

Bulletin

for Combined Nuclear Pension Plan

A quarterly update on your pension fund investments

M&G funds:

- › Index-Linked Passive
- › Cash
- › Retirement Protection

BGI Aquila funds:

- › 50:50 Global Equity Index
- › UK Equity Index
- › World (ex-UK) Index

Prudential funds:

- › With-Profits

Quarter 2 2008



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PRUDENTIAL



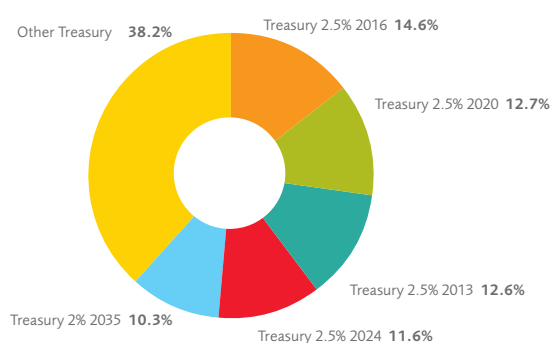
Prudential Index-Linked Passive fund (series 3)



Fund description

The Fund invests in British Government index-linked gilts with over five years to go until maturity. The Fund is passively managed tracking movements in its benchmark FTSE British Government Over 5 Years Index-Linked All Stocks Index. Tracking this index is achieved by fully replicating the small number of stocks in the Index.

Fund breakdown



Duration



Key facts

Underlying fund size	£186m
Number of holdings	12
Underlying fund launch date	04/02/1998
Portfolio Manager	David Lloyd
Benchmark	FTSE British Government Over 5 Years Index-Linked All-Stocks Index
Investment Style	Passive
Sedol code (series 3)	3282441
Performance Objective	To match the performance of the benchmark as closely as possible.

Commentary

Index-linked bonds produced relatively strong returns, outperforming conventional government bonds, and were popular among investors seeking protection from rising prices.

Despite the threat of higher inflation, policy makers voted 8-1 to keep interest rates at 5% in June as growth is slowing, consumer confidence is weakening and house prices are falling sharply.

Lower liquidity in the market caused the spread between the bid and offer price to widen, which contributed positively to the fund's performance.

Source: M&G
All figures are as at 30 June 2008, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of June

	30/06/07 to 30/06/08	30/06/06 to 30/06/07	30/06/05 to 30/06/06	30/06/04 to 30/06/05	30/06/03 to 30/06/04
Index-Linked Passive fund series 3	17.8	1.6	3.6	11.0	3.4
Benchmark	17.2	1.5	3.5	10.8	3.3

Past performance of the fund to 30 June 2008

	Quarter	1 Year*	3 Years*	5 Years*
Index-Linked Passive fund series 3	1.5	17.8	7.4	7.3
Benchmark	1.2	17.2	7.2	7.1

Source: Prudential. * annualised

Based on percentage change in unit price. It is important to remember that past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up and the fund value at retirement may be less than the payments you have made.

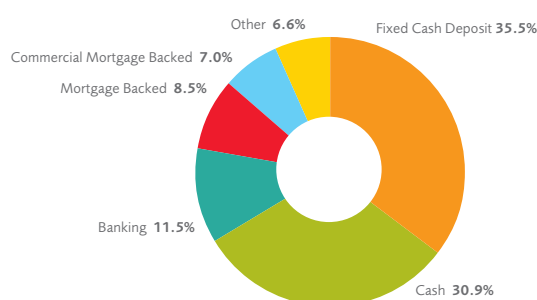
Prudential Cash fund (series 3)



Fund description

The fund invests in both high quality Floating Rate Notes (FRNs) and short-term deposits. The fund is actively managed with the aim of beating its benchmark of the London Interbank 7 Day Deposit Rate. The financial instruments held in the fund are issued by well known banks and leading financial institutions.

