

Equitable Life

Memorandum  
and  
Articles of Association

The Equitable Life  
Assurance  
Society

Founded 1762



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## 1. Memorandum and Articles

**Memorandum of Association** approved and adopted by special resolution of 12 January 1893, as amended by special resolutions of

26 May 1965

13 March 1969 and

16 May 1973.

**Articles of Association** approved and adopted by special resolution of 28 May 2003, as amended by special resolutions of 24 May 2007 and 18 May 2015.

The substitution of the Memorandum and Articles of Association for the Deed of Settlement was confirmed by Order of the Court made 7 June 1893.

This document, reprinted 18 May 2015, contains

Memorandum of Association, as amended;

Articles of Association, as amended by special resolution of 18 May 2015; and

Court order dated 8 February 2002 regarding the Scheme of Arrangement pursuant to Section 425 Companies Act 1985 (the Society is required to attach this to each copy of the Memorandum and Articles).

## 2. Annex

Court order dated 8 February 2002 regarding the Scheme of Arrangement pursuant to Section 425 Companies Act 1985.

## 3. Index to Memorandum and Articles of Association

The Companies Acts, 1862 to 1890  
**MEMORANDUM OF ASSOCIATION**  
of  
The Equitable Life Assurance Society

- Name of the Society.* The name of the Society is **The Equitable Life Assurance Society**.
- Registered Office.* The registered office of the Society is situate in England.
- The objects of the Society are:
- Objects of the Society.* To carry on in England and elsewhere the business of and incidental to life assurance in all its branches, and in particular:
- (A) To grant or effect assurances of all kinds for payment of money, or for the vesting of any kind of property, by way of a single payment or vesting or by several payments or vestings, or by way of immediate or deferred annuities (either of money or represented by any kind of property) upon the death of or upon the attaining a given age by any person or persons, subject or not to such death or attainment of a given age happening in the lifetime of any other person or persons, or upon the birth or failure of issue, or subject to or upon the happening of any contingency or event dependent upon human life, or for such payment or vesting upon a fixed or certain date irrespective of any such event or contingency.
  - (B) To grant annuities, immediate or deferred, payable between any fixed dates, or contingent as to their commencement or determination upon any event dependent upon human life, or the birth, or failure of issue, or any other event certain or uncertain.
  - (C) To carry on any business of sickness or accident assurance which may seem to the Society to be capable of being conveniently carried on in connection with or as ancillary to the granting or effecting by the Society of any such assurances or annuities as are mentioned in paragraphs (A) and (B) hereof.
  - (D) To purchase and deal in reversionary interests, absolute or contingent, and estates for life, whether determinable or not, in land or any description of real or personal property, including copyholds, lifeholds and leaseholds, in England or elsewhere, and to acquire or extinguish by purchase or surrender any policy or grant issued by the Society.
  - (E) To act as trustee executor or administrator (with or without remuneration) and to undertake trusts of all kinds and the conduct of any business connected with trusts of any description or with the estates of deceased persons.
  - See Article 57.* (F) To create or set aside out of the capital or revenue of the Society a special fund or special funds, and to give to any class of its policy holders or annuitants any special right over or interest in any fund or funds so created or set aside.
  - (G) To vest any real or personal property, rights or interests acquired by or belonging to the Society in any person or persons company or companies as trustee or trustees for or nominee or nominees of or otherwise on behalf of or for the benefit of the Society.
  - (H) To re-assure all or any of the risks of the Society, and to undertake any authorised risks, either directly or by way of re-assurance.
  - (I) To invest the funds of the Society, in such manner as the Society shall from time to time in its absolute discretion think fit.
  - (J) To purchase, take on lease or in exchange, hire or otherwise acquire, any real or personal property which the Society may think necessary or convenient for the purposes of its business, and to resell, let or sub-let, surrender or otherwise dispose of any property so acquired; and to erect upon any land which or any estate or interest in which is owned by the Society any building for the purposes of the Society, and to alter or add to any building erected upon any such land as aforesaid.

- (K) To borrow or raise money in such manner as the Society shall think fit, and to secure the repayment of any money borrowed, raised, or owing, by mortgage, charge or lien upon the whole or any part of the Society's property or assets, and also by a similar mortgage, charge or lien, to secure and guarantee the performance by the Society of any obligation or liability it may undertake.
- (L) To grant and lend money or give credit to such persons or companies and on such terms as may seem expedient, and to guarantee the payment of money by or the performance of any contract engagement or obligation by any person or company, and generally to give guarantees and indemnities.
- (M) To purchase or otherwise acquire all or any of the property, rights and liabilities of any other society or company having objects altogether or in part similar to those of the Society, or carrying on any business capable of being conducted so as directly or indirectly to benefit the Society; to amalgamate with any such other society or company as aforesaid; and to subscribe for, take or otherwise acquire, and hold, shares, stock, debentures, or other securities of or in any such other society or company as aforesaid.
- (N) To sell, exchange or otherwise dispose of the whole or any part of the undertaking of the Society, for such consideration as the Society may think fit, to or in favour of any other society or company having objects altogether or in part similar to those of the Society.
- (O) To establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and to give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, and to make payments for or towards the insurance or assurance of, any persons who are or were at any time in the employment or service of the Society, or of any body corporate which is a subsidiary of the Society or is controlled by the Society, or who may be or have been Directors or officers of the Society or of any such body corporate as aforesaid, and the wives, widows, families, relations and dependants of any such persons as aforesaid, and to do any of the matters aforesaid either alone or in conjunction with any such body corporate as aforesaid.
- (P) To do all such other things as are incidental or conducive to the attainment of the above objects.

**ARTICLES OF ASSOCIATION**  
of  
The Equitable Life Assurance Society

**I. Interpretation**

*Interpretation  
Clause.*

1. In these Regulations, unless excluded by the subject or context:

“**Act**” means Companies Act 1985 including any statutory modification or re-enactment thereof and any Act or Acts of Parliament substituted therefor for the time being in force, and in case of any such substitution the references in these Regulations to the provisions of the Act shall be read as references to the provisions substituted therefor in the new Act or Acts of Parliament; except as defined below and unless the context otherwise requires, words and meanings which have a special meaning assigned to them in the Act shall have the same meaning in these Regulations.

“**Actuary**” means the actuary required to be appointed for the purposes of Regulation 65;

“**address**” in relation to electronic communications, includes a number or address used for the purposes of sending or receiving documents or information by electronic means;

“**AGM**” means an annual general meeting of the Society and references to an AGM include any adjourned such meeting;

“**Board**” means the board of directors for the time being of the Society;

“**Board Meeting**” means a meeting of the Directors duly constituted in accordance with the Regulations and references to Board Meetings include adjourned such meetings;

“**Committee**” means a committee appointed as provided by Regulation 58;

“**Companies Act 2006**” means the Companies Act 2006 including any modification or re-enactment of it for the time being in force;

“**Directors, Auditors, Chairman, Deputy Chairman, Chief Executive and Secretary**” means respectively the directors, auditors, chairman, deputy chairman, chief executive and company secretary for the time being of the Society;

“**electronic communication**” means a document or information which is sent or supplied in electronic form for the purposes of section 1168 Companies Act 2006;

“**electronic means**” has the meaning given by section 1168(4) Companies Act 2006;

“**EGM**” means any General Meeting other than an AGM and references to an EGM include any adjourned such meeting;

“**General Meeting**” means a general meeting of the Society and references to a General Meeting include any adjourned such meeting;

“**Member**” has the meaning ascribed under Regulation 2;

“**month**” means calendar month;

“**Office**” means the registered office of the Society;

“**Participating Policy**” means a Policy which for the time being confers a present entitlement to participate in the profits of the Society;

“**Policy**” means a policy of assurance and/or annuity which has been or shall hereafter be effected with the Society;

“**Regulations**” means the articles of association for the time being of the Society;

“**the Society**” means The Equitable Life Assurance Society;

words importing the singular number include the plural number; words importing the plural number include the singular number; words importing the masculine gender include the feminine gender; ‘person’ includes a corporation, and words connoting persons (other than the word ‘individual’) shall be similarly construed; ‘writing’ includes printing, lithography, and other usual substitutes for writing, including an electronic communication; and the wording in the margins of, and the headings in, these Regulations are included for convenience only and do not affect the meaning of the Regulations.

## II. Members

*Qualification of  
Members of the  
Society.*

- 2.** (1) The Members of the Society at any time shall be the following persons:
- (a) every person who in his own sole name has effected or shall hereafter effect any Policy which at the said time is a Participating Policy; and
  - (b) every person who, being one of any two or more persons who in their own joint names have effected or shall hereafter effect any Policy which at the said time is a Participating Policy, is the first named in that Policy of such of those persons as shall at the said time be living.
- (2) A person's membership of the Society shall *ipso facto* cease upon the death of that person, and, subject to the provisions of paragraph (1) (b) of this Regulation, the right to membership of the Society shall not be in any way transferable or transmissible.
- (3) If any person is for the time being entitled in accordance with paragraph (1) of this Regulation to be a Member of the Society by virtue of only one Policy, then that person's membership of the Society shall *ipso facto* cease in the event that that Policy shall be surrendered, or shall lapse beyond the possibility of revival, or shall for any reason cease to be a Participating Policy.
- (4) For the purposes of paragraph (3) of this Regulation the date upon which any particular Policy shall lapse beyond the possibility of revival shall be determined in accordance with such regulations for the time being in force as shall have been or shall from time to time hereafter be approved by the Board.
- (5) For the purposes of paragraphs (1) (b) and (2) of this Regulation a corporation shall be deemed to die if and when it is dissolved, and not in any other circumstances.
- (6) No person shall be capable of becoming or being a Member of the Society other than in accordance with and subject to the preceding paragraphs of this Regulation.

**3.** No proceedings taken or resolution passed at any General Meeting, or on any poll demanded at any such General Meeting, shall be invalidated by reason of the fact that any person present and/or voting at such General Meeting or on such poll (whether in person or by proxy) is not entitled to be or has ceased to be a Member of the Society in accordance with the provisions of Regulation 2.

*Limitation of  
liability of  
Members.*

**4.** Every Policy shall be granted by the Society on the terms that the Society shall only be liable thereunder to the extent of its assets and property from time to time existing, and that no Member of the Society, and no other person who is at any time in any way interested in any Policy, shall be liable to any call or contribution, whether in any liquidation of the Society or otherwise howsoever, for satisfying any claim or demand under or in respect of the Policy so granted, whether by the grantee thereof or by any other person for the time interested therein.

## III. Meetings

*General Meetings  
when to be held.*

**5.** The Society shall in every year in the month of April or May hold a General Meeting as its AGM in addition to any other General Meetings in that year, and shall specify the meeting as such in the notices calling it.

Subject as aforesaid any AGM shall be held at such time and place as the Board shall appoint.

**6.** All General Meetings other than AGMs shall be called EGMs.

*Extraordinary  
General Meetings  
how to be convened.*

**7.** EGMs shall be convened:

- (1) by the Board whenever it thinks fit; or
- (2) on a requisition pursuant to Section 368 of the Act; or
- (3) subject to the provisions of Regulation 8, on a requisition of any five Directors ("Directors' Requisition"); or
- (4) subject to the provisions of Regulation 8, on a requisition of at least 500 Members each of whom has the right to vote in accordance with Regulation 24(2) on the date the requisition is deposited at the Office ("Members' Requisition").

**8.** If the requisition is a Directors' Requisition or a Members' Requisition then the following provisions shall apply:

- (1) the requisition must state whether it is a Directors' Requisition or a Members' Requisition and it must state the objects of the EGM;
- (2) the requisition must be signed by the requisitionists and deposited at the Office;
- (3) no business other than that stated in the requisition as the objects of the EGM shall be transacted;



(4) the Board need not convene an EGM if it reasonably decides that the EGM's only purpose would be to deal with business substantially the same as business discussed at a General Meeting during the previous two years, or to be discussed at another General Meeting within the next three months; or that the right to requisition was being used to seek publicity for defamatory matter or for frivolous or vexatious purposes; and the Board has taken reasonable steps to inform the requisitionists of its decision;

(5) if the Board reasonably decides that any (but not all) of the objects of the EGM stated in the requisition are objects which fall under Regulation 8(4), the requisition (if it is otherwise valid) will be treated as valid only in relation to the remaining objects;

(6) unless the Board has decided that it need not convene an EGM under Regulation 8(4), then if it does not within forty-two days from the date of the deposit of the requisition proceed to convene an EGM, then the requisitionists may themselves convene an EGM, but any EGM so convened shall not be held after the expiration of three months from the said date; and

(7) the provisions of sub-sections (5) to (8) (inclusive) of Section 368 of the Act shall be deemed to apply *mutatis mutandis*.

**9.** For the purposes of any requisition made under Regulation 7, the Board shall be deemed not to have duly convened an EGM if it does not give such notice thereof as is required by Regulation 10.

*Notice of General Meetings.*

**10.** Every General Meeting shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and also of the day for which it is given, and shall specify the place, the day and the hour of the General Meeting, and in case of special business the general nature of the business. The notice shall be given in manner hereinafter mentioned or in such other manner (if any) as may be prescribed by the Society in General Meeting to such persons as are under these Regulations entitled to receive such notices from the Society.

*Business to be transacted at General Meetings.*

**11.** All business shall be deemed special that is transacted at an EGM, and also all that is transacted at an AGM, with the exception of the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, the election of Directors in the place of those retiring, and the appointment of, and the fixing of the remuneration of, the Auditors.

**11A.** Members may require the Society by a requisition in writing to:

(1) give to Members entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that AGM (a "Members' Resolution"); and

(2) circulate to Members entitled to have notice of any General Meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that General Meeting (a "Members' Statement"), either (i) subject to and in accordance with Sections 376 and 377 of the Act or (ii) subject to and in accordance with the provisions of Regulation 11B below.

**11B.** (1) If a requisition is made pursuant to this Regulation 11B then the requisition (whether in respect of a Members' Resolution or a Members' Statement) must:

(a) state that it is a requisition made pursuant to this Regulation 11B and must be signed by at least 500 Members each of whom has the right to vote in accordance with Regulation 24(2) on the date the requisition is deposited at the Office;

(b) be deposited at the Office at least eight weeks before the date of the AGM.

(2) Notice of a Members' Resolution shall be given, and any Members' Statement shall be circulated, to Members entitled to have notice of an AGM sent to them, by serving a copy of the Members' Resolution or Members' Statement on each such Member in the manner permitted for service of notice of an AGM under Regulation 10.

(3) The Board need not give notice of a Members' Resolution or circulate a Members' Statement if it reasonably decides that the only purpose of the Members' Resolution or the Members' Statement would be to deal with business substantially the same as business discussed at a General Meeting during the previous two years, or to be discussed at another General Meeting within the next three months; or that the right to requisition pursuant to this Regulation 11B is being used to seek publicity for defamatory matter or for frivolous or vexatious purposes and the Board has taken reasonable steps to inform the requisitionists of its decision.

*Proceedings at General Meetings.*

**12.** Save as provided by the Act, no business (other than business which is not special business) shall be transacted at any General Meeting, unless the general nature of such business shall have been specified in the notice convening such General Meeting in accordance with Regulation 10.

- Proceedings to be valid.* **13.** The accidental omission to give notice to any person entitled under these Regulations to receive notice of a General Meeting, or the non-receipt by any such person of such notice shall not invalidate the proceedings at that General Meeting.
- Minutes of General Meetings to be kept.* **14.** The Board shall keep proper minutes of the proceedings at every General Meeting.
- Quorum.* **15.** The quorum for any General Meeting shall (save as specified in Regulation 17) be twenty or more members personally present and for the time being entitled in accordance with Regulation 24(2) to vote at General Meetings.
- Adjournment of General Meetings.* **16.** If at the time fixed for any General Meeting (not being an adjourned General Meeting held pursuant to this Regulation) the quorum required by Regulation 15 be not present, the General Meeting shall thereupon stand adjourned to such time and place as the chairman of the General Meeting shall appoint, provided that no such adjournment shall be to a date more than twenty-eight days after that of the General Meeting from which the adjournment takes place.
- 17.** At any adjourned General Meeting held pursuant to Regulation 16 those Members who are present and are for the time being entitled in accordance with Regulation 24(2) to vote at General Meetings, whatever may be their number, shall form a quorum.
- 18.** (1) The chairman of any General Meeting may in his discretion, at any time during the proceedings thereof, and without the consent of the General Meeting, adjourn such General Meeting to such time and place as he shall think fit, provided that no such adjournment shall be to a date more than twenty-eight days after that of the General Meeting from which the adjournment takes place.
- (2) Without prejudice to his powers under paragraph (1) of this Regulation the chairman of any General Meeting may with the consent of the General Meeting, and shall if so directed by the General Meeting, adjourn such General Meeting from time to time and from place to place.
- 19.** No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place. When a General Meeting is adjourned for thirty days or more pursuant to Regulation 18(2), notice of the adjourned General Meeting shall be given as in the case of an original General Meeting. Save as aforesaid it shall not be necessary to give notice of any adjourned General Meeting or of the business to be transacted at any adjourned General Meeting.
- Person to be chairman of General Meetings.* **20.** The Chairman or, if he be unable or unwilling to serve, a Deputy Chairman or, if he (or, if more than one, they both) be unable or unwilling to serve, such person as the Directors present shall appoint shall be chairman at any General Meeting, but if no such chairman be appointed, or if the chairman so appointed shall be unable or unwilling to serve when the General Meeting is ready to proceed to business, the Members present in person or by proxy and entitled to vote (whether themselves forming a quorum or not) may, by resolution, appoint a person to take the chair at such General Meeting.
- Mode of voting.* **21.** At any General Meeting a resolution put to the vote of the General Meeting shall be decided on a show of hands (which may be conducted electronically if the chairman of the General Meeting so directs) unless (other than in the case of a resolution relating to the election of a chairman of the General Meeting or to an adjournment thereof) a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman of the General Meeting, or by any five Members present in person or by proxy and having the right to vote at the General Meeting, or by any Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the General Meeting. Unless a poll be so demanded a declaration by the chairman of the General Meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Society shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.
- 22.** A demand for a poll shall not prevent the continuance of a General Meeting for the transaction of business other than the matter on which the poll has been demanded.
- Mode of taking poll.* **23.** If a poll be duly demanded it shall be taken in such manner (including electronically) and at such time and place as the chairman of the General Meeting shall direct. The result of a poll shall be deemed to be the resolution of the General Meeting at which the poll was demanded.
- Qualification for voting.* **24.** (1) In this Regulation:
- (a) the expression ‘the relevant policies’, in relation to any Member as at any date, means and includes every Policy:

- (i) by virtue of which that Member is at that date entitled in accordance with Regulation 2(1) to be a Member of the Society; and
  - (ii) which was granted by the Society before the commencement of the calendar year which ended on the 31st December next preceding that date; and
  - (iii) which has been a Participating Policy at all times from and including such commencement; and
- (b) the expression ‘total sum assured’ in relation to any Member as at any date (‘the Relevant Date’), means the sum which is obtained:
- (i) by multiplying by ten the aggregate of the respective annual amounts as at the Relevant Date of all annuities (exclusive of any bonus additions and any annuities which themselves are or represent bonus additions) then secured by the relevant policies; and
  - (ii) by adding to the amount resulting from such multiplication the aggregate of the respective total sums (other than annuities and exclusive in every case of all bonus additions) which as at the Relevant Date are assured by the relevant policies.

