

FROM: Tracey Freeman, Financial Control
LOCATION: Chatham, L5
EXTENSION: 2243
DATE: 20 April 2004
REFERENCE: Y3297
SUBJECT: ADDITIONAL SECURITIES LIMITED (ASL) – 2003
EXPENSE COLLECTION
ATTACHMENTS: See Appendix 1
ACTION POINTS: **To note that the ASL 2003 Expense collection will
take place on 29 April 2004**
DEADLINE: None

1. Introduction

Further to the Market Bulletin of 16 October 2003 (Ref: Y3162), the 2003 net expense collection will take place on 29 April 2004. The expenses will be apportioned based on 2003 premium income and will be allocated to syndicates for all countries including countries where ASL funded deposits from its accumulated reserves.

2. Collection

In order to ensure transparency, ASL's expenses have been allocated equitably to syndicates writing business in each territory that ASL maintains a deposit, regardless of how this deposit has been funded.

For those countries where the deposit was funded from reserves, the cost of using these reserves for this purpose has been charged to appropriate syndicates. However, whilst syndicates receive a separate income distribution for those countries where they fund deposits, income earned upon the deposits funded from reserves has been utilised to offset relevant operating expenditure. Such income includes interest earned as well as foreign exchange gains and losses on these deposits.

Overall, a net expenses collection of £761,087 is due from syndicates. The attached appendix 1 provides analysis of all amounts at a country level. The collections and distributions will be made from/to syndicate sterling PTF's on 29 April 2004.

Should you have any queries regarding the collection please contact either Michael FitzGerald on Lloyd's extension 5901 or me on Lloyd's extension 2243.

This bulletin has been sent to all Managing Agents.

Tracey Freeman
Assistant Financial Accountant
Financial Control

ASL OPERATING EXPENSES - 2003
Net Adjustment (£)

DEPOSITS FUNDED BY COLLECTIONS FROM UNDERWRITERS

COUNTRY	Expenses	2003 Levy Rate (%)	Income, Gains & Losses on Deposits	Adjustment Due Coll/(Dist)
Cyprus	39,118	0.46	10,583	49,701
Hong Kong	162,399	0.84	23,107	185,506
Malta	11,643	0.20	97	11,740
Namibia	5,908	0.30	1,700	7,608
Singapore	87,590	0.16	25,274	112,864
Switzerland	118,628	0.27	58,031	176,659
Switzerland CER	15,166	0.04	8,908	24,074
Trinidad	14,409	0.07	3,486	17,895
TOTAL	454,861		131,186	586,047

DEPOSITS FUNDED FROM COMPANY RESERVES

COUNTRY	Expenses (Inc. Cost of Borrowing)	2003 Levy Rate (%)	Income, Gains & Losses on Deposits	Adjustment Due Coll/(Dist)
Barbados	1,038	0.01	49,029	50,067
Belize	2,191	0.07	5,397	7,588
Cayman Islands	5,858	0.02	159	6,017
Canada	(283)	0.00	(22,786)	(23,069)
Grenada	2,160	0.16	(11,551)	(9,391)
Israel	70	0.00	5,785	5,855
New Zealand	608	0.00	(28,499)	(27,891)
Papua New Guinea	1,154	0.03	(20,972)	(19,818)
St Kitts	301	0.01	7,905	8,206
Zimbabwe	3,919	0.13	173,557	177,476
TOTAL	17,016		158,024	175,040

<u>GRAND TOTAL</u>	471,877		289,210	761,087
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