

FSA Insurance Returns -- Electronic Submission Certificate

Name of insurer **Winterthur Pension Funds UK Limited**

Financial year ended **31 December 2007**

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

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

119201_GL1_200712_forms.csv
119201_GL1_200712_notes.csv
119201_GL1_200712_notes.doc
119201_GL1_200712_derivatives.doc
119201_GL1_200712_controllers.doc
119201_GL1_200712_valuation.doc
119201_GL1_200712_directors.doc
119201_GL1_200712_auditor.doc
119201_GL1_200712_actuary.doc
119201_GL1_200712_miscellaneous.doc
119201_GL1_200712_control.csv

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

Date

Winterthur Pension Funds UK Limited

Annual FSA Insurance Returns for the year ended

31 December 2007

Appendices 9.1, 9.3, 9.4 and 9.6

RETURNS UNDER THE INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS

WINTERTHUR PENSION FUNDS UK LIMITED

Financial year ended 31 December 2007

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

Global business

Financial year ended **31 December 2007**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2007	
	1225468	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	1836	879
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	9477	9152
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	11313	10032

Guarantee fund

Guarantee fund requirement	21	2231	2139
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	9082	7892

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	76	130
Resilience capital requirement	32		
Base capital resources requirement	33	2231	2139
Individual minimum capital requirement	34	2231	2139
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	2231	2139
Excess (deficiency) of available capital resources to cover 50% of MCR	37	10197	8962
Excess (deficiency) of available capital resources to cover 75% of MCR	38	9640	8427

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	76	130

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	2231	2139
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	9082	7892

Contingent liabilities

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

Form 2

Name of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**

.....

Director

.....

Director

.....

Director

Date

Components of capital resourcesName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	1225468	GL	31	12	2007	£000
		General insurance business		Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year
		1		2	3	4

Core tier one capital

Permanent share capital	11		2625	2625	2625
Profit and loss account and other reserves	12		8688	8688	7616
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		11313	11313	10241

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		11313	11313	10241
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				209
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				209
Total tier one capital after deductions (31-37)	39		11313	11313	10032

Components of capital resourcesName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	1225468	GL	31	12	2007	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year
		1	2	3		4

Tier two capital

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

Fixed term preference shares	51				
Other tier two instruments	52				
Lower tier two capital in related undertakings	53				
Lower tier two capital (51+52+53)	59				

Total tier two capital before restrictions (49+59)	61				
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69				

Components of capital resourcesName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**

Company registration number	GL/UK/CM	day month year			Units	
R3	1225468	GL	31	12	2007	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year		
	1	2	3	4		

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		11313	11313	10032
Inadmissible assets other than intangibles and own shares	73				
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		11313	11313	10032

Available capital resources for GENPRU/INSPRU tests

Available capital resources for guarantee fund requirement	81		11313	11313	10032
Available capital resources for 50% MCR requirement	82		11313	11313	10032
Available capital resources for 75% MCR requirement	83		11313	11313	10032

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				

Analysis of admissible assetsName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1225468	GL	31	12	2007	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	9610
	More than one month withdrawal	55	4204
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assetsName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1225468	GL	31	12	2007	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	
	Intermediaries	72	
Salvage and subrogation recoveries		73	
Reinsurance	Accepted	74	5000
	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	31	8
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	49	15
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	9691	9227
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Analysis of admissible assetsName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1225468	GL	31	12	2007	£000	1
						As at end of this financial year	As at end of the previous year
						1	2

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	9691	9227
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	9691	9227
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1225468	GL	31	12	2007	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	922
	More than one month withdrawal	55	77
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	5585542

Analysis of admissible assetsName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1225468	GL	31	12	2007	£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	1	18
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	2136	613
	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	0	1321
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	278	908
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
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	3337	5588478
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Analysis of admissible assetsName of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1225468	GL	31	12	2007	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	3337	5588478
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	50718	1616
Other asset adjustments (may be negative)	101		1795844
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	54054	7385938
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

Global business

Financial year ended **31 December 2007**Total business/Sub fund **10 Long Term Fund**Units **£000**

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

Mathematical reserves, after distribution of surplus	11		5585830
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	1836	879
Long term insurance business fund carried forward (11 to 13)	14	1836	5586709
Claims outstanding	Gross	15	240
	Reinsurers' share	16	
	Net (15-16)	17	240
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	2
	Reinsurance accepted	32	
	Reinsurance ceded	33	571
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	1252
	Other	38	856
Accruals and deferred income	39	6	92
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	1501	1769
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	3337	5588478

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		25
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		5585492

Total liabilities (11+12+49)	71	1501	5587599
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	50718	1616
Other adjustments to liabilities (may be negative)	74		1795634
Capital and reserves and fund for future appropriations	75	1836	1089
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76	54054	7385938

