

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 3 2008



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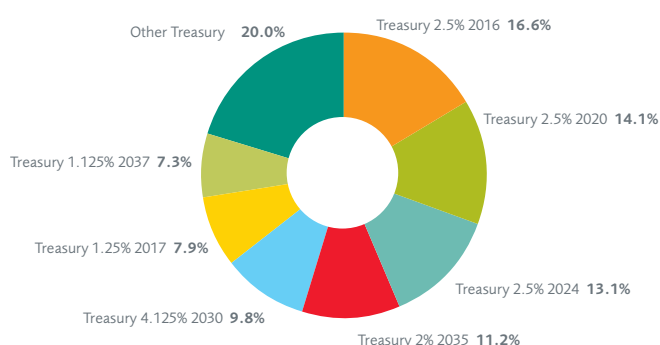
Prudential Index-Linked Passive fund (series 3)



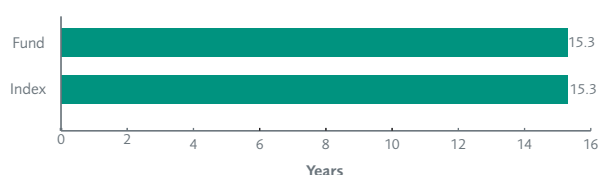
Fund description

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	£162m
Number of holdings	11
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 fell considerably in September, along with the rest of the bond market. This resulted in a slightly negative return from this asset class and an underperformance relative to conventional gilts over the three-month period.

As commodities prices started to ease during the quarter, led by the sharp drop in oil prices, investors' fear of inflation began to diminish. The upheaval in financial markets in September further encouraged investors to put aside inflation fears and focus instead on the possibility of interest rate cuts in 2009.

Inflation in August rose to 4.7%, but in its latest report, the Bank of England predicted that inflation will fall below its 2% target in the next two years unless it cuts interest rates.

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

Performance

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

	30/09/07 to 30/09/08	30/09/06 to 30/09/07	30/09/05 to 30/09/06	30/09/04 to 30/09/05	30/09/03 to 30/09/04
Index-Linked Passive fund series 3	11.3	2.8	6.5	9.4	7.0
Benchmark	10.0	2.7	6.4	9.2	6.8

Past performance of the fund to 30 September 2008

	Quarter	1 Year*	3 Years*	5 Years*
Index-Linked Passive fund series 3	-0.4	11.3	6.8	7.3
Benchmark	-1.1	10.0	6.3	7.0

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.

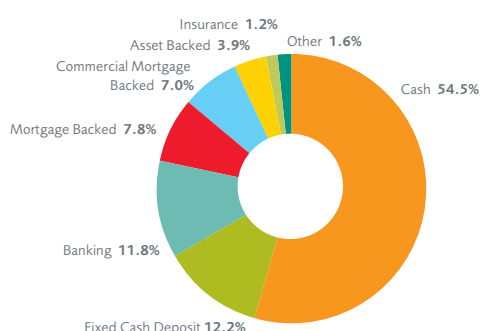
Prudential Cash fund (series 3)



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	£246m
Number of holdings	79
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 Royal Bank of Scotland CD 6.2% 08/01/2009	4.1
2 Royal Bank of Scotland CD 6.2% 08/01/2009	4.1
3 Banco Pop Soc Coop CD 6.15% 08/01/2009	4.1
4 UBS AG Jersey FR MTN 11/2015	1.0
5 Nationwide B/S FRN 06/2010	0.9
6 Epic (Barchester) FRN M/BKD 09/2031	0.9
7 Dunfermline B.S. FRN 03/2009	0.8
8 Santander Int Debt FR MTN 07/2011	0.8
9 Royal Bank of Scotland FR EMTN 08/2017	0.8
10 Spoleto Mortgages FRN M/BK 02/2035	0.8

Commentary

The interbank lending rate (LIBOR) rose, reflecting banks' reluctance to lend to each other following the bankruptcy of US investment bank Lehman Brothers.

The fund underperformed its benchmark. A relatively high weighting in floating rate notes (FRNs) proved detrimental. Most issuers are in the financials sector – the sector most affected by the turmoil in the financial markets.

