

FSA Insurance Returns -- Electronic Submission Certificate

Name of insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

I certify that the data in the electronic copy of the Return is a complete and accurate copy
of the data in the printed copy of the Return

List of electronic files that make up the electronic copy of the Return:

182007_GL1_200812_forms.csv
182007_GL1_200812_notes.csv
182007_GL1_200812_notes.doc
182007_GL1_200812_derivatives.doc
182007_GL1_200812_controllers.doc
182007_GL1_200812_valuation.doc
182007_GL1_200812_realistic.doc
182007_GL1_200812_directors.doc
182007_GL1_200812_auditor.doc
182007_GL1_200812_actuary.doc
182007_GL1_200712_miscellaneous.doc
182007_GL1_200812_control.csv

Signed by one of the company directors who is a signatory on the Directors' Certificate in the Return

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Date

Winterthur Life UK Limited

Annual FSA Insurance Returns for the year ended

31 December 2008

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Statement of solvency - long-term insurance businessName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**

Adjusted solo solvency calculation

Adjusted solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R2	3116645	GL	31	12	2008	£000
				As at end of this financial year		As at end of the previous year	
				1		2	

Capital resources

Capital resources arising within the long-term insurance fund	11	135959	378264
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	98641	65467
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	234600	443731

Guarantee fund

Guarantee fund requirement	21	30609	33053
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	203991	410678

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	89310	96929
Resilience capital requirement	32		
Base capital resources requirement	33	2518	2231
Individual minimum capital requirement	34	89310	96929
Capital requirements of regulated related undertakings	35	2518	2231
Minimum capital requirement (34+35)	36	91828	99160
Excess (deficiency) of available capital resources to cover 50% of MCR	37	188686	394151
Excess (deficiency) of available capital resources to cover 75% of MCR	38	165729	369361

Enhanced capital requirement

With-profits insurance capital component	39	46292	284296
Enhanced capital requirement	40	138119	383457

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	138119	383457
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	96480	60275

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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Covering Sheet to Form 2

Form 2

Name of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**

.....
Director

.....
Director

.....
Director

Date

Components of capital resourcesName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	3116645	GL	31	12	2008	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4

Core tier one capital

Permanent share capital	11		27400	27400	27400
Profit and loss account and other reserves	12		123884	123884	57154
Share premium account	13				
Positive valuation differences	14		302408	302408	520281
Fund for future appropriations	15		32635	32635	25456
Core tier one capital in related undertakings	16		2518	2518	2231
Core tier one capital (sum of 11 to 16)	19		488845	488845	632522

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		488845	488845	632522
Investments in own shares	32				
Intangible assets	33				
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				
Total tier one capital after deductions (31-37)	39		488845	488845	632522

Components of capital resourcesName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	3116645	GL	31	12	2008	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46				
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49				

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

Components of capital resourcesName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	3116645	GL	31	12	2008	£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		488845	488845	632522
Inadmissible assets other than intangibles and own shares	73		254245	254245	188791
Assets in excess of market risk and counterparty limits	74				
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		234600	234600	443731

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		234600	234600	443731
Available capital resources for 50% MCR requirement	82		234600	234600	443731
Available capital resources for 75% MCR requirement	83		234600	234600	443731

Financial engineering adjustments

Implicit items	91				
Financial reinsurance - ceded	92				
Financial reinsurance - accepted	93				
Outstanding contingent loans	94		22441	22441	21312
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96		22441	22441	21312

Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2008	£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	9195	9082
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	1301	1262
	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		
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	54732	28910
	Other	46	1643	1833
Variable interest securities	Approved	47		
	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	21580	15672
	More than one month withdrawal	55	5000	5000
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 **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total other than long term insurance business assets**

Company registration number		GL/ UK/ CM	day month year			Units	Category of assets
R13	3116645	GL	31	12	2008	£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		
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	5810	2991
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	651	595
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

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	99912	65345
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Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	3116645	GL	31	12	2008	£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	99912	65345
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94	2518	2231
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	(2518)	(2231)
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		
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	99912	65345
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2008	£000	10
					As at end of this financial year		As at end of the previous year	
					1		2	
Land and buildings				11		11575		15550

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	5509	5509
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares		41	414227	820767
Other shares and other variable yield participations		42		1165
Holdings in collective investment schemes		43	54969	99457
Rights under derivative contracts		44	67567	13442
Fixed interest securities	Approved	45	785599	728207
	Other	46	240045	176984
Variable interest securities	Approved	47	7570	249
	Other	48	5889	664
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	6824	7354
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	83224	142830
	More than one month withdrawal	55	40000	
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	2425	2373
	Property linked	59	6440625	7237946

Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	3116645	GL	31	12	2008	£000	10
						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	2279	28
	Intermediaries	72	60	39
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	1178	
	Ceded	75	655	8197
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	14883	36955
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	7358	1334
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	18560	14342
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	4609	4378

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	8215630	9317770
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Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	3116645	GL	31	12	2008	£000	10
						As at end of this financial year	As at end of the previous year
						1	2

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	8215630	9317770
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	60969	28212
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		106
Deferred acquisition costs excluded from line 89	99	193276	160579
Reinsurers' share of technical provisions excluded from line 89	100	421224	424293
Other asset adjustments (may be negative)	101	2031675	2070470
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	10922774	12001430
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **With-Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2008	£000	11
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings				11	11575		15550	

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	414227	820767
Other shares and other variable yield participations		42		1165
Holdings in collective investment schemes		43	45436	99457
Rights under derivative contracts		44	67567	13442
Fixed interest securities	Approved	45	510505	484070
	Other	46	131361	103440
Variable interest securities	Approved	47	35	34
	Other	48	984	
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	6357	6989
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	42058	49459
	More than one month withdrawal	55	5000	
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	128	125
	Property linked	59		

Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **With-Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2008	£000	11
					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	16	27
	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	4972	2087
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	72	225
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	13066	10004
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

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	1253360	1606841
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Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **With-Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	3116645	GL	31	12	2008	£000	11
					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	1253360	1606841
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	46110	28212
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	739	595
Other asset adjustments (may be negative)	101		
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	1300209	1635648
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Non Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2008	£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	5509	5509
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	9533	
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	270476	241948
	Other	46	88672	49417
Variable interest securities	Approved	47	7534	215
	Other	48	4612	
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	467	365
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	41005	92769
	More than one month withdrawal	55	35000	
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	2297	2247
	Property linked	59	6440625	7237946

Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Non Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	3116645	GL	31	12	2008	£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	2263	1
	Intermediaries	72	60	39
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	1178	
	Ceded	75	655	8197
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	9910	34867
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	7285	1109
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	4847	3750
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	4609	4378

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	6936537	7682759
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Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Non Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	3116645	GL	31	12	2008	£000	12
					As at end of this financial year		As at end of the previous year
					1		2

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	6936537	7682759
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	14859	
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		106
Deferred acquisition costs excluded from line 89	99	193276	160579
Reinsurers' share of technical provisions excluded from line 89	100	420485	423698
Other asset adjustments (may be negative)	101	2031675	2070470
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	9596833	10337611
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Segregated Sub Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2008	£000	13
					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		
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	4618	2189
	Other	46	20012	24127
Variable interest securities	Approved	47		
	Other	48	294	664
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	161	602
	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 **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Segregated Sub Fund**

Company registration number		GL/ UK/ CM	day month year			Units	Category of assets
R13	3116645	GL	31	12	2008	£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		
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	647	588
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

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	25732	28170
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Analysis of admissible assetsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Segregated Sub Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	3116645	GL	31	12	2008	£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	25732	28170
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		
Other asset adjustments (may be negative)	101		
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	25732	28170
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Form 14

Long term insurance business liabilities and margins

Name of insurer Winterthur Life UK Limited

Global business

Financial year ended 31 December 2008

Total business/Sub fund 10 Summary

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	7996333	8860443
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	54453	48264
Long term insurance business fund carried forward (11 to 13)		14	8050786	8908707
Claims outstanding	Gross	15	43493	38321
	Reinsurers' share	16	3887	3637
	Net (15-16)	17	39606	34684
Provisions	Taxation	21		6241
	Other risks and charges	22	8870	14717
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	2626	5078
	Reinsurance accepted	32		
	Reinsurance ceded	33	3112	3181
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37	9670	2602
	Other	38	17080	9393
Accruals and deferred income		39	2374	3166
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	83337	79063
Excess of the value of net admissible assets		51	81506	330000
Total liabilities and margins		59	8215630	9317770

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	2777	3462
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	6440625	7228764

Total liabilities (11+12+49)	71	8079670	8939506
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	421224	424293
Other adjustments to liabilities (may be negative)	74	2334082	2591199
Capital and reserves and fund for future appropriations	75	87797	46432
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	10922774	12001430

Long term insurance business liabilities and marginsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Total business/Sub fund **21 With-Profit Fund**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	1122493	1242593
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	12099	11991
Long term insurance business fund carried forward (11 to 13)		14	1134592	1254584
Claims outstanding	Gross	15	27720	20171
	Reinsurers' share	16	394	296
	Net (15-16)	17	27326	19875
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	18	112
	Reinsurance accepted	32		
	Reinsurance ceded	33	336	429
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37	9514	1760
	Other	38	68	81
Accruals and deferred income		39		
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	37262	22257
Excess of the value of net admissible assets		51	81506	330000
Total liabilities and margins		59	1253360	1606841

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

Total liabilities (11+12+49)	71	1159755	1264851
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 **Winterthur Life UK Limited**
Global business
Financial year ended **31 December 2008**
Total business/Sub fund **31 Non Profit Fund**
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	6873840	7617849
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	16778	8945
Long term insurance business fund carried forward (11 to 13)		14	6890618	7626795
Claims outstanding	Gross	15	15773	18150
	Reinsurers' share	16	3493	3341
	Net (15-16)	17	12280	14809
Provisions	Taxation	21		6241
	Other risks and charges	22	8870	14717
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	2607	4967
	Reinsurance accepted	32		
	Reinsurance ceded	33	2776	2752
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		
	Other	38	17012	9312
Accruals and deferred income		39	2374	3166
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	45919	55964
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	6936537	7682759

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	2777	3462
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	6440625	7228764

Total liabilities (11+12+49)	71	6919759	7673813
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 **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Total business/Sub fund **32 Segregated Sub Fund**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		
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	25576	27328
Long term insurance business fund carried forward (11 to 13)		14	25576	27328
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	157	842
	Other	38		
Accruals and deferred income		39		
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	157	842
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	25732	28170

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

Total liabilities (11+12+49)	71	157	842
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 **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R15	3116645	GL	31	12	2008	£000
			As at end of this financial year 1			As at end of the previous year 2

Technical provisions (gross amount)

Provisions for unearned premiums	11		
Claims outstanding	12		
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19		

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22	968	968
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	2822	1141
	Foreseeable dividend	48		
	Other	49		
Accruals and deferred income		51		
Total (19 to 51)		59	3790	2109
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	3790	2109

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		(342)
Capital and reserves	84	96123	63578
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	99912	65345

Profit and loss account (non-technical account)Name of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	3116645	GL	31	12	2008	£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	5862			2970	
Investment income	Income		14	2927			2295	
	Value re-adjustments on investments		15	4806			7868	
	Gains on the realisation of investments		16	111			644	
Investment charges	Investment management charges, including interest		17	25			25	
	Value re-adjustments on investments		18					
	Loss on the realisation of investments		19	365			206	
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					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29	13317			13546	
Tax on profit or loss on ordinary activities			31	1430			741	
Profit or loss on ordinary activities after tax (29-31)			39	11887			12804	
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	11887			12804	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59	11887			12804	

Analysis of derivative contractsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total other than long term insurance business assets**

			Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
			R17	3116645	GL	31	12	2008	£000	1
Derivative contracts				Value as at the end of this financial year				Notional amount as at the end of this financial year		
				Assets		Liabilities		Bought / Long		Sold / Short
				1	2	3	4			
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12								
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19								
	Mortality	20								
Other	21									
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51								
Adjustment for variation margin		52								
Total (51 + 52)		53								

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

Analysis of derivative contractsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R17		3116645	GL	31	12	2008	£000	10
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year		
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4		
Futures and contracts for differences	Fixed-interest securities	11						
	Interest rates	12						
	Inflation	13						
	Credit index / basket	14						
	Credit single name	15						
	Equity index	16						
	Equity stock	17						
	Land	18						
	Currencies	19						
	Mortality	20						
	Other	21						
In the money options	Swaptions	31	41991		326977			
	Equity index calls	32						
	Equity stock calls	33						
	Equity index puts	34	25576		33518			
	Equity stock puts	35						
	Other	36						
Out of the money options	Swaptions	41						
	Equity index calls	42						
	Equity stock calls	43						
	Equity index puts	44						
	Equity stock puts	45						
	Other	46						
Total (11 to 46)		51	67567		360495			
Adjustment for variation margin		52						
Total (51 + 52)		53	67567					

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

Analysis of derivative contractsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **With-Profit Fund**

			Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
			R17	3116645	GL	31	12	2008	£000	11
Derivative contracts			Value as at the end of this financial year				Notional amount as at the end of this financial year			
			Assets		Liabilities		Bought / Long		Sold / Short	
			1	2		3		4		
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12								
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19								
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	41991			326977				
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34	25576			33518				
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	67567			360495				
Adjustment for variation margin		52								
Total (51 + 52)		53	67567							

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

Analysis of derivative contractsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Non Profit Fund**

			Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
			R17	3116645	GL	31	12	2008	£000	12
Derivative contracts			Value as at the end of this financial year					Notional amount as at the end of this financial year		
			Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12								
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19								
	Mortality	20								
Other	21									
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51								
Adjustment for variation margin		52								
Total (51 + 52)		53								

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

Analysis of derivative contractsName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Segregated Sub Fund**

			Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
			R17	3116645	GL	31	12	2008	£000	13
Derivative contracts			Value as at the end of this financial year					Notional amount as at the end of this financial year		
			Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12								
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19								
	Mortality	20								
Other	21									
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51								
Adjustment for variation margin		52								
Total (51 + 52)		53								

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

With-profits insurance capital component for the fundName of insurer **Winterthur Life UK Limited**With-profits fund **21 With-Profit Fund**Financial year ended **31 December 2008**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	1253360	1606841
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	82897	82491
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	5387	5480
	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	1165076	1518871
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	1039597	1160102
	Regulatory current liabilities of the fund	22	37262	22257
	Total (21+22)	29	1076858	1182360
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	42078	47060
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	1118937	1229420
Regulatory excess capital (19-39)		49	46140	289451

Realistic excess capital

Realistic excess capital	51	(8254)	(19367)
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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	54394	308817
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	8102	24521
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	46292	284296

Realistic balance sheetName of insurer **Winterthur Life UK Limited**With-profits fund **21 With-Profit Fund**Financial year ended **31 December 2008**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	1165076	1518871
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	27119	33692
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	1192195	1552563
Support arrangement assets	27	8254	11516
Assets available to the fund (26+27)	29	1200449	1564079

Realistic value of liabilities of fund

With-profits benefit reserve	31	934923	1331559
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	184223
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	115102
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	5772
	Future costs of contractual guarantees (other than financial options)	41	174236
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	16367
	Future costs of smoothing (possibly negative)	44	(21037)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	(4651)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	228265
Realistic current liabilities of the fund	51	37262	22257
Realistic value of liabilities of fund (31+49+51)	59	1200449	1564079

Realistic balance sheetName of insurer **Winterthur Life UK Limited**With-profits fund **21 With-Profit Fund**Financial year ends **31 December 2008**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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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	1200449	1571929
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	1200449	1571929
Risk capital margin for fund (62-59)	65		7850
Realistic excess capital for fund (26-(59+65))	66	(8254)	(19367)
Realistic excess available capital for fund (29-(59+65))	67		(7850)
Working capital for fund (29-59)	68		(0)
Working capital ratio for fund (68/29)	69		(0.00)

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

Additional amount potentially available for inclusion in line 62	81	88361	35754
Additional amount potentially available for inclusion in line 63	82	155658	157201

Long-term insurance business : Revenue account

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2008**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	2133794	338570
Investment income receivable before deduction of tax	12	338777	125756
Increase (decrease) in the value of non-linked assets brought into account	13	54695	(9014)
Increase (decrease) in the value of linked assets	14	(1598889)	12085
Other income	15		
Total income	19	928376	467397

Expenditure

Claims incurred	21	1711160	(5937232)
Expenses payable	22	104768	100690
Interest payable before the deduction of tax	23	1683	898
Taxation	24	(37177)	(5770)
Other expenditure	25		50
Transfer to (from) non technical account	26	5862	2970
Total expenditure	29	1786296	(5838394)

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(857920)	6305791
Fund brought forward	49	8908707	2602916
Fund carried forward (39+49)	59	8050786	8908707

Long-term insurance business : Revenue account

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **21 With-Profit Fund**
 Financial year ended **31 December 2008**
 Units **£000**

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

Income

Earned premiums	11	24541	29038
Investment income receivable before deduction of tax	12	65506	72587
Increase (decrease) in the value of non-linked assets brought into account	13	53257	(8233)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	143304	93392

Expenditure

Claims incurred	21	264494	236030
Expenses payable	22	8372	9988
Interest payable before the deduction of tax	23		29
Taxation	24	(15047)	(1109)
Other expenditure	25	1101	6520
Transfer to (from) non technical account	26	4375	2970
Total expenditure	29	263296	254428

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(119992)	(161036)
Fund brought forward	49	1254584	1415620
Fund carried forward (39+49)	59	1134592	1254584

Long-term insurance business : Revenue account

Name of insurer Winterthur Life UK Limited
 Total business / subfund 31 Non Profit Fund
 Financial year ended 31 December 2008
 Units £000

Financial year	Previous year
1	2

Income

Earned premiums	11	2109253	309532
Investment income receivable before deduction of tax	12	271591	51389
Increase (decrease) in the value of non-linked assets brought into account	13	3744	(285)
Increase (decrease) in the value of linked assets	14	(1598889)	12085
Other income	15		
Total income	19	785698	372720

Expenditure

Claims incurred	21	1446665	(6173262)
Expenses payable	22	96396	90702
Interest payable before the deduction of tax	23	1683	869
Taxation	24	(21769)	(4367)
Other expenditure	25	(1101)	(12016)
Transfer to (from) non technical account	26		
Total expenditure	29	1521875	(6098074)

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(736176)	6470794
Fund brought forward	49	7626795	1156001
Fund carried forward (39+49)	59	6890618	7626795

Long-term insurance business : Revenue account

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **32 Segregated Sub Fund**
 Financial year ended **31 December 2008**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11		
Investment income receivable before deduction of tax	12	1680	1781
Increase (decrease) in the value of non-linked assets brought into account	13	(2307)	(496)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	(627)	1285

Expenditure

Claims incurred	21		
Expenses payable	22		
Interest payable before the deduction of tax	23		
Taxation	24	(361)	(294)
Other expenditure	25		5546
Transfer to (from) non technical account	26	1487	
Total expenditure	29	1126	5252

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1752)	(3967)
Fund brought forward	49	27328	31295
Fund carried forward (39+49)	59	25576	27328

Long-term insurance business : Analysis of premiums

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2008**
 Units **£000**

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

Gross

Regular premiums	11	68567	287014		355581	335208
Single premiums	12	74224	2096328		2170552	2250634

Reinsurance - external

Regular premiums	13	2168	8		2177	2126
Single premiums	14		390012		390012	16562

Reinsurance - intra-group

Regular premiums	15	152			152	255893
Single premiums	16					1972691

Net of reinsurance

Regular premiums	17	66247	287006		353253	77188
Single premiums	18	74224	1706316		1780541	261381

Total

Gross	19	142792	2383342		2526134	2585842
Reinsurance	20	2320	390020		392340	2247272
Net	21	140472	1993322		2133794	338570

Long-term insurance business : Analysis of premiums

Name of insurer Winterthur Life UK Limited
 Total business / subfund 21 With-Profit Fund
 Financial year ended 31 December 2008
 Units £000

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

Gross

Regular premiums	11	23064	1135		24198	29182
Single premiums	12	179	271		450	238

Reinsurance - external

Regular premiums	13	100	7		108	382
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	22963	1127		24091	28800
Single premiums	18	179	271		450	238

Total

Gross	19	23243	1406		24649	29420
Reinsurance	20	100	7		108	382
Net	21	23142	1399		24541	29038

