

Prudential Pensions Limited

Incorporated in England and Wales Registered No. 992726
121 Kings Road, Reading RG1 3ES
Registered office 142 Holborn Bars, London EC1 2NH

**Annual FSA Insurance Returns for the year ended
31st December 2003**



(Appendices 9.1 , 9.3 , 9.4 , 9.6 , 9.7)

Prudential Pensions Limited

Year ended 31st December 2003

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Statement of solvencyName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

R9	Company registration number 992726	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2003	
	As at the end of this financial year	As at the end of the previous year	Source			
	1	2	<	>	?	

GENERAL INSURANCE BUSINESS**Available assets**

Other than long term insurance business assets allocated towards general insurance business required minimum margin	11			See instructions 1 and 2
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Required minimum margin

Required minimum margin for general insurance business	12			12 . 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13			

LONG TERM INSURANCE BUSINESS**Available assets**

Long term insurance business admissible assets	21	4563111	3290068	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	10788	25951	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	4539950	3260602	See instruction 4
Other insurance and non-insurance liabilities	24	19001	25306	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	14948	30111	

Implicit Items admitted under Rule 2.10(5) as modified

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	14948	30111	
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Required minimum margin

Required minimum margin for long term insurance business	41	3756	3741	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	626	624	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	14322	29487	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	11192	26370	

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term insurance business as shown in a supplementary note to Form 15	51			See instruction 6
Quantifiable contingent liabilities in respect of long term insurance business as shown in a supplementary note to Form 14	52			See instruction 6

Covering sheet to Form 9

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

..... **G M Wood** **Chief Executive**

..... **J W Jack** **Director**

..... **R C Everett** **Director**

London, 23 March 2004

Analysis of the effect of financial engineering on long-term available assetsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

	R9A	Company registration number 992726	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2003	
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
Required minimum margin for long term insurance business	11	3756	3741	See instruction 2			
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	11192	26370	See instruction 3			
Total available assets and implicit items (11+12)	13	14948	30111				
Analysed as follows:							
Value of implicit items	14			See instruction 5			
Financial reinsurance- ceded	15			See instruction 6			
Financial reinsurance- accepted	16			See instruction 7			
Outstanding contingent loans	17			See instruction 8			
Any other charges on future profits	18			See instruction 9			
Sum of financial engineering adjustments (14+15-16+17+18)	19						
Other assets (13-19)	20	14948	30111				
Total available assets and implicit items (19+20)	21	14948	30111				

Statement of net assetsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

	R10	Company registration number 992726	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2003	
				As at the end of this financial year			Source
				1			< > ?
				As at the end of the previous year			
				2			
Long term insurance business - admissible assets	11	4563111		3290068			13 . 89 . 1
Long term insurance business - liabilities and margins	12	4563111		3290068			14 . 59 . 1

Other than Long term insurance business - admissible assets	21	17633		31896			13 . 89 . 1
Other than Long term insurance business - liabilities	22	6845		5945			15 . 69 . 1
Net admissible assets (21-22)	23	10788		25951			
Other assets allowed to be taken into account in covering the required minimum margin		Unpaid amounts (including share premium) on partly paid shares	24				
		Supplementary contributions for a mutual carrying on general insurance business	25				
Liabilities allowed to be left out of account in covering the required minimum margin		Subordinated loan capital	26				
		Cumulative preference share capital	27				
Available assets (23 to 27)	29	10788		25951			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	6000		6000			
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	4788		19951			
Total (51 to 56) and equal to line 29 above	59	10788		25951			

Movement of balance of net assets for solvency purposes - as per line 56

Balance brought forward at the beginning of the financial year	61	19951		17568			10 . 56 . 2
Retained profit/(loss) for the financial year	62	(15163)		2383			16 . 59 . 1
Movement in asset valuation differences	63						See instruction 2
Decrease/(increase) in the provision for adverse changes	64						See instruction 3
Other movements (particulars to be specified by way of supplementary note)	65						
Balance carried forward at the end of the financial year (61 to 65)	69	4788		19951			

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	992726	GL	31	12	2003	£000	1
				day	month	year			
Investments				As at the end of this financial year 1			As at the end of the previous year 2		
Land and buildings				11					
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21						
		Debt securities issued by, and loans to, dependants	22						
	Other insurance dependants	Shares	23						
		Debt securities issued by, and loans to, dependants	24						
	Non-insurance dependants	Shares	25						
		Debt securities issued by, and loans to, dependants	26						
	Other group undertakings and participating interests	Shares	27						
		Debt securities issued by, and loans to, group undertakings	28						
		Participating interests	29						
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30						
Total sheet 1 (11 to 30)				39					

Analysis of admissible assetsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	992726	GL	31	12	2003	£000	1
					day	month	year		
Investments (continued)					As at the end of this financial year		As at the end of the previous year		
Deposits with ceding undertakings					1		2		
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45				
			Other		46				
		Variable interest	Approved securities		47				
			Other		48				
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings			51				
		Loans secured by policies of insurance issued by the company			52				
		Other			53				
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54		17266		31564
		Withdrawal subject to a time restriction of more than one month			55				
Other			56						
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked			58					
	Property linked			59					
Reinsurers' share of technical provisions	Provision for unearned premiums			60					
	Claims outstanding			61					
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69		17266		31564	

Analysis of admissible assetsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total other than long term business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	992726	GL	31	12	2003	£000	1
Debtors								
Other assets								
						As at the end of this financial year		As at the end of the previous year
						1		2
Debtors arising out of direct insurance operations	Policyholders			71				
	Intermediaries			72				
Salvage and subrogation recoveries				73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76				
		Due more than 12 months after the end of the financial year		77				
	Other	Due in 12 months or less after the end of the financial year		78		17		5
		Due more than 12 months after the end of the financial year		79				
Tangible assets				80				
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81		350		312
	Cash in hand			82				
Other assets (particulars to be specified by way of supplementary note)				83				
Prepayments and accrued income	Accrued interest and rent			84				15
	Deferred acquisition costs			85				
	Other prepayments and accrued income			86				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				87				
Total sheet 3 (71 to 86 less 87)				88		367		332
Grand total of admissible assets (39+69+88)				89		17633		31896
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)				91		17633		31896
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				92				
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				93				
Other differences in the valuation of assets (other than for assets not valued above)				94				
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)				95				
Total assets determined in accordance with the insurance accounts rules (91 to 95)				99		17633		31896
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100				

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**
 Global business
 Financial year ended **31st December 2003**
 Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	992726	GL	31	12	2003	£000	10
					day	month	year		
Investments					As at the end of this financial year 1		As at the end of the previous year 2		
Land and buildings					11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21						
		Debt securities issued by, and loans to, dependants	22						
	Other insurance dependants	Shares	23						
		Debt securities issued by, and loans to, dependants	24						
	Non-insurance dependants	Shares	25						
		Debt securities issued by, and loans to, dependants	26						
	Other group undertakings and participating interests	Shares	27						
		Debt securities issued by, and loans to, group undertakings	28						
		Participating interests	29						
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30						
Total sheet 1 (11 to 30)					39				

Analysis of admissible assetsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	992726	GL	31	12	2003	£000	10
					As at the end of this financial year 1		As at the end of the previous year 2		
Investments (continued)									
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45			2035	2129	
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54			5330	13635	
		Withdrawal subject to a time restriction of more than one month		55					
Other			56						
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59			4545857	3266021		
Reinsurers' share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61						
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69			4553222	3281785		

Analysis of admissible assetsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	992726	GL	31	12	2003	£000	10
Debtors				As at the end of this financial year		As at the end of the previous year		
Other assets				1		2		
Debtors arising out of direct insurance operations	Policyholders			71		5180		6547
	Intermediaries			72				
Salvage and subrogation recoveries				73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76				
		Due more than 12 months after the end of the financial year		77				
	Other	Due in 12 months or less after the end of the financial year		78		1616		1251
		Due more than 12 months after the end of the financial year		79				
Tangible assets			80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81		3013		468
	Cash in hand			82				
Other assets (particulars to be specified by way of supplementary note)				83				
Prepayments and accrued income	Accrued interest and rent			84		80		17
	Deferred acquisition costs			85				
	Other prepayments and accrued income			86				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				87				
Total sheet 3 (71 to 86 less 87)				88		9889		8283
Grand total of admissible assets (39+69+88)				89		4563111		3290068
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)				91		4563111		3290068
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				92				
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				93				
Other differences in the valuation of assets (other than for assets not valued above)				94		229		709
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)				95				
Total assets determined in accordance with the insurance accounts rules (91 to 95)				99		4563340		3290777
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100				

Long term insurance business liabilities and marginsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
R14		992726	GL	31	12	2003	£000	10	
			As at the end of this financial year 1	As at the end of the previous year 2			Source		
Mathematical reserves, after distribution of surplus		11	4539950	3260602			See Instruction 2		
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12					See Instruction 3		
Balance of surplus/(valuation deficit)		13	4160	4160			See Instruction 4		
Long term insurance business fund carried forward (11 to 13)		14	4544110	3264762			See Instruction 5		
Claims outstanding which had fallen due for payment before the end of the financial year		Gross amount		15	366	3188			
		Reinsurers' share		16					
		Net (15-16)		17	366	3188			
Provisions for other risks and charges		Taxation		21					
		Other		22					
Deposits received from reinsurers		23							
Creditors and other liabilities		Arising out of insurance operations		Direct insurance business		31			
				Reinsurance accepted		32	7575	8787	
				Reinsurance ceded		33			
		Debenture loans		Secured		34			
				Unsecured		35			
		Amounts owed to credit institutions		36					
Other creditors		Taxation		37					
		Other		38	11060	13331			
Accruals and deferred income		39							
Provision for adverse changes (calculated in accordance with rule 5.3)		41							
Total other insurance and non-insurance liabilities (17 to 41)		49	19001	25306					
Excess of the value of net admissible assets		51					See Instruction 6		
Total liabilities and margins		59	4563111	3290068					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	1463	2437					
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	4545857	3266021					
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63					See Instruction 7		

Liabilities (other than long term insurance business)Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units		
		R15	992726	GL	31	12	2003	£000	
				day month year					
				As at the end of this financial year 1			As at the end of the previous year 2		
Technical provisions (gross amount)	Provision for unearned premiums			11					
	Claims outstanding			12					
	Provision for unexpired risks			13					
	Equalisation provisions	Credit business			14				
		Other than credit business			15				
	Other			16					
Total (11 to 16)				19					
Provisions for other risks and charges	Taxation			21					
	Other			22					
Deposits received from reinsurers				31					
Creditors	Arising out of insurance operations	Direct insurance business			41				
		Reinsurance accepted			42				
		Reinsurance ceded			43				
	Debenture loans	Secured			44				
		Unsecured			45				
	Amounts owed to credit institutions				46				
	Other creditors	Taxation			47	6845	5945		
		Recommended dividend			48				
		Other			49				
Accruals and deferred income				51					
Total (19 to 51)				59	6845	5945			
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]				61					
Cumulative preference share capital				62					
Subordinated loan capital				63					
Total (59 to 63)				69	6845	5945			
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance				71					

Profit and loss account (non-technical account)Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	992726	GL	31	12	2003	£000
		This financial year		Previous year		Source		
		1		2		<	>	?
Transfer (to)/from the general insurance business technical account	From Form 20	11				20 . 59		
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13	6302		2335	40 . 26		
Investment income	Income	14	434		516			
	Value re-adjustments on investments	15						
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19						
Allocated investment return transferred to the general insurance business technical account		20				20 . 51		
Other income and charges (particulars to be specified by way of supplementary note)		21						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	6736		2851			
Tax on profit or loss on ordinary activities		31	1899		468			
Profit or loss on ordinary activities after tax (29-31)		39	4837		2383			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41						
Tax on extraordinary profit or loss		42						
Other taxes not shown under the preceding items		43						
Profit or loss for the financial year (39+41-(42+43))		49	4837		2383			
Dividends (paid and proposed)		51	20000					
Profit or loss retained for the financial year (49-51)		59	(15163)		2383			

Long term insurance business : Revenue accountName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
R40	992726	GL	31	12	2003	£000	OB	1	0
Items to be shown net of reinsurance ceded						The financial year	Previous year		
							1	2	
Earned premiums					11	1107781		625289	
Investment income receivable before deduction of tax					12	176159		143729	
Increase (decrease) in the value of non-linked assets brought into account					13	386		(622)	
Increase (decrease) in the value of linked assets					14	314614		(424714)	
Other income					15				
Total income (11 to 15)					19	1598940		343682	
Claims incurred					21	305870		475073	
Expenses payable					22	5104		9927	
Interest payable before deduction of tax					23	470		545	
Taxation					24	1846		1505	
Other expenditure					25				
Transfer to (from) non technical account					26	6302		2335	
Total expenditure (21 to 26)					29	319592		489385	
Increase (decrease) in fund in financial year (19-29)					39	1279348		(145703)	
Fund brought forward					49	3264762		3410465	
Fund carried forward (39+49)					59	4544110		3264762	