Liabilities (other than long term insurance business)Name of insurer **Winterthur Pension Funds UK Limited**

Global business

Financial year ended **31 December 2007**

Company registration number	GL/UK/CM	day	month	year	Units	
R15	1225468	GL	31	12	2007	£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	214	74
	Foreseeable dividend	48		
	Other	49		
Accruals and deferred income		51		
Total (19 to 51)		59	214	74
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	214	74

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		
Capital and reserves	84	9477	9152
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	9691	9227

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

Global business

Financial year ended **31 December 2007**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	1225468	GL	31	12	2007	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11					
	Equalisation provisions		12					
Transfer from the long term insurance business revenue account			13				5000	
Investment income	Income		14			464	167	
	Value re-adjustments on investments		15					
	Gains on the realisation of investments		16					
Investment charges	Investment management charges, including interest		17					
	Value re-adjustments on investments		18					
	Loss on the realisation of investments		19					
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			464	5167	
Tax on profit or loss on ordinary activities			31			139	50	
Profit or loss on ordinary activities after tax (29-31)			39			325	5117	
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			325	5117	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59			325	5117	

Long-term insurance business : Revenue account

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	1996463	1698099
Investment income receivable before deduction of tax	12	187669	164656
Increase (decrease) in the value of non-linked assets brought into account	13	118	54
Increase (decrease) in the value of linked assets	14	139050	345062
Other income	15	50	50
Total income	19	2323350	2207920

Expenditure

Claims incurred	21	7894691	1261876
Expenses payable	22	10788	9877
Interest payable before the deduction of tax	23	387	585
Taxation	24	2357	1719
Other expenditure	25		
Transfer to (from) non technical account	26		5000
Total expenditure	29	7908223	1279056

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(5584873)	928865
Fund brought forward	49	5586709	4657845
Fund carried forward (39+49)	59	1836	5586709

Long-term insurance business : Analysis of premiums

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**

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

Gross

Regular premiums	11		256387		256387	238236
Single premiums	12		1972696		1972696	1739939

Reinsurance - external

Regular premiums	13					
Single premiums	14		183940		183940	280041

Reinsurance - intra-group

Regular premiums	15		35		35	36
Single premiums	16		48645		48645	

Net of reinsurance

Regular premiums	17		256352		256352	238200
Single premiums	18		1740111		1740111	1459898

Total

Gross	19		2229083		2229083	1978175
Reinsurance	20		232620		232620	280077
Net	21		1996463		1996463	1698099

Long-term insurance business : Analysis of claims

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**

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

Gross

Death or disability lump sums	11		18459		18459	10486
Disability periodic payments	12					
Surrender or partial surrender	13		7725990		7725990	1167737
Annuity payments	14		131		131	126
Lump sums on maturity	15		150113		150113	83527
Total	16		7894691		7894691	1261876

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41		18459		18459	10486
Disability periodic payments	42					
Surrender or partial surrender	43		7725990		7725990	1167737
Annuity payments	44		131		131	126
Lump sums on maturity	45		150113		150113	83527
Total	46		7894691		7894691	1261876

Long-term insurance business : Analysis of expenses

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12		14	14	17
Management - acquisition	13				
Management - maintenance	14		10774	10774	9847
Management - other	15				13
Total	16		10788	10788	9877

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42		14	14	17
Management - acquisition	43				
Management - maintenance	44		10774	10774	9847
Management - other	45				13
Total	46		10788	10788	9877

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

Total business

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

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11		3111828
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13		2479587
Total assets (excluding cross investment) (11+12+13)	14		5591415
Provision for tax on unrealised capital gains	15		243
Secured and unsecured loans	16		5630
Other liabilities	17		
Total net assets (14-15-16-17)	18		5585542

Directly held linked assets

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

Total

Value of directly held linked assets and units held (18+21)	31		5585542
Surplus units	32		49
Deficit units	33		
Net unit liability (31-32+33)	34		5585492

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

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Value of total creation of units	11	1505846	1571106
Investment income attributable to the funds before deduction of tax	12	168563	153899
Increase (decrease) in the value of investments in the financial year	13	139050	345062
Other income	14		
Total income	19	1813459	2070066

Expenditure

Value of total cancellation of units	21	7341536	1120728
Charges for management	22	55075	16368
Charges in respect of tax on investment income	23	2538	1294
Taxation on realised capital gains	24	(3)	3
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(144)	63
Other expenditure	26		
Total expenditure	29	7399001	1138457

Increase (decrease) in funds in financial year (19-29)	39	(5585542)	931609
Internal linked fund brought forward	49	5585542	4653933
Internal linked funds carried forward (39+49)	59		5585542

