

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you are advised to consult your stockbroker, solicitor, accountant, or other professional adviser. If you have sold or otherwise transferred all your shares in Resolution Limited (the “Company”), please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer for transmission to the person who now holds shares in Resolution Limited.

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## **RESOLUTION LIMITED**

(incorporated and registered in Guernsey under company number 49558)

### **Notice of Annual General Meeting**

to be held at 11.00 a.m. on 18 May 2010  
at The St. Pierre Park Hotel, St. Peter Port, Guernsey, Channel Islands  
and simultaneously broadcast to The Queen Elizabeth II Conference Centre, Broad Sanctuary,  
Westminster, London SW1P 3EE, United Kingdom

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Whether or not you propose to attend the AGM, please complete and submit a Form of Proxy or, if your shares are held in the Resolution Limited Share Account, a Form of Instruction, in each case in accordance with the instructions printed on the relevant enclosed form. The Form of Proxy must be submitted by no later than **11.00 a.m. on 16 May 2010**. The Form of Instruction must be submitted by **11.00 a.m. on 14 May 2010**.

**Resolution Limited Share Account holders will only be entitled to attend and vote at the AGM if they have submitted a Form of Instruction in accordance with the relevant instructions.**



Resolution Limited is incorporated in Guernsey No 49558 Registered Office:  
PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

16 April, 2010

Dear Shareholder,

### **Notice of Annual General Meeting**

I am pleased to be writing to you with details of our Annual General Meeting (the “**AGM**”) which we are holding at The St. Pierre Park Hotel, St. Peter Port, Guernsey, Channel Islands, with a simultaneous broadcast to The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE, United Kingdom at 11.00 a.m. on 18 May 2010. The formal notice of AGM is set out on pages 6 to 13 of this document.

Those shareholders attending the broadcast of the AGM in London are still requested to submit a Form of Proxy appointing the Chairman of the meeting as a proxy. This will not preclude them from submitting a different vote if they wish when they attend the AGM in person.

Resolution Limited Share Account holders will only be entitled to attend and vote at the AGM if they have submitted a Form of Instruction in accordance with the relevant instructions set out below. The Company may exercise its discretion to allow those Resolution Limited Share Account holders who have not submitted a Form of Instruction to attend the meeting; however, they will not be entitled to vote.

### **Business of the meeting**

The business of the meeting is set out in the notice of meeting. You will see that in addition to the routine business usually dealt with at the annual general meeting, there are several items of other business set out in Resolutions 23 and 26 which I would like to explain briefly below. There are also explanatory notes to the notice of the meeting (the “**Explanatory Notes**”) which give more information in relation to each of the Resolutions.

### ***Amendments to Articles of Incorporation***

At this year's AGM, we propose to adopt new articles of incorporation (the “**New Articles**”) with immediate effect in order to update the Company's existing articles of incorporation (the “**Articles**”). This updating is being carried out primarily to ensure voluntary compliance with a number of provisions of UK company law currently not applicable to the Company, and also to enable the Company to offer its shareholders the opportunity to participate in a scrip dividend scheme (described further below). In considering which UK company law provisions are appropriate to reflect in the New Articles, regard was had to the equivalent Guernsey law provisions already applicable to the Company, as well as the structure of the Company and the nature of its business.

The principal changes introduced by the New Articles are set out in Appendix 2 to this notice of AGM. A draft of the New Articles showing the changes from the existing Articles will be available for inspection at The St. Pierre Park Hotel, St. Peter Port, Guernsey, Channel Islands and The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE, United Kingdom (the venues for the AGM) at least 15 minutes before the start of the AGM and during the AGM, and will also be available for inspection at the Company's registered office, Trafalgar Court, Les Banques, St Peter Port, Guernsey and at the office of Slaughter and May, One Bunhill Row, London EC1Y 8YY, United Kingdom from the date of this letter until the conclusion of the AGM.

