

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 2007

Appendices 9.1 , 9.3 , 9.4 , 9.4A, 9.6

Statement of solvency - long-term insurance businessName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

Solo solvency calculation

	Company registration number	GL/UK/CM	day	month	year	Units	
	R2	1179800	GL	31	12	2007	£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	134103	144586
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	134891	159145
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	268994	303731

Guarantee fund

Guarantee fund requirement	21	21540	24879
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	247454	278852

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	64621	74636
Resilience capital requirement	32		
Base capital resources requirement	33	2231	2139
Individual minimum capital requirement	34	64621	74636
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	64621	74636
Excess (deficiency) of available capital resources to cover 50% of MCR	37	236683	240529
Excess (deficiency) of available capital resources to cover 75% of MCR	38	220528	247754

Enhanced capital requirement

With-profits insurance capital component	39	51901	52624
Enhanced capital requirement	40	116522	127260

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	116522	127260
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	152472	176471

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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Name of insurer **LONDON LIFE LIMITED**


Global business

Financial year ended **31 December 2007**



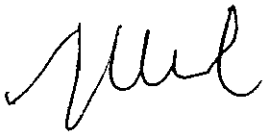
J S Moss

Director



J S B Smith

Director



J R Cusins

Director

Date **20** **March 2008**

Components of capital resourcesName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

R3	Company registration number	GL/UK/CM	day month year			Units
	1179800	GL	31	12	2007	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

Core tier one capital

Permanent share capital	11		18800	18800	18800
Profit and loss account and other reserves	12		168131	168131	157220
Share premium account	13				
Positive valuation differences	14		99581	99581	98718
Fund for future appropriations	15		9583	9583	11109
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		296095	296095	285847

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		296095	296095	285847
Investments in own shares	32				
Intangible assets	33		8000	8000	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		8000	8000	8000
Total tier one capital after deductions (31-37)	39		288095	288095	277847

Components of capital resourcesName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	1179800	GL	31	12	2007	£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		33921	33921	37093
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49		33921	33921	37093

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		33921	33921	37093
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69		33921	33921	37093

Components of capital resources

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	1179800	GL	31	12	2007	£000
			General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
			1	2	3	4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72			322016	322016	314940
Inadmissible assets other than intangibles and own shares	73			8982	8982	2334
Assets in excess of market risk and counterparty limits	74			44040	44040	8875
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			268994	268994	303731

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81			268994	268994	303731
Available capital resources for 50% MCR requirement	82			268994	268994	277847
Available capital resources for 75% MCR requirement	83			268994	268994	303731

Financial engineering adjustments

Implicit items	91					
Financial reinsurance - ceded	92			23001	23001	26000
Financial reinsurance - accepted	93					
Outstanding contingent loans	94			123612	123612	117231
Any other charges on future profits	95					
Sum of financial engineering adjustments (91+92-93+94+95)	96			146613	146613	143231

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

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	2007	£000	1
					As at end of this financial year	As at end of the previous year	
					1	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	70960	56125
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	26590	4728
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	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	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	

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**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	2007	£000	1
					As at end of this financial year	As at end of the previous year	
					1	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	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	1843	3
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	3759	4233
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	157	14

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	142071	163129
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Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

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	2007	£000	1
					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	142071	163129
Admissible assets in excess of market and counterparty limits	92	44040	8875
Inadmissible assets directly held	93	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	(6104)	7989
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	188007	179993

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	158	
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**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	2007	£000	10
					As at end of this financial year	As at end of the previous year	
					1	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	28959	5523	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	298241	149784	
Rights under derivative contracts	44	12840	15197	
Fixed interest securities	Approved	45	909449	1049398
	Other	46	375670	601941
Variable interest securities	Approved	47	494	462
	Other	48	60829	60709
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	2736	3307	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	19345	1225
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	57301	54134
	Property linked	59	396738	405797

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**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	2007	£000
					As at end of this financial year	As at end of the previous year
					1	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	2336
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	1782	2947
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	26176	4415
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	79959	11082
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	27092	32029
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	702	547

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	2315859	2418378
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Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	1179800	31	12	2007	£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	2315859	2418378
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	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		2334
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	647609	99449
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	2963454	2520161
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	27	461

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

Category of assets **With Profit Fund**

Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2007	£000	15
					As at end of this financial year	As at end of the previous year	
					1	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	28959	5523	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	121288	138542	
Rights under derivative contracts	44	2236	15197	
Fixed interest securities	Approved	45	664950	784042
	Other	46	231263	315926
Variable interest securities	Approved	47		
	Other	48	37097	39054
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	2736	3307	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	15820	3
	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		

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Category of assets **With Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2007	£000	15
					As at end of this financial year	As at end of the previous year	
					1	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	2336
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	1782	2947
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	28941	5792
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	64440	4495
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	17782	16097
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	601	532

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	1217896	1333793
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Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

Category of assets **With Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2007	£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	1217896	1333793
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	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		2334
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	80214	80270
Other asset adjustments (may be negative)	101	(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	1301736	1416397
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	2781	2091

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Category of assets **Life Non Profit**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	1179800	GL	31	12	2007	£000	12
						As at end of this financial year	As at end of the previous year
						1	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	1250
Rights under derivative contracts	44	164	
Fixed interest securities	Approved	45	25956
	Other	46	22734
Variable interest securities	Approved	47	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	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	177
	Property linked	59	16238

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Category of assets **Life Non Profit**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	1179800	GL	31	12	2007	£000	12
						As at end of this financial year	As at end of the previous year	
						1	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	55	147
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	380	913
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	1155	1458
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	1	1

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	70343	79431
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Category of assets **Life Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2007	£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	70343	79431
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	17936	19013
Other asset adjustments (may be negative)	101	(966)	(1030)
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	87314	97414
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	0	

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

Category of assets **Pension Non Profit**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	1179800	GL	31	12	2007	£000
						As at end of this financial year	As at end of the previous year
						1	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			
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	175717	9992	
Rights under derivative contracts	44	10440		
Fixed interest securities	Approved	45	218543	230231
	Other	46	121673	264186
Variable interest securities	Approved	47		
	Other	48	23732	21655
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	1772	157
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	57124	53958
	Property linked	59	380500	388792

Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

Category of assets **Pension Non Profit**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2007	£000	13
					As at end of this financial year	As at end of the previous year	
					1	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	6	8666
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	15139	5674
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	8155	14474
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	100	14

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	1030446	1015344
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Analysis of admissible assets

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

Category of assets **Pension Non Profit**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
R13	1179800	GL	31	12	2007	£000	13
						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	1030446	1015344
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	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	549459	167
Other asset adjustments (may be negative)	101	(10697)	(9161)
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	1574406	1006350
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	1	1

Long term insurance business liabilities and margins

Name of insurer **LONDON LIFE LIMITED**
Global business
Financial year ended **31 December 2007**
Total business/Sub fund **Total long term insurance business**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	1600568	2228473	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12	207	219	
Balance of surplus/(valuation deficit)	13	64247	70108	
Long term insurance business fund carried forward (11 to 13)	14	1665022	2298800	
Claims outstanding	Gross	15	6203	6071
	Reinsurers' share	16		
	Net (15-16)	17	6203	6071
Provisions	Taxation	21		
	Other risks and charges	22	1201	1245
Deposits received from reinsurers	23	558729	38723	
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	15785
	Other	38	23514	20099
Accruals and deferred income	39	1309	270	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	614902	82193	
Excess of the value of net admissible assets	51	35935	37385	
Total liabilities and margins	59	2315859	2418378	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1055	4275
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	396738	405797

Total liabilities (11+12+49)	71	2215677	2310885
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	647609	99449
Other adjustments to liabilities (may be negative)	74	90585	98718
Capital and reserves and fund for future appropriations	75	9583	11109
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	2963454	2520161

Long term insurance business liabilities and marginsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**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
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Mathematical reserves, after distribution of surplus	11	399650	437989	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12	207	219	
Balance of surplus/(valuation deficit)	13	38383	40966	
Long term insurance business fund carried forward (11 to 13)	14	438240	479174	
Claims outstanding	Gross	15	2577	2506
	Reinsurers' share	16		
	Net (15-16)	17	2577	2506
Provisions	Taxation	21		
	Other risks and charges	22	499	514
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	15785
	Other	38	3526	8440
Accruals and deferred income	39	395	12	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	30943	27257	
Excess of the value of net admissible assets	51	35935	37385	
Total liabilities and margins	59	505118	543815	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	405	603
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	430800	465465
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		

Long term insurance business liabilities and marginsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Total business/Sub fund **Pension With Profit**Units **£000**

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

Mathematical reserves, after distribution of surplus	11	664202	731794	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	2863	3141	
Long term insurance business fund carried forward (11 to 13)	14	667065	734935	
Claims outstanding	Gross	15	3626	3565
	Reinsurers' share	16		
	Net (15-16)	17	3626	3565
Provisions	Taxation	21		
	Other risks and charges	22	702	731
Deposits received from reinsurers	23	35869	38723	
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	4961	12008
Accruals and deferred income	39	555	17	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	45713	55044	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	712778	789979	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	570	857
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	709915	786838
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		

Long term insurance business liabilities and margins

Name of insurer **LONDON LIFE LIMITED**
 Global business
 Financial year ended **31 December 2007**
 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
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Mathematical reserves, after distribution of surplus	11	55854	59182
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	13454	11301
Long term insurance business fund carried forward (11 to 13)	14	69308	70483
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	978
Accruals and deferred income	39	57	23
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	1035	8949
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	70343	79432

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	170	1030
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	16238	17005

Total liabilities (11+12+49)	71	56889	68131
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		

Long term insurance business liabilities and margins

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Total business/Sub fund **Pension Non Profit**Units **£000**

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

Mathematical reserves, after distribution of surplus	11	480862	999508
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	9547	14700
Long term insurance business fund carried forward (11 to 13)	14	490409	1014208
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23	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	16875
Accruals and deferred income	39	302	218
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	540037	1134
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	1030446	1015342

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	2890	792
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	380500	388792

Total liabilities (11+12+49)	71	1020899	1000642
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		

Liabilities (other than long term insurance business)Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

R15	Company registration number	GL/UK/CM	day month year			Units
			31	12	2007	
	1179800	GL				£000
			As at end of this financial year			As at end of the previous year
			1			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	7111	3972
Accruals and deferred income		51	69	12
Total (19 to 51)		59	7180	3984
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	7180	3984

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	138	2827
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	(6104)	(11)
Capital and reserves	84	186931	176020
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	188007	179993

Profit and loss account (non-technical account)Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**

		Company registration number	GL/ UK/ CM	day	month	year	Units
		R16	GL	31	12	2007	£000
				This financial year		Previous year	
				1		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			1030	1257
Investment income	Income		14			11240	8951
	Value re-adjustments on investments		15			677	
	Gains on the realisation of investments		16			1061	
Investment charges	Investment management charges, including interest		17			127	113
	Value re-adjustments on investments		18				21
	Loss on the realisation of investments		19				
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			(70)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			13811	10074
Tax on profit or loss on ordinary activities			31			2900	2510
Profit or loss on ordinary activities after tax (29-31)			39			10911	7564
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			10911	7564
Dividends (paid or foreseeable)			51				
Profit or loss retained for the financial year (49-51)			59			10911	7564

Analysis of derivative contracts

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**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	2007	£000	1
Derivative contracts		As at the end of this financial year			As at the end of the previous year				
		Assets 1		Liabilities 2		Assets 3		Liabilities 4	
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14				619			
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35							
Adjustment for variation margin		41							
Total (11 to 41)		49				619			

Analysis of derivative contracts

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**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	2007	£000	10
Derivative contracts		As at the end of this financial year			As at the end of the previous year				
		Assets 1		Liabilities 2		Assets 3		Liabilities 4	
Futures contracts	Fixed-interest securities	11							
	Equity shares	12	1080						
	Land	13							
	Currencies	14			5737				
	Other	15							
Options	Fixed-interest securities	21	855						
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35	11985		1025		15197	57	
Adjustment for variation margin		41	(1080)						
Total (11 to 41)		49	12840		6762		15197	57	

Analysis of derivative contractsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Category of assets **With Profit Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1179800	GL	31	12	2007	£000	15
Derivative contracts			As at the end of this financial year			As at the end of the previous year			
			Assets 1	Liabilities 2	Assets 3	Liabilities 4			
Futures contracts	Fixed-interest securities	11							
	Equity shares	12	1080						
	Land	13							
	Currencies	14			564				
	Other	15							
Options	Fixed-interest securities	21	855						
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35	1381		1016	15197		57	
Adjustment for variation margin		41	(1080)						
Total (11 to 41)		49	2236		1579	15197		57	

Analysis of derivative contractsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Category of assets **Life Non Profit**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1179800	GL	31	12	2007	£000	12
Derivative contracts			As at the end of this financial year			As at the end of the previous year			
			Assets 1	Liabilities 2	Assets 3	Liabilities 4			
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35		164					
Adjustment for variation margin		41							
Total (11 to 41)		49		164					

Analysis of derivative contractsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Category of assets **Pension Non Profit**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1179800	GL	31	12	2007	£000	13
Derivative contracts		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14				5173			
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35		10440			9		
Adjustment for variation margin		41							
Total (11 to 41)		49		10440		5182			

With-profits insurance capital component for the fundName of insurer **LONDON LIFE LIMITED**With-profits fund **Life With Profit**Financial year ended **31 December 2007**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	505118	543815
	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	505118	543815
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	399857	438208
	Regulatory current liabilities of the fund	22	30943	27257
	Total (21+22)	29	430800	465465
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts	31	16478	18071	
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	447278	483536	
Regulatory excess capital (19-39)	49	57840	60279	