Long-term insurance business : Summary of new business

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business
 Financial year ended **31 December 2007**
 Units **£000**

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

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

Regular premium business	11				
Single premium business	12				
Total	13				

**Amount of new regular
premiums**

Direct insurance business	21				
External reinsurance	22				
Intra-group reinsurance	23		76211	76211	89082
Total	24		76211	76211	89082

**Amount of new single
premiums**

Direct insurance business	25				
External reinsurance	26				
Intra-group reinsurance	27		2027031	2027031	1803188
Total	28		2027031	2027031	1803188

Long-term insurance business : Analysis of new business

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business
 Financial year ended **31 December 2007**
 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
800	Additional reserves property linked		76211		2027031

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

Name of insurer **Winterthur Pension Funds UK Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2007**
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	3337	3337	66	1.98	
Total	19	3337	3337	66	1.98	

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 : Summary of mathematical reservesName of insurer **Winterthur Pension Funds UK Limited**Total business / subfund **10 Long Term Fund**Financial year ended **31 December 2007**Units **£000**

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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12		1645	1645	1616
Form 52	13				
Form 53 - linked	14		49034	49034	7381907
Form 53 - non-linked	15		38	38	337
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		50718	50718	7383861

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				1796415
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28				1796415

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32		1645	1645	1616
Form 52	33				
Form 53 - linked	34		49034	49034	
Form 53 - non-linked	35		38	38	
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38		50718	50718	1616

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44				5585492
Form 53 - non-linked	45				337
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48				5585830

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

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance	328	9518	32				235
400	Annuity non-profit (CPA)	84	122					1411

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

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		9518	32				235
400	Annuity non-profit (CPA)		122					1411

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

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	4696	19637	460	40913	37541		37541
735	Group money purchase pensions property linked	686	2433	65	9134	8363		8363
765	Group managed fund	16	3130		3130	3130		3130
795	Miscellaneous property linked		307	6			38	38

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

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked		19637	460	37541	37541		37541
735	Group money purchase pensions property linked		2433	65	8363	8363		8363
765	Group managed fund				3130	3130		3130
790	Miscellaneous protection rider		307	6			38	38

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

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business
 Financial year ended **31 December 2007**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Aberdeen Multi-Asset Fund	14 - individual pension - other managed fund	219365	Aberdeen Multi-Asset Fund (KPMG WL) 0.65%	0.65	1.6100	1.7165	6.62
Baillie Gifford Managed	14 - individual pension - other managed fund	105348	Baillie Gifford Managed (ex NLD) 0.50%	0.50	1.2958	1.4173	9.38
Colonial Pension Managed Fund	12 - individual pension - balanced managed fund	945698	Colonial Rainbow Managed I INV (Ordinary) 1.00%	1.00	16.1685	17.1511	6.08
Colonial Rainbow Equity Fund	11 - individual pension - stock market managed fund	383511	Colonial Rainbow Equity I Inv (Ordinary) 1.00%	1.00	41.7434	44.1107	5.67
Elite Balanced Managed Fund	12 - individual pension - balanced managed fund	234613	Elite Balanced Managed (TS) 1.00%	1.00	1.4446	1.5458	7.00
Elite Cautious Managed Fund	13 - individual pension - defensive managed fund	118998	Elite Cautious Managed (TS) 0.75%	0.75	1.4492	1.5297	5.55
Fidelity European Fund	14 - individual pension - other managed fund	107271	Fidelity European (ex NLD) 1.25%	1.25	5.1697	5.8587	13.33
Invesco Perpetual High Income	15 - individual pension - UK equity	218803	Invesco Perpetual High Income (ex NLD) 1.15%	1.15	4.4382	4.7823	7.75
Norwich Property Trust	17 - individual pension - property	125334	Norwich Property Trust S3 (ex NLD) 1.15%	1.15	1.1606	0.9502	(18.13)
Pension Deposit	14 - individual pension - other managed fund	609488	Pension Deposit S3 0.35%	0.35	1.4516	1.5317	5.52
Pension Fixed Interest	14 - individual pension - other managed fund	120666	Pension Fixed Interest (ex NLD) 0.25%	0.25	7.0136	7.3235	4.42
Schroders Pension Managed	12 - individual pension - balanced managed fund	436583	Schroders Pension Managed (ex NLD) 0.25%	0.25	7.3732	7.9172	7.38

Long-term insurance business : Distribution of surplus

Name of insurer **Winterthur Pension Funds UK Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	1836	5586709
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		5000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1836	5591709
Mathematical reserves	21		5585830
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1836	5879

Composition of surplus

Balance brought forward	31	879	4140
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	957	1740
Total	39	1836	5879