Long-term insurance business : Analysis of premiums

Name of insurer Winterthur Life UK Limited
 Total business / subfund 31 Non Profit Fund
 Financial year ended 31 December 2008
 Units £000

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

Gross

Regular premiums	11	45504	285879		331383	306026
Single premiums	12	74045	2096057		2170102	2250396

Reinsurance - external

Regular premiums	13	2068	1		2069	1744
Single premiums	14		390012		390012	16562

Reinsurance - intra-group

Regular premiums	15	152			152	255893
Single premiums	16					1972691

Net of reinsurance

Regular premiums	17	43284	285879		329163	48389
Single premiums	18	74045	1706045		1780090	261144

Total

Gross	19	119549	2381936		2501485	2556422
Reinsurance	20	2220	390013		392232	2246890
Net	21	117329	1991924		2109253	309532

Long-term insurance business : Analysis of premiums

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **32 Segregated Sub Fund**
 Financial year ended **31 December 2008**
 Units **£000**

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

Gross

Regular premiums	11					
Single premiums	12					

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17					
Single premiums	18					

Total

Gross	19					
Reinsurance	20					
Net	21					

Long-term insurance business : Analysis of claims

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2008**
 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	14352	19104		33456	38439
Disability periodic payments	12	1793			1793	1403
Surrender or partial surrender	13	103708	1186302	43419	1333429	1575320
Annuity payments	14	1795	42319		44115	41880
Lump sums on maturity	15	166999	163349		330348	311391
Total	16	288648	1411073	43419	1743140	1968433

Reinsurance - external

Death or disability lump sums	21	1787			1787	1590
Disability periodic payments	22	203			203	269
Surrender or partial surrender	23					
Annuity payments	24		29264		29264	29311
Lump sums on maturity	25					
Total	26	1989	29264		31254	31170

Reinsurance - intra-group

Death or disability lump sums	31	95			95	18342
Disability periodic payments	32					26
Surrender or partial surrender	33	631			631	7708785
Annuity payments	34					12
Lump sums on maturity	35					147330
Total	36	726			726	7874495

Net of reinsurance

Death or disability lump sums	41	12470	19104		31574	18507
Disability periodic payments	42	1590			1590	1108
Surrender or partial surrender	43	103077	1186302	43419	1332797	(6133464)
Annuity payments	44	1795	13055		14850	12556
Lump sums on maturity	45	166999	163349		330348	164061
Total	46	285932	1381809	43419	1711160	(5937232)

Long-term insurance business : Analysis of claims

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **21 With-Profit Fund**
 Financial year ended **31 December 2008**
 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	8332	799		9131	10282
Disability periodic payments	12	30			30	25
Surrender or partial surrender	13	10202	13590	43419	67212	73616
Annuity payments	14	105	2679		2783	2819
Lump sums on maturity	15	156945	28558		185503	149483
Total	16	175613	45627	43419	264659	236224

Reinsurance - external

Death or disability lump sums	21	155			155	186
Disability periodic payments	22	9			9	8
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	164			164	194

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	8176	799		8975	10095
Disability periodic payments	42	21			21	16
Surrender or partial surrender	43	10202	13590	43419	67212	73616
Annuity payments	44	105	2679		2783	2819
Lump sums on maturity	45	156945	28558		185503	149483
Total	46	175449	45627	43419	264494	236030

Long-term insurance business : Analysis of claims

Name of insurer **Winterthur Life UK Limited**
Total business / subfund **31 Non Profit Fund**
Financial year ended **31 December 2008**
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	6020	18305		24325	28157
Disability periodic payments	12	1763			1763	1379
Surrender or partial surrender	13	93506	1172711		1266217	1501705
Annuity payments	14	1691	39641		41331	39061
Lump sums on maturity	15	10054	134790		144845	161907
Total	16	113034	1365447		1478481	1732209

Reinsurance - external

Death or disability lump sums	21	1631			1631	1404
Disability periodic payments	22	194			194	261
Surrender or partial surrender	23					
Annuity payments	24		29264		29264	29311
Lump sums on maturity	25					
Total	26	1825	29264		31089	30976

Reinsurance - intra-group

Death or disability lump sums	31	95			95	18342
Disability periodic payments	32					26
Surrender or partial surrender	33	631			631	7708785
Annuity payments	34					12
Lump sums on maturity	35					147330
Total	36	726			726	7874495

Net of reinsurance

Death or disability lump sums	41	4294	18305		22599	8411
Disability periodic payments	42	1569			1569	1092
Surrender or partial surrender	43	92875	1172711		1265586	(6207080)
Annuity payments	44	1691	10376		12067	9737
Lump sums on maturity	45	10054	134790		144845	14577
Total	46	110483	1336182		1446665	(6173262)

Long-term insurance business : Analysis of claims

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **32 Segregated Sub Fund**
 Financial year ended **31 December 2008**
 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					
Disability periodic payments	12					
Surrender or partial surrender	13					
Annuity payments	14					
Lump sums on maturity	15					
Total	16					

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					
Disability periodic payments	42					
Surrender or partial surrender	43					
Annuity payments	44					
Lump sums on maturity	45					
Total	46					

Long-term insurance business : Analysis of expenses

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2008**
 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	3934	29049	766	33749	38598
Management - acquisition	13	1588	30176		31764	30642
Management - maintenance	14	16846	21434	284	38564	32446
Management - other	15	(1132)	1864		733	(976)
Total	16	21237	82523	1050	104809	100710

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	41			41	19
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	41			41	19

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	3893	29049	766	33708	38578
Management - acquisition	43	1588	30176		31764	30642
Management - maintenance	44	16846	21434	284	38564	32446
Management - other	45	(1132)	1864		733	(976)
Total	46	21196	82523	1050	104768	100690

Long-term insurance business : Analysis of expenses

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **21 With-Profit Fund**
 Financial year ended **31 December 2008**
 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	460	38	766	1264	1909
Management - acquisition	13					
Management - maintenance	14	5152	1739	217	7108	8079
Management - other	15					
Total	16	5612	1777	983	8372	9988

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	460	38	766	1264	1909
Management - acquisition	43					
Management - maintenance	44	5152	1739	217	7108	8079
Management - other	45					
Total	46	5612	1777	983	8372	9988

Long-term insurance business : Analysis of expenses

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2008**
 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	3474	29011		32485	36689
Management - acquisition	13	1588	30176		31764	30642
Management - maintenance	14	11694	19694	67	31456	24367
Management - other	15	(1132)	1864		733	(976)
Total	16	15625	80745	67	96437	90721

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	41			41	19
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	41			41	19

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	3433	29011		32444	36669
Management - acquisition	43	1588	30176		31764	30642
Management - maintenance	44	11694	19694	67	31456	24367
Management - other	45	(1132)	1864		733	(976)
Total	46	15584	80745	67	96396	90702

Long-term insurance business : Analysis of expenses

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **32 Segregated Sub Fund**
 Financial year ended **31 December 2008**
 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					
Management - other	15					
Total	16					

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					
Management - other	45					
Total	46					

Long-term insurance business : Linked funds balance sheetName of insurer **Winterthur Life UK Limited**

Total business

Financial year ended **31 December 2008**Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	2421517	3863464
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	4027927	3393087
Total assets (excluding cross investment) (11+12+13)	14	6449444	7256551
Provision for tax on unrealised capital gains	15	(4208)	14283
Secured and unsecured loans	16	3493	4322
Other liabilities	17		
Total net assets (14-15-16-17)	18	6450158	7237946

Directly held linked assets

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

Total

Value of directly held linked assets and units held (18+21)	31	6450158	7237946
Surplus units	32	9533	9182
Deficit units	33		
Net unit liability (31-32+33)	34	6440625	7228764

Long-term insurance business : Revenue account for internal linked fundsName of insurer **Winterthur Life UK Limited**

Total business

Financial year ended **31 December 2008**Units **£000**

Financial year	Previous year
1	2

Income

Value of total creation of units	11	1504913	6499303
Investment income attributable to the funds before deduction of tax	12	228009	29398
Increase (decrease) in the value of investments in the financial year	13	(1598889)	12085
Other income	14		
Total income	19	134032	6540786

Expenditure

Value of total cancellation of units	21	877751	94323
Charges for management	22	58119	7663
Charges in respect of tax on investment income	23	4276	2765
Taxation on realised capital gains	24	165	2276
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(18491)	(2342)
Other expenditure	26		
Total expenditure	29	921821	104684

Increase (decrease) in funds in financial year (19-29)	39	(787788)	6436102
Internal linked fund brought forward	49	7237946	801844
Internal linked funds carried forward (39+49)	59	6450158	7237946

Long-term insurance business : Summary of new business

Name of insurer **Winterthur Life UK Limited**

Total business

Financial year ended **31 December 2008**

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		18286		18286	14523
Single premium business	12	867	5493		6360	16290
Total	13	867	23779		24646	30813

**Amount of new regular
premiums**

Direct insurance business	21		74195		74195	76211
External reinsurance	22					
Intra-group reinsurance	23					
Total	24		74195		74195	76211

**Amount of new single
premiums**

Direct insurance business	25	74045	2094305		2168350	2199606
External reinsurance	26		1752		1752	1757
Intra-group reinsurance	27					49034
Total	28	74045	2096057		2170102	2250396

Winterthur Life UK Limited

UK Life / Direct Insurance Business

0003

[illegible]

Long-term insurance business : Analysis of new business

Name of insurer Winterthur Life UK Limited

Total business

Financial year ended 31 December 2008

Units £000

UK Pension / 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
400	Annuity non-profit (CPA)			4477	52595
725	Individual pensions property linked	642	9024	564	766895
730	Individual pensions property linked - increments		4836		
735	Group money purchase pensions property linked	17644	43196		119141
740	Group money purchase pensions property linked - increments		17139		
745	DWP National Insurance rebates property linked				5355
750	Income drawdown property linked				345628
755	Trustee investment plan			452	804690

Winterthur Life UK Limited

UK Pension / Reinsurance accepted external

£000

56

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

Name of insurer **Winterthur Life UK Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2008**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	331743	331743	13949	3.61	
Other fixed interest securities	13	145593	145593	9310	6.69	
Variable interest securities	14	12565	12565	389	3.56	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	117636	117636	2231	1.90	
Total	19	607537	607537	25879	4.01	

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

Land and buildings	21	11575	11575	868	7.50	(22.81)
Approved fixed interest securities	22	462498	462498	22566	3.21	13.82
Other fixed interest securities	23	101846	101846	6318	6.25	1.25
Variable interest securities	24	1067	1067	35	3.27	24.62
UK listed equity shares	25	356096	398458	23671	6.84	(33.01)
Non-UK listed equity shares	26	57933	61007	3719	8.32	
Unlisted equity shares	27	198	198			55.46
Other assets	28	173828	128392	3170	2.47	7.30
Total	29	1165042	1165042	60349	4.95	(5.08)

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 **Winterthur Life UK Limited**
 Category of assets **11 With-Profit Fund**
 Financial year ended **31 December 2008**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	54535	54535	2661	3.21	
Other fixed interest securities	13	33656	33656	2088	6.25	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	88190	88190	4749	4.37	

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

Land and buildings	21	11575	11575	868	7.50	(22.81)
Approved fixed interest securities	22	462498	462498	22566	3.21	13.82
Other fixed interest securities	23	101846	101846	6318	6.25	1.25
Variable interest securities	24	1067	1067	35	3.27	24.62
UK listed equity shares	25	356096	398458	23671	6.84	(33.01)
Non-UK listed equity shares	26	57933	61007	3719	8.32	
Unlisted equity shares	27	198	198			55.46
Other assets	28	173828	128392	3170	2.47	7.30
Total	29	1165042	1165042	60349	4.95	(5.08)

Overall return on with-profits assets

Post investment costs but pre-tax	31					(11.71)
Return allocated to non taxable 'asset shares'	32					(11.71)
Return allocated to taxable 'asset shares'	33					(12.45)

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

Name of insurer **Winterthur Life UK Limited**
 Category of assets **12 Non Profit Fund**
 Financial year ended **31 December 2008**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	272495	272495	11074	3.69	
Other fixed interest securities	13	91375	91375	5841	6.07	
Variable interest securities	14	12270	12270	372	3.45	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	117474	117474	2228	1.90	
Total	19	493615	493615	19515	3.69	

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 **Winterthur Life UK Limited**
 Category of assets **13 Segregated Sub Fund**
 Financial year ended **31 December 2008**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	4713	4713	214	3.50	
Other fixed interest securities	13	20562	20562	1381	10.17	
Variable interest securities	14	295	295	18	7.95	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	162	162	3	2.00	
Total	19	25732	25732	1616	8.88	

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 : Fixed and variable interest assets

Name of insurer **Winterthur Life UK Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2008**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	460834	10.54	3.22	3.22

Other approved fixed interest securities	21	333407	8.11	3.59	3.59
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Other fixed interest securities

AAA/Aaa	31	63353	3.95	3.74	3.54
AA/Aa	32	50293	4.55	5.52	4.81
A/A	33	81223	7.37	8.11	6.40
BBB/Baa	34	28801	8.22	9.74	7.74
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	23770	4.80	6.57	4.09
Total other fixed interest securities	39	247440	5.77	6.51	5.28

Approved variable interest securities	41	7594	18.38	0.94	0.94
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Other variable interest securities	51	6038	9.26	6.80	5.90
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Total (11+21+39+41+51)	61	1055313	8.71	4.11	3.82
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Long-term insurance business : Fixed and variable interest assets

Name of insurer **Winterthur Life UK Limited**
 Category of assets **11 With-Profit Fund**
 Financial year ended **31 December 2008**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	270738	8.37	2.91	2.91

Other approved fixed interest securities	21	246295	7.96	3.54	3.54
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Other fixed interest securities

AAA/Aaa	31	36503	3.06	3.24	3.08
AA/Aa	32	34412	4.40	5.56	4.84
A/A	33	34556	7.23	8.10	6.61
BBB/Baa	34	18266	7.70	9.85	8.10
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	11766	3.55	6.53	4.09
Total other fixed interest securities	39	135502	5.13	6.25	5.19

Approved variable interest securities	41	35	8.43	1.46	1.46
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Other variable interest securities	51	1032	9.90	3.33	3.12
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Total (11+21+39+41+51)	61	653602	7.54	3.84	3.62
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Long-term insurance business : Fixed and variable interest assets

Name of insurer **Winterthur Life UK Limited**
 Category of assets **12 Non Profit Fund**
 Financial year ended **31 December 2008**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	189216	13.70	3.67	3.67

Other approved fixed interest securities	21	83279	8.62	3.72	3.72
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Other fixed interest securities

AAA/Aaa	31	23155	5.36	4.35	4.11
AA/Aa	32	12268	5.21	5.38	4.69
A/A	33	37749	7.93	7.00	5.96
BBB/Baa	34	6767	10.49	8.44	6.69
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	11436	6.13	5.79	4.07
Total other fixed interest securities	39	91375	6.88	6.07	5.14

Approved variable interest securities	41	7559	18.42	0.94	0.94
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Other variable interest securities	51	4711	9.70	7.48	6.42
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Total (11+21+39+41+51)	61	376140	10.96	4.26	4.02
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Long-term insurance business : Fixed and variable interest assets

Name of insurer **Winterthur Life UK Limited**
Category of assets **13 Segregated Sub Fund**
Financial year ended **31 December 2008**
Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	879	2.95	2.29	2.29

Other approved fixed interest securities	21	3834	7.17	3.78	3.78
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Other fixed interest securities

AAA/Aaa	31	3695	3.84	4.78	4.55
AA/Aa	32	3612	3.73	5.64	4.95
A/A	33	8918	5.53	12.84	7.48
BBB/Baa	34	3769	6.70	11.60	7.93
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	568	4.09	22.82	4.45
Total other fixed interest securities	39	20562	5.08	10.18	6.51

Approved variable interest securities	41				
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Other variable interest securities	51	295		7.95	7.34
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Total (11+21+39+41+51)	61	25570	5.26	8.92	5.97
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Long-term insurance business : Summary of mathematical reserves

Name of insurer Winterthur Life UK Limited

Total business / subfund 10 Summary

Financial year ended 31 December 2008

Units £000

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

Gross

Form 51 - with-profits	11	498716	318490		817206	889038
Form 51 - non-profit	12	86292	763447		849739	790200
Form 52	13	26455	119360	76671	222486	271152
Form 53 - linked	14	743522	7731913		8475435	9301893
Form 53 - non-linked	15	7667	58655	156	66478	84050
Form 54 - linked	16		12264		12264	12062
Form 54 - non-linked	17		185		185	42
Total	18	1362651	9004314	76828	10443793	11348437

Reinsurance - external

Form 51 - with-profits	21	95			95	88
Form 51 - non-profit	22	11652	391030		402682	405055
Form 52	23					
Form 53 - linked	24	1927	2032883		2034810	2073129
Form 53 - non-linked	25	34			34	34
Form 54 - linked	26		9838		9838	9690
Form 54 - non-linked	27					
Total	28	13707	2433752		2447459	2487994

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

Net of reinsurance

Form 51 - with-profits	41	498620	318490		817110	888950
Form 51 - non-profit	42	74640	372417		447057	385146
Form 52	43	26455	119360	76671	222486	271152
Form 53 - linked	44	741595	5699030		6440625	7228764
Form 53 - non-linked	45	7633	58655	156	66444	84017
Form 54 - linked	46		2425		2425	2372
Form 54 - non-linked	47		185		185	42
Total	48	1348943	6570562	76828	7996333	8860443

Long-term insurance business : Summary of mathematical reservesName of insurer **Winterthur Life UK Limited**Total business / subfund **21 With-Profit Fund**Financial year ended **31 December 2008**Units
£000

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

Gross

Form 51 - with-profits	11	498716	318490		817206	889038
Form 51 - non-profit	12	24299	58224		82523	82106
Form 52	13	26455	119360	76671	222486	271152
Form 53 - linked	14					
Form 53 - non-linked	15	271	220		491	466
Form 54 - linked	16		128		128	125
Form 54 - non-linked	17		5		5	4
Total	18	549741	496426	76671	1122838	1242892

Reinsurance - external

Form 51 - with-profits	21	95			95	88
Form 51 - non-profit	22	242	4		246	206
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	3			3	5
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	340	4		345	299

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

Net of reinsurance

Form 51 - with-profits	41	498620	318490		817110	888950
Form 51 - non-profit	42	24057	58219		82276	81900
Form 52	43	26455	119360	76671	222486	271152
Form 53 - linked	44					
Form 53 - non-linked	45	268	220		487	461
Form 54 - linked	46		128		128	125
Form 54 - non-linked	47		5		5	4
Total	48	549400	496422	76671	1122493	1242593

Long-term insurance business : Summary of mathematical reservesName of insurer **Winterthur Life UK Limited**Total business / subfund **31 Non Profit Fund**Financial year ended **31 December 2008**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	61992	705224		767216	708094
Form 52	13					
Form 53 - linked	14	743522	7731913		8475435	9301893
Form 53 - non-linked	15	7396	58435	156	65987	83584
Form 54 - linked	16		12136		12136	11936
Form 54 - non-linked	17		180		180	38
Total	18	812910	8507888	156	9320954	10105545

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	11410	391026		402436	404849
Form 52	23					
Form 53 - linked	24	1927	2032883		2034810	2073129
Form 53 - non-linked	25	31			31	29
Form 54 - linked	26		9838		9838	9690
Form 54 - non-linked	27					
Total	28	13367	2433747		2447115	2487696

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

Net of reinsurance

Form 51 - with-profits	41					
Form 51 - non-profit	42	50582	314198		364780	303245
Form 52	43					
Form 53 - linked	44	741595	5699030		6440625	7228764
Form 53 - non-linked	45	7365	58435	156	65957	83555
Form 54 - linked	46		2297		2297	2247
Form 54 - non-linked	47		180		180	38
Total	48	799543	6074141	156	6873840	7617849

