

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

Name of insurer **Prudential Annuities Limited**

Global business

United Kingdom business

Financial year ended **31 December 2003**

Type of business **Pension Business**

Category of surplus **11: Global Business (Issued in the United Kingdom)**

Company registration number **R51** GL/UK/CM **2554213** **GL** Period ended **31 12 2003** Units **£000** UK/OS **UK** Type of business **Pens** Category of surplus **11**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>Direct Written Business</b>											
<b>Non-Profit Policies</b>											
Annuity in payment:Individual	5.14	A (a)	47407	165597 pa				2519335			2519335
Annuity in payment:Group	5.14	B (a)	23308	29147 pa				454388			454388
Deferred annuity:Group	5.14	D (b)	670	1788 pa				28526			28526
Deferred annuity:Group	5.14	C (b)	14426	41222 pa				354090			354090
Mismatching reserves								33523			33523
Additional reserves								13409			13409
<b>Sub total: Non-Profit Policies</b>			<b>85811</b>	<b>237754 pa</b>				<b>3403271</b>			<b>3403271</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>85811</b>	<b>237754 pa</b>				<b>3403271</b>			<b>3403271</b>
<b>Reassurance Accepted</b>											
<b>Non-Profit Policies</b>											
Annuity in payment:Individual	5.14	A (a)	534124	593575 pa				7862445			7862445
Deferred annuity:Group	5.14	D (b)	2631	15856 pa				120384			120384
Deferred annuity:Group	5.14	C (b)	214	807 pa				6927			6927

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

Name of insurer **Prudential Annuities Limited**

Global business

United Kingdom business

Financial year ended **31 December 2003**

Type of business **Pension Business**

Category of surplus **11: Global Business (Issued in the United Kingdom)**

Company registration number **R51** GL/UK/CM **2554213** **GL** Period ended **31 12 2003** Units **£000** UK/OS **UK** Type of business **Pens** Category of surplus **11**

Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
Miscellaneous deferred annuity	5.14	E (b)	2	2 pa				20			20
Mismatching reserve								79897			79897
Additional reserve								31958			31958
<b>Sub total: Non-Profit Policies</b>			<b>536971</b>	<b>610240 pa</b>				<b>8101631</b>			<b>8101631</b>
<b>Sub total: Reassurance Accepted</b>			<b>536971</b>	<b>610240 pa</b>				<b>8101631</b>			<b>8101631</b>
<b>Reassurance Ceded</b>											
<b>Non-Profit Policies</b>											
Deduct reinsurance ceded				142 pa				4070			4070
<b>Sub total: Non-Profit Policies</b>				<b>142 pa</b>				<b>4070</b>			<b>4070</b>
<b>Sub total: Reassurance Ceded</b>				<b>142 pa</b>				<b>4070</b>			<b>4070</b>
<b>Net total: Pension Insurance Business</b>			<b>622782</b>	<b>847852 pa</b>				<b>11500832</b>			<b>11500832</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>622782</b>	<b>847852 pa</b>				<b>11500832</b>			<b>11500832</b>

**Long term insurance business : Valuation summary of index linked contracts**

Name of insurer **Prudential Annuities Limited**

Global business

United Kingdom business

Financial year ended **31 December 2003**

Type of business **Pension Business**

Category of surplus **11: Global Business (Issued in the United Kingdom)**

Company registration number **GL/UK/CM** **2554213** **GL** **31 12 2003** **Units** **UK/OS** **Type of business** **Category of surplus**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Direct Written Business</b>														
<b>Non-Profit Policies</b>														
Annuity in payment:Individual	2.17	A (a)	7653		23577 pa				Retail prices index	406268	406268			406268
Annuity in payment:Group	2.17	B (a)	13490		27805 pa				Retail prices index	434021	434021			434021
Annuity in payment:Group	5.14	B (a)	7572		17314 pa				Retail prices index	302953	302953			302953
Deferred annuity:Group	2.17	C (b)	6389		16991 pa				Retail prices index	141363	141363			141363
Deferred annuity:Group	5.14	C (b)	7148		14406 pa				Retail prices index	251394	251394			251394
Mismatching reserves														20595
Additional reserves														6118
<b>Sub total: Non-Profit Policies</b>			<b>42252</b>		<b>100093 pa</b>					<b>1535999</b>	<b>1535999</b>			<b>1562712</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>42252</b>		<b>100093 pa</b>					<b>1535999</b>	<b>1535999</b>			<b>1562712</b>

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Prudential Annuities Limited**

