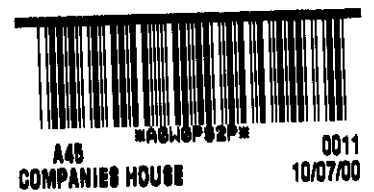


SLC POOLED PENSIONS LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 1999

Registered number: 2822434



SLC POOLED PENSIONS LIMITED

DIRECTORS

P. SHARMAN (Chairman & Managing Director)

I. R. FISHWICK

OFFICERS

J. R. WHITE	Compliance Officer
-------------	--------------------

S. T. HILL	Appointed Actuary
------------	-------------------

I. R. CAMPBELL	Secretary
----------------	-----------

J. L. McKEVITT	Financial Controller
----------------	----------------------

SLC Pooled Pensions Limited

Registered in England with number 2822434

Registered Office

75 King William Street, London EC4N 7EH

A member of the Sun Life Financial Services of Canada Group of Companies

SLC POOLED PENSIONS LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31st December 1999.

ACTIVITIES

The principal activity of the Company is the marketing of corporate pensions business in the UK. It has also continued to accept by way of reinsurance the unit linked liabilities relating to group pensions administered and individual pensions business written by Confederation Life Insurance Company (UK) Limited.

RESULTS AND FUTURE DEVELOPMENTS

The company produced a pre-tax profit of £0.4m against a loss of £1.9m in 1998. 1998 had been adversely affected by a write off of £3.9m relating to the correction of fund pricing errors. Funds under management at the end of the year were £3.0 billion, representing growth of 7% from the figure of £2.8 billion at the end of 1998. Fund performance has improved and we are optimistic that the improvement will continue into 2000 when we expect to continue to acquire new clients.

The Company entered into a reinsurance agreement with a fellow group company, Sun Life of Canada (UK) Limited, on 22nd March 2000 under which the company is to reassure all of Sun life of Canada (UK) Limited's unit linked pension business, comprising assets under management of £1.9 billion.

Looking to the future, the Directors are to continue with their strategy of meeting the needs of the existing client base whilst at the same time competing for new business wherever possible.

DIRECTORS

The membership of the Board, at 31st December 1999, is shown on page 1. Messrs. P. Sharman and I. R. Fishwick held office throughout the year.

None of the Directors at any time had any notifiable interest in the shares of the Company or any group company.

SHARE CAPITAL

There were no changes in the Company's share capital during the year.

DIVIDENDS

The Directors recommend that no dividend shall be paid in respect of the year (1998 - nil).

SLC POOLED PENSIONS LIMITED

REPORT OF THE DIRECTORS (continued)

PAYMENTS TO CREDITORS

It is the group's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. Management and administrative services are supplied by other companies in the Sun Life of Canada group. There are no external suppliers.

YEAR 2000

The Year 2000 issue had no impact on the company's reporting systems and operations so far as the directors are aware. We continue to monitor systems to ensure there is no adverse effects caused by this date change. Any future costs associated with this issue cannot be quantified, but are not expected to be significant.

AUDITORS

Pursuant to the elective resolution passed on 24th April 1996, the auditors, Deloitte & Touche will continue in office.

Approved by the Board of Directors and signed on behalf of the Board.



I. R. CAMPBELL
Secretary

75 King William Street,
London EC4N 7EH

28th June 2000

SLC POOLED PENSIONS LIMITED

STATEMENTS OF DIRECTORS' RESPONSIBILITIES

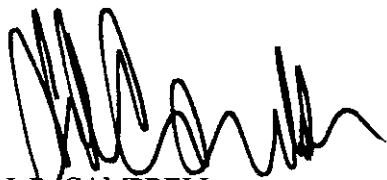
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and signed on behalf of the Board.