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

Name of insurer Winterthur Life UK Limited

Total business / subfund 21 With-Profit Fund

Financial year ended 31 December 2008

Units £000

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	18118	79823	1199				35566
120	Conventional endowment with-profits OB savings	41869	215739	3917				170922
125	Conventional endowment with-profits OB target cash	30582	367716	12240				291593
165	Conventional deferred annuity with-profits	5	1					18
205	Miscellaneous conventional with-profits	42229	320342	590				469
210	Additional reserves with-profits OB			8				148
300	Regular premium non-profit WL/EA OB	16607	20901	123				17680
325	Level term assurance	1580	47540	237				98
330	Decreasing term assurance	770	16166	173				6
335	Decreasing term assurance (rider benefits)		6932	107				6
360	Income protection non-profit (guaranteed premiums)	910	4038	156				598
380	Miscellaneous protection rider		44	1				9
385	Income protection claims in payment	11	45					555
390	Deferred annuity non-profit	785	219					3381
395	Annuity non-profit (PLA)	256	108					714

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

Winterthur Life UK Limited

Total business / subfund

21 With-Profit Fund

Financial year ended

31 December 2008

Units

0003

UK Life / Gross

[illegible]

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

Name of insurer Winterthur Life UK Limited
 Total business / subfund 21 With-Profit Fund
 Financial year ended 31 December 2008
 Units £000
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB		294	2				95
120	Conventional endowment with-profits OB savings		1049	0				
205	Miscellaneous conventional with-profits							
300	Regular premium non-profit WL/EA OB		166	6				
325	Level term assurance		263	2				2
330	Decreasing term assurance		95	3				1
335	Decreasing term assurance (rider benefits)		10	0				0
360	Income protection non-profit (guaranteed premiums)		174	5				26
385	Income protection claims in payment		16					213

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

Name of insurer

Winterthur Life UK Limited

Total business / subfund

21 With-Profit Fund

Financial year ended

31 December 2008

Units

£000

UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Conventional pensions endowment with-profits	1959	49565	199				38957
165	Conventional deferred annuity with-profits	10874	14935	749				163762
175	Group conventional deferred annuity with-profits	73	24					442
185	Group conventional pensions endowment with-profits	3495	70532	88				50803
205	Miscellaneous conventional with-profits	115	1018	3				34
210	Additional reserves with-profits OB							64491
300	Regular premium non-profit WL/EA OB	498	635	0				605
305	Single premium non-profit WL/EA OB	521	5607					6278
325	Level term assurance	2610	16234	40				612
380	Miscellaneous protection rider		51	1				24
390	Deferred annuity non-profit	1565	1052					18052
400	Annuity non-profit (CPA)	1925	2855					32653

Winterthur Life UK Limited

21 With-Profit Fund

31 December 2008

0003

UK Pension / Reinsurance ceded external

[illegible]

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

Name of insurer Winterthur Life UK Limited

Total business / subfund 31 Non Profit Fund

Financial year ended 31 December 2008

Units £000

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	6057	12373	302				9372
325	Level term assurance	14752	576785	2080				2462
330	Decreasing term assurance	1853	69292	548				46
335	Decreasing term assurance (rider benefits)	32928	324649	1252				1296
340	Accelerated critical illness (guaranteed premiums)	1503	78191	540				522
345	Accelerated critical illness (reviewable premiums)	1569	62424	467				154
350	Stand-alone critical illness (guaranteed premiums)	253	16472	63				31
355	Stand-alone critical illness (reviewable premiums)	1194	33384	251				70
360	Income protection non-profit (guaranteed premiums)	4967	46679	110				693
365	Income protection non-profit (reviewable premiums)	6757	37846	1007				9833
380	Miscellaneous protection rider		185985	389				345
385	Income protection claims in payment	155	902					6942
390	Deferred annuity non-profit	6157	294					9032
395	Annuity non-profit (PLA)	1077	1387					13546
425	Group income protection claims in payment	26	818					7121

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

Name of insurer Winterthur Life UK Limited

Total business / subfund

Financial year ended
31 December 2008

Units	£000
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UK Life / Gross

[illegible]

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

Name of insurer Winterthur Life UK Limited

Total business / subfund 31 Non Profit Fund

Financial year ended 31 December 2008

Units £000

UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB		418	1				31
325	Level term assurance		2523	14				13
330	Decreasing term assurance		124	3				1
335	Decreasing term assurance (rider benefits)		36	0				0
360	Income protection non-profit (guaranteed premiums)		491	9				53
365	Income protection non-profit (reviewable premiums)		13030	311				2713
380	Miscellaneous protection rider		91497	159				13
385	Income protection claims in payment		424					3087
425	Group income protection claims in payment		670					5497
435	Miscellaneous non-profit			0				0

Winterthur Life UK Limited

UK Pension / Gross

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Winterthur Life UK Limited

31 Non Profit Fund

31 December 2008

0003

UK Pension / Reinsurance ceded external

[illegible]

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

Name of insurer	Winterthur Life UK Limited
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Total business / subfund

21 With-Profit Fund

Financial year ended

31 December 2008

Units

0003

UK Life / Gross

[illegible]

Winterthur Life UK Limited

UK Pension / Gross

[illegible]

Winterthur Life UK Limited

Total business / subfund

21 With-Profit Fund

Financial year ended

31 December 2008

Units

0003

Overseas / Gross

[illegible]

Winterthur Life UK Limited

UK Life / Gross

[illegible]

Winterthur Life UK Limited

UK Life / Reinsurance ceded external

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

Name of insurer	Winterthur Life UK Limited
Total business / subfund	21 With-Profit Fund
Financial year ended	31 December 2008
Units	£000

UK Pension / Gross

[illegible]

Winterthur Life UK Limited

Total business / subfund

21 With-Profit Fund

31 December 2008

0003

UK Pension / Reinsurance ceded external

[illegible]

Winterthur Life UK Limited

31 Non Profit Fund

31 December 2008

0003

UK Life / Gross

[illegible]

Winterthur Life UK Limited

UK Life / Reinsurance ceded external

0003

[illegible]

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

Name of insurer Winterthur Life UK Limited

Total business / subfund 31 Non Profit Fund

Financial year ended 31 December 2008

Units £000

UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	118441	2082331	91360	2102586	2072622	14471	2087093
735	Group money purchase pensions property linked	92113	1368542	174135	1372284	1371757	21047	1392803
745	DWP National Insurance rebates property linked		931376		931376	931376		931376
750	Income drawdown property linked	16463	1346707	3695	1349682	1349682	55	1349737
755	Trustee investment plan	4992	2004360		2004360	2004360	462	2004822
765	Group managed fund		2116		2116	2116		2116
790	Miscellaneous protection rider		718	16			453	453
800	Additional reserves property linked						21948	21948

Winterthur Life UK Limited

0003

[illegible]

Winterthur Life UK Limited

31 Non Profit Fund

31 December 2008

0003

Overseas / Gross

[illegible]

Winterthur Life UK Limited

Total business / subfund

21 With-Profit Fund

Financial year ended

31 December 2008

Units

0003

UK Pension / Gross

[illegible]

Winterthur Life UK Limited

31 Non Profit Fund

31 December 2008

£000

UK Pension / Gross

91

Winterthur Life UK Limited

Total business / subfund

31 Non Profit Fund

Financial year ended

31 December 2008

Units

£000

UK Pension / Reinsurance ceded external

[illegible]

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

Name of insurer Winterthur Life UK Limited
Total business
Financial year ended 31 December 2008
Units £000

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Aberdeen Multi-Asset Fund	14 - individual pension - other managed fund	170012	Aberdeen Multi-Asset Fund	0.65	1.7165	1.3201	(23.09)
AllianceBernstein Diversified Yield Plus Portfolio	24 - group managed fund - other managed fund	191790	Alliance Bernstein Div Yield			1.7288	
Colonial Pension Managed Fund	12 - individual pension - balanced managed fund	712672	Colonial Rainbow Managed	1.00	17.1511	13.4760	(21.43)
Colonial Rainbow Equity Fund	11 - individual pension - stock market managed fund	262423	Colonial Rainbow Equity I In	1.00	44.1107	31.2658	(29.12)
Elite Balanced Managed Fund	12 - individual pension - balanced managed fund	214225	Elite Balanced Managed (TS	1.00	1.5458	1.2494	(19.17)
Elite Cautious Managed Fund	13 - individual pension - defensive managed fund	133430	Elite Cautious Managed S3	0.85	1.1269	0.9967	(11.56)
Invesco Perpetual High Income	15 - individual pension - UK equity	180774	Invesco Perpetual High Inco	1.15	4.7823	3.8283	(19.95)
Newton Balanced FDS	12 - individual pension - balanced managed fund	115668	Newton Balanced FDS (ex N	0.65		2.2529	
Pension Deposit	14 - individual pension - other managed fund	826226	Pension Deposit S3 0.35%	0.35	1.5317	1.6158	5.49
Pension Fixed Interest	14 - individual pension - other managed fund	131849	Pension Fixed Interest (ex N	0.25	7.3235	7.9002	7.88
Schroders Pension Managed	12 - individual pension - balanced managed fund	358926	Schroders Pension Managed	0.25	7.9172	6.5329	(17.49)
The Unit Fund	02 - life - balanced managed fund	334220	The Unit Fund 0.75%	0.75	30.7299	24.6264	(19.86)

Long-term insurance business: Analysis of valuation interest rateName of insurer **Winterthur Life UK Limited**Subfund **21 With-Profit Fund**Financial year ended **31 December 2008**Units **£000**

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
1	2	3	4	5
UK L&GA WP Form 51 - Tenflex Assurances	48023	2.50		4.39
UK L&GA WP Form 51 - Other Assurances	450082	3.75		4.41
UK L&GA NP Form 51 - Assurances and Deferred Annuity	21169	2.25		3.21
UK Pens WP Form 51 - Deferred Annuities & Individual Endowments	225662		4.25	4.55
UK Pens WP Form 51 - Group Endowments & Term Assurances	50837		4.25	4.41
UK Pens NP Form 51 - Annuity In Payment	32600		5.00	5.20
UK Pens NP Form 51 - Assurances & Deferred Annuity	25597		3.00	3.21
UK L&GA NP Form 52	26455	2.50		4.39
UK Pens Form 52 - Retirement Benefit Schemes	17653		4.25	4.41
UK Pens Form 52 - Other Pensions	101707		3.25	4.39
OS L&GA Form 52	76671		2.25	4.88
Miscellaneous	45910	n/a	n/a	3.75
Total	1122365			

Long-term insurance business: Analysis of valuation interest rateName of insurer **Winterthur Life UK Limited**Subfund **31 Non Profit Fund**Financial year ended **31 December 2008**Units **£000**

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
1	2	3	4	5
UK L&GA NP Form 51 - Annuity In Payment	13546		4.20	4.33
UK L&GA NP Form 51 - Deferred Annuity	9353		3.40	3.66
UK L&GA NP Form 51 - Assurances	13808	2.70		4.54
UK L&GA NP Form 51 - PHI Claims In Payment	5479		4.20	4.33
UK L&GA NP Form 51 - PHI Other	7680		3.40	3.66
UK Pens NP Form 51 - Annuity In Payment	207057		4.20	4.33
UK Pens NP Form 51 - Assurances & Deferred Annuity	90734		3.40	3.66
UK L&GA NP Form 53 - Non Unit Liabilities	5123	2.70		4.54
UK Pens NP Form 53 - Non Unit Liabilities	36169		3.40	3.66
UK Pens NP Form 53 - Additional reserves property linked	21948			1.64
Miscellaneous	20021	n/a	n/a	2.08
Total	430917			

Long-term insurance business : Distribution of surplus

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2008**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	8050786	8908707
Bonus payments in anticipation of a surplus	12	47253	34570
Transfer to non-technical account	13	5862	2970
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	8103901	8946247
Mathematical reserves	21	7996333	8860443
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	107568	85804

Composition of surplus

Balance brought forward	31	48264	53557
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	59304	32247
Total	39	107568	85804

Distribution of surplus

Bonus paid in anticipation of a surplus	41	47253	34570
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	47253	34570
Net transfer out of fund / part of fund	47	5862	2970
Total distributed surplus (46+47)	48	53114	37540
Surplus carried forward	49	54453	48264
Total (48+49)	59	107568	85804

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 **Winterthur Life UK Limited**
 Total business / subfund **21 With-Profit Fund**
 Financial year ended **31 December 2008**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	1134592	1254584
Bonus payments in anticipation of a surplus	12	47253	34570
Transfer to non-technical account	13	4375	2970
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1186220	1292124
Mathematical reserves	21	1122493	1242593
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	63726	49531

Composition of surplus

Balance brought forward	31	11991	12914
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	51736	36617
Total	39	63726	49531

Distribution of surplus

Bonus paid in anticipation of a surplus	41	47253	34570
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	47253	34570
Net transfer out of fund / part of fund	47	4375	2970
Total distributed surplus (46+47)	48	51627	37540
Surplus carried forward	49	12099	11991
Total (48+49)	59	63726	49531

Percentage of distributed surplus allocated to policyholders

Current year	61	91.53	92.09
Current year - 1	62	92.09	91.13
Current year - 2	63	91.13	90.39
Current year - 3	64	90.39	90.36

Long-term insurance business : Distribution of surplus

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2008**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	6890618	7626795
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	6890618	7626795
Mathematical reserves	21	6873840	7617849
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	16778	8945

Composition of surplus

Balance brought forward	31	8945	9348
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		5546
Surplus arising since the last valuation	34	7833	(5949)
Total	39	16778	8945

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	16778	8945
Total (48+49)	59	16778	8945

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 **Winterthur Life UK Limited**
 Total business / subfund **32 Segregated Sub Fund**
 Financial year ended **31 December 2008**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	25576	27328
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	1487	
Transfer to other funds / parts of funds	14		5546
Subtotal (11 to 14)	15	27063	32874
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	27063	32874

Composition of surplus

Balance brought forward	31	27328	31295
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(265)	1579
Total	39	27063	32874

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	1487	5546
Total distributed surplus (46+47)	48	1487	5546
Surplus carried forward	49	25576	27328
Total (48+49)	59	27063	32874

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 Winterthur Life UK Limited
 Original insurer 41 Winterthur Life UK Limited
 Date of maturity value / open market option 01 March 2009

1 Category of with-profits policy	2 Original term (years)	3 Maturity value / open market option	4 Terminal bonus	5 MVA	6 CWP / UWP	7 MVA permitted?	8 Death benefit
Endowment assurance	10	5402	0	0	UWP	N	7100
Endowment assurance	15	9068	0	0	UWP	N	7100
Endowment assurance	20	18341	1667	0	CWP	N	18341
Endowment assurance	25	33297	5550	0	CWP	N	33297
Regular premium pension	5	11285	0	0	UWP	N	11285
Regular premium pension	10	22514	0	0	UWP	N	22514
Regular premium pension	15	41193	768	0	UWP	N	41193
Regular premium pension	20	77518	8367	0	UWP	N	77518
Single premium pension	5	10792	21	0	UWP	N	10792
Single premium pension	10	10338	0	0	UWP	N	10338
Single premium pension	15	19586	1109	0	UWP	N	19586
Single premium pension	20	36440	4753	0	UWP	N	36440

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

Name of insurer Winterthur Life UK Limited
Original insurer 41 Winterthur Life UK Limited
Date of surrender value 01 March 2009

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	4504	0	0	UWP	Y	30000
Endowment assurance	15	7807	0	0	UWP	Y	33121
Endowment assurance	20	15242	299	0	CWP	Y	22335
With-profits bond	2	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	3	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	5	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	10	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	2	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	3	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	5	10792	21	0	UWP	Y	10792
Single premium pension	10	9709	0	-1103	UWP	Y	10812

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

Name of insurer Winterthur Life UK Limited
 Original insurer 42 Colonial Life (UK) Limited
 Date of maturity value / open market option 01 March 2009

1 Category of with-profits policy	2 Original term (years)	3 Maturity value / open market option	4 Terminal bonus	5 MVA	6 CWP / UWP	7 MVA permitted?	8 Death benefit
Endowment assurance	10	6057	835		0 UWP	N	7263
Endowment assurance	15	10479	1747		0 CWP	N	10479
Endowment assurance	20	17714	2310		0 CWP	N	17714
Endowment assurance	25	30063	5010		0 CWP	N	30063
Regular premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	10	24968	3177		0 UWP	N	24968
Regular premium pension	15	42360	5525		0 UWP	N	42360
Regular premium pension	20	72335	14467		0 UWP	N	72335
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	10558	491		0 UWP	N	10558
Single premium pension	15	15573	742		0 UWP	N	15573
Single premium pension	20	34643	9898		0 UWP	N	34643

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

Name of insurer Winterthur Life UK Limited
 Original insurer 42 Colonial Life (UK) Limited
 Date of surrender value 01 March 2009

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	4583	90	0	UWP	Y	30370
Endowment assurance	15	8731	1690	0	CWP	Y	17870
Endowment assurance	20	15653	1801	0	CWP	Y	22140
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	10547	0	0	UWP	N	11075
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	10251	0	0	UWP	Y	10251

Long-term insurance capital requirement

Name of insurer

Winterthur Life UK Limited

Global business

Financial year ended

31 December 2008

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%			1.00		
Classes I (other), II and IX	13	0.15%					
Classes I (other), II and IX	14	0.3%	1568706	1563263		4690	5453
Classes III, VII and VIII	15	0.3%	1297032	1157443	0.89	3472	3616
Total	16		2865738	2720706		8162	9069

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					386	225
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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%	1888564	1487552	0.85	16053	16693
Classes III, VII and VIII (investment risk)	33	1%	5984	4049	0.85	51	70
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	1219165	1219165	1.00	12192	15971
Classes III, VII and VIII (other)	35	25%				3159	3560
Class IV (other)	36	1%	29303	17674	0.85	249	262
Class V	37	1%					
Class VI	38	1%					
Total	39					31703	36557

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	1888564	1487552	0.85	48158	50080
Classes III, VII and VIII (investment risk)	43	3%	5984	4049	0.85	153	211
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	1219165	1219165			
Classes III, VII and VIII (other)	45	0%	7300775	5267892			
Class IV (other)	46	3%	29303	17674	0.85	747	786
Class V	47	0%					
Class VI	48	3%					
Total	49		10443793	7996333		49058	51078

Long term insurance capital requirement	51					89310	96929
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Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

***0201* Waiver under Section 148 of the Financial Services and Markets Act 2000**

None.

***0204* Reassurance arrangements**

Winterthur Pension Funds UK Limited reassures all of its direct insurance business to the Company.

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

	2008	2007
	£000	£000
Grand total of admissible assets after deduction of market risk and counterparty limits – other than long term business (Form 13 line 89 OLTB)	99,912	65,345
Grand total of admissible assets after deductions of market risk and counterparty limits – long term business (Form 13 line 89 LTB)	8,215,630	9,317,770
Mathematical reserves, after distribution of surplus (Form 14 line 11)	(7,996,333)	(8,860,443)
Total other insurance and non-insurance liabilities (Form 14 line 49)	(83,337)	(79,063)
Total liabilities – other than long term business (Form 15 line 69)	(3,790)	(2,109)
	232,082	441,500
Capital resources requirement of subsidiary included on an adjusted solo solvency basis	2,518	2,231
Total capital resources after deductions (Form 2 line 13)	234,600	443,731

***0302* Capital instruments issued by the long-term insurance fund**

None.

***0303* Allocation of capital between general and long-term business**

Not applicable.

***0304* Amounts in excess of tier one capital limits included in tier two capital**

None.

***0305* Financing arrangements**

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

None.

***0306* Financial reinsurance ceded**

None.

***0307* Financial reinsurance accepted**

None.

***0308* Contingent loans and charges on future profits**

In order to maintain the statutory solvency of the company, Winterthur Life UK Holdings Limited (the company's holding company) has made a contingent loan to the Non-Profit Fund of £22,441,000. Repayment of the loan is contingent upon the emergence of surplus. A liability to repay the loan is required for the company's external financial reporting but not for the FSA Return.

***0309* Promises to policyholders conditional upon future profits (other than bonuses not yet declared) or other charges to future profits not already disclosed**

None.

***0310* Valuation differences**

	2008	2007
	£000	£000
Difference between Long-term Business Provision calculated on a realistic basis and mathematical reserves	63,436	303,760
Deferred front end fee liability	101,996	104,472
Financial liability in respect of trail commission	114,534	93,604
Contingent loans	22,441	21,312
Deferred tax asset	-	(2,760)
Valuation adjustment on subsidiaries	-	(106)
Rounding	1	(1)
	302,408	520,281

***0311* Differences on brought forward amounts**

None.