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		5000
Total distributed surplus (46+47)	48		5000
Surplus carried forward	49	1836	879
Total (48+49)	59	1836	5879

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 **Winterthur Pension Funds UK Limited**

Global business

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

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

Insurance death risk capital component

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%				
Classes I (other), II and IX	13	0.15%		0.50		
Classes I (other), II and IX	14	0.3%	9283		14	16
Classes III, VII and VIII	15	0.3%	3395	0.50	5	13
Total	16		12678		19	28

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					
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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%	1645	0.85	14	14
Classes III, VII and VIII (investment risk)	33	1%				3
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%				33
Class IV (other)	36	1%	38	0.85	0	0
Class V	37	1%				
Class VI	38	1%				
Total	39				14	50

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	1645	0.85	42	41
Classes III, VII and VIII (investment risk)	43	3%				9
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%	49034			
Class IV (other)	46	3%	38	0.85	1	1
Class V	47	0%				
Class VI	48	3%				
Total	49		50718		43	51

Long term insurance capital requirement	51				76	130
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WINTERTHUR PENSION FUNDS UK LIMITED

APPENDIX 9.4 - ABSTRACT OF VALUATION REPORT

With effect from 31 December 2007 the business written directly in Winterthur Pension Funds UK Limited is reinsured on a 100% original terms basis to Winterthur Life UK Limited and with effect from the same date, the unit liabilities of unit linked pension business written in Winterthur Life UK Limited is no longer reinsured to Winterthur Pension Funds UK Limited.

Introduction

- 1 (1) The investigation relates to 31 December 2007.
- (2) The previous investigation related to 31 December 2006.
- (3) No interim investigations have been carried out.

Product Range

- 2 All products were closed to new business during 2007, and there were no significant changes to these during 2007.

Discretionary charges and benefits

- 3 (1) The Company has no with-profits business.
- (2) The Company has no reviewable protection policies.
- (3) The Company has no non-profit deposit administration benefits.
- (4) There were no increases to the policy fees on the Rainbow policies. For the Managed Pension Plan the policy fees depend on the individual group scheme. There were no increases in the MPP policy fees during 2007.
- (5) There were no changes to benefit charges on linked policies during 2007.
- (6) Not applicable.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) The Company utilises collective investment funds managed by external managers, where this is the case all investments into these funds receive a full discount on the initial charge quoted by the external manager, the full benefit of this discount is passed on to the policyholder. In respect of discount on management charges, the Company has negotiated rebates between 5 and 105 basis points with the external managers, in some cases, part of this rebate is retained by the Company as additional margin with the policyholder benefiting from the remainder of the rebate.

Valuation basis (other than for special reserves)

- 4 (1) The reserve for each unit linked contract is the value of the units allocated (valued using the net asset value valuation price). The absolute minimum liability at any point in time is the surrender value of the policy.

The gross premium valuation method has been used to value all regular premium non-linked without profit contracts. For paid up and single premium non-linked contracts a gross premium valuation method has been used, with an explicit expense reserve

- (2) The valuation interest rates at end 2007 and end 2006 were:

	End 2007	End 2006
Annuities in Payment	4.55%	4.10%

- (3) There are no holdings of equity shares, property or other fixed interest securities.
- (4) The mortality bases used at end 2006 was:

	End 2007	End 2006
Unit Linked Pensions		
- Male	(1)	100% AM92 ult
- Female	(1)	100% AF92 ult
- Funding	(1)	75% AM80
Annuities in Payment		
- Male	100% PMA92 mc ^{(3) (6)}	100% PMA92 mc ^{(2) (5)}
- Female	100% PFA92 75% mc ^{(4) (6)}	100% PFA92 sc ^{(2) (5)}

Notes:

- (1) End 2007 assumptions are not required as reserves are reinsured to Winterthur Life UK Limited on a 100% original terms basis.
- (2) A minimum improvement rate of 1% p.a. assumed (for males and females)
- (3) A minimum improvement rate of 1.7% p.a. assumed
- (4) A minimum improvement rate of 1.5% p.a. assumed. 75% mc applied from 2004 onwards.
- (5) At end 2006 U=2007 was used for all immediate annuities in payment
- (6) At end 2007 U=2008 was used for all immediate annuities in payment

- (5) Not applicable.

- (6) The expense bases used at end 2007 and end 2006 was:

	End 2007		End 2006	
	Premium Paying	Non-Premium Paying	Premium Paying	Non-Premium Paying
UL regular premium pension	(1)	(1)	31.36	15.68
UL single premium pension		(1)		15.68
Annuity		33.12		31.85

Notes:

- (1) End 2007 assumptions are not required as reserves are reinsured to Winterthur Life UK Limited on a 100% original terms basis.
- (7) Not applicable.