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	57840	60279
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	5939	7655
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	51901	52624

With-profits insurance capital component for the fundName of insurer **LONDON LIFE LIMITED**With-profits fund **Pension With Profit**Financial year ended **31 December 2007**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	712778	789979
	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	712778	789979
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	664202	731794
	Regulatory current liabilities of the fund	22	45713	55044
	Total (21+22)	29	709915	786838
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	25959	27972
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	735874	814810
Regulatory excess capital (19-39)		49	(23096)	(24831)

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	(23096)	(24831)
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		

Realistic balance sheetName of insurer **LONDON LIFE LIMITED**With-profits fund **Life With Profit**Financial year end **31 December 2007**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	505118	543815
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	505118	543815
Support arrangement assets	27		
Assets available to the fund (26+27)	29	505118	543815

Realistic value of liabilities of fund

With-profits benefit reserve	31	399963	441833	
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		842
	Future costs of contractual guarantees (other than financial options)	41	5818	4291
	Future costs of non-contractual commitments	42	9588	9779
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	3621	7726
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	55185	53772
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	74212	74726	
Realistic current liabilities of the fund	51	30943	27256	
Realistic value of liabilities of fund (31+49+51)	59	505118	543815	

Realistic balance sheetName of insurer **LONDON LIFE LIMITED**With-profits fund **Life With Profit**Financial year ends **31 December 2007**Units **£000**

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

Realistic excess capital and additional capital available

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	505118	543815
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	505118	543815
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

Additional amount potentially available for inclusion in line 62	81	55946	64887
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **LONDON LIFE LIMITED**

With-profits fund **Pension With Profit**

Financial year ends **31 December 2007**

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	712778	789979
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	712778	789979
Support arrangement assets	27		
Assets available to the fund (26+27)	29	712778	789979

Realistic value of liabilities of fund

With-profits benefit reserve	31	476633	520325	
Future policy related liabilities	Part miscellaneous surplus attributed to with-profits benefits reserve	32		
	Part 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	117384	130832
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	13580	16540
	Future costs of smoothing (possibly negative)	44	(13673)	(24081)
	Financing costs	45	67317	84652
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	5824	6667
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	190432	214610
Realistic current liabilities of the fund	51	45713	55044	
Realistic value of liabilities of fund (31+49+51)	59	712778	789979	

Realistic balance sheetName of insurer **LONDON LIFE LIMITED**With-profits fund **Pension With Profit**Financial year ends **31 December 2007**Units **£000**

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

Realistic excess capital and additional capital available

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	712778	789979
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	712778	789979
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

Additional amount potentially available for inclusion in line 62	81	78945	94258
Additional amount potentially available for inclusion in line 63	82		

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	(500299)	65640
Investment income receivable before deduction of tax	12	106505	114712
Increase (decrease) in the value of non-linked assets brought into account	13	(51078)	(94970)
Increase (decrease) in the value of linked assets	14	13302	29663
Other income	15		286088
Total income	19	(431570)	401133

Expenditure

Claims incurred	21	183045	288360
Expenses payable	22	9118	10616
Interest payable before the deduction of tax	23	2570	251
Taxation	24	(3685)	(13415)
Other expenditure	25	10130	286088
Transfer to (from) non technical account	26	1030	1257
Total expenditure	29	202208	573157

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(633778)	(172024)
Fund brought forward	49	2298800	2470824
Fund carried forward (39+49)	59	1665022	2298800

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	8756	10755
Investment income receivable before deduction of tax	12	36320	71058
Increase (decrease) in the value of non-linked assets brought into account	13	(20744)	(67897)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	24332	13916

Expenditure

Claims incurred	21	58966	77187
Expenses payable	22	2342	2371
Interest payable before the deduction of tax	23	1355	256
Taxation	24	2018	(3000)
Other expenditure	25		
Transfer to (from) non technical account	26	586	776
Total expenditure	29	65267	77591

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(40935)	(63674)
Fund brought forward	49	479175	542849
Fund carried forward (39+49)	59	438240	479175

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	5531	5751
Investment income receivable before deduction of tax	12	26046	(4843)
Increase (decrease) in the value of non-linked assets brought into account	13	(14877)	4023
Increase (decrease) in the value of linked assets	14		
Other income	15		163890
Total income	19	16700	168821

Expenditure

Claims incurred	21	79585	77734
Expenses payable	22	3569	3786
Interest payable before the deduction of tax	23	972	(17)
Taxation	24		
Other expenditure	25		163890
Transfer to (from) non technical account	26	444	481
Total expenditure	29	84570	245874

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(67870)	(77053)
Fund brought forward	49	734935	811988
Fund carried forward (39+49)	59	667065	734935

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	3195	3238
Investment income receivable before deduction of tax	12	3866	4014
Increase (decrease) in the value of non-linked assets brought into account	13	(1080)	(2856)
Increase (decrease) in the value of linked assets	14	588	1295
Other income	15		23002
Total income	19	6569	28693

Expenditure

Claims incurred	21	6930	8522
Expenses payable	22	431	567
Interest payable before the deduction of tax	23	83	1
Taxation	24	300	(3949)
Other expenditure	25		23002
Transfer to (from) non technical account	26		
Total expenditure	29	7744	28143

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1175)	550
Fund brought forward	49	70483	69933
Fund carried forward (39+49)	59	69308	70483

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	(517781)	45896
Investment income receivable before deduction of tax	12	40273	44483
Increase (decrease) in the value of non-linked assets brought into account	13	(14377)	(28240)
Increase (decrease) in the value of linked assets	14	12714	28368
Other income	15		99196
Total income	19	(479171)	189703

Expenditure

Claims incurred	21	37564	124917
Expenses payable	22	2776	3892
Interest payable before the deduction of tax	23	161	10
Taxation	24	(6003)	(6466)
Other expenditure	25	10130	99196
Transfer to (from) non technical account	26		
Total expenditure	29	44628	221549

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(523799)	(31846)
Fund brought forward	49	1014208	1046054
Fund carried forward (39+49)	59	490409	1014208

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	10721	2500		13221	15380
Single premiums	12	1631	44947		46578	50980

Reinsurance - external

Regular premiums	13	401	76		477	351
Single premiums	14		559413		559413	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16		208		208	369

Net of reinsurance

Regular premiums	17	10320	2424		12744	15029
Single premiums	18	1631	(514674)		(513043)	50611

Total

Gross	19	12352	47447		59799	66360
Reinsurance	20	401	559697		560098	720
Net	21	11951	(512250)		(500299)	65640

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	8854			8854	10576
Single premiums	12	189			189	308

Reinsurance - external

Regular premiums	13	287			287	129
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	8567			8567	10447
Single premiums	18	189			189	308

Total

Gross	19	9043			9043	10884
Reinsurance	20	287			287	129
Net	21	8756			8756	10755

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11		1142		1142	1236
Single premiums	12		4618		4618	4884

Reinsurance - external

Regular premiums	13		21		21	
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16		208		208	369

Net of reinsurance

Regular premiums	17		1121		1121	1236
Single premiums	18		4410		4410	4515

Total

Gross	19		5760		5760	6120
Reinsurance	20		229		229	369
Net	21		5531		5531	5751

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	1867			1867	2143
Single premiums	12	1442			1442	1236

Reinsurance - external

Regular premiums	13	114			114	141
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	1753			1753	2002
Single premiums	18	1442			1442	1236

Total

Gross	19	3309			3309	3379
Reinsurance	20	114			114	141
Net	21	3195			3195	3238

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11		1358		1358	1425
Single premiums	12		40329		40329	44552

Reinsurance - external

Regular premiums	13		55		55	81
Single premiums	14		559413		559413	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17		1303		1303	1344
Single premiums	18		(519084)		(519084)	44552

Total

Gross	19		41687		41687	45977
Reinsurance	20		559468		559468	81
Net	21		(517781)		(517781)	45896

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	7978	2850		10828	11992
Disability periodic payments	12	445			445	234
Surrender or partial surrender	13	11055	49560		60615	116314
Annuity payments	14	1558	54063		55621	54061
Lump sums on maturity	15	45763	55666		101429	108971
Total	16	66799	162139		228938	291572

Reinsurance - external

Death or disability lump sums	21	430			430	(648)
Disability periodic payments	22					
Surrender or partial surrender	23	89			89	(1163)
Annuity payments	24		40538		40538	
Lump sums on maturity	25	384			384	563
Total	26	903	40538		41441	(1248)

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		4452		4452	4460
Lump sums on maturity	35					
Total	36		4452		4452	4460

Net of reinsurance

Death or disability lump sums	41	7548	2850		10398	12640
Disability periodic payments	42	445			445	234
Surrender or partial surrender	43	10966	49560		60526	117477
Annuity payments	44	1558	9073		10631	49601
Lump sums on maturity	45	45379	55666		101045	108408
Total	46	65896	117149		183045	288360

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	6994			6994	8002
Disability periodic payments	12					
Surrender or partial surrender	13	9898			9898	19143
Annuity payments	14					
Lump sums on maturity	15	42977			42977	48794
Total	16	59869			59869	75939

Reinsurance - external

Death or disability lump sums	21	430			430	(648)
Disability periodic payments	22					
Surrender or partial surrender	23	89			89	(1163)
Annuity payments	24					
Lump sums on maturity	25	384			384	563
Total	26	903			903	(1248)

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	6564			6564	8650
Disability periodic payments	42					
Surrender or partial surrender	43	9809			9809	20306
Annuity payments	44					
Lump sums on maturity	45	42593			42593	48231
Total	46	58966			58966	77187

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11		1727		1727	1275
Disability periodic payments	12					
Surrender or partial surrender	13		25683		25683	19816
Annuity payments	14		11536		11536	11631
Lump sums on maturity	15		45091		45091	49472
Total	16		84037		84037	82194

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		4452		4452	4460
Lump sums on maturity	35					
Total	36		4452		4452	4460

Net of reinsurance

Death or disability lump sums	41		1727		1727	1275
Disability periodic payments	42					
Surrender or partial surrender	43		25683		25683	19816
Annuity payments	44		7084		7084	7171
Lump sums on maturity	45		45091		45091	49472
Total	46		79585		79585	77734

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	984		984	499
Disability periodic payments	12	445		445	234
Surrender or partial surrender	13	1157		1157	4298
Annuity payments	14	1558		1558	2048
Lump sums on maturity	15	2786		2786	1443
Total	16	6930		6930	8522

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				
Lump sums on maturity	35				
Total	36				

Net of reinsurance

Death or disability lump sums	41	984		984	499
Disability periodic payments	42	445		445	234
Surrender or partial surrender	43	1157		1157	4298
Annuity payments	44	1558		1558	2048
Lump sums on maturity	45	2786		2786	1443
Total	46	6930		6930	8522

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11		1123		1123	2216
Disability periodic payments	12					
Surrender or partial surrender	13		23877		23877	73057
Annuity payments	14		42527		42527	40382
Lump sums on maturity	15		10575		10575	9262
Total	16		78102		78102	124917

Reinsurance - external

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24		40538		40538	
Lump sums on maturity	25					
Total	26		40538		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		1123		1123	2216
Disability periodic payments	42					
Surrender or partial surrender	43		23877		23877	73057
Annuity payments	44		1989		1989	40382
Lump sums on maturity	45		10575		10575	9262
Total	46		37564		37564	124917

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	2778	6402	9180	10682
Management - other	15				
Total	16	2778	6402	9180	10682

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24	5	2	7	12
Management - other	25				
Total	26	5	2	7	12

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34		55	55	54
Management - other	35				
Total	36		55	55	54

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	2773	6345	9118	10616
Management - other	45				
Total	46	2773	6345	9118	10616

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	2343		2343	2373
Management - other	15				
Total	16	2343		2343	2373

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24	1		1	2
Management - other	25				
Total	26	1		1	2

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	2342		2342	2371
Management - other	45				
Total	46	2342		2342	2371

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14		3626	3626	3842
Management - other	15				
Total	16		3626	3626	3842

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		55	55	54
Management - other	35				
Total	36		55	55	54

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44		3569	3569	3786
Management - other	45				
Total	46		3569	3569	3786

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	435		435	575
Management - other	15				
Total	16	435		435	575

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24	4		4	8
Management - other	25				
Total	26	4		4	8

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	431		431	567
Management - other	45				
Total	46	431		431	567

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14		2776	2776	3892
Management - other	15				
Total	16		2776	2776	3892

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		2776	2776	3892
Management - other	45				
Total	46		2776	2776	3892

Long-term insurance business : Linked funds balance sheet

Name of insurer **LONDON LIFE LIMITED**
 Total business
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	9879	41392
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	387151	364584
Total assets (excluding cross investment) (11+12+13)	14	397030	405976
Provision for tax on unrealised capital gains	15	55	146
Secured and unsecured loans	16		
Other liabilities	17	237	33
Total net assets (14-15-16-17)	18	396738	405797

Directly held linked assets

Value of directly held linked assets	21		
--------------------------------------	----	--	--

Total

Value of directly held linked assets and units held (18+21)	31	396738	405797
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34	396738	405797

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

Name of insurer **LONDON LIFE LIMITED**

Total business

Financial year ended **31 December 2007**Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

Income

Value of total creation of units	11	5385	10834
Investment income attributable to the funds before deduction of tax	12	13742	13111
Increase (decrease) in the value of investments in the financial year	13	13302	29663
Other income	14	34	38
Total income	19	32463	53646

Expenditure

Value of total cancellation of units	21	38805	84624
Charges for management	22	1052	1173
Charges in respect of tax on investment income	23	1578	439
Taxation on realised capital gains	24	17	23
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	55	146
Other expenditure	26	15	12
Total expenditure	29	41522	86417

