



Friends Provident Pensions Limited

Annual Return
as at
31st December 2010

Pursuant to the Interim Prudential Sourcebook

Appendices 9.1, 9.3, 9.4 and 9.6

PRINCIPAL AND HEAD OFFICE:
PIXHAM END, DORKING, SURREY, RH4 1QA

Friends Provident Pensions Limited

Year ended 31st December 2010

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Statement of solvency - long-term insurance businessName of insurer **Friends Provident Pensions Limited**

Global business

Financial year ended **31 December 2010**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2010	
	475201	GL				£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	131015	147101
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	124572	164341
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	255587	311442

Guarantee fund

Guarantee fund requirement	21	54436	48901
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	201151	262542

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	163308	146703
Resilience capital requirement	32	15000	5000
Base capital resources requirement	33	3040	3128
Individual minimum capital requirement	34	178308	151703
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	178308	151703
Excess (deficiency) of available capital resources to cover 50% of MCR	37	166433	235592
Excess (deficiency) of available capital resources to cover 75% of MCR	38	121856	197666

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	178308	151703

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	178308	151703
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	77279	159739

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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Covering Sheet to Form 2

Name of insurer **Friends Provident Pensions Limited**
Global business
Financial year ended **31 December 2010**

..... **T.J. Matthews** **Director**

..... **A.M. Parsons** **Director**

..... **D. Monger** **Secretary**

22nd March 2011

Components of capital resourcesName of insurer **Friends Provident Pensions Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R3	475201	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			50000	50000	773000
Profit and loss account and other reserves	12			459043	459043	(203243)
Share premium account	13					
Positive valuation differences	14					
Fund for future appropriations	15					
Core tier one capital in related undertakings	16					
Core tier one capital (sum of 11 to 16)	19			509043	509043	569757

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			509043	509043	569757
Investments in own shares	32					
Intangible assets	33					
Amounts deducted from technical provisions for discounting	34					
Other negative valuation differences	35			5220	5220	3573
Deductions in related undertakings	36					
Deductions from tier one (32 to 36)	37			5220	5220	3573
Total tier one capital after deductions (31-37)	39			503823	503823	566184

Components of capital resourcesName of insurer **Friends Provident Pensions Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R3	475201	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 **Friends Provident Pensions Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	475201	GL	31	12	2010	£000
		General 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			503823	503823	566184
Inadmissible assets other than intangibles and own shares	73			248236	248236	254741
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			255587	255587	311443

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81			255587	255587	311443
Available capital resources for 50% MCR requirement	82			255587	255587	311443
Available capital resources for 75% MCR requirement	83			255587	255587	311443

Financial engineering adjustments

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

Calculation of general insurance capital requirement - premiums amount and brought forward amount

Name of insurer **Friends Provident Pensions Limited**

Global business

Financial year ended **31 December 2010**

Long term insurance business

		Company registration number	GL/UK/CM	day	month	year	Units
R11		475201	GL	31	12	2010	£000
				This financial year		Previous year	
				1		2	
Gross premiums written			11			2	2
Premiums taxes and levies (included in line 11)			12				
Premiums written net of taxes and levies (11-12)			13			2	2
Premiums for classes 11, 12 or 13 (included in line 13)			14				
Premiums for "actuarial health insurance" (included in line 13)			15				
Sub-total A (13 + 1/2 14 - 2/3 15)			16			2	2
Gross premiums earned			21				
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23				
Premiums for classes 11, 12 or 13 (included in line 23)			24				
Premiums for "actuarial health insurance" (included in line 23)			25				
Sub-total H (23 + 1/2 24 - 2/3 25)			26				
Sub-total I (higher of sub-total A and sub-total H)			30			2	2
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure			31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18		32				
	Excess (if any) over 57.5M EURO x 0.02		33				
Sub-total J (32-33)			34				
Claims paid in period of 3 financial years			41			6273	5408
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42				
	For insurance business accounted for on an accident year basis		43			6539	7959
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44				
	For insurance business accounted for on an accident year basis		45			11696	12874
Sub-total C (41+42+43-44-45)			46			1115	493
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47			(131)	(138)
Sub-total D (46-47)			48			1247	631
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)			49			1.00	1.00
Premiums amount (Sub-total J x reinsurance ratio)			50				
Provision for claims outstanding (before discounting and net of reinsurance)			51			2609	3051
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero			52				
Brought forward amount (See instruction 4)			53			67	79
Greater of lines 50 and 53			54			67	79

Calculation of general insurance capital requirement - claims amount and resultName of insurer **Friends Provident Pensions Limited**

Global business

Financial year ended **31 December 2010**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units
		R12	475201	GL	31 12 2010		£000
				This financial year 1		Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R				11	36		36
Claims paid in reference period				21	6273		5408
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22			
	For insurance business accounted for on an accident year basis			23	6539		7959
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24			
	For insurance business accounted for on an accident year basis			25	11696		12874
Claims incurred in reference period (21+22+23-24-25)				26	1115		493
Claims incurred for classes 11, 12 or 13 (included in 26)				27			
Claims incurred for "actuarial health insurance" (included in 26)				28			
Sub-total E (26 +1/2 27 - 2/3 28)				29	1115		493
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)				31	372		164
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	97		43
	Excess (if any) over 40.3M EURO x 0.03			33			
Sub-total G (32-33)				39	97		43
Claims amount Sub-total G x reinsurance ratio (11.49)				41	97		43
Higher of premiums amount and brought forward amount (11.54)				42	67		79
General insurance capital requirement (higher of lines 41 and 42)				43	97		79

Analysis of admissible assetsName of insurer **Friends Provident Pensions 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	475201	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					

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	274	274
	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	5005	5000	
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	17569	69998
	Other	46	86333	95069
Variable interest securities	Approved	47		
	Other	48	7409	1378
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	12680	7330
	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 **Friends Provident Pensions 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	475201	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	342	23
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	2618	2892
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	132230	181964
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Analysis of admissible assetsName of insurer **Friends Provident Pensions 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	475201	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	132230	181964
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	(7658)	(17623)
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	124572	164341
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 **Friends Provident Pensions 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	475201	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				

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	122175	91193	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	5394	36472	
Rights under derivative contracts	44	3846	3458	
Fixed interest securities	Approved	45	341252	368578
	Other	46	745362	456146
Variable interest securities	Approved	47	81547	85910
	Other	48	1708769	1645775
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	80308	4093
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	16309	10103
	Property linked	59	11049558	9815162

Analysis of admissible assetsName of insurer **Friends Provident Pensions 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	475201	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		3530
	Intermediaries	72	429	2131
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	8125	27647
	due in more than 12 months	79	16040	17566

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	58976	112749
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	24933	20024
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	85	152

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	14263108	12700689
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Analysis of admissible assetsName of insurer **Friends Provident Pensions 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	475201	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	14263108	12700689
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99	248236	254741
Reinsurers' share of technical provisions excluded from line 89	100	6357183	5490920
Other asset adjustments (may be negative)	101	50	2258
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	20868577	18448608
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 margins

Name of insurer **Friends Provident Pensions Limited**
Global business
Financial year ended **31 December 2010**
Total business/Sub fund **Total Long Term Insurance Business**
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	12427435	10903358	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	131015	147101	
Long term insurance business fund carried forward (11 to 13)	14	12558450	11050459	
Claims outstanding	Gross	15	100	12309
	Reinsurers' share	16	106	354
	Net (15-16)	17	(6)	11955
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	14788	2904
	Reinsurance accepted	32		
	Reinsurance ceded	33	1666693	1610028
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37		
	Other	38	23183	25343
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	1704658	1650230	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	14263108	12700689	

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	11049558	9815162

Total liabilities (11+12+49)	71	14132093	12553588
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	6357183	5490920
Other adjustments to liabilities (may be negative)	74	(5170)	(1315)
Capital and reserves and fund for future appropriations	75	384471	405415
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	20868577	18448608

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

Global business

Financial year ended **31 December 2010**

Company registration number	GL/UK/CM	day	month	year	Units	
R15	475201	GL	31	12	2010	£000
				As at end of this financial year	As at end of the previous year	
				1	2	

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	7658	3679
	Foreseeable dividend	48		
	Other	49		13944
Accruals and deferred income		51		
Total (19 to 51)		59	7658	17623
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	7658	17623

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	(7658)	(17623)
Capital and reserves	84	124572	164341
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	124572	164341

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

Global business

Financial year ended **31 December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	475201	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					
Investment income	Income		14			7690		8909
	Value re-adjustments on investments		15			8637		9435
	Gains on the realisation of investments		16					
Investment charges	Investment management charges, including interest		17			478		488
	Value re-adjustments on investments		18					
	Loss on the realisation of investments		19			1640		490
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			14209		17366
Tax on profit or loss on ordinary activities			31			3978		4807
Profit or loss on ordinary activities after tax (29-31)			39			10231		12559
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			10231		12559
Dividends (paid or foreseeable)			51			50000		
Profit or loss retained for the financial year (49-51)			59			(39769)		12559

Analysis of derivative contractsName of insurer **Friends Provident Pensions 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		475201	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						
	Inflation	13						
	Credit index / basket	14						
	Credit single name	15						
	Equity index	16			33			2652
	Equity stock	17						
	Land	18						
	Currencies	19						
	Mortality	20						
	Other	21						
In the money options	Swaptions	31	3846			29000		
	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	3846		33	29000		2652
Adjustment for variation margin		52			(50)			
Total (51 + 52)		53	3846		(17)			

Long-term insurance business : Revenue account

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	1657404	1598498
Investment income receivable before deduction of tax	12	401012	417137
Increase (decrease) in the value of non-linked assets brought into account	13	55120	43159
Increase (decrease) in the value of linked assets	14	984232	1444177
Other income	15		
Total income	19	3097768	3502971

Expenditure

Claims incurred	21	1325514	1033410
Expenses payable	22	161126	145422
Interest payable before the deduction of tax	23	67531	84715
Taxation	24	9123	(16481)
Other expenditure	25	26483	23077
Transfer to (from) non technical account	26		
Total expenditure	29	1589777	1270143

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1507991	2232828
Fund brought forward	49	11050459	8817631
Fund carried forward (39+49)	59	12558450	11050459

Long-term insurance business : Analysis of premiums

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance 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

Gross

Regular premiums	11	(107)	1232531		1232424	1221208
Single premiums	12	(27)	804870		804843	972338

Reinsurance - external

Regular premiums	13		738		738	745
Single premiums	14		368884		368884	572594

Reinsurance - intra-group

Regular premiums	15		(1257)		(1257)	(1798)
Single premiums	16		11498		11498	23507

Net of reinsurance

Regular premiums	17	(107)	1233050		1232943	1222261
Single premiums	18	(27)	424488		424461	376237

Total

Gross	19	(134)	2037401		2037267	2193546
Reinsurance	20		379863		379863	595048
Net	21	(134)	1657538		1657404	1598498

Long-term insurance business : Analysis of claims

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance 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

Gross

Death or disability lump sums	11	36	24445		24481	19488
Disability periodic payments	12	391	218		609	751
Surrender or partial surrender	13	705	1258093		1258798	982925
Annuity payments	14	1	192125		192126	177509
Lump sums on maturity	15		18119		18119	26961
Total	16	1133	1493000		1494133	1207634

Reinsurance - external

Death or disability lump sums	21		745		745	806
Disability periodic payments	22	193	156		349	416
Surrender or partial surrender	23					
Annuity payments	24		119912		119912	121027
Lump sums on maturity	25					
Total	26	193	120813		121006	122249

Reinsurance - intra-group

Death or disability lump sums	31		336		336	319
Disability periodic payments	32					
Surrender or partial surrender	33		11819		11819	15973
Annuity payments	34		35098		35098	35114
Lump sums on maturity	35		360		360	569
Total	36		47613		47613	51975

Net of reinsurance

Death or disability lump sums	41	36	23364		23400	18363
Disability periodic payments	42	198	62		260	335
Surrender or partial surrender	43	705	1246274		1246979	966952
Annuity payments	44	1	37115		37116	21368
Lump sums on maturity	45		17759		17759	26392
Total	46	940	1324574		1325514	1033410

Long-term insurance business : Analysis of expenses

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance 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

Gross

Commission - acquisition	11		18785		18785	25559
Commission - other	12		9485		9485	8627
Management - acquisition	13		54927		54927	53500
Management - maintenance	14		39061		39061	40947
Management - other	15		35904		35904	17093
Total	16		158162		158162	145726

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					304
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					304

Reinsurance - intra-group

Commission - acquisition	31		(2964)		(2964)	
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36		(2964)		(2964)	

Net of reinsurance

Commission - acquisition	41		21749		21749	25559
Commission - other	42		9485		9485	8323
Management - acquisition	43		54927		54927	53500
Management - maintenance	44		39061		39061	40947
Management - other	45		35904		35904	17093
Total	46		161126		161126	145422

Long-term insurance business : Linked funds balance sheetName of insurer **Friends Provident Pensions 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	7273270	7076325
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	3845546	2728695
Total assets (excluding cross investment) (11+12+13)	14	11118816	9805020
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16		
Other liabilities	17	107749	22463
Total net assets (14-15-16-17)	18	11011067	9782557

Directly held linked assets

Value of directly held linked assets	21	34579	28693
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Total

Value of directly held linked assets and units held (18+21)	31	11045646	9811250
Surplus units	32		
Deficit units	33	3912	3912
Net unit liability (31-32+33)	34	11049558	9815162

Long-term insurance business : Revenue account for internal linked fundsName of insurer **Friends Provident Pensions Limited**