***0312* Waiver under Section 148 of the Financial Services and Markets Act 2000 - Implicit items**

None.

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

***0313* Reconciliation of profit and loss account and other reserves to profit or loss retained**

	2008	2007
	£000	£000
Profit and loss account and other reserves (Form 3 line 12)	123,884	57,154
Less capital contribution received during the year	(21,000)	-
Less movement in revaluation reserve	(151)	-
Less Profit and loss account and other reserves brought forward	(57,154)	(96,326)
Profit / (loss) retained for the financial year	45,579	(39,172)
Add (Profit) / Loss arising in the long-term fund for the financial year	(39,554)	604
Add Loss arising from prior year adjustment	-	48,402
Add transfer from long-term fund to shareholder fund	5,862	2,970
Profit or loss retained for the financial year (Form 16 line 59)	11,887	12,804

***1301* Aggregate value of certain investments (OLTB)**

There are no unlisted investments or other than readily realisable listed investments in lines 41, 42, 46 and 48 of Form 13.

As at 31 December 2008 the Company held no units or other beneficial interests in collective investment schemes which were not UCITs or authorised under the Financial Services and Markets Act 2000.

There were no reversionary interests or remainders in property other than land or buildings.

***1302* Aggregate value of hybrid securities (OLTB)**

The Company held no hybrid securities at 31 December 2008.

***1303* Non debtor salvage or subrogation recoveries (OLTB)**

Not applicable.

***1304* Amounts set off (OLTB)**

Certain amounts shown in Form 13 have been set off to the extent permitted by generally accepted accounting principles.

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

***1305* Maximum counterparty limits (OLTB)**

The maximum individual counterparty exposure limit for cash is £5m (unless Government Guaranteed).

For fixed income and cash securities, the maximum exposure to a single counterparty depends on the rating of the counterparty by AXA Investment Managers UK Limited. The maximum exposure is calculated by multiplying the relevant credit rating limit expressed as a percentage by the portfolio base. The minimum rating allowed is AA-.

The relevant rating limits expressed as a percentage are as follows:

AXA RATING	Corporate	Supra National and Government Related	Non Domestic Sovereign	Domestic Sovereign
AAA	4.0%	No limit	No limit	No limit
AA+	3.3%			
AA	3.0%			
AA-	2.5%			

The portfolio base is the total fixed income and cash portfolio for sovereign issuers and is the greater of the cash and corporate bonds portfolio (excluding mortgage backed securities) or 50% of the total fixed income and cash portfolio for corporate and supranational issuers.

There were no unauthorised breaches of these limits during the period.

***1306* Exposure to large counterparties (LTB)**

None.

***1307* Aggregate value of certain fully secured rights (OLTB)**

None.

***1308* Aggregate value of certain investments (LTB)**

Included in line 41 of Form 13 are unlisted investments valued at £198,000 (2007: £129,000).

There are no other unlisted investments or other than readily realisable listed investments in lines 41, 42, 46 and 48 of Form 13.

As at 31 December 2008 the Company held no units or other beneficial interests in collective investment schemes which were not UCITs or authorised under the Financial Services and Markets Act 2000.

There were no reversionary interests or remainders in property other than land or buildings.

***1309* Aggregate value of hybrid securities (LTB)**

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

The aggregate value of hybrid securities included in lines 46 and 48 is £58.1m (2007: £62.0m).

***1310* Amounts set off (LTB)**

Certain amounts shown in Form 13 have been set off to the extent permitted by generally accepted accounting principles.

***1311* Differences on brought forward amounts**

None.

***1312* Exposure to large counterparties (OLTB)**

None.

***1313* Aggregate value of certain fully secured rights (LTB)**

The Company has rights over collateral covering assets valued at £41,992,000 (2007: £13,442,000)

***1314* Tangible lease assets (OLTB)**

There are no tangible leased assets included in line 80 of Form 13 (other than long-term business).

***1315* Other assets (OLTB)**

There are no other assets included in line 83 of Form 13 (other than long-term business).

***1316* Tangible lease assets (LTB)**

There are no tangible leased assets included in line 80 of Form 13 (total long-term business).

***1317* Other assets (LTB)**

There are no other assets included in line 83 of Form 13 (total long-term business).

***1318* Other asset adjustments**

The amounts included in line 101 of Form 13 are as follows:

Long term	2008	2007
	£000	£000
Gross up reinsurers' share of technical provisions classified as investments in Companies Act accounts	2,031,675	2,070,470

***1319* Maximum counterparty limits (LTB)**

Under the Insurer's Investment Guidelines, the maximum exposure of unit linked funds to a single counterparty for cash is 1% of the market value of that fund or £5m if greater for counterparties

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NOTES TO THE RETURN

rated AA- or better, and 0.5% of the market value of that fund or £2.5m if greater for counterparties rated A+/A/A-.

Other than for securities issued or explicitly guaranteed by the UK Government, the relevant rating limits for unit linked funds are as follows:

Rating	Limit
AAA Approved Securities (as defined for INSPRU)	20.0%
AAA Other	5.0%
AA	4.0%
A	2.5%
BBB	1.3%

For cash and fixed income securities, the maximum exposure to a single counterparty depends on the rating of the counterparty by AXA Investment Managers UK Limited. The maximum exposure is calculated by multiplying the relevant credit rating limit expressed as a percentage by the portfolio base. The maximum exposure to A+ and below rated bonds is 15% for the Non-Profit Fund and 20% for the With-Profit Fund.

The relevant rating limits expressed as a percentage are as follows:

AXA RATING	Corporate	Supra National and Government Related	Non Domestic Sovereign	Domestic Sovereign
AAA	4.0%	No limit	No limit	No limit
AA+	3.3%			
AA	3.0%			
AA-	2.5%			
A+	2.0%	2.0%	2.0%	
A	1.6%	1.6%	1.6%	
A-	1.2%	1.2%	1.2%	
BBB+	1.0%	1.0%	1.0%	
BBB	0.7%	0.7%	0.7%	
BBB-	0.4%	0.4%	0.4%	

The portfolio base is the total fixed income and cash portfolio for sovereign issuers and is the greater of the cash and corporate bonds portfolio (excluding mortgage backed securities) or 50% of the total fixed income and cash portfolio for corporate and supranational issuers.

There were no unauthorised breaches of these limits during the period.

***1320* Direction under Section 148 of the Financial Services and Markets Act 2000**

The FSA issued to the firm in January 2007 a direction under section 148 of the Act. The effect of the direction is to allow the firm to include in its realistic balance sheet (at line 27 of Form 19 for the With-Profit Fund), the value of the fund support arrangement assets for a with-profits fund which is the value of the transfers from the Segregated Sub Fund of the firm as defined in the

Name of Insurer **Winterthur Life UK Limited**

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Amended Scheme sanctioned by the High Court of Justice on 29 November 2004 to that with-profits fund where:

- (1) the value of the transfers are limited to the lesser of the Segregated Sub Fund and the value of transfers assessed as necessary in each determination of the realistic value of liabilities of the With-Profit Fund so that customers are treated fairly and
- (2) the value to be placed on the transfers is the value determined on a basis consistent with the basis used in determining the realistic value of assets and realistic value of liabilities of the with-profits fund.

These assets are also included in line 89 of Form 13.

***1321* Direction under Section 148 of the Financial Services and Markets Act 2000**

The FSA, on the application of the firm, made a direction in May 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long-term contracts relating to Winterthur Norwich Property (Investment Bond), Winterthur Norwich Property (Pension), Winterthur New Star Property (Investment Bond) and Winterthur New Star Property (Pension) which are themselves determined, either wholly or partly, by reference to units in the Norwich Property Trust and the New Star Property Trust.

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

The Company holds no investments which will, or may, give rise to a liability in the future and as such no provision for adverse changes has been established.

***1402* Long term and other than long term insurance business assets / liabilities**

a) Charges on assets

There were no charges on any of the assets of the Company to secure the liabilities of any other person.

b) Provision for capital gains tax

A capital gains tax liability of £nil (2007: £17.4m) would arise if the Company were to dispose of all of its assets.

c) Contingent liabilities

The aggregate value of contingent liabilities does not exceed 2.5% of the long-term insurance assets.

d) Guarantees, indemnities or other contractual commitments with related parties

The aggregate value of guarantees, indemnities or other contractual commitments with related parties does not exceed 2.5% of the long-term insurance assets.

Name of Insurer **Winterthur Life UK Limited**

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NOTES TO THE RETURN

e) Fundamental uncertainties

There were none at 31 December 2008.

***1403* Deficit in a regulated related undertaking (LTB)**

None.

***1404* Implicit provision for reasonably foreseeable adverse variations**

None.

***1405* Details of other adjustments to liabilities**

	2008	2007
	£000	£000
Reinsurers' share of technical provisions classified as investments in Companies Act accounts	2,032,887	2,070,470
Other differences in technical liabilities	62,224	303,760
Contingent loans	22,441	21,312
Financial liability re trail commission	114,534	93,604
Deferred front end fees	101,996	104,472
Deferred tax	-	(2,418)
Rounding		(1)
	<hr/> 2,334,082 <hr/>	<hr/> 2,591,199 <hr/>

***1411* Differences on brought forward amounts (LTB)**

None.

***1501* Provision for reasonably foreseeable adverse variations**

The Company holds no investments which will, or may, give rise to a liability in the future and as such no provision for adverse changes has been established.

***1502* Long term and other than long term insurance business assets / liabilities**

a) Charges on assets

There were no charges on any of the assets of the Company to secure the liabilities of any other person.

b) Provision for capital gains tax

A capital gains tax liability of £nil (2007: £17.4m) would arise if the Company were to dispose of all of its assets.

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

c) Contingent liabilities

The aggregate value of contingent liabilities does not exceed 2.5% of the long-term insurance assets.

d) Guarantees, indemnities or other contractual commitments with related parties

The aggregate value of guarantees, indemnities or other contractual commitments with related parties does not exceed 2.5% of the long-term insurance assets.

f) Fundamental uncertainties

There were none at 31 December 2008.

***1503* Accrued dividend in respect of preference shares**

None.

***1504* Deficit in a regulated related undertaking (OLTB)**

None.

***1506* Provision for reasonably foreseeable adverse variations**

None.

***1507* Details of other adjustments to liabilities**

The other adjustments to liabilities in line 83 of Form 15 are:

	2008	2007
	£000	£000
Deferred tax	-	342

***1511* Differences on brought forward amounts (OLTB)**

None.

***1601* Basis of foreign currency conversion (OLTB)**

Income and expenditure in foreign currencies are translated to Sterling using the rate of exchange current at the transaction date.

***1602* Restatement of amounts arising from currency conversion (OLTB)**

None.

Name of Insurer **Winterthur Life UK Limited**

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NOTES TO THE RETURN

***1603* Other income and charges**

None.

***1604* Extraordinary profit and loss**

None.

***1611* Differences on brought forward amounts (OLTB)**

None.

***1701* Variation margins**

None.

***1702* Quasi derivatives**

The aggregate value of rights under contracts or in respect of assets, either of which have the effect of derivative contracts, did not exceed 2.5% of the value of assets at line 89 of Form 13.

There were no quasi derivative liabilities at 31 December 2008.

***1801* Long-term Insurance Capital Requirement shown in Form 18 line 14**

The long-term admissible assets of the fund covering the long-term insurance capital requirement allocated in respect of non-profit insurance contracts written in the fund incorporates the long-term insurance capital requirement in respect of the property-linked business written in the fund where the unit liability is shown in the Non-Profit Fund. This is because the risks of this business continue to be borne by the With-Profit Fund.

***1901* Direction under Section 148 of the Financial Services and Markets Act 2000**

The FSA issued to the firm in January 2007 a direction under section 148 of the Act. The effect of the direction is to allow the firm to include in its realistic balance sheet (at line 27), the value of the fund support arrangement assets for a with-profits fund is the value of the transfers from the Segregated Sub-Fund of the firm as defined in the Amended Scheme sanctioned by the High Court of Justice on the 29th November 2004 to that with-profits fund where:

(1) the value of the transfers are limited to the lesser of the Segregated Sub-Fund and the value of transfers assessed as necessary in each determination of the realistic value of liabilities of the With-profit Fund so that customers are treated fairly, and;

(2) the value to be placed on the transfers is the value determined on a basis consistent with the basis used in determining the realistic value of assets and realistic value of liabilities of the With-Profit Fund.

These assets are also included in line 89 of Form 13 for the Segregated Sub-Fund.

***1902* Additional amount potentially available for inclusion in Form 19 line 82**

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

The Value of In-Force business in respect of non-profit business in the Non-Profit Fund is calculated on the actuarial valuation basis set for the firm's internal embedded value reporting. This basis is not necessarily consistent with the requirements in the Prudential Source Book. The firm's Board has taken the view that this is acceptable given that the amount disclosed in Form 19 Line 63 is not required to back the capital requirements of the With-Profit Fund.

***4001* Differences on brought forward amounts (LTB)**

None.

***4002* Particulars of other income and expenditure**

	2008	2007
	£000	£000
Other expenditure	-	50

Other expenditure was a management charge payable to Winterthur Pension Funds UK Limited in respect of linked business.

***4003* Investment income or net capital gains included at line 26**

None.

***4004* Transfer of reserves**

None.

***4005* Basis of foreign currency conversion (LTB)**

Income and expenditure in foreign currencies are translated to Sterling using the rate of exchange current at the transaction date.

***4006* Basis of apportionment between long-term funds**

Separate internal accounts and separate investment reserves are maintained for each fund for which a separate Form 40 is prepared.

Expenses charged by Winterthur Financial Services UK Limited are charged on a cost basis for work done in distributing or administering policies. In addition there is a separate contract covering investment of assets which is based on the value of assets under management. These expenses are initially borne by the Non-Profit Fund. An explicit expense arrangement is in force between the Non-Profit Fund and the With-Profit Fund. A fixed amount increasing with inflation is payable for each premium paying policy and at half rate for a non premium paying policy for each master policy within the With-Profit Fund. In addition certain other costs are borne by the With-Profit Fund. All expenses borne by the With-Profit Fund are in accordance with the Court Scheme covering the governance of the fund.

Name of Insurer **Winterthur Life UK Limited**

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NOTES TO THE RETURN

For taxation, the With-Profit Fund is treated as a stand-alone mutual company. Taxation for the Segregated Sub Fund is calculated on a 100% BLAGAB basis which was agreed with the Inland Revenue (now HMRC) at the time of the Colonial demutualisation. The taxation for the Non-Profit Fund is the balance of the total long-term fund tax.

***4008* Management services**

During the financial year ended 31 December 2008, investment management services have been provided to the Company by AXA Investment Managers UK Limited, a fellow group undertaking.

Various other management services have been provided by Winterthur Financial Services UK Limited, a wholly owned subsidiary of Winterthur Financial Services UK Holdings Limited, in accordance with a management agreement between the companies.

***4009* Material connected party transactions**

During the financial year ended 31 December 2008 the Company carried out the following transactions with other companies in the group, which exceed 5% of the Company's liabilities arising from its long-term insurance business, excluding property linked liabilities and net of reinsurance ceded.

Material transactions with Winterthur Pension Funds UK Limited, a subsidiary undertaking, were:

	2008	2007
	£000	£000
Reassurance premiums paid	-	2,228,431
Reassurance premiums received	487	48,680
Reassurance claims received	-	9,944,107
Reassurance claims paid	122	-

***4010* With-profit fund investment income relating to linked assets**

None.

***4301* Other management expenses**

Other management expenses in Line 15 of Form 43 are:

	2008	2007
	£000	£000
One-off project costs	2,103	4,894
Release from compensation provisions	(1,350)	(5,450)
Decrease in other provisions	-	(440)
Ex gratia compensation	(20)	20
	733	(976)

***4401* Basis of valuation of assets**

Assets have been valued in accordance with the valuation rules (GENPRU 1.3) of the General Prudential Sourcebook as applied to non-linked assets.

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

***4402* Derivatives contracts**

There were no excess variation margins as at 31 December 2008.

***4403* Netting of variation margins**

There was no netting of assets and liabilities to repay variation margins.

***4404* Surplus units**

Surplus units do not exceed 1% of the net unit liability.

***4405* Negative liquidity**

- a) There are no funds whose net asset value is greater than £10m and where there is negative liquidity ratio exceeding £0.05m in magnitude.
- b) There are no funds whose net asset value is greater than £500,000 and there is a negative liquidity ratio exceeding £0.5m in magnitude.

***4501* Brought forward amounts**

All brought forward amounts equal carried forward amounts in the previous returns.

***4502* Other income and other expenditure**

Other income and other expenditure are nil.

***4701* Number of new group schemes with no member records**

There were 7 new group TIP schemes set up during 2008. For these schemes the number of policyholders/scheme members has been shown as zero on Form 47.

***4803* Redemption Period**

All securities that can be redeemed over a period have been assumed to be redeemed at the latest possible date.

***4804* Yields of 'other assets'**

The yields shown in column 4 of lines 18 and 28 include policy loans yielding an average of 6.44%

***4806* Assets used to determine investment returns in column 5**

The assets used are those backing the with-profit liabilities in the With-Profit Fund. Swaption assets are excluded as these are not used to back asset shares within the fund. "Other assets" are made up of derivatives, cash, loan items and mixed collective investments.

***4901* Source of credit ratings**

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2008**

NOTES TO THE RETURN

The credit rating has been based on the S&P rating. If this is not available then the ratings have been taken from other sources in the following order - Moody's then Fitch.

***5201* Number of group schemes with no member record**

There were 8 group retirement benefit schemes in force at end 2008. For these schemes the number of policyholders/scheme members has been shown as zero on Form 52.

***5203* Miscellaneous Code**

The group retirement benefit scheme has been shown under code 575 Miscellaneous UWP. Benefits payable under the contracts are expressed as an annuity per annum.

***5204* Approximations used to apportion between product codes**

For hybrid linked policies that invest in both property linked and unitised with profit, the policy count has been shown on Form 52 if the unitised with profit liabilities exceed the property linked liabilities.

***5301* Number of group schemes with no member record**

There were 89 group TIP schemes in force at end 2008. For these schemes the number of policyholders/scheme members has been shown as zero on Form 53.

***5304* Approximations used to apportion between product codes**

For hybrid linked policies that invest in both property linked and unitised with profit, the policy count has been shown on Form 53 if the property linked liabilities exceed the unitised with profit liabilities.

For contracts which have unit liabilities in respect of DWP National Insurance rebates, only the unit liability has been separated out and shown separately in code 745.

***5803* Fund Transfers**

The Form 58 for the Segregated Sub Fund shows a transfer to other funds of £1.487m. This is in respect of a reduction in the provision of expected future support of the Segregated Sub Fund to the With-Profit Fund. The transfer has been made to the Shareholders Fund.

***6001* Insurance health risk and life protection reinsurance capital component**

The entry in line 21 of Form 60 is at least as large as the amount that would be obtained if Forms 11 and 12 were completed. The method used to estimate this value has followed the requirements of Forms 11 and 12 with the use of prudent estimates of the claim values that count as Actuarial Health Insurance.

The gross annual office premiums in force at 31st December 2008 in respect of Class IV business and supplementary accident and sickness insurance amount to £3.04m. The Company is not a mixed insurer.

IPRU(INS) RULE 9.29 - STATEMENT ON DERIVATIVE CONTRACTS

Financial year ended 31 December 2008

a) Investment Guidelines

The investment guidelines of Winterthur Life UK Limited allow for the use of derivative contracts for the purposes of efficient portfolio management or the reduction of investment risk. Derivatives can only be used to the extent that they are replicating a similar economic effect which would otherwise be achieved by selling existing assets or using cash in the portfolio to fund the purchase of permitted assets.

The guidelines restrict the investment in derivative contracts to specified exchange traded derivatives on a limited number of markets, forward foreign exchange contracts, interest rate swaps and inflation rate swaps. Derivatives are not permitted in the Non Profit Fund (for non-linked funds), the Segregated Sub Fund, or the Shareholders' Fund. Use of derivatives is permitted in the With Profit Fund to protect the value of equities.

The counterparties through whom such transactions can be made are restricted, as are the counterparty exposures that may be built up using derivatives. Prudent limits have also been set on the extent to which derivatives may be used within a given portfolio. Derivatives must not be used to gear the portfolio.

