

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 2009



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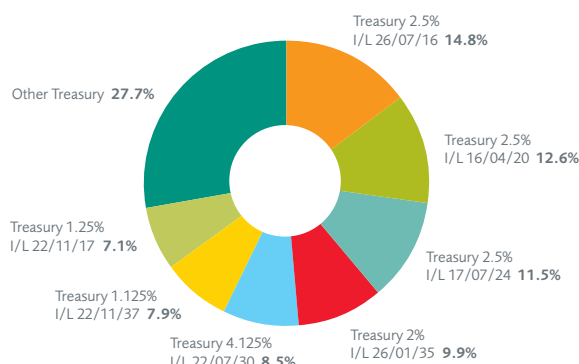
Prudential Index-Linked Passive fund (series 3)



Fund description

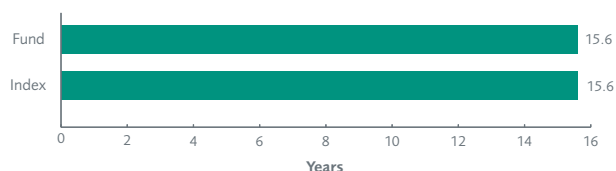
The Fund invests in British Government index-linked gilts with over five years to go until maturity. The Fund is passively managed tracking movements in its benchmark FTSE British Government Over 5 Years Index-Linked All Stocks Index. Tracking this index is achieved by fully replicating the small number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

Fund breakdown



The asset mix is likely to vary in future.

Duration



Key facts

Underlying fund size	£148m
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

In contrast to conventional gilts, index-linked gilts performed well over the three-month period. Prices of index-linked gilts have risen as investors became increasingly aware of the long term risk of inflation due to the government's high level of borrowing and quantitative easing initiative.

Nevertheless, in an environment of deteriorating economic growth, inflation has continued to fall over recent months. June's CPI inflation rate stood at 1.8% and the RPI at negative 1.6%, down substantially from September's 16-year high of 5.2% and 5.0%, respectively.

Despite the lack of inflationary pressures at present, some investors have begun to worry that the injection of money would generate inflation over the longer term, unless the central bank is able to achieve a timely withdrawal of any extra liquidity from the financial system.

Source: M&G
All figures are as at 30 June 2009, unless otherwise stated.

Performance

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

	30/06/08 to 30/06/09	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
Index-Linked Passive fund series 3	-0.5	17.8	1.6	3.6	11.0
Benchmark	-0.6	17.2	1.5	3.5	10.8

Past performance of the fund to 30 June 2009.

	Quarter	1 Year*	3 Years*	5 Years*
Index-Linked Passive fund series 3	3.1	-0.5	6.0	6.5
Benchmark	3.5	-0.6	5.8	6.3

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)

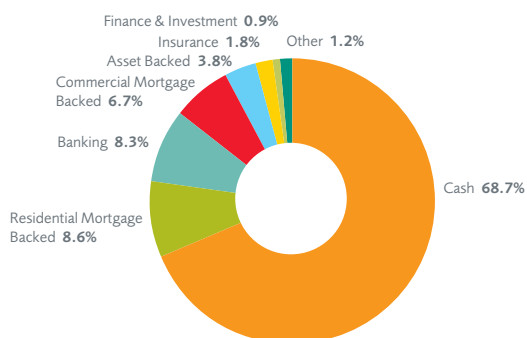


Fund description

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. The fund invests in: insurance, banking, asset backed, commercial mortgage and mortgage FRNs.

For the fund asset parameters please see the table overleaf.

Fund breakdown



The asset mix is likely to vary in the future.
The fund can have a maximum of 50% invested in FRNs.

Top 10 cash instruments

	%
1 Nationwide B/S FRN 06/10	1.2
2 Santander Int Debt FRN 07/11	1.0
3 Chester A/Rec 06-1 FRN 05/13	0.9
4 Bank of America FRN 06/12	0.9
5 Permanent Fin No.9 FRN 06/42	0.9
6 GE Capital UK Fund FRN 08/09	0.9
7 Gracechurch Card10 FRN 10/12	0.9
8 Metro Life FRN 02/11	0.9
9 Spoleto Mortgages FRN 02/35	0.8
10 Merrill Lynch & Co FRN 01/14	0.8

Source: M&G
All figures are as at 30 June 2009, unless otherwise stated.

Performance

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

	30/06/08 to 30/06/09	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
Cash fund series 3	-1.8	5.4	5.4	4.6	5.3
Benchmark	2.5	5.7	5.2	4.6	4.8

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.