Total business

Financial year ended **31 December 2010**Units **£000**

Financial year	Previous year
1	2

Income

Value of total creation of units	11	1605345	2155259
Investment income attributable to the funds before deduction of tax	12	275959	286053
Increase (decrease) in the value of investments in the financial year	13	978945	1436911
Other income	14		
Total income	19	2860249	3878223

Expenditure

Value of total cancellation of units	21	1510713	1839947
Charges for management	22	102105	85411
Charges in respect of tax on investment income	23	8982	4945
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	9939	8665
Total expenditure	29	1631739	1938968

Increase (decrease) in funds in financial year (19-29)	39	1228510	1939255
Internal linked fund brought forward	49	9782557	7843302
Internal linked funds carried forward (39+49)	59	11011067	9782557

Long-term insurance business : Summary of new businessName of insurer **Friends Provident Pensions Limited**

Total business

Financial year ended **31 December 2010**Units **£000**

UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
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**Number of new policyholders/
scheme members for direct
insurance business**

Regular premium business	11		61444		61444	56210
Single premium business	12		36606		36606	52838
Total	13		98050		98050	109048

**Amount of new regular
premiums**

Direct insurance business	21		274935		274935	259640
External reinsurance	22					
Intra-group reinsurance	23					
Total	24		274935		274935	259640

**Amount of new single
premiums**

Direct insurance business	25		575238		575238	754478
External reinsurance	26					
Intra-group reinsurance	27		4226		4226	123
Total	28		579464		579464	754601

Long-term insurance business : Analysis of new business

Name of insurer

Friends Provident Pensions 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)			15650	237262
525	Individual pensions UWP	1	21	2	167
535	Group money purchase pensions UWP	57	591	34	583
725	Individual pensions property linked	3372	6362	4274	103469
735	Group money purchase pensions property linked	58014	267961	16646	233757

Long-term insurance business : Analysis of new business

Name of insurer

Friends Provident Pensions Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Reinsurance accepted intra-group

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
400	Annuity non-profit (CPA)				4226

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

Name of insurer **Friends Provident Pensions 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		2		3.87	
Approved fixed interest securities	12	344968	344968	15697	3.71	
Other fixed interest securities	13	763333	763337	46585	5.98	
Variable interest securities	14	1793379	1793379	67292	4.08	
UK listed equity shares	15	116491	120468	4583	6.08	
Non-UK listed equity shares	16	5684	6275	87	3.68	
Unlisted equity shares	17					
Other assets	18	173386	168812	1103	0.65	
Total	19	3197241	3197241	135348	4.39	

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 **Friends Provident Pensions 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	290377	11.57	3.61	3.61
Other approved fixed interest securities	21	54591	10.66	4.25	4.13
Other fixed interest securities					
AAA/Aaa	31	99887	11.17	4.77	4.64
AA/Aa	32	182244	10.38	5.60	5.11
A/A	33	375313	9.80	5.91	5.00
BBB/Baa	34	75678	7.53	6.96	4.24
BB/Ba	35	7365	5.98	10.39	3.44
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	22851	7.38	10.64	3.11
Total other fixed interest securities	39	763337	9.79	5.98	4.83
Approved variable interest securities	41	81945	19.15	3.85	3.85
Other variable interest securities	51	1711434	19.55	4.09	3.64
Total (11+21+39+41+51)	61	2901684	16.00	4.53	3.97

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance 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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12	7247	3223331	3230579	3000944
Form 52	13		129308	129308	131211
Form 53 - linked	14		15082016	15082016	12935505
Form 53 - non-linked	15		223333	223333	212451
Form 54 - linked	16		102072	102072	99772
Form 54 - non-linked	17				
Total	18	7247	18760061	18767308	16379883

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	3393	1585445	1588838	1640441
Form 52	23				
Form 53 - linked	24		3591538	3591538	2734093
Form 53 - non-linked	25		(11852)	(11852)	(10111)
Form 54 - linked	26		72541	72541	76807
Form 54 - non-linked	27				
Total	28	3393	5237672	5241065	4441230

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	623	515646	516269	505819
Form 52	33		128396	128396	130363
Form 53 - linked	34		440919	440919	386250
Form 53 - non-linked	35				
Form 54 - linked	36		13223	13223	12862
Form 54 - non-linked	37				
Total	38	623	1098185	1098808	1035295

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	3231	1122240	1125471	854684
Form 52	43		912	912	848
Form 53 - linked	44		11049558	11049558	9815162
Form 53 - non-linked	45		235185	235185	222562
Form 54 - linked	46		16308	16308	10103
Form 54 - non-linked	47				
Total	48	3231	12424204	12427435	10903358

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 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
360	Income protection non-profit (guaranteed premiums)	462	915	34				423
385	Income protection claims in payment	7	22					28
390	Deferred annuity non-profit	48	7					696
395	Annuity non-profit (PLA)	40	11					86
425	Group income protection claims in payment	17	996					5989
435	Miscellaneous non-profit							26

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 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
425	Group income protection claims in payment		546					3393

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
395	Annuity non-profit (PLA)		11					86
425	Group income protection claims in payment		87					537

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 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
315	Individual deposit administration non-profit	41507	227283	3894				239373
320	Group deposit administration non-profit	1556	99500	1764				130255
325	Level term assurance	7375	1123873	2299				4507
330	Decreasing term assurance	2051	264861	536				(117)
390	Deferred annuity non-profit	4459	1993					34698
400	Annuity non-profit (CPA)	143284	191368					2814377
440	Additional reserves non-profit OB							239

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

Name of insurer **Friends Provident Pensions Limited**
Total business / subfund **Total Long Term Insurance Business**
Financial year ended **31 December 2010**
Units **£000**
UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		559965	874				3052
330	Decreasing term assurance		133636	172				240
400	Annuity non-profit (CPA)		116049					1582153

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
390	Deferred annuity non-profit		750					11373
400	Annuity non-profit (CPA)		34649					504274

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	1838	25551	1124	25350	25350	379	25729
535	Group money purchase pensions UWP	7710	103549	7509	103346	103346	233	103579

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
574	UWP investment only reinsurance		128697		128697	128697	(300)	128396

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 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	308530	3205761	76635	3180927	3179107	78535	3257642
735	Group money purchase pensions property linked	670449	8011814	1083693	7993558	7992822	43804	8036626
794	Property linked investment only reinsurance		4000798	47536	3910086	3910086	90712	4000798
800	Additional reserves property linked						10283	10283

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

Name of insurer	Friends Provident Pensions Limited
Total business / subfund	Total Long Term Insurance Business
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
794	Property linked investment only reinsurance		3591538		3591538	3591538	(11852)	3579686

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
794	Property linked investment only reinsurance		440919		440919	440919		440919

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 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	4635	4428		102072	102072		102072

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity		3330		72541	72541		72541

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

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity		577		13223	13223		13223

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

Name of insurer **Friends Provident Pensions 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
A E E U	12 - individual pension - balanced managed fund	1116	FP Accumulation 0.75% PR	0.75%	1.4348	1.5804	10.15
Balanced	12 - individual pension - balanced managed fund	5251460	Cross Holdings	0.00%	1.4793	1.6439	11.12
Cash	13 - individual pension - defensive managed fund	468995	Cross Holdings	0.00%	11.5953	11.6595	0.55
Guaranteed Deposit	13 - individual pension - defensive managed fund	4948	0.75%	0.75%	5.9879	6.0223	0.58
Equity	15 - individual pension - UK equity	2542914	Cross Holdings	0.00%	1.5702	1.7843	13.63
European	16 - individual pension - overseas equity	333592	FP Accumulation 0.75% PR	0.75%	7.6873	8.3461	8.57
Fixed Interest	11 - individual pension - stock market managed fund	674513	Cross Holdings	0.00%	2.2722	2.4591	8.22
Higher Equity	15 - individual pension - UK equity	37989	L&M 0.50%	0.50%	4.0310	4.5734	13.46
Index Linked	11 - individual pension - stock market managed fund	86182	Cross Holdings	0.00%	2.4307	2.6495	9.00
International	16 - individual pension - overseas equity	2004004	Cross Holdings	0.00%	1.6410	1.8900	15.18
Investment Trust	11 - individual pension - stock market managed fund	254269	L&M 0.75%	0.75%	51.0675	62.5770	22.54
JP Morgan Fleming Investment Trust	11 - individual pension - stock market managed fund	31730	-	0.00%	4.4240	5.4160	22.42
Lower Equity	15 - individual pension - UK equity	64270	Cross Holdings	0.00%	1.1101	1.2106	9.06
Managed Portfolio	14 - individual pension - other managed fund	9721	FP Accumulation 0.75% PR	0.75%	1.3665	1.6013	17.19
Manged Stewardship	14 - individual pension - other managed fund	582892	Cross Holdings	0.00%	1.5737	1.8213	15.73
North American	16 - individual pension - overseas equity	96965	Cross Holdings	0.00%	0.7582	0.8932	17.81
Pacific Basin	16 - individual pension - overseas equity	189430	Cross Holdings	0.00%	1.8359	2.1363	16.36
Property	17 - individual pension - property	440919	Cross Holdings	0.00%	2.0598	2.3544	14.30

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

Name of insurer **Friends Provident Pensions Limited**
 Total business
 Financial year ended **31 December 2010**
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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
Retirement Annuity	11 - individual pension - stock market managed fund	326387	Cross Holdings	0.00%	1.4972	1.6209	8.26
Schroder Managed	14 - individual pension - other managed fund	983	FP Accumulation 1.00% PRB	1.00%	1.3917	1.5349	10.29
Stewardship	15 - individual pension - UK equity	1203536	FP Accumulation 0.75% PRB	0.75%	13.5972	16.0764	18.23
UK Index Tracker	11 - individual pension - stock market managed fund	132949	Cross Holdings	0.00%	1.2504	1.4390	15.09
FP Balanced Index Enhanced Fund of Funds	12 - individual pension - balanced managed fund	364117	0.00%	0.00%	1.3786	1.5707	13.94
FP AEGON Strategic Bond	11 - individual pension - stock market managed fund	2752	0.00%	0.00%	1.1750	1.2736	8.39
FP AEGON High Yield Bond	11 - individual pension - stock market managed fund	4376	0.00%	0.00%	1.1789	1.3876	17.70
FP AEGON Sterling Corporate Bond	11 - individual pension - stock market managed fund	8855	Cross Holdings	0.00%	1.0136	1.1273	11.22
FP Artemis European Growth	16 - individual pension - overseas equity	887	0.00%	0.00%	1.2258	1.3612	11.04
FP Artemis Global Growth	16 - individual pension - overseas equity	1496	0.00%	0.00%	1.0682	1.3172	23.31
FP Artemis Income	15 - individual pension - UK equity	7846	0.00%	0.00%	1.4111	1.6010	13.46
FP Artemis UK Growth	15 - individual pension - UK equity	1819	0.00%	0.00%	1.1244	1.4399	28.06
FP Artemis UK Smaller Companies	15 - individual pension - UK equity	822	0.00%	0.00%	0.8536	1.0733	25.74
FP Artemis UK Special Situations	15 - individual pension - UK equity	24586	0.00%	0.00%	1.3752	1.6685	21.33
FP Baillie Gifford 60:40 Worldwide Equity Pension	16 - individual pension - overseas equity	11688	Cross Holdings	0.00%	1.1786	1.4394	22.13
FP Baillie Gifford Japanese Equity Pension	16 - individual pension - overseas equity	17462	Cross Holdings	0.00%	0.9121	1.1192	22.70
FP Baillie Gifford North American Equity Pension	16 - individual pension - overseas equity	15305	0.00%	0.00%	1.1105	1.3927	25.41
FP Baillie Gifford Overseas Equity Pension	16 - individual pension - overseas equity	943	0.00%	0.00%	1.2907	1.5545	20.44

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

Name of insurer **Friends Provident Pensions Limited**
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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
FP Blackrock All Stocks	11 - individual pension - stock market managed fund	45672	Cross Holdings	0.00%	1.1646	1.2433	6.76
FP Blackrock American Growth	16 - individual pension - overseas equity	14	Cross Holdings	0.00%	0.8821	1.0027	13.67
FP Blackrock Cash	13 - individual pension - defensive managed fund	47129	Cross Holdings	0.00%	1.2057	1.2122	0.54
FP Blackrock Fixed Interest Tracking	11 - individual pension - stock market managed fund	92136	Cross Holdings	0.00%	1.2058	1.2908	7.05
FP Cazenove European	16 - individual pension - overseas equity	20511	0.00%	0.00%	1.5533	1.5901	2.37
FP F&C Cautious Managed	13 - individual pension - defensive managed fund	52151	0.00%	0.00%	1.1247	1.2267	9.06
FP Thames River Balanced Managed	12 - individual pension - balanced managed fund	13972	0.00%	0.00%	1.3070	1.5192	16.23
FP Thames River Cautious Managed	13 - individual pension - defensive managed fund	5176	0.00%	0.00%	1.2269	1.3797	12.45
FP Thames River Distribution	11 - individual pension - stock market managed fund	6686	0.00%	0.00%	1.0671	1.1729	9.91
FP Thames River Equity Managed	11 - individual pension - stock market managed fund	9481	0.00%	0.00%	1.3737	1.6263	18.39
FP UK Smaller Companies	15 - individual pension - UK equity	16399	0.00%	0.00%	1.3402	1.8242	36.12
FP Stewardship Income	15 - individual pension - UK equity	24617	0.00%	0.00%	1.0785	1.2937	19.95
FP F&C Strategic Bond	11 - individual pension - stock market managed fund	27924	Cross Holdings	0.00%	1.2726	1.4270	12.14
FP Fidelity Moneybuilder Income	11 - individual pension - stock market managed fund	5983	0.00%	0.00%	1.2617	1.3881	10.02
FP Capital International Euro Bond	16 - individual pension - overseas equity	576	0.00%	0.00%	1.5226	1.5131	(0.63)
FP Capital International European Growth and Income	16 - individual pension - overseas equity	12863	0.00%	0.00%	1.3839	1.4538	5.05
FP Capital International Global Equity	16 - individual pension - overseas equity	24035	0.00%	0.00%	1.0379	1.1908	14.73
FP Capital International Global High Income Opportunities	11 - individual pension - stock market managed fund	8942	0.00%	0.00%	1.6184	1.9128	18.19