Provided always that the annual amount of any annuity which is secured as at the Relevant Date by any of the relevant policies, being an annuity in respect of which such Policy does not as at the Relevant Date confer a present entitlement to participate in the profits of the Society, shall not be taken into account for the purposes of clause (i) of this sub-paragraph (b); and the amount of any sum (not being an annuity) which is assured as at the Relevant Date by any of the relevant policies, being a sum in respect of which such Policy does not as at the Relevant Date confer any such present entitlement as aforesaid, shall not be taken into account for the purposes of clause (ii) of this sub-paragraph (b).

Provided further that if any such annual amount or total sum as is referred to in clause (i) or (as the case may be) clause (ii) of this sub-paragraph (b) shall be denominated in any currency other than Pounds Sterling (‘Relevant Foreign Currency’) by any of the relevant policies, then in calculating the total sum assured for the purposes of this Regulation such annual amount or (as the case may be) total sum shall be deemed to be converted into Pounds Sterling at the Appropriate Rate of Exchange;

(c) the expression ‘the Appropriate Rate of Exchange’, in relation to any Relevant Foreign Currency, means:

- (i) the lower of the two commercial spot rates of exchange for London trading, for converting the Relevant Foreign Currency into Pounds Sterling, prevailing at or around the end of London trading on the Conversion Date, as quoted in the edition of the *Financial Times* next following the Conversion Date; or
- (ii) if there is no such quotation in that edition of the *Financial Times*, or if for any other reason the Board is of the opinion that it is not practicable to apply clause (i) of this sub-paragraph (c), then such other rate of exchange as at the Conversion Date, for converting the Relevant Foreign Currency into Pounds Sterling, as the Board shall in its absolute discretion consider to be appropriate; and

(d) the expression ‘the Conversion Date’, in relation to any Relevant Date, means the last London business day prior to the commencement of the calendar month (being one of the twelve named months in a calendar year) next preceding the Relevant Date.

(2) No Member shall be entitled to vote at any General Meeting, or on any poll, unless as at a date to be specified in the notice of the General Meeting (such date to be determined by the Board and being not more than one month prior to the General Meeting) the total sum assured in relation to such Member is not less than £1,000.

(3) On a show of hands every Member present in person and for the time being entitled to vote in accordance with paragraph (2) of this Regulation shall have one vote and no more.

(4) On a poll every Member present in person or by proxy and for the time being entitled to vote in accordance with paragraph (2) of this Regulation shall have such number of votes as shall be obtained by dividing by £1,000 the total sum assured in relation to such Member as at a date to be specified in the notice of the relevant General Meeting (such date to be determined by the Board and being not more than one month prior to the General Meeting), and if the number resulting from such division is not an integral number by rounding the same down to the nearest integral number. Provided always that no Member shall be entitled to more than ten votes on a poll.

(5) If any question shall arise as to whether any Member is entitled to vote on any show of hands or on any poll, or as to the number of votes to which any Member is entitled on any poll, the question shall be determined by the chairman of the General Meeting at which the show of hands takes place or (as the case may be) at which the poll is demanded, and the decision of such chairman on the question shall be final and conclusive for all purposes.

**25.** Any corporation which is a Member of the Society may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or poll, and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Society. A corporation which is present at any General Meeting or poll by a representative so authorised shall for all the purposes of these Regulations be deemed to be present in person at the General Meeting or poll.

**25A.** If a Member who would be entitled to vote at a General Meeting is a patient under mental health legislation or is subject to an order of a court having jurisdiction to protect people unable to manage their own affairs, the person appointed under that legislation or by that court to act for the Member may act as representative of the Member at a General Meeting and may vote, whether on a show of hands or on a poll or by proxy, on behalf of the Member provided that evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote is provided to the Society.

Any such evidence must:

(a) be deposited at the Office or such other place within the United Kingdom as is specified in the notice convening the General Meeting not less than 48 hours before the time for holding the General Meeting at which the representative proposes to vote; or

(b) in the case of a poll taken more than 48 hours after it was demanded, be delivered as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(c) in the case of a poll not taken forthwith but taken not more than 48 hours after it was demanded, be delivered at the General Meeting at which the poll was demanded in such manner as shall be approved by the chairman of the General Meeting,

and evidence which is not deposited in a manner so permitted shall be disregarded.

*Proxies.*

**26.** (1) On a poll votes may be given personally or by proxy.

(2) The appointment of a proxy, whether by means of an instrument or contained in an electronic communication, shall be executed in such manner as may be approved by or on behalf of the Board from time to time. Subject thereto, the appointment of a proxy shall be in writing (unless the Board determines otherwise) and executed by the appointor or his attorney or, if the appointor is a corporation, executed by a duly authorised officer, attorney or other authorised person or under its common seal or in any other manner authorised by its constitution.

(3) [Not used]

(4) [Not used]

(5) The instrument or electronic communication appointing a proxy shall be deemed to confer authority to speak at the General Meeting and to demand or join in demanding a poll. It shall also confer the right to vote on a show of hands but any person so voting shall have one vote and no more.

(6) A vote given in accordance with the terms of an instrument of proxy or electronic communication appointing a proxy shall be valid, notwithstanding the previous death, insanity or (in the case of a corporation) dissolution of the principal or the revocation of the proxy or of the power of attorney or other authority under which the proxy was executed, provided that no intimation in writing of such death, insanity, dissolution or revocation verified or authenticated to the satisfaction of the Board shall have been received by the Society at the Office before the commencement of the General Meeting or poll at which the proxy is used.

(7) No instrument or electronic communication appointing or purporting to appoint a proxy to vote at more than one General Meeting shall be valid for any purpose whatsoever, but nothing in this paragraph (7) shall prevent an instrument or electronic communication from appointing a proxy to vote at a General Meeting and also at any adjournment of that same General Meeting.

(8) The Board may in its discretion provide for instruments of proxy to be obtained, by the Members for the time being entitled in accordance with Regulation 24(2) to vote, at such time or times before any General Meeting or poll and at such place or places as the Board may determine, and the Board shall also have a discretion to send instruments of proxy, and issue invitations contained in electronic communications, to the Members for the time being so entitled at any time or times before any General Meeting or poll, but the Board shall not be under any obligation to make any such provision as aforesaid or to send out instruments of proxy as aforesaid in relation to any General Meeting or poll. Notwithstanding anything contained in this paragraph (8) the Board shall not, for the purpose of any General Meeting, issue or cause to be issued at the Society's expense, to some only of the Members entitled to be sent a notice of such General Meeting and to vote thereat by proxy, invitations to appoint as proxy a person or one of a number of persons specified in the invitations.

*Appointment and form of proxies.*

**27.** (1) Instruments of proxy shall be in such form or forms as the Board may approve. Subject thereto, the appointment of a proxy may be:

- (a) by means of an instrument; or
- (b) contained in an electronic communication, if the Board so determines.

The Board may, if it thinks fit, but subject to the provisions of the Companies Act 2006, at the Company's expense send forms of instrument of proxy for use at any General Meeting with the notice of that General Meeting and issue invitations contained in electronic communications in relation to any General Meeting. Delivery of an instrument or, where applicable, the sending of an electronic communication appointing a proxy shall not preclude a Member from attending and voting in person at the meeting or poll concerned.

(2) The instrument or, where applicable, electronic communication appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board must:

(a) be deposited at the Office or such other place within the United Kingdom or, in the case of an electronic communication, such address as is specified in the notice convening the General Meeting or any instrument of proxy or any invitation to appoint a proxy which is sent out by the Society in relation to the General Meeting not less than 48 hours before the time for holding the General Meeting at which the person named in the instrument or electronic communication proposes to vote; or

(b) in the case of a poll taken more than 48 hours after it is demanded, be delivered as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(c) in the case of a poll not taken forthwith but taken not more than 48 hours after it was demanded, be delivered at the General Meeting at which the poll was demanded in such manner as shall be approved by the chairman of the General Meeting.

and an instrument of proxy which is not deposited or delivered in a manner so permitted or approved shall be disregarded.

A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous termination of the authority of the person voting or demanding a poll unless notice of the termination was received by the Society at the Office or at such other place or address at which the instrument of proxy or, as applicable, electronic communication appointing the proxy was duly deposited or delivered before the commencement of the General Meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the General Meeting) the time appointed for taking the poll.

*Validity of vote.*

**28.** No objection shall be made to the validity of any vote except at the General Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy not disallowed at such General Meeting or poll shall be deemed valid for all purposes whatsoever of such General Meeting or poll. The provisions of Regulation 24(5) shall apply to any such objection.

*Chairman to have casting vote.*

**29.** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or (as the case may be) at which the poll is demanded shall have a casting vote, in addition to any vote or votes which he may have in his capacity as a Member.

*Overflow arrangements at General Meetings.*

**29A.** If, in the case of any General Meeting, the chairman of the General Meeting believes that the principal meeting location ("Principal Place") will not accommodate all those who wish, and are entitled, to attend the General Meeting, he may arrange for some of those who are entitled to attend to be accommodated in one or more overflow locations ("Overflow Location"), notwithstanding the specification in the notice of the location of the General Meeting. There shall be reciprocal vision and sound links between the Principal Place and any Overflow Location and between each Overflow Location but breakdown of such links after the General Meeting starts shall not affect the validity of the General Meeting. For the purpose of all other provisions of these Regulations any such General Meeting shall be treated as being held and taking place at the Principal Place.

*Register of Members.*

**30.** For not less than two hours during the period between 9 am and 5 pm on each business day (as defined by the Act) the register of Members of the Society ("Register") shall (except when it is closed under the provisions of the Act) be open to inspection by any Member without charge. Any Member may require a copy of the Register, or any part of it, on payment of a fee prescribed by the Act; and the Society shall cause any copy so required by a Member to be sent to him within the period prescribed by the Act against receipt of such payment.

## IV. Directors

- Number.* **31.** Until otherwise determined by the Society in General Meeting, the number of Directors shall be not more than twelve nor less than six.
- Qualification.* **32.** No person shall be qualified to be or become a Director unless all necessary regulatory approval has been given and not withdrawn. The election or appointment of a Director shall not be effective unless and until the Society has received such regulatory approval.
- Vacation of office of Director.* **33.** The office of a Director shall be vacated if:
- (i) he ceases to be qualified under Regulation 32; or
  - (ii) he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or
  - (iii) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
  - (iv) he becomes of unsound mind or a patient for any purpose of any statute relating to mental health and the Board resolves that his office be vacated; or
  - (v) he resigns his office by notice to the Society; or
  - (vi) he shall for more than six consecutive months have been absent without permission of the Board from Board Meetings held during that period and the Board resolves that his office be vacated; or
  - (vii) he is removed by resolution of an EGM.
- Retirement of Directors.* **34.** At each AGM one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but, if there is only one Director who is subject to retirement by rotation, he shall retire.
- Subject to the provisions of the Act, the Directors to retire by rotation shall be those who have been longest in office since they were last elected or re-elected or since their appointment became effective if later, but as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- Provided always that each Director must retire not later than at the third AGM taking place after the AGM at which he was last elected or re-elected.
- 35.** A Director retiring in the manner provided by Regulation 34 shall be immediately eligible for re-election.
- 36.** A retiring Director shall, for all the purposes of the General Meeting at which he retires, be considered to continue in office until the conclusion of such General Meeting.
- Election of Directors.* **37.** At any AGM the Society may fill any vacancy, which is created thereat by the retirement of a Director at the AGM under Regulation 34 or 40, by electing a person to such office, and in default the Director so retiring shall if offering himself for re-election be deemed to have been re-elected to such office, unless at such AGM it is expressly resolved not to fill such office or unless a resolution for the re-election of such Director shall have been put to the AGM and lost.
- The Society in General Meeting may also from time to time by ordinary resolution make any appointments to the Board to bring the number of Directors up to a number not exceeding the maximum number permitted by the Regulations.
- 38.** Notwithstanding any vacancy in the number of the Directors by death, resignation or otherwise, the business of the Society shall, until such vacancy be supplied, be carried on by the remaining Directors in the same manner and with the same force and validity in every respect as if no such vacancy existed.
- Calling of Board Meetings.* **39.** Any Director or the Chief Executive may, and the Secretary at the request of a Director or the Chief Executive shall, call a Board Meeting. A Board Meeting must be called by reasonable notice in writing (which includes by electronic communication), in person or by telephone.
- Written notice of a Board Meeting sent to an address that a Director has given for that purpose will be treated as properly given to the Director. The notice need not state the business to be conducted at the Board Meeting. Waiver of notice of a Board Meeting by a Director shall be effective even if it is given after that Board Meeting has taken place.
- Vacancies to be filled.* **40.** The Board shall have power at any time and from time to time to appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the maximum number permitted by these Regulations. Any Director so appointed shall hold office until the next following AGM when he shall retire but be immediately eligible for re-election and shall not be taken into account in determining the Directors who are to retire by rotation at such AGM.

<i>Persons eligible as Directors.</i>	<b>41.</b> No person, other than a Director retiring at the AGM, shall be eligible for election as a Director at any AGM, unless he shall have sent to the Office notice in writing of his candidature to be received at least one month, and not more than two months, after the 31 December immediately preceding the AGM, such notice being also signed by 50 Members, who are for the time being entitled in accordance with Regulation 24(2) to vote at General Meetings, recommending the election of the candidate, nor shall a Member so recommend more than one candidate for each vacancy.
<i>Board Meetings.</i>	<b>42.</b> The Directors may meet together for dispatch of business, adjourn and otherwise regulate their Board Meetings as they think fit, and may determine the quorum necessary for the transaction of business and, until otherwise determined, four Directors shall be a quorum.
<i>Chairman of Board.</i>	<b>43.</b> There shall be a Chairman of the Board, who shall be elected at a Board Meeting from among the Directors.
<i>Deputy Chairmen of Board.</i>	<b>44.</b> There shall be a Deputy Chairman, or two Deputy Chairmen, of the Board, each of whom shall be elected at a Board Meeting from among the Directors.
<i>Chairman of Board Meetings.</i>	<b>45.</b> Unless he is unwilling to do so, the Chairman shall preside at every Board Meeting at which he is present. If the Chairman is not present, or is unwilling to preside, a Deputy Chairman present, if willing, shall be the chairman of the Board Meeting. In the absence or unwillingness to act of the Chairman and any Deputy Chairman, the Directors present shall choose one of their number to be chairman of the Board Meeting.
<i>Chief Executive.</i>	<b>46.</b> The Board shall appoint a Chief Executive who may or may not be a Director (who will be called "Chief Executive" or by such other title as the Board decides).
<i>Appointment of agents, officers, employees and professional advisers.</i>	<b>47.</b> The Board may from time to time appoint agents, officers, employees and professional advisers as it thinks necessary. The Board may entrust to and confer upon such agents, officers, employees or professional advisers such powers as the Board thinks fit, upon such terms and conditions and with such restrictions as the Board thinks fit. The Board may from time to time revoke, withdraw, alter or vary all or any of such powers. Unless these Regulations explicitly state otherwise and to the extent permitted by law, the Board may delegate any of its powers to such agents, officers, employees or professional advisers.
	<b>48.</b> [Not used]
<i>Questions at Board Meetings, how to be decided.</i>	<b>49.</b> Questions arising at any Board Meeting shall be decided by a majority of votes and in case of equality of votes the chairman of the Board Meeting shall have a second or casting vote.
<i>Board Meetings may exercise authorities of the Board.</i>	<b>50.</b> A Board Meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Regulations vested in or exercisable by the Board generally.
<i>Meetings may be held with Directors at different locations.</i>	<b>50A.</b> A Board Meeting or a Committee meeting may be held using equipment that enables the Directors taking part to hear and speak to each other even if some or all of them are at different locations. Each Director so participating in a meeting is deemed to be present at that meeting for the purposes of these Regulations. A meeting held in this way is deemed to take place where the largest group of participating Directors is assembled or, if no such group is readily identifiable, at the place where the chairman of the meeting participates. Provided that a quorum is able to take part at all times during the meeting, breakdown of any equipment after the meeting starts shall not affect the validity of the meeting.
<i>Board resolutions in writing.</i>	<b>50B.</b> A resolution in writing signed by all of the Directors entitled to receive notice of a Board Meeting or all the members of a Committee shall be as valid and effectual as if it had been passed at a Board Meeting or (as the case may be) a Committee meeting duly convened and held and may consist of several documents in like form each signed by one or more Directors.
<i>Acts to be valid.</i>	<b>51.</b> All acts done by the Board or by a Committee or by any person acting as a Director, shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified under Regulation 33, be as valid as if every such person had been duly appointed and was qualified as a Director.
<i>Minutes of Board Meetings.</i>	<b>52.</b> The Board shall cause minutes to be made, in books provided for the purpose, of all appointments of officers made by the Board, of the names of the Directors present at each Board Meeting and Committee meeting, and of the resolutions and proceedings at all such meetings as aforesaid.

