At the Annual General Meeting of

THE EQUITABLE LIFE ASSURANCE SOCIETY

held on Friday, 24 May 2019 at 11.00 a.m.

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The following persons were present:

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| Ian Brimecome | (Chairman) | (in the Chair) |
| Keith Nicholson | (Deputy Chairman) | |
| Penny Avis | | |
| Daniel Finkelstein | | |
| Ian Gibson | | |
| Cathryn Riley | | |
| Martin Sinkinson | | |
| Simon Small | | |

There were 65 members entitled to vote present in person. The Chairman and Simon Small had also been appointed by members to vote on their behalf at the meeting.

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The Chairman, Ian Brimecome, opened the meeting and welcomed those attending. He introduced his fellow Directors.

The Chairman outlined the agenda for the meeting. He said he and the Chief Executive would give their assessment of the Society. General questions would then be taken on the 2018 Report and Accounts.

Presentations to the meeting were then given by the Chairman and by the Chief Executive, Simon Small.

The Chairman referred to the proposal to transfer policies to Utmost Life and Pensions, thereby unlocking the release of £1.7bn of capital back to with-profits policyholders.

He said that, since the announcement in June 2018, management have been working up the detail of the proposal to meet the expectations of both our regulators and two independent experts, and that the process of seeking policyholder views on the matter has also started. Eligible policyholders will receive their first formal communication from the Society in the first week of June. It is expected to complete the whole transaction by the end of the year.

The Chairman commented that the proposal consists of four pillars:-

- First, allocating all available assets in the with-profits fund fully to with-profits policyholders.
- Second, with-profits policies would be converted to unit-linked policies with a choice of investment funds.
- Third, in order to achieve this, investment guarantees and any guaranteed annual increases would be removed.
- Finally, Utmost Life and Pensions would become the issuer of all the Society's policies.

He remarked that this is all subject to policyholders' vote and approval by the High Court.

The Chairman remarked that the proposal is the only way all available capital can be immediately distributed to with-profits policyholders. Over the last few years, the Equitable Board has considered, and rejected, other alternatives to remaining in run-off. It concluded that this proposal is the best way to achieve the Society's strategic aim of recreating policyholder value by distributing all of the capital among with-profits policyholders as fairly and as soon as possible.

He commented on why Board believes the proposal to be in the best interests of the Society.

First, and foremost, it brings forward the distribution of capital that would otherwise be held back. We have said this could represent a 60-70% increase on policy values – we now think it will be at the upper end of that range.

In return, investment guarantees would be removed. However, 94% of individual with-profits policyholders currently have benefits with a value greater than the underlying guarantee, which is, therefore, not currently in play. Board's proposal would ensure that all with-profits policyholders at Implementation Date would have a policy value greater than the higher of the guaranteed value and the policy value, including the current 35% capital distribution.

The Chairman remarked that the Society has to come to an end or be sold at some point – that is the inevitable consequence of the tragic events at the end of the last century. By bringing the time forward to a date of our own choosing, Board believes it has achieved a better deal than by waiting until the business lacked size and scale.

Another important timing consideration was how to take advantage of the current low interest rate environment. Under run-off, low interest rates are not what we want as the cost of the guarantee rises. However, by changing strategy we found a way of taking advantage of the fact that asset values also rise. Under our proposal, we can distribute those high asset values; under run-off we cannot.

Board believes it has found a partner, in Utmost Life and Pensions, which can add value for policyholders. Their offer was more attractive compared to others we saw, their behaviour honourable and their proposition attractive. They are a successful, growing and financially stable company who have partnered with JPMorgan to provide a very good unit-linked offering for the future.

The Chairman commented that another reason for partnering with Utmost is the fact they want to keep the Aylesbury operation and bring further books of business on to it. This means that policies or data are not physically transferred anywhere. It remains on the same system, serviced by the same teams as of today in Aylesbury. Such continuity of service to policyholders Board deemed very valuable. He added that it was important to the Board, and to him personally, that the right home was found for policyholders and that has been achieved.

The Chairman then commented on 2018. He remarked that the Equitable enjoyed another good year. Solvency was strong and stable, although the outlook for interest rates has now changed back to "lower for longer". The Chairman remarked that it was pleasing to report that capital distribution has been maintained at 35% and also policy values increased by the 2% for investment return.

The Society's cost base continues to be tightly managed. Business-as-usual costs fell by 6% from £22m to £21m. The Chairman commented it is good to see that management can continue to deliver on cost savings as well as the execution of the new strategy.

The Chairman remarked that Board and management continue to place great store on what policyholders think and noted that, based on our survey, almost all those who have engaged with the Society's staff felt that they had responded positively.

The Chairman referred to his comments at the 2018 AGM in regard to the Society's Brexit planning, ie that a subsidiary would need to be set up in Ireland to continue servicing our Irish and German policyholders should the UK leave the EU with no deal. This has been set up, but we remain hopeful that it will not have to be implemented. Whatever happens with Brexit, the Society will continue to service these policyholders and ensure they have a fair outcome under the strategic proposal.