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

Name of insurer **Friends Provident Pensions Limited**
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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
FP Capital International US Growth and Income	16 - individual pension - overseas equity	6724	0.00%	0.00%	1.2043	1.4075	16.87
FP UK Special Situations	15 - individual pension - UK equity	5872	0.00%	0.00%	1.1711	1.4977	27.89
FP AXA Framlington Health	15 - individual pension - UK equity	679	0.00%	0.00%	1.0578	1.2468	17.87
FP AXA Framlington Managed Balanced	12 - individual pension - balanced managed fund	10570	0.00%	0.00%	1.2504	1.4767	18.09
FP AXA Framlington Monthly Income	15 - individual pension - UK equity	178	0.00%	0.00%	0.8072	0.9292	15.12
FP AXA Framlington UK Select Opportunities	15 - individual pension - UK equity	1413	0.00%	0.00%	1.2204	1.5699	28.63
FP AXA Framlington UK Smaller Companies	15 - individual pension - UK equity	378	0.00%	0.00%	0.8062	1.0823	34.25
FP BlackRock (40:60) Global Equity Index (Aquila HP)	16 - individual pension - overseas equity	121454	0.00%	0.00%	1.3493	1.5562	15.34
FP Hargreaves Lansdown Multi-Manager Income & Growth Portfolio	15 - individual pension - UK equity	5352	0.00%	0.00%	1.1749	1.3443	14.42
FP Hargreaves Lansdown Multi-Manager Special Situations	12 - individual pension - balanced managed fund	7516	0.00%	0.00%	1.1708	1.4273	21.92
FP Hargreaves Lansdown Multi-Manager Balanced Managed	15 - individual pension - UK equity	3837	0.00%	0.00%	1.1821	1.3488	14.10
FP Invesco Perpetual Asian	16 - individual pension - overseas equity	1917	0.00%	0.00%	2.3051	2.9411	27.59
FP Invesco Perpetual Corporate Bond	11 - individual pension - stock market managed fund	31472	0.00%	0.00%	1.3288	1.4421	8.52
FP Invesco Perpetual Distribution	11 - individual pension - stock market managed fund	4318	0.00%	0.00%	1.3098	1.4747	12.59
FP Invesco Perpetual Global Bond	11 - individual pension - stock market managed fund	2179	0.00%	0.00%	1.4478	1.5527	7.24
FP Invesco Perpetual High Income	15 - individual pension - UK equity	82527	0.00%	0.00%	1.5773	1.7741	12.47
FP Invesco Perpetual Income	15 - individual pension - UK equity	6193	0.00%	0.00%	1.3678	1.5307	11.91
FP Invesco Perpetual Japan	16 - individual pension - overseas equity	1204	0.00%	0.00%	1.5681	1.8116	15.53

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

Name of insurer **Friends Provident Pensions Limited**
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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
FP Invesco Perpetual UK Equity Pension	15 - individual pension - UK equity	1705	0.00%	0.00%	1.1927	1.3353	11.96
FP Invesco Perpetual UK Aggressive	15 - individual pension - UK equity	1717	0.00%	0.00%	1.2183	1.3133	7.80
FP Investec Cautious Managed	13 - individual pension - defensive managed fund	10644	0.00%	0.00%	1.3582	1.5502	14.13
FP BlackRock Japanese Equity Index (Aquila HP)	16 - individual pension - overseas equity	4749	0.00%	0.00%	0.9004	1.0568	17.37
FP JPM Cautious Total Return	13 - individual pension - defensive managed fund	7377	0.00%	0.00%	1.1533	1.2077	4.71
FP JPM Japan	16 - individual pension - overseas equity	1043	0.00%	0.00%	0.7206	0.8207	13.88
FP JPM Natural Resources	16 - individual pension - overseas equity	28923	0.00%	0.00%	1.8638	2.7708	48.67
FP Jupiter Financial Opportunities	15 - individual pension - UK equity	2287	0.00%	0.00%	1.6199	1.6058	(0.87)
FP Jupiter Income	15 - individual pension - UK equity	1639	0.00%	0.00%	1.1059	1.2196	10.28
FP Legg Mason US Equity	16 - individual pension - overseas equity	397	0.00%	0.00%	0.7030	0.7817	11.21
FP M&G Property Portfolio	17 - individual pension - property	12367	0.00%	0.00%	0.8727	0.9426	8.00
FP M&G Recovery	15 - individual pension - UK equity	7812	Cross Holdings	0.00%	1.2985	1.5341	18.14
FP M&G UK Select	15 - individual pension - UK equity	514	0.00%	0.00%	1.0196	1.1315	10.97
FP BlackRock Gold and General	15 - individual pension - UK equity	5467	0.00%	0.00%	2.1232	3.0611	44.17
FP Blackrock Special Situations	15 - individual pension - UK equity	2958	Cross Holdings	0.00%	1.1020	1.5131	37.30
FP BlackRock UK Dynamic	15 - individual pension - UK equity	9196	0.00%	0.00%	1.3575	1.5296	12.68
FP BlackRock UK Smaller Companies	15 - individual pension - UK equity	13362	0.00%	0.00%	0.8743	1.2891	47.44
FP Henderson European Growth	16 - individual pension - overseas equity	2359	0.00%	0.00%	1.4541	1.7426	19.84

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

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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
FP Henderson High Yield Bond	11 - individual pension - stock market managed fund	2211	0.00%	0.00%	1.2137	1.3653	12.49
FP Henderson Managed Distribution	13 - individual pension - defensive managed fund	705	0.00%	0.00%	0.9864	1.1320	14.77
FP Henderson UK Property	17 - individual pension - property	6293	0.00%	0.00%	0.9669	1.0703	10.69
FP Henderson Sterling Bond	11 - individual pension - stock market managed fund	723	0.00%	0.00%	0.9442	1.0826	14.66
FP Baillie Gifford International	16 - individual pension - overseas equity	42350	0.00%	0.00%	1.3062	1.5776	20.78
FP Baillie Gifford Managed	12 - individual pension - balanced managed fund	68553	0.00%	0.00%	1.4487	1.7372	19.91
FP Baillie Gifford UK Equity Core Pension	15 - individual pension - UK equity	27180	Cross Holdings	0.00%	1.5320	1.9080	24.55
FP Balanced Index Fund of Funds	12 - individual pension - balanced managed fund	386019	0.00%	0.00%	1.6632	1.8765	12.83
FP Balanced Fund of Funds	12 - individual pension - balanced managed fund	52381	0.00%	0.00%	1.4850	1.7125	15.32
FP BlackRock Consensus (Aquila HP)	12 - individual pension - balanced managed fund	157368	0.00%	0.00%	1.4472	1.6451	13.67
FP Cautious Index Fund of Funds	11 - individual pension - stock market managed fund	105698	0.00%	0.00%	1.5612	1.7358	11.18
FP Cautious Fund of Funds	13 - individual pension - defensive managed fund	10786	0.00%	0.00%	1.4062	1.5900	13.08
NGP Deposit	13 - individual pension - defensive managed fund	392081	0.00%	0.00%	1.5982	1.6071	0.55
NGP Equity	15 - individual pension - UK equity	333232	0.00%	0.00%	1.2391	1.4081	13.63
NGP European	16 - individual pension - overseas equity	147524	0.00%	0.00%	1.5255	1.6690	9.41
FP BlackRock European Equity Index (Aquila HP)	11 - individual pension - stock market managed fund	64495	Cross Holdings	0.00%	1.7064	1.7966	5.29
FP Composite Fidelity Special Situations	16 - individual pension - overseas equity	6708	0.00%	0.00%	2.0161	2.3732	17.71
FP First State Asia Pacific Leaders	16 - individual pension - overseas equity	78024	0.00%	0.00%	3.2847	4.2277	28.71

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

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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
FP First State Global Emerging Markets Leaders	16 - individual pension - overseas equity	74883	0.00%	0.00%	3.3174	4.3397	30.81
NGP Fixed Interest	11 - individual pension - stock market managed fund	196091	0.00%	0.00%	1.8445	1.9962	8.22
FP BlackRock (50:50) Global Equity Index (Aquila HP)	16 - individual pension - overseas equity	1494866	0.00%	0.00%	2.0050	2.3042	14.92
FP Global Equity Fund of Funds	16 - individual pension - overseas equity	41043	0.00%	0.00%	1.5920	1.8518	16.32
FP BlackRock Long Term (60:40) Index (Aquila HP)	11 - individual pension - stock market managed fund	837572	0.00%	0.00%	2.1158	2.4344	15.06
FP HSBC Amanah Global Equity Index	16 - individual pension - overseas equity	5252	0.00%	0.00%	1.5029	1.6725	11.28
NGP Indexed Linked	11 - individual pension - stock market managed fund	73814	0.00%	0.00%	1.8670	2.0351	9.00
NGP International	16 - individual pension - overseas equity	138219	0.00%	0.00%	1.3314	1.5335	15.18
FP Investec UK Blue Chip	15 - individual pension - UK equity	17981	0.00%	0.00%	1.6714	1.9964	19.45
FP Lazard European Alpha	16 - individual pension - overseas equity	29717	0.00%	0.00%	2.1111	2.1979	4.11
FP Lazard UK Income	15 - individual pension - UK equity	16565	0.00%	0.00%	1.6024	1.8717	16.81
NGP Managed	14 - individual pension - other managed fund	3308896	0.00%	0.00%	1.3692	1.5215	11.12
NGP Managed Stewardship	14 - individual pension - other managed fund	557939	0.00%	0.00%	1.3443	1.5561	15.75
FP BlackRock UK Equity	15 - individual pension - UK equity	46061	0.00%	0.00%	1.4837	1.8091	21.93
FP Newton Balanced	12 - individual pension - balanced managed fund	104585	0.00%	0.00%	1.6419	1.8225	11.00
FP Newton Income	15 - individual pension - UK equity	21870	0.00%	0.00%	1.5985	1.8557	16.09
FP Newton International Growth	16 - individual pension - overseas equity	26235	0.00%	0.00%	1.5918	1.8402	15.60
NGP North American	16 - individual pension - overseas equity	73072	0.00%	0.00%	0.8533	1.0056	17.85

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

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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
FP BlackRock Over 15 Year Gilt Index (Aquila HP)	11 - individual pension - stock market managed fund	57826	0.00%	0.00%	1.3482	1.4623	8.46
NGP Pacific Basin	16 - individual pension - overseas equity	131844	0.00%	0.00%	1.8166	2.1146	16.40
NGP Property	17 - individual pension - property	330355	0.00%	0.00%	1.8607	2.1268	14.30
NGP Retirement Annuity	11 - individual pension - stock market managed fund	301584	0.00%	0.00%	1.6448	1.7807	8.26
NGP Stewardship	15 - individual pension - UK equity	384990	0.00%	0.00%	1.2477	1.4863	19.12
FP Threadneedle Global 60/40 Equity Pension	16 - individual pension - overseas equity	269	0.00%	0.00%	1.7284	2.0627	19.34
FP BlackRock Over 15 Year Corporate Bond Index (Aquila HP)	11 - individual pension - stock market managed fund	68824	0.00%	0.00%	1.4676	1.5790	7.59
FP BlackRock UK Equity Index (Aquila HP)	15 - individual pension - UK equity	226270	Cross Holdings	0.00%	1.9809	2.3027	16.25
NGP UK Index Tracker	11 - individual pension - stock market managed fund	123662	0.00%	0.00%	1.3152	1.5139	15.11
FP BlackRock Over 5 Year Index-Linked Gilt Index (Aquila HP)	11 - individual pension - stock market managed fund	86539	0.00%	0.00%	1.5046	1.6362	8.74
FP BlackRock US Equity Index (Aquila HP)	11 - individual pension - stock market managed fund	71911	Cross Holdings	0.00%	1.0821	1.2794	18.23
FP BlackRock World (Ex-UK) Equity Index (Aquila HP)	16 - individual pension - overseas equity	45688	0.00%	0.00%	1.5112	1.7494	15.77
FP Old Mutual Corporate Bond	11 - individual pension - stock market managed fund	996	0.00%	0.00%	1.0090	1.1723	16.19
FP Old Mutual UK Select Smaller Companies	15 - individual pension - UK equity	468	0.00%	0.00%	1.4317	1.9458	35.91
FP BlackRock Pacific Rim Equity Index (Aquila HP)	16 - individual pension - overseas equity	32458	0.00%	0.00%	1.6319	2.0326	24.55
FP Schroder Life Index Linked Bond	11 - individual pension - stock market managed fund	13	Cross Holdings	0.00%	1.1829	1.2858	8.70
FP Schroder Life Managed Balanced	12 - individual pension - balanced managed fund	340	0.00%	0.00%	1.2008	1.4047	16.98
FP Schroder Life Managed Equity	15 - individual pension - UK equity	13	Cross Holdings	0.00%	1.1036	1.2988	17.69

