

Equitable Life

THE EQUITABLE LIFE ASSURANCE SOCIETY

**Annual FSA Insurance Returns
for the year ended
31 December 2004**

Appendices 9.1, 9.3, 9.4 & 9.6 from the Interim Prudential Sourcebook for Insurers

Registered Office 20 - 22 Bedford Row, London, WC1R 4JS

Covering Sheet to Form 2

Form 2

Name of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**

Charles Thomson

Chief Executive

Vanni Treves

Chairman

Peter Smith

Deputy Chairman

London, 31 March 2005

Statement of solvency - long-term insurance businessName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**

Adjusted solo solvency calculation

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R2	37038	GL	31	12	2004	£000
				As at end of this financial year		As at end of the previous year	
				1		2	

Capital resources

Capital resources arising within the long-term insurance fund	11	705205	
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	705205	

Guarantee fund

Guarantee fund requirement	21	201678	
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	503527	

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31		
Resilience capital requirement	32		
Base capital resources requirement	33		
Minimum capital requirement	34	600858	
Excess (deficiency) of available capital resources to cover 50% of MCR	35	249123	
Excess (deficiency) of available capital resources to cover 75% of MCR	36	254562	

Enhanced capital requirement

With-profits insurance capital component	37		
Enhanced capital requirement	38	600858	

Capital resources requirement (CRR)

Capital resources requirement (greater of 34 and 38)	41	600858	
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	104347	

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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Components of capital resourcesName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**

R3	Company registration number 37038	GL/UK/CM GL	Period ended			Units £000	
			day	month	year		
		General insurance business 1	Long-term insurance business 2	31	12	2004 3	Total as at the end of this financial year 4

Core tier one capital

Permanent share capital	11					
Profit and loss account and other reserves	12					
Share premium account	13					
Positive valuation differences	14					
Fund for future appropriations	15		547438		547438	
Core tier one in related undertakings	16		4125		4125	
Core tier one capital (sum of 11 to 16)	19		551563		551563	

Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21					
Implicit Items	22					
Tier one waivers in related undertakings	23					
Total tier one waivers as restricted (21+22+23)	24					

Other tier one

Perpetual non-cumulative preference shares as restricted	25					
Perpetual non-cumulative preference shares in related undertakings	26					
Innovative tier one capital as restricted	27					
Innovative tier one capital in related undertakings	28					

Total tier one capital before deductions (19+24+25+26+27+28)	31		551563		551563	
Investments in own shares	32					
Intangible assets	33					
Amounts deducted from technical provisions for discounting	34					
Other negative valuation differences	35					
Deductions in related undertakings	36		2011		2011	
Deductions from tier one (32 to 36)	37		2011		2011	
Total tier one capital after deductions (31-37)	39		549552		549552	

Components of capital resourcesName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R3	37038	GL	31	12	2004	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46		167083	167083	
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49		167083	167083	

Fixed term preference shares	51				
Other tier two instruments	52				
Lower tier two capital in related undertakings	53				
Lower tier two capital (51+52+53)	59				

Total tier two capital before restrictions (49+59)	61		167083	167083	
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69		167083	167083	

Components of capital resourcesName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R3	37038	GL	31	12	2004	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		716635	716635	
Inadmissible assets other than intangibles and own shares	73		11430	11430	
Assets in excess of market risk and counterparty limits	74				
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Total deductions of ineligible surplus	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		705205	705205	

Available capital resources for PRU tests

Available capital resources for Guarantee Fund requirement	81		705205	705205	
Available capital resources for 50% MCR requirement	82		549552	549552	
Available capital resources for 75% MCR requirement	83		705205	705205	

Financial engineering adjustments

Implicit items	91				
Financial reinsurance - ceded	92				
Financial reinsurance - accepted	93				
Outstanding contingent loans	94				
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96				

Analysis of admissible assetsName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Category of assets **Total Long term Business Assets**

			Company registration number	GL/UK/CM	Period ended day month year			Units	Category of assets	
			R13	37038	GL	31	12	2004	£000	10
								As at the end of this financial year	As at the end of the previous year	
								1	2	
Investments										
Land and buildings						11		806461	1234473	
Investments in group undertakings and participating interests	UK insurance business dependants	Shares		21			122	145		
		Debt securities issued by, and loans to, dependants		22						
	Other insurance dependants	Shares		23						
		Debt securities issued by, and loans to, dependants		24						
	Non-insurance dependants	Shares		25			14062	13150		
		Debt securities issued by, and loans to, dependants		26			5054	104682		
	Other group undertakings and participating interests	Shares		27						
		Debt securities issued by, and loans to, group undertakings		28						
		Participating interests		29						
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest		30						
Total sheet 1 (11 to 30)						39		825699	1352450	

Analysis of admissible assets

Name of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Category of assets **Total Long term Business Assets**

		Company registration number	GL/UK/CM	Period ended day month year			Units	Category of assets	
R13		37038	GL	31	12	2004	£000	10	
							As at the end of this financial year	As at the end of the previous year	
							1	2	
Investments (continued)									
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41			415693	536238	
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43			640530	15305	
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45			7338808	7758937
			Other		46			4708699	4705980
		Variable interest	Approved securities		47			7891	
			Other		48				
	Participation in investment pools			49					
	Loans secured by mortgages			50			2119	3193	
	Other loans	Loans to public or local authorities and nationalised industries or undertakings			51				
		Loans secured by policies of insurance issued by the company			52			1459	1887
		Other			53				
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54			509923	847050
		Withdrawal subject to a time restriction of more than one month			55				
Other			56			380	380		
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked			58			696417	680094	
	Property linked			59					
Reinsurers' share of technical provisions	Provision for unearned premiums			60					
	Claims outstanding			61					
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69			14321919	14549064	

Analysis of admissible assets

Name of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Category of assets **Total Long term Business Assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	37038	GL	31	12	2004	£000	10
							As at the end of this financial year 1	As at the end of the previous year 2	
Debtors									
Other assets									
Debtors arising out of direct insurance operations	Policyholders						71	31296	28584
	Intermediaries						72		
Salvage and subrogation recoveries							73		
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted						74		
	Due from reinsurers and intermediaries under reinsurance contracts ceded						75	1267	1878
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year					76	34615	16237
		Due more than 12 months after the end of the financial year					77		
	Other	Due in 12 months or less after the end of the financial year					78	21838	39200
		Due more than 12 months after the end of the financial year					79		
Tangible assets							80		
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities						81	15758	12188
	Cash in hand						82		
Other assets (particulars to be specified by way of supplementary note)							83	181469	
Prepayments and accrued income	Accrued interest and rent						84	202046	207780
	Deferred acquisition costs						85		
	Other prepayments and accrued income						86	1204	1797
Deductions from the aggregate value of assets							87		
Total sheet 3 (71 to 86 less 87)							88	489493	307664
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)							89	15637111	16209178

Reconciliation to asset values determined in accordance with the insurance accounts rules

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)		91	15637111	16209178
Assets in excess of market and counterparty limits		92		
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings		93	(2087)	
Other differences in the valuation of assets (other than for assets not valued above)		94	13463	607
Other inadmissible assets		95		7164
Total assets determined in accordance with the insurance accounts rules (91-95)		99	15648487	16216949
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance		100	440	1440

Long term insurance business liabilities and marginsName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Category of assets **Total Long term Business Assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
R14	37038	GL	31	12	2004	£000	10
						As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus			11			14528527	15119242
Cash bonuses which had not been paid to policyholders prior to end of the financial year			12				
Balance of surplus/(valuation deficit)			13				
Long term insurance business fund carried forward (11 to 13)			14			14528527	15119242
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount		15			26328	36533
	Reinsurers' share		16				
	Net (15-16)		17			26328	36533
Provisions for other risks and charges	Taxation		21				107
	Other		22			64000	63000
Deposits received from reinsurers			23				
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31			34399	17771
		Reinsurance accepted	32				
		Reinsurance ceded	33				
	Debenture loans	Secured	34				
		Unsecured	35				
	Amounts owed to credit institutions		36			25627	26785
	Other creditors	Taxation	37			13553	9000
		Other	38			381603	67267
Accruals and deferred income			39			27012	23461
Provision for "reasonably foreseeable adverse variations"			41				
Total other insurance and non-insurance liabilities (17 to 41)			49			572522	243924
Excess of the value of net admissible assets			51			536062	846012
Total liabilities and margins			59			15637111	16209178
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			61			196235	56724
Amounts included in line 59 attributable to liabilities in respect of property linked benefits			62				
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate			63				

Liabilities (other than long term insurance business)Name of insurer **The Equitable Life Assurance Society**With-profits fund **Ordinary long term**Financial year ended **31 December 2004**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	37038	GL	31	12	2004	£000
				As at the end of this financial year			As at the end of the previous year	
				1			2	
Technical provisions (gross amount)	Provision for unearned premiums		11					
	Claims outstanding		12					
	Provision for unexpired risks		13					
	Equalisation provisions	Credit business		14				
		Other than credit business		15				
	Other		16					
	Total (11 to 16)		19					
Provisions for other risks and charges	Taxation		21					
	Other		22					
Deposits received from reinsurers			31					
Creditors	Arising out of insurance operations	Direct insurance business	41					
		Reinsurance accepted	42					
		Reinsurance ceded	43					
	Debenture loans	Secured	44					
		Unsecured	45					
	Amounts owed to credit institutions		46					
	Other creditors	Taxation		47				
		Recommended dividend		48				
		Other		49				
Accruals and deferred income			51					
Total (19 to 51)			59					
Provision for "reasonably foreseeable adverse variations"			61					
Cumulative preference share capital			62					
Subordinated loan capital			63				311571	
Total (59 to 63)			69				311571	
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance			71					

With-profits insurance capital component for the fundName of insurer **The Equitable Life Assurance Society**With-profits fund **Ordinary long term**Financial year ended **31 December 2004**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R18	37038	GL	31	12	2004	£000
			As at end of this financial year			As at end of the previous year
			1			2

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	15637111	
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of non-profit insurance contracts written in the fund	13	5019125	
	Long-term admissible assets of the fund covering the long-term insurance capital requirement allocated in respect of non-profit insurance contracts written in the fund	14	217148	
	Long-term admissible assets of the fund covering the resilience capital requirement allocated in respect of non-profit insurance contracts written in the fund	15		
	Total (11+12-(13+14+15))	19	10400838	
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	9509403	
	Regulatory current liabilities of the fund	22	572522	
	Total (21+22)	29	10081925	
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	381623	
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, long-term insurance capital requirement and resilience capital requirement (29+31+32)		39	10463548	
Regulatory excess capital (19-39)		49	(62710)	

Realistic excess capital

Realistic excess capital	51	200481	
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	(263191)	
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62	167083	
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63	178518	
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63 and zero, else greater of 61 and zero)	64		

Realistic balance sheet

Name of insurer **The Equitable Life Assurance Society**
 With-profits fund **Ordinary long term**
 Financial year ended **31 December 2004**

R19	Company registration number 37038	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2004	
			As at end of this financial year 1			As at end of the previous year 2

Realistic value of assets available to the fund

Regulatory value of assets	11	10400838	
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	321678	
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	10722516	
Support arrangement assets	27		
Assets available to the fund (26+27)	29	10722516	

Realistic value of liabilities of fund

With-profits benefit reserve	31	8681972	
Future policy related liabilities	Part miscellaneous surplus attributed to with-profits benefits reserve	32	
	Part miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	305508
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	90784
	Future costs of contractual guarantees (other than financial options)	41	705804
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	10000
	Future costs of smoothing (possibly negative)	44	
	Financing costs	45	15387
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	602500
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	937399	
Realistic current liabilities of the fund	51	572522	
Realistic value of liabilities of fund (31+49+51)	59	10191893	

Realistic balance sheet

Name of insurer **The Equitable Life Assurance Society**
 With-profits fund **Ordinary long term**
 Financial year ended **31 December 2004**

R19	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	37038	GL	31	12	2004	£000
			As at end of this financial year			As at end of the previous year
			1			2

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	10522035	
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	10522035	
Risk capital margin for fund (62-59)	65	330142	
Realistic excess capital for fund (26-(59+65))	66	200481	
Realistic excess available capital for fund (29-(59+65))	67	200481	
Working capital for fund (29-59)	68	530623	
Working capital ratio for fund (68/29)	69	4.95%	

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Long term insurance business : Revenue accountName of insurer **The Equitable Life Assurance Society**

Global business

Ordinary Business

Financial year ended **31 December 2004**Name and number of fund **Ordinary long term**

	Company registration number	GL/UK/CM	period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	37038	GL	31	12	2004	£000	OB	1	0
Items to be shown net of reinsurance ceded								The financial year	Previous year	
								1	2	
Earned premiums								11	145523	173919
Investment income receivable before deduction of tax								12	869876	939933
Increase (decrease) in the value of non-linked assets brought into account								13	365923	(273853)
Increase (decrease) in the value of linked assets								14	42987	27684
Other income								15	2051	2042
Total income (11 to 15)								19	1426360	869725
Claims incurred								21	1832062	3149084
Expenses payable								22	145809	121776
Interest payable before deduction of tax								23	28430	28410
Taxation								24	11273	(9847)
Other expenditure								25		
Transfer to (from) non technical account								26		
Total expenditure (21 to 26)								29	2017574	3289423
Increase (decrease) in fund in financial year (19-29)								39	(591214)	(2419698)
Fund brought forward								49	15119741	17538940
Fund carried forward (39+49)								59	14528527	15119242

Long term insurance business : Analysis of premiums and expensesName of insurer **The Equitable Life Assurance Society**

Global business

Ordinary Business

Financial year ended **31 December 2004**Name and number of fund **Ordinary long term**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R41	37038	GL	31	12	2004	£000	OB	1	0
							Gross	Payable to or recoverable from reinsurers	Net of reinsurance (1-2)	
							1	2	3	
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		11	1210	467	743			
		Regular premium		12	62194	20902	41292			
	Pension business contracts	Single premium		13	123869	30408	93461			
		Regular premium		14	85911	75884	10027			
	Permanent health contracts	Single premium		15						
		Regular premium		16	1058	1058				
	Other contracts	Single premium		17						
		Regular premium		18						
	Total premiums	Single premium		19	125079	30875	94204			
		Regular premium		29	149163	97844	51319			
Total premiums at lines 19 and 29 attributable to	UK contracts		31	268568	125152	143416				
	Overseas contracts		32	5674	3567	2107				
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41						
	Other commission payable			42						
	Management expenses in connection with acquisition of business			43	532		532			
	Management expenses in connection with maintenance of business			44	69882		69882			
	Other management expenses			45	75395		75395			
	Total expenses (41 to 45)			49	145809		145809			
	Total expenses at line 49 attributable to	UK contracts		51	142644		142644			
Overseas contracts		52	3165		3165					

Long term insurance business : Analysis of claimsName of insurer **The Equitable Life Assurance Society**

Global business

Ordinary Business

Financial year ended **31 December 2004**Name and number of fund **Ordinary long term**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R42	37038	GL	31	12	2004	£000	OB	1	0
Claims incurred in the financial year							Gross	Recoverable from reinsurers	Net of reinsurance (1-2)	
							1	2	3	
Life assurance and annuity contracts	On death					11	21080	7009	14071	
	By way of lump sums on maturity					12	42645	3169	39476	
	By way of annuity payments					13	39207	1536	37671	
	By way of payments arising from other insured events					14				
	On surrender or partial surrender					15	140379	21395	118984	
	Total life assurance and annuity claims (11 to 15)					19	243311	33109	210202	
Pension business contracts	On death					21	24757	11616	13141	
	By way of lump sums on vesting					22	638629	40353	598276	
	By way of vested annuity payments					23	604139	1800	602339	
	On surrender or partial surrender					24	692962	284858	408104	
	Total pension business claims (21 to 24)					29	1960487	338627	1621860	
Permanent health contracts	By way of lump sums					31	795	795		
	By way of periodical payments					32				
	Total permanent health claims (31+32)					39	795	795		
Other contracts	By way of lump sums					41				
	By way of periodical payments					42				
	Total claims (41+42)					49				
Total claims (19+29+39+49)						59	2204593	372531	1832062	
Total claims at line 59 attributable to	UK contracts					61	2143641	361104	1782537	
	Overseas contracts					62	60952	11427	49525	

**THE EQUITABLE LIFE ASSURANCE SOCIETY
FINANCIAL YEAR ENDED 31st DECEMBER 2004**

**VALUATION REPORT PREPARED BY THE HEAD OF ACTUARIAL FUNCTION ON THE
ORDINARY LONG TERM BUSINESS**

1. The date of the valuation was 31 December 2004.
2. The date of the previous valuation was 31 December 2003.
3. The valuation was made in conformity with PRU 7.3.10R.
- 4.(1) (a) The Society's accumulating with profits contracts can be divided into 4 main categories. The main features of those categories are described below. Details of which contracts fall within each category are also given, together with any material special features of individual products.

The following comments apply to all accumulating with profits contracts:

- (i) If with-profits policy benefits are taken in circumstances where contractual obligations apply under the contract (e.g. on death, maturity or retirement), the value available is the greater of the maturity value and the guaranteed value. The maturity value is calculated by reference to the policy value and broadly represents the policy's share of the assets in the with-profits fund at the point of termination. If, at the point where benefits become payable, the policy's share of the assets in the with-profits fund is higher or lower than the policy value, an adjustment (called a maturity adjuster) may be applied to the policy value which may increase or reduce the maturity value otherwise payable. When contractual obligations apply the amount payable is at least equal to the guaranteed value of the policy unless the Society is not in a position to meet its contractual obligations.

The contractual benefit value for the purpose of calculating policy charge deductions (e.g. life cover charges) is calculated as above.

Where a policyholder surrenders his policy (or switches from with-profits to unit-linked funds) before maturity, contractual obligations in respect of payouts under the policy generally do not apply. The Society takes account of the interests of all policyholders in these circumstances by paying the Policy Value, less a Financial Adjustment. The Financial Adjustment can be changed at any time without advance notice to policyholders. In setting it, the intention is that the amount paid to surrendering policies should be fair, but that it should not disadvantage continuing policyholders. In particular, the amounts paid to surrendering policyholders should not reduce the payout prospects of the continuing policyholders.

Different Financial Adjustments may apply for different classes of policy (for example, as between life and pension business or policies denominated in different currencies). The rate could also vary within a class if this is thought by the Board of Directors (the "Board") to improve fairness or provide a more effective means of protecting solvency. For example, in future the Financial Adjustment may be calculated according to the guaranteed value of policies on maturity, discounted because the money is being paid earlier. This may lead to different Financial Adjustments for different policies.

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- (ii) The valuation method is a prospective valuation of the benefits contractually payable and the resultant mathematical reserves may well be less than the full current benefit. That result is not, however, a consequence of taking explicit account of the position described in (i) above in the valuation method.

Details of the main categories of accumulating with profits contracts are as follows:

(I) Life savings plans

Under these products the single premiums, or series of regular premiums, paid, net of an explicit expense deduction, accumulate with bonuses. On death the guaranteed fund and attaching declared bonus, if any, plus any final bonus is payable.

- (iii) The guaranteed benefits were uplifted in accordance with the Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985 which became effective on 8 February 2002. There are no guaranteed investment returns or bonus rates under these products above a return of the investment contents paid.
- (iv) The full fund is guaranteed to be available on surrender at certain specified dates. However, the Society reserves the right to vary the guaranteed withdrawal terms if total withdrawals from the policy and any other policy in this category held by the same policyholder during a period of thirty days exceed £1,000,000 increased in line with the Retail Prices Index calculated from 1 January 1989. In this event payment of the 'excess' of the withdrawal may be deferred for up to three months and bonuses (if any) will continue to accrue until the eventual date of payment.
- (v) There are no material options under contracts in this category.

(II) Life protection plans

Contracts of this type are similar to those in (I) above except that the contracts provide additional benefits payable in the event of death or ill health. The cost of the additional benefits is met by the periodic partial encashment of the guaranteed fund and attaching declared bonus, if any, plus any final bonus to meet the cost of the risk premium for the additional cover for the ensuing period.

- (iii) The guaranteed benefits were uplifted in accordance with the Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985 which became effective on 8 February 2002. There are no guaranteed investment returns or bonus rates under these products other than a return of the investment contents paid.
- (iv) Some policies were written for a specific term (e.g. 10 years for life protection contracts) and the guaranteed fund and attaching declared bonus, if any, plus any final bonus is guaranteed to be available on surrender at the end of that term.

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- (v) Contracts written for a specific term are renewable for a further such term at the end of the initial term on terms to be determined at the time.

(III) Pension contracts - old series

Under these contracts each premium paid, net of an explicit expense deduction, accumulates to provide a fund to provide retirement benefits in accordance with the policy conditions. Virtually all such policies provide a return of full fund on death before retirement although a few older policies were written on a 'no return' basis.

- (iii) The guaranteed benefits have been uplifted in accordance with the Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985 which became effective on 8 February 2002. Virtually all contracts of this type contain guaranteed terms for the amount of guaranteed fund secured by each premium which incorporate a guaranteed rate of accumulation of 3½% p.a. A few very old contracts are based on guaranteed accumulation rates of either 2½% p.a. or 3% p.a.
- (iv) The guaranteed fund and attaching declared bonus, if any, plus any final bonus is guaranteed to be available to provide retirement benefits on retirement in circumstances permitted by the legislation governing the operation of the contract (e.g. between ages 60 and 75 in the case of retirement annuity contracts).
- (v) There are no material options under contracts in this category.

(IV) Pension contracts - new series

These contracts are identical to those in (III) above except that:

- (iii) The guaranteed benefits have been uplifted in accordance with the Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985 which became effective on 8 February 2002. There are no guaranteed investment returns or bonus rates other than a return of the investment contents paid.

The contracts falling into each of the 4 categories above together with any special features not covered by the above generic descriptions are as follows:

- (I) UK and Irish regular savings plans, UK and Irish with profits bonds, UK personal investment plan, Services investment plan, International investment plan, German investment plan, German group savings plan and Irish flexible income plan (effected prior to 6 April 2000).

Special features:

- (a) All these contracts are closed to new business.

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- (b) Under regular savings plans guaranteed surrender terms apply at the 5th and subsequent policy anniversaries.
 - (c) Under with profits bonds up to 5% of the premium may be surrendered at each policy anniversary before the 5th on terms where there is no reduction from the guaranteed fund and attaching declared bonus, if any, plus any final bonus. For the majority of bonds, guaranteed surrender terms apply at the 5th and subsequent policy anniversaries. Under some older UK policies a guaranteed surrender value does not apply until the 10th policy anniversary but up to 10% of the premium may be withdrawn at earlier anniversaries on guaranteed terms.
 - (d) Under the International investment plan guaranteed surrender terms apply at the 5th policy anniversary and thereafter at subsequent policy anniversaries.
 - (e) Under the German investment plan guaranteed surrender terms apply on and after the policyholder's 50th birthday.
 - (f) Under UK bonds issued since 1 January 1995 the death benefit is 110% of the fund value for those aged less than 65 at outset and 105% of the fund value for those aged 65-75.
 - (g) Under with-profits personal investment plans guaranteed surrender terms apply at the 10th policy anniversary and every subsequent 10th year interval thereafter. Up to 5% of the total contributions may be surrendered at each policy anniversary before the 10th on guaranteed terms where there is no reduction from the full current policy value.
 - (h) Under Services Investment Plans guaranteed surrender terms apply at the 5th policy anniversary and at any time thereafter.
 - (i) Under the Irish flexible income plan, partial encashments can be made on guaranteed terms on a plan anniversary subject to the encashment not exceeding 10% of the amount invested in the with profits fund. Full or partial encashments can be made on guaranteed terms on the tenth anniversary of the plan or on any five-year interval thereafter.
 - (j) Under the Irish flexible income plan, there is no entitlement to declared bonus.
 - (k) Under the German group savings plan the guaranteed fund and attaching declared bonus, if any, plus any final bonus is payable on surrender after the policyholder's 60th birthday or on a member of the scheme suffering invalidity under the scheme rules.
- (II) UK, Irish and International flexible protection plans, UK flexible mortgage plan, German flexible savings plan, German flexible life assurance, UK and Irish major medical cash plans and UK critical illness plan.

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Special features;

- (a) All these contracts are closed to new business.
- (b) Flexible Mortgage Plan policies carry the option to effect further policies or increase the death benefit on existing policies when an additional loan is effected or the terms of a loan are changed without further underwriting.
- (c) The German flexible savings plan has an initial period of 12 years. There is an option to increase life cover in line with inflation without further medical evidence by effecting further policies at every 3rd policy anniversary prior to age 60.
- (d) Under major medical cash plans the medical cash benefit payable is the full sum assured of £14,000 or a fixed proportion of the full sum assured, depending on the complexity of the operation. The cash benefit is not payable in respect of claims during the first 90 days following the inception of the plan. Multiple claims are allowed, subject to a maximum aggregate payment of £100,000 in any 5-year period.

There is an option at each renewal date to increase the medical cash benefit without further health evidence by an amount determined by the Society at that time. The option lapses if it is not exercised at any renewal date.

- (e) The critical illness plan provides for the early maturity of the plan with the payment of a specified sum assured in the event of total and permanent disability or on the survival for 30 days from the diagnosis of one of a number of specified illnesses.
- (f) All Flexible Protection Plan policies issued on normal terms carry the option to effect further policies without evidence of health. Broadly the option allows the life cover to be increased at intervals, by effecting further policies, in line with increases in the Retail Prices Index.
- (g) The death benefit under the German flexible life assurance contract is the greater of the selected sum assured and the guaranteed fund plus bonuses plus the 'minimum sum at risk'. The minimum sum at risk is equal to 10% of total future premiums at outset, reducing to zero uniformly over the term of the policy. The terms on which premiums secure guaranteed fund incorporate a guaranteed accumulation rate of 3½% p.a.
- (h) All Flexible Protection Plans issued in the United Kingdom from 14 April 1992, and in overseas territories from 24 August 1992, carry a guarantee of terms on withdrawal in the event of the life assured contracting an illness or suffering an accident

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after the plan has been effected which, in the opinion of the Society's Chief Medical Officer, results in either:

the expectation of life or the mobility of the life assured to be reduced by at least 25%, or

the life assured being unlikely to be able to support himself or herself without full-time nursing.

- (III) UK retirement annuities; UK, Irish, Guernsey and Jersey personal pensions; UK and Irish individual pensions; UK, Irish and International group pensions; Irish personal retirement bond; UK FSAVC; UK transfer plan; German and Irish deferred annuity; UK school fee trust plan.

Special features:

- (a) All these contracts are closed to new business.
- (b) For UK retirement annuities policyholders the option to purchase an annuity could have been exercised at retirement any age between 60 and 75. The form of the annuity was restricted to a single life, level non-profit annuity with no guaranteed period paid quarterly in advance. This option was removed as a consequence of the Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985 which became effective on 8 February 2002.
- (c) For UK individual pensions (1st series), UK transfer plans (1st series) taken out before June 1988 and members of UK group pensions schemes taken out before June 1988 who joined before the next quinquennial anniversary following that date, the option to purchase an annuity at retirement could have been exercised at any age under the scheme rules. The form of the annuity was restricted to a non-profit annuity with a 5 year guaranteed period paid monthly in advance. This option was removed as a consequence of the Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985 which became effective on 8 February 2002.
- (d) For UK transfer plans and miscellaneous deferred annuities, a number of contracts have a Guaranteed Minimum Pension underpin. An additional reserve is held to cover the cost of the guarantee for those policies.
- (e) UK school fee trust plans are structured like pension contracts but are for a maximum term of 19 years and allow annual surrenders to provide school fees on guaranteed terms.

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- (f) Under the German deferred annuity on death during the deferral period the benefit payable is either a return of premiums paid and bonuses, a return of premiums only, or no return. On survival to the end of the deferral the benefits can be taken as a lump sum or converted to a single life level annuity. Each premium, after a deduction for expenses, secures additional guaranteed fund. Mortality charges based on the death sum at risk are added or deducted monthly during the deferral period.

Surrender values are guaranteed during the deferral period provided a non-zero death benefit is selected. Policies can be made paid-up during the deferred period subject to a minimum guaranteed period and the policyholder may extend the deferral period by up to 5 years.

- (IV) UK, Irish, Guernsey, Jersey and International personal pensions; UK and Irish individual pensions; UK, Irish and International group pensions; Irish personal retirement bond; UK FSAVC; UK transfer plans; German and Irish deferred annuity; UK managed pension; UK Money Purchase Transfer Plan; UK personal pension trustee investment policy; UK personal pension trustee income drawdown policy; UK income drawdown plan; UK income drawdown transfer plan; flexible additional voluntary contribution plan; Irish flexible income plan (effected after 6 April 2000).

Special features:

- (a) All these contracts are closed to new business.
- (b) Under the German deferred annuity a maturity date is selected at outset, which must be between ages 50 and 75 or give a policy term of at least 12 years. There is a guaranteed surrender value at the maturity date and the guaranteed fund and attaching declared bonus, if any, plus any final bonus can be used to buy an annuity.
- (c) Under the UK managed pension all or part of the guaranteed fund and attaching declared bonus, if any, plus any final bonus can be used to secure an annuity at any time. An annuity must be secured at age 75 at the latest. Before an annuity is taken the fund can be part-surrendered on guaranteed terms to provide income withdrawals within the permitted limits.
- (d) UK managed pensions effected after 13 March 1998 have no entitlement to declared bonus.
- (e) Under the UK personal pension trustee investment policy the guaranteed fund and attaching declared bonus, if any, plus any final bonus is guaranteed on the member's 75th birthday or the selected date specified by the Trustees on the application form provided this is at least 10 years after the start date of the policy.

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- (f) Under the UK personal pension trustee income drawdown policy, the guaranteed fund and attaching declared bonus, if any, plus any final bonus is payable on:-
- the evidenced purchase by the Trustees of a pension annuity on any birthday of the member;
 - the selected date specified by the Trustees on the application form provided this is at least 5 years after the start date of the policy and on each fifth anniversary of that selected date or the member's 75th birthday if sooner;
 - income withdrawals provided that the total withdrawals from the with-profits fund in each policy year do not exceed 10% of the value of the with-profits benefits in the policy on the policy anniversary on or immediately preceding the first withdrawal in that policy year.
- (g) Under the UK income drawdown plan, UK income drawdown transfer plan and flexible additional voluntary contribution plan policies the guaranteed fund and attaching declared bonus, if any, plus any final bonus is payable on:-
- the purchase of a pension annuity;
 - income withdrawals provided that the total withdrawals from the with-profits fund in each policy year do not exceed 10% of the value of the with-profits benefits in the policy on the policy anniversary on or immediately preceding the first withdrawal in that policy year.
- (h) Under the Irish flexible income plan, all or part of the guaranteed fund and attaching declared bonus, if any, plus any final bonus can be used to secure an annuity at any time. An annuity must be secured at age 75 at the latest. Before an annuity is taken the fund can be part-surrendered on guaranteed terms to provide income withdrawals within the permitted limits.
- (i) Under the Irish flexible income plan, there is no entitlement to declared bonus.
- (j) Under UK group money purchase plans and Additional Voluntary Contribution plans where the plan has been endorsed, policyholders may invest in the Clerical Medical with-profits fund. The benefits are reassured through a treaty with Clerical Medical Investment Group Limited (CMIGL) detailed in paragraph 12(2)(ix). The Society follows bonus rates and bonus policy that are set by CMIGL.
- (k) For UK transfer plans and miscellaneous deferred annuities, a number of contracts have a Guaranteed Minimum Pension underpin. An additional reserve is held to cover the cost of the guarantee for those policies.

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4.(1) (b) The only policies which the Society offers where benefits are determined on the basis of interest accrued and which are not within 4(1)(a) above are those shown as 'without profits - deferred annuity accumulating'. These are scheme business secured by individual policies where the contractual pension date of the policy has been reached. The policy proceeds at that time are transferred to the accumulating class and, together with any further premiums, are accumulated at the rate set at the contractual pension date until the benefits are taken. The benefits are reassured through a treaty with Halifax Life detailed in paragraph 12(2)(viii).

- (i) The full accumulated value is available on surrender at any time.
- (ii) The accumulation rate for each policy is fixed at the contractual pension date of the original policy.
- (iii) The mathematical reserves for these contracts are shown, subdivided by interest rate, in the notes to this Schedule.
- (iv) The surrender value at any time is guaranteed, as described in (i) above.
- (v) There are no other material options.

4.(1) (c) Additional material information in respect of contracts not within 4(1)(a) and 4(1)(b) above is as follows:

- (i) For UK Flexible Savings Plans, UK, International, Irish and German with profits annuities in payment, UK whole of life policies, UK and Irish with-profits endowment policies (including UK Child's Option Policies) and UK with-profits deferred annuities the guaranteed benefits have been uplifted in accordance with the Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985 which became effective on 8 February 2002.
- (ii) The UK Flexible Savings Plan is a special with profits whole life assurance with the option to withdraw the benefits on guaranteed terms at any policy anniversary on or after the tenth. On withdrawal on the tenth anniversary the benefits payable would be the Basic Withdrawal Benefit plus any attaching bonuses.

On withdrawal on any subsequent anniversary the benefits payable would be the Basic Withdrawal Benefit multiplied by $(1 + .12t)$ plus any attaching bonuses, where t is equal to the number of complete years since the tenth policy anniversary. On death before withdrawal before the tenth policy anniversary the benefit payable is the Basic Withdrawal Benefit on the tenth policy anniversary plus bonuses to the date of death.

On death before withdrawal after the tenth policy anniversary the benefit payable is the Basic Withdrawal Benefit on the next policy anniversary multiplied by $(1 + .12t)$ plus bonuses to the date of death.

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In any event the amount payable on death will not be less than the guaranteed minimum stated in the policy. The above applies only to policies where premiums are fully maintained. Where premiums are discontinued there is no guarantee of terms.

The class is closed to new business.

- (iii) The details of business described as with profits annuity in payment are as follows.

The basic contract provides level guaranteed benefits, which are enhanced by the addition of bonuses, including final bonus.

For contracts issued prior to 1 July 1996, under alternative versions the guaranteed payments are arranged to increase at 3.5% per annum or to decrease at a rate not exceeding a maximum rate specified by the Society. The maximum rate was altered from time to time taking account of the prevailing interest rates. The maximum rate was 6.5% per annum for annuities effected prior to 1 June 1992, 5.5% per annum for annuities effected between 1 June 1992 and 10 June 1993 and at various rates up to 5.0% for annuities effected between 11 June 1993 and 30 June 1996.

Contracts issued since 1 July 1996 are similar except that the underlying terms are based on an interest rate of 0% rather than 3½%. Guaranteed benefits may decrease at rates of up to 8.5% p.a. under current contracts.

A temporary purchased life annuity version of the contract was also available. Under that version the guaranteed benefits decreased at a rate specified by the Society. This rate was altered from time to time taking account of the prevailing interest rates. The rate was 6.5% per annum for contracts effected prior to 1 June 1992, 5.5% per annum for contracts effected between 1 June 1992 and 10 June 1993, and various rates up to 5.0% for contracts effected between 11 June 1993 and 30 June 1996.

The terms for these contracts were also varied from 1 July 1996 to base them on a 0% interest rate rather than 3½%. Guaranteed benefits may decrease at rates of up to 8.5% p.a. under current contracts.

A policy fee is charged on payment of each instalment, which is fixed for the first year and subsequently changes directly in line with the change in annuity.

The contract is closed to new business.

- (iv) The German Term Assurance with profits contract is written on a single life.

The policy participates in bonuses by way of either a premium rebate or a bonus sum assured, depending on the bonus distribution method selected by the policyholder at outset. Where bonuses are allocated in the form of an increase to the sum assured for a year, there is an option to effect further cover without medical evidence in order to maintain cover in the event of bonus rates reducing.

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Policies with a term in excess of 10 years have a guaranteed surrender value equal to a percentage of the mathematical reserve on the prescribed basis. Policies can also be made paid-up providing the paid-up sum assured is at least €22.

Policies have the option to convert, without further health evidence, to a flexible life assurance maturing no later than the termination date of the policy, for a sum assured not exceeding the total original sum assured. The contract is closed to new business.

- (v) The German Supplementary Disability benefit can be effected only in conjunction with a Flexible Life Assurance, Term Assurance or Deferred Annuity policy. It provides a monthly annuity benefit on the disablement of the assured and, for Flexible Life Assurance and Deferred Annuity policies, a waiver of premium under the main contract.

The policy participates in bonuses by way of either a premium rebate or a bonus benefit depending on the bonus distribution method selected by the policyholder at outset.

A surrender value is guaranteed providing no claims have been made for disability benefits. The surrender value payable is a percentage of the mathematical reserve.

The benefit can be made paid-up only in conjunction with the main benefit and subject to a minimum disability annuity.

The contract is closed to new business.

- (vi) The German Supplementary Accident benefit can be effected only in conjunction with a Flexible Life Assurance, with-profits Term Assurance or Deferred Annuity contract. It is a non-profit benefit that provides for a sum assured to be paid if the life assured dies as a result of an accident.

The accident benefit ceases if the main benefit is made paid-up.

The policy does not acquire a surrender value at any time.

The contract is closed to new business.

- (vii) The German Disability Rider can be effected only in conjunction with a German without profit term assurance, German Flexible Savings Plan or German Regular Premium Deferred Annuity (UK style) policy. In the event of disability it provides a level non-profit annuity equal to the premiums due under the main policy, by way of a waiver benefit. In addition a further level non-profit annuity may be included to replace a client's loss of income. Where premiums under the main policy increase the premium for the rider will increase at the same rate.

The rider will have no paid up or surrender value unless the insurance term of the rider is longer than the premium term. The surrender value in such cases (if any) is not guaranteed.

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- (viii) A special International group pension arrangement has been entered into with a non-UK resident trustee to provide with profits retirement benefits for a group of employees.

Premiums provide cash fund on guaranteed terms to purchase retirement benefits at the selected retirement date, provided that this date is at least five years after entry. There is no guarantee of annuity rates to be applied to the guaranteed fund and bonuses at the selected retirement date and the terms on prior withdrawal are not guaranteed.
- (ix) Certain endowment assurances and deferred annuities carry guaranteed annuity options. In the case of endowment assurances an extra premium is charged. The form of the annuity is restricted to a single life, level, non-profit annuity with no guaranteed period paid half-yearly in arrears. For deferred annuities, the guaranteed annuity rates are based on a(55) mortality and 4% interest. These options were not given up as part of the Scheme of Arrangement pursuant to Section 425 of the Companies Act 1985, which became effective on 8 February 2002.
- (x) Most temporary assurances issued before 7 June 1988 on normal terms carry the right without extra charge to convert to whole life or endowment assurance policies on terms available at that time without further evidence of health at any time up to two years before the expiry date.
- (xi) Under certain decreasing temporary assurances issued before 7 June 1988 the policies carry the option to maintain or, within limits, increase the sum assured upon payment of an increased premium. The premium for the whole sum assured is on the rates available at that time.
- (xii) Prior to 15 August 1986 an option to effect further policies without evidence of health could be included on the Society's standard whole life and endowment assurances in the Life Assurance Fund. An extra premium is charged for this option.
- (xiii) Mortgage protection policies and endowment assurances with guaranteed minimum death benefit, where used as collateral security in respect of a house purchase loan from a building society or other source, carry the option to effect further policies or increase the death benefit on existing policies when an additional loan is effected or the terms of a loan are changed.
- (xiv) The Child's Option Policy (a with profits endowment assurance) carries an option whereby at the maturity date the policy may be exchanged for a with profits endowment assurance on the life of a named child, on terms guaranteed at outset.

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- (xv) A waiver of contribution facility may be incorporated under a retirement annuity or personal pension contract on application, provided that permanent health insurance cover with a benefit of at least £2,500 per annum is in force. Contributions for retirement benefits (but not those paid by the DWP under the personal pension contract) would be waived during any period when a permanent health insurance claim of at least £2,500 per annum is under payment. The monthly contribution waived is calculated as the average monthly contribution paid over the most recent three years (or less if the contract has been effected within that period), subject to an overriding maximum waiver of £25,000 per annum increased in line with increases in the Retail Prices Index since 1 January 1988.

Benefits under a contract incorporating the facility are currently 98% of those under an otherwise equivalent contract not incorporating the facility.

5.(1) The Society has issued the following linked contracts.

- (i) Unit linked assurance - regular premium policy (1st series).
- (ii) Unit linked assurance - regular premium policy (2nd series).
- (iii) Unit linked assurance - regular premium policy (3rd series).
- (iv) Unit linked assurance - single premium bond (1st series).
- (v) Unit linked annuity (1st series).
- (vi) Unit linked retirement annuity - variable premium plan (1st series).
- (vii) Unit linked retirement annuity - variable premium plan (2nd series).
- (viii) Unit linked retirement annuity - variable premium plan (3rd series).
- (ix) Unit linked retirement annuity - monthly premium plan (1st series).
- (x) Unit linked retirement annuity - monthly premium plan (2nd series).
- (xi) Unit linked retirement annuity - monthly premium plan (3rd series).
- (xii) Unit linked retirement bond (1st series).
- (xiii) Unit linked retirement bond (2nd series).
- (xiv) Unit linked individual pension - variable premium plan (1st series).
- (xv) Unit linked individual pension - variable premium plan (2nd series).
- (xvi) Unit linked individual pension - monthly premium plan (1st series).
- (xvii) Unit linked individual pension - monthly premium plan (2nd series).
- (xviii) Unit linked individual pension - monthly premium plan (3rd series).
- (xix) Unit linked individual pension - single premium plan (1st series).
- (xx) Unit linked individual pension - single premium plan (2nd series).
- (xxi) Unit linked School Fee Trust Plan - variable premium plan (1st series).
- (xxii) Unit linked School Fee Trust Plan - monthly premium plan (1st series).
- (xxiii) Special retirement annuity arrangement.
- (xxiv) Building Society Linked endowment assurance.
- (xxv) Unit linked extension facility for maturing endowment assurances.
- (xxvi) Unit linked School Fee Trust Plan - variable premium plan (2nd series).
- (xxvii) Unit linked School Fee Trust Plan - monthly premium plan (2nd series).
- (xxviii) Unit linked School Fee Trust Plan - single premium plan.
- (xxix) Unit linked Managed Annuity.
- (xxx) Unit linked assurance - single premium bond (2nd series).
- (xxxi) Unit linked Regular Savings Plan.
- (xxxii) Unit linked Major Medical Cash Plan.
- (xxxiii) Guaranteed equity fund annuity.
- (xxxiv) Unit linked International Flexible Protection Plan.
- (xxxv) Self-directed pension arrangements.