I. R. CAMPBELL
Secretary

75 King William Street,
London EC4N 7EH
28th June 2000

SLC POOLED PENSIONS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF SLC POOLED PENSIONS LIMITED

We have audited the accounts on pages 6 to 18, which have been prepared on the basis of the accounting policies set out on pages 10 and 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the Company's Directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

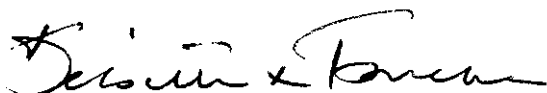
BASIS OF OPINION

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the Company's affairs as at 31st December 1999, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

28th June 2000

SLC POOLED PENSIONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1999

	Notes	1999 £000	1998 £000
TECHNICAL ACCOUNT LONG TERM BUSINESS			
EARNED PREMIUMS			
Written and earned premiums	1 & 2	158,771	319,845
Investment income	3	216,856	277,179
Unrealised (losses) / gains on investments	3	169,680	135,566
TOTAL TECHNICAL INCOME		<u>545,307</u>	<u>732,590</u>
CLAIMS INCURRED			
Claims paid including reinsurance	4	297,376	378,779
CHANGE IN OTHER TECHNICAL PROVISIONS			
Long term business provision		(1,100)	365
Technical provision for linked business		222,364	324,753
		<u>221,264</u>	<u>325,118</u>
OTHER CHARGES			
Net operating expenses	5	4,425	8,314
Investment expenses and charges	3	17,104	16,106
Tax attributable to the long term business	7	5,183	5,515
		<u>26,712</u>	<u>29,935</u>
TOTAL TECHNICAL CHARGES		<u>545,352</u>	<u>733,832</u>
BALANCE ON THE TECHNICAL ACCOUNT - LONG TERM BUSINESS		<u>(45)</u>	<u>(1,242)</u>

All amounts are derived from continuing activities

SLC POOLED PENSIONS LIMITED

PROFIT AND LOSS ACCOUNT (continued) For the year ended 31st December 1999

	Notes	1999 £000	1998 £000
NON TECHNICAL ACCOUNT			
BALANCE ON THE TECHNICAL ACCOUNT - LONG TERM BUSINESS		(45)	(1,242)
Tax credit / (charge) attributable to the balance on the long term business technical account		232	(820)
SHAREHOLDERS' PROFIT / (LOSS) FROM LONG TERM BUSINESS		<u>187</u>	<u>(2,062)</u>
Investment income	3	182	151
Administrative expenses		(3)	(2)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>366</u>	<u>(1,913)</u>
Tax on profit / (loss) on ordinary activities	7	286	(773)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>80</u>	<u>(1,140)</u>
Equity dividends	8	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u><u>80</u></u>	<u><u>(1,140)</u></u>

There were no recognised gains or losses during 1999 and 1998 other than the above.

All amounts are derived from continuing activities.

SLC POOLED PENSIONS LIMITED

BALANCE SHEET

As at 31st December 1999

	Notes	1999 £000	1998 £000
ASSETS			
INVESTMENTS			
Other financial investments	9	1,675	3,005
ASSETS HELD TO COVER LINKED LIABILITIES	10	3,039,245	2,816,881
DEBTORS			
Debtors arising out of direct insurance operations - policyholders	11	281	1
OTHER ASSETS			
Cash at bank and in hand		11,217	16,746
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest and rent		48	63
TOTAL ASSETS		<u>3,052,466</u>	<u>2,836,696</u>

Of the total assets of £3,052 million (1998 - £2,837million), £3,049 million (1998 - £2,834 million) is attributable to the long term business fund.

SLC POOLED PENSIONS LIMITED

BALANCE SHEET (continued) As at 31st December 1999

	Notes	1999 £000	1998 £000
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	12	1,000	1,000
Non-distributable reserves	13	616	661
Profit and loss account	13	2,946	2,821
Total shareholders' funds attributable to equity shareholders		<u>4,562</u>	<u>4,482</u>
TECHNICAL PROVISIONS			
Long term business provisions	14	1,975	3,075
TECHNICAL PROVISIONS FOR LINKED LIABILITIES	10	3,039,245	2,816,881
CREDITORS: amounts falling due within one year			
Creditors arising out of direct insurance operations	15	5,918	8,750
Other creditors including taxation and social security	15	766	3,508
		<u>6,684</u>	<u>12,258</u>
TOTAL LIABILITIES		<u><u>3,052,466</u></u>	<u><u>2,836,696</u></u>

Approved by the Board of Directors on 28th June 2000.