The Chairman then referred to Board changes during 2018. One being Chris Wiscarson's retirement as Chief Executive last July. The Chairman paid tribute to Chris; an excellent leader, and an honourable man who always put the policyholder first. He remarked that Chris's contribution to the success of the Society since 2009 has been immense.

The Chairman remarked that promoting Simon Small as Chief Executive was an easy decision, as he had been leading the strategic work hand in glove with Chris and is best placed to deliver it. He said he was also delighted that Martin Sinkinson, the Society's Chief Actuary, has joined the Board and remarked it is good to have the ability to promote internally for such important positions.

The Chairman returned to the strategic proposal. He said that the Board will be recommending it to policyholders, but the Directors do not take those votes for granted. Each person must arrive at their own conclusions and vote accordingly. The Chairman remarked that, should the proposal be approved, this will be the last Equitable AGM and his last as Chairman. On behalf of the Board, who will also be stepping down, he said that it had been a privilege to serve the Society's policyholders.

The Chief Executive started his presentation by paying tribute to his predecessor. He remarked that Chris was a leader of great integrity who was resolutely determined to do the right thing for policyholders and staff. The results speak for themselves, capital distribution at 35% and staff engagement scores at record levels. The Chief Executive remarked that his job is now to finish what Chris started.

The Chief Executive then turned to the strategic proposal. He commented that these types of compromise schemes normally mean that the company is in some kind of financial distress, for example the Society's own GAR compromise scheme when policyholders were asked to give up their guarantee or the alternative – insolvency – would most likely occur. The Chief Executive said he can assure policyholders that this is not the alternative to this proposal.

The Chief Executive remarked that run-off would probably remain good for a period, with capital distribution gradually rising, but with a material risk that it does not. The Society is in a strong financial position, so it is not solvency, but fairness, that is behind the Board's recommendation of this proposal.

Under run-off, the Society quite rightly has to hold back capital to meet regulatory and other requirements. Over time, it will become increasingly difficult to say that assets have been distributed fairly. Policyholders who leave will get less than they would under the strategic proposal, which would allow us to distribute all that is available now. To the extent that policyholders stay longer than expected, perhaps because they see a prize of built up capital, the cost of the guarantee rises. In extremis, and particularly when interest rates are low, this could lead to capital distribution being suspended.

The Chief Executive remarked that, of course, the future is uncertain, but the proposal provides with-profits policyholders with the certainty of receiving all the £1.7bn available capital now. Board believe that to be a fair exchange for the guaranteed investment return included in policies.

In arriving at that conclusion, the Chief Executive said that the Board rigorously analysed the fairness of it compared to remaining in run-off. Four considerations were at front of mind:

- First, who should receive the capital? It belongs to the with-profits policyholders, so should the proposal be sanctioned by the court following the vote, those who have a with-profits policy will receive the capital. This means that the potential uplift applies only to current with-profits policyholders and not to any other current or former policyholders.

- Second, will all members be immediately better off than they are today? The effect of the proposal is that all with-profits policyholders at Implementation Date will have a policy value greater than the higher of the guaranteed value and the policy value, including the current 35% distribution.

- Third, will policyholders remain better off in the future compared to the investment guarantees they would have in run-off? Of course, we are dealing with future uncertainties here, but we have compared the guaranteed values under with-profits policies to the uplifted policy value in two hypothetical scenarios.

  In the first, it is assumed the new uplifted amount could be invested such that the policy does not grow or fall in value. In this scenario, the analysis shows that policyholders would still have a fund value higher than the guaranteed value after 5 years.

  In the second scenario, it is assumed that the unit-linked policy only grows by 1.5% per year after charges. Here the policy would have a higher value than the current guaranteed value after 10 years, or the expected date of taking benefits, if earlier.

- Finally, Board have considered whether policyholders can expect to remain better off in the future compared to run-off regardless of their age. Benefits have been projected under the new proposal for all policies to future dates when the savings might reasonably be taken. Using our best estimate, Board have concluded that the proposal will leave policyholders better off. The independent expert, in his draft report, has concluded that this is a fair approach.

The Chief Executive remarked that he hoped this provides comfort that there is rigour to the Board's analysis and that the proposal has been born out of fairness considerations. He remarked that the proposal has also been reviewed by the Society's With-Profits Actuary and two independent experts, as well as both regulators. The views and conclusions of the two independent experts will be made available to policyholders in due course.

The Chief Executive then referred to another aspect of the proposal, the conversion to unit-linked. He remarked that unit-linked had been chosen because they are a popular investment with many options available in the market. There are virtually no with-profit offerings. Besides, to remain in some kind of with-profits fund would mean withholding capital from the uplift, precisely the opposite of what Board is trying to achieve.

It is intended to offer a range of funds for policyholders to choose from, so individuals can invest in those that best suit their needs, based on their own risk appetite.

For those with low risk appetites, a money fund will be available; for those who would like their funds managed for them, there will be a relatively cautious and a more adventurous managed fund. For those wanting greater choice there will be specific funds. Of course, policyholders will be able to spread their policy value across as many funds as they like and there will be free guidance and subsidised advice to help.