The use of non exchange traded derivatives, with the exception of the derivative contracts noted above, is not permitted without the prior approval of the Group Finance Director or the Chief Investment Officer.

Approval was given in 2006 to purchase over the counter (OTC) derivatives in the form of interest rate swaps to protect guaranteed annuity payments. As at the end of 2008, the market value of the OTC derivatives held to cover such contracts was £42.0m (2007: £13.4m).

Further OTC derivatives were purchased during 2008 in the form of equity put options. These were switched later in the year to exchange traded derivatives.

For the unit linked Winterthur Pensions Managed Fund the investment manager, Schroder Investment Management Limited, has the authority to use futures and currency forwards only for the purpose of:

- The efficient implementation of asset allocation charges and the management of cashflows.
- Managing the exchange rate risk associated with investments denominated in currencies other than the base currency of the Fund.

Within guidelines set out in the investment management agreement governing the management of the Winterthur Pensions Managed Fund, asset allocation decisions are taken by the investment manager with consideration of Economic Exposure, being the total exposure to the underlying markets, whether through derivatives or physical securities.

b) Guidelines in respect of derivatives not likely to be exercised

The investment guidelines do not explicitly allow or exclude the use of derivatives which create rights or obligations which are not, at the time the contract is entered into, reasonably likely to be exercised.

c) Derivatives not likely to be exercised

During the year, no contracts were entered into which were not, at the time of entry, reasonably likely to be exercised.

d) No other instrument, whether it be a derivative or an instrument of similar nature was used which required a significant provision under INSPRU 3.2.17R, or where appropriate, did not fall within the definition of a permitted derivative contract.

e) There were no rights granted under derivative contracts for which fixed consideration was received by the Insurer during the year.

Name of Insurer

Winterthur Life UK Limited

Financial year ended 31 December 2008

IPRU(INS) RULE 9.30 – STATEMENT OF CONTROLLERS OF WINTERTHUR LIFE UK LIMITED

Throughout the year Winterthur Life UK Holdings Limited owned 100% of the Company's share capital and controlled 100% of the voting power at general meetings.

Throughout the year Winterthur Life UK Holdings Limited was a wholly-owned and controlled subsidiary of AXA SA.

Name of Insurer: **Winterthur Life UK Limited**

IPRU(INS) Rule 9.31(a) and Appendix 9.4

VALUATION REPORT

Throughout this report the following notation is used:

the/this Company	denotes	Winterthur Life UK Limited
WPFL	denotes	Winterthur Pension Funds UK Limited
ASL	denotes	AXA Sun Life Plc

Prior to 1 June 2001 the Company was known as Colonial Life UK Ltd. On 1 June 2001, following a High Court approval for a scheme under Schedule 2C of the Insurance Companies Act 1982, the long term business of WLUK Ltd (previously Winterthur Life UK Ltd) was transferred into Winterthur Life UK Ltd (previously known as Colonial Life UK Ltd).

In this report all products issued by the Company prior to 1 June 2001 have been referred to as Colonial policies and constitute the Colonial portfolio. The absence of a suffix indicates that reference is to a product issued by the former Winterthur Life UK Ltd or by this Company after 1 June 2001, which together constitute the Winterthur portfolio.

Prior to 31 December 2007 pension unit liabilities were reinsured to WPFL. From this date these liabilities are retained in this Company and business directly written in WPFL is now reinsured to this Company.

1. Valuation date

- (1) The investigation relates to 31 December 2008.
- (2) The previous investigation related to 31 December 2007.
- (3) No interim investigations have been carried out.

2. Changes to product range in 2008

Corporate Pension Proposition

This business is written by ASL with the Company accepting the reinsurance of the units where the policyholder decides to invest in the Company's funds. There are four new unit-linked products under the Corporate Pension Proposition:

- A contracted-in money purchase plan
- A group personal pension plan
- A trustee investment plan
- A group stakeholder plan

Single Pension

The Company launched the Single Pension contract at the end of 2008. The product is effectively the existing Appropriate Personal Pension Scheme amended to allow self-investment.

The new contract effectively replaces the existing Company SIPP which will no longer accept any new business.

International Investment Bond

In mid 2008 the Company launched this unit-linked offshore single premium bond.

Statement relating to with profits business

The with profits fund was open but was not actively marketed in 2008.

3. Discretionary charges and benefits

(1) Application of Market Value Reduction

During 2008 market value reductions (MVRs) applied on surrender and transfers on unitised with-profits business as follows:

Product	Period MVR applied	Policy Entry Years affected
Colonial Pensions Single Premium	10 th November 2008 to 31 st December 2008	1999, 2000 and 2007
Colonial Pensions Regular Premium	10 th November 2008 to 31 st December 2008	2005, 2006 and 2007
Colonial Life Single Premium	10 th November 2008 to 31 st December 2008	1999 and 2000
Colonial Life Regular Premium	10 th November 2008 to 31 st December 2008	2006 and 2007

For the Winterthur Life UWP business the final bonus or MVR is calculated on a policy by policy basis, so an MVR might have applied throughout 2008 depending on the individual circumstances of the policy.

(2) Changes to premiums on reviewable non-linked protection policies

There were no changes to the premiums on reviewable non-linked protection policies during 2008.

A change was permitted but did not occur during 2008 on business with a total annual premium of £486,552.

(3) Non-profit deposit administration benefits

The Company has no non-profit deposit administration benefits.

(4) Service charges on linked policies

The policy fees on linked policies changed in 2008 as follows

Product	Change in 2008
Colonial Rainbow & Unity Pensions	4.1%
Winterthur Pensions	0% to 6.25%

Policy fees for certain Winterthur pension products depend on the relevant group pension scheme. Increases may be affected by rounding. The range of increases has been shown rather than listing all the increases.

(5) Benefit charges on linked policies

There were no changes to benefit charges on linked policies in 2008.

(6) Fund management charges

There were no changes to unit management charges or notional charges to accumulating with-profits policies during 2008.

(7) Unit pricing methods

a) Assets within all linked funds are valued using generally accepted methods according to the category of asset, and subsequent unit pricing complies with published guidance to the extent that such guidance deals with the matter.

i) The matching of assets against liabilities for internal linked funds is performed on a daily basis and all funds are valued daily. For all funds the investment expenses are the fees of the managers and all costs incurred in the valuation, purchase and realisation of the assets held for the fund. These are calculated and deducted on a daily basis. Where applicable, deductions are made in respect of tax suffered on income and realised gains and tax expected to arise on unrealised gains.

ii) Winterthur Portfolio

For Winterthur Life policies where a bid/offer spread exists, the offer price is calculated by multiplying the bid price by an appropriate factor to take account of the bid/offer spread of the fund in question. For policies where there is no bid/offer spread, the unit price is calculated by rounding up or down the net asset value of an asset unit to three decimal places if the fund is expanding or contracting respectively. The actual prices calculated by the Company do not include any explicit rounding adjustment.

Colonial Portfolio

In general, bid prices are rounded down to 0.01p and offer prices are rounded up to 0.01p. The offer price for each type and series of unit is not greater than the bid price multiplied by 100/95, rounded up to the next 0.01p. Units are allocated to policies by dividing the cash amount awaiting allocation by the offer, rounding down the number of units to the lower 0.0001 unit. Units are cancelled from policies at the bid price, rounding the proceeds to the nearer 1p. There are no initial charges unless otherwise stated below.

Fund Features

Key Fund

Every six months (in April and October) the net income of the fund, after charges, is used to create additional units, which are credited pro rata rounding the number of units down to the lower 0.0001 unit. Units are cancelled from policies at the bid price, rounding the proceeds to the nearer 1p.

Managed, Equity, Fixed Interest and Cash Funds

There is an initial charge of 5% imposed via the bid/offer spread.

New World Funds

Valuation of assets in an internal fund on an offer basis takes into account the estimated expenses of purchasing securities and on a bid basis the estimated expenses of realising securities. The net asset value of each fund is reduced by any levies and taxes imposed on the Company to the extent deemed attributable to the fund. Associated with each internal linked fund are several series of Capital and Investment Units, having different rates of management charge, on which policyholder benefits are based. The bid price for each type and series of unit is derived based on the net asset value allowing for the above deductions and fund charges. The offer price for each type and series of unit is not greater than the bid price for that type and series multiplied by 100/95, rounded up to the next 0.01p.

The number of units allocated to policies is obtained by dividing the cash amount available for allocation by the offer price of the type and series of units in the destination fund, rounded to the lower 0.0001 unit. Units are cancelled from policies at the bid price of units multiplied by a funding factor, rounding the proceeds to the nearer 1p. Asset units are created (cancelled) in the linked fund by transferring to (from) the fund cash or other assets equal in value to the bid value of the type and series of units being allocated (un-allocated) multiplied by a funding factor. No charge is levied in respect of that part of the value of any unit represented by the value of units in any other internal linked fund. None of the rates of charge is guaranteed.

iii) The Company operates a policy of smoothed equity. The pricing basis for each internal fund which is linked directly to policies is determined after due consideration of the expected net cash flow. The expectation of a continuous net outflow or inflow of funds would require a bid or offer pricing basis to be adopted respectively. Policies invested in the same funds will have the same price basis.

iv) Internal linked funds which invest in segregated assets such as equities and bonds are valued using close of business prices on the previous day, except property which is valued monthly. Dependent on whether an offer or bid pricing basis is being used the assets are valued after adding provision for fiscal and purchase charges or deducting provision for fiscal and sale charges as appropriate. Internal linked funds which invest in collective investment vehicles are valued using the prevailing dealing price for that day. For OEIC's, this will relate to a single swinging price depending on the cash flow in to the underlying investment. For unit trusts, the fund will be valued using the negotiated purchase price on a daily basis unless assets are sold and then the sale price received for the transaction will be utilised when valuing the internal linked fund.

b) Not applicable.

c) Where assets are units in collective investment schemes or similar assets, the price used would either be based on the market valuation as at the close of business the previous working day or the market value at current day's pricing point depending on the individual fund. Policyholders will receive unit prices calculated one working day after the instruction to transact is sent.

(8) Tax deductions from unit-linked funds

Tax liabilities in respect of realised gains are deducted annually from the internal linked funds at the end of the financial accounting period. Tax credits from realised losses remain in the funds for the purpose of offsetting against following year's gains. The rates used for tax deductions can be found in 3 (9).

(9) Tax provisions for unit-linked funds

The provision for tax is calculated on a daily basis on the movements in unrealised gains, using a tax rate reflecting the expected tax payable by the Company as these gains are realised. Tax is provided on deemed disposals of unit trusts and collective investment schemes with the gains being spread over 7 years in accordance with the Taxes Act. The Capital Gain Tax reserve is held within the internal linked funds. The following percentages were deducted or provided for during the investigation period:

Franked Income	0%
Unfranked Income (excluding rent)	20%
Rent on Property	20%
Realised Gains (CGT)	20%
Realised Losses (CGT)	10%
Unrealised Gains (CGT)	18% *
Unrealised Losses (CGT)	8% *

Realised Gains (Gilts and other fixed interest) 20%

Unrealised Gains (Gilts and other fixed interest) 20%

** The Company implicitly discounts the nominal tax payable on the unrealised gain less indexation allowance to reflect the period to disposal of the portfolio.*

Unrealised Capital Gains - If after allowance for indexation relief in accordance with Inland Revenue rules a 'net' contingent gain arises a provision is established at the reserving rate appropriate for the assets of the fund (see above).

(10) Discounts on purchases of units

Winterthur Life utilise collective investment funds managed by external managers, where this is the case all investments into these funds receive a full discount on the initial charge quoted by the external manager, the full benefit of this discount is passed on to the policyholder. In respect of discount on management charges, Winterthur Life have negotiated rebates with the external managers, in some cases, part of this rebate is retained by Winterthur Life as additional margin with the policyholder benefiting from the remainder of the rebate.

4. Valuation basis (other than for special reserves)

The valuation bases set out in section 4 relate to groups of products where the gross mathematical reserves or the gross annual premiums exceed £10m. The grouping of products is that relevant to the particular method or assumption.

(1) Valuation methods

General principles and methods used in the valuation

An individual policy valuation has been completed which does not allow negative reserves.

The valuation bases have been determined with regard to the nature and the term of the assets available to meet the liabilities valued.

The reserves were determined on a prudent basis in accordance with actuarial principles, taking account of the underlying nature of the contracts.

For all contracts the mathematical reserves have been determined so that on the valuation basis adopted no recourse to additional finance is required whether the policies continue paying premiums, are made paid up, or terminate.

Full allowance has been made in the valuation for the effects of the ceding of premiums and risk under the various reinsurance arrangements in place at the valuation date.

A provision has been made to cover the possibility of default by the reinsurers.

Conventional Business

The gross premium valuation method has been used to value all regular premium non-linked without profit contracts.

The net premium valuation method has been used to value all regular premium non-linked with-profit contracts. The net premium is restricted to the office premium less extra and options premiums. Modifications to allow for initial expenses on the all regular premium non-linked with-profit contracts conform to INSPRU 1.2.43R, being always smaller than those implied by a 3.0% Zillmer adjustment.

For paid up and single premium non-linked contracts a gross premium valuation method has been used, with an explicit expense reserve.

For all non-linked non-profit contracts valued using the gross premium valuation method an additional explicit expense reserve has been established.

Unit-linked Business

For unit linked contracts, the mathematical reserve is the value of the units allocated to the policies (using the net asset value valuation price) plus a non-unit liability (sterling reserve) determined using discounted cash flow valuation methodology. Initial units and some accumulation units are actuarially funded, such that the total mathematical reserve for the contract is at least equal to the surrender or transfer value as at the valuation date.

Unitised With Profits Business

For unitised with-profits business a reserve relating to future benefit payments is held within the With-Profit Fund.

For the With Profit Bond and the Irish Life arrangement and Colonial business the reserve is calculated as the greater of: a prospective bonus reserve valuation based on a glide path of future bonus rates (for those few cases where regular bonuses are being applied currently) and the lower of the reasonable expectation surrender value (based on the shadow fund) and the non-discretionary surrender value (based on nominal units). Allowance has been made for regular withdrawals where a no-market value reduction guarantee applies for all policies currently taking regular withdrawals, and for a prudent proportion of policies currently not taking income.

For other UWP the reserve held is equal to nominal units.

For all accumulating with profits contracts an additional explicit expense reserve has been established.

(2) Valuation interest rates

	31 December 2008	31 December 2007
	%	%
Conventional WP Life:		
Whole Life & Endowment	3.75	4.50
Conventional WP Pensions:		
Deferred Annuities & Pure		
Endowments - pre-retirement	4.25	5.50
- post retirement	4.00	4.10
Other	4.25	5.00
Conventional NP Life:		
Annuities in Payment (WP Fund)	4.00	3.50
Annuities in Payment (NP Fund)	4.20	4.55
Other (WP Fund)	2.25	3.10
Other (NP Fund)	2.70	3.20
Conventional NP Pensions & PHI:		
Annuities in Payment (WP Fund)	5.00	4.50
Annuities in Payment (NP Fund)	4.20	4.55
Other (WP Fund)	3.00	3.90

	31 December 2008	31 December 2007
	%	%
Other (NP Fund)	3.40	4.00
Unit Linked:		
Life (WP Fund)	2.25	3.00
Life (NP Fund)	2.70	3.20
Pensions (WP Fund)	3.00	4.00
Pensions (NP Fund)	3.40	4.00
Unitised With-Profits:		
Life	2.50	3.00
Pensions	3.25	3.25
Irish Life	2.25	2.00
Index Linked Annuities	0.80	0.90

(3) Risk adjustments to yields

All equities are listed on recognised stock exchanges, except for equities with a market value of £0.198m, and are readily marketable. For the purpose of INSPRU 3.1.33R the yield for each equity holding has been determined individually. The yield has been taken as the lower of the audited earnings over the previous 12 months and the expected earnings based on the forecasts at the valuation date, with an explicit additional risk margin deduction of 0.10% as an aggregate provision that the dividend and earnings will not be maintained.

The dividend yield was subjected to an upper limit of 7.50%, and the overall yield was subjected to an upper limit of 7.50%. This allows for the risk that the market has assessed the outlying high yielding stocks incorrectly and these will reduce in future.

Commercial property is held. In determining the appropriate yield the expected income has been assessed on an individual property basis with full allowance made for expected rental income voids and are subjected to an upper limit of 7.50%.

For all non-approved fixed interest securities the following deductions have been made from gross redemption yields:

Rating	Term to redemption (years)		
	0-10 bps	10-20 bps	20+ bps
AAA	16	21	24
AA	61	59	61
A	106	89	87
BBB	205	160	150

For bonds rating BB and below an individual credit risk deduction is calculated as the difference between the yield on the bond and the yield on a gilt of equivalent term. For any bonds rated D, the yield is set to zero.

For subordinated debt, the credit risk deductions are multiplied by 1.5.

The yields, net of credit risk deductions, are subject to a maximum of 12%.

(4) Mortality

The mortality bases used at end 2008 and end 2007 were:

Product Group	31 December 2008		31 December 2007	
	Males	Females	Males	Females
Whole Life and Life Endowments	100% AM92 ult	100% AF92 ult	100% AM92 ult	100% AF92 ult
Pure Endowments, Deferred Annuities (pre-vesting)	70% AM92 ult	70% AF92 ult	70% AM92 ult	70% AF92 ult
Annuities in Payment (Personal)	100% IMA92 mc ⁽¹⁾⁽³⁾	100% IFA92 75% mc ⁽²⁾⁽³⁾	100% IMA92 mc ⁽¹⁾⁽³⁾	100% IFA92 75% mc ⁽²⁾⁽³⁾
Annuities in Payment (Corporate)	100% PMA92 mc ⁽¹⁾⁽⁴⁾	100% PFA92 75% mc ⁽²⁾⁽⁴⁾	100% PMA92 mc ⁽¹⁾⁽³⁾	100% PFA92 75% mc ⁽²⁾⁽³⁾
Deferred Annuities (post-vesting)	100% IMA92 mc ⁽¹⁾⁽⁵⁾	100% IFA92 75% mc ⁽²⁾⁽⁵⁾	100% IMA92 mc ⁽¹⁾⁽⁵⁾	100% IFA92 75% mc ⁽²⁾⁽⁵⁾
Term Assurance ⁽⁶⁾				
- Non-Smokers	80% TM92 ult	90% TF92 ult	80% TM92 ult	90% TF92 ult
- Smokers	150% TM92 ult	165% TF92 ult	150% TM92 ult	165% TF92 ult
- Unknown	100% TM92 ult	105% TF92 ult	100% TM92 ult	105% TF92 ult
PHI	70% AM92 ult		70% AM92 ult	
Unit Linked Pensions (non-funding)	100% AM92 ult	100% AF92 ult	100% AM92 ult	100% AF92 ult
Unit Linked Pensions (funding)	75% AM80		75% AM80	

Notes:

- (1) A minimum improvement rate of 1.7% p.a. assumed
- (2) A minimum improvement rate of 1.5% p.a. assumed. 75% mc applied from 2004 onwards.
- (3) At end 2007 U=2008 was used for all immediate annuities in payment
- (4) At end 2008 U=2009 was used for all immediate annuities in payment
- (5) For deferred annuities post-vesting the year of use is the year of vesting.
- (6) For Term Assurances an allowance of one third of R6A is made to allow for the additional mortality due to AIDS.

The complete expectation of life for the annuities in payment is:

Basis	Age 65	Age 75
100% IMA92 100% mc (U=2008), min. 1.7% improvement	24.09	14.86
100% PMA92 100% mc (U=2008), min. 1.7% improvement	23.51	14.17
100% IFA92 75% mc (U=2008), min. 1.5% improvement	26.29	16.22
100% PFA92 75% mc (U=2008), min. 1.5% improvement	26.25	16.70

The expectation of life at age 65 for deferred annuities of current ages 45 and 55 is:

Basis	Age 45	Age 55
100% IMA92 100% mc, min 1.7% improvement	27.39	25.74
100% IFA92 75% mc, min 1.5% improvement	28.83	27.55

(5) Morbidity

The morbidity bases used at end 2008 and end 2007 were:

Income Protection

Inception and recovery rates are based on those given in the CMI Report 12, including unreported claims, modified as follows:

Inception rate modifications

Deferred Period (weeks)	End 2008	End 2007
4	40%	40%
13	90%	90%
26	150%	150%
52	300%	300%

The rates are then further modified, as follows, to take into account the occupational class of the policyholder:

Occupational Class	End 2008	End 2007
1	125%	125%
2	150%	150%
3	200%	200%
4	250%	250%

For females, the rates are multiplied by a further 175%.