I. R. FISHWICK
Director

SLC POOLED PENSIONS LIMITED

ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements have been prepared on the basis of the accounting policies set out below. They have been prepared in compliance with the provisions of section 255 of, and schedule 9A to, the Companies Act 1985, relating to insurance companies. In implementing these requirements the Company has adopted a modified statutory solvency basis for determining technical provisions.

The financial statements comply with applicable accounting standards and the Company has followed the Statement of Recommended Practice (Accounting for Insurance Business) issued by the Association of British Insurers.

SEGMENTAL REPORTING

In the opinion of the Directors the Company has one business segment for the purpose of statement of Standard Accounting Practice No. 25, being the transaction of pensions business which is wholly conducted within the United Kingdom.

FOREIGN EXCHANGE

Assets and liabilities in foreign currencies are translated to sterling at the rates of exchange ruling at the year end. Transactions taking place during the year are translated at the rate of exchange ruling at the date of the transaction. Exchange differences are dealt with through the profit and loss account.

INVESTMENTS

All investments are shown at market value. Land and buildings held for investment purposes are independently valued at open market value by St Quintin, Weatherall Green & Smith and Gooch & Wagstaff, all Chartered Surveyors. The last such valuations were conducted in December 1999.

Although the Companies Act would normally require the systematic annual depreciation of land and buildings held as investment properties, the Directors consider that to do so would not give a true and fair view and accordingly the provisions of SSAP 19 have been adopted.

The increase or decrease in the value of investments reflects net realised and unrealised gains or losses over market values at the start of the year or subsequent cost. Realised gains and losses reflect the difference between net sales proceeds and cost and an adjustment is made to unrealised gains and losses for the difference between cost and market value at the start of the year for those investments sold in the year.

INVESTMENT INCOME

Dividends and interest received from investments other than equity investments are credited to revenue on an accruals basis. On purchase or disposal of investments, adjustments are made in order that interest is taken to revenue for the period that the investment is held.

SLC POOLED PENSIONS LIMITED

ACCOUNTING POLICIES (continued)

INVESTMENT INCOME (continued)

Dividends arising on equity investments are brought into account on the ex-dividend date.

Rents earned on properties held for investment are credited to revenue on an accruals basis.

Policyholder fund investment income, expenses and unrealised gains/losses are dealt with through the technical account. Shareholder fund investment income, expenses and unrealised gains/losses are dealt with through the non-technical account.

PREMIUMS

Premium income is credited to revenue when it becomes due to the Company.

CLAIMS

Claims are recognised when the policy or contract to which they relate ceases to participate in the investment linked funds of the Company.

TAXATION

Deferred taxation is provided at the appropriate rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, only where the tax liability or asset is expected to crystallise in the foreseeable future.

The balance on the long term technical account has been grossed up to the full rate of corporation tax for the accounting period in order to arrive at the shareholders' profit from the long term business.

LONG TERM BUSINESS PROVISION

The long term business provision is determined by the Appointed Actuary following his annual investigation of the long term business. The provision represents the amounts credited to the pension deposit accounts of the policyholders of the Company.

TECHNICAL PROVISIONS FOR LINKED LIABILITIES

Technical provisions for linked liabilities represent the value of the underlying net assets, which are held to meet those liabilities.

TRANSFERS FROM NON-DISTRIBUTABLE RESERVES

If a surplus or shortfall arises on the long term business revenue account, this is covered by a transfer to or from non-distributable reserves in the balance sheet.