However, the fund manager believes FRNs offer good value over the medium term and represent a good investment opportunity if bought selectively at attractive prices.

Approximately 67% of the fund is invested in cash. This portion of the portfolio is actively managed, allowing the fund manager to take advantage of the high rates available for one-month and three-month deposits.

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

Performance

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

	30/09/07 to 30/09/08	30/09/06 to 30/09/07	30/09/05 to 30/09/06	30/09/04 to 30/09/05	30/09/03 to 30/09/04
Cash fund series 3	4.2	5.5	4.7	5.2	4.7
Benchmark	5.5	5.5	4.7	4.8	4.2

Past performance of the fund to 30 September 2008

	Quarter	1 Year*	3 Years*	5 Years*
Cash fund series 3	0.1	4.2	4.8	4.8
Benchmark	1.3	5.5	5.2	4.9

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 Retirement Protection fund (series 3)



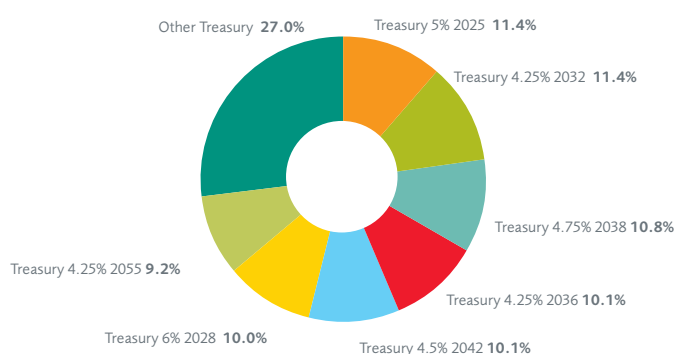
Fund description

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.

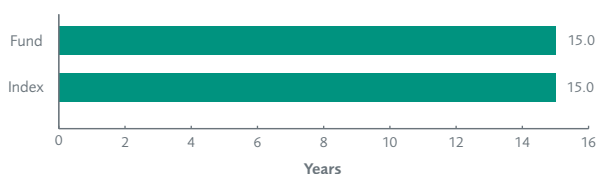
Key facts

Underlying fund size	£385m
Number of holdings	11
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

UK government bond yields fell sharply from July onwards as a series of gloomy economic data prompted investors to put aside inflation fears and focus instead on the possibility of interest rate cuts in 2009. Inflation in August rose to 4.7%, but in its latest quarterly report, the Bank of England predicted that, given the weakness in the economy, inflation will fall below its 2% target in the next two years unless it cuts interest rates.

The upheaval in financial markets in September further encouraged investors to seek safe havens, which saw a rise in demand for short-term gilts. Over the quarter, however, medium-dated gilts produced the best returns.

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

Performance

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

	30/09/07 to 30/09/08	30/09/06 to 30/09/07	30/09/05 to 30/09/06	30/09/04 to 30/09/05	30/09/03 to 30/09/04
Retirement Protection fund series 3	5.8	-3.5	5.5	10.4	4.5
Benchmark	5.4	-3.6	5.6	10.4	4.5

Past performance of the fund to 30 September 2008

	Quarter	1 Year*	3 Years*	5 Years*
Retirement Protection fund series 3	4.1	5.8	2.5	4.5
Benchmark	4.0	5.4	2.4	4.4

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

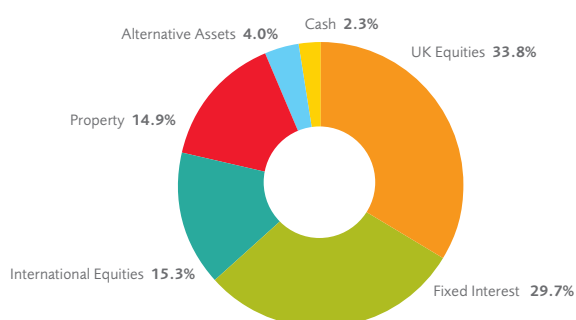
The fund offers the prospect of competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements. Investment returns are passed to policyholders through bonuses. The fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. 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 & Poor's as at August 2008

Fund breakdown



Source: Prudential as at 30 June 2008
Asset mix is likely to vary in the future.