Global business

United Kingdom business

Financial year ended **31 December 2003**

Type of business **Pension Business**

Category of surplus **11: Global Business (Issued in the United Kingdom)**

Company registration number **R54** GL/UK/CM **GL** Period ended **31 12 2003** Units **£000** UK/OS **UK** Type of business **Pens** Category of surplus **11**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Reassurance Accepted</b>														
<b>Non-Profit Policies</b>														
Annuity in payment:Individual	2.17	A (a)	6292		25829 pa				Retail prices index	414111	414111			414111
Deferred annuity:Group	2.17	C (b)	313		430 pa				Retail prices index	5225	5225			5225
Mismatching reserve														6290
Additional reserve														1678
<b>Sub total: Non-Profit Policies</b>			<b>6605</b>		<b>26259 pa</b>					<b>419336</b>	<b>419336</b>			<b>427304</b>
<b>Sub total: Reassurance Accepted</b>			<b>6605</b>		<b>26259 pa</b>					<b>419336</b>	<b>419336</b>			<b>427304</b>
<b>Reassurance Ceded</b>														
<b>Non-Profit Policies</b>														
Deduct reinsurances					100 pa				Retail prices index	1898	1898			1898
<b>Sub total: Non-Profit Policies</b>					<b>100 pa</b>					<b>1898</b>	<b>1898</b>			<b>1898</b>
<b>Sub total: Reassurance Ceded</b>					<b>100 pa</b>					<b>1898</b>	<b>1898</b>			<b>1898</b>
<b>Net total: Pension Insurance Business</b>			<b>48857</b>		<b>126252 pa</b>					<b>1953437</b>	<b>1953437</b>			<b>1988118</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>48857</b>		<b>126252 pa</b>					<b>1953437</b>	<b>1953437</b>			<b>1988118</b>

**Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits**

Name of insurer **Prudential Annuities Limited**

Global business

United Kingdom business/Overseas business

Financial year ended **31 December 2003**

Category of surplus **11: Global Business (Issued in the United Kingdom)**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	
	R56	2554213	GL	31	12	2003	£000	UK	11
Type of assets and liabilities							Name of index link	Value of assets or liabilities	Gross derivative value
							1	2	3
Land and buildings							RPI	11812	
Rights under derivative contracts							RPI	6263	
Government and public body non-linked bonds							RPI	149979	
Corporate non-linked bonds							RPI	630677	
Government and public body index linked bonds							RPI	109376	
Corporate index linked bonds							RPI	997033	
Public or local authority and nationalised industry loan							RPI	199	
Loans secured by mortgages							RPI	11442	
Other loans							RPI	2152	
Deposits with approved credit institutions							RPI	8754	
Accrued interest and rent							RPI	25750	
Total assets									
Total liabilities									
Net total assets									

**Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits**Name of insurer **Prudential Annuities Limited**

Global business

United Kingdom business/Overseas business

Financial year ended **31 December 2003**Category of surplus **11: Global Business (Issued in the United Kingdom)**

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	
		day	month	year				
<b>R56</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>11</b>
<b>Type of assets and liabilities</b>						Name of index link <b>1</b>	Value of assets or liabilities <b>2</b>	Gross derivative value <b>3</b>
Subtotal Assets						RPI	1953437	
Subtotal Liabilities						RPI		
Subtotal Net Assets						RPI	1953437	
Total assets							1953437	
Total liabilities								
Net total assets							1953437	

**Long term insurance business : Matching rectangle**

Sterling liabilities

Name of insurer **Prudential Annuities Limited**

Valuation rate(s) of interest **0.00%**

Global business

Type of business **Pension Business**

Financial year ended **31 December 2003**

Non profit

Category of assets **Total long term business assets**

Company registration number	GL/UK/CM	Period ended day month year	Units	Stg/ NonStg	Valuation rate of interest	Total long term business assets			Category of assets
						L&GA/Pens/ PHI/other	WP/NP		
<b>R57</b>	<b>2554213</b>	<b>GL</b>	<b>31 12 2003</b>	<b>£000</b>	<b>Stg</b>	<b>0.00</b>	<b>Pens</b>	<b>NP</b>	<b>10</b>
Type of asset notionally allocated			The valuation		The resilience scenario				
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %	
On original allocation	Increase or decrease	Total under resilience scenario							
			1	2	3	4	5	6	
Land and buildings			<b>11</b>						
Fixed interest securities	Approved securities		<b>12</b>						
	Other		<b>13</b>						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities		<b>14</b>						
	Other		<b>15</b>	197968	2.25	213245	(98262)	114983	1.69
Equity shares and holdings in collective investment schemes			<b>16</b>						
Loans secured by mortgages			<b>17</b>						
All other assets	Producing income		<b>18</b>						
	Not producing income		<b>19</b>						
Total (11 to 19)			<b>29</b>	197968	2.25	213245	(98262)	114983	1.69
Gross valuation interest rate %			<b>31</b>						
Net valuation interest rate % (where appropriate)			<b>32</b>						
Mathematical reserve or other liability, net of reinsurance			<b>33</b>	197968				63816	