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

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FP Schroder Life Global Equity	16 - individual pension - overseas equity	14	Cross Holdings	0.00%	1.2093	1.4411	19.17
FP Schroder UK Mid 250	15 - individual pension - UK equity	19317	0.00%	0.00%	1.3145	1.6277	23.82
FP Schroder Life Cash	13 - individual pension - defensive managed fund	12	Cross Holdings	0.00%	1.1676	1.1733	0.49
FP Schroder Tokyo	16 - individual pension - overseas equity	2717	0.00%	0.00%	0.9421	1.1567	22.78
FP St James's Place International	16 - individual pension - overseas equity	375	0.00%	0.00%	1.3684	1.5124	10.52
FP St James's Place UK and General Progressive	11 - individual pension - stock market managed fund	212	0.00%	0.00%	1.0847	1.2686	16.95
FP Strategy 03	15 - individual pension - UK equity	589	0.00%	0.00%	1.1055	1.2622	14.17
FP Strategy 02	15 - individual pension - UK equity	3970	0.00%	0.00%	1.1375	1.3128	15.41
FP Strategy 01	15 - individual pension - UK equity	38190	0.00%	0.00%	1.1747	1.3699	16.61
FP AllianceBernstein Global Style Blend	16- individual pension - overseas equity	11	Cross Holdings	0.00%	0.7223	0.7962	10.23
FP AEGON Ethical Corporate Bond	11 - individual pension - stock market managed fund	830	0.00%	0.00%	1.0326	1.1329	9.71
FP Henderson Cautious Portfolio	13 - individual pension - defensive managed fund	63	0.00%	0.00%	0.8102	0.9211	13.69
FP Tri Balanced Income	12-individual pension - balanced managed fund	536	0.00%	0.00%	0.8133	0.8960	10.17
FP Tri Cautious	11 - individual pension - stock market managed fund	135	0.00%	0.00%	0.9192	1.0006	8.85
FP Tri Strategic Growth	11 - individual pension - stock market managed fund	945	0.00%	0.00%	1.0553	1.1523	9.20
FP M&G American	16- individual pension - overseas equity	4464	Cross Holdings	0.00%	1.0148	1.2469	22.86
FP Newton Global Balanced	16- individual pension - overseas equity	166	0.00%	0.00%	1.3144	1.4705	11.88
FP Newton 50/50 Global Equity	16- individual pension - overseas equity	13	Cross Holdings	0.00%	1.1305	1.2811	13.33

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FP Newton Long Gilt	11 - individual pension - stock market managed fund	12	Cross Holdings	0.00%	1.1515	1.2545	8.94
FP Newton Higher Income	11 - individual pension - stock market managed fund	694	0.00%	0.00%	0.9560	1.0499	9.83
FP Newton Global Higher Income	16- individual pension - overseas equity	208	0.00%	0.00%	1.2114	1.3884	14.61
FP Newton Phoenix Multi-Asset	11 - individual pension - stock market managed fund	11	Cross Holdings	0.00%	1.0184	1.1503	12.95
FP Newton International Bond	11 - individual pension - stock market managed fund	32	0.00%	0.00%	1.4785	1.6563	12.03
FP Barclays Dynamic Tracker	13 - individual pension - defensive managed fund	22	0.00%	0.00%	1.0942	1.2312	12.52
FP Barclays Dynamic 70 Tracker	13 - individual pension - defensive managed fund	39	0.00%	0.00%	0.9825	1.0493	6.80
FP Barclays Dynamic 80 Tracker	13 - individual pension - defensive managed fund	246	0.00%	0.00%	0.9925	1.0436	5.15
FP Barclays Dynamic 90 Tracker	13 - individual pension - defensive managed fund	10	Cross Holdings	0.00%	1.0425	1.0648	2.14
FP Lazard UK Omega Fund	15 - individual pension - UK equity	138	Cross Holdings	0.00%	0.8891	1.0933	22.96
FP River and Mercantile UK Equity Smaller Companies	15 - individual pension - UK equity	202	0.00%	0.00%	0.8788	1.1199	27.44
FP Prudential UK Specialist Equity	15 - individual pension - UK equity	610	0.00%	0.00%	1.0074	1.1899	18.12
FP Baillie Gifford Long Term Global Growth Pension	16- individual pension - overseas equity	3042	Cross Holdings	0.00%	1.1418	1.3899	21.73
FP Schroder Life Intermediated Diversified Growth	15 - individual pension - UK equity	4359	Cross Holdings	0.00%	1.0792	1.2379	14.71
FP JPM Life Global Equity	16- individual pension - overseas equity	865	0.00%	0.00%	0.9486	1.1248	18.57
FP JPM Life Global Dynamic	16- individual pension - overseas equity	3105	Cross Holdings	0.00%	1.0156	1.2046	18.61
FP JPM Life All-Emerging Markets Equity	16- individual pension - overseas equity	5647	0.00%	0.00%	1.4202	1.7725	24.81
FP JPM Life UK Small Cap Equity	15 - individual pension - UK equity	126	0.00%	0.00%	0.7259	0.9879	36.11

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

Name of insurer **Friends Provident Pensions 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
FP JPM Life UK Disciplined Equity	15 - individual pension - UK equity	765	0.00%	0.00%	0.8720	1.0172	16.65
FP JPM Life Continental Europe Select Equity	16- individual pension - overseas equity	631	0.00%	0.00%	0.9755	1.0317	5.76
FP JPM Life US Research Enhanced Index 250	16- individual pension - overseas equity	512	0.00%	0.00%	1.0312	1.2560	21.80
FP JPM Life Asia Equity	16- individual pension - overseas equity	602	0.00%	0.00%	1.1937	1.4836	24.29
FP JPM Life Global ex-UK Opportunities	16- individual pension - overseas equity	340	0.00%	0.00%	1.0375	1.1753	13.29
FP JPM Life Growth	16- individual pension - overseas equity	3611	0.00%	0.00%	0.9303	1.0886	17.01
FP JPM Life UK Long-dated Gilt	11 - individual pension - stock market managed fund	150	0.00%	0.00%	1.1933	1.2992	8.88
FP JPM Life UK Index-linked Gilt	11 - individual pension - stock market managed fund	79	0.00%	0.00%	1.2243	1.3344	8.99
FP JPM Life Global ex-UK Bond	16- individual pension - overseas equity	108	0.00%	0.00%	1.0602	1.1105	4.75
FP JPM Life UK Liquidity	13 - individual pension - defensive managed fund	472	0.00%	0.00%	1.0894	1.0964	0.64
FP JPM Life UK Long-dated Credit	11 - individual pension - stock market managed fund	26	0.00%	0.00%	1.0382	1.1357	9.40
FP JPM Life Moderate	12-individual pension - balanced managed fund	4102	0.00%	0.00%	0.9655	1.1036	14.30
FP Aberdeen World Equity	16- individual pension - overseas equity	1897	0.00%	0.00%	1.1540	1.3392	16.04
FP Aberdeen Multi-Asset	12-individual pension - balanced managed fund	15855	0.00%	0.00%	1.0085	1.1697	15.98
FP Enhanced Cash Pension Fund	11 - individual pension - stock market managed fund	143844	Cross Holdings	0.00%	10.3059	10.7397	4.21
FP Stewardship International	16- individual pension - overseas equity	33	Cross Holdings	0.00%	1.0672	1.2572	17.81
FP Blackrock Aquila Life All Stocks UK Gilts	11 - individual pension - stock market managed fund	46467	Cross Holdings	0.00%	1.1189	1.2003	7.27
FP Blackrock Aquila Life Overseas Bond Index	11 - individual pension - stock market managed fund	69264	Cross Holdings	0.00%	1.3625	1.4957	9.78

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

Name of insurer **Friends Provident Pensions 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
FP CF Odey Opus	16- individual pension - overseas equity	11	Cross Holdings	0.00%	1.0710	1.2109	13.07
FP Neptune Global Equity	16- individual pension - overseas equity	10	Cross Holdings	0.00%	0.8481	1.0562	24.53
FP Capital International Emerging Markets	16- individual pension - overseas equity	2646	0.00%	0.00%	1.2392	1.4883	20.10
FP Capital International Global Growth and Income	16- individual pension - overseas equity	1697	0.00%	0.00%	1.1883	1.3682	15.14
FP Capital International UK Corporate Bond	11 - individual pension - stock market managed fund	301	0.00%	0.00%	1.1175	1.2091	8.20
FP Martin Currie North American	16- individual pension - overseas equity	638	0.00%	0.00%	0.9503	1.1384	19.80
FP T. Rowe Price Global Aggregate Bond	11 - individual pension - stock market managed fund	256	0.00%	0.00%	1.3439	1.4734	9.63
FP T. Rowe Price European Equity	16- individual pension - overseas equity	250	0.00%	0.00%	0.9580	1.0748	12.19
FP T. Rowe Price Global Emerging Markets Equity	16- individual pension - overseas equity	2839	0.00%	0.00%	1.0567	1.2938	22.43
FP T. Rowe Price Global Equity	16- individual pension - overseas equity	3554	0.00%	0.00%	0.9144	1.0603	15.96
FP Jupiter Ecology	16- individual pension - overseas equity	373	0.00%	0.00%	1.2338	1.4197	15.07
FP Akzo Nobel Global Equity	16- individual pension - overseas equity		0.00%	0.00%	1.2457	1.4401	15.60
FP Akzo Nobel UK Equity	15 - individual pension - UK equity		0.00%	0.00%	1.2643	1.4221	12.48
FP BlackRock Sterling Liquidity First	13 - individual pension - defensive managed fund	10304	0.00%	0.00%	1.0037	1.0106	0.69
FP M&G Optimal Income	11 - individual pension - stock market managed fund	539	0.00%	0.00%	1.2885	1.4151	9.83
FP Towry Law Defensive	13 - individual pension - defensive managed fund	12	Cross Holdings	0.00%	1.0957	1.1890	8.52
FP Towry Law Mixed	12-individual pension - balanced managed fund	296	0.00%	0.00%	1.1833	1.3295	12.35
FP Towry Law Growth	12-individual pension - balanced managed fund	690	0.00%	0.00%	1.2432	1.4281	14.87

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

Name of insurer **Friends Provident Pensions 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
FP M&G All Stocks Corporate Bond	11 - individual pension - stock market managed fund	1516	Cross Holdings	0.00%	1.0782	1.1854	9.94
FP M&G Global Leaders	16- individual pension - overseas equity	43	0.00%	0.00%	1.2997	1.5376	18.30
FP Premier Sentinel Defensive Portfolio	13 - individual pension - defensive managed fund	34	0.00%	0.00%	1.0988	1.1895	8.26
FP Premier Sentinel Enterprise Portfolio	12-individual pension - balanced managed fund	86	0.00%	0.00%	1.2536	1.5009	19.73
FP Premier Sentinel Universal Portfolio	12-individual pension - balanced managed fund	99	0.00%	0.00%	1.1586	1.3162	13.60
FP T. Rowe Price Global High Yield Bond	11 - individual pension - stock market managed fund	19	0.00%	0.00%	1.1963	1.4161	18.37
FP T. Rowe Price Global Natural Resources Equity	16- individual pension - overseas equity	53	0.00%	0.00%	1.2757	1.5595	22.25
FP T. Rowe Price Japanese Equity	16- individual pension - overseas equity	11	Cross Holdings	0.00%	1.0812	1.2784	18.23
FP T. Rowe Price Middle East & Africa Equity	16- individual pension - overseas equity	63	0.00%	0.00%	1.1518	1.3979	21.37
FP T. Rowe Price US Large Cap Growth Equity	16- individual pension - overseas equity	8	Cross Holdings	0.00%	1.2745	1.5056	18.13
FP T. Rowe Price US Large Cap Value Equity	16- individual pension - overseas equity	44	0.00%	0.00%	1.2361	1.4338	15.99
FP T. Rowe Price Asian ex-Japan Equity	16- individual pension - overseas equity	152	0.00%	0.00%	1.3151	1.6232	23.43
FP T. Rowe Price European Smaller Companies Equity	16- individual pension - overseas equity	128	0.00%	0.00%	1.2749	1.5803	23.96
FP T. Rowe Price US Smaller Companies Equity	16- individual pension - overseas equity	66	0.00%	0.00%	1.2834	1.6735	30.40
FP MFS Global Equity	16- individual pension - overseas equity	570	0.00%	0.00%	1.0016	1.2327	23.07
FP Defensive	11 - individual pension - stock market managed fund	323	0.00%	0.00%	1.0433	1.1151	6.88
FP Moderate	11 - individual pension - stock market managed fund	9658	0.00%	0.00%	1.1275	1.3083	16.03
FP Growth	11 - individual pension - stock market managed fund	7397	0.00%	0.00%	1.1800	1.4222	20.52