SLC POOLED PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ending 31st December 1999

1. WRITTEN AND EARNED PREMIUMS

Gross premiums written

All premiums are received from pension contracts written in the UK in respect of continuing operations.

	Direct	Reinsur-	Total	Direct	Reinsur-	Total
	1999	ance	1999	1998	ance	1998
	£000	£000	£000	£000	£000	£000
Pension Business						
Non-participating						
Single premium	-	-	-	101	-	101
Linked						
Single premium	107,908	-	107,908	124,015	-	124,015
Periodic premium	-	50,863	50,863	-	195,729	195,729
	<u>107,908</u>	<u>50,863</u>	<u>158,771</u>	<u>124,116</u>	<u>195,729</u>	<u>319,845</u>

Gross new annualised periodic premiums

The Group Pensions premiums of the Company are single premium contributions from client pension schemes. These contributions are received on a discretionary basis.

The linked contracts periodic premiums of £50.9 million (1998 - £195.7 million) are all reinsurance premiums from Confederation Life Insurance Company (UK) Limited.

2. REINSURANCE AGREEMENT

Throughout 1999 a reinsurance agreement was in force under normal commercial terms with the immediate parent company. The agreement provides for 100% of the in force unit linked liabilities of the group administered and individual pensions business of Confederation Life Insurance Company (UK) Limited to be reinsured with the Company.

SLC POOLED PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. INVESTMENT RETURN

	1999 £000	1998 £000
Technical account:		
Investment Income:		
Income from listed investments	84,585	117,247
Income from unlisted investments	12	17
Income from land and buildings	7,459	8,650
	<u>92,056</u>	<u>125,914</u>
Gains on the realisation of investments	124,800	151,265
	<u>216,856</u>	<u>277,179</u>
Investment expenses and charges	(17,104)	(16,106)
Unrealised gains on investments	169,680	135,566
	<u>369,432</u>	<u>396,639</u>
Net investment return included in the long term business technical account		
	<u>369,432</u>	<u>396,639</u>
Non technical account:		
Income from short term investments	182	151
	<u>182</u>	<u>151</u>
Net investment return included in the non-technical account		
	<u>182</u>	<u>151</u>
Total investment return	<u>369,614</u>	<u>396,790</u>

4. CLAIMS INCURRED

	1999 £000	1998 £000
Payments to policyholders and beneficiaries:		
Surrender payments on direct business	213,746	176,291
Claims paid on reinsurance business	83,630	202,488
Total	<u>297,376</u>	<u>378,779</u>

SLC POOLED PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. NET OPERATING EXPENSES

	1999 £000	1998 £000
Acquisition costs	19	17
Write off – pricing error	-	3,909
Administrative expenses	4,406	4,388
	<u>4,425</u>	<u>8,314</u>

	1999 £000	1998 £000
Auditors' remuneration is included as follows:		
For auditing the financial statements	31	30
For other services	27	5

Operating expenses include the amount charged to the Company by another group company for the provision of management and administrative services. The Company did not directly employ any staff during the year.

6. DIRECTORS' REMUNERATION

The aggregate amount of emoluments paid to the Directors of the Company was £29,243 (1998 - £20,190). There are 2 directors (1998 - 2) to whom retirement benefits are accruing under the group defined benefit scheme in respect of qualifying services.

7. TAXATION

	1999 £000	1998 £000
Technical account:		
Irrecoverable tax credits	4,951	6,335
U.K. corporation tax at 30.25% (1998 – 31%)	232	(820)
	<u>5,183</u>	<u>5,515</u>

SLC POOLED PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TAXATION (continued)

	1999 £000	1998 £000
Non-technical account:		
Tax attributable to the long term business	232	(820)
Corporation tax at 30.25% (1998 - 31%)	54	47
	<u>286</u>	<u>(773)</u>

8. EQUITY DIVIDENDS

No dividends were paid to the immediate parent company (1998 - £NIL).