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(xxxvi)	Unit-linked Flexible Mortgage Plan.
(xxxvii)	Unit linked Personal Investment Plan benefit.
(xxxviii)	Unit linked annuity (2nd series).
(xxxix)	Unit linked individual pension plan retirement benefit- variable premium plan (3rd series).
(xxxx)	Unit linked group pension plans.
(xxxxi)	Unit linked Child's Option Policy.
(xxxxii)	Unit linked Flexible Protection Plan and Maximum Investment Plan.
(xxxxiii)	Unit linked Critical Illness Plan.
(xxxxiv)	Unit linked personal pension plan retirement benefit.
(xxxxv)	Unit linked free standing additional voluntary contribution plan retirement benefit.
(xxxxvi)	Unit linked grouped personal pension plan retirement benefit.
(xxxxvii)	Unit linked Trustees Investment Plan (1st series).
(xxxxviii)	Unit linked Final Salary Pension Plan.
(xxxxix)	Unit linked managed pension.
(l)	Unit linked deposit plan.
(li)	Unit linked Guernsey personal pension plan retirement benefit.
(lii)	Unit linked International investment plan benefit.
(liii)	Unit linked International personal pension plan retirement benefit.
(liv)	Unit linked Guernsey group pension investment plan.
(lv)	Unit linked Guernsey and International group pension plans.
(lvi)	Unit linked Jersey personal pension plan retirement benefit.
(lvii)	Unit linked Irish Regular Savings Plan.
(lviii)	Unit linked Irish Bond.
(lix)	Unit linked Irish personal pension plan retirement benefit.
(lx)	Unit linked Irish individual pension plan retirement benefit.
(lxi)	Unit linked Irish group pension plan.
(lxii)	Unit linked Irish Flexible Protection Plan.
(lxiii)	Unit linked Irish Personal Retirement Bond.
(lxiv)	Unit linked German Investment Plan.
(lxv)	Unit linked German Flexible Savings Plan.
(lxvi)	Unit linked German Deferred Annuity.
(lxvii)	Index-linked annuity in payment.
(lxviii)	Unit linked Services Investment Plan.
(lxix)	Money Purchase Transfer Plan retirement benefit.
(lxx)	Unit linked pension trustee investment policy.
(lxxi)	Unit linked personal pension trustee income drawdown policy.
(lxxii)	Unit linked Irish flexible income plan.
(lxxiii)	Unit linked German group savings plan.
(lxxiv)	Unit linked 2000 personal pension plan retirement benefit.
(lxxv)	Unit linked 2000 grouped personal pension plan retirement benefit.

(i) Unit linked assurance - regular premium policy (1st series)

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) Premiums are payable annually or monthly for a limited term.

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- (d) On death the value at bid price of units credited to the unit account to the date of death plus the investment content of premiums due after the date of death is payable subject to a minimum equal to the investment content of the total premiums due over the full premium paying term of the policy. Where benefits are linked to the Halifax UK Growth OEIC a deduction to meet the Society's potential liability to tax on capital gains is made as described in 5(5) below.
- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of premiums (exclusive of any policy fee addition) securing units for crediting to the unit account is determined by reference to the age at entry of the life assured and the premium paying term, in accordance with the following table.

<u>Age next birthday at entry plus</u> <u>premium paying term (years)</u>	<u>Percentage of premiums</u> <u>(%)</u>
45 and under	99.00
46 - 50	98.50
51 - 55	97.60
56 - 60	95.20
61 - 65	93.00

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The surrender value is equal to the value at bid price of the number of units credited to the unit account in respect of the policy. Where benefits are linked to the Halifax UK Growth OEIC, a terminal deduction is made for tax as described in 5(5) below.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (i) below, or to the value of units in the Halifax UK Growth OEIC.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(ii) Unit linked assurance - regular premium policy (2nd series)

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) Premiums are payable annually or monthly for an initial period of ten years. On the tenth policy anniversary, the policy contains an option to continue paying the full premium or, alternatively, to pay only the policy fee and secure no additional units.

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- (d) On death the higher of the bid price of the units credited to the unit account to the date of death or the minimum sum assured on death is payable. For lives aged under 67 next birthday at entry the minimum sum assured on death is 75% of the premiums payable in the first ten years. A lower percentage applies to older ages at entry.

Where benefits are linked to the Halifax UK Growth OEIC a deduction to meet the Society's potential liability to tax on capital gains is made as described in 5(5) below.

- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of premiums (exclusive of any policy fee addition) securing units for crediting to the unit account is determined by reference to the age at entry of the life assured, in accordance with the following table.

<u>Age next birthday at entry</u> <u>(years)</u>	<u>Percentage of premiums (x)</u> <u>(%)</u>
40 and under	100.00
41 - 45	99.50
46 - 50	99.00
51 - 55	98.00
56 - 60	96.00
61 - 65	93.50
66 and over	93.00

(x) relates to premiums in the first ten years. After ten years the policyholder may elect to continue paying the full premium in which case 100% of the premium (exclusive of any policy fee addition) secures units, or elect to pay only the policy fee in which case no further units are secured by the premiums paid.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The surrender value is equal to the value at bid price of the number of units credited to the unit account in respect of the policy. Where benefits are linked to the Halifax UK Growth OEIC, a terminal deduction is made for tax as described in 5(5) below.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (i) below, or to the value of units in the Halifax UK Growth OEIC.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

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(iii) Unit linked assurance - regular premium policy (3rd series)

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) Premiums are payable annually or monthly for an initial period of ten years. On the tenth policy anniversary, the policy contains an option to continue paying the full premium or, alternatively, to pay only the policy fee and secure no additional units.
- (d) On death the higher of the bid price of the units credited to the unit account to the date of death or the minimum sum assured on death is payable. For lives aged under 67 next birthday at entry the minimum sum assured on death is 75% of the premiums payable in the first ten years. A lower percentage applies to older ages at entry.
- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of premiums (exclusive of any policy fee addition) securing units for crediting to the unit account is determined by reference to the age at entry of the life assured, in accordance with the following table:

<u>Age next birthday at entry</u> <u>(years)</u>	<u>Percentage of premiums (x)</u> <u>(%)</u>
40 and under	100.00
41 - 45	99.50
46 - 50	99.00
51 - 55	98.00
56 - 60	96.00
61 - 65	93.50
66 and over	93.00

(x) relates to premiums in the first ten years. After ten years the policyholder may elect to continue paying the full premium in which case 105% of the premium (exclusive of any policy fee addition) secures units, or elect to pay only the policy fee in which case no further units are secured by the premiums paid.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The surrender value is equal to the value at bid price of the number of units credited to the unit account in respect of the policy.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(i) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.

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(l) Not applicable.

(iv) Unit linked assurance - single premium bond (1st series)

(a) As shown above.

(b) UK life assurance and general annuity business, whole life assurance.

(c) The contract is a single premium policy.

(d) On death the value of units at bid price credited to the unit account is payable subject to a minimum guaranteed amount.

Where the benefits are linked to the Halifax UK Growth OEIC, a deduction to Society's potential liability to tax on capital gains is made as described in 5(5) below.

(e) The policy provides no guarantees of investment returns.

(f) The whole of the single premium secured units for crediting to the unit account.

The bid/offer and annual management charges are described in 5(7) below.

(g) The percentage of premiums securing units described in (f) is guaranteed contractually.

(h) The surrender value is equal to the value at bid price of the number of units credited to the unit account in respect of the policy. Where benefits are linked to the Halifax UK Growth OEIC, a terminal deduction is made for tax as described in 5(5) below.

(i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (i) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below), or to the value of units in the Halifax UK Growth OEIC.

(j) Not applicable.

(k) The contract remained closed to new business during the year to the valuation date.

(l) Not applicable.

(v) Unit linked annuity (1st series)

(a) As shown above.

(b) UK life assurance and general annuity business, annuity in payment.
UK pension business, annuity in payment.

(c) The policy is a single premium contract.

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- (d) Each instalment of annuity comprises the value at bid price of a certain set number of Halifax UK Growth OEIC shares together with a proportion of the income distribution in respect of the total number of units credited to the unit account at the commencement of each policy. The contract was offered as a purchased life annuity and as a pension annuity.
- (e) A minimum annuity is guaranteed.
- (f) The annual management charges are described in 5(7) below.
- (g) There are no restrictions on increases in charges.
- (h) The policy cannot be surrendered.
- (i) Benefits are determined by reference to the value of units in the Halifax UK Growth OEIC.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(vi) Unit linked retirement annuity - variable premium plan (1st series) (approved under Chapter 3 Part 14 of ICTA 1988)

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) Each premium is deemed to secure units. The benefits may be taken at any time between age 60 and 75 and would be the value at bid price of the number of units deemed to attach to the policy. On death before the retirement benefits are taken the value at bid price of the units deemed to attach to the policy at the date of death would be paid.

The contract contains an option to convert in whole or in part to a with profits contract. There is no guarantee of the terms that would be allowed on such conversion. A further option exists whereby the policy may be converted to a without profits contract. Again there is no guarantee of the terms that would be allowed on such conversion.

- (e) The policy provides no guarantees of investment returns.
- (f) Where benefits are linked to the Halifax UK Growth OEIC 102% of each premium is deemed to secure units. A deduction equal to 2.5% of the average of the two highest totals of premiums paid in any twelve-month period is made from each half yearly distribution of income on the units deemed to attach to each policy.

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Where links have been switched to the Society's internal funds 101% of each premium paid on or after the date of the switch is deemed to secure units. These terms are not guaranteed to apply for future switches.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below), or to the value of units in the Halifax UK Growth OEIC.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(vii) Unit linked retirement annuity - variable premium plan (2nd series) (approved under Chapter 3 Part 14 of ICTA 1988)

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) The benefits are as described for the Unit linked retirement annuity - variable premium plan (1st series).
- (e) The policy provides no guarantees of investment returns.
- (f) 1) Premiums paid in the First Payment Period but not after the 65th birthday.

<u>Age next birthday at entry (years)</u>	<u>Percentage of premium deemed invested (%)</u>
46 and under	80.00
47 - 51	83.75
52 - 56	87.50
57 - 61	93.75
65	98.75

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- 2) Premiums paid in the Second Payment Period but not after the 65th birthday.

	<u>Percentage of premium deemed invested (%)</u>
Premiums up to the level of the total premium paid in the First Payment Period	The same as in the First Payment Period
Amount by which total premiums exceed the total premium paid in the First Payment Period	101.00

- 3) Premiums paid in the Third or Subsequent Payment Period but not after the 65th birthday.

	<u>Percentage of premium deemed invested (%)</u>
Premiums up to the level of the lower of the total premium paid in the First Payment Period and the total premium paid in the Second Payment Period	105.00
Amount by which total premiums exceed the lower of the total premium paid in the First Payment Period and the total premium paid in the Second Payment Period	101.00

- 4) Premiums paid after the 65th birthday.

Percentage of premium deemed invested = 101%.

Note: The First Payment Period is the period of nine months commencing on the date of the policy. The Second, Third and subsequent Payment Periods are periods of twelve months each commencing three months before the anniversary of the date of the policy.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(ii) below, and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.

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(k) The contract remained closed to new business during the year to the valuation date.

(l) Not applicable.

(viii) Unit linked retirement annuity - variable premium plan (3rd series) (approved under Chapter 3 Part 14 of ICTA 1988)

(a) As shown above.

(b) UK pension business, deferred annuity.

(c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.

(d) The benefits are as described for the Unit linked retirement annuity - variable premium plan (1st series).

(e) The policy provides no guarantees of investment returns.

(f) 100.4% of each premium paid is deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

(g) The percentage of premiums securing units described in (f) is guaranteed contractually.

(h) The value at bid price of the units deemed to attach to the policy is payable on surrender.

(i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).

(j) Not applicable.

(k) The contract remained closed to new business during the year to the valuation date.

(l) Not applicable.

(ix) Unit linked retirement annuity - monthly premium plan (1st series) (approved under Chapter 3 Part 14 of ICTA 1988)

The terms and conditions for this plan are the same as for the Unit linked retirement annuity - variable premium plan (1st series) except that, in respect of (c), premiums are payable monthly.

(x) Unit linked retirement annuity - monthly premium plan (2nd series) (approved under Chapter 3 Part 14 of ICTA 1988)

The terms and conditions for this plan are the same as for the Unit linked retirement annuity - variable premium plan (2nd series) except that, in respect of (c), premiums are payable monthly.

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(xi) Unit linked retirement annuity - monthly premium plan (3rd series) (approved under Chapter 3 Part 14 of ICTA 1988)

The terms and conditions for this plan are the same as for the Unit linked retirement annuity - variable premium plan (3rd series) except that, in respect of (c), premiums are payable monthly.

(xii) Unit linked retirement bond (1st series) (approved under Chapter 3 Part 14 of ICTA 1988)

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) The contract is a single premium policy.
- (d) The retirement benefits are as described for the Unit linked retirement annuity - variable premium plan (1st series).

On death before retirement benefits are taken, the higher of the value at bid price of the units deemed to attach to the policy and the single premium paid is payable.

- (e) The policy provides no guarantees of investment returns.
- (f) 97.5% of the single premium paid was deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below), or to the value of units in the Halifax UK Growth OEIC.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xiii) Unit linked retirement bond (2nd series) (approved under Chapter 3 Part 14 of ICTA 1988)

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) The contract is a single premium policy.

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- (d) The retirement benefits are as described for the Unit linked retirement annuity - variable premium plan (1st series).

On death the value at bid price of the units deemed to attach to the policy is payable.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of the single premium paid was deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xiv) Unit linked individual pension - variable premium plan (1st series)

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) Each premium is deemed to secure units. The plans are written to a selected pension age or date. The benefits if taken on the selected pension age or date would be the value at bid price of the number of units deemed to attach to the policy. The benefits may be taken at an earlier or later age or date in which case the benefits will be the same as they would have been had the actual date of taking benefits been selected at outset.

On death before the benefits are taken the value at bid price of the number of units deemed to attach to the policy at the date of death would be paid.

The contract contains an option to convert in whole or in part to a with profits contract. There is no guarantee of the terms that would be allowed on such conversion. A further option exists whereby the policy may be converted to a without profits contract. Again there is no guarantee of the terms that would be allowed on such conversion.

- (e) The policy provides no guarantees of investment returns.

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- (f) The percentage of each premium deemed to secure units is as described for the Unit linked retirement annuity - variable premium plan (1st series).
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below), or to the value of units in the Halifax UK Growth OEIC.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xv) Unit linked individual pension - variable premium plan (2nd series)

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) The benefits are as described for the Unit linked individual pension - variable premium plan (1st series).
- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of each premium deemed to secure units is as described for the Unit linked retirement annuity - variable premium plan (2nd series).
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.

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(k) The contract remained closed to new business during the year to the valuation date.

(l) Not applicable.

(xvi) Unit linked individual pension - monthly premium plan (1st series)

The terms and conditions for this plan are the same as for the Unit linked individual pension - variable premium plan (1st series) except that, in respect of (c), premiums are payable monthly.

(xvii) Unit linked individual pension - monthly premium plan (2nd series)

The terms and conditions for this plan are the same as for the Unit linked individual pension - variable premium plan (2nd series) except that, in respect of (c), premiums are payable monthly.

(xviii) Unit linked individual pension - monthly premium plan (3rd series)

The terms and conditions for this plan are the same as for the Unit linked individual pension - variable premium plan (3rd series) except that, in respect of (c), premiums are payable monthly and, in respect of (k), the contract was closed to new business in the year to the valuation date.

(xix) Unit linked individual pension - single premium plan (1st series)

(a) As shown below.

(b) UK pension business, deferred annuity.

(c) The contract is a single premium policy.

(d) The benefits are as described for the Unit linked individual pension - variable premium plan (1st series).

(e) The policy provides no guarantees of investment returns.

(f) 97.5% of the single premium paid was deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

(g) The percentage of premiums securing units described in (f) is guaranteed contractually.

(h) The value at bid price of the units deemed to attach to the policy is payable on surrender.

(i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below), or to the value of units in the Halifax UK Growth OEIC.

(j) Not applicable.

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(k) The contract remained closed to new business during the year to the valuation date.

(l) Not applicable.

(xx) Unit linked individual pension - single premium plan (2nd series)

(a) As shown above.

(b) UK pension business, deferred annuity.

(c) The contract is a single premium policy.

(d) The benefits are as described for the Unit linked individual pension - variable premium plan (1st series).

(e) The policy provides no guarantees of investment returns.

(f) 100% of the single premium paid was deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

(g) The percentage of premiums securing units described in (f) is guaranteed contractually.

(h) The value at bid price of the units deemed to attach to the policy is payable on surrender.

(i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).

(j) Not applicable.

(k) The contract remained closed to new business during the year to the valuation date.

(l) Not applicable.

(xxi) Unit linked School Fee Trust Plan - variable premium plan (1st series)

(a) As shown above.

(b) UK life and general annuity business, deferred annuity.

(c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.

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- (d) Each premium is deemed to secure units. The benefits may be taken at any time after the expiry of three years from the commencement of the policy and before the nineteenth birthday of the child named in the policy. Part encashment of the policy is allowed. The benefits would be 91.12% of the value at bid price of the appropriate number of units deemed to attach to the policy. On the death of the child named in the policy before all benefits have been taken 91.12% of the value at bid price of the units deemed to attach to the policy at the date of death would be paid.
- (e) The policy provides no guarantees of investment returns.
- (f) 1) Premiums paid in the First Allocation Year but not after the child's thirteenth birthday.

<u>Term at policy commencement to child's thirteenth birthday</u> (years)	<u>Percentage of premium deemed invested (%)</u>
1	105.00
2	105.00
5	97.50
10	85.00
13	85.00

- 2) Premiums paid in the Second Allocation Year but not after the child's thirteenth birthday.

	<u>Percentage of premium deemed invested (%)</u>
Premiums up to the level of the total premium paid in the First Allocation Year.	The same as in the First Allocation Year.
Amount by which total premiums exceed the total premiums paid in the First Allocation Year.	105.00

- 3) Premiums paid in the Third or subsequent Allocation Years but not after the child's thirteenth birthday.

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	<u>Percentage of premium deemed invested (%)</u>
Premiums up to the level of the lower level of the total premiums paid in the First Allocation Year and the total premiums paid in the Second Allocation Year.	110.00
Amount by which total premiums exceed the lower of the total premiums paid in the First Allocation Year and the total premiums paid in the Second Allocation Year.	105.00

- 4) Premiums paid after the child's thirteenth birthday.

Percentage of premiums deemed invested = 105.0%.

Note: The First Allocation Year is the Period of nine months commencing on the date of the policy. The Second, Third and subsequent Allocation Years are periods of twelve months each commencing three months before the anniversary of the date of the policy.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) 91.12% of the value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are determined by reference to the value of units in the Equitable Managed Annuity Fund.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxii) Unit Linked School Fee Trust Plan - monthly premium plan (1st series)

The terms and conditions for this plan are the same as for the Unit linked School Fee Trust Plan - variable premium plan (1st series) except that, in respect of (c), premiums are payable monthly.

(xxiii) Special retirement annuity arrangements

- (a) As shown above.
- (b) UK pension business, deferred annuity.

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- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) Benefits may be linked to the value of assets in an individual Personalised Fund. On death before retirement benefits are taken the value of assets deemed to attach to the policy at the date of death is payable.
- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium paid is deemed to secure units. Where premiums have exceeded £15,000, 102% of each premium is deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and the appropriate Equitable Personalised Fund, and by reference to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxiv) Building Society linked endowment assurance

- (a) As shown above.
- (b) UK life assurance and general annuity business, endowment assurance.
- (c) Premiums are payable annually or monthly.
- (d) Building Society linked endowment assurances are linked to deposits with the Bristol and West Building Society. At maturity the value of the deposit with the Bristol and West Building Society is payable plus for lives aged under 41 at entry a maturity bonus (of not more than 5/12ths of one annual premium) or a proportion thereof is paid in addition.
- (e) The policy provides no guarantees of investment returns.
- (f) For policies effected on or after 1 June 1979 92% of each monthly premium or 92.5% of each annual premium is deemed deposited with the Bristol and West Building Society. For policies effected prior to this date where the life assured was aged 52 next birthday or over at entry a lower percentage of each premium was deemed invested.

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On death before the maturity date the higher of the surrender value at the date of death and the sum assured is payable.

For policies effected on or after 1 June 1979 the sum assured is a multiple of the monthly or annual premium as illustrated below for the following sample ages.

<u>Age next birthday at entry (years)</u>	<u>Sum assured as multiple of</u>	
	<u>monthly premium</u>	<u>annual premium</u>
19 - 56 inclusive	90.0	7.5
58	85.2	7.1
60	80.4	6.7
62	75.6	6.3
64	70.8	5.9
66	66.0	5.5

For policies effected prior to 10 April 1978 the sum assured is 180 times the monthly premium or 15 times the annual premium. For policies effected from 10 April 1978 to 30 May 1979 inclusive the sum assured is 120 times the monthly premiums or 10 times the annual premium.

- (g) The percentages of premiums deemed to be deposited with the Bristol and West Building Society are guaranteed contractually.
- (h) The value of the deposit deemed to have been secured by premiums paid is payable on surrender. In addition, for policies effected on or after 1 June 1979, a proportion of the maturity bonus is payable.
- (i) Benefits are determined by reference to the value of deposits with the Bristol and West Building Society.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxv) Unit linked extension facility for maturing endowment assurances

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) Premiums are payable annually.
- (d) Subject to certain conditions, maturing endowment assurance policies were, prior to 25 February 1988, offered the facility to convert on maturity to a whole life unit linked policy. For policies using the facility an expenses only premium is payable during the period of continuation.

On death the amount payable is the bid price of the units credited to the unit account subject to a minimum guaranteed amount.

- (e) The policy provides no guarantees of investment returns.

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- (f) No units are deemed to be secured by the annual premiums which are payable.
The annual management charges are described in 5(7) below.
- (g) There are no restrictions on increases in charges.
- (h) The surrender value is equal to the value at bid price of the number of units credited to the unit account in respect of the policy.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(i) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxvi) Unit linked School Fee Trust Plan - variable premium plan (2nd series)

- (a) As shown above.
- (b) UK life and general annuity business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) The benefits are as described for the Unit Linked School Fee Trust Plan - variable premium plan (1st series).
- (e) The policy provides no guarantees of investment returns.
- (f) For contracts effected on or after 1 March 1990, 100% of each premium is deemed to secure units. For contracts effected before 1 March 1990, 100.4% of each premium paid on or after 1 March 1990 is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) 91.12% of the value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are determined by reference to the value of units in the Equitable Managed Annuity Fund.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

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(xxvii) Unit linked School Fee Trust Plan - monthly premium plan (2nd series)

The terms and conditions for this plan are the same as for the Unit linked School Fee Trust Plan - variable premium plan (2nd series) except that, in respect of (c), premiums are payable monthly.

(xxviii) Unit linked School Fee Trust Plan - single premium plan

The terms and conditions for this plan are the same as for the Unit linked School Fee Trust Plan - variable premium plan (2nd series) except as shown below.

- (c) The policy is a single premium contract.
- (f) 105% of the single premium was deemed to secure units.

(xxix) Unit linked Managed Annuity

- (a) As shown above.
- (b) UK pension business, annuity in payment.
- (c) The policy is a single premium contract.
- (d) A unit linked managed annuity was available as an option under any of the Society's retirement annuity or personal pension policies and as an annuity purchased by the proceeds of an open market option of a retirement annuity policy approved under Chapter 3 Part 14 of ICTA 1988 or a personal pension policy approved under Chapter 4 Part 14 of ICTA 1988 underwritten by another life office.

The amounts and frequency of the gross annuity instalments are specified by the annuitant subject to upper and lower limits on the total annuity instalments payable in any policy year and subject to agreement with the Society. The value of sufficient units at bid price are encashed to provide each gross annuity instalment. On the death of the annuitant(s) the residual value of units is paid as a final annuity instalment.

All or part of a unit linked managed annuity may be converted to another type of annuity available from the Society at the time. The terms of conversion are not guaranteed. Conversion to a level without profits annuity is automatic once the value of units falls below the level needed to secure, on the terms available at the time, a level without profits annuity of a minimum amount defined at the outset of the contract.

- (e) The policy provides no guarantees of investment returns.
- (f) A policy fee of £500 was deducted from the managed annuity purchase price. 103.5% of the residual purchase price was deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) There are no restrictions on increases in charges.

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- (h) The value at bid price of the notionally allocated units being encashed to provide income or to secure benefits under another type of annuity contract offered by the Society is payable.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxx) Unit linked assurance - single premium bond (2nd series)

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) The contract is a single premium policy.
- (d) On death the value of units at bid price credited to the unit account is payable subject to minimum guaranteed amount. That minimum guaranteed amount is initially equal to the single premium paid and reduces pro rata with each subsequent partial withdrawal.

For contracts written since 1 January 1995, on death prior to full withdrawal of the value of units attaching to the policy a sum is payable, equal to the greater of:

- (1) The single premium(s) paid, reduced, if partial withdrawals have been made, pro rata with each such withdrawal.
- (2) The following values dependant upon age at death:

<u>Age next birthday at date of death</u>	<u>% of value of units at bid price attaching to the policy</u>
up to 65	110.0
over 65 and up to 75	105.0
over 75	100.0

- (e) The policy provides no guarantees of investment returns.
- (f) For contributions under £10,000, 100% of the contribution is deemed to secure units for crediting to the unit account. For contributions of £10,000 or more the percentage of the contribution deemed to secure units is set out in the following table:

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<u>Size of contribution (£)</u>	<u>Percentage (%)</u>
10,000 to 24,999	101.05
25,000 to 49,999	101.31
50,000 to 74,999	101.57
75,000 to 99,999	101.84
100,000 to 199,999	102.10
200,000 or more	102.10 on the first £200,000 and 104.21 on the excess over £200,000

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The surrender value is equal to the value at bid price of the number of units credited to the unit account in respect of the policy.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(i) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxi) Unit linked Regular Savings Plan

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) Premiums are payable annually or monthly.
- (d) On death the value at bid price of the units credited to the account in respect of the policy is payable.

After the policy has been in force at least 5 years, the policy may be converted to a fully paid policy and premiums discontinued without penalty in respect of the units credited. Otherwise the terms on which the policy remains fully paid are not guaranteed.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of every premium is invested to secure units to be credited to a unit account of the policy, increasing to 105% after 10 years.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.

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- (h) The policy may be surrendered fully or partially at any time. On or after the fifth policy anniversary, the surrender value is calculated as the value at bid price of the units credited to the unit account in respect of the policy. Otherwise surrender terms are not guaranteed.

If a partial withdrawal is made, the withdrawal must be at least £100 and the withdrawal value of the remaining part of the policy must be at least £100, otherwise only a full withdrawal is available.

- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(i) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxii) Unit linked Major Medical Cash Plan

- (a) As shown above.
- (b) UK life assurance and general annuity business, endowment assurance.
- (c) Premiums are payable annually or monthly for 5 years. The policy is renewable every 5 years for a further period of 5 years.
- (d) On the death of the life assured, the full value of the units accumulated under the plan is paid. Additionally, a lump sum cash benefit is provided in the event of the insured undergoing specified hospital surgery.

Deductions from the value of units to cover the cost of the medical cash benefits are made periodically. The deductions made for this purpose are determined at the Society's discretion. In the event that the value of units is insufficient to cover a periodical charge, the policy terminates without value.

The medical cash benefit payable is the full sum assured of £14,000 or a fixed proportion of the full sum assured, depending upon the complexity of the operation. The cash benefit is not payable in respect of claims during the first 90 days following the inception of the plan. Multiple claims are allowed subject to a maximum aggregate payment of £100,000 in any 5 year period.

- (e) The policy provides no guarantees of investment returns.
- (f) During the first 10 years, 100% of every premium is invested to secure units to be credited to a unit account of the policy, increasing to 105% after 10 years.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.

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- (h) The value at bid price of the units credited to the policy is payable currently on surrender but this basis is not guaranteed.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (i) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxiii) Guaranteed equity fund annuity

- (a) As shown above.
- (b) UK pension business, annuity in payment.
- (c) The contract is a single premium policy.
- (d) The contract provides a guaranteed basic level annuity together with an additional level of income following years where the FTSE 100 index rises, as measured by the movement in the unit price of the appropriate Guaranteed Equity sub-fund over the previous year. There is no compounding of increases so that, if there is no increase in the appropriate unit price, the annuity will revert to the guaranteed level.
- (e) There is a guaranteed minimum level of payments but beyond that there are no investment guarantees.
- (f) The annual management charges are as described for unit linked funds in 5 (7) below. A policy fee is charged on payment of each instalment which is fixed for the first year and subsequently changes directly in line with the change in annuity.
- (g) There are no restrictions on increases in annual management charges. The policy fee basis in (f) is fixed at the outset and cannot subsequently be varied.
- (h) The policy cannot be surrendered.
- (i) The additional level of annuity is determined by reference to changes in the value of the FTSE 100 Share Index, as described in 5 (8) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxiv) Unit linked International Flexible Protection Plan

- (a) As shown above.

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- (b) Overseas life assurance and general annuity business, endowment assurance.
- (c) Premiums are payable annually or monthly for 10 years. The policy is renewable every 10 years for a further period of 10 years.
- (d) For a given premium, the International Flexible Protection Plan policy provides a choice at the outset of any sum assured between certain minimum and maximum limits, which are dependent on the sex and the age of the life assured at the outset.

Deductions of units to cover the cost of risk are made periodically, the number of units deducted is calculated as follows. The value at bid price of the units credited to the unit account in respect of the policy is subtracted from the sum assured to determine the balance of life cover of which the cost is to be met. This balance is multiplied by a risk factor, determined by the Society and dependent on the sex and the age of the life assured. The number of units deducted is that number with a value at bid price equal to the cost calculated.

On death the chosen sum assured, or the value at bid price of the units credited to the unit account in respect of the policy, if greater, is payable.

On surrender in the event of an illness or disability in certain circumstances or after the plan has been in force for more than 10 years, the full value of the units at the date of surrender will be payable.

- (e) The policy provides no guarantees of investment returns.
- (f) During the first 10 years, 98.4% of each premium is deemed to secure units at the offer price. Thereafter, 105% of each premium is invested.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable currently on surrender in circumstances other than those described in (d) above. There is no guarantee of the surrender value basis which will apply in these circumstances.
- (i) Benefits for plans written in pounds sterling may be linked to any of the funds listed in 5(7)(vi) below. Benefits for plans written in U.S. dollars may be linked to the funds described in 5(7)(vii). Where a plan written in pounds sterling is classified as UK Life Assurance Business due to the residence of the policyholder, benefits may be linked to the funds described in 5(7)(i).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

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(xxxv) Self-directed pension arrangements

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) A group of partners with policies of types (viii), (xi) or (xiii) above, or a group of company directors or executives each of whom benefits under a policy of type (iii), (xviii) or (xx) above may choose to have all or part of their policy benefits linked to a Personalised Fund. Each Personalised Fund is identified with a particular partnership or company and only policies nominated by the partnership or company can link to units of such a fund.

In other respects the benefits including any guarantees and options are the same as for the normal form of contract described in (viii), (xi), (xiii), (iii), (xviii) or (xx) above, as appropriate.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium paid is deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and the appropriate Equitable Personalised Fund and by reference to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxvi) Unit linked Flexible Mortgage Plan

- (a) As shown above.
- (b) UK life assurance and general annuity business, endowment assurance.
- (c) Premiums are payable annually or monthly for 10 years. The policy is renewable every 10 years for a further period of 10 years.

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- (d) For a given premium, the Flexible Mortgage Plan policy provides a choice at the outset of any sum assured between certain minimum and maximum limits, which are dependent on the sex and the age of the life assured at the outset. For lives aged under 57 next birthday at entry the minimum sum assured is 75% of the premiums payable in the first ten years, and a lower percentage applies to lives older at entry.

Deductions of units to cover the cost of risk are made periodically, the number of units deducted is calculated as follows. The value at bid price of the units credited to the unit account in respect of the policy is subtracted from the sum assured to determine the balance of life cover of which the cost is to be met. This balance is multiplied by a risk factor, determined by the Society and dependent on the sex and the age of the life assured. The number of units deducted is that number with a value at bid price equal to the cost calculated.

On death the chosen sum assured, or the value at bid price of the units credited to the unit account in respect of the policy, if greater, is payable.

At the end of each 10 year period there is for policies issued prior to 25 February 1988 for which premiums have not been discontinued the option to convert the policy to a whole life unit linked policy. An expenses only premium is payable and the sum assured is reduced to 75% of the premiums payable to age 75.

- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of premiums deemed to secure units during the first 10 years of the policy is as set out below:

<u>Total premium per annum (£)</u>	<u>Percentage</u>
Maximum up to £20000	101.05%
Maximum above £20000	101.05% on £20000 plus 104.21% on the balance

After ten years, 105% of each premium secures units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually for premiums paid on or after 24 June 1999.
- (h) The policy may be surrendered at any time after the first year, the surrender value being the value at bid price of the number of units credited to the unit account in respect of the policy. For policies surrendered during the first ten years, a deduction may be made equal to 3% of the total outstanding of the first ten years premiums.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(i) below.
- (j) Not applicable.

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- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxvii) Unit linked Personal Investment Plan

- (a) As shown above.
- (b) UK life assurances and general annuity business - whole life assurance.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a personal investment plan. The benefits provided by a with profits segment of a personal investment plan are described in 4.

On death the value of units at bid price credited to the unit account is payable subject to a minimum guaranteed amount. That minimum guaranteed amount is equal to the premiums paid and reduces pro rata with each subsequent partial withdrawal.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(i) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxviii) Unit linked annuity (2nd series)

- (a) As shown above.
- (b) UK life assurance and general annuity business, annuity in payment.
UK pension business, annuity in payment.
- (c) The policy is a single premium contract.

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- (d) Under the basic contract each annuity instalment comprises the value at bid price of a fixed number of units. Under an alternative version of the contract, each annuity instalment comprises the value at bid price of an annually decreasing number of units. At the outset the policyholder specifies anticipated rate of growth in unit prices, subject to a maximum of 8½% per annum, and the number of units cancelled each year is such that the gross annuity would remain at the initial level if this rate of growth were met in practice.

The contract was available as a purchased life annuity and as a pension annuity.

- (e) The policy provides no guarantees of investment returns.
- (f) The annual management charges are described in 5(7) below.
- (g) There are no restrictions on increases in charges.
- (h) The policy cannot be surrendered.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (iii) [life assurance and general annuity business] or 5(7) (ii) [pension business] below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxix) Unit linked individual pension plan retirement benefit - variable premium plan (3rd series)

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under an individual pension plan. The benefits provided by a with profits segment of an individual pension plan are described in 4.

The benefits are as described for the Unit linked individual pension - variable premium plan (1st series).

- (e) The policy provides no guarantees of investment returns.
- (f) For contracts effected on or after 1 March 1990, 100% of each premium is deemed to secure units. For contracts effected before 1 March 1990, 100.4% of each premium paid on or after 1 March 1990 is deemed to secure units.

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For existing business the new terms will be applied if they result in improved terms for the client.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxx) Unit linked group pension plans

- (a) As shown above.
- (b) UK pension business, group pension.
- (c) Some plans are single premium contracts. Otherwise, recurrent single premiums are payable (i.e. there is no fixed premium amount and premiums may be paid at any time).
- (d) The benefits are as described for the Unit linked individual pension - variable premium plan (1st series).
- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium paid is deemed to secure units, with the following exceptions. For Voluntary Contribution Plans and Simplified Administration schemes the proportion is 101.6%. For other business where scheme contributions were at least £50,000 per annum and regular contributions from the employer (or employer and employee) exceeded 5% of pay in addition to any DWP National Insurance rebate or incentive payments, the proportion is 101.0%.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii), 5(7) (iv) and 5(7) (xii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).

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- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxxi) Unit linked Child's Option Policy

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) Premiums are payable annually or monthly for an initial premium paying term of at least 10 years ending between the child's 18th and 25th birthday.
- (d) At the end of the initial premium payment period the policy may be surrendered and the child may then effect, without evidence of health, a with profits endowment assurance maturing not later than at age 60 or a unit linked savings plan for a premium not exceeding the original level. Alternatively, at the end of the initial period the policy may be assigned to the child who may continue the premium in full, the term being increased in ten year steps, or pay a reduced "expenses only" premium.

On death the amount payable is as follows.

- (i) Before the child's 16th birthday, the sum of the premiums paid.
- (ii) On or after the child's 16th birthday, the higher of
 - (A) the value at bid price of the units credited to the unit account to the date of death and
 - (B) the minimum sum assured on death calculated as a multiple of a year's premium in accordance with the following table.

<u>Initial premium paying period (years)</u>	<u>Multiple of a year's premium</u>
10	7.50
11	8.25
12	9.00
13	9.75
14	10.50
15	11.25
16	12.00
17	12.75
18	13.50
19	14.25
20	15.00

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21	15.75
22	16.50
23	17.25
24	18.00

- (e) The policy provides no guarantees of investment returns.
- (f) For policies issued on or after 14 April 1992, 100% of each premium secures units to be credited to a unit account of the policy, increasing to 105% after ten years.

Normally, for policies issued prior to 14 April 1992, 101% of each premium secures units to be credited to a unit account of the policy, increasing to 105% after 10 years. However, for policies effected before 4 June 1990, for which the premium is less than £50 per month (or £600 per annum) a deduction of 50p per month (or £3 per annum) is made, and 100% of the balance secures units to be credited to the unit account of the policy, increasing to 105% after 10 years.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The policy may be surrendered at any time after the first year, the surrender value being the value at bid price of the number of units credited to the unit account in respect of the policy. For policies surrendered that have not been in force for ten years and which have not previously been made paid up, a deduction may be made equal to 3% of the total outstanding of the first ten years premiums.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(i) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxxii) Unit linked Flexible Protection Plan & Maximum Investment Plan

- (a) As shown above.
- (b) UK life assurance and general annuity business, endowment assurance.
- (c) Premiums are payable annually or monthly for 10 years. The policy is renewable every 10 years for a further period of 10 years.
- (d) For a given premium, the Flexible Protection Plan policy provides a choice at the outset of any sum assured between certain minimum and maximum limits, which are dependent on the sex and the age of the life assured at the outset. For lives aged under 57 next birthday at entry the minimum sum assured is 75% of the premiums payable in the first ten years, and a lower percentage applies to lives older at entry. The sum assured under a Maximum Investment Plan policy is equal to the minimum assured for a Flexible Protection Plan policy.

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Deductions of units to cover the cost of risk are made periodically, the number of units deducted is calculated as follows. The value at bid price of the units credited to the unit account in respect of the policy is subtracted from the sum assured to determine the balance of life cover of which the cost is to be met. This balance is multiplied by a risk factor, determined by the Society and dependent on the sex and the age of the life assured. The number of units deducted is that number with a value at bid price equal to the cost calculated.

On death the chosen sum assured, or the value at bid price of the units credited to the unit account in respect of the policy, if greater, is payable.

At the end of each 10 year period there is for policies issued prior to 25 February 1988 for which premiums have not been discontinued the option to convert the policy to a whole life unit linked policy. An expenses only premium is payable and the sum assured is reduced to 75% of the premiums payable to age 75.

- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of premiums deemed to secure units during the first 10 years of the policy is as set out below:

<u>Total premium per annum (£)</u>	<u>Percentage</u>
Premiums up to £20000	101.05%
Premiums above £20000	101.05% on £20000 plus 104.21% on the balance

After ten years, 105% of each premium secures units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually for premiums paid on or after 24 June 1999.
- (h) The policy may be surrendered at any time after the first year, the surrender value being the value at bid price of the number of units credited to the unit account in respect of the policy. For policies surrendered during the first ten years, a deduction may be made equal to 3% of the total outstanding of the first ten years premiums.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (i) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

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(xxxxiii) Unit linked Critical Illness Plan

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) Premiums are payable annually or monthly.
- (d) On death the full value of the units accumulated under the policy is paid. Additionally, a specified sum assured (or, if greater, the value of units) is payable in the event of permanent disability or on the survival of the life assured for 30 days from the diagnosis of one of a number of specified illnesses.

Deductions from the value of units to cover the cost of the critical illness benefits are made periodically. The deductions made for this purpose are determined at the Society's discretion. In the event that the value of units is insufficient to cover a periodical charge, the policy terminates without value.

- (e) The policy provides no guarantees of investment returns.
- (f) During the first 10 years, 100% of every premium is invested to secure units to be credited to a unit account of the policy, increasing to 105% after 10 years.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The value at bid price of the units credited to the policy is payable currently on surrender but this basis is not guaranteed.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(i) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxxiv) Unit linked personal pension plan retirement benefit

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a personal pension plan. The benefits provided by a with profits segment of a personal pension plan are described in 4.

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Each premium is deemed to secure units. The benefits, with the exception of those policy segments in respect of protected rights, may be taken at any time between age 50 and 75 and would be the value at bid price of the number of units deemed to attach to the segment. On death before the retirement benefits are taken the value at bid price of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) For contracts effected on or after 1 March 1990, 100% of each premium is deemed to secure units. For contracts effected before 1 March 1990, 100.4% of each premium paid on or after 1 March 1990 is deemed to secure units.

For existing business the new terms will be applied if they result in improved terms for the client.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxxv) Unit linked free standing additional voluntary contribution retirement benefit

The terms and conditions for this benefit, which forms an individual segment under a free standing additional voluntary contribution plan, are the same as for the Unit linked personal pension retirement benefit, except that benefits may be taken at any age provided retirement benefits are taken simultaneously from the member's main pension scheme. The benefits provided by a with profits segment of a free standing additional voluntary contribution plan are described in 4.

(xxxxvi) Unit linked grouped personal pension plan retirement benefit

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.

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- (d) This contract forms an individual segment under a grouped personal pension plan. The benefits provided by a with profits segment of a grouped personal pension plan are described in 4.

Each premium is deemed to secure units. The benefits, with the exception of those policy segments in respect of protected rights, may be taken at any time between age 50 and 75 and would be the value at bid price of the number of units deemed to attach to the segment. On death before the retirement benefits are taken the value at bid price of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units described in (f) is guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxxvii) Unit linked Trustees Investment Plan (1st series)

- (a) As shown above.
- (b) UK pension business, group pension.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) Each premium is deemed to secure units. The value of benefits, which may be taken at any time, is the value at bid price of the number of units to be realised.

The contract contains an option to convert in whole or part to a with profits contract. There is no guarantee of the terms that would be allowed on such a conversion.

- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of premiums deemed to secure units is 103.66%.

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The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxxviii) Unit linked Final Salary Pension Plan

- (a) As shown above.
- (b) UK pension business, group pension.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) Each premium is deemed to secure units. The value of benefits, which may be taken at any time, is the value at bid price of the number of units to be realised.

The contract contains an option to convert in whole or part to a with profits contract. There is no guarantee of the terms that would be allowed on such a conversion.

- (e) The policy provides no guarantees of investment returns.
- (f) An administration charge is deducted from each contribution before allocation to units. The basic scheme allocation rate applied to premiums is 101.6%.

The Society reserves the right to make an additional charge for administration to bring the total administration charge paid in any year up to the 'minimum level'. The 'minimum level' is currently £25 per member on the Anniversary Date. The Society reserves the right to increase the minimum level to £20 increased in line with the Retail Prices Index from 1 June 1987.