**Long term insurance business : Matching rectangle**

Sterling liabilities

Name of insurer **Prudential Annuities Limited**

Valuation rate(s) of interest **2.17%**

Global business

Type of business **Pension Business**

Financial year ended **31 December 2003**

Non profit

Category of assets **Total long term business assets**

Company registration number	GL/UK/CM	Period ended day month year	Units	Stg/ NonStg	Valuation rate of interest	Total long term business assets			Category of assets	
						L&GA/Pens/ PHI/other	WP/NP			
<b>R57</b>	<b>2554213</b>	<b>GL</b>	<b>31 12 2003</b>	<b>£000</b>	<b>Stg</b>	<b>2.17</b>	<b>Pens</b>	<b>NP</b>	<b>10</b>	
Type of asset notionally allocated			The valuation		The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %		
1	2	On original allocation			Increase or decrease	Total under resilience scenario	6			
Land and buildings			<b>11</b>	8433	2.43	6746		6746	3.04	
Fixed interest securities			Approved securities	<b>12</b>	78903	1.44	89580		89580	0.44
			Other	<b>13</b>	258335	2.48	286942		286942	1.48
Variable interest and variable yield securities (excluding items shown at line 16)			Approved securities	<b>14</b>	106787	1.98	113648		113648	1.49
			Other	<b>15</b>	924197	2.25	995516	13268	1008784	1.69
Equity shares and holdings in collective investment schemes			<b>16</b>							
Loans secured by mortgages			<b>17</b>	8169	2.70	8607		8607	2.02	
All other assets			Producing income	<b>18</b>	7928	3.44	7928		7928	2.58
			Not producing income	<b>19</b>	1838		1838		1838	
Total (11 to 19)			<b>29</b>	1394590	2.23	1510805	13268	1524073	1.57	
Gross valuation interest rate %			<b>31</b>		2.17				1.53	
Net valuation interest rate % (where appropriate)			<b>32</b>							
Mathematical reserve or other liability, net of reinsurance			<b>33</b>	1394590				1524073		



**Long term insurance business : Matching rectangle**

Sterling liabilities

Name of insurer **Prudential Annuities Limited**

Valuation rate(s) of interest **5.14%**

Global business

Type of business **Pension Business**

Financial year ended **31 December 2003**

Non profit

Category of assets

**Total long term business assets**

Type of asset notionally allocated	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	2554213	GL	31 12 2003	£000	Stg	5.14	Pens	NP
			The valuation		The resilience scenario				
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %	
		1	2	3	4	5	6		
		On original allocation	Increase or decrease	Total under resilience scenario					
Land and buildings			<b>11</b>	280438	5.52	224351		224351	6.90
Fixed interest securities	Approved securities		<b>12</b>	2661055	4.50	3009869		3009869	3.50
	Other		<b>13</b>	8273167	5.57	9160953		9160953	4.57
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities		<b>14</b>						
	Other		<b>15</b>	188205	4.14	215330	84994	300324	3.11
Equity shares and holdings in collective investment schemes			<b>16</b>						
Loans secured by mortgages			<b>17</b>	273851	5.69	295294		295294	4.69
All other assets	Producing income		<b>18</b>	176721	4.39	176721		176721	3.39
	Not producing income		<b>19</b>	42955		42955		42955	
Total (11 to 19)			<b>29</b>	11896392	5.27	13125473	84994	13210467	4.30
Gross valuation interest rate %			<b>31</b>		5.14				4.19
Net valuation interest rate % (where appropriate)			<b>32</b>						
Mathematical reserve or other liability, net of reinsurance			<b>33</b>	11896392				13210467	

Long term insurance business : Matching rectangle

Sterling liabilities

Name of insurer **Prudential Annuities Limited**

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

Global business

Type of business

Financial year ended **31 December 2003**

Non profit

Category of assets

**Total long term business assets**

Type of asset notionally allocated	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	2554213	GL	31 12 2003	£000		99		10
			The valuation		The resilience scenario				
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %	
		1	2	3	4	5	6		
		On original allocation	Increase or decrease	Total under resilience scenario					
Land and buildings			<b>11</b>	288871	5.43	231097		231097	6.79
Fixed interest securities	Approved securities		<b>12</b>	2739958	4.41	3099449		3099449	3.41
	Other		<b>13</b>	8531502	5.48	9447895		9447895	4.48
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities		<b>14</b>	106787	1.98	113648		113648	1.49
	Other		<b>15</b>	1310370	2.52	1424091		1424091	1.99
Equity shares and holdings in collective investment schemes			<b>16</b>						
Loans secured by mortgages			<b>17</b>	282020	5.60	303901		303901	4.61
All other assets	Producing income		<b>18</b>	184649	4.35	184649		184649	3.36
	Not producing income		<b>19</b>	44793		44793		44793	
Total (11 to 19)			<b>29</b>	13488950	4.92	14849523		14849523	4.01
Gross valuation interest rate %			<b>31</b>						
Net valuation interest rate % (where appropriate)			<b>32</b>						
Mathematical reserve or other liability, net of reinsurance			<b>33</b>	13488950				14798356	