- (8) The Company has no with-profits business.
- (9) The valuation makes no allowance for any future lapses, surrenders or conversions to paid-up status.
- (10) No other material assumptions were made.
- (11) No derivative contracts are held.
- (12) No changes have been made to the valuation methodology at end 2007 in respect of the changes to INSPRU valuation rules effective from 31 December 2006.

Options and guarantees

- 5 (1) There are no guaranteed annuity options:
 - (2) There are no guaranteed surrender or unit-linked maturity values
 - (3) There are no guaranteed insurability options
 - (4) There are no other guarantees or options.

Expense reserves

- 6 (1) No expense margins arise in the Company.
 - (2) There are no implicit allowances.
 - (3) The maintenance expenses shown at line 14 of Form 43 amount to £10.774 million. Included in this total is £9.441 million in respect of external investment expenses on unit-linked business which arises on business reinsured in, and the costs of which are passed back to the ceding company. Also included is £1.333 million of investment expenses in relation to SIPPs, the costs of which are passed fully to the policyholders.
 - (4) No reserve is held as no new business is being written.
 - (5) No maintenance expense overrun reserve is held.
 - (6) Not applicable

Mismatching reserves

- 7 (1) The mathematical reserves (other than liabilities for property linked benefits) are all denominated in sterling. The corresponding matching assets are also all denominated in sterling.
 - (2) Not applicable
 - (3) No reserve is held in respect of currency mismatching, as all the assets and liabilities are denominated in sterling.
 - (4) The non-linked long-term assets of the Company consist solely of short-term debtors. Therefore no scenarios of future changes in the value of assets have been tested.

- (5) Not appropriate as there are no assets invested outside the United Kingdom.
- (6) In respect of the scenarios described under 7(4) and 7(5):
- a) The amount of the resilience capital requirement was nil.
 - b) There was no change to the aggregate amount of long-term insurance liabilities.
 - c) There was no change to the aggregate amount of assets allocated to match the liabilities.
- (7) The expected incidence of asset and liability cash flows is such that a specific reserve in respect of cash flow mismatching is not required, as per the test on assets in INSPRU 1.2.34R(2).

Other special reserves

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

Reinsurance

- 9 (1) There has been no reinsurance ceded on a facultative basis to any reinsurer who is not authorised to carry on insurance business in the United Kingdom at any time during the period since the date to which the last investigation related.
- (2) The Company was the cedant under the following reinsurance arrangements.

Winterthur Life UK Limited

Name of Reinsurer	Winterthur Life UK Limited
Nature and extent of cover	The treaty provides reinsurance cover on a 100% original terms basis for all unit-linked business directly written by the Company.
Premiums payable	The premium payable by the Company under this treaty during the period of investigation was £49.034 million.
Amount deposited back	None
Open/Closed to new business	The treaty is open to new business.
Amount of any undischarged obligation of the insurer	There is no undischarged obligation
Amount of mathematical reserves ceded	At end 2007 the total mathematical reserves ceded were £49.034 million.
Retention by the insurer for new policies being reinsured	No liability is retained by the Company.

Notes

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

Winterthur Life UK Limited

Name of Reinsurer	Winterthur Life UK Limited
Nature and extent of cover	The treaty provides reinsurance cover on a 100% original terms basis for all annuity business directly written by the Company.
Premiums payable	No premium was payable by the Company under this treaty during the period of investigation.
Amount deposited back	None
Open/Closed to new business	The treaty is open to new business.
Amount of any undischarged obligation of the insurer	There is no undischarged obligation
Amount of mathematical reserves ceded	At end 2007 the total mathematical reserves ceded were £1.411 million.
Retention by the insurer for new policies being reinsured	No liability is retained by the Company.

Notes

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

Reversionary (or annual) bonus

10 The Company has no with-profits business.

Name of Insurer **Winterthur Pension Funds UK Limited**

NOTES TO THE RETURN

Financial year ended 31 December 2007

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

None.

***0204* Reassurance arrangements**

At 31 December 2007, the reassurance arrangements between the Company and Winterthur Life UK Limited were amended.

The reassurance from Winterthur Life UK Limited was terminated. At the same date the reassurance of the Company's direct insurance business to Winterthur Life UK Limited was increased to cover all of the Company's direct insurance business so that the Company now has no net actuarial liabilities. The liabilities were passed to Winterthur Life UK Limited with an appropriate transfer of assets, leaving the Company with a small amount of net current assets and liabilities.

