

Proposed amendments to the Society's Articles of Association

Explanatory Memorandum

The purpose of this document is to set out the changes proposed to the Society's Articles of Association and to explain the reasons for these proposals. A resolution is to be voted on at the Annual General Meeting (AGM) on 24 May 2007, seeking members' approval to these proposed amendments. If you are unable to attend the AGM, you can still vote on the proposals by completing the proxy form for the AGM enclosed with this mailing.

Background

In May 2003 amendments were put forward for members' approval to update the Articles in accordance with good corporate governance. These amendments were approved by members at the AGM on 28 May 2003.

Since then, there have been further developments in good corporate governance and in relevant legislation and further amendments to the Articles are being proposed to reflect these.

The Myners Review of the Governance of Life Mutuals, which reported in December 2004, recommended that an annotated version of the Combined Code suitable for life mutuals should be produced. This was taken forward by the Association of Mutual Insurers (AMI) and the Association of Friendly Societies (AFS) and "The Combined Code on Corporate Governance – An Annotated Version for Mutual Insurers" (The Annotated Code) was published in July 2005. The Society has adopted the relevant provisions of the Annotated Code but amendments to the Articles are required to enable it to comply with some aspects of the guidance issued by the AMI and the AFS. In particular, this guidance suggests that a reasonable requirement for members' ability to requisition a General Meeting or to propose a resolution to be put to a General Meeting would be that the requisition should be by the lower of 5% of the membership or 500 members. The Society's Articles currently require such a requisition to be by 1,000 members eligible to vote at General Meetings. The proposed amendments reduce this requirement to 500.

Other amendments are proposed to allow appointment of proxies and instructions on voting to be done electronically and for electronic voting at General Meetings (in both cases, if arrangements are approved by the Board).

Other proposed amendments reflect changes in legislation (in particular, the passing into law of the Companies Act 2006). Details of these and the other proposed changes are given overleaf.

If you want to see the full versions of the Society's current Articles of Association, these can be viewed in the "Corporate" section of the Society's website (www.equitable.co.uk). Also, a full comparison showing the proposed changes can be viewed there. Alternatively, we can provide you with copies of these documents if you write to: The Company Secretary, The Equitable Life Assurance Society, Walton Street, Aylesbury, Bucks HP21 7QW. A copy of the Articles incorporating the proposed amendments will be on display at the AGM venue for 60 minutes prior to the AGM and during the AGM.

The proposed amendments

Regulation 1

This is the “Interpretation Clause” in the Articles and new definitions (used in the other proposed amendments) are to be included.

Regulation 7

In addition to the provisions of the Companies Act (1985), the current regulation allows for an Extraordinary General Meeting to be requisitioned by 1,000 members having the right to vote at General Meetings, subject to certain additional conditions. It is proposed that this requirement is amended to 500 members having the right to vote at General Meetings.

Regulation 11B

In addition to the provisions of the Companies Act (1985), the current regulation allows for a resolution to be put to an AGM and circulation of a statement to members to be requisitioned by 1,000 members having the right to vote at General Meetings. It is proposed that this requirement is amended to 500 members having the right to vote at General Meetings.

Regulation 21

It is proposed that the Chairman of a General Meeting should be given discretion to allow voting by electronic means.

Regulations 23 and 25A

The proposed amendments to these regulations are consequential on the amendments proposed to Regulation 27 (below).

Regulations 26 and 27

The changes propose that:

- (i) the Board be given discretion to allow the appointment of proxies electronically (including, if the member wishes, giving instructions as to how the proxy should vote or that they should abstain) and that the Board shall determine the form that the instrument appointing the proxy shall take; and
- (ii) members who have to leave a General Meeting before the voting takes place will be able to submit their votes (to be included in the event of a poll being called).

Regulation 34A

The current regulation requires that at each AGM any director who has reached the age of 70 is required to retire and seek re-election. The Companies Act 2006 has removed this requirement in respect of listed companies and it is proposed that the Society’s Articles should be similarly revised. There are also consequential amendments to Regulations 35 and 37.

Regulation 61(6)

It is proposed to remove reference to University Life Assurance Society which is currently a subsidiary of the Society but which is shortly to be sold to Reliance Mutual Insurance Society Limited.

Regulation 67

The proposed amendment will allow indemnities to be provided to directors and officers to the full extent allowed by company law.