Fund breakdown



Key facts

Underlying fund size	£255m
Number of holdings	82
Underlying fund launch date	28/04/1982
Portfolio Manager	Claire Bews
Benchmark	LIBID 7 Day Deposit Rate
Investment Style	Prudent active
Sedol code (series 3)	3168110
Performance Objective	To outperform the investment benchmark on a consistent basis

Top 10 cash instruments

	%
1 Intesa San Paolo CD 5.45% 04/07/2008	7.9
2 Barclays Bank CD 5.41% 07/07/2008	7.9
3 Lloyds Bank CD 5.45% 14/07/2008	7.9
4 ING Bank CD 5.42% 07/07/2008	3.9
5 Royal Bank of Scotland CD 5.44% 14/07/2008	3.9
6 ING Bank CD 5.42% 28/07/2008	3.9
7 Epic (Barchester) FRN 09/2031	0.9
8 Nationwide Building Society FRN 06/2010	0.9
9 Spoleto Mortgages FRN 02/2035	0.8
10 Citigroup FRN 03/2009	0.8

Commentary

The interbank lending rate fell due largely to the cut in the Bank of England's base rate at the beginning of April.

The fund performed broadly in line with its benchmark. A high weighting in both financial and asset-backed floating rate notes (FRNs) proved beneficial as investor appetite improved for slightly riskier assets following the rescue of Bear Stearns in the US.

The manager increased the fund's weighting in FRNs over the quarter, to a higher-than-average 35% from around 32%.

The manager expects FRNs to continue to offer good value. These instruments should also allow the fund to take advantage of the ongoing volatility in the credit market.

Source: M&G
All figures are as at 30 June 2008, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of June

	30/06/07 to 30/06/08	30/06/06 to 30/06/07	30/06/05 to 30/06/06	30/06/04 to 30/06/05	30/06/03 to 30/06/04
Cash fund series 3	5.4	5.4	4.6	5.3	4.6
Benchmark	5.7	5.2	4.6	4.8	3.8

Past performance of the fund to 30 June 2008

	Quarter	1 Year*	3 Years*	5 Years*
Cash fund series 3	1.2	5.4	5.1	5.1
Benchmark	1.3	5.7	5.2	4.9

Prudential Retirement Protection fund (series 3)



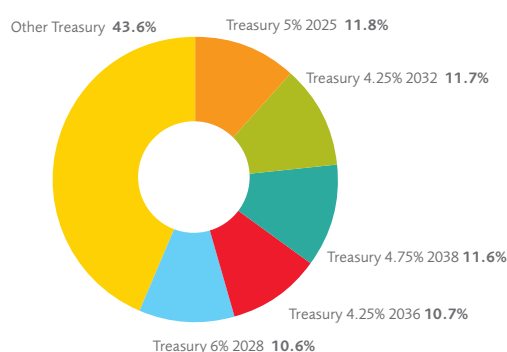
Fund description

The fund invests in British Government Gilts with over 15 years to maturity. The fund is passively managed tracking movements in its benchmark FTSE British Government Over 15 Years Gilt Index. Tracking this index is achieved by fully replicating the small number of stocks in the Index.

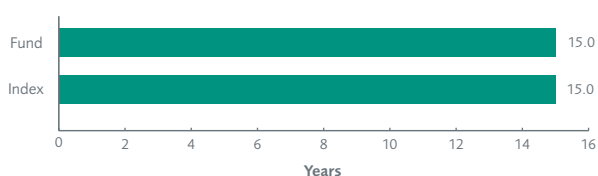
Key facts

Underlying fund size	£358m
Number of holdings	10
Underlying fund launch date	05/04/1994
Portfolio Manager	David Lloyd
Benchmark	FTSE British Government Over 15 Years Gilt Index
Investment Style	Passive
Sedol code (series 3)	3169425
Performance Objective	To match the performance of the benchmark as closely as possible.

Fund breakdown



Duration



Commentary

Returns on UK government bonds (gilts) declined as yields rose on the back of rising inflation numbers that prompted bond investors to expect no further interest rate cuts this year.

Demand for gilts recovered as investors sold out of equities again on concerns over the deteriorating health of the financial sector. Receding fears of an interest rate rise also helped lift demand.

Despite the threat of higher inflation, policy makers voted 8-1 to keep interest rates at 5% in June as growth is slowing, consumer confidence is weakening and house prices are falling sharply.

Lower liquidity in the market caused the spread between the bid and offer price to widen, which contributed positively to the fund's performance.

