LONDON LIFE LIMITED

Registered in England - No. 1179800

Registered Office

The Pearl Centre

Lynch Wood

Peterborough
PE2 6FY

Annual FSA Insurance Returns for the year ended

31 December 2008

Appendices 9.1 , 9.3 , 9.4 , 9.4A, 9.6

Form 2

Statement of solvency - long-term insurance business

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units
R2	1179800	GL	31	12	2008	£000

		As at end of this financial year	As at end of the previous year
		1	2
Capital resources			
Capital resources arising within the long-term insurance fund	11	72800	134103
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	152087	134891
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	224887	268994
Guarantee fund			
Guarantee fund requirement	21	20384	21540
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	204503	247454
Minimum capital requirement (MCR)			
Long-term insurance capital requirement	31	61150	64621
Resilience capital requirement	32		
Base capital resources requirement	33	2518	2231
Individual minimum capital requirement	34	61150	64621
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	61150	64621
Excess (deficiency) of available capital resources to cover 50% of MCR	37	194312	236683
Excess (deficiency) of available capital resources to cover 75% of MCR	38	179025	220528
Enhanced capital requirement			
With-profits insurance capital component	39	10865	51901
Enhanced capital requirement	40	72015	116522
Capital resources requirement (CRR)			
Capital resources requirement (greater of 36 and 40)	41	72015	116522
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	152872	152472
Contingent liabilities			
Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		

Covering Sheet to Form 2 **Form 2**

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

....	**J S Moss**	**Managing Director**
....	**J S B Smith**	**Director**
....	**M J Merrick**	**Director**

Date 9 April **2009**

Form 3
(Sheet 1)

Components of capital resources

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	1179800	GL	31	12	2008	£000

		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4
Core tier one capital					
Permanent share capital	11		18800	18800	18800
Profit and loss account and other reserves	12		172769	172769	168131
Share premium account	13				
Positive valuation differences	14		48646	48646	99581
Fund for future appropriations	15		7244	7244	9583
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		247459	247459	296095
Tier one waivers					
Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit Items	22				
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				
Other tier one capital					
Perpetual non-cumulative preference shares as restricted	25				
Perpetual non-cumulative preference shares in related undertakings	26				
Innovative tier one capital as restricted	27				
Innovative tier one capital in related undertakings	28				
Total tier one capital before deductions (19+24+25+26+27+28)	31		247459	247459	296095
Investments in own shares	32				
Intangible assets	33		7244	7244	8000
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		7244	7244	8000
Total tier one capital after deductions (31-37)	39		240215	240215	288095

Form 3
(Sheet 2)

Components of capital resources

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	1179800	GL	31	12	2008	£000

		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4
Tier two capital					
Implicit items, (tier two waivers and amounts excluded from line 22)	**41**				
Perpetual non-cumulative preference shares excluded from line 25	**42**				
Innovative tier one capital excluded from line 27	**43**				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	**44**				
Perpetual cumulative preference shares	**45**				
Perpetual subordinated debt and securities	**46**		22898	22898	33921
Upper tier two capital in related undertakings	**47**				
Upper tier two capital (44 to 47)	**49**		22898	22898	33921
Fixed term preference shares	**51**				
Other tier two instruments	**52**				
Lower tier two capital in related undertakings	**53**				
Lower tier two capital (51+52+53)	**59**				
Total tier two capital before restrictions (49+59)	**61**		22898	22898	33921
Excess tier two capital	**62**				
Further excess lower tier two capital	**63**				
Total tier two capital after restrictions, before deductions (61-62-63)	**69**		22898	22898	33921

Form 3
(Sheet 3)

Components of capital resources

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	1179800	GL	31	12	2008	£000

		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4
Total capital resources					
Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		263113	263113	322016
Inadmissible assets other than intangibles and own shares	73		12203	12203	8982
Assets in excess of market risk and counterparty limits	74		26023	26023	44040
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		224887	224887	268994
Available capital resources for GENPRU/INSPRU tests					
Available capital resources for guarantee fund requirement	81		224887	224887	268994
Available capital resources for 50% MCR requirement	82		224887	224887	268994
Available capital resources for 75% MCR requirement	83		224887	224887	268994
Financial engineering adjustments					
Implicit items	91				
Financial reinsurance - ceded	92		21001	21001	23001
Financial reinsurance - accepted	93				
Outstanding contingent loans	94		81345	81345	123612
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96		102346	102346	146613

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

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

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	1

			As at end of this financial year 1	As at end of the previous year 2
Land and buildings		11		
Investments in group undertakings and participating interests				
UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	250	250
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28	86835	70960
Participating interests	Shares	29		
	Debts and loans	30		
Other financial investments				
Equity shares		41	17069	
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	38362	26590
Rights under derivative contracts		44	39	
Fixed interest securities	Approved	45		
	Other	46	1449	
Variable interest securities	Approved	47		
	Other	48	3441	20813
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52		
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	304	137
	More than one month withdrawal	55		17404
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

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

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	1

			As at end of this financial year 1	As at end of the previous year 2
Reinsurers' share of technical provisions				
Provision for unearned premiums		60		
Claims outstanding		61		
Provision for unexpired risks		62		
Other		63		
Debtors and salvage				
Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	405	158
	due in more than 12 months	79		
Other assets				
Tangible assets		80		
Deposits not subject to time restriction on withdrawal with approved institutions		81	2444	1843
Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)		83		
Accrued interest and rent		84	2844	3759
Deferred acquisition costs (general business only)		85		
Other prepayments and accrued income		86	140	157
Deductions from the aggregate value of assets		87		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)		89	153582	142071

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

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

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	1

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

		As at end of this financial year 1	As at end of the previous year 2
Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	153582	142071
Admissible assets in excess of market and counterparty limits	92	26023	44040
Inadmissible assets directly held	93	7244	8000
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	6111	(6104)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	192960	188007

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		158

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

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

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	10

			As at end of this financial year 1	As at end of the previous year 2
Land and buildings		11		
Investments in group undertakings and participating interests				
UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28	17545	17545
Participating interests	Shares	29		
	Debts and loans	30		
Other financial investments				
Equity shares		41	171310	28959
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	253478	298241
Rights under derivative contracts		44	179544	12840
Fixed interest securities	Approved	45	739033	909449
	Other	46	341076	375670
Variable interest securities	Approved	47	13912	494
	Other	48	672082	60829
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	2354	2736
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	60208	19345
	More than one month withdrawal	55		
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	52723	57301
	Property linked	59	294839	396738

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

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

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	10

			As at end of this financial year 1	As at end of the previous year 2
Reinsurers' share of technical provisions				
Provision for unearned premiums		60		
Claims outstanding		61		
Provision for unexpired risks		62		
Other		63		
Debtors and salvage				
Direct insurance business	Policyholders	71	1	1
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	1287	1782
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	21412	26176
	due in more than 12 months	79		
Other assets				
Tangible assets		80		
Deposits not subject to time restriction on withdrawal with approved institutions		81	56847	79959
Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)		83		
Accrued interest and rent		84	21067	27092
Deferred acquisition costs (general business only)		85		
Other prepayments and accrued income		86	2612	702
Deductions from the aggregate value of assets		87		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)		89	2901330	2315859

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

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

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	10

		As at end of this financial year	As at end of the previous year
		1	2

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	2901330	2315859
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	12203	8982
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	632236	647609
Other asset adjustments (may be negative)	101		(8996)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	3545769	2963454

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	1085	27

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **Life Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	12

			As at end of this financial year 1	As at end of the previous year 2
Land and buildings		11		
Investments in group undertakings and participating interests				
UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		
Other financial investments				
Equity shares		41		
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43		1236
Rights under derivative contracts		44		164
Fixed interest securities	Approved	45	23565	25956
	Other	46	18152	22734
Variable interest securities	Approved	47	503	494
	Other	48		
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52		
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	1274	1753
	More than one month withdrawal	55		
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	170	177
	Property linked	59	12040	16238

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer	**LONDON LIFE LIMITED**
Global business	
Financial year ended	**31 December 2008**
Category of assets	**Life Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	12

			As at end of this financial year 1	As at end of the previous year 2
Reinsurers' share of technical provisions				
Provision for unearned premiums		60		
Claims outstanding		61		
Provision for unexpired risks		62		
Other		63		
Debtors and salvage				
Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	1	55
	due in more than 12 months	79		
Other assets				
Tangible assets		80		
Deposits not subject to time restriction on withdrawal with approved institutions		81	2063	380
Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)		83		
Accrued interest and rent		84	1036	1155
Deferred acquisition costs (general business only)		85		
Other prepayments and accrued income		86	1	1
Deductions from the aggregate value of assets		87		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)		89	58805	70343

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **Life Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	12

		As at end of this financial year	As at end of the previous year
		1	2

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	58805	70343
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	12936	17936
Other asset adjustments (may be negative)	101	8751	(966)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	80492	87314

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **Pension Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	13

			As at end of this financial year 1	As at end of the previous year 2
Land and buildings		11		
Investments in group undertakings and participating interests				
UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28	17545	17545
Participating interests	Shares	29		
	Debts and loans	30		
Other financial investments				
Equity shares		41	160325	
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	46322	175717
Rights under derivative contracts		44	92001	10440
Fixed interest securities	Approved	45	125362	218543
	Other	46	119736	121673
Variable interest securities	Approved	47	13409	
	Other	48	64649	23732
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52		
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	3547	1772
	More than one month withdrawal	55		
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	52553	57124
	Property linked	59	282799	380500

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **Pension Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	13

			As at end of this financial year 1	As at end of the previous year 2
Reinsurers' share of technical provisions				
Provision for unearned premiums		60		
Claims outstanding		61		
Provision for unexpired risks		62		
Other		63		
Debtors and salvage				
Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	17204	6
	due in more than 12 months	79		
Other assets				
Tangible assets		80		
Deposits not subject to time restriction on withdrawal with approved institutions		81	25863	15139
Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)		83		
Accrued interest and rent		84	5911	8155
Deferred acquisition costs (general business only)		85		
Other prepayments and accrued income		86	23	100
Deductions from the aggregate value of assets		87		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)		89	1027249	1030446

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer	**LONDON LIFE LIMITED**
Global business	
Financial year ended	**31 December 2008**
Category of assets	**Pension Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	13

		As at end of this financial year 1	As at end of the previous year 2
Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting			
Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	1027249	1030446
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	8100	5198
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	541309	549459
Other asset adjustments (may be negative)	101	9506	(10697)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	1586164	1574406

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	14	1

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **With Profit Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	15

			As at end of this financial year 1	As at end of the previous year 2
Land and buildings		11		
Investments in group undertakings and participating interests				
UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		
Other financial investments				
Equity shares		41	10985	28959
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	207156	121288
Rights under derivative contracts		44	87543	2236
Fixed interest securities	Approved	45	590106	664950
	Other	46	203188	231263
Variable interest securities	Approved	47		
	Other	48	607433	37097
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	2354	2736
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	55387	15820
	More than one month withdrawal	55		
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **With Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	15

			As at end of this financial year 1	As at end of the previous year 2
Reinsurers' share of technical provisions				
Provision for unearned premiums		60		
Claims outstanding		61		
Provision for unexpired risks		62		
Other		63		
Debtors and salvage				
Direct insurance business	Policyholders	71	1	1
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	1287	1782
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	10732	28941
	due in more than 12 months	79		
Other assets				
Tangible assets		80		
Deposits not subject to time restriction on withdrawal with approved institutions		81	28921	64440
Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)		83		
Accrued interest and rent		84	14120	17782
Deferred acquisition costs (general business only)		85		
Other prepayments and accrued income		86	2588	601
Deductions from the aggregate value of assets		87		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)		89	1821801	1217896

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **With Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2008	£000	15

		As at end of this financial year	As at end of the previous year
		1	2

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	1821801	1217896
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	4103	3784
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	77991	80214
Other asset adjustments (may be negative)	101	(24782)	(158)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	1879113	1301736

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	3313	2781

Form 14

Long term insurance business liabilities and margins

Name of insurer	**LONDON LIFE LIMITED**
Global business	
Financial year ended	**31 December 2008**
Total business/Sub fund	**Summary**
Units	**£000**

			As at end of this financial year 1	As at end of the previous year 2
Mathematical reserves, after distribution of surplus		11	1428259	1600568
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	201	207
Balance of surplus/(valuation deficit)		13	49902	64247
Long term insurance business fund carried forward (11 to 13)		14	1478362	1665022
Claims outstanding	Gross	15	5999	6203
	Reinsurers' share	16		
	Net (15-16)	17	5999	6203
Provisions	Taxation	21		
	Other risks and charges	22	1201	1201
Deposits received from reinsurers		23	552024	558729
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		23946
	Other	38	849947	23514
Accruals and deferred income		39	2827	1309
Provision for "reasonably foreseeable adverse variations"		41	10970	
Total other insurance and non-insurance liabilities (17 to 41)		49	1422968	614902
Excess of the value of net admissible assets		51		35935
Total liabilities and margins		59	2901330	2315859

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	520	1055
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	294839	396738

Total liabilities (11+12+49)	71	2851428	2215677
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	632236	647609
Other adjustments to liabilities (may be negative)	74	54861	90585
Capital and reserves and fund for future appropriations	75	7244	9583
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76	3545769	2963454

Form 14

Long term insurance business liabilities and margins

Name of insurer	**LONDON LIFE LIMITED**
Global business	
Financial year ended	**31 December 2008**
Total business/Sub fund	**Life With Profit**
Units	**£000**

			As at end of this financial year 1	As at end of the previous year 2
Mathematical reserves, after distribution of surplus		11	339449	399650
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	201	207
Balance of surplus/(valuation deficit)		13	28901	38383
Long term insurance business fund carried forward (11 to 13)		14	368551	438240
Claims outstanding	Gross	15	2239	2577
	Reinsurers' share	16		
	Net (15-16)	17	2239	2577
Provisions	Taxation	21		
	Other risks and charges	22	448	499
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		23946
	Other	38	187304	3526
Accruals and deferred income		39	1005	395
Provision for "reasonably foreseeable adverse variations"		41	2567	
Total other insurance and non-insurance liabilities (17 to 41)		49	193563	30943
Excess of the value of net admissible assets		51		35935
Total liabilities and margins		59	562114	505118

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	194	405
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	533213	430800
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76		

Form 14

Long term insurance business liabilities and margins

Name of insurer	**LONDON LIFE LIMITED**
Global business	
Financial year ended	**31 December 2008**
Total business/Sub fund	**Pension With Profit**
Units	**£000**

			As at end of this financial year 1	As at end of the previous year 2
Mathematical reserves, after distribution of surplus		11	616318	664202
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	2585	2863
Long term insurance business fund carried forward (11 to 13)		14	618903	667065
Claims outstanding	Gross	15	3760	3626
	Reinsurers' share	16		
	Net (15-16)	17	3760	3626
Provisions	Taxation	21		
	Other risks and charges	22	753	702
Deposits received from reinsurers		23	34182	35869
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		
	Other	38	591999	4961
Accruals and deferred income		39	1687	555
Provision for "reasonably foreseeable adverse variations"		41	8403	
Total other insurance and non-insurance liabilities (17 to 41)		49	640784	45713
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	1259687	712778

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	327	570
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	1257102	709915
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76		

Form 14

Long term insurance business liabilities and margins

Name of insurer	LONDON LIFE LIMITED
Global business	
Financial year ended	31 December 2008
Total business/Sub fund	Life Non Profit
Units	£000

			As at end of this financial year 1	As at end of the previous year 2
Mathematical reserves, after distribution of surplus		11	48451	55854
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	4401	13454
Long term insurance business fund carried forward (11 to 13)		14	52852	69308
Claims outstanding	Gross	15		
	Reinsurers' share	16		
	Net (15-16)	17		
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		
	Other	38	5905	978
Accruals and deferred income		39	48	57
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	5953	1035
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	58805	70343

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	377	170
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	12040	16238

Total liabilities (11+12+49)	71	54404	56889
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76		

Form 14

Long term insurance business liabilities and margins

Name of insurer	**LONDON LIFE LIMITED**
Global business	
Financial year ended	**31 December 2008**
Total business/Sub fund	**Pension Non Profit**
Units	**£000**

			As at end of this financial year 1	As at end of the previous year 2
Mathematical reserves, after distribution of surplus		11	424041	480862
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	14015	9547
Long term insurance business fund carried forward (11 to 13)		14	438056	490409
Claims outstanding	Gross	15		
	Reinsurers' share	16		
	Net (15-16)	17		
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23	517842	522860
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		
	Other	38	71264	16875
Accruals and deferred income		39	87	302
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	589193	540037
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	1027249	1030446

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1968	2890
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	282799	380500

Total liabilities (11+12+49)	71	1013234	1020899
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76		

Form 15

Liabilities (other than long term insurance business)

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R15	1179800	GL	31	12	2008	£000

			As at end of this financial year 1	As at end of the previous year 2
Technical provisions (gross amount)				
Provisions for unearned premiums		11		
Claims outstanding		12		
Provision for unexpired risks		13		
Equalisation provisions	Credit business	14		
	Other than credit business	15		
Other technical provisions		16		
Total gross technical provisions (11 to 16)		19		
Provisions and creditors				
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47		
	Foreseeable dividend	48		
	Other	49	1467	7111
Accruals and deferred income		51	28	69
Total (19 to 51)		59	1495	7180
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	1495	7180

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	104	138

Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	(104)	(6104)
Capital and reserves	84	191569	186931
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	192960	188007

Profit and loss account (non-technical account)

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/UK/CM	day	month	year	Units
R16	1179800	GL	31	12	2008	£000

			This financial year 1	Previous year 2
Transfer (to)/from the general insurance business technical account	From Form 20	11		
	Equalisation provisions	12		
Transfer from the long term insurance business revenue account		13	1139	1030
Investment income	Income	14	11834	11240
	Value re-adjustments on investments	15	249	677
	Gains on the realisation of investments	16		1061
Investment charges	Investment management charges, including interest	17	32	127
	Value re-adjustments on investments	18		
	Loss on the realisation of investments	19	6124	
Allocated investment return transferred to the general insurance business technical account		20		
Other income and charges (particulars to be specified by way of supplementary note)		21	(71)	(70)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	6995	13811
Tax on profit or loss on ordinary activities		31	1600	2900
Profit or loss on ordinary activities after tax (29-31)		39	5395	10911
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	5395	10911
Dividends (paid or foreseeable)		51		
Profit or loss retained for the financial year (49-51)		59	5395	10911

Analysis of derivative contracts

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

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

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R17	1179800	GL	31	12	2008	£000	1

Derivative contracts			Value as at the end of this financial year: Assets 1	Value as at the end of this financial year: Liabilities 2	Notional amount as at the end of this financial year: Bought / Long 3	Notional amount as at the end of this financial year: Sold / Short 4
Futures and contracts for differences	Fixed-interest securities	11				
	Interest rates	12				
	Inflation	13				
	Credit index / basket	14				
	Credit single name	15				
	Equity index	16				
	Equity stock	17				
	Land	18				
	Currencies	19	39	1113	28461	972
	Mortality	20				
	Other	21				
In the money options	Swaptions	31				
	Equity index calls	32				
	Equity stock calls	33				
	Equity index puts	34				
	Equity stock puts	35				
	Other	36				
Out of the money options	Swaptions	41				
	Equity index calls	42				
	Equity stock calls	43				
	Equity index puts	44				
	Equity stock puts	45				
	Other	46				
Total (11 to 46)		51	39	1113	28461	972
Adjustment for variation margin		52				
Total (51 + 52)		53	39	1113		

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Form 17

Analysis of derivative contracts

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

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

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R17	1179800	GL	31	12	2008	£000	10

Derivative contracts			Value as at the end of this financial year		Notional amount as at the end of this financial year	
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4
Futures and contracts for differences	Fixed-interest securities	11	3056		61735	
	Interest rates	12	160781	100727	1548453	210621
	Inflation	13		542		26901
	Credit index / basket	14				
	Credit single name	15	7939		13911	
	Equity index	16	1093		50792	
	Equity stock	17				
	Land	18				
	Currencies	19	1099	14909	452644	47040
	Mortality	20				
	Other	21	8021			60530
In the money options	Swaptions	31	1704		712880	
	Equity index calls	32				
	Equity stock calls	33				
	Equity index puts	34				
	Equity stock puts	35				
	Other	36				
Out of the money options	Swaptions	41				
	Equity index calls	42				
	Equity stock calls	43				
	Equity index puts	44				
	Equity stock puts	45				
	Other	46				
Total (11 to 46)		51	183693	116178	2840415	345092
Adjustment for variation margin		52	(4149)			
Total (51 + 52)		53	179544	116178		

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Form 17

Analysis of derivative contracts

Name of insurer LONDON LIFE LIMITED

Global business

Financial year ended 31 December 2008

Category of assets Life Non Profit

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R17	1179800	GL	31	12	2008	£000	12

Derivative contracts			Value as at the end of this financial year		Notional amount as at the end of this financial year	
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4
Futures and contracts for differences	Fixed-interest securities	11				
	Interest rates	12		199		10000
	Inflation	13		211		5522
	Credit index / basket	14				
	Credit single name	15				
	Equity index	16				
	Equity stock	17				
	Land	18				
	Currencies	19				
	Mortality	20				
	Other	21				
In the money options	Swaptions	31				
	Equity index calls	32				
	Equity stock calls	33				
	Equity index puts	34				
	Equity stock puts	35				
	Other	36				
Out of the money options	Swaptions	41				
	Equity index calls	42				
	Equity stock calls	43				
	Equity index puts	44				
	Equity stock puts	45				
	Other	46				
Total (11 to 46)		51		410		15522
Adjustment for variation margin		52				
Total (51 + 52)		53		410		

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contracts

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **Pension Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R17	1179800	GL	31	12	2008	£000	13

Derivative contracts			Value as at the end of this financial year		Notional amount as at the end of this financial year	
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4
Futures and contracts for differences	Fixed-interest securities	11	3056		61735	
	Interest rates	12	74995	29095	440900	200328
	Inflation	13				
	Credit index / basket	14				
	Credit single name	15	7939		13911	
	Equity index	16				
	Equity stock	17				
	Land	18				
	Currencies	19	1046	13075	420990	47040
	Mortality	20				
	Other	21	8021			60530
In the money options	Swaptions	31				
	Equity index calls	32				
	Equity stock calls	33				
	Equity index puts	34				
	Equity stock puts	35				
	Other	36				
Out of the money options	Swaptions	41				
	Equity index calls	42				
	Equity stock calls	43				
	Equity index puts	44				
	Equity stock puts	45				
	Other	46				
Total (11 to 46)		51	95057	42170	937536	307898
Adjustment for variation margin		52	(3056)			
Total (51 + 52)		53	92001	42170		

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Form 17

Analysis of derivative contracts

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Category of assets **With Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R17	1179800	GL	31	12	2008	£000	15

Derivative contracts			Value as at the end of this financial year		Notional amount as at the end of this financial year	
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4
Futures and contracts for differences	Fixed-interest securities	11				
	Interest rates	12	85786	71433	1107553	293
	Inflation	13		331		21379
	Credit index / basket	14				
	Credit single name	15				
	Equity index	16	1093		50792	
	Equity stock	17				
	Land	18				
	Currencies	19	53	1834	31654	
	Mortality	20				
	Other	21				
In the money options	Swaptions	31	1704		712880	
	Equity index calls	32				
	Equity stock calls	33				
	Equity index puts	34				
	Equity stock puts	35				
	Other	36				
Out of the money options	Swaptions	41				
	Equity index calls	42				
	Equity stock calls	43				
	Equity index puts	44				
	Equity stock puts	45				
	Other	46				
Total (11 to 46)		51	88636	73598	1902879	21672
Adjustment for variation margin		52	(1093)			
Total (51 + 52)		53	87543	73598		

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Form 18

With-profits insurance capital component for the fund

Name of insurer	**LONDON LIFE LIMITED**
With-profits fund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

			As at end of this financial year 1	As at end of the previous year 2
Regulatory excess capital				
Regulatory value of assets	Long-term admissible assets of the fund	**11**	562114	505118
	Implicit items allocated to the fund	**12**		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	**13**		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	**14**		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	**15**		
	Total (11+12-(13+14+15))	**19**	562114	505118
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	**21**	339650	399857
	Regulatory current liabilities of the fund	**22**	193563	30943
	Total (21+22)	**29**	533213	430800
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		**31**	14023	16478
Resilience capital requirement in respect of the fund's with-profits insurance contracts		**32**		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		**39**	547236	447278
Regulatory excess capital (19-39)		**49**	14878	57840
Realistic excess capital				
Realistic excess capital		**51**		
Excess assets allocated to with-profits insurance business				
Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)		**61**	14878	57840
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)		**62**		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)		**63**		
Present value of future shareholder transfers arising from distribution of surplus		**64**	4013	5939
Present value of other future internal transfers not already taken into account		**65**		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)		**66**	10865	51902

With-profits insurance capital component for the fund

Name of insurer	**LONDON LIFE LIMITED**
With-profits fund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

Regulatory excess capital

			As at end of this financial year 1	As at end of the previous year 2
Regulatory value of assets	Long-term admissible assets of the fund	**11**	1259687	712778
	Implicit items allocated to the fund	**12**		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	**13**		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	**14**		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	**15**		
	Total (11+12-(13+14+15))	**19**	1259687	712778
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	**21**	616318	664202
	Regulatory current liabilities of the fund	**22**	640784	45713
	Total (21+22)	**29**	1257102	709915
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		**31**	24650	25959
Resilience capital requirement in respect of the fund's with-profits insurance contracts		**32**		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		**39**	1281752	735874
Regulatory excess capital (19-39)		**49**	(22065)	(23096)

Realistic excess capital

Realistic excess capital	**51**	(7252)	

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	**61**	(14813)	(23096)
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	**62**		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	**63**		
Present value of future shareholder transfers arising from distribution of surplus	**64**		
Present value of other future internal transfers not already taken into account	**65**		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	**66**		

Form 19
(Sheet 1)