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

Name of insurer **Friends Provident Pensions 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
FP BNY Mellon Long Term Global Equity	16- individual pension - overseas equity	16046	0.00%	0.00%	1.0575	1.2257	15.90
FP Standard Life Global Absolute Return	13 - individual pension - defensive managed fund	1176	Cross Holdings	0.00%	0.9965	1.1114	11.53
FP Standard Life UK Smaller Companies	15 - individual pension - UK equity	74	0.00%	0.00%	1.0349	1.5459	49.37
FP Newton Real Return	11 - individual pension - stock market managed fund	131	0.00%	0.00%	1.0108	1.1211	10.91
FP Blackrock Emerging Markets (Aquila HP)	16- individual pension - overseas equity	31	0.00%	0.00%	1.0000	1.0290	2.90
FP Blackrock Diversified Growth	11 - individual pension - stock market managed fund	10	Cross Holdings	0.00%	1.0000	1.0213	2.13
FP Capital International Emerging Markets Total Opportunities	16- individual pension - overseas equity	53	0.00%	0.00%	1.0000	1.0517	5.17
FP Artemis Strategic Bond	11 - individual pension - stock market managed fund	127	0.00%	0.00%	1.0000	1.0751	7.51
FP Absolute Insight Currency	13 - individual pension - defensive managed fund	58	0.00%	0.00%	1.0000	1.0132	1.32
FP Absolute Insight Emerging Market Debt	13 - individual pension - defensive managed fund	24	0.00%	0.00%	1.0000	1.0275	2.75
FP Absolute Insight	13 - individual pension - defensive managed fund	53	0.00%	0.00%	1.0000	1.0443	4.43
FP Absoulte Insight UK Equity Market Neutral	15 - individual pension - UK equity	18	0.00%	0.00%	1.0000	1.0163	1.63
FP Growth Blend	11 - individual pension - stock market managed fund	1556	0.00%	0.00%	1.0000	1.0732	7.32
FP Balanced Blend	12-individual pension - balanced managed fund	2367	0.00%	0.00%	1.0000	1.0758	7.58
FP Cautious Blend	13 - individual pension - defensive managed fund	432	0.00%	0.00%	1.0000	1.0710	7.10
FP BlackRock Market Advantage Strategy	13 - individual pension - defensive managed fund	73	0.00%	0.00%	1.0000	1.1231	12.31
FP Tailored Adventurous Portfolio	11 - individual pension - stock market managed fund	20	0.00%	0.00%	1.0000	1.1278	12.78
FP Tailored Balanced Portfolio	12-individual pension - balanced managed fund	494	0.00%	0.00%	1.0000	1.1086	10.86

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

Name of insurer **Friends Provident Pensions 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
FP Tailored Defensive Portfolio	13 - individual pension - defensive managed fund	1	Cross Holdings	0.00%	1.0000	1.0536	5.36
FP Investec Sterling Bond	11 - individual pension - stock market managed fund	4690	Cross Holdings	0.00%	1.0000	1.0641	6.41
FP LIP Cash	13 - individual pension - defensive managed fund	1	Cross Holdings	0.00%	1.0000	1.0008	0.08
FP LIP Diversified	13 - individual pension - defensive managed fund	1	Cross Holdings	0.00%	1.0000	1.0005	0.05
FP LIP Global Equity	11 - individual pension - stock market managed fund	1	Cross Holdings	0.00%	1.0000	1.0518	5.18
FP LIP Pre-Retirement	11 - individual pension - stock market managed fund	1	Cross Holdings	0.00%	1.0000	1.0035	0.35
FP Life Plan Pre-Retirement	11 - individual pension - stock market managed fund	1	Cross Holdings	0.00%	1.0000	0.9958	(0.42)
FP Nomura Interest Rate Investment Strategy (IRIS)	11 - individual pension - stock market managed fund	206	0.00%	0.00%	1.0000	1.0042	0.42
FP Nomura Balanced Index	12-individual pension - balanced managed fund	255	0.00%	0.00%	1.0000	1.0239	2.39
FP Nomura Global Emerging Markets III 80pc Protected	16- individual pension - overseas equity	71	0.00%	0.00%	1.0000	1.0657	6.57
FP Nomura S&P Diversified Trends Indicator	12-individual pension - balanced managed fund	10	0.00%	0.00%	1.0000	1.0491	4.91
FP Old Mutual UK Select Mid Cap	15 - individual pension - UK equity	16	Cross Holdings	0.00%	1.0000	1.0808	8.08
FP P-Solve Inflation Plus	13 - individual pension - defensive managed fund	11	Cross Holdings	0.00%	1.0000	1.1462	14.62
FP AQA Pension Scheme - UK Equity	15 - individual pension - UK equity	74	0.00%	0.00%	1.0000	1.1196	11.96
FP AQA Pension Scheme - Global Equity	16- individual pension - overseas equity	97	0.00%	0.00%	1.0000	1.1592	15.92
FP RMB Diversified Target Return	12-individual pension - balanced managed fund	260	0.00%	0.00%	1.0000	1.1109	11.09
FP Stewardship Corporate Bond	11 - individual pension - stock market managed fund	10	Cross Holdings	0.00%	1.0000	0.9791	(2.09)
FP Baker Tilly Adventurous Growth Strategy	11 - individual pension - stock market managed fund	554	0.00%	0.00%	1.0000	1.0850	8.50

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

Name of insurer **Friends Provident Pensions 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
FP Baker Tilly Diversified Growth Strategy	11 - individual pension - stock market managed fund	1139	0.00%	0.00%	1.0000	1.0774	7.74
FP Baker Tilly Moderate Strategy	12-individual pension - balanced managed fund	969	0.00%	0.00%	1.0000	1.0674	6.74
FP Baker Tilly Cautious Strategy	13 - individual pension - defensive managed fund	157	0.00%	0.00%	1.0000	1.0648	6.48
FP Baker Tilly Defensive Strategy	13 - individual pension - defensive managed fund	47	0.00%	0.00%	1.0000	1.0528	5.28
FP Thesis Charlotte Square Allweather	15 - individual pension - UK equity	2579	0.00%	0.00%	1.0000	1.0996	9.96
FP SSgA Asia Pacific Enhanced Equity Index	16- individual pension - overseas equity	3608	Cross Holdings	0.00%	1.0000	1.0765	7.65
FP NGS Davies Schroder Life Intermediated Diversified Growth	15 - individual pension - UK equity		Series 1	0.55%	1.0000	1.0592	5.92
FP NGS Riley AEGON High Yield Bond	11 - individual pension - stock market managed fund	1	Series 1	0.75%	1.0000	1.0527	5.27
FP NGS Riley 1976 Cautious	13 - individual pension - defensive managed fund	1	Series 1	0.75%	1.0000	1.0212	2.12
FP NGS Davies 1968 Balanced	12-individual pension - balanced managed fund	3	Series 1	0.55%	1.0000	1.0756	7.56
FP NGS Davies 1968 Aggressive	11 - individual pension - stock market managed fund		Series 1	0.55%	1.0000	1.0545	5.45
FP NGS Toby 2010 M&G Recovery	15 - individual pension - UK equity	6	Series 1	0.95%	1.0000	1.1358	13.58
FP NGS Riley 1985 AEGON High Yield	11 - individual pension - stock market managed fund	17	Series 1	0.75%	1.0000	1.1034	10.34
FP NGS Riley 1985 Cautious	13 - individual pension - defensive managed fund	17	Series 1	0.75%	1.0000	1.0740	7.40
FP NGS Davies 1999 Schroder Life Intermediated Diversified Growth	15 - individual pension - UK equity	20	Series 1	0.55%	1.0000	1.1289	12.89
FP NGS Davies 1999 Balanced	12-individual pension - balanced managed fund	20	Series 1	0.55%	1.0000	1.1647	16.47
FP NGS Davies 1999 Aggressive	11 - individual pension - stock market managed fund	7	Series 1	0.55%	1.0000	1.0704	7.04

Long-term insurance business: Analysis of valuation interest rateName of insurer **Friends Provident Pensions Limited**Total business **Total Long Term Insurance Business**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 F51 L&GA NP	2087	3.50%	3.50%	4.14%
UK F51 L&GA NP	696	2.80%	3.50%	3.71%
UK F51 Pensions NP	722460	4.46%	4.46%	4.61%
UK F51 Pensions NP	24591	3.60%	3.60%	3.71%
UK F51 Pensions NP	30899	3.50%	3.50%	3.71%
UK F51 Pensions NP (Secure Growth Fund)	338561			4.99%
UK F52 Pensions	912	3.50%	3.50%	3.71%
UK F53 Pensions NL	32639	3.50%	3.50%	3.71%
UK F53 Pensions NL	8380	3.60%	3.60%	3.71%
UK F53 Pensions NL (Secure Growth Fund)	162649			4.99%
Miscellaneous UK F51 L&GA NP	449	n/a	n/a	2.17%
Miscellaneous UK F51 Pensions NP	5730	n/a	n/a	2.17%
Miscellaneous UK F53 Pensions NL	31517	n/a	n/a	2.17%
Total	1361568			

Long-term insurance business : Distribution of surplus

Name of insurer **Friends Provident Pensions Limited**
 Total business / subfund **Total Long Term Insurance Business**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	12558450	11050459
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	12558450	11050459
Mathematical reserves	21	12427435	10903358
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	131015	147101

Composition of surplus

Balance brought forward	31	147101	173967
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(16086)	(26866)
Total	39	131015	147101

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	131015	147101
Total (48+49)	59	131015	147101

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 capital requirementName of insurer **Friends Provident Pensions 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%	(3407)	3174			
Classes I (other), II and IX	12	0.1%	199980	159605		100	100
Classes I (other), II and IX	13	0.15%			0.50		
Classes I (other), II and IX	14	0.3%	1177620	521105		1766	2642
Classes III, VII and VIII	15	0.3%	3665	3665	1.00	11	13
Total	16		1377858	687549		1877	2754

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					97	79
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	3470558	1155220	0.85	29500	27501
Classes III, VII and VIII (investment risk)	33	1%	323279	323279	1.00	3233	3081
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	2566408	2566408	1.00	25664	13804
Classes III, VII and VIII (other)	35	25%				4520	7469
Class IV (other)	36	1%	6465	2536	0.85	55	67
Class V	37	1%					
Class VI	38	1%					
Total	39					62972	51923

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	73	73			
Classes I (other), II and IX	42	3%	3470558	1155220	0.85	88499	82504
Classes III, VII and VIII (investment risk)	43	3%	323279	323279	1.00	9698	9242
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	2566408	2566408			
Classes III, VII and VIII (other)	45	0%	12400525	8379919			
Class IV (other)	46	3%	6465	2536	0.85	165	200
Class V	47	0%					
Class VI	48	3%					
Total	49		18767308	12427435		98362	91947

Long term insurance capital requirement	51					163308	146703
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Returns under the Interim Prudential Sourcebook for Insurers

Supplementary Notes to the Return

Friends Provident Pensions Limited

Global Business

Financial Year End 31 December 2010

***0301* Reconciliation of net admissible assets to the total capital resources**

	2010	2009
	£000	£000
Total admissible assets (other than long-term)	132,230	181,964
Total admissible assets (long-term)	14,263,108	12,700,690
	<hr/> 14,395,338	<hr/> 12,882,654
Less:		
Mathematical reserves after distribution of surplus	12,427,435	10,903,358
Other insurance & non-insurance liabilities	1,704,658	1,650,230
Liabilities other than long-term business	7,658	17,623
Net admissible assets	<hr/> 255,587	<hr/> 311,443
Form 3 Line 79 Capital resources after deductions	<hr/> 255,587	<hr/> 311,443

***0310* Valuation Differences**

Negative valuation differences included within line 14 are

In respect of liabilities valued lower than in the Companies Act accounts	2010	2009
	£000	£000
Deferred taxation	15,409	11,058
Deferred front end fees	6,931	6,261
Value of unfunded units	5,811	8,046
	<hr/> 28,151	<hr/> 25,365
In respect of liabilities valued higher than in Companies Act accounts		
Further provision for mortality (non-linked)	6,166	8,456
Additional reserves in respect of reinsurer credit risk (non-linked)	17,205	15,482
Actuarial reserve for solvency II costs	5,000	-
Actuarial reserve for strategic review costs	5,000	5,000
	<hr/> 33,371	<hr/> 28,938
Total equalling Form 3 Line 35	<hr/> 5,220	<hr/> 3,573

***0313* Reconciliation of profit and loss account and other reserves**

	£000
Profit and loss account reserves b/fwd	(203,243)
Profit and loss account reserves c/fwd	459,043
Movement	<hr/> 662,286
Share capital reduction	(723,000)
Deficit on UK GAAP basis	20,945
Total equalling Form 16 line 59	<hr/> (39,769)

***1301* & *1308* Aggregate value of investments:**

- i) The Company held unlisted fixed interest securities valued at £16.2m.
- ii) Lines 41, 46 & 48 include assets to the value of £16.7m where, due to market conditions the latest valuation available did not reflect active trading as at the valuation date.
- iii) There were no units or beneficial interests in collective schemes, which were not UCITS or authorised schemes.
- iv) There were no reversionary interest or remainders in property other than land or buildings.

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***1302* & *1309* Aggregate value of hybrid securities**

The Company held hybrid securities valued at £97.3m in the long-term fund and £6.8m in the shareholder fund.

***1304* & *1310* Extent to which amounts have been set off**

Certain amounts shown in Forms 13, 14 and 15 have been calculated by netting amounts due to any one person against amounts due from that person.

***1305* & *1319* Maximum counterparty limits permitted**

The Company has operated its investment guidelines throughout the period in line with INSPRU 2.1.22R. Investments are managed with reference to the limited prescribed by counterparty and asset exposure limits. Circumstances can exist where, on occasion, the Company maintains holdings in excess of permitted asset and counterparty exposure limits; in these cases, the continued holding has to be reported to the Investment Oversight Committee and Actuarial Function Holder of the Company. The Company's principal fund manager, F&C Asset Management plc ("F&C"), maintains a list of approved counterparties with limits based on the degree of risk inherent in each counterparty. F&C monitors regularly that actual exposures fall within approved limits. These restrictions apply equally to counterparties other than approved counterparties.

Actual counterparty exposure is regularly monitored through reports to the Investment Oversight Committee. There were no occasions during the financial year on which counterparty limits specified in the investment guidelines were exceeded.