Source: M&G
All figures are as at 30 June 2008, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of June

	30/06/07 to 30/06/08	30/06/06 to 30/06/07	30/06/05 to 30/06/06	30/06/04 to 30/06/05	30/06/03 to 30/06/04
Retirement Protection fund series 3	6.3	-3.2	0.9	14.5	0.0
Benchmark	6.0	-3.3	1.0	14.4	-0.1

Past performance of the fund to 30 June 2008

	Quarter	1 Year*	3 Years*	5 Years*
Retirement Protection fund series 3	-3.8	6.3	1.3	3.5
Benchmark	-4.0	6.0	1.2	3.4

Source: Prudential. *annualised

Based on percentage change in unit price. It is important to remember that past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up and the fund value at retirement may be less than the payments you have made.

Prudential With-Profits fund

This document is not a financial promotion and is designed for trustees and advisers to use to help members understand how their fund is performing. If you are an occupational pension scheme member and need further clarity on this information please speak to your adviser.

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Fund description

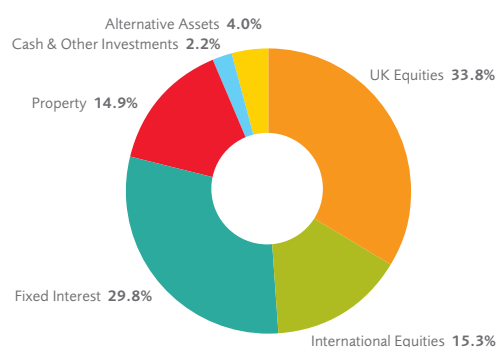
The Fund offers the prospect of competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements. Investment returns are passed to policyholders through bonuses. The Fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. A significant proportion of the Fund is invested in shares and property which can be expected to produce attractive long-term returns, but the return on these assets can be volatile and so the Fund is actively managed to optimise the returns while controlling risk.

Key facts

Fund size	£67.5 billion as at 30 June 2008
Solvency Rating*	AA+
Portfolio Manager	Martin Brookes
Investment Style	Prudent Active
Performance Objective	To offer competitive long term returns.

* Standard & Poors as at September 2007

Fund breakdown



As at 30.06.08
Asset mix is likely to vary in future

Commentary

Market commentary

Concerns about the credit crisis and the possibility of a global recession were exacerbated by speculation that rising inflation will force central banks to raise interest rates.

In the US, GDP growth data for the first quarter was better than expected and was taken to suggest an improved outlook for the economy. However, consumer prices in the US, Europe and then UK were higher than forecast in May due largely to record energy prices.

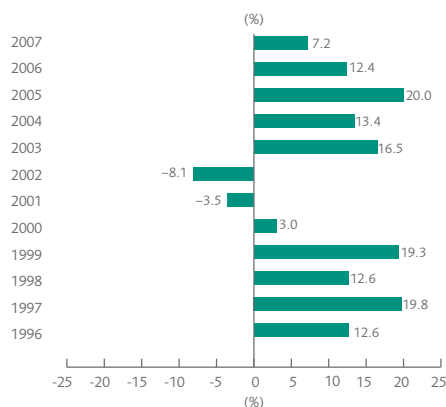
Investment strategy

We reduced the size of the fund's share holdings in Asia and Latin America, and increased our holdings in the US. We also invested in a number of higher risk loans to companies as distress in the banking system created some attractive opportunities. Generally we think the time is right to start increasing credit risk in the fund.

Performance

The fund fell over the quarter due largely to negative returns from both equities and bonds.

Underlying investment returns



Source: Prudential, for years to 31st December.
Figures shown are attributable to pensions business.
Past performance is not a reliable indicator of future performance.

Performance

Bonus Series	1 Year	3 Years*	5 Years*	10 Years*
UnitisedL With-Profits Returns	6.75	8.15	9.75	6.95
UnitisedN With-Profits Returns	6.75	8.15	9.70	6.80
Cash Accumulation MPP With-Profits Returns	6.75	8.15	9.75	6.95
Cash Accumulation AVC With-Profits Returns	6.75	8.15	9.70	6.75

Source: Prudential. *annualised.

For investments in Prudential's With-Profits Fund, the rate of growth over a period will, in general, depend on when the contribution was paid. For the unitised returns shown, it is assumed that the contribution was invested after any explicit charges on the 6th October 1, 3, 5 or 10 years ago and realised on or after 6th April 2008 to secure benefits at normal retirement age. For the Cash Accumulation returns shown, it is assumed that 1, 3, 5 or 10 scheme revision dates ending after 15th March have passed since the contribution was invested.