The rates, terms and conditions for future contributions are not guaranteed.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units described in (f) is guaranteed to apply, subject to the 'minimum' level of administration charge which is also described in (f).

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- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(xxxxix) Unit linked managed pension

- (a) As shown above.
- (b) UK pension business, annuity in payment.
- (c) The policy is a single premium contract.
- (d) A unit linked managed pension was available as an option (whilst the contract was open to new business) under any of the Society's personal pension policies or as purchased by the proceeds of an open market option of a personal pension policy approved under Chapter 4 Part 14 of ICTA 1988 underwritten by another life office, excluding in both cases funds arising from contributions made by the DWP (National Insurance rebates and incentive payments).

The proceeds of the managed pension policy, after the payment of one-quarter of the fund as cash if requested, must be used to purchase a pension annuity outright or, for any proceeds not used for that purpose, to provide income withdrawals pending the purchase of a pension annuity by the remaining proceeds on or after the policyholder's 75th birthday.

The amounts, frequency and payment dates of the income withdrawals are specified by the annuitant subject to upper and lower limits on the total amount payable in any policy year, as determined using tables of rates published by the Government Actuary. The Society calculates these limits at the outset and the limits are revised every three years thereafter. On death whilst the managed pension is in force, leaving a spouse or financial dependant, three options are available:

- (a) he or she can take over the management of the managed pension policy;
- (b) the fund can be used to purchase a pension annuity on his or her life;
- (c) the fund can be paid in cash, after deduction of tax.

On death whilst the managed pension is in force, leaving no spouse or financial dependant, the remaining fund will be paid in cash after the deduction of tax.

All or part of the managed pension may be converted at any time to another type of annuity available from the Society at that time. The terms of conversion are not guaranteed.

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- (e) The policy provides no guarantees of investment returns.
- (f) 104.71% of the single premium is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) There are no restrictions on increases in charges.
- (h) The value at bid price of the notionally allocated units being encashed to provide income or to secure benefits under another type of annuity contract offered by the Society is payable.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(l) Unit linked deposit plan

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) The contract is a single premium policy, using as the single premium the maturity proceeds of Endowment Assurances, Flexible Protection Plans and Maximum Investment Plans and the tax-free cash lump sums payable from the retirement proceeds of pension plans approved under Chapters 1, 3 and 4, Part 14 of ICTA 1988.
- (d) On death prior to full withdrawal of the value of units attaching to the policy a sum is payable, equal to the greater of:
 - (1) The single premium paid, reduced, if partial withdrawals have been made, pro rata with each such withdrawal
 - (2) The following values dependent on age at death:

<u>Age next birthday at date of death</u>	<u>% of value of units at bid price attaching to the policy</u>
Up to 65	110.0
Over 65 and up to 75	105.0
Over 75	100.0

- (e) The policy provides no guarantee of investment returns.

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- (f) 105.26% of the premium is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of the single premium securing units is guaranteed contractually.
- (h) The surrender value is equal to the value at bid price of the number of units credited to the unit account in respect of the policy.
- (i) Benefits are determined by reference to the value of units in the Equitable Money Fund.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(li) Unit linked Guernsey personal pension plan retirement benefit

- (a) As shown above.
- (b) Overseas pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a Guernsey personal pension plan. The benefits provided by a with profits segment of a Guernsey personal pension plan are described in 4.

Each premium is deemed to secure units. The benefits may be taken at any time between age 60 and 70 and would be the value at bid price of the number of units deemed to attach to the segment. On death before the retirement benefits are taken the value at bid price of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of premiums securing units described in (f) is guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (vi) below.
- (j) Not applicable.

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VALUATION REPORT

(k) The contract remained closed to new business during the year to the valuation date.

(l) Not applicable.

(lii) Unit linked International Investment plan benefit

(a) As shown above.

(b) Overseas life assurance and general annuity business, whole life assurance.

(c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.

(d) This contract forms an individual segment under a International investment plan. The benefits provided by a with profits segment of a International investment plan are described in 4.

On death the value at bid price of the units credited to the unit account in respect of the policy is payable.

(e) The policy provides no guarantees of investment returns.

(f) The percentage of the premium deemed to secure units is set out in the following table:

<u>Premium paid (to purchase with profits and unit linked benefits)</u> (£)	<u>Percentage of the (unit linked) premium paid</u> (%)
Less than 10,000	100.00
10,000 to 24,999	101.00
25,000 to 49,999	101.25
50,000 to 74,999	101.50
75,000 to 99,999	101.75
100,000 to 200,000	102.00
More than 200,000	102.00 on the first £200,000 and 104.00 on the excess over £200,000

For plans written in U.S. dollars, the equivalent bands expressed in U.S. dollars are 50% higher.

The bid/offer and annual management charges are described in 5(7) below.

(g) The percentage of premiums securing units described in (f) are guaranteed to apply.

(h) The value at bid price of the units deemed to attach to the policy is payable on surrender.

(i) Benefits for policies written in pounds sterling may be linked to any of the funds listed in 5(7)(vi). Benefits for plans written in U.S. dollars may be linked to the funds listed in 5(7)(vii). Where a plan, written in pounds sterling, is classified as UK Life Assurance Business due to the residence of the policyholder, benefits may be linked to the funds described in 5(7)(i).

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VALUATION REPORT

- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(liii) Unit linked International personal pension plan retirement benefit

- (a) As shown above.
- (b) Overseas pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a International personal pension plan. The benefits provided by a with profits segment of a International personal pension plan are described in 4.

Each premium is deemed to secure units. The benefits may be taken at any time. On or after attainment of age 50 the benefits would be the value at bid price of the number of units deemed to attach to the segment. Otherwise the benefits are not guaranteed. On death before the retirement benefits are taken the value at bid price of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of the premium deemed to secure units is set out in the following table:

<u>Premium paid (to purchase with profits and unit linked benefits)</u> (£)	<u>Percentage of the (unit linked) premium paid (%)</u>
Less than 10,000	100.00
10,000 to 24,999	101.00
25,000 to 49,999	101.25
50,000 to 74,999	101.50
75,000 to 99,999	101.75
100,000 to 200,000	102.00
More than 200,000	102.00 on the first £200,000 and 104.00 on the excess over £200,000

For plans written in U.S. dollars, the equivalent bands expressed in U.S. dollars are 50% higher.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units described in (f) are guaranteed to apply.

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- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits for policies written in pounds sterling may be linked to any of the funds listed in 5(7)(vi). Benefits for plans written in U.S. dollars may be linked to the funds listed in 5(7)(vii). Where a plan, written in pounds sterling, is classified as UK Life Assurance Business due to the residence of the policyholder, benefits may be linked to the funds described in 5(7)(i).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(liv) Unit Linked Guernsey group pension investment plan

- (a) As shown above.
- (b) Overseas pension business, group pension.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) The benefits, equal to the value at bid price of the number of units to be realised, may be taken at any time.
- (e) The policy provides no guarantees of investment returns.
- (f) 104.2% of each premium paid is deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units described in (f) is guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits for plans written in pounds sterling may be linked to any of the funds listed in 5(7)(vi).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lv) Unit linked Guernsey and International group pension plans

- (a) As shown above.
- (b) Overseas pension business, group pension.

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- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) The benefits are the same as those described for UK Unit linked group pension plans.
- (e) The policy provides no guarantees of investment returns.
- (f) 100.5% of each premium paid is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of premiums securing units described in (f) is guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable currently on surrender.
- (i) Benefits for plans written in pounds sterling may be linked to any of the funds listed in 5(7) (vi) below. Benefits for plans written in U.S. dollars may be linked to the funds described in 5(7) (vii).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lvi) Unit linked Jersey personal pension plan retirement benefit

- (a) As shown above.
- (b) Overseas pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a Jersey personal pension plan sold to Jersey residents. The benefits provided by a with profits segment of a Jersey personal pension plan are described in 4.

Each premium is deemed to secure units. The benefits may be taken at any time between age 60 and 70 and would be the value at bid price of the number of units deemed to attach to the segment. On death before the retirement benefits are taken the value at bid price of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of premiums securing units described in (f) is guaranteed to apply.

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- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (vi) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lvii) Unit linked Irish Regular Savings Plan

- (a) As shown above.
- (b) Overseas life assurance and general annuity business, whole life assurance.
- (c) Premiums are payable annually or monthly.
- (d) The value at bid price of the units credited to the policy is guaranteed to be payable on the fifth policy anniversary and on every policy anniversary.

On death prior to a full withdrawal a sum is payable, equal to the greater of:

- (A) The premiums paid, reduced, if partial withdrawals have been made, by the proportion that the amount paid out bears to the full encashment value of the policy immediately before the encashment.
 - (B) The value at bid price of the units credited to the policy at the date of death.
- (e) The policy provides no guarantees of investment returns.
 - (f) 100% of every premium is invested to secure units to be credited to a unit account for the policy.

The bid/offer and annual management charges are described in 5(7) below.
 - (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
 - (h) The value at bid price of the units credited to the policy is guaranteed to be payable on the fifth policy anniversary and on every policy anniversary. Otherwise, the terms on withdrawal of all or part of the benefits is not guaranteed.
 - (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (viii) below.
 - (j) Not applicable.
 - (k) The contract remained closed to new business during the year to the valuation date.

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VALUATION REPORT

(l) Not applicable.

(lviii) Unit linked Irish Bond

(a) As shown above.

(b) Overseas life assurance and general annuity business, whole life assurance.

(c) The contract is a single premium policy.

(d) On death the value of units at bid price credited to the unit account is payable subject to minimum guaranteed amount. That minimum guaranteed amount is initially equal to single premium paid and reduces pro rata with each subsequent partial withdrawal.

(e) The policy provides no guarantees of investment returns.

(f) The percentage of each contribution used to secure units is shown in the following table:

<u>Size of contribution (€)</u>	<u>Percentage (%)</u>
Less than 12,697	101.05
12,697 and up to 31,743	102.10
31,743 and up to 63,487	102.36
63,487 and up to 95,230	102.63
95,230 and up to 126,969	102.89
More than 126,970	103.15 on the first €26,970 and 105.26 on the excess over €26,970

The bid/offer and annual management charges are described in 5(7) below.

(g) The percentages of premiums securing units described in (f) are guaranteed contractually.

(h) The surrender value is equal to the value at bid price of the number of units credited to the unit account in respect of the policy.

(i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (viii) below.

(j) Not applicable.

(k) The contract remained closed to new business during the year to the valuation date.

(l) Not applicable.

(lix) Unit linked Irish personal pension plan retirement benefit

(a) As shown above.

(b) Overseas pension business, deferred annuity.

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- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under an Irish personal pension plan. The benefits provided by a with profits segment of an Irish personal pension plan are described in 4.

Each premium is deemed to secure units. The benefits may be taken at any time between age 60 and 70 and would be the value at bid price of the number of units credited. On death before the retirement benefits are taken the value at bid price of the units credited at the date of death is payable.

- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of each contribution securing units is as follows.

<u>Size of contribution (€)</u>	<u>Percentage (%)</u>
Up to 126,970	100.00
More than 126,970	100.00 on the first €126,970 and 103.70 on the excess over €126,970.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ix) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lx) Unit linked Irish individual pension plan retirement benefit

- (a) As shown above.
- (b) Overseas pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under an Irish individual pension plan. The benefits provided by a with profits segment of an Irish individual pension plan are described in 4.

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Each premium is deemed to secure units. The benefits may be taken at any time between age 50 and 70 and would be the value at bid price of the number of units credited. On death before the retirement benefits are taken the value at bid price of the units credited at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of each contribution securing units is as follows:

<u>Size of contribution (€)</u>	<u>Percentage (%)</u>
Up to 126,970	100.00
More than 126,970	100.00 on the first €126,970 and €103.70 on the excess over €126,970.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ix) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxi) Unit linked Irish Group Pension Plan

- (a) As shown above.
- (b) Overseas pension business, group pension.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) The benefits are the same as those described for the Unit linked Irish individual pension plan retirement benefit.
- (e) The policy provides no guarantees of investment returns.
- (f) 99.8% of each premium paid is deemed to secure units, with the following exceptions. For Additional Voluntary Contribution Plans the proportion is 101.6%. For other business where scheme contributions were at least €3,487 per annum and regular contributions from the employer (or employer and employee) exceeded 5% of pay, the proportion is 100.8%.

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The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ix) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxii) Unit linked Irish Flexible Protection Plan

- (a) As shown above.
- (b) Overseas life assurance and general annuity business, endowment assurance.
- (c) Premiums are payable annually or monthly for 10 years. The policy is renewable every 10 years for a further period of 10 years.
- (d) For a given premium, the Irish Flexible Protection Plan policy provides a choice at the outset of any sum assured between certain minimum and maximum limits, which are dependent on the sex and the age of the life assured at the outset.

Deductions of units to cover the cost of risk are made periodically, the number of units deducted is calculated as follows. The value at bid price of the units credited to the unit account in respect of the policy is subtracted from the sum assured to determine the balance of life cover of which the cost is to be met. This balance is multiplied by a risk factor, determined by the Society and dependent on the sex and the age of the life assured. The number of units deducted is that number with a value at bid price equal to the cost calculated.

On death the chosen sum assured, or the value at bid price of the units credited to the unit account in respect of the policy, if greater, is payable.

On surrender in the event of illness or disability in certain circumstances or after the plan has been in force for more than 10 years, the full value of the units at the date of surrender will be guaranteed to be payable.

- (e) The policy provides no guarantees of investment returns.
- (f) During the first 10 years, 100% of each premium is deemed to secure units at the offer price. Thereafter, 105% of each premium is invested.

The bid/offer and annual management charges are described in 5(7) below.

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- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable currently on surrender in circumstances other than those described in (d) above. There is no guarantee of the surrender value basis which will apply in these circumstances.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (viii) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxiii) Unit linked Irish Personal Retirement Bond

The terms and conditions for this type of contract are the same as for the Unit linked Irish individual pension plan retirement benefit.

(lxiv) Unit linked German Investment Plan

- (a) As shown above.
- (b) Overseas life assurance and general annuity business, whole life assurance.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) On death the value at bid price of the units credited to the unit account in respect of the policy is payable, subject to a minimum of the amount of the first premium (reduced in proportion if any withdrawals have occurred).
- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of the premium deemed to secure units is set out in the following table:

<u>Premiums paid (to purchase unit linked benefits) (€)</u>	<u>Investment Content (%)</u>
Less than 12,782	100.00
12,782 but less than 30,678	101.00
30,678 but less than 61,355	101.25
61,355 but less than 92,033	101.50
92,033 but less than 122,710	101.75
122,710 but less than 245,420	102.00
245,420 and over	102.00 on the first €245,424 plus 104.00 on the excess

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The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable currently on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(x) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxv) Unit linked German Flexible Savings Plan

- (a) As shown above.
- (b) Overseas life assurance and general annuity business, endowment assurance.
- (c) Premiums are payable annually or monthly for 12 years. The policy is renewable every 12 years for a further period of 12 years.
- (d) For a given premium, a choice is available at the outset of any sum assured between certain minimum and maximum limits. The minimum limit is 10% of the premiums payable over the term of the policy and the maximum is dependent on the sex and age of the life assured at the outset.

Charges to meet the cost of the balance of life cover between the value of the units attaching to the policy and the chosen sum assured are met by the cancellation of part of the units from time to time. The deductions made for the cost of life cover are determined at the Society's discretion.

The policy was available in single life, joint life and last survivor versions.

At the end of the original term and at the end of every subsequent 12 year period, the option is available to either alter the sum assured on a plan anniversary or, on every third plan anniversary prior to age 60, to increase the sum assured in line with inflation without further medical evidence by effecting additional plans.

On death, the chosen sum assured, subject to a minimum of 102% of the value of the units is payable.

- (e) The policy provides no guarantees of investment returns.
- (f) During the first 10 years, 98.4% of each premium will be deemed to secure units at the offer price. Thereafter, 105% of each premium is invested.

The bid/offer and annual management charges are described in 5(7) below.

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- (g) The percentages of premiums securing units described in (f) are guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(x) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxvi) Unit linked German UK-style Deferred Annuity

- (a) As shown above.
- (b) Overseas life assurance and general annuity business, deferred annuity.
- (c) For variable premium policies, recurrent single premiums are payable (i.e. subject to a minimum amount premiums may be for any amount and paid at any time).

For regular premium policies, premiums may be paid annually or monthly.

- (d) On survival to the end of the deferral period, the value at bid price of the units credited to the policy is used to buy an annuity which can be fully commuted for cash. The policy provides an annuity guarantee at that time. The maturity date is selected at the outset; this date must either be after a term of 12 or more years or be between the ages of 50 and 75. At the maturity date, the benefits can be deferred to a revised maturity date.
On death during the deferral period, there is a return of premiums paid.
- (e) The policy provides no guarantees of investment returns.
- (f) For the variable premium policies, 100% of each premium will be deemed to secure units at the offer price.

For the regular premium policies, 98.4% of each premium in the first 10 years and 105% thereafter will be deemed to secure units at the offer price.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(x) below.
- (j) Not applicable.

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- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxvii) Index-linked annuity in payment

- (a) As shown above.
- (b) UK life assurance and general annuity business, annuity in payment - index-linked and UK pension business, annuity in payment - index-linked.
- (c) The contract is a single premium policy.
- (d) The contract provides an annuity the level of which varies in line with the Retail Prices Index.
- (e) There are no investment guarantees beyond those stated in (d) above. In particular, if the RPI falls the annuity will reduce. There is no guaranteed minimum payment.
- (f) An allowance for acquisition expenses is implicit in the basic terms. A policy fee is charged on payment of each instalment which is fixed for the first year and subsequently changes directly in line with the change in annuity.
- (g) The terms in (f) are fixed at the outset and cannot subsequently be varied.
- (h) The policy cannot be surrendered.
- (i) The annuity each year varies in line with changes in the Retail Prices Index.
- (j) Not applicable.
- (k) The contract was closed to new business during the year to the valuation date but remained available to existing policyholders.
- (l) Not applicable.

(lxviii) Unit linked Services Investment plan benefit

- (a) As shown above.
- (b) UK life assurance and general annuity business, whole life assurance.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a Services investment plan. The benefits provided by a with profits segment of a Services investment plan are described in 4.

On death the value at bid price of the units credited to the unit account in respect of the policy is payable.

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- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits for policies written in pounds sterling may be linked to any of the funds listed in 5(7)(vi). Benefits for plans written in U.S. dollars may be linked to the funds listed in 5(7)(vii).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxix) Money Purchase Transfer plan retirement benefit

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) The contract is a single premium contract.
- (d) This contract forms an individual segment under a money purchase transfer plan.

The benefits provided by a with profits segment of a money purchase transfer plan are described in 4.

The premium is deemed to secure units. The benefits, with the exception of those policy segments in respect of protected rights, may be taken at any time between age 50 and 75 and would be the value at bid price of the number of units deemed to attach to the segment. On death before the retirement benefits are taken the value at bid price of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) The percentage of premiums securing units described in (f) is guaranteed contractually.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.

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- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxx) Unit linked personal pension trustee investment policy benefit

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a personal pension trustee investment policy. This contract enables Trustees of a 'Self-Investment' Personal Pension Scheme approved under Chapter 4 Part 14 of ICTA 1988 to invest in the Society's funds. The benefits provided by a with profits segment of a personal pension trustee investment policy are described in 4.

Each premium is deemed to secure units. The benefits, with the exception of those policy segments in respect of protected rights, may be taken at any time between age 50 and 75 and would be the value at bid price of the number of units deemed to attach to the segment. On death before the retirement benefits are taken the value at bid price of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

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(lxxi) Unit linked personal pension trustee income drawdown policy

- (a) As shown above.
- (b) UK pension business, annuity in payment.
- (c) The policy is a single premium contract.
- (d) A unit linked personal pension trustee income drawdown policy was available for purchase by the Trustees of a "Self-Invested" personal pension policy approved under Chapter 4 Part 14 of ICTA 1988 underwritten by another life office, excluding funds arising from contributions made by the DWP (National Insurance rebates and incentive payments).

The amounts, frequency and payment dates of the income withdrawals are specified by the Trustees from time to time.

By the member's 75th birthday the funds must be used to purchase a pension annuity.

On death whilst the personal pension trustee income drawdown policy is in force, the remaining fund will be paid to the Trustees.

- (e) The policy provides no guarantees of investment returns.
- (f) 104.71% of the single premium is deemed to secure units.
The bid/offer and annual management charges are described in 5(7) below.
- (g) There are no restrictions on increases in charges.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender or for those units being encashed to provide income.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (ii) below and to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below).
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxxii) Unit linked Irish flexible income plan

- (a) As shown above.
- (b) Overseas life assurance and general annuity business, annuity in payment.
- (c) The policy is a single premium contract.

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- (d) A unit linked flexible income plan was available as an option (whilst the contract was open to new business) under any of the Society's Irish personal pension policies or as purchased by the proceeds of an open market option of a retirement annuity contract underwritten by another life office or, for a proprietary director, as purchased by the proceeds of an occupational pension scheme.

There are two investments; the Approved Minimum Retirement Fund (AMRF) and the Approved Retirement Fund (ARF).

The amounts, frequency and payment dates of the income withdrawals are specified by the annuitant except that the initial capital sum invested in the AMRF cannot be withdrawn until age 75. From age 75 the AMRF converts to an ARF. On death whilst the flexible income plan is in force, leaving a spouse or children no income tax is payable. Otherwise the value of the plan would be liable to income tax at the higher rate.

All or part of the flexible income plan may be converted at any time to another type of annuity available from the Society at that time. The terms of conversion are not guaranteed.

- (e) The policy provides no guarantees of investment returns.
- (f) The percentage of the premium deemed to secure units is 102.63%.
- The bid/offer and annual management charges are described in 5(7) below.
- (g) There are no restrictions on increases in charges.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender, purchase of annuity by the Society, or for those units being encashed to provide income.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7) (viii) below.
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxxiii) Unit linked German group savings plan

- (a) As shown above.
- (b) Overseas life assurance and general annuity business - whole life assurance.
- (c) Recurrent single premiums are payable (i.e. there is no fixed premium amount and premiums may be paid at any time).

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- (d) Each premium is deemed to secure units. The plans are written to a selected pension age or date. Members of the group must have attained age 60 in order to take benefits. The benefits if taken on the selected pension age or date would be the value at bid price of the number of units deemed to attach to the policy. The benefits may be taken at an earlier or later age or date in which case the benefits will be the same as they would have been had the actual date of taking benefits been selected at outset.

In the event of disability under the group scheme rules or on death before the benefits are taken the value at bid price of the number of units deemed to attach to the policy at the date of death would be paid.

The contract contains an option to convert in whole or in part to a with profits contract. There is no guarantee of the terms that would be allowed on such conversion.

- (e) The policy provides no guarantees of investment returns.
- (f) The scale below is used to set scheme allocation rates. For new schemes a rate is set at outset based on the anticipated premium level for the scheme year. Otherwise, the rate is normally reviewed every third year with the allocation rate based on the premium level over the last three scheme years.

<u>Average premium in calendar year (€)</u>	<u>Investment Content (%)</u>
Premiums up to 63,912	101.58
Excess of premiums over 63,912 up to 191,737	102.11
Excess of premiums over 191,737 up to 255,650	103.42
Excess of premiums over 255,650 up to 2,556,499	104.21
Excess of premiums over 2,556,499	105.26

Where premiums are also being paid to secure non-linked retirement benefits the percentage invested is determined by the total of linked and non-linked premiums paid to the scheme.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentages of premiums securing units described in the first paragraph of (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(x) below.

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- (j) Not applicable.
- (k) The contract remained open to new business during the year to the valuation date.
- (l) Not applicable.

(lxxiv) Unit linked 2000 personal pension plan retirement benefit

- (a) As shown above.
- (b) UK pension business, deferred annuity.
- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a personal pension plan. The benefits provided by a with profits segment of a personal pension plan are described in 4.

Each premium is deemed to secure units. The benefits, with the exception of those policy segments in respect of protected rights, may be taken at any time between age 50 and 75 and would be the value of the units deemed to attach to the segment. On death before the retirement benefits are taken the value of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units. The annual management charge is 0.9% of the fund value.
- (g) The percentage of premiums securing units and the annual management charge described in (f) are guaranteed to apply.
- (h) The value of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(xi) below, to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below) and to the changes in the value of the FTSE All Share Index (as described in 5(9) below)..
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

(lxxv) Unit linked 2000 grouped personal pension plan retirement benefit

- (a) As shown above.
- (b) UK pension business, deferred annuity.

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- (c) Recurrent single premiums are payable. Subject to a minimum amount premiums may be for any amount and paid at any time.
- (d) This contract forms an individual segment under a grouped personal pension plan. The benefits provided by a with profits segment of a grouped personal pension plan are described in 4.

Each premium is deemed to secure units. The benefits, with the exception of those policy segments in respect of protected rights, may be taken at any time between age 50 and 75 and would be the value of the units deemed to attach to the segment.

On death before the retirement benefits are taken the value of the units deemed to attach to the segment at the date of death would be paid.

- (e) The policy provides no guarantees of investment returns.
- (f) 100% of each premium is deemed to secure units. The annual management charge is 0.9% of the fund value.

The bid/offer and annual management charges are described in 5(7) below.

- (g) The percentage of premiums securing units and the annual management charge described in (f) are guaranteed to apply.
- (h) The value at bid price of the units deemed to attach to the policy is payable on surrender.
- (i) Benefits are, or may be, determined by reference to the value of units in one or more of the internal funds described in 5(7)(xi) below, to the changes in the value of the FTSE 100 Share Index (as described in 5(8) below) and to the changes in the value of the FTSE All Share Index (as described in 5(9) below)..
- (j) Not applicable.
- (k) The contract remained closed to new business during the year to the valuation date.
- (l) Not applicable.

5.(2) Certain UK retirement annuity and individual pension plan policies contain an option to convert in whole or in part to a with profits contract. Where this option is exercised, the value of the units at bid price being "converted" is effectively transferred to a with profits retirement or individual pension plan contract, as appropriate, to secure benefits of equal value. The with profits benefits resulting from the exercise of the option are included, therefore, in Form 52 for UK pension business. The terms and conditions and the with profits benefits provided by these contracts are the same as those described in paragraph 4(1)(a) for retirement annuities and individual pension plans. The terms and conditions are not guaranteed for future conversions.

5.(4) All internal funds are covered by the reinsurance treaties with Halifax Life and Clerical Medical Managed Funds Limited described in sections 12(2)(viii) and 12(2)(x) below. Internal fund prices follow the prices set by the reinsurer.

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- 5.(5) The reinsurance treaty with Halifax Life provides for tax charged to the unit linked funds to be passed back to the Society and vice versa at the rates included in the relevant Halifax internal life fund.

For old series UK life policies directly linked to Halifax UK Growth OEIC shares a deduction for the Society's liability to tax on capital gains is made by means of a terminal deduction from the policy proceeds at the point of termination. The rate of deduction reflects the fact that the policy conditions do not provide for the indexation of base costs. During 2004 the rate of deduction used was 17% of the unindexed gain under terminating contracts.

- 5.(6) The internal funds are covered by the reinsurance treaties with Halifax Life and Clerical Medical Managed Funds Limited described in sections 12(2)(viii) and 12(2)(x) below.

- 5.(7) The internal funds to which benefits may be linked are as follows.

- (i) For United Kingdom Life Assurance and General Annuity Business other than deferred annuities and annuities in payment:

Equitable Ethical Fund
Equitable European Fund
Equitable Far Eastern Fund
Equitable Fund of Investment Trusts
Equitable Gilt and Fixed Interest Fund
Equitable High Income Fund
Equitable Index-Linked Gilt Fund
Equitable International Growth Fund
Equitable Japanese Fund
Equitable Managed Fund
Equitable Money Fund
Equitable Money (Guaranteed Equity) Fund
Equitable North American Fund
Equitable Pelican Fund
Equitable Property Fund
Equitable Smaller Companies Fund
Equitable Special Situations Fund
Equitable UK Index Tracking Fund
Equitable UK FTSE All-Share Index Tracking Fund

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- (ii) For United Kingdom Pension Business (other than the unit linked 2000 personal pension plan retirement benefit):

Equitable Ethical Pension Fund
Equitable European Pension Fund
Equitable Far Eastern Pension Fund
Equitable Pension Fund of Investment Trusts
Equitable Gilt and Fixed Interest Pension Fund
Equitable High Income Pension Fund
Equitable Index-Linked Gilt Pension Fund
Equitable International Growth Pension Fund
Equitable Japanese Pension Fund
Equitable Managed Pension Fund
Equitable Money Pension Fund
Equitable Money (Guaranteed Equity) Pension Fund
Equitable North American Pension Fund
Equitable Pelican Pension Fund
Equitable Property Pension Fund
Equitable Smaller Companies Pension Fund
Equitable Special Situations Pension Fund
Equitable UK Index Tracking Pension Fund
Equitable UK FTSE All-Share Index Tracking Pension Fund

- (iii) For United Kingdom Life Assurance and General Annuity Business, purchased life immediate annuity (series 2) policies:

Equitable Ethical Annuity Fund
Equitable European Annuity Fund
Equitable Far Eastern Annuity Fund
Equitable Annuity Fund of Investment Trusts
Equitable Gilt and Fixed Interest Annuity Fund
Equitable High Income Annuity Fund
Equitable International Growth Annuity Fund
Equitable Japanese Annuity Fund
Equitable Managed Annuity Fund *
Equitable Money Annuity Fund
Equitable North American Annuity Fund
Equitable Pelican Annuity Fund
Equitable Property Annuity Fund
Equitable Smaller Companies Annuity Fund
Equitable Special Situations Annuity Fund
Equitable UK Index Tracking Annuity Fund
Equitable UK FTSE All-Share Index Tracking Annuity Fund

* School Fee Trust Plans are also linked to the
Equitable Managed Annuity Fund

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- (iv) For United Kingdom group pension plans:
- Equitable Group Building Society Pension Fund
 - Equitable Group Building Society (Civil Service Scheme) Pension Fund (for Civil Service additional voluntary contribution benefits only)
- (v) For special retirement annuity arrangements and self-directed pension arrangements:
- Equitable Personalised Funds
- (vi) For Guernsey, Jersey and International policies written in pounds sterling (except for those International policies classified as UK Life Business due to the residence of the policyholder):
- Equitable International European Fund
 - Equitable International Far Eastern Fund
 - Equitable International Fund of Investment Trusts
 - Equitable International Gilt and Fixed Interest Fund
 - Equitable International High Income Fund
 - Equitable International International Growth Fund
 - Equitable International Managed Fund
 - Equitable International Money Fund
 - Equitable International North American Fund
 - Equitable International Pelican Fund
 - Equitable International Property Fund
 - Equitable International Smaller Companies Fund
 - Equitable International Special Situations Fund
 - Equitable International UK Index Tracking Fund
 - Equitable International UK All-Share Index Tracking Fund
- (vii) For Guernsey and International policies written in U.S. dollars:
- Equitable Global Bond Fund
 - Equitable Global Equity Fund
 - Equitable Global Far Eastern Fund
 - Equitable Global International Growth Fund
- (viii) For Irish Life Assurance Business:
- Equitable Irish European Fund
 - Equitable Irish Far Eastern Fund
 - Equitable Irish International Growth Fund
 - Equitable Irish Managed Fund
 - Equitable Irish Money Fund
- (ix) For Irish Pension Business:
- Equitable Irish European Pension Fund
 - Equitable Irish Far Eastern Pension Fund
 - Equitable Irish International Growth Pension Fund
 - Equitable Irish Managed Pension Fund
 - Equitable Irish Money Pension Fund

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- (x) For German Life Assurance Business:
- Equitable German Managed Fund
 - Equitable German European Fund
 - Equitable German International Growth Fund
 - Equitable German Money Fund
 - Equitable German North American Fund
- (xi) For United Kingdom unit linked 2000 personal pension plan retirement benefit:
- Equitable 2000 Ethical Pension Fund
 - Equitable 2000 European Pension Fund
 - Equitable 2000 Far Eastern Pension Fund
 - Equitable 2000 Pension Fund of Investment Trusts
 - Equitable 2000 Gilt and Fixed Interest Pension Fund
 - Equitable 2000 High Income Pension Fund
 - Equitable 2000 Index-Linked Gilt Pension Fund
 - Equitable 2000 International Growth Pension Fund
 - Equitable 2000 Japanese Pension Fund
 - Equitable 2000 Managed Pension Fund
 - Equitable 2000 Money Pension Fund
 - Equitable 2000 North American Pension Fund
 - Equitable 2000 Pelican Pension Fund
 - Equitable 2000 Property Pension Fund
 - Equitable 2000 Smaller Companies Pension Fund
 - Equitable 2000 Special Situations Pension Fund
 - Equitable 2000 UK FTSE 100 Index Tracking Pension Fund
 - Equitable 2000 UK FTSE All-Share Index Tracking Pension Fund
- (xii) For United Kingdom group pension plans:
- Clerical Medical Adventurous Managed Pension Fund
 - Clerical Medical Balanced Managed Pension Fund
 - Clerical Medical Cautious Managed Pension Fund
 - Clerical Medical UK Equity Pension Fund
 - Clerical Medical Ethical Pension Fund
 - Clerical Medical Non-Equity Managed Pension Fund

All internal funds are covered by the reinsurance treaties with Halifax Life and Clerical Medical Managed Funds Limited described in sections 12(2)(viii) and 12(2)(x) below. Internal fund prices follow the prices set by the reinsurer.

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Units in respect of all the funds are of the accumulation type. Offer prices for all units in funds other than those listed in 5(7) (ii), 5(7) (iv), 5(7) (ix), 5(7) (xi), and 5(7) (xii) above include an initial charge of 5%. The equivalent initial charge is 4½% for those funds in 5(7) (ii), 5(7) (ix) and 5(7) (xii). There is no initial charge for those funds in 5(7) (iv) and 5(7) (xi). Both bid and offer prices may include a rounding charge not exceeding 1% with the exception of the Equitable UK Index Tracking Fund, the Equitable UK Index Tracking Annuity Fund, the Equitable UK Index Tracking Pension Fund, the Equitable International UK Index Tracking Fund, the Equitable UK All-Share Index Tracking Fund, the Equitable UK All-Share Index Tracking Annuity Fund, the Equitable UK All-Share Index Tracking Pension Fund and the Equitable International UK All-Share Index Tracking Fund, the Equitable Japanese Fund, the Equitable Japanese Annuity Fund, the Equitable Japanese Pension Fund, the Equitable International Japanese Fund and the funds listed in 5(7) (xi) and 5(7) (xii) above where no rounding charge can be applied.

There is an annual management charge of 1/2% in respect of the funds listed in 5(7) (i) to (iii) and 5(7) (v) to (x) and 5(7) (xii) above. The annual management charge accrues daily. There is an annual management charge of 0.9% for the funds listed in 5(7) (xi).

- 5.(8) Benefits linked to changes in the FTSE 100 Share Index are calculated using the methodology used by Halifax Life as described below.

For benefits linked to the FTSE 100 Share Index on the relevant start date shown below, the value of those benefits on the end date will be equal to

$$\text{Value of benefits on start date} \times \text{FP} \times \text{FI}$$

where FP is the relevant percentage shown in the tables below and FI is the percentage increase in the FTSE 100 Share Index between the start and end dates (subject to a minimum of zero). There is no contractual value of benefits at any other date.

- (i) United Kingdom Life Assurance and General Annuity Business

Start date	End date	FP (%)
15.01.04	15.01.05	45.8
15.04.04	15.04.05	45.2
15.07.04	15.07.05	46.6
15.10.04	15.10.05	52.3

- (ii) United Kingdom Pension Business

Start date	End date	FP (%)
15.01.04	15.01.05	57.2
15.04.04	15.04.05	56.4
15.07.04	15.07.05	58.3
15.10.04	15.10.05	65.3

- 6.(1) The main method used was that of a gross premium valuation with specific reserves for the future expenses of running the business.

The interest bases used for valuing the liabilities for the main classes reflect the current earnings of the assets.

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For accumulating with-profits business an additional reserve for the amount of a cash payment secured by the exercise of an option to surrender the policy has been calculated in accordance with PRU 7.3.71R. This is calculated by comparing the “normal” policy reserve obtained using the gross premium valuation method applied to the guaranteed benefits for accumulating with-profits policies as described later in this paragraph plus the allowance for future expenses as described in paragraph 8, with the lower of :

- the current surrender value that could reasonably be expected to be paid having regard to the representations made to policyholders, and
- that value disregarding discretionary adjustments (i.e. disregarding both the financial adjustment and final bonus beyond the current guaranteed value)

Where the “normal” reserve is higher, no additional reserve is held. Where it is lower, the difference is held within this additional reserve.

The bases to be used in the event of surrender or transfer are not guaranteed and, the primary objective when setting the basis is to protect the interests of the continuing with-profits policyholders. In the event of a significant level of policy discontinuances, as described in section 4.(1)(a)(i), the Society reserves the right to reduce surrender payments. If it was required in order to protect solvency, surrender payouts could be made equal to the discounted value of the guaranteed benefits.

An additional reserve is also calculated for conventional with-profits business, in a similar way to that described above.

For the main classes of annual premium business the liability was calculated by deducting from the value of the guaranteed benefits, including vested bonus additions, the value of tabular office premiums receivable after deducting from these a provision for future expenses.

Whole life assurances were valued individually and the factors for valuing sums assured and bonuses were increased by one half-year's interest to allow for immediate payment of claims.

Endowment assurances were grouped according to the calendar year of maturity and attained age. An allowance was made for immediate payment of claims.

Level temporary assurances and decreasing temporary assurances (other than those tabulated below) were valued individually. An allowance was made for the immediate payment of claims.

Assurances upon sub-standard lives were valued as though they were upon normal lives assured at the tabular rates of premium and the valuation liability was increased by the amount of one year's extra premium.

For accumulating with profits policies in the Basic Life Assurance and General Annuity and Pension Business Funds which were grouped by calendar year of vesting date (first payment date for School Fee Trust Plan policies), it has been assumed that the vesting date falls in the middle of the group year.

The liability was calculated by discounting the cash fund purchased to date plus declared and attaching bonus cash fund, with an allowance for guaranteed investment return where appropriate.

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For with profits retirement annuity benefits, the benefits have been valued on the basis that the benefits will be taken at age 60 or, if that age has been attained, at the valuation date. For with profits personal pensions benefits (excluding those benefits secured by "protected rights" premiums), and transfer plans effected prior to 8th June 1998 the benefits have been valued on the basis that the benefits will be taken at age 50 or, if that age has been attained, at the valuation date. For with-profits group pensions business, with-profits individual pensions business, the benefits have been valued on the basis that the benefits will be taken 4 years earlier than the normal retirement date or, if that age has been attained, at the valuation date. For transfer plans effected after 8th June 1998, the benefits have been valued on the basis that the benefits will be taken 4 years earlier than the normal contractual age of 60 date or, if that age has been attained, at the valuation date.

For with profits managed pension policies and with profits personal pension trustee income drawdown policies the current full value of the guaranteed fund and attaching declared bonus fund was reserved.

Life immediate annuities were valued individually using the factor $1/2 + ay$, which makes suitable provision for the incidence of payments. Joint-life and last survivor annuities were valued individually by equivalent factors based on the ages of the respective lives and the incidence of payments.

Temporary immediate annuities were valued as annuities certain.

For with profits immediate annuities the liability was calculated by valuing the guaranteed payments and attaching bonus payments.

For with profits Flexible Protection Plans, German with profits Flexible Savings Plans, German Flexible Life Assurance and German Deferred Annuity policies, which were grouped by calendar year of maturity date or annuity vesting date as appropriate, it has been assumed that the maturity or vesting date falls in the middle of the group year. The liability was calculated by discounting the guaranteed fund and attaching bonuses where appropriate and adding the amount of the current month's mortality charge deduction.

With profits Bonds, with profits Personal Investment Plans, with profits Regular Savings Plans, with profits personal pension trustee investment policies, with profits Irish flexible income plans, with profits Services Investment Plans, with profits International Investment Plans and German with profits Investment Plans were grouped by calendar year of the next option date on which full withdrawal can be made on guaranteed terms. For this purpose the guaranteed fund and bonuses attaching to different single premiums paid to the policy were included in the appropriate group years. It has been assumed that the next option date falls in the middle of the group year. The liability was calculated by discounting the guaranteed fund and attaching bonuses.

For with profits Critical Illness Plans and with profits Major Medical Cash Plans, the liability was calculated by valuing the guaranteed fund and attaching bonuses as a paid-up whole of life assurance. The amount of the current month's charge for the critical illness benefit or medical cash benefit, as appropriate, was also reserved.

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Certain special classes were valued as follows:

<u>Class</u>	<u>Valuation Of Liabilities</u>
Sums payable by instalments	The value at 3.25% of the instalments remaining to be paid.
Decreasing renewable and convertible temporary assurances	Two years' annual premiums or the single premium.
Children's Deferred Assurances	The premiums paid (excluding any extra premiums for premiums to cease at the parent's death) accumulated with interest at 4% per annum.
Certain non-standard temporary assurances	Ten years' annual premiums or for single premium assurances the single premium
Recurrent single premium death in service group pension arrangements	One year's premium.

A reserve of £6m (2003 - £8m) is held in respect of the Society's potential liability for compensation relating to the pensions transfers and opt outs review and the review of free-standing AVCs. That reserve is shown as Pension Transfers and Opt-out provision on Form 52.

A reserve of £240m (2003 – £430m) is held for:

- (a) the compensation or adjustments to future benefits which may be payable under the Rectification Scheme to policyholders who had policies with guaranteed annuity options which matured prior to the House of Lords' decision, and
- (b) the potential liability for compensation, and other costs which may be payable under the review of sales of Managed Pension (income drawdown) policies. This is based on an assessment of the likely level of claims, the possible form of any compensation that would be payable on individual cases should a claim be found to be appropriate and the level of current interest rates.

That reserve is shown as "Rectification and Managed Pension provision" on Form 52.

The technical provisions include an amount of £193m (2002 – £184m) for other miscellaneous liabilities, including potential mis-selling liabilities. The principal components are provisions for mis-selling claims from non-GAR policyholders who left the Society prior to the GAR compromise scheme, potential claims from with-profits annuitants, liabilities in respect of GAR policy endorsements, provisions relating to the reinsurance of the linked and non-profit book to HBOS in 2001, and miscellaneous costs.

That reserve is shown as "Mis-selling and Related Liabilities" on Form 52 and has been split between the Basic Life Assurance and General Annuity Business Form 52 (£55m) and the Pension Business Form 52 (£138m) to reflect broadly the split of that reserve between different classes of business.