Long term insurance business : Analysis of premiums and expensesName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R41	992726	GL	31	12	2003	£000	OB	1	0
					Gross		Payable to or recoverable from reinsurers	Net of reinsurance (1-2)			
					1		2	3			
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		11							
		Regular premium		12							
	Pension business contracts	Single premium		13	1106593				1106593		
		Regular premium		14	1188				1188		
	Permanent health contracts	Single premium		15							
		Regular premium		16							
	Other contracts	Single premium		17							
		Regular premium		18							
	Total premiums	Single premium		19	1106593				1106593		
		Regular premium		29	1188				1188		
Total premiums at lines 19 and 29 attributable to	UK contracts		31	1107781				1107781			
	Overseas contracts		32								
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41							
	Other commission payable			42							
	Management expenses in connection with acquisition of business			43	704			704			
	Management expenses in connection with maintenance of business			44	3810			3810			
	Other management expenses			45	590			590			
	Total expenses (41 to 45)			49	5104			5104			
	Total expenses at line 49 attributable to	UK contracts		51	5104				5104		
		Overseas contracts		52							

Long term insurance business : Analysis of claimsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	R42	992726	GL	31	12	2003	£000	OB	1	0
Claims incurred in the financial year				Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
				1		2	3			
Life assurance and annuity contracts	On death			11						
	By way of lump sums on maturity			12						
	By way of annuity payments			13						
	By way of payments arising from other insured events			14						
	On surrender or partial surrender			15						
	Total life assurance and annuity claims (11 to 15)			19						
Pension business contracts	On death			21		1515			1515	
	By way of lump sums on vesting			22		9746			9746	
	By way of vested annuity payments			23		14358	7818		6540	
	On surrender or partial surrender			24		288069			288069	
	Total pension business claims (21 to 24)			29		313688	7818		305870	
Permanent health contracts	By way of lump sums			31						
	By way of periodical payments			32						
	Total permanent health claims (31+32)			39						
Other contracts	By way of lump sums			41						
	By way of periodical payments			42						
	Total claims (41+42)			49						
Total claims (19+29+39+49)				59		313688	7818		305870	
Total claims at line 59 attributable to	UK contracts			61		313688	7818		305870	
	Overseas contracts			62						

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
								R43	992726	GL	31	12	2003	£000	OB	1
1	2	3	4	5	6	7	8									
All Stocks Corporate Bond	1034385		1034385			28	1034357									
Balanced Non Property	10	10139	10149				10149									
Cash	60299		60299			1	60298									
Concensus		5318	5318				5318									
Discretionary	(221)	994513	994292				994292									
Emerging Markets	20777		20777			1	20776									
Equity	881815	68085	949900			120	949780									
Europe	204061		204061			25	204036									
Europe Passive	35744		35744			4	35740									
Fixed Interest	212908		212908			2	212906									
GEI	7		7				7									
Global Equity	202	118492	118694				118694									
Global Equity Passive	56	112733	112789				112789									
Total																

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
								R43	992726	GL	31	12	2003	£000	OB	1
1	2	3	4	5	6	7	8									
Index Linked	65594		65594			1	65593									
Index Linked (Passive)	85655		85655			2	85653									
Internal Long Dated Corporate Bond	15203		15203			2	15201									
Internal Medium Dated Corporate Bond	6192		6192				6192									
Internal Short Dated Corporate Bond	9311		9311				9311									
International	3410	366095	369505				369505									
International (Passive)	4	902	906				906									
International Bond	66903		66903			5	66898									
Japan	64004		64004			12	63992									
Japan (Passive)	28637		28637			3	28634									
Light Green	7602		7602			1	7601									
Long Dated Corporate Bond	378449		378449			8	378441									
Long Term Gilt	282145		282145			2	282143									
Total																

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
								R43	992726	GL	31	12	2003	£000	OB	1
1	2	3	4	5	6	7	8									
Long Term Growth	152	7015	7167			106	7061									
Medium Term Balanced		34	34				34									
North America	110579		110579			19	110560									
North America (Passive)	32864		32864			27	32837									
Pacific Basin (excluding Japan)	129397		129397			46	129351									
Pacific Markets (Passive)	39913		39913			2	39911									
Pre-Retirement	17	1484	1501			8	1493									
Property	367334		367334			1989	365345									
Prulink Cash		166	166				166									
Prulink Managed		58117	58117				58117									
Smaller Companies	68971		68971			3	68968									
Specialist Global Equity	1	6503	6504				6504									
Specialist UK Equity	72315		72315			1230	71085									
Total																

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
								R43	992726	GL	31	12	2003	£000	OB	1
UK Equity Passive	255515		255515			113	255402									
International GDP	7	13	20				20									
MPP All Stocks Corporate Bond		278	278				278									
MPP Cash		14992	14992				14992									
MPP Discretionary		334371	334371			3	334368									
MPP Equity		52081	52081			1	52080									
MPP Equity (Passive)		11767	11767				11767									
MPP Fixed Interest		11490	11490				11490									
MPP Global Equity		74409	74409			1	74408									
MPP Global Equity (Passive)		2080	2080				2080									
MPP Index Linked		7657	7657				7657									
MPP International		20869	20869				20869									
MPP International Bond		662	662				662									
Total																

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
								R43	992726	GL	31	12	2003	£000	OB	1
MPP Long Term Growth		635	635				635									
MPP Overseas Equity (Passive)		85	85				85									
MPP Pre Retirement		434	434				434									
MPP Property		7012	7012				7012									
MPP Retirement Protection		13547	13547				13547									
MPP Socially Responsible		3200	3200				3200									
MPP Specialist Equity		146	146				146									
MPP series II Cash		73	73				73									
MPP series II Discretionary		1001	1001				1001						6			995
MPP series II Equity		516	516				516						3			513
MPP series II Fixed Interest		96	96				96						1			95
MPP series II Global Equity																
MPP series II Index Linked		35	35				35									35
Total																

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
								R43	992726	GL	31	12	2003	£000	OB	1
MPP series II Index Linked Passive																
MPP series II International Bond		67	67				67									
MPP series II International Equity																
MPP series II Property		103	103				103									
MPP series II Retirement Protection																
MPP series II UK Equity (Passive)																
MPP series III Cash Fund	6	3093	3099				3099									
MPP series III Corporate Bond	3	1289	1292				1292									
MPP series III Discretionary	31	13130	13161				13161									
MPP series III Equity	2	1819	1821				1821									
MPP series III Fixed Interest	1	604	605				605									
MPP series III Global Equity	9	3231	3240				3240									
MPP series III Global Equity (Passive)																
Total																

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
								R43	992726	GL	31	12	2003	£000	OB	1
MPP series III Index Linked	1	709	710				710									
MPP series III Index Linked (Passive)		1	1				1									
MPP series III International	1	741	742				742									
MPP series III International Bond		79	79				79									
MPP series III Light Green	4	981	985				985									
MPP Series III Long Dated Corporate Bond		1	1				1									
MPP series III Long Term Growth	2	1262	1264				1264									
MPP series III Overseas Equity		20	20				20									
MPP series III Overseas Equity (Passive)		15	15				15									
MPP series III Pre-Retirement		178	178				178									
MPP series III Property	2	1059	1061				1061									
MPP series III Retirement Protection	6	3220	3226				3226									
MPP series III UK Equity (Passive)	14	13267	13281				13281									
Total																

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
								R43	992726	GL	31	12	2003	£000	OB	1
MPP series III UK Smaller Companies	2	249	251				251									
MPP series III UK Specialist Equity	2	547	549				549									
MPP series III Northern Trust International Equity	6		6				6									
MPP series III Northern Trust Aggregate F.I.	1		1				1									
MPP series III Northern Trust Equity Fund	5		5				5									
Total	4540315	2352710	6893025										3775		6889250	

Long term insurance business : Aggregate revenue account for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Branch Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
R44	992726	GL	31	12	2003	£000	OB	1	0
Value of total creation of units						11		1108803	
Investment income attributable to the funds before deduction of tax						12		174567	
Increase (decrease) in the value of investments in the financial year						13		314615	
Other income						14		420	
Total income (11 to 14)						19		1598405	
Value of total cancellation of units						21		304143	
Charges for management						22		12774	
Charges in respect of tax on investment income						23		1846	
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26			
Total expenditure (21 to 26)						29		318763	
Increase (decrease) in funds in financial year (19-29)						39		1279642	
Internal linked funds brought forward						49		3256898	
Internal linked funds carried forward (39+49)						59		4536540	

Long term insurance business : Supplementary information for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund **Ordinary Branch Long Term 1**

Name of fund 1	Company registration number 992726	GL/UK/CM GL	Period ended			Units £000	OB/IB OB	No of fund 1	No of part of Fund 0
			day 31	month 12	year 2003				
		Amount of taxable unrealised capital gain or loss 2	Percentage provision for tax on unrealised capital gains 3	Percentage provision for tax on realised capital gains 4	Liquidity percentage 5	Valuation price per unit 6			
All Stocks Corporate Bond					17.02	13.5063			
Balanced Non Property					0.10	9.2263			
Cash					51.53	59.5164			
Concensus						8.4049			
Discretionary					(0.02)	460.0218			
Emerging Markets					1.01	14.1047			
Equity					1.10	557.0577			
Europe					0.29	11.8935			
Europe Passive					0.21	9.2181			
Fixed Interest					90.84	272.492			
GEI					99.96	0.1365			
Global Equity					0.17	24.1263			
Global Equity Passive					0.05	8.8615			
Index Linked					91.07	191.6291			
Index Linked (Passive)					99.16	15.2275			
Internal Long Dated Corporate Bond					99.25	12.8472			
Internal Medium Dated Corporate Bond					98.59	12.6007			
Internal Short Dated Corporate Bond					99.33	12.3058			
International					0.80	55.9745			
International (Passive)					0.46	8.0561			
International Bond					0.09	31.3144			
Japan					1.07	5.2125			
Japan (Passive)					0.43	7.3151			

Long term insurance business : Supplementary information for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund **Ordinary Branch Long Term 1**

Name of fund 1	Company registration number 992726	GL/UK/CM GL	Period ended			Units £000	OB/IB OB	No of fund 1	No of part of Fund 0
			day 31	month 12	year 2003				
		Amount of taxable unrealised capital gain or loss 2	Percentage provision for tax on unrealised capital gains 3	Percentage provision for tax on realised capital gains 4	Liquidity percentage 5	Valuation price per unit 6			
Light Green						3.04		8.0976	
Long Dated Corporate Bond						14.05		16.2383	
Long Term Gilt						99.30		23.2843	
Long Term Growth						(0.84)		7.7844	
Medium Term Balanced						0.01		9.9116	
North America						1.10		11.3531	
North America (Passive)						2.11		7.8063	
Pacific Basin (excluding Japan)						0.68		10.6165	
Pacific Markets (Passive)						0.53		11.1296	
Pre-Retirement						0.03		11.6331	
Property						5.93		343.0666	
Prulink Cash								5.0927	
Prulink Managed								9.8231	
Smaller Companies						2.58		7.6621	
Specialist Global Equity						0.02		10.9737	
Specialist UK Equity						(1.52)		14.6728	
UK Equity Passive						3.21		10.0361	
International GDP						34.87		11.4739	
MPP All Stocks Corporate Bond								1.0484	
MPP Cash								1.928	
MPP Discretionary								2.3799	
MPP Equity								2.5867	
MPP Equity (Passive)								0.773	

Long term insurance business : Supplementary information for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund **Ordinary Branch Long Term 1**

Name of fund	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund	
			day	month	year					
1	R45	992726	GL	31	12	2003	£000	OB	1	0
			Amount of taxable unrealised capital gain or loss	Percentage provision for tax on unrealised capital gains			Percentage provision for tax on realised capital gains	Liquidity percentage	Valuation price per unit	
			2	3			4	5	6	
MPP Fixed Interest										2.8859
MPP Global Equity										2.3314
MPP Global Equity (Passive)										0.7481
MPP Index Linked										2.5669
MPP International										1.7361
MPP International Bond										2.083
MPP Long Term Growth										1.2259
MPP Overseas Equity (Passive)										1.2525
MPP Pre Retirement										1.0344
MPP Property										2.9586
MPP Retirement Protection										1.8961
MPP Socially Responsible										0.7323
MPP Specialist Equity										1.2676
MPP series II Cash								(0.17)		1.2644
MPP series II Discretionary								(0.62)		0.9191
MPP series II Equity								(0.62)		0.8202
MPP series II Fixed Interest								(0.58)		1.3267
MPP series II Global Equity								(1.24)		0.7803
MPP series II Index Linked								(0.55)		1.3381
MPP series II Index Linked Passive								(1.84)		1.1932
MPP series II International Bond								(0.54)		1.2938
MPP series II International Equity								(1.43)		0.803
MPP series II Property								(0.37)		1.5393

Long term insurance business : Supplementary information for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund **Ordinary Branch Long Term 1**

