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Dear Policyholder

Equitable Life puts its sale process on 'hold'

As promised, we are writing to update you on the outcome of our efforts to ascertain whether a third party could improve the lot of our policyholders. In brief, we have concluded that although various proposals were received none would certainly provide improved prospects for policyholders.

As we have explained in recent annual and interim reports, following the successful transfer of £4.6 billion of non-profit pension annuities to Canada Life and £1.7 billion of with-profits annuities to Prudential and having reached a position of stability and security, your Board invited third parties to make proposals during 2008. The objective was to establish whether third parties could offer improved prospects for Equitable Life's policyholders.

In particular, whether a third party could improve prospects by way of lower costs or greater certainty was explored.

Given the current financial and economic climate and having taken appropriate advice, the Board decided that although various proposals were received none would certainly provide improved prospects for policyholders.

Consequently, the Board has decided to put the sale process on 'hold' with immediate effect and to continue implementation of the best possible strategy for running the business until the current policies mature (known as 'run-off').

What will change?

Policyholders will see little change as a result of this decision. The Society has effectively been in 'run-off' since it closed to new business in 2000.

The Board will now pursue the best possible run-off strategy. Over the coming months we will be looking in detail at the company, people, structure and costs.



Customer services and investment management is currently provided under contract by HBOS as a third party administrator (TPA). The provision of TPA services will be considered as part of the Society's review of its run-off plans.

The Society will also continue to lobby Parliament to implement the recommendations of the Parliamentary Ombudsman and provide the compensation our members deserve.

Conclusion

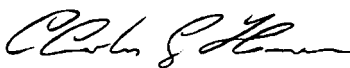
Having completed successful deals including those with Canada Life and Prudential, we are disappointed that because of the current economic climate it has not been possible to deliver improved prospects for remaining policyholders through a sale. However, the sale process has afforded a good test of the Society's run-off option and our focus now moves to implementing that option as effectively and efficiently as possible. We will give an update on progress in the Annual Report in March next year and at the AGM in May.

As always policyholders can rest assured that your Board will continue to do everything it possibly can to ensure the continued stability and security of the Society and to improve further the prospects for all policyholders.

Yours sincerely



Vanni Treves
Chairman



Charles Thomson
Chief Executive