***0301* Reconciliation of net admissible assets**

	£'000
Form 13 line 89 (other than long-term business)	9,691
Form 13 line 89 (long-term business)	3,337
less Form 14 line 11	-
Form 14 line 12	-
Form 14 line 49	(1,501)
Form 15 line 69	(214)
	<hr/>
Net admissible assets	11,313
Capital resources treated as a liability in Form 14 or 15	-
Capital resources that arise as a result of a waiver	-
Other items	-
	<hr/>
Total capital resources after deductions	11,313

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

None.

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

Not applicable.

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

None.

***0305* Financing arrangements**

None.

***0306* Financial reinsurance ceded**

None.

***0307* Financial reinsurance accepted**

None.

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

None.

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

None.

***0310* Valuation differences**

None.

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

None.

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

None.

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

	As at the end of this financial year	As at the end of the previous financial year
	£'000	£'000
Profit and loss account and other reserves (Form 3 line 12)	8,688	7,616
less Profit and loss account and other reserves as at the end of the previous financial year	<u>(7,616)</u>	<u>(7,427)</u>
Increase in profit and loss account and other reserves for the financial year	1,072	189
less Profit arising in the long-term fund in the financial year	(747)	(72)
add Transfer from long-term fund to shareholder fund	<u>-</u>	<u>5,000</u>
Profit or loss retained for the financial year (Form 16 line 59)	<u>325</u>	<u>5,117</u>

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

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

As at 31 December 2007 the Company held no units or other beneficial interests in collective investment schemes which were not UCITs or authorised under the Financial Services and Markets Act 2000.

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

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

The Company held no hybrid securities at 31 December 2007.

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

Not applicable.

***1304* Use of set off (OLTB)**

Amounts due to any person have been set off against amounts due from that person to the extent permitted by generally accepted accounting principles.

***1305* Counterparty limits (OLTB)**

The investment guidelines operated by the Company limited the overall exposure to any one counterparty through the investment in bonds to 2.5% of the long-term insurance business amount, except in the case of AAA approved securities where the limit is 7.5% and AAA government guaranteed bonds where there is no limit.

The guidelines for cash and fixed income securities were amended from 1 October 2007. The maximum exposure to a single counterparty depends on the rating of the counterparty by AXA Investment Managers UK Limited. The maximum exposure is calculated by multiplying the relevant credit rating limit expressed as a percentage by the portfolio base. The minimum rating is AA-.

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

AXA rating	Corporate	Supra national and government related	Non domestic sovereign	Domestic sovereign
AAA	4.0%			
AA+	3.3%	No limit	No limit	No limit
AA	3.0%			
AA-	2.5%			

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

There were no investments in equities during the year.

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

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

There is no exposure to counterparties in excess of 5% of the base capital resources requirement and the long-term insurance liabilities excluding property linked liabilities and net of reinsurance ceded for assets subject to the counterparty exposure rules.

***1307* Fully secured rights (OLTB)**

None.

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

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

As at 31 December 2007 the Company held no units or other beneficial interests in collective investment schemes which were not UCITs or authorised under the Financial Services and Markets Act 2000.

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

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

The Company did not hold any hybrid securities at 31 December 2007.

***1310* Use of set off (LTB)**

Amounts due to any person have been set off against amounts due from that person to the extent permitted by generally accepted accounting principles.

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

None.

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

The Company's exposure to counterparties in excess of 5% of the base capital resources requirement and the long-term insurance liabilities excluding property linked liabilities and net of reinsurance ceded for assets subject to the counterparty exposure rules were:

	£'000
NatWest Bank	278

***1313* Fully secured rights (LTB)**

None.

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

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

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

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

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

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

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

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

***1318* Details of other asset adjustments**

None.

***1319* Counterparty limits (LTB)**

The investment guidelines operated by the Company limited the overall exposure to any one counterparty through the investment in bonds to 2.5% of the long-term insurance business amount, except in the case of AAA approved securities where the limit is 7.5% and AAA government guaranteed bonds where there is no limit.

The guidelines for cash and fixed income securities were amended from 1 October 2007. The maximum exposure to a single counterparty depends on the rating of the counterparty by AXA Investment Managers UK Limited. The maximum exposure is calculated by multiplying the

relevant credit rating limit expressed as a percentage by the portfolio base. The maximum exposure to A+ and below rated bonds is 15%.

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

AXA rating	Corporate	Supra national and government related	Non domestic sovereign	Domestic sovereign
AAA	4.0%			
AA+	3.3%	No limit	No limit	
AA	3.0%			
AA-	2.5%			
A+	2.0%	2.0%	2.0%	No limit
A	1.6%	1.6%	1.6%	
A-	1.2%	1.2%	1.2%	
BBB+	1.0%	1.0%	1.0%	
BBB	0.7%	0.7%	0.7%	
BBB-	0.4%	0.4%	0.4%	

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

There were no investments in equities during the year.