9. OTHER FINANCIAL INVESTMENTS

	1999 £000	1998 £000
Fixed interest securities – listed, at cost	1,723	3,007
Fixed interest securities – listed, at market value	<u>1,675</u>	<u>3,005</u>

10. ASSETS HELD TO COVER LINKED LIABILITIES

	1999 £000	1998 £000
Investments at cost	2,008,710	1,774,534
Investments at market value	<u>2,953,627</u>	<u>2,616,282</u>
Net assets held to cover linked liabilities	<u>3,039,245</u>	<u>2,816,881</u>

Of the total net assets held to cover linked liabilities £1,841 million (1998 - £1,559 million) represented managed funds; these are group pension funds which the Company administers in its own name but on behalf of others.

SLC POOLED PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. DEBTORS

Arising out of direct insurance operations:

	1999 £000	1998 £000
Amounts owed by linked funds	-	1
Amounts owed by group companies	281	-
	<u>281</u>	<u>1</u>

12. SHARE CAPITAL

	Authorised 1999 £000	Allotted, called up and fully paid 1999 £000	Authorised 1998 £000	Allotted, called up and fully paid 1998 £000
Ordinary shares of £1 each	10,000	1,000	10,000	1,000

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £000	Profit and Loss Account £000	Non- Distributable Reserve £000	1999 Total £000	1998 Total £000
Balance as at 1st January	1,000	2,821	661	4,482	4,622
Retained profit for the year	-	80	-	80	(1,140)
Capital Contribution	-	-	-	-	1,000
Transfer to / (from) non- distributable reserve	-	45	(45)	-	-
Balance as at 31st December	<u>1,000</u>	<u>2,946</u>	<u>616</u>	<u>4,562</u>	<u>4,482</u>

SLC POOLED PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. LONG TERM BUSINESS PROVISION

	1999 £000	1998 £000
Pension deposit account	1,975	3,075

This represents the amounts credited to the pension deposit accounts of the policyholders of the Company.

15. CREDITORS: amounts falling due within one year

	1999 £000	1998 £000
Arising out of direct insurance operations:		
Amounts owed to group companies	726	6,952
Policy claims outstanding	5,192	1,798
	<u>5,918</u>	<u>8,750</u>
Other:		
Taxes payable/(receivable)	613	(474)
Other creditors	153	3,982
	<u>766</u>	<u>3,508</u>
	<u>6,684</u>	<u>12,258</u>

SLC POOLED PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption from FRS8, which allows for group transactions not to be disclosed as related party transactions. Consolidated Financial Statements, which include the Company, are publicly available as indicated in Note 17 to the Accounts.

During the year the long term business funds of the Company have invested in a number of unit trusts administered by Sun Life of Canada Unit Managers Limited, a fellow subsidiary of the Company. As at 31st December 1999, the long term business funds held units valued at £603.1 million (1998 - £346.4 million).

17. PARENT COMPANIES

The Company's immediate parent company is Confederation Life Insurance Company (UK) Limited, registered in England, whose parent company is Confederation UK Holdings plc, also registered in England. Group financial statements can be obtained from the Secretary and Legal Adviser, Confederation UK Holdings plc, Basing View, Basingstoke, Hampshire, RG21 4DZ.

The ultimate parent and controlling company is Sun Life Financial Services of Canada Inc. which is incorporated in Canada. The annual report for Sun Life Financial Services of Canada Inc. can be obtained from the Corporate Secretary, Sun Life Financial Services of Canada Inc. , Sun Life Centre, 150 King Street West, Toronto, Ontario, Canada, M5H 1J9.

18. POST BALANCE SHEET EVENTS

In terms of the approvals obtained of 98% of the eligible policyholders of the ultimate parent company, the demutualisation of Sun Life Assurance Company of Canada proceeded as planned on 22nd March 2000. Upon demutualisation, Sun Life Assurance Company of Canada became a wholly owned subsidiary of Sun Life Financial Services of Canada Inc. which is listed on the Toronto, New York, London and Philippines stock exchanges.