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- (a) The size and nature of the Society's holdings of derivative contracts was such that it was felt unnecessary to make any special allowance for them in the determination of the long term liabilities.
- (b) No future bonuses have been valued in excess of the guaranteed interest rate. Such bonuses would only be paid if the Society were in a sufficiently strong financial position at a future time. The balance of the total policy proceeds would be met by further final bonus additions at the time of claim. No reserve has been established for such further final bonus.
- (c) Not applicable.
- (d) There were no negative reserves.
- (e) No future bonuses have been valued.
- (f) There is no reserve for the prospective liability for tax on unrealised capital gains (losses) where benefits are linked to internal funds, as these are fully reassured with Halifax Life. The contingent liability to tax on capital gains in respect of non-linked business at 31 December 2004 was estimated to be less than zero.
- (g) The unit-linked annuity (1st series) guarantees a minimum payment but in current conditions no specific reserve was considered necessary to cover this. There are no investment performance guarantees under the other of the Society's linked or accumulating with profits contracts.
- (h) The premium rate guarantees and options under the Society's policies are described in paragraph 4. Where the right to effect further policies without medical evidence of health is carried a reserve equal to one year's extra premium deemed or actually charged was set up.

A reserve of £60m is held in respect of surrender options for accumulating with-profits business is described in paragraph 6(1) above. That reserve is shown as "Additional reserve for surrender values" on Form 52 and has been split between the Basic Life Assurance and General Annuity Business Form 52 (£6m) and the Pension Business Form 52 (£54m) to reflect broadly the split of that reserve between different classes of business.

For deferred annuity contracts where benefits are defined in terms of a deferred annuity with the option of commutation for cash it has been assumed that benefits would be taken entirely in annuity form. The reserves in respect of the deferred annuity were calculated using an interest rate allowing for reinvestment of 3.5% and a mortality basis allowing for future improvements of PMA80(C=2010) – 8.

- 6.(2) In determining the provision referred to in sub-paragraphs 7(7) and 7(8) below, account has been taken of the fact that the fund has been brought into Form 58 at book value. In considering the effect of changed conditions as described in sub-paragraph 7(8), it has been assumed that the book value of assets would be written down appropriately where, in the changed conditions, the value of any asset was reduced to below its book value.

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- 7.(1) The rates of interest and tables of mortality used are shown for the major classes in Forms 51 to 54. For business described as miscellaneous the rates and tables were the same as for the major classes.
- 7.(2) Not applicable.
- 7.(3) The tables of mortality and morbidity assumed in valuing UK business are standard UK tables, based on UK experience. Those for valuing certain German-style German business are standard German tables. For all other overseas business the degree of variation between those states and the UK in mortality and morbidity does not give rise to a material effect on the valuation and therefore standard UK tables have been used.
- 7.(4) Based on current knowledge it is considered that the mortality tables for annuity contracts given in column 3 of Forms 51 and 54 make appropriate allowance for future improvements in mortality.
- 7.(5) A significant change in the incidence of disease or developments in medical science might give rise to additional costs, if they increased longevity. These costs would reduce the amount available to pay future bonuses on with profits business and hence the level of bonuses.
- 7.(6) In accordance with PRU 7.3.10R, the cash flows emerging from non-profit, index-linked and with profit in force business have been considered.

Fixed interest assets can be allocated to non-profit business such that the cash flows emerging from those assets match closely those from the non-profit in force benefits.

Index-linked assets and cash can be allocated to index-linked business such that the cash flows emerging from those assets match broadly those from the index-linked in force benefits.

The remaining assets are allocated to with profits business. Taking into account the nature and term of this business, it is envisaged that there will be no future liquidity problems in a wide range of investment scenarios. A significant proportion of the fund is held in British Government securities to allow for uncertainties of cash flow given the flexibility of the policies.

The scenario tested in determining the amount of the long-term liabilities in accordance with PRU 4.2.10R and PRU 4.2.16R which produces the most onerous requirement was:

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a combination of

- (i) a fall in the value of equities of 10%
- (ii) for fixed interest securities and for short term deposits an increase in the risk free gilt yield of 20% of the long term yield (e.g. from 5% to 6%)
- (iii) a fall in property values of 20% with a fall in the resulting running yield of 10%
- (iv) an increase in the real yields on indexed gilts equal to that in (ii)

For those fixed interest securities that are not risk free, it has been assumed that the yield differential to risk free securities of similar term does not change in the above scenario.

7.(7) The most onerous scenario tested was the same as that described in 7(6).

7.(8) (a) A reserve of nil was made pursuant to PRU4.2.10R, PRU 4.2.16R and PRU 4.2.23R.

(b) The decrease in the aggregate amount of the long term liabilities (excluding property linked liabilities) in the scenario which produced the most onerous requirement was £1,187m;

(c) The aggregate amount by which the assets allocated to match the liabilities in (b) decreased from the amount of those assets shown in Form 13 was £1,010m.

7.(9) The rates of interest assumed in the valuation of contracts with liabilities denominated in currencies other than sterling have regard to the gross redemption yields on fixed interest securities denominated in that same currency.

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8. (a) The proportion of office premium reserved for expenses was as follows:

UK Life and General Annuity

With profits

Whole Life Assurance	0.03
Endowment Assurance	0.03
Endowment Assurance with guaranteed minimum death benefit	0.07
Flexible Savings	0.06
Deferred Annuity	0.03

With minor profits

Whole Life Assurance	0.17
Endowment Assurance	0.24

Without profits

Whole Life Assurance	0.04
Endowment Assurance	0.24
Level Temporary Assurance pre 1983	0.08
Level Temporary Assurance post 1982 1st series	0.06
Level Temporary Assurance post 1982 2nd series	0.05
Level Temporary Assurance 1995 series	0.05

UK Pension Business

With profits

Endowment Assurance	0.04
Deferred Annuity with return of premium on death	0.04

Germany Life and General Annuity

With profits

Term Assurance	0.17
Disability Benefits	0.11

Without profits

Term Assurance pre 1995 series	0.06
Term Assurance 1995 series	0.06

Ireland Life and General Annuity

Without profits

Level Temporary Assurance pre 1995 series	0.04
Level Temporary Assurance 1995 series	0.05
Decreasing Temporary Assurance pre 1995 series	0.05
Decreasing Temporary Assurance 1995 series	0.05

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VALUATION REPORT

Guernsey Life and General Annuity

Without profits

Level Temporary Assurance pre 1995 series	0.05
Level Temporary Assurance 1995 series	0.06

For miscellaneous business the proportions were broadly the same as for the major classes.

- (b) Life assurance and general annuity business: For other than recurrent single premium business and annuities in payment, an annual loading of £3 per private policy was reserved with two exceptions: (a) certain permanent assurance classes effected on or after 4 June 1990 for which a loading is not charged or reserved, (b) temporary assurance contracts effected since 17 April 1995 for which a loading is not charged or reserved if the original term of the contract is greater than or equal to 10 years and, otherwise, the loading is £4 for each year by which the original term exceeds 10 years.

For annuities in payment, the following current levels of administrative expenses (excluding fund management), were assumed. It was further assumed that these expenses would increase at a rate of 5.5% per annum, which includes an allowance for diseconomies of scale as the portfolio declines in size.

	Non-profit annuities	With profit annuities
Sterling denominated	£20	£33
US dollar denominated	\$38	\$63
Irish and German business	€28	€47

Pension business: Annual loadings for annuities in payment at the same level as for the corresponding general annuity contracts were reserved.

For annuities in payment, separate allowance was made for fund management expenses using a loading of 0.5875 per mille of the projected reserve for non-profit annuities. For with profit annuities the loading was 1.19 per mille. These expenses were discounted at the corresponding valuation rate of interest.

For accumulating with-profits business, the following current levels of administrative expenses (excluding fund management), were assumed. It was further assumed that these expenses would increase at a rate of 5.5% per annum, which includes an allowance for diseconomies of scale as the portfolio declines in size.

Assurances	£ 44 per benefit
Bonds and PIPS	£ 53 per benefit
Group pensions	£ 13 per benefit
International	£ 84 per benefit
Individual pensions	£ 124 per benefit
Managed pensions	£ 221 per benefit
Personal pensions	£ 28 per benefit
Retirement annuities	£ 78 per benefit
School fee trust plans	£ 95 per benefit
Transfer Plans/Wind ups	£ 28 per benefit
Group final salary	£ 6,588 per scheme

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Separate allowance was made for fund management expenses using a loading of 1.19 per mille of the basic benefit including declared bonuses. These expenses were assumed to escalate in line with the valuation interest rates, i.e. a net rate of discount of 0%.

For life assurance and general annuity business the appropriate per policy expenses and fund management assumptions shown above were netted down for tax at a rate of 20%.

For with-profits group pensions business, with-profits individual pensions business and transfer plans effected after 8th June 1998, an allowance was made for future expenses up to normal retirement date. (The adjustment to outstanding terms used in the valuation of benefits as described in paragraph 6 was not been applied to the reserves for future expenses.)

For all accumulating with profits business where the date at which benefits are assumed to be taken has been reached, an allowance was made for a full year of expenses at the levels described above.

A provision of £183m (2003 - £134m) is held for anticipated additional expenses over future years, including Rectification Scheme and managed pensions review administration costs, contractual commitments to HBoS in respect of pension scheme future service costs, litigation being pursued against third parties, potential VAT on outsourced administration services and anticipated additional costs associated with servicing policies in 2005 and 2006. The VAT provision is for £45m and follows a recent European Court judgment which is likely to change existing UK VAT practice.

No other explicit reserve was made for expenses on policies where premiums have ceased, no future premiums are payable or the method of valuation does not take credit for future premiums as an asset.

(c) Not applicable.

9. (a) The unit liability under all contracts linked directly to the Halifax UK Growth OEIC was valued by taking the number of units deemed to attach to policies multiplied by the mid price of Halifax UK Growth OEIC shares on the valuation date.

The unit liability under all contracts linked to the Society's internal funds was valued by taking the number of units deemed to attach to policies multiplied by the valuation price per unit. The valuation prices match those set by Halifax Life for liabilities reinsured through Halifax Life. The valuation prices match those set by Clerical Medical Managed Funds Limited (CMMF) for liabilities reinsured through CMMF. The business is fully reinsured.

For unit linked and "FTSE 100" linked policies, future cash flows were, with the exception of annuity policies, projected to determine the adequacy of future cash flows to meet future expenses. An additional non-linked reserve for expenses was held in respect of any policy for which the projected future cash flows were insufficient to meet projected future expenses without recourse to additional financial resources.

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The future expenses for unit-linked and "FTSE 100" linked policies are met by Clerical Medical Managed Funds Limited. In Forms 53 and 54 we have treated those reserves set up in respect of future expenses as reassured liabilities.

For regular premium business where a direct debit was in force at the valuation date, the level of the annual contributions has been used in the calculation of the non-unit reserve. For regular premium business where a direct debit was not in force, 70% of the level of annual contributions has been used in the calculation of the non-unit reserve. The level of annual contributions assumed in the calculation is consistent with the annual premiums detailed in Form 46. For prudence, it has been assumed that 25% of regular premiums cease immediately.

For Managed Pensions no mortality was assumed. Otherwise, AM80 ultimate mortality was assumed with a 2 year deduction from age for male lives and a 6 year deduction from age for females lives.

The following current levels of administrative expenses per policy were assumed. It was further assumed that these would increase at the rate of 3% per annum.

Assurances	£30 per policy.
Retirement annuities	£40 per policy.
Personal pensions	£40 per policy.
Individual pensions	£100 per policy.
School Fee Trust Plans	£40 per policy.
Free Standing AVCs	£40 per policy.
Managed annuities	£40 per policy.
Managed pensions	£40 per policy.
Group Money Purchase/AVCs	£15 per member.
Group Final Salary	£12 per member.

It was assumed that unit prices would grow at 5.0% p.a. (4.0% net of tax) before annual fund management charges and that "FTSE 100" linked benefits would grow at 5.0% p.a. (4.0% net of tax). The projected future cash flows were discounted to the valuation date using an interest rate of 4.5%.

For linked annuity policies an annual loading of £40 per policy was reserved for expenses.

For non-UK policies, expenses were comparable to those for the equivalent UK policies.

For regular premium retirement annuities, the second series retirement bond, personal pensions and all individual pensions policies there is no mortality risk. The mortality risk under the first series single premium retirement bond was negligible and no reserve was held.

For UK Flexible Protection Plan policies, Flexible Protection Plan policies written in Guernsey and The Republic of Ireland and German Flexible Savings Plan policies an additional reserve equal to the current month's mortality charge was held.

For the single premium assurance policies a reserve is held for the mortality risk.

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For the critical illness benefit provided by the Critical Illness Plan policies, an additional reserve equal to the current month's charge for the critical illness benefit was held.

For the medical cash benefit provided by Major Medical Cash Plan policies, an additional reserve equal to the current month's charge for the medical cash benefit was held for UK and Irish business.

For Building Society linked endowment assurances the liability comprised:

- 1) The value of the deposit with the building society in respect of policies.
- 2) Where a maturity bonus is payable the bonus premium content of each premium payable accumulated at 3.75% to the valuation date was held. The bonus premium is 1.7% of the annual premium.
- 3) A reserve for mortality and expenses which is the excess of one year's annual premium over the annual investment content plus bonus premium content (if any) of that premium.

(b) Not applicable.

- 10.(1) For accumulating with-profits business and annuities in payment, the reserve for future expenses described in 8.(b) assumes an inflation level of 5.5% p.a. for administrative expenses (excluding fund management). This includes an allowance for diseconomies of scale as the portfolio declines in size. Fund management expenses for accumulating with-profits business were assumed to escalate in line with the valuation interest rate, i.e. a net rate of discount of 0%.

For the rest of the business the assumptions are as follows: Where a proportion of the office premium is reserved for expenses no allowance is made for the future inflation of expenses. For other than recurrent single premium business and annuities in payment, no future inflation is assumed to apply to the annual loadings described in 8(b) above.

- 10.(2) The aggregate amount, grossed up for taxation where appropriate, arising during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling non-reassured contracts in force at the valuation date, was £111.1m (made up of £43.5m for regular expenses and £67.6m for anticipated additional expenses). See paragraph 8.

Where appropriate, the proportion of the office premium explicitly reserved for expenses and the annual loadings described in 8(b) above contribute to the aggregate amount.

- 10.(3) The Society remains closed to new business. Certain policies contain options that may give rise to new business. The reserve for future expenses covers the expenses that may be incurred by exercising those options.
- 10.(4) No additional reserve is required in excess of the reserves for expenses described in paragraphs 8 and 9 as there are no additional costs.

11. The mathematical reserves (other than liabilities for property linked benefits), analysed by reference to the currencies in which the liabilities are expressed to be payable, together with the value of the assets, analysed by reference to currency, which match such liabilities, are tabulated below:

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Currency	Mathematical Reserves (£000,000)	Assets (£000,000)
Sterling	14,288	15,014
Euro	195	402
US Dollar	5	221

12.(1) All reinsurance ceded on a facultative basis is with reinsurers who are authorised to carry on insurance business in the United Kingdom.

- 12.(2) (i) (a) The reinsurer is Swiss Re Life & Health Limited.
- (b) The reinsurer is authorised to carry out business in the United Kingdom.
- (c) The Society and the reinsurer are not connected.
- (d) The reinsurer automatically provides cover for any individual life where the sum assured is in excess of the retention by the Society. The cover provided by the reinsurer is limited to the lower of £400,000 and the amount retained by the Society.

The Society's normal retention limit at 31 December 2004 was £400,000, except for Major Medical Cash Plans and Critical Illness Plans. The Society does not retain any of the sum assured for these contracts. Whole life and endowment assurance business (including unit linked and building society linked business) is reassured on a risk premium basis. Other business is reassured on original terms.

The reinsurer automatically provides 50% quota-share cover for Major Medical Cash Plans.

For Critical Illness Plans the reinsurer automatically provides cover for the sum at risk in excess of £100,000 and 50% quota - share cover for the remaining sum at risk.

- (e) The premium payable since the last investigation was £1,354,777.
- (f) There is no deposit back arrangement.
- (g) No provision was made. In all cases the amount of any refund is less than the amount of premium refundable by the reinsurer.
- (h) The treaty is open to new business.
- (ii) (a) The reinsurer is Kölnische Rückversicherungs-Gesellschaft AG.
- (b) The reinsurer is not authorised to carry out insurance business in the United Kingdom.
- (c) The Society and the reinsurer are not connected.
- (d) The reinsurer automatically provides cover for any individual life in Germany, for business transacted by the German branch prior to 1 October 1998, where the sum assured is in excess of the retention by the Society.

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The Society's normal retention limit on 31 December 2004 was €127,825 life cover or €0,226 p.a. disability annuity.

Flexible Life Assurance, Flexible Savings Plan, Supplementary Disability and Supplementary Accident benefits are all reassured on a risk premium basis. Term Assurances are reassured on original terms.

- (e) The premium payable since the last investigation was approximately €36,942 (£26,153).
 - (f) There is no deposit back arrangement.
 - (g) Not applicable.
 - (h) The treaty is closed to new business.
- (iii)
- (a) The reinsurer is Kölnische Rückversicherungs-Gesellschaft AG.
 - (b) The reinsurer is not authorised to carry out insurance business in the United Kingdom.
 - (c) The Society and the reinsurer are not connected.
 - (d) The reinsurer automatically provides 50% quota share cover after the application of the surplus treaty described in (ii) above for supplementary disability benefits and all policies effected prior to 1 July 1994.

Flexible Life Assurance, Flexible Savings Plan, Supplementary Disability and Supplementary Accident benefits are all reassured on a risk premium basis. Term Assurances are reassured on original terms.

- (e) The premium payable since the last investigation was approximately €101,105 (£71,578).
 - (f) There is no deposit back arrangement.
 - (g) Not applicable.
 - (h) The treaty is closed to new business.
- (iv)
- (a) The reinsurer is Swiss Re Life & Health Limited.
 - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
 - (c) The Society and the reinsurer are not connected.
 - (d) The reinsurer automatically provides cover for any individual life in Germany, for business transacted by the German branch on or after 1 October 1998, where the sum assured is in excess of the retention by the Society.

The Society's normal retention limit on 31 December 2004 was €27,825 life cover or €0,226 p.a. disability annuity.

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Flexible Life Assurance, Flexible Savings Plan, Supplementary Disability and Supplementary Accident benefits are all reassured on a risk premium basis. Term Assurances are reassured on original terms.

- (e) The premium payable since the last investigation was approximately €1,940 (£8,453).
- (f) There is no deposit back arrangement.
- (g) Not applicable.
- (h) The treaty is open to new business.
- (v) (a) The reinsurer is Swiss Re Life & Health Limited.
- (b) The reinsurer is authorised to carry out insurance business in the United Kingdom.
- (c) The Society and the reinsurer are not connected.
- (d) The reinsurer automatically provides 50% quota share cover after the application of the surplus treaty described in (iv) above for supplementary disability benefits and all policies effected prior to 1 July 1994.

Flexible Life Assurance, Flexible Savings Plan, Supplementary Disability and Supplementary Accident benefits are all reassured on a risk premium basis. Term Assurances are reassured on original terms.

- (e) The premium payable since the last investigation was approximately €23,069 (£16,332).
- (f) There is no deposit back arrangement.
- (g) Not applicable.
- (h) The treaty is open to new business.
- (vi) (a) The reinsurer is Liverpool Victoria Life Co Ltd.
- (b) The reinsurer is authorised to carry out insurance business in the United Kingdom.
- (c) The Society and the reinsurer are not connected.
- (d) The reinsurer automatically provides 50% quota share cover for Major Medical Cash Plans. The reinsurer automatically provides 50% quota-share cover for Critical Illness Plans up to a maximum reassured sum at risk of £50,000.
- (e) The premium payable since the last investigation was £528,851.
- (f) There is no deposit back arrangement.

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- (g) Not applicable.
- (h) The treaty is open to new business.
- (vii) (a) The reinsurer is ERC Frankona Reassurance Limited.
- (b) The reinsurer is authorised to carry out insurance business in the United Kingdom.
- (c) The Society and the reinsurer are not connected.
- (d) The reinsurer automatically provides 50% quota share cover for a number of Group Life insurance schemes up to an amount per life of £600,000.
- (e) The premium payable since the last investigation was approximately £976.
- (f) There is no deposit back arrangement.
- (g) Not applicable.
- (h) The treaty is open to new business for new lives for existing schemes. The treaty is closed to new business for new schemes.
- (viii) (a) The reinsurer is Halifax Life Limited. No reserve is held in respect of default risk.
- (b) The reinsurer is authorised to carry out insurance business in the United Kingdom.
- (c) The Society and the reinsurer are not connected.
- (d) The reinsurer automatically provides cover in respect of 100% of the liabilities under all linked and non-profit policies, with the exception of immediate annuities in payment other than those arising from deferred annuity policies after 1 March 2001.
- (e) The premium payable since the last investigation was £121,831,475
- (f) There is no deposit back arrangement.
- (g) Not applicable.
- (h) The treaty is open to new business.
- (ix) (a) The reinsurer is Clerical Medical Investment Group Limited (CMIG)
- (b) The reinsurer is authorised to carry out insurance business in the United Kingdom.
- (c) The Society and the reinsurer are not connected.
- (d) The reinsurer automatically provides 100% of the liabilities in respect of units purchased in CMIG With Profits fund which are available as an investment option for members of certain group pension schemes.

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- (e) The premium payable since the last investigation was £3,127,935
 - (f) There is no deposit back arrangement.
 - (g) Not applicable.
 - (h) The treaty is open to new business.
- (x) (a) The reinsurer is Clerical Medical Managed Funds Limited (CMMF)
- (b) The reinsurer is authorised to carry out insurance business in the United Kingdom.
- (c) The Society and the reinsurer are not connected.
- (d) The reinsurer automatically provides 100% of the liabilities in respect of units purchased in those CMMF funds as listed in 5(7)(xii) which are available as an investment option for members of certain group pension schemes.
- (e) The premium payable since the last investigation was £2,682,694
- (f) There is no deposit back arrangement.
- (g) Not applicable.
- (h) The treaty is open to new business.
- 12.(3) There were no financing arrangements in force at 31 December 2004.
- 13 The Society has no business where the rights of policyholders to participate in profits relates to profits from particular parts of the long term business fund.
- 14.(1) The Society has no shareholders. The principles on which the distribution of profits among policyholders is based are described in various documents as follows:
- (a) The Society's Articles of Association give the Society's Directors absolute discretion as to the timing and nature of bonus distributions.
 - (b) The Society's board resolutions set out the detailed rates of bonus to be used from time to time.
 - (c) The Society's policy documents describe the position in the Society's Articles, as described above.
 - (d,e,f,) There is a body of literature dealing with the distribution of bonuses, including documents the Society is or has been required to issue by any regulatory body authorised under Prudential Guidance Note P.1, advertisements or other communications with policyholders. These documents include the Principles and Practices of Financial Management (PPFM), that sets out some of the principles underlying the Society's approach – the relevant principles are as follows:-

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Management of the Society

The Society aims to manage its business in a sound and prudent manner for the benefit of all policyholders and in particular so that it can continue to meet its contractual obligations to policyholders and other creditors as they fall due.

Distributing all of the Society's assets

It is the intention of the Society that all of its assets, after providing for its contractual liabilities (including those to holders of non-profit policies and other creditors), will be distributed as fairly as possible amongst the holders of its with-profits policies over the lifetime of those policies. This means that amounts distributed amongst with-profits policies can exceed the contractual guaranteed entitlements of with-profits policyholders. Any amounts distributed amongst with-profits policies in excess of contractual guaranteed entitlements are decided after allowing for the requirement to meet the Society's contractual obligations as they fall due, and the need for the Society to maintain the required level of capital to operate its business.

Bonus policy

In determining bonus policy, the Society aims to balance the objectives of continuing to meet its obligations to policyholders and other creditors as they fall due and of distributing the Society's assets over the lifetime of its policies as fairly as possible. Consideration is given to the overall financial position of the Society which is affected by many things including, inter alia, investment returns and outlook, actual and expected expense levels, the expected cost of guarantees, miscellaneous profits and losses (including those from the non-profit business) and changes in the level of provisions. The rate at which surplus is distributed may vary depending on the Society's requirement for capital, and the general level of uncertainty (for example, in the various provisions).

For the foreseeable future, any new distributions of surplus will be made in non-guaranteed form, and there is no expectation of any further reversionary bonus being awarded in the near to medium term. This applies across all product types and all territories. This approach aims to maximise the likelihood of the Society being able to meet all its future contractual liabilities. (Note: The majority, by value, of the with-profit policies contain a Guaranteed Investment Return ("GIR"), often 3.5%, which adds to guaranteed benefits each year. This is a contractual entitlement and will continue to be added.)

The Society aims to set bonuses and payout levels which are fair across different groups and generations of policyholders. Profits and losses are typically shared across the whole of the with-profits business, not just among the policies concerned. For example, the cost of guarantees is shared widely across the with-profits business, and mortality profits and losses from the with-profits annuity policies are shared by the whole of the with-profits business, not just among the with-profits annuitants. Changes to policy values and their equivalents are often the same for all policies within a particular class, but it is possible that they will vary between different groups and generations of policyholders.

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Smoothing

The Society has a preference that changes in levels of bonuses and payouts should be gradual whenever circumstances permit, and reflect the underlying trend of investment returns. However, in adverse scenarios, especially when investment returns are poor, there is limited scope for smoothing. In particular, smoothing considerations will be over-ridden by the Society's need to be able to meet its contractual obligations to policyholders and other creditors as they fall due and any capital requirements that the Society may have.

The Society considers smoothing in the context of its reviews of policy values, rather than comparing the payout value of one policy with an equivalent one taken out a year earlier.

Payouts on early surrenders

Where a policyholder surrenders his policy (or switches from with-profits to unit-linked funds) before maturity, contractual obligations in respect of payouts under the policy generally do not apply. The Society takes account of the interests of all policyholders in these circumstances by paying the policy value, less a Financial Adjustment. The Financial Adjustment can be changed at any time without advance notice to policyholders. In setting it, the intention is that the amount paid to surrendering policies should be fair, but that it should not disadvantage continuing policyholders. In particular, the amounts paid to surrendering policyholders should not reduce the payout prospects of the continuing policyholders. For non-RSP policies, a similar effect is achieved, principally, by adjusting final bonus rates.

Investment policy

The Society operates a conservative investment policy as a result of its solvency position and its need for liquidity. The Society accordingly invests mainly in fixed interest securities (both gilts and corporate bonds) and is unlikely to be able to alter this policy unless financial strength increases significantly.

This strategy is helpful in reducing risk, and helping to maintain solvency. It shields with-profits policyholders from the worst effects of falling stock markets, but also limits the returns that will be achieved in rising stock markets.

The Society aims to maintain a relatively high average yield from its assets.

Exposure of with-profits policyholders to business risk

With-profits policyholders share in all the profits and losses of the Society. These are passed on through the policy value system. The Board aims to manage risk where possible to minimise any negative impacts on policy payouts and so that the Society can continue to be able to meet its contractual obligations to policyholders and other creditors as they fall due. However significant risks remain, including fundamental uncertainty regarding the level of various provisions that have been made. Substantial profits or losses could emerge from these provisions. The level of uncertainty surrounding some of the largest provisions is expected to reduce over the next few years, for example as the GAR Rectification Scheme and Managed Pension Review are implemented.

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The Society's strategy in respect of risks (and any new ones that it is outside the power of the Society to prevent, such as new litigation), is to seek opportunities to reduce and/or limit the risks, whilst being fair to all policyholders.

There are limited circumstances in which the Society would accept new business risks, being either where it is satisfied that the rewards are sufficient and the risks are not high, or where the taking of a new (lower) risk would mitigate an existing business risk.

- 14.(2) (a) The Society operates a single fund in respect of all non-linked liabilities not reinsured with Halifax Life. All the Society's asset income and expenses, other than those associated with the Halifax Life reinsurance, are attributed to the fund.
- (b) Any profit or loss from the Society's non-profits business that is not subject to the Halifax Life reinsurance agreements revert to the Society's with profits business. Details of this business are set out in Forms 51 and 54. The value of the reserves held are:

Non-profit immediate annuities:	£4,317m
Index Linked immediate annuities:	£702m

This includes some International business.

- (c) At 31 December 2004 the mix of assets backing the Sterling with- profits business was distributed as follows (with other liabilities being notionally covered by appropriate assets)

Government Stock	50%
Other Fixed Interest	23%
Equities	4%
Property	14%
Other assets (including cash)	9%

Notional funds in currencies other than sterling had no property holdings and up to 20% in equities.

- (d) In common with all other UK insurers, the Society requires a certain amount of capital to operate its business, to provide for risks and for the purpose of smoothing. This capital is required to meet the costs and expenses which arise from the day to day operation of the business as well as to meet statutory and regulatory capital requirements.

In order to have sufficient capital to satisfy regulatory and other capital requirements, the Society intends to adopt a prudent policy to the ongoing management of policy values and their equivalents. This means that a margin will typically be retained each year before making future increases to policy values and their equivalents. (Any change to policy values announced by the Society will be net of the margin.)

This margin is intended to provide enough capital to meet the expected cost of guarantees (i.e. the additional cost where a policy's guaranteed benefits exceed its policy value, now or in the future), and to provide some additional capital to act as a buffer against risks and adverse experience.

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The level of the margin will be kept under regular review by the Board before deciding any changes to policy values, and their equivalents. In current circumstances, it is estimated that an ongoing margin of about 0.5%p.a. would be sufficient to meet the cost of guarantees and provide some additional risk capital. In current circumstances, an ongoing margin of 1.5% p.a. or more would provide a considerable amount of additional risk capital.

If the Society suffers adverse experience, this margin would have to be called on to meet the resulting costs. On the other hand, if experience is neutral or favourable, it will be possible to gradually release some or all of the margin back to the with-profit policyholders, and increase policy values at a faster rate.

The Society has no wish to build up and retain excessive amounts of risk capital because all the capital will ultimately be distributed. However, a modest margin is currently required.

- (e) The Society aims to follow the principles set out in 14. (1) (d) to (f) above.

The level of policy values and their equivalents for non-accumulating with-profits policies is kept under regular review, and the Board may change them at any time if circumstances require it, though efforts are made to avoid frequent changes. There is a more formal annual review process, and the level of policy values is re-set after that review. This will often result in all policy values within a particular class being increased (or decreased) by a percentage determined by the Board. Different rates can apply to different policy classes where it is judged fair to do so (for example, applying a net of tax rate for life policies, or different rates for policies denominated in different currencies). The Board may at its discretion choose to vary the rates awarded according to other factors (such as age or term or level of guarantee) if this is judged to result in a fairer allocation.

An increase to policy values does not constitute an increase in guaranteed benefits and policy values can be reduced at any subsequent time.

In deciding the level of policy values, the Board takes account of the overall financial position of the Society, and the many different factors affecting the business. The key requirement is to balance fairness with the primary objective of meeting the Society's contractual liabilities as they fall due.

This is facilitated by considering the "Available With-Profits Assets". In broad terms, this measure is defined as:

- The market value of the Society's assets
- Plus the value of non-profit business that is not reassured
- Plus the value of future margins (for example charges/margins to cover the cost of guarantees, or margins as discussed in 14.(2)(d)), less
 - the contractual non-profit insurance liabilities;
 - contractual amounts due to other creditors;
 - provisions and amounts needed to meet other liabilities and risks;
 - the expected cost of meeting future guarantees and other options;
 - the required level of capital to provide solvency cover and margins against business risks; and
 - other adjustments.

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The amounts required for the various deductions shown above will be a function of many variables, for example prevailing economic conditions, regulation and the uncertainty surrounding the level of the provisions the Society has made.

It would generally be expected that “Total With-Profits Policy Values” (the sum of the total policy values for RSP policies and the equivalent measures for with-profits annuities and conventional with-profits policies) would be kept within an appropriate range relative to the Available With-Profits Assets. It would be unusual for the aggregate of policy values and their equivalents to be outside a range of 90% to 102% of the Available With-Profits Assets, and the norm would be for the ratio to lie towards the centre of this range.

By allowing the ratio to vary within an appropriate range, the Society can achieve a modest amount of smoothing, and avoid changing policy values every time one of the factors noted above changes.

If policy values move significantly out of line with the value of underlying assets, they may be changed at any time. To facilitate this for maturity payouts, the Board may decide to use a “maturity equaliser”. This factor (or set of factors) is used to increase or decrease maturity payouts, so that they are brought more in line with underlying asset values. On death or maturity (or similar event as specified in the contract), the value paid will not be allowed to fall below the guaranteed value unless the Society is unable to meet its contractual obligations.

For conventional with-profits policies, the same concept applies, and is achieved in practice by varying final bonus rates.

Payouts on policies which have been surrendered early (or where benefits are being switched from with-profits to unit-linked funds) are determined by reference to policy values and their equivalents. Where appropriate to avoid prejudice to other policyholders, the Society applies the Financial Adjustment to reduce the amount payable on surrender of the with-profits benefits. The Financial Adjustment does not apply to with-profits annuities, or to some regular withdrawals up to a certain amount on some life policies.

Different Financial Adjustments may apply for different classes of policy (for example as between life and pensions business, or policies denominated in different currencies). The rate could also vary within a class, if this was thought by the Board to improve fairness or provide a more effective means of protecting solvency. For RSP policies, the Financial Adjustment is currently applied as a percentage reduction to policy value, but alternative methods could be used.

The level of the Financial Adjustment depends on the overall financial position of the Society, and it can therefore be affected by many factors. The following considerations apply when determining the Financial Adjustment:

- It is intended to recover any losses associated with falls in asset values.
- If Total With-Profits Policy Values have moved out of line with With-Profits Available Assets (for example because of smoothing), the Financial Adjustment may correct for this, especially if policy values are in the high part of their range mentioned above.
- If solvency is threatened, terms for early surrenders and switches from with-profits to unit-linked funds will be set so that the solvency position is improved (or at least unaffected).

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- Those surrendering their with-profits benefits early, or switching from with-profits to unit-linked funds should contribute their full share of the cost of provisions (including an allowance for the uncertainty associated with these). As the risk falls on those who remain, allowance will be made for the risk that the level of provisions set by the Society might prove insufficient.
- The Financial Adjustment should recover any amounts not yet charged in respect of initial expenses.
- Where the Society is forced to sell fixed-interest securities before their relevant maturity dates, in order to make payments to surrendering policyholders, the matching by term of assets and liabilities is broken. If this is to its disadvantage, the Society will recoup any value lost through a higher Financial Adjustment.
- Large volumes of surrenders can cause forced sale of illiquid assets at impaired values. Any such losses will be recouped through the Financial Adjustment.
- Surrenders can cause diseconomies of scale in the unit cost of operating the Society, so a contribution to future anticipated expenses may also be allowed for in surrender values.

Similar considerations apply when setting surrender values for conventional with-profits policies.

(f) As the Society is a mutual, all distributed profits go to the policyholders.

14.(3) See 14.(2) above.

14.(4) The descriptions in paragraphs (1) - (3) apply equally to all types of with profits business written by the Society. However, the cuts to policy values that have been made in recent years have not yet been applied fully to with-profit annuitants. As these policies provide a retirement income, and as the policyholders are unable to transfer their benefits to another provider, efforts have been made to spread the effect of the cuts. The main impact is being dealt with by a two-stage cut to incomes, and the cuts involved will be completed on policy anniversaries occurring prior to 2 February 2005. After that there will remain only a modest adjustment (of up to 3%) to allow for the cost of the House of Lords' judgement on GARs. The cost was assessed to be 5% of policy values, and it has been applied to all policy classes except with-profit annuities, where only 2% has been taken to date.

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15. DECLARED BONUS

For business other than Germany (German-style) policies, no bonuses were declared following the valuation as at 31 December 2004. This position is likely to continue throughout 2005 and for the foreseeable future.

Germany (German-style policies)

For the Flexible Life Assurance and Deferred annuity contracts, an interest bonus calculated as the sum of:

- (a) a direct credit bonus of 0.5% p.a. of the guaranteed benefits and attaching bonuses (excluding final bonus) secured under the terms of the policy;

plus

- (b) an interest bonus from the prospective reserve for profit participation of 0% of the guaranteed benefits and attaching bonuses (excluding final bonus) secured under the terms of the policy,

will be added to the value to the guaranteed benefits secured. Where the period of participation of the relevant benefits secured is less than a year, a proportionate bonus applies.

For German-style annuities in payment with commencement dates in 2004 or earlier, interest bonuses comprising:

- (a) a direct credit bonus of 0.5% p.a. of the reserve at the policy anniversary 2005

plus

- (b) an interest bonus from the prospective reserve for profit participation of 0% of the reserve at the policy anniversary 2005

will be applied to secure a bonus annuity payable from the 2005 Policy anniversary on the same basis as the original annuity payable from that date (except that no payment of the excess of the purchase price of the bonus annuity over the total payments of the bonus annuity made will become payable on death even where the original annuity is payable on that basis).

16. FINAL BONUS

MAINTENANCE OF FINAL BONUS RATES

The directors reserve the right to reconsider the rates of final bonus at any time. In particular directors will need to ensure that the final bonus policy and the level of any Financial Adjustment are such as to allow the Society to maintain its solvency.

United Kingdom, Guernsey, Republic of Ireland and Germany (UK-style policies)

Final bonus is payable

- under an assurance which becomes a claim by death or maturity between 1 April 2005 and 31 March 2006

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- under an assurance providing critical illness cover becoming a claim between 1 April 2005 and 31 March 2006 following the diagnosis of a critical illness (as defined in the terms of the policy)
- under a deferred annuity, managed annuity, managed pension, retirement annuity, personal pension, Equitable 2000 Personal Pension Plan or pension arrangement by individual or group policy, which comes to the end of the period of participation between 1 April 2005 and 31 March 2006 by maturity, by the coming into force of annuity, or entitlement to other retirement benefit

The final bonus entitlements described below apply to contracts which were in force on 31 March 2005. Where a personal pension, Equitable 2000 Personal Pension Plan, Free-Standing Additional Voluntary Contribution plan or individual or group pension plan contains more than one with profits segment, final bonus is calculated in relation to each segment individually.

The method of calculation of the final bonus entitlement depends upon the class of business and is described in sub-paragraphs (i) to (xix) below. Where the contract terms allow a proportion of the benefits to be taken, the final bonus entitlement on the portion of benefits so taken is the same proportion of the total final bonus entitlement as the benefits taken excluding final bonus bear to the total benefits excluding final bonus on the date of benefit payment. Where benefits have previously been withdrawn from a policy, the final bonus is calculated on the benefits remaining in force on the date of benefit payment as if those were the only benefits that had ever been in force under the contract. The final bonus payable is subject to a minimum value of zero. For the avoidance of doubt, this restriction of final bonus to zero is made only at the date of payment and at no intermediate point in the calculation.

- (i) For all UK assurances (except Flexible Protection Plans, Regular Savings Plans, Critical Illness Plans, Major Medical Cash Plans, Bonds and Personal Investment Plans) in the with profits (formerly major profits) class which are part of the Society's Basic Life Assurance and General Annuity Business, the final bonus is the percentage of the Sum Assured given in the table below and the same percentage of the existing declared bonus additions, if the date of the event upon which the benefits become payable is the 2005 policy anniversary. If the date of the event upon which the benefits become payable is different from the 2005 policy anniversary the final bonus percentage is
 - (a) the percentage derived from the table multiplied by 1 plus or minus (according to whether the benefit arises after or before the 2005 policy anniversary respectively) 0.00% for each complete month from the policy anniversary in 2005 to the date the benefit arises

plus or minus (according to whether the benefit arises after or before the 2005 policy anniversary respectively)
 - (b) 0.00% for each complete month from the policy anniversary in 2005 to the date the benefit arises.

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Number of complete years for which the policy
has participated in the with
profits class at the 2005 policy anniversary Percentage

1	0
2	0
3	0
4	0
5	0
6	0
7	0
8	0
9	0
10	0
11	0
12	0
13	1
14	2
15	3
16	4
17	5
18	7
19	9
20	12
21	16
22	22
23	30
24	38
25	46
26	54
27	60
28	66
29	72
30	78
31	83
32	88
33	92
34	95
35 or more	98

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- (ii) For UK deferred annuities (other than those of a recurrent single premium type) in the with profits (formerly major profits) class and for UK endowment assurances in the with profits (formerly major profits) class which are part of the Society's Pension Business, the final bonus is the percentage of the Sum Assured or Maturity Value given in the table below and the same percentage of the existing declared bonus additions, if the date of the event upon which the benefits become payable is the 2005 policy anniversary. If the date of the event upon which the benefits become payable is different from the 2005 policy anniversary the final bonus percentage is
- (a) the percentage derived from the table multiplied by 1 plus or minus (according to whether the benefit arises after or before the 2005 policy anniversary respectively) 0.00% for each complete month from the policy anniversary in 2005 to the date the benefit arises
- plus or minus (according to whether the benefit arises after or before the 2005 policy anniversary respectively)
- (b) 0.00% for each complete month from the policy anniversary in 2005 to the date the benefit arises.

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Number of complete years for which the policy
has participated in the with
profits class at the 2005 policy anniversary Percentage

1	0
2	0
3	0
4	0
5	0
6	0
7	0
8	0
9	0
10	0
11	0
12	0
13	0
14	0
15	1
16	2
17	3
18	4
19	5
20	7
21	10
22	15
23	21
24	27
25	34
26	41
27	48
28	54
29	60
30	66
31	71
32	75
33	79
34	82
35 or more	85

- (iii) For deferred annuities and all assurances in the minor profits class, the final bonus is 4% of the Sum Assured or Annuity and the same percentage of the existing declared bonus additions.

