

Consolidating Our Business

YOUR QUESTIONS ANSWERED

1. WHAT ARE THE CHANGES?

We are transferring the unit-linked business of Pearl Assurance (Unit Funds) Limited (**PAUF**), Pearl Assurance (Unit Linked Pensions) Limited (**PAULP**) and London Life Linked Assurances Limited (**LLLA**) and the pensions annuity business of PAULP to NPI Limited (**NPIL**).

We refer to these changes as the **Scheme**.

2. WHY ARE YOU MAKING THE CHANGES?

We want to consolidate parts of our unit-linked business so that instead of being undertaken by four companies, it will be carried on by just one. We believe this will enable us to work more effectively and efficiently.

3. WHEN WILL THE CHANGES HAPPEN?

If the High Court approves our plans, we expect the changes will take effect from 1 October 2006. We will put a note on our websites after the court hearing to confirm whether the court has approved the Scheme.

4. WHY ARE YOU WRITING TO ME ABOUT THE CHANGES?

We are writing to you now to tell you about our proposals. It is important that we give you sufficient information to understand the changes we plan to make.

The legal process also requires us to write to you and gives you an opportunity to raise any concerns before the High Court.

5. WHAT CHANGES WILL I NOTICE?

If you have a policy with PAUF, PAULP or LLLA, you will notice very little difference with your policy when the changes take effect:

- Your policy terms will not change.
- Your policy will continue to be branded as a “Pearl” or “London Life” policy.
- The way you deal with us will remain the same.
- Most policyholders will continue to receive and make payments in the same way as they currently do (although a limited number of policyholders may notice some changes – refer to section 7.2 of the enclosed Scheme Guide for further details).
- For unit-linked policies:
 - the same funds will be available for you to invest in.
 - The number, value and type of units you hold will not change as a result of the Scheme.

Although the branding of your policy as a “Pearl” or “London Life” policy will not change, one difference you may notice is that when we write to you in the future, we will refer to NPIL (rather than PAUF, PAULP or LLLA) as the provider of your policy. If you have a policy with NPIL, you will not notice any changes at all with your policy when the changes take effect.

6. WHO NEEDS TO APPROVE THE CHANGES?

The changes need to be approved by the High Court of England and Wales. In addition, the transfer of certain policies needs to be approved by the Royal Courts of Jersey and Guernsey.

There is no requirement for PAUF, PAULP, LLLA and NPIL policyholders to approve the changes. However, policyholders are entitled to attend, and be heard, at the court hearing to approve the changes.

7. HOW WILL MY INTERESTS AS A POLICYHOLDER BE PROTECTED UNDER THE SCHEME?

The Scheme will only be approved if the High Court is satisfied that it meets all the necessary legal requirements.

An independent expert has been approved by our industry regulator, the Financial Services Authority, to prepare a report on the proposals. The independent expert has considered how the interests of policyholders might be affected by the proposals.

The independent expert has concluded that the changes will not materially affect the security of the benefits of the policyholders of PAUF, PAULP, LLLA or NPIL, or their fair treatment and reasonable benefit expectations.

Section 8 of the Scheme Guide ("Consolidating Our Business") enclosed with this pack contains a summary of the independent expert's report.

In addition, we have been working closely with the Financial Services Authority throughout this process while developing our proposals.

8. WHICH OF MY POLICIES ARE AFFECTED BY THE SCHEME?

The Scheme is only relevant to:

- any unit-linked policy that you hold with PAUF, PAULP or LLLA;
- any pension annuity policy that you hold with PAULP; and
- any policy that you hold with NPIL.

To assist you in identifying which policies are affected by the Scheme, the policy numbers are quoted on the covering letter enclosed with this pack.

For policyholders of LLLA, the policy number quoted on the covering letter is the lowest numbered policy of each investment held with LLLA. This number is referred to as the 'Reference Number' on annual statements you receive each year. Policy numbers associated to each Reference Number are not stated on the covering letter. However, it is important to note the Scheme also applies to all policy numbers associated to each Reference Number.

The Scheme does not affect policyholders of Pearl Assurance plc, London Life Limited or National Provident Life Limited.

9. WHY MIGHT YOU HAVE SENT ME MORE THAN ONE PACK?

Some policyholders might have received more than one pack if they hold a policy with two or more of these companies - PAUF, PAULP, LLLA and NPIL - or more than one policy with any one of these companies.

10. WHO IS NPIL?

NPIL was formed in 1999 and provides life and pensions products to both individual and corporate customers. NPIL is now closed to new business although:

- new members are accepted into existing group pension arrangements that have existing members.
- NPIL also writes small amounts of business under options on existing policies.

NPIL is a member of the Pearl Group of companies. If the High Court approves our proposals, the policies of PAUF, PAULP and LLLA policyholders will transfer to NPIL.

11. WHO ARE PEARL GROUP?

Pearl Group comprises Pearl Group Limited and its subsidiary companies, which include Pearl Assurance plc, London Life Limited, National Provident Life Limited, PAUF, PAULP, LLLA and NPIL. Pearl Group Limited acquired these companies when it bought the life and pensions business of HHG plc in April 2005.

The Scheme does not affect policyholders of Pearl Assurance plc, London Life Limited or National Provident Life Limited.

Pearl Group is based in Peterborough, UK.

12. HOW CAN I FIND OUT MORE?

The enclosed Scheme Guide describes the proposed changes, and includes a summary of the independent expert's analysis of their effect. The full independent expert's report and terms of the Scheme are available free of charge on our websites:

www.pearl.co.uk/schemeinfo
www.london-life.com/schemeinfo
www.npi.co.uk/schemeinfo

If you don't have access to the internet and require copies, please call our helpline on 0870 033 0002. Our lines are open from 9am to 6pm Monday to Friday. Calls are charged at the national rate.

13. WHAT DO I NEED TO DO NOW?

We encourage you to read the enclosed Scheme Guide to find out more about our proposals. You do not need to take any further action unless you want further information or intend to raise any issues before the court.

The enclosed Scheme Guide explains the procedure if you wish to object to the changes. If you are in any doubt about whether you need to take any action you should consult your financial or other professional adviser. If there are other persons that may have an interest in your policy(ies), please ensure that any such person is given an opportunity to review the documents contained in this pack.

Please call us on our helpline if you would like a copy of this pack in large print, Braille or on audio tape.