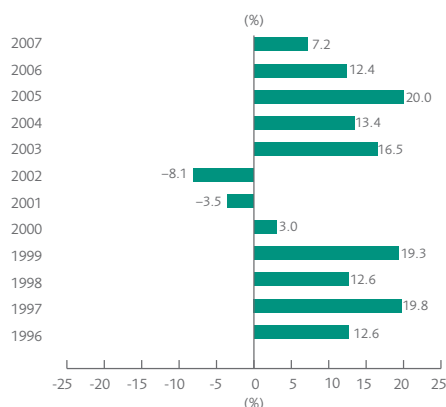
Commentary

The actual default of Lehman and near collapse of the western banking system has had a significant impact on the outlook for economic growth. The weakening growth outlook has pushed equities down around 30% since the start of the year. Corporate bonds have also been significantly impacted by the deterioration in growth forecasts and expectations of higher default. Commercial property remains weak. Times like these when the major markets are extremely volatile and moves are highly correlated, are rare, and can best be described as "challenging".

Against a deteriorating background the gross return on the underlying assets in the fund was -6.8% for the first half of the year. The medium term performance picture however looks very good with annualised returns to end June 2008 of 7.9% over 3 years and 10.8% annualised over 5 years.

The recently issued WM Life Funds Survey for 2007 showed the Prudential fund as the number 1 performing fund in the survey over all time periods.

Underlying investment returns



Source: Prudential. The above are calendar year returns for the With-Profits fund (before charges, tax and effects of smoothing). The value your policy will depend on when you actually invested, tax, charges and smoothing and will be sent out in your annual statement, or is available on request. The value could change by more or less than the underlying investment return of the overall fund. 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.

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

Past performance is not a reliable indicator of future performance. The value of an investment may go down as well as up and the fund value in the future may be less than the payments you have made. For investments in With-Profits fund, the value of the policy depends on how much profit the fund makes and how we decide to distribute that profit. Policyholders receive a distribution of profits by means of bonuses, or other methods as specified in the relevant policy documentation. Please bear in mind that inflation could also reduce the value of your investment and any growth from it. For the unitised returns shown, it is assumed that the contribution was invested after any explicit charges on the 6th September 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.

Prudential BGI Aquila (50:50) Global Equity Index fund (series 3)



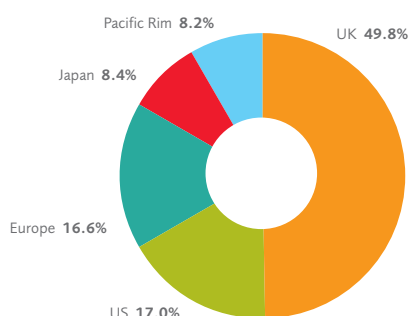
Fund description

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	£3,244m
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	49.8
2 BGI Aquila life US Equity Index fund	17.0
3 BGI Aquila life European Equity Index fund	16.6
4 BGI Aquila life Japanese Equity Index fund	8.4
5 BGI Aquila life Pacific Rim Equity Index fund	8.2

Commentary

Economic and financial conditions worsened during the third quarter and investors remain concerned over the prospects for banks, money markets and stock markets. The quarter saw a number of high-profile events, including the demise of Lehman Brothers, as well as the nationalisation of AIG in the US and Bradford & Bingley's mortgage book in the UK.

Stock markets have been volatile, especially towards the end of the quarter as the US Congress voted on a plan to inject capital into the banking system by buying problematic mortgage assets that banks have been unable to sell. Meanwhile, commodity sectors have been hindered by concerns over the impact of a slowing global economy.

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

Performance

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

	30/09/07 to 30/09/08	30/09/06 to 30/09/07	30/09/05 to 30/09/06	30/09/04 to 30/09/05	30/09/03 to 30/09/04
50:50 Global Equity Index fund series 3	-19.5	14.0	13.1	-	-
Benchmark	-19.6	13.8	12.6	-	-

Past performance of the fund to 30 September 2008

	Quarter	1 Year*	3 Years*	5 Years*
50:50 Global Equity Index fund series 3	-9.7	-19.5	1.2	-
Benchmark	-9.7	-19.6	1.0	-

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.