### ***Scrip dividend scheme***

Provided that Resolution 23 proposing to adopt the New Articles is passed, the Directors are also proposing to implement a scrip dividend scheme which would offer shareholders a scrip alternative in respect of any dividend declared and/or paid by the Company on or before 18 May 2015, including the final dividend proposed to be declared at this year's AGM. Further details of how the scheme operates and how you may elect to receive shares rather than a cash dividend are set out in the scrip dividend circular (the "**Scrip Circular**") accompanying this letter.

### **Proceedings at the AGM**

In order to ensure orderly conduct at the meeting, and especially given the two venues at which shareholders may attend the meeting, we would request that all shareholders who wish to ask questions at the AGM register their question(s) before the start of the meeting. While the Directors will endeavour to answer all questions on the reports and accounts and on the business, operations and management of the Company raised at the meeting, irrespective of whether they have been registered, priority will be given to those shareholders who have pre-registered their question(s).

### **Voting at AGM**

Shareholders who cannot attend and vote at the meeting in person can vote by appointing a proxy. The appointment of a proxy will not preclude shareholders from attending and voting at the AGM in person should they choose to do so. Your vote cast at the meeting will take precedence over any voting instructions in the Form of Proxy or any other such instrument for the purposes of the AGM.

### ***Shareholders who hold a certificate for their shares***

Shareholders holding their shares in certificated form who wish to appoint a proxy should complete, sign and return the Form of Proxy enclosed with this letter in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the proxy processing agent of the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 11.00 a.m. on 16 May 2010.

Shareholders may also vote online by going to the Investor Relations page at [www.resolution.gg](http://www.resolution.gg) and clicking on the "AGM Information" link on the left-hand side of the screen. Shareholders

should ensure that the online Form of Proxy is received by the Company's registrars by no later than 11.00 a.m. on 16 May 2010. You will need your Shareholder Reference Number and PIN, all of which can be found on the enclosed Form of Proxy, in order to use the electronic proxy appointment service.

Further instructions relating to the appointment of proxies are set out in the notes to the notice of AGM.

### ***CREST shareholders***

Alternatively, shareholders holding their shares through CREST may appoint a proxy by utilising the CREST electronic appointment service. Shareholders should ensure that the CREST message appointing a proxy is received by the Company's registrars by no later than 11.00 a.m. on 16 May 2010. Further instructions relating to the appointment of proxies through CREST are set out in notes 5 to 8 of the Explanatory Notes.

### ***Resolution Limited Share Account holders***

If you are a Resolution Limited Share Account holder and you do not intend to attend the AGM in person, you may instruct Computershare Company Nominees Limited to appoint the Chairman of the meeting or any third party of your choice to vote at the AGM on your behalf in accordance with your instructions. Alternatively, you may request to attend the meeting in person and cast your vote at the meeting. You may do either of the above by completing the Form of Instruction sent to you and returning it to the proxy processing agent of the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 11.00 a.m. on 14 May 2010. Alternatively, you can submit your instructions online by going to the Investor Relations page at [www.resolution.gg](http://www.resolution.gg) and clicking on the "AGM Information" link on the left-hand side of the screen. You will need your Shareholder Reference Number and PIN, all of which can be found on the Form of Instruction sent to you, in order to use the electronic proxy appointment service.

If your Form of Instruction is not received by the deadline stated above, you may nevertheless be allowed to attend the meeting at the Company's discretion although you will not be able to vote.

### **Recommendation**

The Board considers that all the Resolutions to be put to the meeting are in the best interest of the Company and its shareholders as a whole and recommends that you vote in favour of them.

### **Electronic and web communications**

The Articles allow us to communicate in electronic form with shareholders, but only where they have provided the Company with their electronic addresses. We very much want to allow more flexibility to our shareholders in how we communicate with them, and also want to help reduce our printing and postage costs as well as the impact on the environment associated with printing and mailing activities.

