus (46+47)		48	3594270
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	113611
	Total (48+49)		59	3707881
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	92.04
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation **2000**)	62	91.92
	Earlier	(year of valuation **1999**)	63	92.14
	Earliest	(year of valuation **1998**)	64	92.07

Form 57
(Sheet 18)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets **Ordinary Branch (Europe)**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000		99			13

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	6456	4.57	5262		5262	7.57
	Other	13	1228	5.17	1001		1001	8.17
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16	16557	2.34	12418		12418	3.12
Loans secured by mortgages		17						
All other assets	Producing income	18	5747	1.90	5747		5747	1.90
	Not producing income	19	10254		10254		10254	
Total (11 to 19)		29	40242	2.13	34682		34682	2.82
Gross valuation interest rate %		31						
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	40242				34674	

Form 57
(Sheet 16)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling liabilities

Valuation rate(s) of interest **2.00%**

Type of business **Life Assurance and Annuity Insurance Business**

With profits

Category of assets **Ordinary Branch (Europe)**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000	Stg	2.00	L&GA	WP	13

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	6456	4.57	5262		5262	7.57
	Other	13	1228	5.17	1001		1001	8.17
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16	16557	2.34	12418		12418	3.12
Loans secured by mortgages		17						
All other assets	Producing income	18	5747	1.90	5747		5747	1.90
	Not producing income	19	6885		6885		6885	
Total (11 to 19)		29	36873	2.32	31313		31313	3.12
Gross valuation interest rate %		31		2.00				3.10
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	36873				31305	

Returns under the Accounts and Statements Rules

Form 57 (Sheet 17)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Balance**

Type of business

With profits/Non profit

Category of assets **Ordinary Branch (Europe)**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000		98			13

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12						
	Other	13						
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18						
	Not producing income	19	3369		3369		3369	
Total (11 to 19)		29	3369		3369		3369	
Gross valuation interest rate %		31						
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	3369				3369	

Form 57
(Sheet 1)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling liabilities

Valuation rate(s) of interest **2.00%**

Type of business **Life Assurance and Annuity Insurance Business**

With profits

Category of assets **Ordinary Branch (Europe)**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000	Stg	2.00	L&GA	WP	13

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	6456	4.57	5262		5262	7.57
	Other	13	1228	5.17	1001		1001	8.17
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16	16557	2.34	12418		12418	3.12
Loans secured by mortgages		17						
All other assets	Producing income	18	5747	1.90	5747		5747	1.90
	Not producing income	19	6885		6885		6885	
Total (11 to 19)		29	36873	2.32	31313		31313	3.12
Gross valuation interest rate %		31		2.00				2.90
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	36873				31305	

Form 57
(Sheet 8)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets **Other Long Term PAC Funds**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000		99			12

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11	8343553	5.74	6674843		6674843	7.18
Fixed interest securities	Approved securities	12	2568159	5.25	2125160		2125160	8.25
	Other	13	13949516	5.96	11534960		11534960	8.96
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	20249	2.50	18806		18806	3.50
	Other	15	1007139	3.92	1005932		1005932	3.92
Equity shares and holdings in collective investment schemes		16	25423588	3.84	19067691		19067691	4.86
Loans secured by mortgages		17	4112	5.63	4112		4112	5.63
All other assets	Producing income	18	3011557	3.40	3011557		3011557	3.40
	Not producing income	19	901796		901796		901796	
Total (11 to 19)		29	55229669	4.64	44344857		44344857	6.22
Gross valuation interest rate %		31						
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	55229669				44319914	

Returns under the Accounts and Statements Rules

Form 57
(Sheet 8)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets **Other Long Term PAC Funds**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000		99			12

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11	8343553	5.74	6674843		6674843	7.18
Fixed interest securities	Approved securities	12	2568159	5.25	2125160		2125160	4.68
	Other	13	13949516	5.96	11534960		11534960	8.96
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	20249	2.50	18806		18806	3.50
	Other	15	1007139	3.92	1005932		1005932	3.92
Equity shares and holdings in collective investment schemes		16	25423588	3.76	19067691		19067691	4.71
Loans secured by mortgages		17	4112	5.63	4112		4112	5.63
All other assets	Producing income	18	3011557	3.40	3011557		3011557	3.40
	Not producing income	19	901796		901796		901796	
Total (11 to 19)		29	55229669	4.61	44344857		44344857	5.98
Gross valuation interest rate %		31						
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	55229669				44319914	

Form 57
(Sheet 7)

Long term insurance business : Matching rectangle

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 2001**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Balance**

Type of business

With profits/Non profit

Category of assets **Other Long Term PAC Funds**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	15454	GL	31	12	2001	£000		98			12

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12						
	Other	13	2524010	5.96	2087126	(2087126)		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15	990196	3.92	990196		990196	3.92
Equity shares and holdings in collective investment schemes		16	2902688	1.68	2177016	(44682)	2132334	5.61
Loans secured by mortgages		17	4112	5.63	4112		4112	5.63
All other assets	Producing income	18	669536	3.40	669536	103769	773305	3.40
	Not producing income	19	901796		901796		901796	
Total (11 to 19)		29	7992338	3.27	6829782	(2028039)	4801743	3.85
Gross valuation interest rate %		31						
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	7992338				4776800	

Contents

NB Page numbering is not continuous, the Forms starting on page 201 and the Notes on page 401.

Returns under the Accounts and Statements Rules

Covering sheet to Appendix 4

Name of Company	**The Prudential Assurance Company Limited**
Global Business	
Financial year ended	**31st December 2001**

D J Belsham .... David Belsham
Appointed Actuary

.... Mark Wood
Chief Executive

.... Jonathan Bloomer
Director

Philip Broadley .... Philip Broadley
Director

24 April 2002

APPENDIX 4

VALUATION REPORT ON THE PRUDENTIAL ASSURANCE COMPANY LIMITED AS AT 31 DECEMBER 2001

Structure of the Long Term Business

1. General

The Prudential Assurance Company Limited's (**PAC**) long term business consists of :

(a) Life and general annuity, pensions, ISA, permanent health, supplementary sickness and linked business carried on in the main fund of the ordinary branch (**OB**).

(b) Supplementary accident, permanent health and supplementary sickness business carried on in the Long Term Sickness and Accident (**LTSA**) sub-fund of the OB.

(c) Life business which is carried on in the industrial branch (**IB**). The industrial branch was closed to new business on 1 January 1995.

Separate reports are included in this schedule for each of these categories of business.

The permanent health and supplementary sickness business included in the OB main fund comprises certain rider benefits issued in Hong Kong, business transferred from Scottish Amicable Life Assurance Society, and rider benefits associated with business reinsured into PAC from Scottish Amicable Life plc.

2. Surplus

Surplus is determined separately for LTSA and IB business, and for the following parts of the OB main fund:

(i) Business contained within the Scottish Amicable Insurance Fund (**SAIF**), which is a closed sub-fund containing all the pensions business and traditional with-profits life business transferred from Scottish Amicable Life Assurance Society.

(ii) **Linked** business where it has been determined that surplus will be separately determined. This business excludes linked business transferred from Scottish Amicable Life Assurance Society (which is included in SAIF or the Other sub-fund), linked business issued in France (which is included in the Europe sub-fund) and certain other categories of linked business (which are included in the Non-linked pensions or Other sub-funds). For this purpose linked business includes creditor insurance business written by Scottish Amicable Life plc and reinsured into PAC.

(iii) Linked and non-linked business written in France in the **Europe** sub-fund.

(iv) **Non-linked pensions** business other than that in SAIF.

(v) **Other** business, mainly life and general annuity.

All profits from the LTSA and Linked sub-funds accrue to shareholders.

All profits in SAIF accrue to holders of with-profits contracts in SAIF and SAA (which is defined in paragraph 3 below).

All profits from with-profits business in the Europe sub-fund, excluding that derived from from the excess of with-profits policy charges over expenses incurred, accrue to the sub-fund's with-profits policyholders. All other profits in the Europe sub-fund accrue to shareholders.

Divisible profits from the remaining sub-funds (IB, Non-linked pensions and Other, collectively referred to as the **90:10 fund**) accrue to both shareholders and with-profits policyholders other than those in SAIF, SAA and Europe. Transfers not exceeding 5% of divisible profits may be made to a common contingency fund. Not less than 90% of the remainder is allocated to the with-profits policyholders and the balance to shareholders.

Structure of the Long Term Business - continued

3. Scottish Amicable Life Assurance Society

PAC acquired the business of Scottish Amicable Life Assurance Society (**SALAS**) on 1 October 1997. As a consequence, a closed sub-fund, the Scottish Amicable Insurance Fund (**SAIF**), and a memorandum account, the Scottish Amicable Account (**SAA**), were created within the OB section of the PAC long term fund.

As noted above, SAIF contains all the pension business and traditional with-profits life business transferred from SALAS.

SAA contains all the non-participating, linked and accumulating with-profits life business transferred from SALAS. All units on the accumulating with-profits life policies transferred from SALAS are managed within SAIF, but the profit from policy charges less expenses accrues to SAA.

The PAC long term fund provides financial support to SAIF through a further memorandum account, the Scottish Amicable Capital Fund (**SACF**), some of which may be drawn upon in adverse investment conditions to support the smoothing of bonuses within SAIF. No such drawings have yet been necessary. The 90:10 funds receive an annual charge from SAIF for providing this financial support.

For ease of reference, the long term fund excluding the SAIF and Europe sub-funds is known as the **Other Long Term PAC Fund.**

All of the assets of SAIF, and all future profits arising in SAIF, will be distributed over the lifetime of the current in force policies by means of a uniform enhancement (reassessed from time to time) to the asset shares of SAIF with-profits policies becoming claims. Profits from all business in SAA accrue to the 90:10 fund.

4. Craigforth Services Limited

As a result of the acquisition of SALAS, a service company, Craigforth Services Limited (CSL), was created to provide services to PAC and other companies within the Prudential Group.

Renewal expenses for all business transferred from SALAS are governed by the Insurance Services Agreement with CSL. This sets out a guaranteed fixed rate tariff (with annual inflation adjustments) applicable for ten years from the date of the Scheme of Transfer. Thereafter, the charges revert to cost, on a basis equivalent to that being charged to PAC's own business.

5. Reinsurance accepted from Scottish Amicable Life plc

Scottish Amicable Life plc (**SAL**), is a proprietary company and a wholly owned subsidiary of PAC. It was authorised to transact business with effect from 1 October 1997. All accumulating with-profits policies issued by SAL are reinsured into the 90:10 fund, where they are managed as part of the PAC with-profits business. This reinsurance arrangement is subject to an experience related refund of premium. No such refund of premium has been made to date. Other elements of the premium associated with the with-profits investment, such as charges and mortality cost, are also reinsured into PAC. This arrangement consolidates the with-profits investments of SAL and PAC, excluding the business within SAIF, in one fund. Under a separate agreement made in 2001, creditor insurance written by SAL is reinsured into PAC's Linked sub-fund.

6. Reinsurance of linked business

For the linked business transferred from SALAS to SAIF (pensions) and SAA (life) respectively, units are reinsured into SAL and charges are transferred back to the ceding fund.

Most other property-linked business issued by PAC is linked, via reinsurance treaties, to the internal linked funds of other life assurance companies.

7. Reinsurance of pensions annuities in payment

Most non-profit and index-linked annuities in payment issued by PAC are ceded to Prudential Annuities Limited, a wholly-owned subsidiary of PAC.

8. Transfers to/from the Europe sub-fund

With-profits policyholders in the Europe sub-fund are charged only those expenses stated explicitly in their policy. Any difference between these expenses and the actual expenses incurred is payable to or funded by the Company's shareholders. A bonus smoothing account is maintained in the 90:10 fund so that whenever a with-profits claim payment is made from the Europe sub-fund, any excess of the claim amount over the policy's underlying asset share is transferred from the 90:10 fund to the Europe sub-fund and any shortfall is transferred from the Europe sub-fund to the 90:10 fund. On average, it is intended that these smoothing transfers should generate neither profit nor loss to either fund.

ORDINARY BRANCH - life and general annuity, pensions, permanent health and supplementary sickness, ISA and linked long term business

1. Date of investigation

The investigation relates to 31 December 2001.

2. Date of previous investigation

The previous investigation related to 31 December 2000.

3. Conformity with rule 5.6

The valuation of long term business liabilities shown in this report conforms with rule 5.6 of the Interim Prudential Sourcebook for Insurers [IPRU (INS)].

4. Descriptions of non-linked contracts

4. (A) Direct written non-linked contracts other than those in SAIF and SAA

4. (A)(a) Accumulating with-profits contracts

4. (A)(a) (1) Products

A ***Prudence Bond and Prudence Managed Bond***
(UK life assurance and general annuity business)

These policies are single life, joint life or joint life last survivor single premium whole life assurances which may be written with or without a bid offer spread.

Policyholders can invest in either of two notional accumulating with-profits funds: the Optimum Return Fund and the Optimum Bonus Fund. The Optimum Return Fund, by having a higher proportion of assets invested in equities, aims to provide a higher overall return than the Optimum Bonus Fund which aims to provide a higher annual bonus.

Premiums are allocated to secure units in one or both of the notional accumulating with-profits funds. Allocation rates and charges (other than the fund management charge) are the same as for the corresponding linked versions of the contracts which are described in 5(1)(A)(i) (page 33). However, the minimum investment is £6,000, rather than £5,000 as is the case for the linked versions. For policies issued after 31 December 1994, higher allocation rates apply where commission is given up.

The offer prices of units in both funds are calculated daily and incorporate reversionary bonus interest. For policies with a bid offer spread, the bid price of units is 95% of the appropriate offer price. For policies without a bid offer spread, only the bid price of units is used. A terminal bonus may be added when units are realised.

The death benefit is 101% of the bid value of units.

(i) Exit charges are applied on withdrawals, other than regular withdrawals described in (v) below, for business written after 31 December 1994. These charges are the same as for the corresponding linked contract, and are described in 5(1)(A)(i) (page 33).

An adjustment to reflect market conditions may also be applied to withdrawals, other than regular withdrawals in the circumstances described in (v) below, on surrender or on a switch of units from the fund. This is described in 4(A)(a)(2)1 (page 15).

4.(A)(a)(1) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) For certain contracts issued between 1991 and 1997, provided no partial withdrawals have been made, the surrender value on the tenth policy anniversary is guaranteed to be no less than the premium paid. The guarantee applies only to the original premium, not to any subsequent top-up premiums paid.

(v) There is an option to select regular income withdrawals. Such withdrawals, within a certain limit, are not subject to any adjustment to reflect market conditions. Currently, this limit is equivalent to an annual amount of 7.5% of the total value of the with-profits fund when withdrawals commence.

B ***Prudential Investment Bond and Prudence Savings Account***
(UK life assurance and general annuity business)

These policies are whole life assurances and are issued on a single life or joint life last survivor basis, or for the benefit of a child. They are available for single and/or regular premiums.

Prudential Investment Bond was first issued in October 1997. It replaced Prudence Savings Account which was closed to new business in October 1997, although top-ups to existing contracts continue to be allowed.

Premiums are allocated to secure units in a notional accumulating with-profits fund. Allocation rates depend on cumulative contributions to date as follows:

Total paid in	Allocation rate
£	%
Up to 5,999	100
6,000 – 9,999	101
10,000 – 19,999	102
20,000 – 49,999	103
50,000 and over	104

The offer price of units is calculated daily and incorporates reversionary bonus interest. The bid price of units is 94% of the appropriate offer price. A terminal bonus may be added when units are realised.