*Seals.*

**53.** (1) The Board shall provide a Common Seal for the Society, and may from time to time destroy the same and substitute a new Common Seal instead thereof.

(2) The Board shall provide for the safe custody of the Common Seal.

(3) The Common Seal shall only be used by the authority of the Board or of a Committee or of a sole Director authorised by the Board in that behalf.

(4) The Board may determine who shall sign any document to which the seal is affixed and unless otherwise so determined it shall be signed by a Director or by such other person as the Board may from time to time appoint and countersigned by the Secretary or by such other person as aforesaid.

**53A.** (1) Any document which is signed by one Director and by the Secretary, or by two Directors, and is expressed (in whatever form of words) to be executed by the Society, shall have the same effect as if executed under the Common Seal of the Society.

(2) No document which is so expressed and/or which makes it clear on its face that it is intended by the person or persons making it to be a deed shall be signed pursuant to paragraph (1) of this Regulation without the authority of the Board or of a Committee or of a sole Director authorised by the Board in that behalf.

(3) The provisions of paragraphs (1) and (2) of this Regulation are in addition and without prejudice to the provisions of Regulation 53.

**53B.** The Society may exercise the powers conferred by the Act with regard to having official seals, and such powers shall be vested in the Board.

*Powers of the Board.*

**54.** The business of the Society shall be managed by the Board, which may exercise all such powers of the Society as are not, by the Act, or by these Regulations, required to be exercised by the Society in General Meeting, subject, nevertheless, to any of these Regulations, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid Regulations or provisions, as may be prescribed by the Society in General Meeting; but no regulation made by the Society in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

**55.** [Not used]

*Interest in contracts with the Society, etc.*

**56.** (1) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Society shall declare the nature of his interest at a Board Meeting in accordance with Section 317 of the Act.

(2) A Director shall not vote in respect of any contract or arrangement in which he is directly or indirectly interested, and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at the Board Meeting, but neither of these prohibitions shall apply to or in respect of:

- (i) any contract or arrangement with any company in which a Director is interested only as a nominee of the Society, or as a holder of shares or other securities in or of that company; or
- (ii) any determination or decision of the Board which is made pursuant to any one or more of the provisions of paragraphs (2), (3) and (4) of Regulation 61; or
- (iii) any policy of assurance and/or annuity which has been or which is proposed to be effected with the Society by a Director, or which has been or is proposed to be effected with the Society by some person other than a Director but in which a Director is directly or indirectly interested.

(3) A Director may hold any other office or place of profit under the Society (other than the office of Auditor) for such period and on such terms (as to remuneration and otherwise) as the Board may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Society either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Society in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Society for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relations thereby established.

(4) Any Director may act by himself or his firm in a professional capacity for the Society, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as Auditor to the Society.



<i>Powers in Clause F of Memorandum.</i>	<b>57.</b> The Board shall not exercise any of the powers given by sub-clause F of the Memorandum of Association without the sanction of a special resolution of the Society.
<i>Board may appoint Committees.</i>	<b>58.</b> (1) The Board may at any time and from time to time appoint Committees consisting of such member or members of its body as it shall think fit, and delegate any of its powers (not being a power which by virtue of the Act or any of these Regulations is only capable of being exercised by the Board) to any Committee so appointed; and the Board may at any time dissolve any such Committee or revoke any such delegation.  (2) Any such Committee may elect a chairman of its meetings; if at any such meeting no such chairman has been elected, or such a chairman has been elected but is not present within five minutes after the time appointed for holding the meeting, the members of the Committee present may choose one of their number to be chairman of that meeting.  (3) Any such Committee may meet and adjourn as it thinks proper. Questions arising at any meeting of any such Committee shall be determined by a majority of the votes cast thereon by the members of the Committee present thereat, and in the case of an equality of votes the chairman of the meeting shall have a second or casting vote.  (4) Any such Committee shall in the exercise of the powers delegated to it conform to any regulations which may from time to time be imposed on it by the Board.
<i>Money received, how to be dealt with.</i>	<b>59.</b> (1) The Board shall cause all money received or to be received for or on account of the Society to be paid to the credit of the Society at such bank or banks as the Board may from time to time think fit.  (2) All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.
<i>Receipts for money, how to be signed.</i>	<b>60.</b> Whenever any money or other property shall be paid, transferred or delivered to the Society, a receipt in writing therefor, signed on behalf of the Society by such person or persons as the Board may from time to time by resolution determine, shall constitute an effectual discharge of the person or persons paying, transferring or delivering the same.
<i>Remuneration of Directors.</i>	<b>61.</b> (1) The Directors' fees payable in respect of any period of twelve months ending on a 31 May shall not exceed in aggregate such maximum sum as the Society in General Meeting may from time to time (and whether before or after the date with effect from which this Regulation is adopted) by ordinary resolution prescribe. Any maximum sum so prescribed shall remain in force until such time as the same shall be altered by virtue of a subsequent ordinary resolution of the Society in General Meeting.  (2) The aggregate amount of the fees to be payable to the Directors in respect of any period of twelve months ending on a 31 May shall be such amount (not exceeding the maximum sum prescribed pursuant to paragraph (1) of this Regulation and for the time being in force) as the Board in its absolute discretion shall from time to time determine.  (3) In any case where the Board has, pursuant to paragraph (2) of this Regulation, determined the aggregate amount of the fees to be payable to the Directors in respect of any particular period of twelve months ending on a 31 May, the Board may nevertheless at any time and from time to time after such determination increase or reduce such aggregate amount to such sum (not exceeding the maximum sum prescribed pursuant to paragraph (1) of this Regulation and for the time being in force) as the Board may in its absolute discretion decide.  (4) Subject to paragraph (5) of this Regulation, the aggregate amount of the fees to be payable to the Directors in respect of any particular period of twelve months ending on a 31 May, as determined pursuant to paragraph (2) of this Regulation (and where appropriate as increased or reduced pursuant to paragraph (3) of this Regulation), shall be paid and divided amongst the Directors in such respective proportions and at such time or respective times and generally in such manner as the Board shall from time to time in its absolute discretion decide.  (5) Unless and to the extent that the Society in General Meeting may otherwise from time to time determine, no Director shall be paid any fee for his services as such a Director in respect of any period during which he shall be a full time employee of the Society.  (6) Every Director shall be bound to account to the Society for all fees received or receivable by him as a director of any company which is for the time being a subsidiary of the Society.
<i>Interest in companies promoted by the Society.</i>	<b>62.</b> Subject to Regulation 33 and to Regulation 61(6) a Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Society or in which the Society may be interested as shareholder or otherwise and no such Director shall be accountable to the Society for any remuneration or other benefit received by him as a director or officer of or from his interests in such company unless the Society in General Meeting otherwise directs.
<i>Directors' expenses.</i>	<b>63.</b> The Directors may be paid all travelling, hotel and other expenses properly incurred by in connection with their attendance at Board Meetings, Committee meetings or General Meetings or otherwise in connection with the discharge of their duties.

*Pensions.*

**63A.** (1) The Board shall have power to establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and to give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, and to make payments for or towards the insurance or assurance of, any persons who are or were at any time in the employment or service of the Society, or of any body corporate which is a subsidiary of the Society or is controlled by the Society, or who may be or have been Directors or officers of the Society, or of any such body corporate as aforesaid, and the wives, widows, families, relations and dependants of any such persons as aforesaid, and may do any of the matters aforesaid, either alone or in conjunction with any such body corporate as aforesaid.

(2) Subject always, if the Act shall so require, to particulars with respect to any proposed payment being disclosed to the Members of the Society and to such proposed payment being approved by the Society in General Meeting, any Director who, pursuant to any exercise by the Board of any of the powers conferred upon it by paragraph (1) of this Regulation, shall receive (directly or indirectly) any donation, gratuity, pension, allowance, emolument or other benefit of any kind, shall be entitled to retain the same for his own use and benefit and shall not be liable to account for the same to the Society.

(3) No donation, gratuity, pension, allowance, emolument or other benefit of any kind, which may be received (directly or indirectly) by any Director pursuant to any exercise by the Board of any of the powers conferred upon it by paragraph (1) of this Regulation, shall be regarded, for the purposes of any of the provisions of Regulation 61, as a Director's fee which has been paid to or received by that Director.

## **V. Annual and Valuation Accounts**

*Accounts, how to be stated.*

**64.** A revenue account and balance sheet of the affairs of the Society shall be made out and stated for every year up to the night of the 31st of December, and the result thereof shall be produced at and laid before the next ensuing AGM, and such accounts shall be made up in accordance with the provisions of the Acts of Parliament for the time being in force relating to Assurance Companies and when passed at a General Meeting shall be deemed and taken to be accurate and correct, and shall, notwithstanding any subsequent discovery of any error therein, be binding and conclusive on all the Members.

*Valuations and divisions of surplus, how to be made.*

**65.** (1) The Board shall, at such intervals as it may deem expedient, but at least once in every year, cause an investigation to be made into the financial condition of the Society, including a valuation of its assets and liabilities, by the Actuary. Provided that in the valuation of the assets the values thereof be not estimated beyond the market prices (if any) of the same, unless for reasons to be set out in the Directors' report to the Members upon the results of the valuation. After making such provision as it may think sufficient for such liabilities, and any special or other reserve it may think fit, the Board shall, at a Board Meeting, declare what amount of the surplus (if any) shown by such valuation may, in its opinion, be divided by way of bonus, and it shall apportion the amount of such declared surplus by way of bonus among the holders of the Participating Policies on such principles, and by such methods, as it may from time to time determine. The Board may pay or apply the bonus so apportioned to each holder of a Participating Policy, either by way of reversionary bonus (that is to say, by way of addition to the sum assured when it shall become a claim), cash payment, reduction of premium for the whole of life or any less period, or in any other way it and any holder of a Participating Policy may agree.

(2) The Board (after obtaining such report or reports from the Actuary as it may in its discretion consider to be necessary or desirable in the circumstances) may, in cases where Participating Policies become claims in the interval between two valuations, pay such interim or additional or special bonuses as it shall think fit.

(3) The amount of any bonus which may be declared or paid pursuant to paragraph (1) or paragraph (2) of this Regulation and the amount (if any) to which any holder of a Participating Policy may become entitled under any mode of payment or application of any such bonus, shall be matters within the absolute discretion of the Board, whose decision thereon shall be final and conclusive.

## **VI. Property and Investments**

*Property of the Society, how to be invested.*

**66.** The Board may from time to time invest the funds of the Society in such investments and in such manner as it may in its discretion determine, and the Board shall have the like discretion to retain and from time to time to vary and transpose the investments in which the funds of the Society are for the time being invested. Without prejudice to the generality of the foregoing, the Board shall have power at its discretion to invest the funds of the Society

(a) in the purchase or on the security of freehold or leasehold properties

(b) in loans on the security of any policies issued by the Society or any other life assurance office; and

(c) by way of underwriting any issue of any stock, shares, bonds or securities of any kind.

## VII. Indemnity

*Indemnity of Directors and others.*

**67.** Subject to the provisions of, and so far as may be consistent with, the Act, every Director, Agent, Auditor, Chief Executive, Actuary, Secretary and other officer for the time being of the Society shall be indemnified out of the assets of the Society against any liability incurred by him in performing his duties, exercising his powers and/or otherwise in connection with his duties, powers or office.

## VIII. Auditors

*Auditors, how to be appointed.*

**68.** Auditors shall be appointed and their duties regulated in the manner provided by the Act.

## IX. Notices

*Notices, how to be given.*

**69.** A notice, document or any other information (including the accounts described in regulation 64) may be served on, sent or supplied by the Society to any Member:

- (a) personally; or
- (b) by sending it by post to the Member concerned or to his registered address, or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Society for the giving of notice to him; or
- (c) where appropriate, by sending or supplying it by electronic communication to an address for the time being notified by the Member concerned to the Society for that purpose; or
- (d) by publication on a website in accordance with the Companies Act 2006; or
- (e) by any other means authorised in writing by the Member concerned.

**70.** Notice of every General Meeting shall be given in any manner hereinbefore authorised to

- (a) every Member for the time being entitled in accordance with Regulation 24(2) to vote at General Meetings except those Members who (having no registered address within the United Kingdom) have not supplied to the Society an address within the United Kingdom for the giving of notices to them; and
- (b) the Auditors.

No other person shall be entitled to receive notices of General Meetings.

**71.** A notice, document or any other information (including the accounts described in regulation 64) if sent by post, shall be deemed to be served by properly addressing, pre-paying and posting the notice, document or other information, and to have been effected in the case of a notice of a General Meeting at the expiration of twenty-four hours after the letter containing the same is posted.

**72.** A notice, document or any other information (including the accounts described in regulation 64) sent by using electronic means shall be deemed to be served on the day following that on which it was sent notwithstanding that the Society subsequently sends a hard copy of such notice, document or information by post. A notice, document or other information (including the accounts described in regulation 64) made available on a website shall be deemed to be served on the day on which the notice, document or other information was first made available on the website, or, if later, when a notice of availability is received or deemed to have been received pursuant to these Regulations. In proving that a notice, document or other information served, sent or supplied by electronic means was served, sent or supplied, it shall be sufficient to prove that it was properly addressed. A notice, document or other information (including the accounts described in regulation 64) served, sent or supplied by any other means authorised in writing by the Member concerned shall be deemed to have been received when the Society has carried out the action it has been authorised to take for that purpose.

# Annex

**Court order dated 8 February 2002 regarding the  
Scheme of Arrangement pursuant to  
Section 425 Companies Act 1985**

IN THE HIGH COURT OF JUSTICE

No. 7106 of 2001

CHANCERY DIVISION

COMPANIES COURT

Mr Justice Lloyd

8<sup>th</sup> February 2002



IN THE MATTER OF THE EQUITABLE LIFE ASSURANCE SOCIETY

-and-

IN THE MATTER OF THE COMPANIES ACT 1985

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**ORDER**

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UPON THE PETITION of the above named The Equitable Life Assurance Society ("the Society") whose registered office is situate at City Place House, 55 Basinghall Street, London. EC2V 5DR presented to the Court on 28<sup>th</sup> January 2002

AND UPON HEARING Counsel for the Society and those persons named in the First Schedule hereto

AND UPON READING the Petition and the evidence.

AND UPON the Society by its counsel undertaking in the terms of the Second Schedule hereto and in such undertaking utilising the terms defined in the said Scheme hereinafter sanctioned

THIS COURT HEREBY SANCTIONS the Scheme of Arrangement as set forth in the

Schedule to the Petition and in the Third Schedule hereto

AND IT IS ORDERED that the Society do deliver an office copy of this order to the Registrar of Companies.

AND IT IS ORDERED THAT there be no order as to costs.

AND IT IS ORDERED THAT permission to Mr Whitmey, Mr Bellord, Mr Bountra and Mr Allen to appeal be refused.

AND IT IS ORDERED THAT the application by Mr Whitmey, Mr Bellord, Mr Bountra and Mr Allen for a prospective costs order in relation to any such appeal be refused.

AND IT IS ORDERED THAT the application by Mr Whitmey for permission to appeal directly to the House of Lords be refused.

AND IT IS FURTHER ORDERED pursuant to CPR 52.4(2)(a) that any notice to appeal from this Order accompanied by an application for permission to appeal be filed at the Court of Appeal no later than 4.00pm on 12<sup>th</sup> February 2002 with a copy to be served on the Society's solicitors, Lovells, by 5:30 pm on the same date.

Liberty to apply.

## SCHEDULE 1

TAB	NAME
1.	Rodney Allen
2.	Brian Millo
3.	Nicholas Bellord
4.	Ravi Bountra (on behalf of the holders of four policies governed by Greek law)
5.	John MacLeod
6.	Charles Oke on behalf of Arthur White
7.	Christopher Whitmey
8.	Paul Braithwaite
9.	Michael Joesphs
10.	David Stonebanks

THE SECOND SCHEDULE BEFORE REFERRED TO

- A. In accordance with Part 5.9.2 of the Explanatory Statement, if a person who:
- (a) being a Scheme Policyholder at the Effective Date; and
  - (b) has had all or any part of his or her Policy Value and/or Guaranteed Value treated under the Scheme as Non-GAR Policy Value and/or Non-GAR Guaranteed Value; and
  - (c) subject to C. below proves that he or she:
    - (i) has or had a Policy with GAR Rights; and
    - (ii) from which funds were transferred and/or from which premiums were diverted in either case to a Scheme Policy without GAR Rights; and
    - (iii) but for the transfer of funds or diversion of premiums referred to in (ii) above pursuant to the actions of the Society or the Society's Associates described at (iv) below, would have otherwise been treated as a GAR Policyholder under the Scheme in relation to such transferred or diverted funds; and
    - (iv) the transfer of funds or diversion of premiums referred to in (ii) above was made as a result of any breach of duty (including any contravention of an applicable regulatory requirement) by the Society or the Society's Associates which breach of duty would, but for the Scheme, have entitled the person to a remedy against



the Society or the Society's Associates in respect of GAR Rights  
lost or forgone

then, notwithstanding that a claim to the remedy referred to in A.(c)(iv) above falls within the definition of GAR-Related Claim, the Non-GAR Policy Value and/or Non-GAR Guaranteed Value referred to in A.(b) above which is attributable to the actions of the Society or the Society's Associates described in A.(c)(iv) above shall be treated as GAR Policy Value and/or GAR Guaranteed Value to the extent necessary to reflect the GAR Rights lost or forgone such that the Scheme Uplift to be applied in respect of such Policy Value or Guaranteed Value (less any Scheme Uplift already applied under the Scheme to such Policy Value and Guaranteed Value), taking into account where relevant his or her Age, shall reflect the GAR Rights lost or forgone. In the event of difficulty or doubt as to the amount of additional uplift (if any) to be applied pursuant to a claim to which this undertaking relates the matter shall be referred to the Appointed Actuary or any successor appointed in accordance with the Financial Services & Markets Act 2000 or any statutory re-enactment or modification thereof, whose decision shall be final and binding.