One of the amendments being proposed in the New Articles will enable us to communicate with all shareholders by making documents available on the website, unless they have specifically requested to receive them in hard copy. You will be informed by post or email whenever a shareholder document is placed on the website. If Resolution 23 proposing to adopt the New Articles is passed, the Board proposes to implement the new provisions for all subsequent communications with shareholders.

We have enclosed an electronic communications form with this notice which offers you three options in relation to how you will receive shareholder documents from the Company in the future. You can choose to receive communications via email, to continue to receive paper documents by post or to receive communications via our website. You will only need to complete the enclosed electronic communications form if you choose either of the first two options; but you should note that, if you do not return the form by 14 May 2010, we will assume that you have consented to website publication and you will no longer receive hard copies of documents by post (unless you make a specific written request to our registrars in the future).

If you are a Resolution Limited Share Account holder, you will receive a separate letter in relation to electronic communications from Computershare Company Nominees Limited.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mr. Biggs". The signature is written in a cursive style with a prominent initial "M" and a long, sweeping underline.

Chairman

**Resolution Limited**

(Company No. 49558)

**NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting of shareholders of the Company will be held at 11.00 a.m. on 18 May 2010 at The St. Pierre Park Hotel, St. Peter Port, Guernsey, Channel Islands and simultaneously broadcast to The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE, United Kingdom. Resolutions 23 to 26 (inclusive) will be proposed as special resolutions. All other Resolutions will be proposed as ordinary resolutions.

**ORDINARY RESOLUTIONS**

- Resolution 1 - To receive the Directors' Report and Accounts for the financial year ended 31 December 2009 together with the report of the auditors.
- Resolution 2 - To approve the Directors' Remuneration Report for the financial year ended 31 December 2009.
- Resolution 3 - To re-appoint Ernst & Young LLP as auditors of the Company until the conclusion of the next Annual General Meeting of the Company.
- Resolution 4 - To authorise the Board to determine the remuneration of the auditors for 2010.
- Resolution 5 - To elect Jacques Aigrain, who has been appointed as a director of the Company since the last Annual General Meeting of the Company, as a director of the Company in accordance with Article 18.2 of the Articles.
- Resolution 6 - To elect Gerardo Arostegui, who has been appointed as a director of the Company since the last Annual General Meeting of the Company, as a director of the Company in accordance with Article 18.2 of the Articles.
- Resolution 7 - To elect Mel Carvill, who has been appointed as a director of the Company since the last Annual General Meeting of the Company, as a director of the Company in accordance with Article 18.2 of the Articles.
- Resolution 8 - To elect Gerhard Roggemann, who has been appointed as a director of the Company since the last Annual General Meeting of the Company, as a director of the Company in accordance with Article 18.2 of the Articles.
- Resolution 9 - To re-elect Michael Biggs, who will retire by rotation at this Annual General Meeting.
- Resolution 10 - To re-elect Peter Niven, who will retire by rotation at this Annual General Meeting.

Resolution 11 - To approve the election of David Allvey as a director of Friends Provident Holdings (UK) Limited.

Resolution 12 - To approve the election of Evelyn Bourke as a director of Friends Provident Holdings (UK) Limited.

Resolution 13 - To approve the election of Clive Cowdery as a director of Friends Provident Holdings (UK) Limited.

Resolution 14 - To approve the election of Nicholas Lyons as a director of Friends Provident Holdings (UK) Limited.

Resolution 15 - To approve the election of Trevor Matthews as a director of Friends Provident Holdings (UK) Limited.

Resolution 16 - To approve the election of Robin Phipps as a director of Friends Provident Holdings (UK) Limited.

Resolution 17 - To approve the election of Gerhard Roggemann as a director of Friends Provident Holdings (UK) Limited.

Resolution 18 - To approve the election of Derek Ross as a director of Friends Provident Holdings (UK) Limited.

Resolution 19 - To approve the election of John Tiner as a director of Friends Provident Holdings (UK) Limited.

Resolution 20 - To approve the election of Sir Malcolm Williamson as a director of Friends Provident Holdings (UK) Limited.