Realistic balance sheet

Name of insurer	**LONDON LIFE LIMITED**
With-profits fund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

			As at end of this financial year 1	As at end of the previous year 2
Realistic value of assets available to the fund				
Regulatory value of assets		11	562114	505118
Implicit items allocated to the fund		12		
Value of shares in subsidiaries held in fund (regulatory)		13		
Excess admissible assets		21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund		22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22		23		
Value of shares in subsidiaries held in fund (realistic)		24		
Prepayments made from the fund		25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))		26	562114	505118
Support arrangement assets		27		
Assets available to the fund (26+27)		29	562114	505118
Realistic value of liabilities of fund				
With-profits benefit reserve		31	312176	399963
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	17285	5818
	Future costs of non-contractual commitments	42	9982	9588
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	3485	3621
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	28190	55185
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	58942	74212
Realistic current liabilities of the fund		51	190996	30943
Realistic value of liabilities of fund (31+49+51)		59	562114	505118

Form 19
(Sheet 2)

Realistic balance sheet

Name of insurer	**LONDON LIFE LIMITED**
With-profits fund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

Realistic excess capital and additional capital available

		As at end of this financial year 1	As at end of the previous year 2
Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	**62**	562114	505118
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	**63**		
Value of relevant assets before applying the most adverse scenario (62+63)	**64**	562114	505118
Risk capital margin for fund (62-59)	**65**		
Realistic excess capital for fund (26-(59+65))	**66**		
Realistic excess available capital for fund (29-(59+65))	**67**		
Working capital for fund (29-59)	**68**		
Working capital ratio for fund (68/29)	**69**		

Other assets potentially available if required to cover the fund's risk capital margin

		As at end of this financial year 1	As at end of the previous year 2
Additional amount potentially available for inclusion in line 62	**81**	46926	55946
Additional amount potentially available for inclusion in line 63	**82**		

Realistic balance sheet Form 19 (Sheet 1)

Name of insurer: **LONDON LIFE LIMITED**

With-profits fund: **Pension With Profit**

Financial year ended: **31 December 2008**

Units: **£000**

			As at end of this financial year 1	As at end of the previous year 2
Realistic value of assets available to the fund				
Regulatory value of assets		11	1259687	712778
Implicit items allocated to the fund		12		
Value of shares in subsidiaries held in fund (regulatory)		13		
Excess admissible assets		21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund		22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22		23		
Value of shares in subsidiaries held in fund (realistic)		24		
Prepayments made from the fund		25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))		26	1259687	712778
Support arrangement assets		27		
Assets available to the fund (26+27)		29	1259687	712778
Realistic value of liabilities of fund				
With-profits benefit reserve		31	453306	476633
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	126267	117384
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	14959	13580
	Future costs of smoothing (possibly negative)	44	(4727)	(13673)
	Financing costs	45	32801	67317
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	4700	5824
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	174000	190432
Realistic current liabilities of the fund		51	632381	45713
Realistic value of liabilities of fund (31+49+51)		59	1259687	712778

Form 19
(Sheet 2)

Realistic balance sheet

Name of insurer	**LONDON LIFE LIMITED**
With-profits fund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

Realistic excess capital and additional capital available

		As at end of this financial year 1	As at end of the previous year 2
Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	**62**	1266939	712778
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	**63**		
Value of relevant assets before applying the most adverse scenario (62+63)	**64**	1266939	712778
Risk capital margin for fund (62-59)	**65**	7252	
Realistic excess capital for fund (26-(59+65))	**66**	(7252)	
Realistic excess available capital for fund (29-(59+65))	**67**	(7252)	
Working capital for fund (29-59)	**68**		
Working capital ratio for fund (68/29)	**69**		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	**81**	105161	78945
Additional amount potentially available for inclusion in line 63	**82**		

Form 40

Long-term insurance business : Revenue account

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Summary**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Income			
Earned premiums	11	17178	(500299)
Investment income receivable before deduction of tax	12	139110	106505
Increase (decrease) in the value of non-linked assets brought into account	13	(42392)	(51078)
Increase (decrease) in the value of linked assets	14	(89825)	13302
Other income	15		
Total income	19	24071	(431570)
Expenditure			
Claims incurred	21	184782	183045
Expenses payable	22	10088	9118
Interest payable before the deduction of tax	23	38421	2570
Taxation	24	(47013)	(3685)
Other expenditure	25	23314	10130
Transfer to (from) non technical account	26	1139	1030
Total expenditure	29	210731	202208
Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(186660)	(633778)
Fund brought forward	49	1665022	2298800
Fund carried forward (39+49)	59	1478362	1665022

Form 40

Long-term insurance business : Revenue account

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Income			
Earned premiums	11	7911	8756
Investment income receivable before deduction of tax	12	(8460)	36320
Increase (decrease) in the value of non-linked assets brought into account	13	26335	(20744)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	25786	24332
Expenditure			
Claims incurred	21	80786	58966
Expenses payable	22	2618	2342
Interest payable before the deduction of tax	23	7857	1355
Taxation	24	1678	2018
Other expenditure	25		
Transfer to (from) non technical account	26	749	586
Total expenditure	29	93688	65267
Business transfers - in	31		
Business transfers - out	32	1787	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(69689)	(40935)
Fund brought forward	49	438240	479175
Fund carried forward (39+49)	59	368551	438240

Form 40

Long-term insurance business : Revenue account

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Income			
Earned premiums	11	3782	5531
Investment income receivable before deduction of tax	12	106828	26046
Increase (decrease) in the value of non-linked assets brought into account	13	(72544)	(14877)
Increase (decrease) in the value of linked assets	14		
Other income	15	24782	
Total income	19	62848	16700
Expenditure			
Claims incurred	21	65462	79585
Expenses payable	22	5415	3569
Interest payable before the deduction of tax	23	30132	972
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26	390	444
Total expenditure	29	101399	84570
Business transfers - in	31		
Business transfers - out	32	9611	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(48162)	(67870)
Fund brought forward	49	667065	734935
Fund carried forward (39+49)	59	618903	667065

Form 40

Long-term insurance business : Revenue account

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Income			
Earned premiums	11	1443	3195
Investment income receivable before deduction of tax	12	3775	3866
Increase (decrease) in the value of non-linked assets brought into account	13	(437)	(1080)
Increase (decrease) in the value of linked assets	14	(3638)	588
Other income	15		
Total income	19	1143	6569
Expenditure			
Claims incurred	21	7393	6930
Expenses payable	22	271	431
Interest payable before the deduction of tax	23	13	83
Taxation	24	(1891)	300
Other expenditure	25	13600	
Transfer to (from) non technical account	26		
Total expenditure	29	19386	7744
Business transfers - in	31	1787	
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(16456)	(1175)
Fund brought forward	49	69308	70483
Fund carried forward (39+49)	59	52852	69308

Form 40

Long-term insurance business : Revenue account

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Income			
Earned premiums	11	4042	(517781)
Investment income receivable before deduction of tax	12	36967	40273
Increase (decrease) in the value of non-linked assets brought into account	13	4254	(14377)
Increase (decrease) in the value of linked assets	14	(86187)	12714
Other income	15		
Total income	19	(40924)	(479171)
Expenditure			
Claims incurred	21	31141	37564
Expenses payable	22	1784	2776
Interest payable before the deduction of tax	23	419	161
Taxation	24	(46800)	(6003)
Other expenditure	25	34496	10130
Transfer to (from) non technical account	26		
Total expenditure	29	21040	44628
Business transfers - in	31	9611	
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(52353)	(523799)
Fund brought forward	49	490409	1014208
Fund carried forward (39+49)	59	438056	490409

Form 41

Long-term insurance business : Analysis of premiums

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Summary**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Regular premiums	11	9629	4703		14332	13221
Single premiums	12	22	3251		3273	46578
Reinsurance - external						
Regular premiums	13	297	58		355	477
Single premiums	14					559413
Reinsurance - intra-group						
Regular premiums	15					
Single premiums	16		72		72	208
Net of reinsurance						
Regular premiums	17	9332	4645		13977	12744
Single premiums	18	22	3179		3201	(513043)
Total						
Gross	19	9651	7954		17605	59799
Reinsurance	20	297	130		427	560098
Net	21	9354	7824		17178	(500299)

Form 41

Long-term insurance business : Analysis of premiums

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Regular premiums	11	8114			8114	8854
Single premiums	12	13			13	189
Reinsurance - external						
Regular premiums	13	216			216	287
Single premiums	14					
Reinsurance - intra-group						
Regular premiums	15					
Single premiums	16					
Net of reinsurance						
Regular premiums	17	7898			7898	8567
Single premiums	18	13			13	189
Total						
Gross	19	8127			8127	9043
Reinsurance	20	216			216	287
Net	21	7911			7911	8756

Form 41

Long-term insurance business : Analysis of premiums

Name of insurer LONDON LIFE LIMITED
Total business / subfund Pension With Profit
Financial year ended 31 December 2008
Units £000

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Regular premiums	11		2366		2366	1142
Single premiums	12		1510		1510	4618
Reinsurance - external						
Regular premiums	13		22		22	21
Single premiums	14					
Reinsurance - intra-group						
Regular premiums	15					
Single premiums	16		72		72	208
Net of reinsurance						
Regular premiums	17		2344		2344	1121
Single premiums	18		1438		1438	4410
Total						
Gross	19		3876		3876	5760
Reinsurance	20		94		94	229
Net	21		3782		3782	5531

Form 41

Long-term insurance business : Analysis of premiums

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Regular premiums	11	1515			1515	1867
Single premiums	12	9			9	1442
Reinsurance - external						
Regular premiums	13	81			81	114
Single premiums	14					
Reinsurance - intra-group						
Regular premiums	15					
Single premiums	16					
Net of reinsurance						
Regular premiums	17	1434			1434	1753
Single premiums	18	9			9	1442
Total						
Gross	19	1524			1524	3309
Reinsurance	20	81			81	114
Net	21	1443			1443	3195

Form 41

Long-term insurance business : Analysis of premiums

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Regular premiums	11		2337		2337	1358
Single premiums	12		1741		1741	40329
Reinsurance - external						
Regular premiums	13		36		36	55
Single premiums	14					559413
Reinsurance - intra-group						
Regular premiums	15					
Single premiums	16					
Net of reinsurance						
Regular premiums	17		2301		2301	1303
Single premiums	18		1741		1741	(519084)
Total						
Gross	19		4078		4078	41687
Reinsurance	20		36		36	559468
Net	21		4042		4042	(517781)

Form 42

Long-term insurance business : Analysis of claims

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Summary**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Death or disability lump sums	11	7975	2836		10811	10828
Disability periodic payments	12	403			403	445
Surrender or partial surrender	13	12037	42056		54093	60615
Annuity payments	14	1507	55121		56628	55621
Lump sums on maturity	15	68752	41166		109918	101429
Total	16	90674	141179		231853	228938
Reinsurance - external						
Death or disability lump sums	21	630			630	430
Disability periodic payments	22					
Surrender or partial surrender	23	986			986	89
Annuity payments	24		40101		40101	40538
Lump sums on maturity	25	879			879	384
Total	26	2495	40101		42596	41441
Reinsurance - intra-group						
Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		4475		4475	4452
Lump sums on maturity	35					
Total	36		4475		4475	4452
Net of reinsurance						
Death or disability lump sums	41	7345	2836		10181	10398
Disability periodic payments	42	403			403	445
Surrender or partial surrender	43	11051	42056		53107	60526
Annuity payments	44	1507	10545		12052	10631
Lump sums on maturity	45	67873	41166		109039	101045
Total	46	88179	96603		184782	183045

Form 42

Long-term insurance business : Analysis of claims

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Death or disability lump sums	11	7303			7303	6994
Disability periodic payments	12					
Surrender or partial surrender	13	10387			10387	9898
Annuity payments	14					
Lump sums on maturity	15	65561			65561	42977
Total	16	83251			83251	59869
Reinsurance - external						
Death or disability lump sums	21	630			630	430
Disability periodic payments	22					
Surrender or partial surrender	23	956			956	89
Annuity payments	24					
Lump sums on maturity	25	879			879	384
Total	26	2465			2465	903
Reinsurance - intra-group						
Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					
Net of reinsurance						
Death or disability lump sums	41	6673			6673	6564
Disability periodic payments	42					
Surrender or partial surrender	43	9431			9431	9809
Annuity payments	44					
Lump sums on maturity	45	64682			64682	42593
Total	46	80786			80786	58966

Form 42

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Pension With Profit**

Financial year ended **31 December 2008**

Units **£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Death or disability lump sums	11		1499		1499	1727
Disability periodic payments	12					
Surrender or partial surrender	13		24419		24419	25683
Annuity payments	14		11546		11546	11536
Lump sums on maturity	15		32473		32473	45091
Total	16		69937		69937	84037
Reinsurance - external						
Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26					
Reinsurance - intra-group						
Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		4475		4475	4452
Lump sums on maturity	35					
Total	36		4475		4475	4452
Net of reinsurance						
Death or disability lump sums	41		1499		1499	1727
Disability periodic payments	42					
Surrender or partial surrender	43		24419		24419	25683
Annuity payments	44		7071		7071	7084
Lump sums on maturity	45		32473		32473	45091
Total	46		65462		65462	79585

Form 42

Long-term insurance business : Analysis of claims

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Death or disability lump sums	11	672			672	984
Disability periodic payments	12	403			403	445
Surrender or partial surrender	13	1650			1650	1157
Annuity payments	14	1507			1507	1558
Lump sums on maturity	15	3191			3191	2786
Total	16	7423			7423	6930
Reinsurance - external						
Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23	30			30	
Annuity payments	24					
Lump sums on maturity	25					
Total	26	30			30	
Reinsurance - intra-group						
Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					
Net of reinsurance						
Death or disability lump sums	41	672			672	984
Disability periodic payments	42	403			403	445
Surrender or partial surrender	43	1620			1620	1157
Annuity payments	44	1507			1507	1558
Lump sums on maturity	45	3191			3191	2786
Total	46	7393			7393	6930

Form 42

Long-term insurance business : Analysis of claims

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Death or disability lump sums	11		1337		1337	1123
Disability periodic payments	12					
Surrender or partial surrender	13		17637		17637	23877
Annuity payments	14		43575		43575	42527
Lump sums on maturity	15		8693		8693	10575
Total	16		71242		71242	78102
Reinsurance - external						
Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24		40101		40101	40538
Lump sums on maturity	25					
Total	26		40101		40101	40538
Reinsurance - intra-group						
Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					
Net of reinsurance						
Death or disability lump sums	41		1337		1337	1123
Disability periodic payments	42					
Surrender or partial surrender	43		17637		17637	23877
Annuity payments	44		3474		3474	1989
Lump sums on maturity	45		8693		8693	10575
Total	46		31141		31141	37564

Form 43

Long-term insurance business : Analysis of expenses

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Summary**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13					
Management - maintenance	14	2896	7258		10154	9180
Management - other	15					
Total	16	2896	7258		10154	9180
Reinsurance - external						
Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24	7	2		9	7
Management - other	25					
Total	26	7	2		9	7
Reinsurance - intra-group						
Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34		57		57	55
Management - other	35					
Total	36		57		57	55
Net of reinsurance						
Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43					
Management - maintenance	44	2889	7199		10088	9118
Management - other	45					
Total	46	2889	7199		10088	9118

Form 43

Long-term insurance business : Analysis of expenses

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13					
Management - maintenance	14	2620			2620	2343
Management - other	15					
Total	16	2620			2620	2343
Reinsurance - external						
Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24	2			2	1
Management - other	25					
Total	26	2			2	1
Reinsurance - intra-group						
Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					
Net of reinsurance						
Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43					
Management - maintenance	44	2618			2618	2342
Management - other	45					
Total	46	2618			2618	2342

Form 43

Long-term insurance business : Analysis of expenses

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13					
Management - maintenance	14		5474		5474	3626
Management - other	15					
Total	16		5474		5474	3626
Reinsurance - external						
Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24		2		2	2
Management - other	25					
Total	26		2		2	2
Reinsurance - intra-group						
Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34		57		57	55
Management - other	35					
Total	36		57		57	55
Net of reinsurance						
Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43					
Management - maintenance	44		5415		5415	3569
Management - other	45					
Total	46		5415		5415	3569

Form 43

Long-term insurance business : Analysis of expenses

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13					
Management - maintenance	14	276			276	435
Management - other	15					
Total	16	276			276	435
Reinsurance - external						
Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24	5			5	4
Management - other	25					
Total	26	5			5	4
Reinsurance - intra-group						
Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					
Net of reinsurance						
Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43					
Management - maintenance	44	271			271	431
Management - other	45					
Total	46	271			271	431

Form 43

Long-term insurance business : Analysis of expenses

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13					
Management - maintenance	14		1784		1784	2776
Management - other	15					
Total	16		1784		1784	2776
Reinsurance - external						
Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					
Reinsurance - intra-group						
Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					
Net of reinsurance						
Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43					
Management - maintenance	44		1784		1784	2776
Management - other	45					
Total	46		1784		1784	2776

Form 44

Long-term insurance business : Linked funds balance sheet

Name of insurer	**LONDON LIFE LIMITED**
Total business	
Financial year ended	**31 December 2008**
Units	**£000**

Internal linked funds (excluding cross investment)

		Financial year 1	Previous year 2
Directly held assets (excluding collective investment schemes)	11	12744	9879
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	281510	387151
Total assets (excluding cross investment) (11+12+13)	14	294254	397030
Provision for tax on unrealised capital gains	15	(633)	55
Secured and unsecured loans	16		
Other liabilities	17	48	237
Total net assets (14-15-16-17)	18	294839	396738

Directly held linked assets

Value of directly held linked assets	21		

Total

Value of directly held linked assets and units held (18+21)	31	294839	396738
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34	294839	396738

Form 45

Long-term insurance business : Revenue account for internal linked funds

Name of insurer	**LONDON LIFE LIMITED**
Total business	
Financial year ended	**31 December 2008**
Units	**£000**

Income

		Financial year 1	Previous year 2
Value of total creation of units	11	3069	5385
Investment income attributable to the funds before deduction of tax	12	14948	13742
Increase (decrease) in the value of investments in the financial year	13	(89825)	13302
Other income	14	129	34
Total income	19	(71679)	32463

Expenditure

		Financial year 1	Previous year 2
Value of total cancellation of units	21	28998	38805
Charges for management	22	825	1052
Charges in respect of tax on investment income	23	1131	1578
Taxation on realised capital gains	24	(103)	17
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(633)	55
Other expenditure	26	2	15
Total expenditure	29	30220	41522

		Financial year 1	Previous year 2
Increase (decrease) in funds in financial year (19-29)	39	(101899)	(9059)
Internal linked fund brought forward	49	396738	405797
Internal linked funds carried forward (39+49)	59	294839	396738

Form 46

Long-term insurance business : Summary of new business

Name of insurer	**LONDON LIFE LIMITED**
Total business	
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Number of new policyholders/ scheme members for direct insurance business						
Regular premium business	11					
Single premium business	12		76		76	1525
Total	13		76		76	1525
Amount of new regular premiums						
Direct insurance business	21	2	87		89	98
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	2	87		89	98
Amount of new single premiums						
Direct insurance business	25	22	3251		3273	46578
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	22	3251		3273	46578

Long-term insurance business : Analysis of new business

Name of insurer	**LONDON LIFE LIMITED**
Total business	
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Direct Insurance Business	

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
505	Life UWP whole life regular premium		2		8
700	Life property linked single premium				14

Long-term insurance business : Analysis of new business

Name of insurer	**LONDON LIFE LIMITED**
Total business	
Financial year ended	**31 December 2008**
Units	**£000**

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
155	Conventional pensions endowment with-profits		17		331
400	Annuity non-profit (CPA)		9		
435	Miscellaneous non-profit		11		5
525	Individual pensions UWP			75	1780
725	Individual pensions property linked		50		654
745	DWP National Insurance rebates property linked				85
905	Index linked annuity			1	396

Form 48

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer	**LONDON LIFE LIMITED**
Category of assets	**Total long term insurance business assets**
Financial year ended	**31 December 2008**
Units	**£000**

		Unadjusted assets 1	Economic exposure 2	Expected income from assets in column 2 3	Yield before adjustment 4	Return on assets in financial year 5
Assets backing non-profit liabilities and non-profit capital requirements						
Land and buildings	11					
Approved fixed interest securities	12	151670	151670	6919	3.77	
Other fixed interest securities	13	141115	141115	9910	7.76	
Variable interest securities	14	79459	79459	1813	2.16	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17	160325	160325			
Other assets	18	199398	199242	416	0.20	
Total	19	731967	731811	19058	2.57	
Assets backing with-profits liabilities and with-profits capital requirements						
Land and buildings	21		65262	2164	3.32	
Approved fixed interest securities	22	595571	607846	18797	3.09	11.50
Other fixed interest securities	23	206503	190283	13374	7.03	(2.81)
Variable interest securities	24	610044	578034	31293	5.36	
UK listed equity shares	25		61265	1879	3.07	
Non-UK listed equity shares	26		2848	83	2.90	
Unlisted equity shares	27	10985	2772	71	2.55	
Other assets	28	398698	313491	14276	3.02	5.58
Total	29	1821801	1821801	81937	4.22	4.50

Overall return on with-profits assets

Post investment costs but pre-tax	31					2.28
Return allocated to non taxable 'asset shares'	32					7.85
Return allocated to taxable 'asset shares'	33					(5.95)

Form 48

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer	**LONDON LIFE LIMITED**
Category of assets	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
Assets backing non-profit liabilities and non-profit capital requirements						
Land and buildings	11					
Approved fixed interest securities	12	23892	23892	1023	2.25	
Other fixed interest securities	13	18855	18855	1480	12.82	
Variable interest securities	14	509	509	6	3.23	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	3339	3339	67	2.00	
Total	19	46595	46595	2576	6.52	
Assets backing with-profits liabilities and with-profits capital requirements						
Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					
Overall return on with-profits assets						
Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Form 48

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer	**LONDON LIFE LIMITED**
Category of assets	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
Assets backing non-profit liabilities and non-profit capital requirements						
Land and buildings	11					
Approved fixed interest securities	12	127778	127778	5896	4.05	
Other fixed interest securities	13	122260	122260	8430	6.98	
Variable interest securities	14	78950	78950	1807	2.15	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17	160325	160325			
Other assets	18	202584	202584	349	0.17	
Total	19	691897	691897	16482	2.28	
Assets backing with-profits liabilities and with-profits capital requirements						
Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					
Overall return on with-profits assets						
Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Form 48

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer	**LONDON LIFE LIMITED**
Category of assets	**With Profit Fund**
Financial year ended	**31 December 2008**
Units	**£000**

		Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
Assets backing non-profit liabilities and non-profit capital requirements						
Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19					
Assets backing with-profits liabilities and with-profits capital requirements						
Land and buildings	21		65262	2164	3.32	
Approved fixed interest securities	22	595571	607846	18797	3.09	11.50
Other fixed interest securities	23	206503	190283	13374	7.03	(2.81)
Variable interest securities	24	610044	578034	31293	5.36	
UK listed equity shares	25		61265	1879	3.07	
Non-UK listed equity shares	26		2848	83	2.90	
Unlisted equity shares	27	10985	2772	71	2.55	
Other assets	28	398698	313491	14276	3.02	5.58
Total	29	1821801	1821801	81937	4.22	4.50
Overall return on with-profits assets						
Post investment costs but pre-tax	31					2.28
Return allocated to non taxable 'asset shares'	32					7.85
Return allocated to taxable 'asset shares'	33					(5.95)

Form 49

Long-term insurance business : Fixed and variable interest assets

Name of insurer	**LONDON LIFE LIMITED**
Category of assets	**Total long term insurance business assets**
Financial year ended	**31 December 2008**
Units	**£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	**11**	556785	7.98	2.95	2.95
Other approved fixed interest securities	**21**	202731	12.34	4.00	3.94
Other fixed interest securities					
AAA/Aaa	**31**	54601	10.48	5.11	4.78
AA/Aa	**32**	63495	9.35	6.63	5.76
A/A	**33**	150303	9.01	6.92	5.75
BBB/Baa	**34**	49123	10.73	7.16	5.61
BB/Ba	**35**	3890	3.12	14.88	14.26
B/B	**36**	5679	3.58	25.59	18.55
CCC/Caa	**37**	383	0.60	293.86	280.60
Other (including unrated)	**38**	3924	3.27	6.30	5.12
Total other fixed interest securities	**39**	331398	9.34	7.34	6.20
Approved variable interest securities	**41**	35669	9.48	3.69	3.69
Other variable interest securities	**51**	621824	1.85	5.05	4.41
Total (11+21+39+41+51)	**61**	1748407	6.59	4.66	4.22

Form 49

Long-term insurance business : Fixed and variable interest assets

Name of insurer	**LONDON LIFE LIMITED**
Category of assets	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	**11**	2288	16.99	3.70	3.70
Other approved fixed interest securities	**21**	125490	13.53	4.06	4.06
Other fixed interest securities					
AAA/Aaa	**31**	31273	13.00	4.25	4.05
AA/Aa	**32**	22881	6.63	6.12	5.35
A/A	**33**	34799	10.34	6.95	5.70
BBB/Baa	**34**	24274	8.19	6.16	4.76
BB/Ba	**35**	3890	3.12	14.88	14.26
B/B	**36**	5002	3.77	26.07	19.52
CCC/Caa	**37**				
Other (including unrated)	**38**	141	2.60	6.78	5.68
Total other fixed interest securities	**39**	122260	9.39	6.98	5.87
Approved variable interest securities	**41**	35160	9.55	3.70	3.70
Other variable interest securities	**51**	43790	1.21	0.91	0.91
Total (11+21+39+41+51)	**61**	328988	9.95	4.68	4.27