***1306* & *1312* Exposure to large counterparties**

During April 2007 FPP entered into a reinsurance treaty with Windsor Life Assurance Company Limited, a subsidiary of Swiss Re. The agreement, which took effect from 1 January 2007, reinsures the mortality and investment risk, but not expense risk, of 100% of the Company's in-force annuity book as at 31 December 2006.

As a result of this treaty the Company transferred assets backing the annuity book in exchange for a LIBOR note from HSBC plc. The value of the LIBOR note at 31 December 2010 was £1,666,395,000.

A creditor with Windsor Life to the value of the LIBOR note was set up and the amount due to Windsor Life at 31 December 2010 was £1,666,395,000.

***1318* Details of amounts in line 101**

	Long term insurance business 2010 £000	Other than long term insurance business 2010 £000	Long term insurance business 2009 £000	Other than long term insurance business 2009 £000
Creditor balances netted off in accounts	-	-	-	(13,944)
Debtors balances included net in other creditors	-	-	2,249	-
Valuation differences on liabilities	-	-	9	-
Variation margin	50	-	-	-
Taxation creditors netted off in accounts	-	(7,658)	-	(3,679)
Total line 101	50	(7,658)	2,258	(17,623)

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***1324* Market risk and counterparty limits**

The FSA issued to the firm in June 2009 a direction under section 148 of the Act. The direction allowed for the amendment of rule INSPRU 2.1.22R by the addition of the following subparagraph (7)

“(7) For the purpose of this rule, a group of persons is not closely related by reason of the relationship described in INSPRU 2.1.40R(1) if control is exercised by, or on behalf of, HM Treasury.”

***1401* & *1501* Provision for reasonably foreseeable adverse variations**

The Company's assets are valued on a mark to market basis. Where this is not possible, mark to model is calculated on a prudent basis and incorporates all necessary valuation adjustments required by GENPRU 1.3.30R to GENPRU 1.3.33R.

All obligations arising out of derivative contracts were required to be covered and accordingly no provision was made for any adverse change in the value of assets, of indices of assets to which the contract relates or for any change in the value of any asset held by the company.

***1402* & *1502* Contingent Liabilities**

- i) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- ii) A provision of £nil (2009 £nil) has been made for liability to tax on capital gains which would arise if the Company disposed of its total business assets. The potential liability is £nil.
- iii) The Company has a contingent liability in respect of compensation that could become payable to certain policyholders who effected personal pension contracts and who may have been given inappropriate advice in relation thereto.

The company has a provision of £0.2m (2009 £0.2m) in line 11 of Form 14 for the expected costs of the compensation. The final costs may be in excess of this figure and there may also be a contingent liability in respect of the Financial Services Compensation Scheme.

- iv) The Company has no guarantees, indemnities or other contractual commitments affected other than in the ordinary course of insurance business and in respect of related companies.
- v) The FSA and other regulatory bodies may wish, in future, to examine the suitability of past sales and associated administration of products that could affect the Company and the industry in general. The directors of the Company also conduct ongoing reviews of such products. As a result, it is possible that additional unprovided liabilities could arise.
- vi) There are no other fundamental uncertainties.

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***1405* & *1507* Other adjustments to liabilities**

	2010	2010	2009	2009
	Long term	Other than	Long term	Other than
	insurance	long term	insurance	long term
	business	insurance	business	insurance
	business	business	business	business
	£000	£000	£000	£000
Deferred tax on DAC	15,409	-	11,057	-
Deferred front-end fees	6,931	-	6,261	-
Companies Act accounts fair value adjustment to liabilities	(27,560)	-	(20,891)	-
Creditor balances netted off in accounts	-	-	-	(13,944)
Debtors balances included net in other creditors	-	-	2,249	-
Valuation differences on liabilities	-	-	9	-
Variation margin	50	-	-	-
Taxation creditors netted off in accounts	-	(7,658)	-	(3,679)
Assets included in Companies Act accounts, excluded for FSA purposes	(5,170)	(7,658)	(1,315)	(17,623)

***1601* & *4005* Basis of conversion for foreign currency**

Assets and liabilities held in foreign currencies are expressed in sterling at rates ruling at the balance sheet date.

Income and expenditure denominated in foreign currencies are translated at rates ruling on the date on which the transaction occurs.

***1700* Forms omitted from the return**

Form 17 for the other than long-term insurance business have been omitted because all entries would be blank.

***1701* Variation margin**

The aggregate value of excess variation margin needed to be repaid due to underlying market movements is £nil. Variation margin of £50,000 has been included in Form 13 line 54 and Form 14 line 38.

***1702* Quasi-derivatives**

The aggregate value of quasi-derivatives did not exceed 2.5 per cent of the assets at line 89 of Form 13.

***4002* Other Income and Expenditure**

Other expenditure comprises of

	2010	2009
	£000	£000
Fund management charge rebate to FPLP	26,483	23,077
	26,483	23,077

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***4008* Arrangements for provision of management services**

Management services were provided during the year by Friends Provident Management Services Limited, a wholly owned subsidiary of Friends Provident Holdings (UK) plc (formerly Friends Provident Holdings (UK) Limited).

Investment management and advisory services were provided during the year by F&C Asset Management Limited (formerly FP Fund Managers Limited) and F&C REIT (formerly F&C Property Asset Management), both wholly owned subsidiaries of F&C Asset Management plc.

***4009* Material connected party transactions**

Reassurance accepted from FPLP

During the period 1 January 2010 to 31 December 2010 the company held several reinsurance agreements, exceeding 5% of the company's long-term insurance business liabilities, with its parent undertaking FPLP, principally consisting of pension business written in FPLP. During this period, the company had accepted £204m of reinsurance premiums and incurred £428m of reinsurance claims.

***4401* Basis of asset valuation within internal linked funds**

Assets within this Form have been valued as follows:

- a) Listed investments have been valued at market prices consistent with the pricing basis within those funds.
- b) OEICs are carried at market value at the balance sheet date.
- c) Other investments have been valued on a prudent basis having regard to their likely realisable value.

***4402* Rights and liabilities under derivative contracts**

At the end of 2010 rights of £2,968,000 and liabilities of £9,177,000 were held under derivative contracts.

***4403* Variation margin**

There is a liability to repay a variation margin of £126,000 at the year-end

***4502* Other expenditure**

Other expenditure consist of

	2010	2009
	£000	£000
Transaction costs	9,214	7,729
Custodian charges	713	625
Interest payable	-	1
Miscellaneous charges	12	300
Total other expenditure	9,939	8,665

***4802* Interest in default**

Where the payment of income is in default, the expected income in Form 48 is £nil.

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***4901* Rating agencies**

The majority of ratings used in Form 49 were provided by either Standard & Poor's or Moody's. Where ratings were not available from these agencies, ratings provided by Fitch ratings agency have been used where available. It was not possible to separately identify "CCC" rated bonds from those of non-investment grade. All "CCC" rated bonds have, therefore, been included in L38.

***5600* Index-linked assets**

Index-linked assets do not exceed £100m, and consequently there is no requirement to complete Form 56.

***5701* Negative reserves**

The interest rate shown in Form 57 is that in respect of positive liabilities.

***5702* Risk adjusted yield**

The FSA, on application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in August 2009. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.

Product Group	Total Long Term Insurance Business	
	Yield	Risk Adjusted Yield
UK F51 L&GA NP	4.14%	4.14%
UK F51 L&GA NP	3.73%	3.71%
UK F51 Pensions NP	4.97%	4.61%
UK F51 Pensions NP	3.73%	3.71%
UK F51 Pensions NP	3.73%	3.71%
UK F51 Pensions NP (Secure Growth Fund)	5.31%	4.99%
UK F52 Pensions	3.73%	3.71%
UK F53 Pensions NL	3.73%	3.71%
UK F53 Pensions NL	3.73%	3.71%
UK F53 Pensions NL (Secure Growth Fund)	5.31%	4.99%
Miscellaneous UK F51 L&GA NP	2.17%	2.17%
Miscellaneous UK F51 Pensions NP	2.17%	2.17%
Miscellaneous UK F53 Pensions NL	2.17%	2.17%

**Additional information on derivative and quasi-derivative contracts
(IPRU (INS) rule 9.29)
Friends Provident Pensions Limited
Financial year ended 31 December 2010**

Derivative Contracts

The following information is included pursuant to IPRU (INS) 9.29.

- a) **Investment Guidelines.**
Investment guidelines operated by the company during 2010 were to use derivative contracts only for the purpose of efficient portfolio management or a reduction in investment risk. Derivatives are not permitted to be used without specific authority of senior management. All obligations arising out of derivative contracts are required to be covered.
- b) **Guidelines in respect of derivatives not likely to be exercised.**
The guidelines make no explicit provision for the use of derivatives which the Company has a right or obligation to acquire or dispose of assets which are not, at the time when the contract is entered into, reasonably likely to be exercised. Therefore, providing such derivatives meet the over arching investment guidelines stated above, namely that they are held for efficient portfolio management or a reduction in investment risks, they are permitted.
- c) **Use of derivatives not likely to be exercised.**
The long-term fund held derivatives during the year, which at the time when acquired were not likely to be exercised. These were held for purpose of protecting the fund from interest rate sensitivity.
No other contracts were entered into during the financial year, which were not, at the time of entry, reasonably likely to be exercised.
- d) **The Company held no derivative contracts during the financial year other than permitted derivative contracts under permitted links rules, and nor did any contracts require a significant provision to be made under INSPRU 3.2.17R.**
- e) **The company did not grant rights under derivative contracts during the financial year.**

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Statement of additional information on controllers required by IPRU (INS) 9.30
Friends Provident Pensions Limited
Financial year ended 31 December 2010

The following information is included pursuant to IPRU (INS) 9.30.

(a) The persons who, to the knowledge of the Company, were controllers at any time during the financial year were:

- (i) Friends Provident Life and Pensions Limited;
- (ii) Friends Provident Limited;
- (iii) Friends Provident Group plc;
- (iv) Friends Provident Holdings (UK) plc;
- (v) Resolution Holdings (Guernsey) Limited;
- (vi) Resolution Holdco No1LP;
- (vii) Resolution Limited;
- (viii) UBS AG.

(b) The persons who, to the knowledge of the Company, were controllers at the end of the financial year were:

- (i) Resolution Limited

As at 31 December 2010, Resolution Limited owned 99.99% of the Shares of Resolution Holdco No1LP, a company of which Friends Provident Pensions Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

- (ii) Resolution Holdco No1LP

As at 31 December 2010, Resolution Holdco No1LP owned 100% of the Shares of Resolution Holdings (Guernsey) Limited, a company of which Friends Provident Pensions Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

- (iii) Resolution Holdings (Guernsey) Limited

As at 31 December 2010, Resolution Holdings (Guernsey) Limited owned 100% of the Shares of Friends Provident Holdings (UK) plc, a company of which Friends Provident Pensions Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

- (iv) Friends Provident Holdings (UK) plc

As at 31 December 2010, Friends Provident Holdings (UK) plc owned 100% of the Shares of Friends Provident Group plc, a company of which Friends Provident Pensions Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

- (v) Friends Provident Group plc

As at 31 December 2010, Friends Provident Group plc owned 100% of the Shares of Friends Provident Limited, a company of which Friends Provident Pensions Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

- (vi) Friends Provident Limited

As at 31 December 2010, Friends Provident Limited owned 100% of the Shares of Friends Provident Life and Pensions Limited, a company of which Friends Provident Pensions Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

- (vii) Friends Provident Life and Pensions Limited

As at 31 December 2010, Friends Provident life and Pensions Limited owned 100% of Friends Provident Pensions Limited and was able to exercise 100% of the voting power at any general meeting.

ABSTRACT OF VALUATION REPORT ACCORDING TO APPENDIX 9.4 OF THE INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS.

1. Introduction

- (1) The investigation relates to 31st December 2010.
- (2) The previous investigation related to 31st December 2009.
- (3) Not applicable.

2. Product Range

There were no new products, no changes to existing products and no products withdrawn during 2010.

3. Discretionary Charges and Benefits

- (1) No market value reduction (MVR) factors have applied during 2010 on unitised with-profits contracts.
- (2) Not applicable.
- (3) The interest rate added during the year for non-profit deposit administration benefits was as follows:

Plan Type	Annual Rate of Interest Addition
	Applied from 01.01.2010 to 31.12.2010
Transplan	3.5%
Compass (88) Pension Plan, Passbook Pension Plan, Passbook (92) Pension Plan, Transplan (88), Bespoke, Total Pension Plan, Executive Total Pension Plan, Transplan Plus, Group Personal Pension Plan, Group Money Purchase Plan, Group Money Purchase Plan Executive Option, Trustees' Investment Plan, Multibenefit Pension Solutions, Transplan GMP, Transplan Protected Rights Bulk Buyout, Personal Pension Plan – New Generation, Money Purchase plan – New Generation, Premier Retirement Plan, Group Secure Growth Plan, Voluntary Benefits Plan, Secure Growth Investment Only Plan, Compass Pension Plan, Combine Pension Plan, Combine (86) Pension Plan, Combine (90) Pension Plan, Combine GMP, Combine Final Salary and Combine Multibenefit	5.5% before charges

- (4) Policy fees for certain products are linked to the RPI; the charges in 2010 were 0.8% lower than in 2009. The relevant business is:
 - Group Money Purchase Plan
 - Group Money Purchase Plan Executive

Policy fees for a number of products increase in line with the RPI. This was negative during 2009 and a decision was taken to freeze charges during 2010. To maintain fairness to customers, any future positive inflation will be offset by the deflation from last year. The relevant business is:

- Passbook Pension Plan

- Passbook (88)
- Passbook (92)
- Compass Pension Plan
- Combine Pension Plan
- Combine (86)
- Combine (90)
- Combine Final Salary
- Combine Group Money Purchase
- Combine Money Purchase
- Combine Multi-benefit
- Total Pension Plan
- Executive Total Pension Plan
- Bespoke
- Group Personal Pension Plan
- Multi-benefit Pension Solutions
- Transplan Group Money Purchase Plan
- Personal Pension Plan Series 2 sold through IFAs
- Money Purchase Plan

Policy fees for the following products have been increased by 1.5%, in line with the NAE index, in 2010:

- Retirement Investment Bond
- Personal Pension Plan Series 1
- Personal Pension Plan Series 2 sold directly

(5) There have been no changes to benefit charges (mortality, morbidity, etc) on linked policies during the year.