- B. The manner in which a Scheme Policyholder may prove that he should be treated in accordance with Paragraph A above shall be by:
- (a) agreement with the Society; or
  - (b) a final unappealable decision of:
    - (i) an arbitrator to be jointly agreed upon by the Society and the Scheme Policyholder; or
    - (ii) the Financial Ombudsman Service or the Pensions Ombudsman; or

(iii) the Court under the liberty to apply granted hereunder.

- C. This undertaking shall not deprive any party to which this undertaking relates, including without limitation the Society, of any argument, defence or counterclaim which would have been available to them had the Scheme not been sanctioned provided always that such party shall not be entitled to receive in pursuance of a claim to which this undertaking relates more than the relevant Scheme Uplift as determined by the aforesaid in relation to any applicable Scheme Policy.
- D. For the avoidance of doubt no loss or claim for which compensation has already been received or has been determined to be due shall be capable of further compensation under the terms of this undertaking.

THE THIRD SCHEDULE BEFORE REFERRED TO  
SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE

No 7106/01

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTER OF  
THE EQUITABLE LIFE ASSURANCE SOCIETY

AND

IN THE MATTER OF THE COMPANIES ACT 1985

SCHEME OF ARRANGEMENT  
(PURSUANT TO SECTION 425 OF THE COMPANIES ACT 1985)

BETWEEN

THE EQUITABLE LIFE ASSURANCE SOCIETY

AND ITS

SCHEME POLICYHOLDERS  
(AS DEFINED IN THE SCHEME)

# Part I – Preliminary

## 1. Definitions and interpretation

1.1 In this Scheme and its Schedules, unless inconsistent with the subject or context, the following expressions bear the following meanings:

**Board** means the board of directors of the Society or any duly constituted committee thereof;

**Contractual Event** means in relation to a Policy an event which gives rise to the payment of proceeds in circumstances when guaranteed terms apply under that Policy;

**Conventional Assurance** has the meaning given to such expression in Schedule D;

**Court** means the High Court of Justice in England and Wales;

**Court Order** means the order sanctioning this Scheme;

**Declared Bonus Addition** has the meaning given to such expression in Schedule D;

**Effective Date** means the date on which this Scheme becomes effective in accordance with its terms;

**Excluded GAR Policy** means a Scheme Policy of a description set out in Part 2 of Schedule A which shall not be regarded as having any GAR Right for the purposes of this Scheme;

**Explanatory Statement** means the statement relating to this Scheme prepared by the Society pursuant to Section 426 of the Companies Act 1985;

**Final Bonus** means a bonus addition pursuant to a Contractual Event which is only finally determined at the date of such Contractual Event in accordance with the then most recently applicable formal 'Statement of Bonuses' approved by the Society's board;

**GAR Fund** means both GAR Policy Value and GAR Guaranteed Value being two separate measures of value attributed by the Society to a relevant Scheme Policy;

**GAR Guaranteed Value** means that part (if any) of the Guaranteed Value in respect of which GAR Rights can be exercised excluding any Guaranteed Value in respect of an Excluded GAR Policy;

**GAR Policyholder** means a Scheme Policyholder:

- (a) in relation to a Scheme Policy which is of a description set out in Part 1 of Schedule A and which contains any GAR Right (or is treated by the Society as containing any GAR Right); or
- (b) in relation to a Scheme Policy which contains any GAR Right (or is treated by the Society as containing any GAR Right) not being an Excluded GAR Policy;

**GAR Policy Value** means that part (if any) of the Policy Value in respect of which GAR Rights can be exercised excluding any Policy Value in respect of an Excluded GAR Policy;

**GAR-Related Claim** means all and any claims or potential claims (other than a claim to a GAR Right) which any person has and/or may have against the Society and/or the Society's Associates (but, for the avoidance of doubt, not against any other third party) and/or which any person has brought or could seek to bring on behalf of the Society against any of the Society's Associates, whether accrued, accruing or to accrue in the future and whether or not presently known about, arising out of or in any way connected with any one or more of the following:

- (a) GAR Rights;
- (b) the existence of GAR Rights and the actual or potential consequences of their existence to the Society and/or any person;
- (c) the proceedings entitled *The Equitable Life Assurance Society v Alan David Hyman* (case reference HC 1999 No. 00184 (High Court); 1999/1025/3 (Court of Appeal); [2000] 3 WLR 529 (House of Lords)), and/or the bringing and/or conduct of those proceedings;
- (d) the differential final bonus practice operated by the Society between 1 January 1994 and 19 July 2000 (inclusive) (which was the subject of the proceedings referred to in (c) above);
- (e) any representation, advice, disclosure, information or literature made, given or available to any person in relation to any matter referred to in (a) to (d) (inclusive) above;

(f) any defect, inaccuracy, omission and/or non-disclosure in any representation, advice, disclosure, information or literature made, given or available to any person in relation to any matter referred to in (a) to (e) (inclusive) above; and

(g) any failure to advise or non-disclosure in relation to any matter referred to in (a) to (f) (inclusive) above;

**GAR Right** means:

(a) in respect of a With-Profits Policy which contains a commutation table or which is treated by the Society as containing a commutation table, a subsisting right (whether express or implied) conferred under the terms of that With-Profits Policy to acquire or elect to acquire under the terms thereof from the Society a cash fund in exchange for the commutation of some or all of the annuity calculated by reference to or using commutation rates or commutation rates examples of which are set out, referred to or otherwise incorporated in such a Scheme Policy (other than for illustrative purposes);

(b) in respect of any With-Profits Policy which contains both a specified level of annuity payable from a date specified in the Policy and a specified cash fund equivalent at the same date both of which are increased by bonuses to the same proportionate extent, a subsisting right (whether express or implied) conferred under the terms of that With-Profits Policy to annuity benefits at a level not less than the aforementioned specified level of annuity increased by bonuses;

(c) in respect of any With-Profits Policy, a subsisting right (whether express or implied) conferred under the terms of that With-Profits Policy to acquire or elect to acquire under the terms thereof from the Society an annuity in respect of some or all of the benefits under that With-Profits Policy:

(i) calculated by reference to or using annuity rates or annuity rates examples of which are set out, referred to or otherwise incorporated in such With-Profits Policy (other than for illustrative purposes); or

(ii) the cost of which is guaranteed not to exceed the cost of an annuity calculated by reference to annuity rates or annuity rates examples of which are set out, referred to or otherwise incorporated in such With-Profits Policy (other than for illustrative purposes); and

(d) an unexercised but subsisting right (whether express or implied) conferred under the terms of any Policy to participate in the With-Profits Fund which if exercised would confer on the holder of such Policy a right as described in (a), (b) or (c) above;

**Guaranteed Value** means the with-profits value attributed to a Scheme Policy by the Society as at 11 January 2002 in accordance with the Scheme (including, for the avoidance of doubt, any Declared Bonus Addition and Participating Sum Assured attributed to a Recurrent Single Premium Contract) the amount of which the Society has guaranteed to pay in accordance with the terms of the relevant Scheme Policy (excluding, for the avoidance of doubt, any Final Bonus);

**holder** means the person who appears from the records of the Society to be the holder of a Policy;

**Non-GAR Equivalent Benefit** has the meaning given to such expression in Schedule D;

**Non-GAR Equivalent Guaranteed Benefit** has the meaning given to such expression in Schedule D;

**Non-GAR Fund** means both Non-GAR Policy Value and Non-GAR Guaranteed Value being two separate measures of value attributed by the Society to a relevant Scheme Policy;

**Non-GAR Guaranteed Value** means in relation to a Scheme Policy:

(a) in the case of a With-Profits Annuity Policy or a Conventional Assurance, the Non-GAR Equivalent Guaranteed Benefit including any Non-GAR Equivalent Guaranteed Benefit in respect of an Excluded GAR Policy; or

(b) in the case of any other Scheme Policy, that part of the Guaranteed Value in respect of which GAR Rights cannot be exercised including any Guaranteed Value in respect of an Excluded GAR Policy;

**Non-GAR Policyholder** means a Scheme Policyholder in relation to that part, if any, of a Scheme Policy which does not contain any GAR Right and/or a holder of an Excluded GAR Policy;

**Non-GAR Policy Value** means in relation to a Scheme Policy:

- (a) in the case of a With-Profits Annuity Policy or a Conventional Assurance, the Non-GAR Equivalent Benefit including any Non-GAR Equivalent Benefit in respect of an Excluded GAR Policy; or
- (b) in the case of any other Scheme Policy that part of the Policy Value in respect of which GAR Rights cannot be exercised including any Policy Value in respect of an Excluded GAR Policy;

**Participating Sum Assured** has the meaning given to such expression in Schedule D;

**Pension Business** has the meaning given to such expression in Schedule D;

**Policy** means a contract of assurance written by the Society as amended from time to time;

**Policy Value** means the with-profits policy value attributed to a Scheme Policy by the Society as at (and on the assumption that a Contractual Event had occurred on) 11 January 2002 in accordance with the Scheme, being an amount which the Society is not contractually bound to pay until final determination by the Society in accordance with the terms of the relevant Scheme Policy and the then latest applicable formal 'Statement of Bonuses' approved by the Society's board for such Scheme Policy;

**Proceeding** means any action or other legal or administrative proceeding or step (whether by way of demand, legal proceedings, execution of judgment, arbitration or otherwise howsoever) including, for the avoidance of doubt and without prejudice to the generality of the foregoing:

- (a) arbitration;
- (b) mediation;
- (c) any other dispute resolution procedure (whether or not it involves submission to any court);
- (d) any judicial, quasi-judicial, administrative or regulatory review or process; and
- (e) any complaint or claim to any ombudsman (including the Financial Ombudsman Service);

**Recurrent Single Premium Contract** has the meaning given to such expression in Schedule D;

**Registrar of Companies** means the Registrar of Companies in England and Wales;

**Scheme** means this scheme of arrangement with or subject to any modification, addition or condition approved or imposed by the Court;

**Scheme Policy** means a subsisting With-Profits Policy, or any subsisting Policy which is not a With-Profits Policy but which has a GAR Right, which in either case is not a Specified German Policy;

**Scheme Policy Endorsement** means an endorsement to a Scheme Policy made to reflect changes to the terms and conditions of such a Scheme Policy resulting from this Scheme to be issued by the Society to each Scheme Policyholder subject to and following this Scheme having become effective;

**Scheme Policyholder** means a holder of a Scheme Policy in respect of that Policy;

**Scheme Uplift** means the increases in GAR Policy Value, Non-GAR Policy Value, GAR Guaranteed Value and Non-GAR Guaranteed Value to be effected in accordance with clause 4.1;

**Scheme Uplift Notification** means a notification of the Scheme Uplift resulting from this Scheme to be issued by the Society to each Scheme Policyholder subject to and following this Scheme having become effective;

**Society** means The Equitable Life Assurance Society, a company registered in England and Wales with number 37038;

**Society's Associates** means all or any officers, employees or agents of the Society from time to time but only to the extent any such person has been directly engaged in the selling to and/or advising Scheme Policyholders (but not the Society) in relation to Scheme Policies ('Direct Selling') but not:

- (a) any director (within the meaning of Section 741 of the Companies Act 1985) of the Society from time to time;
- (b) any solicitor, barrister, auditor or regulator of or in relation to the Society from time to time;
- (c) any appointed actuary of or to the Society from time to time; or
- (d) any other professional adviser not mentioned in (b) or (c) above (except to the extent such adviser has been engaged in Direct Selling);

**Specified German Policy** means a Policy of a description set out in Part 3 of Schedule A which shall not be regarded as a With-Profits Policy for the purposes of this Scheme;

**subsisting** means has not matured or been terminated or surrendered or otherwise ceased to be in force or have effect as at the Effective Date;

**Substituted Contract** means a contract providing benefits in substitution for those provided under a Scheme Policy and approved in this regard by the Commissioners of the Inland Revenue;

**With-Profits Annuity Policy** has the meaning given to such expression in Schedule D;

**With-Profits Fund** means the assets of the Society not required to match unit-linked, non-profit or index-linked liabilities or to meet the day-to-day liabilities of the Society; and

**With-Profits Policy** means a Policy which entitles the holder to participate in the profits of the With-Profits Fund.

**1.2** Clause and Schedule headings to this Scheme are inserted for convenience only and shall be ignored in the interpretation of this Scheme.

**1.3** In this Scheme and its Schedules, unless inconsistent with the subject or context:

(a) references to clauses, Parts and Schedules are to be construed as references to clauses, Parts and Schedules respectively of and to this Scheme;

(b) references to (or to any specified provision of) this Scheme shall be construed as references to this Scheme (or that provision) as in force for the time being and as modified in accordance with the terms of this Scheme;

(c) words incorporating the plural shall include the singular and vice versa and words incorporating one gender shall include all genders;

(d) references to any enactment shall be deemed to include references to such enactment as amended, re-enacted or consolidated; and

(e) references to a Scheme Policyholder shall be deemed to include references to joint Scheme Policyholders.

## **2. The Society**

**2.1** The Society was founded in 1762.

**2.2** On 18 August 1892 the Society was incorporated under the Companies Acts 1862 – 1890 as an unlimited company without a share capital.

## **3. Purpose of the Scheme**

The purpose of this Scheme is to constitute a compromise between the Society and its Scheme Policyholders by:

(a) abrogating GAR Rights;

(b) abrogating and settling fully, finally and irrevocably GAR-Related Claims of Scheme Policyholders; and

(c) increasing the Policy Values and Guaranteed Values of Scheme Policies in accordance with the terms of this Scheme.



# Part II – The Scheme

## 4. The Compromise

### 4.1 Upon and with effect from the Effective Date:

- (a) all Scheme Policies (except Excluded GAR Policies) giving any person or treated as giving a GAR Right shall be amended with the effect that any person who immediately before the Effective Date was entitled or prospectively entitled to exercise a GAR Right shall cease to have or to be able to exercise any GAR Right whatsoever; and
- (b) the following additional provisions shall apply under Scheme Policies that prior to the Effective Date gave or were treated as giving a GAR Right as set out below:
  - (i) if a Scheme Policy does not provide for an annuity to be payable except in accordance with a GAR Right, the Scheme Policyholder shall be entitled to acquire or elect to acquire from the Society at the time of retirement otherwise on the terms of such Scheme Policy such annuity approved by the Commissioners of the Inland Revenue as the Society shall decide using such rates as are used by the Society at the relevant time for the purchase of an annuity of a similar type; and
  - (ii) if a Scheme Policy does not provide the option of a Substituted Contract under that Policy:
    - (A) the Scheme Policyholder shall be entitled to elect to renounce at the relevant time wholly or in part the annuity from the Society payable under that Policy (including any annuity referred to in paragraph (i) above) and to have the value (as determined from time to time by the Society) of such renounced annuity determined by reference to the GAR Fund (as uplifted by the Scheme) at the relevant time applied as a premium under a Substituted Contract with an assurer other than the Society;
    - (B) the right to make such an election shall not be available under a Scheme Policy issued before 5 January 1987 in connection with a with-profits transfer plan where an open market option is not currently available; and
    - (C) the election shall be made by giving written notice to the Society in such form as it shall from time to time stipulate and shall name the assurer with whom the Substituted Contract is to be effected;
- (c) all and any GAR-Related Claims that each Scheme Policyholder has and/or may have in relation to their GAR Fund and/or Non-GAR Fund as the context shall require shall be waived and settled fully, finally and irrevocably; and
- (d) subject to clauses 5, 8 and 12:
  - (i) the GAR Policy Values and GAR Guaranteed Values under a Scheme Policy shall be increased respectively in accordance with the provisions of Part A of Schedule B;
  - (ii) the Non-GAR Policy Values and Non-GAR Guaranteed Values under a Scheme Policy shall be increased respectively in accordance with the provisions of Part B of Schedule B; and
  - (iii) in the event that the GAR Policy Value and the GAR Guaranteed Value under a Scheme Policy which contains GAR Rights held by a GAR Policyholder is nil, such a GAR Policyholder shall be paid £1 in respect of such a Scheme Policy.

**4.2** If, prior to the Effective Date, notice has been duly given to the Society that a GAR Policyholder who is contractually entitled to exercise his GAR Right prior to the Effective Date irrevocably and unconditionally exercises his GAR Right over all or part of his GAR Funds, and that prior to the Effective Date the Society has received all necessary documentation to enable it to discharge its obligations to that GAR Policyholder in respect of such exercise, nothing in this Scheme shall preclude the exercise of such GAR Right by such GAR Policyholder.

**4.3** In the event that any GAR Policyholder exercises his GAR Right under clause 4.2 he shall not be entitled to any Scheme Uplift in relation to any Policy over which such GAR Right is exercised.

## **5. Stay of Proceedings**

**5.1** Upon and with effect from the Effective Date, except to the extent that the Society has failed to perform any obligation under the provisions of this Scheme, no Scheme Policyholder shall be entitled to institute or continue any Proceeding in any jurisdiction whatsoever in relation to any GAR Right or any exercise of any GAR Right (in each case compromised in clause 4.1(a) and (b)) or in relation to any GAR-Related Claim.