Bonus units are added at the end of each month provided that the value of units, excluding any terminal bonus and any adjustment to reflect market conditions, is then at least £4,000. A higher rate of bonus units applies when this value is at least £6,000. Both the £4,000 and £6,000 limits may be varied at the Company's discretion.

Policyholders who purchased a Prudential Investment Bond through certain marketing campaigns qualified for an enhancement in the allocation rate of 2% and/or were immediately eligible for bonus units at the lower rate, even where the initial value of units purchased was less than £4,000.

(i) For single premium Prudential Investment Bond contracts, exit charges are applied on withdrawals, other than regular withdrawals described in (v) below. These charges are the same as those for Prudence Bond Bid Offer Spread Option as described in 5(1)A(i) (page 33). For regular premium policies, surrender values are subject to a charge of £180 (£90 for children's policies) less bid/offer spreads taken to the date of surrender.

On full or partial withdrawal, other than regular withdrawals in the circumstances described in (v) below, the value of units may be adjusted to reflect market conditions as described in 4(A)(a)(2)1 (page 15).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

4.(A)(a)(1) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

(v) There is an option to select regular income withdrawals. Such withdrawals, within a certain limit, are not subject to any adjustment to reflect market conditions. Currently, this limit is equivalent to an annual amount of 7.5% of the bid value of the units remaining in a policy.

C Deposit administration contracts

(Mainly UK pension business. Some contracts are issued in the Channel Islands and Isle of Man and some unapproved contracts are issued in the UK as life assurance and general annuity business.)

(a) CA (Group Cash Accumulation)
CAAVC (Cash Accumulation Additional Voluntary Contributions)
EPP (Executive Pension Plan)
PCRS (Prudential Company Retirement Scheme)
MPP1 (Money Purchase Plan (Old))

Contributions, less deductions for expenses and life cover, are invested in a fund to provide retirement benefits.

The fund accumulates with compound interest at a basic rate, and through the addition of reversionary bonuses. A terminal bonus may be added at retirement or on earlier death or withdrawal.

PCRS and MPP1 are no longer actively marketed.

(i) On surrender, the value of the fund may be adjusted to reflect market conditions as described in 4(A)(a)(2)3 (page 16).

(ii) Not applicable.

(iii) The basic rate of accumulation, which is 2.5% per annum (4.75% per annum for monies invested before the first scheme renewal date following 15 March 1996) is guaranteed for contributions invested in the first 5 years of the contract (except for CA and CAAVC where the period is 3 years), or until such subsequent time as the guarantee is amended. No such amendment has been made to date.

(iv) There are no guaranteed surrender values.

(v) These contracts, with the exception of MPP1, contain guaranteed annuity options.

(I) CA and CAAVC

The policy guarantees a scale of single life annuities for ages 50 to 70 at retirement. Specimen rates of annuity per £1,000 cash for most schemes are:

Men at 65	£75.7 per annum
Women at 60	£62.8 per annum
Men at 60	£66.5 per annum

There are a few schemes where the rates are:

Men at 65	£100 per annum
Women at 60	£75 per annum
Men at 60	£88 per annum

The single life annuity is payable monthly in advance, guaranteed for 5 years. On death within the guaranteed period, outstanding instalments are paid as a lump sum.

The guarantee of annuity rates applies for the first 10 years of a scheme and can be amended with 6 months notice at any time thereafter.

By concession, schemes or AVC payers are currently being allowed to effect a different type of annuity without losing the benefit of the guaranteed annuity.

(II) EPP Mark 1

The policy guarantees a scale of single life annuities, payable monthly in advance without guarantee, for men aged 60 to 70 at retirement and for women aged 55 to 70 at retirement. The guaranteed factors apply to the member's fund at vesting only in respect of premiums paid during the first five years of the scheme's existence. The single life annuity is payable monthly in advance without guarantee.

Specimen rates of annuity per £1,000 cash are:

Men at 65	£102.9 per annum
Women at 60	£75.7 per annum
Men at 60	£89.5 per annum

By concession, policyholders are currently being allowed to select a different type of annuity without losing the benefit of the guaranteed annuity.

(III) PCRS

Policies guarantee a scale of joint life and last survivor annuities under which the benefit reduces to 50% on the member's death.

Specimen rates of annuity per £1,000 cash including contingent benefit are:

Men at 65	£52.9 per annum
Women at 60	£43.0 per annum
Men at 60	£43.4 per annum

The Company's current annuity rates provide higher benefits than the guaranteed rates.

(b) Bond 32 (Pension Transfer Bond 32 (old style))

These policies enable early leavers from occupational pension schemes to use a transfer value to provide an individual pension arrangement. They are no longer actively marketed.

The transfer value, less a deduction for expenses, is invested in an individual Cash Accumulation (CA) fund. The fund accumulates with interest at a basic rate, and through the addition of reversionary bonuses. A terminal bonus may be added at retirement or on earlier death or withdrawal. For individuals who have been contracted out of the State Earnings Related Pension Scheme (SERPS), the full Guaranteed Minimum Pension (GMP) is secured in the CA fund if that is possible. If not, then part of the transfer value is used to buy a non-participating deferred annuity (normally vesting at State Pension Age) with related benefits on death to secure the balance of GMP.

(i) On transfer, the value of the fund may be adjusted to reflect market conditions as described in 4(A)(a)(2)1 (page 15).

(ii) Not applicable.

(iii) The basic rate of accumulation, which is 2.5% per annum (4.75% per annum for transfers invested before 15 March 1996) is guaranteed for contributions invested in the first 3 years of the contract or until such subsequent time as the guarantee is amended. No such amendment has been made to date.

The basis on which GMP is deemed to be secured by the CA fund assumes a minimum basic rate of accumulation of 4% per annum compound throughout for policies written prior to 31 October 1986, and 6.75% per annum compound for policies written subsequently. Full GMP benefits are guaranteed to be secured from the CA fund by the Bond 32 contract unless part of the GMP is secured by a non-participating deferred annuity, when only the balance is guaranteed to be secured from the CA fund.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

4.(A)(a)(1) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

(c) Group Additional Voluntary Contribution (AVC) contract - Deposit Fund

The AVC Deposit Fund is an alternative to investment in the Cash Accumulation fund described in 4(A)(a)(1)C(a) (page 7). The fund accumulates at rates of interest which have regard to market rates to provide benefits on retirement or earlier death or withdrawal.

(i) There are no circumstances in which the current benefit can be reduced when a claim is paid.

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) The surrender value is guaranteed to be not less than the invested premiums plus interest added to date.

(v) There are no material options.

D Personal Pension Policy
Personal Pension Scheme
Free-Standing Additional Voluntary Contribution Scheme
(UK pension business. Personal Pension Scheme is also issued in the Channel Islands and Isle of Man.)

Premiums are allocated to secure units in one of two notional accumulating with-profits funds, a short-term fund available for policies with terms of 5 years or less, and a long-term fund. For both funds, the offer prices of units are calculated daily, and incorporate reversionary bonus interest. In the long term fund only, terminal bonus interest may be added when units are realised to provide benefits.

Policies and increments to existing policies issued after 30 September 2000

100% of premiums, excluding any charges for waiver of premium supplement, are allocated to secure units in the notional accumulating with-profits funds. Units are bought and sold at the same price.

Policies and increments issued before 1 October 2000

Between 95% and 107% of premiums, excluding policy fees and any charges for waiver of premium supplement, are allocated to secure units in the notional accumulating with-profits funds. The bid prices of units are 95% of the appropriate offer prices. For regular premium policies, including increments, 5% of the remaining units bought in the first year of payment are cancelled on each policy anniversary for a maximum of 25 years.

Concessions for policies and increments issued before 1 October 2000

Claims made on or after 1 February 2001 in respect of single premiums received in the period from 1 January 2000 to 30 September 2000 are enhanced by assuming that 100% of the premium was used to buy units at the bid price.

For regular premium policies and increments issued between 1 January 1999 and 30 September 2000 the cancellation of first year units ceased on 31 January 2001 and any units already cancelled were reinstated.

For regular premium policies and increments issued before 1 October 2000, a minimum of 100% of premiums due on or after 1 April 2001, excluding any charges for waiver of premium supplement, are applied to buy units at the bid price.

(i) On disinvestment from the long term fund, other than at the selected pension date or on death, an exit charge equal to any outstanding charges in respect of first year units is made for regular premium contracts issued before 1 January 1999. The value of units may also be adjusted to reflect market conditions as described in 4(A)(a)(2)1 (page 15).

(ii) The discounted value reflects only the exit charge on regular premium contracts described in (i) above.

4.(A)(a)(1) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

E ***PPA (Individual Personal Pension Accounts)***
EPP2/3/4 (Executive Pension Plans Series 2, 3 and 4)
PPP (Personal Pension Plan)
FSAVC (Free-Standing Additional Voluntary Contributions)
EIB (Exempt Investment Bond)
(UK pension business)

Premiums, after deductions for charges and the cost of any life assurance or waiver of premium benefit, are allocated to secure units in a notional accumulating with-profits fund. Allocation rates, charges and loyalty bonus are the same as for the corresponding linked versions of the contracts which are described in either 5(1)(A)(vii) (page 40) or 5(1)(A)(viii) (page 42).

Other features of these contracts are the same as for Personal Pension Policies described in 4(A)(a)(1) *D* (page 9), except that:

The special provisions for policies and increments issued after 30 September 2000 and the concessions for policies and increments issued before then apply only to PPA, PPP and FSAVC.

The concession for single premiums received before 1 October 2000 applies only to claims under PPA, PPP and FSAVC made on after 1 April 2001.

EPP contracts may include life assurance cover, the cost of which is charged monthly by cancelling units using mortality rates which may be varied by the Company at short notice.

The short term fund is not available for EIB contracts.

None of these contracts is actively marketed.

(i) On early retirement or surrender an exit charge equal to any outstanding charges in respect of first year units is made for regular premium contracts. For PPA, PPP and FSAVC, this charge applies only to policies issued before 1 January 1999. The value of units may be adjusted to reflect market conditions as described in 4(A)(a)(2)1 (page 15).

(ii) The discounted value reflects only the exit charge in respect of first year units on regular premium contracts described in (i) above.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

4.(A)(a)(1) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

F *Group Unitised with-profits*
(UK Pension business)

(a) ***GPP1 (Grouped Personal Pension Scheme (Old))***
GPP2 (Group Personal Pension Scheme (New))
GPP3 (Prudential (Flexible) Personal Pension Scheme)
GPP4 (Prudential (2000) Personal Pension Scheme)
PTP (Pension Transfer Plan)
MPP2 (Money Purchase Plan (New))

Premiums, after deductions for charges and the cost of any life assurance or waiver of premium benefit, are allocated to secure units in a notional accumulating with-profits fund. Allocation rates and charges are the same as for the corresponding linked versions of the contracts which are described in either 5(1)(A)(ix) (page 43) or 5(1)(A)(x) (page 46).

The offer price of units is calculated daily and incorporates reversionary bonus interest. A terminal bonus may be added when units are realised. For GPP3 and GPP4, all units are bought and sold at the offer price. For other contracts, units are sold at the bid price which is 95% of the appropriate offer price.

GPP3 has the same bonus rates as the contracts listed in 4(A)(a)(1) *E* above.

(i) On disinvestment from the fund, other than at the selected pension date or on death, the value of units may be adjusted to reflect market conditions as described in 4(A)(a)(2)3 (page 16). If benefits are taken (other than on death) before the selected pension date and initial commission has been paid, a deduction to recover any outstanding charges is made in respect of units purchased by the first year of regular contributions (or the first year of any increase in contributions).

(ii) The discounted value reflects only the exit charge on regular premium contracts described in (i) above.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

(b) ***PTB32 (Pension Transfer Bond 32)***

These policies enable early leavers from occupational pension schemes to use a transfer value to provide an individual pension arrangement. They also secure GMP for those who were contracted out of SERPS.

At least 97.8% of the transfer value is used to purchase units, the percentage depending on the commission taken, the size of the transfer value and the term to selected pension date. The offer price of units is calculated daily and incorporates reversionary bonus interest. The bid price of units is 95% of the appropriate offer price. A terminal bonus may be added when units are realised.

A policy fee of £10 per annum is deducted by cancellation of units.

The value of the benefits is the bid value of the units.

If a GMP is to be guaranteed, all or part of the transfer value purchases special with-profits units which receive a lower rate of bonus than other units. If the value of these units at pension age is insufficient to meet the guarantee, the balance of the guarantee is treated as a first charge on the value of the normal units, if any, allocated to the policy.

4.(A)(a)(1) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

(i) On early retirement or surrender, the value of units may be adjusted to reflect market conditions as described in 4(A)(a)(2)1 (page 15).

(ii) Not applicable.

(iii) Some contracts are guaranteed to provide a GMP as explained above.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

(c) Unitised Group

These are accumulating with-profits contracts for self administered defined benefit or money purchase schemes. Recurrent single premiums are payable and money is redeemed from the scheme to provide retirement and death benefits as they fall due.

Premiums, net of any commission payable, are used to purchase units at the bid price. There is an annual charge on each scheme which varies from nil to £500. The full value of units is payable when units are realised to meet retirement or death claims.

(i) The value of units on scheme surrender may be adjusted to reflect market conditions as described in 4(A)(a)(2)3 (page 16).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

G **Flexible Retirement Income Account (FRIA)**
(UK pension business)

Premiums are allocated to secure units in a notional accumulating with-profits fund. Benefits, allocation rates and charges (other than the fund management charge) are the same as those for the corresponding linked version of the contract described in 5(1)(A)(xii) (page 48). A maximum of 50% of the investment can be applied to the accumulating with-profits fund.

The offer price of units is calculated daily and incorporates reversionary bonus interest. A terminal bonus may be added when units are realised.

(i) The value of units may be adjusted to reflect market conditions when the policyholder voluntarily switches out of the fund or when, on reaching the mandatory age of 75 (for Income Drawdown) or 90 (for Flexible Lifetime Annuity), the policyholder opts to switch to a non-profit annuity. This is described in 4(A)(a)(2)1 (page 15). No adjustment is made when units are cancelled to provide a regular income.

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) Not applicable.

(v) Not applicable.

4.(A)(a)(1) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

H ***Prudential Europe Vie***
(Overseas life assurance and general annuity business)

These policies are single life, single premium whole life assurances denominated in euros.

Premiums, after deduction of initial charges, secure units in an accumulating with-profits fund. Charges (other than the annual management charge) are the same as for the corresponding linked version of the contract which is described in 5(1)(E) (page 76). The minimum initial premium is €6,750. Single premium top-ups may be paid at any time.

The unit price is calculated daily and incorporates reversionary bonus interest. Units are bought and sold at the same price. A terminal bonus may be added when units are realised.

The death benefit is the value of the units including any terminal bonus.

(i) Exit charges are applied on withdrawals, other than regular withdrawals described in (v) below. These charges are the same as for the corresponding linked contract, and are described in 5(1)(E) (page 76).

An adjustment to reflect market conditions may also be applied to withdrawals, other than regular withdrawals in the circumstances described in (v) below, on surrender or on a switch of units from the fund. This is described in 4(A)(a)(2)2 (page 16)

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) The surrender value is guaranteed to be no less than 75% of the investment net of the initial charge.

