

MARKET BULLETIN

REF: Y4171

Title	Additional Securities 2 nd Income Distribution and adjustment for 2008 Singapore & Hong Kong loans
Purpose	The purpose of this bulletin is to notify managing agents of the forthcoming 2008 Additional Securities Limited ("ASL") adjustment due to take place on <u>28 July 2008</u>
Type	Scheduled
From	Keith Coutinho Finance Executive Market Finance 020 7327 5762
Date	17 th July 2008
Deadline	The last day for queries is the 23 July 2008
Related links	

This bulletin advises managing agents of an ASL Collection & Distribution exercise due to take place on the 28 July 2008.

The exercise consists of two elements. The first will be the 2008 Collection & Distribution for Singapore & Hong Kong. This will include the return of 2007 loans and interest due to agents until the 31 May 2008 and FX movements until the 30 June 2008 netted with the collections of 2008 loans.

The second exercise will be a refund of interest and FX gains and losses for the period 8 March 2008 to 28 March 2008 for countries which were adjusted in March 2008. This is to be apportioned based on participation in 2007 loans.

Basis of Apportionment

Each syndicate's deposit requirement will be collected from the appropriate year of account which has given rise to the local funding requirement based on 2007 calendar years premium income data and claims data as appropriate.

Single Net Adjustment per Syndicate

The actual amount due to be adjusted will be the net of the above transactions. Accordingly, a single Sterling settlement to/from syndicates' PTFs will be processed via Central Accounting on Monday 28 July 2008.

A second income distribution for Hong Kong and Singapore to account for the additional period will be processed at the end of March 2009.

The term of the new loan will be approximately 12 months with a provisional distribution date of 27 July 2009.

ASL Investment and Hedging policy

Where permitted by local insurance regulations and achievable within local financial markets, ASL's assets are invested in high quality money-market (maximum 12 months maturity). However regulators in many jurisdictions require some assets to be invested in longer-term debt instruments, so that the capital value of these assets is affected by movements in local interest rates.

ASL ceased foreign exchange hedging activity in June 2001 and Agents are reminded of this each year prior to the annual funding of ASL. As a result, the sterling value of syndicate assets invested by ASL will fluctuate in line with movements in the currency of investment.

Agents are free to arrange appropriate hedging activity on behalf of their syndicates when deemed necessary. Lloyd's Treasury may be able to assist in completing such hedging arrangements, if required.

Syndicate Statements

Individual syndicate statements will be sent to Managing Agents through the Central Accounting system on 18 July 2008.

Any queries should be directed to Keith Coutinho on 020 7327 5762 or Mat Stone 01634 39 2202 or by sending an email to keith.coutinho@lloyds.com

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