**5.2** If any Scheme Policyholder takes or continues any such action as is prohibited by clause 5.1 in relation to any Scheme Policy held by such Scheme Policyholder, the Scheme Policyholder shall be treated as having received, on account of the Scheme Uplift applied or applicable to such Scheme Policy, an advance payment equal to the amount or gross value of any money, property, benefit or advantage obtained by that Scheme Policyholder at the expense of the Society as the result of such action and to the extent, if any, to which the Scheme Policyholder is entitled to any Scheme Uplift, such Scheme Uplift shall be reduced or, if already applied, reversed by a corresponding adjustment to such Scheme Policy's GAR Policy Value, GAR Guaranteed Value, Non-GAR Policy Value and Non-GAR Guaranteed Value (as the context shall require), to reflect the advance payment such Scheme Policyholder shall be treated as having received as referred to above. For this purpose, the gross value of any such property, benefit or advantage and any reduction referred to above shall be determined by the Board and, without limitation, may include such amount as the Board may determine to be appropriate by way of interest or costs, charges or expenses incurred by the Society as the result of such action.

## **6. Currency of Scheme Policy Uplifts**

Any Scheme Uplift shall be applied or paid, as the case may be, by the Society pursuant to clause 4.1 in the currency of the relevant Scheme Policy.

## **7. Policy endorsements and Notification**

Within twelve months of the later of the Effective Date and the date the Society shall be required to apply the Scheme Uplift pursuant to clause 12, the Society shall despatch or procure the despatch to GAR Policyholders of relevant Scheme Policy Endorsements and to Scheme Policyholders of relevant Scheme Uplift Notifications and, where relevant, the payment of any sum due under this Scheme (although such documents and payment may not necessarily be despatched at the same time). In accordance with clause 13, the effectiveness of the Scheme shall not depend upon or be conditional upon the despatch or receipt of any such Scheme Policy Endorsement, Scheme Uplift Notification or payment.

## **8. Cut-offs**

**8.1** Any payment of any additional premium and/or the exercise of any right to participate in the With-Profits Fund under any Scheme Policy (not referred to in clause 8.2) after 11 January 2002 shall be ignored in determining GAR Policy Value, GAR Guaranteed Value, Non-GAR Policy Value and Non-GAR Guaranteed Value (as the context shall require) for the purposes of this Scheme and, for the avoidance of doubt, no GAR Right shall be exercisable in relation to any benefit secured thereby, upon and from the Scheme becoming effective.

**8.2** Any transfer of value into the With-Profits Fund from any other funds of the Society in relation to any Scheme Policy or transfer in from a Pension Business policy not written by the Society after 18 September 2001 shall be ignored in determining GAR Policy Value, GAR Guaranteed Value, Non-GAR Policy Value and Non-GAR Guaranteed Value (as the context shall require) for the purposes of this Scheme and for the avoidance of doubt, no GAR Right shall be exercisable in relation to any benefit secured thereby, upon and from the Scheme becoming effective.

**8.3** Any transfer of value out of the With-Profits Fund in relation to any Scheme Policy (including payments out of immediate annuities) after 11 January 2002 and up to and including the Effective Date (the ‘Transferred Value’) shall be deducted from the GAR Policy Value, GAR Guaranteed Value, Non-GAR Policy Value and Non-GAR Guaranteed Value (as the context shall require) of such Scheme Policy for the purposes of the Scheme Uplift such deduction being determined on a proportionate basis in accordance with the Society’s usual practice. For the avoidance of doubt, no Scheme Uplift shall be applied under this Scheme in relation to the Transferred Value.

## **9. Board determinations**

Where, under any of the provisions of this Scheme or in any Schedule, a matter is to be determined by the Board, it shall be determined by the Board in its discretion in such manner as it considers fair and reasonable and its decision shall be final and binding on all concerned.

## **10. Notices**

**10.1** All deliveries of notices, other documents or payments to be made pursuant to this Scheme shall be effected by posting the same in pre-paid envelopes addressed to the person entitled thereto at his address appearing in the records of the Society (or, in the case of Scheme Policyholders who appear to the Society to be joint holders, to the address of that one of the joint holders whose name stands first in the said records of the Society in respect of the joint holding) at the latest practicable date prior to the date of their despatch or to such other address (if any) as any such person may have previously directed in writing.

**10.2** The Society shall not be responsible for any loss or delay in the transmission of any notices, other documents or payments posted by or to any Scheme Policyholder which shall be posted at the risk of such Scheme Policyholder.

## **11. Society’s Associates**

The parties to this Scheme agree that the Society’s Associates shall be entitled to enforce any of the benefits conferred on them by the terms of this Scheme.

## **12. Application of Scheme Uplift**

**12.1** Subject to clause 12.2, the Society shall only be required to apply the Scheme Uplift in the manner contemplated by this Scheme upon the expiry of 14 days after the Court Order has been made or such other period as the Court may allow. The Scheme Uplift will be applied with retrospective effect to the Effective Date.

**12.2** In the event that any appeal is made against the Court Order, the Society shall not be required to apply the Scheme Uplift until such time as the Society reasonably determines that the Court Order will not be the subject of any further, appeal.

### **13. Operation of the Scheme**

**13.1** This Scheme shall become effective as soon as an office copy of the Court Order shall have been duly delivered by the Society to the Registrar of Companies for registration.

**13.2** Unless this Scheme shall become effective on or before 31 December 2002 or such later date, if any, as the Society may specify and the Court may allow, this Scheme shall never become effective.

**13.3** The Society may on behalf of all persons concerned consent to any modification of or addition to this Scheme or to any condition which the Court may approve or impose.

### **14. Governing Law**

This Scheme shall be governed by, construed and take effect in accordance with, English law and Scheme Policyholders hereby submit to the exclusive jurisdiction of the Court and agree that the Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any claim, dispute or matter of difference which may arise out of the Explanatory Statement or any provision of this Scheme, or out of any action taken or omitted to be taken under this Scheme or in connection with the administration of this Scheme.

1 December 2001

# Schedule A

Unless otherwise provided or unless inconsistent with the subject or context, all words and expressions defined in the body of this Scheme and in Schedule D shall have the same respective meanings in this Schedule and the principles of construction and interpretation used in the body of this Scheme shall apply to this Schedule.

## Part 1 – GAR Policies

In the event that any Scheme Policy containing any GAR Right (or treated by the Society as containing any GAR Right) cannot be allocated to a description of any Scheme Policy referred to in this Part 1, the Society shall exercise its discretion to allocate such Policy to such relevant description as it shall reasonably determine based on the proximity and similarity of the nature of the legal rights of the Scheme Policies referred to in this Part 1 and such Policy will receive the corresponding Scheme Uplift as determined by reference to Schedule B.

### 1. Pre-October 1975 Retirement Annuity Policies

Retirement Annuity Policies effected before 1 October 1975

### 2. Post-September 1976 Retirement Annuity or Other Policies

Retirement Annuity Policies effected after 30 September 1976 excluding those listed at paragraph 3 of this Schedule as Other GAR Policies

Single Premium Deferred Annuity Policies bought by the trustees of UK tax approved occupational pension schemes for a member of that scheme on the winding-up of that scheme provided that the policy contains a specified level amount of annuity payable from a date specified in the Policy should the annuitant survive to that date and creates a cash fund equivalent value of the annuity at that specified date

Scheme Policies with the following policy numbers\*: PPP0012915; PPP0017543; PPP0055582; PPP0202474; V0017317; V0030139; V0108848; V0145606; V0167193; PPP0126704; PPP0130346; R6007289; MPN0012423; V0173418; V0121221; PPP0142911; R6015440; PPP0061384; PPP0142911; V0171786; PPP0129402

### 3. Other GAR Policies

Retirement Annuity Policies effected from 1 October 1975 to 30 September 1976

Retirement Annuity Policies effected after 30 September 1976 and having been applied for using the proposal form headed 'Retirement annuities with profits (new series)' which is dated 10/1975

Individual Pension Policies effected before 1 July 1988

Final Salary Pension Policies effected before 9 June 1988

Group Money Purchase Pension Policies effected before 9 June 1988

Additional Voluntary Contribution Plan Policies effected before 9 June 1988

Transfer Plan Policies effected before 1 July 1988 provided that the Scheme Policy stipulates that GAR Rights apply

Scheme Policies with the following policy numbers†: P2035108; P2035109; P2035126; P2035222; P2036202; P2036209; P2036212; P2036238; P2036239; P2036245; P2036257; P2036279; P2036285; P2036297; P2036320; R0274161; R0274193; R0158893; R0249398; E0153; E0155; E0165; E0144; E0191; E454; E969; E971; E973

Scheme Policies with the following policy numbers\*: IPP0002583; IPP0006299; IPP0007055; IPP0013861; TPN0000020; TPN0000470; WUP0007814; WUP0007815; PPP0014951; PPP0048746; PPP0108321; V0001540; V0008903; V0022244; V0024527; V0026587; V0033835; V0056445; V0099341; V0124461; V0146205; V0154162; V0159683; V0192984; V0196741; V0197069; PPP0107278; PPP0130694; PPP0134538; PPP0135043; PPP0202602; PPP0020736; H0873; Q0032; Q0201; Q0289; Q1216; Q1424; Q1513; Q1624; Q1717; Q1760; Q1861; Q1986; Q2146; Q2162; MPN0013668; MPN0016835; MPN0018995; PPP0037121; PPP0037633; PPP0068143; V0005835

### **Notes**

In respect of each Policy that falls within one of the categories above it is that part of the Policy in respect of which the GAR Policyholder can elect to exercise a GAR Right that will entitle the GAR Policyholder to the Scheme Uplift in accordance with Part A of Schedule B on the Effective Date.

\*These Scheme Policies are included in Part 1 of this Schedule A by reason of the specific circumstances in relation to such Scheme Policies.

†These Scheme Policies are included in Part 1 of this Schedule A under paragraph 3 headed 'Other GAR Policies' being Scheme Policies effected after the dates referred to in the various descriptions in paragraph 3 of that Part and not falling within any other description in Part 1.

### **Part 2 – Excluded GAR Policies**

Those Policies written as part of the Society's German Branch Business and described as:

Überschußbeteiligte Investment – Rentenversicherung mit laufenden Beiträgen

Überschußbeteiligte Investment – Rentenversicherung mit variablen Beiträgen

Those Policies written by the Society and described as follows:

Deferred Annuity Policies which are a part of the Society's UK Basic Life Assurance and General Annuity Business, which are not in the Minor Profits Class, which are not Recurrent Single Premium Deferred Annuities, and which have an annuity rate guaranteed under such Policy;

Deferred Annuity Policies which are a part of the Society's UK Basic Life Assurance and General Annuity Business, which are in the Minor Profits Class, which are not Recurrent Single Premium Deferred Annuities, and which have an annuity rate guaranteed under such Policy;

Deferred Annuity Policies which are a part of the Society's UK Pension Business, which are not Recurrent Single Premium Deferred Annuities, and which have an annuity rate guaranteed under such Policy;

Endowment Assurance Policies which are a part of the Society's UK Pension Business, which are not Recurrent Single Premium Deferred Annuities, and which have an annuity rate guaranteed under such Policy;

Endowment Assurance Policies which are a part of the Society's UK Basic Life Assurance and General Annuity Business which are not Recurrent Single Premium Contracts, which have an annuity rate guaranteed under such Policy;

Double Endowment Assurance Policies which are a part of the Society's UK Basic Life Assurance and General Annuity Business, which are not Recurrent Single Premium Contracts, and which have an annuity rate guaranteed under such Policy; and

Double Endowment Assurance Policies which are a part of the Society's UK Pension Business, which are not Recurrent Single Premium Contracts, and which have an annuity rate guaranteed under such Policy.

### **Part 3 – Specified German Policies**

Those Policies written as part of the German Branch Business and described as:

Flexible Rentenversicherung

Flexible Rentenversicherung mit Berufsunfähigkeits – Zusatzversicherung

Flexible Kapital-Lebensversicherung

Flexible Kapital – Lebensversicherung mit Berufsunfähigkeits – Zusatzversicherung

Risikoversicherung

Risikoversicherung mit Berufsunfähigkeits – Zusatzversicherung

Sofort beginnende Rentenversicherung (where the policy number begins 1000... or AE.....)

Any disability rider or disability benefit applicable to a Policy written as part of the German Branch Business and described as:

Berufsunfähigkeits-Zusatzversicherung (whether or not such a benefit is written separately or as part of a Policy but not, for the avoidance of doubt, the Policy to which such benefit attaches or relates, unless such Policy itself is described above in this Part 3 of this Schedule A)

# Schedule B

Unless otherwise provided or unless inconsistent with the subject or context, all words and expressions defined in the body of this Scheme and in Schedule D shall have the same respective meanings in this Schedule and the principles of construction and interpretation used in the body of this Scheme shall apply to this Schedule.

## Part A – GAR Policy Values and GAR Guaranteed Values

The uplifts applying to GAR Policy Values and GAR Guaranteed Values are set out in the tables according to the type of Policy as shown in the three tables in Parts A.1, A.2 and A.3 of this Schedule. GAR Guaranteed Values and GAR Policy Values will be increased by the percentage uplifts shown in those tables in the manner described in each table.

### A.1. Pre-October 1975 Retirement Annuity Policies

For each Pre-October 1975 Retirement Annuity Policy, the uplift to be applied to the GAR Guaranteed Value and the GAR Policy Value on the Effective Date will be calculated by reference to the following table and by reference to the Age of the GAR Policyholder of such Pre-October 1975 Retirement Annuity Policy.

Age as at 31.12.01	Uplift on GAR Guaranteed Value	Uplift on GAR Policy Value if the Effective Date is after 1 March 2002	Uplift on GAR Policy Value if the Effective Date is on or before 1 March 2002
45	2.3%	2.3%	3.5%
46	2.4%	2.4%	3.5%
47	2.4%	2.4%	3.5%
48	2.4%	2.4%	3.6%
49	2.4%	2.4%	3.6%
50	2.5%	2.5%	3.6%
51	2.6%	2.6%	3.7%
52	2.6%	2.6%	3.8%
53	2.7%	2.7%	3.8%
54	2.8%	2.8%	3.9%
55	2.8%	2.8%	4.0%
56	2.9%	2.9%	4.1%
57	3.0%	3.0%	4.1%
58	3.1%	3.1%	4.2%
59	3.1%	3.1%	4.3%
60	3.3%	3.3%	4.5%
61	3.6%	3.6%	4.8%
62	3.8%	3.8%	5.0%
63	4.0%	4.0%	5.1%
64	4.1%	4.1%	5.3%
65	4.3%	4.3%	5.5%
66	4.7%	4.7%	5.9%
67	4.8%	4.8%	6.0%
68	5.1%	5.1%	6.2%
69	5.2%	5.2%	6.4%
70	5.4%	5.4%	6.6%
71	5.6%	5.6%	6.8%
72	5.8%	5.8%	6.9%
73	5.8%	5.8%	7.0%
74	6.0%	6.0%	7.1%
75 or more	6.0%	6.0%	7.2%



## A.2. Post-September 1976 Retirement Annuity or Other Policies

For each Post-September 1976 Retirement Annuity or Other Policy, the uplift to be applied to the GAR Guaranteed Value and the GAR Policy Value on the Effective Date will be calculated by reference to the following table.

	<b>Uplift on GAR Guaranteed Value</b>	<b>Uplift on GAR Policy Value if the Effective Date is after 1 March 2002</b>	<b>Uplift on GAR Policy Value if the Effective Date is on or before 1 March 2002</b>
<b>For all Ages</b>	<b>15.0%</b>	<b>15.0%</b>	<b>16.3%</b>

### A.3. Other GAR Policies

3.1 For each Other GAR Policy, the uplift to be applied to the GAR Guaranteed Value and the GAR Policy Value on the Effective Date will be calculated by reference to the following table and by reference to the Age of the GAR Policyholder of such Other GAR Policy.

Age as at 31.12.01	Uplift on GAR Guaranteed Value	Uplift on GAR Policy Value if the Effective Date is after 1 March 2002	Uplift on GAR Policy Value if the Effective Date is on or before 1 March 2002
30 or less	15.2%	15.2%	16.5%
31	15.2%	15.2%	16.5%
32	15.2%	15.2%	16.5%
33	15.2%	15.2%	16.5%
34	15.2%	15.2%	16.5%
35	15.3%	15.3%	16.6%
36	15.5%	15.5%	16.8%
37	15.7%	15.7%	17.0%
38	15.9%	15.9%	17.2%
39	16.2%	16.2%	17.4%
40	16.4%	16.4%	17.7%
41	16.7%	16.7%	18.0%
42	17.0%	17.0%	18.3%
43	17.2%	17.2%	18.5%
44	17.5%	17.5%	18.8%
45	17.8%	17.8%	19.1%
46	18.0%	18.0%	19.3%
47	18.2%	18.2%	19.6%
48	18.4%	18.4%	19.8%
49	18.6%	18.6%	19.9%
50	18.8%	18.8%	20.1%
51	18.9%	18.9%	20.2%
52	19.0%	19.0%	20.3%
53	19.0%	19.0%	20.4%
54	19.0%	19.0%	20.4%
55	19.0%	19.0%	20.3%
56	19.0%	19.0%	20.3%
57	18.9%	18.9%	20.2%
58	18.7%	18.7%	20.1%
59	18.6%	18.6%	19.9%
60	18.3%	18.3%	19.7%
61	18.1%	18.1%	19.5%
62	18.0%	18.0%	19.3%
63	17.8%	17.8%	19.1%
64	17.6%	17.6%	18.9%
65	17.4%	17.4%	18.7%
66	17.2%	17.2%	18.5%
67	17.0%	17.0%	18.3%
68	16.8%	16.8%	18.1%
69	16.6%	16.6%	17.8%
70	16.3%	16.3%	17.6%
71	16.1%	16.1%	17.4%
72	16.0%	16.0%	17.3%
73	15.8%	15.8%	17.1%
74	15.7%	15.7%	17.0%
75 or more	15.6%	15.6%	16.9%
Age not known *	15.2%	15.2%	16.5%

\*If prior to the date the Scheme Uplift is applied as determined by reference to clause 12 of the body of this Scheme, the Society has not received notification of the date of birth for a Relevant Beneficiary under a Group Pension Policy with GAR Rights (to its reasonable satisfaction), then the appropriate percentage uplifts in the row shown for 'Age not known' will be applied to the GAR Guaranteed Value and GAR Policy Value which are attributable to the Group Pension Policy in relation to such Relevant Beneficiary's interest.

