

Appendix 2: Capital Charges applying to *Discretionary* and *Participation* Business

The current capital charges (expressed as an annual rate on average policyholder funds) that apply to *discretionary* and *participation* business are given below.

Business	Capital charge
Absolute Growth Portfolio (100% guarantee option)	2.7%
Absolute Growth Portfolio (80% guarantee option)	0.7%
Absolute Growth Portfolio (50% guarantee option)	0.2%
Core Growth Portfolio (100% guarantee option)	1.8%
Core Growth Portfolio (90% guarantee option)	0.8%
Group <i>With-profit Annuities</i> : OptiPlus	Varying from 1% for 3.5% ARI to 1.3% for 5.0% ARI
Group <i>With-profit Annuities</i> : OptiSelect	1.5%
Conventional <i>Reversionary Bonus</i> business	0.875%
Flexi <i>Smoothed Bonus</i> business	0.875%
Flexi <i>Performance Profits</i> Balanced Portfolio	0.75%
Flexi <i>Performance Profits</i> Stable Fund	0.75%
Flexi <i>Performance Profits</i> World Wide Equity Portfolio	0.625%
Retail Affluent Market New Generation <i>Smoothed Bonus</i> business	0.85% (guarantee charge)
Retail Mass Market Savings business (sold prior to 1 July 2005)	0.75%
Retail Mass Market Savings business (sold since 1 July 2005)	0.25%
2-IN-ONE SAVINGS business (Long Term Pocket)	0.25%
FutureInvest Savings business	0.25%