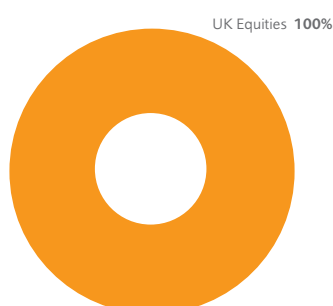
Prudential BGI Aquila UK Equity Index fund (series 3)



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	£16,329m
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 HSBC	7.9
2 BP	6.4
3 Vodafone	4.7
4 GlaxoSmithKline	4.6
5 Royal Dutch Shell 'A' Shares	4.2
6 Royal Dutch Shell 'B' Shares	3.1
7 AstraZeneca	2.6
8 Rio Tinto	2.5
9 BG	2.5
10 Tesco	2.2

Commentary

Despite general market volatility, the fund continued to track its benchmark closely.

A number of UK banks recapitalised by replenishing their share capital via rights issues to existing shareholders – these included Bradford & Bingley, HBOS and Royal Bank of Scotland. In addition, Barclays raised significant sums to strengthen its capital base through a share offer to investors.

In September, the fund was rebalanced in line with quarterly index changes, which became effective on 22 September. Nine new additions to the FTSE All-Share Index included Fresnillo, BH Global, Synergy Health, Spice and Mears Group. SkyePharma was the only deletion from the index.

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

Performance

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

	30/09/07 to 30/09/08	30/09/06 to 30/09/07	30/09/05 to 30/09/06	30/09/04 to 30/09/05	30/09/03 to 30/09/04
UK Equity Index fund series 3	-22.2	12.2	14.8	24.7	15.8
Benchmark	-22.3	12.2	14.7	24.9	15.7

Past performance of the fund to 30 September 2008

	Quarter	1 Year*	3 Years*	5 Years*
UK Equity Index fund series 3	-12.2	-22.2	0.1	7.7
Benchmark	-12.2	-22.3	0.0	7.7

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

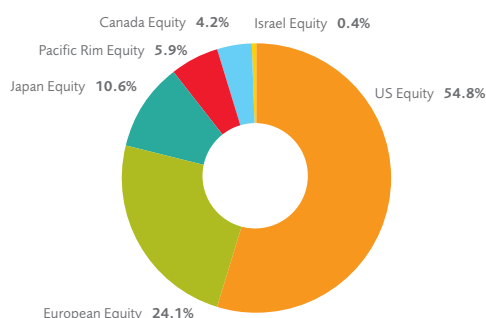
World ex-UK Index fund (series 3)



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	£1,906m
Number of holdings	6
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	54.8
2 BGI Aquila life European Equity Index fund	24.1
3 BGI Aquila life Japanese Equity Index fund	10.6
4 BGI Aquila life Pacific Rim Equity Index fund	5.9
5 BGI Aquila life Canadian Equity fund	4.2
6 BGI Aquila life Israel Equity fund	0.4

Commentary

Economic and financial conditions worsened during the third quarter and investors remain concerned over the prospects for banks, money markets and stock markets. The quarter saw a number of high-profile events, including the demise of Lehman Brothers, as well as the nationalisation of AIG in the US and Bradford & Bingley's mortgage book in the UK.

Stock markets have been volatile, especially towards the end of the quarter as the US Congress voted on a plan to inject capital into the banking system by buying problematic mortgage assets that banks have been unable to sell. Meanwhile, commodity sectors have been hindered by concerns over the impact of a slowing global economy.

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

Performance

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

	30/09/07 to 30/09/08	30/09/06 to 30/09/07	30/09/05 to 30/09/06	30/09/04 to 30/09/05	30/09/03 to 30/09/04
World ex-UK Index fund series 3	-14.0	11.7	8.9	-	-
Benchmark	-14.3	11.4	8.3	-	-

Past performance of the fund to 30 September 2008

	Quarter	1 Year*	3 Years*	5 Years*
World ex-UK Index fund series 3	-4.0	-14.0	1.5	-
Benchmark	-4.2	-14.3	1.1	-

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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