

Winterthur Life UK Limited

Annual FSA Insurance Returns for the year ended

31 December 2010

IPRU(INS) Appendices 9.1, 9.3, 9.4, 9.6

Contents

Balance Sheet and Profit and Loss Account

Form 2	Statement of solvency - long-term insurance business	1
Form 3	Components of capital resources	3
Form 13	Analysis of admissible assets	6
Form 14	Long term insurance business liabilities and margins	21
Form 15	Liabilities (other than long term insurance business)	25
Form 16	Profit and loss account (non-technical account)	26
Form 17	Analysis of derivative contracts	27
Form 18	With-profits insurance capital component for the fund	30
Form 19	Realistic balance sheet	31

Long Term Insurance Business: Revenue Account and Additional Information

Form 40	Revenue account	33
Form 41	Analysis of premiums	37
Form 42	Analysis of claims	40
Form 43	Analysis of expenses	43
Form 44	Linked funds balance sheet	46
Form 45	Revenue account for internal linked funds	47
Form 46	Summary of new business	48
Form 47	Analysis of new business	49
Form 48	Assets not held to match linked liabilities	53
Form 49	Fixed and variable interest assets	57
Form 50	Summary of mathematical reserves	61
Form 51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	64
Form 52	Valuation summary of accumulating with-profits contracts	74
Form 53	Valuation summary of property linked contracts	77
Form 54	Valuation summary of index linked contracts	86
Form 55	Unit prices for internal linked funds	89
Form 57	Analysis of valuation interest rate	90
Form 58	Distribution of surplus	92
Form 59	With-profits payouts on maturity (normal retirement)	96
Form 60	Long-term insurance capital requirement	100

Supplementary notes to the return	101
--	-----

Additional information on derivative contracts	116
---	-----

Additional information on controllers	117
--	-----

Abstract of the Valuation Report	118
---	-----

Abstract of the Realistic Report	137
---	-----

Statement of information on the with-profits actuary	160
---	-----

Directors' Certificate	161
-------------------------------	-----

Auditor's Report	162
-------------------------	-----

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

Global business

Financial year ended **31 December 2010**

Solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
R2	3116645	GL	31	12	2010	£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	104402	95195
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	68132	106749
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	172534	201945

Guarantee fund

Guarantee fund requirement	21	29725	31042
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	142809	170903

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	89175	83740
Resilience capital requirement	32		
Base capital resources requirement	33	3040	3128
Individual minimum capital requirement	34	89175	83740
Capital requirements of regulated related undertakings	35		3128
Minimum capital requirement (34+35)	36	89175	86868
Excess (deficiency) of available capital resources to cover 50% of MCR	37	127946	158511
Excess (deficiency) of available capital resources to cover 75% of MCR	38	105653	136794

Enhanced capital requirement

With-profits insurance capital component	39	22129	29048
Enhanced capital requirement	40	111304	115917

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	111304	115917
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	61230	86028

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
--	-----------	--	--

Covering Sheet to Form 2

Name of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2010**

.....Director

.....Director

.....Director

Date

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

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	3116645	GL	31	12	2010	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year	
		1	2	3		4	

Core tier one capital

Permanent share capital	11		27400	27400	27400
Profit and loss account and other reserves	12		118690	118690	130195
Share premium account	13				
Positive valuation differences	14		211371	211371	209052
Fund for future appropriations	15		34881	34881	32742
Core tier one capital in related undertakings	16				3128
Core tier one capital (sum of 11 to 16)	19		392342	392342	402517

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		392342	392342	402517
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		392342	392342	402517

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

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	3116645	GL	31	12	2010	£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	

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 2010**

Company registration number	GL/UK/CM	day month year			Units	
R3	3116645	GL	31	12	2010	£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		392342	392342	402517
Inadmissible assets other than intangibles and own shares	73		219808	219808	200572
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		172534	172534	201945

Available capital resources for GENPRU/INSPRU tests

Available capital resources for guarantee fund requirement	81		172534	172534	201945
Available capital resources for 50% MCR requirement	82		172534	172534	201945
Available capital resources for 75% MCR requirement	83		172534	172534	201945

Financial engineering adjustments

Implicit items	91				
Financial reinsurance - ceded	92				
Financial reinsurance - accepted	93				
Outstanding contingent loans	94		33304	33304	22766
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96		33304	33304	22766

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

Global business

Financial year ended **31 December 2010**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	2010	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11		5900		

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		8629
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	882	1306
	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	24188	40673	
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	36144	45743
	Other	46	2555	6625
Variable interest securities	Approved	47		
	Other	48		300
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		56
	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 2010**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	2010	£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	2250	2389
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	353	690
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
---	----	--	--

Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	72272	106410
---	----	-------	--------

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

Global business

Financial year ended **31 December 2010**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	2010	£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	72272	106410
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	243	
Capital resources requirement deduction of regulated related undertakings	94		3128
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	23304	(3128)
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	95819	106410
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 2010**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	2010	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings					11	4775	11550

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	26737	23068
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	234295	245750	
Other shares and other variable yield participations	42		767	
Holdings in collective investment schemes	43	142256	134523	
Rights under derivative contracts	44	47028	50144	
Fixed interest securities	Approved	45	624589	566271
	Other	46	398183	420951
Variable interest securities	Approved	47	8622	7701
	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	5447	6099	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	13046	23838
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	2329	2440
	Property linked	59	8448471	7564725

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

Global business

Financial year ended **31 December 2010**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	2010	£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	136	6
	Intermediaries	72	51	
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		242
	Ceded	75	590	660
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	21866	15771
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	3472	12883
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	17671	19299
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	5190	4022

Deductions from the aggregate value of assets	87		
---	----	--	--

Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	10010264	9116219
---	----	----------	---------

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

Global business

Financial year ended **31 December 2010**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	2010	£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	10010264	9116219
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	31457	42668
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	0	
Deferred acquisition costs excluded from line 89	99	188109	157904
Reinsurers' share of technical provisions excluded from line 89	100	392925	381341
Other asset adjustments (may be negative)	101	4172212	3344190
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	14794966	13042322
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 2010**Category of assets **With-Profit Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
	R13		31	12	2010	£000	11
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11			4775	11550

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		234295	245750
Other shares and other variable yield participations		42			767
Holdings in collective investment schemes		43		87358	83731
Rights under derivative contracts		44		47028	50144
Fixed interest securities	Approved	45		393151	377078
	Other	46		185118	215823
Variable interest securities	Approved	47		57	48
	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		5340	5585
Other loans		53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		8597	7977
	More than one month withdrawal	55			
Other financial investments		56			
Deposits with ceding undertakings		57			
Assets held to match linked liabilities	Index linked	58		134	126
	Property linked	59			

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

Global business

Financial year ended **31 December 2010**Category of assets **With-Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	3116645	GL	31	12	2010	£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	8	6
	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	945	1347
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1900	12883
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)			
Accrued interest and rent	84	9897	12183
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
---	----	--	--

Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	978604	1024998
---	----	--------	---------

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

Global business

Financial year ended **31 December 2010**Category of assets **With-Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	3116645	GL	31	12	2010	£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	978604	1024998
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	48386	51388
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	448	321
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	1027438	1076707
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 2010**Category of assets **Non Profit Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2010	£000	12
						As at end of this financial year		As at end of the previous year
						1		2
Land and buildings								

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	26737	23068
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	54718	50792
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	226652	185677
	Other	46	194433	185829
Variable interest securities	Approved	47	8565	7652
	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	107	514
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	4409	15841
	More than one month withdrawal	55		
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	2195	2314
	Property linked	59	8448471	7564725

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

Global business

Financial year ended **31 December 2010**Category of assets **Non Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	3116645	GL	31	12	2010	£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	128	
	Intermediaries	72	51	
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		242
	Ceded	75	590	660
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	20920	14424
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1572	
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	7238	6651
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	5190	4022

Deductions from the aggregate value of assets	87		
---	----	--	--

Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	9007486	8067920
---	----	---------	---------

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

Global business

Financial year ended **31 December 2010**Category of assets **Non Profit Fund**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
	R13	3116645	GL	31	12	2010	£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	9007486	8067920
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	(16929)	(8723)
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	0	
Deferred acquisition costs excluded from line 89	99	188109	157904
Reinsurers' share of technical provisions excluded from line 89	100	392477	381020
Other asset adjustments (may be negative)	101	4172212	3344190
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	13743355	11942312
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 2010**Category of assets **Segregated Sub Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2010	£000	13
							As at end of this financial year	As at end of the previous year
							1	2
Land and buildings								

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	180		
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	4787	3517
	Other	46	18632	19299
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	39	19
	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 2010**Category of assets **Segregated Sub Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2010	£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	536	465
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
---	-----------	--	--

Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	24174	23300
---	-----------	-------	-------

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

Global business

Financial year ended **31 December 2010**Category of assets **Segregated Sub Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	3116645	GL	31	12	2010	£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	24174	23300
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		3
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	24174	23304
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

Global business

Financial year ended **31 December 2010**Total business/Sub fund **Summary**Units **£000**

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

Mathematical reserves, after distribution of surplus	11	9827206	8942285	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	46288	44555	
Long term insurance business fund carried forward (11 to 13)	14	9873494	8986840	
Claims outstanding	Gross	15	37451	33311
	Reinsurers' share	16	2879	2712
	Net (15-16)	17	34572	30599
Provisions	Taxation	21	13355	2766
	Other risks and charges	22	3043	7617
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	2307	4543
	Reinsurance accepted	32	1936	249
	Reinsurance ceded	33	68	79
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	1847		
Creditors	Taxation	37	4223	1359
	Other	38	15088	30102
Accruals and deferred income	39	2218	1424	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	78656	78738	
Excess of the value of net admissible assets	51	58114	50641	
Total liabilities and margins	59	10010264	9116219	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1851	2949
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	8448471	7564725

Total liabilities (11+12+49)	71	9905862	9021023
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	392925	381341
Other adjustments to liabilities (may be negative)	74	4406888	3553242
Capital and reserves and fund for future appropriations	75	89292	86715
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	14794967	13042322

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

Global business

Financial year ended **31 December 2010**Total business/Sub fund **With-Profit Fund**Units **£000**

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

Mathematical reserves, after distribution of surplus	11	895798	933191	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	0	11491	
Long term insurance business fund carried forward (11 to 13)	14	895798	944682	
Claims outstanding	Gross	15	14636	17930
	Reinsurers' share	16	230	31
	Net (15-16)	17	14406	17898
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	9	10
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	2593	263
	Other	38	7684	11504
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	24692	29675	
Excess of the value of net admissible assets	51	58114	50641	
Total liabilities and margins	59	978604	1024998	

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	920490	962866
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 of 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 2010**Total business/Sub fund **Non Profit Fund**Units **£000**

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

Mathematical reserves, after distribution of surplus	11	8931408	8009094	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	24500	10859	
Long term insurance business fund carried forward (11 to 13)	14	8955909	8019953	
Claims outstanding	Gross	15	22815	15381
	Reinsurers' share	16	2648	2681
	Net (15-16)	17	20167	12701
Provisions	Taxation	21	13355	2766
	Other risks and charges	22	3043	7617
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	2297	4533
	Reinsurance accepted	32	1936	249
	Reinsurance ceded	33	68	79
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	1847		
Creditors	Taxation	37		
	Other	38	6648	18598
Accruals and deferred income	39	2218	1424	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	51577	47967	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	9007486	8067920	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1851	2949
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	8448471	7564725

Total liabilities (11+12+49)	71	8982986	8057062
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 of 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 2010**
 Total business/Sub fund **Segregated Sub Fund**
 Units **£000**

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

Mathematical reserves, after distribution of surplus		11		
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	21787	22205
Long term insurance business fund carried forward (11 to 13)		14	21787	22205
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	1630	1095
	Other	38	757	
Accruals and deferred income		39		
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	2387	1095
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	24174	23300

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	2387	1095
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 of 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 2010**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R15	3116645	GL	31	12	2010	£000
						As at end of this financial year 1	As at end of the previous year 2

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	3425	2789
	Foreseeable dividend	48		
	Other	49	715	
Accruals and deferred income		51		
Total (19 to 51)		59	4140	2789
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	4140	2789

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

Amounts deducted from technical provisions for discounting	82			
Other adjustments (may be negative)	83			
Capital and reserves	84		91679	103621
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		95819	106410

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

Global business

Financial year ended **31 December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	3116645	GL	31	12	2010	£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			(5707)	8146	
Investment income	Income		14			2461	2459	
	Value re-adjustments on investments		15			1041	38	
	Gains on the realisation of investments		16			1313	21	
Investment charges	Investment management charges, including interest		17			25	25	
	Value re-adjustments on investments		18				3547	
	Loss on the realisation of investments		19			105	74	
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				446	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			(1021)	7465	
Tax on profit or loss on ordinary activities			31			1351	(33)	
Profit or loss on ordinary activities after tax (29-31)			39			(2372)	7499	
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			(2372)	7499	
Dividends (paid or foreseeable)			51			9813		
Profit or loss retained for the financial year (49-51)			59			(12185)	7499	

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

Global business

Financial year ended **31 December 2010**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	2010	£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	9016		3109	178171		92796	
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15	520		2956			96440	
	Equity index	16			1618			148002	
	Equity stock	17							
	Land	18							
	Currencies	19			2350			18695	
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32	33253			112571			
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	1453						124350
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44	2786						114636
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	47028		10034	290742		594919	
Adjustment for variation margin		52							
Total (51 + 52)		53	47028		10034				

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 2010**Category of assets **With-Profit Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	3116645	GL	31	12	2010	£000	11
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	9016		3109	178171	92796		
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15	520		2956		96440		
	Equity index	16			1618		148002		
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32	33253			112571			
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	1453					124350	
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44	2786					114636	
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	47028		7684	290742	576224		
Adjustment for variation margin		52							
Total (51 + 52)		53	47028		7684				

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 2010**Category of assets **Non Profit Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	3116645	GL	31	12	2010	£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				2350			18695
	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				2350			18695
Adjustment for variation margin		52							
Total (51 + 52)		53				2350			