(v) There is an option to select regular income withdrawals. Such withdrawals, within a certain limit, are not subject to any adjustment to reflect market conditions. Currently, this limit is equivalent to an annual amount of 7.5% of the value of the units (including terminal bonus) remaining in a policy.

I ***Hong Kong Group Pension Cash Accumulation - 3% Guarantee and Capital Guarantee Funds***
(Overseas life assurance and general annuity business)

Contributions, after deductions for expenses, are invested in a fund to provide a cash payment on retirement or on earlier death or withdrawal (including bulk surrender).

On leaving the scheme, a member receives the contributions paid less expense deductions plus guaranteed interest plus terminal bonus less discontinuance charge if any. Terminal bonus is declared for policies by applying different interest rates during each policy year. The expense deduction is expressed as an amount per scheme, per member and per contribution. The Company may increase the deductions on any scheme anniversary after the third provided six months notice is given.

(i) On withdrawal, the discontinuance charge is 5% of the fund in the first year reducing linearly to nil in the sixth year.

(ii) Not applicable.

(iii) There are two contract types. Under the 3% Guarantee contract, the fund before deducting the discontinuance charge, if any, is guaranteed to be no less than the accumulation of the contributions paid less expense deductions at 3% per annum. Under the Capital Guarantee contract, the fund before deducting the discontinuance charge, if any, is guaranteed to be no less than contributions paid less expense deductions.

(iv) The surrender value is guaranteed to be not less than the minimum fund described in (iii) above less any discontinuance charge.

(v) There are no material options.

4.(A)(a)(1) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

J ***Hong Kong Group Pension Cash Accumulation- HKD Guaranteed Fund***
(Overseas life assurance and general annuity business)

Contributions, after deductions for expenses, are invested in a fund to provide a cash payment on retirement or on earlier death or withdrawal (including bulk surrender). Contracts are denominated in Hong Kong dollars.

(i) On withdrawal, the discontinuance charge is 5% of the fund in the first year reducing linearly to nil in the sixth year.

(ii) Not applicable

(iii) The fund balance, before deducting the discontinuance charge (if any), is the contributions paid less expense deductions accumulated at an annual accrual rate. The annual accrual rate is the total of guaranteed interest and bonus interest. The guaranteed interest is 5% per annum for the first 3 scheme years and 0% per annum for subsequent years.

(iv) The surrender value is guaranteed to be no less than the fund accumulated at the guaranteed rate described in (iii) above, less discontinuance charge (if any).

(v) There are no material options.

K ***Hong Kong PRUsaver Plan and PRUsaver Plan II***
(Overseas life assurance and general annuity business)

These policies are single premium whole life assurances. Premiums are allocated to secure units in notional accumulating with-profits funds. Units are bought and sold at the bid price and there are no initial charges. PRUsaver Plan was withdrawn when total premiums of HK$500 million had been accepted. PRUsaver Plan II remains open to new business.

The unit price is calculated monthly and incorporates reversionary bonus interest. A terminal bonus may be added when units are realised.

The death benefit is 101% of the value of units including any terminal bonus interest.

(i) On surrender during adverse market conditions and when there are substantial withdrawals from the fund, the value of units may be reduced to reflect market conditions. The reduction would normally affect only terminal bonus, not accrued reversionary bonus interest.

Subject to any such adjustment:

the surrender value after 5 years is the value of units including any terminal bonus, and

the surrender value in the first 5 years is the percentage shown in the table below of the value of units excluding terminal bonus:

Number of complete years in force	%
0	92
1	94
2	96
3	98
4	99

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) On the fifth policy anniversary, the surrender value is guaranteed to be not less than the single premium less any partial surrender values paid.

(v) There are no material options.

4. (A)(a)(2) Market Value Reduction (MVR) on United Kingdom contracts

1. Individual pension and life assurance contracts issued in the United Kingdom, Channel Islands and Isle of Man

The purpose of the MVR is to avoid paying surrender or transfer values significantly in excess of the value of the underlying assets. Hence an MVR may be applied in the event of asset values falling significantly or in the event of an abnormally large number of surrenders (or switches out of the with-profits fund) taking place. An MVR may also be applied on retirement where this takes place other than on the retirement date(s) specified in the contract.

Where an MVR does apply, its first impact would be to reduce or remove the terminal bonus element. Once a policy has been in force for a number of years, we would expect the level of terminal bonus to have built up such that only significant reductions in the market value of investments would cause us to apply an MVR which would reduce reversionary bonuses. For policies of a shorter duration, significant downward movements in investment markets would make it more likely that the MVR would cut into reversionary bonuses and even the underlying capital.

However, it is not our intention to apply MVRs which reduce surrender values below an amount fairly reflecting the movement in assets underlying the policy.

Our current practice in applying MVRs is to balance the reasonable expectations of those policyholders who remain invested with us against the need to treat fairly those who surrender (or part surrender) their policies or switch out of the with-profits fund.

For Flexible Retirement Income Account (FRIA) we do not apply an MVR to units cancelled to pay for income. The following paragraphs apply to contracts other than FRIA.

Our starting point is that we recognise that the risk to remaining policyholders generated by surrenders is more significant in the case of larger amounts. Therefore, it is currently our practice not to apply MVRs to full or partial surrenders or switches out of the with-profits fund where the amount involved (including any such payments in the previous 12 months) is less than £25,000.

We also do not apply the MVR to regular automatic withdrawals within a certain limit. Currently, this limit is equivalent to an annual amount of 7.5% of the value of the policy when withdrawals start. If regular automatic withdrawals exceed this limit then the whole withdrawal is treated as a partial surrender.

For amounts above £25,000 it is our current practice to apply an MVR on surrender or partial surrender within the first five years if the value of the underlying assets is less than the value of the policy including bonuses. For surrenders at longer durations some leeway is allowed before an MVR is applied, consistent with our approach to smoothing and, as policies approach their maturity date (where this is applicable), the size of any MVR that would otherwise apply is gradually reduced.

We reserve the right to amend or remove the £25,000 limit and the 7.5% regular automatic withdrawal limit and to review the approach used to determine MVRs over the term of the policy in the light of a significant move in the investment market or in the event of a significant increase in the level of surrenders.

Any change we make in current practice would be applied without notice and would apply to policies existing at the time the change was made, as well as to subsequent new policies. However, if the regular automatic withdrawal limit were to be reduced then the new limit would apply only to regular withdrawals starting after the change was made.

Over each of the last five years we have applied MVRs to withdrawals in excess of £25,000 from both individual unitised pension contracts and unitised life assurance contracts.

4.(A)(a)(2) Market Value Reduction (MVR) on UK contracts continued

2. Individual life assurance contracts issued in France

The purpose and operation of the MVR are the same as those described above for contracts issued in the United Kingdom except that the limit below which the MVR is not currently applied is €40,000 instead of £25,000 and the surrender value may not in any event be less than the guaranteed minimum of 75% of the premium less initial charges.

3. Group pensions contracts

On normal retirement date or death (if earlier), we guarantee to return a smoothed benefit to investors with no MVR being applied.

Where a defined contribution group arrangement or group scheme is partially or wholly terminated, it is our practice to relate the surrender value to the market value of the assets underlying the contract where this is less than the fund including reversionary and any terminal bonus. Where a defined benefits group arrangement or group scheme is partially or wholly terminated, it is our practice to relate the surrender value to the market value of the assets underlying the contract. In this context, partial termination is defined as the transfer of more than 20% of the fund value in any 12 month period.

We currently do not apply MVRs to individuals retiring before or after their normal retirement date. However, for individuals transferring to another pension provider or switching funds out of the with-profits fund, we may relate the surrender value to the market value of the assets underlying the contract where this is less than the fund including reversionary and any terminal bonus.

We reserve the right to change our current practice in the event of a significant fall in asset values or in the event of a significant increase in the level of surrenders. Any change we make in current practice would be applied without notice and would apply to policies existing at the time the change was made, as well as to subsequent new policies. However, it is not our intention to apply MVRs which reduce surrender values below an amount fairly reflecting the movement in assets underlying the policy.

4. (A)(b) Non-linked contracts with benefits determined on the basis of interest accrued

No non-linked contracts provide for benefits to be determined on the basis of interest accrued in respect of premiums paid, other than those described in 4(A)(a) above.

4. (A)(c) Other non-linked contracts not fully described by the entry in column 1 of Form 51

A Whole life and endowment assurances
(UK life assurance and general annuity business - with and without participation in profits)

All whole life assurances issued after 30 June 1988 have limited premium-paying terms, the term being selected at the outset. With minor exceptions, premiums payable on policies issued before 1 July 1988 contractually cease at age 85.

By concession, whole life assurances issued 40 or more years previously have in prior years been made paid-up for full benefits. During 2002, policies issued in 1962 will be made paid-up for full benefits and they have been valued ignoring future premiums.

With-profits whole life assurance policies issued before April 1977 contain an option to convert at a guaranteed premium rate to an endowment assurance for a sum assured not exceeding the original sum assured and for a term after conversion of at least 10 years.

New policies are issued only on the exercise of a conversion or other option on an existing policy.

4.(A)(c) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

B ***Low-cost endowment assurances***
(UK life assurance and general annuity business - with participation in profits)

These policies which were withdrawn from sale on 28 January 2000 are a combination of:

(a) A with-profits endowment assurance: the sum assured is calculated such that, on maturity, the sum assured together with a specified proportion of the total reversionary bonuses (based on the rates in force at inception and excluding any special element) will equal the amount of the mortgage; and

(b) A decreasing temporary assurance: the sum assured at any time is the difference between the death benefit payable under the endowment assurance, and the amount required to cover the original amount of the mortgage with a minimum value of zero.

Under the low-start low-cost endowment contract, which has not been issued since 31 December 1992, the premium increases by 20% of the initial office premium on each of the first five policy anniversaries so that the premium payable in the sixth and subsequent years is twice the premium payable in the first year. The net premium valuation method has been adapted to allow for this.

Low-cost endowment assurance policies (including low-start low-cost endowment assurance policies) issued since April 1984 in connection with mortgage repayments contain an option (subject to the restrictions mentioned below) to effect further endowment assurance policies without evidence of health to cover each increase which may be allowed in the mortgage for which the policy is being used. The total benefit under the new policy (or series of policies) may not exceed the guaranteed minimum death benefit under the original policy. The option may be effected only whilst all the lives assured are under age 50 and where the mortgage is secured on their principal private residence. These policies also contain an option to extend the policy term, without evidence of health, if the term of the mortgage is being extended, provided that the revised term is not less than ten years and does not extend beyond the 70th birthday of any of the lives assured.

Some low cost endowment assurances, of which about 4,600 were in force at the valuation date, were designed to repay a mortgage if reversionary bonuses continued at the rate current at the date of issue. The policies included a provision that if the declared bonus rate were to fall, causing the projected claim value to fall, then the sum assured and premium would be increased accordingly. The Company has guaranteed that, once the premium has been increased to twice its initial level and provided the policy has not been assigned absolutely to a third party, then the maturity value will not be less than the mortgage the policy was intended to cover.

C ***Prudence Family Cover***
(UK life assurance and general annuity business - without participation in profits)

These single life term assurance policies were first issued in July 1994. They are subject to level monthly premiums. The benefit is payable on death within the chosen term or when the life assured is diagnosed as having a terminal illness, defined as one where death is expected within twelve months. The terminal illness benefit is not payable during the final twelve months of the term.

D ***MPCIC***
(UK life assurance and general annuity business - without participation in profits)

MPCIC (Mortgage Protection with Critical Illness Cover Plan) are monthly premium single or joint life decreasing term assurances first issued in July 2000. The sum assured is sufficient to repay the capital outstanding under a mortgage repayable at 12% per annum. It is payable on death within the chosen term or, if sooner, on the diagnosis of

- a critical illness or
- a terminal illness defined as one where death is expected within twelve months or
- total and permanent disability.

No terminal illness benefit is payable during the last 12 months of the term. Policyholders' children aged from 3 to 18 are also covered for critical illness benefit for one quarter of the sum assured or £10,000 if less.

4.(A)(c) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

E ***With-profits annuities in payment***
(UK pension business)

Unless the annuitant opts otherwise, the contract provides a level annuity to which a reversionary bonus is added on each anniversary. The annuity may be further increased by terminal bonus, which is not guaranteed to be payable after the next policy anniversary.

Alternatively, the annuitant may opt to have a higher initial annuity which reduces at a fixed annual compound rate but which is guaranteed not to reduce to less than the level annuity that would have been available at the outset. Reversionary and terminal bonus are added on each anniversary at the same rates as for a level annuity, but on the reduced amount of annuity after applying the reduction factor.

Enhanced annuities are available to policyholders suffering from a range of medical conditions that reduce life expectancy.

Last survivor annuities issued after 14 May 2000 include an option to convert the benefit to a non-profit annuity on the policy anniversary following the first death on terms reflecting market conditions at that time.

Annuities issued since 1 October 2001 include options

(i) to convert the benefit to a non-profit annuity on any policy anniversary on terms reflecting market conditions at that time or

(ii) to change the reduction factor on the next policy anniversary. The new factor must lie within limits set for current new business. The option cannot be exercised more than once every 3 years.

F ***Deferred annuities***

These comprise individual retirement annuity policies issued as pension business in the UK and as life assurance and general annuity business in the Channel Islands and the Isle of Man.

G ***Hong Kong Better Life***
(Overseas life assurance and general annuity business)

These are with-profits whole life assurances under which the death benefit payable in the first 20 years is guaranteed to be not less than the sum assured plus the reversionary bonuses which would be payable at duration 20 assuming that the reversionary bonus rate remains at the rate last declared when the policy was issued. The liability for the additional benefit, including the effect of any guarantee described in the following paragraph, is calculated is if it were a non-profit decreasing term assurance.

For policies issued before the reversionary bonus rate was reduced in March 1998, the Company has guaranteed that the death benefit payable in the first 20 years will be no less than that illustrated at the point of sale.

H ***Hong Kong cash bonus policies***
(Overseas life assurance and general annuity business)

PRUflexilife and PRU life premier are regular premium whole life assurances. PRU life plus is a regular premium whole life assurance with guaranteed payments of 10% of the sum assured payable on every fifth policy anniversary. PRU life best start is a regular premium children's whole life assurance with guaranteed payments of 10% of the sum assured payable on the four policy anniversaries following the attainment of age 18.

4.(A)(c) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

I ***Guarantees and options not previously described.***

Specific provisions are held only for (a) to (c) below. The financial effects of the other options and guarantees are minimal.

(a) As part of the FSA pensions review, guarantees have been given to some holders of accumulating with-profits personal pensions policies who opted out of, or failed to join, an occupational pension scheme, or who transferred a deferred pension with a former employer to a personal pension. There were 26,823 such guarantees in force at the valuation date. The guarantee provides that the eventual benefits in respect of the period during which the policyholder could have been a member of the scheme or was a member in the case of transfers, will be no less in value than those which would have been provided by the scheme.

(b) Regular premium savings plans sold by the direct sales force or direct to customers since 1 September 1998 contain a guarantee that the contract may be cancelled and all premiums paid refunded in full at any time within three months of the date of issue. A similar guarantee applies to regular premium personal pensions and free standing additional voluntary contribution policies, except that instead of a cash refund, the value of the fund is guaranteed to be no less than the premiums paid.