### **3.2 Uplifts to GAR Policy Values and GAR Guaranteed Values of Final Salary Pension Policies**

The uplifts to a Final Salary Pension Policy's GAR Policy Value will depend on the Ages of the Individual Members with GAR Rights (as set out in section A.3.1 of this Schedule B).

For a Final Salary Pension Policy, the percentage uplift applied to the GAR Policy Value will be calculated in three stages:

- for each and every Individual Member of the Final Salary Scheme with GAR Rights, the MFR Liability for that Individual Member will be multiplied by the appropriate percentage uplift to GAR Policy Value for that Individual Member's Age as given in the table of uplifts in section A.3.1 of this Schedule B;
- the total of all the values calculated in the previous stage for Individual Members of the Final Salary Scheme with GAR Rights will be determined; and
- the total value calculated in the previous stage will then be divided by the total of the MFR Liabilities for all of the Individual Members of the Final Salary Pension Scheme with GAR Rights, the result of which will be the percentage uplift to the GAR Policy Value.

For a Final Salary Pension Policy, the percentage uplift applied to the GAR Guaranteed Value will be calculated in three stages:

- for each and every Individual Member of the Final Salary Scheme with GAR Rights, the MFR Liability for that Individual Member will be multiplied by the appropriate percentage uplift to GAR Guaranteed Value for that Individual Member's Age as given in the table of uplifts in section A.3.1 of this Schedule B;
- the total of all the values calculated in the previous stage for Individual Members of the Final Salary Scheme with GAR Rights will be determined; and
- the total value calculated in the previous stage will then be divided by the total of the MFR Liabilities for all of the Individual Members of the Final Salary Pension Scheme with GAR Rights, the result of which will be the percentage uplift applied to the GAR Guaranteed Value.

### **3.3 General Note on Final Salary Pension Policies – Determination of GAR Policy Value, Non-GAR Policy Value, GAR Guaranteed Value and Non-GAR Guaranteed Value for Final Salary Pension Policies**

#### **GAR Policy Value**

To calculate the GAR Policy Value, the total of the Policy Value plus the total value of unit-linked Final Salary Pension Policy benefits with the Society (if any) is multiplied by the ratio:

- Total MFR Liability for Final Salary Pension Scheme Individual Members with GAR-Rights divided by the total MFR Liability for all Final Salary Scheme Individual Members.

The value of the GAR Policy Value is equal to this calculated value or, if lower, the Policy Value.

#### **Non-GAR Policy Value**

The Non-GAR Policy Value is equal to the Policy Value minus the GAR Policy Value (calculated as described in the section immediately above).

### **GAR Guaranteed Value**

The GAR Guaranteed Value is equal to the GAR Policy Value multiplied by the ratio of the Guaranteed Value divided by the Policy Value.

### **Non-GAR Guaranteed Value**

The Non-GAR Guaranteed Value is equal to the Guaranteed Value minus the GAR Guaranteed Value (which has been calculated as described in the Part immediately above).

## **Part B. Non-GAR Policy Values and Non-GAR Guaranteed Values**

### **B.1. Uplifts to Non-GAR Policy Values (and Non-GAR Equivalent Benefits)**

#### **a. Recurrent Single Premium Contracts**

For each Recurrent Single Premium Contract, the Non-GAR Policy Value will be increased by the percentage uplifts shown below on the Effective Date.

<b>Uplift to Non-GAR Policy Value if the Effective Date is after 1 March 2002</b>	<b>Uplift to Non-GAR Policy Value if the Effective Date is on or before 1 March 2002</b>
1.4%	2.5%

#### **b. With-Profits Annuity Policies**

For each With-Profits Annuity Policy, the Total Annuity Benefit will be increased by the percentage uplifts shown below on the Effective Date.

<b>Uplift to Total Annuity Benefit if the Effective Date is after 1 March 2002</b>	<b>Uplift to Total Annuity Benefit if the Effective Date is on or before 1 March 2002</b>
1.4%	2.5%

#### **c. Conventional Assurances**

For (i) each Endowment Assurance, Whole of Life Assurance, Deferred Annuity and Flexible Savings Plan which in each case is not of the Recurrent Single Premium Contract type and which in each case is part of the Society's UK Basic Life Assurance and General Annuity Business, and (ii) for each Endowment Assurance and Deferred Annuity which in each case is not of the Recurrent Single Premium Contract type and which in each case is part of the Society's UK Pension Business, the increase in Non-GAR Policy Value will be provided by the combined effect of the following, on the Effective Date:

- the uplift to be applied to such Scheme Policy's Non-GAR Guaranteed Value (which comprises, in the case of Conventional Assurance the total of the Sum Assured and existing Declared Bonus Additions) provided by the Scheme, as described in Part B.2 of this Schedule on the Effective Date; and
- the change in Final Bonus as reflected in the Final Bonus Rates (referred to in Schedule C) which is relevant to such Scheme Policy with effect on the Effective Date;

as illustrated by the examples in the Schedule C.

## B.2. Uplifts to Non-GAR Guaranteed Values (and Non-GAR Equivalent Guaranteed Benefits)

The Non-GAR Guaranteed Values and other Non-GAR Equivalent Guaranteed Benefits as the case may be of the Scheme Policies listed below will be increased by the percentage uplifts shown below (and corresponding to the Scheme Policy) on the Effective Date.

Scheme Policy Type	Uplift to Non-GAR Guaranteed Value	Note
Flexible Protection Plans, Regular Savings Plans, Critical Illness Plans, Major Medical Cash Plans, Bonds and Personal Investment Plans which in all cases are part of the Society's UK Basic Life Assurance and General Annuity Business	3% of the Guaranteed Value	c
Retirement Annuity Policies, Personal Pension Policies, Individual Pension Policies, Transfer Plan Policies, Recurrent Single Premium Deferred Annuities, Free-Standing Additional Voluntary Contribution Plan Policies, Managed Pension Policies, Managed Annuity Policies and Group Pensions Arrangements which in all cases were effected before 1 July 1996 and which in all cases are part of the Society's UK Pension Business	0.5% of the Guaranteed Value	a
Personal Pension Policies (except Equitable 2000 Personal Pension Policies), Individual Pension Policies, Transfer Plan Policies, Recurrent Single Premium Deferred Annuities, Free-Standing Additional Voluntary Contribution Plan Policies, Managed Pension Policies (except those effected after 12 March 1998 which are not entitled to Declared Bonus Additions) and Group Pensions Arrangements which in all cases were effected on or after 1 July 1996 and which in all cases are part of the Society's UK Pension Business	4% of the Guaranteed Value	a
Equitable 2000 Personal Pension Policies	3.6% of the Guaranteed Value	a
With-Profits Annuity Policies in payment effected before 1 July 1996, which are part of the Society's UK Pension Business or which are part of the Society's UK Basic Life Assurance and General Annuity Business	0.5% of the Guaranteed Annuity	e, f
With-Profits Annuity Policies in payment effected on or after 1 July 1996, which are part of the Society's UK Pension Business or which are part of the Society's UK Basic Life Assurance and General Annuity Business	4% of the Guaranteed Annuity	e, f
Recurrent Single Premium Deferred Annuities effected before 1 July 1996, which are part of the Society's UK Basic Life Assurance and General Annuity Business	0.5% of the Guaranteed Value	d
Recurrent Single Premium Deferred Annuities effected on or after 1 July 1996, which are part of the Society's UK Basic Life Assurance and General Annuity Business	4% of the Guaranteed Value	d
Deferred Annuities (other than policies of the Recurrent Single Premium Contract type) which are part of the Society's UK Basic Life Assurance and General Annuity Business and which are not in the Minor Profits Class	1.75% of the Maturity Value and 1.75% of existing Declared Bonus Additions	g
Endowment Assurances which are part of the Society's UK Basic Life Assurance and General Annuity Business and which are not in the Minor Profits Class	1.5% of the Sum Assured and 1.5% of existing Declared Bonus Additions Please see the Important Note below.	g, n

Scheme Policy Type	Uplift to Non-GAR Guaranteed Value	Note
Whole of Life Assurances which are part of the Society's UK Basic Life Assurance and General Annuity Business and which are not in the Minor Profits Class	1.5% of the Sum Assured and 1.5% of existing Declared Bonus Additions Please see the Important Note below.	g, n
Flexible Savings Plans which are part of the Society's UK Basic Life Assurance and General Annuity Business	1.5% of the Sum Assured and 1.5% of existing Declared Bonus Additions Please see the Important Note below.	g, n
Endowment Assurances which are part of the Society's UK Basic Life Assurance and General Annuity Business and which are in the Minor Profits Class	0.75% of the Sum Assured and 0.75% of existing Declared Bonus Additions Please see the Important Note below.	h, n
Whole of Life Assurances which are part of the Society's UK Basic Life Assurance and General Annuity Business and which are in the Minor Profits Class	0.75% of the Sum Assured and 0.75% of existing Declared Bonus Additions Please see the Important Note below.	h, n
Deferred Annuities (other than policies of the Recurrent Single Premium Contract type) which are part of the Society's UK Basic Life Assurance and General Annuity Business and which are in the Minor Profits Class	0.75% of the Maturity Value and 0.75% of existing Declared Bonus Additions  Please see the Important Note below.	h, n
Endowment Assurances which are part of the Society's UK Pension Business	1.75% of the Sum Assured and 1.75% of existing Declared Bonus Additions	g
Deferred Annuities (other than policies of the Recurrent Single Premium Contract type) which are part of the Society's UK Pension Business	1.75% of the Sum Assured and 1.75% of existing Declared Bonus Additions	g
International Investment Plans which are denominated in sterling and which are part of the Society's UK Services Business	4.0% of the Guaranteed Value	b
International Investment Plans which are denominated in US dollars and which are part of the Society's UK Services Business	3.0% of the Guaranteed Value	i
Guernsey Personal Pension Policies and Group Pensions Arrangements, effected before 1 July 1996, which are part of the Society's Guernsey Branch Business	0.5% of the Guaranteed Value	b
Jersey and Guernsey Personal Pension Policies and Group Pensions Arrangements which in all cases were effected on or after 1 July 1996 and which in all cases were are part of the Society's Guernsey Branch Business	4.0% of the Guaranteed Value	b
With-Profits Annuity Policies in payment, effected before 1 July 1996, which are part of the Society's Guernsey Branch Business	0.5% of the Guaranteed Annuity	e
With-Profits Annuity Policies in payment, effected on or after 1 July 1996, which are part of the Society's Guernsey Branch Business	4.0% of the Guaranteed Annuity	e

Scheme Policy Type	Uplift to Non-GAR Guaranteed Value	Note
International Personal Pension Policies, International Investment Plans and International Flexible Protection Plans which in all cases are denominated in sterling, which in all cases are part of the Society's Guernsey Branch Business and which in all cases are also classified as Overseas Life Assurance Business owing to the residence of the Scheme Policyholder	4.0% of the Guaranteed Value	b
International Personal Pension Policies, International Investment Plans and International Flexible Protection Plans which in all cases are denominated in sterling, which in all cases are part of the Society's Guernsey Branch Business and which in all cases are also classified as UK Basic Life Assurance and General Annuity Business owing to the residence of the Scheme Policyholder	3.0% of the Guaranteed Value	c
Group Pensions Arrangements effected before 1 July 1996 denominated in US dollars and which are part of the Society's Guernsey Branch Business	There will be no uplift of the Guaranteed Value. This is because no declared bonus would have been allocated for 2000 as the return which would have been passed on in guaranteed form (3%) was less than the 3.5% guaranteed investment returns on guaranteed benefits under the terms of each policy.	i
With-Profits Annuity Policies in payment effected before 1 July 1996 denominated in US dollars and which are part of the Society's Guernsey Branch Business	There will be no uplift of the Guaranteed Annuity. This is because no declared bonus would have been allocated for 2000 as the return which would have been passed on in guaranteed form (3%) was less than the 3.5% guaranteed investment returns on guaranteed benefits implicitly in the policy terms.	j
International Personal Pension Policies, International Investment Plans, International Flexible Protection Plans and Group Pensions Arrangements, which in all cases were effected on or after 1 July 1996, which in all cases are denominated in US Dollars, which in all cases are part of the Society's Guernsey Branch Business and which in all cases are also classified as Overseas Life Assurance Business owing to the residence of the Scheme Policyholder	3.0% of the Guaranteed Value	i
International Personal Pension Policies, International Investment Plans and International Flexible Protection Plans which in all cases are denominated in US Dollars, which in all cases are part of the Society's Guernsey Branch Business and which in all cases are also classified as UK Basic Life Assurance and General Annuity Business owing to the residence of the Scheme Policyholder	2.5% of the Guaranteed Value	i

Scheme Policy Type	Uplift to Non-GAR Guaranteed Value	Note
With-Profits Annuity Policies in payment effected on or after 1 July 1996 which are denominated in US dollars, which are part of the Society's Guernsey Branch Business, and which are also classified as Overseas Life Assurance Business owing to the residence of the Scheme Policyholder	3.0% of the Guaranteed Annuity	j
Personal Pension Policies, Individual Pension Policies and Group Pension Arrangements and Recurrent Single Premium Deferred Annuities, which in all cases were effected before 1 July 1996 and which in all cases are part of the Society's Republic of Ireland Branch Business	0.5% of the Guaranteed Value	k
Personal Pension Policies, Individual Pension Policies and Group Pension Arrangements and Recurrent Single Premium Deferred Annuities, which in all cases were effected on or after 1 July 1996 and which in all cases are part of the Society's Republic of Ireland Branch Business	4.0% of the Guaranteed Value	k
With-Profits Annuity Policies in payment, effected before 1 July 1996, which are part of the Society's Republic of Ireland Branch Business	0.5% of the Guaranteed Annuity	k
With-Profits Annuity Policies in payment effected on or after 1 July 1996, which are part of the Society's Republic of Ireland Branch Business	4.0% of the Guaranteed Annuity	k
Flexible Protection Plans, Regular Savings Plans, Critical Illness Plans, Major Medical Cash Plans and Bonds which in all cases are part of the Society's Republic of Ireland Branch Business	2.75% of the Guaranteed Value	l
Flexible Savings Plans, Investment Plans, Group Pension Arrangements and UK-Style Deferred Annuity policies which in all cases are part of the Society's German Branch Business	3.0% of the Guaranteed Value	m
UK-Style With-Profits Annuity Policies in payment which are part of the Society's German Branch Business	3.0% of the Guaranteed Annuity	m
Managed Pension Policies effected after 12 March 1998 which are not entitled to Declared Bonus Additions and Flexible Income Plans	There will be no uplift of the Guaranteed Value	



## **Notes to Table**

### **Sterling recurrent single premium pensions business**

(a) The underlying rate of guaranteed growth on guaranteed benefits is based on the expected declared guaranteed returns for the year 2000 of 4 per cent. per annum. If the Scheme Policy has a guaranteed rate of investment return on guaranteed benefits of 3.5 per cent. per annum then only an additional 0.5 per cent. bonus would have been added and so this forms the basis of the uplift. For Equitable 2000 Personal Pension Policies (none of which has a guaranteed rate of investment return on guaranteed benefits) 0.4 per cent. is deducted from the bonus rates to give a rate of 3.6 per cent. as all charges are taken from such policies in the form of an increased annual management charge.

### **Sterling recurrent single premium business other than pensions business**

All such business is allocated bonuses based on the 4 per cent. per annum that is allocated to pensions business but adjusted where necessary for the taxation regime that the policy falls under.

(b) Sterling business sold through the Guernsey Branch Business has unadjusted uplifts as it is subject to a tax regime which is very similar to that for UK Pension Business unless the residence of the policyholder means that the policy is classified as UK Basic Life Assurance and General Annuity Business. In this latter case the rate will be netted down appropriately for tax (see (c) below).

(c) Policies that are part of the UK Basic Life Assurance and General Annuity Business (apart from those in (d) below) are based on bonuses at 4 per cent. but are netted down to reflect the impact of taxation on the investment earnings attributable to business in that fund.

(d) Some policies that are part of the UK Basic Life Assurance and General Annuity Business are subject to a different impact of taxation owing to the nature of the policies (being deferred annuities) which were taken out before 1 January 1992. These policies have the same bonus rates as equivalent Pension Business.

### **Sterling with-profits annuities**

(e) UK Pension Business and Guernsey Branch Business sterling With-Profits Annuity Policies (with and without a 3.5 per cent. per annum guaranteed interest rate) get the same rates of uplift of 0.5 per cent. and 4 per cent. respectively as for the equivalent recurrent single premium business.

(f) UK With-Profits Annuity Policies which are part of the Society's Basic Life Assurance and General Annuity Business have the same uplifts as for the equivalent UK Pension Business With-Profits Annuity Policies as any adjustment for differing tax treatment is made in the original premium paid.

### **Sterling conventional assurances**

(g) For Conventional Assurance Policies the guaranteed benefit, the Sum Assured, is secured by all premium payments and the bonuses will reflect the different nature of the guaranteed benefits although all rates will be based on the 4 per cent. used for UK Pension Business. Policies which are also part of the UK Basic Life Assurance and General Annuity Business will also reflect the impact of taxation on the investment earnings.

(h) For Conventional Assurances that are in the Minor Profits Class bonuses are lower as they do not fully participate in profits.

### **Dollar denominated policies**

(i) Policies sold through the Guernsey Branch Business and denominated in US dollars have traditionally had slightly lower guaranteed declared bonuses reflecting the generally lower yields calculated by reference, in part, to the performance of US dollar denominated assets. If such policies are also classified as UK Basic Life Assurance and

General Annuity Business owing to the residence of the policyholder a further deduction is made to reflect the impact of taxation on investment earnings.

(j) For With-Profits Annuity Policies denominated in US dollars the same rates apply as for the equivalent recurrent single premium business.