Increase (decrease) in funds in financial year (19-29)	39	(9059)	(32771)
Internal linked fund brought forward	49	405797	438568
Internal linked funds carried forward (39+49)	59	396738	405797

Long-term insurance business : Summary of new businessName of insurer **LONDON LIFE LIMITED**

Total business

Financial year ended **31 December 2007**Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Number of new policyholders/
scheme members for direct
insurance business**

Regular premium business	11					
Single premium business	12	7	1518		1525	1423
Total	13	7	1518		1525	1423

**Amount of new regular
premiums**

Direct insurance business	21		98		98	105
External reinsurance	22					
Intra-group reinsurance	23					
Total	24		98		98	105

**Amount of new single
premiums**

Direct insurance business	25	1631	44947		46578	50980
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	1631	44947		46578	50980

Long-term insurance business : Analysis of new business

LONDON LIFE LIMITED

Name of insurer

Total business

Financial year ended

31 December 2007

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
390	Deferred annuity non-profit				1533
395	Annuity non-profit (PLA)			7	96
435	Miscellaneous non-profit				
505	Life UWP whole life regular premium				
700	Life property linked single premium				2
795	Miscellaneous property linked				

Long-term insurance business : Analysis of new business

Name of insurer
LONDON LIFE LIMITED

Total business

Financial year ended
31 December 2007Units
£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		21		476
165	Conventional deferred annuity with-profits				
175	Group conventional deferred annuity with-profits				
200	Annuity with-profits (CPA)				
400	Annuity non-profit (CPA)			1518	42882
435	Miscellaneous non-profit		1		
525	Individual pensions UWP		15		11
715	Group conventional deferred annuity with-profits				277
725	Individual pensions property linked		49		967
735	Group money purchase pensions property linked		12		
745	DWP National Insurance rebates property linked				334

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**
 Financial year ended **31 December 2007**
 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	249643	249643	12232	4.65	
Other fixed interest securities	13	147677	147678	9451	5.94	
Variable interest securities	14	25102	25102	1263	2.18	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	221660	221660	1786	0.80	
Total	19	644082	644082	24732	3.52	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21		87823	3649	4.15	
Approved fixed interest securities	22	672724	680360	32361	4.51	5.66
Other fixed interest securities	23	236306	240301	14443	6.01	0.95
Variable interest securities	24	37561	2935	82	4.68	
UK listed equity shares	25		66253	868	0.71	
Non-UK listed equity shares	26	70	3738	49	0.71	
Unlisted equity shares	27	28889	3525	46	3.47	
Other assets	28	242188	132803	7059	5.14	5.70
Total	29	1217738	1217738	58557	4.63	3.97

Overall return on with-profits assets

Post investment costs but pre-tax	31					3.68
Return allocated to non taxable 'asset shares'	32					4.34
Return allocated to taxable 'asset shares'	33					2.61

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 2007**
 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	26345	26345	1358	4.25	
Other fixed interest securities	13	23495	23496	1501	6.18	
Variable interest securities	14	499	499	5	1.72	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	3589	3589	177	4.93	
Total	19	53928	53928	3041	5.11	

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					

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 2007**
 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	223298	223298	10875	4.70	
Other fixed interest securities	13	124182	124182	7949	5.89	
Variable interest securities	14	24603	24603	1258	2.19	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	220739	220739	1609	0.73	
Total	19	592822	592822	21691	3.37	

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					

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 2007**
 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		87823	3649	4.15	
Approved fixed interest securities	22	672724	680360	32361	4.51	5.66
Other fixed interest securities	23	236306	240301	14443	6.01	0.95
Variable interest securities	24	37561	2935	82	4.68	
UK listed equity shares	25		66253	868	0.71	
Non-UK listed equity shares	26	70	3738	49	0.71	
Unlisted equity shares	27	28889	3525	46	3.47	
Other assets	28	242346	132961	7059	5.13	5.69
Total	29	1217896	1217896	58557	4.63	3.97

Overall return on with-profits assets

Post investment costs but pre-tax	31					3.68
Return allocated to non taxable 'asset shares'	32					4.34
Return allocated to taxable 'asset shares'	33					2.61

Long-term insurance business : Fixed and variable interest assets

Name of insurer **LONDON LIFE LIMITED**
 Category of assets **Total long term insurance business**
 Financial year ended **31 December 2007**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	643838	8.13	4.47	4.47
Other approved fixed interest securities	21	286165	12.36	4.74	4.73
Other fixed interest securities					
AAA/Aaa	31	90147	9.94	5.52	5.35
AA/Aa	32	105156	8.37	6.09	5.76
A/A	33	168470	9.18	6.11	5.50
BBB/Baa	34	23440	9.97	5.83	4.63
BB/Ba	35				
B/B	36	766	6.63	9.94	3.39
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	387979	9.19	5.96	5.48
Approved variable interest securities	41	499	5.34	1.59	1.59
Other variable interest securities	51	27538	4.81	2.45	2.25
Total (11+21+39+41+51)	61	1346019	9.26	4.92	4.77

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 2007**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	1644	2.91	4.35	4.35
Other approved fixed interest securities	21	221654	12.74	4.71	4.70
Other fixed interest securities					
AAA/Aaa	31	26535	12.79	5.23	5.14
AA/Aa	32	44188	6.92	6.16	5.95
A/A	33	37569	10.36	6.04	5.67
BBB/Baa	34	15890	8.71	5.88	4.60
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	124182	9.45	5.89	5.52
Approved variable interest securities	41				
Other variable interest securities	51	24603	4.26	2.19	2.03
Total (11+21+39+41+51)	61	372083	11.04	4.93	4.80

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 2007**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	630407	8.17	4.48	4.48
Other approved fixed interest securities	21	49953	11.55	4.91	4.84
Other fixed interest securities					
AAA/Aaa	31	60087	9.29	5.68	5.52
AA/Aa	32	50939	10.16	6.10	5.75
A/A	33	121825	9.09	6.14	5.54
BBB/Baa	34	7450	12.63	5.73	4.69
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	240301	9.48	6.01	5.55
Approved variable interest securities	41				
Other variable interest securities	51	2935	9.41	4.68	4.14
Total (11+21+39+41+51)	61	923596	8.70	4.90	4.77

Long-term insurance business : Summary of mathematical reserves

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31 December 2007**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	401580	711495		1113075	1218323
Form 51 - non-profit	12	53607	617906		671513	624770
Form 52	13	8158	12002		20160	22462
Form 53 - linked	14	33170	380500		413670	423742
Form 53 - non-linked	15	299	6491		6790	7986
Form 54 - linked	16	177	57124		57301	54134
Form 54 - non-linked	17					
Total	18	496990	1785518		2282508	2351417

Reinsurance - external

Form 51 - with-profits	21	10270	7		10277	10521
Form 51 - non-profit	22	902	507885		508787	1099
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26		54644		54644	
Form 54 - non-linked	27					
Total	28	11172	562536		573708	11620

Reinsurance - intra-group

Form 51 - with-profits	31		69927		69927	69108
Form 51 - non-profit	32	13543	9547		23090	26088
Form 52	33					
Form 53 - linked	34	16932			16932	17944
Form 53 - non-linked	35	21			21	15
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38	30496	79473		109970	113156

Net of reinsurance

Form 51 - with-profits	41	391310	641561		1032871	1138694
Form 51 - non-profit	42	39162	100474		139636	597583
Form 52	43	8158	12002		20160	22462
Form 53 - linked	44	16238	380500		396738	405797
Form 53 - non-linked	45	277	6491		6768	7971
Form 54 - linked	46	177	2480		2657	54134
Form 54 - non-linked	47					
Total	48	455322	1143508		1598830	2226641

Long-term insurance business : Summary of mathematical reservesName of insurer **LONDON LIFE LIMITED**Total business / subfund **Life With Profit**Financial year ended **31 December 2007**Units
£000

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	401580		401580	439451
Form 51 - non-profit	12				
Form 52	13	8158		8158	8860
Form 53 - linked	14				
Form 53 - non-linked	15	10		10	15
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	409748		409748	448326

Reinsurance - external

Form 51 - with-profits	21	10270		10270	10515
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	10270		10270	10515

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	10		10	15
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38	10		10	15

Net of reinsurance

Form 51 - with-profits	41	391310		391310	428936
Form 51 - non-profit	42				
Form 52	43	8158		8158	8860
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	399468		399468	437796

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 2007**Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11		711495		711495	778872
Form 51 - non-profit	12		3024		3024	
Form 52	13		12002		12002	13602
Form 53 - linked	14					
Form 53 - non-linked	15		6059		6059	6796
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18		732580		732580	799270

Reinsurance - external

Form 51 - with-profits	21		7		7	6
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	6

Reinsurance - intra-group

Form 51 - with-profits	31		69927		69927	69108
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		69927		69927	69108

Net of reinsurance

Form 51 - with-profits	41		641561		641561	709758
Form 51 - non-profit	42		3024		3024	
Form 52	43		12002		12002	13602
Form 53 - linked	44					
Form 53 - non-linked	45		6059		6059	6796
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48		662646		662646	730156

Long-term insurance business : Summary of mathematical reservesName of insurer **LONDON LIFE LIMITED**Total business / subfund **Life Non Profit**Financial year ended **31 December 2007**Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12	53607		53607	53977
Form 52	13				
Form 53 - linked	14	33170		33170	34950
Form 53 - non-linked	15	289		289	343
Form 54 - linked	16	177		177	176
Form 54 - non-linked	17				
Total	18	87242		87243	89446

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	902		902	932
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	902		902	932

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	13543		13543	11388
Form 52	33				
Form 53 - linked	34	16932		16933	17944
Form 53 - non-linked	35	11		11	
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38	30486		30487	29332

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	39162		39162	41657
Form 52	43				
Form 53 - linked	44	16238		16237	17005
Form 53 - non-linked	45	277		278	343
Form 54 - linked	46	177		177	176
Form 54 - non-linked	47				
Total	48	55854		55854	59182

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 2007**

Units

£000

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12		614882	614882	570793
Form 52	13				
Form 53 - linked	14		380500	380500	388792
Form 53 - non-linked	15		432	432	832
Form 54 - linked	16		57124	57124	53958
Form 54 - non-linked	17				
Total	18		1052938	1052938	1014374

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22		507885	507885	167
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26		54644	54644	
Form 54 - non-linked	27				
Total	28		562529	562529	167

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32		9547	9547	14700
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38		9547	9547	14700

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42		97450	97450	555926
Form 52	43				
Form 53 - linked	44		380500	380500	388792
Form 53 - non-linked	45		432	432	832
Form 54 - linked	46		2480	2480	53958
Form 54 - non-linked	47				
Total	48		480862	480862	999507

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 2007**

Units **£000**

UK Pension / Reinsurance ceded intra-group

Product code number	1	2	Product description	Number of policyholders / scheme members	4	5	6	7	8	9
					Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
200		Annuity with-profits (CPA)		4415					69927	

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 2007**

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
300	Regular premium non-profit WL/EA OB	2268	4930	46				3225
325	Level term assurance	5392	293148	2055				1286
330	Decreasing term assurance	269	907	89				1430
350	Stand-alone critical illness (guaranteed premiums)	121	4278	39				(66)
360	Income protection non-profit (guaranteed premiums)	890		32				2402
385	Income protection claims in payment	39						2589
390	Deferred annuity non-profit	796	10755	31				13153
395	Annuity non-profit (PLA)	1210	1553					16008
420	Group income protection							126
440	Additional reserves non-profit OB							13454

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 2007**

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				36
325	Level term assurance		23476	456				207
330	Decreasing term assurance	1	28	6				0
350	Stand-alone critical illness (guaranteed premiums)		2147	18				(30)
360	Income protection non-profit (guaranteed premiums)	124	2048	32				500
385	Income protection claims in payment		22					161
420	Group income protection		1703					28

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 2007**
 Units **£000**

UK Life / 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
395	Annuity non-profit (PLA)		31					89
440	Additional reserves non-profit OB							13454

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 2007**
 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
300	Regular premium non-profit WL/EA OB	552	604					539
325	Level term assurance	1863	106271	454				1934
330	Decreasing term assurance	109	2476	13				87
390	Deferred annuity non-profit	1228	6050	5				21072
400	Annuity non-profit (CPA)	21454	39105					558931
410	Group life	88	85908	2436				207
440	Additional reserves non-profit OB							32112

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 2007**
 Units **£000**
 UK Pension / Reinsurance ceded external

1	2	3	4	5	6	7	8	9
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
325	Level term assurance		11493	54				117
330	Decreasing term assurance		828	6				6
390	Annuity non-profit (CPA)	2	220					22
400	Annuity non-profit (CPA)	19793	36846					507716
410	Group life							24

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 2007**

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							9547

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 2007**
 Units **£000**

UK Life / Gross

Product code number	1	2	Product description	Number of policyholders / scheme members	3	Amount of benefit	4	Amount of annual office premiums	5	6	7	8	9
505	Life UWP	whole life regular premium		1213		120			7712	7712		446	8158

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 2007**

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
525	Individual pensions UWP	2526		287	11610	11610	392	12002

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 2007**
 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						10	10

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 2007**

Units

£000

UK Life / Reinsurance ceded intra-group

Product code number	1	2	Product description	Number of policyholders / scheme members	3	4	Amount of benefit	5	Amount of annual office premiums	6	Nominal value of units	7	Discounted value of units	8	Other liabilities	9	Amount of mathematical reserves
700		Life property linked single premium													10	9	10

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 2007**
 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
725	Individual pensions property linked	876					6059	6059

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 2007
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	162	21475		17511	17350	14	17364
710	Life property linked whole life regular premium	280	5909	204	2182	1001	4	1005
715	Life property linked endowment regular premium - savings	1537	34256	535	15043	14819	271	15090