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 **With-Profit Fund**Financial year ended **31 December 2010**Units **£000**

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

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	978604	1024998
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	86848	82211
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	5032	5054
	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	886725	937733
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	808950	850980
	Regulatory current liabilities of the fund	22	24692	29675
	Total (21+22)	29	833642	880655
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	32640	34435
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	866282	915090
Regulatory excess capital (19-39)		49	20443	22643

Realistic excess capital

Realistic excess capital	51	(10561)	(17976)
--------------------------	-----------	---------	---------

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	31004	40619
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	8875	11571
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	22129	29048

Realistic balance sheetName of insurer **Winterthur Life UK Limited**With-profits fund **With-Profit Fund**Financial year ended **31 December 2010**Units **£000**

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

Realistic value of assets available to the fund

Regulatory value of assets	11	886725	937733
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	25765	27262
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	912490	964995
Support arrangement assets	27	6118	8584
Assets available to the fund (26+27)	29	918608	973580

Realistic value of liabilities of fund

With-profits benefit reserve	31	771169	815390	
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	66116	56745
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	57163	43106
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	5812	3180
	Future costs of contractual guarantees (other than financial options)	41	117173	118699
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	8632	8858
	Future costs of smoothing (possibly negative)	44	(5826)	(9920)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	(372)	420
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	122746	128515	
Realistic current liabilities of the fund	51	24692	29675	
Realistic value of liabilities of fund (31+49+51)	59	918608	973580	

Realistic balance sheet

Name of insurer **Winterthur Life UK Limited**
 With-profits fund **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	923051	982971
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	923051	982971
Risk capital margin for fund (62-59)	65	4443	9391
Realistic excess capital for fund (26-(59+65))	66	(10561)	(17976)
Realistic excess available capital for fund (29-(59+65))	67	(4443)	(9391)
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

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

Additional amount potentially available for inclusion in line 62	81	52355	74367
Additional amount potentially available for inclusion in line 63	82	161032	182049

Long-term insurance business : Revenue account

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	2074977	1435107
Investment income receivable before deduction of tax	12	261365	295346
Increase (decrease) in the value of non-linked assets brought into account	13	62454	(48425)
Increase (decrease) in the value of linked assets	14	776140	940882
Other income	15	11503	
Total income	19	3186439	2622909

Expenditure

Claims incurred	21	2168575	1556426
Expenses payable	22	116452	107684
Interest payable before the deduction of tax	23	748	454
Taxation	24	18214	14144
Other expenditure	25	1503	
Transfer to (from) non technical account	26	(5707)	8146
Total expenditure	29	2299785	1686855

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	886654	936053
Fund brought forward	49	8986840	8050786
Fund carried forward (39+49)	59	9873494	8986840

Long-term insurance business : Revenue account

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	16515	20063
Investment income receivable before deduction of tax	12	42320	49703
Increase (decrease) in the value of non-linked assets brought into account	13	47121	(50271)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	105956	19495

Expenditure

Claims incurred	21	141425	206076
Expenses payable	22	5731	4647
Interest payable before the deduction of tax	23		
Taxation	24	4442	(4722)
Other expenditure	25	1503	1042
Transfer to (from) non technical account	26	1738	2361
Total expenditure	29	154840	209405

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(48884)	(189910)
Fund brought forward	49	944682	1134592
Fund carried forward (39+49)	59	895798	944682

Long-term insurance business : Revenue account

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	2058462	1415044
Investment income receivable before deduction of tax	12	217540	244062
Increase (decrease) in the value of non-linked assets brought into account	13	14166	73
Increase (decrease) in the value of linked assets	14	776140	940882
Other income	15	11503	
Total income	19	3077811	2600061

Expenditure

Claims incurred	21	2027150	1350350
Expenses payable	22	110721	103038
Interest payable before the deduction of tax	23	748	454
Taxation	24	13237	17927
Other expenditure	25		(1042)
Transfer to (from) non technical account	26	(10000)	
Total expenditure	29	2141856	1470726

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	935956	1129335
Fund brought forward	49	8019953	6890618
Fund carried forward (39+49)	59	8955909	8019953

Long-term insurance business : Revenue account

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Segregated Sub Fund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11		
Investment income receivable before deduction of tax	12	1505	1580
Increase (decrease) in the value of non-linked assets brought into account	13	1167	1773
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	2671	3353

Expenditure

Claims incurred	21		
Expenses payable	22		
Interest payable before the deduction of tax	23		
Taxation	24	534	939
Other expenditure	25		
Transfer to (from) non technical account	26	2555	5785
Total expenditure	29	3089	6724

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(418)	(3371)
Fund brought forward	49	22205	25576
Fund carried forward (39+49)	59	21787	22205

Long-term insurance business : Analysis of premiums

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	50668	317942		368610	363226
Single premiums	12	65289	1942200		2007489	1809148

Reinsurance - external

Regular premiums	13	1271			1271	1690
Single premiums	14		299851		299851	735577

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	49396	317942		367339	361535
Single premiums	18	65289	1642349		1707638	1073571

Total

Gross	19	115957	2260142		2376099	2172374
Reinsurance	20	1271	299851		301122	737268
Net	21	114686	1960291		2074977	1435107

Long-term insurance business : Analysis of premiums

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	15538	898		16436	19949
Single premiums	12		233		233	265

Reinsurance - external

Regular premiums	13	154			154	151
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	15384	898		16282	19798
Single premiums	18		233		233	265

Total

Gross	19	15538	1131		16669	20214
Reinsurance	20	154			154	151
Net	21	15384	1131		16515	20063

Long-term insurance business : Analysis of premiums

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	35129	317045		352174	343277
Single premiums	12	65289	1941967		2007256	1808884

Reinsurance - external

Regular premiums	13	1117			1117	1540
Single premiums	14		299851		299851	735577

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	34012	317045		351057	341737
Single premiums	18	65289	1642116		1707405	1073307

Total

Gross	19	100419	2259011		2359430	2152161
Reinsurance	20	1117	299851		300968	737117
Net	21	99301	1959161		2058462	1415044

Long-term insurance business : Analysis of claims

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2010**
 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	14465	23517		37982	34394
Disability periodic payments	12	1315	172		1487	1309
Surrender or partial surrender	13	90788	1729811	9730	1830329	1222524
Annuity payments	14	1129	46524		47652	46225
Lump sums on maturity	15	108682	172668		281350	283444
Total	16	216379	1972692	9730	2198800	1587896

Reinsurance - external

Death or disability lump sums	21	974			974	912
Disability periodic payments	22	124			124	123
Surrender or partial surrender	23					
Annuity payments	24		28465		28465	29729
Lump sums on maturity	25					
Total	26	1098	28465		29563	30765

Reinsurance - intra-group

Death or disability lump sums	31	(84)			(84)	77
Disability periodic payments	32					
Surrender or partial surrender	33	747			747	628
Annuity payments	34					
Lump sums on maturity	35					
Total	36	662			662	705

Net of reinsurance

Death or disability lump sums	41	13576	23517		37092	33404
Disability periodic payments	42	1191	172		1363	1186
Surrender or partial surrender	43	90041	1729811	9730	1829582	1221896
Annuity payments	44	1129	18059		19188	16495
Lump sums on maturity	45	108682	172668		281350	283444
Total	46	214618	1944227	9730	2168575	1556426

Long-term insurance business : Analysis of claims

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 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	5836	602		6438	8791
Disability periodic payments	12	42			42	49
Surrender or partial surrender	13	6302	7878	9730	23911	55397
Annuity payments	14	87	2569		2655	2729
Lump sums on maturity	15	82165	26542		108707	139166
Total	16	94433	37590	9730	141753	206132

Reinsurance - external

Death or disability lump sums	21	328			328	47
Disability periodic payments	22					9
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	328			328	55

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	5508	602		6110	8744
Disability periodic payments	42	42			42	41
Surrender or partial surrender	43	6302	7878	9730	23911	55397
Annuity payments	44	87	2569		2655	2729
Lump sums on maturity	45	82165	26542		108707	139166
Total	46	94105	37590	9730	141425	206076

Long-term insurance business : Analysis of claims

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 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	8629	22915		31544	25603
Disability periodic payments	12	1272	172		1444	1260
Surrender or partial surrender	13	84486	1721933		1806418	1167127
Annuity payments	14	1042	43955		44997	43496
Lump sums on maturity	15	26517	146127		172643	144278
Total	16	121946	1935101		2057047	1381764

Reinsurance - external

Death or disability lump sums	21	646			646	866
Disability periodic payments	22	124			124	115
Surrender or partial surrender	23					
Annuity payments	24		28465		28465	29729
Lump sums on maturity	25					
Total	26	770	28465		29234	30710

Reinsurance - intra-group

Death or disability lump sums	31	(84)			(84)	77
Disability periodic payments	32					
Surrender or partial surrender	33	747			747	628
Annuity payments	34					
Lump sums on maturity	35					
Total	36	662			662	705

Net of reinsurance

Death or disability lump sums	41	8067	22915		30982	24660
Disability periodic payments	42	1149	172		1321	1145
Surrender or partial surrender	43	83739	1721933		1805672	1166499
Annuity payments	44	1042	15491		16533	13767
Lump sums on maturity	45	26517	146127		172643	144278
Total	46	120513	1906637		2027150	1350350

Long-term insurance business : Analysis of expenses

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2010**
 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	4259	36501	180	40940	31601
Management - acquisition	13	1577	29969		31546	31589
Management - maintenance	14	19684	25135	314	45134	38087
Management - other	15	(3458)	2290		(1167)	6440
Total	16	22063	93896	494	116453	107717

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	1			1	33
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	1			1	33

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	4258	36501	180	40940	31569
Management - acquisition	43	1577	29969		31546	31589
Management - maintenance	44	19684	25135	314	45134	38087
Management - other	45	(3458)	2290		(1167)	6440
Total	46	22062	93896	494	116452	107684

Long-term insurance business : Analysis of expenses

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 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	328	13	180	522	801
Management - acquisition	13					
Management - maintenance	14	3918	1262	29	5210	5846
Management - other	15					(2000)
Total	16	4247	1275	209	5731	4647

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	328	13	180	522	801
Management - acquisition	43					
Management - maintenance	44	3918	1262	29	5210	5846
Management - other	45					(2000)
Total	46	4247	1275	209	5731	4647

Long-term insurance business : Analysis of expenses

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 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	3931	36488		40419	30800
Management - acquisition	13	1577	29969		31546	31589
Management - maintenance	14	15765	23873	285	39924	32241
Management - other	15	(3458)	2290		(1167)	8440
Total	16	17816	92620	285	110722	103070

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	1			1	33
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	1			1	33

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	3930	36488		40418	30768
Management - acquisition	43	1577	29969		31546	31589
Management - maintenance	44	15765	23873	285	39924	32241
Management - other	45	(3458)	2290		(1167)	8440
Total	46	17815	92620	285	110721	103038

Long-term insurance business : Linked funds balance sheet

Name of insurer **Winterthur Life UK Limited**
 Total business
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	3061557	2827357
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	5411109	4760548
Total assets (excluding cross investment) (11+12+ 13)	14	8472667	7587905
Provision for tax on unrealised capital gains	15	9236	5158
Secured and unsecured loans	16	2521	3135
Other liabilities	17		
Total net assets (14-15-16-17)	18	8460909	7579612

Directly held linked assets

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

Total

Value of directly held linked assets and units held (18+21)	31	8460909	7579612
Surplus units	32	12438	14887
Deficit units	33		
Net unit liability (31-32+33)	34	8448471	7564725

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

Name of insurer **Winterthur Life UK Limited**
 Total business
 Financial year ended **31 December 2010**
 Units **£000**

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

Income

Value of total creation of units	11	1713420	935500
Investment income attributable to the funds before deduction of tax	12	166242	200939
Increase (decrease) in the value of investments in the financial year	13	776140	940883
Other income	14		
Total income	19	2655803	2077322

Expenditure

Value of total cancellation of units	21	1694448	876846
Charges for management	22	72130	58010
Charges in respect of tax on investment income	23	2711	3570
Taxation on realised capital gains	24	1139	75
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	4078	9366
Other expenditure	26		
Total expenditure	29	1774506	947867

Increase (decrease) in funds in financial year (19-29)	39	881297	1129454
Internal linked fund brought forward	49	7579612	6450158
Internal linked funds carried forward (39+49)	59	8460909	7579612

Long-term insurance business : Summary of new business

Name of insurer **Winterthur Life UK Limited**
 Total business
 Financial year ended **31 December 2010**
 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		10233		10233	12970
Single premium business	12	711	11513		12224	6029
Total	13	711	21746		22457	18999

**Amount of new regular
premiums**

Direct insurance business	21		82701		82701	79374
External reinsurance	22					
Intra-group reinsurance	23					
Total	24		82701		82701	79374

**Amount of new single
premiums**

Direct insurance business	25	65279	1750345		1815625	1219556
External reinsurance	26		15395		15395	13721
Intra-group reinsurance	27		176469		176469	575872
Total	28	65279	1942210		2007489	1809149

Long-term insurance business : Analysis of new business

Name of insurer

Winterthur Life UK Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
700	Life property linked single premium			711	65279

Long-term insurance business : Analysis of new business

Name of insurer

Winterthur Life UK Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
400	Annuity non-profit (CPA)			4148	45253
725	Individual pensions property linked	2281	13951	6147	690206
730	Individual pensions property linked - increments		3459		
735	Group money purchase pensions property linked	7952	52794	941	44765
740	Group money purchase pensions property linked - increments		12497		
745	DWP National Insurance rebates property linked				5038
750	Income drawdown property linked				400870
755	Trustee investment plan			277	564213

Long-term insurance business : Analysis of new business

Name of insurer

Winterthur Life UK Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Reinsurance accepted external

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
755	Trustee investment plan				15395