(c) Some UK endowment assurances issued before 1983 contain a guaranteed annuity option exercisable on maturity. Specimen rates per £1,000 of cash for annuities payable quarterly in advance throughout life are £96 per annum for men aged 65 and £75.50 per annum for women aged 60.

(d) Transfer values on all new regular premium with-profits personal pensions and all regular premium top-ups to with-profits personal pensions and retirement annuity policies issued since 1 January 1999 will not be less than the total premiums paid (including any tax relief the company claims on behalf of the policyholder) in the event of a transfer to a stakeholder pension.

(e) Income security benefit contracts issued between February 1971 and November 1981 contain an option to convert all or part of the benefit to a whole life or endowment assurance without evidence of health. The maximum sum assured under the new assurance is three times the quarterly income benefit being cancelled, multiplied by the number of years remaining of the income benefit term.

(f) A few UK policies issued between September 1975 and April 1984 and some policies issued in Hong Kong contain an option, in return for an additional premium, to effect further assurances without evidence of health.

(g) Some assurance policies contain options to effect further assurances without evidence of health at specific ages, on marriage or on the adoption or birth of a child. Under some assurances in Hong Kong, a guaranteed insurability option of up to five times the basic sum assured is offered at the maturity of the pure endowment part of the assurance.

(h) A few assurance policies issued between October 1973 and July 1979 on the life of a parent or guardian for the benefit of a child contain an option to permit the child, after attaining a specified age, to effect a whole life or endowment assurance without evidence of health for a sum assured not exceeding four times that of the original policy. On the marriage of a female child, the option may be exercised on her husband's life if he is under age 45.

(i) Some individual level temporary assurance policies contain an option, in return for an additional premium, to convert wholly or partially to a whole life or endowment assurance for a sum assured not exceeding the original sum assured.

(j) Some individual temporary assurance policies contain an option to renew the assurance every 5 or 10 years without evidence of health subject to a maximum age at renewal of 55 (65 in Hong Kong). The sum assured under this option can be increased by up to one half of the sum assured remaining at the end of the 5 or 10 year period. There is also an alternative option to convert at the end of the term to any other ordinary branch single life assurance, for a sum assured of up to 150% of that under the temporary assurance policy.

4.(A)(c) Description of non-linked contracts (other than SAL, SAIF and SAA) continued

(k) Some UK endowment assurances issued in connection with building society or bank mortgages contain a guaranteed surrender value. The guarantee becomes effective if the lender forecloses on the mortgage and the house sale proceeds together with the normal surrender value of the policy are less than the outstanding loan. In order to rectify the shortfall, the normal surrender value may be increased up to the amount of the principal to which the lender would have been entitled had the loan been granted under the repayment method.

(l) Most individual deferred annuity contracts, other than retirement annuity contracts, contain a guaranteed cash option at the end of the period of deferment. All individual deferred annuity contracts issued before June 1967, other than retirement annuity contracts, contain guaranteed minimum surrender values.

(m) Some individual and group pension deferred annuity contracts contain guaranteed benefit conversion factors for early or late retirement.

(n) Under a few group life assurance policies, premium rates are guaranteed for employees in respect of current levels of sum assured. Group life assurance premium rates are generally guaranteed for 2 or 3 years.

(o) Employees leaving group pension schemes, where it has not been possible to remove the option, may replace any temporary life assurance cover with an individual assurance at the relevant rates of premium then in force, based on the original underwriting decision. The continuation option was withdrawn for new schemes during 1988.

4. (B) Non-linked reinsurance accepted from SAL

4. (B)(a) Accumulating with-profits contracts

4. (B)(a) (1) Products

A ***Home Purchaser***
Amicable Savings Plan
(UK life assurance and general annuity business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL. There are equivalent SAA contracts (Home Purchaser (Series 3) and Amicable Savings Plan) which are described in 5(1)(D)(vii) (page 71)

(i) For policies sold before 31 July 2000 surrender charges are as described in 5(1)(D)(vii) (page 71). For policies sold after 31 July 2000 the early discontinuance charge does not apply.

An adjustment to reflect market conditions may be applied to withdrawals, other than regular withdrawals, on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

B ***Trustee Investment Plan***
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL. They are identical to the equivalent SAIF contracts described in 5(1)(C)(i) (page 52).

(i) Surrender charges are as described in 5(1)(C)(i) (page 52).

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

C **Series 2 pensions**
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL. They are identical to the equivalent SAIF series 2 contracts described in 5(1)(C)(v) (page 58).

(i) Surrender charges are as described in 5(1)(C)(v) (page 58).

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) The discounted value shown is the bid value of units less the early retirement charge described in sub-paragraph (h) of 5(1)(C)(v) (page 58).

4.(B)(a)(1) Description of non-linked contracts (SAL) continued

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

D ***Series 3 pensions***
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL. They are identical to the equivalent SAIF series 3 contracts described in 5(1)(C)(vi) (page 60).

(i) Surrender charges are as described in 5(1)(C)(vi) (page 60).

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

E ***Section 32 Buy-Out Plan***
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL. They are identical to the equivalent SAIF contracts described in 5(1)(C)(vii) (page 62).

The contract is designed to accept a transfer value from an occupational pension scheme.

The accrued fund is guaranteed to be sufficient to meet all GMP liabilities at and after State Pension Age or on the investor's earlier death. A test of the adequacy of the transfer value to meet this guarantee is performed at the outset of the policy.

On death before benefits are taken, the sum available is the value at the bid price of the units allocated to the policy and any terminal bonus which may be added when units are realised, subject to a minimum of the GMP death benefit.

(i) Surrender charges are as described in 5(1)(C)(vii) (page 62).

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) The accrued fund is guaranteed to be sufficient to meet all GMP liabilities as described above.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

4.(B)(a)(1) Description of non-linked contracts (SAL) continued

F *Phased Retirement Plan*
Income Drawdown Plan
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL. They are identical to the equivalent SAIF contracts described in 5(1)(C)(viii) (page 63).

(i) Surrender charges are as described in 5(1)(C)(viii) (page 63).

An adjustment to reflect market conditions may be applied on withdrawal other than regular withdrawal or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

G *Series A pensions*
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL. The series comprises Personal Pension Plan, Group Personal Pension Plan, Free Standing AVC Plan, Executive Pension Plan, Personal Pension Transfer Plan (which accepts transfer values from other occupational or personal pension arrangements) and Rebate Only Plan (which accepts only DSS contracted out rebates and is issued only if the member has some other form of money purchase pension provision with Scottish Amicable, whether through SAL or SAIF).

Waiver Benefit and Lump Sum Waiver Benefit are available for Personal Pension and Group Personal Pension contracts only.

Under Waiver Benefit, contributions due in respect of a period of incapacity, excluding those due in the waiting period, are credited to the plan but waived. During the waiting period, contributions to the plan continue to be paid by the member. The member has a choice of waiting period of 3, 6 or 12 months. The member also has a choice of waiver cessation age.

Under Lump Sum Waiver Benefit, which cannot be effected without Waiver Benefit, if a member becomes permanently incapacitated the plan is credited with the monetary amount of all future contributions, excluding those due in the waiting period, up to the waiver cessation age allowing, if applicable, for escalation of contributions. The member must then take ill-health retirement.

The costs of Waiver Benefit and Lump Sum Waiver Benefit are met by deallocation of units.

On retirement at the normal retirement age (NRA) or selected retirement date (SRD), the fund available is the value at the bid price of all units allocated. A terminal bonus may be added when units are realised.

On death before the NRA or SRD, the policyholder can receive either:

(a) the value at the bid price of the units allocated to the policy, or

(b) a specified sum assured in addition to the value at the bid price of the units allocated to the policy, or

(c) the greater of a specified sum assured and the value at the bid price of the units allocated to the policy.

Benefit (c) is not available for Group Personal Pension Plan. Benefits (b) and (c) are not available for single premium policies, for Personal Pension Transfer or for Rebate Only Plans.

4.(B)(a)(1) Description of non-linked contracts (SAL) continued

(i) There is no surrender charge.

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) If regular contributions are increased on a change of employer, Personal Pension and Group Personal Pension Plan holders with Waiver Benefit or both Waiver Benefit and Lump Sum Waiver Benefit may increase the contributions covered by the benefit(s) with no additional underwriting provided the increased contribution is no more than twice the previous contribution. No additional charge will be made for any such increase until three months after the increase starts. The benefit on any excess over twice the previous contribution will be subject to normal underwriting and charges.

Personal Pension and Group Personal Pension Plan holders who have Waiver Benefit on their plan are also entitled to Long Term Care Double Cover. This benefit allows the member to buy a Long Term Care Bond from Scottish Amicable European (or another contract approved by the SAL Actuary as a reasonable equivalent) at ordinary rates, without underwriting, at retirement.

H ***Section 32 Buyout Plan (Series A)***
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL.

The contract is designed to accept a transfer value from an occupational pension scheme.

The accrued fund is guaranteed to be sufficient to meet all GMP liabilities at and after State Pension Age or on the investor's earlier death. A test of the adequacy of the transfer value to meet this guarantee is performed at the outset of the policy.

On death before benefits are taken, the sum available is the value at the bid price of the units allocated to the policy and any terminal bonus which may be added when units are realised, subject to a minimum of the GMP death benefit.

(i) There is no surrender charge.

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) The accrued fund is guaranteed to be sufficient to meet all GMP liabilities as described above.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

4.(B)(a)(1) Description of non-linked contracts (SAL) continued

I ***Trustee Investment Plan (Series A)***
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL.

Investment is restricted to trustees of exempt approved retirement schemes whose rules so permit, and to self-invested personal pension schemes.

The plan is issued in two forms, the Capital Growth Option and the Income Option. Under the Income Option, withdrawals of up to 7.5% p.a. of the original purchase price may be made free of any charges. All other withdrawals may be subject to an exit charge.

The plan may be set up on an earmarked or a non-earmarked basis. An earmarked policy is issued where the scheme rules specify that the fund from the policy is for a specified individual member. A non-earmarked policy is issued where the scheme benefits are provided using a pooled fund approach.

If units are realised on a non-earmarked policy to provide death benefits, there may be an exit charge and possibly an adjustment to reflect market conditions. This is described in 4(B)(a)(2) (page 27). For an earmarked policy, in the event of a member's death the full fund value (free of any charges) is paid to the trustees.

(i) The maximum discontinuance charge is a percentage of the amount realised as shown in the table below:

Policy year	Factor
	%
1	5
2	4
3	3
4	2
5	1
6 and over	0

A further adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

J ***Premier pensions***
(UK pension business)

These contracts are available as with-profits options under the corresponding linked contracts issued by SAL. The series comprises Premier Group Money Purchase Plan, Premier Group Money Purchase Transfer Plan, Premier Group Personal Pension Plan, Premier Group Transfer Plan, Premier Executive Pension Plan, Premier Personal Pension, Premier Transfer Plan and Premier Personal Pension Rebate Only Plan (which accepts only DSS contracted out rebates and is issued only if the member has some other form of money purchase pension provision with Scottish Amicable, whether through SAL or SAIF).

The Premier Group Money Purchase Plan and Premier Executive Pension Plan are occupational schemes for groups of employees with benefits individually earmarked for each member.

The Premier Group Money Purchase Transfer Plan is available to receive bulk transfers only in conjunction with a regular contribution Premier Group Money Purchase Plan. Enhanced terms are available if the expected number of members in the regular contributing Plan is greater than 100.

4.(B)(a)(1) **Description of non-linked contracts (SAL) continued**

The Premier Group Personal Pension Plan and the Premier Personal Pension accept regular contributions from both employees and the self-employed.

The Premier Group Transfer Plan is available only in conjunction with a regular contribution Premier Group Personal Pension Plan to receive bulk transfers of Group Personal Pensions business. Enhanced terms are available if the expected number of members in the regular contribution Plan is greater than 100.

The benefit payable on death before pension benefits are taken is the value of the units allocated plus terminal bonus if any. Under the Premier Group Money Purchase, Premier Executive Pension and Personal Pension Plans, additional death benefit may also be purchased, with a mortality charge made monthly.

Waiver Benefit and Lump Sum Waiver Benefit are available for Premier Group Personal Pension Plan and Premier Personal Pension Plan contracts provided the base policy was written before 6 April 2001.

Under Waiver Benefit, contributions due in respect of a period of incapacity, excluding those due in the waiting period, are credited to the plan but waived. During the waiting period, contributions to the plan continue to be paid by the member. The member has a choice of waiting period of 3, 6 or 12 months. The member also has a choice of waiver cessation age.

Under Lump Sum Waiver Benefit, which cannot be effected without Waiver Benefit, if a member becomes permanently incapacitated the plan is credited with the monetary amount of all future contributions, excluding those due in the waiting period, up to the waiver cessation age allowing, if applicable, for escalation of contributions. The member must then take ill-health retirement.

The costs of Waiver Benefit and Lump Sum Waiver Benefit are met by deallocation of units.

Personal Pension Plans with Waiver Benefit are entitled without charge to Long Term Care Double Cover. This benefit allows the member to buy a Long Term Care Bond from Scottish Amicable European (or another contract approved by the SAL Actuary as a reasonable equivalent) at ordinary rates, without underwriting, at retirement.

(i) There is no surrender charge.

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

K Optimisa

(UK Other Business - Individual Savings Account)

These policies are single life whole life assurances payable by single, annual or monthly premiums. No new policies nor top-ups to existing policies will be issued after 5 April 2002.

Premiums, after deducting a charge which is currently £1 per month for monthly contributions below £200 and nil otherwise, are allocated to secure units at the offer price in a notional accumulating with-profits fund. The charge can be increased in line with inflation or in line with increases in actual costs if greater.

The offer price of units is calculated daily and incorporates reversionary bonus interest. The bid price of units, subject to rounding, is 95% of the offer price. A terminal bonus may be added when units are realised.

The death benefit is 101% of the bid value of units at the date of death plus any terminal bonus.

4.(B)(a)(1) Description of non-linked contracts (SAL) continued

(i) An adjustment to reflect market conditions may be applied to withdrawals or on surrender. This is described in 4(B)(a)(2) (page 27).

(ii) Not applicable.

(iii) There are no guaranteed investment returns or bonus rates.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

4. (B)(a)(2) Market Value Reduction (MVR)

An MVR may be applied in the same circumstances, and following the same principles, as those described in 4.(A)(a)(2) (page 15). However, the limit of £25,000 below which it is our current practice not to apply an MVR is reduced to £5,000 for Optimisa, and in the case of Trustee Investment Plan (Series A) an MVR may be applied on death as described in 4(B)(a)(1) *I* (page 25).

4. (B)(b) Non-linked contracts with benefits determined on the basis of interest accrued

No non-linked contracts provide for benefits to be determined on the basis of interest accrued in respect of premiums paid other than those described in 4(B)(a)(1).

4. (B)(c) Other non-linked contracts not fully described by the entry in column 1 of Form 51

There are no other non-linked contracts not fully described by the entry in column 1 of Form 51.

4. (C) Direct written non-linked contracts in SAIF

4. (C)(a) Accumulating with-profits contracts

4. (C)(a) (1) Products

A ***IPA***
(UK pension business)

These contracts were available to exempt approved schemes as with-profits options under the corresponding linked contracts described in 5(1)(C)(ii) (page 53).

(i) Surrender charges are as described in 5(1)(C)(ii) (page 53).

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(C)(a)(2) (page 30).

(ii) Not applicable.