Name of fund 1	Company registration number 992726	GL/UK/CM GL	Period ended			Units £000	OB/IB OB	No of fund 1	No of part of Fund 0
			day 31	month 12	year 2003				
		Amount of taxable unrealised capital gain or loss 2	Percentage provision for tax on unrealised capital gains 3	Percentage provision for tax on realised capital gains 4	Liquidity percentage 5	Valuation price per unit 6			
MPP series II Retirement Protection					(1.85)	1.2071			
MPP series II UK Equity (Passive)					(1.99)	0.797			
MPP series III Cash Fund						1.14			
MPP series III Corporate Bond						1.2088			
MPP series III Discretionary						0.9688			
MPP series III Equity						0.9125			
MPP series III Fixed Interest						1.1506			
MPP series III Global Equity						0.9221			
MPP series III Global Equity (Passive)					(0.03)	0.8894			
MPP series III Index Linked						1.1925			
MPP series III Index Linked (Passive)						1.1795			
MPP series III International						0.9106			
MPP series III International Bond						1.1195			
MPP series III Light Green						0.9059			
MPP Series III Long Dated Corporate Bond						1.0197			
MPP series III Long Term Growth						0.9395			
MPP series III Overseas Equity						1.1516			
MPP series III Overseas Equity (Passive)						0.942			
MPP series III Pre-Retirement						1.1344			
MPP series III Property						1.2436			
MPP series III Retirement Protection						1.1314			
MPP series III UK Equity (Passive)						0.8911			
MPP series III UK Smaller Companies						0.9329			

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Prudential Pensions Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2003**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
		R46	992726		GL	day	month				year
						31	12				2003
		£000	UK	NL							
	Life assurance and general annuity		Pensions business		Permanent health		Other business				
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums			
		1	2	3	4	5	6	7	8		
In force at beginning of year	11			9426							
New business and increases	12										
Net transfers and other alterations 'on'	13										
Total 'on' (12+13)	19										
Deaths	21			553							
Other insured events	22										
Maturities	23										
Surrenders	24										
Forfeitures	25										
Conversions to paid-up policies for reduced benefits	26										
Net transfers, expiries and other alterations 'off'	27			62							
Total 'off' (21 to 27)	29			615							
In force at end of year (11+19-29)	39			8811							

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Prudential Pensions Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2003**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
		R46	992726		GL	day	month				year
						31	12				2003
		£000	UK	LN							
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	11			5920	1298						
New business and increases	12				11						
Net transfers and other alterations 'on'	13										
Total 'on' (12+13)	19				11						
Deaths	21			30	10						
Other insured events	22										
Maturities	23			333	94						
Surrenders	24										
Forfeitures	25										
Conversions to paid-up policies for reduced benefits	26				42						
Net transfers, expiries and other alterations 'off'	27										
Total 'off' (21 to 27)	29			363	146						
In force at end of year (11+19-29)	39			5557	1163						

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	992726	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
UK DIRECT WRITTEN INSURANCE BUSINESS						
Pension Insurance Business						
Other Linked Contracts						
Group pension : GILP SAS business	34	997317	992300 omb			
Deferred annuity :Pru-Link Retirement Plan (top-ups)					11	11 omb
Sub total: Other Linked Contracts	34	997317	992300 omb		11	11 omb
Total: Pension Insurance Business	34	997317	992300 omb		11	11 omb
Total: UK Direct Written Insurance Business	34	997317	992300 omb		11	11 omb

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	992726	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
UK REINSURANCE ACCEPTED						
Pension Insurance Business						
Other Linked Contracts						
Group pension : Reinsurance from GILP		4887	4836 omb			
Group pension : Reinsurance from PACL		104389	103282 omb			
Sub total: Other Linked Contracts		109276	108118 omb			
Total: Pension Insurance Business		109276	108118 omb			
Total: UK Reinsurance Accepted		109276	108118 omb			

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

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

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	992726	GL	31	12	2003	£000	10
			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3	
Land and buildings		11						
Fixed interest securities	Approved securities	12	2107		126		4.85	
	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	8343		302		3.62	
	Not producing income	19	6804					
Total (11 to 19)		29	17254		428		2.34	

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefitsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term business assets**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of assets

R49	992726	GL	31	12	2003	£000	10
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Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6
One year or less	11	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	12								
More than five years but not more than ten years	13								
More than ten years but not more than fifteen years	14		2107	4.85					
More than fifteen years but not more than twenty years	15								
More than twenty years but not more than twenty five years	16								
More than twenty five years	17								
Irredeemable	18								
Total (11 to 18)	19		2107	4.85					
One year or less	21	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22								
More than five years but not more than ten years	23								
More than ten years but not more than fifteen years	24								
More than fifteen years but not more than twenty years	25								
More than twenty years but not more than twenty five years	26								
More than twenty five years	27								
Irredeemable	28								
Total (21 to 28)	29								

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4

VALUATION REPORT ON PRUDENTIAL PENSIONS LIMITED

1. The investigation relates to 31 December 2003.
2. The previous investigation related to 31 December 2002.
3. The valuation of long term insurance business liabilities shown in this report conforms with Rule 5.6 of the Interim Prudential Sourcebook for Insurers [IPRU(INS)].
4. Non-linked business arises from annuities purchased under the option available in the linked contracts; see Form 51.
5. (1) Categories of in force linked business are as follows:

A. The Group Investment Linked Plan (GILP)

- (a) The Group Investment Linked Plan (GILP).
- (b) The contract type is: United Kingdom insurance business, pension
- (c) insurance business, direct insurance business and reinsurance accepted, non-profit policies, group pension.
- (d) Premiums are payable as single premiums.
- (e) The benefits are the realisation values of the units held in the internal linked funds.

Units are surrendered to release cash to provide benefits for members of the pension schemes for which the policyholders are trustees.

Units may also be surrendered on the same terms if premiums are discontinued.

All policies contain an open market option and an option to secure an annuity on the then current annuity rates.

- (f) There are no guaranteed investment returns.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

(g) The charges made by the Company are:

a continuing investment charge of a percentage of the value of units, deducted as 1/365 of the annual amount each day, of:-

Smaller Companies Fund	0.75% p.a.
Balanced Non Property Fund	0.50% p.a.
Specialist UK Equity Fund	0.50% p.a.
Specialist Global Equity Fund	0.40% p.a.
Light Green Fund	0.35% p.a.
All Stocks Corporate Bond Fund	0.30% p.a.
Emerging Markets Fund	0.50% p.a.
Equity Fund	0.40% p.a.
Europe Fund	0.50% p.a.
International Fund	0.50% p.a.
Japan Fund	0.50% p.a.
Long Dated Corporate Bond Fund	0.30% p.a.
North America Fund	0.50% p.a.
Pacific Basin (excluding Japan) Fund	0.50% p.a.
Property Fund	0.30% p.a.
Fixed Interest Fund	0.25% p.a.
Index Linked Fund	0.25% p.a.
International Bond Fund	0.25% p.a.
Mid Term Balanced Fund	0.20% p.a.
Pre-Retirement Fund	0.20% p.a.
UK Equity (Passive) Fund	0.10% p.a.
Europe (Passive) Fund	0.15% p.a.
Global Equity (Passive) Fund	0.15% p.a.
International (Passive) Fund	0.15% p.a.
Japan (Passive) Fund	0.15% p.a.
North America (Passive) Fund	0.15% p.a.
Pacific Markets (Passive) Fund	0.15% p.a.
Cash Fund	0.10% p.a.
Index Linked (Passive) Fund	0.10% p.a.
Long Term Gilt Fund	0.10% p.a.
GEI Fund	0.00% p.a.
Tactical Long Dated Corporate Bond Fund	0.00% p.a.
Tactical Medium Dated Corporate Bond Fund	0.00% p.a.
Tactical Short Dated Corporate Bond Fund	0.00% p.a.
International (GDP) Fund	0.50% p.a.

Discretionary Fund, Consensus Fund Long Term Growth Fund and Global Equity Fund charges are a weighted average of their constituent sector fund charges. For Discretionary Fund this is between 0.38% and 0.40% p.a. Consensus Fund between 0.12% and 0.13% p.a and Long Term Growth about 0.20% p.a and for Global Equity Fund about 0.43% p.a. (investment charges are allowed for in the offer and bid prices.)

Additional services are charged on a cost basis.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

- (g) The Company may increase these charges at any time upon giving six months notice.
- (h) See (d) above.
- (i) Benefits are determined by reference to the value of internal linked funds. The following funds are available:

Fund

All Stocks Corporate Bond Fund
Balanced Non Property Fund
Cash Fund
Consensus Fund
Discretionary Fund
Emerging Markets Fund
Equity Fund
UK Equity (Passive) Fund
Europe Fund
Europe (Passive) Fund
Fixed Interest Fund
GEI Fund
Global Equity Fund
Global Equity (Passive) Fund
Index Linked Fund
Index Linked (Passive) Fund
International Fund
International (Passive) Fund
International Bond Fund
Japan Fund
Japan (Passive) Fund
Light Green Fund
Long Dated Corporate Bond Fund
Long Term Gilt Fund
Long Term Growth Fund
Medium Term Balanced Fund
North America Fund
North America (Passive) Fund
Pacific Basin (excluding Japan) Fund
Pacific Markets (Passive) Fund
Pre-Retirement Fund
Property Fund
Smaller Companies Fund
Specialist Global Equity Fund
Specialist UK Equity Fund
Tactical Long Dated Corporate Bond Fund
Tactical Medium Dated Corporate Bond Fund
Tactical Short Dated Corporate Bond Fund
International (GDP) Fund

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

The general nature of the investments of each Prudential Pensions Limited internal linked fund is as follows:

All Stocks Corporate Bond Fund:	Predominantly high quality sterling corporate debt, with a longer than average maturity.
Balanced Non Property Fund:	Holdings currently in the following funds: Cash Fund Emerging Markets Fund Europe Fund Fixed Interest Fund Index Linked Fund International Bond Fund Japan Fund Long Dated Corporate Bond Fund North America Fund Pacific Basin (excluding Japan) Fund Specialist UK Equity Fund
Cash Fund:	Short term money market deposits and instruments.
Consensus Fund:	Holdings currently in the following funds: Cash Fund Emerging Markets Fund Europe (Passive) Fund Index Linked (Passive) Fund International Bond Fund Japan (Passive) Fund Long Term Gilt Fund North America (Passive) Fund Pacific Markets (Passive) Fund Property Fund UK Equity (Passive) Fund Long Dated Corporate Bond Fund
Discretionary Fund:	Holdings currently in the following funds: Cash Fund Equity Fund Fixed Interest Fund Index Linked Fund International Fund International Bond Fund Light Green Fund Long Dated Corporate Bond Fund Property Fund
Emerging Markets Fund:	Stocks and shares of companies in South America and South Africa.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

Equity Fund:	Stocks and shares of companies in the United Kingdom and investments in the UK Equity (Passive) and Smaller Companies Funds.
UK Equity (Passive) Fund:	Stocks and shares of companies in the United Kingdom.
Europe Fund:	Stocks and shares of European companies and holdings of European currencies.
Europe (Passive) Fund:	Stocks and shares of European companies and holdings of European currencies.
Fixed Interest Fund:	Fixed interest securities issued by the UK and Overseas Governments and UK companies and units of the Long Dated Corporate Bond and All Stocks Corporate Bond Funds.
GEI Fund:	UK listed securities of GEI International plc
Global Equity Fund:	Units of the Equity and International Funds.
Global Equity (Passive) Fund:	Units of the UK Equity (Passive), Europe (Passive), Japan (Passive), North America (Passive), Pacific Markets (Passive) and Emerging Markets Funds.
Index Linked Fund:	UK and Overseas Index linked securities
Index Linked (Passive) Fund:	UK and Overseas Index linked securities.
International Fund:	Stocks and shares of overseas companies and holdings of foreign currencies and investments in the Emerging Markets, Europe, Japan, North America, International (Passive), Pacific Basin (excluding Japan), North America (Passive), Europe (Passive), Japan (Passive) and Pacific Markets (Passive) Funds.
International (Passive) Fund:	Units of the Emerging Markets Fund, Europe (Passive), Japan (Passive), North America (Passive) and Pacific Markets (Passive) Funds.
International Bond Fund:	Fixed interest securities issued by UK and overseas governments and corporations.
Japan Fund:	Stocks and shares of Japanese companies and holdings of Japanese currencies.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

Japan (Passive) Fund:	Stocks and shares of Japanese companies and holdings of Japanese currencies.
Light Green Fund:	Stocks and shares of companies in the United Kingdom.
Long Dated Corporate Bond Fund:	High quality sterling corporate debt.
Long Term Gilt Fund:	UK Government fixed interest securities with outstanding terms of 15 years or more.
Long Term Growth Fund:	Units of the UK Equity (Passive), North America (Passive), Europe (Passive), Pacific Markets (Passive), Emerging Markets and Japan (Passive) Funds.
Medium Term Balanced Fund:	Units of the Long Term Growth and Pre-Retirement Funds.
North America Fund:	Stocks and shares of North American companies and holdings of North American currencies.
North America (Passive) Fund:	Stocks and shares of North American companies and holdings of North American currencies.
Pacific Basin (excluding Japan) Fund:	Stocks and shares of Pacific Basin (excluding Japanese) companies and holdings of Pacific Basin (excluding Japanese) currencies.
Pacific Markets (Passive) Fund:	Stocks and shares of Pacific Basin (excluding Japanese) companies and holdings of Pacific Basin (excluding Japanese) currencies.
Pre-Retirement Fund:	Units of the Long Term Gilt and Long Dated Corporate Bond Funds.
Property Fund:	Office, shop, industrial and agricultural properties in the UK.
Smaller Companies Fund:	Shares of UK Smaller Companies.
Specialist Global Equity Fund:	Holdings currently in the following funds: Specialist UK Equity Fund North America (Passive) Fund Europe (Passive) Fund Pacific Markets (Passive) Fund Emerging Markets Fund Japan Passive Fund
Specialist UK Equity Fund:	Shares of UK quoted companies.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

Tactical Long Dated Corporate Bond Fund: Predominantly high quality sterling corporate debt with a maturity date of over 15 years.