For both males and females, the rates are multiplied by a further 15% for prudence.

Recovery rate modifications

Duration of Claim (years)	End 2008	End 2007
1	65%	65%
2	65%	65%
3+	85%	85%

For both males and females, the rates are reduced by a further 15% for prudence.

Critical Illness

For Lifelink, Serious Illness Plan, LifelinkPlus policies and Serious Illness Plan with wider cover policies, the claim rates detailed below were used to determine projected benefits arising from the diagnosis of one of the specified illnesses. The rates shown are per 10,000 for male non-smokers (MNS), male smokers (MS), female non-smokers (FNS) and female smokers (FS). The rates are the same as those as at 31 December 2007.

Age	MNS	MS	FNS	FS
25	4.3	7.4	6.2	10.9
35	7.1	12.8	10.1	18.4
45	24.5	45.3	23.8	43.0
55	70.2	129.0	57.0	99.9

(6) Expenses

The per policy expense assumptions used at end 2008 and end 2007 were:

With-Profit Fund

A net premium valuation method is used for premium paying with-profit business. The following table shows the per policy expense assumptions for the premium paying non-profit business and the non-premium paying with-profit and non-profit business, written by the with-profit fund.

	End 2008		End 2007	
	Premium Paying	Non-Premium Paying	Premium Paying	Non-Premium Paying
CWP savings endowment		10.17		9.87
CWP target cash endowment		10.17		9.87
CWP pensions		12.98		12.60
Term Assurance	13.42		13.03	
Income protection	14.22		13.81	
Income protection claims in payment		25.82		25.06
Annuity		25.82		25.06
UWP target cash endowment	42.67	32.00	41.43	31.07
UWP regular premium pension	50.20	37.65	48.74	36.55
UWP single premium pension		37.65		36.55
UL savings endowment	42.67	32.00	41.43	31.07
UL target cash endowment	42.67	32.00	41.43	31.07
UL regular premium pension	50.20	37.65	48.74	36.55
UL single premium pension		37.65		36.55

Modifications to allow for initial expenses on the all regular premium non-linked with-profit contracts conform to INSPRU 1.2.43R, being always smaller than those implied by a 3.0% Zillmer adjustment.

In addition to the per policy expenses, an assumption of 0.20% p.a. is made for investment expenses.

Non-Profit Fund

The following table shows the per policy expense assumptions for the premium paying and the non-premium paying business written by the non-profit fund.

	End 2008		End 2007	
	Premium Paying	Non-Premium Paying	Premium Paying	Non-Premium Paying
Term Assurance	17.30		16.56	
Critical illness	17.30		16.56	
Income protection	34.61		33.12	
Income protection claims in payment		34.61		33.12

Annuity		34.61		33.12
UWP Bond		49.44		47.31
UWP savings endowment	35.30	17.65	33.78	16.89
UWP target cash endowment	35.30	17.65	33.78	16.89
UWP regular premium pension	54.92	27.46	53.14	26.57
UWP single premium pension		36.62		35.43
UL bond		60.30		57.70
UL savings endowment	29.75	14.87	28.47	14.23
UL target cash endowment	69.98	34.99	66.96	33.48
UL regular premium pension	54.92	27.46	53.14	26.57
UL single premium pension		36.62		35.43
UL group regular premium pension	69.98	23.80	66.96	22.77
UL group single premium pension		23.80		22.77

In addition to the per policy expenses in the table above, there is a per policy unit related expense to cover internal management expenses, as follows:

0.135% of unit fund for regular premium paying group money purchase products,
with 0% on paid up or single premium group money purchase products

0.05% of unit fund for TIPS where the administration is performed externally

0.135% of unit fund for all other unit-linked products, except private fund SIPPs

There is also an assumption of 0.10% p.a. made for investment expenses relating to conventional non-profit business.

The unit fund includes any unitised with-profit holdings.

For unit linked policies a weighted average fund management charge, net of investment expenses, is calculated for each policy.

Tax relief at a rate of 20% is assumed on the BLAGAB expenses.

(7) Inflation rate and unit growth rates

The annual unit growth rates assumed for linked business are:

	Gross	Net
Non-deposit Investments	4.75%	4.37%
Deposit Investments	2.00%	1.60%

RPI Inflation – annuity : 3.00% pa.

RPI Inflation – non-annuity : 2.25% pa.

Expense Inflation - annuity : 4.00% pa.

Expense Inflation – non-annuity : 3.25% pa.

Expense Charge Future Inflation:

Life Contracts : nil

Colonial Pension Contracts : 2.25% pa.

Winterthur Pension Contracts : nil

(8) Future bonus rates

The non-linked with-profits business is valued using a net premium method so no explicit allowance is made for future bonus rates.

For unitised with-profits business the following assumptions have been made regarding future bonus rates:

4.00%	gross rate for Irish Life for post June 2002 premiums
1.65%	gross rate for all other Irish Life premiums
0.95%	gross rate for With Profit Bond for post June 2002 premiums
3.30%	gross rate for Pension Fund Link group business for post June 2002 single premiums
1.80%	gross rate for all other Pension Fund Link group business
3.20%	gross rate for Pension Fund Link individual business for post June 2002 single premiums
0.00%	for all other UWP business

(9) Lapse, surrender and conversion to paid-up

The valuation makes no allowance for any future lapses, surrenders or conversions to paid-up status.

(10) Other material assumptions

No other material assumptions were made.

(11) Derivative contracts

The Company held swaptions as at 31 December 2008 with a market value of £41.991m to hedge the interest rate risk in connection with with-profit deferred annuities and with-profit pure endowments with GAOs. The treatment of these in the valuation is covered in section 5.

The Company holds some equity put options with a market value of £25.576m for solvency protection purposes. These have not been allowed for in the valuation of liabilities as they are not used specifically to back liabilities.

(12) Impact of changes in valuation rules effective from 31 December 2006

No changes have been made to the valuation methodology at end 2008 in respect of the changes to INSPRU valuation rules effective from 31 December 2006.

5. Options and guarantees

(1) Guaranteed Annuity Rate options

a) Description of method

For With-Profits pure endowments the reserve for annuity guarantees has been calculated using an interest rate for the option, once in payment, of 4.00%. The mortality basis used was 100% IMA92 mc (U = Year of Retirement) or 100% IFA92 75% mc (U = Year of Retirement) for male and female rates, with a minimum improvement rate of 1.7% and 1.5% p.a. respectively. No policyholders are assumed to take the tax-free cash option. The value of the reserve is calculated assuming the policyholders purchase annuities at the guaranteed rates.

The total reserve is backed by swaption assets with a strike rate of 4.50%, which were held for the purpose of managing the interest rate risk on the Pure Endowments with Annuity Guarantees and the Colonial With-Profits pension deferred annuities.

The total notional held is £326.977m and at 31st December 2008 the market value of these swaptions was £41.991m. The notional for each future expiry year was assessed by reference to the profile of the maturing benefits under the contracts. For each expiry year a mixture of

5, 10, 15, 20, 25, 30 and 35 year tenors were held to reflect the profile of the expected payments under the annuity.

The risk adjusted yield of 4.20% has been calculated as the strike rate less adjustments for credit risk, the difference between paying LIBOR while earning LIBID and cash flow mismatching.

The mathematical reserves for these products, as shown on Form 51, have been calculated assuming a post-retirement interest rate of 4.00%. This assumes the swaptions will be exercised at expiry, and hence to avoid double counting the benefit of the swaptions a separate annuity conversion reserve has been set up equal to the market value of the swaptions as at 31st December 2008.

b) Product details

Product Name	Winterthur Pure Endowment
Basic Reserve	£42.032m
Spread of Outstanding Durations	The average outstanding duration is 5.66 years. The maximum outstanding duration is 22.75 years. The distribution of outstanding duration is: 0 – 5 yrs 46% 5 – 10 yrs 39% 10 – 15 yrs 12% 15+ yrs 3%
Guarantee Reserve	£22.500m
Guarantee annuity rate	10% for male aged 65, monthly in advance guaranteed for 5 years.
Increments allowed	No
Form of annuity	All single life and payable in advance. Frequency can be monthly, quarterly, half-yearly or annual with guarantee periods of 0, 5 or 10 years, though the majority are monthly with a 5 year guarantee. Different escalation rates apply.
Retirement ages	Retirement ages range from 55 to 75.

(2) Guaranteed surrender and unit-linked maturity values

The unit liability for policies with a maturity guarantee is £0.213m. No mathematical reserve is held in respect of the guarantee as units values would have to fall by in excess of 50% for the maturity guarantee to apply, the probability of which is remote.

(3) Guaranteed insurability options

Total reserves in respect of guaranteed insurability options are less than £1m. These have been calculated as 10% of the annual premium in force.

(4) Other guarantees and options

The Colonial With-Profits pension deferred annuities have a cash option exercisable at the vesting date. The total mathematical reserve for this business is £164.103m.

No additional reserve is held for the value of this option as it is out-of-the money. Swaptions are held for the purpose of managing the interest rate risk, as described in section 5 (1) a).

6. Expense reserves

(1) Expense loadings

The aggregate amount of expense margins arising in the twelve months following the valuation, according to the implicit and explicit reserves made in the valuation, are £64.211m. This amount is comprised of £7.981m of margins with respect to the With-Profit Fund and £56.230m of margins with respect to the Non Profit Fund.

The With-Profit Fund total includes an implicit allowance of £5.095m and explicit allowances of £2.886m, including £1.047m in respect of investment expenses.

The Non Profit Fund total of £56.230m all arises from explicit allowances, and includes £29.815m in respect of external linked investment expenses.

(2) Implicit expense allowances

The With-Profits Fund implicit allowance of £5.095m represents a margin of 70% of the excess of office premium over net premium.

(3) Comparison with Form 43

The expense allowances for the Non Profit Fund are significantly greater than the total maintenance expenses shown at line 14 of Form 43. The reason for the difference is that the Form 43 Line 14 total includes only £10.492m in respect of external linked investment expenses. The reason for the difference is for linked funds invested in unit trusts and OEICs, the Form 43 line 14 total does not include any investment expenses as this is deducted in the fund manager's unit price and is not accounted for as an expense.

For the With Profit Fund some of the implicit allowance is in respect of renewal commission. The total expense allowance, including the explicit renewal commission loading of £0.149m, is £8.130m, compared to corresponding expenses and commission of £7.606m of Form 43 Lines 12 and 14, excluding the overseas commission of £0.766m which is covered by explicit charges.

(4) New business expense overrun

A calculation has been performed of the surplus arising over the 12 months following the valuation date from the end 2008 in force business. The maintenance expenses are assumed to be equal to the margins in the valuation basis so that that no expense surplus arises. This projected surplus exceeds the Company's current forecast of acquisition expenses for 2009, therefore no reserve is required.

(5) Maintenance expense overrun

A reserve of £5.3m is held which is sufficient to cover the costs following closure to new business, including redundancy costs, and margins for adverse deviations, including those arising in the event of a run-off of the business and expense overruns from the With-Profit Fund borne by the Non Profit Fund.

(6) Non-attributable expenses

Not applicable

7. Mismatching reserves

(1) Analysis of reserves by currency

The following table shows the breakdown of the With-Profit Fund Form 14 mathematical reserves (other than liabilities for property linked benefits) by currency, and the value of assets which match these liabilities.

Currency	Assets (m)	Liabilities (m)
Sterling	1,152.089	1,045.821
Euro	91,850	76.672
Total	1,243.939	1,122.493

The Non Profit Fund mathematical reserves (other than liabilities for property linked benefits) are all denominated in sterling. The corresponding matching assets are also all denominated in sterling.

(2) Other currency exposure

Not applicable

(3) Currency mismatching reserve

No reserve is held in respect of currency mismatching, as the Euro assets exceed the Euro liabilities.

(4) Most onerous scenario under INSPRU 3.1.16R

Not applicable as no resilience capital requirement is calculated for Winterthur Life as it is a realistic basis firm.

(5) Most onerous scenario under INSPRU 3.1.23R

Not applicable as no resilience capital requirement is calculated for Winterthur Life as it is a realistic basis firm.

(6) Amount of resilience capital requirement

Not applicable as no resilience capital requirement is calculated for Winterthur Life as it is a realistic basis firm.

(7) Additional reserve arising from INSPRU 1.1.34(2)

The expected incidence of asset and liability cash flows is such that a specific reserve in respect of cash flow mismatching is not required, as per the test on assets in INSPRU 1.1.34R(2).

8. Other special reserves

The special reserves which exceed the lesser of £10m and 0.1% of the total mathematical reserves are:

Provisions in respect of compensation for mis-selling liability for certain endowment contracts have been included in Form 14 Line 22.

9. Reinsurance

(1) Facultative reinsurance to reinsurers not authorised in the UK

There has been no reinsurance ceded on a facultative basis to any reinsurer who is not authorised to carry on insurance business in the United Kingdom at any time during the period since the date to which the last investigation related.

(2) Reinsurance treaties

The Company was the cedant in the following reinsurance arrangements where the premium payable exceeded the lesser of £10m and 1% of gross premiums, or the reserve ceded exceeded the less of £10m and 1% of total mathematical reserves, and under which business was in force at the valuation date.

Nine of these treaties are similar in nature with the treaty providing reinsurance in respect of liabilities that are linked to the performance of funds maintained by the Reinsurer. Seven of these have been shown together under the "Unit Fund reinsurance treaties". For the remaining two unit fund treaties, and the other treaties that the Company has in place that are not included below, the premiums payable and reserve ceded are under £10m and have not been shown.

The Canada Life International Re Treaty

Name of Reinsurer	Canada Life International Re
Nature and extent of cover	The treaty provides reinsurance cover for annuity business, the risks being 90% reinsured.
Premiums payable	No premium was payable by the Company under this treaty during the period of investigation.
Amount deposited back	None
Open/Closed to new business	The treaty is closed to new business.
Amount of any undischarged obligation of the insurer	There is no undischarged obligation
Amount of mathematical reserves ceded	At end 2008 the total mathematical reserves ceded were £400.858m.
Retention by the insurer for new policies being reinsured	The retention for new policies being reinsured is 10%

Notes

- The reinsurer is not authorised to carry on business in the United Kingdom
- The Company and the reinsurer are not connected
- Due to the long term nature of the annuity payments there is a credit risk arising under the treaty. The ceded reserves include an allowance for this risk based on the credit rating of the reinsurer.
- No provision has been made for any liability of the Company to refund amounts of reinsurance commission in the event of lapses or surrender of the contract.
- The treaty does not give rise to an undischarged obligation for the insurer

Unit Fund reinsurance treaties

Name of Reinsurers	Aberdeen Life Aegon Barclays Global Investors Pensions Management Ltd Baillie Gifford Life Hermes Assured Ltd Legal & General Assurance (Pensions Management) Society Threadneedle Pensions Ltd
Nature and extent of cover	The treaty provides reinsurance in respect of liabilities that are linked to the performance of funds maintained by the Reinsurer. A floating charge agreement is in place with all these Reinsurers to mitigate credit risk.
Premiums payable	A net premium of £366.634m was payable by the Company under these treaties during the period of investigation. This is split as: £ 18.570m Aberdeen (£ 29.610m) Aegon £338.481m Barclays Global £ 23.997m Baillie Gifford £ 48.192m Legal & General (£ 32.996m) Threadneedle
Amount deposited back	None
Open/Closed to new business	The treaties are open to new business.
Amount of any undischarged obligation of the insurer	There is no undischarged obligation
Amount of mathematical reserves ceded	At end 2008 the total mathematical reserves ceded were £2,031.361m. This is split as: £ 35.794m Aberdeen £ 349.950m Aegon £1,115.069m Barclays Global £ 143.610m Baillie Gifford £ 191.007m Legal & General £ 195.931m Threadneedle
Retention by the insurer for new policies being reinsured	No liability in respect of property-linked benefits invested in funds maintained by the Reinsurers is retained by the insurer

Notes

- The reinsurers are all authorised to carry on business in the United Kingdom
- The Company and the reinsurers are not connected
- There are no material contingencies to which the treaties are subject
- No provision has been made for any liability of the Company to refund amounts of reinsurance commission in the event of lapses or surrender of the contract.
- The treaties do not give rise to an undischarged obligation for the insurer

10. Regular bonus

Conventional With-Profits

Name of bonus series	Amount of Mathematica I Reserves (£000's)	Reversionary Bonus Rate for 2008	Reversionary Bonus Rate for 2007	Total Guaranteed Bonus Rate for 2008
Winterthur Life Portfolio	£56,698	0%	0%	0%
Colonial Life Portfolio	£441,406	0%	0%	0%
Winterthur Pension Portfolio	£61,752	0%	0%	0%
Colonial Pension Portfolio	£214,747	0%	0%	0%

Unitised With-Profits

Name of bonus series	Amount of Mathematica I Reserves (£000's)	Annual Bonus Rate for 2008	Annual Bonus Rate for 2007	Total Guaranteed Bonus Rate for 2008
Homeprovider and Plus Mortgage	£3,230	0%	0%	0%
With-Profit Bond				
– pre 1/7/02 business	£7,071	0%	0%	0%
– post 30/6/02 business	£469	1%	1%	1%
Colonial Savings and Mortgage Plans	£12,776	0%	0%	0%
Colonial Investment Bond	£2,594	0%	0%	0%
Old Style Pensions	£6,220	0%	0%	0%
New Style Pensions				
– post 30/6/02 single premium business:				
Individual	£787	3.5%	2.5%	0%
Group (gross)	£102	4.30%	3.30%	4.30%
– other business	£1,863	0%	0%	0%
Colonial Pensions	£92,734	0%	0%	0%
Irish Life Bond (gross)				
– SI1 (2.00%)	£29,447	2.65%	2.00%	0%
– SI2 (1.65%)	£36,382	2.65%	1.65%	0%
– SI4 (2.00%)	£10,842	5.00%	5.00%	5.00%

Notes

All bonus rates are shown net of fund management charges (FMC) apart from the new style pensions group business and the Irish Life Bond. The FMC for group business varies by scheme. The FMCs for the Irish Life Bond are shown by the series name.

NAME OF INSURER: WINTERTHUR LIFE UK LIMITED

IPRU(INS) RULE 9.31(b) - APPENDIX 9.4A

ABSTRACT OF VALUATION REPORT FOR REALISTIC VALUATION

Introduction

1 (1) Date of Investigation

The investigation relates to a valuation date of 31st December 2008.

(2) Date of Previous Investigation

The valuation date of the previous investigation was 31st December 2007.

(3) Date of Interim valuations

An interim valuation was carried out on 30th June 2008.

Assets

2 (1) The present value of future profits of the non-profit business (PVFP) written in the With-Profit Fund has been calculated on a deterministic basis using a Market Consistent Embedded Value approach.

The key economic assumptions underlying the calculation in the base scenario are as follows:

This financial year	
Investment return	Risk-free rate calibrated to the gilt yield curve plus 10 basis points
Expense inflation	Price inflation, where the price inflation curve is calibrated to RPI
Discount rate	For profits emerging on non-profit business: risk-free rate plus 75 basis points p.a. For release of long-term insurance capital component: risk-free rate plus 75 basis points p.a.

Preceding financial year	
Investment return	Risk-free rate calibrated to the gilt yield curve plus 10 basis points
Expense inflation	Price inflation, where the price inflation curve is calibrated to RPI
Discount rate	Risk-free rate plus 75 basis points p.a.

Note: 1 basis point = 0.01%

The fixed interest and equity returns include income and capital and are gross of tax.

- (2) The With-Profit Fund does not hold any equity shares in any related insurance undertaking.
- (3) No part of the present value of future profits arising from non-profit insurance contracts written outside the With-Profit Fund have been included in the relevant assets for the purposes of INSPRU 1.3.43 R.
- (4) A single set of economic assumptions has been used in valuing the non-profit contracts.
- (5) Not applicable.

With-Profits Benefits Reserve Liabilities

- 3 (1)(a) With the exception of some de minimis items which fall within 3(3) below, the with-profits benefits reserve is calculated using a retrospective methodology.
- (1)(b) The following table gives a breakdown of the with-profits benefits reserve and the future policy related liabilities by the major product classes.