Long-term insurance business : Analysis of new business

Name of insurer

Winterthur Life UK Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
725	Individual pensions property linked				2715
735	Group money purchase pensions property linked				94479
755	Trustee investment plan				79275

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 2010**
 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	255766	255766	11209	3.91	
Other fixed interest securities	13	281772	308578	17721	5.13	
Variable interest securities	14	8591	8591	90	0.62	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	126601	99795	406	0.19	
Total	19	672730	672730	29426	3.87	

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

Land and buildings	21	4775	6286	389	6.18	0.13
Approved fixed interest securities	22	376554	376555	17758	3.04	0.07
Other fixed interest securities	23	126252	126252	7456	4.51	0.10
Variable interest securities	24	57	57	1		0.11
UK listed equity shares	25	213325	222167	7917	5.36	0.17
Non-UK listed equity shares	26	20970	11510	245	5.57	0.03
Unlisted equity shares	27					
Other assets	28	144800	143908	2065	1.43	0.04
Total	29	886734	886735	35831	3.63	0.10

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 2010**
 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	22112	22112	1043	3.04	
Other fixed interest securities	13	63243	63243	3735	4.51	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	6382	6382	32	0.50	
Total	19	91736	91736	4810	3.88	

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

Land and buildings	21	4775	6286	389	6.18	0.13
Approved fixed interest securities	22	376554	376555	17758	3.04	0.07
Other fixed interest securities	23	126252	126252	7456	4.51	0.10
Variable interest securities	24	57	57	1		0.11
UK listed equity shares	25	213325	222167	7917	5.36	0.17
Non-UK listed equity shares	26	20970	11510	245	5.57	0.03
Unlisted equity shares	27					0.08
Other assets	28	144800	143908	2065	1.43	0.04
Total	29	886734	886735	35831	3.63	0.10

Overall return on with-profits assets

Post investment costs but pre-tax	31					0.11
Return allocated to non taxable 'asset shares'	32					0.10
Return allocated to taxable 'asset shares'	33					0.10

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 2010**
 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	228765	228765	9940	4.02	
Other fixed interest securities	13	199463	226269	12886	5.25	
Variable interest securities	14	8591	8591	90	0.62	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	120000	93195	373	0.17	
Total	19	556820	556820	23289	3.82	

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 **Segregated Sub Fund**
 Financial year ended **31 December 2010**
 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	4889	4889	227	2.64	
Other fixed interest securities	13	19066	19066	1099	5.74	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	219	219	1	0.09	
Total	19	24174	24174	1327	5.06	

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 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	440087	11.40	3.37	3.37
Other approved fixed interest securities	21	192234	7.57	3.45	3.25
Other fixed interest securities					
AAA/Aaa	31	24488	6.42	3.85	3.71
AA/Aa	32	26014	5.51	4.23	3.70
A/A	33	186864	6.93	5.09	4.17
BBB/Baa	34	189543	6.06	4.79	3.09
BB/Ba	35	4717	8.80	8.83	4.27
B/B	36				
CCC/Caa	37	2314	3.38	6.41	
Other (including unrated)	38	889	4.01	35.68	23.04
Total other fixed interest securities	39	434830	6.43	4.95	3.66
Approved variable interest securities	41	8648	16.85	0.62	0.62
Other variable interest securities	51				
Total (11+21+39+41+51)	61	1075799	8.75	4.00	3.44

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 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	308751	9.75	3.02	3.02

Other approved fixed interest securities	21	89916	6.60	3.14	2.95
---	-----------	-------	------	------	------

Other fixed interest securities

AAA/Aaa	31	5550	5.21	4.09	3.95
AA/Aa	32	9675	3.32	3.24	2.70
A/A	33	45685	5.31	4.85	3.79
BBB/Baa	34	125337	4.76	4.40	2.73
BB/Ba	35	2091	6.81	9.21	4.71
B/B	36	-	-		
CCC/Caa	37	1157	3.38	6.41	
Other (including unrated)	38	-	-		
Total other fixed interest securities	39	189495	4.84	4.51	3.02

Approved variable interest securities	41	57	6.63		
--	-----------	----	------	--	--

Other variable interest securities	51				
---	-----------	--	--	--	--

Total (11+21+39+41+51)	61	588219	7.69	3.52	3.01
-------------------------------	-----------	--------	------	------	------

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 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	131336	15.29	4.20	4.20
Other approved fixed interest securities	21	97430	8.62	3.78	3.56
Other fixed interest securities					
AAA/Aaa	31	17547	7.00	3.85	3.70
AA/Aa	32	14811	6.81	4.87	4.35
A/A	33	135065	7.52	5.16	4.29
BBB/Baa	34	55186	9.09	5.42	3.68
BB/Ba	35	1880	12.02	8.27	4.43
B/B	36	-	-		
CCC/Caa	37	1157	3.38	6.41	
Other (including unrated)	38	624	2.57	47.46	30.00
Total other fixed interest securities	39	226269	7.82	5.25	4.15
Approved variable interest securities	41	8591	16.92	0.62	0.62
Other variable interest securities	51				
Total (11+21+39+41+51)	61	463625	10.27	4.56	3.98

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Winterthur Life UK Limited**
 Category of assets **Segregated Sub Fund**
 Financial year ended **31 December 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11				
Other approved fixed interest securities	21	4889	4.50	2.64	2.47
Other fixed interest securities					
AAA/Aaa	31	1392	3.95	2.98	2.84
AA/Aa	32	1528	6.79	4.30	3.78
A/A	33	6113	6.07	5.31	4.33
BBB/Baa	34	9020	5.71	6.35	4.47
BB/Ba	35	747	6.27	9.22	2.64
B/B	36	-	-	-	-
CCC/Caa	37				
Other (including unrated)	38	266	7.39	8.02	6.70
Total other fixed interest securities	39	19066	5.83	5.74	4.21
Approved variable interest securities	41				
Other variable interest securities	51				
Total (11+21+39+41+51)	61	23955	5.56	5.11	3.86

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Form 51 - with-profits	11	375809	288169		663978	694282
Form 51 - non-profit	12	79950	781874		861824	793107
Form 52	13	17489	109166	18378	145033	156754
Form 53 - linked	14	944831	11679350		12624181	10910992
Form 53 - non-linked	15	11741	71430	66	83237	96996
Form 54 - linked	16		12356		12356	12341
Form 54 - non-linked	17					
Total	18	1429820	12942345	18444	14390609	12664472

Reinsurance - external

Form 51 - with-profits	21	61			61	56
Form 51 - non-profit	22	11944	365620		377564	365931
Form 52	23					
Form 53 - linked	24	5836	4169874		4175710	3346267
Form 53 - non-linked	25	40			40	31
Form 54 - linked	26		10027		10027	9901
Form 54 - non-linked	27					
Total	28	17881	4545521		4563402	3722187

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	375748	288169		663917	694225
Form 51 - non-profit	42	68006	416254		484260	427176
Form 52	43	17489	109166	18378	145033	156754
Form 53 - linked	44	938995	7509476		8448471	7564725
Form 53 - non-linked	45	11701	71430	66	83197	96965
Form 54 - linked	46		2329		2329	2440
Form 54 - non-linked	47					
Total	48	1411939	8396824	18444	9827206	8942285

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Form 51 - with-profits	11	375809	288169		663978	694282
Form 51 - non-profit	12	22489	63934		86424	81883
Form 52	13	17489	109166	18378	145033	156754
Form 53 - linked	14					
Form 53 - non-linked	15	262	185		448	436
Form 54 - linked	16		134		134	126
Form 54 - non-linked	17					
Total	18	416050	461588	18378	896016	933480

Reinsurance - external

Form 51 - with-profits	21	61			61	56
Form 51 - non-profit	22	152	1		154	230
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	3			3	3
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	217	1		218	289

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	375748	288169		663917	694225
Form 51 - non-profit	42	22337	63933		86270	81653
Form 52	43	17489	109166	18378	145033	156754
Form 53 - linked	44					
Form 53 - non-linked	45	259	185		445	433
Form 54 - linked	46		134		134	126
Form 54 - non-linked	47					
Total	48	415834	461587	18378	895798	933191

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 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	57460	717940		775400	711224
Form 52	13					
Form 53 - linked	14	944831	11679350		12624181	10910992
Form 53 - non-linked	15	11478	71244	66	82789	96561
Form 54 - linked	16		12222		12222	12215
Form 54 - non-linked	17					
Total	18	1013770	12480757	66	13494592	11730992

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	11792	365618		377410	365701
Form 52	23					
Form 53 - linked	24	5836	4169874		4175710	3346267
Form 53 - non-linked	25	36			36	28
Form 54 - linked	26		10027		10027	9901
Form 54 - non-linked	27					
Total	28	17664	4545520		4563184	3721897

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	45668	352321		397990	345523
Form 52	43					
Form 53 - linked	44	938995	7509476		8448471	7564725
Form 53 - non-linked	45	11442	71244	66	82752	96532
Form 54 - linked	46		2195		2195	2314
Form 54 - non-linked	47					
Total	48	996105	7935237	66	8931408	8009094

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 **With-Profit Fund**
 Financial year ended **31 December 2010**
 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	16752	73608	1062				44041
120	Conventional endowment with-profits OB savings	30139	157197	2677				135970
125	Conventional endowment with-profits OB target cash	19462	238313	8093				195409
165	Conventional deferred annuity with-profits	3	1					14
205	Miscellaneous conventional with-profits	30404	235804	426				336
210	Additional reserves with-profits OB							40
300	Regular premium non-profit WL/EA OB	15464	19287	82				16558
325	Level term assurance	1096	38379	186				74
330	Decreasing term assurance	522	10321	119				4
335	Decreasing term assurance (rider benefits)		1822	44				1
360	Income protection non-profit (guaranteed premiums)	795	3519	135				505
380	Miscellaneous protection rider		23	1				5
385	Income protection claims in payment	10	41					382
390	Deferred annuity non-profit	594	196					2989
395	Annuity non-profit (PLA)	195	93					611

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 **With-Profit Fund**
 Financial year ended **31 December 2010**
 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
100	Conventional whole life with-profits OB		175	2				61
120	Conventional endowment with-profits OB savings		363	3				
205	Miscellaneous conventional with-profits		78	1				
300	Regular premium non-profit WL/EA OB		179	1				1
325	Level term assurance		33	1				1
330	Decreasing term assurance		1	0				0
335	Decreasing term assurance (rider benefits)		148	5				18
360	Income protection non-profit (guaranteed premiums)		14					133
385	Income protection claims in payment							

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 **With-Profit Fund**
 Financial year ended **31 December 2010**
 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	1390	36619	131				32195
165	Conventional deferred annuity with-profits	8656	12110	545				179911
175	Group conventional deferred annuity with-profits	59	18					452
185	Group conventional pensions endowment with-profits	2896	58563	65				47558
205	Miscellaneous conventional with-profits	28	762	2				27
210	Additional reserves with-profits OB							28026
300	Regular premium non-profit WL/EA OB	396	518	0				497
305	Single premium non-profit WL/EA OB	559	6165					6922
325	Level term assurance	310	11768	26				322
380	Miscellaneous protection rider		34	1				9
390	Deferred annuity non-profit	1474	1081					18949
400	Annuity non-profit (CPA)	1724	2672					34436
440	Additional reserves non-profit OB							2800

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 **Non Profit Fund**
 Financial year ended **31 December 2010**
 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	5040	10585	253				8421
325	Level term assurance	11004	442748	1568				3308
330	Decreasing term assurance	1422	49234	411				60
335	Decreasing term assurance (rider benefits)	20126	279026	922				1769
340	Accelerated critical illness (guaranteed premiums)	1242	63771	441				604
345	Accelerated critical illness (reviewable premiums)	1310	52856	385				296
350	Stand-alone critical illness (guaranteed premiums)	216	14157	54				22
355	Stand-alone critical illness (reviewable premiums)	988	28060	201				120
360	Income protection non-profit (guaranteed premiums)	3781	35741	80				1329
365	Income protection non-profit (reviewable premiums)	5398	30803	798				7481
380	Miscellaneous protection rider		151198	310				248
385	Income protection claims in payment	130	827					5999
390	Deferred annuity non-profit	4402	205					6088
395	Annuity non-profit (PLA)	888	1216					12759
425	Group income protection claims in payment	20	722					8791

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 **Non Profit Fund**
Financial year ended **31 December 2010**
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		86	8				7
325	Level term assurance		543	3				8
330	Decreasing term assurance		77	1				0
335	Decreasing term assurance (rider benefits)		36	0				0
360	Income protection non-profit (guaranteed premiums)		273	7				42
365	Income protection non-profit (reviewable premiums)		10533	245				2057
380	Miscellaneous protection rider		74445	128				11
385	Income protection claims in payment		388					2633
425	Group income protection claims in payment		596					7034
435	Miscellaneous non-profit							

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 **Non Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	76	408					315
325	Level term assurance	5018	165512	669				3484
380	Miscellaneous protection rider		4849	100				523
390	Deferred annuity non-profit	7382	4480					68989
400	Annuity non-profit (CPA)	45626	44379					642329
440	Additional reserves non-profit OB							2300

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	7889	7486	835	9633	7486		7486
535	Group money purchase pensions UWP	1896	20044	50	20889	20044		20044
565	DWP National Insurance rebates UWP		66144		66144	66144		66144
571	Trustee investment plan UWP		177		177	177		177
575	Miscellaneous UWP		1184		15315	15315		15315

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	293	57				9	9
710	Life property linked whole life regular premium	2529	76249				138	138
715	Life property linked endowment regular premium - savings	67						
720	Life property linked endowment regular premium - target cash	17645	285733				11	11
790	Miscellaneous protection rider		2294	74			95	95
795	Miscellaneous property linked						10	10

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 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
710	Life property linked whole life regular premium		11130	44			2	2
720	Life property linked endowment regular premium - target cash		24645	47			1	1

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 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	2382	2613				177	177
745	DWP National Insurance rebates property linked		72	2			9	9
790	Miscellaneous protection rider							