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- (iv) (1) For UK Flexible Protection Plans, Regular Savings Plans, Critical Illness Plans, Major Medical Cash Plans, Bonds and Personal Investment Plans in the with profits class, the final bonus entitlement as at 31 December 2004 is initially determined (before adjustment) as that amount required to increase the participating sum assured ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing declared bonus additions to the policy value on that date calculated as the sum of:
- (a) The participating sum assured ranking for bonus from 31 December 2003 or earlier and declared bonus additions as at that date, together with final bonus additions at the level established by the rates introduced on 1 April 2004 as initially determined, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 2.8% for the calendar year 2004;
 - (b) The sum of the purchases of participating sum assured eligible for bonus in the calendar year 2004 each increased by 2.8% p.a. on a proportionate daily basis from the date of application of the premium securing the individual purchase to 31 December 2004.
- (2) The final bonus initially determined above is then adjusted for the period from 31 December 2004 to the date of payment of benefits as follows :
- (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;
 - (ii) The amount of final bonus is increased by 2.0% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value on 31 December 2004, calculated as above, reduced by 0%;
 - (iii) The amount of final bonus is increased by 2.0% p.a. applied on a proportionate daily basis to each individual purchase of participating sum assured after 31 December 2004, for the period from the date the premium securing the participating sum assured was applied, whichever is later, to the date of payment of benefits.
- (v) (1) For all UK and International retirement annuities, personal pensions (other than The Equitable 2000 Personal Pension Plan), individual and group pension arrangements, International investment plans (including those sold on a services basis), International Flexible Protection Plans, managed pensions, managed annuities, recurrent single premium deferred annuities, UK income drawdown plans, UK income drawdown transfer plans and flexible additional voluntary contributions plans, which are not denominated in US Dollars, the final bonus entitlement as at 31 December 2004 is initially determined (before adjustment) as that amount which is required to increase the annuity or other benefit ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing declared bonus additions valued at that date in accordance with the contract terms to the policy value on that date calculated as the sum of:

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- (a) The annuity or other benefit ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates introduced on 1 April 2004 as initially determined, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 3.5% for the calendar year 2004;
 - (b) The sum of all the purchases of annuity or other benefit eligible for bonus in the calendar year 2004, valued in accordance with the contract terms at the date of application, each increased by 3.5% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004.
- (2) The final bonus initially determined above is then adjusted for the period from 31 December 2004 to the date of payment of benefits as follows :
- (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;
 - (ii) The amount of final bonus is increased by 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value on 31 December 2004, calculated as above, reduced by 0%;
 - (iii) The amount of final bonus is increased by 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity or other benefit after 31 December 2004 valued in accordance with the contract terms at the date of application for the period from the date of application to the date of payment of benefits;
 - (iv) Where the contract terms guarantee any increase in benefits by way of interest or other addition for the period from 31 December 2004, or if later the date of application of the individual purchase, to the date of payment of benefits, the amount of final bonus is reduced by the amount of any such increase.
- (3) Where a Guernsey (Offshore) Branch policy which is not denominated in US Dollars is classified as UK Basic Life Assurance & General Annuity Business as at 31 December 2004 due to the residence of the policyholder then the final bonus entitlement as at 31 December 2004 is calculated in accordance with Paragraph (1) of section (iv) above instead of this section.
- (4) Where a Guernsey (Offshore) Branch policy which is not denominated in US Dollars is classified as UK Basic Life Assurance & General Annuity Business due to the residence of the policyholder then the additional final bonus granted under paragraph (2) of this section for the period from 31 December 2004 to the date of payment of benefits is calculated in accordance with Paragraph (2) of section (iv) above instead of this section.

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- (vi) (1) For The Equitable 2000 Personal Pension Plan, the final bonus entitlement as at 31 December 2004 is initially determined (before adjustment) as that amount which is required to increase the annuity or other benefit ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing declared bonus additions valued at that date in accordance with the contract terms to the policy value on that date calculated as the sum of:
- (a) The annuity or other benefit ranking for bonus from 31 December 2003 or earlier and declared bonus additions as at that date, together with final bonus additions at the level established by the rates introduced on 1 April 2004 as initially determined, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 3.1% for the calendar year 2004;
 - (b) The sum of all the purchases of annuity or other benefit eligible for bonus in the calendar year 2004, valued in accordance with the contract terms at the date of application, each increased by 3.1% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004.
- (2) The final bonus initially determined above is then adjusted for the period from 31 December 2004 to the date of payment of benefits as follows :
- (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;
 - (ii) The amount of final bonus is increased by 2.1% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value on 31 December 2004, calculated as above, reduced by 0%;
 - (iii) The amount of final bonus is increased by 2.1% p.a. applied on a proportionate daily basis to each individual purchase of annuity or other benefit after 31 December 2004 valued in accordance with the contract terms at the date of application for the period from the date of application to the date of payment of benefits.
- (vii) (1) For personal pensions, individual and group pension arrangements, International investment plans (including those sold on a services basis) and International Flexible Protection Plans, which are denominated in US Dollars, the final bonus entitlement as at 31 December 2004 is initially determined (before adjustment) as that amount which is required to increase the annuity or other benefit ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing declared bonus additions valued at that date in accordance with the contract terms to the policy value on that date calculated as the sum of:

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- (a) The annuity or other benefit ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 2.0% for the calendar year 2004;
 - (b) The sum of all the purchases of annuity or other benefit eligible for bonus in the calendar year 2004, valued in accordance with the contract terms at the date of application, each increased by 2.0% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004.
- (2) The final bonus initially determined above is then adjusted for the period from 31 December 2004 to the date of payment of benefits as follows :
- (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;
 - (ii) The amount of final bonus is increased by 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value on 31 December 2004, calculated as above, reduced by 0%;
 - (iii) The amount of final bonus is increased by 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity or other benefit after 31 December 2004 valued in accordance with the contract terms at the date of application for the period from the date of application or to the date of payment of benefits;
 - (iv) Where the contract terms guarantee any increase in benefits by way of interest or other addition for the period from 31 December 2004, or if later the date of application of the individual purchase, to the date of payment of benefits, the amount of final bonus is reduced by the amount of any such increase.
- (3) Where a policy is classified as UK Basic Life Assurance & General Annuity Business as at 31 December 2004 due to the residence of the policyholder the final bonus entitlement as at 31 December 2004 is initially determined (before adjustment) as that amount which is required to increase the annuity or other benefit ranking for bonus from 31 December 2004 or earlier and existing declared bonus additions valued at that date in accordance with the contract terms to the policy value on that date calculated as the sum of:
- (a) the annuity or other benefit ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 1.6% for the calendar year 2004;

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- (b) the sum of all purchases of annuity or other benefit eligible for bonus in the calendar year 2004 valued in accordance with the contract terms at the date of application, each increased by 1.6% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004.
- (4) The final bonus initially determined in (3) above is then adjusted for the period from 31 December 2004 to the date of payment of benefits as follows :
 - (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;
 - (ii) The amount of final bonus is increased by 2.0% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value on 31 December 2004, calculated as above, reduced by 0%;
 - (iii) The amount of final bonus is increased by 2.0% p.a. applied on a proportionate daily basis to each individual purchase of annuity or other benefit after 31 December 2004 valued in accordance with the contract terms at the date of application for the period from the date of application or to the date of payment of benefits;
 - (iv) Where the contract terms guarantee any increase in benefits by way of interest or other addition for the period from 31 December 2004, or if later the date of application of the individual purchase, to the date of payment of benefits, the amount of final bonus is reduced by the amount of any such increase.
- (viii) For Irish Flexible Protection Plans, Regular Savings Plans, Major Medical cash Plans and Bonds in the with profits class, the final bonus entitlement as at 31 December 2004 is that amount required to increase the participating sum assured ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing declared bonus additions to the policy value on that date calculated as the sum of:
 - (a) The participating sum assured ranking for bonus from 31 December 2003 or earlier and declared bonus additions as at that date, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 2.8% for the calendar year 2004;
 - (b) The sum of the purchases of participating sum assured eligible for bonus in the calendar year 2004 each increased by 2.8% p.a. on a proportionate daily basis from the date of application of the premium securing the individual purchase to 31 December 2004.

The final bonus initially determined above is then adjusted for the period from 31 December 2004 to the date of payment of benefits as follows :

- (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;

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- (ii) The amount of final bonus is increased by 2.0% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value on 31 December 2004, calculated as above, reduced by 0%;
 - (iii) The amount of final bonus is increased by 2.0% p.a. applied on a proportionate daily basis to each individual purchase of participating sum assured after 31 December 2004 for the period from the date the premium securing the participating sum assured was applied to the date of payment of benefits.
- (ix) For all Republic of Ireland personal pensions, individual and group pension arrangements, recurrent single premium deferred annuities, and Flexible Income Plans sold after 5 April 2000, the final bonus entitlement as at 31 December 2004 is that amount required to increase the annuity or other benefit ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing declared bonus additions valued at that date in accordance with the contract terms to the policy value on that date calculated as the sum of:
- (a) The annuity or other benefit ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 3.5% for the calendar year 2004;
 - (b) The sum of all the purchases of annuity or other benefit eligible for bonus in the calendar year 2004, valued in accordance with the contract terms at the date of application, each increased by 3.5% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004.

The final bonus initially determined above is then adjusted for the period from 31 December 2004 to the date of payment of benefits as follows :

- (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;
- (ii) The amount of final bonus is increased by 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value, calculated as above, on 31 December 2004 reduced by 0%;
- (iii) The amount of final bonus is increased by 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity or other benefit after 31 December 2004 valued in accordance with the contract terms at the date of application for the period from the date of application or to the date of payment of benefits;

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- (iv) Where the contract terms guarantee any increase in benefits by way of interest or other addition for the period from 31 December 2004, or if later the date of application of the individual purchase, to the date of payment of benefits, the amount of final bonus is reduced by the amount of any such increase.

- (x) For all German Flexible Savings Plans, Investment Plans, Group pension arrangements and UK-style Deferred Annuity policies in the with profits class, the final bonus entitlement as at 31 December 2004 is that amount required to increase the annuity or other benefits ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing declared bonus additions to the policy value on that date calculated as the sum of:
 - (a) The annuity or other benefit ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 2.0% for the calendar year 2004;
 - (b) The sum of all the purchases of annuity or other benefit eligible for bonus in the calendar year 2004, valued in accordance with the contract terms at the date of application, each increased by 2.0% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004.

The final bonus initially determined above is then adjusted for the period from 31 December 2004 to the date of payment of benefits as follows :

- (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;
 - (ii) The amount of final bonus is increased by 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value, calculated as above, on 31 December 2004 reduced by 0%;
 - (iii) The amount of final bonus is increased by 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity or other benefit after 31 December 2004 valued in accordance with the contract terms at the date of application for the period from the date of application to the date of payment of benefits.
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- (xi) For annuities in payment in the UK and Guernsey (Offshore) Branches effected before 20 July 2000 (other than managed annuities and not including managed pensions or personal pension trustee income drawdown policies) the final bonus entitlement as at 31 December 2004 is that amount required to increase the value at 31 December 2004 (in accordance with the contract terms) of the annuity entitled to participate in course of payment for the policy year commencing between 1 April 2004 and 31 March 2005 ranking for bonus from 31 December 2004 or earlier (including any increase under the

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terms of the Compromise scheme) and existing bonus additions to that annuity to a total policy value on 31 December 2004 calculated as the sum of:

- (a) The annuity entitled to participate in course of payment ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then increased by 3.5% for the calendar year 2004;
- (b) The sum of all the purchases of annuity entitled to participate in course of payment applied for bonus in the calendar year 2004, valued at the date of application, each increased by 3.5% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004,

Where the annuity entitled to participate in course of payment increases at each policy anniversary by an annual percentage rate of increase or reduces at each policy anniversary by an annual percentage rate of reduction, and where the annuity benefits require implicitly an annual guaranteed interest rate then

- (i) the amount of final bonus allotted by the operation of (a) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate, and
- (ii) the amount of final bonus allotted by the operation of (b) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate for each year between the date of application of the individual purchase and the policy anniversary falling between 1 April 2005 and 31 March 2006.

Additional final bonus is granted for the period from 31 December 2004 to the policy anniversary falling between 1 April 2005 and 31 March 2006 as follows:

- (1) 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and that policy anniversary to the total value of the annuity in course of payment, calculated as above, on 31 December 2004;
- (2) 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity entitled to participate in course of payment after 31 December 2004 valued at the date of payment for the period from the date of the individual purchase, to the date of that policy anniversary, increased or reduced (as appropriate) by the annual percentage rate of increase or reduction in the amount of basic annuity and reduced by the annual guaranteed interest rate implicit in the contract terms.

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(xii) For annuities in payment in the UK and Guernsey (Offshore) Branches effected after 19 July 2000 (other than managed annuities and not including managed pensions or personal pension trustee income drawdown policies) the final bonus entitlement as at 31 December 2004 is that amount required to increase the value at 31 December 2004 (in accordance with the contract terms) of the annuity entitled to participate in course of payment for the policy year commencing between 1 April 2004 and 31 March 2005 ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing bonus additions to that annuity to a total policy value on 31 December 2004 calculated as the sum of:

- (a) The annuity entitled to participate in course of payment ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then increased by 3.5% for the calendar year 2004;
- (b) The sum of all the purchases of annuity entitled to participate in course of payment applied for bonus in the calendar year 2004, valued at the date of application, each increased by 3.5% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004,

Where the annuity entitled to participate in course of payment increases at each policy anniversary by an annual percentage rate of increase or reduces at each policy anniversary by an annual percentage rate of reduction, and where the annuity benefits require implicitly an annual guaranteed interest rate then

- (i) the amount of final bonus allotted by the operation of (a) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate, and
- (ii) the amount of final bonus allotted by the operation of (b) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate for each year between the date of application of the individual purchase and the policy anniversary falling between 1 April 2005 and 31 March 2006.

Additional final bonus is granted for the period from 31 December 2004 to the policy anniversary falling between 1 April 2005 and 31 March 2006 as follows:

- (1) 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and that policy anniversary to the total value of the annuity in course of payment, calculated as above, on 31 December 2004.

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- (2) 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity entitled to participate in course of payment after 31 December 2004 valued at the date of payment for the period from the date of the individual purchase to the date of that policy anniversary, increased or reduced (as appropriate) by the annual percentage rate of increase or reduction in the amount of basic annuity and reduced by the annual guaranteed interest rate implicit in the contract terms.
- (xiii) For Republic of Ireland annuities in payment effected before 20 July 2000 the final bonus entitlement as at 31 December 2004 is that amount required to increase the value at 31 December 2004 (in accordance with the contract terms) of the annuity entitled to participate in course of payment for the policy year commencing between 1 April 2004 and 31 March 2005 ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing bonus additions to that annuity to a total policy value on 31 December 2004 calculated as the sum of:
- (a) The annuity entitled to participate in course of payment ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then increased by 3.5% for the calendar year 2004;
- (b) The sum of all the purchases of annuity entitled to participate in course of payment applied for bonus in the calendar year 2004, valued at the date of application, each increased by 3.5% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004,

Where the annuity entitled to participate in course of payment increases at each policy anniversary by an annual percentage rate of increase or reduces at each policy anniversary by an annual percentage rate of reduction, and where the annuity benefits require implicitly an annual guaranteed interest rate then

- (i) the amount of final bonus allotted by the operation of (a) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate, and
- (ii) the amount of final bonus allotted by the operation of (b) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate for each year between the date of application of the individual Purchase and the policy anniversary falling between 1 April 2005 and 31 March 2006.

Additional final bonus is granted for the period from 31 December 2004 to the policy anniversary falling between 1 April 2005 and 31 March 2006 as follows:

- (1) 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and that policy anniversary to the total value of the annuity in course of payment, calculated as above, on 31 December 2004;

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- (2) 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity entitled to participate in course of payment after 31 December 2004 valued at the date of payment for the period from the date of the individual purchase to the date of that policy anniversary, increased or reduced (as appropriate) by the annual percentage rate of increase or reduction in the amount of basic annuity and reduced by the annual guaranteed interest rate implicit in the contract terms.
- (xiv) For Republic of Ireland annuities in payment effected after 19 July 2000 the final bonus entitlement as at 31 December 2004 is that amount required to increase the value at 31 December 2004 (in accordance with the contract terms) of the annuity entitled to participate in course of payment for the policy year commencing between 1 April 2004 and 31 March 2005 ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing bonus additions to that annuity to a total policy value on 31 December 2004 calculated as the sum of:
- (a) The annuity entitled to participate in course of payment ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then increased by 3.5% for the calendar year 2004;
- (b) The sum of all the purchases of annuity entitled to participate in course of payment applied for bonus in the calendar year 2004, valued at the date of application, each increased by 3.5% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004,

Where the annuity entitled to participate in course of payment increases at each policy anniversary by an annual percentage rate of increase or reduces at each policy anniversary by an annual percentage rate of reduction, and where the annuity benefits require implicitly an annual guaranteed interest rate then

- (i) the amount of final bonus allotted by the operation of (a) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate, and
- (ii) the amount of final bonus allotted by the operation of (b) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate for each year between the date of application of the individual purchase and the policy anniversary falling between 1 April 2005 and 31 March 2006.

Additional final bonus is granted for the period from 31 December 2004 to the policy anniversary falling between 1 April 2005 and 31 March 2006 as follows:

- (1) 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and that policy anniversary to the total value of the annuity in course of payment, calculated as above, on 31 December 2004;

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- (2) 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity entitled to participate in course of payment after 31 December 2004 valued at the date of payment for the period from the date of the individual purchase to the date of that policy anniversary, increased or reduced (as appropriate) by the annual percentage rate of increase or reduction in the amount of basic annuity and reduced by the annual guaranteed interest rate implicit in the contract terms.
- (xv) For German branch UK-style annuities in payment effected before 20 July 2000, the final bonus entitlement as at 31 December 2004 is that amount required to increase the value at 31 December 2004 (in accordance with the contract terms) of the annuity entitled to participate in course of payment for the policy year commencing between 1 April 2004 and 31 March 2005 ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing bonus additions to that annuity to a total policy value on 31 December 2004 calculated as the sum of:
- (a) The annuity entitled to participate in course of payment ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then increased by 2.0% for the calendar year 2004;
- (b) The sum of all the purchases of annuity entitled to participate in course of payment applied for bonus in the calendar year 2004, valued at the date of application, each increased by 2.0% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004.

Where the annuity entitled to participate in course of payment increases at each policy anniversary by an annual percentage rate of increase or reduces at each policy anniversary by an annual percentage rate of reduction then

- (i) the amount of final bonus allotted by the operation of (a) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction, and
- (ii) the amount of final bonus allotted by the operation of (b) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction for each year between the date of application of the individual purchase and the policy anniversary falling between 1 April 2005 and 31 March 2006.

Additional final bonus is granted for the period from 31 December 2004 to the policy anniversary falling between 1 April 2005 and 31 March 2006 as follows:

- (1) 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and that policy anniversary to the total value of the annuity in course of payment, calculated as above, on 31 December 2004;

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- (2) 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity entitled to participate in course of payment after 31 December 2004 valued at the date of payment for the period from the date of the individual purchase to the date of that policy anniversary, increased or reduced (as appropriate) by the annual percentage rate of increase or reduction in the amount of basic annuity.
- (xvi) For German branch UK-style annuities in payment effected after 19 July 2000, the final bonus entitlement as at 31 December 2004 is that amount required to increase the value at 31 December 2004 (in accordance with the contract terms) of the annuity entitled to participate in course of payment for the policy year commencing between 1 April 2004 and 31 March 2005 ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing bonus additions to that annuity to a total policy value on 31 December 2004 calculated as the sum of:
- (a) The annuity entitled to participate in course of payment ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then increased by 2.0% for the calendar year 2004;
- (b) The sum of all the purchases of annuity entitled to participate in course of payment applied for bonus in the calendar year 2004, valued at the date of application, each increased by 2.0% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004.

Where the annuity entitled to participate in course of payment increases at each policy anniversary by an annual percentage rate of increase or reduces at each policy anniversary by an annual percentage rate of reduction then

- (i) the amount of final bonus allotted by the operation of (a) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction, and
- (ii) the amount of final bonus allotted by the operation of (b) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction for each year between the date of application of the individual purchase and the policy anniversary falling between 1 April 2005 and 31 March 2006.

Additional final bonus is granted for the period from 31 December 2004 to the policy anniversary falling between 1 April 2005 and 31 March 2006 as follows:

- (1) 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and that policy anniversary to the total value of the annuity in course of payment, calculated as above, on 31 December 2004;

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- (2) 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity entitled to participate in course of payment after 31 December 2004 whichever is later, valued at the date of payment for the period from the date of the individual purchase to the date of that policy anniversary, increased or reduced (as appropriate) by the annual percentage rate of increase or reduction in the amount of basic annuity.
- (xvii) For Guernsey (Offshore) Branch US Dollar annuities in payment effected before 20 July 2000 the final bonus entitlement as at 31 December 2004 is that amount required to increase the value at 31 December 2004 (in accordance with the contract terms) of the annuity entitled to participate in course of payment for the policy year commencing between 1 April 2004 and 31 March 2005 ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing bonus additions to that annuity to a total policy value on 31 December 2004 calculated as the sum of:
- (a) The annuity entitled to participate in course of payment ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then increased by 2.0% for the calendar year 2004;
- (b) The sum of all the purchases of annuity entitled to participate in course of payment applied for bonus in the calendar year 2004, valued at the date of application, each increased by 2.0% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004,

Where the annuity entitled to participate in course of payment increases at each policy anniversary by an annual percentage rate of increase or reduces at each policy anniversary by an annual percentage rate of reduction, and where the annuity benefits require implicitly an annual guaranteed interest rate then

- (i) the amount of final bonus allotted by the operation of (a) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate, and
- (ii) the amount of final bonus allotted by the operation of (b) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate for each year between the date of application of the individual purchase and the policy anniversary falling between 1 April 2005 and 31 March 2006.

Additional final bonus is granted for the period from 31 December 2004 to the policy anniversary falling between 1 April 2005 and 31 March 2006 as follows:

- (1) 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and that policy anniversary to the total value of the annuity in course of payment, calculated as above, on 31 December 2004;

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- (2) 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity entitled to participate in course of payment after 31 December 2004 valued at the date of payment for the period from the date of the individual purchase to the date of that policy anniversary, increased or reduced (as appropriate) by the annual percentage rate of increase or reduction in the amount of basic annuity and reduced by the annual guaranteed interest rate implicit in the contract terms.
- (xviii) For Guernsey (Offshore) Branch US Dollar annuities in payment effected after 19 July 2000 the final bonus entitlement as at 31 December 2004 is that amount required to increase the value at 31 December 2004 (in accordance with the contract terms) of the annuity entitled to participate in course of payment for the policy year commencing between 1 April 2004 and 31 March 2005 ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing bonus additions to that annuity to a total policy value on 31 December 2004 calculated as the sum of:
- (a) The annuity entitled to participate in course of payment ranking for bonus from 31 December 2003 or earlier and declared bonus additions valued as at that date in accordance with the contract terms, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004 as initially determined, then increased by 2.0% for the calendar year 2004;
- (b) The sum of all the purchases of annuity entitled to participate in course of payment applied for bonus in the calendar year 2004, valued at the date of application, each increased by 2.0% p.a. on a proportionate daily basis from the date of application of the individual purchase to 31 December 2004,

Where the annuity entitled to participate in course of payment increases at each policy anniversary by an annual percentage rate of increase or reduces at each policy anniversary by an annual percentage rate of reduction, and where the annuity benefits require implicitly an annual guaranteed interest rate then

- (i) the amount of final bonus allotted by the operation of (a) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate, and
- (ii) the amount of final bonus allotted by the operation of (b) above is increased by the annual amount of any such percentage rate of increase and reduced by the annual amounts of any such percentage rate of reduction and guaranteed interest rate for each year between the date of application of the individual purchase and the policy anniversary falling between 1 April 2005 and 31 March 2006.

Additional final bonus is granted for the period from 31 December 2004 to the policy anniversary falling between 1 April 2005 and 31 March 2006 as follows:

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- (1) 2.5% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and that policy anniversary to the total value of the annuity in course of payment, calculated as above, on 31 December 2004;
 - (2) 2.5% p.a. applied on a proportionate daily basis to each individual purchase of annuity entitled to participate in course of payment after 31 December 2004 valued at the date of payment for the period from the date of the individual purchase to the date of that policy anniversary, increased or reduced (as appropriate) by the annual percentage rate of increase or reduction in the amount of basic annuity and reduced by the annual guaranteed interest rate implicit in the contract terms.
- (xix) For Irish Flexible Income Plans sold before 6 April 2000 in the with profits class, the final bonus entitlement as at 31 December 2004 is that amount required to increase the annuity or other benefits ranking for bonus from 31 December 2004 or earlier (including any increase under the terms of the Compromise scheme) and existing declared bonus additions to the policy value on that date calculated as the sum of:
- (a) The annuity or other benefits ranking for bonus from 31 December 2003 or earlier and declared bonus additions as at that date, together with final bonus additions at the level established by the rates originally introduced on 1 April 2004, then reduced by such amount as is necessary to produce a total policy value on 31 December 2003 equal to 100% of the total policy value before such reduction, then increased by 2.8% for the calendar year 2004;
 - (b) The sum of the purchases of annuity or other benefits eligible for bonus in the calendar year 2004 each increased by 2.8% p.a. on a proportionate daily basis from the date of application of the premium securing the individual purchase to 31 December 2004.

Additional final bonus is granted for the period from 31 December 2004 to the date of payment of benefits as follows:

- (i) The amount of final bonus is reduced by a maturity equaliser of 0% of the policy value at 31 December 2004 described above;
- (ii) The amount of final bonus is increased by 2.0% p.a. applied on a proportionate daily basis for the period between 31 December 2004 and the date of payment of benefits to the policy value, calculated as above, on 31 December 2004 reduced by 0%;
- (iii) The amount of final bonus is increased by 2.0% p.a. applied on a proportionate daily basis to each individual purchase of participating sum assured after 31 December 2004 for the period from the date the premium securing the participating sum assured was applied to the date of payment of benefits.

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PAID UP POLICIES

Paid up policies continue to participate in profits. Declared and final bonuses, where applicable, are based on the reduced sum assured, maturity value, annuity or other retirement benefit as appropriate. The declared and final bonus rates are the same as for fully maintained policies.

German Branch Business (German-style policies and benefits)

For Flexible with profits policies, German-style Deferred annuity policies, German-style annuities in payment, German-style temporary assurances and Disability insurance benefits written in the German branch, the rates of bonus set by the directors in December 2004 to apply in the period 1 January 2005 to 31 December 2005 are set out below.

- (i) For German flexible with profits policies, an expense rebate, a mortality rebate, and final bonus will apply in 2005 according to the rates set out in (a) to (d) below:
- (a) an expense rebate in respect of each contractual premium payable in 2005, derived by multiplying the contractual premium by the relevant percentage from the table below and from that amount subtracting that part of the premium which contractually secures guaranteed benefits, will be applied to secure additional guaranteed benefits.

<u>Original premium payment term in years</u>	<u>Percentage %</u>
1	95.00
2	94.80
3	94.60
4	94.40
5	94.25
6	94.10
7	93.95
8	93.80
9	93.65
10 or more	93.50

- (b) an expense rebate in respect of each additional single premium paid in 2005, derived by multiplying the additional single premium by the relevant percentage from the table below and from that amount subtracting that part of the premium which contractually secures guaranteed benefits, will be applied to secure additional guaranteed benefits.

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	<u>Size of additional single premium</u> €	<u>Percentage</u>
€	0 - 12,781	95.00%
	12,782 - 30,677	96.00%
	30,678 - 61,355	96.25%
	61,356 - 92,033	96.50%
	92,034 - 122,711	96.75%
	122,712 - 245,423	97.00%
	245,424 or more	97% of the first €245,424 plus 99% of the remaining premium

- (c) each mortality charge to be deducted during 2005 will be calculated by deducting from the contractual risk premium a mortality rebate equal to 50% of that premium.
- (d) final bonus calculated as the amount required to increase the guaranteed policy value (including other existing and new bonus additions) to a total policy value calculated as the sum of
- (i) the purchases of guaranteed benefit applied for bonus in the 2005 calendar year each increased by a rate of 4.0% p.a. for the proportion of the year from the date of securing the individual purchase to the date of payment of benefits,
- and
- (ii) the total policy value on 31 December 2004 increased by a rate of 4.0% p.a. for the proportion of the 2005 calendar year to the date of payment of benefits.
- (ii) For German deferred annuity policies, an expense rebate, and final bonus will apply in 2005 according to the rates set out in (a) to (c) below:
- (a) an expense rebate in respect of each contractual premium payable in 2005, derived by multiplying the contractual premium by the relevant percentage from the table below and from that amount subtracting that part of the premium which contractually secures guaranteed benefits, will be applied to secure additional guaranteed benefits.

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<u>Original deferred period and premium payment term in years</u>	<u>Percentage</u>
1	97.4%
2	97.0%
3	96.6%
4	96.2%
5	95.8%
6	95.4%
7	95.0%
8	94.5%
9	94.0%
10 or more	93.5%

- (b) an expense rebate in respect of each additional single premium paid in 2005, derived by multiplying the additional single premium by the relevant percentage from the table below and from that amount subtracting that part of the premium which contractually secures guaranteed benefits, will be applied to secure additional guaranteed benefits.

<u>Size of additional single premium</u> €	<u>Percentage</u>
0 - 12,781	95.00%
12,782 - 30,677	96.00%
30,678 - 61,355	96.25%
61,356 - 92,033	96.50%
92,034 - 122,711	96.75%
122,712 - 245,423	97.00%
245,424 or more	97% of the first €245,424 plus 99% of the remaining premium

- (c) final bonus calculated as an amount required to increase the guaranteed policy value (including other existing and new bonus additions) to a total policy value calculated as the sum of
- (i) the purchases of guaranteed benefit applied for bonus in the 2005 calendar year each increased by a rate of 4.0% p.a. for the proportion of the year from the date of securing the individual purchase to the date of payment of benefits,
 - and
 - (ii) the total policy value on 31 December 2004 increased by a rate of 4.0% p.a. for the proportion of the 2005 calendar year to the date of payment of benefits.
- (iii) For German-style temporary assurance policies, either
- (a) a premium rebate of 50% of the contractual premium amount (excluding any policy fee) for each premium during 2005 and paid; or

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- (b) a bonus on the sum assured payable on death which, using the premium basis for the assurance, is equivalent to the premium rebate in (a);

depending on the profit participation system which applies to the temporary assurance policy.

- (iv) For German disability insurance benefits written before 1 July 1994, a premium rebate or annuity bonus (depending on the profit participation system which applies) and final bonus will apply in 2005 according to the rates set out in (a) to (c) below:

- (a) if the annuity bonus system applies, an annuity bonus calculated by multiplying the guaranteed annuity (including premiums waived) by the relevant percentage from the table below will be paid for the duration of claims commencing in 2005.

	<u>Regular premium policies</u>	<u>Single premium policies</u>
Insurance term is equal to the benefit term	32%	74%
Insurance term is less than the benefit term	27%	67%

- (b) if the premium rebate system applies, a premium rebate calculated by multiplying the contractual premium amount by the relevant percentage from the table below will apply to regular premiums paid during 2005.

Insurance term is equal to the benefit term	24%
Insurance term is less than the benefit term	21%

- (c) if the insurance term is equal to the benefit term, final bonus of 12% of the total contractual premiums payable since the later of

- (1) the commencement date of the disability insurance; and
- (2) the date, if annuity instalments have been paid previously, of the latest previous annuity instalment,

will be paid annually on regular premium policies for the duration of disability claims commencing in 2005 or, otherwise, on the termination of the policy as a lump sum; final bonus is payable at a rate of 11% for regular premium policies with an insurance term which is less than the benefit term; for single premium policies the equivalent final bonus is calculated in accordance with the premium basis.

- (vi) For German disability insurance benefits written on or after 1 July 1994, a premium rebate or annuity bonus (depending on the profit participation system which applies) will apply in 2005 according to the rates set out in (i) and (ii) below:

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- (i) if the annuity bonus system applies, an annuity bonus calculated by multiplying the guaranteed annuity (including premiums waived) by the relevant percentage from the table below will be paid for the duration of claims commencing in 2005.

	<u>Regular premium policies</u>	<u>Single premium policies</u>
Insurance term is equal to the benefit term	56%	106%
Insurance term is less than the benefit term	50%	98%

- (ii) if the premium rebate system applies, a premium rebate calculated by multiplying the contractual premium amount by the relevant percentage from the table below will apply to regular premiums paid during 2005.

Insurance term is equal to the benefit term	36%
Insurance term is less than the benefit term	33%

The "insurance term" is the maximum period during which contractual disability claims may commence and the "benefit term" is the maximum period for which the disability annuity may be payable.

17. See Form 46.

18. See Form 47.

19. (1) See Forms 48 and 49.

(2) The extent to which the amounts recorded in Form 48 would be changed if assets which the Society had a right or obligation to acquire or dispose of under derivative contracts outstanding at the end of the year had been so acquired or disposed of is not material.

(3) The extent to which the information provided pursuant to sub-paragraph (2) would be different if such options as were outstanding at the end of the year had been exercised in such a way as to change the amounts referred to in that paragraph to the maximum extent, is not material.

(4) The extent to which the information provided pursuant to sub-paragraphs (2) and (3) above would have been different had those sub-paragraphs applied to derivative contracts outstanding at any time during the year was not material.

20. See Forms 51, 52, 53, 54 and 56.

21. (1) See Form 57.

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- (2) The rates of interest on fixed interest securities have been determined using the aggregate yield basis, i.e. by calculating the rate of interest as the rate which equates the discounted value of the aggregate cash flows. The fixed interest portfolio (excluding convertible fixed interest securities) has been separated into two segments of securities which have like attributes (being the categories on Forms 48 and 49), i.e.:

- approved fixed interest securities, and
- other fixed interest securities.

The yields on non-approved fixed interest securities have been reduced having regard to the credit rating of each security. The percentage reduction in yield is calculated according to the following table:

<u>Credit Rating</u>	<u>Yield Reduction</u>
AAA	0.12%
AA+	0.12%
AA	0.15%
AA-	0.30%
A+	0.27%
A	0.29%
A-	0.33%
BBB+	0.51%
BBB	0.66%
BBB-	1.14%
BB+	1.94%
BB	2.57%
BB-	4.11%
B+	5.40%
B	8.79%
B-	10.60%
CCC	16.46%
CC	16.46%

Where stocks were unrated an appropriate rating was ascribed.

For stocks with variable redemption dates and where the income yield was greater than the gross redemption yield, the stocks were assumed to redeem at the earliest redemption date.

- (3) For the purposes of PRU 4.2.33R of the Integrated Prudential Sourcebook for Insurers, land was treated as 2 categories.

Land with yields above and below 5% formed separate categories. Yields on land were restricted to 6%.

22. See Form 58.

23. See Forms 60 and 61.

**THE EQUITABLE LIFE ASSURANCE SOCIETY
FINANCIAL YEAR ENDED 31ST DECEMBER 2004**

**REALISTIC VALUATION REPORT PREPARED BY THE HEAD OF
ACTUARIAL FUNCTION ON THE ORDINARY LONG TERM BUSINESS**

Introduction

1. (1) The date of the valuation is 31st December 2004.
- (2) Not applicable at this valuation date.
- (3) Not applicable at this valuation date.

The Society has only one with-profits fund. Each of the following sections refers to that fund.

Assets

2. (1) The economic assumptions used to determine the value of future profits arising from the non-profit insurance contracts were

Level and fixed escalation	Current Valuation
Earned rate of interest on non-profit assets (gross)	4.835%
Discount rate applied to future cash flows	7.0%
Per policy expense rate pa	£20 p.a.
Expense inflation rate pa	5.50%
Fund management charge as a percentage of assets	0.05875% p.a.

The expense inflation rate shown is based on RPI inflation of 3% p.a. plus an allowance for diseconomies of scale of 2.5% p.a.

Index-linked

Earned real rate of interest on index-linked assets (gross)	1.9%
Real discount rate applied to future cash flows	3.9%
Per policy expense rate pa	£20
Real expense inflation rate pa	2.00%
Fund management charge as a percentage of assets	0.05875% p.a.

The mortality tables used are as follows:

105% PFA92MC (U=2011)
105% PMA92MC (U=2013)

- (2) Not applicable
- (3) Not applicable

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(4) Not applicable

(5) Not applicable

Liabilities

3. (1) The following table shows the valuation method used to calculate the realistic value of the liabilities for the various product types together with the amounts of the with-profits benefit reserve and the future policy related liabilities.

Product type	Valuation Method	With-Profit Benefit Reserve £m	Future Policy Related Liabilities £m
With-profits annuities (3.5% GIR)	R	949	54
With-profits annuities (0% GIR)	R	1,035	-35
Conventional with-profits	P	190	-6
Life RSP contract	R	313	2
Flexible Protection Plans	R	85	-4
Pensions RSP (3.5% GIR)	R	5,170	307
Pensions RSP (0% GIR)	R	918	-9
Total for these products		8,659	309
Aggregate de minimis contracts		23	1
Grand total		8,682	310

R=Retrospective Method, P=Prospective Method

The Future Policy Related liabilities shown are based on the future cost of contractual guarantees (line 41 of Form 19), less the future value of charges of 0.5%p.a. to be taken from investment returns (line 35 of Form 19) and the future value of profits on surrender (line 36 of Form 19).

Actual expenses are charged to policy values and their equivalents each year. The realistic balance sheet allows for a realistic estimate of future expenses including an allowance for diseconomies of scale. This is applied implicitly as percentage of funds under management.

(2) Not applicable

- (3) With-profit insurance contracts with total with-profits benefit reserves of £23m and future policy related liabilities of £1m were not modelled explicitly. To allow for these contracts the explicitly modelled liabilities were scaled up using the ratio of total regulatory reserves including these contracts to the total regulatory reserves excluding these contracts.

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With-profits benefit reserves – Retrospective method

4. (1) (a) For all the Recurrent Single Premium and With-Profit Immediate Annuity business that was valued on a retrospective basis 100% of the with-profits benefit reserve was calculated on an individual basis.

For With-Profit Immediate Annuity business the current underlying levels of annuity i.e. including past bonus declarations and other adjustments (but before allowing for the guaranteed minimum payments) were capitalised based on the expectation of life allowing for the effect of any anticipated bonus rates and any anticipated Guaranteed Interest Rate (GIR). The GIR is 3.5% for contracts effected before 1 July 1996 and 0% otherwise. No further discount was applied.

- (b) None.
(c) Not applicable.
- (2) (a) Not applicable.
(b) Not applicable.
- (3) (a) The date of the previous expense investigation was 31/12/03.
(b) Expense investigations are carried out every 12 months, and updated at six monthly intervals. The numbers in this section relate to the year to 31 December 2004.
- (c) (i) There were no initial expenses identified relating to the issue of new policies where the policyholder has a contractual right to take out a new policy. There were no other initial expenses.
(ii) £48m was identified as maintenance expenses that relate to the servicing , claims handling and management of the business.
(iii) expenses are expressed as a percentage of the with-profit fund assets and taken into account when determining the annual change to Policy Values.
(iv) £98m of expenses were categorised as exceptional expenses. These expenses are charged against specific provisions held on the balance sheet.
- (4) An increase to Policy Values of 3.5% for pension policies and 2.8% for life policies has been made for 2004. Allowance is made for the impact of provisions, expenses, tax and mortality reserves and any changes to those amounts. A margin was also retained to meet the cost of guarantees and to act as a buffer against risk and adverse experience.
- (5) Not applicable
- (6) The claims paid during the year comprised maturity values (being the higher of Policy Values and the guaranteed benefit) and surrender values (being policy values reduced by the financial adjuster which was 11.1% for UK policies during 2004). The average ratio of maturity claims to the corresponding Policy Values over the 6 months prior to the valuation date was 100.0% (although more would have been paid out for cases where the guarantee bit). The corresponding average for surrenders/transfers was about 89%. Figures for previous periods are unavailable.
- (7) The investment return earned over the period from 31 December 2003 to 31 December 2004 was 8.2% before tax and expenses.

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With-profits benefits reserve – Prospective method

5. (1) For conventional with –profits business (whole of life and endowments) the key assumptions used in the prospective method of calculating the with-profits benefits reserve were:

- (a) The discount rate applied to future benefits and premiums was 3.00% per annum. This is based on the risk free rate netted down for tax and rounded down.
- (b) Not applicable
- (c) No assumption for future inflation of expenses is required in this methodology.
- (d) The following table of final bonus factors was used to calculate the policy values at the valuation date.

Elapsed Term - Yrs	Final Bonus Rate %
<13	0
13	1
14	2
15	3
16	5
17	7
18	9
19	12
20	16
21	22
22	30
23	38
24	46
25	54
26	60
27	66
28	72
29	78
30	83
31	88
32	92
33	95
34	98
>34	100

- (e) Expenses are implicitly allowed for in the premiums valued.
- (f) No allowance for surrenders was made.

Costs of guarantees, options and smoothing

6. (1) Not applicable

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- (2) All the with-profits insurance contracts mentioned in 3 (1) were valued using a market consistent stochastic model. All the contracts were grouped according to the following grouping rules:

Recurring Single Premium – these contracts were grouped by outstanding term, ratio of final bonus to policy value and whether a guaranteed interest rate applied or not.

With Profit Immediate Annuities – these contracts were grouped by whole life or temporary annuity, sex, quinquennial age band, year of entry, anticipated bonus rate and whether a guaranteed interest rate applied or not. The average age was then calculated for each group, weighted by policy value. Last survivor annuities were modelled by creating combined mortality tables based on the age of the male life, assuming wives 3 years younger.

Conventional Endowments – these contracts were grouped by original term and then by outstanding term.

Numbers of benefits before and after applying grouping rules:

Product type	Benefits	Model Points
With-profits annuities(3.5% GIR)	40,157	653
With-profits annuities(0% GIR)	27,990	437
Conventional with-profits	19,617	819
Life RSP contracts	33,430	283
Flexible Protection Plans	11,188	317
Pensions RSP (3.5% GIR)	934,980	10,042
Pensions RSP (0% GIR)	220,796	6,900
Total	1,288,158	19,451

The model was originally developed using June 2003 data. In determining the grouping basis for each contract type, tests were done with higher numbers of groups modelled. The final grouping rules were set so that the value of the guarantee costs did not materially change from the original larger number of groupings. In addition the guarantee costs for sample groups were tested against the total guarantee costs for the individual policies making up those groups.

- (3) Not applicable.
- (4) (a) (i) For Recurring Single Premium business there is a guarantee that the death benefit and the maturity benefit will not be less than the amount of the guaranteed fund plus any declared reversionary bonuses. The maturity guarantee applies where the policyholder retires on or after the Earliest Contractual Date (ECD) written into their policy. Most policies effected before 1 July 1996 have a guaranteed rate of interest of 3.5% that will be credited to the guaranteed amounts each year.

For the purpose of determining when policyholders will exit on contractual terms, policies have been split into 2 categories -those that have not yet reached the ECD and those that have passed that date.

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The assumed retirement ages in relation to the ECD are shown in the following table.

	Policyholders Before ECD <u>(years)</u>	Policyholders on or after ECD <u>(years)</u>	Original <u>ECD</u>
Group Pensions	-3	6	NRA
Individual ("executive") Pensions	-3	2	NRA
Personal Pensions (non-DSS)	7	10	50
Personal Pensions (DSS)	2	5	60
Retirement Annuities	0	6	60

where NRA = Normal Retirement Age

Policyholders already past the assumed retirement age were assumed to retire immediately.

Managed Pension policies were assumed to mature evenly over the 3 year period beginning at the valuation date.

For With Profit Immediate Annuities there is a guarantee that the annuity payable in any year will not be less than a guaranteed amount. This guaranteed amount reduces each year by the anticipated bonus rate that was selected at outset by the policyholder.

For endowment assurances there is a guarantee that the amount payable on death and the maturity value will not be less than the sum assured and any declared reversionary bonuses.

A very small class of policies has guaranteed annuity options for which a provision of £10m is held. The provision was calculated deterministically, and a 50% prudence margin added.

The only smoothing that has been applied relates to With Profit Annuities where the outstanding cuts in benefits resulting from the House of Lords judgement (being 3%) have been smoothed over 2 years, starting from 2006. These costs have been allowed for in the calculation of the with-profits benefits reserves.