Board will also be putting forward suggested investment strategies and for those who do not actively make any investment decision, it is proposed to place the funds in cash for at least 6 months before transitioning them into the suggested fund. This will help mitigate against any potential market disruption.

For pension contracts, this investment strategy is deliberately similar to the concept behind the NEST scheme, the workplace pension set up by the Government. Essentially, more risk (and therefore reward) is taken the younger the policyholder, decreasing in risk as the policyholder grows older.

The Chief Executive commented that the process will start when we send policyholders the first official communication next week. This will outline the proposal in the run up to the first court hearing on July 22nd. This is very much a technical hearing, at which the judge will decide how and whether the voting process should proceed. He will receive input from both our regulators and the independent experts, as well as any input from members. The material we will distribute next week will clarify what is required and what will be asked of policyholders.

Assuming all is in order, the Court will give permission for the Society to send out more material, including a personal financial illustration to help policyholders decide how to vote. An Extraordinary General Meeting will be called to deal with the vote and there will be a final court hearing in November that, if the vote is positive and everything is in order, will make the proposal effective. The Society is then given a period to ensure the administrative arrangements can be put in place, so that the Implementation Date would be 1st January next year.

The Chief Executive remarked on the vote. He commented that, in fact, there will be two. One for the Scheme of Arrangement, that is to say the removal of the guarantee, the uplift to policy values and the change from a with-profits policy to a unit-linked one. For this to succeed, 50% by number and 75% by policy value need to be affirmative, but importantly only of those who actually vote.

The second vote will be to amend the Articles of Association to allow Utmost to become the sole member of the Society replacing the current membership. For this to succeed 75% by number need to vote yes, again, of those who actually vote.

The Board will be recommending yes to both votes but will also be urging all those eligible to vote to take up their rights and have their say in the future of the Society. Each person will need to assess what is the best outcome for both the Society and for them, as an individual.

The Chief Executive commented that Board does not take the policyholders' vote for granted, and if it is in the negative, then the Society will continue as it is today, in run-off. He referred to his earlier comments that the Society is not in financial stress and can continue to service its policies for some time before inefficiencies emerge.

Nevertheless, Board would still have to consider what is best for the long term while battling with the issue of how much capital to distribute and how much to hold back to protect those who remain.

The Chief Executive commented that he wished to publicly thank his executive team and staff for all their hard work and dedication in working up the proposal, while continuing to provide policyholders with the day-to-day service at a standard they have come to expect. He said it has been a privilege to lead them and to serve the Society's policyholders.

Following the presentations, the Chairman invited Members' questions.

Nine members made reference to the following principal topics:
- the deal with Utmost Life and Pensions, and seeking more information about Utmost
- the closure of two unit-linked funds and whether other changes are likely if the proposal goes ahead
- timescale for components of the proposal, including Court dates and when policyholders will be notified of the final uplift
- whether a drawdown product would be available from Utmost Life and Pensions if the proposal goes ahead.

Responses were provided by the Chairman, the Chief Executive and the Chief Actuary.

The Chairman moved on to the formal business. He asked that the Notice of the meeting and the Auditors' Report be taken as read. This was agreed.

The Chairman then turned to voting on the resolutions to be put to the meeting which were as set out on the poll card which members eligible to vote or their proxies had been given on entering the meeting. The Chairman proposed that all the resolutions should be dealt with on a show of hands.

The Chairman moved that the report of the Directors and the statement of accounts for the year ended 31 December 2018 together with the report of the auditors thereon be received and adopted. This resolution was passed overwhelmingly on a show of hands. The proxy votes received were displayed and the Chairman noted that the result of the show of hands was consistent with the proxy votes received.

The Chairman proposed that PricewaterhouseCoopers LLP be reappointed as auditors of the Society until the conclusion of the next General Meeting at which accounts are laid before the Society at a remuneration to be determined by the Board. This resolution was passed overwhelmingly on a show of hands. The proxy votes received were displayed and the Chairman noted that the result of the show of hands was consistent with the proxy votes received.

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Resolutions relating to the election of Directors in place of those retiring at the meeting were then put to the meeting. The Chairman remarked that, as had been the practice in recent years, all the Society's Directors were submitting themselves for re-election at the current meeting. The meeting voted on a resolution in respect of each of the Directors retiring and seeking re-election at the meeting, these being: Penny Avis, Ian Brimecome, Daniel Finkelstein, Ian Gibson, Keith Nicholson, Cathryn Riley, Martin Sinkinson and Simon Small. The Deputy Chairman, Keith Nicholson, took the chair for the part of the meeting during which the re-election of the Chairman, Ian Brimecome, was proposed and voted on. In each case, the result of the show of hands was overwhelmingly in favour of the re-election of the Director in question. After each show of hands, the proxy votes received were displayed and it was noted that the result of the show of hands was consistent with the proxy votes received. The Chairman noted that each of the Directors standing for re-election had been re-elected as a Director of the Society.

The Chairman thanked the members for their attendance and declared the AGM closed at 12.25pm.