Tactical Medium Dated Corporate Bond Fund: Predominantly high quality sterling corporate debt with a maturity date of between 5 and 15 years.

Tactical Short Dated Corporate Bond Fund: Predominantly high quality sterling corporate debt with a maturity date of less than 5 years.

International (GDP) Fund: Holdings currently in the following funds:
North America Fund
Europe Fund
Japan Fund
Pacific Markets Fund
Emerging Markets Fund

The policyholder may invest in any or all of these funds except that:

- the GEI Fund is only available to the trustees of the GEI Pension Scheme.
- The Tactical Short, Medium and Long Dated Corporate Bond Funds are only available to segregated fund schemes managed by M&G Investment Management Limited.

Expenses incurred by M&G in the maintenance of assets are charged to the respective funds. M&G charge PPL a management fee for their services.

- (j) None.
- (k) The contract was open to new business during the year to the valuation date.
- (l) There were no increases to the rates of charge applied to these contracts during the reporting period.

B. The Pensions Investment Account (PIA)

- (a) The Pensions Investment Account (PIA)
- (b) The contract type is: United Kingdom, pensions business, direct written business, non-profit, group pension.
- (c) Premiums are payable as single premiums.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

- (d) The benefits are the realisation values of the units held in the internal linked funds.

Units are surrendered to release cash to provide benefits for members of the pension scheme for which the policyholders are trustees.

Units may also be surrendered on the same terms if premiums are discontinued.

All policies contain an open market option and an option to secure an annuity on the then current annuity rates.

- (e) There are no guaranteed investment returns.

- (f) The charges made by the Company are:

an initial investment charge of 5% of each premium paid

a continuing investment charge of 0.75% p.a. of the value of the units, deducted as 1/365 of 0.75% each day

(the initial and continuing investment charges are allowed for in the offer and bid prices)

the percentage of premium applied to the purchase of units, assuming 4% commission is payable, is derived as follows:

<u>Amount Invested</u>	<u>Unit Allocation</u>
£5,000 - £49,000	99.0%
£50,000 - £99,000	100.0%
£100,000 +	100.5%

If a new investment increases the total amount invested into a higher unit allocation band, then the whole of the new investment will qualify for the increased unit allocation.

Higher allocations have been granted in appropriate circumstances with a maximum allocation rate of 102%.

- (g) The Company may increase these charges at any time upon giving six months notice.
- (h) See (d) above.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

- (i) Benefits are determined by reference to the value of internal linked funds. The following funds are available:

Fund

Series 1 Cash Fund
Series 1 Discretionary Fund
Series 1 Equity Fund
Series 1 Fixed Interest
Series 1 Global Equity Fund
Series 1 Index Linked
Series 1 International Fund
Series 1 Property Fund

These funds are wholly invested in the GILP funds of the same name. See 5(1)(A)(i) above.

- (j) None.
- (k) The contract was open to new business during the year to the valuation date.
- (l) There were no increases to the rates of charge applied to these contracts during the reporting period.

C. The Pru-Link Retirement Plan (PLRP)

- (a) The Pru-Link Retirement Plan (PLRP).
- (b) The contract type is: United Kingdom, pensions business, direct written business, non-profit, deferred annuity.
- (c) Regular and single premiums are accepted.
- (d) On retirement the bid value of units allocated will be available to purchase a pension from Prudential Pensions Limited (PPL) and to provide cash (subject to Inland Revenue Limits). Alternatively the open market option can be taken where the cash value of units allocated would be transferred to purchase a pension from another life office.

On death the bid value of units allocated is payable.

On discontinuance of premiums under a Regular Premium Plan policy, the Plan will be made paid-up. The units remaining will provide benefits on either death or retirement.

- (e) There is a guarantee that the unit price of the Pru-Link Cash Fund will not go down.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

- (f) The charges made by the Company are a continuing investment charge of 0.75% p.a. of the offer value of the fund, deducted as 1/365 of 0.75% each day. 100% of premiums are applied to the purchase of units.
- (g) The allocation rates for future top-ups are not guaranteed. The Company may increase the continuing investment charge upon giving six months notice.
- (h) See (d) above.
- (i) Benefits are determined by reference to the value of internal linked funds. The following funds are available:

Fund

Pru-Link Managed Fund
Pru-Link Cash Fund

The Pru-Link Managed Fund is wholly invested in the Series 1 Discretionary Fund.

The Pru-Link Cash Fund is wholly invested in the Series 1 Cash Fund.

See 5(1)(B)(i) above.

- (j) None.
- (k) The Pru-Link Retirement Plan was closed to new business with effect from 1 July 1988. Top ups to existing policies are allowed.
- (l) There were no increases to the rates of charge applied to these contracts during the reporting period.

D. PACL Group Business Reassurance accepted

- (a) Group pension investment-linked unit liabilities reassured from Prudential Assurance Company Limited (PACL).
- (b) The contract type is: United Kingdom, pensions business, reassurance accepted, non-profit, group pension.
- (c) The underlying contracts in PACL accept regular and single premiums.
- (d) Cover is granted in respect of:
 - retirement benefits;
 - transfer benefits;
 - death benefits; and,sums representing transfer values of investment redispersions; to the extent that, in each case, the value therefore is determined by reference to the realisation value of notionally realised units of the Funds or is met by the cancellation of such units.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

(e) There are no guaranteed investment returns.

(f) The charges made by the Company are:

a continuing investment charge of a percentage of the value of units, deducted as 1/365 of the annual amount each day, of:-

Series 1 Cash Fund	0.75% p.a.
Series 1 Corporate Bond Fund	0.75% p.a.
Series 1 Discretionary Fund	0.75% p.a.
Series 1 Equity Fund	0.75% p.a.
Series 1 Fixed Interest Fund	0.75% p.a.
Series 1 Global Equity Fund	0.75% p.a.
Series 1 Index Linked Fund	0.75% p.a.
Series 1 International Fund	0.75% p.a.
Series 1 International Bond Fund	0.75% p.a.
Series 1 Long Term Growth Fund	0.65% p.a.
Series 1 Overseas Equity Fund	0.65% p.a.
Series 1 Pre-Retirement Fund	0.65% p.a.
Series 1 Property Fund	0.75% p.a.
Series 1 Retirement Protection Fund	0.75% p.a.
Series 1 Socially Responsible Fund	0.75% p.a.
Series 1 UK Specialist Equity Fund	0.65% p.a.
Series 1 Equity (Passive) Fund	0.65% p.a.
Series 1 Global Equity (Passive) Fund	0.15% p.a.
Series II Cash Fund	1.00% p.a.
Series II Discretionary Fund	1.00% p.a.
Series II Equity Fund	1.00% p.a.
Series II Fixed Interest Fund	1.00% p.a.
Series II Global Equity Fund	1.00% p.a.
Series II Index Linked Fund	1.00% p.a.
Series II International Bond Fund	1.00% p.a.
Series II International Equity Fund	1.00% p.a.
Series II Property Fund	1.00% p.a.
Series II Index Linked (Passive) Fund	0.90% p.a.
Series II UK Equity (Passive) Fund	0.90% p.a.
Series II Retirement Protection Fund	0.90% p.a.

which is reflected in the offer and bid prices; this charge is then refunded to PACL

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

the charge payable to PPL by PACL under the reinsurance agreement is a continuing investment charge of 0.25% p.a. of the value of the units

Series III UK Smaller Companies Fund	.
Series III UK Specialist Equity Fund	
Series III Socially Responsible Fund	
Series III All Stocks Corporate Bond Fund	.
Series III Equity Fund	
Series III Global Equity Fund	.
Series III International Equity Fund	
Series III Property Fund	
Series III Discretionary Fund	
Series III Fixed Interest Fund	
Series III Index Linked Fund	
Series III International Bond Fund	
Series III Global Equity (Passive) Fund	.
Series III UK Equity (Passive) Fund	
Series III Cash Fund	
Series III Index Linked (Passive) Fund	
Series III Retirement Protection Fund	
Series III Long Term Growth Fund	
Series III Pre Retirement Fund	
Series III Overseas Passive Fund	
Series III Corporate Bond Fund	
Series III Overseas Equity Fund	
Series III Northern Trust International Equity	
Series III Northern Trust Aggregate Fixed Interest	
Series III Northern Trust UK Equity Fund	

There are no charges in the unit prices for the Series III funds as the charges are taken explicitly by unit deduction from the policyholders unit holding. The charges vary by client and by the contract to which they are invested.

- (g) The Company may increase these charges upon giving three months notice.
- (h) See (d) above.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

- (i) Benefits are determined by reference to the value of internal linked funds. The following funds are available:

Fund

Series 1 Cash Fund
Series 1 Corporate Bond Fund
Series 1 Discretionary Fund
Series 1 Equity Fund
Series 1 Equity (Passive) Fund
Series 1 Fixed Interest Fund
Series 1 Global Equity Fund
Series 1 Global Equity (Passive) Fund
Series 1 Index Linked Fund
Series 1 International Fund
Series 1 International Bond Fund
Series 1 Long Term Growth Fund
Series 1 Overseas Equity Fund
Series 1 Pre-Retirement Fund
Series 1 Property Fund
Series 1 Retirement Protection Fund
Series 1 Socially Responsible Fund
Series 1 UK Specialist Equity Fund

These funds are wholly invested in the GILP funds of the same name (Series 1 Retirement Protection Fund invests in the GILP Long Term Gilt Fund, Series 1 Socially Responsible Fund invests in the GILP Light Green Fund and Series 1 Overseas Equity invests in the GILP International Passive Fund). See 5(1)(A)(i) above.

The following funds (Series II) are wholly invested in the Series 1 funds of the same name shown above.

Series II Cash Fund
Series II Discretionary Fund
Series II Equity Fund
Series II Fixed Interest Fund
Series II Index Linked Fund
Series II International Bond Fund
Series II Property Fund

The following funds (Series II) are wholly invested in the GILP funds of the same name (Series II International Equity Fund invests in the GILP International Fund and Series II Retirement Protection Fund invests in the GILP Long Term Gilt Fund). See 5(1)(A)(I) above.

Series II UK Equity (Passive) Fund
Series II Global Equity Fund
Series II Index Linked (Passive) Fund
Series II International Equity Fund
Series II Retirement Protection Fund

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

The following funds (Series III) are wholly invested in the GILP funds of the same name (International Equity Fund invests in the GILP International Fund, Retirement Protection Fund invests in the GILP Long Term Gilt Fund, Socially Responsible Fund invests in the GILP Light Green Fund, Overseas Passive Fund invests in the GILP International Passive Fund), Corporate Bond fund invests in the GILP Long Dated Corporate Bond Fund and Overseas Equity Fund invests in the GILP International GDP Fund. See 5(1)(A)(I) above.

Series III Cash Fund
Series III Discretionary Fund
Series III Equity Fund
Series III Fixed Interest Fund
Series III Index Linked Fund
Series III International Bond Fund
Series III Property Fund
Series III UK Equity (Passive) Fund
Series III Global Equity Fund
Series III Index Linked (Passive) Fund
Series III International Equity Fund
Series III Retirement Protection Fund
Series III All Stocks Corporate Bond Fund
Series III Global Equity Passive Fund
Series III Socially Responsible Fund
Series III UK Smaller Companies Fund
Series III UK Specialist Equity Fund
Series III Long Term Growth Fund
Series III Pre Retirement Fund
Series III Overseas Passive Fund
Series III Overseas Equity Fund
Series III Corporate Bond Fund

The following funds are invested in the Northern Trust Open Ended Investment Company with Variable Capital (OIECs) of the same name:

Series III Northern Trust International Equity
Series III Northern Trust Aggregate F.I.
Series III Equity Fund

- (j) None.
- (k) The contract was open to new business during the year to the valuation date.
- (l) There were no increases to the rates of charge applied to the existing contracts during the reporting period.
- (2) No linked contract contains a with-profits option.
- (3) Not applicable.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

- (4) *Points applicable to each of the groups of internal linked funds are as follows:*

The creation price is the cash cost of purchasing an identical portfolio of assets to that in the unit fund including all the costs that would be incurred in purchasing such assets, divided by the number of units in existence. The cancellation price is the cash amount for which the assets of the unit fund can be sold net of all costs that would be incurred in disposing of the assets, divided by the number of units in existence.

Specific points for each of the groups of internal linked funds are as follows:

GILP Funds

The business is currently administered on either a weekly or daily dealing platform.

It is intended that all business will be moved to the new daily dealing platform over time. Both platforms take a continuous equity approach to unit pricing, i.e. units are created in the linked funds at the creation price, and liquidated in the linked funds at the cancellation price.

Weekly Platform

For the Discretionary and Global Equity Funds units are allocated to policyholders on a 'matched' basis as follows: if there are no matching transactions, then purchases are carried out at the creation price, and sales at the cancellation price. To the extent that there are both sales and purchases, the current practice is to match these transactions; purchases will be made at the normal offer price and sales will be made at a concessionary bid price (typically 100% of the offer price, where this is higher than the standard bid price). For all other funds, units are allocated to policyholders at the offer price, and sold at the bid price. Where there are both sales and purchases, transactions are matched where possible.