For contracts other than conventional with-profits, the extent to which policy values exceeded guaranteed values at the valuation date, banded into percentages of policy values, is shown in the following table:

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% In / Out of money*	Policy values £m)	Percentage
-50% TO -30%	252	3%
-30% TO -20%	680	8%
-20% TO -15%	766	9%
-15% TO -10%	1402	17%
-10% TO -5%	1594	19%
-5% TO 0%	1756	21%
0% TO 5%	858	10%
5% TO 10%	418	5%
10% to 15%	219	3%
15% to 20%	159	2%
20% TO 30%	194	2%
30% TO 50%	175	2%
50% TO 100%	6	0%
Total	8,478	100%

* Negative values indicate contracts currently “in the money” (i.e. where the current guaranteed fund exceeds the current policy value – this may change by maturity). The figures shown are percentages of policy value.

- (a) (ii) The asset model used in the valuation is The Smith Model. This generates the following parameters – an equity total return index, an equity capital growth index, an equity running yield, an inflation index and zero coupon bond prices. Property (including Property Unit Trusts) is modelled as 70% equities and 30% 10-year zero coupon bonds.

Equity volatility is assumed to be a constant 18.1%. This value was obtained for a long term (10 years) at-the-money option on FTSE-100. This is higher than the implied volatility in shorter dated traded options.

Bond volatilities vary by term and duration with those implied by the calibration to swaption volatilities obtained from Bloomberg. The swaption volatilities from TSM are shown in the following table, which gives the volatility of the swap rate for input into the standard Black formula for swaptions. The volatilities shown are for at the money swaptions.

Option Term (years)	Swap Term (years)				
	10	15	20	25	30
10	16.5	15.09	13.78	13.1	11.94
15	14.51	13.32	12.07	11.51	10.45
20	12.39	11.37	10.28	9.79	8.87
25	12.01	10.94	9.84	9.35	8.45
30	11.07	10.05	9.02	8.55	7.72

Correlations

10 years of historical weekly data from DataStream has been used to estimate correlations between interest rates and equity returns. 10 years of monthly data has been used to estimate correlations with the Retail Prices Index. The following correlations result from this analysis:

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Correlation

Equities and 6 year conventional bond return	-9.0%
Equities and RPI	4.4%
6 year conventional bond and RPI	2.5%

(a) (iii)

Asset Type (all UK assets)		K=0.75			
		5	15	25	35
n	Annualised compound equivalent of the risk free rate assumed for the period (2d.p)	4.58%	4.58%	4.48%	4.36%
1	Risk-free zero coupon bond	799,304	510,558	334,520	224,235
2	FTSE All Share Index (p=1)	43,065	133,584	201,917	267,871
3	FTSE All Share Index (p=0.8)	34,214	90,812	124,657	152,252
4	Property (p=1)	16,782	82,266	137,851	197,511
5	Property (p=0.8)	11,711	48,833	75,510	99,180
6	15 year risk free zero coupon bonds (p=1)	7,110	9,748	10,946	17,008
7	15 year risk free zero coupon bonds (p=0.8)	4,815	3,529	2,161	1,636
8	15 year corporate bonds (p=1)	7,110	9,748	10,946	17,008
9	15 year corporate bonds (p=0.8)	4,815	3,529	2,161	1,636
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,237	113,287	176,907	239,904
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	24,670	73,795	103,180	130,449
12	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	8,967	44,050	88,638	128,993
13	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	5,416	16,970	33,935	45,356
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	3,628	20,568	57,961	91,402
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	1,791	5,465	15,319	23,158

THE EQUITABLE LIFE ASSURANCE SOCIETY

REALISTIC VALUATION REPORT

n		5	15	25	35
	PV Strike (p=1)	750,000.00	750,000.00	750,000.00	750,000.00
	PV Strike (p=0.8)	717,710.41	657,215.29	604,780.20	558,987.33
		-	-	-	-
2	FTSE All Share Index (p=1)	17.15%	18.09%	18.59%	19.56%
3	FTSE All Share Index (p=0.8)	17.11%	17.88%	18.42%	19.23%
4	Property (p=1)	12.01%	13.59%	14.30%	15.46%
5	Property (p=0.8)	11.98%	13.40%	14.24%	15.19%
6	15 year risk free zero coupon bonds (p=1)	9.40%	5.89%	4.72%	4.56%
7	15 year risk free zero coupon bonds (p=0.8)	9.61%	6.34%	5.25%	4.83%
8	15 year corporate bonds (p=1)	9.40%	5.89%	4.72%	4.56%
9	15 year corporate bonds (p=0.8)	9.61%	6.34%	5.25%	4.83%
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	15.19%	16.33%	16.91%	17.91%
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	15.15%	16.13%	16.62%	17.57%
12	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	9.98%	10.00%	10.97%	11.58%
13	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	9.87%	9.23%	10.27%	10.78%
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	8.05%	7.42%	8.79%	9.43%
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	7.93%	6.93%	8.00%	8.57%

THE EQUITABLE LIFE ASSURANCE SOCIETY

REALISTIC VALUATION REPORT

		Asset Type (all UK assets)	K=1			
n			5	15	25	35
r		Annualised compound equivalent of the risk free rate assumed for the period (2d.p)	4.58%	4.58%	4.48%	4.36%
1		Risk-free zero coupon bond	799,304	510,558	334,520	224,235
2		FTSE All Share Index (p=1)	154,106	277,671	364,687	443,527
3		FTSE All Share Index (p=0.8)	129,833	201,756	235,283	264,847
4		Property (p=1)	109,935	212,243	284,663	359,185
5		Property (p=0.8)	86,798	141,313	167,141	194,737
6		15 year risk free zero coupon bonds (p=1)	72,050	69,449	81,335	100,823
7		15 year risk free zero coupon bonds (p=0.8)	52,819	29,403	19,076	16,312
8		15 year corporate bonds (p=1)	72,050	69,449	81,335	100,823
9		15 year corporate bonds (p=0.8)	52,819	29,403	19,076	16,312
10		Portfolio of 65% FTSE All Share and 35% property (p=1)	137,868	253,028	333,764	411,601
11		Portfolio of 65% FTSE All Share and 35% property (p=0.8)	114,045	178,838	209,101	236,952
12		Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	98,120	174,761	235,536	285,793
13		Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	74,590	100,664	116,134	126,533
14		Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	77,510	135,653	188,356	234,645
15		Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	55,030	66,039	81,209	89,246

THE EQUITABLE LIFE ASSURANCE SOCIETY

REALISTIC VALUATION REPORT

n		5	15	25	35
	PV Strike (p=1)	1,000,000	1,000,000	1,000,000	1,000,000
	PV Strike (p=0.8)	956,947	876,287	806,374	745,316
		-	-	-	-
2	FTSE All Share Index (p=1)	17.38%	18.35%	18.97%	19.88%
3	FTSE All Share Index (p=0.8)	17.34%	18.26%	18.65%	19.55%
4	Property (p=1)	12.36%	13.90%	14.59%	15.77%
5	Property (p=0.8)	12.29%	13.77%	14.36%	15.45%
6	15 year risk free zero coupon bonds (p=1)	8.09%	4.50%	4.08%	4.28%
7	15 year risk free zero coupon bonds (p=0.8)	8.30%	5.24%	4.58%	4.57%
8	15 year corporate bonds (p=1)	8.09%	4.50%	4.08%	4.28%
9	15 year corporate bonds (p=0.8)	8.30%	5.24%	4.58%	4.57%
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	15.53%	16.66%	17.25%	18.29%
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	15.49%	16.55%	16.98%	17.90%
12	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	11.03%	11.40%	11.98%	12.38%
13	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	10.86%	10.77%	11.18%	11.57%
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	8.70%	8.82%	9.53%	10.09%
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	8.56%	8.17%	8.97%	9.41%

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REALISTIC VALUATION REPORT

		Asset Type (all UK assets)	K=1.5			
n			5	15	25	35
r		Annualised compound equivalent of the risk free rate assumed for the period (2d.p)	4.58%	4.58%	4.48%	4.36%
1		Risk-free zero coupon bond	799304.05	510557.97	334519.83	224235.35
2		FTSE All Share Index (p=1)	538,937	653,190	754,327	842,534
3		FTSE All Share Index (p=0.8)	481,997	503,429	520,394	533,725
4		Property (p=1)	513,325	587,395	668,211	748,255
5		Property (p=0.8)	452,916	434,421	434,952	444,840
6		15 year risk free zero coupon bonds (p=1)	497,109	481,430	475,070	466,807
7		15 year risk free zero coupon bonds (p=0.8)	432,870	299,455	217,984	172,532
8		15 year corporate bonds (p=1)	497,109	481,430	475,070	466,807
9		15 year corporate bonds (p=0.8)	432,870	299,455	217,984	172,532
10		Portfolio of 65% FTSE All Share and 35% property (p=1)	528,571	628,740	722,139	806,461
11		Portfolio of 65% FTSE All Share and 35% property (p=0.8)	470,446	477,710	488,620	500,284
12		Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	510,703	569,109	633,814	686,622
13		Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	449,764	409,733	392,547	373,159
14		Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	503,317	538,386	588,036	629,198
15		Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	440,764	374,885	343,914	317,757

THE EQUITABLE LIFE ASSURANCE SOCIETY

REALISTIC VALUATION REPORT

n		5	15	25	35
	PV Strike (p=1)	1,500,000	1,500,000	1,500,000	1,500,000
	PV Strike (p=0.8)	1,435,421	1,314,431	1,209,560	1,117,975
		-	-	-	-
2	FTSE All Share Index (p=1)	17.84%	18.63%	19.53%	20.30%
3	FTSE All Share Index (p=0.8)	17.79%	18.51%	19.24%	20.03%
4	Property (p=1)	13.05%	14.13%	15.20%	16.24%
5	Property (p=0.8)	12.95%	14.01%	14.87%	15.91%
6	15 year risk free zero coupon bonds (p=1)	0.00%	0.00%	0.00%	0.00%
7	15 year risk free zero coupon bonds (p=0.8)	0.00%	0.00%	3.04%	4.13%
8	15 year corporate bonds (p=1)	0.00%	0.00%	0.00%	0.00%
9	15 year corporate bonds (p=0.8)	0.00%	0.00%	3.04%	4.13%
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	16.13%	17.00%	17.91%	18.73%
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	16.06%	16.85%	17.60%	18.45%
12	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	12.38%	12.78%	13.43%	13.63%
13	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	12.27%	12.34%	12.74%	12.74%
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	9.78%	10.25%	10.98%	11.15%
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9.78%	9.87%	10.29%	10.35%

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REALISTIC VALUATION REPORT

- (a) (iv) The initial net yields on equities and property were taken as 3.03% and 5.77% respectively.
- (a) (v) Not applicable
- (a) (vi) For contracts other than conventional with-profits, the distribution of contracts that currently have guaranteed values greater or less than policy values is shown in the following table:

Guaranteed values greater than policy values		
Outstanding Term	Policy Value (£m)	Percentage
20 TO 40 Years	548	9%
10 TO 20 Years	1,442	22%
5 TO 10 Years	1,363	21%
0 TO 5 Years	1,693	26%
WPIA	1,403	22%
Total	6,449	100%

Guaranteed values less than policy values		
Outstanding Term	Policy Value (£m)	Percentage
20 TO 40 Years	40	2%
10 TO 20 Years	223	11%
5 TO 10 Years	458	23%
0 TO 5 Years	737	36%
WOL WPIA	571	28%
Total	2,028	100%

The asset model has been calibrated to a set of gilts at a range of terms. The following table shows a comparison of the values derived by the asset model against actual market prices for a set of four different gilts:

Bond Number	Coupon	Market Price	TSM Fitted Price	Term (years)
1	8.50%	£1.096	£1.097	2.53
2	8.00%	£1.297	£1.296	10.93
3	8.75%	£1.400	£1.404	12.64
4	8.00%	£1.398	£1.404	16.42

The model is calibrated to implied volatilities. The asset model produces:

- an equity volatility of 18.1% over ten years. The implied volatility of a ten year at-the-money equity put option was assumed to be 18.1%.
- a 10 year zero coupon bond volatility of 8%. The volatility for a 10 year zero coupon bond implied by the swaption volatilities used in the calibration is 6.4%

THE EQUITABLE LIFE ASSURANCE SOCIETY

REALISTIC VALUATION REPORT

- (a) (vii) The risk-free rate implied by the economic scenarios is compared against the calibrated risk free rate.

Checks were also made to ensure that the present value of future income, gains and losses on equities equal the starting market values of the assets.

- (a) (viii) The results are based on 5000 simulations. There is a very small difference between the results using 1,000 and 5,000 simulations.
- (b) Not applicable.
- (c) Not applicable.
- (5) (a) In the stress scenarios it has been assumed that when asset values fall at the start of the projection there will be an immediate reduction in policy values equal to the same percentage reduction, plus, in the case of equity and property falls, and where credit spreads widen, a further 30% of those falls. This adjustment is to make some allowance for the increase in guarantee costs and reduction in the charge for guarantees associated with the reduction to policy values. It also allows for losses in the value of the non-policy assets, e.g. those backing the provisions, and for lower charges to cover expenses. When asset values increase due to a fall in yields no further change in the policy values was assumed.
- (5) (b) Equity backing ratios:

	31/12/04	31/12/09	31/12/14
Base scenario	11.1%	11.1%	11.1%
Yields increase by 17.5%	11.6%	11.6%	11.6%
Yields reduce by 17.5%	10.6%	10.6%	10.6%

The figures shown include Property Unit Trusts that are classified as equities for reporting purposes.

It is assumed that these percentages will be maintained over time.

Future declared reversionary bonus rates are assumed to be zero throughout the projection period.

- (6) Policyholders are assumed to take benefits on non-contractual terms at the following rates:.

	<u>Surrender rate</u> (% p.a.)	<u>Decreasing by</u> (% p.a.)
Group AVC	3 reducing to 2	0.5
Group Money Purchase	3 reducing to 2	0.5
Individual (“executive”) Pensions	5 reducing to 2	1
Personal Pensions (non-DSS)	5 reducing to 2	1
Personal Pensions (DSS)	5 reducing to 2	1
Retirement Annuities	5 reducing to 2	1

THE EQUITABLE LIFE ASSURANCE SOCIETY

REALISTIC VALUATION REPORT

For Recurrent Single Premium life policies it was assumed that, with the exception of the surrenders described above, all policyholders would take their benefits at their 10th anniversary dates (or, where policies have been extended, the next date at which any “no financial adjustment” terms apply).

For Conventional with-profits policies it was assumed that all policyholders would take benefits on the date their policies mature.

- (8) It was assumed that policyholders would make no further contributions to policies, except where contractually required to maintain the policy. Surrender rates are assumed not to vary by economic scenario.

Financing Costs

7. A subordinated loan is outstanding. The nominal amount is £167m and an 8% p.a. coupon is payable. The loan has an earliest repayment date of 25th August 2007, when it has been assumed that the loan will be redeemed at par. No allowance was made for the possibility of defaults or delays in payments to bondholders.

The nature of the subordinated liability is disclosed in the first three paragraphs of Note 1402 to these Returns.

Other long-term insurance liabilities

8. There are several provisions in respect of various review programmes and to cover other risks. These liabilities also include allowance for short-term exceptional expenses mainly in connection with these review programmes and litigation costs. The total provision of £603m is composed of the following elements:

	£m
Managed Pensions and GAR rectification	227
Exceptional expenses	123
VAT provision	45
Other miscellaneous liabilities including mis-selling	193
MFR concession on Group Schemes	9
Pensions Review	6
TOTAL OTHER LONG-TERM LIABILITIES	603

Realistic current liabilities

9. These liabilities include tax and social security creditors, other creditors arising out of direct insurance operations and a liability for the deficit in the staff pension scheme (£64m). The total realistic current liabilities of £573m are the same as the regulatory current liabilities.

Risk Capital Margin

10. (a) The risk capital margin at 31st December 2004 was £330m, this amount was derived from the stress scenarios described below and the persistency scenario.
- (i) The scenarios tested were rises and falls in the values of equities and property of 20% and 12.5% respectively. These percentages were applied to both UK and non-UK assets. The scenario where the market values of equities and property fell was the most onerous scenario.

THE EQUITABLE LIFE ASSURANCE SOCIETY

REALISTIC VALUATION REPORT

- (ii) The scenarios tested were a rise and fall of 17.5% of the long term gilt yield for yields at all durations. The scenario where the yields increased was the more onerous scenario.
 - (iii) The credit risk scenario resulted in an average increase in the spread of about 42 basis points in respect of corporate bonds in the with-profits fund. The resultant fall in market values was approximately 4 ½ % of the total value of those bonds. The credit risk event was not applied to the portfolio of business that is reassured with HBOS plc.
 - (iv) The average change in persistency experience was about 1% p.a. The overall resultant increase in the realistic value of the liabilities was 0.9%.
 - (v) Not applicable
- (b) In the most onerous scenario, the management response was to reduce with-profits benefits reserves as described in section 6.(5)(a).
- (c) (i) The assets held to cover the risk capital margin are all part of the with-profits fund and are a common proportion of all the Form 48 assets that have been hypothecated to the with-profits business, together with the embedded value of the non-profit liabilities.
- (ii) Not applicable.

11. Tax

Tax is payable on an "I-E" basis for life business. The tax payable is deducted from future increases to policy values (or their equivalents).

12. Derivatives

There were no derivative contracts held by the with-profits fund.

13. Analysis of change in working capital

Not required at this valuation date.

14. Optional Disclosure

Not applicable.

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Non-Linked

Financial year ended **31 December 2004**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN				
		R46	37038		GL	31	12				2004	£000	UK	NL
		Life assurance and general annuity			Pensions business		Permanent health				Other business			
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums						
	1	2	3	4	5	6	7	8						
In force at beginning of year	11	177482	49949	686427	23903	3504								
New business and increases	12	56	14	14305	945									
Net transfers and other alterations 'on'	13	297	486	3123	40									
Total 'on' (12+13)	19	353	500	17428	985									
Deaths	21	880	381	2708	37	2								
Other insured events	22	7	5			8								
Maturities	23	3242	2689	12289	531									
Surrenders	24	6274	2346	18516	1002	171								
Forfeitures	25	4815	1029	1680	430									
Conversions to paid-up policies for reduced benefits	26		87		7									
Net transfers, expiries and other alterations 'off'	27	5376	1076	5353	2859									
Total 'off' (21 to 27)	29	20594	7613	40546	4866	181								
In force at end of year (11+19-29)	39	157241	42836	663309	20022	3323								

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Linked

Financial year ended **31 December 2004**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
		R46	37038	GL	day month year			£000	UK	LN	
					31	12	2004				
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	11	13217	13861	227599	22539						
New business and increases	12		3	1462	6423						
Net transfers and other alterations 'on'	13	12	30	482							
Total 'on' (12+13)	19	12	33	1944	6423						
Deaths	21	76	21	461	214						
Other insured events	22	1	1								
Maturities	23	165	193	2454	913						
Surrenders	24	1322	1840	10007	3802						
Forfeitures	25										
Conversions to paid-up policies for reduced benefits	26		444								
Net transfers, expiries and other alterations 'off'	27	3	37	164	9965						
Total 'off' (21 to 27)	29	1567	2536	13086	14894						
In force at end of year (11+19-29)	39	11662	11358	216457	14068						

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Non-Linked

Financial year ended **31 December 2004**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
		R46	37038	GL	31	12	2004	£000	OS	NL	
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums			
	1	2	3	4	5	6	7	8			
In force at beginning of year	11	10539	4016	6010	837	15					
New business and increases	12	14	70	13	61						
Net transfers and other alterations 'on'	13	15	92	5	1						
Total 'on' (12+13)	19	29	162	18	62						
Deaths	21	23	4	35	3						
Other insured events	22										
Maturities	23	71	25	143	13						
Surrenders	24	797	284	128	98	2					
Forfeitures	25	285	75	25	8						
Conversions to paid-up policies for reduced benefits	26		229								
Net transfers, expiries and other alterations 'off'	27	52	62	22	183						
Total 'off' (21 to 27)	29	1228	679	353	305	2					
In force at end of year (11+19-29)	39	9340	3499	5675	594	13					

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Linked

Financial year ended **31 December 2004**

		Company registration number		GL/UK/CM		Period ended day month year			Units	UK/OS	NL/LN
		R46	37038	GL	31	12	2004	£000	OS	LN	
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums			
	1	2	3	4	5	6	7	8			
In force at beginning of year	11	1970	757	2019	594						
New business and increases	12	3	34	4	88						
Net transfers and other alterations 'on'	13	6	1								
Total 'on' (12+13)	19	9	35	4	88						
Deaths	21	5		3							
Other insured events	22										
Maturities	23	4	6	50	4						
Surrenders	24	259	42	74	37						
Forfeitures	25										
Conversions to paid-up policies for reduced benefits	26		45								
Net transfers, expiries and other alterations 'off'	27	1	42	2	166						
Total 'off' (21 to 27)	29	269	135	129	207						
In force at end of year (11+19-29)	39	1710	657	1894	475						

Long term insurance business : Analysis of new ordinary long term business

Name of insurer

The Equitable Life Assurance Society

Global business

Financial year ended

31 December 2004

Type of insurance	Company registration number			GL/UK/CM	Period ended			Units
	R47	37038	GL	31	12	2004	£000	
1	Single premium contracts			Regular premium contracts			7	
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
	2	3	4	5	6			
UK DIRECT WRITTEN BUSINESS								
Life Assurance & General Annuity Business								
Accumulating With-Profit Policies								
1. With Profit Bond - Increments								
2. Personal Investment Plan - Increments		7	6					
Sub Total: Accumulating With-Profit Policies		7	6					
Non-Linked With-Profit Policies								
1. Whole Life Assurance				3	6	80		
Sub Total: Non-Linked With-Profit Policies				3	6	80		
Non-Linked Non-Profit Policies								
1. Term Assurance				25	8	876		
2. Annuity in Payment	23	123	7 pa					
Sub Total: Non-Linked Non-Profit Policies	23	123	7 pa	25	8	876		
Index Linked Contracts								
Sub Total: Index Linked Contracts								
Other Linked Contracts								
1. Personal Investment Plan - Increments		24	23		3	2		
Sub Total: Other Linked Contracts		24	23		3	2		
Total: Life Assurance & General Annuity Business	23	154	29 7 pa	28	17	958		

Long term insurance business : Analysis of new ordinary long term business

Name of insurer

The Equitable Life Assurance Society

Global business

Financial year ended

31 December 2004

Type of insurance	Company registration number			GL/UK/CM	Period ended			Units
	R47	37038		GL	31	12	2004	£000
1	Single premium contracts			Regular premium contracts			7	
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
	2	3	4	5	6			
Pension Business								
Accumulating With-Profit Policies								
1. Deferred Annuity	9804	24606	23498				4	
2. Personal Pension - New	390	871	832	9	4		155	
- Increments		40714	38938		163			
3. Personal Pension 2000 - New	28	416	416					
- Increments		415	415		6		6	
4. Individual Pension - New	5	66	64					
- Increments					206		199	
5. Group Pensions - New		1208	1189	14	37		36	
- Increments		1958	1927		1933		1902	
6. Retirement Annuity - Increments					977		933	
7. Managed pension - New	1							
Sub Total: Accumulating With-Profit Policies	10228	70254	67279	23	3326		3235	
Non-Linked With-Profit Policies								
1. Annuity in Payment	9	10	36 pa					
Sub Total: Non-Linked With-Profit Policies	9	10	36 pa					

Long term insurance business : Analysis of new ordinary long term business

Name of insurer

The Equitable Life Assurance Society

Global business

Financial year ended

31 December 2004

Type of insurance	Company registration number			GL/UK/CM	Period ended			Units
	R47	37038	GL	31	12	2004	£000	
1	Single premium contracts			Regular premium contracts			7	
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
	2	3	4	5	6			
Non-Linked Non-Profit Policies								
1. Term Assurance				43	14	6597		
2. Deferred Annuity	227	3651	361 pa					
3. Individual Pensions								
- Widow's Death in Service Benefit				2	1	5 pa		
- Lump Sum Death Benefit				3	2	76		
4. Annuity in Payment	3784	23528	7206 pa					
5. Retained Retirement Annuity in Payment		1861	1213 pa					
6. Retained Free Standing AVC in Payment		899	48 pa					
7. Group Pensions					13	97 pa		
- Widow's Death in Service Benefit - Increments					43	9595		
- Lump Sum Death Benefit - Increments								
Sub Total: Non-Linked Non-Profit Policies	4011	29939	8828 pa	48	73	16268	102 pa	
Index Linked Contracts								
1. Annuity in Payment	310	2122	188 pa					
2. Retained Retirement Annuity in Payment		57	34 pa					
3. Retained Free Standing AVC in Payment		31	4 pa					
Sub Total: Index Linked Contracts	310	2210	226 pa					

Long term insurance business : Analysis of new ordinary long term business

Name of insurer

The Equitable Life Assurance Society

Global business

Financial year ended

31 December 2004

Type of insurance	Company registration number			GL/UK/CM	Period ended			Units
	R47	37038	GL	31	12	2004	£000	
1	Single premium contracts			Regular premium contracts			7	
	2	3	4	5	6	7		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
Other Linked Contracts								
1. Personal Pension - New	289	387	370	67	27	25		
- Increments		19346	18496		831	794		
2. Personal Pension 2000 - New	23	594	594	3				
- Increments		926	926		55	55		
3. Individual Pensions - New	5	9	9	5				
- Increments					178	172		
4. Group Pensions - New		368	360	5				
- Increments		1491	1456		2331	2276		
5. Retirement Annuity - Increments		59	56		10059	9607		
6. Deferred Annuity	758	934	892					
7. Managed Pension - New	3							
8 Managed pension - Increments		28	28					
Sub Total: Other Linked Contracts	1078	24142	23187	80	13481	12929		
Total: Pension Business	15636	126555	90466	151	16880	32432		
			9090 pa			102 pa		
TOTAL: UK DIRECT WRITTEN BUSINESS	15659	126709	90495	179	16897	33390		
			9097 pa			102 pa		

Long term insurance business : Analysis of new ordinary long term business

Name of insurer

The Equitable Life Assurance Society

Global business

Financial year ended

31 December 2004

Type of insurance	Company registration number			GL/UK/CM	Period ended			Units
	R47	37038	GL	31	12	2004	£000	
1	Single premium contracts			Regular premium contracts				
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
	2	3	4	5	6	7		
OVERSEAS DIRECT WRITTEN BUSINESS								
Life Assurance & General Annuity Business								
Accumulating With-Profit Policies								
1. With Profit Bonds - Increments		7	6					
2. International Investment Plan - New - Increments		346	331			2	2	
3. German Permanent Assurance - Increments								
4. Deferred Annuity (German Style) - Increments								
Sub Total: Accumulating With-Profit Policies		353	337			2	2	
Non-Linked With-Profit Policies								
1. Annuity in Payment		18						
Sub Total: Non-Linked With-Profit Policies		18						
Non-Linked Non-Profit Policies								
1. Annuity in Payment		285						
2. Term Assurance - New								
Sub Total: Non-Linked Non-Profit Policies		285						
Other Linked Contracts								
1. International Investment Plan - New - Increments		411	391			4	4	
Sub Total: Other Linked Contracts		411	391			4	4	
Total: Life Assurance & General Annuity Business		1067	728			6	6	

Long term insurance business : Analysis of new ordinary long term business

Name of insurer

The Equitable Life Assurance Society

Global business

Financial year ended

31 December 2004

Type of insurance	Company registration number			GL/UK/CM	Period ended			Units
	R47	37038	GL	31	12	2004	£000	
1	Single premium contracts			Regular premium contracts			7	
	2	3	4	5	6			
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
Pension Business								
Accumulating With-Profit Policies								
1. Personal Pension - Increments		30	29		14	13		
2. Individual Pensions - New - Increments					13	12		
3. Personal Retirement bond		17	17					
4. Group Pensions - Increments					15	15		
Sub Total: Accumulating With-Profit Policies		47	46		42	40		
Non-Linked With-Profit Policies								
1. Annuity in Payment								
Sub Total: Non-Linked With-Profit Policies								
Non-Linked Non-Profit Policies								
1. Annuity in Payment		75	6 pa					
2. Group Pensions - Lump Sum Death Benefit - Increments								
Sub Total: Non-Linked Non-Profit Policies		75	6 pa					

Long term insurance business : Analysis of new ordinary long term business

Name of insurer

The Equitable Life Assurance Society

Global business

Financial year ended

31 December 2004

Type of insurance	Company registration number			GL/UK/CM	Period ended			Units
	R47	37038	GL	31	12	2004	£000	
1	Single premium contracts			Regular premium contracts			7	
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
2	3	4	5	6				
Other Linked Contracts								
1. Personal Pensions -Increments		59	56		35		33	
2. Individual Pensions - New - Increments		1	1		27		26	
3. Group Pensions - Increments					4		3	
Sub Total: Other Linked Contracts		60	57		66		62	
Total: Pension Business		182	103		108		102	
			6 pa					
TOTAL: OVERSEAS DIRECT WRITTEN BUSINESS		1249	831		114		108	
			6 pa					

Long term insurance business: Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Category of assets **Total Long term Business Assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	37038	GL	31	12	2004	£000	10
Type of asset			Value of admissible assets as shown on Form 13			Expected income from admissible assets	Yield %	
			1			2	3	
Land and buildings			11	806461		45576	5.65	
Fixed interest securities	Approved securities		12	7437994		435078	4.54	
	Other		13	4799845		277480	5.28	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities		14	7952		187	1.72	
	Other		15					
Equity shares and holdings in collective investment schemes			16	1056223		31536	2.99	
Loans secured by mortgages			17	2119		132	6.23	
All other assets	Producing income		18	728687		27256	3.74	
	Not producing income		19	101412				
Total (11 to 19)			29	14940693		817245	4.66	

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits

Name of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**

Category of assets **Total Long term Business Assets**

Company registration number

GL/UK/CM

Period ended
day month year

Units

Category of assets

Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3	GL	Period ended			Units £000	Category of assets 10
							31	12	2004		
One year or less	11	Fixed interest approved securities	425318	4.51		Variable interest and variable yield approved securities excluding equities					
More than one year but not more than five years	12		2430397	4.51	2656						
More than five years but not more than ten years	13		1860633	4.55				7952	1.72		
More than ten years but not more than fifteen years	14		896721	4.61	2245						
More than fifteen years but not more than twenty years	15		587590	4.59							
More than twenty years but not more than twenty five years	16		719276	4.51							
More than twenty five years	17		384515	4.53							
Irredeemable	18		133544	4.44							
Total (11 to 18)	19		7437994	4.54	4901		7952	1.72			
One year or less	21	Other fixed interest securities	51062	4.71	156	Other variable interest and variable yield securities excluding equities					
More than one year but not more than five years	22		693038	5.05	15678						
More than five years but not more than ten years	23		737624	4.87	36865						
More than ten years but not more than fifteen years	24		543350	5.36	20143						
More than fifteen years but not more than twenty years	25		733992	5.45	27183						
More than twenty years but not more than twenty five years	26		639252	5.24	10574						
More than twenty five years	27		949733	5.41	23194						
Irredeemable	28		451794	5.81							
Total (21 to 28)	29		4799845	5.28	133793						

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Direct Written Business											
With Profit Policies											
Whole Life Assurance	3.50	"E"	2142	58603	1727			33452	17580	17016	16436
Endowment Assurance	3.50	"E"	9829	97837	7232			85536	18060	17490	68046
Endowment Assurance with guaranteed minimum death benefit	3.50	"E"	7646	196975	4233			97025	26154	25303	71722
Flexible Savings Plan	3.50	"E"	636	3889	79			3375			3375
Deferred Annuity	4.40	"E"	687	3001	14			7232	55	54	7179
Annuity in payment - throughout life 1st series	4.40	"J"	2051	3431 pa				24795			24795
temporary 1st series	4.40		353	1566 pa				1183			1183
throughout life 2nd series	4.40	"J"	546	1201 pa				8984			8984
temporary 2nd series	4.40		237	1764 pa				3727			3727
throughout life 3rd series	4.40	"J"	18	66 pa				323			323
Miscellaneous assurance			85	1820	6			1677	70	68	1609
Fund management expense reserve								406			406
Extra Premiums					55			55			55
Whole life assurance (with minor profits)	3.50	"E"	80	215	1			118	18	15	103
Endowment Assurance (with minor profits)	3.50	"E"	4	29				26	1	1	25
Sub Total: With Profit Policies			24314	362369	13347			267914	61938	59946	207968
				8028 pa							

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Non-Profit Policies											
Whole Life Assurance	3.25	"E"	346	3489	65			2205	597	572	1633
Endowment Assurance	3.25	"E"	265	3036	59			2459	260	178	2281
Level Temporary Assurance - Pre 1983 Business	3.25	"T"	2743	82288	177			694	442	399	295
Post 1982 Business - 1st series	3.25	"T"	10872	529887	1027			6463	4621	4230	2233
Post 1982 Business - 2nd series	3.25	"T"	11372	787917	2325			13571	15048	12927	643
1995 series	3.25	"T"	29859	2763755	7179			59817	60929	54958	4859
Miscellaneous (assurances)			30385	2399920	5167			34515	40096	28377	6139
Deferred Annuity - accumulating	Various		265	1496	10			2503			2503
Deferred Annuity - miscellaneous	Various		152	269	1			278			278
				34 pa							
Annuity in payment											
- level pre 1992	4.60	"J"	1604	1971 pa				13031			13031
- level post 1991	4.10	"J"	663	1666 pa				14696			14696
- temporary pre 1992	4.60		20	15 pa				43			43
- temporary post 1991	4.10		1281	8764 pa				15129			15129
- increasing pre 1992	4.60	"J"	224	845 pa				9706			9706
- increasing post 1991	4.10	"J"	102	383 pa				5567			5567
- Miscellaneous	Various	"J"	29	95 pa				863			863

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

1 Type of insurance or name of contract	Valuation basis		4 No of contracts	5 Amount of sums assured or annuities per annum, including vested reversionary bonuses	6 Amount of annual premiums		8 Proportion of office premiums reserved for expenses and profits	9 Value of sums assured or annuities per annum, including vested reversionary bonuses	10 Value of annual premiums		12 Amount of mathematical reserves
	2 Rate of interest	3 Mortality or morbidity table			6 Office premiums	7 Net premiums			10 Office premiums	11 Net premiums	
								£000	UK	L&GA	11
Fund management expense reserve								369			369
Extra Premiums					415			415			415
Sub Total: Non-Profit Policies			90182	6572057	16424			182324	121993	101641	80683
				13773 pa							
Total: Direct Written Business			114496	6934426	29771			450238	183931	161587	288650
				21801 pa							
Reassurance Accepted											
Non-Profit Policies											
Level Temporary Assurance	3.12	"U"	587	46413	157			2647	1445	1404	1243
Miscellaneous (assurances)	Various	"U"	337	22213	83			1242	887	843	399
Extra Premiums					10			10			10
Sub Total: Non-Profit Policies			924	68626	249			3899	2332	2247	1651
Total: Reassurance Accepted			924	68626	249			3899	2332	2247	1651

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Reassurance Ceded											
With Profit Policies											
Whole Life Assurance	3.50	"E"		95	0		83	3	2	80	
Endowment Assurance	3.50	"E"									
Risk Premium				2397	103		103			103	
Extra Premiums					9		9			9	
Sub Total: With Profit Policies				2493	113		195	3	2	193	
Non-Profit Policies											
Whole Life Assurance	3.25	"E"		3489	65		2205	597	572	1633	
Endowment Assurance	3.25	"E"		3036	59		2459	260	178	2281	
Level Temporary Assurance											
Pre 1983 Business	3.25	"T"		82288	177		694	442	399	295	
Post 1982 Business - 1st series	3.25	"T"		529887	1027		6463	4621	4230	2233	
Post 1982 Business - 2nd series	3.25	"T"		787917	2325		13571	15048	12927	643	
1995 series	3.25	"T"		2763755	7179		59817	60929	54958	4859	
Miscellaneous (assurances)				2399920	5167		34515	40096	28377	6139	
Annuity in payment				2 pa			5			5	
Deferred annuity - accumulating	Various			1496	10		2503			2503	
Deferred Annuity - miscellaneous	Various			269	1		278			278	
				34 pa							

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Extra Premiums					415			415			415
Reassurance accepted - Level Temporary Assurance	3.12	"U"		46413	157			2647	1445	1404	1243
Miscellaneous assurances	Various	"U"		22213	83			1242	887	843	399
Extra Premiums					10			10			10
Sub Total: Non-Profit Policies				6640684	16674			126823	124324	103889	22934
				36 pa							
Total: Reassurance Ceded				6643176	16787			127018	124327	103891	23127
				36 pa							
Net Total: Life Assurance & General Annuity Business			115420	359877	13234			327118	61936	59943	267175
				21765 pa							

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Direct Written Business											
With Profit Policies											
Endowment Assurance	4.40	"E"	873	3871	67		3130	236	226	2903	
Deferred annuity with return on death	4.40	"E"	538	2626	25		7252	97	93	7158	
Annuity in payment - Group 1st series	4.40	"L"		1811 pa			18726			18726	
Annuity in payment - Group 2nd series	4.40	"L"		1556 pa			15081			15081	
Annuity in payment - Group 3rd series	4.40	"L"		134 pa			1316			1316	
Annuity in payment - Individual 1st series	4.40	"L"	35277	101008 pa			903597			903597	
Annuity in payment - Individual 2nd series	4.40	"L"	24350	81097 pa			696936			696936	
Annuity in payment - Individual 3rd series	4.40	"L"	951	2756 pa			24763			24763	
Temporary annuity - Group 1st series	4.40		2	43 pa			21			21	
Temporary annuity - Group 2nd series	4.40		1	14 pa			51			51	
Temporary annuity - Individual 1st series	4.40		9	39 pa			27			27	
Temporary annuity - Individual 2nd series	4.40		18	128 pa			365			365	
Temporary annuity - Individual 3rd series	4.40		1	19 pa			9			9	
Fund management expense reserve							17292			17292	
Extra premiums											
Sub Total: With Profit Policies			62020	6497 188605 pa	92		1688566	334	320	1688247	

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Non-Profit Policies											
Miscellaneous assurance	Various	Various	35175	3189246	9204			70105	58324	52949	17156
Deferred annuity accumulating	Various		399	2302	18			3296			3296
Deferred annuity ex pension fund with return on death	4.25	"E"	1525	3692 pa				55149			55149
Annuity in payment Level - Group	4.60	"K"		38048 pa				524399			524399
Annuity in payment Increasing - Group	4.60	"K"		24198 pa				424576			424576
Annuity in payment Miscellaneous - Group	4.60	"K"		5205 pa				81809			81809
Annuity in payment Level - Individual	4.60	"K"	54553	171322 pa				2080834			2080834
Annuity in payment Increasing - Individual	4.60	"K"	16264	50548 pa				900814			900814
Annuity in payment Miscellaneous - Individual	4.60	"K"	836	3960 pa				86770			86770
Temporary annuity - Group	4.60			3527 pa				19357			19357
Temporary annuity - Individual	4.60		123	241 pa				847			847
Annuity in payment reassured business	4.60	"K"	605	1178 pa				23172			23172
Miscellaneous (deferred annuity)	Various	Various	5135	14	844			171399	952	898	170501
				26668 pa							
Fund management expense reserve								25767			25767
Extra Premiums					151			151			151
Sub Total: Non-Profit Policies			114615	3191563	10217			4468445	59277	53847	4414598
				328587 pa							

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year			Units	UK/OS	Type of business	Category of surplus	
R51	37038	GL	31	12	2004	£000	UK	Pens	11

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Total: Direct Written Business			176635	3198060 517192 pa	10309			6157012	59610	54166	6102845
Reassurance Accepted											
Non-Profit Policies											
Miscellaneous assurance	3.90	"U"	1947	178940	438			5893	4000	3739	2154
Extra Premiums					10			10			10
Sub Total: Non-Profit Policies			1947	178940	448			5903	4000	3739	2164
Total: Reassurance Accepted			1947	178940	448			5903	4000	3739	2164

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
	2	3			4	5			6	7	
Reassurance Ceded											
Non-Profit Policies											
Miscellaneous assurance	Various	Various		3189246	9204			70105	58324	52949	17156
Deferred annuity accumulating	Various			2302	18			3296			3296
Deferred annuity ex pension fund with return on death	4.25	"E"		3692 pa				55149			55149
Annuity in payment Reassured to third party	4.60	"K"		1 pa				24			24
Annuity in payment reassured to Halifax	4.60	"K"		1178 pa				23172			23172
Miscellaneous (deferred annuity)	Various	Various		14	844			171399	952	898	170501
				26668 pa							
Extra Premiums					151			151			151
Reassurance Accepted - Miscellaneous assurance	3.90	"U"		178940	438			5893	4000	3739	2154
Extra premiums					10			10			10
Sub Total: Non-Profit Policies				3370503	10665			329200	63277	57586	271613
				31539 pa							

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Total: Reassurance Ceded				3370503 31539 pa	10665			329200	63277	57586	271613
Net Total: Pension Business			178582	6497 485653 pa	92			5833715	334	320	5833396

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Permanent Health Business**Category of surplus **Ordinary long term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Direct Written Business											
Non-Profit Policies											
Major Medical Benefits			46	644				1			1
Critical Illness Benefits			3277	262348				89			89
Sub Total: Non-Profit Policies			3323	262992				90			90
Total: Direct Written Business			3323	262992				90			90
Reassurance Ceded											
Non-Profit Policies											
Major Medical Benefits				644				1			1
Critical Illness Benefits				262348				89			89
Sub Total: Non-Profit Policies				262992				90			90
Total: Reassurance Ceded				262992				90			90
NET TOTAL: UNITED KINGDOM BUSINESS			297325	366374 507418 pa	13326			6160833	62269	60263	6100570

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Direct Written Business											
With Profit Policies											
GERMANY											
Term assurance	3.50	"A"	41	4445	20			167	118	100	67
Annuity in payment											
- individual (German style)	3.50	"L"	13	43 pa				603			603
- individual (UK style)	4.40	"L"	543	2819 pa				18267			18267
- individual (UK style) (second series)	4.40	"L"	27	150 pa				1110			1110
- temporary (UK style)	4.40		20	443 pa				686			686
- temporary (UK style) (second series)	4.40		1	5 pa				24			24
Disability Benefits	3.50	"A&B"		1012 pa	41			489	416	357	133
Extra Premiums					5			5			5
Fund management expense reserve								209			209
GUERNSEY											
UK£ Based Policies:											
Annuity in payment											
- Individual - 1st Series	4.40	"J"	12	143 pa				1035			1035
- Individual - 2nd Series	4.40	"J"	15	52 pa				414			414
US\$ Based Policies:											
Annuity in payment											