Past performance is not a reliable indicator of future performance. The value of an investment is not guaranteed, it may go down as well as up, and the fund value in future may be less than the payments you have made.

The table on page 2 provides an outline of which bonus series returns relate to which contract. Further details regarding the performance figures are also given over the page.

Prudential BGI Aquila

(50:50) Global Equity Index fund (series 3)

BARCLAYS GLOBAL INVESTORS

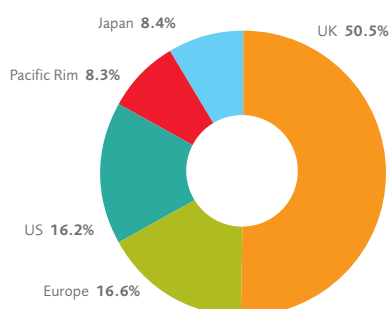
Fund description

The fund invests in both the UK and overseas equity markets. Looking to achieve low tracking error versus the index benchmark, the fund has approximately 50% invested in the shares of UK companies and the remaining 50% invested in the shares of overseas companies, split between the US, Europe ex-UK, Japan and Pacific Rim.

Key facts

Underlying fund size	£3,340m
Number of holdings	5
Underlying fund launch date	31/07/2002
Portfolio Manager	Team Approach
Benchmark	Composite Benchmark
Investment Style	Passive
Sedol code (series 3)	B08ZTM1
Performance Objective	To replicate the performance of its objective

Fund breakdown



Top holdings

	%
1 BGI Aquila Life UK Equity Index fund	50.5
2 BGI Aquila Life European Equity Index fund	16.6
3 BGI Aquila Life US Equity Index fund	16.2
4 BGI Aquila Life Japanese Equity Index fund	8.4
5 BGI Aquila Life Pacific Rim Equity Index fund	8.3

Commentary

The Aquila Life (50:50) Global Equity fund invests in UK and overseas stock markets.

The fund has approximately 50% invested in UK shares and 50% in overseas shares, split between the US, Europe ex-UK, Japan and Pacific Rim.

The fund aims to provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.

To keep the fund in line with its benchmark weights, the fund is reviewed daily and rebalanced when necessary

Source: BGI
All figures are as at 30 June 2008, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of June

	30/06/07 to 30/06/08	30/06/06 to 30/06/07	30/06/05 to 30/06/06	30/06/04 to 30/06/05	30/06/03 to 30/06/04
50:50 Global Equity Index fund series 3	-10.7	18.0	-	-	-
Benchmark	-10.8	17.7	-	-	-

Past performance of the fund to 30 June 2008

	Quarter	1 Year*	3 Years*	5 Years*
50:50 Global Equity Index fund series 3	-1.8	-10.7	-	-
Benchmark	-1.8	-10.8	-	-

Source: Prudential and BGI. * annualised

Based on percentage change in unit price. It is important to remember that past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up and the fund value at retirement may be less than the payments you have made.

Prudential BGI Aquila

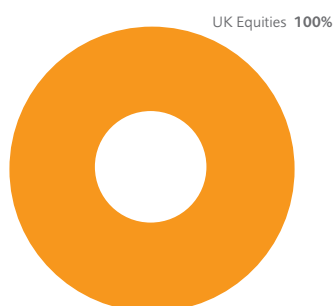
UK Equity Index fund (series 3)

BARCLAYS GLOBAL INVESTORS

Fund description

This fund is passively managed and invests in the shares of UK companies aiming to achieve a return that is consistent with the return of the Index. The benchmark is the FTSE All-Share Index. Tracking is achieved by full replication of the Index.

Fund breakdown



Key facts

Underlying fund size	£18,634m
Number of holdings	666
Underlying fund launch date	01/09/1994
Portfolio Manager	Team Approach
Benchmark	FTSE All-Share Index
Investment Style	Passive
Sedol code (series 3)	B08ZTQ5
Performance Objective	To replicate the performance of its benchmark

Top holdings

	%
1 BP	7.0
2 HSBC	5.9
3 Vodafone	5.0
4 Royal Dutch Shell 'A'	4.7
5 Rio Tinto	3.8
6 GlaxoSmithKline	3.8
7 Royal Dutch Shell 'B'	3.6
8 Anglo American	3.0
9 BG	2.8
10 BHP Billiton	2.7

Commentary

Of the eight new additions to the FTSE All-Share Index this quarter, BH Macro, Heritage Oil, Mecom Group and Domino's Pizza went straight in to the FTSE 250 Index. Styles & Wood and Land of Leather both left the FTSE All-Share.