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 2007**

Units **£000**

UK Life / Reinsurance ceded intra-group

Product code number	1	2	Product description	3	Number of policyholders / scheme members	4	Amount of benefit	5	Amount of annual office premiums	6	Nominal value of units	7	Discounted value of units	8	Other liabilities	9	Amount of mathematical reserves
700		Life property linked single premium			16444					16444	16444			11			16455
710		Life property linked whole life regular premium			489	87				489	489						489

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 2007**
 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
725	Individual pensions property linked	4832	157121	483	157121	154657	22	154679
745	DWP National Insurance rebates property linked	20940	225843		225433	225843	410	226253

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 2007

Units £000

UK Life / Gross

Product code number	1	2	Product description	3	Number of policyholders / scheme members	4	Amount of benefit	5	Amount of annual office premiums	6	Nominal value of units	7	Discounted value of units	8	Other liabilities	9	Amount of mathematical reserves
905	Index linked annuity			7	15						177	177		8		9	177

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 2007**
 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
905	Index linked annuity	707	4115			57124		57124

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 2007**
 Units **£000**

UK Pension / Reinsurance ceded external

1 Product code number	2 Product description	3 Number of policyholders / scheme members	4 Amount of benefit	5 Amount of annual office premiums	6 Nominal value of units	7 Discounted value of units	8 Other liabilities	9 Amount of mathematical reserves
905	Index linked annuity	565	3920			54644		54644

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

Name of insurer LONDON LIFE LIMITED

Total business

Financial year ended 31 December 2007

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	59293	Series S	0.75	3.4640	3.7020	6.87
PENSIONS UK EQUITY	15 - individual pension - UK equity	45353	Series S	0.75	4.0210	4.1750	3.83
AMP PENSIONS MANAGED	12 - individual pension - balanced managed fund	243305	Accumulation	0.75	7.4810	7.9140	5.79

Long-term insurance business : Index linked business

Name of insurer **LONDON LIFE LIMITED**

Total business

Financial year ended **31 December 2007**

Units **£000**

Type of assets and liabilities	Name of index link 1	Value of assets or liabilities 2	Gross derivative value 3
Government Fixed Interest		2480	
Government Index Linked	Retail Prices Index	54820	
Total assets		57301	
Total liabilities			
Net total assets		57301	

Long-term insurance business: analysis of valuation interest rateName of insurer **LONDON LIFE LIMITED**Subfund **Life With Profit**Financial year ended **31 December 2007**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 505	8340	3.00	3.16	3.57
UKL WP code 120 / 165	7088	3.10	3.88	4.40
UKL WP code 100 / 120	144419	3.15	3.94	4.45
UKL WP code 100 / 120	60628	3.20	4.00	4.49
UKL WP code 100 / 120	175281	3.50	4.38	5.28
UKL WP code 120 / 165	4101	3.51	4.39	4.75
Total	399857			

Long-term insurance business: analysis of valuation interest rate

Name of insurer **LONDON LIFE LIMITED**Subfund **Pension With Profit**Financial year ended **31 December 2007**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 525	12293	3.15	3.15	4.64
UKP WP code 155	81475	4.00	4.00	4.43
UKP WP code 1725	6059	4.03	4.03	4.49
UKP WP code 155 / 165 / 175 / 200 / 205 / 210	350794	4.20	4.20	4.64
UKP WP code 165	20579	4.90	4.90	5.71
UKP WP code 200	74714	5.00	5.00	5.45
UKP WP code 200	212	5.24	5.24	4.64
UKP WP code 155 / 165 / 205	115052	4.39	4.39	4.75
UKP NP code 400 / 435	3024	4.20	4.20	4.64
Total	664202			

Long-term insurance business: analysis of valuation interest rateName of insurer **LONDON LIFE LIMITED**Subfund **Life Non Profit**Financial year ended **31 December 2007**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 / 395 / 420 / 360	23350	3.51	4.39	4.51
UKL NP code 395	15812	3.68	4.60	4.73
UKL NP code 905	177	3.39	4.24	4.36
UKL NP code 700 / 710 / 715	16515	3.01	3.76	3.87
Total	55854			

Long-term insurance business: analysis of valuation interest rate

Name of insurer **LONDON LIFE LIMITED**Subfund **Pension Non Profit**Financial year ended **31 December 2007**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 300 / 325 / 330 / 390 / 400 / 410 / 440	46360	4.49	4.49	4.61
UKP NP code 390 / 400	51090	4.71	4.71	4.83
UKP NP code 725 / 745	380932	3.85	3.85	3.95
UKP NP code 905	2480	4.70	4.70	4.82
Total	480862			

Long-term insurance business : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

Valuation result

Fund carried forward	11	1665022	2298800
Bonus payments in anticipation of a surplus	12	7326	9260
Transfer to non-technical account	13	1030	1257
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1673378	2309317
Mathematical reserves	21	1598830	2226640
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	74548	82677

Composition of surplus

Balance brought forward	31	70109	73358
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	4439	9319
Total	39	74548	82677

Distribution of surplus

Bonus paid in anticipation of a surplus	41	7326	9260
Cash bonuses	42	207	219
Reversionary bonuses	43	1738	1832
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	9271	11311
Net transfer out of fund / part of fund	47	1030	1257
Total distributed surplus (46+47)	48	10301	12568
Surplus carried forward	49	64247	70109
Total (48+49)	59	74548	82677

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 : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

Valuation result

Fund carried forward	11	438240	479174
Bonus payments in anticipation of a surplus	12	4885	6567
Transfer to non-technical account	13	586	776
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	443711	486517
Mathematical reserves	21	399468	437796
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	44243	48721

Composition of surplus

Balance brought forward	31	40966	41742
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	3277	6979
Total	39	44243	48721

Distribution of surplus

Bonus paid in anticipation of a surplus	41	4885	6567
Cash bonuses	42	207	219
Reversionary bonuses	43	182	193
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	5274	6979
Net transfer out of fund / part of fund	47	586	776
Total distributed surplus (46+47)	48	5860	7755
Surplus carried forward	49	38383	40966
Total (48+49)	59	44243	48721

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

Long-term insurance business : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	667065	734935
Bonus payments in anticipation of a surplus	12	2441	2693
Transfer to non-technical account	13	444	481
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	669950	738109
Mathematical reserves	21	662646	730154
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	7304	7955

Composition of surplus

Balance brought forward	31	3142	3616
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	4162	4339
Total	39	7304	7955

Distribution of surplus

Bonus paid in anticipation of a surplus	41	2441	2693
Cash bonuses	42		
Reversionary bonuses	43	1556	1639
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	3997	4332
Net transfer out of fund / part of fund	47	444	481
Total distributed surplus (46+47)	48	4441	4813
Surplus carried forward	49	2863	3142
Total (48+49)	59	7304	7955

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

Long-term insurance business : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	69308	70483
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	69308	70483
Mathematical reserves	21	55854	59182
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	13454	11301

Composition of surplus

Balance brought forward	31	11301	4889
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	2153	6412
Total	39	13454	11301

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		
Total distributed surplus (46+47)	48		
Surplus carried forward	49	13454	11301
Total (48+49)	59	13454	11301

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 : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	490409	1014208
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	490409	1014208
Mathematical reserves	21	480862	999508
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9547	14700

Composition of surplus

Balance brought forward	31	14700	23111
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(5153)	(8411)
Total	39	9547	14700

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		
Total distributed surplus (46+47)	48		
Surplus carried forward	49	9547	14700
Total (48+49)	59	9547	14700

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 2008**

1	2	3	4	5	6	7	8
Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
Endowment assurance	10	5544	0	N/A	CWP	N	N/A
Endowment assurance	15	11187	1131	N/A	CWP	N	N/A
Endowment assurance	20	20137	2627	N/A	CWP	N	N/A
Endowment assurance	25	37523	4894	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	27934	1338	N/A	UWP	N	N/A
Regular premium pension	15	46507	1981	N/A	CWP	N	N/A
Regular premium pension	20	78956	3330	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	13945	580	N/A	UWP	N	N/A
Single premium pension	15	19218	985	N/A	CWP	N	N/A
Single premium pension	20	34237	3084	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 2008

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	4271	0	N/A	CWP	N/A	N/A
Endowment assurance	15	8709	0	N/A	CWP	N/A	N/A
Endowment assurance	20	16802	489	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	13316	459	0	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	13945	580	0	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 2008**

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	10	N/A	N/a	N/A	CWP	N/A	N/A
Endowment assurance	15	N/A	N/a	N/A	CWP	N/A	N/A
Endowment assurance	20	20524	0	N/A	CWP	N/A	N/A
Endowment assurance	25	33354	0	N/A	CWP	N/A	N/A
Regular premium pension	5	N/A	N/A	N/A	CWP	N/A	N/A
Regular premium pension	10	N/A	N/a	N/A	CWP	N/A	N/A
Regular premium pension	15	N/A	N/a	N/A	CWP	N/A	N/A
Regular premium pension	20	98915	0	N/A	CWP	N/A	N/A
Single premium pension	5	N/A	N/A	N/A	CWP	N/A	N/A
Single premium pension	10	N/A	N/a	N/A	CWP	N/A	N/A
Single premium pension	15	N/A	N/a	N/A	CWP	N/A	N/A
Single premium pension	20	42565	0	N/A	CWP	N/A	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 2008

1	2	3	4	5	6	7	8
Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	N/A	N/A	N/A	CWP	N/A	N/A
Endowment assurance	15	N/A	N/A	N/A	CWP	N/A	N/A
Endowment assurance	20	18005	0	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	CWP	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	CWP	N/A	N/A

Long-term insurance capital requirementName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2007**Units **£000**

LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
1	2	3	4	5	6

Insurance death risk capital component

Life protection reinsurance	11	0.0%					
Classes I (other), II and IX	12	0.1%	114612	0	0.69	79	87
Classes I (other), II and IX	13	0.15%	72182			74	78
Classes I (other), II and IX	14	0.3%	597983	539825		1234	1490
Classes III, VII and VIII	15	0.3%					
Total	16		784777	539825		1387	1655

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					48	48
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	1801954	1158920	0.85	15317	17728
Classes III, VII and VIII (investment risk)	33	1%	25738	24979	0.97	250	274
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	43206	38905	0.90	389	454
Classes III, VII and VIII (other)	35	25%				354	271
Class IV (other)	36	1%	5117	4427	0.87	44	51
Class V	37	1%					
Class VI	38	1%					
Total	39					16354	18777

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	1801954	1158920	0.85	45950	53183
Classes III, VII and VIII (investment risk)	43	3%	25738	24979	0.97	749	821
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	43206	38905			
Classes III, VII and VIII (other)	45	0%	351517	339623			
Class IV (other)	46	3%	5117	4427	0.87	133	152
Class V	47	0%					
Class VI	48	3%					
Total	49		2227532	1566854		46832	54156

Long term insurance capital requirement	51					64621	74636
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Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

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 2007. 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 26 January 2007 effective from 31 December 2006. The effect of the direction is to enable the firm to apply a long-term business amount of 2% to its investments in Jersey property unit trusts. £22m 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.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.1 (continued)

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

	2007	2006
	£'000	£'000
Net admissible assets		
Form 13 line 89 (other than long term business)	142,071	163,129
Form 13 line 89 (long term business)	2,315,859	2,418,378
Less Form 14 Line 71	(2,215,677)	(2,310,878)
Less Form 15 Line 69	(7,180)	(3,984)
Net admissible assets	235,073	266,638
Contingent loan included in Form 3 Line 46 and Form 14 Line 11	33,921	37,093
Total capital resources after deductions	<u>268,994</u>	<u>303,731</u>

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

Included within capital resources is £33,921,000 (2006: £37,093,000) 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 £23,001,000 (2006: £26,001,000), against contingent liability recognised in Form 14 of £33,921,000 (2006: £37,093,000). Consequently Form 3 line 92 reports a balance of £23,001,000 (2006: £26,001,000).

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

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

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 2007, the total amount of contingent loan is £286,088,000 (2006: £286,088,000), however the amount still to be repaid from future profits under the arrangements as at 31 December 2007, not already recognised in Form 14 is £123,612,000 (2006: £117,231,000).

0310 Net Valuation differences shown in Form 3 Line 14

	2007	2006
	£'000	£'000
Positive valuation differences in respect of liabilities		
Contingent loan valuation difference	123,612	117,231
Onerous contracts provision	2,701	3,141
Valuation difference on premium withheld	5,198	-
	<u>131,511</u>	<u>120,372</u>
Negative valuation differences in respect of liabilities		
Actuarial Valuation difference	(31,930)	(21,654)
	<u>(31,930)</u>	<u>(21,654)</u>
Net valuation difference	<u>99,581</u>	<u>98,718</u>

0311

Form 3 line 92 (Financial reinsurance – ceded) and line 94 (outstanding contingent loan) have been restated in 2006 to provide the correct position for the Surplus Relief Reassurance Agreement (supplementary note 0306) and the outstanding contingent loan as per supplementary note 0308.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.1 (continued)

0313

	2007	2006
	£'000	£'000
Form 3 line 12 at 1 January	157,220	149,355
Form 16 line 59	10,911	7,564
	<hr/>	<hr/>
	168,131	156,919
Prior year UKGAAP tax adjustment	-	301
	<hr/>	<hr/>
Form 3 line 12 at 31 December	168,131	157,220
	<hr/>	<hr/>

1100

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-minimus limit.

1200

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-minimus limit.

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.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.1 (continued)

1307

1313

- a) The aggregate value of rights over collateral in respect of approved stock lending transactions is £611m (2006: £740m).
- b) On 4 May 2007 the Company entered into a reinsurance arrangement with Opal Reassurance Limited ("Opal"). The arrangement involved the reinsurance of specified pension annuities in payment to Opal and was effective from 1 January 2007.