Key facts

Underlying fund size	£186m
Number of holdings	70
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

Commentary

The fund outperformed its benchmark, the 7 Day Deposit Rate, during the second quarter of 2009. A weighting of approximately 30% in floating rate notes (FRNs) added value.

Against a backdrop of more benign conditions in the financial markets, FRNs were less volatile and recovered some of the losses suffered in the previous quarters. The decision by banks to tender for their subordinated debt also helped performance.

With regards to portfolio activity, the fund's exposure to the financial sector was reduced in favour of commercial mortgage-backed and insurance paper. The fund manager sees greater value in FRNs issued in the mortgage-backed and insurance sectors than those from the financial sector.

The fund manager believes that FRNs offer compelling medium term value and therefore remains comfortable with the portfolio's well diversified exposure to these assets.

Past performance of the fund to 30 June 2009.

	Quarter	1 Year*	3 Years*	5 Years*
Cash fund series 3	0.4	-1.8	2.9	3.8
Benchmark	0.1	2.5	4.5	4.6

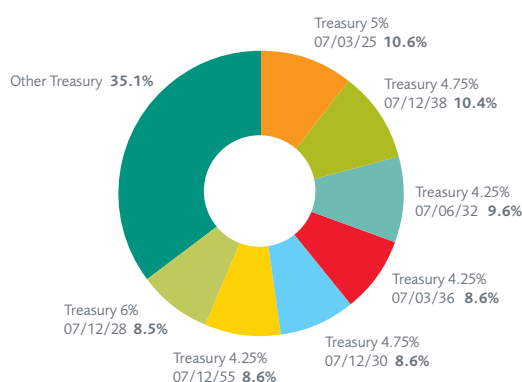
Prudential Retirement Protection fund (series 3)



Fund description

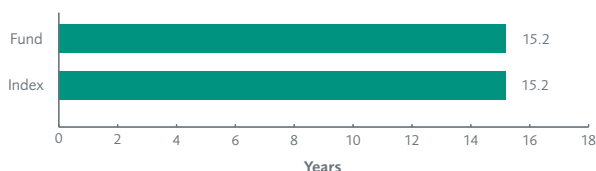
The fund invests in British Government Gilts with over 15 years to maturity. The fund is passively managed tracking movements in its benchmark FTSE British Government Over 15 Years Gilt Index. Tracking this index is achieved by fully replicating the small number of stocks in the Index.

Fund breakdown



The asset mix is likely to vary in future.

Duration



Key facts

Underlying fund size	£370m
Number of holdings	13
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

Commentary

During the quarter, the Bank of England expanded its asset buyback programme by an additional £50 billion. Nonetheless, the prices of UK government bonds (gilts) continued to fall, while yields rose, amid investors' worries that increased gilt issuance to deal with the recession could lead to a massive oversupply of government debt. Improved risk appetite also dampened demand as investors shifted their preference towards corporate bonds.

On the other hand, news on the economic front remained mixed, which provided some support for gilts. Latest data from the Bank of England showed that mortgage lending in May grew by the lowest amount on record, while the UK economy shrank by an annualised 4.9% during the first quarter of 2009. In contrast, UK consumer confidence hit a 14-month high while house prices rose 0.9% month on month in June. Meanwhile, the Consumer Prices Index rose a mere 1.8% in June, which is below the Bank of England's 2% target as the recession sapped price pressures in the economy.

Source: M&G
All figures are as at 30 June 2009, unless otherwise stated.

Performance

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

	30/06/08 to 30/06/09	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
Retirement Protection fund series 3	11.1	6.3	-3.2	0.9	14.5
Benchmark	11.3	6.0	-3.3	1.0	14.4

Past performance of the fund to 30 June 2009.

	Quarter	1 Year*	3 Years*	5 Years*
Retirement Protection fund series 3	-1.8	11.1	4.6	5.7
Benchmark	-1.6	11.3	4.5	5.7

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

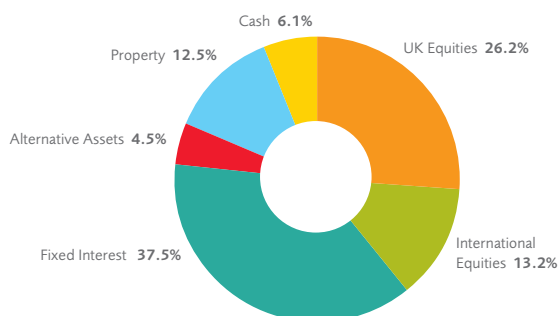
The fund offers the prospect of competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements. Investment returns are passed to policyholders through bonuses. The fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. 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	£54.0 billion as at 30 June 2009
Solvency Rating*	AA+
Portfolio Manager	Martin Brookes
Investment Style	Prudent Active
Performance Objective	To offer competitive long term returns

* Standard & Poor's as at February 2009

Fund breakdown



Source: Prudential as at 30 June 2009
Asset mix is likely to vary in the future.