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
- Individual - 1st Series	4.40	"J"	1	9 pa				88			88
- Individual - 2nd Series	4.40	"J"	7	62 pa				294			294
Fund management expense reserve								19			19
IRELAND											
Annuity in payment											
- Individual - 1st series	4.40	"J"	3	6 pa				47			47
- Individual - 2nd series	4.40	"J"	8	29 pa				191			191
Fund management expense reserve								2			2
Sub Total: With Profit Policies			691	4445 4773 pa	66			23650	535	457	23193
Non-Profit Policies											
GERMANY											
Term assurance											
- Pre 1995 series	3.25	"T"	35	3273	9			50	59	50	1
- 1995 series	3.25	"T"	443	30859	78			633	664	567	66
Accident Benefits				72							
Disability Benefits				169 pa	5			10			10
Extra Premiums					7			7			7
Annuity in payment											

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year			Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
- Level	4.60	"K"	107	481 pa				5155			5155
- Increasing	4.60	"K"	1	5 pa				74			74
- Temporary	4.60		19	145 pa				481			481
- Miscellaneous	4.60		3	9 pa				396			396
Fund management expense reserve								38			38
GUERNSEY											
UK£ Based Policies:											
Annuity in payment											
- Level	4.60	"J"	24	160 pa				1341			1341
- Increasing	4.60	"J"	8	130 pa				2185			2185
- Temporary			3	15 pa				33			33
Level Temporary Assurance											
- Pre 1995 Series	4.00	"T"	38	4272	15			102	114	100	2
- 1995 Series	4.00	"T"	403	55251	164			1295	1316	1191	104
Extra Premiums					9			9			9
Fund management expense reserve								26			26
US\$ Based Policies:											
Annuity in payment											
- Level	4.60	"J"	6	40 pa				486			486
- Increasing	4.60	"J"	1	1 pa				14			14

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
- Temporary Level Temporary Assurance	4.60		1	13 pa				125			125
- Pre 1995 Series	4.00	"T"	2	234	1			4	4	3	0
- 1995 Series	4.00	"T"	40	6756	21			172	158	144	28
Extra Premiums					6			6			6
Fund management expense reserve											
IRELAND											
Level Temporary Assurance											
- Pre 1995 series	3.25	"T"	39	2441	8			49	57	48	1
- 1995 series	3.25	"T"	978	93192	284			2720	2834	2544	176
Decreasing Temporary Assurance											
- Pre 1995 series	3.25	"T"	33	945	4			9	25	9	
- 1995 series	3.25	"T"	1821	115570	323			2369	3231	2363	6
Extra Premiums					19			19			19
Annuity in payment											
- Level - Individual	4.60	"J"	8	21 pa				188			188
- Increasing - Individual	4.60	"J"	4	38 pa				587			587
Fund management expense reserve								5			5

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**

Type of business **Life Assurance & General Annuity Business**

Category of surplus **Ordinary long term**

Company registration number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of business

Category of surplus

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Sub Total: Non-Profit Policies			4017	312866 1227 pa	954			18588	8461	7020	11568
Total: Direct Written Business			4708	317312 6000 pa	1020			42238	8996	7477	34761

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

1	Valuation basis		4	5	Amount of annual premiums		8	9	Value of annual premiums		12
	2	3			6	7			10	11	
Type of insurance or name of contract	Rate of interest	Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Office premiums	Net premiums	Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Office premiums	Net premiums	Amount of mathematical reserves
Reinsurance Ceded											
With Profit Policies											
GERMANY											
Term assurance	3.50	"A"		3057	10			87	51	44	43
Disability Benefits	3.50	"A&B"		567 pa	23			236	184	160	77
Extra Premiums					3			3			3
Sub Total: With Profit Policies				3057	36			326	235	204	122
				567 pa							
Non-Profit Policies											
GERMANY											
Term assurance											
- Pre 1995 series	3.25	"T"		3273	9			50	59	50	1
- 1995 series	3.25	"T"		30859	78			633	664	567	66
Accident Benefits				72	0			0			0
Disability Benefits				169 pa	5			10			10
Extra Premiums					7			7			7
GUERNSEY											
UK£ Based Policies:											
Level Temporary Assurance											

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
- Pre 1995 Series	4.00	"T"		4272	15			102	114	100	2
- 1995 Series	4.00	"T"		55251	164			1295	1316	1191	104
Extra Premiums					9			9			9
US\$ Based Policies:											
Level Temporary Assurance											
- Pre 1995 Series	4.00	"T"		234	1			4	4	3	0
- 1995 Series	4.00	"T"		6756	21			172	158	144	28
Extra Premiums					6			6			6
IRELAND											
Level Temporary Assurance											
- Pre 1995 series	3.25	"T"		2441	8			49	57	48	1
- 1995 series	3.25	"T"		93192	284			2720	2834	2544	176
Decreasing Temporary Assurance											
- Pre 1995 series	3.25	"T"		945	4			9	25	9	
- 1995 series	3.25	"T"		115570	323			2369	3231	2363	6
Extra Premiums					19			19			19

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Sub Total: Non-Profit Policies				312866 169 pa	954			7454	8461	7020	434
Total: Reassurance Ceded				315923 736 pa	989			7780	8696	7224	556
Net Total: Life Assurance & General Annuity Business			4708	1389 5264 pa	31			34458	299	253	34205

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Direct Written Business											
With Profit Policies											
GUERNSEY											
Annuity in payment											
- Individual - 1st Series	4.40	"L"	8	71 pa				782			782
- Individual - 2nd Series	4.40	"L"	17	128 pa				1139			1139
Fund management expense reserve								20			20
IRELAND											
Annuity in payment											
- Individual 3.5%	4.40	"L"	27	217 pa				1904			1904
- Individual 0%	4.40	"L"	247	1520 pa				12613			12613
- Individual 0% (second series)	4.40	"L"	3	9 pa				86			86
Fund management expense reserve								152			152
Sub Total: With Profit Policies			302	1945 pa				16695			16695
Non-Profit Policies											
GUERNSEY											
UK£ Based Policies:											
Annuity in payment											

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year			Units	UK/OS	Type of business	Category of surplus	
R51	37038	GL	31	12	2004	£000	OS	Pens	11

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
- Level - Group	4.60	"K"		9 pa				166			166
- Level - Individual	4.60	"K"	190	654 pa				8641			8641
- Increasing - Individual	4.60	"K"	30	259 pa				5206			5206
- Temporary - Group	4.60	"K"		2 pa				5			5
Deferred Annuity	4.00	"K"	119	1489				3238			3238
				165 pa							
Fund management expense reserve								88			88
US\$ Based Policies:											
Deferred Annuity	4.00	"K"	1	2 pa				59			59
IRELAND											
Deferred Annuity	4.25	"K"	124	598				3220			3220
				277 pa							
Miscellaneous (assurance)	4.00	Various	252	33125	114			915	876	799	116
Miscellaneous (deferred annuity)	4.00	Various	26	65 pa	4			47	18	17	30
Extra Premiums					2			2			2
Annuity in payment											
- Level - Individual	4.60	"K"	690	2333 pa				27977			27977
- Level - Group	4.60	"K"									

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year			Units	UK/OS	Type of business	Category of surplus	
R51	37038	GL	31	12	2004	£000	OS	Pens	11

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
- Increasing - Individual	4.60	"K"	326	2691 pa				49245			49245
- Miscellaneous - Individual	4.60	"K"	12	179 pa				5132			5132
- Temporary - Individual	4.60		3	5 pa				7			7
Fund management expense reserve								515			515
Sub Total: Non-Profit Policies			1773	35213 6641 pa	119			104464	894	815	103648
Total: Direct Written Business			2075	35213 8586 pa	119			121159	894	815	120343

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year			Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Reassurance Ceded											
Non-Profit Policies											
GUERNSEY											
UK£ Based Policies:											
Deferred Annuity	4.00	"K"		1489 165 pa				3238			3238
US\$ Based Policies:											
Deferred Annuity	4.00	"K"		2 pa				59			59
IRELAND											
Deferred Annuity	4.25	"K"		598 277 pa				3220			3220
Miscellaneous (assurance)	4.00	Various		33125	114			915	876	799	116
Miscellaneous (deferred annuity)	4.00	Various		65 pa	4			47	18	17	30
Extra Premiums					2			2			2

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Sub Total: Non-Profit Policies				35213 509 pa	119			7481	894	815	6665
Total: Reassurance Ceded				35213 509 pa	119			7481	894	815	6665
Net Total: Pension Business			2075	(0) 8077 pa				113678			113678

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Permanent Health Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus
		day	month	year				

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
									£000	OS	
Direct Written Business											
Non-Profit Policies											
IRELAND											
Major Medical Benefits			13	164				0			0
Sub Total: Non-Profit Policies			13	164				0			0
Total: Direct Written Business			13	164				0			0
Reassurance Ceded											
Non-Profit Policies											
IRELAND											
Major Medical Benefits				164				0			0
Sub Total: Non-Profit Policies				164				0			0
Total: Reassurance Ceded				164				0			0
Net Total: Permanent Health Business			13								
NET TOTAL: OVERSEAS BUSINESS			6796	1389 13341 pa	31			148136	299	253	147883

Long term insurance business : Valuation summary of accumulating with-profit policiesName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Direct Written Business														
With Profit Policies														
Flexible Protection Plan	3.50	"E"	7768	433593	433593		10888			79784	73279	1178		74457
Regular Savings Plan	3.50	"E"	2430	9731	9731		502			9731	9562	45		9607
With Profit Bond	3.50	"E"	8784	116134	116134					111572	109496	2307		111803
Personal Investment Plan	3.50	"E"	19499	161208	161208					161208	139948	5934		145882
Major Medical Cash Plan	3.50	"E"	35	19	19		12			19	9	13		22
Critical Illness Plan	3.50	"E"	2764	2054	2054		959			2054	590	97		686
School Fee Trust Plan	4.40	"E"	541	5531	5531					5531	5406	33		5439
Miscellaneous	4.40	"E"	1	12	12					12	12			12
Services Investment Plan	4.40	"E"	1	67	67					67	66	0		66
US\$ based Policies														
Services Investment Plan	4.40	"E"	2	53	53					53	51	0		51
Fund Management Expense Reserve												985		985
Additional reserve for surrender values													6000	6000
Mis-selling and Related Liability										55000	55000			55000
Sub Total: With Profit Policies			41825	728402	728402		12361			425032	393418	10592	6000	410010
Total: Direct Written Business			41825	728402	728402		12361			425032	393418	10592	6000	410010

Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**

Type of business **Life Assurance & General Annuity Business**

Category of surplus **Ordinary long term**

Company registration number **R52** GL/UK/CM **37038** Period ended day month year **GL 31 12 2004** Units **£000** UK/OS **UK** Type of business **L&GA** Category of surplus **11**

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 10	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/ current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Reassurance Ceded														
With Profit Policies														
Flexible Protection Plan				37196	37196							7		7
Sub Total: With Profit Policies				37196	37196							7		7
Total: Reassurance Ceded				37196	37196							7		7
Net Total: Life Assurance & General Annuity Business			41825	691206	691206		12361			425032	393418	10585	6000	410003

Long term insurance business : Valuation summary of accumulating with-profit policiesName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Direct Written Business														
With Profit Policies														
Individual Pensions - 1st series	4.40	"E"	7231	185617	185617					190320	182890	7531		190421
Individual Pensions - 2nd series	4.40	"E"	9718	191531	191531					191531	184205	12854		197059
Individual Pensions - 3rd series	4.40	"E"	5070	54973	54973					54973	44255	8694		52949
Retirement annuity	4.40	"E"	42362	1067509	1067509					1074301	1042562	22121		1064682
Rectification and Managed Pension provision										240000	240000			240000
Personal Pensions - 1st series	4.40	"E"	230445	1885998	1885998					1878998	1771740	76942		1848683
Personal Pensions - 2nd series	4.40	"E"	120857	398183	398183					398183	286920	55018		341938
Personal Pension Trustee Investment policy	4.40	"E"	7	1830	1830					1830	1434	6		1441
Pension transfers and opt out provision										6000	6000			6000
Personal Pensions 2000	4.40	"E"	4889	10994	10994					10994	8443	2036		10479
Group pension														
- AVC/Money purchase - 1st series	4.40	"E"	3746	1802756	1802756					1783315	1665774	142981		1808755
- Final salary - 1st series	4.40	"E"	118	167183	167183					174366	167501	7042		174543
Group pension														
- AVC/Money purchase - 2nd series	4.40	"E"	633	112975	112975					112975	93311	6832		100143
- Final salary - 2nd series	4.40	"E"	15	9962	9962					9962	8032	892		8925
Transfer plan - 1st series	4.40	"E"	2015	58544	58544					100274	99983	77		100060
Transfer plan - 2nd series	4.40	"E"	447	9578	9578					14819	14401	47		14448
Miscellaneous (deferred annuity) 1st series	4.40	"E"	1185	7842	7842					12235	12163	97		12260

Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Miscellaneous (deferred annuity) 2nd series	4.40	"E"	2609	14090	14090					22932	20635	532		21166
Money purchase transfer plan	4.40	"E"	52158	113683	113683					127441	92428	25744		118171
Managed pension - 1st series			1375	77557	77557					77557	77557	304		77861
Managed pension - 2nd series			2330	112137	112137					112137	112137	515		112652
Managed pension - 3rd series			2290	127871	127871					127871	127871	506		128377
Personal Pension Trustee Income Drawdown			3	186	186					186	186	1		187
Income Drawdown Plan			2	795	795					795	795	1		796
Income Transfer Plan			3	427	427					427	427	0		427
Flexible AVC Plan			1	15	15					15	15	2		17
Fund Management Expense Reserve												70740		70740
Exceptional expenses												183000		183000
Additional reserve for surrender values													54000	54000
Mis- selling and related liability										138000	138000			138000
Sub Total: With Profit Policies			489509	6412236	6412236					6862439	6399664	624517	54000	7078181
Total: Direct Written Business			489509	6412236	6412236					6862439	6399664	624517	54000	7078181
Reassurance Ceded														
With Profit Policies														
Group pensions														
- AVC/Money Purchase				36717	36717					36717	36717	785		37502
Sub Total: With Profit Policies				36717	36717					36717	36717	785		37502

Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**

Type of business **Pension Business**

Category of surplus **Ordinary long term**

Company registration number **R52** GL/UK/CM **37038** Period ended day month year **GL 31 12 2004** Units **£000** UK/OS **UK** Type of business **Pens** Category of surplus **11**

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 10	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/ current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Total: Reassurance Ceded				36717	36717					36717	36717	785		37502
Net Total: Pension Business			489509	6375519	6375519					6825722	6362947	623732	54000	7040679
NET TOTAL: UNITED KINGDOM BUSINESS			531334	7066725	7066725		12361			7250753	6756365	634317	60000	7450682

Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus					
			day	month	year									
	R52	37038	GL	31	12	2004	£000	OS	L&GA	11				
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Direct Written Business														
With Profit Policies														
GERMANY														
German Flexible Life Assurance	3.50	"E"	257	6149	6149		346			4440	4440	1		4442
German Investment Plan		"E"	120	1527	1527					1527	1527	2		1529
German Flexible Savings Plan		"E"	375	14042	14042		549			4247	4247	33		4280
Deferred Annuity (German style)	3.50		125	1989	1989		169			2330	2330	0		2330
Deferred Annuity (UK style)		"E"	940	12607	12607		1027			12607	12607	79		12686
German Group Savings Plan		"E"	1									0		0
Fund management Charge												21		21
GUERNSEY														
UK£ Based Policies:														
Flexible Protection Plan														
- Overseas Life Assurance Business	4.40	"E"	85	9153	9153		79			534	499	16		515
- UK Life Assurance Business														
International Investment Plan														
- Overseas Life Assurance Business	4.40	"E"	1107	19374	19374					19374	18961	48		19009
- UK Life Assurance Business	3.50	"E"	9	265	265					265	261			261
Group Pensions	4.40	"E"	1	299	299					194	194	40		233
US\$ Based Policies:														

Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Flexible Protection Plan														
- Overseas Life Assurance Business	4.40	"E"	7	1172	1172		7			37	33	2		35
International Investment Plan														
- Overseas Life Assurance Business	4.40	"E"	283	3721	3721					3721	3642	12		3654
Fund Management Expense Reserve												15		15
IRELAND														
Flexible Protection Plan	3.50	"E"	141	11618	11618		72			397	330	51		380
Regular Savings Plan	3.50	"E"	442	969	969		141			969	952	15		967
With Profit Bond	3.50	"E"	713	17263	17263					17263	16972	166		17138
Flexible Income Plan		"E"	15	895	895					895	895	1		896
Major Medical Cash Plan	3.50	"E"	13	11	11		4			5	5	0		5
Fund Management Expense Reserve												11		11
Sub Total: With Profit Policies			4634	101053	101053		2394			68805	67894	513		68407
Total: Direct Written Business			4634	101053	101053		2394			68805	67894	513		68407

Long term insurance business : Valuation summary of accumulating with-profit policiesName of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Reassurance Ceded														
With Profit Policies														
GERMANY														
German Flexible Life Assurance				2141	2141							0		0
German Flexible Savings Plan				4976	4976							1		1
GUERNSEY														
UK£ Based Policies:														
Flexible Protection Plan														
- Overseas Life Assurance Business				600	600									
UK\$ Based Policies:														
Flexible Protection Plan														
- Overseas Life Assurance Business				104	104									
IRELAND														
Flexible Protection Plan				1214	1214									
Sub Total: With Profit Policies				9035	9035							1		1
Total: Reassurance Ceded				9035	9035							1		1
Net Total: Life Assurance & General Annuity Business			4634	92019	92019		2394			68805	67894	512		68406

Long term insurance business : Valuation summary of accumulating with-profit policiesName of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus					
			day	month	year									
	R52	37038	GL	31	12	2004	£000	OS	Pens	11				
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Direct Written Business														
With Profit Policies														
GUERNSEY														
UK£ Based Policies:														
Guernsey Personal Pension Plan														
- 1st Series	4.40	"E"	47	882	882					882	872	17		888
Guernsey Personal Pension Plan														
- 2nd Series	4.40	"E"	60	430	430					430	341	50		392
Jersey Personal Pension Plan														
- 1st Series	4.40	"E"	40	519	519					519	455	24		478
International Personal Pension Plan														
- Overseas Life Assurance Business	4.40	"E"	669	9865	9865					9865	9862	59		9921
- UK Life Assurance Business	3.50	"E"	8	116	116					116	115	1		116
Guernsey Group Pensions - 1st Series														
- 1st Series	4.40	"E"	3	121	121					121	121	34		154
International Group Pensions														
- 1st Series	4.40	"E"	4	823	823					823	750	145		895
International Group Pensions														
- 2nd Series	4.40	"E"	4	4353	4353					4353	3719	686		4404
US\$ Based Policies:														
Personal Pension Plan														
- Overseas Life Assurance Business	4.40	"E"	77	776	776					776	775	6		781
Group Pensions - 1st Series														

Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
Fund Management Expense Reserve												74		74
IRELAND														
Personal Pensions 3.5%	4.40	"E"	470	6860	6860					6860	6461	407		6868
Personal Pensions 0%	4.40	"E"	893	5285	5285					5285	3761	1172		4933
Individual Pensions 3.5%	4.40	"E"	164	3120	3120					3120	2981	198		3179
Individual Pensions 0%	4.40	"E"	536	3524	3524					3524	2464	958		3422
Personal Retirement Bond 3.5%	4.40	"E"	254	3077	3077					3077	2779	397		3177
Personal Retirement Bond 0%	4.40	"E"	394	3747	3747					3747	2185	758		2944
Group Pensions														
- AVC/Money Purchase 3.5%	4.40	"E"	65	3856	3856					3856	3558	1167		4725
- AVC/Money Purchase 0%	4.40	"E"	74	4649	4649					4649	2901	3742		6643
Fund Management Expense Reserve												464		464
Sub Total: With Profit Policies			3762	52004	52004					52004	44100	10359		54458
Total: Direct Written Business			3762	52004	52004					52004	44100	10359		54458
Net Total: Pension Business			3762	52004	52004					52004	44100	10359		54458
NET TOTAL: OVERSEAS BUSINESS			8396	144023	144023		2394			120809	111994	10871		122864

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
Direct Written Business														
Non-Profit Policies														
Whole life assurance														
Regular premium assurance														
- 1st series			37	56	1037				OEIC	1150	1150			1150
- 2nd series			295	1214	6357		9		OEIC	6914	6914			6914
- 2nd series			52	209	1085		1		Internal Fund	1085	1085			1085
- 3rd series			203	1048	3800		37		Internal Fund	3800	3800			3800
- Expense Reserve												14		14
Single premium bond														
- 1st series			180	423	3637				OEIC	4041	4041			4041
- 1st series			10	101	484				Internal Fund	459	459			459
- 2nd series			1660	18290	44795				Internal Fund	44564	44564			44564
- Expense Reserve												254		254
Personal Investment Plan			3032		26653				Internal Fund	26653	26653			26653
- Expense Reserve												1354		1354
Deposit Plan			25	187	240				Internal Fund	240	240	3		243
Regular Savings Plan			179		1530		111		Internal Fund	1530	1530	34		1564
Flexible Protection Plan			4570	171453	187623		10478		Internal Fund	95501	95501	132		95633
Critical Illness Plan			513		416		174		Internal Fund	416	416	80		496
Major Medical Cash Plan			11		5		3		Internal Fund	5	5	2		8

Long term insurance business : Valuation summary of property linked contractsName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year			Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
Reassurance Ceded														
Non-Profit Policies														
Whole life assurance														
Regular premium assurance														
- 1st series				56	1037				OEIC	1150	1150			1150
- 2nd series				1214	6357		9		OEIC	6914	6914			6914
- 2nd series				209	1085		1		Internal Fund	1085	1085			1085
- 3rd series				1048	3800		37		Internal Fund	3800	3800			3800
- Expense Reserve												14		14
Single premium bond														
- 1st series				423	3637				OEIC	4041	4041			4041
- 1st series				101	484				Internal Fund	459	459			459
- 2nd series				18290	44795				Internal Fund	44564	44564			44564
- Expense Reserve												254		254
Personal Investment Plan					26653				Internal Fund	26653	26653			26653
- Expense Reserve												1354		1354
Deposit Plan				187	240				Internal Fund	240	240	3		243
Regular Savings Plan					1530		111		Internal Fund	1530	1530	34		1564
Flexible Protection Plan				171453	187623		10478		Internal Fund	95501	95501	132		95633
Critical Illness Plan					416		174		Internal Fund	416	416	80		496
Major Medical Cash Plan					5		3		Internal Fund	5	5	2		8

Long term insurance business : Valuation summary of property linked contractsName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
				2093	3091		143		Internal Fund	2603	2603	149		2752
Miscellaneous assurance						78	0		Building Society Dep	78	78			78
Annuity in payment		"J"			113 pa				OEIC	487	487	2		490
- 1st series		"J"			63 pa				Internal Fund	734	734	7		741
- 2nd series					639				Internal Fund	639	639			639
School Fee Trust Plan												2		2
- Expense Reserve							3		Internal Fund	3	3			3
Group pension							9		Internal Fund	9	9			9
US\$ based policies														
Services Investment Plan														
Sub Total: Non-Profit Policies				195074	281405	78	10956			190912	190912	2035		192947
Total: Reassurance Ceded				195074	281405	78	10956			190912	190912	2035		192947
Net Total: Life Assurance & General Annuity Business			11378											

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability			Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Direct Written Business															
Non-Profit Policies															
Retirement policies															
- 1st series			482		10711				OEIC	10711	10711			10711	
- 1st series			139		5189				Internal Fund	5189	5189			5189	
- 2nd series			1237		22725				Internal Fund	22725	22725			22725	
- 3rd series			7274		167048				Internal Fund	167048	167048			167048	
Retirement bond															
- 1st series			95		1523				OEIC	1523	1523			1523	
- 1st series			10		76				Internal Fund	76	76			76	
- 2nd series			570		7183				Internal Fund	7183	7183			7183	
Retirement policies and bonds															
- Expense reserve												1300		1300	
Individual Pension Plan regular premium															
- 1st series			33		693				OEIC	693	693			693	
- 1st series			4		135				Internal Fund	135	135			135	
- 2nd series			103		1710				Internal Fund	1710	1710			1710	
- 3rd series			9177		142922				Internal Fund	142555	142555		367	142922	
Individual Pension Plan single premium															
- 1st series									OEIC						
- 2nd series			44		537				Internal Fund	537	537			537	

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Individual Pension Plan - Expense reserve												2297		2297
Group pension - Expense reserve			2471		482998				Internal Fund	482998	482998	11795		482998
Personal pension Trustee Investment Policy			5		237				Internal Fund	237	237			237
Trustee Investment Plan - 1st series			87		92594				Internal Fund	92594	92594			92594
Money Purchase Transfer Plan - Expense reserve			2710		6489				Internal Fund	6489	6489	278		6489
Personal Pension - Expense reserve			179126		1007018				Internal Fund	1007018	1007018	15109		1007018
Personal Pension 2000			5993		19713				Internal Fund	19713	19713			19713
Managed Pension - Expense reserve			1310		58932				Internal Fund	58932	58932	61		58932
Personal Pension Trustee Income Drawdown			1		17				Internal Fund	17	17			17
Income Drawdown Plan			3		257				Internal Fund	257	257			257
Income Transfer Plan			4		237				Internal Fund	237	237			237
Annuity in payment - 1st series - Individual		"L"	12		36 pa				OEIC	343	343	5		348
- 2nd series - Group		"L"			68 pa				Internal Fund	1122	1122	24		1146
- 2nd series - Individual		"L"	1048		2696 pa				Internal Fund	32549	32549	214		32763

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**

Type of business **Pension Business**

Category of surplus **Ordinary long term**

Company registration number **R53** GL/UK/CM **GL** Period ended day month year **31 12 2004** Units **£000** UK/OS **UK** Type of business **Pens** Category of surplus **11**

Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link 10	Unit liability		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/ current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Sub Total: Non-Profit Policies			211938		2028943 2800 pa					2062591	2062591	31081	367	2094039
Total: Direct Written Business			211938		2028943 2800 pa					2062591	2062591	31081	367	2094039

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus
		day	month	year				

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
Reassurance Ceded														
Non-Profit Policies														
Retirement policies														
- 1st series					10711				OEIC	10711	10711			10711
- 1st series					5189				Internal Fund	5189	5189			5189
- 2nd series					22725				Internal Fund	22725	22725			22725
- 3rd series					167048				Internal Fund	167048	167048			167048
Retirement bond														
- 1st series					1523				OEIC	1523	1523			1523
- 1st series					76				Internal Fund	76	76			76
- 2nd series					7183				Internal Fund	7183	7183			7183
Retirement policies and bonds														
- Expense Reserve												1300		1300
Individual Pension Plan regular premium														
- 1st series					693				OEIC	693	693			693
- 1st series					135				Internal Fund	135	135			135
- 2nd series					1710				Internal Fund	1710	1710			1710
- 3rd series					142922				Internal Fund	142555	142555		367	142922
Individual Pension Plan single premium														
- 1st series									OEIC					
- 2nd series					537				Internal Fund	537	537			537

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability			Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Individual Pension Plan - Expense Reserve												2297		2297	
Group pension - Expense Reserve					482998				Internal Fund	482998	482998	11795		482998	
Personal Pension Trustee Investment Policy					237				Internal Fund	237	237			237	
Trustee Investment Plan - 1st series					92594				Internal Fund	92594	92594			92594	
Money Purchase Transfer Plan - Expense Reserve					6489				Internal Fund	6489	6489	278		6489	
Personal Pension - Expense Reserve					1007018				Internal Fund	1007018	1007018	15109		1007018	
Personal Pension 2000					19713				Internal Fund	19713	19713			19713	
Managed Pension - Expense Reserve					58932				Internal Fund	58932	58932	61		58932	
Personal Pension Trustee Income Drawdown					17				Internal Fund	17	17			17	
Income Drawdown Plan					257				Internal Fund	257	257			257	
Income Transfer Plan					237				Internal Fund	237	237			237	
Annuity in payment - 1st series - Individual		"L"			36 pa				OEIC	343	343	5		348	
- 2nd series - Group		"L"			68 pa				Internal Fund	1122	1122	24		1146	
- 2nd series - Individual		"L"			2696 pa				Internal Fund	32549	32549	214		32763	

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**

Type of business **Pension Business**

Category of surplus **Ordinary long term**

Company registration number **R53** GL/UK/CM **GL** Period ended day month year **31 12 2004** Units **£000** UK/OS **UK** Type of business **Pens** Category of surplus **11**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub Total: Non-Profit Policies					2028943 2800 pa					2062591	2062591	31081	367	2094039
Total: Reassurance Ceded					2028943 2800 pa					2062591	2062591	31081	367	2094039
Net Total: Pension Business			211938											
NET TOTAL: UNITED KINGDOM BUSINESS			223316											

Long term insurance business : Valuation summary of property linked contractsName of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
Direct Written Business														
Non-Profit Policies														
GERMANY														
Germany Investment Plan			19	139	116				Internal fund	116	116	9		125
German Flexible Savings Plan			109	2310	2710		124		Internal fund	887	887	9		896
Deferred annuity			239		2407		277		Internal fund	2404	2404	36		2440
Group Savings Plan			1	90	90				Internal fund	90	90			90
GUERNSEY														
UK£ Based Policies:														
International Investment Plan														
- Overseas Life Assurance Business			1005		16193				Internal fund	16193	16193	52		16246
- UK Life Assurance Business			9		108				Internal fund	108	108	0		108
Flexible Protection Plan														
- Overseas Life Assurance Business			23	2114	2115		30		Internal fund	208	208	1		209
US\$ Based Policies:														
International Investment Plan														
- Overseas Life Assurance Business			243		3112				Internal fund	3112	3112	17		3130
Flexible Protection Plan														
- Overseas Life Assurance Business			4	1589	1589		7		Internal fund	69	69			69

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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															R53	37038	GL	31	12	2004	£000	OS	L&GA	11		
Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link 10	Unit liability		Other liabilities		Amount of mathematical reserves 15												
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/ current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14													
IRELAND																										
Regular Savings Plans			16		48		7		Internal fund	48	48	4		52												
Flexible Protection Plans			2	90	90		0		Internal fund	1	1	2		2												
Bonds			36	723	1029				Internal fund	996	996	7		1002												
Flexible Income Plans			5		357				Internal fund	357	357	0		357												
Sub Total: Non-Profit Policies			1711	7054	29963		445			24588	24588	138		24727												
Total: Direct Written Business			1711	7054	29963		445			24588	24588	138		24727												

Long term insurance business : Valuation summary of property linked contractsName of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
Reassurance Ceded														
Non-Profit Policies														
GERMANY														
German Investment Plan				139	116				Internal fund	116	116	9		125
German Flexible Savings Plan				2310	2710		124		Internal fund	887	887	9		896
Deferred annuity					2407		277		Internal fund	2404	2404	36		2440
Group Savings Plan				90	90				Internal fund	90	90			90
GUERNSEY														
UK£ Based Policies:														
International Investment Plan														
- Overseas Life Assurance Business						16193			Internal fund	16193	16193	52		16246
- UK Life Assurance Business						108			Internal fund	108	108	0		108
Flexible Protection Plan														
- Overseas Life Assurance Business				2114	2115		30		Internal fund	208	208	1		209
US\$ Based Policies:														
International Investment Plan														
- Overseas Life Assurance Business						3112			Internal fund	3112	3112	17		3130
Flexible Protection Plan														
- Overseas Life Assurance Business				1589	1589		7		Internal fund	69	69			69

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
IRELAND														
Regular Savings Plans					48		7		Internal fund	48	48	4		52
Flexible Protection Plans				90	90		0		Internal fund	1	1	2		2
Bonds				723	1029				Internal fund	996	996	7		1002
Flexible Income Plans					357				Internal fund	357	357	0		357
Sub Total: Non-Profit Policies				7054	29963		445			24588	24588	138		24727
Total: Reassurance Ceded				7054	29963		445			24588	24588	138		24727
Net Total: Life Assurance & General Annuity Business			1711											

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year	Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves		
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		31	12	2004	£000		OS	Pens
Direct Written Business																
Non-Profit Policies																
GUERNSEY																
UK£ Based Policies:																
Guernsey Personal Pension			100		1275				Internal fund	1275	1275	23		1298		
International Personal Pension									Internal fund	7386	7386	26		7412		
- Overseas Life Assurance Business			525		7386				Internal fund	21	21	0		21		
- UK Life Assurance Business			4		21				Internal fund	377	377	4		381		
Jersey Personal Pension			29		377				Internal fund	27	27	4		30		
Guernsey Group Pension			2		27				Internal fund	7263	7263	5		7268		
International Group Pension			7		7263				Internal fund							
US\$ Based Policies:																
International Personal Pension									Internal fund	1098	1098	4		1103		
- Overseas Life Assurance Business			76		1098				Internal fund	40	40	0		41		
- UK Life Assurance Business			1		40											
IRELAND																
Personal Pensions			734		6106				Internal fund	6106	6106	169		6275		
Individual Pensions			376		2939				Internal fund	2939	2939	278		3217		
Personal Retirement Bonds			49		772				Internal fund	772	772	9		781		
Group Pensions			68		2371				Internal fund	2371	2371	18		2389		

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**

Type of business **Pension Business**

Category of surplus **Ordinary long term**

Company registration number **R53** GL/UK/CM **GL** Period ended day month year **31 12 2004** Units **£000** UK/OS **OS** Type of business **Pens** Category of surplus **11**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub Total: Non-Profit Policies			1971		29675					29675	29675	540		30216
Total: Direct Written Business			1971		29675					29675	29675	540		30216

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Company registration number	GL/UK/CM	Period ended day month year			Units	UK/OS	Type of business	Category of surplus
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
Reassurance Ceded														
Non-Profit Policies														
GUERNSEY														
UK£ Based Policies:														
Guernsey Personal Pension					1275				Internal fund	1275	1275	23		1298
International Personal Pension									Internal fund	7386	7386	26		7412
- Overseas Life Assurance Business					7386				Internal fund	21	21	0		21
- UK Life Assurance Business					21				Internal fund	377	377	4		381
Jersey Personal Pension					377				Internal fund	27	27	4		30
Guernsey Group Pension									Internal fund	7263	7263	5		7268
International Group Pension					7263				Internal fund					
US\$ Based Policies:														
International Personal Pension									Internal fund	1098	1098	4		1103
- Overseas Life Assurance Business					1098				Internal fund	40	40	0		41
- UK Life Assurance Business					40									
IRELAND														
Personal Pensions					6106				Internal fund	6106	6106	169		6275
Individual Pensions					2939				Internal fund	2939	2939	278		3217
Personal Retirement Bonds					772				Internal fund	772	772	9		781
Group Pensions					2371				Internal fund	2371	2371	18		2389

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

Overseas business

Financial year ended **31 December 2004**

Type of business **Pension Business**

Category of surplus **Ordinary long term**

Company registration number GL/UK/CM Period ended day month year Units UK/OS Type of business Category of surplus

R53	37038	GL	31	12	2004	£000	OS	Pens	11
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Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link 10	Unit liability		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/ current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Sub Total: Non-Profit Policies					29675					29675	29675	540		30216
Total: Reassurance Ceded					29675					29675	29675	540		30216
Net Total: Pension Business			1971											
NET TOTAL: OVERSEAS BUSINESS			3682											

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability			Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Direct Written Business															
Non-Profit Policies															
Annuity in payment															
- Index linked pre 1992	1.70	"J"	73		282 pa				Retail Prices Index	2353	2353	19		2371	
- Index linked post 1991	1.45	"J"	215		935 pa				Retail Prices Index	14751	14751	91		14843	
Fund management charge												108		108	
Single premium bond - 2nd series			15	19	48				45.8% FTSE 100	47	47			47	
				20	50				45.2% FTSE 100	50	50			50	
				5	13				46.6% FTSE 100	13	13			13	
Personal Investment Plan			65						45.8% FTSE 100	13	13			13	
									45.2% FTSE 100	31	31			31	
									46.6% FTSE 100	16	16			16	
									52.3% FTSE 100	8	8			8	
Miscellaneous assurance			4						45.8% FTSE 100						
									45.2% FTSE 100						
									46.6% FTSE 100						
									52.3% FTSE 100						
Regular Savings Plan			1						45.8% FTSE 100						

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**

Type of business **Life Assurance & General Annuity Business**

Category of surplus **Ordinary long term**

Company registration number **R54** GL/UK/CM **GL** Period ended day month year **31 12 2004** Units **£000** UK/OS **UK** Type of business **L&GA** Category of surplus **11**

Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link 10	Investment liability		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/ current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Sub Total: Non-Profit Policies			373	46	0 0 180 1217 pa		0 0 0		45.2% FTSE 100 46.6% FTSE 100	0 0 17283	0 0 17283	218		0 0 17501
Total: Direct Written Business			373	46	180 1217 pa		0			17283	17283	218		17501

Long term insurance business : Valuation summary of index linked contractsName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Reassurance Ceded														
Non-Profit Policies														
Single premium bond - 2nd series				19	48				45.8% FTSE 100	47	47			47
				20	50				45.2% FTSE 100	50	50			50
				5	13				46.6% FTSE 100	13	13			13
Personal Investment Plan									45.8% FTSE 100	13	13			13
									45.2% FTSE 100	31	31			31
									46.6% FTSE 100	16	16			16
									52.3% FTSE 100	8	8			8
Miscellaneous assurance				0	0		0		45.8% FTSE 100	0	0			0
				0	0		0		45.2% FTSE 100	0	0			0
				0	0		0		46.6% FTSE 100	0	0			0
				0	0		0		52.3% FTSE 100	0	0			0
Regular Savings Plan									45.8% FTSE 100					
									45.2% FTSE 100					
									46.6% FTSE 100					
									52.3% FTSE 100					

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**

Type of business **Life Assurance & General Annuity Business**

Category of surplus **Ordinary long term**

Company registration number **R54** GL/UK/CM **37038** **GL** Period ended **31 12 2004** Units **£000** UK/OS **UK** Type of business **L&GA** Category of surplus **11**

Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link 10	Investment liability		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/ current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Sub Total: Non-Profit Policies				46	181		0			180	180			180
Total: Reassurance Ceded				46	181		0			180	180			180
Net Total: Life Assurance & General Annuity Business			373		(0) 1217 pa		(0)			17104	17104	218		17322

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Company registration number		GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus				
							R54	37038		day month year							£000	UK	Pens	11
							31	12		2004										
1	Rate of interest	Mortality or morbidity table	4	Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	8	9	10	11	12	13	14	15						
Direct Written Business																				
Non-Profit Policies																				
Annuity in payment					9279 pa															
Index linked - group	1.70	"L"							Retail Prices Index	173924	173924	3423			177347					
Index linked - individual	1.70	"L"	7231		30095 pa				Retail Prices Index	502323	502323	2109			504432					
Index linked - individual reassured	1.70	"L"	22		59 pa				Retail Prices Index	1297	1297	7			1304					
Index linked temporary - group	1.70				670 pa				Retail Prices Index	2971	2971	7			2978					
Index linked temporary - individual	1.70		10		43 pa				Retail Prices Index	96	96	1			96					
Fund management charge													4284		4284					
Unit linked - group		"L"			2 pa				65.3% FTSE 100	2	2	45			47					
Unit linked - individual		"L"	15		1 pa				57.2% FTSE 100	2	2	27			29					
		"L"			3 pa				56.4% FTSE 100	3	3	47			50					
		"L"							58.3% FTSE 100	0	0	5			5					
		"L"			37 pa				65.3% FTSE 100	38	38	788			826					
Retirement policies - 2nd series			1						57.2% FTSE 100											
					3				56.4% FTSE 100											
									58.3% FTSE 100	3	3				3					
									65.3% FTSE 100											
Retirement policies - 3rd series			8		5				57.2% FTSE 100	5	5				5					

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Company registration number		GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus					
							R54	37038		GL	day month year						£000	UK	Pens	11	
											31	12									2004
1	2	3	4	5	6	7	8	9	10	Investment liability		Other liabilities		15							
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums	Name of index link	Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	Amount of mathematical reserves							
Individual Pension Plan Regular premium 3rd series			70		214				56.4% FTSE 100	214	214			214							
						6			58.3% FTSE 100	6	6			6							
						548			65.3% FTSE 100	548	548				548						
						57			57.2% FTSE 100	57	57				57						
Group pension			241		84				56.4% FTSE 100	84	84			84							
						47			58.3% FTSE 100	47	47			47							
						66			65.3% FTSE 100	66	66				66						
						275			57.2% FTSE 100	275	275				275						
Trustee Investment Plan - 1st series			1		427				56.4% FTSE 100	427	427			427							
						309			58.3% FTSE 100	309	309			309							
						259			65.3% FTSE 100	259	259				259						
						80			57.2% FTSE 100	80	80				80						
Personal Pensions			1875		4				56.4% FTSE 100	4	4			4							
						3			58.3% FTSE 100	3	3			3							
						9			65.3% FTSE 100	9	9				9						
						447			57.2% FTSE 100	447	447				447						
				600			56.4% FTSE 100	600	600				600								

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Company registration number		GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus
							R54	37038	GL	31	12	2004	£000	UK	Pens	11
							1	2	3	4	5	6	7	8	9	10
Rate of interest		Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums	Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves		
Personal Pensions 2000			60		439				58.3% FTSE 100	439	439				439	
					570				65.3% FTSE 100	570	570					570
					8					57.2% FTSE 100	8	8				8
					12					56.4% FTSE 100	12	12				12
					7					58.3% FTSE 100	7	7				7
Managed Pension			6		11				65.3% FTSE 100	11	11				11	
					46				56.4% FTSE 100	46	46				46	
					21				65.3% FTSE 100	21	21				21	
Money Purchase Transfer Plans			9		0				57.2% FTSE 100	0	0				0	
					0				56.4% FTSE 100	0	0				0	
					0				58.3% FTSE 100	0	0				0	
					2				65.3% FTSE 100	2	2				2	
Sub Total: Non-Profit Policies			9549	4559						685214	685214		10743		695957	
Total: Direct Written Business			9549	4559						685214	685214		10743		695957	

Long term insurance business : Valuation summary of index linked contractsName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability			Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Reassurance Ceded Non-Profit Policies															
Annuity in payment															
Index linked - individual	1.70	"L"			59 pa				Retail Prices Index	1297	1297	7		1304	
Unit linked - group		"L"			2 pa				65.3% FTSE 100	2	2	45		47	
Unit linked - individual		"L"			1 pa				57.2% FTSE 100	2	2	27		29	
		"L"			3 pa				56.4% FTSE 100	3	3	47		50	
		"L"							58.3% FTSE 100	0	0	5		5	
		"L"			37 pa				65.3% FTSE 100	38	38	788		826	
Retirement polices - 2nd series					0				57.2% FTSE 100	0	0			0	
					0				56.4% FTSE 100	0	0			0	
					3				58.3% FTSE 100	3	3			3	
					0				65.3% FTSE 100	0	0			0	
Retirement polices - 3rd series					5				57.2% FTSE 100	5	5			5	
					214				56.4% FTSE 100	214	214			214	
					6				58.3% FTSE 100	6	6			6	
					548				65.3% FTSE 100	548	548			548	