Daily Platform

The "Swinging single pricing" approach is used. If the net cashflow on the day is positive, all transactions are at the offer price. If the net cashflow on the day is negative, all transactions are at the cancellation (bid/bid) price.

Unit prices are calculated daily and transactions in these funds are carried out at the next available price (i.e. on a forward pricing basis).

Series I, II & III Funds

Series I, II & III funds are 100% invested in units of the GILP Funds at the daily pricing of the GILP funds. Purchases of GILP fund units are made at the creation price of the GILP fund, and sales at the cancellation price. Creation and cancellation prices are determined daily by reference to the appropriate GILP price.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

A smoothed equity approach is taken to unit pricing. This is different to the approach adopted for GILP funds. Units are allocated to policyholders at the offer price and deallocated at the bid price. While the trend in the number of units in a unit fund is believed to be upward, the bid price is the creation price. While the trend in the number of units is believed to be downward, the bid price is the cancellation price, where the trend is unclear or changing the bid price may be between the creation price and the cancellation price. The offer price is then set equal to the bid price plus the initial charge plus a rounding adjustment not exceeding 0.1p (there is no initial charge for Series II and Series III funds).

Pru-Link Funds

The Pru-Link Managed Fund is wholly invested in units of the Series I Discretionary Fund. The Pru-Link Cash Fund is wholly invested in units of the Series I Cash Fund. Creation and cancellation prices are determined once a week by reference to the appropriate Series I price. Transactions are carried out at the next available price (i.e. on a forward pricing basis).

Pru-Link Funds buy and sell Series I units at the current Series I bid price. No further adjustments are made for buying or selling expenses.

A smoothed equity approach is taken to unit pricing. This is different to the approach adopted for GILP funds. Units are allocated to policyholders at the offer price and deallocated at the bid price. While the trend in the number of units in the underlying unit fund (which is taken to be the Series I, II & III funds as a whole) is believed to be upward, the bid price is the creation price. While the trend in the number of units is believed to be downward, the bid price is the cancellation price. Where the trend is unclear or changing the bid price may be between the creation price and the cancellation price. The offer price is then set equal to the bid price plus the initial charge plus a rounding adjustment not exceeding 0.1p. (The initial charge was removed on 1 April 2001).

- (5) No provision for tax on realised or unrealised capital gains is required, as only pension business is written.
- (6) Not applicable.
- 6. (1) The mathematical reserve for non-linked business (annuities in payment) is the present value of the benefits with provision for the expenses of payment. The mathematical reserve for linked business consists of the unit liability together with a non unit liability. A discounted cashflow method of valuation is used to determine the non-unit liability.

In particular the following principles have been observed:

- (a) No derivatives were held outside of the internal linked funds.
- (b) No allowance has been made for increasing fund management charges, however, the Company reserves the right to do so after the appropriate period of notice and to a level consistent with industry practice.
- (c) The net premium method has not been used.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

- (d) Negative values have been eliminated from the liability. Additionally, all negative values which would arise at future valuations using the current basis projected forward have also been eliminated.
- (e) No reserve for future bonuses is required.
- (f) No reserve for tax on unrealised capital gains is required, as only pension business is written
- (g) No reserve for investment performance guarantees is held as the only investment performance guarantee is that the unit price of the Pru-Link Cash Fund will not go down. Units of this fund are ultimately invested in units of the GILP Cash Fund, where the practice is to invest only in short term assets.
- (h) An additional reserve of £1,450,000 is held in respect of:

	£
Resilience (Rule 5.17(b))	250,000
Cashflow Mismatching (Rule 5.17(a))	180,000
Other contingencies	<u>1,020,000</u>
Total	1,450,000

- (2) Not applicable.
7. (1) The rates of interest and tables of mortality assumed in the valuation are shown in 9(a) below and Note 5101.
- (2) The mortality tables used are published tables.
 - (3) All business is written in the UK and UK based mortality tables have been used.
 - (4) All annuity business is wholly reassured (see 12 below). The mortality assumptions for annuities in payment allow for future mortality improvement as follows :

Business reassured with PAL :

Annuities are generally valued using a percentage of the 92 series (year of birth) tables for annuitants and pensioners. In order to allow for mortality improvement, the CMIR 17 mortality improvement factors are applied up to and including 2004, and future improvement factors are applied from 2005 in line with the CMI medium cohort projections. Male future improvement factors are subject to a minimum of 2%.

Business reassured with PACL : Using the mortality table on a calendar year basis, the calendar year being 2004.

- (5) No allowance has been made or reserve held, in addition to the assumptions in 7(4) above, in respect of possible changes in the incidence of disease or development in medical science.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

(6) The scenarios are:

- (a) an immediate increase of 2 percentage points in the rates of interest per annum obtainable on fixed interest securities, a 25% increase in the real yield on index-linked gilts, a 19% fall in the market value of equities and a 20% fall in the market value of property.
- (a) an immediate decrease of 1 percentage point in the rates of interest per annum obtainable on fixed interest securities, a 25% fall in the real yield on index-linked gilts, a 19% fall in the market value of equities and a 20% fall in the market value of property.

Scenario (a) proved to be the most onerous.

- (7) An amount of £180,000 is included in the sterling reserves for cashflow mismatching. This has been determined by assuming that the redemption proceeds from existing assets can be reinvested, where necessary, at a yield of 80% of the current yield, and then comparing the expense reserve outgo against the resultant asset income to check that the additional reserve is sufficient to fund any shortfalls.
 - (8) An additional reserve of £250,000 has been made. This was calculated as follows:
 - (a) No changes in assumptions other than those stated in 7(6)(b) above, and interest rate changes as shown in Form 57 were made.
 - (b) The non unit reserves were recalculated at the revised valuation interest rates and levels of fund management charge income.
 - (c) (i) There was a £108,000 increase in the aggregate amount of the long term liabilities.
 - (ii) The assets allocated to match such liabilities have reduced in value by £142,000.
 - (9) Not applicable.
- 8.
- (a) Not applicable.
 - (b) Specific allowance is made for expenses of payment for all immediate annuities as indicated in note 5102.
 - (c) Not applicable.
 - (d) Not applicable.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

9. (a) For group and individual linked business the unit liability has been obtained by valuing those units allocated to policyholders at the valuation unit price. This price is based on the mid-market price of the assets and includes investment income received.

The non unit liability in respect of PACL Group Business reinsurance accepted is that amount required to cover the loss likely to arise in the period of notice required before any increase in charges can take effect.

In determining the non-unit liability for GILP and PIA business, and Pru-Link Retirement Plan (PLRP) policies, the following parameters were used:

Valuation interest:	4.00%
Fund growth rate:	5.00% (before reduction for fund charge)
Renewal expenses:	GILP* £3,000,000 p.a. plus £950 p.a. per scheme (of which £640,000 p.a. is covered by charges for additional administration services) * includes reinsurance from Investment Solutions Limited PIA £50,000 p.a. plus £130 p.a. per scheme PLRP - per policy for premium-paying policies £38.00 p.a. - per policy for other policies £26.00 p.a. - per claim £44.00 Reinsurance from PACL £550,000 p.a.
Expense inflation:	3.50%
Fund charge:	The actual charged rate less investment expense in respect of PPM investment management charges. These vary between 0.1% to 0.035% depending on the fund.
Mortality:	AM92 (males) AM92 (females)

These reserves are also adequate in the context of a lower inflation scenario with unchanged assumptions of real interest and real fund growth.

- (b) Not applicable.
10. (1) See 9 (a) above.
- (2) The aggregate amount of expense allowance arising in the next twelve months from the loadings described in paragraph 9 is £8,219,000.
- (3) and (4) New business costs are covered by expected future profits.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

11. Not applicable.
12. (1) No premiums in respect of reinsurance business ceded on a facultative basis were paid to reinsurers not permitted to carry on business in the United Kingdom.
- (2) The following reinsurance treaties were in force at 31 December 2003 :
- (i) (a) **Prudential Annuities Limited (PAL)**
- (b) The reinsurer is permitted to carry on business in the United Kingdom.
- (c) The reinsurer is a connected company.
- (d) All immediate annuities are wholly reassured on original terms. The current liability reassured is £99,372,000. The reinsurer is a member of the Prudential group of companies and the reinsurance is not covered by first charges on assets.
- (e) No premiums have been paid by the Company under the treaty during the period since the last investigation.
- (f) Not applicable.
- (g) No reinsurance commission is payable.
- (h) The agreement remains open to annuities arising under Pru-Link (PLRP), but is closed to Group Pensions business arising since 1 January 1990.
- (ii) (a) **Prudential Assurance Company Limited (PACL)**
- (b) The reinsurer is permitted to carry on business in the United Kingdom.
- (c) The reinsurer is a connected company.
- (d) All immediate annuities are wholly reassured on original terms. . The current liability reassured is £6,883,000. The reinsurer is a member of the Prudential group of companies and the reinsurance is not covered by first charges on assets.
- (e) No premiums have been paid by the Company under the treaty during the period since the last investigation.
- (f) Not applicable.
- (g) No reinsurance commission is payable.
- (h) The agreement remains open to new business.
- (3) Not applicable.

PRUDENTIAL PENSIONS LIMITED

Appendix 9.4 (continued)

13.-16. Not applicable.

17. See Form 46.

Group contracts not included in Form 46 are:

Group Investment Linked Policies (GILP) - 356 schemes at 31 December 2003.

GILP reinsurance accepted - 1 scheme at 31 December 2003.

Pensions Investment Account (PIA) - 84 schemes at 31 December 2003.

Reinsurance accepted from Prudential Assurance Company - an estimated 55,000 lives are covered by this business.

18. See Form 47.

19. See Forms 48 and 49.

No derivative contracts were held to cover non-linked long term liabilities at 31 December 2003.

20. See Forms 51 and 53.

21. (1) See Form 57.

(2) There was no adjustment to the yield on Gilts. The yield on deposits has been reduced by 0.05% to take account of risk of default.

(3) No such assets were held.

22. See Form 58.

23. See Form 60.

_____ D Jebson. Appointed Actuary

.....March 2004

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

Name of insurer **Prudential Pensions Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

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
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
INDIVIDUAL - Annuities in Payment	5.04%	(a)	889	647				6883			6883
GROUP - Annuities in Payment	5.04%	(b)	7917	7674				98808			98808
	4.50%	(c)	5	60				565			565
Sub total: Non-Profit Policies			8811	8381				106256			106256
Sub total: Direct Written Insurance Business			8811	8381				106256			106256
REASSURANCE CEDED											
Non-Profit Policies											
INDIVIDUAL - Annuities in Payment	5.04%	(a)	889	647				6883			6883
GROUP - Annuities in Payment	5.04%	(b)	7917	7674				98808			98808
	4.50%	(c)	5	60				565			565
Sub total: Non-Profit Policies			8811	8381				106256			106256

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

Name of insurer **Prudential Pensions Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business **Pension Insurance Business**

Category of surplus **Ordinary Long Term**

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
		day	month	year					
R51	992726	GL	31	12	2003	£000	UK	Pens	11

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Sub total: Reassurance Ceded			8811	8381				106256			106256
Net total: Pension Insurance Business			8811								
Net total: United Kingdom Insurance Business			8811								

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Prudential Pensions Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R53	992726	GL	31	12	2003	£000	UK	Pens	11
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Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link 10	Unit liability		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
DIRECT INDIVIDUAL														
Deferred annuity :														
Pru-Link Retirement Plan - regular premium	(a)	(a)	5434		54483		1163		internal funds	54483	54483	548		55031
Pru-Link Retirement Plan - single premium	(a)	(a)	123		3799				internal funds	3799	3799	2		3801
DIRECT GROUP														
Group pension :														
PIA SAS Business	(a)	(a)	84						internal funds	7578	7578	180		7758
GILP SAS Business	(a)	(a)	355						internal funds	3919661	3919661	1230		3920891
MISMATCHING RESERVE												430		430
ADDITIONAL RESERVE												1020		1020
Sub total: Non-Profit Policies			5996		58282		1163			3985521	3985521	3410		3988931

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Prudential Pensions Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R53	992726	GL	31	12	2003	£000	UK	Pens	11
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Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link 10	Unit liability		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Sub total: Direct Written Insurance Business			5996		58282		1163			3985521	3985521	3410		3988931
REASSURANCE ACCEPTED Non-Profit Policies														
Accepted from PACL	(a)	(a)								535436	535436			535436
GILP Business	(a)	(a)	1							15583	15583			15583
Sub total: Non-Profit Policies			1							551019	551019			551019
Sub total: Reassurance Accepted			1							551019	551019			551019
Net total: Pension Insurance Business			5997		58282		1163			4536540	4536540	3410		4539950
Net total: United Kingdom Insurance Business			5997		58282		1163			4536540	4536540	3410		4539950

