



Equitable Life

The Way Forward



11 December 2001

Dear Policyholder,

As the Chairman and I travelled around the country listening to policyholders' views during the consultation period for the compromise scheme, many with-profits pensioners asked us whether something different could be done for them within the scheme. That issue has been considered very extensively, but in fact many of the issues which concern with-profits annuitants are quite different from those covered in the compromise scheme, which relates to the rights of GAR and non-GAR policyholders.

Annuitants' concerns often did not really relate to the compromise scheme, but rather to their position after the vote, as unlike other policyholders they cannot move their policy. We committed to looking at what might be done after the compromise scheme. We said that we would reconsider the position and see if there were any ways open to us to help the position that some annuitants now find themselves in. As you know we have now sent the scheme to policyholders for voting so we thought it appropriate to let you know how we intend to proceed.

The areas we will examine include whether it would be possible to re-base the annuity, accepting a lower figure now and anticipating a lower rate of bonus in the future. We believe this is quite possible and will take steps in the coming months to make an offer of that kind to all with-profits annuitants who are currently anticipating future bonuses at a high rate. We were also asked whether it might be possible to transfer with-profits annuitants to another company or to allow them to convert to a non-profit annuity. We do not think that either of these will prove to be a practical possibility but we will investigate them, along with the proposals for re-basing annuities, and report back to you later, after the outcome of the compromise scheme vote.

We appreciate that many with-profits annuitants have been particularly worried by the uncertainties caused by the GAR-related claims. Removing these uncertainties and so creating a more stable financial basis for the fund is one of the many reasons why your new Board is unanimous in recommending that policyholders vote 'yes' to the compromise scheme. We believe it is the only fair, reasonable and positive way forward for policyholders and the Society. Consequently, as a non-GAR policyholder we urge you to use both of your votes that we sent to you in the voting documents part of the compromise scheme pack to vote 'yes'.

Yours sincerely,



Charles Thomson
Chief Executive