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

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

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

***1402* Liabilities**

a) Charges on assets

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

b) Capital gains tax liability

There is no potential liability to taxation on capital gains in the event of the disposal of the Company's assets at market value.

c) Contingent liabilities

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

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

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

e) Fundamental uncertainties

There were none at 31 December 2007.

***1403* Deficit in a regulated related undertaking**

None.

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

None.

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

None.

***1411* Differences on brought forward amounts**

None.

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

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

***1502* Liabilities**

a) Charges on assets

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

b) Capital gains tax liability

There is no potential liability to taxation on capital gains in the event of the disposal of the Company's assets at market value.

c) Contingent liabilities

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

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

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

e) Fundamental uncertainties

There were none at 31 December 2007.

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

None.

***1504* Deficit in a regulated related undertaking**

None.

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

None.

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

None.

***1511* Differences on brought forward amounts**

None.

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

Foreign currency transactions are translated into sterling using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the revenue account.

***1602* Restatement of amounts arising from currency conversion**

None.

***1603* Other income and charges**

None.

***1604* Extraordinary profit and loss**

None.

***1611* Differences on brought forward amounts**

None.

***1700* Analysis of derivative contracts**

This Form has not been completed, as all entries would be nil.

***1701* Variation margins**

None.

***1702* Quasi derivatives**

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

There were no quasi derivative liabilities at 31 December 2007.

***4001* Brought forward amounts**

All brought forward amounts agree to the carried forward amounts shown in the previous return.

***4002* Other income and expenditure**

Other income was a management charge of £50,000 due from Winterthur Life UK Limited.

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

None.

***4004* Transfer of reserves**

None.

***4005* Basis of foreign currency conversion**

See Note 1601.

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

There was only one long-term fund in the Company.

***4008* Provision of management services**

Winterthur Financial Services UK Limited, a wholly owned subsidiary of Winterthur Financial Services UK Holdings Limited, provided management services to the Company in accordance with management agreements between the companies.

Winterthur Financial Services UK Limited carried out the day to day administration and operations on behalf of the Company.

AXA Investment Managers UK Limited, a fellow group undertaking, provided investment management services to the Company.

***4009* Material connected party transactions**

Material transactions with Winterthur Life UK Limited, a fellow subsidiary undertaking, were:

	£000
Reassurance premiums received	2,228,431
Reassurance premiums paid	48,680
Reassurance claims incurred	9,944,107

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

None.

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

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

***4402* Derivatives contracts**

The aggregate value of rights and of liabilities was nil.

***4403* Netting of variation margins**

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

***4404* Surplus units**

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

***4405* Negative liquidity**

- a) There are no funds whose net asset value is greater than £10m and where there is negative liquidity exceeding 5% of the net asset value of the fund.
- b) There are no funds whose net asset value is greater than £500,000 and there is negative liquidity exceeding 50% of the net asset value of the fund.

***4501* Brought forward amounts**

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

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

Other income and other expenditure are nil.

***4701* Number of New Group Schemes**

There were no new group schemes.

***4801* With-profits business that falls under paragraph 1b) of the definition of with-profits fund**

Not applicable as no with-profits business.

***4802* Income in default**

No income is in default in respect of any assets dealt with on Form 48.

***4803* Redemption Period**

Not applicable

***4804* Yield on other assets compared to risk adjusted yield**

Not applicable. The yield in column 4 of lines 18 or 28 is not significantly different to yield determined in accordance with INSPRU 3.1.34R(2).

***4805* Reconciliation with Form 13 Line 87**

There is no entry in Form 13 Line 87.

***4806* Assets used to calculate Investment Returns**

Not applicable

***5801* Details of special provisions for cost of interim, mortuary or terminal bonuses on future claims**

Not applicable

***5802* Further information on line 14 or line 33 if contain more than one transaction**

Not applicable

***6001* Additional information on Class IV business if no Forms 11 and 12**

Not applicable

***6002* Additional information on insurance health risk capital if no Forms 11 and 12**

Not applicable

Name of Insurer **Winterthur Pension Funds UK Limited**

ADDITIONAL INFORMATION REGARDING DERIVATIVE CONTRACTS AS REQUIRED BY THE INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS RULE 9.29