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 1)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	31	12	2003	£000	UK	11					ILH
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
All Stocks Corporate Bond		13.5063	76583409	1034358	1567	1032791	1032791													
Sub total: All Stocks Corporate Bond				1034358	1567	1032791	1032791													
Balanced Non Property		9.2263	1100035	10149		10149	10149													
Sub total: Balanced Non Property				10149		10149	10149													
Cash		59.5164	1013139	60298	39715	20583	20583													
Sub total: Cash				60298	39715	20583	20583													
Concensus		8.4049	632717	5318		5318	5318													
Sub total: Concensus				5318		5318	5318													
Discretionary		460.0218	2161401	994292	346555	647737	647737													
Sub total: Discretionary				994292	346555	647737	647737													
Emerging Markets		14.1047	1472959	20776	20094	682	682													
Sub total: Emerging Markets				20776	20094	682	682													
Equity		557.0577	1704996	949781	657513	292268	292268													
Sub total: Equity				949781	657513	292268	292268													

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 2)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH				
							R55	992726	GL	31	12	2003	£000	UK	11					ILH	day	month	year
Europe		11.8935	17155254	204036	129370	74666	74666																
Sub total: Europe				204036	129370	74666	74666																
Europe Passive		9.2181	3877156	35740	20197	15543	15543																
Sub total: Europe Passive				35740	20197	15543	15543																
Fixed Interest		272.4920	781330	212906	74327	138579	138579																
Sub total: Fixed Interest				212906	74327	138579	138579																
GEI		0.1365	54370	7		7	7																
Sub total: GEI				7		7	7																
Global Equity		24.1263	4919671	118693	77294	41399	41399																
Sub total: Global Equity				118693	77294	41399	41399																
Global Equity Passive		8.8615	12728028	112789	2076	110713	110713																
Sub total: Global Equity Passive				112789	2076	110713	110713																
Index Linked		191.6291	342292	65593	11748	53845	53845																
Sub total: Index Linked				65593	11748	53845	53845																

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 3)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	day month year			£000	UK	11					ILH
										31	12	2003								
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
Index Linked (Passive)		15.2275	5624903	85653	20	85633	85633													
Sub total: Index Linked (Passive)				85653	20	85633	85633													
Internal Long Dated Corporate Bond		12.8472	1183203	15201		15201	15201													
Sub total: Internal Long Dated Corporate Bond				15201		15201	15201													
Internal Medium Dated Corporate Bond		12.6007	491419	6192		6192	6192													
Sub total: Internal Medium Dated Corporate Bond				6192		6192	6192													
Internal Short Dated Corporate Bond		12.3058	756604	9311		9311	9311													
Sub total: Internal Short Dated Corporate Bond				9311		9311	9311													
International		55.9745	6601298	369504	361657	7847	7847													
Sub total: International				369504	361657	7847	7847													
International (Passive)		8.0561	112488	906	906															
Sub total: International (Passive)				906	906															
International Bond		31.3144	2136345	66898	39486	27412	27412													
Sub total: International Bond				66898	39486	27412	27412													

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 4)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	day month year			£000	UK	11					ILH
										31	12	2003								
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
Japan		5.2125	12276572	63992	35890	28102	28102													
Sub total: Japan				63992	35890	28102	28102													
Japan (Passive)		7.3151	3914447	28634	19086	9548	9548													
Sub total: Japan (Passive)				28634	19086	9548	9548													
Light Green		8.0976	938645	7601	6521	1080	1080													
Sub total: Light Green				7601	6521	1080	1080													
Long Dated Corporate Bond		16.2383	23305413	378441	18564	359877	359877													
Sub total: Long Dated Corporate Bond				378441	18564	359877	359877													
Long Term Gilt		23.2843	12117331	282143	17829	264314	264314													
Sub total: Long Term Gilt				282143	17829	264314	264314													
Long Term Growth		7.7844	907106	7061	1910	5151	5151													
Sub total: Long Term Growth				7061	1910	5151	5151													
Medium Term Balanced		9.9116	3455	34		34	34													
Sub total: Medium Term Balanced				34		34	34													

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 5)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	day month year			£000	UK	11					ILH
										31	12	2003								
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
North America		11.3531	9738372	110560	70394	40166	40166													
Sub total: North America				110560	70394	40166	40166													
North America (Passive)		7.8063	4206402	32837	14701	18136	18136													
Sub total: North America (Passive)				32837	14701	18136	18136													
Pacific Basin (excluding Japan)		10.6165	12183969	129351	70543	58808	58808													
Sub total: Pacific Basin (excluding Japan)				129351	70543	58808	58808													
Pacific Markets (Passive)		11.1296	3586027	39911	28335	11576	11576													
Sub total: Pacific Markets (Passive)				39911	28335	11576	11576													
Pre-Retirement		11.6331	128310	1493	629	864	864													
Sub total: Pre-Retirement				1493	629	864	864													
Property		343.0666	1064938	365345	35681	329664	329664													
Sub total: Property				365345	35681	329664	329664													
Prulink Cash		5.0927	32556	166		166	166													
Sub total: Prulink Cash				166		166	166													

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 6)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	day month year			£000	UK	11					ILH
										31	12	2003								
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
Prulink Managed		9.8231	5916331	58117		58117	58117		58117											
Sub total: Prulink Managed				58117		58117	58117		58117											
Smaller Companies		7.6621	9001232	68968	68694	274	274		274											
Sub total: Smaller Companies				68968	68694	274	274		274											
Specialist Global Equity		10.9737	592706	6504		6504	6504		6504											
Sub total: Specialist Global Equity				6504		6504	6504		6504											
Specialist UK Equity		14.6728	4844699	71085	9984	61101	61101		61101											
Sub total: Specialist UK Equity				71085	9984	61101	61101		61101											
UK Equity Passive		10.0361	25448375	255402	111232	144170	144170		144170											
Sub total: UK Equity Passive				255402	111232	144170	144170		144170											
International GDP		11.4739	1722	20	20															
Sub total: International GDP				20	20															
MPP All Stocks Corporate Bond		1.0484	265045	278		278	278		278											
Sub total: MPP All Stocks Corporate Bond				278		278	278		278											

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 7)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	31	12	2003	£000	UK	11					ILH
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
MPP Cash		1.9280	7776047	14992	239	14753	Gross	14753	Reinsurance ceded											
Sub total: MPP Cash				14992	239	14753		14753												
MPP Discretionary		2.3799	140498330	334368	59118	275250		275250												
Sub total: MPP Discretionary				334368	59118	275250		275250												
MPP Equity		2.5867	20133746	52081	516	51565		51565												
Sub total: MPP Equity				52081	516	51565		51565												
MPP Equity (Passive)		0.7730	15222846	11767		11767		11767												
Sub total: MPP Equity (Passive)				11767		11767		11767												
MPP Fixed Interest		2.8859	3981486	11490	96	11394		11394												
Sub total: MPP Fixed Interest				11490	96	11394		11394												
MPP Global Equity		2.3314	31915994	74409		74409		74409												
Sub total: MPP Global Equity				74409		74409		74409												
MPP Global Equity (Passive)		0.7481	2780163	2080		2080		2080												
Sub total: MPP Global Equity (Passive)				2080		2080		2080												

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 8)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	31	12	2003	£000	UK	11					ILH
							day	month	year											
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)		8	9	10							
							Gross	Reinsurance ceded												
MPP Index Linked		2.5669	2983059	7657	35	7622	7622													
Sub total: MPP Index Linked				7657	35	7622	7622													
MPP International		1.7361	12020382	20869		20869	20869													
Sub total: MPP International				20869		20869	20869													
MPP International Bond		2.0830	317903	662	67	595	595													
Sub total: MPP International Bond				662	67	595	595													
MPP Long Term Growth		1.2259	518232	635		635	635													
Sub total: MPP Long Term Growth				635		635	635													
MPP Overseas Equity (Passive)		1.2525	68037	85		85	85													
Sub total: MPP Overseas Equity (Passive)				85		85	85													
MPP Pre Retirement		1.0344	419270	434		434	434													
Sub total: MPP Pre Retirement				434		434	434													
MPP Property		2.9586	2369862	7012	101	6911	6911													
Sub total: MPP Property				7012	101	6911	6911													

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 9)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	31	12	2003	£000	UK	11					ILH
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
MPP Retirement Protection		1.8961	7144495	13546		13546	13546													
Sub total: MPP Retirement Protection				13546		13546	13546													
MPP Socially Responsible		0.7323	4368964	3200		3200	3200													
Sub total: MPP Socially Responsible				3200		3200	3200													
MPP Specialist Equity		1.2676	115254	146		146	146													
Sub total: MPP Specialist Equity				146		146	146													
MPP series II Cash		1.2644	57926	73		73	73													
Sub total: MPP series II Cash				73		73	73													
MPP series II Discretionary		0.9191	1082022	994		994	994													
Sub total: MPP series II Discretionary				994		994	994													
MPP series II Equity		0.8202	625791	513		513	513													
Sub total: MPP series II Equity				513		513	513													
MPP series II Fixed Interest		1.3267	72218	96		96	96													
Sub total: MPP series II Fixed Interest				96		96	96													

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 10)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	day month year			£000	UK	11					ILH
										31	12	2003								
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
MPP series II Global Equity Sub total: MPP series II Global Equity		0.7803	100																	
MPP series II Index Linked Sub total: MPP series II Index Linked		1.3381	25987	35		35		35												
MPP series II Index Linked Passive Sub total: MPP series II Index Linked Passive		1.1932	100																	
MPP series II International Bond Sub total: MPP series II International Bond		1.2938	51710	67		67		67												
MPP series II International Equity Sub total: MPP series II International Equity		0.8030	100																	
MPP series II Property Sub total: MPP series II Property		1.5393	66469	102		102		102												
MPP series II Retirement Protection Sub total: MPP series II Retirement Protection		1.2071	100																	

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 11)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	31	12	2003	£000	UK	11					ILH
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
MPP series II UK Equity (Passive)		0.7970	100																	
Sub total: MPP series II UK Equity (Passive)																				
MPP series III Cash Fund		1.1400	2718171	3099		3099		3099												
Sub total: MPP series III Cash Fund				3099		3099		3099												
MPP series III Corporate Bond		1.2088	1068456	1292		1292		1292												
Sub total: MPP series III Corporate Bond				1292		1292		1292												
MPP series III Discretionary		0.9688	13584696	13161		13161		13161												
Sub total: MPP series III Discretionary				13161		13161		13161												
MPP series III Equity		0.9125	1995850	1821		1821		1821												
Sub total: MPP series III Equity				1821		1821		1821												
MPP series III Fixed Interest		1.1506	526035	605		605		605												
Sub total: MPP series III Fixed Interest				605		605		605												
MPP series III Global Equity		0.9221	3513379	3240		3240		3240												
Sub total: MPP series III Global Equity				3240		3240		3240												

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 12)

Global business

United Kingdom business

Financial year ended **31st December 2003**Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	day month year			£000	UK	11					ILH
										31	12	2003								
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
MPP series III Global Equity (Passive)		0.8894	100																	
Sub total: MPP series III Global Equity (Passive)																				
MPP series III Index Linked		1.1925	595819	711		711	711		711											
Sub total: MPP series III Index Linked				711		711	711		711											
MPP series III Index Linked (Passive)		1.1795	683	1		1	1		1											
Sub total: MPP series III Index Linked (Passive)				1		1	1		1											
MPP series III International		0.9106	814758	742		742	742		742											
Sub total: MPP series III International				742		742	742		742											
MPP series III International Bond		1.1195	70572	79		79	79		79											
Sub total: MPP series III International Bond				79		79	79		79											
MPP series III Light Green		0.9059	1088200	986		986	986		986											
Sub total: MPP series III Light Green				986		986	986		986											
MPP Series III Long Dated Corporate Bond		1.0197	1223	1		1	1		1											
Sub total: MPP Series III Long Dated Corporate Bond				1		1	1		1											

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 13)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	31	12	2003	£000	UK	11					ILH
MPP series III Long Term Growth		0.9395	1344876	1263		1263														
Sub total: MPP series III Long Term Growth				1263		1263														
MPP series III Overseas Equity		1.1516	17170	20		20														
Sub total: MPP series III Overseas Equity				20		20														
MPP series III Overseas Equity (Passive)		0.9420	16353	15		15														
Sub total: MPP series III Overseas Equity (Passive)				15		15														
MPP series III Pre-Retirement		1.1344	157279	178		178														
Sub total: MPP series III Pre-Retirement				178		178														
MPP series III Property		1.2436	852998	1061		1061														
Sub total: MPP series III Property				1061		1061														
MPP series III Retirement Protection		1.1314	2850915	3225		3225														
Sub total: MPP series III Retirement Protection				3225		3225														
MPP series III UK Equity (Passive)		0.8911	14904051	13281		13281														
Sub total: MPP series III UK Equity (Passive)				13281		13281														

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential Pensions Limited**

(Sheet 14)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	992726	GL	day month year			£000	UK	11					ILH
										31	12	2003								
1	2	3	4	5	6	7	Value of units or directly held assets deemed allocated to contracts		8	9	10									
							Gross	Reinsurance ceded												
MPP series III UK Smaller Companies		0.9329	268559	251		251	251													
Sub total: MPP series III UK Smaller Companies				251		251	251													
MPP series III UK Specialist Equity		1.0094	543758	549		549	549													
Sub total: MPP series III UK Specialist Equity				549		549	549													
MPP series III Northern Trust International Equity		84.1500	70	6		6	6													
Sub total: MPP series III Northern Trust International Equity				6		6	6													
MPP series III Northern Trust Aggregate F. I.		42.3100	32	1		1	1													
Sub total: MPP series III Northern Trust Aggregate F.I.				1		1	1													
MPP series III Northern Trust Equity Fund		481.3700	11	5		5	5													
Sub total: MPP series III Northern Trust Equity Fund				5		5	5													
Total: Ordinary Long Term				6889250		2352710	4536540		4536540											