Form 49

Long-term insurance business : Fixed and variable interest assets

Name of insurer	**LONDON LIFE LIMITED**
Category of assets	**With Profit Fund**
Financial year ended	**31 December 2008**
Units	**£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	**11**	548823	8.00	2.96	2.96
Other approved fixed interest securities	**21**	59023	11.43	4.32	4.12
Other fixed interest securities					
AAA/Aaa	**31**	21340	7.36	6.45	5.89
AA/Aa	**32**	35583	11.29	6.93	5.98
A/A	**33**	108491	8.95	6.91	5.71
BBB/Baa	**34**	24849	13.21	8.14	6.43
BB/Ba	**35**				
B/B	**36**				
CCC/Caa	**37**	16	9.35	31.01	15.82
Other (including unrated)	**38**	4	1.91	110.00	17.68
Total other fixed interest securities	**39**	190283	9.77	7.03	5.88
Approved variable interest securities	**41**				
Other variable interest securities	**51**	578034	1.90	5.36	4.68
Total (11+21+39+41+51)	**61**	1376163	5.83	4.59	4.14

Form 50

Long-term insurance business : Summary of mathematical reserves

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Summary**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Form 51 - with-profits	11	342621	664833		1007454	1113075
Form 51 - non-profit	12	41391	646701		688092	671513
Form 52	13	6966	11014		17980	20160
Form 53 - linked	14	24033	282799		306832	413670
Form 53 - non-linked	15	193	6550		6743	6790
Form 54 - linked	16	170	52553		52723	57301
Form 54 - non-linked	17					
Total	18	415374	1664450		2079824	2282508
Reinsurance - external						
Form 51 - with-profits	21	10301	7		10308	10277
Form 51 - non-profit	22	828	491252		492080	508787
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26		50057		50057	54644
Form 54 - non-linked	27					
Total	28	11129	541316		552445	573707
Reinsurance - intra-group						
Form 51 - with-profits	31		70252		70252	69927
Form 51 - non-profit	32	4499	14015		18514	23090
Form 52	33					
Form 53 - linked	34	11993			11993	16932
Form 53 - non-linked	35	16			16	21
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38	16508	84267		100775	109970
Net of reinsurance						
Form 51 - with-profits	41	332320	594574		926894	1032871
Form 51 - non-profit	42	36064	141435		177498	139636
Form 52	43	6966	11014		17980	20160
Form 53 - linked	44	12040	282799		294839	396738
Form 53 - non-linked	45	177	6550		6727	6768
Form 54 - linked	46	170	2496		2666	2657
Form 54 - non-linked	47					
Total	48	387737	1038867		1426604	1598830

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Form 50

Long-term insurance business : Summary of mathematical reserves

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Form 51 - with-profits	**11**	342621			342621	401580
Form 51 - non-profit	**12**					
Form 52	**13**	6966			6966	8158
Form 53 - linked	**14**					
Form 53 - non-linked	**15**	16			16	10
Form 54 - linked	**16**					
Form 54 - non-linked	**17**					
Total	**18**	349603			349603	409748
Reinsurance - external						
Form 51 - with-profits	**21**	10301			10301	10270
Form 51 - non-profit	**22**					
Form 52	**23**					
Form 53 - linked	**24**					
Form 53 - non-linked	**25**					
Form 54 - linked	**26**					
Form 54 - non-linked	**27**					
Total	**28**	10301			10301	10270
Reinsurance - intra-group						
Form 51 - with-profits	**31**					
Form 51 - non-profit	**32**					
Form 52	**33**					
Form 53 - linked	**34**					
Form 53 - non-linked	**35**	16			16	10
Form 54 - linked	**36**					
Form 54 - non-linked	**37**					
Total	**38**	16			16	10
Net of reinsurance						
Form 51 - with-profits	**41**	332320			332320	391310
Form 51 - non-profit	**42**					
Form 52	**43**	6966			6966	8158
Form 53 - linked	**44**					
Form 53 - non-linked	**45**					
Form 54 - linked	**46**					
Form 54 - non-linked	**47**					
Total	**48**	339286			339286	399468

Form 50

Long-term insurance business : Summary of mathematical reserves

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Form 51 - with-profits	11		664833		664833	711495
Form 51 - non-profit	12		3288		3288	3024
Form 52	13		11014		11014	12002
Form 53 - linked	14					
Form 53 - non-linked	15		5950		5950	6059
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18		685085		685085	732580
Reinsurance - external						
Form 51 - with-profits	21		7		7	7
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28		7		7	7
Reinsurance - intra-group						
Form 51 - with-profits	31		70252		70252	69927
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38		70252		70252	69927
Net of reinsurance						
Form 51 - with-profits	41		594574		594574	641561
Form 51 - non-profit	42		3288		3288	3024
Form 52	43		11014		11014	12002
Form 53 - linked	44					
Form 53 - non-linked	45		5950		5950	6059
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48		614826		614826	662646

Form 50

Long-term insurance business : Summary of mathematical reserves

Name of insurer LONDON LIFE LIMITED

Total business / subfund Life Non Profit

Financial year ended 31 December 2008

Units £000

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Form 51 - with-profits	11					
Form 51 - non-profit	12	41391			41391	53607
Form 52	13					
Form 53 - linked	14	24033			24033	33170
Form 53 - non-linked	15	177			177	289
Form 54 - linked	16	170			170	177
Form 54 - non-linked	17					
Total	18	65771			65771	87243
Reinsurance - external						
Form 51 - with-profits	21					
Form 51 - non-profit	22	828			828	902
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	828			828	902
Reinsurance - intra-group						
Form 51 - with-profits	31					
Form 51 - non-profit	32	4499			4499	13543
Form 52	33					
Form 53 - linked	34	11993			11993	16933
Form 53 - non-linked	35					11
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38	16492			16492	30487
Net of reinsurance						
Form 51 - with-profits	41					
Form 51 - non-profit	42	36064			36064	39162
Form 52	43					
Form 53 - linked	44	12040			12040	16237
Form 53 - non-linked	45	177			177	278
Form 54 - linked	46	170			170	177
Form 54 - non-linked	47					
Total	48	48451			48451	55854

Form 50

Long-term insurance business : Summary of mathematical reserves

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
Gross						
Form 51 - with-profits	11					
Form 51 - non-profit	12		643413		643413	614882
Form 52	13					
Form 53 - linked	14		282799		282799	380500
Form 53 - non-linked	15		600		600	432
Form 54 - linked	16		52553		52553	57124
Form 54 - non-linked	17					
Total	18		979365		979365	1052938
Reinsurance - external						
Form 51 - with-profits	21					
Form 51 - non-profit	22		491252		491252	507885
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26		50057		50057	54644
Form 54 - non-linked	27					
Total	28		541309		541309	562528
Reinsurance - intra-group						
Form 51 - with-profits	31					
Form 51 - non-profit	32		14015		14015	9547
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38		14015		14015	9547
Net of reinsurance						
Form 51 - with-profits	41					
Form 51 - non-profit	42		138146		138146	97450
Form 52	43					
Form 53 - linked	44		282799		282799	380500
Form 53 - non-linked	45		600		600	432
Form 54 - linked	46		2496		2496	2480
Form 54 - non-linked	47					
Total	48		424041		424041	480862

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	17805	273150	3012				166099
120	Conventional endowment with-profits OB savings	18888	192072	4006				167931
165	Conventional deferred annuity with-profits	513	6364	20				8591

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Reinsurance ceded external	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB		12814	155				9149
120	Conventional endowment with-profits OB savings		1166	19				1152

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Gross	

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Conventional pensions endowment with-profits	22833	454012	706				473556
165	Conventional deferred annuity with-profits	373	3910	21				41580
175	Group conventional deferred annuity with-profits		8096	133				6087
185	Group conventional pensions endowment with-profits	1	4					
200	Annuity with-profits (CPA)	4292	13898					136545
205	Miscellaneous conventional with-profits	191	1599	3				4991
210	Additional reserves with-profits OB							2074
400	Annuity non-profit (CPA)		313					3267
435	Micellaneous non-profit							21

Form 51

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Reinsurance ceded external	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
155	Conventional pensions endowment with-profits		8					7
205	Miscellaneous conventional with-profits							

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Reinsurance ceded intra-group	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
200	Annuity with-profits (CPA)		4401					67667
205	Miscellaneous conventional with-profits							2585

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB	2216	4905	42				3275
325	Level term assurance	4503	252689	1962				1061
330	Decreasing term assurance	168	709	81				1294
350	Stand-alone critical illness (guaranteed premiums)	105	3661	32				(43)
360	Income protection non-profit (guaranteed premiums)	796	7863	32				2285
385	Income protection claims in payment	33	305					2686
390	Deferred annuity non-profit	565	9625	25				10796
395	Annuity non-profit (PLA)	1111	1474					15620
420	Group income protection		342					16
440	Additional reserves non-profit OB							4401

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Reinsurance ceded external	

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB		100	2				40
325	Level term assurance		16173	434				146
330	Decreasing term assurance		26	6				
350	Stand-alone critical illness (guaranteed premiums)		1838	14				(19)
360	Income protection non-profit (guaranteed premiums)	124	1992	32				491
385	Income protection claims in payment		22					169
420	Group income protection		35					1

Form 51

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Reinsurance ceded intra-group	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA)		31					98
440	Additional reserves non-profit OB							4401

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB	549	603					543
325	Level term assurance	1594	87341	344				1686
330	Decreasing term assurance	92	1809	9				58
390	Deferred annuity non-profit	1205	6691	1				22225
400	Annuity non-profit (CPA)	14043	76449					576707
410	Group life	59	57965	1709				145
440	Additional reserves non-profit OB							42049

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Reinsurance ceded external	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		8662	36				101
330	Decreasing term assurance		659	4				4
400	Annuity non-profit (CPA)	19369	36854					491140
410	Group life		4340					7

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Reinsurance ceded intra-group	

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
440	Additional reserves non-profit OB							14015

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
505	Life UWP whole life regular premium	1106		116	6798	6798	168	6966

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	2330		234	10875	10875	139	11014

Form 53

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium						16	16

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Reinsurance ceded intra-group	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium						16	16

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	785					5950	5950

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Gross	

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	212	11628		13334	13268	156	13424
710	Life property linked whole life regular premium	248	5006	185	1297	1407	8	1415
715	Life property linked endowment regular premium - savings	1118	26044	430	9358	9358	13	9371

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Reinsurance ceded intra-group	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium		11628		11628	11628		11628
710	Life property linked whole life regular premium		365	83	365	365		365

Form 53

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	4517	111657	391	111657	109969	30	109999
745	DWP National Insurance rebates property linked	20246	172830		172830	172830	570	173400

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Life / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity	7	17			170		170

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity	688	8627			52553		52553

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

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**
UK Pension / Reinsurance ceded external	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity	555	4220			50057		50057

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

Name of insurer **LONDON LIFE LIMITED**
Total business
Financial year ended **31 December 2008**
Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
PENSIONS MIXED	12 - individual pension - balanced managed fund	42091	Series S	0.75	3.7020	2.9370	(20.66)
AMP PENSIONS MANAGED	12 - individual pension - balanced managed fund	183727	Accumulation	0.75	7.9140	6.2950	(20.46)

Form 57

Long-term insurance business: analysis of valuation interest rate

Name of insurer **LONDON LIFE LIMITED**

Subfund **Life With Profit**

Financial year ended **31 December 2008**

Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UKL WP code 100 / 120	154750	3.25	4.06	4.56
UKL WP code 100 / 120	59160	2.95	3.69	4.52
UKL WP code 100 / 120	108177	2.25	2.81	3.19
UKL WP code 120 / 165	6196	2.45	3.06	3.84
UKL WP code 505	6966	5.35	5.71	6.33
UKL WP code 120 / 165 / 120	4401	3.20	4.00	4.37
Total	339650			

Form 57

Long-term insurance business: analysis of valuation interest rate

Name of insurer	**LONDON LIFE LIMITED**
Subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UKP WP code 155 / 185	81007	3.85	3.85	4.60
UKP WP code 155 / 165 / 175 / 200 / 205 / 155 / 210	308853	3.90	3.90	4.37
UKP WP code 165	14860	5.65	5.65	6.32
UKP WP code 200	233	4.66	4.66	5.08
UKP WP code 200	68198	5.80	5.80	6.32
UKP WP code 525	11255	5.70	5.70	6.29
UKP WP code 725	5950	1.61	1.61	3.11
UKP WP code 155 / 165 / 205	122674	4.00	4.00	4.37
UKP WP code 400 / 435	3288	3.90	3.90	4.37
Total	616318			

Form 57

Long-term insurance business: analysis of valuation interest rate

Name of insurer **LONDON LIFE LIMITED**

Subfund **Life Non Profit**

Financial year ended **31 December 2008**

Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UKL NP code 300/325/330/350/385/390/420/360	20541	3.21	4.01	4.12
UKL NP code 395	15523	3.41	4.26	4.38
UKL NP code 700/710/715	12217	2.58	3.23	3.31
UKL NP code 905	170	2.53	3.16	3.24
Total	48451			

Form 57

Long-term insurance business: analysis of valuation interest rate

Name of insurer **LONDON LIFE LIMITED**

Subfund **Pension Non Profit**

Financial year ended **31 December 2008**

Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UKP NP code 905	2497	4.58	4.58	4.70
UKP NP code 300/325/330/390/400/410/440	52577	4.25	4.25	4.36
UKP NP code 390/400	85568	4.57	4.57	4.69
UKP NP code 725/745	283399	3.24	3.24	3.32
Total	424041			

Form 58

Long-term insurance business : Distribution of surplus

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Summary**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Valuation result			
Fund carried forward	11	1478362	1665022
Bonus payments in anticipation of a surplus	12	8389	7326
Transfer to non-technical account	13	1139	1030
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1487890	1673378
Mathematical reserves	21	1426604	1598830
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	61286	74548
Composition of surplus			
Balance brought forward	31	64247	70109
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(2961)	4439
Total	39	61286	74548
Distribution of surplus			
Bonus paid in anticipation of a surplus	41	8389	7326
Cash bonuses	42	201	207
Reversionary bonuses	43	1655	1738
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	10245	9271
Net transfer out of fund / part of fund	47	1139	1030
Total distributed surplus (46+47)	48	11384	10301
Surplus carried forward	49	49902	64247
Total (48+49)	59	61286	74548
Percentage of distributed surplus allocated to policyholders			
Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Form 58

Long-term insurance business : Distribution of surplus

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Valuation result			
Fund carried forward	11	368551	438240
Bonus payments in anticipation of a surplus	12	6376	4885
Transfer to non-technical account	13	749	586
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	375676	443711
Mathematical reserves	21	339286	399468
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	36390	44243
Composition of surplus			
Balance brought forward	31	38383	40966
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(1993)	3277
Total	39	36390	44243
Distribution of surplus			
Bonus paid in anticipation of a surplus	41	6376	4885
Cash bonuses	42	201	207
Reversionary bonuses	43	163	182
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	6740	5274
Net transfer out of fund / part of fund	47	749	586
Total distributed surplus (46+47)	48	7489	5860
Surplus carried forward	49	28901	38383
Total (48+49)	59	36390	44243
Percentage of distributed surplus allocated to policyholders			
Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Form 58

Long-term insurance business : Distribution of surplus

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension With Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Valuation result			
Fund carried forward	11	618903	667065
Bonus payments in anticipation of a surplus	12	2013	2441
Transfer to non-technical account	13	390	444
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	621306	669950
Mathematical reserves	21	614826	662646
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	6480	7304
Composition of surplus			
Balance brought forward	31	2863	3142
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	24782	
Surplus arising since the last valuation	34	(21165)	4162
Total	39	6480	7304
Distribution of surplus			
Bonus paid in anticipation of a surplus	41	2013	2441
Cash bonuses	42		
Reversionary bonuses	43	1492	1556
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	3505	3997
Net transfer out of fund / part of fund	47	390	444
Total distributed surplus (46+47)	48	3895	4441
Surplus carried forward	49	2585	2863
Total (48+49)	59	6480	7304
Percentage of distributed surplus allocated to policyholders			
Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Form 58

Long-term insurance business : Distribution of surplus

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Life Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Valuation result			
Fund carried forward	11	52852	69308
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	13600	
Subtotal (11 to 14)	15	66452	69308
Mathematical reserves	21	48451	55854
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	18001	13454
Composition of surplus			
Balance brought forward	31	13454	11301
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	4547	2153
Total	39	18001	13454
Distribution of surplus			
Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	13600	
Total distributed surplus (46+47)	48	13600	
Surplus carried forward	49	4401	13454
Total (48+49)	59	18001	13454
Percentage of distributed surplus allocated to policyholders			
Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Form 58

Long-term insurance business : Distribution of surplus

Name of insurer	**LONDON LIFE LIMITED**
Total business / subfund	**Pension Non Profit**
Financial year ended	**31 December 2008**
Units	**£000**

		Financial year 1	Previous year 2
Valuation result			
Fund carried forward	11	438056	490409
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	11182	
Subtotal (11 to 14)	15	449238	490409
Mathematical reserves	21	424041	480862
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	25197	9547
Composition of surplus			
Balance brought forward	31	9547	14700
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	15650	(5153)
Total	39	25197	9547
Distribution of surplus			
Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	11182	
Total distributed surplus (46+47)	48	11182	
Surplus carried forward	49	14015	9547
Total (48+49)	59	25197	9547
Percentage of distributed surplus allocated to policyholders			
Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **LONDON LIFE LIMITED**

Original insurer **LONDON LIFE LIMITED**

Date of maturity value / open market option **01 March 2009**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	5376		N/A	CWP	N	N/A
Endowment assurance	15	10348	609	N/A	CWP	N	N/A
Endowment assurance	20	18738	2082	N/A	CWP	N	N/A
Endowment assurance	25	32701	3633	N/A	CWP	N	N/A
Regular premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	10	28798	1207	N/A	UWP	N	N/A
Regular premium pension	15	47612	3180	N/A	UWP	N	N/A
Regular premium pension	20	75148	6901	N/A	CWP	N	N/A
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	12969		N/A	UWP	N	N/A
Single premium pension	15	21888	3859	N/A	UWP	N	N/A
Single premium pension	20	31631	6122	N/A	CWP	N	N/A

Long-term insurance business : With-profits payouts on surrender

Name of insurer LONDON LIFE LIMITED

Original insurer LONDON LIFE LIMITED

Date of surrender value 01 March 2009

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	3999	N/A	N/A	CWP	N	N/A
Endowment assurance	15	8734	N/A	N/A	CWP	N	N/A
Endowment assurance	20	16900	412	N/A	CWP	N	N/A
With-profits bond	2	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	3	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	5	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	10	13043	N/A	(403)	UWP	Y	N/A
Single premium pension	2	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	3	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	11024	N/A	(1945)	UWP	Y	N/A

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer	**LONDON LIFE LIMITED**
Original insurer	**AMP UK**
Date of maturity value / open market option	**01 March 2009**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	15	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	20	19547	N/A	N/A	CWP	N	N/A
Endowment assurance	25	32117	N/A	N/A	CWP	N	N/A
Regular premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	15	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	20	91977	N/A	N/A	CWP	N	N/A
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	15	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	20	39580	N/A	N/A	CWP	N	N/A

Long-term insurance business : With-profits payouts on surrender

Name of insurer	**LONDON LIFE LIMITED**
Original insurer	**AMP UK**
Date of surrender value	**01 March 2009**

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	15	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	20	18415	N/A	N/A	CWP	N/A	N/A
With-profits bond	2	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	3	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	5	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	10	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	2	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	3	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A

Form 60

Long-term insurance capital requirement

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2008**

Units **£000**

		LTICR factor 1	Gross reserves / capital at risk 2	Net reserves / capital at risk 3	Reinsurance factor 4	LTICR Financial year 5	LTICR Previous year 6
Insurance death risk capital component							
Life protection reinsurance	11	0.0%					
Classes I (other), II and IX	12	0.1%	109928			78	79
Classes I (other), II and IX	13	0.15%	43049		0.71	46	74
Classes I (other), II and IX	14	0.3%	481675	447589		1018	1234
Classes III, VII and VIII	15	0.3%					
Total	16		634652	447589		1142	1387
Insurance health risk and life protection reinsurance capital component							
Class IV supplementary classes 1 and 2 and life protection reinsurance	21					48	48
Insurance expense risk capital component							
Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	1719220	1099670	0.85	14613	15317
Classes III, VII and VIII (investment risk)	33	1%	24460	23745	0.97	237	250
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	28998	25954	0.90	260	389
Classes III, VII and VIII (other)	35	25%				125	354
Class IV (other)	36	1%	4986	4325	0.87	43	44
Class V	37	1%					
Class VI	38	1%					
Total	39					15278	16354
Insurance market risk capital component							
Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	1719220	1099670	0.85	43840	45950
Classes III, VII and VIII (investment risk)	43	3%	24460	23745	0.97	712	749
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	28998	25954			
Classes III, VII and VIII (other)	45	0%	260116	251868			
Class IV (other)	46	3%	4986	4325	0.87	130	133
Class V	47	0%					
Class VI	48	3%					
Total	49		2037780	1405562		44682	46832
Long term insurance capital requirement	51					61150	64621

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2008

Appendix 9.1

0000 Scheme of transfer

On 3rd September 1997 the High Court sanctioned a scheme of transfer under Schedule 2C and section 49 of the Insurance Companies Act 1982. This had the effect of transferring the assets and liabilities of the United Kingdom business of Australian Mutual Provident Society to London Life Limited (formerly London Life Managed Funds Limited). The transfer date was 1.01pm on 31st December 1997.

Associated with the scheme of transfer was the provision of a contingent loan from London Life Holdings Limited to the Life Non-Profit Fund (£16,000,000), the Pension Non-Profit Fund (£69,000,000) and the Pension With-Profits Fund (£114,000,000). On 23 December 2004, the contingent loan advanced on 31 December 1997 was terminated by repayment of the outstanding principal of £199m together with capitalised interest of £87m. At the same time a new contingent loan was advanced of £286m.

On 24 November 2006 the rights and benefits under the contingent loan agreement between the Company and London Life Holdings Limited were assigned to Pearl Group Limited. On 31 December 2006, the contingent loan was repaid to Pearl Group Limited and on the same date Pearl Group Limited advanced a new contingent loan on identical terms, except for the extension to the interest moratorium for a further three years to cover the period 1 January 2007 to 31 December 2009. No interest is due during this period.

The contingent loan is not repayable for a minimum of five years and is only repayable at that point if there are sufficient assets to cover policyholders' reasonable benefit expectations, inter-fund loan amounts and solvency requirements. The contingency was not satisfied at 31st December 2008. No interest accrues on the current loan for the period from 1 January 2007 to 31 December 2009.

0201 Modification to the Return

The Financial Services Authority, on the application of the firm, made a direction on 12 August 2008 effective from 12 August 2008. The effect of the direction is to enable the firm to apply a long-term business amount of 2% to its investments in The Henderson Caspar Property Fund and The Henderson UK Shop Unit Fund. £6.8m in line 43 of Form 13 relates to the Company's investments in those assets.

The FSA, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in November 2007. The effect of the direction is to modify the provisions of *INSPRU 3.1.35R* and *IPRU (INS)* Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.

The Financial Services Authority, on the application of the firm, made a direction in December 2008 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to modify INSPRU 3.1.46R so that the risk adjusted yield assumed for the firm's with-profits business must be no more than the greater of (i) the forward gilts yield and (ii) the forward rate on sterling interest rate swaps as reduced by that part of the rate that represents compensation for credit risk.

Appendix 9.1 (continued)

***0301* Reconciliation of net admissible assets to total capital resources after deduction**

	2008 £'000	2007 £'000
Net admissible assets		
Form 13 line 89 (other than long term business)	153,582	142,071
Form 13 line 89 (long term business)	2,901,330	2,315,859
Less Form 14 Line 71	(2,851,428)	(2,215,677)
Less Form 15 Line 69	(1,495)	(7,180)
Net admissible assets	201,989	235,073
Contingent loan included in Form 3 Line 46 and Form 14 Line 11	22,898	33,921
Total capital resources after deductions	224,887	268,994

***0302* Instruments issued by the long term insurance fund included in capital resources**

Included within capital resources is £22,898,000 (2007: £33,921,000) of contingent loan from Pearl Group Limited.

***0306* Financial reinsurance - ceded**

The insurer has entered into a Surplus Relief Reassurance Agreement with Pearl Assurance plc. Under this arrangement Pearl Assurance plc agreed to accept risk in respect of all the long-term business other than business of the "Life With-Profits Fund".

The maximum liability reinsured is the lower of an amount specified in the Agreement and the outstanding amount of the contingent loan (but only to the extent that the contingent loan has not been written down in the accounts of London Life Limited).

The amount of the financial reinsurance ceded is £21,001,000 (2007: £23,001,000), against contingent liability recognised in Form 14 of £22,898,000 (2007: £33,921,000). Consequently Form 3 line 92 reports a balance of £21,001,000 (2007: £23,001,000).

Further details are disclosed in paragraph 9 of the "Abstract of valuation report".

Appendix 9.1 (continued)

***0308* Adjustment for Contingent loans**

On 23 December 2004, a contingent loan was provided by London Life Holdings Limited to the "Pension Non-Profit", "Life Non-Profit" and "Pension With-Profits" sub funds of the insurer's long-term business fund. On 24 November 2006 rights and benefits under the contingent loan agreement between the Company and London Life Holdings Limited were assigned to Pearl Group Limited. On 31 December 2006, the contingent loan was repaid in full to Pearl Group Limited and on the same date Pearl Group Limited advanced a new contingent loan. The purpose of the loan is to cover the shortfall arising as a result of prudential reserves for guaranteed benefits under the relevant policies, which is expected to disappear over time. The contingent loan is only repayable if there are sufficient assets to cover policyholders' reasonable benefit expectations, inter-fund amounts and solvency requirements. No interest accrues on the current loan for the period from 1 January 2007 to 31 December 2009.

At the financial year ended 31st December 2008, the total amount of contingent loan is £286,088,000 (2007: £286,088,000), however the amount still to be repaid from future profits under the arrangements as at 31 December 2008, not already recognised in Form 14 is £81,345,000 (2007: £123,612,000).