Resolution 21 - To declare a final dividend of 2.72p per share on the ordinary shares of the Company.

Resolution 22 - THAT, conditional upon Resolution 23 being passed, the Board be and is hereby generally and unconditionally authorised to issue shares in the Company, and to grant rights to subscribe for or convert any security into shares in the Company, in accordance with Article 4.3 of the New Articles:

- (A) up to a number of 804,150,381 shares in the Company (such number to be reduced by the number of shares issued or granted under paragraph (B) below in excess of an equivalent number); and
- (B) up to a number of 1,608,300,763 shares in the Company (such number to be reduced by any issues or grants made under paragraph (A) above) solely in connection with an offer by way of a rights issue:

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to holders of other shares or securities, as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of next year's AGM (or, if earlier, the date falling 15 months after the date of this Resolution) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be issued or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may issue shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

## **SPECIAL RESOLUTIONS**

Resolution 23 - THAT the articles of incorporation produced to the meeting and initialled by the chairman of the meeting for the purpose of identification (the "**New Articles**") be adopted as the articles of incorporation of the Company in substitution for, and to the exclusion of, the existing articles of incorporation (the "**Articles**").

Resolution 24 - THAT the Board be and is hereby empowered to dis-apply the right of shareholders to receive a pre-emptive offer pursuant to Article 4.13 of the Articles (or, if Resolution 23 is passed, Article 4.12 of the New Articles), PROVIDED THAT this power shall be limited to the issue of up to a number of ordinary shares equal to 5 per cent. of the issued ordinary shares of the Company (as at the date of this notice of meeting) and shall expire (unless previously renewed, varied or revoked by the Company in a general meeting) at the end of the Annual General Meeting of the Company held in 2011, or, if earlier, the date falling 15 months after the date of this Resolution, but during this period the Company may make offers, and enter into agreements, which would, or might, require ordinary shares to be issued (and treasury shares to be sold) after the power given to the Board pursuant to this Resolution ends and the Board may issue ordinary shares (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Resolution 25 - THAT, conditional upon the ordinary shares of the Company remaining trading on the main market of the London Stock Exchange, the Company be and is hereby authorised in accordance with The Companies (Guernsey) Law, 2008, as amended (the "**Law**") to make market acquisitions (as defined in the Law) of



ordinary shares (for cancellation or holding in treasury) provided that unless a tender offer is made to all holders of ordinary shares:

- (a) the maximum number of ordinary shares authorised to be acquired is 241,245,114 ordinary shares (equal to 10 per cent. of the ordinary shares in issue at the date of this notice);
- (b) the minimum price which may be paid for an ordinary share is £0.01 per ordinary share; and
- (c) the maximum price which may be paid for an ordinary share is not more than the higher of:
  - (i) 5 per cent. above the average market value of the Company's ordinary shares for the 5 business days prior to the day the purchase is made; and
  - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out,

which authority shall expire at the end of the Annual General Meeting of the Company held in 2011, or, if earlier, the date falling 15 months after the date of this Resolution.

Resolution 26 - THAT, if Resolution 23 is passed:

- (a) the Directors of the Company be and are hereby generally and unconditionally authorised, in accordance with Article 34.16 of the New Articles, to make and implement an offer to the ordinary shareholders of the Company (excluding any member of the Company holding shares as treasury shares), to the extent and in the manner determined by the Directors of the Company, to elect to receive new, fully paid, ordinary shares in the Company instead of cash in respect of the whole (or part, if determined by the Directors of the Company) of any interim or final dividend declared and/or paid by the Company on or before 18 May 2015, including the final dividend proposed in Resolution 21; and
- (b) for the purposes of any offer made pursuant to paragraph (a) of this Resolution 26, the Directors of the Company be and are hereby generally and unconditionally authorised to capitalise such amount standing to the credit of any of the Company's reserves or funds available for capitalisation (including the retained earnings account) as may be necessary and are further authorised to apply the same in paying up and issuing new ordinary shares in the Company to the ordinary shareholders who have validly accepted such an offer in

accordance with their respective entitlements, which ordinary shares shall be issued in accordance with Article 34.16.6.