Financial year ended 31 December 2007

- a) The following guidelines govern the use by the Company of derivative contracts:
- Agreement is required from the Investment Committee for any direct exposure to derivatives.
 - For the unit linked Winterthur Pensions Managed Fund the investment manager, Schroder Investment Management Limited, has authority to use futures and currency forwards only for the purposes of:
 - a) The efficient implementation of asset allocation changes and the management of cashflows.
 - b) Managing the exchange rate risk associated with investments denominated in currencies other than the base currency of the Fund.
 - Within guidelines set out in the investment management agreement governing the management of the Winterthur Pensions Managed Fund, asset allocation decisions are taken by the investment manager with consideration of Economic Exposure, being the total exposure to the underlying markets, whether through derivatives or physical securities.
 - The responsibility for the administration of investments lies with the Finance Department so as, amongst other things, to ensure that the use of derivatives is monitored independently and any unauthorised use is immediately recognised.
 - At all times the distribution of assets must be within the ranges specified in the investment management agreement when derivatives are taken into account. For forward contracts the test is on the basis that the contracts are settled.
- b) The Company's investment guidelines, as noted above, allow, amongst other things, for the use of derivatives in order to protect the Company's solvency position. Such contracts may involve rights or obligations to acquire or dispose of assets which were not, at the time the contract was entered into, reasonably likely to be exercised.
- c) During the financial year the Company was not party to derivative or quasi derivative contracts of the kind described in (b);
- d) There were no derivative contracts outstanding at 31 December 2007 which it would have been prudent to assume would be exercised.
- e) No derivative assets were held at 31 December 2007.
- f) There would have been no change to the amounts in Form 13 for long term business during the financial year if derivative contracts had been exercised.
- g) The maximum loss which would be incurred by the Company on the failure by any one other person to fulfil its obligations under derivative contracts during the financial year and at the end of the financial year was nil;
- h) No derivatives were held during the financial year which did not meet the requirements of an approved derivative contract or did not meet the definition of a permitted derivative contract.

- i) No consideration was received during the financial year in return for granting rights under derivative contracts.

Name of Insurer **Winterthur Pension Funds UK Limited**

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

Financial year ending 31 December 2007

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

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

RETURNS UNDER THE INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS

WINTERTHUR PENSION FUNDS UK LIMITED

Financial year ended 31 December 2007

Directors Certificate required by Rule 9.34 of the Accounts and Statement Rules

We certify that:

1. (a) The return has been properly prepared in accordance with the requirements in IPRU (INS), GENPRU and INSPRU;
- (b) The directors are satisfied that:
 - (i) Throughout 2007, the Company has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU (INS), GENPRU and INSPRU: and
 - (ii) It is reasonable to believe that the Company has continued so to comply subsequently, and will continue to do so in future.
2. (a) In the directors' opinion, premiums for contracts entered into during 2007 and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (b) The sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at 31 December 2007 for the long-term insurance business 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 31 December 2007 into the financial condition of the long-term insurance business;
- (c) -
- (d) The directors have, in preparing the return, taken and paid due regard to:
 - (i) Advice in preparing the return from every actuary appointed by the Company to perform the actuarial function in accordance with SUP 4.3.13R.

Chief Executive Officer

Director

Director

March 2008

Name of Insurer **Winterthur Pension Funds UK Limited**

REPORT TO THE DIRECTORS PURSUANT TO RULE 9.35 OF THE INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS

Financial year ended 31 December 2007

We have examined 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 Insurance Prudential Sourcebook, ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 16, 40 to 45, 48, 58 and 60, (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 on page 510 and 511 ("the Statement"); and
- the valuation report required by IPRU(INS) rule 9.31(a) ("the valuation report") on pages 100 to 104; and

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

- Forms 46 to 47, 50 to 55 (including the supplementary notes) on pages 23 to 24 and 26 to 31;
- the statement required by IPRU(INS) rules 9.30 on page 512; and
- the certificate required by IPRU(INS) rule 9.34 on page 600 ("the certificate").

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return including the Forms, the Statement, the valuation report, the forms and statements not examined by us and the certificate under the provisions of the Rules.

Under IPRU(INS) rule 9.11 the Forms, the Statement, the valuation report, the forms and statements not examined by us and the certificate are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with IPRU(INS) rule 9.31 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 opinions to you. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information we require for our examination. This report has been prepared for the directors of Winterthur Pension Funds UK Limited to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the Statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms, the Statement and the valuation report.

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

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

Opinion

In our opinion:

- i) the Forms, the Statement and the valuation report fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with IPRU(INS) rule 9.31 appropriately reflect the requirements of INSPRU 1.2.

PricewaterhouseCoopers LLP
Registered Auditors
London

March 2008

RETURNS UNDER THE INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS

WINTERTHUR PENSION FUNDS UK LIMITED

Financial year ended 31 December 2007

NOTES TO THE CERTIFICATES

Paragraph 2 (c) on the Directors certificate has been left blank as there is no With-Profits Business in Winterthur Pension Funds UK Limited and therefore no Principles and Practices of Financial Management is required.