

Walton Street
Aylesbury
Bucks
HP21 7QW

Website: www.equitable.co.uk

October 2006
Our ref: malt2/ntr

Dear Policyholder

Transfer of non-profit pension annuity business to Canada Life

As you may know, Equitable Life has agreed to transfer most of its non-profit pension annuity business to Canada Life Limited ('Canada Life'). Your Equitable Life policy(ies) will *not* be included in the transfer. However, the transfer does affect Equitable Life as a whole, so I am writing to let you know what will happen next.

You do not need to take any action in relation to the transfer.

The transfer is expected to happen in February 2007.

How the transfer happens

As your policy(ies) will not be transferring, Equitable Life will continue to be responsible for making any payments under your policy(ies) both before and after the transfer.

For transferring policies, Equitable Life will continue to be responsible for making payments under the transferring pensions up to the date of the transfer. After the transfer, the responsibility for making those pension payments will transfer from Equitable Life to Canada Life.

The transfer will be implemented under a legal process known as a 'Part VII' transfer. The process is set out in Part VII of the Financial Services and Markets Act 2000 ('FSMA'). For the transfer to take place it needs to be approved by the High Court in London and a hearing at the Court will take place on 1 February 2007.

As part of the transfer, Equitable Life will transfer to Canada Life approximately 130,000 policies and assets with a value, as at 1 January 2006, of £4,608 million.

Any liabilities and complaints arising from acts or omissions of Equitable Life in respect of the non-profit annuity business before the transfer will remain the responsibility of Equitable Life.

Equitable Life's agreement to the transfer

Equitable Life entered into the agreement with Canada Life because its Board believes that the transfer will be in the interests of all policyholders:

- The risks to Equitable Life posed by the non-profit pension annuity business (in particular the risk of pensioners living longer than expected) will be largely removed, increasing the security and stability of Equitable Life for the benefit of all those policyholders who, like you, are not transferring.
- Those whose pensions transfer will have their pensions guaranteed and paid by a secure and long-standing UK life company with a track record in managing this type of business.

Independent expert

In order to help the Court to understand how the transfer could affect policyholders a report on the transfer by an independent expert is required by the FSMA. Mr John Jenkins FIA, a partner of KPMG LLP, has been appointed as the independent expert. He has written a report on the transfer. The Financial Services Authority has determined that Mr Jenkins has the necessary skills to make the report on the transfer and they have also approved the form of his report.

The independent expert has concluded as follows:

- (a) The transfer of most of Equitable Life's non-profit pension annuity business to Canada Life will remove all the risks (other than potential mis-selling risks) associated with that part of the business from the remaining with-profits policyholders.
- (b) The price of £4,608 million which Equitable Life is paying to Canada Life is reasonable in absolute terms and moreover arose from a competitive process in which a number of parties submitted offers to Equitable Life.
- (c) The benefit expectations and the level of benefit security of the remaining Equitable Life policyholders will not be materially diminished as a result of the transfer.
- (d) For the policyholders whose policies will transfer to Canada Life there is no change in their benefit expectations. Further, there is no adverse effect on their level of benefit security.

Further information

You can obtain a statement setting out the terms of the transfer and a summary of the independent expert's report. You can also read the full independent expert's report. These documents are available free of charge from the Equitable Life's website at www.equitable.co.uk or by contacting us using the details given at the end of this letter.

Any person who believes that he or she would be adversely affected by the transfer is entitled to be heard (in person or by legal representative) at the Court hearing. The Court hearing will take place on 1 February 2007 at the Royal Courts of Justice, Strand, London WC2A 2LL. If you intend to appear in Court, or if you disagree with the transfer but do not intend to appear in Court, you are requested to give not less than two clear days' prior notice of your intention or disagreement with your reasons to the solicitors acting for Equitable Life - Lovells, Atlantic House, Holborn Viaduct, London EC1A 2FG, please quote reference C4/CSR. If the Court gives its approval at the hearing, there will be no further opportunity for you to raise objections to the transfer.

This letter has been sent to you because, according to our records, you are a policyholder of Equitable Life. Other people or businesses may have an interest in your policy (for example, joint holders, assignees, co-trustees, and trustees in sequestration or bankruptcy). If you think someone has such an interest, please draw this letter to their attention.

Summary

- You Equitable Life policies will **not** be transferred to Canada Life.
- For the pensions which are being transferred, the transfer is expected to happen in February 2007.
- From that date, Canada Life will pay the transferred pensions.
- Equitable Life will remain responsible for liabilities and complaints arising from its acts or omissions which took place before the transfer.

If you require advice on the transfer, it is recommended that you seek independent advice (at your own expense).

Unless you wish to object to the transfer, ***you do not need to take any action*** as a result of this letter.

If you have any questions regarding this letter please write to Equitable Life, Walton Street, Aylesbury, Bucks HP21 7QW, or telephone us on 0845 1202 512 (or +44 1296 386242 if calling from overseas).

Yours faithfully



Charles Thomson
Chief Executive

**For and on behalf of
The Equitable Life Assurance Society (Equitable Life)**