1308 Unlisted and listed investments

	2007 £'000	2006 £'000
Unlisted Investments valued in accordance with the rules in GENPRU 1.3	9,025	5,500
Listed investments valued in accordance with the rules in GENPRU 1.3 which are not readily realisable	-	-
Units or other beneficial interests in collective investment schemes, as specified	26,157	32,407
	<hr/>	<hr/>
	35,182	37,907
	<hr/>	<hr/>

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.

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 £50.1 million (2006: £65.0 million).

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.1 (continued)

***1318* Other asset adjustments**

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

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

***1318* Other asset adjustments**

<u>2006</u>	Other than long term	Life non Profit	Pension non profit	With profits
	£'000	£'000	£'000	£'000
Gross up of sub fund intercompany balances	(11)	(1,030)	(501)	-
Gross up of sub fund intercompany tax balances	-	-	(8,660)	-
PVIF	8,000	-	-	-
	7,989	(1,030)	(9,161)	-

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

1501

There are no provisions for reasonably foreseeable adverse variations as the insurer does not hold any uncovered obligations under a derivative contract and has not entered into any non approved derivative contracts.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.1 (continued)

***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:

<u>Line</u>	<u>£000</u>
28	17,545
43	164,414
44	10,440
45	155,228
46	82,214
48	23,732
54	709
58	54,644
78	598
81	12,638
84	5,880
	<hr/>
Total	<u>528,042</u>

- 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.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

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 (2006: £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 £6.4 million (2006: £8.6 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.

1405 Other adjustments to liabilities

Included within line 74 of Form 14 are:

	Total long term 2007 £'000	Total long term 2006 £'000
Difference between Mathematical Reserves and Long Term Business Provision	(65,851)	(58,747)
Contingent Loan	157,533	154,324
Onerous Contracts Provision	2,701	3,141
Valuation difference on premium withheld	5,198	-
	<u>99,581</u>	<u>98,718</u>

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.1 (continued)

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:

	2007 £'000	2006 £'000
Gross up of sub fund intercompany balances	-	(11)
	-----	-----
	-	(11)
	=====	=====

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 £70k has been incurred during 2007 in respect of external consultancy services (2006: £nil)

1701 Variation margin

The insurer had no liability to repay "excess" variation margin at the end of the financial year. Variation margin received of £1.1m is included in Form 13 Line 54.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.3

***4002* Other income and expenditure**

2007

Other expenditure in line 25 of £10,130,000 represents the change in the provision for future annuity claims payable directly by the company under the reinsurance agreement with Opal Reassurance Ltd.

2006

The total of other income of £286,088,000 is made up of:

	Summary	Life Non- Profit	Pension Non-Profit	Pension With- Profits
	£'000	£'000	£'000	£'000
Contingent loan advance on 31 December 2006	286,088	23,002	99,196	163,890
	<u>286,088</u>	<u>23,002</u>	<u>99,196</u>	<u>163,890</u>

2006

The total of other expenditure of £286,088,000 is made up of:

	Summary	Life Non- Profit	Pension Non-Profit	Pension With- Profit
	£'000	£'000	£'000	£'000
Repayment of contingent loan issued on 23 December 2004	286,088	23,002	99,196	163,890
	<u>286,088</u>	<u>23,002</u>	<u>99,196</u>	<u>163,890</u>

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.3 (continued)

***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.

***4008* Provision of management services**

Throughout the whole of the financial year Pearl Group Services Limited has provided the management and administration services to the insurer. Henderson Global Investors Limited ("Henderson") have provided the investment management services to the insurer for the whole of the financial year. Effective 1 July 2007 the Company agreed an investment services agreement with Axial Investment Management Limited ("Axial"). Axial will oversee the management of all the Company's assets including those managed by Henderson to ensure that the balance between managing the liabilities, risks and investment returns is appropriate.

***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.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.3 (continued)

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	42%	69%
Corporates	17%	27%
Property	20%	0%
Equity	19%	0%
Cash	2%	4%
Other	0%	0%
Total	100%	100%

4803 Assumed maturity dates

Securities which have been assumed to be redeemed before the latest possible date are listed below

Security Name	Assumed Date	Maturity
American Intl Group 5.75% VAR 15/03/67 GBP 'A2'	15/03/2017	
Legal & General Group 6.385% VAR 29/05/49 GBP	02/05/2017	
Siemens Financieringsmat 6.125% VAR 14/09/66 16 GBP	14/09/2016	
SLM Student Loan TST 03-10 5.15% 15/12/39 GBP REGS	17/09/2015	
UBS AG Jersey Branch 5.25% VAR EMTN 21/06/21 GBP	21/06/2016	
Punch Taverns Finance 7.274% 15/04/22 GBP	15/07/2015	
AVIVA 6.125% 14/11/36 GBP	16/11/2026	

4804 Asset yields

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

Asset	Yield
Swaps	4.63%
Other assets with income	4.49%
Other assets no income	0.00%

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

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.

***4901* Credit rating agency**

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

5101

The following group schemes exist on Form 51:

Number of schemes	Product Code
0	175
1	185
89	410
3	420

5103

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

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	4.61	0.00	4.61
UKP NP code 390/400	4.91	(0.08)	4.83
UKP NP code 725/745	3.95	0.00	3.95
UKP NP code 905	4.91	(0.09)	4.82

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31st December 2007

Appendix 9.3 (continued)

6001

The Company has not provided Forms 11 and 12 as it has taken advantage of the de-minimus limits available (refer to supplementary notes 1100 and 1200). The value in Form 60 line 21 has therefore used the 2006 Form 60 line 21 value as an approximation as the PHI premiums and claims for 2007 are in line with 2006.

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 £270,000 (2006: £293,000).

***6002* Net reserves**

The amount of £33.9m 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 2007

- (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 extent to which Form 13 would be changed if assets which the insurer had agreed to acquire or dispose of under derivative contracts outstanding at the end of the financial year (being, in the case of options, only those options which it would have been prudent to assume would be exercised) had been so acquired and disposed of, is as follows:

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 2007

(continued)

	Actual Holding £m	Exposure due to derivatives £m	Combined Economic Exposure £m
Fixed Interest - Approved	909.4	12.4	921.8
Deposits	19.3	(12.4)	6.9

(e) If options outstanding at the end of the financial year had been exercised so as to change exposures by the maximum amount (allowing for options that either must be exercised together, or the exercise of one precludes the possibility of the other being exercised), the numbers in (d) above would not be materially different.

(f) The maximum extent to which the information provided in (d) above would have been different if (d) had applied to derivative contracts at other points during the financial year is as follows:

	Change due to derivatives £m	Date
Deposits	(15.6)	8 January 2007
Fixed Interest – Approved	15.6	8 January 2007

The maximum extent to which the information provided in (e) above would have been different if (e) had applied to derivative contracts at other points during the financial year is not materially different from those quoted in the table above.

(g) The maximum loss which would have been incurred by the insurer on the failure by any one other person to fulfil its obligations under derivative contracts outstanding at the end of the financial year, under existing market conditions was £11.3 million.

The maximum loss, which would have been incurred by the insurer on the failure by any one other person to fulfil its obligations under derivative contracts outstanding at the end of the financial year, in the event of other foreseeable market conditions, was £11.8 million.

The maximum potential loss at any other time during the year due to the failure of a single counterparty to fulfil its obligations under derivative contracts was not materially different than the amount quoted above.

(h) 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.

(i) 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 2007

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 2007, 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 2007, 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 2007, 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 2007, 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 2007, 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 2007

(continued)

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

As at 31 December 2007, 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 section 422 of the Financial Services and Markets Act 2000 by virtue of being partners, jointly owned 79.2% of the ordinary shares of Xercise Limited and were able to exercise 79.2% 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 2007, TDR Capital Nominees Limited 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.

8. TDR Capital LLP

As at 31 December 2007, 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 31st December 2007

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 2007.

1. a) K J Arnott held no shares or share options in 2007
 - 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 2007 was £222,174
 - 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 to 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.

Note 1

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 2007.
- (2) The date to which the previous investigation under IPRU(INS) rule 9.4 related was 31st December 2006.
- (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 2007
Unitised With Profit Pension	1999 - 2001	Throughout 2007

- (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 2007, in line with the Retail Price Index, an increase of 3.6%.
- (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 the same time on each working day.
- (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.

Equity (Direct Holdings)	19.9%	18.5%	19.9%	18.5%
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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.

Equity (Collective Investment Scheme Holdings)	19.9%	17.6%	19.9%	17.6%
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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 2007 was 17.6%.

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 2007, which apply during the period 1st July 2007 to 30th June 2008 for traditional London Life Business and during the period 1st May 2007 to 31st April 2008 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	2007	2006	Product Code
90:10 Life	Cash Bonus	3.20%	3.40%	100, 120
90:10 Life	Fund R Compound Bonus	3.15%	3.30%	100, 120, 335
90:10 Life	Unitised With Profit Life	3.00%	2.90%	505
90:10 Life	Fund T Compound Bonus	3.10%	3.10%	120, 165
90:10 Life	AMPUK Business	3.50%	3.50%	100, 120, 205
90:10 Pension	Pension Compound Bonus	4.20%	4.45%	155, 165
90:10 Pension	Unitised With Profit Pension	3.15%	3.05%	155
90:10 Pension	Fund W Deferred Simple Bonus	4.90%	5.00%	165
90:10 Pension	Fund W In Payment Simple Bonus	5.00%	4.60%	200
90:10 Pension	AMPUK Business	4.00%	4.45%	155
90:10 Pension	London Life Pension unit linked	4.03%	4.19%	725, 745
90:10 Pension	SPP With Profit Immediate Annuity	5.24%	5.21%	200
0:100 Life	Immediate annuities	3.68%	3.75%	395, 905
0:100 Life	Deferred annuities	3.51%	3.58%	390
0:100 Life	AMPUK Life unit linked	3.01%	3.1%	700, 715, 795
0:100 Pension	Level immediate annuities	4.71%	4.68%	400
0:100 Pension	Index-linked immediate annuities	4.70%	5.16%	905
0:100 Pension	AMPUK Pension unit linked	3.85%	3.8%	725, 745
0:100 Pension	Deferred Annuities	4.49%	4.46%	390

- (3) Yields on other approved fixed interest with a credit rating lower than AAA and other fixed interest or variable yield were reduced to allow for the risk of default whilst retaining the margin over gilt yields in respect of reduced liquidity of corporate bonds. The level of the reduction was assessed by reference to the term and credit ratings of the assets.

Credit risk includes the risk of default, either directly or in stages due to downgrades (and upgrades) of a stock's rating. Usually a proportion of the debt is recovered after default. We have calculated the deduction in three stages:

1 Base Deductions

The base deductions reflect the historic cost of default over a long period. They are adjusted to take account that future defaults may differ from those experienced in the past. Current spreads reflect the market's expectation of the future, so we take these (partly) into account by comparing them with historic spreads. The resulting deductions thus increase above base deductions when spreads widen and conversely decrease as spreads narrow, but to a lesser extent than the change in spread.

2 Current Market Conditions

Base default rates are adjusted to allow for current market expectation of credit risk. Current spreads reflect the market's expectation of the future, so we take these into account by comparing them with historic spreads. This will mean that a widening of spreads will increase the yield deduction by a proportion of the change in spread and vice versa. Since Spreads have been relatively stable over the period 2004-2006 we have therefore used average spreads over this period to determine historic spread.

3 Minimum deductions

To avoid excessively low (or even negative) deductions, a minimum 4bp has been set for statutory assumptions.

The table below shows the resulting deductions for credit risk.