We saw a further implementation of the cumulative 1% changes to shares in issue rule. In total 108 UK stocks were affected, notably reductions in GlaxoSmithKline and Royal Dutch Shell A shares and increases in Standard Chartered and Aquarius Platinum.

A cash acquisition of Scottish & Newcastle by Sunrise Acquisitions took place, for £8 a share.

Several companies issued new shares via rights issues. The fund took up its rights entitlement in Imperial Tobacco, Johnston Press and Imperial Energy.

Source: BGI
All figures are as at 30 June 2008, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of June

	30/06/07 to 30/06/08	30/06/06 to 30/06/07	30/06/05 to 30/06/06	30/06/04 to 30/06/05	30/06/03 to 30/06/04
UK Equity Index fund series 3	-13.0	18.5	19.7	18.7	18.1
Benchmark	-13.0	18.4	19.7	18.8	16.9

Past performance of the fund to 30 June 2008

	Quarter	1 Year*	3 Years*	5 Years*
UK Equity Index fund series 3	-1.4	-13.0	7.3	11.6
Benchmark	-1.4	-13.0	7.2	11.3

Source: Prudential and BGI. * annualised

Based on percentage change in unit price. It is important to remember that past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up and the fund value at retirement may be less than the payments you have made.

Prudential BGI Aquila

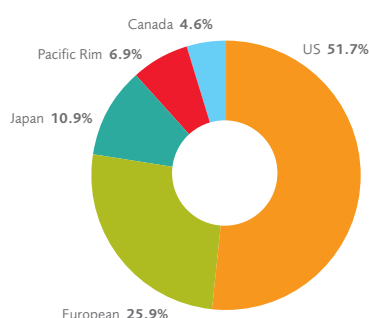
World ex-UK Index fund (series 3)

BARCLAYS GLOBAL INVESTORS

Fund description

The fund invests in shares of overseas companies according to the market capitalisation weights of the FTSE All-World Developed ex-UK Index. Within each of those markets, the fund aims to generate returns consistent with those of each country's primary share market.

Fund breakdown



Key facts

Underlying fund size	£1,818m
Number of holdings	5
Underlying fund launch date	30/09/1999
Portfolio Manager	Team Approach
Benchmark	FTSE All World (Developed) ex-UK Index
Investment Style	Passive
Sedol code (series 3)	B08ZTN2
Performance Objective	To replicate the performance of its benchmark

Top holdings

	%
1 BGI Aquila life US Equity Index fund	51.7
2 BGI Aquila life European Equity Index fund	25.9
3 BGI Aquila life M Japanese Equity Index fund	10.9
4 BGI Aquila life Pacific Rim Equity Index fund	6.9
5 BGI Aquila life Canadian Equity Index fund	4.6

Commentary

The Aquila Life World Ex-UK fund invests in companies whose shares are listed on stock markets in Europe, Japan, Pacific Rim, the US and Canada.

The size of the fund's holdings in these companies is in proportion to their importance to FTSE All-World Developed Ex-UK Index.

Within each country, the fund aims to generate returns in line with the performance of the main share market of that country. Any divergence from the index in terms of performance is caused by choosing to invest more or less than the index weighting, the cost of switching investments and timing.

To keep the fund in line with its benchmark weights, the fund is reviewed daily and rebalanced when necessary.

Source: BGI
All figures are as at 30 June 2008, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of June

	30/06/07 to 30/06/08	30/06/06 to 30/06/07	30/06/05 to 30/06/06	30/06/04 to 30/06/05	30/06/03 to 30/06/04
World ex-UK Index fund series 3	-9.1	14.4	-	-	-
Benchmark	-9.5	14.1	-	-	-

Past performance of the fund to 30 June 2008

	Quarter	1 Year*	3 Years*	5 Years*
World ex-UK Index fund series 3	-2.0	-9.1	-	-
Benchmark	-2.1	-9.5	-	-

Source: Prudential and BGI. * annualised

Based on percentage change in unit price. It is important to remember that past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up and the fund value at retirement may be less than the payments you have made.