(6) There have been no changes to unit management charges during the year.

(7) Unit Pricing

(a) Description of Methods

(i) Units are allocated to policies at offer price and cancelled at bid price.

(ii) Normally the valuation will take into account the cost of acquisition or sale of the constituent assets and any taxes, duties, charges or other expense payable on purchase/sale.

If a fund is being priced on a 'creation' or 'steady state' basis (see (iii) below), the offer price is calculated by adjusting the unit price calculated on that basis to allow for the accrued annual management charge, any tax provision on gains and rounding. The bid price is then calculated by deducting the initial management charge, if any.

If a fund is being priced on a 'cancellation' basis, the bid price is calculated by adjusting the unit price calculated on that basis to allow for the accrued annual management charge, provision for tax on gains and rounding. The offer price is then calculated by adding the initial management charge, if any.

- (iii) The net asset value of units is determined at valuations of the appropriate funds, required to be made at least once each calendar month but normally made daily at midnight. The use of a 'creation' or 'steady state' or 'cancellation' basis depends on whether or not the Company considers that a fund is growing, steady or declining. For the 'creation' basis, asset valuations will be based on the prices at which the funds can buy assets in the market. For the 'cancellation' basis, asset valuations will be based on the prices at which funds can sell assets in the market. For the 'steady state' basis, asset valuations will be based on a mid market value.
- (iv) Regular premiums are allocated at the current day's price, based on the previous midnight pricing valuation point. Single premiums are allocated in accordance with policy conditions, which vary by product, and are generally based on previous day or current day's price. Switches are generally dealt with as follows:
 - If the request is received by post, the current day's price is used.
 - If the request is received online, by fax, or by email, the next day's price is used.
- (b) There is no variation between the pricing bases used for different policies other than through the use of different initial and annual management charges.
- (c) For collective investment schemes, the processes are similar to those for internal linked funds.
- (8) Not applicable.
- (9) Not applicable.
- (10) Where internal linked funds invest in units in permitted scheme interests that are exclusively authorised Open-Ended Investment Companies (OEICs) managed by F&C Asset Management Limited, the internal linked fund receives a management charge rebate to ensure that the overall annual management charge to the policyholders is maintained.

In respect of the Investment Trust Retirement Annuity (ITRA) contract the Company holds JP Morgan Fleming Investment Trust units to match the liabilities. The Company receives a rebate of 0.875% per annum from the annual charge, which it retains.

4. Valuation Basis (Other Than for Special Reserves)

Except as noted below, all policies have been valued using prospective methods.

(1) Valuation Methods Used

(a) General Method

- (i) For conventional non-profit business, a gross premium valuation has been adopted.
- (ii) The valuation liabilities for unit-linked contracts shown in Form 53 are equal to the value of units allocated together with mortality and sterling reserves where appropriate. The method for calculating sterling reserves is that described in JIA Vol. 105 Part III, except that a prudent allowance is made for policies becoming paid-up. Sterling reserves are calculated allowing for any surrender penalties. If a negative sterling reserve is calculated then the amount is limited to the size of the surrender penalty.
- (iii) The reserve for accumulating with-profits contracts is determined by calculating
 - the face value of the contract (allowing for guaranteed bonus rates where applicable) and
 - the amount that would reasonably be expected to be paid in the event of a significant level of policy discontinuances. This amount is calculated taking into account any circumstances in which an MVR is guaranteed not to apply and allowing for future reversionary bonus implicit in treating customers fairly in the event that experience were to follow the valuation basis.

The lower of these two is compared with the result of a bonus reserve valuation and the reserve is taken to be the higher.

(b) General Principles

- (i) All policies are valued individually and, with the exception of regular premium pension term assurances, any negative reserves that arise from the valuation methodology are eliminated.
- (ii) For regular premium term assurances a prudent allowance for lapses has been made. In addition a prudent allowance is made for regular withdrawals where this increases the liability.
- (iii) Apart from policies reassured to Windsor Life, the non-linked valuation liabilities ceded to external reinsurers have been reduced by 5% to allow for credit risk. All linked valuation liabilities ceded to external reinsurers have been reduced by 0.33% to allow for credit risk. The treatment of credit risk in respect of the treaty with Windsor Life is explained in detail in section 9 (n).

(c) Non Standard Methods

Exception where a non standard method has been used is as follows:

- In respect of deposit administration benefits, policyholders have expectations of annual interest additions. These have arisen from policy literature describing the operation of the Secure Growth Fund. The annual interest addition will be a smoothed rate of return on the underlying types of asset deemed appropriate to meet this objective. In the valuation the face values of policyholder accounts are restated consistent with assets at market value to ensure any earnings on assets not yet declared are reserved for the future benefit of policyholders.

(2) Valuation Interest Rates

	31.12.2010				31.12.2009			
	L & GA		Pens	IP	L & GA		Pens	IP
	UK %	OS %	%	%	UK %	OS %	%	%
Investment Trust Retirement Annuity			1.00				1.00	
Annuities in Possession (Pre July 2001)			4.81				5.21	
Annuities in Possession (Post July 2001)	2.80		4.46		3.00		4.33	
Regular Premium Term Assurances			3.50				3.80	
Other non-profit and linked business	2.80		3.50	3.50	3.00		3.80	3.80
GAO Reserve			3.60				4.10	
Unitised With Profits			3.50				4.20	

(3) Adjustment to Yields for Risk.

- (a) Yields on British Government fixed-interest and index linked securities are assumed to be free of default risk and therefore no adjustments are made to their yields.
- (b) The internal rates of return on corporate bonds have been reduced to make a prudent allowance for the risk of default. This allowance assumes a long-term expected level of defaults, based on an analysis of the historical losses and recoveries from 1920 onwards, plus a margin for prudence. In addition, a further short-term deduction has been applied to the yields to reflect the increased likelihood of defaults given the recent stressed conditions within the credit markets.

The deduction for individual bonds may be restricted such that the risk-adjusted yield is not less than that on a British Government security of equivalent duration.

The following deductions have been made from gross redemption yields:

Credit Rating	Term to Redemption (years)		
	0-10	10-20	20+
AAA	12	11	16
AA	56	45	41
A	104	71	63
BBB	203	145	126
BB	387	296	253
B	544	422	384
Below B	1280	830	686

For subordinated debt, the above deductions are increased by a factor of 1.2.

- (c) In compliance with INSPRU 3.1.37R, the running yield on equities is calculated as the greater of the dividend yield and the average of the dividend yield and the earnings yield. This yield and the yield on property have been adjusted by 10% for the risk of reduced dividend yield, earnings yield and rental yield, and further capped at the long-term gilt yield plus 2% p.a.
- (4) The mortality tables used in the valuation are as follows (ultimate mortality except where stated):

	31.12.2010		31.12.2009	
	Male	Female	Male	Female
All lives except as noted below	110% AMC00	110% AFC00	110% AMC00	110% AFC00
Individual Annuities and Deferred Annuities once in payment (Pre July 2001)	84-93% RMV00	87-93% RFV00	83-94% RMV00	87-94% RFV00
Individual Annuities and Deferred Annuities once in payment (Post July 2001)	59-93% RMV00	61-93% RFV00	56-94% RMV00	58-94% RFV00
Group Annuities (Pre July 2001)	82-93% PCMA00	90-93% PCFA00	81-94% PCMA00	90-94% PCFA00
Group Annuities (Post July 2001)	70-93% PCMA00	77-93% PCFA00	67-94% PCMA00	75-94% PCFA00
Deferred Annuity in Deferment	65% AMC00	55% AFC00	65% AMC00	55% AFC00

Where a range of percentages is shown the percentage varies by age.

For annuities in payment and annuities in deferment, the complete expectation of life assumed by the above mortality tables is shown below:

Individual Annuities and Deferred Annuities once in payment (Pre July 2001)
Modified RMV00/RFV00 for 2010, Modified RMV00/RFV00 for 2009

Current Age	Expectation at Age	31.12.2010		31.12.2009	
		Male	Female	Male	Female
45	65	29.49	30.88	26.86	28.40
55	65	27.15	29.06	25.44	27.33
65	65	24.94	27.32	24.00	26.24
75	75	15.47	17.27	15.09	16.71

Individual Annuities and Deferred Annuities once in payment (Post July 2001)
 Modified RMV00/RFV00 for 2010, Modified RMV00/RFV00 for 2009

Current Age	Expectation at Age	31.12.2010		31.12.2009	
		Male	Female	Male	Female
45	65	30.46	31.59	27.90	29.18
55	65	28.21	29.83	26.56	28.16
65	65	26.09	28.16	25.22	27.13
75	75	16.07	17.77	15.71	17.22

Group Annuities (Pre July 2001)
 Modified PCMA00/PCFA00 for 2010, Modified PCMA00/PCFA00 for 2009

Current Age	Expectation at Age	31.12.2010		31.12.2009	
		Male	Female	Male	Female
45	65	29.60	30.05	26.79	27.48
55	65	27.15	28.11	25.31	26.33
65	65	24.83	26.26	23.80	25.17
75	75	15.21	16.50	14.79	15.95

Group Annuities (Post July 2001)
 Modified PCMA00/PCFA00 for 2010, Modified PCMA00/PCFA00 for 2009

Current Age	Expectation at Age	31.12.2010		31.12.2009	
		Male	Female	Male	Female
45	65	30.10	30.52	27.33	27.99
55	65	27.70	28.61	25.88	26.87
65	65	25.42	26.80	24.42	25.74
75	75	15.53	16.83	15.12	16.29

Modifications to standard tables for the 31.12.2010 valuation are based on CMI Working Paper 1 entitled "An interim basis for adjusting the '92' series mortality projections for cohort effects". An allowance is made for future improvement, applied from 2001, using percentages of the Medium Cohort. In 2009, the average of the Medium and Long Cohort was used. The percentages used were 100% for males and 75% for females in both the 2010 and 2009 valuations, subject to a minimum annual rate of improvement. For males, this minimum is assumed to be 1.5% p.a. before 2010 and 2.1% p.a. after 2010; for females it is 1.25% p.a. before 2010 and 1.8% p.a. after 2010. In 2009, the minimum annual rate of improvement was 1.5% p.a. for males and 1.25% p.a. for females for all years.

- (5) The morbidity tables assumed in the valuation of the various categories of contracts are shown below.

For valuing FPLMA group Income Protection the following termination rates have been used:

Term from Commencement of Disability to Retirement	31.12.2010			31.12.2009		
	Under 2	2-5	Over 5	Under 2	2-5	Over 5
Up to 10 years	7%	3%	1%	7%	3%	1%
Over 10 years	12%	5%	2%	12%	5%	2%

- (6) Expense Bases

Renewal commission is allowed for at the actual rate payable for each business type.

Tax relief in the life fund is assumed to be:

- 20% for maintenance expenses

- 16% for acquisition expenses

The expenses shown below are in respect of all maintenance expenses for conventional business and attributable expenses for unitised business.

Class		31.12.2010				31.12.2009			
		Zillmer adj. % SA	Annual Expense £	Investment Expense % of Fund pa	% of Premium	Zillmer adj. % SA	Annual Expense £	Investment Expense % of Fund pa	% of Premium
Term Assurance (325 / 330)	Premium Paying	N/a	22.70	0.125	0	N/a	21.72	0.122	0
	Otherwise		15.78	0.125			15.10	0.122	
Income Protection (360 / 365)	All	N/a	28.55	0.125	0	N/a	27.32	0.122	0
Income Protection Claims in Payment (385)	All	N/a	245.07	0	N/a	N/a	230.70	0	N/a
Annuity (400)	All	N/a	18.45	0.060	0	N/a	17.66	0.059	0
UWP regular premium pension (525 / 545)	Premium Paying	N/a	30.44	0.125	0	N/a	29.13	0.122	0
	Otherwise		20.82	0.125			19.92	0.122	
UWP single premium pension (525 / 545)	All	N/a	17.15	0.125	0	N/a	16.41	0.122	0
UWP group regular premium pension (535)	Premium Paying	N/a	30.44	0.125	0	N/a	29.13	0.122	0
	Otherwise		20.82	0.125			19.92	0.122	
UWP group single premium pension (535)	All	N/a	17.15	0.125	0	N/a	16.41	0.122	0
UL regular premium pension (725)	Premium Paying	N/a	14.64	0.100 / 0.085 *	0	N/a	14.01	0.100 / 0.085 *	0
	Otherwise		10.29	0.100 / 0.085 *			9.85	0.100 / 0.085 *	
UL single premium pension (725)	All	N/a	8.25	0.100 / 0.085 *	0	N/a	7.90	0.100 / 0.085 *	0
UL group regular premium pension (735)	Premium Paying	N/a	14.64	0.100 / 0.085 *	0	N/a	14.01	0.100 / 0.085 *	0
	Otherwise		10.29	0.100 / 0.085 *			9.85	0.100 / 0.085 *	
UL group single premium pension (735)	All	N/a	8.25	0.100 / 0.085 *	0	N/a	7.90	0.100 / 0.085 *	0

* For unit linked pension products the Investment Expenses are 0.100% p.a. for business written prior to 01/01/2010 and 0.085% p.a. for business written after that date.