UBS Rating	Secured	Senior	Sub	CDOs	UBS Rating	Secured	Senior	Sub	CDOs	UBS Rating	Secured	Senior	Sub	CDOs
Gilts	0	0	0	0	Gilts	0	0	0	0	Gilts	0	0	0	0
AAA SSR	0	0	0	0	AAA SSR	0	0	0	0	AAA SSR	0	0	0	0
AAA	6	6	6	6	AAA	11	11	11	11	AAA	13	14	14	15
AA1	17	17	17	17	AA1	25	25	25	26	AA1	27	27	28	30
AA2	18	18	18	18	AA2	27	27	27	28	AA2	29	29	30	34
AA3	19	19	19	19	AA3	28	28	28	30	AA3	31	33	34	39
A1	40	41	41	42	A1	47	48	49	53	A1	50	53	55	63
A2	42	42	43	45	A2	51	53	55	61	A2	58	62	66	77
A3	44	45	46	48	A3	58	61	64	73	A3	69	74	80	97
BBB1	45	48	50	59	BBB1	65	71	77	95	BBB1	76	85	94	121
BBB2	50	54	57	68	BBB2	78	87	95	119	BBB2	93	104	116	152
BBB3	69	76	83	104	BBB3	107	120	133	173	BBB3	124	142	159	212
BB1	115	130	155	215	BB1	160	180	215	305	BB1	175	200	235	330
BB2	155	175	210	290	BB2	220	250	300	420	BB2	240	270	320	445
BB3	290	320	385	535	BB3	340	385	460	645	BB3	340	385	455	630
B1	450	500	605	835	B1	480	545	650	915	B1	450	515	605	840
B2	720	800	965	1330	B2	690	780	935	1310	B2	610	695	810	1115
B3	1245	1385	1665	2295	B3	1005	1135	1355	1870	B3	835	945	1095	1470
<B3	2660	2950	3535	4845	<B3	1765	1970	2320	3095	<B3	1375	1525	1740	2205

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 150 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	2007		2006		Product Code
		Male	Female	Male	Female	
90:10 Life	Cash Bonus	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	100,120
90:10 Life	Fund R Compound Bonus	100% AM92 - 4yrs	100% AF92 - 4yrs	100% AM92 - 4yrs	100% AF92 - 4yrs	100,120, 335
90:10 Life	Fund T Compound Bonus	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	120,165
90:10 Life	AMPUK Business	100% A67-70 Ult	100% A67-70 Ult - 4yrs	100% A67-70 Ult	100% A67-70 Ult - 4yrs	100,120, 205
90:10 Pensions	Pension Compound Bonus	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	60% A67-70 Ult - 4 yrs	60% A67-70 Ult - 8 yrs	155,165
90:10 Pensions	AMPUK Business	60% A67-70 Ult	60% A67-70 Ult - 4yrs	60% A67-70 Ult	60% A67-70 Ult - 4yrs	155
90:10 Pensions	Fund W Deferred (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	165
90:10 Pensions	Fund W Deferred (post-vesting)	90%PMA00C2030 avg(mc,lc) with 3% sliding scale floor ⁽⁴⁾	85%PFA00C2030 avg(mc,lc) with 3% sliding scale floor ⁽⁴⁾	81% PMA00C2025mc	81% PFA00C2025mc	200
90:10 Pensions	Fund W In Payment Simple Bonus	90% PMA00 avg(mc,lc) with 3% sliding scale floor ⁽⁴⁾	85% PFA00 avg(mc,lc) with 3% sliding scale floor ⁽⁴⁾	87.5% PMA00average(mc,lc) with 1% floor ⁽²⁾	87.5% PFA00average(mc,lc) with 1% floor ⁽²⁾	200
90:10 Pensions	SPP With Profit Immediate Annuity	90% PMA00 avg(mc,lc) with 3% sliding scale floor ⁽⁴⁾	85% PFA00 avg(mc,lc) with 3% sliding scale floor ⁽⁴⁾	87.5% PMA00average(mc,lc) with 1% floor ⁽²⁾	87.5% PFA00average(mc,lc) with 1% floor ⁽²⁾	200
90:10 Pensions	Unitised With Profit Pension	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	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 - 4 yrs	100% A67-70 Ult - 8 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	87.5% PMA00	87.5% PFA00 avg(mc,lc)	395

Sub Fund	Product Group	2007		2006		Product Code
		Male	Female	Male	Female	
0:100 Life	Deferred Annuities (pre-vesting)	with 3% sliding scale floor ⁽⁴⁾ 100% A67-70 Ult - 4 yrs	avg(mc,lc) with 3% sliding scale floor ⁽⁴⁾ 100% A67-70 Ult - 8 yrs	avg(mc,lc) with 1% floor ⁽²⁾ 100% A67-70 Ult - 4 yrs	with 1% floor ⁽²⁾ 100% A67-70 Ult - 8 yrs	390
0:100 Life	Deferred Annuities (post-vesting)	90% PMA00 C2032 avg(mc,lc) with with 3% sliding scale floor ⁽⁵⁾	90% PMA00 C2032 avg(mc,lc) with with 3% sliding scale floor ⁽⁵⁾	81% PMA00 C2025 mc ⁽¹⁾	81% PFA00 C2025 mc ⁽¹⁾	390
0:100 Pensions	Immediate Annuities	90% PMA00 C2032 avg(mc,lc) with with 3% sliding scale floor ⁽⁴⁾	85.0% PFA00 avg(mc,lc) with 3% sliding scale floor ⁽⁴⁾	87.5% PMA00 avg(mc,lc) with 1% floor ⁽²⁾	87.5% PFA00 avg(mc,lc) with 1% 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)	93% PMA00 C2025 avg(mc,lc) with with 3% sliding scale floor ⁽⁵⁾	93% PMA00 C2025 avg(mc,lc) with with 3% sliding scale floor ⁽⁵⁾	81% PMA00 C2025 mc ⁽¹⁾	81% PFA00 C2025 mc ⁽¹⁾	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. 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.
2. Where the table name shows "avg(mc,lc) with 1% floor" the maximum of the average of the Medium and Long cohort improvement or 1% factors have been used.
3. 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.
4. 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. Maximum of the average of the Medium and Long cohort improvement or 3% factors have been used to project mortality rates applying in 2032

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			26.4	25.2
90:10 Pensions	SPP With Profit Immediate Annuity	23.9	14.9		
90:10 Pensions	Fund W Immediate Annuity	23.9	14.9		
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			28.9	27.8
90:10 Pensions	SPP With Profit Immediate Annuity	26.7	17.2		
90:10 Pensions	Fund W Immediate Annuity	26.7	17.2		
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	2007 £pa	2006 £pa	Tax Relief	Product Code
90:10 Life	Conventional endowment with-profits OB savings	35.86	35.09	20%	120
90:10 Pension	Conventional pensions endowment with-profits	88.22	86.90	0%	155
90:10 Life	Conventional deferred annuity with- profits	35.09	34.32	20%	165
90:10 Pension	Conventional deferred annuity with- profits	39.60	38.83	0%	165
0:100 Pension	Annuity non-profit (CPA)	25.74	25.08	0%	400
90:10 Pension	Individual pensions UWP	88.22	86.90	0%	525
0:100 Pension	Level term assurance	12.87	12.54	0%	325
0:100 Pension	Decreasing term assurance	12.87	12.54	0%	330

Notes:

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

LINKED BUSINESS

Sub fund	Product Group	Monetary Amount (£)		Product Code
		2007	2006	
90:10 Life	Life property linked	37.94	35.01	700
0:100 Life	Life property linked endowment	28.93	28.16	715
90:10 Pension	Individual pension property linked	88.22	86.90	725
0:100 Pension	Individual pension property linked	28.93	28.16	725
0:100 Pension	Group money purchase pension property linked	28.93	28.16	735

LINKED AND NON-LINKED BUSINESS

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	2007 bps	2006 bps
90:10	All	23	23
0:100 Life	All conventional business	16	16
0:100 Life	All unit linked business ⁽¹⁾	43	43
0:100 Pensions	All conventional business	8	8
0:100 Pensions	All unit linked business ⁽¹⁾	33	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.)	
	2007	2006
AMPUK Unit Linked Pension	5.4%	5.6%
AMPUK Unit Linked Life	5.4%	5.6%
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		2007	2006
90:10	Expense inflation	3.6%	3.9%
0:100	Expense inflation	4.3%	4.7%
All	Policy fee inflation	3.7%	4.2%

- (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	2007	2006
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

There has been no allowance for lapses on valuation of protection business.

Allowance for negative reserves on valuation of protection business reduces reserves by £0.5m for 0:100 Life and £0.2m for 0:100 Pension.

There has been no allowance for lapses in the valuation of unit-linked business.

All expenses have been treated as attributable in the valuation of unit-linked business.

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	2007
Take up Rate ⁽¹⁾	90:10 Life	Fund R Compound Bonus	78%
	90:10 Life	Fund T Compound Bonus	77%
	90:10 Pensions	AMPUK Pension	87%
	90:10 Pensions	Pensions Compound Bonus - traditional	100%
	90:10 Pensions	BIGVIP	92%
	90:10 Pensions	VIPMIGOLD	94%
	90:10 Pensions	POLMIG	43%
Rate of interest	All	All	BoE gilts spot curve, capped at 4.39%
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	6,117	1-29 years	1,979	9%	No	See Note 3	See Note 3
UK Life	120, 165	Fund T Compound Bonus	6,733	1-18 years	2,123	9%	No	See Note 3	See Note 3
UK Pension	120	Former AMPUK Pension	48,655	1-32 years	23,302	10%	No	See Note 3	See Note 3
UK Pension	165	Pension Compound Bonus (Pension Protector)	57,188	1-23 years	30,390	10%	No	See Note 3	See Note 3
UK Pension	155,205	Pension Compound Bonus (PC Contracts)	13,252	1-22 years	6,881	10%	No	See Note 3	See Note 3
UK Pension	155	Pension Compound Bonus hybrid (premium paid up to December 1999)	121,065	1-38 years	54,319	10%	No	See Note 3	See Note 3
UK Pension	155	Pension Compound Bonus hybrid (premiums paid from January 2000)	15,875	1-42 years	160	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	2007
Real rate of interest	1.1% per annum
Salary increase	2% per annum
Expense loading for annuity in payment	22.5% per annum
Mortality in deferment	65% AM/AF80 ultimate
Mortality in payment	110% RMV92 max(75% clc,92s,1%) 100% RFV92 max(75% mclc,92s,1%)
Percentage assumed married	100%
Leaving service assumption	Nil

The amount of business involved had a basic mathematical reserve of £8.6m 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	2007
Rate of interest	3.5% per annum for AMPUK 3.15% per annum for Fund R
Mortality - Conventional Life Endowment	100% AM/F92 Ult -4yrs (-4 females)
Mortality – AMPUK Business	100% A67/70 Ult -0yrs (-4 females)
Prudence Factor	5%

The amount of business involved had a basic mathematical reserve of £206m with additional reserves of £9.6m

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	£5.9 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 and the assets which back these reserves are denominated in sterling. There is a premium withheld arrangement of £523m included in line 23 of Form 14 where the liabilities are equal to the value of the assets and the assets contain £10m worth of assets in USD.
- (3) No currency mismatch reserve is held as the mathematical reserves are backed by assets in sterling. For the deposit back, the arrangement is such that the amount of the liability is equal to the value of the assets. In addition, there are currency hedges in place to remove exposure from any currency mismatching risks.
- (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. (1) A £5 million reserve has been made in Pension Non Profit to cover the risk of having to pay a reinsurer a portion of any increase in best estimate reserves resulting from mortality improvements on annuities in payment.

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 principle 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	23,000	See Note (1) below
Opal Reassurance Limited	Liability to pay the Basic Annuity.	559,413	522,860 (premium withheld)	Yes	Nil	562,382	Nil
Pearl Assurance plc	Liability to pay the Basic Annuity and Bonus Annuity under the with profits annuity business is fully ceded.	208	35,869	Yes	Nil	67,097	See Note (1) below
LLLA "sub-fund" of NPI Limited	100% reinsurance of unit-linked liabilities	57	Nil	No	Nil	16,944	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.
- 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	31.12.2007 Basic Mathematical Reserve £'000	31.12.2007 Reversionary Bonus %	31.12.2006 Reversionary bonus %	31.12.2007 Total guaranteed bonus %
R1A, R2A, R2E, R2F, R2G, R4D, R4E	142,468	0.00% / 0.00%	0.00% / 0.00%	N/A

AMPUK Life Participation Pool ⁽¹⁾

Bonus Series	31.12.2007 Basic Mathematical Reserve £'000	31.12.2007 Reversionary Bonus %	31.12.2006 Reversionary bonus %	31.12.2007 Total guaranteed bonus %
AMPUK Life: JU, GJU, GRU, Gift, TU, Life JUB	106,610	0.00% / 0.00%	0.00% / 0.00%	N/A
AMPUK Life: AU, AUF, QU, GU	21,742	0.00% / 0.00%	0.00% / 0.00%	N/A
AMPUK Life: ALU, ALUF, AJLU, (X)NBU	31,848	0.00% / 0.00%	0.00% / 0.00%	N/A

Cash Bonus Participation Pool ⁽²⁾

Bonus Series	31.12.2007 Basic Mathematical Reserve £'000	31.12.2007 Reversionary Bonus %	31.12.2006 Reversionary bonus %	31.12.2007 Total guaranteed bonus %
Up to 68th series	41,813	3.00%	3.00%	N/A
69 th series onwards	15,105	2.00%	2.00%	N/A

Simple Bonus Participation Pool ⁽²⁾

Bonus Series	31.12.2007 Basic Mathematical Reserve £'000	31.12.2007 Reversionary Bonus %	31.12.2006 Reversionary bonus %	31.12.2007 Total guaranteed bonus %
Fund W - Deferred	28,329	0.00%	0.00%	N/A
Fund W - In Payment	66,187	7.00%	7.00%	N/A

Pension Compound Bonus Participation Pool ⁽²⁾

Bonus Series	31.12.2007 Basic Mathematical reserve £'000	31.12.2007 Reversionary bonus %	31.12.2006 Reversionary bonus %	31.12.2007 Total guaranteed bonus %
VIPMIG, BIGVIP, RPP84	93,380	0.00% / 0.00%	0.00% / 0.00%	N/A
POLMIG, GRPAVC, RPP85	97,677	0.00% / 0.00%	0.00% / 0.00%	N/A
V9A, V9B, V9C	87,578	0.00% / 0.00%	0.00% / 0.00%	N/A
V71, V72, V73	15,516	0.00% / 0.00%	0.00% / 0.00%	N/A
PPS, PPSTV, MINPPS, VIPLUS, VIPMIG0	86,774	0.00% / 0.00%	0.00% / 0.00%	N/A
SPP Bonus Series 3	15,105	0.00%	0.00%	4.50%
SPP Bonus Series 4	32,391	0.00%	0.00%	4.50%

AMPUK Pension Participation Pool⁽²⁾

Bonus Series	31.12.2007	31.12.2007	31.12.2006	31.12.2007
	Basic Mathematical Reserve	Reversionary bonus	Reversionary bonus	Total guaranteed bonus
	£'000	%	%	%
AMPUK Pensions: DK, DL (PB post 1/1/87), EBS	66,371	0.00% / 0.00%	0.00% / 0.00%	N/A
AMPUK Pensions: PAC	20,738	0.00% / 0.00%	0.00% / 0.00%	N/A
Deposit Administration GKA	10,677	4.70%	4.20%	N/A

Unitised With Profit Pension Participation Pool⁽³⁾

Bonus Series	31.12.2007	01.01.2007 - 31.12.2007	01.01.2006 - 31.12.2006	01.01.2007 - 31.12.2007
	Basic Mathematical reserve	Reversionary bonus	Reversionary bonus	Total guaranteed bonus
	£'000	%	%	%
UWP Pension	12,001	2.50% / 5.0%	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 2007.
- (2) This date of the previous actuarial investigation was 31 December 2006.
- (3) An interim valuation was carried out on 30 June 2007.