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / 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
725	Individual pensions property linked		88					

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

Name of insurer **Winterthur Life UK Limited**
Total business / subfund **Non Profit Fund**
Financial year ended **31 December 2010**
Units **£000**
UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	6000	451184		449665	449665	1617	451282
710	Life property linked whole life regular premium	16428	422960	4821	70879	70824	5199	76023
715	Life property linked endowment regular premium - savings	1368	5600	88	6597	6597	68	6665
720	Life property linked endowment regular premium - target cash	11782	717458	23945	417745	417745	1080	418825
790	Miscellaneous protection rider		7408	286			902	902
795	Miscellaneous property linked		924				924	924
800	Additional reserves property linked						1688	1688

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 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
700	Life property linked single premium		3785		3785	3785		3785
710	Life property linked whole life regular premium		22932	103			9	9
715	Life property linked endowment regular premium - savings		621	15	2051	2051	24	2075
720	Life property linked endowment regular premium - target cash		38835	87			3	3

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

Name of insurer **Winterthur Life UK Limited**
Total business / subfund **Non Profit Fund**
Financial year ended **31 December 2010**
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	114477	2592558	105115	2836410	2807615	25225	2832840
735	Group money purchase pensions property linked	100621	2644028	201792	2648853	2648424	20871	2669295
745	DWP National Insurance rebates property linked		1216173		1216173	1216173		1216173
750	Income drawdown property linked	22500	1480957	6655	1932733	1932733	(1969)	1930764
755	Trustee investment plan	4975	3072414		3072414	3072414	4050	3076464
765	Group managed fund		1991		1991	1991		1991
790	Miscellaneous protection rider		522	12			344	344
800	Additional reserves property linked						22724	22724

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / 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
725	Individual pensions property linked		682600		682600	682600		682600
735	Group money purchase pensions property linked		1343306		1343306	1343306		1343306
750	Income drawdown property linked		359625		359625	359625		359625
755	Trustee investment plan		1770495		1770495	1770495		1770495
765	Group managed fund		3		3	3		3
800	Additional reserves property linked		13845		13845	13845		13845

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium						66	66

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity	2	7		134	134		134
915	Additional reserves index linked							

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

Name of insurer **Winterthur Life UK Limited**
Total business / subfund **Non Profit Fund**
Financial year ended **31 December 2010**
Units **£000**
UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity	276	410		13778	12222		12222
915	Additional reserves index linked							

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

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / 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
905	Index linked annuity		341		11195	10027		10027

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

Name of insurer **Winterthur Life UK Limited**
 Total business
 Financial year ended **31 December 2010**
 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
AllianceBernstein Diversified Yield Plus Portfolio	24 - group managed fund - other managed fund	227113	Alliance Bernstein Div Yield F		2.1172	2.2633	6.90
Baillie Gifford Managed	12 - individual pension - balanced managed fund	148502	Baillie Gifford Managed 0.65%	0.65	1.4242	1.6931	18.88
Colonial Pension Managed Fund	12 - individual pension - balanced managed fund	906688	Colonial Rainbow Managed I	1.00	16.2547	18.4772	13.67
Aberdeen Multi-Asset Fund	14 - individual pension - other managed fund	233483	Aberdeen Multi-Asset Fund (0.65	1.6807	1.9330	15.01
Elite Balanced Managed Fund	12 - individual pension - balanced managed fund	269022	Elite Balanced Managed (TS	1.00	1.4773	1.6935	14.64
Elite Cautious Managed Fund	13 - individual pension - defensive managed fund	211559	Elite Cautious Managed S3 0	0.85	1.1509	1.2889	11.99
The Unit Fund	02 - life - balanced managed fund	415676	The Unit Fund 0.75%	0.75	29.4888	33.6285	14.04
Newton Real Return (Oracle) FDS	14 - individual pension - other managed fund	100463	Newton Real Return (Oracle)	0.66		2.1668	
Oracle Diversified Growth FDS	14 - individual pension - other managed fund	106439	Oracle Diversified Growth FD	0.62		2.1285	
Pension Deposit	14 - individual pension - other managed fund	521557	Pension Money Market S3 (e	0.40	1.6328	1.6321	(0.04)
Pension Fixed Interest	14 - individual pension - other managed fund	137677	Pension Fixed Interest 0.00%		8.5988	9.3361	8.57
Schroders Pension Managed	12 - individual pension - balanced managed fund	514322	Schroders Pension Managed	0.25	8.0553	9.3882	16.55
Invesco Perpetual High Income	15 - individual pension - UK equity	213469	Invesco Perpetual High Inco	1.15	4.3090	4.8012	11.42

Long-term insurance business: Analysis of valuation interest rateName of insurer **Winterthur Life UK Limited**Subfund **With-Profit Fund**Financial year ended **31 December 2010**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA WP Form 51 - Tenflex Assurances	41585	2.30		3.31
UK L&GA WP Form 51 - Other Assurances	334173	2.30		3.31
UK L&GA NP Form 51 - Assurances and Deferred Annuity	34366		3.15	3.27
UK Pens WP Form 51 - Deferred Annuities & Individual Endowments	236858		2.65	2.91
UK Pens WP Form 51 - Group Endowments & Term Assurances	47585		2.90	3.31
UK Pens NP Form 51 - Annuity In Payment	29559		3.15	3.25
UK Pens NP Form 51 - Assurances & Deferred Annuity	93851		2.90	3.31
UK L&GA NP Form 52	77688	n/a	n/a	
UK Pens Form 52 - Retirement Benefit Schemes				
UK Pens Form 52 - Other Pensions				
OS L&GA Form 52	895665			
Miscellaneous				
Total	1791329			

Long-term insurance business: Analysis of valuation interest rateName of insurer **Winterthur Life UK Limited**Subfund **Non Profit Fund**Financial year ended **31 December 2010**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA NP Form 51 - Annuity In Payment	7553		3.55	3.79
UK L&GA NP Form 51 - Deferred Annuity	33495	2.40		3.10
UK L&GA NP Form 51 - Assurances	340725		3.55	4.23
UK L&GA NP Form 51 - PHI Claims In Payment	7300	2.40		3.10
UK L&GA NP Form 51 - PHI Other	41123		3.55	3.79
UK Pens NP Form 51 - Annuity In Payment	7210		2.90	3.48
UK Pens NP Form 51 - Assurances & Deferred Annuity	43337	n/a	n/a	0.10
UK L&GA NP Form 53 - Non Unit Liabilities				
UK Pens NP Form 53 - Non Unit Liabilities	480742			
UK Pens NP Form 53 - Additional reserves property linked				
Miscellaneous				
Total	961484			

Long-term insurance business : Distribution of surplus

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2010**
 Units **£000**

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

Valuation result

Fund carried forward	11	9873494	8986840
Bonus payments in anticipation of a surplus	12	17049	22945
Transfer to non-technical account	13	4293	8146
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	9894836	9017931
Mathematical reserves	21	9827206	8942285
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	67630	75646

Composition of surplus

Balance brought forward	31	44555	54453
Transfer from non-technical account	32	10000	
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	13075	21193
Total	39	67630	75646

Distribution of surplus

Bonus paid in anticipation of a surplus	41	17049	22945
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	17049	22945
Net transfer out of fund / part of fund	47	4293	8146
Total distributed surplus (46+47)	48	21342	31092
Surplus carried forward	49	46288	44555
Total (48+49)	59	67630	75646

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 **With-Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Valuation result

Fund carried forward	11	895798	944682
Bonus payments in anticipation of a surplus	12	17049	22945
Transfer to non-technical account	13	1738	2361
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	914585	969988
Mathematical reserves	21	895798	933191
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	18787	36797

Composition of surplus

Balance brought forward	31	11491	12099
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	7296	24698
Total	39	18787	36797

Distribution of surplus

Bonus paid in anticipation of a surplus	41	17049	22945
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	17049	22945
Net transfer out of fund / part of fund	47	1738	2361
Total distributed surplus (46+47)	48	18787	25307
Surplus carried forward	49	0	11491
Total (48+49)	59	18787	36797

Percentage of distributed surplus allocated to policyholders

Current year	61	90.75	90.67
Current year - 1	62	90.67	91.53
Current year - 2	63	91.53	92.09
Current year - 3	64	92.09	91.13

Long-term insurance business : Distribution of surplus

Name of insurer **Winterthur Life UK Limited**
 Total business / subfund **Non Profit Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Valuation result

Fund carried forward	11	8955909	8019953
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	8955909	8019953
Mathematical reserves	21	8931408	8009094
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	24500	10859

Composition of surplus

Balance brought forward	31	10859	16778
Transfer from non-technical account	32	10000	
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	3642	(5920)
Total	39	24500	10859

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	24500	10859
Total (48+49)	59	24500	10859

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 **Segregated Sub Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Valuation result

Fund carried forward	11	21787	22205
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	2555	5785
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	24342	27990
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	24342	27990

Composition of surplus

Balance brought forward	31	22205	25576
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	2137	2414
Total	39	24342	27990

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	2555	5785
Total distributed surplus (46+47)	48	2555	5785
Surplus carried forward	49	21787	22205
Total (48+49)	59	24342	27990

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 **Winterthur Life UK Limited**Date of maturity value / open market option **01 March 2011**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	15	9822	1477	0	UWP	N	9822
Endowment assurance	20	16092	3411	0	UWP	N	16092
Endowment assurance	25	23811	6544	0	UWP	N	23811
Regular premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	15	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	20	81120	22465	0	UWP	N	81120
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	15	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	20	38031	15894	0	UWP	N	38031

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

Name of insurer **Winterthur Life UK Limited**
 Original insurer **Winterthur Life UK Limited**
 Date of surrender value **01 March 2011**

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	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	15	9068	1291	0	UWP	Y	9068
Endowment assurance	20	14807	3074	0	UWP	Y	14807
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	12529	1506	0	UWP	Y	12655
Single premium pension	2	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	3	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A

Long-term insurance business : With-profits payouts on maturity (normal retirement)Name of insurer **Winterthur Life UK Limited**Original insurer **Colonial Life (UK) Limited**Date of maturity value / open market option **01 March 2011**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	15	8596	637	0	UWP	N	8596
Endowment assurance	20	14698	700	0	CWP	N	14698
Endowment assurance	25	24726	2248	0	CWP	N	24726
Regular premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	15	37891	3446	0	UWP	N	37891
Regular premium pension	20	58421	5311	0	UWP	N	58421
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	15	16733	3275	0	UWP	N	16733
Single premium pension	20	27375	7821	0	UWP	N	27375

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

Name of insurer **Winterthur Life UK Limited**
 Original insurer **Colonial Life (UK) Limited**
 Date of surrender value **01 March 2011**

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	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	15	7669	150	0	UWP	Y	8120
Endowment assurance	20	13846	1372	0	CWP	N	17516
With-profits bond	2	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	3	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	5	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	10	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	2	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	3	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A

Long-term insurance capital requirementName of insurer **Winterthur Life UK Limited**

Global business

Financial year ended **31 December 2010**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%				
Classes I (other), II and IX	13	0.15%		1.00		
Classes I (other), II and IX	14	0.3%	1210195	1208532	3626	4188
Classes III, VII and VIII	15	0.3%	950796	853166	2559	2994
Total	16		2160991	2061698	6185	7181

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21				563	576
--	----	--	--	--	-----	-----

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	1670818	1295093	0.85	14202	14004
Classes III, VII and VIII (investment risk)	33	1%	6045	3970	0.85	51	54
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	1677504	1677504	1.00	16775	14778
Classes III, VII and VIII (other)	35	25%				7708	4022
Class IV (other)	36	1%	27369	15427	0.85	233	238
Class V	37	1%					
Class VI	38	1%					
Total	39					38969	33096

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	1670818	1295093	0.85	42606	42011
Classes III, VII and VIII (investment risk)	43	3%	6045	3970	0.85	154	162
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	1677504	1677504			
Classes III, VII and VIII (other)	45	0%	11008872	6835213			
Class IV (other)	46	3%	27369	15427	0.85	698	714
Class V	47	0%					
Class VI	48	3%					
Total	49		14390609	9827206		43458	42887

Long term insurance capital requirement	51					89175	83740
--	-----------	--	--	--	--	-------	-------

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

***0204* Reassurance arrangements**

AXA Wealth Limited (formerly 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**

	2010	2009
	£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)	72,272	106,410
Grand total of admissible assets after deductions of market risk and counterparty limits – long term business (Form 13 line 89 LTB)	10,010,264	9,116,219
Mathematical reserves, after distribution of surplus (Form 14 line 11)	(9,827,206)	(8,942,285)
Total other insurance and non-insurance liabilities (Form 14 line 49)	(78,656)	(78,738)
Total liabilities – other than long term business (Form 15 line 69)	(4,140)	(2,789)
	<hr/> 172,534	<hr/> 198,817
Capital resources requirement of subsidiary included on an adjusted solo solvency basis	<hr/> -	<hr/> 3,128
Total capital resources after deductions (Form 2 line 13)	<hr/> 172,534	<hr/> 201,945

***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**

None.

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

***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 contingent loans to the Non-Profit Fund of £33,304,000. Repayment of the loans is contingent upon the emergence of surplus. A liability to repay the loans 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**

	2010	2009
	£000	£000
Difference between Long-term Business Provision calculated on a realistic basis and mathematical reserves	15,369	7,924
Deferred front end fee liability	116,877	111,525
Financial liability in respect of trail commission	82,480	69,603
Contingent loans – liability	33,304	22,766
Contingent loans - asset	(23,304)	-
Deferred tax liability	(13,355)	(2,766)
	<u>211,371</u>	<u>209,052</u>

***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 2010**

NOTES TO THE RETURN

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

	2009	2009
	£000	£000
Profit and loss account and other reserves (Form 3 line 12)	118,690	130,195
Plus movement in revaluation reserve	7,314	561
Less disposal of subsidiaries	(7,314)	-
Less Profit and loss account and other reserves brought forward	(130,195)	(123,884)
Profit retained for the financial year	(11,505)	6,872
Less Profit arising in the long-term fund for the financial year	5,270	(7,519)
Add transfer from long-term fund to shareholder fund (Form 16 line 13)	(5,707)	8,146
Less different treatment on deferred tax (Form 13 line 93 OLTB)	(243)	-
Profit or loss retained for the financial year (Form 16 line 59)	(12,185)	7,499

***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 2010 and 31 December 2009 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 aggregate value of hybrid securities included in lines 46 and 48 is £nil (2009: £0.3m).