- (7) The unit growth rates for gross and net linked business (before management charges) and the inflation rates assumed for future expenses and future increases in policy charges are shown below:

	31.12.2010			31.12.2009		
	Unit Growth %p.a.		Expense Inflation %p.a.	Unit Growth %p.a.		Expense Inflation %p.a.
	Gross	Net		Gross	Net	
Conventional Non Profit	N/a	N/a	4.4	N/a	N/a	4.7
Income Protection	N/a	N/a	4.4	N/a	N/a	4.7
Unitised	3.5	2.8	4.4	3.8	3.0	4.7

For policies with explicit policy charges, these charges increase in line with the RPI or National Average Earnings Index. We have assumed that future RPI is 3.4% p.a., and that future NAE is 1% higher at 4.4% p.a.

- (8) The future bonus rate used in valuing unitised with-profits business is 0.97% p.a.

The benefit value (including liability for bonuses) is 100% reinsured to Friends Provident Life and Pensions Limited.

- (9) A summary of the lapse assumptions is shown below:

Product		Average Annual Lapse / Surrender / Paid-up Rate for Policy Years			
		1-5 %	6-10 %	11-15 %	16-20 %
Level pensions term assurance – low rate	Lapse	8.0	4.3	2.5	2.5
Level pensions term assurance – high rate	Lapse	14.8	7.9	4.6	4.6
Decreasing pensions term assurance – low rate	Lapse	8.3	6.6	4.6	4.6
Decreasing pensions term assurance – high rate	Lapse	15.3	12.2	8.5	8.5
UWP Individual Pension	PUP	21.3	15.6	15.6	15.6
UL Individual Pension	PUP	21.3	15.6	15.6	15.6
UL Group Pension	PUP	21.3	15.6	15.6	15.6

The lapse / surrender rates for all other products are assumed to be zero.

- (10) There are no other material assumptions.
- (11) Derivatives are shown at market value using quoted prices where exchange traded and prices from counterparties otherwise. Combined yields are calculated for assets with covering derivatives, whether in-the-money or out-of-the-money, in accordance with INSPRU 3.1.30R. The interest rates used in the valuation of liabilities are consistent with the yields on backing assets, reflecting covering derivatives if

appropriate. In the calculation of the resilience capital requirement the derivative values and the yields on the combined assets are recalculated to reflect the market risk scenario being tested.

- (12) Changes in valuation methodology arising from the application of PS06/14 were made in 2006 and 2007. The following table states the effect on mathematical reserves of the changes made during each calendar year as at the end of the year. These values are the reduced amounts recognised each year, and are not cumulative.

	31/12/06	31/12/07
Allowance for lapses on valuation of protection business	-	£2.8m
Allowance for negative reserves on valuation of protection business	-	£4.2m
Allowance for lapses on valuation of unit-linked business	-	-
Allowance for negative reserves on valuation of unit-linked business	£26m	-

5. Options and Guarantees

(1) Guaranteed Annuity Rate Options

- (a) Certain deferred annuities are valued as the greater of the present value of the annuity or, if appropriate, the alternative cash fund available at vesting for the purchase of an annuity, less the present value of premiums for the same option where appropriate. It has been assumed that all contract plan types listed below have such a guarantee. It is assumed that 100% of the fund at retirement is taken in the form of an annuity if this option is more onerous than cash.
- (b) A table showing details of the options is shown below:

Product Name	Basic Reserve	Outstanding Durations	Guarantee Reserve	Guaranteed Rate	Increments Allowed	Annuity Form	Retirement Ages
(i)	(ii) £m	(iii)	(iv) £m	(v)	(vi)	(vii)	(viii)
Former LMP Unit Linked Deferred Annuities	40	Up to 20 years	33	10%	No	Single Life; monthly in advance, guaranteed 5 years	60-75

The contracts included in the above table include Premier Retirement Plan, Group Secure Growth Plan, Compass Pension Plan, Total Pension Plan.

(2) Guaranteed Surrender and unit-linked maturity values

- (a) The basic reserve held for contracts with guaranteed surrender or maturity values is less than £10m.

(3) Guaranteed Insurability Options

- (a) There are no Guaranteed Insurability Options.

(4) Other Guarantees and Options

- (a) Transplan Section 32 policies must provide a benefit that is not less than the Guaranteed Minimum Pensions. A guarantee reserve of £6.5m has been set up in respect of a basic reserve of £25m. This has

been calculated deterministically using low rates of future projection (2.5% to 3.5% p.a.) as an approximation to the stochastic value of the guarantee.

- (b) A number of old series deposit administration contracts linked to the Secure Growth Fund provide for guaranteed interest rates to apply over the contractual term of the contract or an initial number of years. The interest rate guarantee is an overall average rate per annum over the term of the contract rather than applicable each year. The actual interest declarations made already are significantly in excess of the guaranteed rate and no specific provision was deemed necessary to fulfil any remaining guarantees. If the guarantees were to bite in future, the future interest declaration on the Secure Growth Fund as a whole could be reduced to cover this. Since the liability allows in full for future discretionary interest additions we have not deemed it necessary to increase the liability further to allow for the guarantees.

6. Expense Reserves

- (1) The aggregate amount, grossed up for tax where appropriate, arising during the twelve months after the valuation date from reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £37.7m. The amounts arising from each of the implicit allowances, explicit allowances for investment expenses and explicit allowances for other maintenance expenses are shown in the table below.

Homogeneous Risk Group	Implicit Allowances £m	Explicit Allowance (investment) £m	Explicit Allowance (other) £m	Non-Attributable expenses £m	Total £m
Individual Personal Pensions		0.1	0.1		0.2
New Generation Pensions		14.0	8.2	5.5	27.7
Executive Pensions		0.1	0.1	0.1	0.3
All Expenses Attributable		2.0	7.5		9.5
Total		16.2	15.9	5.6	37.7

- (2) There are no implicit allowances for expenses.
- (3) The maintenance expenses in line 14 of Form 43 are £39.1m. Line 14 includes £9.5m in respect of expenses related to purchase of investments in linked funds. These expenses are charged for in the linked funds and therefore offset by equal reductions in the unit liability so no additional reserves are held. The remaining difference from allowances arises from margins for adverse deviation.
- (4) The value of profits in respect of expected new business exceeds the expenses incurred. Therefore no additional reserve is required.
- (5) The cost of closure to new business has been estimated, allowing in particular for redundancy costs and the cost of vacating properties. This was less than margins expected to emerge from in-force business on a prudent basis. Hence no additional reserve was required.
- (6) Non-attributable expenses have only been calculated for unit-linked and UWP products. For each homogeneous risk group where the non-attributable expenses have been excluded from the sterling reserves calculation (or bonus reserve valuation for UWP), the resulting sterling reserve has been compared with a sterling reserve calculation combining the cashflows of all the policies in the homogeneous risk group and including the non-attributable expenses. As the sterling reserve based on the grouped cashflows is less than the sterling reserve calculated at policy level without non-attributable costs, no additional reserve is held for the non-attributable expenses.

7. Mismatching Reserves

- (1) The value of mathematical reserves (other than reserves for property-linked benefits) and deposits received from reinsurers, together with the value of assets matching those liabilities, are analysed below by reference to currency:

Currency	Value of Liabilities (£m)	Value of Assets (£m)
Sterling	1,378	1,547
Total	1,378	1,547

- (2) As noted above, FPP has no liabilities denominated in currencies other than sterling.
- (3) There are sufficient sterling assets to cover the sterling liabilities. Consequently no reserve for currency mismatching is considered necessary.
- (4) The most onerous of the scenarios specified by INSPRU 3.1.16R was:
- A fall in the market value of equities of 10%;
 - A fall in real estate values of 20%; and
 - A fall in yields on all fixed interest securities of 0.80%p.a.
- (5) There is no territory outside the United Kingdom in which the market value of the assets held exceeds 2.5% of the long-term insurance assets (excluding those held to cover index-linked or property-linked liabilities). Accordingly, the same scenario as in (4) above has been used.
- (6) Resilience
- (a) The amount of the resilience capital requirement is £15m.
 - (b) The long term insurance liabilities increased by £82.5m.
 - (c) The value of the assets allocated to match these liabilities increased by £75.9m from their value as shown in Form 13.
- (7) The nature and term of the assets matching liabilities is regularly reviewed to ensure continued appropriateness and no additional provision was required at the valuation date to ensure that the company could meet its obligations as they arise.

8. Other Special Reserves

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

9. Reinsurance

- (1) No premiums for reinsurance ceded on a facultative basis were paid during 2010 to reinsurers who are not authorised to carry on insurance business in the United Kingdom.
- (2) (a), (b) & (c) The reinsurance treaties meeting the stated conditions are described in the table on page 86, except as detailed here.
 - (d) The name of the reinsurer is quoted in the table.
 - (e) The nature and extent of cover is quoted in the table.
 - (f) The premiums paid in 2010 are quoted in the table.
 - (g) There were no deposit back arrangements.
 - (h) Availability to new business is quoted in the table.
 - (i) £1,666m of premiums are due to Windsor Life.
 - (j) The mathematical reserves ceded under the treaty are quoted in the table.
 - (k) All treaties reinsure 100% of the covered business.
 - (l) Baillie Gifford & Co Limited and J P Morgan Funds Limited are not authorised to carry on insurance business in the UK. Friends Provident Life and Pensions Limited, Friends Provident Life Assurance Limited, Windsor Life Assurance Company Limited and BlackRock Global Investors Pensions Management Limited are authorised to carry on insurance business in the UK.
 - (m) Connections of any reinsurer to the Company are quoted in the table.
 - (n) Apart from any reserves ceded internally, the mathematical reserves shown in the table have been reduced by £17.2m to allow for credit risk.

The sum at risk under the reinsurance contract with Windsor Life is equal to the amount of the gross liabilities ceded under the arrangement less the value of the collateral held. A credit risk reserve of £5m is held, which takes into account anticipated differences between the gross value of the liability and the collateral over the lifetime of the contracts reassured and the expected probability of Windsor Life defaulting.

- (o) No provision has been made for the Company's liability to refund reinsurance commission in the event of lapse or surrender of the contracts reinsured. This is because the premiums recoverable will exceed any commission refundable.
- (p) None of the treaties are financing arrangements.

9. Reassurance Treaty Information (Sections a,b,c,g,i,l,n,o and p covered above)

(d) Reinsurer	(e) Nature and Extent of Cover Under the Treaty	(f) Premiums Payable £m	(h) New Business	(j) Mathematical Reserves £m	(k) Connected Company
Baillie Gifford & Co Limited	100% of Investment benefits under Baillie Gifford Unit Linked funds	8	Open	75	Not Connected
J P Morgan Funds Limited	100% of Investment benefits under J P Morgan Unit Linked funds	2	Open	21	Not Connected
BlackRock Global Investors Limited	100% of Investment benefits under BlackRock Global Investors Unit Linked funds	358	Open	3,471	Not connected
Windsor Life Assurance Company Limited	The majority of in-payment annuities written or ceded prior to 31 December 2006	121	Closed	1,655	Not Connected
Friends Provident Life and Pensions Limited	Non Linked Immediate and Deferred Annuity Business (LMP annuities Pre July 2001)	0	Closed	74	Parent Company
	All investment benefits under Unitised With Profit funds	9	Open	128	Parent Company
Friends Provident Life Assurance Limited	All liabilities for benefits relating to the value of Property Fund units.	0	Open	441	Subsidiary of same Parent Company
	All pension annuities written in FPP between 01/01/2007 and 30/06/2008 that are not already part of a reassurance agreement.	0	Closed	455	

10. Reversionary Bonus

- (1) The investment element of with-profits business is reinsured so there are no bonus series meeting the stated conditions.

**Directors' certificate required by rule 9.34 of the Accounts and Statements Rules
Friends Provident Pensions Limited
Financial year ended 31 December 2010**

Global Business

We certify:

1. (a) that the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU as modified by the waivers dated 10 June 2009 and 13 August 2009 issued under section 148 of the Financial Services and Markets Act 2000, details of which are contained in notes 1324 and 5702 respectively; and
 - (b) we are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements of SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue to comply in future.
2. (a) that 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 insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
 - (b) that the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
 - (c) that we have, in preparing the return, taken and paid due regard to advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R;

T.J. MATTHEWS
Director

D. MONGER
Secretary

A.M. PARSONS
Director

22 March 2011

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

Friends Provident Pensions Limited

Global business

Financial year ended 31 December 2010

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, 11 to 17, 40 to 45, 48, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the valuation report required by IPRU(INS) rule 9.31(a) ("the valuation report").

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

- Forms 46, 47, 50 to 55 and 57 (including the supplementary notes);
- the statement required by IPRU(INS) rule 9.30; and
- the certificate required by IPRU(INS) rule 9.34(1).

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

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. The requirements of the Rules have been modified by the directions issued under section 148 of the Act referred to in supplementary notes 1324 and 5702. 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.

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 returns adequate for our audit have not been received from branches not visited; 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.

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 on which we reported on 22 March 2011. It also included an assessment of the significant estimates and judgments 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:

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

Ernst & Young LLP

Statutory Auditor

London

22 March 2011