	£millions	(1) Total	(2) ex-Colonial Deferred Annuities	(3) ex-Colonial Endowment s	(4) ex- Winterthu r Endowme nts	(5) Homelin k	(6) UWP Pensions	(7) UWP Life	(8) UWP Bonds
	Realistic value of liabilities of fund								
L31	With profits benefits reserve/mathematical reserves excluding GAR reserve and resilience reserve	934.9	71.5	476.5	99.8	84.2	113.4	18.4	71.2
	Future policy related liabilities								
L32	Past miscellaneous surplus attributed to with-profits benefits reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L33	Past miscellaneous deficit attributed to with-profits benefits reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L34	Planned enhancements to with-profits benefits reserve	184.2	24.6	104.6	22.6	19.1	0.4	0.1	0.2
L35	Planned deductions for guarantees, options and smoothing from with-profits benefits reserve	115.1	10.8	75.5	15.3	13.2	0.0	0.3	0.0
L36	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	5.8	(2.0)	5.5	(0.3)	(0.0)	1.3	0.6	0.8
L41	Future costs of contractual guarantees (other than financial options)	174.2	74.9	50.3	21.1	6.8	2.4	1.0	17.7
L42	Future costs of non-contractual commitments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L43	Future costs of financial options	16.4	0.4	0.0	16.0	0.0	0.0	0.0	0.0
L44	Future costs of smoothing	(21.0)	(3.0)	(10.2)	(3.6)	(3.1)	(1.2)	0.0	0.0
L45	Financing costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L46	Any other liabilities related to regulatory duty to treat customers fairly	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L47	Any other long-term insurance liabilities	(4.7)	0.0	(3.3)	(0.5)	(0.6)	0.0	(0.1)	(0.1)
L49	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	228.3	88.1	60.5	40.6	9.1	0.3	0.1	17.1

- (1)(c) The business not required to be separately disclosed in accordance with 3(3) has aggregate with-profits benefits reserve of £11.7 million and future policy related liabilities are estimated to be £2.9 million. For this business the peak 1 reserve is taken as a proxy for WPBR
- (2) Not applicable
- (3) Not required
- (4) The classes shown in 3(1)(b) have appropriate regard to materially different guarantees and options.

With-Profits Benefits Reserve – Retrospective method

- 4 (1) For the purposes of calculating the value reported in Form 19 line 31, the whole of the with-profits benefits reserve is calculated on an individual policy basis.
- (2)(a) The total WPBR calculation is consistent with the approach used to determine actual payouts on with profit policies. Specimen policy asset shares are scaled up by the ratio of surrender values of guaranteed benefits on actual policies to specimen policies.
- (2)(b) Not applicable.
- (3) The maximum level of maintenance expenses in respect of management services and investment services that can be passed to the With-Profit Fund is set out in Schedule 5 of the 2001 Scheme as amended.

The maintenance expenses in respect of management services are inflated each year from the 1st January 2001 in line with the retail price index. The actual management expenses exceeded the management services cap as at 31st December 2008

The maintenance expenses in respect of investment services are subject to an overall cap of 0.2% of the With-Profit Fund assets. The investment expenses were marginally more than the investment services cap as at 31st December 2008.
- (3)(a) A check was made as at the 31st December 2008 that the actual expenses exceeded the maximum level implied by the unit costs defined in Schedule 5 of the 2001 Scheme as amended.
- (3)(b) Expense investigations are performed annually.
- (3)(c)(i) No initial expenses were allocated to the with-profits benefits reserve in the financial year in question;

- (ii) The maintenance expense deducted from the with-profits benefits reserve in the financial year in question is £5.4 million. This comprises £2.6 million and £2.8 million for management and investment services respectively.
- (iii) The With-Profit Fund expense assumptions are listed below. These are the expenses deducted from the with-profits benefits reserve during the financial year in question.

Expenses – WLUK Products

	Policy expense charges		Investment services charge
	Premium paying £ pa	Non-premium paying £ pa	% of Fund
Whole Life / End	19.52	9.75	0.20
Deferred Annuity	45.22	22.61	0.20
Pure Endowment	45.22	22.61	0.20
UWP Bonds	0.00	0.00	0.20

Expenses – ex-Colonial Products

	Policy expense charges		Investment services charge
	Premium paying £ pa	Non-premium paying £ pa	% of Fund
Whole Life / End	19.52	10.09	0.20
Deferred Annuity	25.10	12.88	0.20
Pure Endowment	45.22	22.95	0.20
UWP Life	0.00	0.00	0.20
UWP Pensions	0.00	0.00	0.20

- (iv) The maintenance charge in respect of the non-profit business in the With-Profit Fund is £1.8 million. This comprises £1.2 million and £0.6 million for management and investment services respectively. The following table lists the per policy expenses taken from the non-profit policies in the With-Profit Fund during the financial year in question.

Expenses – WLUK Products

	Policy expense charges		Investment services charge
	Premium paying £ pa	Non-premium paying £ pa	% of Fund
Whole Life / End	19.52	9.75	0.11
Term Assurance	13.32	0.00	0.11
Immediate Annuity	0.00	25.63	0.11

Deferred Annuity	45.22	22.61	0.11
Pure Endowment	45.22	22.61	0.11
Traditional PHI	0.00	0.00	0.11
Unit Linked PHI	14.11	14.11	0.22
Unit Linked Life	42.36	31.77	0.22
Unit Linked Pensions	49.83	37.37	0.22

- (4) No charges were made to the with-profits benefits reserve in respect of the cost of guarantees or the use of capital during the financial year in question.
- (5) The per policy/member charges deducted from the fund for the financial year in question are set out in the first two tables below. The second two tables list the annual fund management charges deducted from the fund.

Ex-Winterthur Policy Fees		
	Amount	Escalation Rate
Unit Linked Life	£ 1.50 p.m.	0.0%
Unit Linked PHI		
standalone	£ 1.50 p.m.	0.0%
rider	£ 0.50 p.m.	0.0%
Personal Pensionplus	£ 2.50 p.m.	
In-force		0.0%
Paid-up	£ 1.50 p.m.	0.0%
Other Unit Linked Pension (Closed Block)		
In-force	£ 1.67 p.m.	0.0%
Paid-up	£ 1.00 p.m.	0.0%

Ex-Colonial Policy Fees		
	Amount	Escalation Rate
Rainbow Plus	£29.38 p.a.	RPI

Ex-Winterthur Fund Management Charges	
Unit Linked Life	0.75%
Unit Linked PHI	0.75%
Unit Linked Pension (Closed Block) – Capital Units	4.25%
Accumulation Units	0.75%
Group Personal Pension	Depends on fund selection
Unit Linked Pension (Open Block)	Depends on fund selection
With Profit Bond	0.95%

Irish Life Bond	
Series 1	0.78%
Series 2	0.80%
Series 3	1.00%

ex-Colonial Fund Management Charges	
Colonial Mortgage & Savings Plans	
Series A	1.20%
Series B	0.50%
UWP Bond	0.50%
Unit Linked Pensions	
Capital Units	4.5%
Accumulation Units (Old World)	1.0%
Accumulation Units (New World & Unity)	0.75%

- (6) The average ratio of claims paid on with-profits insurance contracts to the with-profits benefits reserve on those claims is shown below:

Financial Year 2008	100.9%
Financial Year 2007	102.7%
Financial Year 2006	102.5%

There has been a change in process for the 2008 figure; whereas altered policies were previously excluded from the analysis, we have now been able to include them.

- (7) The annualised investment returns allocated to the with-profits benefits reserve for the financial year in question is set out in the table below:

Investment Class	Gross Investment return
Irish Life Bond	-30.69%
Policies due to mature between 1 st April 2008 and 31 st March 2009	5.50%
Winterthur Life With Profit Bond and Pension Fund Link	-12.44%
All other business	-14.27%

The divergent investment returns reflect the differing equity backing ratios of the investment classes. The Irish Life Bond is denominated in Euros and the gross investment return shown above is a Euro return. The returns for the Winterthur Life With Profit Bond and Pension Fund Link are shown gross of fund management charges.

With-Profits Benefits Reserve – Prospective method

- 5 No part of the with-profits benefits reserve is calculated using a prospective method with the exception of some de minimis amounts which fall under paragraph 3 (3) above.

Costs of guarantees, options and smoothing

- 6 (1) Not applicable.
- (2)(a) For all modelled business, the costs of guarantees, options and smoothing have been valued using a dynamic stochastic model based on a market consistent asset model.
- (b)(i) All of the costs for any types of modelled policies and classes of with-profit insurance contracts have been valued using individual model-point data.
- (b)(ii) Not applicable
- (b)(iii) Not applicable
- (2)(c) Unmodelled business represents approximately 4% of the with-profits benefits reserve. The unmodelled classes are allocated to the modelled product classes that have similar characteristics with regard to the cost of guarantees, options and smoothing. For the Retirement Benefit Schemes, the cost of guarantees, options and smoothing has been determined on a deterministic basis.
- (3) Not applicable
- (4)(a)(i) The following costs have been valued using a full stochastic approach:
- Contractual guarantees under all policy classes resulting from a basic sum assured and guaranteed regular bonuses declared on or before the valuation date;
 - Contractual guarantees on unitised with-profits contracts resulting from the exercise of market value reduction free date options;
 - Contractual guarantees under the ex-Colonial deferred annuities resulting from a basic annuity and guaranteed regular annuity declared on or before the valuation date;
 - Costs of smoothing under all policy classes resulting from payments greater or less than with-profits benefits reserve resulting from restrictions placed on the rate at which bonus rates can change from year-to-year;

- Where applicable, guaranteed annuity options on the ex-Winterthur pure endowments.

A policy is deemed to be in-the-money if the mathematical reserve exceeds the asset share and out-of-the-money if the asset share exceeds the mathematical reserve. The extent to which a policy is in/out-of-the-money varies both across and within lines of business. On average, the ratio of the mathematical reserves to the asset shares is about 218% for policies in-the-money and 89% for policies out-of-the-money with the overall ratio for all policies being about 108%.

- (ii) The nominal interest rate model used (Libor Market Model) is calibrated exactly to the current risk-free yield curve. The volatilities have been selected to provide a close fit to a range of swaption-implied volatilities. Equity returns are based on short term rates from the interest rate model with an additional log-normal component with a mean of zero. Equity volatilities are calibrated to a term structure of FTSE option-implied volatilities. The model is arbitrage-free.

The risk-free rate in the asset model is calibrated to the gilt curve at 31 December 2008 plus 10 basis points. Sample rates are shown in the table in (iii) below.

Sample equity volatilities are shown below over different periods. These are derived from the asset model output.

Volatility over period (years)	Equity
2	36%
5	36%
10	36%

The correlations assumed between the main asset classes are:

Correlation between:	
Equities and medium term fixed interest assets	30%

- (iii) The following table shows the simulated prices of a number of specified options based on 1,996 simulations. Note that the asset model does not model property or corporate bonds explicitly, so no option prices have been shown where the option is based on either of these asset classes.

	K	0.75			
N	Duration (n)	5	15	25	35
R	Annualised compound equivalent of the risk-free rate assumed for the period (r)	2.86%	4.11%	4.06%	3.80%
1	<i>Risk-Free Zero Coupon Bond</i>	£868,680	£546,336	£370,157	£271,271
2	<i>FTSE All Share Index (p=1)</i>	£160,978	£323,766	£428,147	£505,967
3	<i>FTSE All Share Index (p=0.8)</i>	£150,525	£268,237	£326,866	£366,547
4	<i>Property (p=1)</i>	£29,063	£113,264	£186,766	£248,552
5	<i>Property (p=0.8)</i>	£24,520	£78,083	£118,413	£148,771
6	<i>15yr Risk-Free ZCBs (p=1)</i>	£20,917	£26,659	£16,445	£25,359
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	£18,019	£16,344	£6,914	£8,756
8	<i>15yr Corporate Bonds (p=1)</i>	£29,834	£42,172	£37,873	£53,662
9	<i>15yr Corporate Bonds (p=0.8)</i>	£26,188	£26,828	£16,601	£20,073
10	<i>Portfolio 1 (p=1)</i>	£85,066	£206,849	£292,741	£363,539
11	<i>Portfolio 1 (p=0.8)</i>	£77,094	£160,642	£208,876	£242,950
12	<i>Portfolio 2 (p=1)</i>	£83,720	£191,112	£265,614	£329,958
13	<i>Portfolio 2 (p=0.8)</i>	£75,933	£146,889	£185,906	£217,494
14	<i>Portfolio 3 (p=1)</i>	£40,738	£104,202	£154,966	£204,303
15	<i>Portfolio 3 (p=0.8)</i>	£35,081	£70,526	£92,986	£116,124
		L = 15			
16	<i>Sterling Receiver Swaptions</i>	8.77%	11.29%	10.35%	7.84%

	K	1			
<i>n</i>	Duration (n)	5	15	25	35
<i>r</i>	<i>Annualised compound equivalent of the risk-free rate assumed for the period (r)</i>	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	x	x	x	x
2	<i>FTSE All Share Index (p=1)</i>	£309,518	£501,753	£628,430	£718,942
3	<i>FTSE All Share Index (p=0.8)</i>	£291,559	£419,648	£485,066	£525,386
4	<i>Property (p=1)</i>	£129,607	£250,727	£344,389	£422,322
5	<i>Property (p=0.8)</i>	£114,288	£183,425	£228,885	£263,631
6	<i>15yr Risk-Free ZCBs (p=1)</i>	£92,695	£91,218	£83,027	£128,446
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	£80,734	£54,156	£26,075	£30,167
8	<i>15yr Corporate Bonds (p=1)</i>	£111,819	£125,012	£124,204	£157,601
9	<i>15yr Corporate Bonds (p=0.8)</i>	£99,144	£80,205	£56,209	£60,321
10	<i>Portfolio 1 (p=1)</i>	£213,962	£363,125	£469,378	£557,773
11	<i>Portfolio 1 (p=0.8)</i>	£197,240	£289,598	£341,590	£380,891
12	<i>Portfolio 2 (p=1)</i>	£211,920	£344,067	£436,215	£516,043
13	<i>Portfolio 2 (p=0.8)</i>	£195,056	£271,700	£312,673	£346,442
14	<i>Portfolio 3 (p=1)</i>	£148,672	£237,158	£302,101	£366,021
15	<i>Portfolio 3 (p=0.8)</i>	£133,147	£172,013	£193,820	£217,789
		<i>L = 20</i>			
16	<i>Sterling Receiver Swaptions</i>	12.28%	14.16%	12.71%	9.44%

	K	1.5			
<i>n</i>	Duration (n)	5	15	25	35
<i>r</i>	<i>Annualised compound equivalent of the risk-free rate assumed for the period (r)</i>	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	x	x	x	x
2	<i>FTSE All Share Index (p=1)</i>	£684,093	£899,235	£1,052,897	£1,162,119
3	<i>FTSE All Share Index (p=0.8)</i>	£650,586	£761,606	£823,513	£858,958
4	<i>Property (p=1)</i>	£523,214	£626,623	£730,022	£821,786
5	<i>Property (p=0.8)</i>	£485,443	£489,909	£515,496	£544,167
6	<i>15yr Risk-Free ZCBs (p=1)</i>	£499,531	£498,469	£502,759	£537,284
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	£458,452	£332,076	£252,784	£243,004
8	<i>15yr Corporate Bonds (p=1)</i>	£494,035	£486,535	£491,596	£533,371
9	<i>15yr Corporate Bonds (p=0.8)</i>	£454,886	£339,464	£268,369	£259,295
10	<i>Portfolio 1 (p=1)</i>	£590,737	£742,441	£868,952	£978,689
11	<i>Portfolio 1 (p=0.8)</i>	£556,002	£607,912	£650,480	£689,437
12	<i>Portfolio 2 (p=1)</i>	£587,575	£718,690	£830,587	£926,494
13	<i>Portfolio 2 (p=0.8)</i>	£552,949	£584,805	£613,531	£643,141
14	<i>Portfolio 3 (p=1)</i>	£533,494	£603,562	£678,668	£758,488
15	<i>Portfolio 3 (p=0.8)</i>	£496,821	£468,350	£467,278	£484,453
		<i>L=25</i>			
16	<i>Sterling Receiver Swaptions</i>	15.40%	16.72%	14.58%	10.64%

- (iv) Initial UK equity yield assumed 4.17%
Property is not explicitly modelled
- (v) No asset classes outside the UK are modelled separately.

- (vi) The following table shows the distribution of outstanding maturity payments by duration and product class.

	Ex-Colonial Deferred Annuities	Ex-Winterthur Pure Endowment	Ex-Colonial Endowment	Ex-Winterthur Endowment	Homelink	Ex-Colonial Pure Endowment	Total
2009-2013	39.7%	56.9%	58.2%	91.8%	47.9%	38.6%	50.6%
2014-2018	29.7%	29.3%	27.8%	6.6%	50.7%	32.8%	28.7%
2019-2023	19.8%	10.9%	9.6%	1.6%	1.2%	17.9%	11.8%
2024-2028	9.1%	2.8%	3.0%	0.0%	0.2%	7.4%	5.7%
2029-2033	1.7%	0.1%	1.1%	0.0%	0.0%	3.1%	2.5%
2034-2038	0.0%	0.0%	0.3%	0.0%	0.0%	0.2%	0.7%
Total	100%	100%	100%	100%	100%	100%	100%

The model was calibrated to a moneyness of 90% for all terms. The table below shows the extent of the fit of the modelled equity volatilities to the market implied volatility.

Term (years)	Strike	Market Equity Volatility	Modelled Equity Volatility
1	90%	37.59%	35.89%
2	90%	35.85%	35.89%
3	90%	35.68%	35.89%
5	90%	35.71%	35.89%
10	90%	35.48%	35.89%

- (vii) A number of checks have been performed on the asset model output to ensure that it is market consistent, properly reflects the input parameters (e.g. volatilities) and is consistent with the underlying economic theory of the model. The key checks are as follows:
- Calculate the mean deflated future equity price index for each future time period and check that this is not significantly different from the initial equity price index;
 - Calculate the mean deflated value of each future zero-coupon bond for each future time period and check that each one is not significantly different from the initial zero coupon price;
- (viii) The costs of guarantees, options and smoothing for the base scenario have been estimated by a stochastic projection using 1,996 simulations. The risk capital margin scenario was based on 1,992 simulations.

The rate of convergence of the model results is checked by inspecting the trend in the mean deflated value of the costs of guarantees, options and smoothing for 200, 400, increasing by 200 simulations thereafter, up to 1,996 simulations.

- (b) None of the costs of guarantees, options and smoothing have been valued using the market costs of hedging.
- (c) None of the costs of guarantees, options and smoothing have been valued using a series of deterministic projections with attributed probabilities.
- (5)(a) The following management actions have been included in the stochastic model:
 - Derivation of the equity backing ratio ;
 - Derivation of regular bonus rates;
 - Derivation of final bonus rates;
 - Asset share recharges and/or miscellaneous surplus distributions, and;
 - Injection of capital support from the Segregated Sub-Fund.

The management actions are consistent with the requirements of the 2001 Scheme as amended and the Principles and Practices of Financial Management. The overall aim of the management actions is to fund the realistic liabilities from the resources of the With-Profit Fund and the Segregated Sub-Fund, subject to the overriding requirement to meet the firm's contractual obligations.

Equity Backing Ratio

For each projection period the free asset ratio is compared to a target range following a 30% fall in equities. In practice the 30% factor is adjusted according to the prevailing equity volatility. The top end of the target range is defined as 3% plus 10% of the equity backing ratio before the management action, subject to a maximum of 10%. The bottom of the target range is defined as 0% if the stress is based on an equity fall of 10% and 3% if the equity fall is 30%, with linear interpolation applied between these two points.

If the free asset ratio falls within this target range then the equity backing ratio is left unchanged. Otherwise the equity backing ratio is altered so as to bring the free asset ratio back within the target range. The equity backing ratio is restricted to the range 0% to 85% but is also subject to additional maxima applied at the product class level.

Bond Mix

The assets backing the fixed interest portion of the fund are assumed to be invested in cash and up to four bonds with durations of 1, 5, 15 and 30 years. The bond mix for future years is fixed based on a suitable portfolio to match the current duration and spread of the regulatory liabilities.