***0310* Net Valuation differences shown in Form 3 Line 14**

	2008	2007
	£'000	£'000
Positive valuation differences in respect of liabilities		
Contingent loan valuation difference	81,345	123,612
Onerous contracts provision	2,440	2,701
Valuation difference on premium withheld	-	5,198
	83,785	131,511
Negative valuation differences in respect of liabilities		
Actuarial Valuation difference		
- Pension Non Profit	(600)	(5,431)
- Life Non Profit	(107)	(135)
- With Profits	(17,247)	(26,364)
Provision for reasonably foreseeable adverse variations	(10,970)	-
Valuation difference on NPL Sub Debt	(6,215)	-
	(35,139)	(31,930)
Net valuation difference	48,646	99,581

Appendix 9.1 (continued)

0313

	2008 £'000	2007 £'000
Form 3 line 12 at 1 January	168,131	157,220
Form 16 line 59	5,395	10,911
	173,526	168,131
PVIF Revaluation	(757)	-
Form 3 line 12 at 31 December	172,769	168,131

***1100* Calculation of general insurance capital requirement – premiums amount and brought forward amount**

Form 11, calculation of long-term insurance business capital requirement – premiums amount and brought forward amount, has not been included in the return as the Company satisfies the de-minimis limit.

***1200* Calculation of general insurance capital requirement – claims amount and result**

Form 12, calculation of long-term insurance business capital requirement – claims amount and result, has not been included in the return as the Company satisfies the de-minimis limit.

***1301* Unlisted and listed investments**

	2008 £'000	2007 £'000
Unlisted Investments valued in accordance with the rules in GENPRU 1.3	17,069	-
Listed investments valued in accordance with the rules in GENPRU 1.3 which are not readily realisable	4,890	-
	21,959	-

The above amounts in respect of unlisted investments and listed investments that are not readily realisable fall within any of lines 41, 43, 46 or 48 of Form 13 Total other than long term business insurance assets.

Appendix 9.1 (continued)

1305

***1319* Counterparty limits**

a) The investment guidelines operated by the Company limit exposure to any one counterparty by establishing limits for each type. These limits are set by reference to the individual and aggregated limits are set out in the Market and Counterparty limits in Chapter 2.1 of the Prudential Sourcebook for Insurers.

b) The maximum permitted exposure to a counterparty other than an approved counterparty during the year was 5% of the business amount, calculated in accordance with Chapter 2.1 of the Prudential Sourcebook for Insurers. The exceptions to this are in respect of:

- Strategic investment opportunities, where, in order to achieve target asset mix or diversification, excess exposures may be permitted for the short duration. Where these exposures persist for longer term, modifications may be sought.
- Loans to other companies in the same group, where the application of these guidelines is just one of the factors considered in determining the most appropriate allocation of capital within the group.

c) There were no breaches of these limits during the financial year.

1307

1313

a) The aggregate value of rights over collateral in respect of approved stock lending transactions is £nil (2007: £601m). Refer to note 1311 and 1411.

b) The aggregate value of rights over collateral in respect of approved derivative transactions is £nil (2007: £4m). Refer to note 1311 and 1411.

c) On 4 May 2007 the Company entered into a reassurance arrangement with Opal Reassurance Limited ("Opal"). The arrangement involved the reassurance of specified pension annuities in payment to Opal and was effective from 1 January 2007.

***1308* Unlisted and listed investments**

	2008 £'000	**2007 £'000**
Unlisted Investments valued in accordance with the rules in GENPRU 1.3	229,938	9,025
Listed investments valued in accordance with the rules in GENPRU 1.3 which are not readily realisable	75,699	-
Units or other beneficial interests in collective investment schemes, as specified	6,773	26,157
	312,410	35,182

The above amounts in respect of unlisted investments and listed investments that are not readily realisable fall within any of lines 41, 43, 46 or 48 of Form 13 Total long term business insurance assets. Units or other beneficial interests in collective investment schemes are as specified in instruction 5 to Form 13.

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London Life Limited

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Financial year ended 31st December 2008

Appendix 9.1 (continued)

***1309* Hybrid securities**

The aggregate value of these investments falling within lines 46 or 48 of Form 13 Total long term business insurance assets which are hybrid securities is £58.8 million (2007: £50.1 million).

1311

1411

Collateral received in respect of derivative contracts and stock lending contracts which is not legally separated from the Company is recognised as an asset in Form 13 with a corresponding liability for its repayment in Form 14. In 2007 it was not recognised within Form 13 Total long term insurance business and Form 14 Total long term insurance business.

The table below identifies the amounts included within Form 13 and Form 14 Long term insurance business in 2008 and indicates the impact of recognising an asset and liability in 2007 for comparative purposes. There is an £8m impact on net assets which reduces the contingent loan contained within mathematical reserves in Form 14 line 11.

	2008 £'000	2007 £'000
Form 13 – Total long term insurance business – Line 43	54,480	-
Form 13 – Total long term insurance business – Line 48	576,029	556,770
Form 13 – Total long term insurance business – Line 54	41,773	43,312
Form 13 – Total long term insurance business – Line 81	372	3,588
Form 13 – Total long term insurance business – Line 86	2,276	2,495
Form 14 – Total long term insurance business – Line 11	52,795	8,018
Form 14 – Total long term insurance business – Line 38	(725,559)	(612,842)
Form 14 – Total long term insurance business – Line 39	(2,166)	(1,341)
	-	-

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2008

Appendix 9.1 (continued)

***1318* Other asset adjustments**

Included within line 101 of Form 13 for each sub fund are:

2008	Other than long term	Life non Profit	Pension non profit	With profits
	£'000	**£'000**	**£'000**	**£'000**
Gross up of sub fund other creditors	(104)	(377)	(1,676)	-
Gross up of sub fund tax balances	-	(4,472)	-	-
Subfund Support	-	13,600	11,182	(24,782)
Valuation difference on National Provident Life subordinated loan	6,215	-	-	-
	6,111	8,751	9,506	(24,782)

2007	Other than long term	Life non Profit	Pension non profit	With profits
	£'000	**£'000**	**£'000**	**£'000**
Gross up of sub fund other creditors	-	(159)	(2,508)	(158)
Gross up of sub fund tax balances	(6,104)	(807)	(8,189)	-
	(6,104)	(966)	(10,697)	(158)

1321

The carrying value of the National Provident Life subordinated loan within the Total other than long term insurance business assets Form 13 has been restricted by £6.2m as this is the value deemed to be irrecoverable under the regulatory regime.

Appendix 9.1 (continued)

***1401* Provision for reasonably foreseeable adverse variations**

1501

At December 2008 a mismatch in maturity date between stock lending collateral liabilities and the reinvested collateral assets occurred. A provision for adverse deviation of £2.6m in the Life with profits fund and £8.4m in the Pension with profits fund have been made to cover any potential liquidity shortfall that may arise as a result.

No other provision for reasonably foreseeable adverse variations is made as the insurer does not hold any uncovered obligations under a derivative contract and has not entered into any non approved derivative contracts.

The assets of the insurer are valued on a mark to market basis. Where this is not possible, mark to model or director valuations are calculated on a prudent basis and incorporate all necessary valuation adjustments pursuant to GENPRU 1.3.30R to GENPRU 1.3.33R.

***1402* Liabilities**

1502

a) Effective from 1 January 2007, the pension annuity in payment liabilities of the Company were reassured to Opal Reassurance Ltd. A premium of £559m was payable by the Company but has been withheld and placed in a collateral account in order to mitigate counterparty exposure. The Company has therefore retained legal ownership of all assets and will continue to hold these assets on its balance sheet. Opal Reassurance Ltd has a fixed charge over the assets.

Amounts included in Form 13 Total long term insurance business assets which are subject to a charge are:

Line	2008 £000	2007 £000
28	17,545	17,545
41	160,325	-
43	33,062	164,414
44	90,322	10,440
45	46,922	155,228
46	77,793	82,214
47	62,382	-
48	65,734	23,732
54	-	709
58	-	54,644
78	2,360	598
81	25,318	12,638
84	3,187	5,880
Total	584,950	528,042

b) There is no potential liability to taxation on capital gains for the long term insurance business fund and the other than long term insurance business fund if the insurer disposed of its assets.

Appendix 9.1 (continued)

***1402* Liabilities (continued)**

1502

c) (i) Pensions Transfer and Opt-Outs

In common with other life insurers in the United Kingdom that have written pension transfer and opt out business, the insurer has set up provisions for the review and possible redress relating to personal pension policies. These provisions, which have been calculated using data derived both from detailed file reviews of specific cases and from a statistical review of other outstanding cases, are included in the Pension Non-Profit Fund of the long term insurance business fund. The insurer has used the guidelines referred to in the paragraph below to determine reasonable estimates on information available to date.

The Personal Investment Authority (PIA) issued guidelines in 1995 on the analysis of cases by priority and the method of calculation of compensation. There is no provision for possible redress included in the mathematical reserves for Phase 1 cases (2007: £nil).

In addition, in 1999 the Financial Services Authority (FSA) and PIA issued guidelines on the next phase of the review and redress programme dealing with Phase 2 cases. In June 2000 the guidance on phase 2 transfers, less loss calculations was finalised. This guidance has been used to set the 2006 provision. The provision for possible redress included in the mathematical reserves for Phase 2 cases is £7.2 million (2007: £6.4 million).

(ii) Contingent Liabilities

There are no other contingent liabilities not included in Form 14 or Form 15 apart from the contingent loans referred to in supplementary note 0308.

d) There are no guarantees, indemnities or other contractual commitments, other than in the ordinary course of its insurance business, in respect of the existing or future liabilities of any related companies.

e) In the opinion of the directors, there are no other fundamental uncertainties affecting the financial position of the Company.

Appendix 9.1 (continued)

***1405* Other adjustments to liabilities**

Included within line 74 of Form 14 are:

	Total long term 2008 £'000	Total long term 2007 £'000
Difference between mathematical reserves and long term business provision	(40,852)	(65,851)
Contingent loan	104,242	157,533
Onerous contracts provision	2,440	2,701
Stock lending PAD	(10,970)	-
Valuation difference on premium withheld	-	5,198
Rounding difference	1	-
	54,861	90,585

1407 Separate Forms 14 for the with-profit sub-funds have been presented.

***1507* Other adjustments to liabilities**

Included within line 83 of Form 15 are:

	2008 £'000	2007 £'000
Gross up of sub fund other creditors	(104)	-
	(104)	-

***1601* Basis of conversion of foreign currency**

Assets and liabilities denominated in a foreign currency are translated using the closing rate method. Exchange differences on opening net assets are dealt with in the profit and loss account.

***1603* Other income and charges**

A charge of £9k (2007: £70k) in respect of external consultancy services, appointed actuary fees of £68k (2007: £nil) and customer compensation of £35k (2007: £nil) have been incurred during 2008. A refund of management fees of £41k (2007: £nil) has been received during 2008.

***1701* Variation margin**

The insurer had no liability to repay "excess" variation margin at the end of the financial year. Variation margin received of £4.1m is included in Total long term insurance business Form 13 Line 54.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2008

Appendix 9.3

***4002* Other income and expenditure**

Other expenditure in line 25 of £23,314,000 (2007: £10,130,000) represents the change in the provision for future annuity claims payable directly by the company under the reassurance agreement with Opal Reassurance Ltd.

In 2008 subfund support of £13.6m from the Life Non Profit fund and £11.2m from the Pension Non Profit fund was transferred to the Pension With Profit fund. These transfers show in other income in Pension With Profits and other expenditure for both the Life Non Profit and Pension Non Profit funds.

***4004* Transfers of contracts**

	2008 £'000	2007 £'000
Business transfers in to Revenue account		
Pensions Non Profit	9,611	-
Life Non Profit	1,787	-
	11,398	-
Business transfers out of Revenue account		
Pensions With Profits	(9,611)	-
Life With Profits	(1,787)	-
	(11,398)	-

***4006* Apportionment to the long-term business funds**

The insurer maintains a Life Non-Profit Fund, a Pension Non-Profit Fund, a Life With-Profits Fund and a Pension With-Profits Fund. Separate portfolios of investments are maintained for each non-profit fund and the combined with-profits fund. So, for the non-profit funds, the investment income and the increase or decrease in the value of the amounts brought directly into account are directly attributable to each fund. Assets and investment returns are allocated between the with-profits funds as determined by the actuarial function holder in accordance with the Principles of Financial Management which form Schedule 3 to the scheme of transfer which was approved by the High Court under Schedule 2C and section 49 of the Insurance Companies Act 1982.

Actual policyholder expenses are borne by the non-profit funds on a basis determined by the actuarial function holder after allowing for a proportion to be recovered from the with-profits fund. The administration expenses to be recovered from the with-profits funds are determined by a formula and other expenses, including investment management costs, are allocated to the with-profits funds on a basis approved by the actuarial function holder.

The with-profits funds are taxed as if each constituted the whole of the long term insurance business funds of a mutual life assurance company. The non-profit funds bear the whole of the charge for policyholders' taxation less amounts borne by the with-profits funds. The tax is apportioned between the two non-profit funds on a basis approved by the actuarial function holder.

Appendix 9.3 (continued)

***4008* Provision of management services**

Pearl Group Services Limited has provided management services to the insurer. Axial Investment Management Limited and Henderson Global Investors Limited have provided investment management services during the financial year to the insurer.

State Street Bank and Trust Company have provided custody and accounting, securities lending, transition management and associated services for the Axial managed assets of the insurer for the whole of the financial year.

***4009* Material connected-party transactions**

The Company entered into a reinsurance treaty, effective 1 January 2007, with Opal Reassurance Limited. Details of this reinsurance treaty are to be found in paragraph 9 of the Abstract of valuation report.

***4011* Prior period comparatives**

Collateral received in respect of derivative contracts and stock lending contracts which is not legally segregated from the Company is recognised as an asset in Form 13 Total long term insurance business with a corresponding liability for its repayment in Form 14 Total long term insurance business. In 2007 it was not recognised within Form 13 Total long term insurance business, Form 14 Total long term insurance business and the associated income and expense was not recognised on Form 40 Long-term insurance business: Revenue account.

The table below identifies the amounts included within Form 40 in 2008 and indicates the impact of recognising the income, reduction in the value of non-linked assets and expense in 2007 for comparative purposes. Had these adjustments been recognised in 2007, the value of non-linked assets in 2008 in Form 40 line 13, would have increased by £8m and the funds brought forward in 2008 in Form 40 line 49, would have reduced by £8m. This is reflected in the table below.

	2008 £'000	2007 £'000
Form 40 – Long-term insurance business: Revenue account – Line 12	38,157	12,423
Form 40 – Long-term insurance business: Revenue account – Line 13	(44,984)	(8,018)
Form 40 – Long-term insurance business: Revenue account – Line 19	(6,827)	4,405
Form 40 – Long-term insurance business: Revenue account – Line 22	1,635	-
Form 40 – Long-term insurance business: Revenue account – Line 23	36,315	12,423
Form 40 – Long-term insurance business: Revenue account – Line 29	37,950	12,423
Form 40 – Long-term insurance business: Revenue account – Line 39	(44,777)	(8,018)
Form 40 – Long-term insurance business: Revenue account – Line 49	(8,018)	-
Form 40 – Long-term insurance business: Revenue account – Line 59	(52,795)	(8,018)

Appendix 9.3 (continued)

***4401* Valuation of assets**

Investments are stated at current value at the end of the financial year, calculated as follows:

- listed investments are stated at the bid market value
- short term deposits are included at cost
- other investments are shown at directors' estimates of market value

***4502* Other income and expenditure**

Other income consists of management fee rebates.

Other expenditure consists of safe custody fees and bank charges.

***4801* Asset share**

For the two blocks of business shown in the table below, the asset share mix is 5% more or less than the mix shown in Form 48 for at least one of the lines 21 to 28 of column 2. The bonus series in the passive block are all those detailed in paragraph 10 of Appendix 9.4 for UK Pension business and Cash bonus (Life Fund P).

Asset Mixes

Asset	**Active Block**	**Passive Block**
Gilts	41%	65%
Corporates	18%	26%
Property	19%	0%
Equity	20%	0%
Cash	2%	9%
Other	0%	0%
Total	**100%**	**100%**

***4803* Assumed maturity dates**

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the investment manager has provided an appropriate redemption date. The value of these assets was £35m at the valuation date.

***4804* Asset yields**

The yields for the assets contained within lines 18 and 28 of Form 48 are as follows:

Asset	**Yield**
Swaps	3.20%
Other assets with income	3.11%
Other assets no income	0.00%

Appendix 9.3 (continued)

***4806* Assets used to calculate investment returns in column 5 Form 48**

The assets used to calculate column 5 of Form 48 are those for the passive asset pool. The asset mix for these assets is shown in Note 4801.

***4900* Long-term insurance business: Fixed and variable interest assets**

Form 49 Life Non Profit has not been included in the return as the Company satisfies the de-minimus limit as the fixed and variable interest securities do not exceed £100m.

***4901* Credit rating agency**

The credit ratings used are those supplied by UBS rating agency.

***5101* Group scheme business**

The following group schemes exist on Form 51:

Number of schemes	Product Code
0	175
1	185
29	410
1	420

***5103* Miscellaneous product codes**

Policies assigned to product codes 205 and 435 do not meet the definitions of any other product codes.

***5600* Long-term insurance business: Index linked business**

Form 56 has not been included in the return as the Company satisfies the de-minimis limit as the index-linked assets do not exceed £100m.

5702

The yields to which a risk adjustment was applied in accordance with *INSPRU 3.1.35R* as modified (supplementary note 0201) in order to arrive at column 5 of Form 57 are:

Product Group	Risk adjusted yield on matching assets	Adjustment	Risk adjusted yield on matching assets as per direction
UKP NP code 300/325/330 /390/400/410/440	3.96	0.40	4.36
UKP NP code 400	4.15	0.54	4.69
UKP NP code 725/745	3.32	0.00	3.32
UKP NP code 905	4.16	0.54	4.70

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2008

Appendix 9.3 (continued)

6001

The Company has not provided Forms 11 and 12 as it has taken advantage of the de-minimis limits available (refer to supplementary notes 1100 and 1200). The value in Form 60 line 21 has therefore used the 2007 Form 60 line 21 value as an approximation as the PHI premiums and claims for 2008 are in line with 2007 .

The gross annual office premium in force at the valuation date in respect of class IV business (permanent health) or supplementary accident and sickness insurance is £196,000 (2007: £270,000).

***6002* Net reserves**

The amount of £22.9m included in Form 14 in respect of the outstanding contingent loan, is excluded from net reserves on Form 60 since these represent reserves available to repay financing arrangements rather than policyholder liabilities and a long-term insurance capital requirement is not calculated for such reserves.

Returns under the Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

London Life Limited

Global Business

Financial year ended 31 December 2008

(a) During the financial year the insurer operated an investment policy for the use and control of derivatives. This policy lists the approved derivative contracts and the approved uses of derivatives, establishes procedures for introducing new contracts or uses, identifies areas of risk, and establishes a control framework for dealing, settlement and independent monitoring and reporting of derivatives.

The insurer uses derivatives in its portfolio management to hedge against market movements in the values of assets in the portfolio (reduction of investment risks), and as a means of effecting a change in exposure to different asset classes without disturbing underlying physical holdings (efficient portfolio management). In addition, the insurer uses derivatives to match liabilities to mitigate the effect of changes in market variables on its capital position.

It is the insurer's policy that all obligations to transfer assets or pay monetary amounts arising under derivative contracts are covered by either cash, physical securities or other specific commitments. Consequently the insurer does not trade derivative contracts against uncovered positions, and portfolios may not be geared by means of derivatives.

The insurer controls market risks through the setting of exposure limits which are subject to detailed monitoring and review. Sophisticated risk management systems are employed to enable exposures, risks and sensitivities to be analysed on a total portfolio basis, providing for greater control. Market and liquidity risks are reduced by requiring all futures and options positions to be backed by cash or securities.

The insurer permits the purchase of partly paid shares, subject to the unpaid capital being covered by cash, and also convertible bonds as alternatives to investment in the underlying equities.

(b) Subject to the investment principles described above, the investment policy permits the writing of contracts, under which the insurer has a right or an obligation to acquire or dispose of assets. The portfolio manager must be satisfied that the strike price is reasonable in terms of the current portfolio and market conditions at outset, in case the contract is subsequently exercised.

The investment policy for the use and control of derivatives imposes overriding provisions that the investment rationale for their use is clearly understood; that each contract is admissible in terms of the Prudential Sourcebook for Insurers (INSPRU) and that derivatives may not be used to gear a portfolio. The policy specifically excludes the use of derivatives that cannot be sufficiently well modelled using the Investment Manager's internal risk management systems without the prior approval of the senior management of the Investment Manager.

(c) There were no options bought or sold during the financial year where the difference at inception between the price of the underlying and the strike price was greater than 5%.

(d) The insurer has not made use of any derivative contract at any time during the financial year which required a significant provision to be made under INSPRU 3.2.17R or did not fall within the definition of a permitted derivative contract.

(e) The total value of fixed considerations received during the financial year in return for granting rights under derivative contracts was £nil.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Limited

Global Business

Financial year ended 31st December 2008

The persons who, to the knowledge of the Company, were controllers at any time during the financial year were Pearl Group Limited, Sun Capital Investments Limited, Hera Investments One Limited, Xercise Limited, Jambright Limited, Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill, Marc Jonas, TDR Capital Nominees Limited and TDR Capital LLP.

The persons who, to the knowledge of the insurer, were controllers at the end of the financial year were:

1. Pearl Group Limited

As at 31 December 2008, Pearl Group Limited owned 100% of the shares of London Life Limited and was able to exercise 100% of the voting power at any general meeting.

2. Sun Capital Investments Limited

As at 31 December 2008, Sun Capital Investments Limited owned 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

3. Hera Investments One Limited

As at 31 December 2008, Hera Investments One Limited owned 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

4. Xercise Limited

As at 31 December 2008, Sun Capital Investments Limited, which is an associate of Xercise Limited within the meaning of section 422 of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

5. Jambright Limited

As at 31 December 2008, Hera Investments One Limited which is an associate of Jambright Limited within the meaning of section 422 of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Limited

Global Business

Financial year ended 31st December 2008

(continued)

6. Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill, Marc Jonas

As at 31 December 2008, Hugh Osmond, Alan McIntosh and Matthew Allen, together with Edward Spencer-Churchill and Marc Jonas, who were associates of Hugh Osmond and Alan McIntosh within the meaning of of section 422 of the Financial Services and Markets Act 2000 by virtue of being partners, jointly owned 81.2% of the ordinary shares of Xercise Limited and were able to exercise 81.2% of the voting power at any general meeting. Sun Capital Investments Limited is a subsidiary undertaking of Xercise Limited and owns 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

7. TDR Capital Nominees Limited

As at 31 December 2008, TDR Capital Nominees Limited acted as nominee for the TDR funds, which own 91.7% of the ordinary shares of Jambright Limited and were able to exercise 91.7% of the voting power at any general meeting. Hera Investments One Limited is a subsidiary undertaking of Jambright Limited and owns 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

8. TDR Capital LLP

As at 31 December 2008, TDR Capital Nominees Limited, which is an associate of TDR Capital LLP within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, acted as nominee for the TDR funds, which own 89.4% of the ordinary shares of Jambright Limited and were able to exercise 89.4% of the voting power at any general meeting. Hera Investments One Limited is a subsidiary undertaking of Jambright Limited and owns 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of information on the with-profits actuary required by rule 9.36

London Life Limited

Global Business

Financial year ended 31 December 2008

The with-profits actuary throughout the period was K J Arnott. In accordance with rule 9.36 of the Accounts and Statements Rules, the following information relating to Mr Arnott is in respect of the year 2008.

1. a) K J Arnott held no shares or share options in 2008

   b) K J Arnott held a number of assurance and insurance policies and investment products issued by the insurer in the normal course of business, the transactions being of a minor nature.

   c) The aggregate of the remuneration and value of other benefits receivable by K J Arnott from the insurer in respect of 2008 was £226,354

   d) K J Arnott was throughout the year a member of the Pearl Staff Pension Scheme, and was entitled to the standard benefits under the rules of the scheme.

2. The insurer has made a request to K J Arnott to furnish it the particulars specified in rule 9.36(1) of the Accounts and Statement Rules. The above particulars were obtained from the insurer's Human Resources records with the agreement of K J Arnott.

<u>Note 1</u>

Under rule 9.36(4) of the Accounts and Statements Rules, reference to the insurer includes reference to any body corporate which is the insurer's subsidiary undertaking or parent undertaking and to any other subsidiary undertakings of its parent undertaking.

LONDON LIFE LIMITED

APPENDIX 9.4

ABSTRACT OF VALUATION REPORT

Introduction

1. (1) The date to which the investigation relates is 31st December 2008.

   (2) The date to which the previous investigation under IPRU(INS) rule 9.4 related was 31st December 2007.

   (3) Since the previous valuation date, there have been no interim valuations (for the purposes of IPRU(INS) rule 9.4).

Product range

2. There have been no significant changes to products during the financial year.

Discretionary charges and benefits

3. (1) Market Value Adjustments (MVAs) were applied as follows:

Product	Policy Year of Entry	Period applied
Unitised With Profit Life	1999 – 2001	Throughout 2008
Unitised With Profit Pension	1999 – 2001	Throughout 2008

   (2) There have been no changes to premiums on reviewable protection policies during the financial year. The amount of annual premium for business where a change was permitted but did not occur was £0.8m.

   (3) No policies have been sold in this category.

   (4) Policy fees on linked policies increased in 2008, in line with the Retail Price Index, an increase of 3.9%.

   (5) During the financial year, benefit charges remained unchanged on linked policies.

   (6) During the financial year, unit management charges for unitised accumulating with-profit and linked policies remained unchanged.

   (7) (a) Units are of two types – net capital and net accumulation. The following method is applied to both types of units.

