<u>Summary of the Transfer Scheme between Equitable Life and Utmost Life and Pensions</u>

Under the transfer scheme Equitable Life ("the Equitable") is seeking to transfer the Equitable's transferring Business to Utmost Life and Pensions ("Utmost") – this is known as the Transfer.

The Transfer would not change any Policyholders' terms and conditions. An independent expert – the Transfer Independent Expert – has been appointed by the Equitable and Utmost to report on the Transfer.

There is no Policyholder vote by either Equitable or Utmost policyholders in relation to the Transfer, but all Policyholders have the legal right to object if they believe they may be adversely affected.

Policyholders should also bear in mind that the Scheme will not go ahead if the High Court does not approve the Transfer. Part of the Proposal is for Utmost to become the sole member of the Equitable. Eligible Equitable Members will vote on a Change to the Articles of the Equitable accordingly.

The Equitable's Irish and German Policies are not part of the Transfer but remain as Equitable Policies.

There are also parallel transfers in Jersey and Guernsey which broadly follow the same process as the Transfer.

Scope and impact of the Transfer:

If it is approved by the Court, the Transfer will transfer all of the business of the Equitable, with the exception of those policies sold under Irish or German law, to Utmost. It will also effect the restructure of the remaining Equitable business.

The Transferring Policies consist of a broad range of business including protection, pension (individual and group), annuity and investment products.

The Non-Transferring Policies comprise unit-linked pension, non-profit annuity and protection and with-profits products, all of which were sold under Irish or German Law.

The Transfer is not intended to change the benefits payable under the policies transferring to Utmost or the way in which the business is managed going forward, although responsibility for this management will pass to Utmost under the Transfer

If approved, the Transfer, together with the Channel Islands Schemes, will transfer all of the policies, assets and liabilities of the Equitable With-Profits Fund associated with the Transferring Policies at the Implementation Date into Utmost.

The approval of the Transfer will also effect a restructure of the remaining ELAS business, with a new with-profits sub-fund, the German With-Profits Fund, being established and with-profits policies sold under German law being allocated to this fund. The policies allocated to the German With-Profits Fund are the UK-style German With-Profits Policies and the German-style German With-Profits Policies.

All Transferring Policies and their associated assets and liabilities will be allocated to the Utmost Non-Profit Fund (the ULP NPF) on the Implementation Date. All Non-Transferring Policies, and any other Excluded Policies, and their associated assets and liabilities will remain in the Equitable.

In parallel with the Transfer process, the Equitable is performing a Scheme of Arrangement under Part 26 of the Companies Act 2006 to convert the majority of its with-profits business to unit-linked business, removing some of the risks associated with managing a book of with-profits policies. The Scheme of Arrangement covers with-profits policies sold under UK and Irish law, but those sold under German law are excluded.

Equitable policyholders will vote on the Scheme of Arrangement at an Extraordinary General Meeting, and it also needs Court approval. Should the Scheme of Arrangement not go ahead, or the vote is not passed, the Transfer will not be implemented. The Scheme of Arrangement and the Transfer are inter-dependent, therefore the Scheme of Arrangement and the Transfer will only be implemented if both are approved by the Court.

Main features of the Transfer:

The Transfer is to be carried out under Part VII of the Financial Services and Markets Act 2000 (FSMA), which is a statutory process enabling insurance businesses to be transferred between two or more insurers. The Transfer only becomes effective with the approval (or "sanction") of the High Court, and if approved, we expect the Implementation Date to be on 1 January 2020. The Transfer would take place immediately after the Scheme of Arrangement on the Implementation Date.

There is no Policyholder vote needed as part of the Transfer process (but Policyholders and other interested parties) can object to the Transfer.

There are two key steps in the Transfer process:

(a) Step 1 - First Court Hearing
This first step in the process, which was to seek directions from the High Court in respect of the notice requirements for the Transfer, has already been taken on 22 July 2019.

(b) Step 2 - Second Court Hearing
The aim is to return to the High Court to ask the court to approve (or "sanction") the Transfer. This is likely to take place on 22 November 2019. This will only take this step if the Equitable's Policyholders vote in favour of their Scheme of Arrangement at the planned Equitable Policyholders' Meeting and the Eligible Members vote in favour of the Change to the Articles at the EGM.

If the Transfer is approved (and the Scheme is approved), the Transferring Business will be transferred to Utmost on the Implementation Date, after the Scheme has taken place.

The effect of the Transfer from the Implementation Date would be:

(a) the Transferring Business, which includes all Transferring Assets, Transferring Liabilities and Transferring Policies, and all rights, liabilities and obligations of the Equitable under those assets, liabilities and Policies, will transfer to Utmost (other than any Residual Assets or Residual Liabilities, which are described below);

(b) Utmost will become the insurer in place of the Equitable in respect of the Transferring Policies;

(c) the Excluded Policies will remain with the Equitable, as described below; and

(d) there will be a new fund structure within the Equitable comprising the main fund and the new German With-Profits Fund.

Excluded Policies, Residual Assets and Residual Liabilities:

The Transfer is intended to Transfer all Policies of the Equitable, other than the German Policies and the Irish Policies, to Utmost. The German Policies and the Irish Policies will remain policies of the Equitable. The Transfer also contains provisions for the Transfer to proceed if for any reason the High Court is unable to transfer a particular Transferring Policy to Utmost on the Implementation Date (for example, as a result of an objection or non-approval from the relevant EEA State regulator or non-approval for the Jersey Transfer and the Guernsey transfer).

Such Policies (to the extent there are any), together with the German Policies and the Irish Policies, are Excluded Policies. In the unlikely event that there are any Excluded Policies in addition to the German Policies and Irish Policies, they will be excluded from the Transfer to Utmost on the Implementation Date and will remain with the Equitable.

Excluded Policies (including the German Policies and Irish Policies) will be administered by Equitable in the same way, and to the same standard, as the Transferring Policies will be administered by Utmost. Utmost will also reinsure the Excluded Policies (other than the German Policies and the Irish Policies) under a reinsurance agreement entered into between the Equitable and Utmost so that the economic responsibility for the Excluded Policies is with Utmost.

Excluded Policies (other than the German Policies and the Irish Policies) may be transferred at a later date (a "subsequent transfer date") to Utmost under the terms of the Transfer Document, if the issue which prohibited them from transferring on the Implementation Date is resolved. The German Policies and the Irish Policies are always excluded from the Transfer so a separate transfer process would be required to transfer these policies to Utmost or another member of its group at a later date.

It is also possible that certain assets and liabilities may only transfer to Utmost after the Implementation Date. This may occur because, for example, third party consents are required for such transfer (which have not been obtained by the Implementation Date). These assets and liabilities are called Residual Assets and Residual Liabilities. The Equitable is not expecting there to be any Residual Assets or Residual Liabilities, other than an amount of capital which is required to be maintained by the Equitable to meet its solvency capital requirement immediately after the Implementation Date. That capital would not be transferred to Utmost unless and until the Equitable's status as an authorised entity is withdrawn by the PRA. Certain business contracts that relate to the Irish Policies and German Policies are excluded from the Transfer and will remain with the Equitable.

From the Implementation Date, the Transferring Policies will be administered by Utmost. As part of the terms of the Transfer.

Changes to the Transfer after the Second Court Hearing:

Any material changes to the terms of the Transfer, if it is approved at the Second Court Hearing, will require the further approval of the High Court and the Regulators.