Regular Bonus

For each bonus series, a regular bonus rate is determined by projecting the asset shares to maturity and solving for the regular bonus rate that gives a final bonus rate within a target range. The regular bonus is then restricted so that movement from one year to the next does not exceed 1% p.a. Finally two further affordability tests are applied to ensure that the solvency of the fund is not impaired. Where the solvency of the fund is impaired the regular bonus is reduced to the level required to restore solvency subject to a minimum value of 0%.

Final Bonus

For each conventional with-profit bonus series and term band, the projected payouts for policies maturing in a particular year are calculated using the final bonus rate scale from the previous year. The payouts are then compared with the projected unsmoothed asset share for the given bonus series and term band. The payouts are then smoothed by applying the following rules:

- If the payout falls within a target range (e.g. within 10% of the unsmoothed asset share) then the payout is set equal to the unsmoothed asset share, otherwise;
- If a 10% change would bring payouts within the target range then adjust payouts by 10%, otherwise;
- If two successive 10% changes would bring payouts within the target range then adjust payouts by 10% in the first six months and a further 10% in the second six months, otherwise;
- Adjust payouts in the first six months by one-third of the amount and in the second six months by a further third of the amount required to bring payouts to the level of the unsmoothed asset share.

For deaths, the final bonus rates are set equal to those for a maturing policy of the same duration. For surrenders, the payout is set equal to a percentage of the unsmoothed asset share (e.g. 95%).

For unitised with-profit business written prior to the year 2000, payouts target unsmoothed asset shares and no smoothing is applied to payouts.

For unitised with-profit business written from year 2000 onwards, payouts target smoothed asset share.

Asset Share Recharges and Miscellaneous Surplus Distributions

The inherited estate is defined as the difference between the realistic value of the With-Profit Fund assets and an estimate of the realistic value of the With-Profit Fund liabilities. The model manages the scale of the inherited estate so that the inherited estate falls within boundaries specified in the PPFM.

For the purpose of this calculation, the realistic value of the liabilities in the With-Profit Fund does not include the time value of the options or guarantees.

Where the inherited estate falls outside of the boundaries, reductions or enhancements are applied to the asset shares to bring the inherited estate back within these boundaries. The enhancements and reductions are included in Form 19 lines 34 and 35 respectively. The ex-Colonial conventional with-profits business asset shares are protected from net reductions by the capital support arrangement described below.

Capital Support

The Segregated Sub-Fund protects the ex-Colonial conventional with-profits business from the asset share reductions described in the section above. Transfers are therefore made from the Segregated Sub-Fund into the With-Profit Fund when an asset share reduction is triggered in the With-Profit Fund (except to the extent that the reduction is reversing previous asset share enhancements). Once the Segregated Sub-Fund transfers have been injected into the With-Profit Fund, they cannot be recovered. From 2007, onwards the excess of the Segregated Sub-Fund over the minimum of £38 million and 3.711% of the regulatory reserves of the ex-Colonial conventional with-profits business is transferred to the shareholder funds. Once the Segregated Sub-Fund is exhausted, the ex-Colonial conventional with-profits business asset shares may be reduced for the purpose of managing the scale of the inherited estate as described above.

- (b) The following table shows the equity backing ratio at the valuation date and the best estimate equity backing ratio in 5 years and 10 years time for the following scenarios:

Base scenario – The investment return on all assets over the relevant period is based on the forward rates derived from the risk-free interest rate curve as calibrated to at the valuation date.

Scenario 2 - As for the base scenario but with the risk free interest rate curve increased across the period by 17.5% of the long-term gilt yield.

Scenario 3 - As for the base scenario but with the risk free interest rate curve decreased across the period by 17.5% of the long-term gilt yield.

Scenario	31/12/2008	31/12/2013	31/12/2018
Base scenario	43%	21%	58%
Scenario 2	43%	21%	58%
Scenario 3	43%	35%	68%

The following table shows the regular bonus rates for the three scenarios defined above.

Scenario/Product Class		31/12/2008	31/12/2013	31/12/2018
Base scenario	UWP Pensions	0.0%	0.0%	0.0%
	UWP Life	0.0%	0.0%	0.0%
	UWP Bonds	1.93%	0.0%	0.0%
Scenario 2	UWP Pensions	0.0%	0.0%	0.0%
	UWP Life	0.0%	0.0%	0.0%
	UWP Bonds	1.93%	0.0%	0.0%
Scenario 3	UWP Pensions	0.0%	0.0%	0.0%
	UWP Life	0.0%	0.0%	0.0%
	UWP Bonds	1.93%	0.0%	0.0%

Note: The regular bonus for the unitised with-profit bonds is a weighted average of the bonus rates for the Winterthur Bond and the Irish Life Bond. In practice if a theoretical regular bonus rate is less than 1% then a regular bonus rate of 0% would be declared (see Practice B.6.7 of the Principles and Practices of Financial Management).

The projections include receiver swaptions as detailed in section 12 below.

(6) The lapse assumptions for material product classes are as follows:

Product		Average surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment	Surrender	8.0%	7.8%	5.8%	3.8%
CWP target cash endowment	Surrender	8.0%	7.8%	5.8%	3.8%
UWP savings endowment	Surrender	20.0%	10.2%	5.0%	5.0%
UWP target cash endowment	Surrender	20.0%	10.2%	5.0%	5.0%
UWP bond	Surrender	5.2%	6.0%	6.0%	6.0%
UWP bond	Automatic withdrawals ⁽¹⁾				
CWP pension regular premium	PUP ⁽²⁾				
CWP pension regular premium	Surrender	2.0%	2.0%	2.0%	2.0%
CWP pension single premium	Surrender	2.0%	2.0%	2.0%	2.0%
UWP indiv pension regular premium	PUP ⁽²⁾				
UWP indiv pension regular premium	Surrender	3.0%	3.0%	3.0%	3.0%
UWP indiv pension single premium	Surrender	3.0%	3.0%	3.0%	3.0%

Note:

- (1) The stochastic model assumes that current automatic withdrawals will continue.
- (2) The stochastic model does not separately model paid-up policies so, where applicable, the lapse rates have been increased to include an allowance for paid-up policies.

No allowance has been made for changes in lapse rates on conventional with-profits business in line with the degree to which guarantees are in or out-of-the-money. Allowance for this would have a minor impact given the low level of lapses currently experienced on these product lines.

For the guaranteed annuity options on the ex-Winterthur pure endowments a mortality basis of 110% of IML92 medium cohort (1992 onwards) and 1.7% floor (2004 onwards) has been assumed for males and 110% of IFL92 75% medium cohort (1992-2004) and 75% medium cohort with 1.5% floor (2004 onwards) for females.

For the guaranteed annuity options on ex-Winterthur pure endowments a 100% take-up rate is assumed for in-the-money options and 0% otherwise.

For guaranteed cash options on ex-Colonial deferred annuities a 100% take-up rate is assumed for in-the-money options and 0% otherwise.

- (7) For whole-of-life UWP bonds with market value reduction free date guarantees, the options are assumed to be fully exercised when they are at least 15% in-the-money. The option is assumed not to be taken up when the guarantee is at-the-money. Linear interpolation is used to determine the take-up rate where the option is between 0% and 15% in-the-money.

Financing costs

7 The 2001 Scheme as amended which governs the With-Profit Fund provides for a transfer from the Shareholders' Fund to the With-Profit Fund of such amount (if any) as is necessary to ensure that the aggregate of the assets allocated to the With-Profit Fund as at a valuation date and of the amount so transferred, having had regard to any transfer to be made from the Segregated Sub-Fund to the With-Profit Fund is not less than:

- The amount of the mathematical reserves together with;
- Such amount as the Board shall consider necessary to enable all liabilities (whether actual, prospective or contingent but excluding those liabilities under any policies allocated to the With-Profit Fund), which in each case are properly attributable to the With-Profit Fund and which are not provided for in the mathematical reserves to be discharged out of the With-Profit Fund in accordance with the provisions of the 2001 Scheme as amended as and when they fall due, and;
- The aggregate cost of all bonuses and;
- Such amount as the Board and the Actuarial Function Holder shall consider in light of regulatory requirements is necessary to be able to meet and may be necessary to meet, on the basis of a range of normally expected outcomes for the With-Profit Fund, prior to the next valuation date the reasonable benefit expectations of policyholders, to the extent not already taken into account as at a valuation date.

Any amount so transferred to the With-Profit Fund, together with an appropriate investment return, are transferable to the Non-Profit Fund should there be sufficient statutory surplus within the With-Profit Fund. The appropriate investment return will take into account the investment return used within the calculation of asset shares (or other measures determined by the company).

Other long-term insurance liabilities

8 The following amounts have been included in Form 19 line 47:

- An asset of £4.4 million in respect of the excess tax paid on income on asset shares over the tax due on investment income

- An asset of £0.2 million in respect of the delays in shareholder transfers on maturities, deaths and surrenders.

Realistic current liabilities

- 9 The amount of the realistic current liabilities included in line 51 of Form 19 is £37.3 million. The realistic current liabilities are identical to the regulatory current liabilities.

Risk capital margin

- 10(a) The risk capital margin as at the valuation date is nil.

The individual stresses comprising the risk capital margin event are as follows:

- (i) A rise or fall in the market value of equities and real estate of 20.00% and 12.5% respectively. The fall in values is the most onerous stress;
- (ii) Fixed interest yields are assumed to rise or fall by the amounts shown in the table below. The percentage in yields is 17.5%. The fall in yields is the most onerous stress;

Currency	Long term yield (annualised)	Nominal fall in yields
Sterling	3.74%	0.66%

- (iii) A widening of the credit spreads on fixed interest assets.
 - a) The total fall in bond asset values (i.e. gilts and corporate) is 1% and the average change in spreads is 0.24%;
 - b) Not applicable;
 - c) Not applicable;
 - d) Not applicable, and;
 - e) Not applicable.
- (iv) A rise or fall in termination rates in each year of the projection of 32.5%. The fall in termination rates is the most onerous stress. The aggregate realistic value of liabilities changes by 4.5% under this scenario, although the components of the future policy related liabilities change significantly – the cost of planned enhancements falls by 8.7% and cost of planned deductions increases by 6.8%.
- (v) The stochastic model assumes that the persistency and credit risk events are independent.

The present value of the future profits in respect of the non-profit business in the With-Profit Fund has been calculated on economic assumptions consistent with the above risk capital margin stress event.

- (b)
 - (i) The management actions in the risk capital margin event follow the same rules as those described in 6(5)(a).
 - (ii) Not applicable.
 - (iii) Not applicable.
 - (iv) Not applicable.
- (c)
 - (i) The risk capital margin is nil.
 - (ii) Not applicable.

Tax

- 11. The treatment of tax under the with-profits benefits reserve, future policy related liabilities and realistic current liabilities are detailed below.

With-Profits Benefits Reserve

Prior to 2001 the life business tax rates were based on the following methods:

- For ex-Colonial business the full marginal tax rates for a mutual fund were applied to each component of investment income. The tax rate on capital gains (both realised and unrealised) was adjusted to reflect the deferral of tax on unrealised gains, and;
- For ex-Winterthur business an average tax rate was calculated for the fund as a whole.

From 2001 onwards tax is deducted from asset shares on the basis of the With-Profit Fund being treated as a standalone mutual life insurance company. Any required assumptions on rates of taxation are based on the rates applicable at the relevant time for a UK mutual life company, and are applied to investment returns and expenses in full regardless of the actual tax paying position of the With-Profit Fund. In applying this method, any mismatch between the assumptions and the actual tax payable will accrue to the inherited estate.

However, where the With-Profit Fund has experienced significant losses an alternative method may be used provided that it comes within an acceptable degree of approximation. Tax credits are only applied to the asset shares where they are reasonable. Any difference between the actual tax liability and the assumed tax liability (taking into account the assumptions made in the calculation of asset shares) falls to the inherited estate.

There are no charges to the With-Profit Fund for liabilities to tax arising from the Firm making transfers from the With-Profit Fund to shareholders.

Future Policy Related Liabilities

The liability for tax on assets not backing the with-profits benefit reserves is valued in the stochastic model. The value included in Form 19 Line 47 is the difference between the tax incurred on the BLAGAB proportion of the With-Profit Fund, and the tax charged to the with-profits benefit reserves. Tax is only incurred on the BLAGAB proportion of the assets.

Realistic Current Liabilities

No allowance is made for tax in respect of the assets backing the realistic current liabilities.

Present Value of Future Profits of non-profit business in the With-Profit Fund

Allowance is made for tax on a mutual life insurance company basis i.e. taxable investment income less expenses is taxed at 20%.

Derivatives

12. UK Sterling receiver swaptions are held for the purpose of hedging interest rate risk. These have exercise dates ranging from 2009 to 2029 and tenors ranging from 5 years to 35 years. All swaptions have a strike rate of 4.5%. They have a total notional value of £327m and a total bid value of £41.991m.

Equity put option are held for the purpose of hedging embedded equity risk in the asset portfolio. These are out of the money put option on FTSE 100 and EURO STOXX expiring in 2009, total notional of £448.8m and market value of £25.6m.

Analysis of Working Capital

- 13 The 2001 Scheme, as amended, requires all surplus emerging in the With-Profit Fund to be distributed to policyholders and shareholders in accordance with the relevant percentages. Accordingly, the working capital left after providing for the realistic liabilities represents the amount that is expected to be distributed from the estate under this provision. This expected estate distribution is referred to as the EED.

The working capital before the EED represents a more useful measure of the resources of the fund than the published working capital of zero. While the stochastic model reflects PPFM and current practice, no model can capture all future strategic management decisions. For example, extreme economic conditions may be met in practice by management actions to support the fund beyond those included in the model. The results in the table below present

the modelled expected position of the fund after 30 years averaged over the stochastic scenarios.

Furthermore, in certain circumstances, the Scheme allows for capital support to be provided by the Segregated Sub-Fund to ex-Colonial conventional with-profit policies. This is represented by the support arrangement assets (Form 19, Line 27). These assets also include the additional support provided by the Segregated Sub-Fund in the form of a waiver to the fund when a deficit arises, but this is excluded from the presentation below.

The change in the level of support provided by the Segregated Sub-Fund clearly impacts the working capital of the fund. As a consequence, the analysis of working capital has been provided on the basis of the change in the EED net of the support arrangement assets.

At 31st December 2007 the EED was £(7.4)m and the value of the support arrangement assets were £4.1m giving a net amount of £(11.5)m. At 31st December 2008 the EED was £12.5m and the value of the support arrangement assets prior to the use of the waiver were £8.2m giving a net amount of £4.3m.

‘Modelling changes and opening adjustments’ largely reflect the impact of a move to an improved model of the equity backing ratio decisions for the realistic valuation at 31.12.08.

The management actions include the purchase of put options and reductions in regular and terminal bonus rates.

£m	EED	Support arrangement assets	Total (EED net of support arrangement assets)
As at 31 st December 2007	(7.4)	4.1	(11.5)
Modelling changes and opening adjustments	(1.6)	(3.1)	1.5
Investment return on opening working capital	1.1	(0.6)	1.7
Economic assumption changes & mismatch profits	(3.1)	(4.0)	0.9
Management actions	23.2	11.8	11.4
Demographic experience	0.3	(0.0)	0.3
As at 31 st December 2008	12.5	8.2	4.3

Optional disclosure

14

Not applicable.

**IPRU(INS) RULE 9.36 - STATEMENT OF INFORMATION ON THE ACTUARY
APPOINTED TO PERFORM THE WITH-PROFITS ACTUARY FUNCTION**

The actuary was requested to furnish the Society with particulars specified in Rule 9.36 of the Interim Prudential Sourcebook for Insurers and he has confirmed that the information below is correct.

1. Shares

Mr Shelley had no interest in the shares of the insurer.

Mr Shelley's interests in options as at December 31st 2008 were as follows:

- 3,079 €39.91 options (adjusted to take account of the rights issue in 2003 linked to the MONY and the Winterthur acquisition in June 2006) in AXA SA, exercisable to 4 July 2010,
- 2,327 €40.01 options (adjusted to take account of the rights issue in 2003 linked to the MONY and the Winterthur acquisition in June 2006) in AXA SA, exercisable to 11 July 2010,
- 6,158 €31.49 options (adjusted to take account of the rights issue in 2003 linked to the MONY and the Winterthur acquisition in June 2006) in AXA SA, exercisable to 8 May 2011,
- 4,106 €20.45 options (adjusted to take account of the rights issue in 2003 linked to the MONY and the Winterthur acquisition in June 2006) in AXA SA, exercisable to 26 February 2012,
- 3,079 €10.73 options (adjusted to take account of the rights issue in 2003 linked to the MONY and the Winterthur acquisition in June 2006) in AXA SA, exercisable to 13 March 2013,
- 630 shares in AXA SA Global Shareplan 2002,
- 389 shares in AXA SA Global Shareplan 2004,
- 300 shares in AXA SA Global Shareplan 2005,
- 200 shares in AXA SA Global Shareplan 2006,
- 167 shares in AXA SA Global Shareplan 2007,
- 197 shares in AXA SA Global Shareplan 2008,

2. Remuneration

In respect of 2008 Mr Shelley received management remuneration and other benefits (other than pension contributions) to the value of £119,562

3. Pension contributions

Mr Shelley is a member of the AXA UK Group Pension Scheme.

Name of Insurer **Winterthur Life UK Limited**

IPRU(INS) 9.34 - DIRECTORS' CERTIFICATE

Financial year ended 31 December 2008

1. We certify that:

- (a) in our opinion, the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU as modified by waivers issued under section 148 of the Financial Services and Markets Act 2000 and effective from 1 November 2006; and
- (b) we are satisfied that:
 - (i) throughout the financial year in question, the Company 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 Company has continued to comply subsequently and will continue so to comply in future;
- (c) in our opinion, premiums for contracts 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 Company that are available for the purpose, to enable the Company to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (d) the sum of the mathematical reserves as shown in Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (other than 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;
- (e) 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;
- (f) we have, in preparing the return, taken and paid due regard to:
 - (i) advice in preparing the return from the actuary appointed by the Company to perform the actuarial function in accordance with SUP 4.3.13R; and
 - (ii) advice from the actuary appointed by the Company to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

2. Since the valuation date, the Company has had a small shortfall relative to its Individual Capital Assessment at some times during March 2009.

Signed on behalf of Winterthur Life UK Limited

P. J. Evans

Chief Executive

D. R. Cheeseman

Director

A. J. Purvis

Director

27 March 2009

Auditors' report: Regulatory Return for a life insurance company

WINTERTHUR LIFE UK LIMITED

Global business

Financial year ended 31 December 2008

Report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

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

- Forms 2, 3, 13 to 19, 40 to 45, 48, 49, 58 and 60, (including the supplementary notes) ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 119 and 120 ('the Statement');
- the valuation report required by IPRU(INS) rule 9.31(a) ('the valuation report') on pages 122 to 139; and
- the statements, analysis and reports required by IPRU(INS) rule 9.31(b) ('the realistic valuation report') on pages 140 to 162.

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

- 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 on pages 121 and 163; and
- the certificate required by IPRU(INS) rule 9.34 on page 164 ('the certificate').

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return including the Forms, the Statement, the valuation report, the realistic valuation report, the forms and statements not examined by us and the certificate under the provisions of the Rules. The requirements of the Rules have been modified by a waiver issued under section 148 of the Financial Services and Markets Act 2000 on 23 January 2007. Under IPRU(INS) rule 9.11 the Forms, the Statement, the valuation report, the realistic valuation report, the forms and statements not examined by us and the certificate are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

The methods and assumptions determined by the company and used to perform the actuarial investigation as set out in the valuation report and the realistic valuation report, 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, the valuation report and the realistic valuation report meet these requirements, and to report our opinions to you. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information we require for our examination. This report has been prepared for the directors of Winterthur Life UK Limited to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

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 Statement, the valuation report and the realistic valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms, the Statement, the valuation report and the realistic valuation report.

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 Statement, the valuation report and the realistic valuation report 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 Statement, the valuation report and the realistic valuation report 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 report and the realistic valuation report prepared in accordance with IPRU(INS) rule 9.31 appropriately reflect the requirements of INSPRU 1.2 and 1.3.

PricewaterhouseCoopers LLP

Registered Auditor

London

27 March 2009