      (i) The creation or cancellation of units in the internal linked funds is performed at unrounded bid price values. This ensures that unit prices are unaffected by the creation or cancellation of units and that the interests of unit-holders not taking part in a unit transaction are unaffected by that transaction.

(ii) Base prices are derived from the internal fund valuations, which are adjusted for fund specific charges. Increasing the base price by the bid-offer spread and rounding to the higher tenth of a penny gives the "offer price". The "bid price" is the base price rounded to the lower tenth of a penny.

(iii) The asset values of the internal linked funds are calculated on a "bid" basis as the expected cash flows are negative for all asset categories. The valuation includes the income since the last valuation and, in Life funds, allowances for tax on income and realised and unrealised capital gains.

(iv) The assets of the internal linked funds are valued at noon on each working day. If markets move significantly between noon and 4 pm, allowance for this market movement is made. This market adjustment is made automatically every day for business other than the AMP (UK) business.

(b) During the financial year there were no times at which different pricing bases applied to different policies.

(c) A mid-market price applies to the collective investment schemes. The time on each working day at which the assets in the internal linked funds are valued is the same as that at which the units in the underlying collective investment schemes are valued.

(8) Tax on realised and unrealised gains and losses is accrued daily in the internal linked Life funds. Gains in equity funds are index-adjusted. There is no allowance for tax in the internal linked Pension funds.

The table below summarises the current tax rates used in the Life funds and the times at which the accruals are cleared.

Fund Type	Realised Gains	Unrealised Gains	Realised Losses	Unrealised Losses
Fixed Interest	20%	20%	20%	20%

Fixed Interest tax accruals are cleared at the end of each month.

Fund Type	Realised Gains	Unrealised Gains	Realised Losses	Unrealised Losses
Equity (Direct Holdings)	19.9%	19.3%	19.9%	19.3%

Equity (Direct Holdings) accruals for realised gains and losses are cleared at the end of each month. Accruals for unrealised gains and losses are not cleared until the end of the month in which they become realised.

Fund Type	Realised Gains	Unrealised Gains	Realised Losses	Unrealised Losses
Equity (Collective Investment Scheme Holdings)	19.9%	18.9%	19.9%	18.9%

Equity (Collective Investment Scheme Holdings) accruals for realised gains and losses are cleared at the end of each month. Accruals for unrealised gains and losses are cleared at the end of each financial year under the "deemed disposal" regime. The tax rate used for this purpose at the end of 2008 was 18.9%.

The tax treatment of Life unit linked funds reinsured to the London Life Linked Assurances (LLLA) "sub-fund" of NPI Limited follows the tax treatment in that company.

NPI Limited applies the tax treatment described above for fixed interest funds, but its LLLA equity funds have accumulated capital losses. During the financial year no deductions were made for tax on (index-adjusted) realised gains and no credit was given for realised losses in the equity funds.

(9) See (8) above

(10)The allowances made to the insurer on the holding of such units are not significant. The extent to which the policyholder benefits from them is such that the charges made to the policyholder are no greater than if the underlying investments were directly held.

Valuation basis (other than for special reserves)

4. (1) The general principles and methods adopted in the valuation are:

NON-LINKED BUSINESS

Mathematical reserves have been determined using a gross premium method, or a method at least as strong as a gross premium method, except for the classes of business mentioned below. Where it has been considered appropriate to do so, the mathematical reserves include additional amounts for future expenses and options and guarantees.

A prospective method of valuation has not been used for the following non-linked contracts:

- For Group Life and Group Reversionary Assurance business, the liability was determined as the unexpired risk at the valuation date plus an allowance for expenses.
- For Deposit Administration business, the liability was determined as the accumulation, with earned interest, of the premiums, after providing for expense charges and the cost of any group life benefits.
- Certain miscellaneous policies for which approximate mathematical reserves of adequate amount have been made.

Specific modification has been made to the gross premium method for:

- Policies issued to joint lives on first death and second death bases have been valued as single male life policies of equivalent age.

- Policies issued with an addition to the age for extra risks are valued at the increased age.

For conventional with-profits business, the amounts of benefit valued includes bonuses declared on or before 31 December 2008, which apply during the period 1st July 2008 to 30th June 2009 for traditional London Life Business and during the period 1st May 2008 to 31st April 2009 for former AMP(UK) Business.

For the Cash Bonus (Reduction of Premium) product group, the value of office premiums is decreased by the value of reductions, or cash allocations, on the assumption that the rates declared for the current bonus year will remain the same throughout the duration of the policies.

For unitised with-profits contracts a prospective valuation method is used. The liability is calculated as the capitalised value of benefits purchased to date, including existing annual bonuses. The valuation reserve is subject to a minimum of the bid value of the units in force at the valuation date.

Contingent Loan and Surplus Relief Reinsurance Agreement

The Contingent Loans have been valued at the amounts shown on Form 51. The nature of the contingency is such as to ensure that the payment of interest or the repayment of principal beyond that shown in Form 51 will not give rise to any future valuation strain.

The value of the claims payable under the Surplus Relief Reinsurance Agreement has been determined for each sub-fund as the value of the liabilities (determined in accordance with the Prudential Sourcebook for Insurers) less the value of the realistic liabilities, subject to a maximum of the cover provided by the Agreement. This has been shown in respect of sample individual policy calculations to yield the same results as valuing the claims directly. The value of premiums has been determined as zero. This reflects the inter-linking of the Contingent Loan and the Surplus Relief Reinsurance Agreement whereby premiums are only payable if the Contingent Loan is written down. The Contingent Loan has not been written down but is recognised at less than full face value on Form 51 as a consequence of the contingency. Therefore no value of premiums is necessary.

INDEX LINKED BUSINESS

Mathematical reserves have been determined using a gross premium method.

LINKED BUSINESS

Mathematical reserves have been determined by valuing the units allocated to policies and adding a non-unit reserve for mortality and expenses.

The non-unit reserve is obtained on a discounted cashflow method. The amount of the non-unit reserve is the net present value of any yearly deficiencies of income over outgo less yearly surpluses of income over outgo, making no allowance for surrender/lapse but allowing for policies being made paid up. The net present value is calculated over the number of years from the valuation date that gives the maximum value.

Modifications to the Valuation Method

For policies in which the benefits are expressed in terms of the values of Capital Units and Accumulation Units, sufficient Asset Units are held to ensure that their value is at least equal to the surrender Cash Value (or Early Retirement Benefit Value) of the Units allocated to the contract at the valuation date.

The London Life Pension Unit Linked product group is written in the with profit fund and the unit reserve is reinsured into the Pension Non Profit Fund, where the funds management charge arises and which prudently more than covers the related investment fees. The per policy expenses arise in the with profit fund and there is no income to offset against these costs, thus the non-unit reserve is calculated without allowance for management fee income on the funds under management or for investment management fees on those funds.

For Investment Linked Managed Fund, Investment Linked Managed Pension Fund, and Investment Linked Guaranteed Pension Fund business, for which the contributions are applied in the purchase of units in an internal linked fund, the following method was used:

- For Capital and Accumulation Units, sufficient Asset Units are held to ensure that their value is at least equal to the surrender Cash Value (or Early Retirement Benefit Value) of the Units allocated to the contract at the valuation date.

(2) The following table sets out the rates of interest rate used for all product groups representing a significant amount of business:

Sub Fund	Product Group	2008	2007	Product Code
90:10 Life	Cash Bonus	2.95%	3.20%	100, 120
90:10 Life	Fund R Compound Bonus	2.25%	3.15%	100, 120, 335
90:10 Life	Unitised With Profit Life	5.35%	3.00%	505
90:10 Life	Fund T Compound Bonus	2.45%	3.10%	120, 165
90:10 Life	AMPUK Business	3.25%	3.50%	100, 120, 205
90:10 Pension	Pension Compound Bonus	3.90%	4.20%	155, 165
90:10 Pension	Unitised With Profit Pension	5.70%	3.15%	155
90:10 Pension	Fund W Deferred Simple Bonus	5.65%	4.90%	165
90:10 Pension	Fund W In Payment Simple Bonus	5.80%	5.00%	200
90:10 Pension	AMPUK Business	3.85%	4.00%	155
90:10 Pension	London Life Pension unit linked	1.61%	4.03%	725, 745
90:10 Pension	SPP With Profit Immediate Annuity	4.66%	5.24%	200
0:100 Life	Immediate annuities	3.41%	3.68%	395, 905
0:100 Life	Deferred annuities	3.21%	3.51%	390
0:100 Life	AMPUK Life unit linked	2.60%	3.01%	700, 715, 795
0:100 Pension	Level immediate annuities	4.57%	4.71%	400
0:100 Pension	Index-linked immediate annuities	4.58%	4.70%	905
0:100 Pension	AMPUK Pension unit linked	3.30%	3.85%	725, 745
0:100 Pension	Deferred Annuities	4.25%	4.49%	390

(3) For corporate bonds, a deduction is applied to the yield on an individual stock by stock basis to allow for the risk of default. The individual stock risk margins will be calculated as a long-term average default rate plus an additional allowance for short-term factors and expected deviations from the historic average. The individual stock risk margins will be calculated by our investment managers in conjunction with the Asset Liability Management team.

The long term average default rates (in basis points) are:

Rating	5yr Bps	10yr bps	20yr Bps
AAASSR	0	0	0
AAA	4.6	13.9	17.1
AA	19.7	35.5	49.4
A	31.2	44.8	59.4
BAA	88	109.1	121
BA	268.4	284.9	288.5
B	599.9	524.4	425.4
CAA	1,053.90	757.1	629.3

A number of different techniques are then employed to arrive at an additional haircut, namely;

- For bank subordinated debt, a higher risk is proposed to be recognised by imposing a nil recovery rates on the above default rates.
- Stocks were then 'notched' downwards where they consider the credit rating to be inappropriate (after analysis of the current market spread and other factors).
- Finally, an additional haircut was applied to around 10% of stocks, which was based on a stock-by-stock analysis of abnormal default or coupon deferment risk. To avoid spurious precision, the addition applied was a doubling of the base haircut in most cases. In some cases, the adjustment was lower and in a few cases much higher, where a default had either effectively happened or was considered extremely likely.

For the Peak 1 basis, additional prudence will be applied to all but the "already defaulted" stocks by increasing the risk margin deduction by 25%.

For property the yield is determined at an aggregate level as the lower of the current rental yield and prospective rental yield and further restricted to be no more than 200 basis points above the 15-year gilt yield.

A small amount of equities are held in low yielding OEICs. No further adjustment for risk was made.

(4) Products representing a significant amount of business used the following mortality bases:

Sub Fund	Product Group	2008		2007		Product
		Male	Female	Male	Female	Code
90:10 Life	Cash Bonus	42% AM80	68% AF80	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	100,120
90:10 Life	Fund R Compound Bonus	51% AM80	84% AF80	100% AM92 - 4yrs	100% AF92 - 4yrs	100,120, 335
90:10 Life	Fund T Compound Bonus	70% AM00	70% AF00	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	120,165
90:10 Life	AMPUK Business	116% AM00	107% AF00	100% A67-70 Ult	100% A67-70 Ult – 4yrs	100,120, 205
90:10 Pensions	Pension Compound Bonus	70% AM00	70% AF00	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	155,165
90:10 Pensions	AMPUK Business	95% AM00	95% AF00	60% A67-70 Ult	60% A67-70 Ult - 4yrs	155
90:10 Pensions	Fund W Deferred (pre-vesting)	70% AM00	70% AF00	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	165
90:10 Pensions	Fund W Deferred (post-vesting)	90%PMA00C2030 avg(mc,lc) with 3% sliding scale floor(3)	85%PFA00C2030 avg(mc,lc) with 3% sliding scale floor(3)	90%PMA00C2030 avg(mc,lc) with 3% sliding scale floor(3)	85%PFA00C2030 avg(mc,lc) with 3% sliding scale floor(3)	165
90:10 Pensions	Fund W In Payment Simple Bonus	90% PMA00 avg(mc,lc) with 3% sliding scale floor(2)	85% PFA00 avg(mc,lc) with 3% sliding scale floor(2)	90% PMA00 avg(mc,lc) with 3% sliding scale floor(2)	85% PFA00 avg(mc,lc) with 3% sliding scale floor(2)	200
90:10 Pensions	SPP With Profit Immediate Annuity	90% PMA00 avg(mc,lc) with 3% sliding scale floor(2)	85% PFA00 avg(mc,lc) with 3% sliding scale floor(2)	90% PMA00 avg(mc,lc) with 3% sliding scale floor(2)	85% PFA00 avg(mc,lc) with 3% sliding scale floor(2)	200
90:10 Pensions	Unitised With Profit Pension	70% AM00	70% AF00	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	155
90:10 Pensions	London Life Pension unit linked	100% A67-70 Ult yrs	100% A67-70 Ult - 4 yrs	100% A67-70 Ult yrs	100% A67-70 Ult - 4 yrs	725,745
0:100 Life	AMPUK Life unit linked	100% A67-70 Ult	100% A67-70 Ult – 4 yrs	100% A67-70 Ult	100% A67-70 Ult – 4 yrs	700, 715, 795
0:100 Life	Immediate Annuities	90% PMA00 avg(mc,lc)	85.0% PFA00	90% PMA00 avg(mc,lc)	85.0% PFA00 avg(mc,lc)	395

Sub Fund	Product Group	2008		2007		Product
		Male	Female	Male	Female	Code
		with 3% sliding scale floor[2]	avg(mc,lc) with 3% sliding scale floor[2]	with 3% sliding scale floor[2]	with 3% sliding scale floor[2]	
0:100 Life	Deferred Annuities (pre-vesting)	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	390
0:100 Life	Deferred Annuities (post-vesting)	90% PMA00 C2030 avg(mc,lc) with 3% sliding scale floor[3]	85%% PFA00 C2030 avg(mc,lc) with 3% sliding scale floor[3]	90% PMA00 C2030 avg(mc,lc) with 3% sliding scale floor[3]	85% PFA00 C2030 avg(mc,lc) with 3% sliding scale floor[3]	390
0:100 Pensions	Immediate Annuities	90% PMA00 avg(mc,lc) with 3% sliding scale floor[2]	85.0% PFA00 avg(mc,lc) with 3% sliding scale floor[2]	90% PMA00 avg(mc,lc) with 3% sliding scale floor[2]	85.0% PFA00 avg(mc,lc) with 3% sliding scale floor[2]	400
0:100 Pensions	Deferred Annuities (pre-vesting)	100% A67-70 Ult - 4 yrs	100% A67-70 Ult – 8 yrs	100% A67-70 Ult - 4 yrs	100% A67-70 Ult – 8 yrs	390
0:100 Pensions	Deferred Annuities (post-vesting)	90% PMA00 C2030 avg(mc,lc) with 3% sliding scale floor[3]	85% PFA00 C2030 avg(mc,lc) with 3% sliding scale floor[3]	90% PMA00 C2030 avg(mc,lc) with 3% sliding scale floor[3]	85% PFA00 C2030 avg(mc,lc) with 3% sliding scale floor[3]	390
0:100 Pensions	AMPUK Pensions unit linked	100% A67-70 Ult	100% A67-70 Ult – 4 yrs	100% A67-70 Ult	100% A67-70 Ult – 4 yrs	725, 745

Note:

1. Where appropriate, additional reserves for the extra mortality that may arise from AIDS have been established. These additional reserves are calculated assuming that the additional mortality will be 17% of Projection R in the fourth report of the Institute of Actuaries AIDS Working Party and apply to male lives only. The additional reserves calculated have all been included within the reserves for the relevant individual product lines.
2. Where the table name shows "avg(mc,lc) with 3% floor" the maximum of the average of the Medium and Long cohort improvement or 3% factors have been used.
3. Maximum of the average of the Medium and Long cohort improvement or 3% factors have been used to project mortality rates applying in 2030 for 2008.

For annuity contracts life expectation for males is as follows:

Sub Fund	Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
		Age 65	Age 75	Age 45	Age 55
90:10 Pensions	Fund W Deferred Annuities			27.1	25.8
90:10 Pensions	SPP With Profit Immediate Annuity	24.5	15.5		
90:10 Pensions	Fund W Immediate Annuity	24.5	15.5		
0:100 Life	Deferred Annuities			26.4	25.2
0:100 Life	Immediate Annuities	23.9	14.9		
0:100 Pensions	Deferred Annuities			26.4	25.2
0:100 Pensions	Immediate Annuities	23.9	14.9		

For annuity contracts life expectation for females is as follows:

Sub Fund	Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
		Age 65	Age 75	Age 45	Age 55
90:10 Pensions	Fund W Deferred Annuities			29.5	28.5
90:10 Pensions	SPP With Profit Immediate Annuity	27.3	17.8		
90:10 Pensions	Fund W Immediate Annuity	27.3	17.8		
0:100 Life	Deferred Annuities			28.9	27.8
0:100 Life	Immediate Annuities	26.7	17.2		
0:100 Pensions	Deferred Annuities			28.9	27.8
0:100 Pensions	Immediate Annuities	26.7	17.2		

(5) There are no products representing a significant amount of business that use a morbidity basis.

(6) The expense bases are as follows:

NON LINKED BUSINESS

Per policy expenses, before allowance for tax relief, were as follows:

Sub fund	Product Group	2008 £pa	2007 £pa	Tax Relief	Product Code
90:10 Life	Conventional endowment with-profits OB savings	36.85	35.86	20%	120
90:10 Pension	Conventional pensions endowment with-profits	90.97	88.22	0%	155
90:10 Life	Conventional deferred annuity with-profits	36.08	35.09	20%	165
90:10 Pension	Conventional deferred annuity with-profits	40.81	39.60	0%	165
0:100 Pension	Annuity non-profit (CPA)	26.62	25.74	0%	400
90:10 Pension	Individual pensions UWP	90.97	88.22	0%	525
0:100 Pension	Level term assurance	13.31	12.87	0%	325
0:100 Pension	Decreasing term assurance	13.31	12.87	0%	330

Notes:

1. The expenses shown are per element rather than per contract.

LINKED BUSINESS

Sub fund	Product Group	Monetary Amount (£)		Product Code
		2008	2007	
90:10 Life	Life property linked	39.42	37.94	700
0:100 Life	Life property linked endowment	29.92	28.93	715
90:10 Pension	Individual pension property linked	90.97	88.22	725
0:100 Pension	Individual pension property linked	29.92	28.93	725
0:100 Pension	Group money purchase pension property linked	29.92	28.93	735

LINKED AND NON-LINKED BUSIMESS

Gross Investment expenses

Investment expenses have been allowed for through a reduction to the valuation interest rates (but see note 1 below for unit linked business). The table below sets out the basis point reductions applied:

Sub fund	Product Groups	2008 bps	2007 bps
90:10	All	25	23
0:100 Life	All conventional business	18	16
0:100 Life	All unit linked business(1)	58	43
0:100 Pensions	All conventional business	16	8
0:100 Pensions	All unit linked business(1)	38	33

Note:

(1) These expenses are allowed for explicitly in calculating future cash flows.

(7) **LINKED BUSINESS**

Unit growth rates, before allowance for tax relief and management charges, were as follows:

Product Group	Gross Unit Growth rate (% p.a.) 2008	2007
AMPUK Unit Linked Pension	4.2%	5.4%
AMPUK Unit Linked Life	4.2%	5.4%
London Life Pension unit linked	n/a	n/a

LINKED AND NON-LINKED BUSINESS

Inflation Rates

Inflation rates for expenses and policy charges were as follows:

Sub fund		2008	2007
90:10	Expense inflation	2.2%	3.6%
0:100	Expense inflation	3.1%	4.3%
All	Policy fee inflation	2.1%	3.7%

(8) As a realistic basis life firm no allowance has been made in the determination of mathematical reserves for future bonuses in accordance with INSPRU 1.2.9R except for SPP With Profit Immediate annuities where allowance is made for the guaranteed annual bonus.

(9) **Surrender/Lapse Rates**

No allowance is made for surrender and lapse rates other than for Guaranteed Annuity Options.

Paid up Rates

No allowance is made for policies being made paid up other than for non-linked calculations in respect of regular premium accumulating with-profits and unit linked business.

For accumulating with-profits business the calculation is performed twice – once assuming the premiums continue as normal and again assuming the policy becomes paid up at the valuation date. The maximum of these two calculations is then used for that policy.

For unit-linked business the calculation is performed assuming the policy becomes paid up at the valuation date.

(10)**Tax Rates**

Relief for tax applied to expenses is 20% for UK Life business and 0% for UK Pension business.

Tax on investment income is set out in the following table:

Type of business	2008	2007
UK Life – UK dividend income	0%	0%
UK Life – other income	20%	20%
UK Pension – overseas dividend income	10%	10%
UK Pension – other income	0%	0%

(11)No allowance has been made for derivative contracts in determining the amount of the long-term liabilities, except for the method for calculating the liabilities for guaranteed annuity options described below.

(12)**Effect on Mathematical reserves due to changes in INSPRU –**

Changes were shown in 31 December 2007 returns.

Options and Guarantees

5.(1) (a)Contracts which only offer annuity benefits are valued as deferred annuities. Contracts which offer both cash and annuity benefits are valued as cash benefit policies with an additional reserve held to cover the basis upon which the cash benefits may be converted into annuity benefits.

The guaranteed annuity option reserve is calculated by valuing a portfolio of swaptions whose payoffs replicate the excess of the guaranteed annuity payments over the expected annuity payments from the contracts that have this option. The risk free rate for the forward term, volatility and forward rate parameters for the swaption are determined from the choice of replicating swaption. The market value of the swaption is determined by applying these parameters to Black's model.

The actual annuity rate is calculated on the assumptions that policyholders retire at their expected retirement age and select a level annuity with no guarantees.

This reserve has been determined in accordance with the basis set out below:

Assumption	Sub Fund	Product Group	2008
Take up Rate[1]	90:10 Life	Fund R Compound Bonus	74%
	90:10 Life	Fund T Compound Bonus	100%
	90:10 Pensions	AMPUK Pension	91%
	90:10 Pensions	Pensions Compound Bonus - traditional	96%
	90:10 Pensions	BIGVIP	100%
	90:10 Pensions	VIPMIGOLD	86%
	90:10 Pensions	POLMIG	46%
Rate of interest	All	All	B&H gilts spot curve, capped at 4.00%
Tax	Life	All	20%
	Pensions	All	0%
Mortality in payment	All	Male	90% PMA00 avg(mc,lc) with 3% sliding scale floor[2]
	All	Female	85% PFA00 avg(mc,lc) with 3% sliding scale floor[2]
Retirement Rates	All	All	Normal Retirement Age
Voluntary Discontinuance in deferment	All	All	0.5%p.a.

Notes:

1. Where the take up rates are below 95% they are assumed to taper to 95% over 20 years.
2. Projected mortality rates use medium cohort improvement factors. Where the table name shows MC, a two-dimensional mortality table has been used varying by age and calendar year. For the lower case "mc", the same improvement factors have been used to project mortality rates applying in 2025.
3. Where the table name shows "avg(mc,lc) with 3% floor" the maximum of the average of the Medium and Long cohort improvement or 3% factors have been used.

5 (1)(b) Details of the products concerned are summarised below:

Type of Business	**Product Code**	**Product name**	**Basic reserve £'000**	**Spread of Outstanding durations**[1]	**Guarantee reserve £'000**	**GAR (% fund for 65 year old male)** [2]	**Increments allowed?**	**Annuity form**[3]	**Retirement Age**
UK Life	120	Fund R Compound Bonus	3,758	1–27 years	1,533	9%	No	See Note 3	See Note 3
UK Life	120, 165	Fund T Compound Bonus	5,731	1–17 years	2,867	9%	No	See Note 3	See Note 3
UK Pension	120	Former AMPUK Pension	48,920	1–31 years	29,594	10%	No	See Note 3	See Note 3
UK Pension	165	Pension Compound Bonus (Pension Protector)	54,103	1–22 years	29,909	10%	No	See Note 3	See Note 3
UK Pension	155,205	Pension Compound Bonus (PC Contracts)	9,095	1–21 years	5,583	10%	No	See Note 3	See Note 3
UK Pension	155	Pension Compound Bonus hybrid (premium paid up to December 1999)	109,180	1–38 years	57,347	10%	No	See Note 3	See Note 3
UK Pension	155	Pension Compound Bonus hybrid (premiums paid from January 2000)	15,717	1–42 years	242	6%	Yes	See Note 3	See Note 3

Notes:

1. The spread of outstanding durations has been taken as the term to expected retirement.
2. Guaranteed annuity rates are for the following form of annuity: Single life, annual in advance, no escalation or guarantee period and are shown to whole numbers.
3. Different products offer different guaranteed terms. All common forms of annuity types are offered at a wide range of retirement ages.

(2) No investment performance guarantee is given on linked contracts. The price of units in the Deposit Fund are guaranteed not to fall. The underlying assets are entirely cash or cash-based collective investment schemes. Therefore no additional reserve is judged to be necessary.

There are no guaranteed surrender values not already allowed for in the valuation of the basic mathematical reserve.

(3) Where in any policy an option confers a right, without medical evidence, to extend the period of assurance or take out a new policy, a reserve equal to one or one and half times the option premium has been made.

(4) **Personal Pension Guarantee Reserve**

A reserve has been made for guarantees awarded in respect of certain Personal Pension policyholders where failure to adhere to the best advice rules may have occurred.

The following method is used to determine the mathematical reserves:

a) For cases that have been given a guarantee: on a case by case basis using the actual information available to calculate or estimate the liability period, current salary, policy value offsets and thus calculate the overall liability. All the calculations assume a model pension scheme benefit rather than the actual scheme benefits of the fund of which the policyholder was or could have been a member.

b) For other cases which have not been given a guarantee, or where the guarantee has been satisfied but where the internal accounting on the case is not yet finally complete: by allocating a notional settlement cost as necessary to each case on the basis of a potential liability period, or if this is unknown, an appropriate average liability period. The notional settlement cost per year of liability period being appropriately determined from recent settlement statistics.