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.

Commentary

We think generally governments and central banks have responded well to the banking crisis. There was some evidence of policy traction in Q2 and recently there have been a number of "green shoots" type headlines. In response, risk assets rallied from the lows in March and some equity markets have risen by more than 20%. However, we remain cautious.

The policy response has borrowed from future growth to plug a demand gap today and those actions will need to be "paid for" through higher taxes and lower government spending in the years ahead.

We believe the effect of government actions will be to reduce the speed of decline, leading to a modest recovery in growth in 2010. A clear "v" shaped recovery is unlikely and the short-term picture could be volatile. For developing countries, especially in Asia, lower consumer debt levels and healthier banks means the recovery phase should be more pronounced.

If the global economy steadies over the next year we think risk assets are fairly to attractively priced. Shares in European and Asian companies are good value even after the rally, and higher grade non-financial corporate bonds look attractive. The price of commercial property has returned to fair value but we believe there remains a risk of further falls over the next 12 months. However, our aggressive selling in the UK, a feature of the last few years, has been halted. Government bond yields look about right.

Performance

Bonus Series	1 Year	3 Years*	5 Years*	10 Years*
UnitisedL With-Profits Returns	3.90	3.90	6.00	4.70
UnitisedN With-Profits Returns	3.90	3.90	6.00	4.60
Cash Accumulation MPP With-Profits Returns	3.90	3.90	6.00	4.70
Cash Accumulation AVC With-Profits Returns	4.00	3.90	6.00	4.55

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 June 1, 3, 5 or 10 years ago and realised on or after 6th April 2009 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 June 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 10 provides an outline of which bonus series returns relate to which contract. Further details regarding the performance figures are also given on page 9.

Prudential BGI Aquila

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

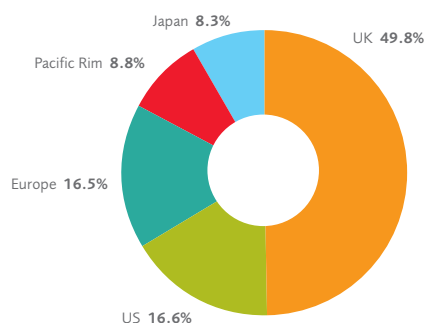
Fund description

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	£3,745m
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



The asset mix is likely to vary in future.

Commentary

The second quarter of 2009 saw a significant improvement in market sentiment, with talk of another "Great Depression" subsiding. Stock markets took this as a sign that the economy was reaching a low point and that a recovery would soon follow. However, by the end of the quarter, the equity markets had run out of steam with many arguing they had moved ahead of the economic news, which still showed few genuine signs of recovery.

Top holdings

	%
1 BGI Aquila life UK Equity Index fund	49.8
2 BGI Aquila life US Equity Index fund	16.6
3 BGI Aquila life European Equity Index fund	16.5
4 BGI Aquila life Pacific Rim Equity Index fund	8.8
5 BGI Aquila life Japanese Equity Index fund	8.3

Source: BGI
All figures are as at 30 June 2009, unless otherwise stated.

Performance

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

	30/06/08 – 30/06/09	30/06/07 – 30/06/08	30/06/06 – 30/06/07	30/06/05 – 30/06/06	30/06/04 – 30/06/05
50:50 Global Equity Index fund series 3	-16.2	-10.7	18.0	–	–
Benchmark	-16.6	-10.8	17.7	–	–

Past performance of the fund to 30 June 2009.

	Quarter	1 Year*	3 Years*	5 Years*
50:50 Global Equity Index fund series 3	9.1	-16.2	-4.1	–
Benchmark	9.1	-16.6	-4.3	–

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.

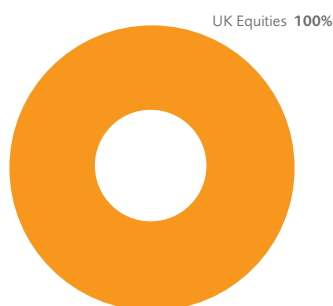
Prudential BGI Aquila

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



The asset mix is likely to vary in future.