***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 2010**

NOTES TO THE RETURN

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

The maximum counterparty and concentration exposure limits are determined by the AXA UK Credit Committee. The limits are set along two main dimensions: country limits and individual name limits. No maximum exposure limits apply to government and government-related issuers in the United Kingdom.

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 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.

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

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 £nil (2009: £148,000).

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

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

As at 31 December 2010 and 31 December 2009 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)**

The aggregate value of hybrid securities included in lines 46 and 48 is £5.4m (2009: £32.6m).

***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 (LTB)**

None.

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

The Company has rights over collateral covering assets valued at £10,469,000 (2009: £3,658,000)

***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).

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

1318 Other asset adjustments

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

Long term	2010	2009
	£000	£000
Gross up reinsurers' share of technical provisions classified as investments in Companies Act accounts	4,173,652	3,344,190
Reclassification adjustments	(1,440)	-
	4,172,212	3,344,190

1319 Maximum counterparty limits (LTB)

The maximum counterparty and concentration exposure limits are determined by the AXA UK Credit Committee. The limits are set along two main dimensions: country limits and individual name limits. No maximum exposure limits apply to government and government-related issuers in the United Kingdom.

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 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.

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

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

The FSA issued to the firm in February 2010 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 Profits Fund,

(a) the value of the fund support arrangement assets for a with-profits fund equal to 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-profits fund.

(b) the value of such additional amount of 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, not exceeding any balance of that Sub-Fund after deducting any amount determined under (a) above, as is available, not being required for Scheme purposes, and as is required to ensure that the *realistic value of assets* and the value of the fund support arrangement assets defined in INSPRU 1.1.28 A R for each of its *with-profits funds* is at least equal to the *realistic value of liabilities* of that fund.

These assets are also included in line 89 of this form.

***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 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

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

A capital gains tax liability of £nil (2009: £nil) 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.

e) Fundamental uncertainties

There were none at 31 December 2010.

***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**

	2010	2009
	£000	£000
Reinsurers' share of technical provisions classified as investments in Companies Act accounts	4,173,659	3,344,190
Other differences in technical liabilities	15,369	7,924
Contingent loans	33,304	22,766
Financial liability re trail commission	82,480	69,603
Deferred front end fees	116,877	111,525
Negative BGI Reassurance	(7)	-
Deferred tax	(13,355)	(2,766)
Reclassification adjustments	(1,440)	-
Rounding	1	-
	<u>4,406,888</u>	<u>3,553,242</u>

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

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

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* 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 (2009: £nil) 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.

f) Fundamental uncertainties

There were none at 31 December 2010.

***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**

None.

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

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

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.

***1603* Other income and charges**

None.

***1604* Extraordinary profit and loss**

None.

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

None.

***1700* Derivative contracts**

Winterthur Life UK Limited held no derivative contracts as other than long term insurance business assets and Segregated Sub Fund assets at any time during the year and so no Form 17 relating to other than long term insurance business assets and Segregated Sub Fund assets is required.

***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 2010.

***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**

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

The FSA issued to the firm in February 2010 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),

(a) the value of the fund support arrangement assets for a with-profits fund equal to 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-profits fund.

(b) the value of such additional amount of 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, not exceeding any balance of that Sub-Fund after deducting any amount determined under (a) above, as is available, not being required for Scheme purposes, and as is required to ensure that the *realistic value of assets* and the value of the fund support arrangement assets defined in INSPRU 1.1.28 A R for each of its *with-profits funds* is at least equal to the *realistic value of liabilities* of that fund.

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

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

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 82 is not required to back the capital requirements of the With-Profit Fund.

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

None.

***4002* Other income and other expenditure**

Other income of £1,503,000 and other expenditure of (£1,503,000) relates to expenses which are initially borne by the non-profit fund and which are then recharged from the with-profit fund. These net to zero.

The other income in line 15 of £10,000,000 reflects the receipt of cash advanced by Winterthur Life UK Holdings Limited by way of a loan, repayment of which is contingent on the emergence of surplus in the non-profit fund.

The transfers in line 26 include a £10,000,000 transfer of cash into the non-profit fund from the shareholder fund, a transfer of £1,738,000 to the shareholder fund from the with-profit fund for the shareholders' share of bonus and a transfer of £2,555,000 to the shareholder fund from the segregated sub fund.

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

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

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.

United Kingdom taxation has been allocated based on separate tax calculations for each sub-fund. The With-Profit Fund taxation is calculated on a stand-alone mutual company basis. The Segregated Sub Fund taxation is calculated on a 100% life basis as agreed by HM Revenue & Customs. Allocation to the Non-Profit Fund is based on the balance of the total Long Term Fund taxation.

***4008* Management services**

During the financial year ended 31 December 2010, 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.

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

***4009* Material connected party transactions**

During the financial year ended 31 December 2010 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 AXA Wealth Limited, a subsidiary undertaking, were:

	2010	2009
	£000	£000
Reassurance premiums received	347	476
Reassurance claims paid	3,832	3,681

Material transactions with Friends Life Company Limited (formerly AXA Sun Life Plc), a related company were:

	£000	£000
Reassurance premiums received	176,469	575,872

***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:

	2010	2009
	£000	£000
One-off project costs	2,430	5,040
Increase / (release) of compensation provisions	(3,458)	2,750
(Release) of redress provision	-	(2,000)
(Release) / increase in other provisions	(139)	650
	<u>(1,167)</u>	<u>6,440</u>

***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.

***4402* Derivatives contracts**

There were no excess variation margins as at 31 December 2010.

***4403* Netting of variation margins**

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

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

***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.

***4803* Redemption Period**

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

***4806* Assets used to calculate asset share investment returns**

The investment returns shown in column 5 are calculated using the assets backing policyholders' asset shares, which differ from the assets shown in columns 1 and 2. The returns are shown gross of tax and expenses.

***4901* Source of credit ratings**

Credit ratings from Standard & Poor's, Moody's and Fitch are used. If more than one is available the lowest rating is used. The exception to this is if all three ratings are available and two of the ratings are the same but higher than the third rating, then the higher rating is taken. In the absence of all three a prudent internal rating is used.

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

There were 7 group retirement benefit schemes in force at end 2010. 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.

Name of Insurer **Winterthur Life UK Limited**

Financial year ended **31 December 2010**

NOTES TO THE RETURN

***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 82 group TIP schemes in force at the end of 2010. These are included under product code 755 of the Non Profit Fund UK Pension Gross return. 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 £2.555m. This is in accordance with the Scheme, which allows some reduction in the Segregated Sub Fund as the With Profits business goes off the books and also allows some investment return on the Segregated Sub-Fund to be transferred to the Shareholder Fund. The transfer has been made to the Shareholders Fund.

Fund transfers on Form 58 (Summary) are split between line 13 and line 32. The net position is a transfer to the long term fund of £5.707m which consists of £4.293m transfers out (line 13) and £10.0m transfers in (line 32). This net figure corresponds to the transfer to (from) non technical account figure on Form 40 Line 26.

***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 2010 in respect of Class IV business and supplementary accident and sickness insurance amount to £2.428m. The Company is not a mixed insurer.

IPRU(INS) RULE 9.29 - STATEMENT ON DERIVATIVE CONTRACTS

Financial year ended 31 December 2010

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. Credit default swaps may be used within the With Profit, Shareholder and Non Profit funds to buy credit protection. If credit protection needs to be sold in these funds the investment manager will need the approval of the Insurer before executing the proposed transactions. In the unit linked funds credit default swaps may only be used on a case by case basis with the Insurer informed of each trade in advance. Use of derivatives is permitted in the With Profit Fund to manage equity, interest rate and credit risks.

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.

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.

At the end of 2010, derivatives in the With Profit Fund consisted of interest rate swaps, credit default swaps, futures and put and call options. Currency swaps backing a USD mortgage loan were held in the Non Profit Fund as well as futures backing certain unit-linked contracts.

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 2010

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

The Mutuelles AXA, an association of two companies AXA Assurances Vie Mutuelle and AXA Assurances IARD Mutuelle acting in concert held 21.94% of the voting rights of AXA SA at 31st December 2010. In turn AXA SA held directly 52.1% and via a 99.96% owned subsidiary company, AXA Equity & Law plc 47.9% of the issued shares in AXA UK plc. They were entitled acting in concert to exercise 100% of voting power attached thereto, at any Annual General Meeting of AXA UK plc. In turn AXA UK plc owns and has 100% control over Winterthur UK Financial Services Group Limited which owns and controls 100% of Winterthur Life UK Holdings Limited.

Winterthur Life UK Holdings Limited owns and controls 100% of Winterthur Life UK Limited.

Required details of controllers are given below:

<u>Controller</u>	<u>Registered Number</u>	<u>Country of Incorporation</u>	<u>Registered Office</u>
AXA Assurances Vie Mutuelle	353457245	France	26 rue Drouot 75009, Paris, France
AXA Assurances IARD Mutuelle	775699309	France	26 rue Drouot 75009, Paris, France
AXA SA	572093920	France	23 avenue Matignon 75008, Paris, France
AXA Equity & Law plc	02111194	England and Wales	5 Old Broad Street London EC2N 1AD
AXA UK plc	02937724	England and Wales	5 Old Broad Street London EC2N 1AD
Winterthur UK Financial Services Group Limited	03116678	England and Wales	5 Old Broad Street London EC2N 1AD
Winterthur Life UK Holdings Limited	03223752	England and Wales	5 Old Broad Street London EC2N 1AD

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 Ltd
AWL	denotes	AXA Wealth Ltd (formerly Winterthur Pension Funds Ltd)
FLC	denotes	Friends Life Company Limited (formerly AXA Sun Life plc)

Before 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 before 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.

Before 31 December 2007 pension unit liabilities were reinsured to AWL. From this date these liabilities have been retained in this Company and business directly written in AWL is now reinsured to this Company.

On 15 September 2010 Resolution Ltd completed a transaction with AXA UK under which Resolution's subsidiary Friends Provident Holdings (UK) Ltd purchased the whole of FLC during 2010, and also agreed to purchase most of this company's business during 2011 at an agreed price.

“Sold” is used below to describe business that is intended to be sold to Friends Provident Holdings (UK) Ltd during 2011. “Retained” is used to describe business that is intended to be retained by the AXA group subsequent to the sale.

1. Valuation date

- (1) The investigation relates to 31 December 2010.
- (2) The previous investigation related to 31 December 2009.
- (3) No interim investigations have been carried out.

2. Changes to product range in 2010

Single Pension

During 2010 the only change made to Winterthur products was a re-price on the rebate enhancements for Single Pension products. The case size rebate for policies with an insured fund value between £50,000 and £100,000 was increased from 0.25% to 0.45%. This change applied to existing as well as new business.

New case size rebate table

Value of Winterthur Pension Funds	Annual Rebate
Less than £50,000	0.00%
£50,000 or over but less than £250,000	0.45%
£250,000 or over but less than £500,000	0.50%
£500,000 or over but less than £1,000,000	0.55%
£1,000,000 or over	0.60%

Statement relating to with profits business

The with profits fund was closed to new business except by increment.

3. Discretionary charges and benefits

(1) Application of Market Value Reduction

During 2010 market value reductions (MVRs) applied on surrender and transfers on UWP business as follows:

Product Description	Period that MVR Applied		Policy Dates of Entry
	From	To	
Colonial Pensions Single Premium	01/01/2010	09/03/2010	1999 – 2000, 2007 – 08
Colonial Pensions Regular Premium	01/01/2010	09/03/2010	2006 – 07
Colonial Life Single Premium	01/01/2010	09/03/2010	1999 – 2000, 2007 – 08
	10/03/2010	31/12/2010	2000, 2008

For the Winterthur Life UWP business the final bonus or MVR is calculated on a policy by policy basis. An MVR might therefore have applied throughout 2010 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 2010.

(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 2010 as follows

Product	Change in 2010
Colonial Rainbow and Unity Pensions	3.7%
Winterthur Pensions	0%

Policy fees for certain Winterthur pension products depend on the relevant group pension scheme. Increases may be affected by rounding.

(5) Benefit charges on linked policies

There were no changes to benefit charges on linked policies in 2010.

(6) Fund management charges

There were no changes to unit management charges or notional charges to accumulating with-profits policies during 2010.

(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 or credits 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 the net asset value of an asset unit up or down 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.

Specific Colonial 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 tax and purchase charges or deducting provision for tax 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 OEICs, 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 the 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

Life Funds

Tax is provided for on realised capital gains at a rate of 20% immediately on realisation. For this purpose, one seventh of the unrealised gains in the period on collective investment schemes is treated as a realised capital gain. The tax due is withdrawn from the funds annually at the end of the financial accounting period.

Provision is made in the unit pricing for the potential tax liability on unrealised gains (including gains on collective investment schemes that are not treated as realised gains) at a rate of 16% for funds priced on an offer basis and 20% for funds priced on a bid basis. No money is removed from the funds in respect of these provisions.

Both realised and unrealised capital gains include an allowance for indexation. Tax is provided for in the unit prices on a daily basis.

Tax relief for losses is given if there are sufficient gains within the same investment fund against which to offset the loss. If there are insufficient gains then the losses are carried forward within the same fund to be utilised at a later date. Credit may be given in the unit price for losses (realised and unrealised) carried forward within the funds at rates of up to 10% (dependent on the amount of losses relative to the value of the fund and the pricing basis of the fund).