### **Republic of Ireland policies**

(k) Pensions policies and With-Profits Annuity Policies sold through the Republic of Ireland Business Branch and denominated in punts have a very similar taxation regime as UK pension policies and the yields calculated by reference, in part, to the performance of the assets in the relevant currency are generally similar. The same rates apply as for equivalent UK Pension Business.

(l) Life assurance policies sold through the Republic of Ireland branch are based on bonuses of 4 per cent. per annum but are netted down to reflect the impact of taxation on the investment earnings attributable to business in that fund. The levels of taxation are generally greater than those for UK Basic Life Assurance and General Annuity Business.

### **German Branch business**

(m) Policies sold through the German Branch Business (excluding Specified German Policies) and denominated in Deutschemarks have traditionally had slightly lower guaranteed declared bonuses reflecting the generally lower yields calculated by reference, in part, to the performance of the assets in the relevant currency.

### **Important Note**

(n) For Endowment Assurances, Whole of Life Assurance and Flexible Savings Plans which are part of the Society's UK Basic Life Assurance and General Annuity Business, the uplifts to the guaranteed benefits (as tabulated above) have been expressed as the value of a specified percentage of the Sum Assured or Maturity Value together with the value of the same percentage applied to the existing Declared Bonus Additions. This type of basis, which provides appropriate levels of uplifts, does not correspond exactly with the types of bases which have been used to allocate declared bonuses in the past for these groups of policy, and has been used to ensure that the total Policy Values for all policies in those groups will be uplifted by 2.5 per cent. if the Effective Date is on or before 1 March 2002 or 1.4 per cent. if the Effective Date is after 1 March 2002. For the avoidance of doubt, it should be noted that the bases used for the Scheme Uplift in no way sets a precedent for the bases which will be used in future for allocating declared bonuses to these types of Policy and none should be implied.

# Schedule C

**Note: this Schedule is referred to in Part B.1.c of Schedule B**

## **Final Bonus Tables for Conventional Assurances for the purposes of calculating the increase to Non-GAR Policy Values**

Unless otherwise provided or unless inconsistent with the subject or context, all words and expressions defined in the body of this Scheme and in Schedule D shall have the same respective meanings in this Schedule and the principles of construction and interpretation used in the body of this Scheme shall apply to this Schedule.

This Schedule and the examples herein have effect only in relation to the Scheme and have no other application beyond the Scheme.

Different Final Bonus tables as detailed below are appropriate because over time the bonuses will reflect the impact of taxation on the investment earnings attributable to the former business and also because different levels of guaranteed declared bonuses have been added.

The Unadjusted Percentages (and Adjusted Percentages which are determined by reference to the Unadjusted Percentages) referred to in the Final Bonus tables in this Schedule C are not fixed and may be subject to change by the Society's board in the light of prevailing investment conditions and other relevant factors as set out in a formal 'Statement of Bonuses' by the Society's board and nothing in this Scheme shall fix such Final Bonuses. If such a revision of the Unadjusted Percentages is effected on or before the Effective Date, the Adjusted Percentages referred to in the Final Bonus tables in this Schedule C will be modified such that the ratio in relation to any Scheme Policy of

the sum of the Sum Assured, Declared Bonus Additions, the uplift to the Guaranteed Value, and the Final Bonus calculated using the appropriate modified Adjusted Percentage of such Scheme Policy

divided by

the sum of the Sum Assured, Declared Bonus Additions, and the Final Bonus calculated using the appropriate revised Unadjusted Percentage of such Scheme Policy

will be equal, subject to rounding differences, to the same ratio calculated using the equivalent Unadjusted Percentage and Adjusted Percentage shown in this Schedule C corresponding to such Scheme Policy.

### **A. UK Basic Life Assurance and General Annuity Business**

For each Endowment Assurance (which is not part of the Society's UK Pension Business), Whole of Life Assurance and Flexible Savings Plan which in each case is not in the Minor Profits Class and in each case is not a Recurrent Single Premium Contract, the Final Bonus is the total of the Sum Assured and existing Declared Bonus Additions multiplied by the appropriate percentage given in Table A below corresponding to the number of complete years for which such policy has participated in the With-Profits Fund at the Policy Anniversary in 2001 and by reference to the appropriate Adjusted Percentage as detailed for the date on which the Effective Date occurs (the 'Final Bonus Percentage') PROVIDED ALWAYS that the date of the event upon which benefits become payable is the Policy Anniversary in 2001.

For the purpose of calculating Final Bonus after the Scheme has become effective, the value of existing Declared Bonus Additions will include the 1.5 per cent. uplift of Non-GAR Guaranteed Value (which comprises the total Sum Assured and existing Declared Bonus Additions) provided by the Scheme.

If the Claim Date is after the Policy Anniversary in 2001, the Final Bonus Percentage is equal to:

1 plus the appropriate percentage derived from Table A below corresponding to the number of complete years for which such Policy has participated in the With-Profits Fund at the Policy Anniversary in 2001

multiplied by

1 plus 0.21 per cent. for each complete month from the 2001 Policy Anniversary to the Claim Date

from which 1 is then deducted.

For the sake of completeness and for illustration only, if the Claim Date is before the Policy Anniversary in 2001, the Final Bonus Percentage is equal to

1 plus the appropriate percentage derived from Table A below corresponding to the number of complete years for which such policy has participated in the With-Profits Fund at the Policy Anniversary in 2001

multiplied by

1 minus 0.21 per cent. for each complete month from the Claim Date to the 2001 Policy Anniversary

from which 1 is then deducted.

The Unadjusted Percentages shown in Table A are those Final Bonus Percentages which apply currently in the event of benefits becoming payable and are detailed for information only. The Adjusted Percentages are the corresponding Final Bonus Percentages which apply on the Effective Date.

**Table A**

<b>Number of complete years for which the Scheme Policy has participated in the With-Profits Fund at the Policy Anniversary in 2001</b>	<b>Unadjusted Percentage</b>	<b>Adjusted Percentage if the Effective Date is on or before 1 March 2002</b>	<b>Adjusted Percentage if the Effective Date is after 1 March 2002*</b>
1	0.0%	1.0%	0.0%
2	0.0%	1.0%	0.0%
3	0.0%	1.0%	0.0%
4	0.0%	1.0%	0.0%
5	2.0%	3.1%	1.9%
6	4.0%	5.1%	3.9%
7	6.0%	7.1%	5.9%
8	8.0%	9.1%	7.9%
9	10.0%	11.1%	9.9%
10	13.0%	14.2%	12.9%
11	16.0%	17.2%	15.9%
12	18.0%	19.2%	17.9%
13	20.0%	21.2%	19.9%
14	23.0%	24.3%	22.9%
15	26.0%	27.3%	25.9%
16	30.0%	31.3%	29.9%
17	35.0%	36.4%	34.9%
18	41.0%	42.4%	40.9%
19	50.0%	51.5%	49.9%
20	60.0%	61.6%	59.9%
21	70.0%	71.7%	69.9%
22	77.0%	78.8%	76.9%
23	84.0%	85.9%	83.9%
24	91.0%	92.9%	90.9%
25	98.0%	100.0%	97.9%
26	105.0%	107.1%	104.8%
27	112.0%	114.1%	111.8%
28	118.0%	120.2%	117.8%
29	123.0%	125.2%	122.8%
30	126.0%	128.3%	125.8%
31	128.0%	130.3%	127.8%
32	129.0%	131.3%	128.8%
33	130.0%	132.3%	129.8%
34	131.0%	133.3%	130.8%
35 or more	133.0%	135.3%	132.8%

## Note

\*Final Bonuses are applied to the Sum Assured and any Declared Bonus Additions on Conventional Assurances and therefore bring the total claim value up to the required level. Final Bonuses have therefore been adjusted to increase the total claim value by 2.5 per cent. if the Halifax £250 million is made available and 1.4 per cent. if the Halifax £250 million is not made available. These are given in Tables A and B. It should be noted that the Final Bonuses if the Halifax £250 million is not made available are lower than the current Unadjusted Percentages because the Sum Assured and Declared Bonus Additions have been uplifted by more than 1.4 per cent. (see Part B.2 of Schedule B) and therefore the Final Bonus (being the balancing item between the uplifted Sum Assured and Declared Bonus Additions and the uplifted total claim value) reduces. The examples illustrate this point.

**Example (assuming the Scheme is effective at the Claim Date):-**

**Policy effected on 15 June 1990**

**The Policy Anniversary in 2001 is, therefore, 15 June 2001**

	<b>£</b>
Sum Assured:	£10,000
Existing Declared Bonus Additions:	£3,267.41

Claim Date: 1 October 2001

Number of complete years at the Policy Anniversary in 2001: 11 years (i.e. from 15 June 1990 to 15 June 2001)

**Unadjusted Percentage from Table A for 11 years: 16.0%**

**Adjusted Percentage from Table A for 11 years:**

Effective Date on or before 1 March 2002 **17.2%**

Effective Date after 1 March 2002 **15.9%**

The Claim Date of 1 October 2001 is **3** complete months after the Policy Anniversary in 2001 (i.e. 15 June 2001)

**Final Bonus Percentage on Claim Date before uplift:**

[1 plus 16.0%] multiplied by [1 plus 0.21% multiplied by 3], minus 1

which is equal to 1.16 multiplied by 1.0063 minus 1

which is equal to 0.1673080 i.e. **16.7308%**

**Final Bonus Percentage on Claim Date after uplift (with the Halifax £250 million):**

[1 plus 17.2%] multiplied by [1 plus 0.21% multiplied by 3], minus 1

which is equal to 1.172 multiplied by 1.0063 minus 1

which is equal to 0.1793836 i.e. **17.93836%**

**Final Bonus Percentage on Claim Date after uplift (without the Halifax £250 million):**

[1 plus 15.9%] multiplied by [1 plus 0.21% multiplied by 3], minus 1

which is equal to 1.159 multiplied by 1.0063 minus 1

which is equal to 0.1663017 i.e. **16.63017%**

**Total claim value before uplift**

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	3,267.41	
	<hr/> 13,267.41	
Final Bonus	2,219.74	(16.7308% of £13,267.41)
<b>Total claim value</b>	<hr/> <b>15,487.15</b>	

**Total claim value after uplift (with the Halifax £250 million)**

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	3,267.41	
	<u>13,267.41</u>	
Uplift of guaranteed benefits	199.01	(1.5% of £13,267.41)
Uplifted guaranteed benefits	13,466.42	
Final Bonus	2,415.65	(17.93836% of £13,466.42)
<b>Total claim value</b>	<b>15,882.07</b>	

which is 2.5% larger than the total claim value, before uplift, of £15,487.15

**Total claim value after uplift (without the Halifax £250 million)**

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	3,267.41	
	<u>13,267.41</u>	
Uplift of guaranteed benefits	199.01	(1.5% of £13,267.41)
Uplifted guaranteed benefits	13,466.42	
Final Bonus	2,239.49	(16.63017% of £13,466.42)
<b>Total claim value</b>	<b>15,707.91</b>	

which is 1.4% larger than the total claim value, before uplift, of £15,487.15

## **B. Endowment Assurances (which are part of the Society's UK Pension Business) and Deferred Annuities**

For each Deferred Annuity (which is not a Recurrent Single Premium Contract and which is not in the Minor Profits Class) and Endowment Assurance (which is part of the Society's UK Pension Business), the Final Bonus is the total of the Sum Assured and existing Declared Bonus Additions multiplied by the Appropriate Percentage given in Table B below corresponding to the number of complete years for which such policy has participated in the With-Profits Fund at the Policy Anniversary in 2001 and by reference to the appropriate Adjusted Percentage as detailed for the date on which the Effective Date occurs (the 'Final Bonus Percentage') PROVIDED ALWAYS that the Claim Date is the Policy Anniversary in 2001.

For the purpose of calculating Final Bonus after the Scheme has become effective, the value of existing Declared Bonus Additions will include the 1.75 per cent. uplift of the Non-GAR Guaranteed Value (which comprises the Sum Assured and existing Declared Bonus Additions) provided by the Scheme.

If the Claim Date is after the Policy Anniversary in 2001, the Final Bonus Percentage is equal to:

1 plus the appropriate bonus percentage derived from Table B below corresponding to the number of complete years for which such policy has participated in the With-Profits Fund at the Policy Anniversary in 2001

multiplied by

1 plus 0.23 per cent. for each complete month from the 2001 Policy Anniversary to the Claim Date

from which 1 is then deducted.

For the sake of completeness and for illustration only, if the Claim Date is before the Policy Anniversary in 2001, the Final Bonus Percentage is equal to:

1 plus the appropriate percentage derived from the Table B below corresponding to the number of complete years for which such policy has participated in the With-Profits Fund at the Policy Anniversary in 2001

multiplied by

1 minus 0.23 per cent. for each complete month from the Claim Date to the 2001 Policy Anniversary  
from which 1 is then deducted.

The Unadjusted Percentages shown in Table B are those Final Bonus Percentages which apply currently in the event of benefits becoming payable and are detailed for information only. The Adjusted Percentages are the corresponding Final Bonus Percentages which apply on the Effective Date.



**Table B**

<b>Number of complete years for which the Scheme Policy has participated in the With-Profits Fund at the Policy Anniversary in 2001</b>	<b>Unadjusted Percentage</b>	<b>Adjusted Percentage if the Effective Date is on or before 1 March 2002</b>	<b>Adjusted Percentage if the Effective Date is after 1 March 2002*</b>
1	0.0%	0.8%	0.0%
2	0.0%	0.8%	0.0%
3	0.0%	0.8%	0.0%
4	0.0%	0.8%	0.0%
5	1.0%	1.8%	0.7%
6	3.0%	3.8%	2.7%
7	5.0%	5.8%	4.7%
8	8.0%	8.8%	7.7%
9	11.0%	11.9%	10.7%
10	13.0%	13.9%	12.7%
11	14.0%	14.9%	13.7%
12	15.0%	15.9%	14.7%
13	16.0%	16.9%	15.7%
14	17.0%	17.9%	16.6%
15	20.0%	20.9%	19.6%
16	23.0%	24.0%	22.6%
17	27.0%	28.0%	26.6%
18	33.0%	34.0%	32.6%
19	41.0%	42.1%	40.6%
20	49.0%	50.1%	48.5%
21	58.0%	59.2%	57.5%
22	65.0%	66.3%	64.5%
23	72.0%	73.3%	71.5%
24	78.0%	79.4%	77.4%
25	84.0%	85.4%	83.4%
26	90.0%	91.5%	89.4%
27	95.0%	96.5%	94.4%
28	99.0%	100.5%	98.4%
29	103.0%	104.5%	102.4%
30	107.0%	108.6%	106.3%
31	111.0%	112.6%	110.3%
32	115.0%	116.6%	114.3%
33	119.0%	120.7%	118.3%
34	123.0%	124.7%	122.3%
35 or more	127.0%	128.7%	126.3%

## Note

\*Final Bonuses are applied to the Sum Assured and any Declared Bonus Additions on Conventional Assurances and therefore bring the total claim value up to the required level. Final Bonuses have therefore been adjusted to increase the total claim value by 2.5 per cent. if the Halifax £250 million is made available and 1.4 per cent. if the Halifax £250 million is not made available. These are given in Tables A and B. It should be noted that the Final Bonuses if the Halifax £250 million is not made available are lower than the current Unadjusted Percentages because the Sum Assured and Declared Bonus Additions have been uplifted by more than 1.4 per cent. (see Part B.2 of Schedule B) and therefore the Final Bonus (being the balancing item between the uplifted Sum Assured and Declared Bonus Additions and the uplifted total claim value) reduces. The examples illustrate this point.

**Example (assuming the Scheme is effective at the Claim Date):-**

**Policy effected on 20 November 1986**

**The Policy Anniversary in 2001 is, therefore, 20 November 2001**

	<b>£</b>
Sum Assured:	£10,000
Existing declared bonus additions:	£8,165.34

Claim Date: 1 October 2001

Number of complete years at the Policy Anniversary in 2001: 15 years (i.e. from 20 November 1986 to 20 November 2001)

**Unadjusted Percentage from Table B for 15 years: 20.0%**

**Adjusted Percentage from Table B for 15 years:**

Effective Date on or before 1 March 2002 **20.9%**

Effective Date after 1 March 2002 **19.6%**

The Claim Date of 1 October 2001 is **1** complete month before the Policy Anniversary in 2001 (i.e. 20 November 2001)

**Final Bonus Percentage on Claim Date before uplift:**

[1 plus 20.0%] multiplied by [1 minus 0.23% multiplied by 1], minus 1

which is equal to 1.200 multiplied by 0.9977 minus 1

which is equal to 0.1972400 i.e. **19.724%**

**Final Bonus Percentage on Claim Date after uplift (with the Halifax £250 million):**

[1 plus 20.9%] multiplied by [1 minus 0.23% multiplied by 1], minus 1

which is equal to 1.209 multiplied by 0.9977 minus 1

which is equal to 0.2062193 i.e. **20.62193%**

**Final Bonus Percentage on Claim Date after uplift (without the Halifax £250 million):**

[1 plus 19.6%] multiplied by [1 minus 0.23% multiplied by 1], minus 1

which is equal to 1.196 multiplied by 0.9977 minus 1

which is equal to 0.1932492 i.e. **19.32492%**

**Total claim value before uplift**

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	8,165.34	
	<hr/> 18,165.34	
Final Bonus	3,582.93	(19.724% of £18,165.34)
<b>Total claim value</b>	<b>21,748.27</b>	

**Total claim value after uplift (with the Halifax £250 million)**

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	8,165.34	
	<u>18,165.34</u>	
Uplift of guaranteed benefits	317.89	(1.75% of £18,165.34)
Uplifted guaranteed benefits	18,483.23	
Final Bonus	3,811.60	(20.62193% of £18,483.23)
<b>Total claim value</b>	<b><u>22,294.83</u></b>	

which is 2.5% larger than the total claim value, before uplift, of £21,748.27

**Total claim value after uplift (without the Halifax £250 million)**

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	8,165.34	
	<u>18,165.34</u>	
Uplift of guaranteed benefits	317.89	(1.5% of £18,165.34)
Uplifted guaranteed benefits	18,483.23	
Final Bonus	3,571.87	(19.32492% of £18,483.23)
<b>Total claim value</b>	<b><u>22,055.10</u></b>	

which is 1.4% larger than the total claim value, before uplift, of £21,748.27

### C. Minor Profits Class

For each Deferred Annuity, Endowment Assurance, and Whole of Life Assurance in each case in the Minor Profits Class and which in each case is not a Recurrent Single Premium Contract, the Final Bonus is equal to the total of the Sum Assured and existing Declared Bonus Additions multiplied by the appropriate Final Bonus Percentage given in Table C below.