Top holdings

	%
1 BP	7.2
2 HSBC	6.9
3 Vodafone	4.9
4 GlaxoSmithKline	4.5
5 Royal Dutch Shell 'A' Shares	4.3
6 Royal Dutch Shell 'B' Shares	3.3
7 AstraZeneca	3.1
8 BG	2.7
9 British American Tobacco	2.7
10 Rio Tinto	2.6

Source: BGI
All figures are as at 30 June 2009, unless otherwise stated.

Performance

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

	30/06/08 – 30/06/09	30/06/07 – 30/06/08	30/06/06 – 30/06/07	30/06/05 – 30/06/06	30/06/04 – 30/06/05
UK Equity Index fund series 3	-20.2	-13.0	18.5	19.7	18.7
Benchmark	-20.5	-13.0	18.4	19.7	18.8

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.

Key facts

Underlying fund size	£15,469m
Number of holdings	622
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

Commentary

The UK stock market rose during the quarter but underperformed other European markets. Interest rates remain close to zero and the Bank of England has continued its aggressive quantitative easing to inject liquidity into the banking system, and, it is hoped, into the wider economy. However, the recession in the UK has been especially severe and there is little sign of recovery yet. Meanwhile, the government finances are in a poor state, preventing any meaningful fiscal stimulus – indeed the budget in April was the opposite with taxes actually being increased.

Past performance of the fund to 30 June 2009.

	Quarter	1 Year*	3 Years*	5 Years*
UK Equity Index fund series 3	11.1	-20.2	-6.3	3.2
Benchmark	10.9	-20.5	-6.5	3.1

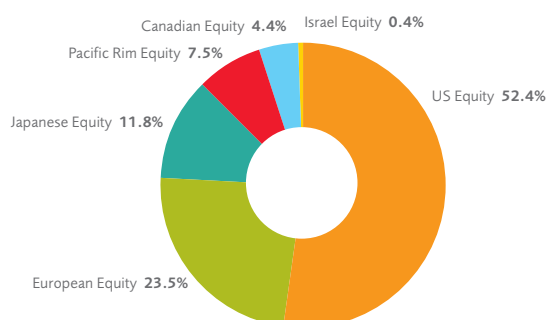
Prudential BGI Aquila

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



The asset mix is likely to vary in future.

Top holdings

	%
1 BGI Aquila life US Equity Index fund	52.4
2 BGI Aquila life European Equity Index fund	23.5
3 BGI Aquila life Japanese Equity Index fund	11.8
4 BGI Aquila life Pacific Rim Equity Index fund	7.5
5 BGI Aquila life Canadian Equity fund	4.4
6 BGI Aquila life Israel Equity fund	0.4

Key facts

Underlying fund size	£2,338m
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

Commentary

The second quarter of 2009 saw a significant improvement in market sentiment, with talk of another "Great Depression" subsiding. Stock markets took this as a sign that the economy was reaching a low point and that a recovery would soon follow. However, by the end of the quarter, the equity markets had run out of steam with many arguing they had moved ahead of the economic news, which still showed few genuine signs of recovery.

Source: BGI
 All figures are as at 30 June 2009, unless otherwise stated.

Performance

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

	30/06/08 – 30/06/09	30/06/07 – 30/06/08	30/06/06 – 30/06/07	30/06/05 – 30/06/06	30/06/04 – 30/06/05
World ex-UK Index fund series 3	-12.5	-9.1	14.4	–	–
Benchmark	-13.0	-9.5	14.1	–	–

Past performance of the fund to 30 June 2009.

	Quarter	1 Year*	3 Years*	5 Years*
World ex-UK Index fund series 3	5.2	-12.5	-3.1	–
Benchmark	5.0	-13.0	-3.5	–

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.

Fund asset parameters

Total fund level	Non-government bonds	Cash
At least 25% of the fund should be readily available within 7 days At least 50% of the fund should be less than 1 month to maturity	Can hold sterling denominated corporate debt up to 1 year maturity Can hold floating rate notes FRNs (up to maximum of 50%) A maximum of 2.5% of the fund in any one less than A issue bond A maximum of 5% of the fund in any one AAA, AA or A rated issue bond	Can hold money on deposit, commercial paper, Certificate of Deposit CDs (an interest bearing promissory note and is generally issued by a commercial bank), and gilt repos (simultaneous sale and repurchase of a security at a specified price, interest rate and time), all up to a maximum of 1 year maturity Maximum of £25m per counterparty.

Important information – continued

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/Vertex" 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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