

**At the Annual General Meeting of**  
**THE EQUITABLE LIFE ASSURANCE SOCIETY**  
**held on Monday, 19 May 2008 at 11.00 a.m.**

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The following persons were present:

Vanni Treves	(Chairman) (in the Chair)
Peter Smith	(Deputy Chairman)
David Adams	
Tim Bateman	
Ian Brimecome	
Ian Reynolds	
Fred Shedden	
Charles Thomson	
Andrew Threadgold	
Jean Wood	

There were 90 members entitled to vote present in person and 6 proxies (who were not in their own right members entitled to vote) who had been appointed by members to vote on their behalf at the meeting.

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The Chairman, Vanni Treves, opened the meeting and welcomed those attending. He remarked that at previous AGMs the question and answer session had sometimes run on for more than 1½ hours and that some members had complained that they had to leave before the vote was taken. He added that the Society's Articles of Association had been amended in May 2007, so that members leaving before the vote was taken could appoint the Chairman to vote in accordance with instructions on their poll card which they could leave with the Independent Scrutineers. However, the Chairman suggested that, even so, the aim should be to allow a maximum of 1½ hours for questions before moving on to the formal business of the meeting, including the voting.

The Chairman explained the proposed format and timetable for the meeting, which would comprise presentations from the Chief Executive and the Chairman. These would be followed by a question and answer session and then voting on the resolutions to be put to the meeting.

The Chief Executive, Charles Thomson, provided a report on the Society's activities during 2007. He remarked that 2007 had been a year of very significant progress for the Society on a number of fronts and that during the year it had proved possible to create the platform from which to take the key decisions about the Society's future. He referred to the transfer in early 2007 of most of the Society's non-profit pensions to Canada Life. This had significantly reduced the risk that the cost of paying non-profit pensions to annuitants could rise as those annuitants continued to live longer and longer. He added that in May 2007, the Society had transferred its small subsidiary life office, University Life Assurance Society, to Reliance Mutual and this had represented another step in the strategy of simplifying the Society in order to make strategic proposals easier for third parties to make and easier for the Society to assess.

The Chief Executive commented that, in August 2007, the Society had redeemed the Subordinated Bonds and this had been another simplification made possible by the financial strength that the Society had now achieved. He added that, at the end of 2007, the Society had transferred the with-profits annuities to Prudential. He remarked that this had been a ground breaking deal and had been the first time that Part VII legislation (in the Financial Services and Markets Act 2000) had been used to transfer part of a with-profits fund. He added that the transfer had helped those annuitants to move to a strong office with better bonus prospects. For those with-profits policyholders who remained with the Society, it removed an unusual product from the Society's business making the whole of what remained significantly more attractive to third parties.

The Chief Executive remarked that each of these transactions had been complex and time consuming and that a major transfer needed 12 to 18 months intensive work from the Society and its advisors.

The Chief Executive then reported on the Society's financial performance over 2007. He remarked that the Society had continued to maintain its sound financial position. Following the transfer of with-profits annuities to Prudential the Society's key measure of solvency, its Excess Realistic Assets, stood at £621 million at the end of December 2007; that represented 9.2% of the with-profits fund - almost unchanged from the previous year. He added that the Board was comfortable that the Excess Realistic Assets were fully strong enough for a closed fund that was in run-off.

The Chief Executive commented on the Society's investment performance during 2007. He remarked that the so called 'credit crunch' had led to financial markets re-evaluating the risk associated with corporate bonds. This and falls in property values in the latter part of 2007 had reduced the returns on the Society's investments. During 2007, the Society had achieved a gross return for the year on the with-profits fund of 4%. However, reductions in gilt rates over the year had increased the value of the Society's liabilities. After adjusting for the rise in the value of liabilities corresponding to the fall in gilt interest rates, the effective gross return had been 3.3%. After allowing for the costs of administration and guarantees, the effective net return on the with-profits fund in 2007 had been 1.9%.