This reserve has been determined in accordance with the basis set out below, in which the rates are expressed as real rates rather than nominal rates:

Assumption	**2008**
Real rate of interest	0.61% per annum
Salary increase	1.85% per annum
Expense loading for annuity in payment	15% per annum
Mortality in deferment	79% AMC/AFC00 ultimate
Mortality in payment	90% RMV00 max(100% mclc,00s,3%) 85% RFV00 max(100% mclc,00s,3%)
Percentage assumed married	100%
Leaving service assumption	Nil

The amount of business involved had a basic mathematical reserve of £6.8m reserve with additional reserves of £0.4m. This additional reserve also includes an allowance for future expenses and policies where the compensation process is yet to be completed.

Mortgage Endowment Promise

An additional reserve has been made to cover the Mortgage Promise made to certain mortgage endowment policies. The reserve is the expected shortfall discounted at the appropriate valuation interest rate and allowing for mortality and lapses.

This reserve has been determined in accordance with the basis set out below:

Assumption	2008
Rate of interest	3.05% per annum for AMPUK 0.95% per annum for Fund R
Mortality - Conventional Life Endowment	51% AM80 84% AF80
Mortality – AMPUK Business	116% AM00 107% AF00
Prudence Factor	5%

The amount of business involved had a basic mathematical reserve of £148m with additional reserves of £10.0m.

Expense Reserves

6. (1) The aggregate amounts of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months from the valuation date are summarised below:

Explicit per policy expense loading	£5.4 million
Allowance for investment management expenses	£3.8 million

No other significant expense reserves are held.

There are no non-attributable expenses.

(2) All provisions for future expenses have been made using explicit methods, except for investment expense allowances where a margin in the valuation interest is used.

(3) The amount of maintenance expenses is not significantly different from the maintenance expenses shown at line 14 of Form 43.

(4) Since London Life is closed to new business other than for increments and internal commencements, no reserves are required for expenses of continuing to transact new business after the valuation date.

(5) No maintenance expense overrun reserve is held.

The per policy expense assumptions used allow for the payments expected to be made to Pearl Group Services Ltd under the Management Services Agreement (MSA), plus project expenses and directly incurred expenses. A prudent margin is added to these total per policy expenses to allow for adverse deviation. These per policy expense assumptions are then projected into the future assuming a prudent level of inflation.

The MSA with Pearl Group Services Ltd is structured on a fixed cost per policy per annum. Pearl Group Services is engaged with a third party to implement the outsource of processing and administration work which gives London Life certainty over the majority of the cost base into the future, especially in relation to economies of scale and fixed costs.

As London Life is closed to new business, other than for increments and internal commencements, no reserve is held for discontinuance costs, or the valuation strain or expense overrun from the writing of new business.

(6) There are no non-attributable expenses.

Mismatching reserves

7. (1) The mathematical reserves are denominated in sterling. There are sufficient sterling assets to cover mathematical reserves. There is a premium withheld arrangement of £524m included in line 23 of Form 14 where the liabilities are equal to the value of the assets and the assets contain £260m worth of assets in USD and £18m in EURO.

(3) No currency mismatch reserves are held as the mathematical reserves are covered by assets in sterling. For the premium withheld, the arrangement is such that the liability is equal to the value of the assts. In addition, there are currency hedges in place to remove exposure from any currency movements.

(4) London Life is a realistic reporting firm to which GENPRU 2.1.8R applies and so does not hold a resilience capital requirement under INSPRU 3.1.10R.

(7) No additional reserve is held.

Other special reserves

8. A reserve of £33.0 million has been made in the Pension Non Profit Fund to cover the counterparty risk associated with Opal Reassurance Limited.

INSPRU 1.2.80G requires a margin to be held against the risk of default by a reinsurer i.e. the risk that Opal Reassurance Limited will be unable to make its reinsurance payments. Peak 1 rules also require us to show that we can meet payments under a more prudent view of future mortality; we are allowing for a 7.5% prudent mortality margin.

Reinsurance

9. (1) Reinsurance has not been ceded on a facultative basis to reinsurers who are not authorised to carry on business in the United Kingdom.

(2) The following table shows the principal reinsurance treaties used:

Reinsurer	Nature and extent of the cover	Premiums £'000	Amount deposited back or premium withheld £'000	Closed to new business?	Amount of any undischarged obligation £'000	Mathematical Reserves ceded £'000	Retention by the insurer
Pearl Assurance plc	Surplus Relief financing. See p below		No deposit back arrangements	No	Nil	21,000	See Note (1) below
Opal Reassurance Limited	Liability to pay the Basic Annuity.	Nil	517,842 (premium withheld)	Yes	Nil	541,197	Nil
Pearl Assurance plc	Liability to pay the Basic Annuity and Bonus Annuity under the with profits annuity business is fully ceded.	72	34,182	Yes	Nil	64,832	See Note (1) below
LLLA "sub-fund" of NPI Limited	100% reinsurance of unit-linked liabilities	14	Nil	No	Nil	12,008	0%

Note:

(1). London Life is closed to new business.

Pearl Assurance plc, Opal Reassurance Limited & NPI Limited

l) Pearl Assurance plc and NPI Limited are authorised to carry on insurance business in the United Kingdom. Opal Reassurance Limited is not authorised to carry on insurance business in the United Kingdom.

m) London Life Limited, NPI Limited, and Pearl Assurance plc are all part of the Pearl Group of companies. Opal Reassurance Limited is not a connected company of the insurer.

n) None of the treaties is subject to any material contingencies such as credit or legal risk.

o) No provision has been made for any liability of the Company to refund any reinsurance commission in the event of lapses or surrender of the contract. Any refunds are met out of the corresponding premiums from the reinsurer.

p) Under the Pearl Assurance plc Surplus Relief financing treaty interest is payable for a particular sub-fund if sufficient assets remain to meet the greater of the value of the liabilities (determined in accordance with the Prudential Sourcebook for Insurers) of the sub-fund and an amount, determined in accordance with the Principles of Financial Management as set out in Schedule 3 to the 'Scheme', as necessary to meet the reasonable expectations of the policyholders of the sub-fund.

10. **Reversionary (or annual) bonus**

Life Compound Bonus Participation Pool [(1)]

Bonus Series	31.12.2008 Basic Mathematical Reserve £'000	31.12.2008 Reversionary Bonus %	31.12.2007 Reversionary bonus %	31.12.2006 Total guaranteed bonus %
R1A, R2A, R2E, R2F, R2G, R4D, R4E	106,766	0.00% / 0.00%	0.00% / 0.00%	N/A

AMPUK Life Participation Pool[(1)]

Bonus Series	31.12.2008 Basic Mathematical Reserve £'000	31.12.2008 Reversionary Bonus %	31.12.2007 Reversionary bonus %	31.12.2008 Total guaranteed bonus %
AMPUK Life: JU, GJU, GRU, Gift, TU, Life JUB	94,563	0.00% / 0.00%	0.00% / 0.00%	N/A
AMPUK Life: AU, AUF, QU, GU	19,390	0.00% / 0.00%	0.00% / 0.00%	N/A
AMPUK Life: ALU, ALUF, AJLU, (X)NBU	27,226	0.00% / 0.00%	0.00% / 0.00%	N/A

Cash Bonus Participation Pool [(2)]

Bonus Series	31.12.2008 Basic Mathematical Reserve £'000	31.12.2008 Reversionary Bonus %	31.12.2007 Reversionary bonus %	31.12.2008 Total guaranteed bonus %
Up to 68th series	41,002	3.00%	3.00%	N/A
69th series onwards	18,158	2.00%	2.00%	N/A

Simple Bonus Participation Pool (2)

Bonus Series	31.12.2008 Basic Mathematical Reserve £'000	31.12.2008 Reversionary Bonus %	31.12.2007 Reversionary bonus %	31.12.2008 Total guaranteed bonus %
Fund W - Deferred	21,620	0.00%	0.00%	N/A
Fund W - In Payment	60,746	7.00%	7.00%	N/A

Pension Compound Bonus Participation Pool (2)

Bonus Series	31.12.2008 Basic Mathematical reserve £'000	31.12.2008 Reversionary bonus %	31.12.2007 Reversionary bonus %	31.12.2008 Total guaranteed bonus %
VIPMIG, BIGVIP, RPP84	87,927	0.00% / 0.00%	0.00% / 0.00%	N/A
POLMIG, GRPAVC, RPP85	91,663	0.00% / 0.00%	0.00% / 0.00%	N/A
V9A, V9B, V9C	84,013	0.00% / 0.00%	0.00% / 0.00%	N/A
V71, V72, V73	12,028	0.00% / 0.00%	0.00% / 0.00%	N/A
PPS, PPSTV, MINPPS, VIPLUS, VIPMIGO	78,717	0.00% / 0.00%	0.00% / 0.00%	N/A
SPP Bonus Series 3	14,924	0.00%	0.00%	4.50%
SPP Bonus Series 4	32,357	0.00%	0.00%	4.50%

AMPUK Pension Participation Pool(2)

Bonus Series	31.12.2008 Basic Mathematical Reserve £'000	31.12.2008 Reversionary bonus %	31.12.2007 Reversionary bonus %	31.12.2008 Total guaranteed bonus %
AMPUK Pensions: DK, DL (PB post 1/1/87), EBS	72,455	0.00% / 0.00%	0.00% / 0.00%	N/A
AMPUK Pensions: PAC	20,300	0.00% / 0.00%	0.00% / 0.00%	N/A
Deposit Administration GKA	10,290	5.00%	4.70%	N/A

Unitised With Profit Pension Participation Pool[(3)]

Bonus Series	31.12.2008 Basic Mathematical reserve £'000	01.01.2008 - 31.12.2008 Reversionary bonus %	01.01.2007 - 31.12.2007 Reversionary bonus %	01.01.2008 - 31.12.2008 Total guaranteed bonus %
UWP Pension	11,014	2.00% / 4.00%	2.50% / 5.0%	N/A

Notes

1. The asset shares in these participation pools are invested in the Active Block (see note 4801).
2. The asset shares in these participation pools are invested in the Passive Block (see note 4801).
3. The asset shares in the unitised with profit participation pools are invested separately to the Active and Passive Blocks.
4. Super compound bonus rates are shown as rates applied to the basic sum assured / bonus sum assured.

The basic mathematical reserves in the above tables are the gross mathematical reserves calculated in accordance with paragraph 4 and exclude the special reserves and capital requirements detailed in paragraphs 5 to 8.

LONDON LIFE LIMITED

APPENDIX 9.4A

ABSTRACT OF VALUATION REPORT FOR REALISTIC VALUATION

1. Introduction

(1) This actuarial investigation relates to 31 December 2008.

(2) This date of the previous actuarial investigation was 31 December 2007.

(3) An interim valuation was carried out on 30 June 2008 for the purpose of rule 9.3A.

2. Assets

(1) Not applicable.

(2) Not applicable as there are no equity holdings in related insurance undertakings.

(3) Not applicable as the relevant assets for the purposes of INSPRU 1.3.43R (Risk Capital Margin) do not include any value in respect of future profits arising from non-profit insurance contracts written outside the with-profits fund.

(4) Not applicable.

(5) Not applicable.

3. With-Profits Benefit Reserve Liabilities

(1) (a), (b), (c) See Table 3.1.

TABLE 3.1

With-Profits Benefits Reserve and Value of Future Policy Related Liabilities (£m)

Product Class	Method used to Calculate With-Profits Benefits Reserve	With-Profits Benefits Reserve	Future Policy Related Liabilities
Life With-Profits			
AMP(UK) Life	Retrospective – asset shares [1]	136	21
Fund P	Prospective – bonus reserve valuation	61	-2
Fund R	Retrospective – asset shares [1]	107	10
Fund T	Retrospective – asset shares [1]	8	1

TABLE 3.1

With-Profits Benefits Reserve and Value of Future Policy Related Liabilities (£m)

Product Class	Method used to Calculate With-Profits Benefits Reserve	With-Profits Benefits Reserve	Future Policy Related Liabilities
Pension With-Profits			
AMP(UK) Pensions	Retrospective – asset shares [1]	51	38
Fund V (GAO)	Retrospective – asset shares [1]	162	70
Fund V (No GAO)	Retrospective – asset shares [1]	152	15
Fund W	Retrospective – asset shares [1] Prospective – bonus reserve valuation [2]	89	10
All Funds [3]	N/A		198
Total	N/A	765	362

[1] Asset shares are not calculated for paid-up policies and therefore the with-profits benefits reserve for such policies is based on a bonus reserve valuation.
[2] For immediate annuities in Fund W a prospective bonus reserve method is used to calculate the with-profits benefits reserve.
[3] Relates to the cost of capital and financing costs.

(2) Not applicable as the with-profits benefits reserve and future policy related liability figures in Table 3.1 represent the totals from Form 19.

(3) Not applicable.

4. With-Profits Benefits Reserve – Retrospective Method

(1) (a) Zero.

(b) 100% of the with-profits benefits reserve that has been calculated using a retrospective method has been valued on a grouped basis.

(c) (i) Contracts are grouped at homogeneous benefit level and then grouped either by year of entry and year of birth or by year of entry and year of maturity. For the former, the data is further grouped into 5 year age bands.

(c) (ii) The total number of with-profits contracts in force at 31 December 2008 was approximately 68,300 (comprising 30,000 pensions contracts and 38,300 life contracts. These contracts were grouped into approximately 19,700 model points (comprising 15,400 pensions and 4,200 life).

(c) (iii) For each product line, the effect of any grouping was tested by comparing the statutory reserves calculated for the (grouped) model points with the actual statutory reserves (i.e. as used for the statutory valuation). The number of contracts, total office premiums and total guaranteed benefits were also compared at product line level.

(2) (a) No significant changes were made to the valuation method for any type of product or classes of with-profits insurance contracts compared to the previous valuation.

(b) Not applicable.

(3) The Scheme of Transfer ("the Scheme"), effected immediately before the demutualisation of AMP (effective 1 January 1998), specifies the calculation basis for determining the aggregate expenses to be charged to the with-profits sub-funds in respect of administration and investment management services. Expenses that are neither investment management nor administration expenses can be debited and charged to the with-profits sub-funds if deemed appropriate by the London Life With-Profits Actuary. The aggregate expenses charged to the with-profits sub-funds are allocated to the with-profits benefit reserve on a basis deemed appropriate by the London Life With-Profits Actuary.

(a) The last expense investigation was in December 2008.

(b) Expense Investigations occur annually.

(c) (i) and (ii) See Table 4.1.

TABLE 4.1

Expenses Allocated to With-Profits Benefits Reserve during 2008 (£m)

Expense Type	**Amount**
Initial expenses	0.0
Maintenance expenses [1]	3.4
Total expenses	**3.4**

[1] Includes project expenses of £0.36m.

(c) (iii) The expenses charged to individual with-profits benefit reserves are for maintenance expenses expressed as per policy amounts, and for investment management expenses expressed as a percentage of funds under management. The former varies by product line reflecting the relative costs of administering the business.

(c) (iv) Investment expenses on assets needed to cover the excess of the realistic liabilities over and above the with-profits benefits reserve (i.e. not deducted from the with-profits benefits reserve) are valued at £4.3m.

(4) No charges are deducted from the with-profits benefits reserve in respect of costs of guarantees or the use of capital. The only material charge made to the with-profits benefit reserves is in respect of life cover benefits on life endowments and whole of life contracts.

(5) No non-insurance risk charges are made to conventional with-profits business. For unitised with-profits business, risk cover is charged through cancellation of units.

(6) The average claim to with-profit benefit reserve payout ratio for each year is shown in table 4.2 below.

TABLE 4.2

Average Claim Payout Ratio (%)

Year	Payout Ratio
2008	108%
2007	108%
2006	106%
2005	119%

(7) The investment return (before tax and expenses) allocated to the with-profits benefits reserve for conventional with-profits business during 2008 was approximately -5.7% and 7.8% for active and passive funds respectively. The investment return (before tax and expenses) allocated to the with-profits benefits reserve for unitised with-profits business during 2008 was -13.2% .

The unitised with-profits benefits reserve is invested in a different asset mix to the conventional with profit business. This assumed asset mix has a significantly higher equity backing ratio than that backing the conventional with profits business.

5. With-Profits Benefits Reserve – Prospective Method

(1) (a), (c) Table 5.1 below shows the economic assumptions used in determining the with-profits benefits reserve when using the prospective method. However, it should be noted that claim values are determined using projected terminal bonus rates which, in line with actual practice, are based on asset shares for premium paying policies, i.e. the with-profits benefits reserves are calculated using the prospective method do not affect the overall level of realistic liabilities, but do

affect the split between the with-profits benefits reserve and the costs of guarantees and smoothing.

TABLE 5.1

Economic Assumptions used to Calculate the With-Profits Benefits Reserve at 31 December 2008 – Prospective Method

Assumption	Value	Note
Gilt return	3.4%	Annualised yield on UK 10 year gilt at 31 December 2008
Cash return	3.5%	3 month BAA sterling interest rate
Other fixed interest	3.9%	Gilt return plus 0.5% margin
Equity return	5.9%	Gilt return plus 2.5% margin
Property return	5.4%	Gilt return plus 2.0% margin
Risk discount rate ("A")	4.3%	Weighted average gross investment return – 'active' investment pool (gross)
Risk discount rate ("P")	3.6%	Weighted average gross investment return – 'passive' investment pool (gross)
Expense inflation	3.1%	

(b) The risk discount rates in Table 5.1 are based on the weighted average investment return at 31 December 2008 of the assets backing the liabilities for which a prospective method is used to calculate the with-profits benefits reserve. Two risk discount rates are shown as the assets of the WP Fund are split into two pools of managed assets – one active and one passive. The relevant pool of assets depends on the nature of the liabilities for which they provide backing (and whether asset shares are likely to determine future payouts).

(d) See Table 5.2 (annual bonus rates).

TABLE 5.2

Annual Bonus Rates Assumed in Calculation of With-Profits Benefits Reserve at 31 December 2008 – Prospective Method

Product Class	Annual Bonus Rate
Fund W – immediate annuities	7.00% simple
Fund W – cost of vesting deferred annuities	7.00% simple
Fund P – 68th and earlier series (current rate) [1]	3.00%
Fund P – 69th series and later (current rate) [1]	2.00%
Fund P – all series (ultimate) [2]	2.00%
UWP Bond Life	2% rate on PU; 4% rate on BU
UWP Pensions	2.5% rate on PU; 5% rate on BU
All other product classes	0%

[1] For Fund P, the policy was designed such that premiums are extinguished after about 10 years. Thereafter a net cash bonus is payable each year, which is guaranteed not to reduce. The annual declaration is the rate of increase in the cash bonus.
[2] This is the rate applicable from year 2 onwards. The current rates reduce over the next 2 years to reach the ultimate rate.

For product classes where a prospective method is used to calculate the with-profits benefits reserve, the future assumed final bonus rates are based on the bonus declaration applicable as at the valuation date, and as detailed in section 10 of Appendix 9.4. The assumed glidepath follows a linear reduction over five years to zero.

(e) See Tables 5.3 and 5.4 for the expenses assumptions used. No future charges for guarantee costs, smoothing costs, etc were assumed when deriving the with-profits benefit reserves.

TABLE 5.3

With-Profit Maintenance Expense Assumptions (£) [1]

Product Class	Per policy expenses £
Life With-Profits	
AMP (UK) Life	33.50
Conventional Life (Funds P, R, T)	32.80
Pensions With-Profits	
AMP (UK) Pensions	33.50
Endowments (Fund V ICL)	37.10
Deferred Annuities (V ICL)	37.10
Pension Protector (V ICL)	37.10
APEX WP (V ICL)	0.248%
VIPMIG, VIP PLUS	82.70
BIGVIP, POLMIG, GRPAVC	82.70
RPPMIG, PPS, MINPPS	82.70
PPP, SPPP, FSAVC	82.70
EPP	82.70
SPP	47.60
Fund W (Deferred Annuities)	37.10
Fund W (Immediate Annuities)	37.10

[1] The expenses are gross of tax relief at 20% (BLAGAB business). Future expenses are assumed to increase by RPI plus 1.50% on 1 January each year. These expense figures reflect the expense assumptions prior to any model pointing adjustment.

TABLE 5.4

Investment Expense Assumptions (basis points)

With-profits fund	22

(f) See Table 5.5. Note that there is no differentiation by duration for any with-profits product group.

TABLE 5.5

Lapse Assumptions

Product Class	**Long-term**
Fund V: "Old" Fund V(IBM), i.e. BIGVIP, GRPAVC, POLMIG, RPPMIG (with GAO), VIPMIG(OLD)[2]	4.00%
FUND V(ICL)	2.50%
AMP (UK) Pensions	2.50%
Fund V: "New" Fund V(IBM), i.e. MINNPSS, PPS, PPSTV, VIPPLUS, RPPMIG (without GAO), VIPMIG(NEW)[1]	7.00%
Fund R, AMP (UK) Endowments & Whole of Lives	3.00%
Funds T, W and P	0.00%

[1] VIPMIG(NEW) are members of VIP Schemes who are on VIPPLUS (as opposed to VIPMIG(OLD)) pricing terms.

(2) Not applicable as only one set of assumptions is used.

6. Costs of Guarantees, Options and Smoothing

(1) Not applicable.

(2) (a) All costs of guarantees, options and smoothing have been valued using a full stochastic approach.

(b) (i) Not applicable.

(b) (ii) 100% of the with-profits insurance contracts for which costs have been valued have been treated on a grouped basis.

(b) (iii) The basis for grouping contracts and the validations made are as per described in Sections 4 (1) (c) (i), (ii) and (iii), which apply equally to business for which a prospective method was used to calculate the with-profits benefits reserve.

(c) Not applicable.

(3) No significant changes were made to the valuation method for valuing the cost of guarantee, option or smoothing since the previous valuation.

(4) (a) (i) The main guarantee types valued are:

- Lump sum basic benefit, e.g. the sums assured and attaching reversionary bonuses payable at maturity on an endowment or "funded to cash" deferred annuity. Generally these guarantees are out-of-the money.

- Annuity benefit, i.e. a basic annuity amount plus attaching reversionary bonuses vesting at a specified date. Some of these guarantees are in-the-money and others are out-of-the money.

- Guaranteed annuity option rate, i.e. a guaranteed annuity rate specified in a contract that can be applied at maturity to convert the cash benefits provided by the contract into annuity benefits. Generally these guaranteed annuity rates are well in-the-money.

The costs of smoothing form the balance of total optionality costs, i.e. the excess of claim values over guaranteed benefits plus option costs.

(a) (ii) The model assumes that:

- Interest rates follow a 1-factor Hull & White[1] process.

- Corporate bond spreads follow a mixture of Cox-Ingersoll-Ross processes.

- Equity and property returns follow geometric Brownian motion (i.e. a Wiener process).

The interest rate calibration process is in two steps:

- First, a zero-coupon yield curve is derived. In accordance with the guidance provided by the actuarial profession, the initial yield curve has been calibrated to the gilt curve with a 10bp adjustment.

- Second, two parameters that govern the evolution of the interest rate model are chosen so that, given this yield curve, the model replicates swaption prices that would be implied by the yield curve and market swaption volatilities.

[1] See e.g. "Interest Rate Models – Theory and Practice", by Brigo and Mercurio, Springer Finance

Two asset classes are modelled as equity-type processes: UK equity index and UK property index. These are modelled as geometric Brownian motions with stochastic drift, which is equated to the stochastic interest rate.

Table 6.1 shows the assumed volatilities.

Table 6.1

Volatility assumptions for equity-type processes

Asset Class	Volatility Assumption
UK equity	35%
UK property	15%

The correlations between the Wiener processes are equated to the correlations between asset classes and between changes in risk-free bond yields. Table 6.2 shows the correlations.

TABLE 6.2

Correlation factors between asset classes

	Long Dated Bonds	Equity Index	Property Index
Long Dated Bonds	100%		
Equity Index	-30%	100%	
Property Index	-10%	20%	100%

The volatility and correlation assumptions are derived from Barrie & Hibbert best estimate assumptions.

The corporate bond process models the variation in the spread over risk free bonds. The calibration of this process is in two steps:

- Firstly, the credit spread processes are calibrated to the credit spreads over the gilt curve with a +10bp adjustment.
- Secondly, the volatilities for credit spreads are calibrated to the historical time series.

The calibration of the credit spread processes was focused on the most reliable and liquid sector of the spread curve with maturities between 4 and 15 years.

Table 6.3 shows the credit spreads over gilts + 10bp at 31 December 2008 in basis points.

Table 6.3

Corporate Bond Spreads at 31 December 2008

Term	AAA	AA	A	BBB
4	78.08	154.21	277.27	368.09
5	79.78	166.91	289.71	375.51
7	77.83	183.66	294.4	382.92
8	80.49	191.27	297.69	381.88
9	76.36	189.91	295.68	378.59
10	65.21	188.51	285.43	365.45
15	49.25	176.72	269.23	351.64
20	39.62	176.37	271.4	342.19

The volatilities assumed are shown in table 6.4.

Table 6.4

Volatility assumptions for corporate bond spreads (bps)

Rating	Volatility Assumption
AAA	12.5
AA	27.3
A	37.1
BBB	46.2

The volatilities assumed are derived from historical volatilities of the changes in 5-year credit spreads.

The correlations between the Wiener processes underlying the Cox-Ingersoll-Ross model are equated to the correlations between spreads.

Table 6.5 shows the correlation assumptions.

Table 6.5

Corporate spread correlations between ratings

	AAA	AA	A	BBB
AAA	100%			
AA	46%	100%		
A	56%	74%	100%	
BBB	51%	67%	89%	100%

The correlations assumed are derived from an analysis of Bloomberg historical data.

(a) (iii) Table 6.6 shows the simulated values of specific options and / or contracts.

These were produced using the stochastic scenarios used to derive the realistic balance sheet with one exception – for credit spreads, the AA-rated process is used, not the combined credit process used in the realistic balance sheet.