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 1.3.43 (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. (Note that the table does not add exactly due to rounding.)

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
<i>Life With-Profits</i> AMP(UK) Life	Retrospective – asset shares ¹	159	12
Fund P	Prospective – bonus reserve valuation	62	-2
Fund R	Retrospective – asset shares ¹	170	10
Fund T	Prospective – bonus reserve valuation	9	0

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
<i>Pension With-Profits</i>			
AMP(UK) Pensions	Retrospective – asset shares ¹	52	33
Fund V (GAO)	Retrospective – asset shares ¹	176	60
Fund V (No GAO)	Retrospective – asset shares ¹	163	9
Fund W	Retrospective – asset shares ¹ Prospective – bonus reserve valuation ²	86	12
All Funds ³	N/A		128
Total	N/A	877	262

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 2007 was approximately 77,600 (comprising 32,800 pensions contracts and 44,800 life contracts. These contracts were grouped into approximately 20,700 model points (comprising 16,100 pensions and 4,600 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 2007.

(b) Expense Investigations occur annually.

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

TABLE 4.1

Expenses Allocated to With-Profits Benefits Reserve during 2007 (£m)

Expense Type	Amount
Initial expenses	0.0
Maintenance expenses ¹	3.9
Total expenses	3.9

¹ Includes project expenses of £0.44m.

(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 £4.1m.
- (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
2007	108%
2006	106%
2005	119%
2004	122%

- (7) The investment return (before tax and expenses) allocated to the with-profits benefits reserve for conventional with-profits business during 2007 was approximately 2.8% and 4.4% 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 2007 was 4.5%.

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 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 2007 – Prospective Method

Assumption	Value	Note
Gilt return	4.60%	Annualised yield on UK 10 year gilt at 31 December 2007
Cash return	6.02%	3 month BAA sterling interest rate
Other fixed interest	5.1%	Gilt return plus 0.5% margin
Equity return	7.1%	Gilt return plus 2.5% margin
Property return	6.6%	Gilt return plus 2.0% margin
Risk discount rate ("A")	5.5%	Weighted average gross investment return – 'active' investment pool (gross)
Risk discount rate ("P")	4.8%	Weighted average gross investment return – 'passive' investment pool (gross)
Expense inflation	3.30%	

(b) The risk discount rates in Table 5.1 are based on the weighted average investment return at 31 December 2007 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 2007 – 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 – 68 th and earlier series (current rate) ¹	3.00%
Fund P – 69 th 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	2.50% rate on PU; 5.00% 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 £
<i>Life With-Profits</i>	
AMP (UK) Life	32.60
Conventional Life (Funds P, R, T)	31.90
<i>Pensions With-Profits</i>	
AMP (UK) Pensions	32.60
Endowments (Fund V ICL)	36.00
Deferred Annuities (V ICL)	36.00
Pension Protector (V ICL)	36.00
APEX WP (V ICL)	0.248%
VIPMIG, VIP PLUS	80.20
BIGVIP, POLMIG, GRPAVC	80.20
RPPMIG, PPS, MINPPS	80.20
PPP, SPPP, FSAVC	80.20
EPP	80.20
SPP	46.20
Fund W (Deferred Annuities)	36.00
Fund W (Immediate Annuities)	36.00

¹ The expenses are gross of tax relief at 20% (BLAGAB business). Future expenses are assumed to increase by RPI plus 0.10% 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	20
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(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	5.0%
FUND V(ICL)	2.5%
AMP (UK) Pensions	2.5%
Fund V: "New" Fund V(IBM), i.e. MINNPSS, PPS, PPSTV, VIPPLUS, RPPMIG (without GAO), VIPMIG(NEW) ¹	7.0%
Fund R, AMP (UK) Endowments & Whole of Lives	3.0%
Funds T, W and P	0.0%

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 & White¹ process.
- Corporate bond spreads also follow a 1-factor Hull & White process.
- Equity and property returns follow an extension of the Black-Scholes lognormal model with a stochastic rather than deterministic drift term.

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 optimally replicates observed swaption prices.

¹ See e.g. “Interest Rate Models – Theory and Practice”, by Brigo and Mercurio, Springer Finance

The equity model is driven by two parameters that represent the equity dividend yield and equity process volatility respectively. The dividend yield parameter is set to zero, in order to model total equity returns. The volatility parameter is set to reflect the prices of long term at-the-money equity puts and calls and is fitted using least squares estimation. Note that this parameter is not directly comparable to the observed market equity volatility as the realised equity process is also a function of the stochastic interest rate and therefore some of the interest rate volatility defined by the interest rate volatility parameter is also included in the equity process.

Table 6.1 shows the market data used to calibrate the equity process.

Option Term	1 year	2 years	3 years	4 years	5 years
31 December 2007	21.03	21.56	21.59	21.50	21.65

Source: UBS

The correlation assumptions used are listed in Table 6.2. These assumptions are set based on historic data on the correlation between equity and property and long dated bond price movements, rather than derived directly from market instruments, as there are few instruments whose price is significantly affected by the assumption.

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

The property model is parameterised by two parameters that represent the rental yield and property process volatility respectively. The rental yield parameter is set to zero, in order to model total property returns. Ideally, the volatility parameter would be set to reflect the prices of long term at-the-money property options. However, since this market is in its infancy, the parameter has been set to 15% based on analysis of historic volatility of property indexes. Note that, as with the equity process, the property volatility parameter is not the observed market

property volatility as the property process is a function of the stochastic interest rate process and therefore some of the interest rate volatility is also included in the property process.

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 model is calibrated to market zero coupon corporate bond yields at the valuation date, so that the model will exactly reproduce the prices of corporate bonds traded in the market at the valuation date.
- Secondly, two parameters are chosen so that the model optimally replicates the historic volatility of corporate bond spreads.

(a) (iii) Table 6.3 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 – the corporate bond scenarios used to derive the values in Table 6.3 are consistent with those used to determine the realistic balance sheet, but have been calibrated to AA corporate bonds. The actual scenarios used to determine London Life's realistic balance sheet reflected the average credit quality of London Life's corporate bond portfolio.

TABLE 6.3

Simulated values of specific options and / or contracts – 31 December 2007 (£)

	Asset type (all UK assets)	K=0.75			K=1			K=1.5					
		5	15	25	35	5	15	25	35	5	15	25	35
n		5	15	25	35	5	15	25	35	5	15	25	35
0	Annualised compound equivalent of the risk free rate assumed for the period (to two decimal places)	4.54%	4.68%	4.46%	4.16%	4.54%	4.68%	4.46%	4.16%	4.54%	4.68%	4.46%	4.16%
1	Risk free zero coupon bond	800,810	503,902	336,162	240,298	X	X	X	X	X	X	X	X
2	FTSE All Share Index (p=1)	71,399	183,916	247,841	300,386	191,095	328,469	416,574	473,436	561,084	688,197	800,641	872,823
3	FTSE All Share Index (p=0.8)	60,173	136,562	164,664	185,735	166,375	252,341	284,055	303,926	506,897	540,669	572,565	574,843
4	Property (p=1)	29,522	103,772	172,558	227,019	130,340	232,820	321,277	385,935	516,084	596,853	693,364	768,483
5	Property (p=0.8)	22,347	68,740	103,542	128,575	107,763	161,235	203,524	230,173	457,328	448,117	467,399	480,938
6	15 year risk free zero coupon bonds (p=1)	728	2,426	4,025	11,570	57,062	63,339	71,235	95,827	499,011	499,748	501,011	505,489
7	15 year risk free zero coupon bonds (p=0.8)	127	258	146	485	36,622	15,046	9,809	12,360	435,176	312,825	225,096	183,100
8	15 year corporate bonds (p=1)	2,773	3,978	6,553	16,525	65,242	77,003	83,572	106,120	500,207	500,748	501,313	507,647
9	15 year corporate bonds (p=0.8)	1,329	551	157	877	45,231	24,151	14,354	17,504	436,799	317,633	231,697	191,473
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	35,534	121,504	177,025	218,890	140,279	252,661	329,766	383,533	526,507	614,730	709,831	768,003
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	27,524	81,597	105,671	121,335	116,830	182,666	209,066	222,125	468,921	464,376	482,643	480,169

TABLE 6.3

Simulated values of specific options and / or contracts – 31 December 2007 (£)

	Asset type (all UK assets)	K=0.75			K=1			K=1.5						
		5	15	25	35	5	15	25	35	5	15	25	35	
n														
12	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)		29,422	96,412	139,789	173,724	129,182	224,025	283,034	325,655	517,820	587,392	655,972	705,559
13	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)		22,343	60,846	78,194	88,793	106,186	154,734	168,919	176,614	460,252	433,509	430,141	416,642
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)		9,402	47,303	78,519	102,498	88,784	156,382	203,416	237,306	503,371	533,963	578,637	615,158
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)		5,979	23,758	33,960	42,568	67,477	93,267	102,447	104,770	441,835	372,418	347,000	328,110
		L = 15					L = 20				L = 25			
16		5.81%	7.44%	7.19%	5.38%	7.76%	9.59%	8.81%	6.55%	9.80%	11.38%	10.14%	7.51%	

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) As described in the answer to a (ii) the equity dividend yield has been set to zero. The property rental yield parameter is also set to zero, in order to model total property 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 6.4. The fit of the asset model to specimen relevant market traded instruments (swaptions, equity options and the initial yield curve) at these durations is demonstrated in Tables 6.5, 6.6 and Figure 6.2, and discussed in (a) (vii).

TABLE 6.4

Outstanding durations of significant guarantees (years)

Product Class	Duration of Guarantees
Life Compound Bonus, Fund R	12
AMP (UK) Life	12
Pension Compound Bonus (GAO)	8
AMP (UK) Pension	9
Pension Compound Bonus (no GAO)	6
Pension Simple Bonus	5
Total WP Fund	10

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

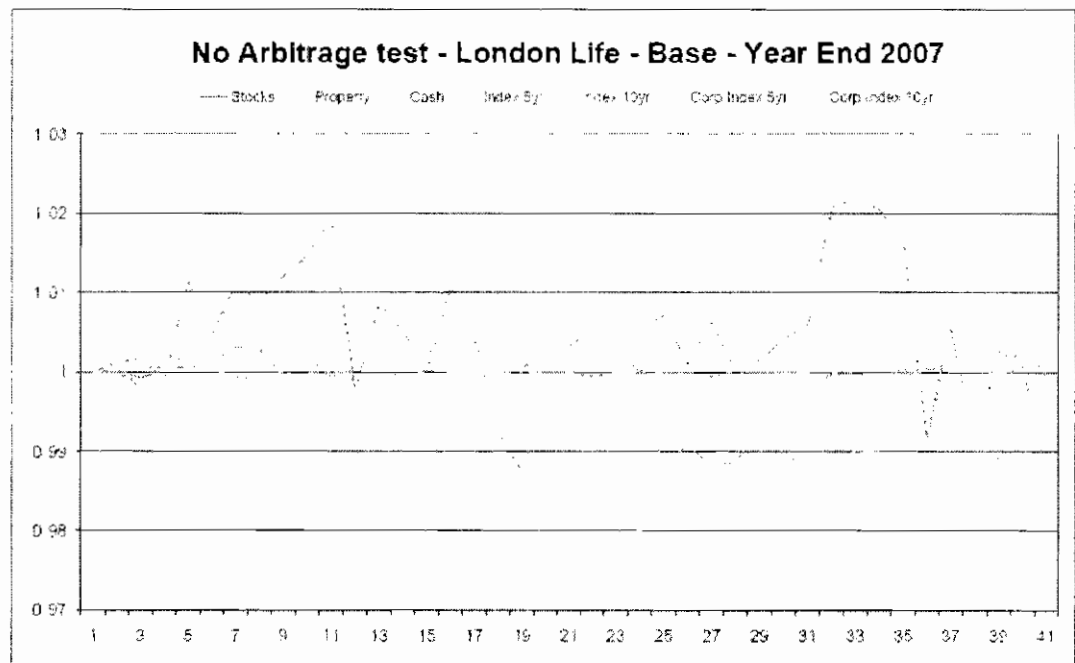
- Ensuring the scenarios satisfy the principle of no arbitrage.
- Checking that the market prices of relevant traded instruments can be replicated.

The market-consistent scenario generator used 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 were 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 (8 million in total) 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, 500 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 is small and the scenarios are considered to pass the no-arbitrage test.

Figure 6.1



The results shown above are better than might be expected from a naïve simulation given the number of scenarios used. The scenario generation process incorporates extensive rejection testing and other variance reduction techniques to ensure that the scenarios selected pass the no-arbitrage test to a close tolerance.