Other Funds

The only other funds are pension business, where no tax on capital gains is payable.

(9) Tax provisions for unit-linked funds

See section 3(8).

(10) Discounts on purchases of units

The Company utilises collective investment funds managed by external managers. 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, the Company has negotiated rebates with the external managers. In some cases, part of this rebate is retained by the Company 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 paragraph 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

For all non-linked contracts the gross premium valuation method has been used, with an explicit expense reserve. No allowance for future bonuses has been made for conventional with profits business.

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 UWP business a reserve relating to future benefit payments is held within the With-Profit Fund.

For the With Profit Bond, 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-MVR guarantee applies for all policies currently taking regular withdrawals, and for a prudent proportion of policies currently not taking income.

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

For all accumulating with profits contracts an additional explicit expense reserve has been established, either in the With-Profit Fund or in the Non Profit Fund.

(2) Valuation interest rates

Product	31 December 2010 %	31 December 2009 %
Conventional WP Life:		
Whole Life & Endowment	2.30	3.00
Conventional WP Pensions:		
Deferred Annuities & Pure Endowments:		
- pre-retirement	2.65	3.75
- post retirement	2.65	3.75
Other	2.90	4.10
Conventional NP Life:		
Annuities in Payment (WP Fund)	2.55	2.95
Annuities in Payment (NP Fund)	2.40	3.35
Other (WP Fund)	2.40	2.85
Other (NP Fund)	2.40	3.35
Conventional NP Pensions and PHI:		
Annuities in Payment (WP Fund)	3.15	3.65
Annuities in Payment (NP Fund)	3.95	4.70
Other (WP Fund)	3.15	3.60
Other (NP Fund)	3.55	3.65
Unit Linked:		
Life (WP Fund)	2.40	2.85
Life (NP Fund)	2.40	3.35
Pensions (WP Fund)	3.15	3.60
Pensions (NP Fund)	3.55	3.65
Unitised With-Profits:		
Life	2.30	3.15
Pensions	2.90	3.70
Irish Life	0.75	0.80
Index Linked Annuities		
WPF	0.00	0.60
NPF	0.50	0.70

(3) Risk adjustments to yields

All equities are listed on recognised stock exchanges 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 twelve 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.

A limited amount of 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	14	15	17
AA	57	46	45
A	96	70	66
BBB	192	132	117
BB	603	368	307
B	1,326	738	587
CCC	2,487	1,295	987

For bonds rating CC and below an individual credit risk deduction is calculated. For any bonds rated D, the yield is set to zero (although there were no such bonds held at the valuation date).

For subordinated debt, the credit risk deductions are multiplied by 1.25.

The yields, net of credit risk deductions, are subject to a maximum of 30%.

(4) Mortality

The mortality bases used at end 2010 and end 2009 were:

Product Group	31 December 2010		31 December 2009	
	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)	95% PCMA00 mc (1) (4)	95% PCFA00 75% mc (2) (4)	95% PCMA00 mc (1) (3)	95% PCFA00 75% mc (2) (3)
Annuities in Payment (Corporate)	95% PCMA00 mc (1) (4)	95% PCFA00 75% mc (2) (4)	95% PCMA00 mc (1) (3)	95% PCFA00 75% mc (2) (3)
Deferred Annuities (post-vesting)	92.5% PCMA00 mc (1) (5)	92.5% PCFA00 75% mc (2) (5)	92.5% PCMA00 mc (1) (5)	92.5% PCFA00 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% pa is assumed.

- (2) A minimum improvement rate of 1.5% pa is assumed. 75% mc is applied from 2004 onwards.
- (3) At end 2009 U = 2010 was used for all immediate annuities in payment.
- (4) At end 2010 U = 2011 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
95% PCMA00 mc (U = 2011), min 1.7% improvement	23.91	14.73
95% PCFA00 75% mc (U = 2011), min 1.5% improvement	25.73	16.24

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

Basis	Age 45	Age 55
95% PCMA00 mc, min 1.7% improvement	27.35	25.65
95% PCFA00 75% mc, min 1.5% improvement	28.57	27.17

(5) Morbidity

The morbidity bases used at end 2010 and end 2009 were as follows.

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 2010	End 2009
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 2010	End 2009
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 2010	End 2009
1 - 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, male smokers, female non-smokers and female smokers. The rates are the same as those as at 31 December 2009.

Age	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
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 2010 and end 2009 were as follows.

With-Profit Fund

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

Product	End 2010		End 2009	
	Premium Paying	Non-Premium Paying	Premium Paying	Non-Premium Paying
CWP savings endowment	£20.65	£10.67	£19.72	£10.19
CWP target cash endowment	£20.65	£10.67	£19.72	£10.19
CWP pensions	£26.55	£13.63	£25.36	£13.01
Term Assurance	£14.09		£13.45	
Income protection in force	£14.93		£14.26	
Income protection claims in payment		£27.11		£25.89
Annuity		£27.11		£25.89
UWP target cash endowment	£44.81	£33.60	£42.79	£32.09
UWP regular premium pension	£52.71	£39.54	£50.34	£37.76
UWP single premium pension		£39.54		£37.76
UL savings endowment	£44.81	£33.60	£42.79	£32.09
UL target cash endowment	£44.81	£33.60	£42.79	£32.09
UL regular premium pension	£52.71	£39.54	£50.34	£37.76
UL single premium pension		£39.54		£37.76

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

Non-Profit Fund

During 2010, a new Activity Based Costing model has been developed to apportion the Company's expenses more accurately.

The following assumptions have been used for “sold” business:

Business	Premium Paying	Non Premium Paying
Group Existing	£75.91	£37.95
Annuities	£17.45	£17.45
Individual Pensions (UWP)	£5.35	£2.68
Individual Pensions (Other)	£60.08	£30.04
Executive Pensions	£488.77	£244.38
Savings	£79.97	£39.99
Protection	£27.93	£13.96

The following assumptions have been used for “retained” business:

Business	Assumption
Winterthur Life Legacy (excl LIFE)	£199.00
Winterthur Life Onshore	£132.91
Single Pension Insured (85%)	£199.36
Single Pension Self Invested (15%)	£398.72
Family Sun Trust	£532.00
Winterthur Life Trustee Investment Plan (except G, H and T)	£132.91
Winterthur Life Trustee Investment Plan (G, H and T)	£5,000.00

Unit related expenses

The following table shows the explicit additional per policy expense as a percentage of the unit fund used in the December 2010 valuation:

Product	Premium Paying	Non-Premium Paying	Notes
Irish Life UWP Bond	0.00%	0.03%	(1)
All other UWP	0.10%	0.10%	(2)
Winterthur Life Trustee Investment Plan (G, H and T)	0.025%	0.025%	

Notes:

- (1) An additional administration expense of 0.03% of the fund is allowed for in the valuation of the Irish Life arrangement.
- (2) This represents the investment expense for UWP contracts and is charged to the With-Profit Fund. This amount is allowed for within the bonus reserve valuation element of the mathematical reserve.
- (3) For all other contracts unit related expenses are assumed to be zero.

GN44 paragraph 5.1 requires consideration to be given to the impact of selective withdrawals on the allowance for future expenses, particularly where the allowance is not assessed on a per policy basis. The unit related assumptions above are such allowances. As the expense allowance is a percentage of units, the risk here is that it is the larger than average policies that withdraw. The assumptions have been prudently set taking account of this risk.

There was also an assumption of 0.10% pa made for investment expenses relating to conventional non-profit business.

The unit fund used as a basis for expense calculations includes any UWP 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.

The following table shows the per policy expense assumptions for business written by the non-profit fund for the December 2009 valuation.

Product	End 2009	
	Premium Paying	Non-Premium Paying
Term Assurance	£14.18	
Critical illness	£14.18	
Income protection	£28.35	
Income protection claims in payment		£28.35
Annuity		£28.35
UWP Bond		£28.35
UWP savings endowment	£56.70	£28.35
UWP target cash endowment	£56.70	£28.35
UWP regular premium pension	£57.33	£28.67
UWP single premium pension		£38.23
UL bond		£61.27
UL savings endowment	£30.23	£15.11
UL target cash endowment	£71.11	£35.55
UL regular premium pension	£57.33	£28.67
UL single premium pension		£38.23
UL group regular premium pension	£71.11	£24.18
UL group single premium pension		£24.18

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

- 0.135% of unit fund for regular premium paying group money purchase products
- 0% of unit fund 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.

(7) Inflation rate and unit growth rates

The annual unit growth rates assumed for linked business are:

Fund	Gross	Net
Non-deposit investments	6.00%	5.52%
Deposit investments	0.50%	0.40%

RPI inflation – annuity : 3.75% pa
RPI inflation – non-annuity : 3.50% pa

Expense inflation - annuity : 4.75% pa
Expense inflation – non-annuity : 4.50% pa

Expense charge inflation:

Life contracts : nil
Colonial Pension contracts : 2.25% pa
Winterthur Pension contracts : nil

(8) Future bonus rates

No future bonus rates have been assumed in the gross premium valuation of conventional with profits business.

For UWP business the following assumptions have been made regarding future bonus rates.

Gross rate	Business
2.00%	Irish Life business with 2% management charge
1.65%	All other Irish Life business
0.95%	With Profit Bond (post June 2002 premiums)
2.30%	Pension Fund Link group business (post June 2002 single premiums)
0.80%	All other Pension Fund Link group business
2.20%	Pension Fund Link individual business (post June 2002 single premiums)
0.45%	All other Pension Fund Link individual business
0.00%	All other UWP business

These rates are gross of fund management charges. Net of fund management charges, the only non-zero rates are for Pensions Fund Link post July 2002 single premiums, both group and individual.

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

Surrender rates on some unit linked contracts have changed at end 2010 from 0% to:

- 3% on group pensions without surrender penalties
- 2% on personal pensions without surrender penalties
- 4% on TIP and bonds (in retained).

Lapses and surrenders on all other business remain at 0% on a regulatory basis. For paid-ups, the higher of the reserve assuming 0% paid-up or fully paid-up is assumed.

(10) Other material assumptions

No other material assumptions were made.

(11) Derivative contracts

At 31 December 2010 the Company held swaptions with a market value of £1.453m and interest rate swaps with a net market value of £4.464m 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 held equity put and call options with a market value of £36.039m, and swaps with a market value of £1.443m, to enable a relatively stable EBR for asset shares to be maintained. The only impact on the valuation of liabilities is the creation of a reserve to eliminate the time value of the options, otherwise these have not been used to back liabilities.

The Company held credit default swaps which represented a net liability of £2.436m. The valuation interest rates are first calculated ignoring the credit default swaps. The impact of the swaps is then assessed outside of the interest rate calculation, and an adjustment is made to the final rates.

Where a currency hedge exists, this has been paired with the associated asset in order to treat that asset as a sterling denominated asset for the purposes of allocating to liabilities.

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

One change has been made to the valuation methodology at end 2010 in respect of the changes to INSPRU valuation rules effective from 31 December 2006. This was the introduction of a prudent allowance for lapses in the calculation of sterling reserves on some

unit-linked business, as described in 4(10) above. This change reduced the reserves by £16.4m.

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 2.65%. The mortality basis used was 95% PCMA00 mc (U = year of retirement) or 95% PCFA00 75% mc (U = year of retirement) for male and female rates respectively, with minimum improvement rates of 1.7% pa and 1.5% pa respectively. The reserve is calculated assuming that 95% of policyholders purchase annuities at the guaranteed rates.

The total reserve is backed by a combination of payer swaption assets with a strike rate of 8.00%, interest rate swaps and gilts, 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 value of swaptions held is £124.350m and the market value of these swaptions was £1.453m. The total notional of interest rate swaps held is £220.968m, made up of £92.796m of shorter term payer swaps and £128.171m of longer term receiver swaps. These swaps had a total market value of £4.464m. Together these swaptions, swaps and gilts are held to hedge the interest rate sensitivity across the full profile of the liabilities.

The valuation interest rate used has been based on the risk adjusted yield of the assets backing the liability.

The time value of the swaptions is normally eliminated by setting up an equivalent reserve.

b) Product details

Product name	Winterthur Pure Endowment
Basic reserve	£36.229m
Spread of outstanding durations	The average outstanding duration is 5.06 years. The maximum outstanding duration is 20.75 years. The distribution of outstanding duration is: 0 – 5 years 49% 5 – 10 years 40% 10 – 15 years 9% 15+ years 2%
Guarantee reserve	£27.100m
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; the majority are monthly with a 5 year guarantee. A range of escalation rates applies.
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 £0.155m. No mathematical reserve is held in respect of the guarantee as unit values would have to fall by more than 50% for the maturity guarantee to apply, the probability of which is remote.

(3) Guaranteed insurability options

A review of the policies that could exercise these options was carried out during 2009 and showed that there were now a trivial number of policies remaining. As such no additional reserve is deemed necessary at end 2009, and this position has been maintained since then.

(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 £180.028m.

No additional reserve is held for the value of the option to take cash as it is far out-of-the money.

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 £78.269m. This amount consists of £5.089m of margins with respect to the With-Profit Fund and £73.180m of margins with respect to the Non Profit Fund.

The With-Profit Fund total of £5.089m all arises from explicit allowances, and includes £2.134m in respect of investment expenses.

The Non Profit Fund total of £73.180m all arises from explicit allowances, and includes £43.708m in respect of external linked investment expenses.

(2) Implicit expense allowances

There are no implicit expense allowances.

(3) Comparison with Form 43

The expense allowances for the Non Profit Fund are significantly greater than the total maintenance expenses of £39.924m shown at line 14 of Form 43. The reason for the difference is that the Form 43 Line 14 total includes only £7.909m in respect of external linked investment expenses. This is because, 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 the amount of maintenance expenses is not significantly different from the £5.210m shown at line 14 of Form 43.

(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 2010 in force business. The maintenance expenses are assumed to be equal to the margins in the valuation basis so that no expense surplus arises. This projected surplus exceeds the Company's current forecast of acquisition expenses for 2011, therefore no reserve is required.