Long term insurance business : Matching rectangleName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **0.00%**Type of business **Pension Insurance Business**

Non profit

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

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	992726	GL	31	12	2003	£000	Stg	0.00	Pens	NP	10
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		5	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	1270	3.57	1270	(250)	1020	5.57		
		Not producing income	19								
Total (11 to 19)		29	1270	3.57	1270	(250)	1020	5.57			
Gross valuation interest rate %		31		0.00				0.00			
Net valuation interest rate % (where appropriate)		32									
Mathematical reserve or other liability, net of reinsurance		33	1270					1020			

Long term insurance business : Matching rectangleName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **4.00%**Type of business **Pension Insurance Business**

Non profit

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

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	992726	GL	31	12	2003	£000	Stg	4.00	Pens	NP	10
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	5		6
Land and buildings		11									
Fixed interest securities		Approved securities	12	1640	4.85	1535			1535		6.85
		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	500	3.57	500	250		750		5.57
		Not producing income	19								
Total (11 to 19)		29	2140	4.55	2035	250		2285		6.43	
Gross valuation interest rate %		31		4.00						5.50	
Net valuation interest rate % (where appropriate)		32									
Mathematical reserve or other liability, net of reinsurance		33	2140					2285			

Long term insurance business : Matching rectangleName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

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

Type of business

With profits/Non profit

Category of assets

Total long term business assets

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		day	month	year						
R57	992726	GL	31	12	2003	£000	99			10
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		11								
Fixed interest securities	Approved securities	12	1640	4.85	1535		1535	6.85		
	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	1770	3.57	1770		1770	5.57		
	Not producing income	19								
Total (11 to 19)		29	3410	4.19	3305		3305	6.16		
Gross valuation interest rate %		31								
Net valuation interest rate % (where appropriate)		32								
Mathematical reserve or other liability, net of reinsurance		33	3410				3305			

Long term insurance business : Valuation result and distribution of surplusName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of surplusCategory of surplus **Ordinary Long Term**

		R58	992726	GL	31	12	2003	£000	11
Valuation result	Fund carried forward					11			4544110
	Bonus payments made to policyholders in anticipation of a surplus					12			
	Transfers out of fund/ parts of fund	Transfer to non-technical account				13			6302
		Transfer to other funds/parts of funds				14			
	Net transfer out of funds/parts of funds (13+14)					15			6302
	Total (11+12+15)					16			4550412
	Mathematical reserves for accumulating with profit policies					17			
	Mathematical reserves for other non linked contracts					18			
	Mathematical reserves for property linked contracts					19			4539950
	Mathematical reserves for index linked contracts					20			
	Total (17 to 20)					21			4539950
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)					29			10462
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation					31			4160
	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			6302
Total (31+34+35)					39			10462	
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			6302
	Total distributed surplus (46+47)					48			6302
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated					49			4160
Total (48+49)					59			10462	
Percentage of distributed surplus allocated to policyholders of fund/part of fund						61			
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 2002)				62			
	Earlier	(year of valuation 2001)				63			
	Earliest	(year of valuation 2000)				64			

Long term insurance business : Required minimum margin

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2003**

R60	992726	GL	Period ended			Units
			GL/UK/CM	day	month	
			31	12	2003	£000

Class		Classes I, II & IX	Class III business with relevant factor of				Class IV and VI	Classes VII and VIII business with relevant factor of					Unallocated 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	Nil 9	Total 10	4% 11	1% 12	The financial year 13	The previous year 14
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	11	106256	3576		4536374	4539950									4646206	3366040
	Reserves for bonus allocated to policyholders	12															
	Reserves after distribution of surplus	13	106256	3576		4536374	4539950									4646206	3366040
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	14		3576		4536374	4539950									4539950	3260603
	Reserves for bonus allocated to policyholders	15															
	Reserves after distribution of surplus	16		3576		4536374	4539950									4539950	3260603
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)		17	0.85				1.00										
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor		19	3613				143									3756	3741
Non negative capital at risk before reinsurance (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	3613				143									3756	3741
Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business		51															
Total required margin of solvency for long term insurance business (49+51)		59														3756	3741
Minimum guarantee fund		61														549	507
Required minimum margin (greater of lines 59 and 61)		69														3756	3741

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PRUDENTIAL PENSIONS LIMITED

Returns for the year ended 31 December 2003

Notes to the Return

Form 9

0901 Orders under Section 68, Insurance Companies Act 1982 (as amended)

(660) The Secretary of State for Trade and Industry has issued to the Company Orders under section 68 of the Insurance Companies Act 1982 directing that Section 31 of that Act shall not apply to the Company in respect of transactions entered into with The Prudential Assurance Company Limited and Prudential Annuities Limited pursuant to various life reinsurance agreements.

This Order continues to have effect under the transitional arrangements set out in the Supervision Manual.

Form 10

1001 Reconciliation to shareholder accounts

	2003	2002
	£'000s	£'000s
<i>Net assets per the Annual Return</i>		
line 99 Form 13 (Other than Long Term Business)	17,633	31,896
line 59 Form 15	<u>(6,845)</u>	<u>(5,945)</u>
	10,788	25,951
<i>Per shareholder accounts</i>		
Capital + reserves	<u>14,686</u>	<u>30,563</u>
Difference	<u>(3,898)</u>	<u>(4,612)</u>
<u>Analysed as follows:</u>		
Unappropriated surplus and additional reserves held in long term fund	(5,340)	(5,880)
Deferred Tax	1,671	1,977
Inadmissible assets	<u>(229)</u>	<u>(709)</u>
	<u>(3,898)</u>	<u>(4,612)</u>

Form 13

Notes 1301 to 1306 apply to other than long term business fund.

1301 Assets specified instruction 5

The company held no unlisted investments, listed investments that are not readily realisable, or any other investments specified in instruction 5.

1304 Statement on Set Off

1305 Maximum Counterparty Limits

Notes to the Return (continued)

1306 Counterparty exposures at year end

At year end we had counterparty exposures other than for long term business fund that were greater than 5%. This amount was valued at £7,400,000 and held with the following approved counterparties:

Swedbank	£3,000,000
BNP Paris	£2,000,000
Irish Life and Permanent	£2,400,000

Notes 1308 to 1312 apply to long term business fund.

1308 Assets specified in instruction 5.

The company held no unlisted investments, listed investments that are not readily realisable, or any other investments specified in instruction 5.

1310 Amounts due to or from the Company have been set off to the extent permitted by generally accepted accounting principles.

1311 Maximum Counterparty Limits

The Company's investment guidelines set maximum counterparty limits in order to maintain the admissibility of assets in accordance with Rule 4.14. The limits were breached twice during the financial year. As at two month ends, stock out on loan to Barclays Bank Plc exceeded 10% of the Long Term Fixed Interest Fund.

1312 Counterparty exposures at year end

The long term business fund had counterparty exposures at year end greater than 5% of the long term business amount that were valued at £13,000,000 and held with the following approved counterparties:

Royal Bank Of Scotland	£3,000,000
ABN AMRO	£3,000,000
Close Brothers Limited	£3,000,000
Bank One	£4,000,000

1320 Other debtors and cash at bank

	Other debtors	Cash at bank
	£000's	£000's
<i>Per the Annual Returns</i>		
Form 13 line 76/78/81 Other than long term business	17	350
Form 13 line 78/81 Long term business	1,616	3,013
	<u>1,633</u>	<u>3,363</u>
<i>Per shareholder accounts</i>	<u>1,633</u>	<u>3,363</u>
Difference	<u><u>0</u></u>	<u><u>0</u></u>

Notes to the Return (continued)

Form 14

***1401* Provision for adverse changes**

No derivatives were held outside of the internally linked funds at any time during the year and therefore no provision for adverse changes is required.

***1402* Uncertain and Potential Liabilities**

- a) There were no charges attributable to the long-term business assets.
- b) There were no potential capital gains tax liabilities at the year end.
- c) There were no contingent liabilities at the year end.
- d) There were no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business and in respect of related companies.
- e) Provision for claims outstanding: the company has instigated a full review of its defined benefit payment processes and has set up a reasonable and prudent provision to cover the cost of performing the review and the cost of any contingent loss, if any, arising out of the review's findings. A provision of £366,000 is included on F14 line 15 (2002: £3,188,000).

Form 15

***1501* Provision for adverse changes**

No derivatives were held by the other than long term fund at any time during the year and therefore no provision for adverse changes is required.

***1502* Charges, potential tax liability, contingent liabilities, guarantees and fundamental uncertainties**

- a) There were no charges attributable to the other than long term business assets.
- b) There was no potential tax liability arising in the other than long term fund at the year end.
- c) There were no contingent liabilities at the year-end.
- d) There are no guarantees, indemnities or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of related companies.
- e) There were no fundamental uncertainties at the year-end.

Notes to the Return (continued)

Form 16

1601 Foreign Currencies

Foreign currency assets and liabilities are translated at year-end exchange rates. Foreign currency revenue transactions are translated at rates ruling at the transaction dates, except for accrued revenue items that are translated at year-end exchange rates.

Form 17

1700 Derivative Contracts

As all figures, including comparatives, are zero for the long-term and other than long term fund form 17, this form has been omitted. All derivative contracts are held in the internally linked funds and not within the other assets of the long-term fund or the other than long-term fund.

Form 40

4003 Investment income and capital gains

Included in the Line 26 figure (Transfer to non technical account) are the following investment incomes and capital gains:

	2003	2002
	£'000	£'000
Cash on deposit interest received	1,739	1,797
Bank overdraft interest paid	(789)	(885)
UK government gilt interest received	126	126
Unrealised capital gain on UK government gilt	(94)	87
	<u>982</u>	<u>1,125</u>

4008 Provision of management services

The Company was provided throughout the year with day to day management services by The Prudential Assurance Company Limited (the immediate holding company), and Prudential Financial Services Limited, Prudential Property Investment Managers Limited, Prutech Limited, Prudential UK Services Limited and M&G Investment Management Limited, all group companies. The Company was further assisted during the year with day to day management services by Mellon European Fund Services, a third party.

4009 The Company has a reinsurance agreement with a related company, Prudential Assurance Company Limited, in respect of linked premiums. Included in earned premiums for the year is an amount of £104m received under this reinsurance agreement. The reinsurance agreement was drawn up under normal commercial terms which reflect the level of business transacted with the Company.

Also included within claims incurred is an amount of £29m arising from claims under this reinsurance agreement and a claims recovery of £8m received from a related company, Prudential Annuities Limited.

Notes to the Return (continued)

Form 43

4301 Valuation of Linked Assets

Linked assets are valued at market value.

Investment properties, though, are independently valued each month on the basis of open market value in accordance with the RICS Appraisal and Valuation Manual. All the properties are currently valued by CB Richard Ellis Limited. Securities are valued at a market offer price except where a linked fund is priced on a full bid basis in which case the securities are valued on a bid basis. In accordance with the policy documents, an adjustment is made to the linked asset prices to account for buying or selling expenses.

4302 Derivative Contracts

The value of rights under derivative contracts held by each internal linked fund were as follows. The figures are gross of variation margin and net of variation margin:

	Gross Assets £'000	Gross Liabilities £'000	Net Assets £'000	Net Liabilities £'000
Equity Passive	567		362	-
Far East	676	(677)	676	(677)
Europe Passive	80		80	-
International Bond	2,505	(2,647)	2,505	(2,647)
Fixed Interest	16,524	(16,610)	16,524	(16,610)
North America Passive	86		60	
Pacific Markets Passive	179	(180)	179	(180)
Index Linked	1,247	(1,251)	1,247	(1,251)

4304 Variation in directly held assets and other liabilities

As described in note 5501, the total assets held to cover linked liabilities include credit balances, hence the difference between linked assets and linked liabilities. However, some of the linked liability balances (such as the net overdraft position), when split by fund, include debit balances. This is the reason why the asset and liability figures in form 43 differ from those in other forms, as detailed below:

The value of directly held assets:

	Assets		Liabilities	
	4,545,857	(Form 13 Line 59)	9,317	(Included in Form 14 Line 38) *
Creditors	(6,441)		(6,441)	
Cash balances	184		184	
Tax	714		714	
Interest	1		1	
Form 43 Total	4,540,315		3,775	

* (Note the total liabilities on Form 14 Line 38 include £1,743,000 non linked liabilities)

Notes to the Return (continued)

Form 44

4402	Other Investment Income	2003
		£'000
	Other investment income	1,039
	Safe custody fees	(457)
	Transaction fees	(162)
	Total	<u>420</u>

Form 48

4801 Accrued income

Line 12, column 1 includes £72,000 accrued interest.

Form 51

5101 Mortality Bases

The mortality bases corresponding to the codes are :

code (a) 102% PMA92 (u=2004), 84% PFA92 (u=2004)

code (b) 78% PMA92 (c=2004), 70% PFA92 (c=2004)

For (a), the CMIR17 improvement factors from 1992 to 2004 are applied to PMA92 and PFA92 mortality tables respectively. Future improvement factors from 2005 onwards are in line with the Medium Cohort projection (CMI mortality subcommittee 2002: Working paper 1: An interim basis for adjusting the '92' series mortality projections for cohort effects). Male future improvement factors are subject to a minimum improvement of 2% in any year.