Regulatory Wording

Important information

Who manages the funds?

All of the series 3 funds are Prudential funds.

Prudential has delegated the investment management of the unit-linked funds to either M&G Investments or various fund managers outside of Prudential.

Prudential Assurance Company Limited holds the assets of the With-Profits Fund through custodians. Prudential has delegated the investment management of the fund through agreements with various investment managers including Prudential M&G.

How are the fund prices calculated?

The Series 3 funds operate on a single swinging price basis. The pricing basis on which units in the fund are transacted is dependent upon the cash flow into/out of the fund. This is also the price that is published.

What is the dealing cycle?

The Pensions Series 3 fund range is forward priced which means that the unit price is set after money is invested.

M&G Investments has a dealing cycle of T+0. This means that money received on day T buys units at the valuation date price applicable at close of business on the same day.

Funds managed by BGI have a dealing cycle of T+2. This means that money received on day T buys units at the valuation date price applicable at close of business 2 days later.

Can I get advice?

These factsheets should not be considered as financial promotions and any changes to investment arrangements should be discussed with an adviser. It is not our intention to give an indication of how any particular funds will perform in the future. The commentary in these factsheets reflects the general views of the individual fund managers and should not be taken as a recommendation or advice as to how a specific market or fund is likely to perform.

How are the unit-linked performance figures calculated?

Performance is measured on an offer price to offer price basis.

For the purposes of comparison with the benchmark we have used unit prices with the closest valuation point to that of the benchmark, taking into consideration the relevant dealing cycle.

To obtain current unit price and performance information for all funds in the Prudential Fund range, simply log on to www.pru.co.uk/fundprices and choose "Pension Funds" and then select Group Pensions (series 3).

Other important information

Exchange Rate Risk – exchange rate fluctuations may cause the Sterling values of overseas investments to rise or fall.

How are the With-Profits performance figures calculated?

The performance figures are declared by Prudential Assurance Company Limited, usually each February.

The performance figures shown on page 1 are overall annualised returns for contributions made on the dates specified.

The returns include both regular (or reversionary) and final (or terminal) bonuses added to a benefit paid at normal retirement date.

Final bonus may vary and is not guaranteed. The rate of future bonuses cannot be guaranteed.

Past performance is not a reliable indicator of future performance and that past performance obtained from any other sources than Prudential may not be applicable.

Other important With-Profits information

If money invested in the With-Profits Fund is taken out at any time other than on death or normal retirement date, the amount payable may be reduced to reflect the underlying assets at that time. This is known as a Market Value Reduction (MVR).

For the With-Profits Fund, we deduct an annual charge through the bonus mechanism.

This is currently expected to be 1% a year assuming future investment returns in the With-Profits Fund are 7% a year. Charges on With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. Over time if investment returns are higher then we would expect to increase the charge and if investment returns are lower we would expect to reduce the charge.

There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee to not take away regular bonuses already added when a payment is made because of death and your normal retirement date and to only apply a Market Value Reduction in certain circumstances.

This charge will be taken by making a small deduction each year when deciding Regular and Final Bonuses, so you will not see it on any yearly statement. The total deduction over the lifetime of the Plan is not currently more than 2% of any payment made from the Fund. The amount of this charge will be reviewed from time to time and is not guaranteed to remain at the current level.

For further information on MVRs and charges please refer to the Key Features document for the relevant contract. For a copy of the Key Features document, please contact your pensions department for scheme members or usual Prudential contact for trustees and advisers.

With-Profits bonus series explained

Cash Accumulation With-Profits

Cash Accumulation MPP With-Profits is used solely by the oldest "pre 101" money purchase contracts for occupational pension schemes typically established from 1974.

Cash Accumulation AVC With-Profits is used solely by Additional Voluntary Contribution contracts as part of an occupational scheme (but not where VCs are paid through another Prudential group pension contract).

Unitised With-Profits

Unitised L With-Profits is used by the "101" money purchase contracts for occupational pension schemes and grouped personal pension contracts (including the "Shout/MSA" contracts) typically established from 06/04/1987 where holdings are expressed in terms of units.

Unitised N With-Profits is used by the "Select" group personal pension (established 1997) and "Money Purchase Plan/Group Personal Pension" money purchase contracts for occupational pension schemes and group personal pension contracts established since 2001 where holdings are expressed in terms of units.

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