

Walton Street
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Website: www.equitable.co.uk

Our ref: malt/npa

Dear Client

Annuity:

Transfer of non-profit pension annuity business to Canada Life

I am writing to let you know that Equitable Life has agreed to transfer most of its non-profit pension annuities to Canada Life. You hold one or more non-profit pension annuities (listed above) and this letter explains what will happen when the transfer takes place.

What this means for pension annuities which transfer

If your annuity is transferred, the transfer will not affect the annuity which is paid to you.

The responsibility for making the payments in the future will simply transfer from Equitable Life to Canada Life. All the payments under your annuity are guaranteed and, following the transfer, they will be guaranteed by Canada Life (instead of by Equitable Life).

In addition, following the transfer, the administration of your annuity will be handled by Canada Life, so you will contact them if, for example, you change your bank account or your address. Canada Life will contact you nearer the time of the transfer with further details.

Canada Life is a UK subsidiary of a large multi-national financial services network and is owned by Great-West Lifeco. Canada Life specialises in the management of annuities and is already making regular payments to over 150,000 UK annuitants.

What this means for annuities which do not transfer

A number of non-profit annuities will remain with Equitable Life. If your annuity is not transferred we will continue to make the payments and handle the administration as before. We expect to be able to let you know in the Autumn if your annuity will not be transferred.

Why the transfer is happening

People's life expectancy has been increasing rapidly and as a result the cost to the Society's fund of paying pension annuities has been increasing. If annuity payments continue for a longer time than we have planned for, benefits under Equitable Life's with-profits policies will have to be lower. By transferring our non-profit pension annuities to Canada Life, we remove most of that risk from our with-profits policyholders. This improves the stability of the Society for the benefit of all its remaining policyholders. Those policyholders whose annuities are transferred get the same benefits as before, just paid by Canada Life.

When will this happen?

In order to ensure that the interests of all policyholders are fully protected, the transfer will need the agreement of the High Court. The Court will receive a report from an Independent Expert and the Financial Services Authority (which has a statutory responsibility to safeguard policyholders' interests) will approve the form of the report. This can be a lengthy process and, as a result, we do not expect to apply to the Court until later this year or in 2007. The transfer will take place after the Court approval has been granted. In the meantime, we have arranged to get some of the benefits of the transfer immediately by entering into a reinsurance arrangement with Canada Life. Under the reinsurance arrangement, we continue to pay the non-profit pension annuities to policyholders and we recover the amounts we have paid from Canada Life.

What happens next?

When the full details are available, we will write to you again. At that time we will also explain the Court process.

Yours sincerely

Charles Thomson
Chief Executive

Encl: Press release

Questions and answers

Q. Will this change my pension?

A. No. The only thing which will change is who pays your pension to you. At the moment Equitable Life pays your pension. In future, if your annuity is transferred, Canada Life will pay your pension.

Q. What if I don't want my annuity transferred?

A. Policyholders will be able to raise objections with the Court in due course. We will send details of this nearer the time of the Court hearing.

Q. What if my pension annuity policy is excluded from the transfer?

A. If your annuity is not included then there will be no change to your pension arrangements and Equitable Life will continue to pay and guarantee your pension.

Q. What if the Court does not approve the transfer?

A. If the Court does not sanction the transfer it will not happen. In addition, we will withdraw from the reinsurance arrangement with Canada Life (because both parties entered into that arrangement in the expectation of a successful transfer).

Q. Who should I contact with any policy related questions at present?

A. Until the Transfer happens (and we don't think this will be until 2007) please continue to contact Equitable Life as at present for any enquiries such as changing your bank details or address. Canada Life will not be able to give you details concerning your policy at this stage.

If you have any question on the content of this letter please call our special helpline on 0845 1202 512 (+44 1296 386242 if you are calling from overseas).