5102 Provision for annuity payment expenses

The provisions for the cost of paying annuities in possession corresponding to the codes are :

code (a) 2.0 % increase in value of annuity

code (b) £25.80 pa per annuitant plus 3.5% p.a. inflation

Form 53

5301 Interest and Mortality Bases

See answer to Appendix 9.4 question 9(a).

5302 Non-unit reserves

Certain expenses associated with managing a property portfolio have not been included in the renewal expense margins used in the calculation of the non-unit reserves. These expenses are deducted from the investment return credited to policyholders.

Notes to the Return (continued)

Form 55

5501 Unit linked liabilities

Included in the total assets held to cover linked liabilities (£4,536,540,000) are liabilities netted off against assets to the value of £9,317,000. This is the reason for the excess assets shown in forms 13 and 14 as follows:

	<u>£000's</u>
Property linked assets (per form 13 line 59)	4,545,857
Less unit linked creditors:	
Income in advance	(6,034)
Property	(554)
Sterling brokers	(1,442)
Sundry creditors	(775)
Safe custody creditors	(71)
Transaction fees	(26)
Overseas brokers	(415)
	(9,317)
Property linked liabilities (per Form 14 Line 62) and Directly held assets (per Form 55 column 8)	4,536,540

Form 57

5701 Rationale

The resilience reserve is contained within the 0% rectangle.

PRUDENTIAL PENSIONS LIMITED

Returns for the year ended 31 December 2003

Statement in accordance with Rule 9.29 of the Accounts and Statements Rules

a. **Investment Guidelines**

During 2003, investment guidelines allowed the use of derivative contracts in the GILP (and hence MPP) internal linked funds. The derivatives and use thereof was restricted to that permitted by Appendix 3.2 of the Accounts and Statements Rules. The use of derivatives was not permitted in the non-linked funds.

Derivatives are limited to: exchange traded warrants; exchange traded index or stock futures; forward currency contracts; partly paid shares; and convertible bonds. Derivatives must be listed or with an approved counterparty and must be capable of being readily closed out at a price the basis of which is pre-determined. Exchange traded index and stock futures must be based on underlying assets which are themselves permitted links.

b. **Derivatives where exercise is unlikely**

Derivatives used in the internal linked funds were entered into only if they would have been reasonably likely to be exercised.

c. **Quantification of derivatives in (b) above**

No such contracts were used by the company.

d. **Effect on Form 13 at 31 December 2003 of exercising derivatives where it would be prudent to assume options would be exercised**

The only derivatives on Form 13 relate to property linked assets and are included on line 59 of Form 13, which would not change in value.

The company would not be exposed to any fluctuation in asset values.

e. **Effect on Form 13 of exercising all derivatives at year end**

The only change would be to line 59 of Form 13 which would not reduce by a significant amount and would be directly offset by a reduction in the long-term liabilities shown on Form 14.

The assets of the company would not be impacted.

f. **Effect on Form 13 of exercising all derivatives at any time during year**

The assets of the company would not be impacted. Movement in linked assets would be offset by a corresponding change in the linked liability.

The assets of the company would not be impacted.

g. **Maximum loss**

The net assets of the company would not be impacted. At the year end, linked assets would be reduced by a maximum of:

Existing market conditions £653,000

Foreseeable market conditions £1,071,000

The highest exposure throughout the year was £1,902,000.

PRUDENTIAL PENSIONS LIMITED

Returns for the year ended 31 December 2003

Statement in accordance with rule 9.30 of the Accounts and Statements Rules

Additional information on shareholder controllers

We confirm that the following is a list of:

- (a) Persons who, to the knowledge of Prudential Pensions Limited (“the Company”), have been, at any time during the year ended 31 December 2003, a shareholder controller of the Company; and
- (b) In the case of each person who was a shareholder controller of the Company at 31 December 2003:
 - (i) the percentage of shares he held at that time in the Company, or in another company of which the Company was a subsidiary undertaking; and
 - (ii) the percentage of the voting power which he was entitled at that time to exercise, or control the exercise of, at any general meeting of the Company, or another company of which it was a subsidiary undertaking;

in each case, either alone or with any associate or associates.

Persons who, to the knowledge of the Company, have been, at any time during the year ended 31 December 2003, a shareholder controller of the Company.	In the case of each person who was a shareholder controller of the Company at 31 December 2003:	
	The percentage of shares he held at that time in the Company, or in another company of which the Company was a subsidiary undertaking, either alone or (<i>shown separately</i>) with any associate or associates	The percentage of the voting power which he was entitled at that time to exercise, or control the exercise of, at any general meeting of the Company, or another company of which it was a subsidiary undertaking, either alone or (<i>shown separately</i>) with any associate or associates
The Prudential Assurance Company Limited, being its immediate holding company	100%	100%
Prudential plc, being its ultimate holding company	100%	100%

PRUDENTIAL PENSIONS LIMITED

Financial year ended 31 December 2003

Statement of information on the Appointed Actuary required by rule 9.36 of the Accounts and Statements Rules.

In accordance with rule 9.36, David Jebson, the appointed actuary of the Company, was requested to furnish and has provided the following information:

- (a)
- (i) He had an interest 23,763 shares in the share capital of the holding company, Prudential plc, at the beginning and at the end of the year.
 - (ii) He and his spouse held the following options granted under the Prudential Savings-Related Share Option Scheme to subscribe for shares in Prudential plc:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Exercise Dates</u>
11732	280p	Between June 2008 and December 2008
 - (iii) He had an interest in 940 shares in the share capital of Egg plc at the beginning and end of the year respectively.
 - (iv) He had no interest in or debentures of any other group company.
- (b) He was interested in the following life and general insurance policies issued by the Prudential Group:
- (i) Five endowment assurance with-profits policies maturing between 2017 and 2021 with participating sums assured totalling £100,587, non-participating minimum death benefits of £228,109 and annual premiums of £5,388.
 - (ii) Two temporary assurance without-profits policies expiring between 2017 and 2021 with sums assured totalling £81,500 and annual premiums of £373.
 - (iii) One home insurance policy covering buildings, household contents and personal effects.
- (c) His total remuneration for the year was £210,981 (including that of his spouse).
- (d) He and his spouse are members of the Prudential Staff Pension Scheme and contributions in respect of the year were paid by the Prudential Group.

PRUDENTIAL PENSIONS LIMITED

Financial year ended 31 December 2003

Directors' Certificate pursuant to Rule 9.34(a) of the Accounts and Statement Rules

We certify that:

1. (a) in relation to the part of this return comprising Forms 9, 9A, 10, 13 to 17 and 40 to 45 (including the supplementary notes thereto) and the statements required by Rules 9.29 and 9.30 that:
 - (i) the return has been prepared in accordance with the Accounts and Statements Rules as modified by a Section 68 Order granted on 5 December 1997 under the Insurance Companies Act 1982, which continues to have effect;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the Company; and
 - (iii) an appropriate system of control has been established and maintained by the Company over its transactions and records;
- (b) in respect of the Company's business which is not excluded by rule 7.6, the assets held throughout the financial year enabled the Company to comply with rules 7.1 to 7.5 (matching and localisation); and
 - (bb) that reasonable enquiries have been made by the insurer for the purpose of identifying material connected party transactions (rule 9.39 PRU (INS));
- (c) in relation to the statement required by rule 9.36 that:
 - (i) for the purpose of preparing the statement, proper accounts and records have been maintained; and
 - (ii) the information given has been ascertained in conformity with that rule.

Certificate required by Rule 9.34(a) (continued)

2. the margin of solvency required by rule 2.1 has been maintained throughout the financial year.
3.
 - (a) the requirements of rules 3.1 and 3.4 have been fully complied with and in particular that, subject to the provisions of section 3.2(2) to (4) and 3.3, assets attributable to long term business, the income arising there from, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term insurance business fund have not been applied otherwise than for the purpose of the long term insurance business;
 - (b) any amount payable from or receivable by the long term insurance business fund in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of rule 3.4, is connected with it or is a subordinate company of it, has been determined and where appropriate apportioned on terms which are believed to be no less than fair to the fund, and any exchange of assets representing such fund for other assets of the Company has been made at fair market value;
 - (c) no guarantees have been given by the Company of the performance by a related company of a contract binding on the related company which would fall to be met by any long term business fund;
 - (d) in respect of each internal linked fund, the investment policy and practice of the Company during the financial year was consistent with representations made to policyholders or potential policyholders of the Company;
 - (e) the return in respect of long term business is not distorted by agreements with any other company carrying on insurance business with which the Company has financial, commercial or administrative links or by any arrangements which could affect the apportionment of expenses and income; and
 - (f) the Company has fully complied with the requirement of rule 3.5.

Certificate required by Rule 9.34(a) (continued)

4. (a) the systems of control established and maintained by the Company in respect of its business complied, at the end of the financial year, with the following published guidance:

- (i) Guidance Note P.1 - Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives; and
- (ii) Money Laundering - Guidance Notes for Insurance and Retail Products (issued by the Joint Money Laundering Steering Group, revised in December 2001);

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future;

(b) the return has been prepared in accordance with the following published guidance:

- (i) Guidance Note 4.1 - Guidance for insurers and auditors on the Valuation of Assets Rules;
- (ii) Guidance Note 4.2 - The use of derivatives in insurance funds; and
- (iii) Guidance Note 9.1 - Preparation of annual returns.

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G M Wood Chief Executive	R C Everett Director	J W Jack Director
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March 2004

PRUDENTIAL PENSIONS LIMITED

Financial year ended 31 December 2003

Certificate by Appointed Actuary required by rule 9.34(b) of the Accounts and Statement Rules

I certify that -

- (a) (i) in my opinion proper records have been kept by the Company adequate for the purpose of the valuation of the liabilities of its long term business;
 - (ii) the mathematical reserves shown in Form 14 constitute proper provision at 31 December 2003 for the liabilities (other than liabilities which had fallen due at 31 December 2003) arising under or in connection with contracts for long term business including any increase in those liabilities arising from distribution of surplus as a result of an investigation as at 31 December 2003 into the financial condition of the long term business;
 - (iii) for the purpose of sub-paragraph (ii) above, the liabilities have been assessed in accordance with the Determination of Liabilities Rules in the context of assets valued in accordance with Valuation of Assets Rules;
 - (iv) the valuation complies with the guidance notes "The Prudential Supervision in the UK of Long-Term Insurance Business (GN1 version 6.1)" dated 1 September 2003 and "Additional Guidance on Valuation of Long-Term Insurance Business (GN8 version 7.0)" dated 30 December 2002, both issued by the Institute of Actuaries and the Faculty of Actuaries;
 - (v) in my opinion, premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions, and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (b) the amount of required minimum margin applicable to the Company's long term business immediately following 31 December 2003 (including the amount resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £3,756,000.

D Jebson
Appointed Actuary

March 2004

PRUDENTIAL PENSIONS LIMITED

Financial Year ended 31 December 2003

Report of the auditor to the Directors pursuant to Rule 9.35 of the Accounts and Statements Rules

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part I of chapter 9 to the Interim Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority ("FSA") under section 138 of the Financial Services and Markets Act 2000:

- Forms 9, 9A, 10, 13 to 17 and 40 to 45 (including the supplementary notes thereto) ("the Forms");
- the statement required by rule 9.29 on pages 88 to 89 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on pages 92 to 94 ("the certificate").

In the case of the certificate, our examination did not extend to:

- (a) paragraph 1 in relation to the statements required by rules 9.30 and 9.36 concerning shareholder controllers and information on the appointed actuary;
- (b) paragraph 3(d) concerning the investment policy and practice of internal linked funds required by paragraph 4(d) of Appendix 9.6; and
- (c) paragraph 4(a) in so far as it relates to controls with respect to Money Laundering.

This report is made solely to the company's directors, as a body, in accordance with the requirements of rule 9.35 of the Rules. We acknowledge that the directors are required to submit this report to the FSA, to enable the FSA to verify that an auditor's report has been commissioned by the company's directors and issued in accordance with the requirements of rule 9.35 of the Rules and to facilitate the discharge by the FSA of its regulatory functions in respect of the company, conferred on the FSA by or under the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report issued pursuant to rule 9.35 of the Rules and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Company and its auditors

The Company is responsible for the preparation of an annual return (including the Forms, statements and the certificate) under the provisions of the Rules. The requirements of the Rules have been modified by an Order issued under section 68 of the Insurance Companies Act 1982 on 5 December 1997. Under rule 9.11 the Forms and statements are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statements meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Bases of opinions

We conducted our work in accordance with Practice Note 20: 'The Audit of Insurers in the United Kingdom' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statement. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on March 2004. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statement.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In the case of the certificate, the work performed involves a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the Company's internal control systems.

In giving our opinion we have relied on:

- (a) the certificate of the actuary on page 95 with respect to the mathematical reserves and the required minimum margin and
- (b) the identity and value of implicit items as they have been admitted in accordance with rule 2.10.

Opinions

In our opinion:

- (a) the Forms and statement fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (b) based on the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

KPMG Audit Plc
Registered Auditor
London

March 2004