(iii) For applications received prior to 15 January 1996, and for claims payable on death or on retirement at the policyholder's selected retirement age (SRA), the value of initial units is guaranteed not to fall, and the value of accumulation units is guaranteed to increase at a minimum rate of 4% per annum .

(iv) There are no guaranteed surrender values.

(v) The contract includes a guaranteed annuity option at the SRA.

The policy guarantees a scale of single life annuities for men and women at selected retirement ages between 60 and 70 for men and 55 and 70 for women.

Specimen rates of annuity per £1,000 cash are:

Men aged 65	£100 per annum
Women aged 60	£78 per annum
Men aged 60	£87 per annum

The single life annuity is payable monthly in advance, guaranteed for 5 years. On death within the guaranteed period, outstanding instalments are paid as a lump sum.

By concession, policyholders are currently being allowed to select a different type of annuity, without losing the benefit of the guaranteed annuity.

B ***FlexiPension (Series 2)***
(UK pensions business)

These individual pension contracts for the self-employed were available as with-profits options under the corresponding linked contracts described in 5(1)(C)(iii) (page 54).

On retirement at the policyholder's selected retirement age (SRA) the fund available is the value at the bid price of all units allocated.

If retirement benefits have not been taken at or before the SRA, then at the SRA any initial units are cancelled at the bid price and the resultant amount applied to purchase, at the bid price, accumulation units in the same fund. On subsequent retirement or death, the fund available is the value at the bid price of all the units allocated.

On death before the SRA, the policyholder may receive either:

(a) the value at the bid price of the units allocated to the policy, or

(b) a specified sum assured in addition to the value at the bid price of the units allocated to the policy.

4.(C)(a)(1) Description of non-linked contracts (SAIF) continued

There is a facility for waiver benefit under which premiums are waived in respect of any period of incapacity, excluding the first six months of any such period.

(i) Surrender charges are as described in 5(1)(C)(iii) (page 54).

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(C)(a)(2) (page 30).

(ii) Not applicable.

(iii) For applications received prior to 15 January 1996, and for claims payable on death or at SRA, the value of initial units is guaranteed not to fall and the value of accumulation units is guaranteed to increase at a minimum rate of 4% per annum.

(iv) There are no guaranteed surrender values.

(v) Contracts which were written up to and including 26 July 2000 as increments to FlexiPension (Series 1) contracts have the same Guaranteed Annuity Option as the FlexiPension (Series 1) contract described in 4(C)(c)B (page 30).

C ***Series 1 pensions***
(UK pensions business)

These contracts were available as with-profits options under the corresponding linked contracts described in 5(1)(C)(iv) (page 56).

(i) Surrender charges are as described in 5(1)(C)(iv) (page 56).

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(C)(a)(2) (page 30).

(ii) Not applicable.

(iii) For applications received prior to 15 January 1996, and for claims payable on death or at NRA or SRA, the value of accumulation units is guaranteed to increase at a minimum rate of 4% per annum.

(iv) There are no guaranteed surrender values.

(v) Contracts which were written up to and including 26 July 2000 as increments to FlexiPension (Series 1) contracts have the same Guaranteed Annuity Option as the FlexiPension (Series 1) contract described in 4(C)(c)B (page 30).

D ***Series 2 pensions***
(UK pensions business)

These contracts were available as with-profits options under the corresponding linked contracts described in 5(1)(C)(v) (page 58).

(i) Surrender charges are as described in 5(1)(C)(v) (page 58).

An adjustment to reflect market conditions may be applied on surrender or on a switch of units from the fund. This is described in 4(C)(a)(2) (page 30).

(ii) The discounted value shown is the bid value of units less the early retirement charge described in 5(1)(C)(v) (page 58).

(iii) For applications received prior to 15 January 1996, and for claims payable on death or at NRA or SRA, the value of accumulation units is guaranteed to increase at a minimum rate of 4% per annum.

(iv) There are no guaranteed surrender values.

(v) Contracts which were written up to and including 26 July 2000 as increments to FlexiPension (Series 1) contracts have the same Guaranteed Annuity Option as the FlexiPension (Series 1) contract described in 4(C)(c)B (page 30).

E ***Series 3 pensions***

These contracts are as described in 4(B)(a)(1)*D* (page 22). However, different rates of bonus may apply.

F ***Section 32 Buy-Out Plan***

These contracts are as described in 4(B)(a)(1)*E* (page 22). However, different rates of bonus may apply.

G ***Phased Retirement Plan***
Income Drawdown Plan

These contracts are as described in 4(B)(a)(1)*F* (page 23). However, different rates of bonus may apply.

4. (C)(a)(2) Market Value Reduction (MVR)

An MVR may be applied in the same circumstances, and following the same principles, as those described in 4(A)(a)(2) (page 15).

4. (C)(b) Non-linked contracts with benefits determined on the basis of interest accrued

No non-linked contracts provide for benefits to be determined on the basis of interest accrued in respect of premiums paid other than those described in 4(C)(a)(1).

4. (C)(c) Other non-linked contracts not fully described by the entry in column 1 of Form 51

A ***Flexidowment (Series 2)***
(UK life assurance and general annuity business – with-profits)

These contracts ceased to be available in 1995. They are endowment assurances maturing either at age 65 or after 25 years, with guaranteed early maturity value options on any anniversary after the tenth.

B ***FlexiPension (Series 1)***
(Pension business – with-profits)

These contracts ceased to be available in 1987. They are pure endowments effected under Section 226 of the Income and Corporation Taxes Act 1970. On death there are 3 different benefits, namely a return of premiums with or without interest, or a return of the fund. The policies are written with a pension age of 75 and have guaranteed retirement options including guaranteed annuity options at any birthday after age 60.

Under the guaranteed annuity option, the policy guarantees a scale of single life annuities for men and women at any age between 60 and 75.

Specimen rates of annuity payable yearly in arrears without guarantee per £1,000 cash are:

Men at 65	£109 per annum
Women at 60	£82 per annum
Men at 60	£93 per annum

If the policyholder selects a different type of annuity then they will receive an annuity equivalent in value to the guaranteed rates quoted in the policy.

4.(C)(c) Description of non-linked contracts (SAIF) continued

C ***Endowment Assurance***
Individual Pure Endowment
(Pension business – with and without participation in profits)

These contracts include a guaranteed annuity option at the maturity date.

The policy guarantees a scale of single life annuities for men and women at selected retirement ages between 60 and 70 for men and 55 and 70 for women.

Specimen rates of annuity per £1,000 cash are:

Men at 65	£100 per annum
Women at 60	£78 per annum
Men at 60	£87 per annum

The annuity is payable monthly in advance, guaranteed for 5 years. On death within the guaranteed period, outstanding instalments are paid as a lump sum.

By concession, policyholders are currently being allowed to select a different type of annuity, without losing the benefit of the guaranteed annuity.

4. (D) Direct written non-linked contracts in SAA

4. (D)(a) Accumulating with-profits contracts

4. (D)(a) (1) Products

A ***Home Purchaser (Series 2)***
(UK life and general annuity business)

These low cost mortgage endowment plans were available as with-profits options under the corresponding linked contracts described in 5(1)(D)(vi) (page 69).

(i) Surrender charges are as described in 5(1)(D)(vi) (page 69).

An adjustment to reflect market conditions may be applied on full or partial surrender or on a switch of units from the fund. This is described in 4(D)(a)(2) (page 32).

(ii) The discounted value shown is the bid value of units less the surrender charge described in 5(1)(D)(vi) (page 69).

(iii) The Company has agreed on an *ex gratia* basis that, where the growth rate specified in product literature when the policy was issued has been achieved, then the maturity value will not be less than the amount of the mortgage the policy was intended to cover.

(iv) There are no guaranteed surrender values.

(v) There are no material options.

B ***Home Purchaser (Series 3)***
Amicable Savings Plan
(UK life and general annuity business)

These contracts are as described in 4(B)(a)(1)*A* (page 21).

4. (D)(a) (2) Market Value Reduction (MVR)

An MVR may be applied in the same circumstances, and following the same principles, as those described in 4(A)(a)(2) (page 15).

4. (D)(b) Non-linked contracts with benefits determined on the basis of interest accrued

No non-linked contracts provide for benefits to be determined on the basis of interest accrued in respect of premiums paid other than those described in 4(D)(a)(1).

4. (D)(c) Other non-linked contracts not fully described by the entry in column 1 of Form 51

There are no other non-linked contracts not fully described by the entry in column 1 of Form 51.

5. (1)(A) United Kingdom direct written linked contracts other than those in SAIF and SAA

(i) Prudence Bond, Prudence Managed Bond and Prudence Distribution Bond

(a) This category comprises Prudence Bond Bid Offer Spread Option, Prudence Bond Nil Bid Offer Spread Option, Prudence Managed Bond Bid Offer Spread Option, Prudence Managed Bond Nil Bid Offer Spread Option and Prudence Distribution Bond.

(b) These are whole life assurances. Prudence Bond and Prudence Managed Bond may also be written in accumulating with-profits form as described in 4(A)(a)(1)*A* (page 5).

(c) These are single premium assurances.

(d) The death benefit is 101% of the bid value of units at the date of death.

(e) Not applicable.

(f) Costs are recovered from policies by the following charges:

(i) For the Bid Offer Spread Options and Prudence Distribution Bond, an initial charge of 5% of the premium, rounded up by no more than 0.1p. This charge is included in the difference between the bid and offer prices of units.

(ii) For Nil Bid Offer Spread Options, an establishment charge of 1% of the bid value of units on the first three policy anniversaries, treating each tranche of premium as a separate policy.

If a regular withdrawal falls within the first three years, 0.5% of the total regular withdrawals made during the policy year will be taken at the next policy anniversary.

(iii) An annual management charge of 1% per annum of the value of units.

(iv) A premium charge of the amount by which the percentage of premium allocated to investment in units is less than 100%. (If the percentage exceeds 100% the excess is a deduction from the total charges).

The percentage of premium invested varies with the size of the premium. For Bid Offer Spread Options and Prudence Distribution Bonds written after 14 April 1997 the allocation rates are:

Initial investment	Allocation rate
£	%
5,000 to 9,999	100.00
10,000 to 19,999	102.00
20,000 to 49,999	102.75
≥50,000	103.75

For Nil Bid Offer Spread Options, allocation rates are 2% lower than those shown in the table above.

For policies issued between 2 July 2001 and 31 December 2001 and top-up premiums paid in the same period, allocation rates were 2% higher than those shown in the table above.

Allocation rates are increased if commission is given up. The full amount of units is allocated immediately and this is reflected in the valuation.

A version of the Distribution Bond sold by the Direct Sales Force since October 1997 has the following allocation rates:

Initial investment	Allocation rate
£	%
5,000 to 9,999	100.00
10,000 to 19,999	101.00
20,000 to 49,999	102.00
≥50,000	103.00

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(v) The following exit charges apply to withdrawals (other than regular withdrawals):

Year of exit (based on date of initial investment)	Bid Offer Spread Option and Distribution Bond business written after 31 December 1994	Nil Bid Offer Spread Option
	Proportion of fund value	
	%	%
1	5	8
2	4	6
3	3	4
4	2	2
5	1	1
6 and over	0	0

For Nil Bid Offer Spread Options there is an additional charge for withdrawal during the first three years. This charge is a proportion of the establishment charge for the policy year of withdrawal. It is based on the commencement date of each tranche.

(g) There are no restrictions on increases in the annual management charge other than that imposed by the need to meet policyholders' reasonable expectations.

(h) The surrender value is the bid value of units at the date of surrender, less any exit charge shown in (f)(v) above.

(i) The linked benefits under these contracts are wholly reinsured with Prudential Holborn Life Limited. Under the terms of the reinsurance arrangement, the annual management charge is paid back to the Company, and the Company meets the relevant investment management fees. Benefits are determined by reference to the value of units in whichever of the following internal funds of the reinsurer have been selected by the policyholder:

	Prudential Individual Unit Trusts	
Balanced Growth		
Cash	Equity	Small Companies
Distribution Fund	Equity Income	Special Situations
Distribution Cash Fund	European	Strategic Growth
Equity	Global Growth	UK Growth
European	High Income	
Fixed Interest	Japanese	
International	International Growth	
Managed	International Small Companies	
North America	North America	
Pacific Basin	Pacific Markets	
Property	Premier Income	

Prudential Distribution Bond policyholders may invest only in the Distribution Fund or Distribution Cash Fund.

(j) Not applicable.

(k) The contract was open to new business in the year to the valuation date.

(l) There were no increases in the rates of charges during the report period.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(ii) Prutrust: Whole life

(a) Prutrust: Whole life.

(b) These are whole life assurances.

(c) These are single premium assurances.

(d) The death benefit is the greater of the sum assured and the surrender value. The benefit may be paid in units of equivalent value.

(e) Not applicable.

(f) The only charges on the policies were a policy fee which varied by date of issue. Immediately prior to the contract being withdrawn the policy fee was £30, and 100% of the single premium, net of the policy fee, was invested in units.

Units were allocated at the offer price quoted by Prudential Unit Trusts Limited, although see 5(6)(i) (page 81).

(g) The Company cannot vary the charges.

(h) The surrender value is the cash value of the units allocated less a deduction equal to the full rate of capital gains tax applied to indexed gains which have occurred over the lifetime of the policy. It may be paid in units of equivalent value.

(i) Benefits are linked to Prudential UK Growth Trust units. Benefits were previously linked to Prudential Equity Trust units which were merged with the UK Growth Trust in June 1999.

(j) Not applicable.

(k) Contracts were issued from June 1969 to September 1980.

(l) Not applicable.

(iii) Prutrust: Endowment

(a) Prutrust: Endowment.

(b) These are endowment assurance contracts.

(c) Premiums are payable monthly.

(d) The benefits are as follows:

- on death: the annual investment sum multiplied by the endowment term (the nominal sum assured) plus any amount by which the cash value of the units allocated, less a deduction equal to the full rate of capital gains tax applied to indexed gains which have occurred over the lifetime of the policy, exceeds the total of the investment sums applied up to the date of death;

- on maturity: the cash value of the units allocated less a deduction equal to the full rate of capital gains tax applied to indexed gains which have occurred over the lifetime of the policy.

Either benefit may be paid in units of equivalent value. Alternatively, on the maturity of a policy that has not previously become paid-up, a Prutrust whole life assurance may be effected in lieu of the maturity proceeds.

(e) Not applicable.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(f) Costs are recovered from policies by the following charges:

(i) Policy fees which have varied by date of issue. Immediately prior to the contract being withdrawn, the policy fee was £0.75 per month.

(ii) A premium charge of the amount by which the percentage of premiums allocated to investment in units is less than 100%.

Allocation rates vary with age. Specimen allocation rates are as follows:

Age next birthday at maturity (male lives)	Proportion invested %
45	98.00
55	96.20
65	92.60
75	81.30

Units are allocated at the offer price quoted by Prudential Unit Trusts Limited, although see 5(6)(i) (page 81).

(iii) A surrender charge which is initially £10 plus 50p per cent of the nominal sum assured, and which reduces linearly to zero over the term of the policy.

(g) The Company cannot vary the charges.

(h) The surrender value is the cash value of the units allocated less the surrender charge described in (f)(iii) above and a deduction equal to the full rate of capital gains tax applied to indexed gains which have occurred over the lifetime of the policy.

(i) Benefits are linked to Prudential UK Growth Trust units. Benefits were previously linked to Prudential Equity Trust units which were merged with the UK Growth Trust in June 1999.

(j) Not applicable.