The Chief Executive remarked that investment in equities and property required more regulatory capital and this limited the Society's exposure to such investments. However, during 2007, the Society had effectively increased its equity exposure by purchasing a small amount of short-term derivative contracts whose value moved in line with changes in the FTSE 100 index. This allowed the Society, at times when the Investment Committee considered that it would be beneficial to do so, to have a little more exposure to equity performance than it otherwise could.

The Chief Executive then commented on the Bonus Declaration. As he had mentioned, the effective net return on the with-profits fund had been 1.9%. During 2007 the Society had removed some risks in the business and had reduced others. This and the new strength of the fund had allowed the Board to increase returns for policyholders above the effective net return arising from investment performance alone. Policy values had been increased for UK with-profits pensions policies at a non-guaranteed accrual rate of 5% for the whole of 2007. The Board had also agreed that an interim bonus of 5% per annum would continue to be added to policy values in 2008 for UK with-profits pensions policies. He added that market returns so far in 2008 had been poor, so this level of interim bonus continued to require the sort of support he had mentioned in respect of 2007. The Chief Executive remarked that the bonus rates for other types of contract were calculated on a consistent basis (for example, allowing for the different tax position in the case of life policies).

The Chief Executive remarked that the financial adjustment applied to the early surrender of with-profits policies had been reduced from 8% to 5% in April 2007. He added that the Board would continue to review the interim bonus rate and the financial adjustment regularly.

The Chairman then addressed the meeting. He reported that, since the previous year's Annual General Meeting, the European Parliament had adopted the report of its special Committee into implementation of European Directives in relation to Equitable Life. The report had recommended that the UK Government should pay compensation to policyholders. However the Committee had recognised that its recommendations had no force in respect of the UK Government. The Government's response had been that it would not comment until the report of the Parliamentary Ombudsman had been published. The Chairman remarked that the Society had called for the Parliamentary Ombudsman to re-investigate the regulation of Equitable Life four years ago, because she had the power to recommend Government compensation to Parliament. The Society had provided all possible assistance to the Parliamentary Ombudsman's team throughout her long enquiry, had provided large amounts of information to her and had had numerous confidential meetings with her team. The Chairman reported that at the end of April 2008 the Parliamentary Ombudsman had confirmed to Members of Parliament that she would write by the end of May to provide the publication date for her report. The Chairman added that if the Parliamentary Ombudsman should recommend Government compensation, the Society would be in the vanguard of those calling for the Government to do the right thing by policyholders. He remarked that the Society was already working with politicians across the party spectrum to gather their support to encourage the Government to implement any recommendations as quickly and effectively as possible.

The Chairman then reported on the actions being taken to determine the form of the Society's long-term future that would provide the best prospects for the Society's policyholders. He remarked that, thanks to the sound financial position the Society had now achieved, the Board was confident that the Society could continue running existing policies to maturity. However, it might be possible to transfer them to one or more third parties that could offer better prospects to policyholders.

The Chairman remarked that the Society remained a very large business; the with-profits fund was currently around £6.8bn and there were approximately 400,000 people with an interest in the with-profits fund (including members of group pensions schemes who were not, themselves, individual policyholders). The Society was now far more stable and secure than it had been for many years and the business risks were now in line with those of other closed funds.

The Chairman remarked that this meant that one clear option was for the Society to continue to run the business itself in 'run-off'. As the Society's business was now sound, policyholders would get at least their minimum guaranteed benefits as their policies came to mature. Non-guaranteed benefits could not be guaranteed, but it was reasonable to expect them to continue to reflect the Society's cautious, fixed-income investment strategy. He added that, in reasonable economic conditions, one might expect the current non-guaranteed bonus additions of 5% per annum for UK pensions to continue.