TABLE 6.6

Simulated values of specific options and / or contracts – 31 December 2008 (£)

		Asset type (all UK assets)	K=0.75				K=1				K=1.5			
	n		5	15	25	35	5	15	25	35	5	15	25	35
0	r	Annualised compound equivalent of the risk free rate assumed for the period (to two decimal places)	2.87%	4.13%	4.08%	3.83%	x	x	x	x	x	x	x	x
1		Risk free zero coupon bond	867,944	544,945	368,398	268,530	x	x	x	x	x	x	x	x
2		FTSE All Share Index (p=1)	158,989	310,621	400,794	476,989	304,778	488,020	591,884	681,015	674,157	884,452	1,004,583	1,111,857
3		FTSE All Share Index (p=0.8)	148,465	255,169	305,441	343,162	286,983	405,771	453,985	494,407	640,940	746,259	780,161	814,558
4		Property (p=1)	30,933	106,184	171,476	240,130	131,448	235,213	323,509	404,690	519,408	601,440	702,889	790,077
5		Property (p=0.8)	26,180	73,147	106,032	144,714	116,329	171,755	211,464	253,414	481,437	465,196	490,311	520,372
6		15 year risk free zero coupon bonds (p=1)	4,948	9,173	13,222	27,226	77,697	87,860	94,114	124,474	501,073	501,736	506,133	517,911
7		15 year risk free zero coupon bonds (p=0.8)	3,534	2,662	1,818	3,752	63,593	38,542	25,906	32,573	460,546	341,294	260,884	225,649
8		15 year corporate bonds (p=1)	5,094	10,470	13,901	29,095	78,877	92,407	99,621	129,714	502,245	504,999	510,593	524,226
9		15 year corporate bonds (p=0.8)	3,628	3,236	2,256	4,036	64,666	41,315	28,109	34,562	461,725	345,270	265,892	232,846
10		Portfolio of 65% FTSE All Share and 35% property (p=1)	84,681	194,594	274,293	346,293	215,249	349,765	442,123	529,367	588,322	732,600	824,229	929,436
11		Portfolio of 65% FTSE All Share and 35% property (p=0.8)	76,367	149,645	194,877	230,691	198,506	276,099	319,990	361,594	553,493	596,252	612,740	651,411

TABLE 6.6

Simulated values of specific options and / or contracts – 31 December 2008 (£)

		Asset type (all UK assets)	K=0.75				K=1				K=1.5			
	n		5	15	25	35	5	15	25	35	5	15	25	35
12		Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	80,528	180,844	253,916	318,444	209,287	335,847	418,544	496,640	582,973	713,779	800,738	890,892
13		Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	72,418	136,810	177,067	208,391	192,297	262,352	298,318	333,425	548,137	579,170	589,204	615,381
14		Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 Year corporate bonds (p=1)	33,000	92,228	148,740	193,356	142,514	224,351	287,683	349,942	531,195	601,559	654,221	728,965
15		Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	27,993	60,838	90,871	108,519	126,404	158,467	184,407	205,581	494,274	462,815	446,601	462,342
			L = 15				**L = 20**				**L = 25**			
16		Receiver swaptions	7.34%	10.15%	9.56%	6.63%	10.61%	12.69%	11.54%	7.77%	13.47%	14.91%	13.03%	8.54%

Notes:

(1) Row zero shows the risk free rate rounded to two decimal places. When deriving the strike for each option we have not used the truncated risk free rate; rather we have used the risk free rate implied by the scenarios.

(a) (iv) The equity dividend yield and property rental yield parameters have been set to zero in order to model total returns.

(a) (v) For the purposes of INSPRU 1.3.62 there are no significant overseas territories.

(a) (vi) The outstanding durations of significant guarantees within material product classes are shown in Table 6.7.

TABLE 6.7

Outstanding durations of significant guarantees (years)

Product Class	**Duration of Guarantees**
Life Compound Bonus, Fund R	18
AMP (UK) Life	10
Pension Compound Bonus (GAO)	6
AMP (UK) Pension	6
Pension Compound Bonus (no GAO)	9
Pension Simple Bonus	5
Total WP Fund	10

The fit of the asset model to specimen swaptions and put options is demonstrated below in Table 6.8.

Table 6.8

Ratio of simulated to pseudo swaption prices [(1)]

		Swap length				
		5	10	15	20	25
Option maturity	5	111.7%	102.9%	94.0%	94.4%	92.8%
	10	120.4%	98.6%	100.3%	103.4%	103.6%
	15	95.2%	96.0%	96.3%	96.8%	98.7%
	20	119.2%	104.4%	98.0%	99.4%	104.6%

(1) A swaption consistent with the gilts base curve risk-free rate and market swaption volatilities as opposed to swap rates and swaption volatilities.

Table 6.8 demonstrated that the scenarios can be used to reproduce market prices. The observed errors are small, showing that the simulation process does not introduce significant additional errors over and above that arising from the calibration process.

(a) (vii) The validation process involves two tests:

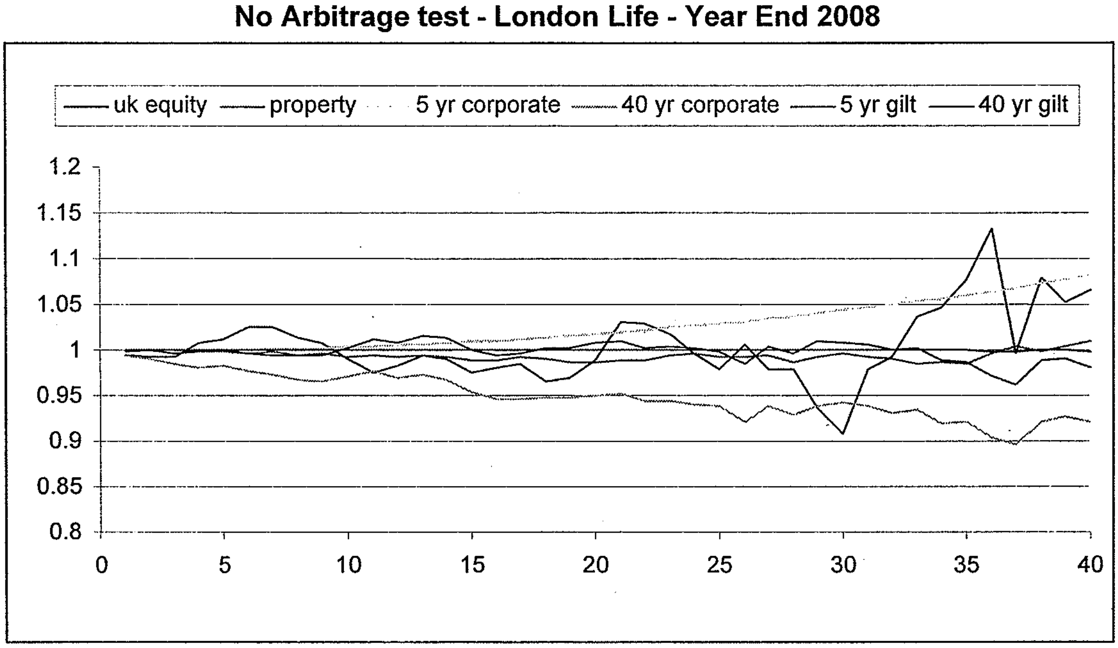
- Ensuring the scenarios satisfy the principle of no arbitrage.
- Checking that the market prices of relevant traded instruments can be replicated.

The market-consistent scenario generator is based on well-established models which have been subject to peer review in academic literature. Published proofs exist that the models are internally consistent and arbitrage free. The models are implemented using simulation techniques. To ensure that the models were implemented correctly and that the simulation process did not introduce bias, test runs were performed using a sufficient numbers of scenarios such that the test illustrated below would identify any systematic errors. The models passed this test without error.

For practical purposes, it is not possible to use sufficient scenarios to eliminate all simulation error. With a predominantly fixed interest asset holding, which is less volatile than equities, 1000 scenarios gives an acceptably small sampling error for London Life.

Figure 6.1 demonstrates that the scenarios supplied are arbitrage free up to suitable simulation error. In the chart, the y-axis shows the expected net present value of £1 invested at time zero and the x-axis shows the period of investment. In a market consistent model the expected value (or average discounted value) of £1 invested in a traded asset (e.g. cash, bonds or equities) equals £1. This test is referred to as the "one=one" test. As Figure 6.1 shows the results of calculating the expected value by simulation, a margin for error is expected. The observed error within the time period of the liabilities, given the number of scenarios and the volatilities involved, is small and the scenarios are considered to pass the no-arbitrage test.

Figure 6.1



The second validation test described above requires that the scenarios themselves can be used to reproduce (by stochastic simulation) market prices. This was tested separately for each of the models described in 6(4)(a)(ii).

For the interest rate model, the first step is to show how well the calibrated model follows the given volatility surface.

The calibration focuses on the swap duration between 5 and 15 years, which match the liabilities more closely, and on swaption expiries between 5 and 15 years.

Figure 6.2 shows the percentage difference between the value of a swaption in the calibrated model and the value from the market swaption price deduced from the swaption volatility. The rows correspond to swaption expiries and the columns correspond to swap durations.

Figure 6.2

%	5	6	7	8	9	10	15	20	25
1	-21.8	-21.0	-20.8	-22.3	-23.4	-25.2	-33.9	-41.1	-42.6
2	-5.1	-5.4	-6.3	-7.8	-8.9	-10.0	-19.3	-24.8	-26.2
3	2.7	1.8	1.1	-0.2	-0.9	-2.5	-11.6	-14.7	-16.3
4	9.7	7.5	6.4	5.3	3.7	2.4	-7.8	-7.9	-9.3
5	13.6	11.2	10.2	8.7	6.8	4.6	-4.3	-4.0	-5.6
7	19.5	15.6	12.9	10.0	6.9	3.8	-1.8	2.1	1.2
10	20.9	15.1	8.6	4.9	2.0	-0.6	1.3	4.7	5.0
15	-5.4	-5.6	-4.7	-4.3	-4.2	-4.7	-4.5	-4.0	-2.0
20	21.3	18.6	14.8	12.7	9.2	6.3	-0.2	1.1	6.3

The next step is to ensure that the discount factors give the market prices for the risk-free bonds implied by the zero-coupon yield curve.

Figure 6.3 shows the simulated risk-free bond prices (as the averages of discount factors) in the set of 1000 scenarios as the percentages of the original risk-free bond prices implied by the zero-coupon yield curve. The ratio of simulated price to market price can be seen to be very close to unity.

Figure 6.3

year	ratio	year	ratio	year	ratio	year	ratio
1	100.00%	11	99.95%	21	99.95%	31	100.05%
2	100.00%	12	99.95%	22	99.97%	32	100.05%
3	100.00%	13	99.95%	23	99.98%	33	100.03%
4	100.00%	14	99.96%	24	99.99%	34	100.02%
5	99.99%	15	99.96%	25	100.00%	35	99.99%
6	99.99%	16	99.95%	26	99.98%	36	99.95%
7	99.99%	17	99.94%	27	99.97%	37	99.88%
8	99.98%	18	99.93%	28	99.99%	38	99.81%
9	99.97%	19	99.94%	29	100.00%	39	99.79%
10	99.96%	20	99.94%	30	100.04%	40	99.77%

The next step is to compare the simulated swaption prices to check if the volatilities are represented adequately. Figure 6.4 shows the percentage differences between the simulated ATM swaption prices and the theoretical prices.

Figure 6.4

%	5	6	7	8	9	10	15	20	25
1	-3.5	-3.4	-3.4	-3.4	-3.4	-3.3	-3.2	-3.1	-3.1
2	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-1.9	-1.9	-1.8
3	-2.5	-2.5	-2.4	-2.4	-2.4	-2.3	-2.2	-2.1	-2.0
4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-0.3	-0.2
5	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.6
7	-1.5	-1.4	-1.4	-1.3	-1.3	-1.2	-1.0	-0.9	-0.8
10	0.5	0.5	0.6	0.7	0.7	0.8	1.0	1.2	1.3
15	-0.6	-0.7	-0.7	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8
20	2.0	2.0	2.0	1.9	1.9	1.9	1.8	1.7	1.7

The percentage differences between simulated and theoretical prices demonstrate a very good fit.

Figures 6.5 to 6.8 compare the credit spread market "price" with the fitted Cox-Ingersoll-Ross model and with the mean of the 1000 scenario simulation. The credit spread "price" is the ratio of the corporate bond price to the gilt price.

Figure 6.5 – AAA rated

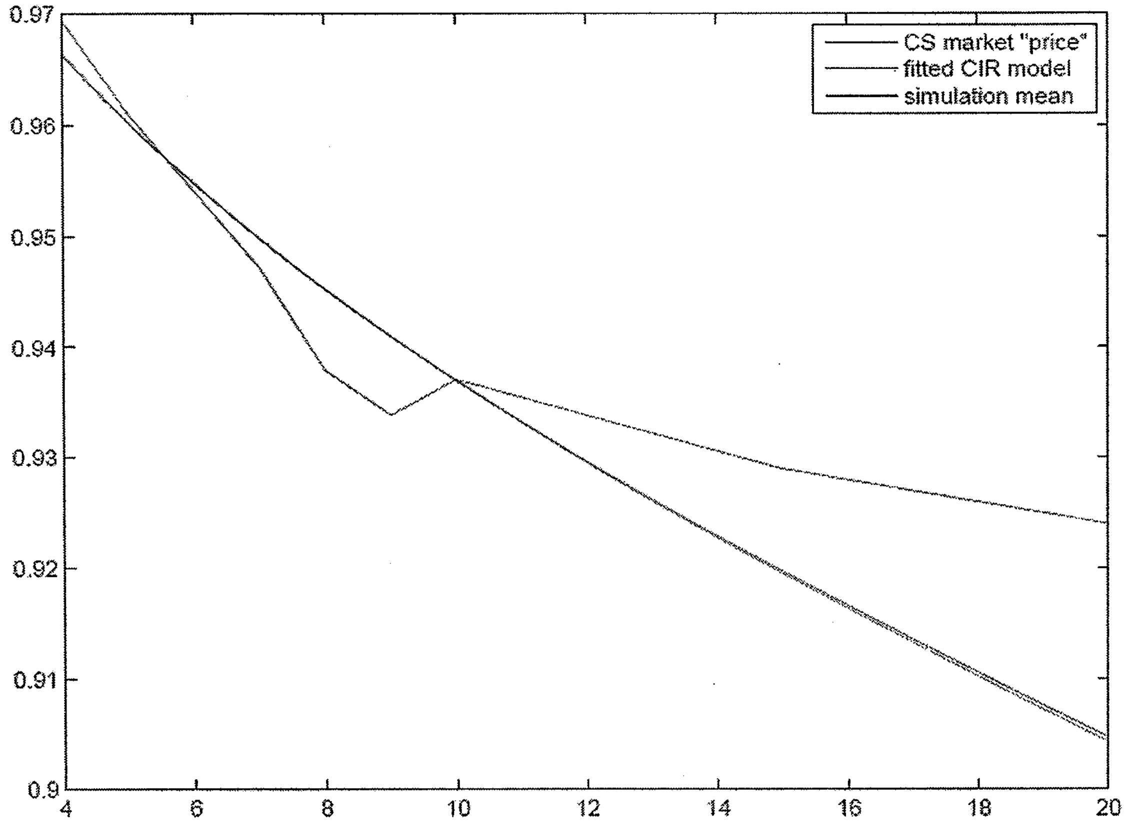


Figure 6.6 – AA rated

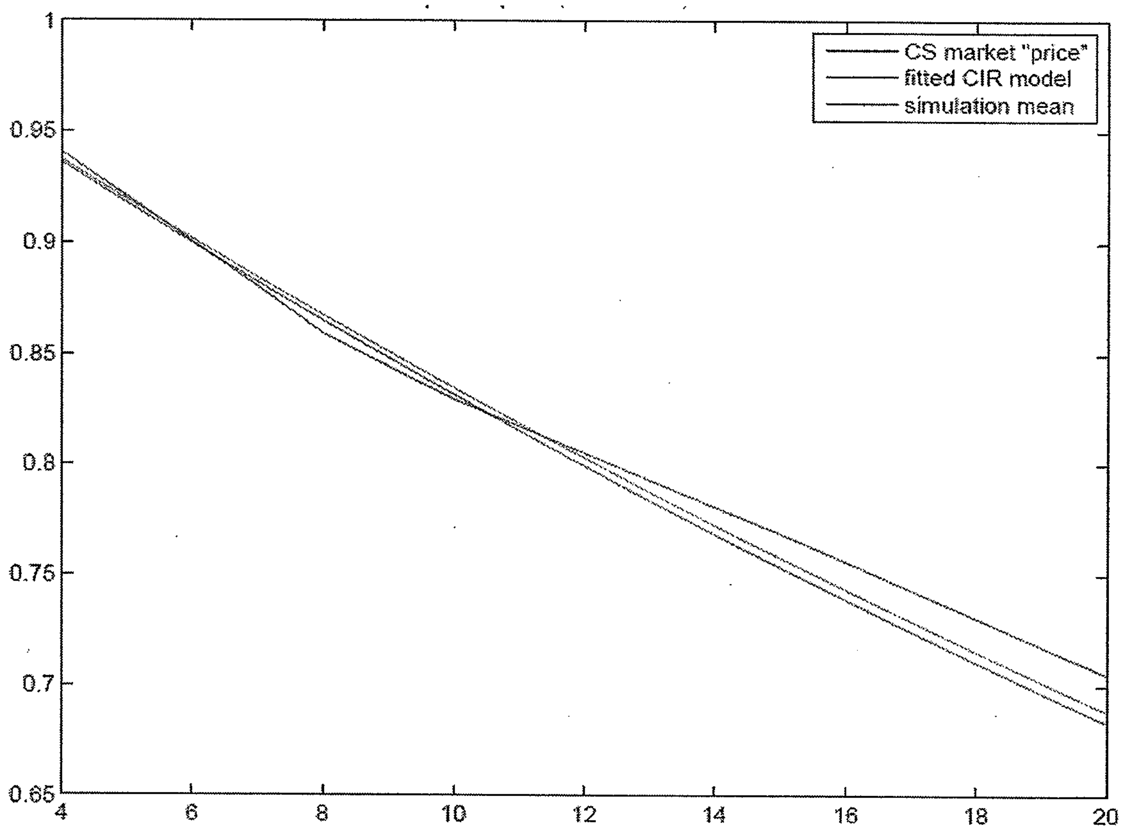


Figure 6.7 – A rated

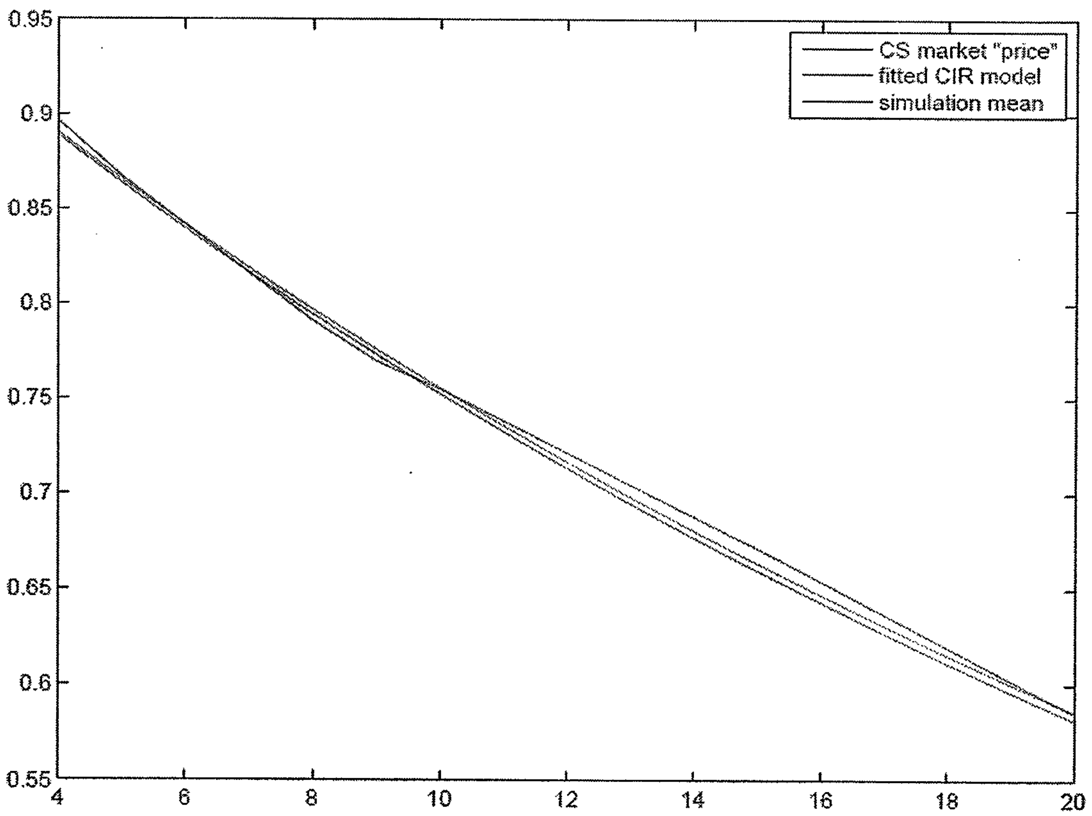
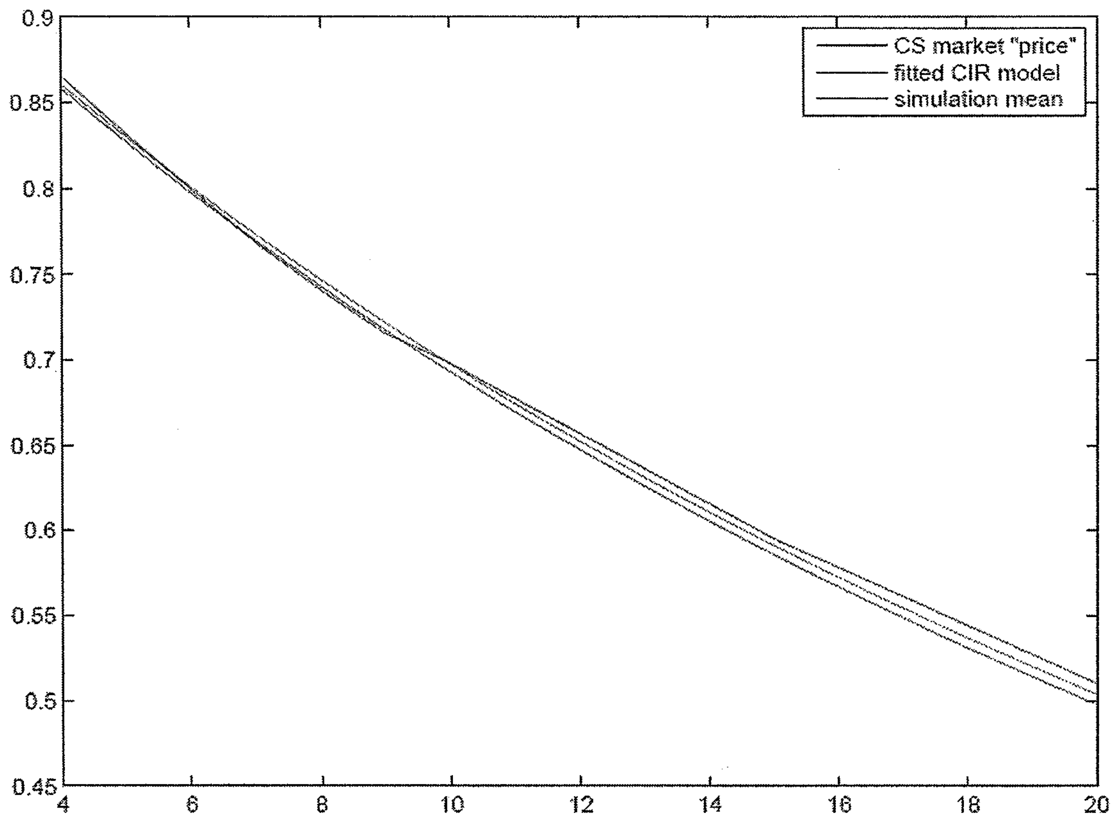


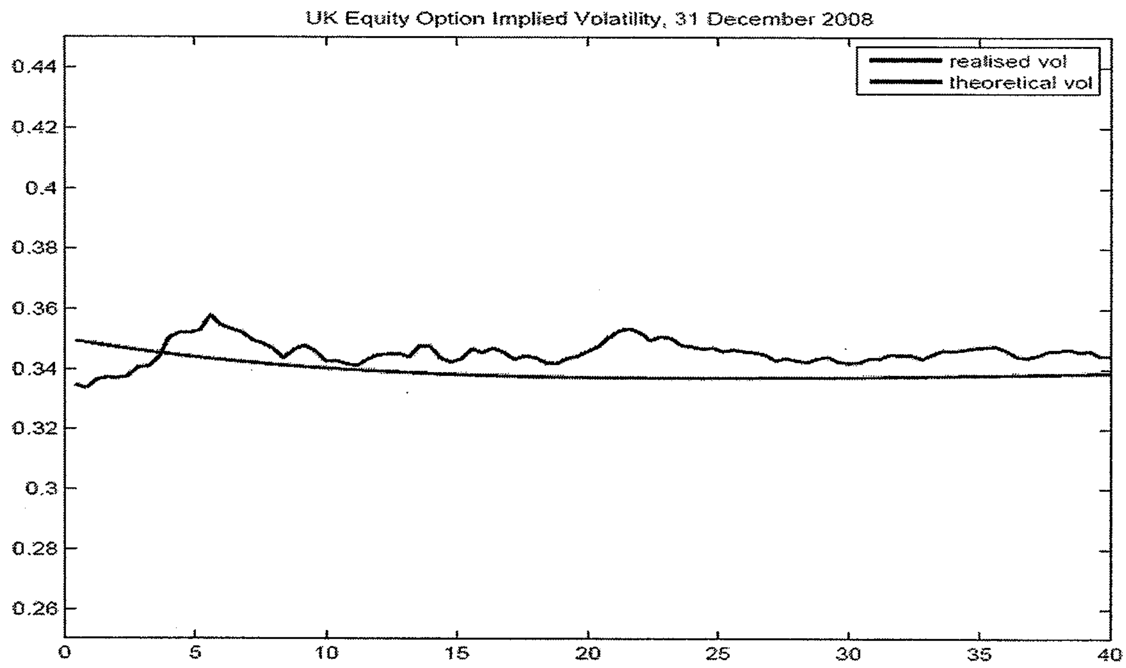
Figure 6.8



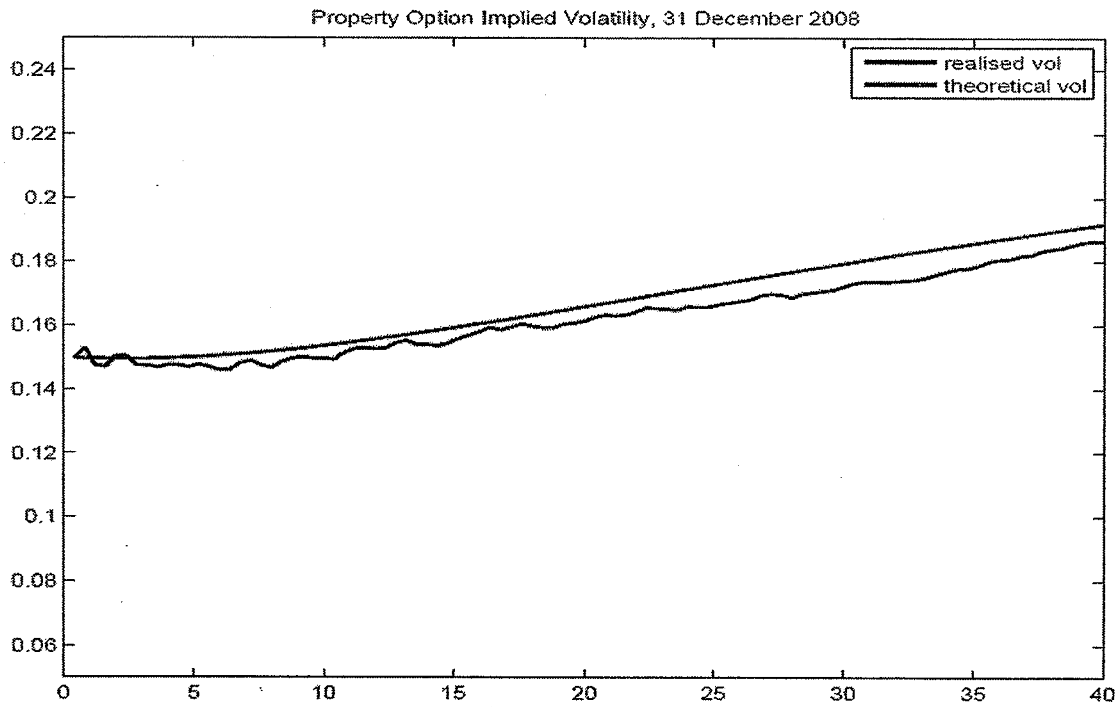
The equity and property volatilities have not been calibrated to market data. Therefore it is not possible to illustrate the fit of the property scenarios to market data. However, we can demonstrate the fit to the volatility assumptions mentioned in 6(4)(a)(ii).