(k) Contracts were issued from September 1968 to November 1982.

(l) Not applicable.

(iv) Prufund: Protection Plan

(a) Prufund: Protection Plan.

(b) These are single life or joint life whole life assurances.

(c) Premiums are payable monthly throughout life.

(d) An administration charge and a mortality charge are levied monthly with the cost being met by cancelling units at the bid price.

For a given premium the level of life cover may be selected between two limits as follows:

(i) minimum cover - provides a level of cover which is guaranteed to be maintained throughout life;

(ii) maximum cover - provides a higher level of cover for the first 10 years which thereafter may need to be reduced.

Automatic reviews take place on the tenth policy anniversary and subsequently every 5 years until age 70 with annual reviews thereafter. Each review determines the maximum sum assured which can be supported until the next review.

The level of life cover may be reduced at any time, but not below the level that would render the contract non-qualifying. The level of life cover may be increased provided certain conditions are met.

The death benefit is the greater of the selected life cover and the bid value of the units secured at the date of realisation.

The contract may be converted to a paid-up policy provided that it has acquired a surrender value. Deductions for the cost of life cover and the monthly administration charge continue to be made until the policy has no surrender value, at which time the policy lapses without value. Alternatively, if the surrender value exceeds £1,000, the life cover may cease and the benefit payable on a subsequent claim will be the bid value of units. In this case no further mortality or administration charges are made.

If the original policy was issued on normal terms, a new policy may be effected without evidence of health every 5 years prior to the attainment of age 50 for a sum assured of up to 50% of the sum assured under the original policy at the time each option is exercised. The option lapses if it is not exercised in whole or part. The new policy may be a with-profits whole life or endowment assurance.

(e) Not applicable.

(f) Costs are recovered from policies by the following charges:

(i) An initial charge of 4% of each premium, which is rounded up by not more than 0.1p. This charge is included in the difference between the bid and offer prices of units.

(ii) An annual management charge of 1% per annum of the value of the units, which is allowed for in the price of units.

(iii) Administration fees levied monthly by cancelling units at the bid price.

(iv) A premium charge of the amount by which the percentage of premiums allocated to investment in units is less than 100%. (If the percentage exceeds 100% the excess is a reduction to the total charges).

During the first 2 policy years 50% of each premium is invested in units; thereafter the proportion is increased to 102% of each premium.

(g) The monthly administration charge and, subject to giving 6 months notice, the annual management charge and the mortality charge may be increased without limit, provided any increase is consistent with policyholders' reasonable expectations.

(h) The surrender value is the value of the units allocated.

(i) Benefits are linked to Prufund, an internal linked fund.

(j) Not applicable.

(k) Contracts were issued from March 1984 to June 1988. New contracts may be issued under the option described in the final paragraph of (d) above.

(l) There were no increases in the rate of charges during the report period.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(v) Prufund: Savings Plan

(a) Prufund: Savings Plan.

(b) Series 1 Plans are endowment assurances. Series 2 Plans are whole life assurances.

(c) Premiums are payable monthly for 10 years.

(d) The death benefit is the greater of the guaranteed life cover and the bid value of units secured at the date of realisation.

The maturity benefit for Series 1 plans is the bid value of the units secured at the date of realisation.

At the end of the premium payment term, premiums may be continued for a further 10 years.

Under Series 1 plans there is also an option after 10 years to continue the policy for a further 10 years without further payment of premiums.

(e) Not applicable.

(f) Costs are recovered from policies by the following charges:

(i) An initial charge of 4% of each premium, which is rounded up by not more than 0.1p. This charge is included in the difference between the bid and offer prices of units.

(ii) An annual management charge of 1% per annum of the value of the units, which is allowed for in the price of units.

(iii) A policy fee deducted from the monthly premium.

(iv) A premium charge of the amount by which the percentage of premiums allocated to investment in units is less than 100%. (If the percentage exceeds 100% the excess is a reduction to the total charges).

Specimen allocation rates are as follows:

Contracts	Age next birthday at entry (Male lives)	Proportion invested in policy year		
		1	2 to 5	Subsequent
		%	%	%
Series 1	35	62.00	104.00	104.00
	45	60.25	102.25	104.00
	55	56.00	98.00	104.00
	65	53.25	95.25	104.00
Series 2 (issued between February 1988 and June 1990)	35	62.00	104.00	104.00
	45	60.25	102.25	104.00
	55	56.00	98.00	104.00
	65	51.00	93.00	104.00
Series 2 (issued from July 1990 to July 1991)	35	57.00	104.00	104.00
	45	55.25	102.25	104.00
	55	51.00	98.00	104.00
	65	46.00	93.00	104.00

(g) The annual management charge may be increased without limit, subject to 6 months notice being given, provided any increase is consistent with policyholders' reasonable expectations.

(h) The surrender value is the value of the units allocated.

(i) Benefits are linked to Prufund, an internal linked fund.

(j) Not applicable.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(k) Series 1 contracts were issued from November 1982 to February 1988.

Series 2 contracts were issued from February 1988 to July 1991.

(l) There were no increases in the rate of charges during the report period.

(vi) Prufund: Investment Bond

(a) Prufund: Investment Bond.

(b) These are whole life assurances.

(c) These are single premium assurances.

(d) They are available with the benefit payable either on the death of one life or the second death of two lives.

The death benefit is 101% of the value of the units allocated. This applies by concession to policies issued before April 1989 which had a contractual death benefit of 100% of the value of units.

(e) Not applicable.

(f) Costs are recovered from policies by the following charges:

(i) An initial charge of 4% of each premium, which is rounded up by not more than 0.1p. This charge is included in the difference between the bid and offer prices of units.

(ii) An annual management charge of 1% per annum of the value of the units, which is allowed for in the price of units.

(iii) A policy fee deducted from the premium.

(iv) A premium charge of the amount by which the percentage of premium allocated to investment in units differs from 100%. Allocation rates varied from 98% to 101% depending on the size of premium and the issue date. For rates in excess of 100%, the implicit reduced bid/offer spread was adequate to cover expenses.

(g) The annual management charge may be increased without limit, subject to 6 months notice being given, provided any increase is consistent with policyholders' reasonable expectations.

(h) The surrender value is the value of the units allocated.

(i) Benefits are linked to Prufund, an internal linked fund.

(j) Not applicable.

(k) These contracts were issued from November 1982 to October 1991. Policyholders may pay additional top up premiums.

(l) There were no increases in the rate of charges during the report period.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(vii) PPA (Individual Personal Pension Account)
EPP2/3/4 (Executive Pension Plan, Series 2, 3 and 4)
EIB (Exempt Investment Bond)

(a) PPA, EPP2/3/4 and EIB.

(b) These are pension business contracts which may include non-linked benefits as described in 4(A)(a)(1)*E* (page 10).

(c) PPA and EPP2/3/4 are issued as both regular and single premium contracts. EIB is a single premium contract.

(d) The benefit on death or normal retirement is the bid value of units secured at the date of realisation.

For EPP2/3 policies written before 6 April 1990 a loyalty bonus of 0.25% of the average value of the accumulated fund for each year is added to the fund if at least 90% of the regular contributions due up to 5 years before the normal pension date have been paid. Loyalty bonus is reduced if less than 90% of the regular contributions have been paid. For policies written between 1 July 1988 and 6 April 1990 a loyalty bonus is also paid on single contributions provided they remain invested for at least 5 years. Loyalty bonus is paid on retirement or on death before normal pension date.

PPA policies receive a loyalty bonus of 2% of the benefits payable if 10 years' premiums have been paid.

EPP contracts may include life assurance cover. The death benefits are costed as a level term assurance premium deducted from the total premium.

A waiver of premium benefit is available under PPA contracts.

(e) There are no guaranteed investment returns other than that inherent in the Guarantee Fund (see (i) below).

(f) Costs are recovered from policies by the following charges:

(i) For all contracts, there is an initial charge of 5% of each premium, which is rounded up by not more than 0.1p. This charge is included in the difference between the bid and offer prices of the units.

For all contracts except PPA top-ups effected on or after 1 January 1999, 5% (for PPA) or 7% (EPP) of the remaining units secured by regular premiums due in the first year of payment are cancelled on each anniversary of the commencement of a regular premium front end loaded contract. On transfer or early retirement the benefits are reduced by a scale of charges broadly equivalent to the value of any outstanding cancellations. This charge is anticipated in the unit liability shown in column 12 of Form 53. It may be reduced if reduced rates of commission are payable.

(ii) An annual management charge of 1% per annum of the value of the units.

(iii) Policy fees, which have varied by date of issue and frequency of premium payment.

(iv) A premium charge of the amount by which the percentage of premiums allocated to investment in units is less than 100%. (If the percentage exceeds 100% the excess is a reduction to the total charges.) This charge may be reduced where reduced rates of commission are payable.

Specimen allocation rates are as follows:

(I) For PPA and EPP2/3 policies written before 1 January 1995, the percentage of premiums deemed invested varies with size of contribution and term. The minimum and maximum percentages for selected terms are shown below:

Regular contributions					
PPA			EPP2/3		
Term (years)	Maximum	Minimum	Term (years)	Maximum	Minimum
	%	%		%	%
5	99.50	97.50	All	105.00	100.00
10 or more	102.00	100.00			

For single contributions the allocation rate is 100%.

For PPA policies, 105.27% of all premiums received on or after 1 October 2000 is invested.

(II) For EPP4 policies written after 31 December 1994, the allocation rate varies with the size of contribution and with the commission paid. The allocation rates for nil commission terms are shown below:

Single premium		Annual premium	
Investment amount	Allocation rate	Investment amount	Allocation rate
£	%	£	%
< 20,000	105.25	All	105.25
20,000 - 29,999	106.00		
30,000 - 39,999	107.00		
40,000 - 49,999	108.00		
≥ 50,000	109.00		

Allocation rates in excess of 105% are funded from future annual management charges. The full amount of units is allocated immediately and this is reflected in the valuation.

Allocation rates where commission is payable are correspondingly lower.

(III) For EIB policies allocation rates are normally in the range 95% - 102%, although there are some contracts with an allocation rate of 106% - 107%.

(g) There are no restrictions on increases in charges, other than that imposed by the need to meet policyholders' reasonable expectations.

(h) For regular premium front end loaded contracts, benefits on transfer or early retirement are the bid value of the units less the adjustment stated in (f)(i) above. For EPP 2/3/4 and EIB single premium contracts, the benefit is 100% of the bid value of the units at durations 6 years and over, reducing linearly to 95% at duration zero.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(i) The linked and Guaranteed Fund benefits under these contracts are wholly reinsured with Prudential Holborn Pensions Limited. Under the terms of the reinsurance arrangement, the annual management charge is paid back to the Company, and the Company meets the relevant investment management fees. Benefits are determined by reference to the value of units in whichever of the following internal funds of the reinsurer have been selected by the policyholder:

Cash Pension
Equity Income Pension
Equity Pension
European Pension
Fixed Interest Pension
Global Equity Pension
Global Growth Pension
High Income Pension
International Growth Pension
Index-linked Gilt Pension
International Money Pension
International Smaller Companies Pension
Japanese Pension
Managed Pension
North American Pension
Premier Income Pension
Pacific Markets Pension Fund
Property Pension
Small Companies Pension
Special Situations Pension
UK Growth Pension

The Guaranteed Fund is a non-unitised fund currently invested in short dated securities and loans. A rate of interest is published daily and money allocated to the Fund is increased appropriately after one year. Only PPA policies may invest in the Guaranteed Fund.

(j) Not applicable.

(k) Only EPP4 contracts were open to new business during the year.

(l) There were no increases in the rates of charges during the report period.

(viii) PPP (Personal Pension Policy)
FSAVC (Free-Standing Additional Voluntary Contribution Scheme)

(a) PPP and FSAVC.

(b) These are pension business contracts written on a money purchase basis. They may include non-linked benefits as described in 4(A)(a)(1)*D* (page 9).

(c) Single or regular premiums may be paid.

(d) Both contracts operate like those described in 5(1)(A)(vii) (page 40). For PPP, loyalty bonus applies only to policies written between 1 July 1988 and 5 April 1990. Policies sold by the direct sales force since 1 September 1998 include a guarantee similar to that described in paragraph 4(A)(c)*I*(b) (page 19), subject to a possible deduction to reflect any fall in the unit price between the allocation and realisation dates. New regular premium contracts and all regular premium top-ups which commence on or after 1 January 1999 include a guarantee similar to that described in paragraph 4(A)(c)*I*(d) (page 19), subject to a possible deduction to reflect any fall in the unit price between the allocation and realisation dates.

(e) Not applicable.

(f) Costs are recovered from policies by the following charges:

(i) An initial charge of 5% of each premium, which is rounded up by not more than 0.1p. This charge is included in the difference between the bid and offer prices of the units.

(ii) An annual management charge of 1% per annum of the value of the units.

(iii) For regular premium front end loaded contracts except for top-ups effected on or after 1 January 1999 there is a further initial charge. On each anniversary of the commencement of the contract, 7% of the remaining units secured by regular premiums due in the first year of payment are cancelled. On transfer or early retirement the benefits then available are reduced by a scale of charges broadly equivalent to the value of any outstanding cancellations. This charge is anticipated in the unit liability shown in column 12 of Form 53. It may be reduced where reduced rates of commission are payable.

(iv) The amount recouped by the above charges is reduced by the extent to which the percentage of the premium invested exceeds 100. With effect from 1 October 2000, 105.27% of each premium (or the contractual percentage if higher) is invested. Before that date, the percentage invested varied from 91% for smaller regular premiums to 108.25% for the largest single premiums.

(g) There are no restrictions on increases in charges, provided any increase is consistent with policyholders' reasonable expectations.

(h) Benefits on transfer or early retirement are the normal retirement benefits stated in (d) above, less the adjustments stated in (f) above.

(i) The linked benefits under these contracts are wholly reinsured with Prudential Holborn Pensions Limited. Under the terms of the reinsurance arrangement, the annual management charge is paid back to the Company, and the Company meets the relevant investment management fees. Benefits are determined by reference to the internal funds of the reinsurer listed in 5(1)(A)(vii) (page 40).

(j) Not applicable.

(k) PPP contracts were open to new business in the year to the valuation date. FSAVC contracts were not.

(l) There were no increases in the rates of charges during the report period. Exit charges payable on transfer or early retirement were removed from 1 April 2001.

(ix) GPP1 (Group Personal Pension Scheme (Old))
GPP2 (Group Personal Pension Scheme (New))
GPP3 (Prudential (Flexible) Personal Pension Scheme)
GPP4 (Prudential (2000) Personal Pension Scheme)
MPP2 (Money Purchase Plan (New))
SHP (The Prudential Stakeholder Pension Scheme)

(a) GPP1, GPP2, GPP3, GPP4, MPP2 and SHP.

(b) These are group pension business contracts which, with the exception of Stakeholder, may include non-linked benefits as described in 4(A)(a)(1)*F(a)* (page 11).

(c) Single or regular premiums may be paid.

(d) These contracts provide retirement and death in service benefits for groups of employees, or can be used, with the exception of Stakeholder, as an investment contract for approved self administered pension schemes. For GPP1, GPP2 and MPP2 on death, normal retirement, transfer and early retirement, the benefit is the bid value of the units secured at the date of realisation less, on transfer or early retirement, an adjustment as detailed in (f)(iii) below. For GPP3, GPP4 and Stakeholder on death, normal retirement, transfer and early retirement, the benefit is the fund value secured at the date of realisation. For GPP4 an adjustment as detailed in (f)(iii) below may apply.