For the purpose of calculating Final Bonus after the Scheme has become effective, the value of existing Declared Bonus Additions will include the 0.75 per cent. uplift of the Non-Guaranteed Value (which comprises the Sum Assured and existing Declared Bonus Additions) provided by the Scheme.

The Unadjusted Percentage shown in Table C is the Final Bonus Percentage which applies currently in the event of benefits becoming payable and is detailed for information only. The Adjusted Percentages are the corresponding Final Bonus Percentages which apply on the Effective Date.

**Table C**

<b>Unadjusted Percentage</b>	<b>Adjusted Percentage where the Effective Date is on or before 1 March 2002</b>	<b>Adjusted Percentage where the Effective Date is after 1 March 2002</b>
15.0%	17.0%	15.8%

#### Example (assuming the Scheme is effective at the Claim Date):

	<b>£</b>
Sum Assured:	£10,000
Existing Declared Bonus Additions:	£2,600.00

Claim Date: 1 October 2001

<b>Unadjusted Percentage from Table C:</b>	<b>15.0%</b>
<b>Adjusted Percentage from Table C:</b>	
Effective Date on or before 1 March 2002	<b>17.0%</b>
Effective Date after 1 March 2002	<b>15.8%</b>

#### Total claim value before uplift

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	2,600.00	
	<u>12,600.00</u>	
Final Bonus	1,890.00	(15.0% of £12,600.00)
<b>Total claim value</b>	<b>14,490.00</b>	

**Total claim value after uplift (with the Halifax £250 million)**

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	2,600.00	
	<u>12,600.00</u>	
Uplift of guaranteed benefits	94.50	(0.75% of £12,600.00)
Uplifted guaranteed benefits	12,694.50	
Final Bonus	2,158.07	(17.0% of £12,694.50)
<b>Total claim value</b>	<b>14,852.57</b>	

which is 2.5% larger than the total claim value, before uplift, of £14,490.00

**Total claim value after uplift (without the Halifax £250 million)**

	<b>£</b>	
Sum Assured	10,000.00	
Declared Bonus Additions	2,600.00	
	<u>12,600.00</u>	
Uplift of guaranteed benefits	94.50	(0.75% of £12,600.00)
Uplifted guaranteed benefits	12,694.50	
Final Bonus	2,005.73	(15.8% of £12,694.50)
<b>Total claim value</b>	<b>14,700.23</b>	

which is 1.4% larger than the total claim value, before uplift, of £14,490.00

# Schedule D

## Definitions

Unless otherwise provided or unless inconsistent with the subject or context, all words and expressions defined in the body of this Scheme shall have the same respective meanings in this Schedule and the principles of construction and interpretation used in the body of this Scheme shall apply to this Schedule.

Unless inconsistent with the subject or context, in Schedules B and C the following expressions bear the following meanings:

**Additional Voluntary Contribution Plan Policy** means a pension Scheme Policy effected by the trustees or managers of an exempt approved scheme (as defined in Section 592 of the Income and Corporation Taxes Act 1988) or a statutory scheme, which can provide benefits in respect of more than one scheme member, to provide additional retirement benefits for the members from additional voluntary contributions made by such members;

**Age** means the age in completed years as at 31 December 2001 of a Scheme Policyholder or of a Relevant Beneficiary (as the context shall require) as determined by the Society;

**Annuity Benefit** means the annual annuity payment under a Scheme Policy;

**Basic Life Assurance and General Annuity Business** has the meaning given to such expression in Section 431F of the Income and Corporation Taxes Act 1988;

**Bond** means a Recurrent Single Premium Contract known as 'The Equitable With-Profits Bond' or an equivalent policy which is part of the Republic of Ireland Branch Business;

**Claim Date** means, for the purposes of Schedule C, the date of the event upon which benefits become payable;

**Conventional Assurance** means any Endowment Assurance, Whole of Life Assurance, Flexible Savings Plan or Deferred Annuity (other than, in all cases, a Recurrent Single Premium Contract) under which in all cases the guaranteed benefits are secured by a premium or premiums, the amount of which is dependent on the age or sex of the life or lives insured;

**Critical Illness Plan** means (in either case, as the context requires) (i) a Recurrent Single Premium Contract known as 'The Equitable With-Profits Critical Illness Plan' or (ii) an equivalent Scheme Policy which is part of the Republic of Ireland Branch Business;

**Declared Bonus Addition** means any bonus which has been declared and allocated to a Scheme Policy to increase the benefits guaranteed under the terms of such Scheme Policy as described as such in the formal 'Statement of Bonuses' approved by the Society's board from time to time;

**Declared Bonus Annuity Addition** means any bonus which has been declared and allocated to a Scheme Policy to increase the Annuity Benefits guaranteed under the terms of such Scheme Policy as described as such in the formal 'Statement of Bonuses' approved by the Society's board from time to time;

**Deferred Annuity** means a Scheme Policy providing annuity benefits which will or may come into payment at a date in the future;

**Double Endowment Assurance** means a Scheme Policy of a fixed maximum duration under which (a) a Sum Assured and any bonuses are payable on the maturity of the Scheme Policy at the fixed maximum duration or on earlier death; and (b) an additional amount which is equal to the Sum Assured but which does not participate in the With-Profits Fund of the Society is payable on the survival of the life assured to the maturity of the Scheme Policy at the fixed maximum duration;

**Equitable 2000 Personal Pension** means the Personal Pension Policy which is known as 'The Equitable 2000 Personal Pension Plan';

**Endowment Assurance** means a Scheme Policy of a fixed maximum duration for which a Sum Assured and any bonuses are payable on the maturity of the Scheme Policy at the fixed maximum duration or on earlier death;

**Final Bonus Percentage** has the meaning given to such expression in Schedule C;

**Final Bonus Rates** means, for Conventional Assurances, the percentage rates of Final Bonus determined in accordance with the bases and methods set out in the 'Final Bonus Tables for Conventional Assurances' referred to in Schedule C;

**Final Salary Pension Policy** means a Scheme Policy issued to the trustees or managers of a Final Salary Pension Scheme but excluding any policies purchased under open market options;

**Final Salary Pension Scheme** means an exempt approved scheme (as defined in Section 592 of the Income and Corporation Taxes Act 1988) providing pensions defined by reference to an Individual Member's pay and pensionable service at or near retirement, on leaving service or death;

**Flexible Income Plan** means a Scheme Policy known as 'The Equitable Flexible Income Plan' and written as part of the Republic of Ireland Branch Business which is a Republic of Ireland equivalent of an income drawdown policy;

**Flexible Protection Plan** means (in either case, as the context requires) (i) a Recurrent Single Premium Contract known as 'The Equitable With-Profits Flexible Protection Plan'; or (ii) an equivalent Scheme Policy which is part of the Republic of Ireland Branch Business;

**Flexible Savings Plan** means (in either case, as the context requires) (i) in relation to a Scheme Policy a special form of Whole of Life Assurance known as a 'Flexible Savings Plan' which is part of the Society's UK Basic Life Assurance and General Annuity Business; or (ii) a Scheme Policy which is a Recurrent Single Premium Contract known as a 'Überschußbeteiligte flexible Investment – Lebensversicherung' which is part of the German Branch Business;

**Free-Standing Additional Voluntary Contribution Plan Policy** means a pension Scheme Policy effected by the trustees of a Scheme Policy known as 'The Equitable Free-Standing Additional Voluntary Contribution Scheme' being an exempt approved scheme (as defined in Section 592 of the Income and Corporation Taxes Act 1988) having more than one member where each member is also a member of an approved retirement benefits scheme or statutory scheme, to provide additional retirement benefits for the members from additional voluntary contributions made by such members;

**German Branch Business** means the business written through the Society's German branch;

**Group Money Purchase Pension Policy** means a Group Pension Policy where all the benefits are those secured by contributions earmarked to provide benefits in respect of particular members of the scheme;

**Group Pension Policy** means a pension Scheme Policy effected by the trustees or managers of an exempt approved scheme (as defined in Section 592 of the Income and Corporation Taxes Act 1988 or a relevant statutory scheme as defined in Section 611A of the Income and Corporation Taxes Act 1988) (which can provide benefits in respect of more than one scheme member) to provide for or fund retirement benefits for the beneficiaries of that pension scheme (which, for the avoidance of doubt, includes any Final Salary Pension Policy, Group Money Purchase Pension Policy and Additional Voluntary Contribution Plan Policy);

**Group Pensions Arrangement** means (in either case, as the context requires) (i) a Group Pension Policy; or (ii) an equivalent Scheme Policy which is part of the Republic of Ireland Branch Business, Guernsey Branch Business or German Branch Business;

**Guaranteed Annuity** means the total of the Annuity Benefits secured at outset under the terms of a Scheme Policy and any existing Declared Bonus Annuity Additions, payable during the policy year in which 11 January 2002 falls and any future policy year during which the Policy is still subsisting;

**Guernsey Branch Business** means the business written through the Society's Guernsey branch;

**Guernsey Personal Pension Policies** means the Scheme Policy known as 'The Equitable Guernsey Personal Pension Plan' being a Guernsey personal pension plan approved under Section 157A of the Income Tax (Guernsey) Law 1975;

**Halifax £250 million** has the same meaning as in the Explanatory Statement;

**Individual Member** means a person in respect of whom pension or death benefits are or will be payable from a relevant scheme;

**Individual Pension Policy** means (in either case, as the context requires) (i) a Scheme Policy effected by the trustees or managers of an exempt approved scheme (as defined in section 592 of the Income and Corporation Taxes Act 1988) which can provide benefits in respect of only one member of such scheme; or (ii) an equivalent Scheme Policy which is part of the Republic of Ireland Branch Business;

**International Flexible Protection Plan** means a Recurrent Single Premium Contract known as ‘The With-Profits International Flexible Protection Plan’ written as part of the Guernsey Branch Business;

**International Investment Plan** means a Recurrent Single Premium Contract known as ‘The Equitable International Investment Plan’ written as part of the Guernsey Branch Business;

**International Personal Pension Policy** means a Recurrent Single Premium Contract known as ‘The Equitable International Personal Pension Plan’ written as part of the Guernsey Branch Business;

**Investment Plan** means a Recurrent Single Premium Contract known as an ‘Investment Sparplan’ written as part of the German Branch Business;

**Jersey and Guernsey Personal Pension Policies** means either the Scheme Policy known as ‘The Equitable Jersey Personal Pension Plan’ being a Jersey personal pension plan approved under Article 131B of the Income Tax (Jersey) Law 1961 or the Guernsey Personal Pension Plan as the context may require;

**Major Medical Cash Plan** means (in either case, as the context requires) (i) a Recurrent Single Premium Contract known as ‘The Equitable With-Profits Major Medical Cash Plan’; or (ii) an equivalent Scheme Policy which is part of the Republic of Ireland Branch Business;

**Managed Annuity Policy** means a Scheme Policy known as ‘The Equitable Managed Annuity’;

**Managed Pension Policy** means a Personal Pension Policy which allows income withdrawals as permitted by the rules of ‘The Equitable Personal Pension Scheme’;

**Maturity Value** means for Conventional Assurances the maturity value set out in a Scheme Policy which, for the avoidance of doubt, excludes any Declared Bonus Additions;

**MFR Liability** means the amount of the scheme liabilities calculated in accordance with the Minimum Funding Requirement as set out in the Pensions Act 1995 and related regulations;

**Minimum Funding Requirement** has the meaning given to such expression in the Pensions Act 1995;

**Minor Profits Class** means policies which are described in the terms of a Scheme Policy as being in the minor profits class;

**Non-GAR Equivalent Benefit** means (i) for a With-Profits Annuity Policy, the Total Annuity Benefit, and (ii) for a Conventional Assurance, the total of the Sum Assured or Maturity Value, existing Declared Bonus Additions and the Final Bonus determined in accordance with the ‘Final Bonus Tables for Conventional Assurances’ referred to in Schedule C calculated by reference to the Unadjusted Percentages detailed in such Schedule prior to the Scheme becoming effective;

**Non-GAR Equivalent Guaranteed Benefit** means (i) for a With-Profits Annuity Policy, the Guaranteed Annuity, and (ii) for a Conventional Assurance, the total of the Sum Assured or Maturity Value and existing Declared Bonus Additions;

**Other GAR Policy** means a Scheme Policy of a description set out under the heading ‘Other GAR Policies’ in Part 1 of Schedule A;

**Overseas Life Assurance Business** means overseas life assurance business as defined in Section 431D of the Income and Corporation Taxes Act 1988;

**Participating Sum Assured** means the participating sum assured shown in the policy for certain Recurrent Single Premium Contracts;

**Pension Business** has the meaning given to such expression in Section 431B of the Income and Corporation Taxes Act 1988;

**Personal Investment Plan** means a Recurrent Single Premium Contract known as ‘The Equitable Personal Investment Plan’;



**Personal Pension Policy** means (in either case, as the context requires) (i) a Scheme Policy issued in accordance with the terms of ‘The Equitable Personal Pension Scheme’ approved under Chapter IV of Part XIV of the Income and Corporation Taxes Act 1988; or (ii) an equivalent Scheme Policy which is part of the Republic of Ireland Branch Business;

**Policy Anniversary** means the annual anniversary of the date on which a Scheme Policy commenced;

**Post-September 1976 Retirement Annuity or Other Policy** means a Scheme Policy of a description set out under the heading ‘Post-September 1976 Retirement Annuity or Other Policies’ in Part 1 of Schedule A;

**Pre-October 1975 Retirement Annuity Policy** means a Scheme Policy of a description set out under the heading ‘Pre-October 1975 Retirement Annuity Policies’ in Part 1 of Schedule A;

**Recurrent Single Premium Contract** means a Scheme Policy for which each premium secures an identifiable and separate guaranteed cash benefit on terms which are not dependent on the age or sex of any individual including, for the avoidance of doubt, any Final Salary Pension Policy;

**Recurrent Single Premium Deferred Annuity** means a Recurrent Single Premium Contract providing annuity benefits commencing at a date (or dates) in the future;

**Regular Savings Plan** means (in either case, as the context requires) (i) a Recurrent Single Premium Contract known as ‘The Equitable With-Profits Regular Savings Plan’; or (ii) an equivalent Scheme Policy which is part of the Republic of Ireland Branch Business;

**Relevant Beneficiary** means a person who is a beneficiary of, or a person who is otherwise interested in, a Scheme Policy held on trust other than the holder of such Scheme Policy;

**Republic of Ireland Branch Business** means the business written as part of the business of the branch of the Society in the Republic of Ireland;

**Retirement Annuity Policy** means a pension Scheme Policy approved under Chapter III of Part XIV of the Income and Corporation Taxes Act 1988 (including those which were originally approved under Section 22 of the Finance Act 1956 or Section 226 of the Income and Corporation Taxes Act 1970);

**Single Premium Deferred Annuity** means a Deferred Annuity which is a Recurrent Single Premium Deferred Annuity in respect of which only a single premium is payable;

**Sum Assured** means, in respect of a Scheme Policy, the sum assured shown in that Scheme Policy (including in certain cases increases to such sum in accordance with the terms of that Scheme Policy), which participates in the With-Profits Fund of the Society;

**The Equitable Personal Pension Scheme** means the personal pension scheme established by the Society known as ‘The Equitable Personal Pension Scheme’ and approved under Chapter IV of Part XIV of the Income and Corporation Taxes Act 1988;

**Total Annuity Benefit** means the total Annuity Benefits payable in respect of the policy year in which 11 January 2002 falls and the total policy value for future policy years as at 11 January 2002 as defined in the then latest formal ‘Statement of Bonuses’ approved by the Society’s board;

**Transfer Plan Policy** means a Scheme Policy purchased in the name of the member by the scheme trustees which provides retirement benefits secured by a transfer value from an approved retirement benefits scheme or statutory scheme which is paid as a premium to the policy;

**UK Services Business** means Scheme Policies which, when written, were provided by the Society in a Member State other than the United Kingdom within the meanings established by paragraph 13(2) of Schedule G to the Insurance Companies Act 1982;

**UK-Style Deferred Annuity Policy** means a Deferred Annuity policy written as part of the German Branch Business which is a Scheme Policy;

**UK-Style With-Profits Annuity Policy** means a With-Profits Annuity Policy which is a Scheme Policy written as part of the German Branch Business;

**Whole of Life Assurance** means a Scheme Policy under which a Sum Assured and any bonuses are payable only on the death of the life assured (or, if the Policy is on joint lives, on the death of the first or last to die of the lives assured, as provided in the Policy); and

**With-Profits Annuity Policy** means a Scheme Policy under which the Scheme Policyholder has elected to receive an immediate annuity which is currently in payment the amount of which varies according to bonuses distributing the profits (if any) of the With-Profits Fund subject to a minimum guaranteed amount set for each policy year.

**CLAIM NO 7106/01**

**IN THE HIGH COURT OF JUSTICE**

**CHANCERY DIVISION**

**COMPANIES COURT**

**Mr Justice Lloyd**

**8th February 2002**

**IN THE MATTER OF THE EQUITABLE LIFE  
ASSURANCE SOCIETY**

**- and -**

**AND IN THE MATTER OF THE COMPANIES ACT  
1985**

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**ORDER**

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Lovells

65 Holborn Viaduct

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Ref: L5/CK

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