(5) Maintenance expense overrun

A reserve of £2.3m is held which is sufficient to cover the costs following closure to new business, including redundancy costs. This includes 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	940.460	877.420
Euro	36.095	18.378
Total	976.554	895.798

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

No resilience capital requirement is calculated for the Company as it is a realistic basis firm.

(5) Most onerous scenario under INSPRU 3.1.23R

No resilience capital requirement is calculated for the Company as it is a realistic basis firm.

(6) Amount of resilience capital requirement

No resilience capital requirement is calculated for the Company 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.

8. Other special reserves

There are no other special reserves which exceed the lesser of £10m and 0.1% of the total mathematical reserves.

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, and provide reinsurance in respect of liabilities that are linked to the performance of funds maintained by the Reinsurer. These have been shown together under the “Unit fund reinsurance treaties”.

The Canada Life International Re reinsurance treaty

Name of Reinsurer	Canada Life International Re Ltd
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 2010.
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 2010 the total mathematical reserves ceded were £375.640m.
Retention by the insurer for new policies being reinsured	No new policies are being reinsured under this treaty. The retention for existing policies 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

Names of Reinsurers	Aberdeen Asset Management Life & Pensions Ltd Aegon Investment Management UK Ltd Baillie Gifford Life Ltd BlackRock Asset Management Pensions Ltd BlackRock Pensions Ltd Friends Life Company Ltd Legal & General Assurance Pensions Management Ltd Schroder Pension Management Ltd 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 Reinsurers. A floating charge agreement is in place with all these Reinsurers to mitigate credit risk.
Premiums payable	A net premium of £302.529m was payable by the Company under these treaties during 2010. This is split as: (£ 3.624m) Aberdeen Asset Management Life & Pensions Ltd (£ 44.004m) Aegon Investment Management UK Ltd (£108.725m) Baillie Gifford Life Ltd £ 53.700m BlackRock Asset Management Pensions Ltd £192.655m BlackRock Pensions Ltd £110.815m Friends Life Company Ltd £ 52.279m Legal & General Assurance Pensions Man Ltd £ 59.593m Schroder Pension Management Ltd (£ 10.160m) Threadneedle Pensions Ltd
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 2010 the total mathematical reserves ceded were £4,173.659m. This is split as: £ 28.124m Aberdeen Asset Management Life & Pensions Ltd £ 398.031m Aegon Investment Management UK Ltd £ 135.957m Baillie Gifford Life Ltd £2,135.959m BlackRock Asset Management Pensions Ltd £ 209.659m BlackRock Pensions Ltd £ 133.732m Friends Life Company Ltd £ 855.802m Legal & General Assurance Pensions Man Ltd £ 95.695m Schroder Pension Management Ltd £ 180.700m Threadneedle Pensions Ltd
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 Company.

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 Mathematical Reserves (£000)	Reversionary Bonus Rate for 2010	Reversionary Bonus Rate for 2009	Total Guaranteed Bonus Rate for 2010
Winterthur Life Portfolio	£25,683k	0%	0%	0%
Colonial Life Portfolio	£349,719k	0%	0%	0%
Winterthur Pension Portfolio	£56,770k	0%	0%	0%
Colonial Pension Portfolio	£227,673k	0%	0%	0%

Unitised With-Profits

Name of bonus series	Amount of Mathematical Reserves (£000)	Annual Bonus Rate for 2010	Annual Bonus Rate for 2009	Total Guaranteed Bonus Rate for 2010
Homeprovider and Plus Mortgage	£3,124k	0%	0%	0%
With-Profit Bond				
pre 30/06/02 business	£4,014k	0%	0%	0%
post 30/6/02 business	£305k	0%	0%	0%
Colonial Savings and Mortgage Plans	£8,379k	0%	0%	0%
Colonial Investment Bond	£1,667k	0%	0%	0%
Old Style Pensions	£4,977k	0%	0%	0%
New Style Pensions				
pre 30/06/02 business:				
Individual	£275k	0%	0%	0%
Group (gross)	£34k	0.80%	1.80%	0.80%
post 30/06/02 business:				
Individual	£790k	1.75%	2.75%	1.75%
Group (gross)	£97k	2.30%	3.30%	2.30%
Colonial Pensions	£87,678k	0%	0%	0%
Irish Life Bond (gross)				
Series 1 (2.00%)	£6,416k	2.00%	2.00%	2.00%
Series 2 (1.65%)	£9,358k	1.65%	1.65%	1.65%
Series 4 (2.00%)	£2,604k	3.00%	4.00%	3.00%

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 2010.

On 15 September 2010 Resolution Ltd completed a transaction with AXA UK under which Resolution's subsidiary Friends Provident Holdings (UK) Ltd agreed to purchase most of this company's business during 2011 at an agreed price. This valuation makes no allowance for the future transactions happening.

(2) Date of Previous Investigation

The valuation date of the previous investigation was 31st December 2009.

(3) Date of Interim valuations

An interim valuation was carried out on 30th June 2010.

Assets

2 (1) The present value of future profits (PVFP) of the non-profit business 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, before tax
Expense inflation	Derived from an implied inflation curve based on Bank of England gilt yield data. Different assumptions are used for annuity and non-annuity products.
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	(same as in table above)
Expense inflation	(same as in table above)
Discount rate	(same as in table above)

Note: 1 basis point = 0.01%

- (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) The inflation rate assumed in the valuation of PVFP varies between annuities and non-annuities.

Product Type	Inflation Rate
Annuity	3.5
Non-Annuity	3.0

- (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	Total	Ex-Colonial Deferred Annuities	Ex-Colonial Endowments	Ex-Winterthur Endowments	Homelink	UWP Pensions	UWP Life	UWP Bonds
	Realistic value of liabilities of fund								
L3 1	With profits benefits reserve/mathematical reserves excluding GAR reserve and resilience reserve	771.2	60.2	406.4	58.8	83.8	121.2	14.8	26.0
	Future policy related liabilities								
L3 2	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
L3 3	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
L3 4	Planned enhancements to with profits benefits reserve	66.1	12.5	39.1	6.3	8.2	0.0	0.0	0.0
L3 5	Planned deductions for guarantees, options and smoothing from with profits benefits reserve	57.2	5.3	39.0	5.1	7.6	0.0	0.2	0.0
L3 6	Planned deductions for other costs deemed chargeable to with profits benefits reserve	5.8	(1.6)	7.0	(0.2)	(0.0)	0.4	0.1	0.1
L4 1	Future costs of contractual guarantees (other than financial options)	117.2	60.3	35.0	12.0	5.7	1.3	0.5	2.4
L4 2	Future costs of non-contractual commitments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L4 3	Future costs of financial options	8.6	0.3	0.0	8.3	0.0	0.0	0.0	0.0
L4 4	Future costs of smoothing	(5.8)	(2.2)	0.0	(0.6)	(2.7)	(0.2)	(0.1)	0.0
L4 5	Financing costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L4 6	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
L4 7	Any other long-term insurance liabilities	(0.4)	0.6	(0.7)	(0.1)	(0.2)	0.0	(0.0)	(0.0)
L4 9	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	122.7	67.7	27.4	21.1	3.4	0.7	(0.0)	2.4

(1)(c) The business not required to be separately disclosed in accordance with 3(3) has aggregate with profits benefits reserve of £12.2 million and future policy related liabilities are estimated to be £4.7 million. For this business the peak 1 reserve is taken as a proxy for WPBR.

(2) Not applicable

(3) Not applicable

(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.

The WPBR calculation is consistent with the approach used to determine actual payouts on with profit policies. For the majority of conventional and some unitised products specimen policy asset shares are used, scaled up by the ratio of surrender values of guaranteed benefits on actual policies to specimen policies when appropriate.

(2) 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 maximum per policy maintenance expenses in respect of management services are inflated each year in line with the Retail Prices Index. The actual management expenses exceeded the maximum management expenses as at 31st December 2010.

Maintenance expenses in respect of investment services are subject to an overall cap of 0.2% divided by 12 of the With-Profit Fund assets each month. For 2010 the aggregate expenses are calculated as 0.15% of the fund.

(3)(a) A check was made as at the 31st December 2010 that the actual per policy expenses exceeded the maximum level implied by the 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 £3.5million. This comprises £2.1 million and £1.4 million for management and investment services respectively.
- (iii) The per policy expenses deducted from the with profits benefits reserve during the financial year in question are as follows.

Expenses – WLUK Products

	Policy expense charges		Investment services charge
	Premium paying £ pa	Non-premium paying £ pa	% of Fund
Whole Life / End	20.24	10.11	0.15
Deferred Annuity	46.88	23.44	0.15
Pure Endowment	46.88	23.44	0.15
UWP Bonds	0	0	0.15

Expenses – ex-Colonial Products

	Policy expense charges		Investment services charge
	Premium paying £ pa	Non-premium paying £ pa	% of Fund
Whole Life / End	20.24	10.46	0.15
Deferred Annuity	26.02	13.35	0.15
Pure Endowment	46.88	23.79	0.15
Term Assurance	13.81	0	0.15
UWP Life	0	0	0.15
UWP Pensions	0	0	0.15

- (iv) The maintenance charge in respect of the non-profit business in the With-Profit Fund is £1.6 million. This comprises £1.1 million and £0.5 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	20.24	10.11	0.11
Term Assurance	13.81	0	0.11
Immediate Annuity	0	26.57	0.11
Deferred Annuity	46.88	23.44	0.11
Pure Endowment	46.88	23.44	0.11
Traditional PHI	0	0	0.11
Unit Linked PHI	14.63	14.63	0.17
Unit Linked Life	43.91	32.93	0.17
Unit Linked Pensions	51.66	38.74	0.17

- (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 rider	£ 1.50 p.m. £ 0.50 p.m.	0.0% 0.0%
Personal Pensionplus In-force	£ 2.50 p.m.	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	£31.93 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 2010	107.6%
Financial Year 2009	104.7%
Financial Year 2008	100.9%

- (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:

Product	Gross investment return
Irish Life Bond	1.04%
Policies under lifestyling	2.49%
Colonial Deferred Annuities	8.67%
All other business	13.97%

The divergent investment returns reflect the differing equity backing ratios of the investment classes. For Irish Life Bonds, the returns also reflect the fact that investments are Euro denominated.

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 modelled classes of with-profit insurance contracts have been valued on an individual basis.
- (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 is calculated on a deterministic basis. For unitised with-profits, the cost of guarantees is estimated using the relationship of actual fund to shadow fund for similar products.
- (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 options on market value reduction free dates;
 - contractual guarantees under 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; and
- where applicable, guaranteed annuity options on 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 204% for policies in-the-money and 77% for policies out-of-the-money with the overall ratio for all policies being about 96%.

- (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 and market consistent.

The risk-free rate in the asset model is calibrated to the gilt curve at 31 December 2010 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	27%
5	28%
10	28%

The correlations assumed between the main asset classes are:

Correlation between:	2010
Excess Return on Equities and Excess Return on Medium Term (15 years) Fixed Interest Assets	15%

- (iii) The following table shows the simulated prices of a number of specified options based on 2,000 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. (Only £5m of

property is held. Corporate bonds are more significant, representing approximately 20% of the fund, but approximately half of these are ‘de-risked’ using Credit Default Swaps.)

	K	0.75			
<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>	2.51%	4.38%	4.59%	4.44%
1	<i>Risk-Free Zero Coupon Bond</i>	£883,402	£525,870	£325,529	£218,440
2	<i>FTSE All Share Index (p=1)</i>	£104,872	£244,329	£345,012	£418,792
3	<i>FTSE All Share Index (p=0.8)</i>	£97,223	£192,289	£245,751	£277,060
4	<i>Property (p=1)</i>	n/a	n/a	n/a	n/a
5	<i>Property (p=0.8)</i>	n/a	n/a	n/a	n/a
6	<i>15yr Risk-Free ZCBs (p=1)</i>	£13,882	£23,327	£16,881	£21,425
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	£11,842	£13,418	£5,816	£3,811
8	<i>15yr Corporate Bonds (p=1)</i>	n/a	n/a	n/a	n/a
9	<i>15yr Corporate Bonds (p=0.8)</i>	n/a	n/a	n/a	n/a
10	<i>Portfolio 1 (p=1)</i>	n/a	n/a	n/a	n/a
11	<i>Portfolio 1 (p=0.8)</i>	n/a	n/a	n/a	n/a
12	<i>Portfolio 2 (p=1)</i>	£49,224	£134,415	£204,914	£265,254
13	<i>Portfolio 2 (p=0.8)</i>	£43,554	£94,748	£126,775	£151,739
14	<i>Portfolio 3 (p=1)</i>	n/a	n/a	n/a	n/a
15	<i>Portfolio 3 (p=0.8)</i>	n/a	n/a	n/a	n/a
	<i>Sterling Receiver Swaptions</i>	<i>L = 15</i>			
16		5.27%	6.39%	6.12%	4.71%

	K	1.00			
<i>n</i>	Duration (n)	5	15	25	35
<i>r</i>	Annualised compound equivalent of the risk-free rate assumed for the period (<i>r</i>)				
		x	x	x	x
1	Risk-Free Zero Coupon Bond	x	x	x	x
2	FTSE All Share Index (<i>p</i> =1)	£238,443	£407,812	£527,502	£613,607
3	FTSE All Share Index (<i>p</i> =0.8)	£223,512	£327,541	£381,531	£412,423
4	Property (<i>p</i> =1)	n/a	n/a	n/a	n/a
5	Property (<i>p</i> =0.8)	n/a	n/a	n/a	n/a
6	15yr Risk-Free ZCBs (<i>p</i> =1)	£81,415	£90,852	£90,165	£123,139
7	15yr Risk-Free ZCBs (<i>p</i> =0.8)	£70,307	£49,161	£24,214	£19,820
8	15yr Corporate Bonds (<i>p</i> =1)	n/a	n/a	n/a	n/a
9	15yr Corporate Bonds (<i>p</i> =0.8)	n/a	n/a	n/a	n/a
10	Portfolio 1 (<i>p</i> =1)	n/a	n/a	n/a	n/a
11	Portfolio 1 (<i>p</i> =0.8)	n/a	n/a	n/a	n/a
12	Portfolio 2 (<i>p</i> =1)	£163,108	£275,189	£363,432	£433,731
13	Portfolio 2 (<i>p</i> =0.8)	£149,047	£203,438	£235,546	£259,949
14	Portfolio 3 (<i>p</i> =1)	n/a	n/a	n/a	n/a
15	Portfolio 3 (<i>p</i> =0.8)	n/a	n/a	n/a	n/a
	Sterling Receiver Swaptions	<i>L</i> = 20			
16		6.49%	8.02%	7.48%	5.62%