The Chairman added that, as a mutual with no access to external capital, the Society had to hold back assets to cover the risks of the fund. As the fund ran down those extra assets could be released if they were not needed for the risks. This allowed a gradual release of assets over the longer term, as the Society had done in 2007 and was continuing to do in 2008. Members continued to be exposed to the profits and losses of the business - so policy values could be adversely affected, for example by particularly poor investment performance caused by market conditions. He added that, as policies matured and the business reduced, it would be normal to expect administration costs to rise in relative terms. Allowance for that effect had been made in the Society's accounting and in its bonus decisions, but future policy values could be affected if the actual development of expenses was different from what was implied by the models the Society used. The Chairman remarked that he would summarise the position in run-off as "sound, but, inevitably, not without risk; some growth potential but limited prospects." He added that this was why the Board wanted to look at wider alternatives.

The Chairman described the action that had been and was being taken to investigate the possibilities for a better future for the Society's policyholders. The Chief Executive had described earlier in the meeting the action taken to remove disproportionate risks and specialised contracts which could have made it difficult to attract third parties. A data book had now been produced giving a detailed description of the business. This would allow third parties to undertake a proper assessment of what they could offer.

The Society was now at the stage of asking third parties to make proposals. It had been made clear to them that their proposals would have to provide better prospects for the Society's policyholders than if the Society continued in run-off. The data book had been sent to interested parties over the previous few weeks. The Chairman added that, at the same time that third parties were developing their proposals, the Society was also clarifying the run-off option. He remarked that the Board would then be in a good position to compare third-party proposals with what the Society could achieve itself. As had been done with the transfer of with-profits annuities to the Prudential, the Board's consideration would include potential outcomes and the safeguards and protections for policyholders.

The Chairman remarked that, if it considered that a third party could generate better results for policyholders, the Board would select the best option and recommend it to members. He added that no change would be made without the approval of members and the Board would not ask for members' approval unless, having listened to all the expert advice it needed, it was convinced that a proposal was in policyholders' interests. The Chairman reported that, by the end of 2008, the Board expected to have decided whether a third party had a proposal that was better than run-off. However, any transaction would be enormously complex and would take many months to develop.

The Chairman referred to the Society's achievements over the past year, as reported earlier in the meeting, and added that the Society could work through the coming year of decision with confidence.

Following the presentations, the Chairman indicated that the meeting would move on to the formal business. He asked that the Notice of the meeting and the Auditors' Report be taken as read and this was agreed. He then proposed that the meeting receive and adopt the Report and Accounts but, before the resolution was put to the meeting, members' questions would be taken.

Questions were asked and comments made by 15 members or their proxies; responses were provided by the Chairman, the Chief Executive, the Finance Director (Tim Bateman) and the Chairman of the Remuneration Committee (Jean Wood). Among topics raised were: the consideration being given to the possible sale of the Society's remaining business and potential purchasers; the position if the Society remained in "run off" (including the prospects for policyholders and whether re-opening to new business could be possible); the awaited publication of the Parliamentary Ombudsman's report and action that it might be appropriate for the Society to take; the investment of the with-profits fund (including the possibility of greater equity exposure, the position on investment in Group Undertakings and the matching of liabilities and assets denominated in US\$); the remuneration of the Board, including that of the Chief Executive; the composition of the Board not reflecting diversity; Annual Statements to policyholders and whether these should be amended to show non-guaranteed benefits; fund values no longer being available on the Society's website; arrangements for transfers between unit-linked funds and the possibility of more funds being made available.

All pre-registered questions together with those raised from the floor having been dealt with, the question and answer session closed after approximately 1 hour and 10 minutes.

The Chairman then moved 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 2007 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.

The Chairman proposed that the Directors' remuneration report be approved. 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.

Resolutions relating to the election of directors in place of those retiring at the meeting were then put to the meeting. The meeting voted on a resolution in respect of each of the four directors retiring and seeking re-election at the meeting, i.e. Tim Bateman, Peter Smith, Andrew Threadgold and Vanni Treves. The Deputy Chairman, Peter Smith, took the chair for the voting on the resolution for the re-election of Vanni Treves as a director. 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 Tim Bateman, Peter Smith and Andrew Threadgold had been re-elected as a director of the Society. The Deputy Chairman, Peter Smith, noted that Vanni Treves had been re-elected as a director of the Society.

The Chairman declared the AGM closed at 12.45 p.m.