(e) Not applicable.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(f) Costs are recovered from policies by the following charges:

(i) For GPP1, GPP2 and MPP2 there is an initial charge of 5% of each premium which is rounded up by not more than 0.1p. This charge is included in the difference between the bid and offer prices of the units. There is no initial charge for GPP3, GPP4 and SHP under which all units are bought and sold at the offer price.

(ii) For GPP1, GPP2 and MPP2, there is an annual management charge of 0.75% per annum of the value of the units, which may be reduced for schemes whose funds under management exceed £2 million.

For GPP3, the annual management charge is 1%, 0.95%, 1.25% or 1.25% for actively managed units reinsured with Prudential Pensions Limited, Barclays Global Investors Pension Management Limited, Mercury Life Assurance Company Limited or London and Manchester (Managed Funds) Limited respectively. There is an annual management charge of 0.9% when units are invested in Prudential Pensions Limited's passive funds.

For GPP4 and SHP the annual management charge is decided on a case by case basis. The annual management charge also varies according to the selected investment option. For SHP the annual management charge varies between 0.65% and 0.75%.

(iii) For regular premium front end loaded contracts there is a further initial charge. On each anniversary of the commencement of the contract, up to 7% of the remaining units secured by regular premiums due in the first year of payment are cancelled. On transfer or early retirement the benefits then available are reduced by a scale of charges broadly equivalent to the value of any outstanding cancellations. This charge is anticipated in the unit liability shown in column 12 of Form 53.

(iv) GPP1, GPP2, GPP3 and MPP2 are subject to policy fees, which have varied by date of issue and frequency of premium payment.

(v) A premium charge is applied equal to the amount by which the percentage of premiums allocated to investment in units is less than 100%. (If the percentage exceeds 100% the excess is a reduction to the total charges.)

Specimen allocation rates are as follows:

(I) For GPP1 contracts, the proportion of premiums invested varies from 106% (101% in year 1) for monthly contributions of £1,000 or more to 84% (79% in year 1) for monthly contributions of less than £25. A setting up fee is charged when a new scheme receives transfer values. At least 100% of each single premium or transfer value, less setting up fees, is then allocated. For schemes receiving only the contracting out rebate, at least 99% of each contribution is allocated.

Allocation rates in excess of 105% are funded from future annual management charges. The full amount of units is allocated immediately and this is reflected in the valuation.

(II) Since 1 January 1995 allocation rates for regular contributions to GPP2 and MPP2 have been 103.5%. For single contributions, the allocation rates are 104% for contributions below £10,000 and 105% for contributions above £10,000.

(III) The allocation rate for GPP3, GPP4 and SHP is 100% for all premiums.

Charges under (iii) and (v) may be reduced where reduced rates of commission are payable.

(g) For SHP the annual management charge cannot exceed the regulatory maximum (currently 1%). There are no other restrictions on increases in the annual management charge other than that imposed by the need to meet policyholders' reasonable expectations.

(h) Benefits on transfer or early retirement are the normal retirement benefits stated in (d) above, less the adjustment stated in (f)(iii) above.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(i) (I) The linked benefits under GPP1, GPP2 and MPP2 are wholly reinsured with Prudential Pensions Limited, 0.25% of the annual management charge being retained by the reinsurer to meet relevant investment management fees. Benefits are determined by reference to the following internal funds of the reinsurer:

Cash	Global Equity	Light Green
Discretionary	Global Equity (Passive)	Property
Equity	Index-linked	Retirement Protection
Equity (Passive)	International	
Fixed Interest	International Bond	

(II) The linked benefits under GPP3 contracts are wholly reinsured with Prudential Pensions Limited, Barclays Global Investors Pension Management Limited, Mercury Life Assurance Company Limited or London and Manchester (Managed Funds) Limited. The reinsurers retain 0.25%, 0.15%, 0.5% and 0.5% respectively of the annual management charge to meet relevant investment management fees. Benefits are determined by reference to the following funds of the reinsurers:

Prudential Pensions Ltd.

Cash II
Discretionary II
Fixed Interest II
Global Equity II
Index-Linked II
Index Linked (Passive) II
International Bond II
International Equity II
Property II
Retirement Protection (Passive) II
UK Equity II
UK Equity (Passive) II

Barclays Global Investors Pension Management Ltd.

Global Equity Index Tracker
UK Equity Index Tracker

Mercury Life Assurance Co. Ltd

Annuity Protection
Cash
Global Equity

London & Manchester (Managed Funds) Ltd

Friends Ivory & Sime UK Ethical Fund

(III) The linked benefits under GPP4 contracts are wholly reinsured with Prudential Pensions Limited, Barclays Global Investors or Deutsche Asset Management. The reinsurers retain 0.25%, 0.15% (subject to a minimum fee of £100,000), and 0.275% (reducing to 0.25% if funds under management reach £150 million) respectively of the annual management charge to meet relevant investment management fees. Further details of the minimum fees are as follows.

Barclays Global Investors:	The £100,000 minimum fee applies until 1 April 2004. Thereafter the Company will pay 0.15% or £50,000 per annum, whichever is higher.
Deutsche Asset Management:	The minimum fee of £100,000 per annum will apply from 1 April 2002.

Benefits are determined by reference to the following funds of the reinsurers:

Prudential Pensions Ltd

Cash
Corporate Bond
Discretionary
Fixed Interest
Index Linked
Property
Retirement Protection
Socially Responsible
UK Smaller Companies
UK Specialist Equity

Barclays Global Investors

Global Equity Index 60/40
UK Equity Index

Deutsche Asset Management

Balanced
European Equity
Japanese Equity
North American Equity
Pacific Equity
UK Equity

(IV) The linked benefits under SHP contracts are wholly reinsured with Prudential Pensions Limited, Barclays Global Investors, Deutsche Asset Management and Standard Life Assurance Company Limited. Standard Life retain 0.15% of the annual management charge to meet relevant investment management fees. Retentions and minimum fees for the other reinsurers are the same as those for GPP4 described in (III) above

Benefits are determined by reference to the same funds as for GPP4 listed above or to Standard Life's Ethical or UK Equity Select Funds.

(j) Not applicable.

(k) All contracts except GPP1 were open to new business in the year to the valuation date.

(l) There were no increases in the rates of charges during the report period.

(x) PTP (Pension Transfer Plan)

(a) PTP.

(b) These are group pension business contracts which may include non-linked benefits as described in 4(A)(a)(1)*F(a)* (page 11).

(c) The contract accepts transfer values. Regular contributions may be paid if the contract is set up as a personal pension.

(d) The contract is a means of investing transfer values from former pension schemes. It can be set up as a Section 32 Buyout or as a Personal Pension, and provides pension and lump sum benefits on retirement and lump sum benefits on death. Where a GMP is to be guaranteed on a Section 32 policy, the GMP part of the transfer value must be used to buy special units in the With-Profits fund. The value of the benefits is the bid value of the units. On a Personal Pension contract, members have the option of paying future contributions.

(e) Not applicable.

(f) Costs are recovered from policies by the following charges:

(i) An initial charge of 5% of each premium, which is rounded up by not more than 0.1p. This charge is included in the difference between the bid and offer prices of the units.

(ii) An annual management charge of 0.75% per annum of the value of the units.

(iii) Policy fees which have varied by date of issue and frequency of premium payment.

(iv) A premium charge of the amount by which the percentage of premiums allocated to investment in units is less than 100%. (If the percentage exceeds 100% the excess is a reduction to the total charges.) This charge may be reduced if reduced rates of commission are payable.

Specimen allocation rates for nil commission terms and terms of 20 years or more are as follows:

Transfer Value	Allocation Rate		
	Term <10	10 - 20	20 years +
£	%	%	%
<10,000	103	103	104
10,000 to 24,999	103	104	106
25,000 to 39,999	104	104	106
≥ 40,000	105	105	106

Allocation rates in excess of 105% are funded from future annual management charges. The full amount of units is allocated immediately and this is reflected in the valuation.

Allocation rates where commission is payable are correspondingly lower.

(g) There are no restrictions on increases in the annual management charge other than that imposed by the need to meet policyholders' reasonable expectations.

(h) The transfer value is the bid value of units.

(i) The linked benefits under these contracts are wholly reinsured with Prudential Pensions Limited, 0.25% of the annual management charge being retained by the reinsurer to meet relevant investment management fees. Benefits are determined by reference to the reinsurer's internal funds listed in 5(1)(A)(ix)(i)[I](page 45).

(j) Not applicable.

(k) Contracts were open to new business in the year to the valuation date.

(l) There were no increases in the rates of charges during the report period.

(xi) AVC (Group Additional Voluntary Contribution Contract)

(a) AVC.

(b) These are group pension business contracts which may include non-linked benefits as described in 4(A)(a)(1)*C*(c) (page 9).

(c) Single or regular premiums may be paid.

(d) On death, normal retirement, transfer and early retirement, the benefit is the bid value of the units secured at the date of realisation.

(e) Not applicable.

(f) Costs are recovered from policies by the following charges:

   (i) An initial charge of 5% of each premium, which is rounded up by not more than 0.1p. This charge is included in the difference between the bid and offer prices of the units.

   (ii) An annual management charge of 0.65% per annum of the value of the units for passive funds and 0.75% per annum for other managed funds.

   (iii) Policy fees, which have varied by date of issue and frequency of premium payment.

   (iv) A premium charge of the amount by which the percentage of premiums allocated to investment in units is less than 100%. (If the percentage exceeds 100% the excess is a reduction to the total charges.) This charge may be reduced if reduced rates of commission are payable.

   Allocation rates are in the range 98% - 105.27%.

(g) There are no restrictions on increases in the annual management charge other than that imposed by the need to meet policyholders' reasonable expectations.

(h) The transfer value is the bid value of units.

(i) The linked benefits under these contracts are wholly reinsured with Prudential Pensions Limited, 0.25% of the annual management charge being retained by the reinsurer to meet relevant investment management fees. Benefits are determined by reference to the internal funds of the reinsurer listed in 5(1)(A)(ix)(i)[I] (page 45).

(j) Not applicable.

(k) Contracts were open to new business in the year to the valuation date.

(l) There were no increases in the rates of charges during the report period.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(xii) Flexible Retirement Income Account

(a) Flexible Retirement Income Account

(b) These are pension business contracts which may include non-linked benefits as described in 4(A)(a)(1)*G* (page 12).

(c) Only single premiums are acceptable.

(d) The premium is used to allocate units in funds chosen by the policyholder in any one or more of three separate accounts:

In the Pension Reserve Account, units are held to provide retirement benefits at some future date.

In the Income Drawdown Account, units are cancelled to provide a regular income subject to Inland Revenue limits. The balance of the fund may be used at any time to buy an immediate annuity, and must be so used when the policyholder attains age 75.

In the Flexible Lifetime Annuity Account, units are cancelled to provide a regular income within limits set by the Company which are reviewed every three years. The policyholder may opt at the outset for the income to continue during the lifetime of a surviving spouse. A survival bonus in the form of additional units is added on each income payment date dependent upon the policyholder's age and sex, the spouse's age and sex, the percentage of spouse's benefit and the fund value. The balance of the fund may be used at any time to buy an immediate annuity, and must be so used when the policyholder attains age 90.

In addition to single premiums, the plan accepts transfers from personal pension plans, approved occupational pension schemes, free standing AVCs and Section 32 contracts. The plan cannot accept money put aside for Protected Rights or Guaranteed Minimum Pension.

(e) There are no guaranteed investment returns.

(f) Costs are recovered from policies by initial and switching charges, annual management charges and, for Pension Reserve and Income Drawdown only, policy fees.

97% of each premium is used to buy units. On a subsequent switch from Pension Reserve to Income Drawdown or Flexible Lifetime Annuity or from Income Drawdown to Flexible Lifetime Annuity the rate is 98.5%. No charge is applied when the balance in the Flexible Lifetime Annuity account is used to buy an immediate annuity.

The annual management charge varies by fund between 0.8% and 1.225% per annum of the value of the units.

Any commission in excess of 0.25% per annum is met by a monthly deduction from units.

(g) There are no restrictions on increases in charges other than that imposed by the need to meet policyholders' reasonable expectations.

(h) No surrender values are payable. Transfer values are not permitted from Flexible Lifetime Annuity accounts. Transfer values from Pension Reserve and Income Drawdown within the first 3 years of the inception of the contract are subject to charges of 3% of the fund in year 1, 2% of the fund in year 2 and 1% of the fund in year 3.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(i) The linked benefits under these contracts are wholly reinsured with Scottish Amicable Life plc. Under the terms of the reinsurance arrangement, the Company retains the annual management charge and meets the relevant investment management fees. Benefits are determined by reference to the following funds of the reinsurer:

M&G Corporate Bond Pension Fund (Series 2)
M&G High Interest Pension Fund
M&G Managed Growth Pension Fund
Merrill Lynch Corporate Bond Fund
Merrill Lynch Managed Fund
Newton Managed Fund
Newton UK Equity Income Fund
Perpetual Managed Fund
Perpetual UK Equity Fund
Philips & Drew Managed
Philips & Drew UK Equity Fund
Schroder International Fund
Schroder Managed Fund

(j) Not applicable.

(k) The contract was open to new business in the year to the valuation date.

(l) There were no increases in the rates of charges in the year to the valuation date.

(xiii) Annuities linked to the Retail Prices Index (RPI)

(a) Annuities in payment - RPI.

(b) These are pensions annuities in payment.

(c) Only single premiums are payable.

(d) An annuity is payable throughout the lifetime of the annuitants.

(e) The amount payable is guaranteed to change in line with the RPI.

(f) Expenses are recovered in aggregate from implicit margins included within the pricing basis. There are no explicit charges and there is no direct correlation between any specific charge and a specific cost to the Company.

(g) The Company cannot vary the charges.

(h) There is no transfer value.

(i) Benefits change each year by the change in the RPI over the previous year.

(j) Not applicable.

(k) Contracts were open to new business in the year to the valuation date.

(l) Not applicable.

(xiv) Guaranteed Equity Bond

(a) Guaranteed Equity Bond.

(b) These are endowment assurances issued on a single life or joint life second death basis.

(c) Only single premiums are payable.

5.(1)(A) Description of United Kingdom linked contracts (other than SAL, SAIF and SAA) continued

(d) This contract had a limited offer period between 29 May 2001 and 26 June 2001. All contracts mature on 27 June 2007 when their value is determined as follows:

- The investment period of the contract is split into six equal one-year periods, the first commencing on 27 June 2001. The annual percentage change in the FTSE 100 index is calculated at the end of each annual period.
- The annual percentage change in the first five years is calculated from the value of the FTSE 100 index at the end of each period.
- The annual percentage change in the final year is calculated from the arithmetic average of the closing values of the index on each of the 20 working days preceding 27 June 2007.
- The adjusted percentage change in the index for each period is the actual change calculated as described above subject to a maximum rise of 15%.
- The value of the bond at the Maturity Date is equal to the initial investment (inclusive of any early or large investment bonus described in (j)) increased by the sum of the adjusted percentage changes in the index or, if this sum is negative, the initial investment inclusive of any early or large investment bonus.

On death or diagnosis of a terminal illness (defined as one where death is expected within twelve months) during the investment period, the benefit paid will be the greater of 101% of the initial investment amount and 101% of the surrender value.