	K	1.50			
<i>n</i>	Duration (n)	5	15	25	35
<i>r</i>	Annualised compound equivalent of the risk-free rate assumed for the period (<i>r</i>)				
		x	x	x	x
		0	0	0	0
1	Risk-Free Zero Coupon Bond	x	x	x	x
2	FTSE All Share Index (<i>p</i> =1)	£611,387	£791,067	£933,481	£1,031,834
3	FTSE All Share Index (<i>p</i> =0.8)	£581,122	£647,765	£688,024	£704,423
4	Property (<i>p</i> =1)	n/a	n/a	n/a	n/a
5	Property (<i>p</i> =0.8)	n/a	n/a	n/a	n/a
6	15yr Risk-Free ZCBs (<i>p</i> =1)	£500,232	£500,615	£505,838	£529,103
7	15yr Risk-Free ZCBs (<i>p</i> =0.8)	£463,907	£325,628	£231,255	£198,678
8	15yr Corporate Bonds (<i>p</i> =1)	n/a	n/a	n/a	n/a
9	15yr Corporate Bonds (<i>p</i> =0.8)	n/a	n/a	n/a	n/a
10	Portfolio 1 (<i>p</i> =1)	n/a	n/a	n/a	n/a
11	Portfolio 1 (<i>p</i> =0.8)	n/a	n/a	n/a	n/a
12	Portfolio 2 (<i>p</i> =1)	£545,105	£646,391	£744,230	£821,403
13	Portfolio 2 (<i>p</i> =0.8)	£513,056	£504,405	£509,092	£516,157
14	Portfolio 3 (<i>p</i> =1)	n/a	n/a	n/a	n/a
15	Portfolio 3 (<i>p</i> =0.8)	n/a	n/a	n/a	n/a
	Sterling Receiver Swaptions	<i>L</i> =25			
16		7.75%	9.44%	8.56%	6.28%

Where Portfolio 1: 65% FTSE All Share and 35% property
 Portfolio 2: 65% equity and 35% 15-year risk free zero coupon bonds
 Portfolio 3: 40% equity, 15% property, 22.5% 15-year risk free coupon bonds, and 22.5% 15-year corporate bonds

- (iv) The UK initial equity dividend yield is set equal to the FTSE 100 yield as at 31st December 2010, giving a value of 3.05%. Property is not explicitly modelled.
- (v) No asset classes outside the UK are modelled separately because there are no significant territories other than the UK.
- (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	UWP Life/Pensions	Total
2011-2015	45.7%	64.7%	66.3%	90.7%	70.2%	46.4%	22.2%	55.8%
2016-2020	29.0%	25.1%	24.2%	8.2%	29.1%	31.5%	20.8%	25.0%
2021-2025	18.2%	9.3%	6.2%	1.0%	0.7%	14.6%	22.0%	10.6%
2026-2030	6.5%	0.9%	2.2%	0.0%	0.0%	5.7%	19.5%	5.5%
2031-2035	0.7%	0.0%	0.8%	0.0%	0.0%	1.7%	12.8%	2.6%
2036-2039	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	2.8%	0.5%
Total	100%	100%	100%	100%	100%	100%	100%	100%

The model was calibrated to a moneyness of 75% 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	75%	27.48%	27.40%
2	75%	27.45%	27.46%
3	75%	27.43%	27.51%
5	75%	27.58%	27.61%
10	75%	27.87%	27.85%

- (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 price 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 2,000 simulations. The risk capital margin scenario was also based on 2,000 simulations.

The rate of convergence of the model results is checked by a ‘conservation of value’ test, i.e. calculate the mean value of the deflated future liability cash flows and check that this is not significantly different from the initial value of the assets backing the with profit benefit reserve plus future policy related liabilities.

- (b) None of the costs of guarantees, options and smoothing have been valued using the market costs of hedging.
- (c) De minimis.
- (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

A new investment strategy was implemented in 2009 which targets a 40% EBR allied to a complex equity derivative portfolio with terms up to 5 years. Therefore a fixed 40% EBR is assumed until the equity derivative portfolio expires.

For each projection period thereafter, the free asset ratio is compared to a target range following a 40% fall in equities and a switch into 100% gilts. In practice the 40% 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 fixed at 3%.

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.

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, typically 95% increasing to 100% at maturity.

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 specified in the PPFM, reductions or enhancements are applied to the asset shares to bring the inherited estate back within those 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 fund. 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 at two future dates for the specified scenarios

Scenario	31/12/2010	31/12/2015	31/12/2020
(i)	40%	42%	79%
(ii)	40%	43%	79%
(iii)	40%	43%	76%

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

Scenario/Product Class		31/12/2010	31/12/2015	31/12/2020
(i)	UWP Pensions	0.0%	0.0%	0.0%
	UWP Life	0.0%	0.0%	1.0%
	UWP Bonds	1.46%	0.0%	1.0%
(ii)	UWP Pensions	0.0%	0.0%	0.0%
	UWP Life	0.0%	0.0%	3.0%
	UWP Bonds	1.46%	0.0%	3.0%
(iii)	UWP Pensions	0.0%	0.0%	0.0%
	UWP Life	0.0%	0.0%	0.0%
	UWP Bonds	1.46%	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).

(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%	13.2%	5.0%	5.0%
UWP target cash endowment	surrender	20.0%	13.2%	5.0%	5.0%
UWP bond	surrender	5.0%	6.0%	6.0%	6.0%
UWP bond	automatic withdrawals ^(A)				
CWP pension regular premium	PUP ^(B)				
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 ^(B)				
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:

(A) The stochastic model assumes that automatic withdrawals will continue at their current levels.

(B) The stochastic model does not separately model conversion to paid-up 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 107.5% of PCMA00 100% medium cohort (prior to 2004) and 107.5% of PCMA00 100% medium cohort with 1.7% floor (2004 and onwards) has been assumed for males. A mortality basis of 107.5% of PCFA00 100% medium cohort (prior to 2004) and 107.5% of PCFA00 75% medium cohort with 1.5% floor (2004 and onwards) has been assumed for females.

For the guaranteed annuity options on ex-Winterthur pure endowments a 80% 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- or out-of-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 £0.8 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
- A liability of £0.6 million in respect of a modelling adjustment on the value of swaptions held.

Realistic current liabilities

9 The amount of the realistic current liabilities included in line 51 of Form 19 is £24.7 million. The realistic current liabilities are identical to the regulatory current liabilities. This amount includes the following:

- Net claims outstanding of £17.0 million
- Derivative assets with negative value of £7.7 million

Risk capital margin

10(a) The risk capital margin as at the valuation date is £4.4 million.

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

- (i) A fall in the market value of equities of 20% and a fall in market value of properties of 12.5%.

At end 2010 the most onerous RCM scenario includes a fall in equities, whereas at end 2009 a rise in equities was more onerous. This is primarily due to the derivatives that are used to hedge the equity risk. At end 2009 the fund was marginally 'overhedged' on a realistic basis, meaning that a fall in equities would have been beneficial to the fund. The derivative portfolio was reviewed during 2010. At end 2010 a fall in equities is now more onerous than a rise, although the two impacts are quite similar; bond yields, credit spreads and termination rates have much more effect on the RCM than equity movements.

- (ii) Fixed interest yields are assumed to rise by the amounts shown in the table below. The percentage change in yields is 17.5%.

Currency	Long term yield (annualised)	Nominal rise in yields
Sterling	3.99%	0.70%

(iii) A widening of credit spreads.

- a) The total fall in bond asset values (i.e. gilts and corporate) is 1.7% and the average change in spreads is 0.39%.
- b) Not applicable.
- c) De minimis
- d) Not applicable.
- e) Derivatives have not been subjected to a credit stress event because the collateral held is assumed to mitigate the risk of counterparty default, per INSPRU 1.3.79.

(iv) A fall in termination rates in each year of the projection of 32.5%. The aggregate realistic value of liabilities changes by only 0.07% under this scenario, although the components of future policy related liabilities change significantly – the cost of planned deductions increases by 6.7% and the cost of guarantees increases by 5.5%.

(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 assumed in the risk capital margin calculation 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 covered by assets in the Segregated Sub-fund and transfers from the Shareholder fund as allowed for in the 2001 Scheme. The assets chosen to back the risk capital margin represent a proportionate share of the assets in those funds, primarily bonds.
 - (ii) In respect of support provided by the Segregated Sub-fund, assets would be transferred into the with-profit fund in the form of a permanent transfer.

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. Tax is only incurred on the BLAGAB proportion of the assets. 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.

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 payer swaptions are held for the purpose of hedging interest rate risk. These have maturity dates ranging from 2011 to 2034 and terms ranging from 20 years to 26 years. All swaptions have a strike rate of 8.0%. They have a total notional value of £124.4m and a total market value of £1.5m.

Interest rate payer and receiver swaps are held for the purpose of hedging interest rate risk. They have maturity dates ranging from 2011 to 2059 and fixed rates from 2.24% to 4.44%. The receiver swaps have a total notional of £178.2m and total market value of £9.0m. The payer swaps have a total notional of £92.8m and total market value of -£3.1m.

Equity call options and sold equity futures are held together for the purpose of hedging equity risk. The call options are on FTSE 100, have strikes between 4050 and 4650 and expiry dates ranging from 2011 to 2014. Total notional value is £112.6m and total market value is £33.3m. The short futures exposures are €12.6m (DJ Eurostoxx 50) and £137.1m (FTSE 100).

Equity put options are also held for the purpose of hedging equity risk. The put options are on FTSE 100, have strikes between 2800 and 3850, and expiry dates ranging from 2011 to 2014. They have total notional value of £114.6m and market value of £2.8m.

Single name credit default swaps were purchased to provide protection against the default risk of a set of matching corporate bonds held in the asset portfolio. They have a notional of £96.4m and market value of -£2.4m.

Analysis of Change in Working Capital

13

	£m
As at 31 st December 2009	0.0
Opening zeroisation impact	-5.2
(a) investment return on the opening working capital	-0.6
(b) mismatched profits and losses on assets backing the future policy related liabilities (may include associated assumption changes);	2.4
(c) assumption changes - economic	-0.9
(c) assumption changes - non-economic	-0.1
(c) assumption changes - policyholder actions	0.0
(d) other variances - economic	-1.8
(d) other variances - non-economic	0.1
(e) impact of new business	0.0
(f) changes in other liabilities of lines 47 and 51 of Form 19;	5.8
(g) modelling changes and opening adjustments	-0.6
Closing zeroisation impact	0.8
As at 31 st December 2010	0.0

Overall the working capital (before zeroisation) has changed from -£5.2m to -£0.8m over the year (total change £4.3m).

Optional disclosure

14

Not applicable.

Name of Insurer **Winterthur Life UK Limited**

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 insurer 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 31st December 2010 were as follows:

- 6,308 €31.49 options (adjusted to take account of the rights issue in 2009) in AXA SA, exercisable to 8 May 2011,
- 4,206 €20.45 options (adjusted to take account of the rights issue in 2009) in AXA SA, exercisable to 26 February 2012,
- 3,154 €10.73 options (adjusted to take account of the rights issue in 2009) in AXA SA, exercisable to 13 March 2013,
- 200 shares in AXA SA Global Shareplan 2006,
- 167 shares in AXA SA Global Shareplan 2007,
- 197 shares in AXA SA Global Shareplan 2008,
- 221 shares in AXA SA Global Shareplan 2009.

2. Remuneration

In respect of 2010 Mr Shelley received management remuneration and other benefits (other than pension contributions) to the value of £128,660.

3. Pension contributions

Mr Shelley was a contributing member of the AXA UK Group Pension Scheme until 15th September 2010 at which time he became a contributing member of the Friends Pension Plan. Mr Shelley continues to have a deferred pension entitlement in respect 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 2010

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; and
- (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 4.3.16R.

Signed on behalf of Winterthur Life UK Limited

M. J. Kellard Chief Executive

D. R. Cheeseman Director

A. J. Purvis Director

25 March 2011

REPORT OF THE AUDITORS TO THE DIRECTORS PURSUANT TO IPRU(INS) RULE 9.35

Global Business

Financial year ended 31 December 2010

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

We have audited the following documents prepared by the insurer 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 Prudential Sourcebook for Insurers ('the Rules') made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 19, 40 to 45, 48, 49, 58 and 60, (including the supplementary notes) ('the Forms') on pages 1, 3, 6-32, 33-47, 53, 57, 92 and 100 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 116 ('the statement'); and
- the valuation report required by IPRU(INS) rule 9.31(a) ('the valuation report') on pages 118 to 136;

We are not required to audit 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 117 and 160; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 161.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation report 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 insurer and used to perform the actuarial investigation as set out in the valuation report are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation report meet these requirements, and to report our opinion to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the Forms, the statement and the valuation report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

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.

REPORT OF THE AUDITORS TO THE DIRECTORS PURSUANT TO IPRU(INS) RULE 9.35

Global Business

Financial year ended 31 December 2010

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 and the 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 insurer in the preparation of the Forms, the statement and the 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 and the 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:

- (i) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report appropriately reflect the requirements of INSPRU 1.2 and 1.3.

PricewaterhouseCoopers LLP
Chartered Accountants

25 March 2011