

FROM: Head, Market Reporting EXTN: 5129  
DATE: 1 April 2005 REF: Y3535  
SUBJECT: 2006 PLAN RATES OF EXCHANGE  
SUBJECT AREA(S):  
ATTACHMENTS:

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ACTION POINTS: **For use in 2006 Business Planning process**  
DEADLINE(S): None

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### 2006 Exchange Rates

The prescribed rates of exchange to be used for converting 2006 year of account premiums into £ Sterling for the purpose of the Business Planning process are as follows:-

US Dollar	1.86
Canadian Dollar	2.37
Euro	1.47
Australian Dollar	2.50
South African Rand	11.67
Japanese Yen	194.48
Swiss Francs	2.20

It has been the practice in the last few years to advise the market of rates of exchange to be used well in advance of the beginning of the relevant year of account. This is done in order to assist managing agents in planning future premium income levels.

It is recognised that the actual rates may vary from the above over the period of the 2006 year of account, but it is felt that the ability of the market to plan ahead is of primary importance.

### Exchange Rate Methodology

The prescribed rates of exchange for the 2006 year of account are calculated using a combination of:

- The historical weighted average of the "LPSO" year –end exchange rates for the past three years;
- The "Bloomberg" mid rate for the end of the current year taken at 1 March 2005.

This is the methodology used last year.

Further information

Please address any queries regarding this bulletin please use the email address:

Lloyds-businessplans@lloyds.com

This bulletin is being sent to all underwriters, underwriting agents and accountants.

John Parry  
Head, Market Reporting