(e) The maturity value will not be less than the initial investment (inclusive of any early or large investment bonus described in (j)).

(f) There are no explicit charges. The benefits have been determined after making allowance for acquisition, renewal and claim expenses.

(g) Not applicable.

(h) The surrender value is a proportion of the initial investment (inclusive of any early or large investment bonus described in (j)) plus the same proportion of growth resulting from movements in the FTSE 100 Index up to the time of surrender.

The growth up to the time of surrender is calculated by adding the adjusted percentage changes in the FTSE 100 index in each one year period (including any growth in the final part year before surrender) as described in (d) above, subject to there being no 20-day averaging of the value of the index in the final year for the purposes of calculating surrender benefits.

The proportions of initial investment and growth payable on surrender are shown in the following table:

Year of Surrender	Proportion %
1	70
2	75
3	80
4	85
5	90
6	95

(i) The value of the contract is determined by the performance of the FTSE 100 Index as described in (d) and (h) above.

(j) An early investment bonus up to 0.3% of the premium was added if the proposal was received between 29 May 2001 and 18 June 2001. A bonus of 0.2% of the premium was added to any premium over £20,000.

(k) This contract was offered from 29 May 2001 to 26 June 2001.

(l) Not applicable.

5. (1)(B) United Kingdom linked reinsurance accepted from SAL

Guaranteed Peak Bond

(a) Guaranteed Peak Bond.

(b) These are non-profit whole life assurance contracts.

(c) These are single premium contracts.

(d) This contract had a limited offer period between 1 June 1998 and 10 July 1998. The bond has a Guarantee Date of 10 December 2004.

The benefit paid at the Guarantee Date is determined by the performance of a "Smoothed FTSE 100 Index". The Smoothed FTSE 100 Index is defined as the average of the observed daily closing levels of the FTSE 100 Index over the previous year.

The value of the bond at the Guarantee Date is determined as follows:

- On the first anniversary of the investment date the base level is set equal to the Smoothed FTSE 100 Index at that date.
- Every day from the end of the first year until the Guarantee Date a new level of Smoothed FTSE 100 Index is calculated.
- The value of the bond at the Guarantee Date is the Investment Content increased by the percentage difference between the highest of all the Smoothed FTSE 100 levels and the base level. The maximum value is capped at 200% of the premium paid. The minimum value is the premium paid.
- The Investment Content is the premium paid less initial charges plus any uplift to reflect early investment.

On the Guarantee Date or on earlier surrender or death, the Company pays to the ceding office the market value of the asset it holds to match the payment due on the Guarantee Date.

(e) The guaranteed value of the policy at the Guaranteed Date is described in (d) above.

(f) All costs are borne by the ceding office.

(g) Not applicable.

(h) On surrender prior to the Guarantee Date the Company pays to the ceding office the market value of the matching asset it holds.

(i) The value of the contract is determined by the performance of the FTSE 100 Index as described in (d) above.

(j) Not applicable.

(k) This contract was offered from 1 June 1998 to 10 July 1998.

(l) Not applicable.

5. (1)(C) United Kingdom direct written linked contracts in SAIF

(i) Trustee Investment Plan

(a) Trustee Investment Plan.

(b) These are non-profit group pension contracts.

(c) These are single premium contracts.

(d) This contract is restricted to investment by trustees of exempt approved retirement benefits schemes.

There is no death benefit.

(e) Not applicable.

(f) Acquisition expenses and initial commission are recouped by an establishment charge of 0.875% per annum of the fund for the first 5 years. This charge is met by the monthly deallocation of units.

Where part or all of the commission is taken as a fund-related amount, then a higher allocation factor is applied and the fund related commission is recouped by the deallocation of units through a quarterly service charge.

Renewal expenses are met from the annual management charge. This is currently 1.125% per annum for the Exempt Global Balanced (US View) fund and 0.875% per annum for other funds.

(g) There are no restrictions on increases in the annual management charge other than that imposed by the need to meet policyholders' reasonable expectations.

(h) The realisation value at any time is the value at the bid price of the units allocated to the policy, less an early discontinuance charge.

The maximum discontinuance charge is calculated as the bid value of units being withdrawn, multiplied by the factor shown below.

Policy year	Factor
	%
1	7.5
2	6.0
3	4.5
4	3.0
5	1.5
6 and over	0.0

(i) Linked benefits under these contracts are wholly reinsured with Scottish Amicable Life plc who refund the whole of the annual management charge. Benefits are determined by reference to the value of internal funds of the reinsurer.

(j) Not applicable.

(k) These contracts were open to new business in SALAS before the transfer date and continue to be issued by SAL.

(l) There were no increases in the rates of charges during the report period.

5.(1)(C) Description of SAIF linked contracts continued

(ii) IPA

(a) IPA.

(b) These are non-profit pure endowments.

(c) Single or regular (annual or monthly) premium.

(d) On retirement at the selected retirement age (SRA), the fund available is the value at the bid price of the units allocated.

On death before the SRA, the policyholder may receive:

(i) the value at the bid price of the units allocated to the policy, or

(ii) the greater of a specified sum assured and the value at the bid price of the units allocated to the policy, or

(iii) a specified sum assured in addition to the value at the bid price of the units allocated to the policy.

An accumulating with-profits version of this contract is also available, as described in 4(C)(a)(1)*A* (page 28).

(e) Not applicable.

(f) Regular premium policies:

Acquisition expenses and initial commission are recouped by an additional management charge of 6% per annum which is levied on the value of initial units. This charge is reflected in the daily initial unit prices. Initial units are those purchased by the first annual or first twelve monthly premiums.

Renewal commission and renewal expenses are recouped by a combination of the bid/offer spread and allocation factor, and also an annual member charge which is applied to one of each member's policies.

An annual management charge is also used to meet expenses.

The cost of any sum at risk (i.e. the excess of the death benefit over the bid value of the units) is met by the monthly cancellation of sufficient accumulation units to meet the cost for that month.

Single premium policies:

Acquisition expenses and initial commission are recouped by a combination of the bid/offer spread and the allocation factor used, and by the annual management charge.

Renewal expenses are met from the annual management charge.

The annual management charge is currently 0.875% per annum, with the exception of the Exempt Global Balanced (US View) Fund for which the annual management charge is 1.125% per annum.

(g) Increases in member charges are normally restricted to increases in line with inflation unless it can be demonstrated that costs have increased by more than this. There are no restrictions on increases in the annual management charge, other than that imposed by the need to meet policyholders' reasonable expectations.

The mortality rates used to calculate the cost of the death benefit may be changed if there is a significant change in the expected mortality experience of the Company's policyholders.

5.(1)(C) Description of SAIF linked contracts continued

(h) Regular premium policies:

On retirement before the SRA, the retirement fund available at the actual retirement age (ARA) is the value at the bid price of all units allocated, reduced by a proportion of the bid value of initial units which depends on the number of complete months (m) between the ARA and the SRA as follows:-

m (months)	Proportion of bid value of initial units deducted
	%
0-60	(m/2.4)
60-180	[25 + (m-60)/3]

Single premium policies:

On retirement before the SRA, the retirement fund available is the value at the bid price of all units allocated.

(i) Linked benefits under these contracts are wholly reinsured with Scottish Amicable Life plc who refund the whole of the annual management charge. Benefits are determined by reference to the value of internal funds of the reinsurer.

(j) The contract includes a guaranteed annuity option at the SRA.

The policy guarantees a scale of single life annuities for men and women at selected retirement ages between 60 and 70 for men and 55 and 70 for women.

Specimen rates of annuity per £1,000 cash are:

Men at 65	£100 per annum
Women at 60	£78 per annum
Men at 60	£87 per annum

The annuity is payable monthly in advance, guaranteed for 5 years. On death within the guaranteed period, outstanding instalments are paid as a lump sum.

By concession, policyholders are currently being allowed to select a different type of annuity, without losing the benefit of the guaranteed annuity.

(k) This contract ceased to be available in 1987.

(l) There were no increases in the rates of charges during the report period.

(iii) FlexiPension (Series 2)

(a) FlexiPension (Series 2).

(b) These are non-profit pure endowments.

(c) Single or regular (annual or monthly) premium.

(d) The policy is written to a selected retirement age (SRA) which is selected at outset as any birthday from the 60th to 75th inclusive. However, retirement benefits may commence at any time between ages 60 and 75 inclusive.

On retirement at the SRA, the fund available is the value at the bid price of all units allocated.

If retirement benefits have not been taken at or before the SRA, then at the SRA any initial units are cancelled at the bid price and the resultant amount applied to purchase, at the bid price, accumulation units in the same funds. On subsequent retirement or death, the fund available is the value at the bid price of all the units allocated.

5.(1)(C) Description of SAIF linked contracts continued

On death before the SRA, the policyholder can receive either:

(i) the value at the bid price of the units allocated to the policy, or

(ii) a specified sum assured in addition to the value at the bid price of the units allocated to the policy.

There is a facility for waiver benefit under which premiums are waived in respect of any period of incapacity, excluding the first six months of any such period.

An accumulating with-profits version of this contract is also available as described in 4(C)(a)(1)*B* (page 28).

(e) Not applicable.

(f) Regular premium policies:

Acquisition expenses and initial commission are recouped by an additional management charge of 6% per annum which is levied on the value of initial units. This charge is reflected in the daily initial unit prices. Initial units are those purchased by the first annual or first twelve monthly premiums.

Renewal commission and renewal expenses are recouped by a combination of the bid/offer spread and the allocation factor, and also an annual member charge which is applied to one of each member's policies.

An annual management charge is also used to meet expenses.

The cost of any sum at risk (i.e. the excess of the death benefit over the bid value of the units) is met by the monthly cancellation of sufficient accumulation units to meet the cost for that month.

The cost of any waiver of premium benefits is met by the monthly cancellation of units.

Single premium policies:

Acquisition expenses and initial commission are recouped by the combination of the bid/offer spread and the allocation factor.

Renewal expenses are met from the annual management charge and from an annual member charge which is applied to one of each member's policies.

The annual management charge is currently 0.875% per annum, with the exception of the Exempt Global Balanced (US View) Fund for which the annual management charge is 1.125% per annum.

(g) Increases in member charges are normally restricted to increases in line with inflation except where it can be demonstrated that costs have increased by more than this. There are no restrictions on increases in the annual management charge other than that imposed by the need to meet policyholders' reasonable expectations.

The mortality rates used to calculate the cost of the death benefit may be changed if there is a significant change in the expected mortality experience of the Company's policyholders.

The rates used to calculate the charges for waiver of premium benefits may be changed if there is a significant change in the expectation that the Company's policyholders will suffer an accident or illness that leads to a claim.

5.(1)(C) Description of SAIF linked contracts continued

(h) Regular premium policies:

On retirement before the SRA, the retirement fund available at the actual retirement age (ARA) is the value at the bid price of all units allocated, reduced by a proportion of the bid value of initial units which depends on the number of complete months (m) between the ARA and the SRA as follows:-

m (months)	Proportion of bid value of initial units deducted
	%
0-60	(m/2.4)
60-180	[25 + (m-60)/3]

Single premium policies:

On retirement before the SRA, the retirement fund available is the value at the bid price of all units allocated.

(i) Linked benefits under these contracts are wholly reinsured with Scottish Amicable Life plc who refund the whole of the annual management charge. Benefits are determined by reference to the value of internal funds of the reinsurer.

(j) Contracts which were written up to and including 26 July 2000 as increments to FlexiPension (Series 1) contracts have the same Guaranteed Annuity Option as the FlexiPension (Series 1) contract (see 4(C)(c)B on page 30).

(k) This contract ceased to be available in 1987.

(l) There were no increases in the rates of charges during the report period.

(iv) Series 1 pensions

(a) This category comprises MaxiPension (Series 1), OmniPension (Series 1), ExtraPension (Series 1), FlexiPension (Series 3 and Series 4) and IndePension (Series 1 and Series 2).

(b) These are non-profit pure endowments.

(c) Single or regular (annual or monthly) premiums.

(d) MaxiPensions and OmniPensions are designed for exempt approved schemes and ExtraPensions for free standing AVCs. MaxiPensions and OmniPensions have slightly different charges and are designed to appeal to different markets. FlexiPensions and IndePensions are personal pensions contracts designed for those in self employment and employment respectively. A group personal pension version, Group IndePension (Series 1), is included with IndePension (Series 2).

Policies are written either to a normal retirement age (NRA) or a selected retirement age (SRA).
On retirement at the NRA or SRA the fund available is the value at the bid price of the units allocated.

On death before the NRA or SRA, the policyholder may receive:

(i) the value at the bid price of the units allocated to the policy, or

(ii) in the case of MaxiPension (Series 1), FlexiPension (Series 4) and IndePension (Series 2), the greater of a specified sum assured and the value at the bid price of the units allocated to the policy, or

(iii) in the case of MaxiPension (Series 1), OmniPension (Series 1), FlexiPension (Series 4) and IndePension (Series 2), a specified sum assured in addition to the value at the bid price of the units allocated to the policy.

5.(1)(C) Description of SAIF linked contracts continued

The personal pension contracts have a facility for waiver benefit under which premiums are waived in respect of any period of incapacity, excluding the first six months of such a period.

Accumulating with-profits versions of these contracts are also available as described in 4(C)(a)(1)*C* (page 29).

(e) Not applicable.

(f) With effect from 6 April 2001 some charges were removed from IndePension (Series 2), FlexiPension (Series 4) and ExtraPension (Series 1) contracts. Following the changes, the allocation factor is 100% or, if greater, the original allocation factor less 5% bid/offer spread, premiums are allocated at bid price and no installation or annual member charges apply. Additional non-unit reserves have been established where this results in future expenses exceeding charges.

Prior to 6 April 2001, acquisition expenses and initial commission were recouped by a combination of the bid/offer spread, an annual management charge and an installation charge applied at the start of each policy, and renewal expenses and commission were met from the bid/offer spread, an annual management charge and an annual member charge applied to one of the member's policies.

The cost of any sum at risk (i.e. the excess of the death benefit over the bid value of the units) is met by the monthly cancellation at the bid price of sufficient units to meet the cost for that month.

The cost of providing waiver benefits is met by the monthly cancellation of units.

For longer term single premium policies, the amount of premiums deemed to be invested after allowing for the effect of the allocation factor and bid/offer spread may be greater than the amount of the premium paid. Any such enhancement is recouped from the annual management charge.

The annual management charge is currently 0.875% per annum, with the exception of the Exempt Global Balanced (US View) fund for which the annual management charge is 1.125% per annum.

(g) Increases in member charges are normally restricted to increases in line with inflation except where it can be demonstrated that costs have increased by more than this. There are no restrictions on increases in the annual management charge other than that imposed by the need to meet policyholders' reasonable expectations.

The mortality rates used to calculate the cost of the death benefit may be changed if there is a significant change in the expected mortality experience of the Company's policyholders.

The rates used to calculate the charges for waiver of premium benefit can be changed if there is a significant change in the expectation that the Company's policyholders will suffer an accident or illness that leads to a claim.

(h) Regular premium policies:

The benefit on retirement or surrender before the NRA or SRA is equal to the bid value of the units allocated less a discontinuance charge.

Discontinuance charges may also be taken if the contributions under a regular premium policy are reduced or stopped prior to the attainment of NRA or SRA.

Single premium policies:

The benefit on retirement or surrender before the NRA or SRA is equal to the bid value of units less an early surrender charge which is calculated by reference to the outstanding proportion of the policy term.