Figure 6.9 below shows the results for the market price test applied to at the money put options. The smooth (red) line shows the volatility implied by the theoretical put option price on the property index calculated from the model. The irregular (blue) line show the implied volatilities calculated from simulated prices. These can be seen to follow the theoretical volatility closely when the high level of volatility parameters is taken into consideration and we conclude that the error introduced by simulation is small and that the implied volatilities derived from the model output are consistent with the market assumption.

Figure 6.9



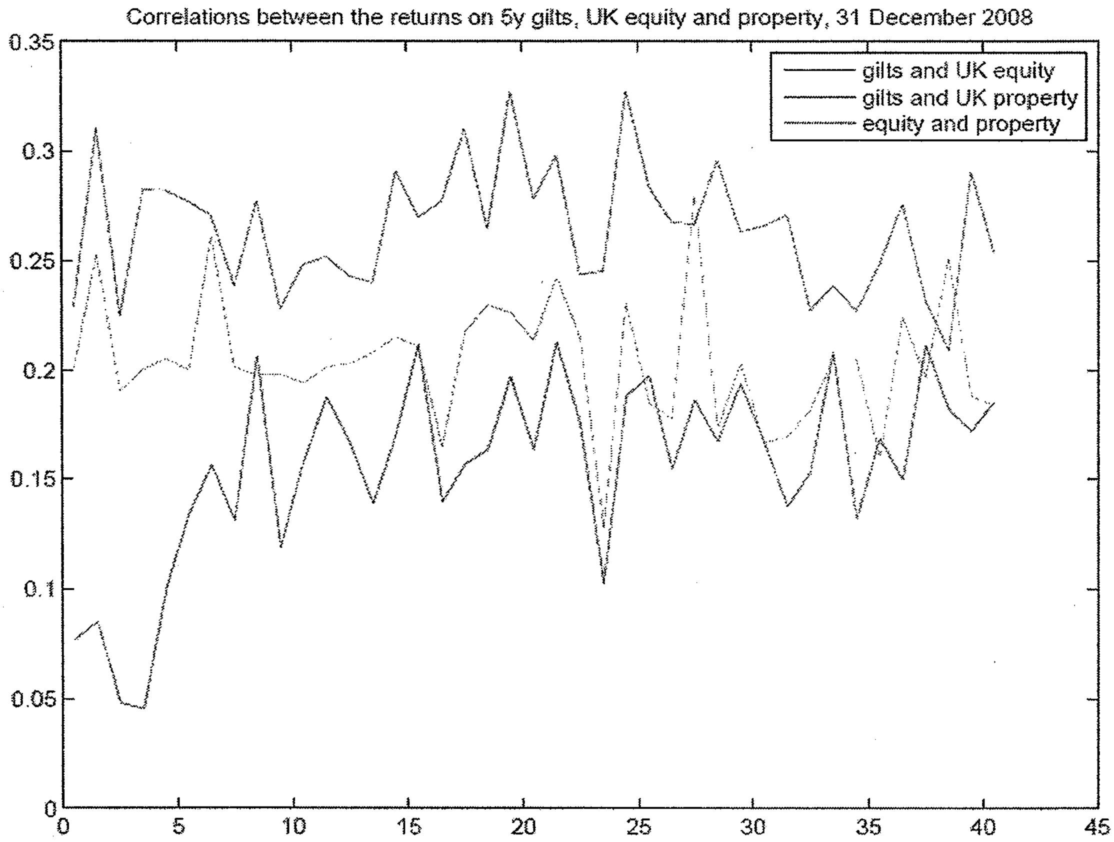
UK Equity Option Implied Volatility, 31 December 2008
realised vol
theoretical vol
0.44
0.42
0.4
0.38
0.36
0.34
0.32
0.3
0.28
0.26
0
5
10
15
20
25
30
35
40



Property Option Implied Volatility, 31 December 2008
realised vol
theoretical vol
0.24
0.22
0.2
0.18
0.16
0.14
0.12
0.1
0.08
0.06
0
5
10
15
20
25
30
35
40

The correlations are also checked against the assumed parameters. Figure 6.10 shows that the correlations can be seen to follow the parameters reasonably well and we conclude that the error introduced by simulation is small and that the correlations in the model output are consistent with the assumptions.

Figure 6.10



(a) (viii) Simulations were performed using 1000 scenarios, which allow reasonable convergence of the results as can be gauged from the validation tests described in (a)(vii) above.

(b) Not applicable as the costs of guarantees, options and smoothing were all calculated using a fully stochastic approach.

(c) Not applicable as the costs of guarantees, options and smoothing were all calculated using a fully stochastic approach.

(5) (a) When determining the realistic balance sheet no circumstance specific management actions were allowed for, e.g. investment strategy, surrender bases, bonus methodology, etc., and were the same in all scenarios.

(b) Table 6.9 sets out the equity backing ratio (for the with-profits benefit reserve) and annual bonus rates that would be modelled under 3 different assumed risk-free curves.

TABLE 6.9

Projected Equity Backing Ratios and Annual Bonus Rates – Scenarios i, ii, iii

	Equity Backing Ratio			**Future Annual Bonus Rates**	
	UWP	**CWP Life**	**CWP Pensions**	**UWP Bond Life**	**UWP Pensions**
(i) Risk free interest rate curve - At 31 December 2007	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%
(i) Risk free interest rate curve - End 5 years	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%
(i) Risk free interest rate curve - End 10 years	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%
(ii) Risk free interest rate curve + 17.5% - At 31 December 2007	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%
(ii) Risk free interest rate curve + 17.5% - End 5 years	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%
(ii) Risk free interest rate curve + 17.5% - End 10 years	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%
(iii) Risk free interest rate curve – 17.5% - At 31 December 2007	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%
(iii) Risk free interest rate curve – 17.5% - End 5 years	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%
(iii) Risk free interest rate curve – 17.5% - End 10 years	50%	35%	0%	2.0% / 4.0%	2.5% / 5.0%

(6) The persistency assumptions used to determine the costs of guarantees, options and smoothing are outlined in Table 6.10 (i.e. the assumptions are consistent with those made for the with-profits benefits reserve prospective method). The assumptions are the same for both paid-up and premium-paying policies, and do not vary across policy durations.

TABLE 6.10

Average lapse rate for the policy years

		1- 5	**6-10**	**11-15**	**16-20**
Conventional With-profits Life business regular premium – Fund R and AMP (UK) Life	PUP	3.00%	3.00%	3.00%	3.00%
Conventional With-profits Life business regular premium – Fund R and AMP (UK) Life	PP	3.00%	3.00%	3.00%	3.00%
Conventional With-profits Life business single premium – Fund R and AMP (UK) Life	PP	3.00%	3.00%	3.00%	3.00%
Conventional With-profits Life business regular premium – Fund P and T	PUP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Life business regular premium – Fund P and T	PP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Life business single premium – Fund P and T	PP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Pensions business regular premium – Fund V (GAO)[1]	PUP	4.00%	4.00%	4.00%	4.00%
Conventional With-profits Pensions business regular premium – Fund V (GAO)[1]	PP	4.00%	4.00%	4.00%	4.00%
Conventional With-profits Pensions business single premium – Fund V (GAO)[1]	PP	4.00%	4.00%	4.00%	4.00%
Conventional With-profits Pensions business regular premium – Fund V (no GAO)	PUP	7.00%	7.00%	7.00%	7.00%
Conventional With-profits Pensions business regular premium – Fund V (no GAO)	PP	7.00%	7.00%	7.00%	7.00%
Conventional With-profits Pensions business single premium – Fund V (no GAO)	PP	7.00%	7.00%	7.00%	7.00%
Conventional With-profits Pensions business regular premium – Fund AMP (UK) Pensions	PUP	2.50%	2.50%	2.50%	2.50%
Conventional With-profits Pensions business regular premium – Fund AMP (UK) Pensions	PP	2.50%	2.50%	2.50%	2.50%
Conventional With-profits Pensions business single premium – Fund AMP (UK) Pensions	PP	2.50%	2.50%	2.50%	2.50%
Conventional With-profits Pensions business regular premium – Fund W	PUP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Pensions business regular premium – Fund W	PP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Pensions business single premium – Fund W	PP	0.00%	0.00%	0.00%	0.00%

[1] Except V(ICL) which has a lapse rate of 2.5%.

Only a small proportion of London Life (Funds R, T & V) & AMPUK business experience any PuPs; the most significant of these being Fund R. The paid-up assumptions do not vary across policy durations, and are shown in Table 6.11.

TABLE 6.11

Average paid-up rate for the policy years

		1- 5	6-10	11-15	16-20
Conventional With-profits Life business regular premium – Fund R	PUP	1.00%	1.00%	1.00%	1.00%

The annuitant mortality and take-up rate assumptions are shown in Tables 6.12 and 6.13 respectively.

TABLE 6.12

Mortality Assumptions

	Males	Females
Annuitant mortality	100% PMA00average(mc,lc) with 3% sliding scale floor	95% PFA00average(mc,lc) with 3% sliding scale floor
Fund P	47% AM80	76% AF80
Fund R	46% AM80	76% AF80
Funds T, V(IBM), V(ICL)	78% AM00	78% AF00
AMP (UK) Life	105% AM00	97% AF00
AMP (UK) Pensions	106% AM00	106% AF00

TABLE 6.13

GAO Take Up Rate Assumptions

	Normal Retirement	Early Retirement	Terminal Bonus[1]
Fund V (excluding POLMIG, GRPAVC)	76%	76%	76%
POLMIG, GRPAVC	10% if yields>4%, else 75%	10% if yields>4%, else 75%	10% if yields>4%, else 75%
AMP (UK)	77%	77%	77%
Fund R	0%	0%	0%
Fund T	0%	0%	0%

[1] This is the take up rate assumption made for the purposes of setting terminal bonus rates.

(7) Assumptions for foreseeable policyholder actions are potentially needed for the take-up of GAO benefits, MVA free dates on UWP policies and MVA free withdrawals on UWP policies. London Life has only a very small amount of UWP business and on materiality grounds this is not explicitly modelled. As such the only assumption that falls into this category is the take-up rate for GAO benefits. Table 6.13 shows the assumptions made, which apply in all scenarios where the GAO benefit is valuable to the policyholder.

7. Financing Costs

The London Life Scheme specified that capital support was to be provided to the Pensions With-Profits sub-fund (and the other non-profit sub-funds) via a contingent loan ("CL"). The initial amount of the CL to the Pensions With-Profits sub-fund was £114m. Both interest and capital payments are contingent on:

- the sub-fund (in this case Pensions With-Profits) not being a "supported" fund; and
- the sub-fund in question having, immediately following any such interest or capital payment, assets in excess of the Required Capital Amount (explained below).

In addition to this, CL principal can only be repaid if, under a range of scenarios deemed by the London Life Head of Actuarial Function as reasonably foreseeable, London Life as a whole would have sufficient assets (after any payment) to meet policyholder reasonable expectations ("PRE") and statutory solvency requirements (Peak 1). This constraint also applies in respect of any dividend payments and the distribution or return of capital to shareholders.

The Required Capital Amount ("RCA") is calculated at sub-fund level as the expected value of future shareholders' transfers plus the greater of:

- statutory liabilities (Peak 1, excluding any in respect of contingent loans and inter-fund support); and
- the amount needed to meet PRE.

The above constraints effectively mean that all payments in respect of the CL are fully subordinated to policyholders. Indeed, no interest has ever been paid on the CL and during 2004 London Life Holdings Limited waived their right to interest on the CL for years 2004 to 2008 inclusive. The face value of the CL is £286m at 31 December 2008 (including the CL to the Life Non-Profit and Pension Non-Profit sub-funds).

The Scheme also includes provisions for providing sub-funds with further capital support should they need it. The trigger for this is whether the sub-fund has sufficient assets to cover the RCA. If this is not the case, the Scheme provides that "inter-fund support" should be provided by transferring assets, via a loan bearing interest (3 month LIBOR), from either the Shareholder Fund or a non-profit sub-fund. Similar to the CL, interest and capital payments are fully subordinated to meeting PRE. At 31 December 2008, the Pension with-profits sub-fund received £22.2m in inter-fund support from the non-profit funds (£13.6m from the life fund and £8.6m from the pensions fund).

The financing cost figures are calculated reflecting the full subordination to PRE, i.e. it is the average value of the payments (CL and inter-fund support) that the sub-fund could make subject to first fully satisfying PRE.

8. Other Long-Term Insurance Liabilities

A breakdown of the other long-term insurance liabilities, before the allocation of working capital as per the GN45 requirement for Closed Funds, is set out in Table 8.1.

TABLE 8.1

Other Long-Term Insurance Liabilities at 31 December 2008

Liability	**LWP (£m)**	**PWP (£m)**
Investment Management Expenses[1]	1	3
Additional Basic Rate Tax[2]	4	-
Value of future shareholder transfers	5	3
Total	10	6

[1] The value of future investment expenses on assets over and above asset share (i.e. not deducted from asset share).

[2] Basic rate tax on assets in excess of asset share in respect of Life business (i.e. not deducted from asset share).

No provisions have been included in respect of 'Any other liabilities related to regulatory duty to treat customers fairly'.

9. Realistic Current Liabilities

The realistic current liabilities at 31 December 2008 stood at £823.4m, which is £11.0m lower than the regulatory current liabilities at the same date, due to an additional provision for adverse deviations appearing in the regulatory liabilities.

The main component of the realistic current liabilities is the £782.0m in respect of other creditors and accruals & deferred income. Of this, £698.1m represents collateral received to cover assets that have been lent out and would be repaid on return of the stock lending assets.

The realistic current liabilities do not include any liability in respect of the Pearl Group staff pension scheme. Pearl Group Services Limited employs all of the operating staff within the PGL life companies (including London Life) and hence retains the responsibility for meeting the pension scheme's obligations.

The remaining current liabilities are made up of:

- £6.0m for outstanding claims;
- £1.2m in respect of other risks and charges;
- £0.0m in respect of tax;
- £34.2m in respect of SPP deposit back;
- £782.0m in respect of other creditors and accruals & deferred income; and

10. Risk Capital Margin

(a) The risk capital margin for London Life at 31 December 2008 is zero for the LWP sub-fund and £7.3m PWP sub-fund.

As described in Section 7, the terms of the Scheme are such that the capital support (CL and inter-fund support mechanism) is fully subordinated to the need to meet PRE.

The financial flexibility of London Life is such that any adverse experience would, in the first instance, simply reduce the value of the capital expected to be repaid to shareholders, i.e. the financing costs. Any amount within LWP sub-fund that would have contributed towards the working capital is now displayed as 'Other long-term insurance liabilities' within Line 47 of Form19. As such, the LWP RCM is also displayed as zero.

The PWP sub-fund financing cost acts to absorb changes that would otherwise affect the working capital. To the extent that the working capital would fall below zero in the most onerous RCM condition, the financing costs would no longer be able to absorb such a change. As at 31 December 2008, the working capital in the most adverse RCM condition is below zero. The RCM of £7.3m is the amount required to cover this shortfall

The most onerous scenario for London Life (i.e. the one which reduces the financing costs the most) is that which combines:

- A fall in equity and property values;
- A fall in interest rates; and
- A rise in persistency.

(i) 20.0% fall in equity values; 12.5% fall in property values.

(ii) 17.5% fall in yield curve (UK assets), equivalent to a 0.655% nominal change in the long term gilt yield from 3.744% to 3.089%.

(iii) (a) The average change in spreads for bonds was +110 basis points (weighted by value and duration), resulting in a 7.3% fall in corporate bond asset values.

(b) Not applicable.

(c) Not material. Our interpretation of INSPRU is that intra-group reinsurance is not subject to the reinsurance credit risk event. London Life has a small amount of traditional reassurance. The effect of allowing for the reinsurance credit risk event in respect of this is very small and so on materiality grounds this has not been included in the value of the liabilities shown in Form 19.

(d) Not applicable.

(e) In respect of the interest rate derivatives, which are the only significant derivative holdings at 31 December 2008, the credit shock tested was a 5 basis point adverse movement in swap rates. This credit shock resulted in a 41.4% fall in the value of the derivatives.

(iv) The average change in persistency experience (weighted by realistic value of liabilities) expressed as an annual percentage is 32.5%, which corresponds with a reduction in the average lapse rate (weighted by realistic value of liabilities) from

3.4% per annum to 2.3% per annum. This change in persistency resulted in a 0.9% increase in the realistic value of liabilities (excluding financing costs). This increase in liabilities (excluding financing costs) is offset in the PWP sub-fund by a corresponding reduction in the financing costs (refer to Sections 7 and 10 (a)), signifying a reduction in the ability of the with-profits fund to repay the contingent loan and inter-fund support.

(v) Not applicable.

(b) No particular management actions were assumed for the purposes of calculating the risk capital margin.

(c) (i) No additional assets are required to cover the risk capital margin of the LWP fund. £7.3m of additional assets are required from the Shareholder fund in the form of cash.

(ii) As described in Section 7, the Scheme provides for an inter-fund support mechanism whereby assets are transferred, via a loan, from the Shareholder Fund (or non-profit sub-funds) to any sub-funds needing further capital support, which is the case for the Life and Pensions with-profits sub-funds.

11. Tax

The following tax treatment has been assumed:

(i) For assets backing the with-profits benefits reserve, policyholder taxes are calculated on the "I-E" tax basis applicable to BLAGAB business and deducted from the with-profits benefit reserve. The tax rates assumed are 20% on savings income and indexed capital gains and nil on franked income received net of the non-recoverable tax credit. Tax relief on expenses are assumed to be 20%.

(ii) Allowance is made for the "I-E" tax due on assets needed to back the excess of realistic liabilities over and above the with-profits benefits reserve and is included in the Other Long Term Insurance Liabilities.

(iii) The allowance made for tax on the assets backing realistic current liabilities is similar to that outlined in (ii) above.

12. Derivatives

The major positions relating to derivative contracts held by the with-profits fund are:

A portfolio of interest rate swaps with notional amounts totalling £1107.6m. This contains both "pay floating / receive fixed" and "pay fixed / receive floating" type contracts. The average time to expiry is 13.3 years.

A portfolio of RPI swaps with notional amounts totalling £21.7m. The average time to maturity is 18.5 years.

A portfolio of interest rate swaptions with notional amounts totalling £712.9m. The average time to maturity is 13.5 years.

A portfolio of FTSE100 futures. There are 1157 contracts with a value of £10 each per index point. The total value of this portfolio as at 31 December 2008 is £51.3m.

13. Analysis of Working Capital

Table 13.1 describes the significant movements in the working capital of the with profits fund from the preceding financial year.

TABLE 13.1

Analysis of Working Capital

	LWP[1]	PWP[2]
Working Capital as at 31 December 2007	0	0
Undo zeroisation to Opening working capital	42	67
Opening Adjustment	5	1
Expected Return	2	3
Investment Management	(30)	(65)
Insurance Management	(3)	(2)
Capital Movements	0	25
Other	4	3
Other Long-Term Insurance Liabilities/Financing Costs	(19)	(33)
Working Capital at 31 December 2008	0	0

[1] LWP working capital is described within 10(a) above. As per GN45 this is allocated within 'Other Long-term Insurance Liabilities' to ensure that the working capital total is zero, as required for a closed fund.

[2] PWP financing costs are described within 10(a) above.

14. Optional Disclosure

Not applicable.

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

London Life Limited

Global Business

Financial year ended 31st December 2008

We certify that: -

1. (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and

   (b) the directors are satisfied that, save as disclosed in note 1 to the directors' certificate that:

      (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRUand INSPRU; and

      (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.

2. (a) in the directors' opinion, premiums for contracts of long-term business entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;

   (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;

   (c) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3; and

   (d) the directors have, in preparing the return, taken and paid due regard to-

      (i) advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and

      (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

J S Moss Managing Director	J S B Smith Director	M J Merrick Director

Date: 9 April 2009

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

London Life Limited

Global Business

Financial year ended 31st December 2008

(continued)

Notes to the Directors' Certificate required by Rule 9.34(1)

Compliance with the provisions of INSPRU

Paragraph (1b) requires that the insurer has complied in all material respects with the requirements in INSPRU. In November 2008 the insurer notified the FSA that it was in technical breach of its Group Capital Adequacy ("GCA") obligations.

To rectify the situation, Impala Holdings Limited (IHL), a fellow subsidiary, carried out a capital restructuring in which £2,598m was repaid to Sun Capital Investments 2 Limited and Hera Investments 2 Limited in settlement of existing subordinated debt obligations, together with accrued interest. This was settled by IHL through the issue of 2 new ordinary C shares for consideration of £1,600m and £998m of new subordinated debt. In addition to this, the insurer applied for a waiver, which was granted by the FSA and which provides relief in respect of one of the capital restrictions within the GCA calculation and enables the insurer to meet its GCA requirements. The insurer has continued to meet its GCA requirements since that date.

The waiver expires on 30 April 2009. Regular dialogue is continuing with the FSA regarding the capital position of the Pearl Group Limited Group and a waiver extension has been requested. In the event that the waiver is not extended the Pearl Group Limited Group is able to restructure the term of the C shares referred to above such that there is no requirement for the waiver.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35

London Life Limited

Global business

Financial year ended 31st December 2008

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Chapter 9 of IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000.

- Forms 2, 3, 13 to 19, 40 to 45, 48, 49, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the reports required by IPRU(INS) rule 9.31 ("the valuation reports").

We are not required to examine and do not express an opinion on the following:

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30 and 9.36; and
- the certificate signed in accordance with IPRU(INS) rule 9.34(1).

This report is made solely to the insurer's directors, in accordance with IPRU(INS) rule 9.35. Our examination has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our examination, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation reports) under the provisions of the Rules. The requirements of the Rules have been modified by the directions referred to in supplementary note 0201. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation reports are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports prepared in accordance with IPRU(INS) rule 9.31 are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation reports meet these requirements and to report our opinion to you. We also report to you if, in our opinion, the insurer has not kept proper accounting records or if we have not received all the information we require for our examination.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35

London Life Limited

Global business

Financial year ended 31st December 2008

(continued)

Basis of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom (revised)" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statements and the valuation reports. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 9 April 2009. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms, the statements and the valuation reports.

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

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Opinion

In our opinion:

(a) the Forms, the statements and the valuation reports 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) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports prepared in accordance with IPRU(INS) rule 9.31 appropriately reflect the requirements of INSPRU 1.2 and 1.3.

Ernst & Young LLP
Registered Auditor
London

Date: 9 April 2009