

SUMMARY OF THE SCHEME

SUMMARY OF THE TERMS OF THE TRANSFER OF THE BUSINESS OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (PAC) TO ROTHESAY LIFE PLC (ROTHESAY)

1. INTRODUCTION

As part of a strategic review of its business, PAC has agreed to transfer part of its annuity business to Rothesay (the **Transferred Business**) under a Court sanctioned insurance business transfer scheme (the **Scheme**). The Transferred Business comprises a specific group of immediate and deferred annuities. This document provides a summary of the key terms of the proposed transfer (the **Transfer**). If you require further information, more detail can be found by reading the Scheme document in full and the report of an independent expert who confirmed that in his opinion the Transfer will not have a material adverse effect on the security of benefits, reasonable benefit expectations or service standards and governance, of policyholders of PAC or Rothesay. Both of these are available on our website at pru.co.uk/annuitytransfer

2. EFFECT OF THE TRANSFER ON ANNUITIES TRANSFERRING TO ROTHESAY

If the Transfer goes ahead, Rothesay will become the provider in relation to your annuity and will be responsible for administering it and for making payments under it, instead of PAC. In order to minimise the impact on transferring policyholders, PAC and Rothesay have entered into a transitional services agreement where PAC will carry out the administration for the transferring policyholders for a period of time after the Transfer. The Transfer will, however, not affect the terms and conditions of your annuity other than as necessary to replace references to PAC (and its group) with Rothesay (and its group). If your annuity is transferred, you will be entitled to the same rights with Rothesay under your annuity as you had with PAC. You will also see changes in the branding from PAC to Rothesay in future communications.

After the Transfer, Rothesay will be responsible for making any payments due under the terms of your annuity. Any annuity payments will continue to be made as before, including in relation to the timing and the amount of the payments due. No additional action is required on your part in relation to payments due from Rothesay (for example, you do not need to inform your bank).

3. HOW THE TRANSFER WILL BE IMPLEMENTED

The transfer of the Transferred Business to Rothesay is to be carried out under section 111(1) of the Financial Services and Markets Act 2000 (the **Act**). The Transfer will not proceed unless an order sanctioning the Scheme is given by the High Court of Justice of England and Wales (the **Court**).

4. COURT APPROVAL OF THE TRANSFER

If the Court approves the Scheme, the Transferred Business will transfer from PAC to Rothesay.

It is expected that the Transfer will become effective at 00:01 GMT on 15 December 2021 (the **Transfer Date**). This date may be subject to change with the Court's consent.

5. THE BUSINESS TO BE TRANSFERRED

On the Transfer Date, all rights, benefits, obligations and liabilities of PAC in respect of the Transferred Business (unless specifically excluded) will transfer to Rothesay. A reinsurance agreement has already been put in place with Rothesay under which the future risks and obligations relating to the Transferred Business were fully reinsured to Rothesay (unless specifically excluded), and the investment assets backing these liabilities were transferred from PAC to Rothesay at the time this reinsurance agreement was entered into.

As the assets held in respect of the Transferred Business have already been transferred by PAC to Rothesay, they do not need to be transferred under the Scheme. The reinsurance contracts relating to certain annuities comprised in the Transferred Business will be transferred on the Transfer Date, along with the documents, files and other records in relation to the Transferred Business held by or on behalf of PAC.

6. EXCLUDED ANNUITIES AND EXCLUDED LIABILITIES

If for any reason we are unable to transfer any annuity or group of annuities intended to be transferred on the Transfer Date, these will continue to be reinsured under the existing reinsurance agreement between PAC and Rothesay (with such amendments as PAC and Rothesay may agree) and will not be transferred to Rothesay.

Certain assets and liabilities related to the Transferred Business are excluded from the Transfer and will not transfer to Rothesay under the Scheme. PAC will indemnify Rothesay in respect of any such excluded assets or excluded liabilities. These excluded liabilities include liabilities arising from the Thematic Review of Annuity Sales Practices conducted by the FCA, unless otherwise agreed between Rothesay and PAC.

7. CONTINUITY OF PROCEEDINGS

Any proceedings by or against PAC in relation to the Transferred Business (including any future proceedings not yet begun) will be continued by or against Rothesay after the Transfer Date. Rothesay will be entitled to any and all defences, claims, counterclaims, rights of set-off and any other rights that PAC would have had.

8. DATA PROTECTION

From the Transfer Date, Rothesay will become the data controller in place of PAC in relation to the Transferred Business, and consents and information given to PAC will be deemed to have been given to Rothesay.

9. MANDATES AND OTHER INSTRUCTIONS

From the Transfer Date, any mandates, including direct debits, standing orders or other instructions or authorities, payable to or from PAC in respect of the Transferred Business will be payable to or from Rothesay instead.

10. AMENDMENT OF THE SCHEME

The Scheme provides that it may be amended by application to the Court, provided that the Prudential Regulation Authority (the **PRA**) and Financial Conduct Authority (the **FCA**) have been notified of the application and a certificate is obtained from an independent expert who is approved by the PRA (having consulted with the FCA), confirming that in his opinion (having considered the proposed amendments in the round), the proposed amendments to the Scheme will not have a material adverse effect on the Policyholders of the Transferee,

including by reference to: (i) the effect of the proposed amendments to the Scheme on the security of those Policyholders' contractual rights, including the likelihood and potential effects of the insolvency of the Transferee; or (ii) the likely effects of the proposed amendments to the Scheme on matters such as investment management, new business strategy, administration, governance, expense levels and valuation bases in so far as they may affect (x) the security of those Policyholders' contractual rights; (y) level of service provided to those Policyholders; or (z) the reasonable benefit expectations of those Policyholders; and (iii) the cost and tax effects of the proposed amendments to the Scheme, including in so far as they may affect the security of those Policyholders' contractual rights or their reasonable benefit expectations, and, taking account of any relevant regulatory guidance applicable to modifications of insurance business transfer schemes under Part VII of the Act (or its successors).

11. OBJECTIONS

If you feel you may be adversely affected by the proposed transfer, you have the right to object and to present your views to Court either in person or through a suitably qualified legal representative.

If you do wish to object, you can contact PAC's dedicated Freephone helpline on 0800 640 9164 (or +44 203 755 9194 if calling from outside the UK), email PAC at annuitytransfer@prudential.co.uk or write to PAC at: Rothesay Transfer, Prudential, PO Box 3122, LANCING, BN15 5DA. PAC will acknowledge, in writing, all objections they receive. PAC will submit details of all objections received before the final court hearing to the Court, which will consider the Scheme and all objections from affected persons at the final Court hearing. Details of objections received will also be made available to the independent expert and our regulators.

Any objections to the Scheme that were previously submitted will be put before the Court unless withdrawn. Any person who wishes to withdraw, amend or update their objection should notify PAC as detailed in the paragraph above.

12. GUERNSEY AND JERSEY

This summary applies equally to the equivalent schemes in Guernsey and Jersey, although in the context of those schemes:

- the transfer will be carried out pursuant to the Insurance Business (Bailiwick of Guernsey) Law, 2002 and the Insurance Business (Jersey) Law 1996;
- the relevant court will be the Royal Court of Guernsey and the Royal Court of Jersey; and
- the relevant regulator will be the Guernsey Financial Services Commission and the Jersey Financial Services Commission.