## Long term insurance business : Valuation result and distribution of surplus

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**Category of surplus **11: Global Business (Issued in the United Kingdom)**

		Company registration number	GL/UK/CM	Period ended			Units	Category of surplus	
				day	month	year			
		<b>R58</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>11</b>
Valuation result	Fund carried forward						<b>11</b>	13538950	
	Bonus payments made to policyholders in anticipation of a surplus						<b>12</b>		
	Transfers out of fund/ parts of fund	Transfer to non-technical account					<b>13</b>	49413	
		Transfer to other funds/parts of funds					<b>14</b>		
	Net transfer out of funds/parts of funds (13+14)						<b>15</b>	49413	
	Total (11+12+15)						<b>16</b>	13588363	
	Mathematical reserves for accumulating with profit policies						<b>17</b>		
	Mathematical reserves for other non linked contracts						<b>18</b>	11500832	
	Mathematical reserves for property linked contracts						<b>19</b>		
	Mathematical reserves for index linked contracts						<b>20</b>	1988118	
	Total (17 to 20)						<b>21</b>	13488950	
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)						<b>29</b>	99413		
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation						<b>31</b>	50000	
	Transfers into fund/part of fund	Transfer from non-technical account					<b>32</b>		
		Transfer from other funds/parts of fund					<b>33</b>		
	Net transfer into fund/part of fund (32+33)						<b>34</b>		
	Surplus arising since the last valuation						<b>35</b>	49413	
Total (31+34+35)						<b>39</b>	99413		
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus						<b>41</b>		
	Allocated to policyholders by way of	Cash bonuses					<b>42</b>		
		Reversionary bonuses					<b>43</b>		
		Other bonuses					<b>44</b>		
		Premium reductions					<b>45</b>		
	Total allocated to policyholders (41 to 45)						<b>46</b>		
	Net transfer out of fund/part of fund						<b>47</b>	49413	
	Total distributed surplus (46+47)						<b>48</b>	49413	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated						<b>49</b>	50000	
Total (48+49)						<b>59</b>	99413		
Percentage of distributed surplus allocated to policyholders of fund/part of fund						<b>61</b>			
Corresponding percentage at three immediately previous valuations	Latest (year of valuation <b>2002</b> )					<b>62</b>			
	Earlier (year of valuation <b>2001</b> )					<b>63</b>			
	Earliest (year of valuation <b>2000</b> )					<b>64</b>			

**Long term insurance business : Required minimum margin**

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

Company registration number **2554213** GL/UK/CM **GL** Period ended **31 12 2003** Units **£000**

Class		Classes I, II and IX	Class III business with relevant factor of				Classes IV and VI	Classes VII and VIII business with relevant factor of				Unlocated additional mathematical reserves with relevant factor of		Total for all classes		
			4% 1	4% 2	1% 3	Nil 4		Total 5	4% 6	4% 7	1% 8	NI 9	Total 10	4% 11	1% 12	The financial year 13
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	11	11346115	1955335			1955335						193469		13494919	12627747
	Reserves for bonus allocated to policyholders	12														
	Reserves after distribution of surplus	13	11346115	1955335			1955335						193469		13494919	12627747
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	14	11342044	1953437			1953437						193469		13488950	12622166
	Reserves for bonus allocated to policyholders	15														
	Reserves after distribution of surplus	16	11342044	1953437			1953437						193469		13488950	12622166
Ratio of 16 to 13 or 0.85 if greater (see instruction 2)		17	0.9996				0.9990						1.0000			
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor		19	453663				78135						7739		539537	504866
Non negative capital at risk before reinsurance (all contracts) (see instruction 3)	Temporary assurances with required margin of solvency of 0.1%	21														
	Temporary assurances with required margin of solvency of 0.15%	22														
	All other assurances with required margin of solvency of 0.3%	23														
	Total (21 to 23)	29														
Non negative capital at risk after reinsurance (all contracts) (see instruction 3)		31														
Ratio of line 31 to line 29, or 0.50 if greater		32														
Required margin of solvency - second result (see instruction 4)		39														
Sum of first and second results (19+39)		49	453663				78135						7739		539537	504866
Required margin of solvency for supplementary Accident and Sickness Insurance and Class V business		51														
Total required margin of solvency for long term business (49+51)		59													539537	504866
Minimum guarantee fund		61													549	507
Required minimum margin (greater of lines 59 and 61)		69													539537	504866