Long term insurance business : Valuation summary of index linked contractsName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability			Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Individual Pension Plan Regular premium 3rd series					57				57.2% FTSE 100	57	57			57	
					84				56.4% FTSE 100	84	84			84	
					47				58.3% FTSE 100	47	47			47	
					66				65.3% FTSE 100	66	66			66	
Group pension					275				57.2% FTSE 100	275	275			275	
					427				56.4% FTSE 100	427	427			427	
					309				58.3% FTSE 100	309	309			309	
					259				65.3% FTSE 100	259	259			259	
Trustee Investment Plan - 1st series					80				57.2% FTSE 100	80	80			80	
					4				56.4% FTSE 100	4	4			4	
					3				58.3% FTSE 100	3	3			3	
					9				65.3% FTSE 100	9	9			9	
Personal Pensions					447				57.2% FTSE 100	447	447			447	
					600				56.4% FTSE 100	600	600			600	
					439				58.3% FTSE 100	439	439			439	
					570				65.3% FTSE 100	570	570			570	

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Type of business **Pension Business**Category of surplus **Ordinary long term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability			Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/ current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Personal Pensions 2000					8				57.2% FTSE 100	8	8			8	
					12				56.4% FTSE 100	12	12			12	
					7				58.3% FTSE 100	7	7			7	
					11				65.3% FTSE 100	11	11			11	
Managed Pension					46				56.4% FTSE 100	46	46			46	
					21				65.3% FTSE 100	21	21			21	
Money Purchase Transfer Plans					0				57.2% FTSE 100	0	0			0	
					0				56.4% FTSE 100	0	0			0	
					0				58.3% FTSE 100	0	0			0	
					2				65.3% FTSE 100	2	2			2	
Sub Total: Non-Profit Policies					4559					5900	5900	919		6819	
					102 pa										
Total: Reassurance Ceded					4559					5900	5900	919		6819	
					102 pa										
Net Total: Pension Business			9549		40087 pa					679313	679313	9824		689137	
NET TOTAL: UNITED KINGDOM BUSINESS			9922		41304 pa					696417	696417	10042		706459	

Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefitsName of insurer **The Equitable Life Assurance Society**

Global business

United Kingdom business

Financial year ended **31 December 2004**Category of surplus **Ordinary long term**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus
	R56	37038	GL	31	12	2004	£000	UK
Type of assets and liabilities						Name of index link 1	Value of assets or liabilities 2	Gross derivative value 3
Index linked securities						Retail Price Index	696417	
Deposits and other short term assets								
sub total assets							696417	
sub total liabilities								
sub total net assets							696417	
Total assets							696417	
Total liabilities								
Net total assets							696417	

Long term insurance business : Analysis of valuation interest rate

Name of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Category of surplus **Ordinary long term**

Product group 1	Company registration number	GL/UK/CM	Period ended			Units	Category of surplus
	R57	37038	GL	31	12	2004	£000
		Net mathematical reserves	Net valuation interest rate			Gross valuation interest rate	Risk adjusted yield on matching assets
		2	3			4	5
UK L&G Business							
Form 51 With Profit Policies - deferred annuities and annuities		46191	4.40			4.40	4.81
Form 51 With Profit Policies - other		161584	3.50			4.40	4.81
Form 51 Non-Profit annuities in payment post 1991		35392	4.10			4.60	4.73
Form 51 Non Profit annuities in payment pre 1992		22780	4.60			4.60	4.73
Form 52 With Profit Policies (net)		404435	4.40			4.40	4.81
Form 52 With Profit Policies (gross)		5568	3.50			4.40	4.81
Form 54 Annuity in payment - Index Linked post 1991		14843	1.45			1.70	1.86
Form 54 Annuity in payment - Index Linked pre 1992		2371	1.70			1.70	1.86
Miscellaneous		1335	-			-	-
UK Pens Business							
Form 51 With Profit Policies		1688247	4.40			4.40	4.81
Form 51 Non Profit annuity in payment		4145149	4.60			4.60	4.73
Form 52 With Profit Policies		6720362	4.40			4.40	4.81
Form 52 With Profit -managed pensions etc		320317					4.07
Form 54 Annuity in payment - Index linked		689138	1.70			1.70	1.86
OS L&GA Business							
Total							

Long term insurance business : Analysis of valuation interest rate

Name of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Category of surplus **Ordinary long term**

	Company registration number	GL/UK/CM	Period ended			Units	Category of surplus
	R57	37038	GL	31	12	2004	£000
Product group		Net mathematical reserves	Net valuation interest rate			Gross valuation interest rate	Risk adjusted yield on matching assets
1		2	3			4	5
Form 51 With Profit Policies - annuities in payment		22156	4.40			4.40	4.81
Form 51 With Profit Policies - other		915	3.50			4.40	4.81
Form 51 Non Profit annuities in payment		11134	4.60			4.60	4.73
Form 52 With Profit Policies (net)		25569	3.50			4.40	4.81
Form 52 With Profit Policies (gross)		23446	4.40			4.40	4.81
Form 52 With Profit - managed pensions etc		19391					4.81
OS Pens Business							
Form 51 With Profit Policies		16695	4.40			4.40	4.81
Form 51 Non Profit annuity in payment		96983	4.60			4.60	4.73
Form 52 With Profits Policies (gross)		54342	4.40			4.40	4.81
Form 52 With Profits Policies (net)		116	3.50			4.40	4.81
Total							

Long term insurance business : Valuation result and distribution of surplusName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Category of surplus **Ordinary long term**

	Company registration number	GL/UK/CM	Period ended			Units	Category of surplus	
			day	month	year			
	R58	37038	GL	31	12	2004	£000	11
Valuation result	Fund carried forward						11	14528527
	Bonus payments made to policyholders in anticipation of a surplus						12	57248
	Transfers out of fund/ parts of fund	Transfer to non-technical account					13	
		Transfer to other funds/parts of funds					14	
	Net transfer out of funds/parts of funds (13+14)						15	
	Total (11+12+15)						16	14585775
	Mathematical reserves for accumulating with profit policies						17	7573547
	Mathematical reserves for other non linked contracts						18	6248453
	Mathematical reserves for property linked contracts						19	
	Mathematical reserves for index linked contracts						20	706459
	Total (17 to 20)						21	14528459
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)						29	57316	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation						31	
	Transfers into fund/part of fund	Transfer from non-technical account					32	
		Transfer from other funds/parts of fund					33	
	Net transfer into fund/part of fund (32+33)						34	
	Surplus arising since the last valuation						35	57317
Total (31+34+35)						39	57317	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus						41	57248
	Allocated to policyholders by way of	Cash bonuses					42	
		Reversionary bonuses					43	68
		Other bonuses					44	
		Premium reductions					45	
	Total allocated to policyholders (41 to 45)						46	57316
	Net transfer out of fund/part of fund						47	
	Total distributed surplus (46+47)						48	57316
Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated						49		
Total (48+49)						59	57316	
Percentage of distributed surplus allocated to policyholders of fund/part of fund						61	100.00	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 2003)				62	100.00	
	Earlier	(year of valuation 2002)				63	100.00	
	Earliest	(year of valuation 2001)				64	100.00	

Long term insurance capital requirementName of insurer **The Equitable Life Assurance Society**

Global business

Financial year ended **31 December 2004**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

	R60	37038	GL	Period ended			Units
				31	12	2004	£000
	LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year		LTICR Previous year
	1	2	3	4	5		6

Insurance death risk capital component

Classes I, II and IX	11	0.1%			0.50		
Classes I, II and IX	12	0.15%					
Classes I, II and IX	13	0.3%	11476956	737387			17215
Classes III, VII and VIII	14	0.3%	97763		0.50	147	
Total	15		11574719	737387		17362	

Insurance health risk capital component

Class IV and supplementary classes 1 and 2	21					52	
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Insurance expense risk capital component

Classes I, II and IX	31	1%	14161540	13822068	0.98	138221	
Classes III, VII and VIII (investment risk)	32	1%	743745	706459	0.95	7065	
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%	25032		0.85	213	
Classes III, VII and VIII (other)	34	25%					
Class IV	35	1%	90		0.85	1	
Class V	36	1%					
Class VI	37	1%					
Total	38					145499	

Insurance market risk capital component

Classes I, II and IX	41	3%	14161540	13822068	0.98	414662	
Classes III, VII and VIII (investment risk)	42	3%	743745	706459	0.95	21194	
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%	25032				
Classes III, VII and VIII (other)	44	0%	2286609				
Class IV	45	3%	90		0.85	2	
Class V	46	0%					
Class VI	47	3%					
Total	48		17217016	14528527		435858	

Long term insurance capital requirement	51					598771	625782
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RETURNS UNDER INSURANCE COMPANIES LEGISLATION

THE EQUITABLE LIFE ASSURANCE SOCIETY

FINANCIAL YEAR END 31 DECEMBER 2004

SUPPLEMENTARY NOTES TO THE RETURN

0301 Net Admissible Assets and Capital Resources

Valuation differences between assets in Form 3 and assets in Forms 13 and 14 are illustrated below:

Description	Reference	£000
Net Admissible Assets	Form 13 Line 89	15,637,111
Mathematical Reserves	Form 14 Line 11	(14,528,527)
Other Insurance Liabilities	Form 14 Line 49	(572,522)
Subordinated Debt	Explained below ¹	167,083
Group Resources	Explained below ²	2,087
Subsidiary Valuation	Explained below ³	(27)
Total Capital Resources	Form 3 Line 79	705,205

¹ The Secretary of State for Trade and Industry, in exercise of her powers under section 68 of the Insurance Companies Act 1982, and on the application of the Society, made an Order on 19 August 1997 enabling the Society to disregard, for the purposes of rule 7.2.16R of the Integrated Prudential Sourcebook for Insurers (PRU), amounts owing to Equitable Life Finance PLC under a loan agreement dated 4 August 1997 up to an amount not exceeding 50% of the Company's required margin of solvency. The implication of this order is that the subordinated amount due to Equitable Life Finance PLC, £167m, can be treated by the Society as Tier Two capital in line 46 of Form 3. As the liability is recorded within line 38 of Form 14 this balance is required as a reconciling item above.

² Firms with "participating insurance undertakings" are required to calculate capital resources, disclosed on Form 3, in line with an adjusted solo-solvency calculation as defined by the Integrated Prudential Sourcebook for Insurers (PRU). The net impact of complying with this rule is that the Society's capital resources include the capital requirement of the University Life Assurance Society. This increase in resources is not matched by a similar increase in assets on Form 13 and hence is included as a reconciling item above.

³ Shares in UK insurance business dependants as disclosed in line 21 of Form 13 have been valued in accordance with rules defined by PRU. These rules require no deduction for the dependants inadmissible assets which are incorporated within line 73 of Form 3. As a result inadmissible assets are required as a reconciling item above.

1100

Form 11 has been omitted because the value of general insurance business falls below the 1% de-minimis given by PRU and is consequently not required for submission.

1200

Form 12 has been omitted because the value of general insurance business falls below the 1% de-minimis given by PRU and is consequently not required for submission.

1308 Aggregate Values

The aggregate value of unlisted investments falling within lines 41, 42, 46 or 48 which have been valued in accordance with PRU rule 1.3 is £928.9m (2003: £417.0m). The large increase during the year is explained in supplementary note 1318.

The aggregate value of listed investments falling within lines 41, 42, 46 or 48 which have been valued in accordance with PRU rule 1.3 and which are not readily realisable is £5.0m (2003: £7.4m).

The aggregate value of reversionary interests held by the Society is £32,528 (2003: £32,528).

1309 Aggregate Value of Hybrid Securities

The aggregate value of those investments falling within lines 46 or 48 which are hybrid securities, is £461.7m (2003: £397.6m).

1310 Amounts Receivable and Payable

Amounts due to and from any one person have been offset where appropriate in accordance with generally accepted accounting principles.

1311 Investment Guidelines, Maximum Counterparty Exposure

The maximum amount that the investment manager is permitted to expose the funds of the Society to any one Counterparty is controlled by the following limits:

The maximum permitted exposure was 4.5% of the Long Term Business Amount. In addition there is a limit of a further £500m for Approved Counterparties in the case of outstanding settlements positions. For Unapproved Counterparties outstanding settlement positions limits are reduced according to Investment Committee Guidelines based upon credit assessments for each Counterparty.

1312 Large Counterparty Exposures

There were no exposures to counterparties at the end of the financial year exceeding 5% of the Society's Long Term Business Amount.

1317 Other Assets

Following an invitation by the Society to the holders of its subsidiaries listed subordinated guaranteed bonds an amount of £175.5m, plus interest of £5.6m was paid in advance to the Society's tender agent for settlement. Settlement was made on 4 January 2005.

1318 Movement in Property Balance During The Year

During 2004, a number of the Society's property limited partnerships, with a value of £420m, have converted to Property Unit Trusts. In addition, £63m of property limited partnerships have been reclassified to reflect the nature of the investments. There has, as a result, been a switch in asset value of £483m from "Land and Buildings" to "Holdings in collective investment schemes".

1401 Provision for Adverse Changes

Investment guidelines for the use of conventional derivatives operated throughout the year, and did not permit the writing of uncovered call options. Consequently no provision for adverse changes is considered necessary.

1402 Charges, Contingent Liabilities, Guarantees, Indemnities and Contractual Commitments

On 6 August 1997, Equitable Life Finance plc ("ELF"), a wholly-owned subsidiary of the Society, issued £350m 8.0% undated subordinated guaranteed bonds ("the Bonds"), which are guaranteed by the Society. The proceeds, after deduction of costs associated with the issue, were loaned to the Society on similar terms as to interest, repayment and subordination as to those applicable to the Bonds. All (but not some only) of the Bonds are repayable at the option of ELF on 6 August 2007 and each fifth anniversary thereafter, so long as the Bonds are outstanding.

The payment of principal and interest in respect of the Bonds has been irrevocably and unconditionally guaranteed by the Society. The obligations of the Society under the guarantee constitute direct and unsecured obligations of the Society. In the event of a winding up of the Society, the claims of the bondholders under the guarantee will be subordinated in right of payment to the claims of all creditors of the Society.

In accordance with the Trust Deed, where the payment of any amount in relation to the Bonds is due and the Society cannot meet the Required Minimum Margin (RMM) of assets over liabilities required under the Trust Deed, by reference to the Insurance Companies Act 1982, on the due date (or would not be able to meet RMM immediately after such payment), then the payment (or an appropriate part thereof) will be deferred unless the FSA's consent is obtained. The measure of RMM is in accordance with previous FSA regulatory rules and continues to be applicable to the Group's ability to make payments under the Trust Deed.

Following an invitation by the Society to holders of the Bonds, an amount of £175.5m was paid on 4 January 2005 as settlement of accepted, tendered Bonds, representing a principal value of £179.1m at a price of £980 per £1,000 of Bonds tendered. Accordingly, the amount payable for the cancelled Bonds are shown as other creditors at the balance sheet date. The resulting gain will be recognised in 2005.

The Society has made appropriate provisions for alleged mis-selling and other risks based on currently available information. Over time, as more information becomes available, the range of possible outcomes in relation to these issues can be expected to narrow and the degree of confidence around the levels of the individual provisions can be expected to increase. However, as discussed in the Society's financial review within its annual financial statements, in the context of the amount of the balance of the Fund for Future Appropriations, the potential impact of the range of uncertainties relating to the provisions is significant.

Amounts are held in respect of specific provisions:

- i. An amount of £240m (2003: £430m), which is the current estimate of the compensation or adjustments to future benefits which may be payable under the Rectification Scheme to policyholders who had policies with guaranteed annuity options which matured prior to the House of Lords' decision, and compensation and other costs which may be payable under the review of managed pensions sales. This provision is based on an assessment of the likely level of claims, the level of current interest rates and the possible form of compensation which may be payable on individual cases, if a claim is found to be appropriate. The principal reduction in the provision is as a result of further assessment and settlements during the year.
- ii. Anticipated additional exceptional expenses of £138m (2003: £134m) over future years, including Rectification Scheme and managed pensions review administration costs, contractual commitments to HBOS in respect of pension scheme future service costs, litigation being pursued against third parties and anticipated additional costs associated with servicing policies in the medium term.
- iii. A provision for future cost increases of £45m (2003: £Nil) due to the potential introduction of VAT on outsourced administration services. This follows a recent European Court judgment which is likely to change existing UK VAT practice.
- iv. An amount of £6m (2003: £8m) in respect of the Society's potential liability for compensation relating to the pensions transfers and opt outs review and the review of free-standing AVC's.
- v. An amount of £193m (2003: £184m) for other miscellaneous liabilities, including, inter alia, potential mis-selling liabilities. This amount includes provisions for mis-selling claims from non-GAR policyholders who left the Society prior to the GAR compromise scheme, liabilities in respect of GAR policy endorsements, provisions relating to the reinsurance of the linked and non-profit book to HBOS in 2001 and other items.

FOS issued a final determination on 22 March 2005, which rejects the Society's approach to redress for claims by certain former non-GAR policyholders. The Society is reviewing the determination and although there remains some uncertainty, the Board has concluded that its provision is adequate and that no material adverse financial consequences should result from the application of the determination.

In March 2001, the Society entered into a reinsurance arrangement with a subsidiary undertaking of HBOS in respect of all of the Society's insurance policies except with-profits policies and immediate annuities. Assets were transferred by the Society following a provisional calculation of the initial premium payable under the agreement. After discussions, the parties failed to agree the final amount of assets transferable in respect of this initial premium. The Society has provided in this return an amount considered appropriate to satisfy its estimated liability for any balance of assets to be transferred. As the Society was unable to reach agreement with HBOS as to the relevant amount of the initial premium, it was agreed in March 2004 that the matter be referred to an umpire for resolution, as contemplated by the reinsurance arrangement in the event of a dispute arising. The umpire has not yet completed his deliberations.

Although there exists a fundamental uncertainty in relation to the amounts of provisions, the Directors do not consider that this extends to the going concern basis of preparation of this return. The Board has therefore concluded that it remains appropriate to prepare this return on a going concern basis.

In addition, as noted in the Society's financial review in its annual financial statements and in the following sections of this note, there exist other uncertainties that, in the event they materialised, could adversely impact on the appropriateness of the going concern basis of preparation. Certain of those risks, in extremely adverse scenarios, could prejudice the continuing solvency of the Society. The potential additional claims are as follows:

- As reported in last year's return, the report of the Equitable Life inquiry, led by Lord Penrose, was published in March 2004. His terms of reference precluded his opining on the subjects of individual fault for past problems of the Society and to whom any redress may be due. However, Lord Penrose commented upon several aspects of the Society's affairs in a way that may impact on the likelihood of further claims being made against the Society for breach of statutory duty, or in tort or contract. In particular, Lord Penrose referred to the relationship between aggregate policy values and aggregate assets. This is also an issue in the Society's litigation against its former directors and auditors. The FSA has undertaken a review of the report by Lord Penrose and has concluded that generic claims against the Society regarding its basis for allocating bonuses during the 1990s are unlikely to succeed. The Board has also been advised that any claims regarding alleged "over-allocation" would face very significant difficulties and that a claim effectively seeking to recover losses relating to investment conditions would be highly unlikely to succeed. FOS announced on 22 March 2005 that it will not investigate such complaints.

Although some complaints have been received by the Society that have included matters commented upon by Lord Penrose, there has only been a small number of complaints received arising directly out of the report by Lord Penrose.

Following publication of the report, the Parliamentary Ombudsman announced in July 2004 her decision to open a new investigation. It is an inquiry that is independent of the Government and can recommend to Parliament compensation payable by the Government, but cannot require the Society to take any particular action. However, the terms of reference of the inquiry's report will result in consideration of some of the issues commented upon by Lord Penrose and may result in findings that could result in policyholders trying to assert claims against the Society. The Parliamentary Ombudsman announced that she expects to publish her report in 2005.

- Both Lord Penrose and the Treasury asked the Serious Fraud Office (SFO) to consider certain issues in Lord Penrose's report. Following the conclusion of SFO's deliberations, which commenced in 2003, as to whether it should undertake an investigation, potential claims could arise as a result of any criticism of the conduct of the Society or its former management and advisers. There have been no developments of which the Society is aware.
- The Institute of Chartered Accountants of England and Wales has initiated disciplinary proceedings against Ernst & Young in respect of its conduct in certain of its audits of the Society. The Institute of Actuaries has also initiated disciplinary proceedings against certain of the Society's actuaries, who were also directors of the Society, for their actions during varying periods of time up to February 2000. Both disciplinary proceedings have been deferred until completion of the Society's litigation against its former directors and former auditors. Although these proceedings and investigations cannot result in a requirement for the Society to take any particular action, they may make findings that could influence the way in which claims are presented against the Society.

- In relation to with-profits annuities, there have been a number of complaints made to the FOS and to date there have been a very limited number upheld. The FOS' approach to these complaints has not been on the basis of generic mis-selling. However, an action has been brought by 421 with-profits annuity policy claimants which does allege, amongst other things, generic mis-selling. Those proceedings have been served and a master Particulars of Claim has been received that raises some issues that are also raised in the Society's litigation against its former directors and auditors. The issues are being carefully considered by the Society which intends to defend the action vigorously.
- The Society holds provisions for various guarantees and options arising under certain policies, including options to surrender early, GARs for a small class of policies and Guaranteed Minimum Pension entitlements for other policies. Although technical provisions are held for all material guarantees or options, there exists the possibility that those provisions may require to be adjusted as a result of an analysis of benefits arising in the case of less commonly occurring policies or where special practices apply.
- As noted in last year's return, although no proceedings have been initiated, allegations of fraud have been made by former non-GAR policyholders in respect of the non-disclosure of GAR risks after 1998. Having taken legal advice, the Board believes that there is no sustainable case of fraud and, in the event that any proceedings were issued, they would be defended vigorously. There exists the possibility that further claims could be made against the Society, alleging fraud or mis-selling not addressed hitherto or otherwise seeking compensation.
- In April 2002, the Society announced that it was to begin legal action against 15 former directors, being certain directors who had served on its previous Boards at various times between 1993, when the original decision was taken to implement differential terminal bonuses, and 2000, when the House of Lords made its ruling that such differentiation was unlawful. Also, in April 2002, the Society announced that it would take legal action against the Society's previous auditors, Ernst & Young. The trial against its former directors and auditors is expected to start in April 2005. The Society has provided in its financial statements for legal and other expenses incurred and those expected to be incurred for this litigation. It has not provided for the expenses of any resultant appeal or for the costs of the defendants in the event that the Society loses against such defendant and the court orders payment of costs to that defendant. In the course of the trial, matters may arise which may influence the way in which claims are presented against the Society by policyholders.

The Board has assessed the probability of these other uncertainties arising and, on the basis of current information and having taken legal and actuarial advice, has concluded that it is highly unlikely they will result in any material adverse financial consequences. The Board is resolved to resist vigorously any unsubstantiated claims and will resort to court action where appropriate. The Board has therefore concluded that it remains appropriate to prepare this return on a going concern basis.

The uncertain nature of the provisions, the incidence of other uncertainties and risks, the potential volatility of asset values and potential strains on the FFA arising from surrenders and maturities could, in adverse outcomes, result in the possibility that CRR (which is a measure of the capital that the FSA requires life assurance companies to hold in excess of that required to meet guaranteed obligations to policyholders) may not be satisfied at all times in the future. Attention is also drawn to the implications of these uncertainties on the ability of the Society to meet payments of interest and principal in relation to the subordinated debt as explained in the opening paragraphs of this note.

1404 Subordinated Loan

Following an invitation by the Society to holders of the bonds, offers were accepted amounting to a principle value of £179.1m. An amount of £175.5m was settled in respect of these bonds on 4 January 2005. The resulting profit will be recognised in 2005. Both the principle amount repurchased in 2005, £179.1m and the principle amount outstanding, are recorded as creditors in line 38. See supplementary note 0301 for further related disclosure details.

1505 Subordinated Loan

The amount in line 63 represents that part of the subordinated loan which was disregarded for the purpose of the Society's solvency calculation in 2003. See notes 0301 and 1404 for details explaining the treatment of the subordinated loan in 2004

1600

Form 16 has been omitted because all entries, including comparatives, would be blank.

1700

Form 17 has been omitted because all entries, including comparatives, would be blank.

4001 Restatement of Funds Brought Forward

The funds brought forward at the beginning of the financial year have been retranslated at the closing rate of exchange.

The value of the retranslation is £0.5m.

4002 Other Income

Other Income is comprised of the following:

	2004	2003
	£000	£000
Stock lending commission	1,768	1,668
Sundry interest	-	71
Other income	283	303
	<u>2,051</u>	<u>2,042</u>

4005 Income and Expenditure Translation

Foreign currency values for income and expenditure have been translated at rates of exchange ruling at the time of the respective transactions.

4008 Management Services

During 2003 substantially all management services for The Equitable Life Assurance Society have been provided by HBOS Plc.

HBOS Plc also provide management services for the following subsidiaries:

University Life Assurance Society
Equitable Life - Finanzberatung Und Versicherungsvermittlung GmbH
Equitable Life Finance plc

4300

Form 43 has been omitted because all entries would be blank.

4400

Form 44 has been omitted because all entries would be blank.

4500

Form 45 has been omitted because all entries would be blank.

4601 Number of In Force Group Schemes

The number of contracts under UK group business (which provide non-linked and/or linked benefits) in force at 31 December 2004 was 4,514.

The number of contracts under overseas group business (which provide non-linked and/or linked benefits) in force at 31 December 2004 was 163.

4602, *5101*, *5201*, *5301* and *5401* Number of UK and Overseas Plans

Contracts for Personal Pensions, Individual Pensions, Retirement Annuities, Personal Pension Trustee Investment Policies, Personal Retirement Bonds, Group Pensions, Managed Pensions, Personal Pension Trustee Income Drawdown Policies, Income Drawdown Plans, Income Drawdown Transfer Plans, Flexible Additional Voluntary Contribution Plans, Personal Investment Plans, International Investment Plans, Flexible Income Plans, Services Investment Plans and Annuities in Payment can contain both linked and non-linked segments.

The number of contracts shown for these business types are the numbers of linked and non-linked individual segments held under the respective plans. The numbers of plans in force together with the corresponding number of segments are detailed in the following table:

Name of Contract	Number of Segments as at 31 December 2004	Number of Plans as at 31 December 2004
UK Personal Pension Plan	550,843	215,167
UK Personal Pension Plan 2000	11,268	4,831
UK Individual Pension Plan	33,505	18,027
UK Retirement Annuity Plan	52,178	50,141
UK Managed Pension	7,311	6,453
UK Personal Pension Trustee Investment Policy	12	9
UK Personal Pension Trustee Income Drawdown Policy	4	4
UK Income Drawdown Plan	5	3
UK Income Drawdown Transfer Plan	7	5
UK Flexible Additional Voluntary Contribution Plan	1	1
UK Personal Investment	22,596	20,609

Plan		
Guernsey Personal Pension Plan	207	143
International Personal Pension Plan	1,206	827
US Dollar Based International Personal Pension Plan	154	113
Jersey Personal Pension Plan	69	48
Republic of Ireland Personal Pension Plan	2,097	1,589
Republic of Ireland Individual Pension Plan	1,076	663
Republic of Ireland Personal Retirement Bond	697	662
Republic of Ireland Flexible Income Plan	20	19
International Investment Plan	2,130	1,471
Services Investment Plan	1	1
US Dollar based International Investment Plan	526	378
US Dollar Based Services Investment Plan	3	3
UK Group Business	7,078	4,514
Overseas Group Business	260	163
UK Annuity In Payment	148,782	135,073
Republic of Ireland Annuity In Payment	1,331	1,294
Guernsey Annuity In Payment	218	217
International Annuity In Payment	69	64
US Dollar Based International Annuity In Payment	16	16
Jersey Annuity In Payment	24	24
German Annuity In Payment	732	721

4603, *5202* and *5302* Number of UK and Overseas Major Medical and Critical Illness Plans

Major Medical Plans and Critical Illness Plans provide permanent health benefits together with either linked or non-linked life assurance. The number of contracts shown for these business types are the numbers of linked and non-linked individual segments held under the respective plans. The numbers of plans in force together with the corresponding number of segments are detailed in the following table:

Name of Contract	Number of Segments as at 31 December 2004	Number of Plans as at 31 December 2004
UK Critical Illness Plan	6,554	3,227
UK Major Medical Cash Plan	92	46
Overseas Major Medical Cash Plan	26	13

4604 Regular Premiums under Recurrent Single Premium Contracts

Under the Society's recurrent single premium contracts, the amount and frequency of contributions can be changed at any time without penalty, including ceasing future contributions completely. Most policyholders take advantage of this flexibility and there is consequently no precisely identifiable annual premium on recurrent single premium contracts. On Form 46 the annual premiums shown for recurrent single premium contracts are those which are not specifically identified as single premiums.

4701 Number of New UK and Overseas Plans

Contracts for Personal Pensions, Individual Pensions, Personal Pension Trustee Investment Policies, Personal Retirement Bonds, Group Pensions, Personal Investment Plans, Managed Pensions, International Investment Plans, Flexible Income Plans and Annuities in Payment can contain both non-linked and linked segments. The numbers of contracts shown for these business types are the numbers of non-linked and linked individual segments held under the respective plans. The numbers of new plans together with the corresponding number of segments are detailed in the following table:

Name of Contract	Number of New Segments in 2004	Number of New Plans in 2004
UK Personal Pension Plan	798	70
UK Personal Pension Plan 2000	54	0
UK Individual Pension Plan	20	3
UK Managed Pension	4	1
UK Group Business	19	14
UK Annuity In Payment	4,126	4,126
Overseas Annuity In Payment	0	0

4801 Accrued Interest

The value of accrued interest included in lines 12 to 15 is as follows:

	2004
	£000
Fixed interest securities - Approved securities	99,186
Fixed interest securities - Other	91,146
Variable interest securities - Approved securities	61
	<u>190,393</u>

4802 Interest in Default

Where the payment of interest is in default, the expected income in Form 48 is nil.

5102, *5203*, *5303* and *5402* Mortality Tables for UK and Overseas Business

Mortality Code	Table for Male Lives	Table for Female Lives
"A"	German 1986 Mortality tables (Sterbetafel 1986 Männer und Frauen)	German 1986 Mortality tables (Sterbetafel 1986 Männer und Frauen)
"B"	German 1990 Association Tables (Verbandstafeln 1990, Vgl. VerBAV 1990 s. 301)	German 1990 Association Tables (Verbandstafeln 1990, Vgl. VerBAV 1990 s. 301)
"E"	65%AM92 ult	90% AF92 ult
"G"	TM80 ult -2 mortality +0.0009	AF80 ult -1 mortality + 0.00035
"J"	85% IMA92(U=2004) ult	100% IFA92(U=2004) ult
"K"	100% PMA92mc(U=2013) ult	100% PFA92mc(U=2011) ult
"L"	80% PMA92mc(U=2013) ult	75% PFA92mc(U=2011) ult
"T"	44% TM80 ult +0.00011	110% AF80 ult -5 mortality -0.00009
"U"	TM92 sel - adjusted as follows Non smokers 65% Smokers 150% Smoker status unknown 82% Plus 1/3 of R6 (A) AIDS mortality	TF92 sel - adjusted as follows Non smokers 65% Smokers 180% Smoker status unknown 88% Plus 1/3 of R6 (A) AIDS mortality

5103 Reassurance Accepted

The Society accepts reassurances in from Permanent Insurance Company (now known as Liverpool Victoria Life Company) and these have been shown separately. There is, in addition, a small number of other contracts in respect of reassurances in which are not shown separately due to their de minimis nature.

5104 Reserves for Accumulating Classes

The reserves of £2,571,000 and £3,296,000 for Life Assurance and General Annuity business and Pension business accumulating classes respectively are analysed by interest rate as follows:

Life Assurance and General Annuity Business		Pension Business	
Interest Rate %	Reserve £000	Interest Rate %	Reserve £000
0.00	70	0.00	879
2.00	1	3.75	32
2.50	16	4.50	1,050
3.25	33	5.00	61
4.00	473	6.00	138
4.50	641	6.50	235
5.00	85	6.75	76
5.50	332	7.00	134
6.00	49	7.50	318
6.25	68	8.00	317
6.50	85	8.50	56
7.00	241		
7.50	141		
8.00	336		
Total	2,571	Total	3,296

5501

Form 55 has not been submitted, as the value of assets held would be nil.

5701 Section 148 Waiver - Determination of Rates of Interest on Fixed Interest Securities

The Financial Services Authority, on the application of the firm, made a direction under section 148 of the Act in December 2003. The effect of the direction is to modify IPRU (INS) rule 5.11 to require the firm to calculate the yield on certain categories of fixed interest security on an aggregate basis.

6001 Class IV business and supplementary accident and sickness insurance

Forms 11 and 12 are not completed, as the gross annual office premiums for the relevant classes are less than 1% of the total gross annual office premiums. The figure in line 21 of Form 60 exceeds the amount that would be obtained had Forms 11 and 12 been completed and is calculated as follows:

These classes are 100% reinsured and closed to new business.

Premiums are payable monthly and so the premiums earned and receivable are essentially the same. The premiums to the supplementary accident and sickness insurance were £36,000 and the premiums to Class IV business were £1,079,000. The 'premiums amount' is therefore $0.18 \times (\text{£}36,000 + \text{£}1,079,000 / 3) \times 0.5 = \text{£}37,000$

Claims in the last 12 months were nil for the supplementary accident and sickness insurance and £1,196,000 for the Class IV business. The 'claims amount' is therefore $0.26 \times (0 + 1,196,000 / 3) \times 0.5 = \text{£}52,000$, and this is the figure used.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

THE EQUITABLE LIFE ASSURANCE SOCIETY

FINANCIAL YEAR END 31 DECEMBER 2004

ADDITIONAL INFORMATION AS REQUIRED BY IPRU (INS) 9.29

- a) The use of derivatives is limited to specific instructions from the Investment Committee.
- b) The Society's guidelines regarding the usage of derivatives do not authorise contracts which are 'not reasonably likely to be exercised'
- c) During the year the Society was not a party to any contracts of the kind described in (b) above.
- d&e) The Society had no rights or obligations to acquire or dispose of assets under derivative contracts outstanding at 31 December 2004.
- f) The extent to which the value of any assets would have changed, if assets that the Society had agreed to acquire or dispose of under all derivative contracts outstanding during the year, had been so acquired and disposed of, is not material.
- g) The Society had no obligations due under derivative contracts outstanding at the end of the year.
- h) The Society did not use any derivative contracts or contracts having equivalent effects which did not fall within rule 4.12 (2), during the year.
- i) The value of consideration received during the financial year in return for granting rights under derivative contracts was nil in respect of equity options.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

THE EQUITABLE LIFE ASSURANCE SOCIETY

FINANCIAL YEAR END 31 DECEMBER 2004

ADDITIONAL INFORMATION AS REQUIRED BY IPRU (INS) 9.30

The Society has no shareholder controllers because it is a mutual company.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

THE EQUITABLE LIFE ASSURANCE SOCIETY

FINANCIAL YEAR END 31 DECEMBER 2004

CERTIFICATE REQUIRED BY IPRU(INS) 9.34, 9.35 AND APPENDIX 9.6

We certify that:

(1) (a) the *return* has been properly prepared in accordance with the requirements in *IPRU(INS)* and *PRU*; and

(b) we are satisfied that:

(i) throughout the financial year ended 31 December 2004 and other than as specified below, the Society has complied in all material respects with the requirements in *SYSC* and *PRIN* as well as the provisions of *IPRU(INS)* and *PRU*, to the extent that the provisions applied; and

The Society is dependent on the delivery of administration and investment services by HBOS and is reliant on HBOS's systems and controls and, in making the above statement in respect of *SYSC*, the directors have relied upon information received from and appropriate disclosures having been made by HBOS to the Society.

(ii) other than as specified above, it is reasonable to believe that the Society has continued so to comply subsequently, and will continue so to comply in future.

(2) (a) in our opinion, *premiums* for contracts entered into during the financial year ended 31 December 2004 and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the Society that are available for the purpose, to enable the Society to meet its obligations in respect of those contracts and, in particular, to establish adequate *mathematical reserves*; and

(b) the sum of the *mathematical reserves* and the deposits received from *reinsurers* as shown in **Form 14**, together with any amount specified at line 63 of **Form 14** (being part of the excess of the value of the *admissible assets* representing the *long-term insurance funds* over the amount of those funds shown in **Form 14**), constitute proper provision as at 31 December 2004 for the *long-term insurance business liabilities* (including all liabilities arising from *deposit back arrangements*, but excluding other liabilities which had fallen due before 31 December 2004) including any increase in those liabilities arising from a distribution of surplus as a result of an *actuarial investigation* as at that date into the financial condition of the *long-term insurance business*; and

(c) the *with-profits fund* has been managed in accordance with the *Principles and Practices of Financial Management*, as established, maintained and recorded under *COB 6.10*; and

(d) we have, in preparing the *return*, taken and paid due regard to-

(i) advice in preparing the *return* from every *actuary* appointed by the *insurer* to perform the *actuarial function* in accordance with *SUP* 4.3.13R; and

(ii) advice from every *actuary* appointed by the *insurer* to perform the *with-profits actuary function* in accordance with *SUP* 4.3.16R.

Vanni Treves, Chairman

Peter Smith, Deputy Chairman

Charles Thomson, Chief Executive

31 March 2005

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

AUDITORS' REPORT: REGULATORY RETURN FOR A LIFE INSURANCE COMPANY

THE EQUITABLE LIFE ASSURANCE SOCIETY

GLOBAL BUSINESS

FINANCIAL YEAR END 31 DECEMBER 2004

REPORT TO THE DIRECTORS PURSUANT TO RULE 9.35

We have examined the following documents prepared by the Society pursuant to the Accounts and Statements Rules set out in part I, and part IV of chapter 9 to the Interim Prudential Sourcebook for Insurers and PRU the Integrated Prudential Sourcebook ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 10 to 19, 40 to 45, 48, 49, 56, 58 and 60 (including the supporting supplementary notes on pages 242 to 253) ("the Forms");
- the statement required by rule 9.29 on page 254 ("the statement");
- the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report required by rule 9.31 (a) ("the methods and assumptions included in the valuation report") on pages 17 to 143; and
- the statements, analysis and reports required by rule 9.31 (b) ("the realistic valuation report") on pages 144 to 160 except as set out below ("the relevant parts of the realistic valuation report")

We are not required to examine and do not express an opinion on:

- forms 46 to 47A, 51 to 55 and 57 (including the supporting supplementary notes on pages 242 to 253);
- the statements required by rules 9.30 and 9.36 on pages 255 and 261;
- the directors' certificate signed in accordance with rule 9.34(a) on pages 256 to 257 ("the directors' certificate");
- the valuation report required by rule 9.31(a) except as set out above; and
- the information contained in the realistic valuation report required by paragraph 4(6) of Appendix 9.4(A) and shown at paragraph 4(6) of the realistic valuation report.

Respective responsibilities of the company and its auditors

The Society is responsible for the preparation of an annual return (including the Forms, the Statement, the valuation report, and the realistic valuation report, the forms and statements not examined by us and the directors' certificate under the provisions of the Rules. The requirements of the Rules have been modified by a waiver issued under s 68 Insurance Companies Act 1982 carried forward at commencement of the Financial Services and Markets Act 2000 under transitional provisions set out in the Supervision Manual PRU as an amendment to Rule 7.2.16R. Under rule 9.11 the Forms, the Statement, the valuation report, the realistic valuation report, the forms and statements not examined by us and the directors' certificate are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report and the realistic valuation report prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of PRU 7.3 and 7.4.

It is our responsibility to form an independent opinion as to whether the Forms, the Statement and the relevant parts of the realistic valuation report and the methods and assumptions included in the valuation report meet these requirements, and to report our opinions to you. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information we require for our examination. This report has been prepared for the directors of the Equitable Life Assurance Society to comply with their obligations under rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" and Bulletin 2004/5 issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the Statement and the relevant parts of the realistic valuation report and the methods and assumptions included in the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the Society for the financial year. It also included an assessment of the significant estimates and judgements made by the Society in the preparation of the Forms, the Statement and the realistic valuation report and in determining the methods and assumptions included in the valuation report.

We planned and performed our work 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 Forms, Statement and relevant parts of the realistic valuation report and the methods and assumptions included in the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In accordance with rule 9.35(1A), to the extent that any document, Form, Statement, analysis or report to be examined under rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures in Note 1402 in respect of the uncertainties regarding the:

- (i) Estimates of compensation payments or adjustments to future benefits that may be payable under the Rectification Scheme to policyholders who had policies with guaranteed annuity options which matured prior to the House of Lords' decision, and compensation and other costs that may be payable under the review of managed pension sales;
- (ii) Estimates of anticipated additional expenses; and
- (iii) Estimates of other miscellaneous liabilities including potential mis-selling costs, including those in respect of non-GAR policyholders who left the Society prior to the GAR compromise scheme, GAR policy endorsements, provisions relating to the reinsurance of the linked and non-profit book to HBOS in 2001 and other costs.

In the context of the current level of excess of net assets over the Capital Resource Requirement (CRR) as detailed on Form 2, there is fundamental uncertainty as to whether the provisions will prove to be overstated or understated when compared with the actual cost of GAR rectification, managed pension, additional expenses and other mis-selling liabilities.

Our opinion is not qualified in respect of the fundamental uncertainty or the other uncertainties.

Opinion

In our opinion:

- (a) the Forms, the Statement and the relevant parts of the realistic valuation report fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report and the relevant parts of the realistic valuation report prepared in accordance with rule 9.31 appropriately reflect the requirements of PRU 7.3 and 7.4

PricewaterhouseCoopers LLP
Registered Auditors
London
31 March 2005

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

THE EQUITABLE LIFE ASSURANCE SOCIETY

FINANCIAL YEAR END 31 DECEMBER 2004

STATEMENT OF INFORMATION REQUIRED BY IPRU (INS) 9.36

D Murray, a partner in the firm of Deloitte LLP, was the Actuary who was appointed to perform the With-Profits Actuary function for the Society throughout the year. The particulars to be given in compliance with IPRU (INS) 9.36 are:-

a) Shareholding

Neither the Actuary nor any partner of Deloitte LLP had any interest in any loan stock issued by the company.

b) Pecuniary Interest

A number of the partners of Deloitte LLP held life assurance policies issued by the company.

c) Aggregate Remuneration

The aggregate amount of remuneration of Deloitte LLP for actuarial services provided to the Company was £2,454,998 (exclusive of VAT). This amount includes £493,958 relating to the With-Profits Actuary function.

d) Other Pecuniary Benefits

Except as set out above, neither Deloitte LLP nor the Actuary had any pecuniary interest in any transaction between the Actuary and the Society.

The Society requested the Actuary to furnish the particulars specified in IPRU (INS) 9.36.

The above particulars were furnished by the Actuary and they agree with the Society's records.