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:

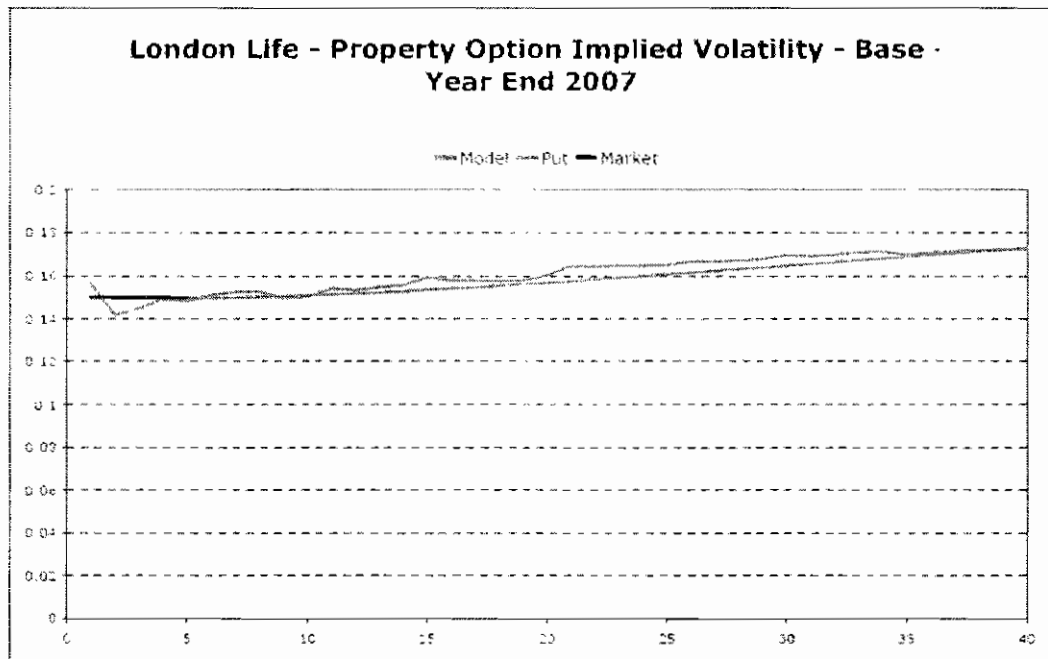
- Swaptions
- Equity options

- The initial yield curve.

As explained above property volatility has 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 assumption of 15% mentioned above.

Figure 6.2 below shows the results for the property index option test. The short line shows the assumed volatility of 15%, which has been used to calibrate the model. The smooth (blue) line shows the volatility implied by the theoretical put option price on the property index calculated from the model. The irregular line show the implied volatilities calculated from simulated prices. These can be seen to follow the theoretical volatility closely 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 6.2



Tables 6.5.A and 6.5.B show the results of this test for the prices of the hybrid swaptions used in the calibration process and actual swaptions using the swap curve as the risk free rate. The tables express the simulated value as a percentage of the theoretical value. As with the “no-arbitrage” test described above, this test is the result of a simulation and therefore some error is expected. However the observed errors are small, showing that the simulation process does not introduce significant additional error over and above that arising from the calibration process. As such, the scenarios are deemed market consistent.

TABLE 6.5.A

Ratio of simulated to hybrid market swaption prices (using gilt + 10bp as discount rate)

		Swap Length					
		5	10	15	20	25	30
Option Maturity	5	106.8%	105.2%	106.8%	105.8%	106.5%	108.1%
	10	100.1%	97.7%	99.1%	102.1%	103.3%	104.4%
	15	101.6%	99.4%	101.3%	104.4%	102.6%	103.9%
	20	106.7%	104.4%	103.9%	105.4%	105.6%	104.2%
	25	113.0%	107.7%	105.2%	106.4%	104.8%	103.4%
	30	115.2%	106.9%	104.1%	104.5%	104.2%	102.6%

TABLE 6.5.B

Ratio of simulated to actual market swaption prices (using swaps as discount rate)

		Swap Length					
		5	10	15	20	25	30
Option Maturity	5	105.8%	106.3%	108.4%	106.3%	106.6%	107.5%
	10	103.8%	101.0%	100.4%	102.7%	102.9%	104.4%
	15	104.6%	98.9%	100.3%	102.1%	101.0%	104.4%
	20	101.4%	100.2%	98.8%	101.7%	105.0%	102.0%
	25	110.0%	102.4%	102.2%	107.9%	103.8%	100.2%
	30	106.5%	103.8%	107.7%	104.1%	100.9%	98.5%

Figure 6.3 shows the results for this test applied to (spot) at the money equity put and call options. The short line shows the market volatilities used to calibrate the model. The calibration is weighted heavily to the 5 and 10 year equity volatility. The smooth (blue) horizontal line shows the volatility implied by the theoretical put option price calculated from the model (chosen to be consistent with market volatility as explained above). The irregular line show the implied volatilities calculated from simulated prices. Figure 6.3 shows that they follow the theoretical volatility closely and hence the error introduced by simulation is small and market consistency is deemed satisfied.

Figure 6.3

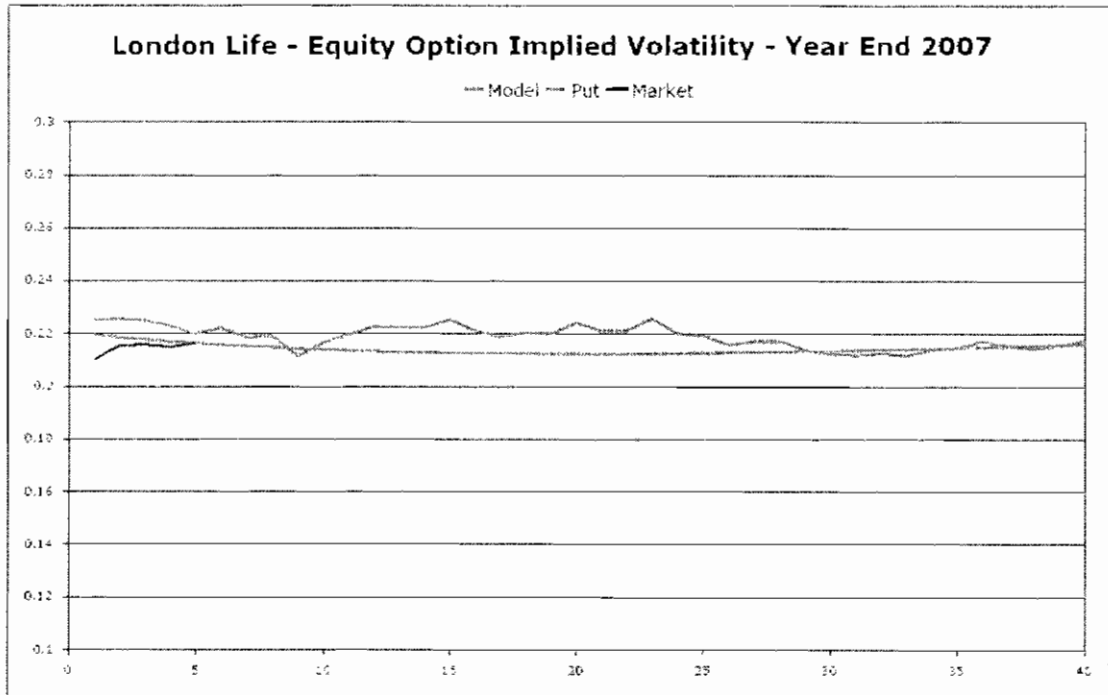


Table 6.6 shows the fit of the scenarios to the initial yield curve, with the simulated price of a risk free bond expressed as a percentage of the price implied by the zero curve. The ratios of simulated to market price are very close to unity.

TABLE 6.6

Ratio of simulated to market initial yield curve

Term of Bond	Ratio of simulated to market price
1	100.0%
5	100.4%
10	99.8%
15	100.0%
20	99.9%
25	99.9%
30	100.0%
35	100.0%
40	100.0%

- (a) (viii) Simulations were performed using 500 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 6.7 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 6.7

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 6.8 (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.

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	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Conventional With-profits Life business regular premium – Fund R and AMP (UK) Life	PP	3.0	3.0	3.0	3.0
Conventional With-profits Life business single premium – Fund R and AMP (UK) Life	PP	3.0	3.0	3.0	3.0
Conventional With-profits Life business regular premium – Fund P and T	PUP	0.0	0.0	0.0	0.0
Conventional With-profits Life business regular premium – Fund P and T	PP	0.0	0.0	0.0	0.0
Conventional With-profits Life business single premium – Fund P and T	PP	0.0	0.0	0.0	0.0
Conventional With-profits Pensions business regular premium – Fund V (GAO) ¹	PUP	5.0	5.0	5.0	5.0
Conventional With-profits Pensions business regular premium – Fund V (GAO) ¹	PP	5.0	5.0	5.0	5.0
Conventional With-profits Pensions business single premium – Fund V (GAO) ¹	PP	5.0	5.0	5.0	5.0
Conventional With-profits Pensions business regular premium – Fund V (no GAO)	PUP	7.0	7.0	7.0	7.0
Conventional With-profits Pensions business regular premium – Fund V (no GAO)	PP	7.0	7.0	7.0	7.0
Conventional With-profits Pensions business single premium – Fund V (no GAO)	PP	7.0	7.0	7.0	7.0
Conventional With-profits Pensions business regular premium – Fund AMP (UK) Pensions	PUP	2.5	2.5	2.5	2.5
Conventional With-profits Pensions business regular premium – Fund AMP (UK) Pensions	PP	2.5	2.5	2.5	2.5
Conventional With-profits Pensions business single premium – Fund AMP (UK) Pensions	PP	2.5	2.5	2.5	2.5
Conventional With-profits Pensions business regular premium – Fund W	PUP	0.0	0.0	0.0	0.0
Conventional With-profits Pensions business regular premium – Fund W	PP	0.0	0.0	0.0	0.0
Conventional With-profits Pensions business single premium – Fund W	PP	0.0	0.0	0.0	0.0

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 6.9.

TABLE 6.9

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	1.0	1.0	1.0	1.0

The annuitant mortality and take-up rate assumptions are shown in Tables 6.10 and 6.11 respectively.

TABLE 6.10

Mortality Assumptions

	Males	Females
Annuitant mortality	100% PMA00average(mc,lc) with 3% sliding scale floor	95% PFA00average(mc,lc) with 3% sliding scale floor
Funds P, R	55% AM80	55% AF80
Funds T, V(IBM), V(ICL)	65% AM80	65% AF80
AMP (UK) Life and Pensions	50% A67/70	50% A67/70

TABLE 6.11

Take Up Rate Assumptions

	Normal Retirement	Early Retirement	Terminal Bonus¹
Fund V (excluding POLMIG, GRPAVC)	76%	76%	76%
POLMIG, GRPAVC	10% ² / 75% ³	10% ² / 75% ³	10% ² / 75% ³
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.

² Rate used for projection year if gross yield is above 4%.

³ Rate used for projection year if gross yield is below 4%.

(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 6.11 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, 2005, 2006 and 2007. The face of the CL Before deduction of accrued interest, the face value of the CL is £286m at 31 December 2007 (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 2007, neither the Life nor Pension with-profits sub-funds have any inter-fund support.

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.

Liability	LWP (£m)	PWP (£m)
Investment Management Expenses ¹	1	3
Additional Basic Rate Tax ²	5	-
Value of future shareholder transfers	7	3
Total	13	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 2007 stood at £76.7m, which is consistent with the regulatory current liabilities at the same date

One of the main components of the realistic current liabilities is the deposit back from Pearl Assurance plc in respect of the Secured Pension Plan reinsurance, which is invested with the same asset mix as the non-UWP with-profits business. This component is assumed to move in line with the backing assets when calculating the RCM and carrying out sensitivity tests.

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:

- £6.2m for outstanding claims;
- £1.2m in respect of other risks and charges;
- £23.9m in respect of tax;
- £35.9m in respect of SPP deposit back; and
- £9.4m in respect of other creditors and accruals & deferred income

10. Risk Capital Margin

(a) The risk capital margin for London Life at 31 December 2007 was zero for both the LWP sub-fund 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 PWP sub-fund financing costs acts to absorb changes that would otherwise affect the working capital.

As a result, the working capital and risk capital margin in the PWP sub-fund is shown as zero.

The working capital reflects the difference in the market consistent value of the financing costs and the residual balance of assets after allowing for all other liabilities in the realistic balance sheet. The RCM reflects the change in working capital between base and the most

onerous RCM condition. 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 Form 19. As such, the LWP RCM is also displayed as zero.

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% fall in equity values; 12.5% fall in property values.

(ii) 17.5% fall in yield curve (UK assets), equivalent to a 0.796% nominal change in the long term gilt yield from 4.55% to 3.754%.

(iii) (a) The average change in spreads for bonds was +69 basis points (weighted by value), resulting in a 7.0% fall in bond asset value.

(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 reinsurance. 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 (forward swaps and payer swaptions), which are the only significant derivative holdings at 31 December 2007, the credit shock tested was a 5 basis point adverse movement in swap rates. This credit shock resulted in a 72.3% 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

3.6% per annum to 2.4% per annum. This change in persistency resulted in a 0.4% 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) As described above, the risk capital margin for the with-profits fund is zero and therefore no additional assets are required to cover this amount.

(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

There are no derivatives held to cover the risk capital margin at the valuation date. Interest rate futures and options are used to match GAO liabilities.

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.

	LWP¹	PWP²
Working Capital as at 31 December 2006	0	0
Undo zeroisation to Opening working capital	38	85
Opening Adjustment	1	6
Expected Return	2	4
Investment Management	(4)	(20)
Insurance Management	4	(2)
Other	1	(5)
Other Long-Term Insurance Liabilities/Financing Costs	(42)	(67)
Working Capital at 31 December 2007	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 2007

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 :
 - (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), GENPRU and 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



J R Cusins
Director

Date: 20 March 2008

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 2007

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, 56, 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 2007

(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 20 March 2008. 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.

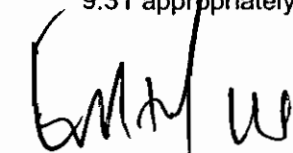
We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statements and the valuation reports are free from material misstatement, whether caused 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: 20 March 2008