By order of the Board

For and on behalf of

**Northern Trust International Fund Administration Services (Guernsey) Limited**

Company Secretary

16 April, 2010

**Notes:**

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting whether by show of hands or on a poll. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy please follow the notes set out in the Form of Proxy. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the shareholder helpline on +44 (0)870 707 1444 or the Company's registrars either by email to [info@computershareci.com](mailto:info@computershareci.com) or in writing to Computershare Investor Services (Jersey) Limited, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW.

2. To be valid, the Form of Proxy or other instrument appointing a proxy (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority) must be received by the proxy processing agent of the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 11.00 a.m. on 16 May 2010, either in hard copy form, by post, by courier or by hand. If you would like to submit your Form of Proxy electronically, you may do so by going to the Investor Relations page at [www.resolution.gg](http://www.resolution.gg) and clicking on the "AGM Information" link on the left-hand side of the screen. You will need your Shareholder Reference Number and PIN, all of which can be found on the enclosed Form of Proxy, in order to use the electronic proxy appointment service.

3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

4. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have

appointed (a) service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare (ID number 3RA50) by 11.00 a.m. on 16 May 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Computershare are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

7. CREST members and, where applicable, their CREST sponsors, or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

9. The return of a completed Form of Proxy or any CREST Proxy Instruction will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

10. The Company specifies that, pursuant to Article 17.5 of the Articles, only those shareholders included in the register of members as at 6.00 p.m. on 16 May 2010 or, in the event that the AGM is adjourned, in the register of members 48 hours before the time of any adjourned AGM, shall be entitled to attend and vote at the meeting (or any adjourned meeting) in respect of the number of shares registered in their name at that time. Changes to the register of members after 6.00 p.m. on 16 May 2010 or, in the event that the AGM is adjourned, in the register of members 48 hours before the time of any adjourned AGM, shall be disregarded in determining the rights of any person to attend or vote at the AGM (or any adjourned meeting).

11. Any corporation which is a member can appoint one corporate representative who may exercise on its behalf all of its powers as a member. However, under the Articles, only one corporate representative may be appointed in relation to that member's shareholding. If a corporate shareholder wishes to appoint more than one representative for the AGM, it will need to appoint one or more proxies.

12. If you are receiving this document because you are a nominated person (i.e. an indirect shareholder who holds shares via a stockbroker or other nominee) it is sent for information only. You may have the right to be appointed a proxy by the registered shareholder to attend, speak and vote at the meeting. You may also be able to give your voting instructions to the registered shareholder. Please contact your stockbroker or nominee administrator.

13. If you are a Resolution Limited Share Account holder, please complete the Form of Instruction which you have been sent by post and return it to the proxy processing agent of the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or give your instructions online by going to the Investor Relations page at [www.resolution.gg](http://www.resolution.gg) and clicking on the "AGM Information" link on the left-hand side of the screen by no later than 11.00 a.m. on 14 May 2010. If you do not have a Form of Instruction and believe that you should have one, or if you require additional forms, please contact the shareholder helpline on +44 (0)870 707 1444 or the proxy processing agent of the Company's registrars either by email to [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk) or in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

14. Voting on each of the Resolutions will be conducted by way of a poll rather than on a show of hands. The Company believes that a poll is more representative of the shareholders' voting intentions because shareholder votes are counted according to the number of shares held and all votes tendered are taken into account. The results of the poll will be announced to the London Stock Exchange and available on the Company's website at [www.resolution.gg](http://www.resolution.gg) as soon as practicable following the conclusion of the meeting.

15. If you opt to receive email notification, our obligation to notify you will be satisfied when we transmit the notification that documents are available on the website to the email address you provided, but the Company cannot be held responsible for any failure in transmission beyond its control. The Company reserves the right to send hard copy documents to shareholders at any time; for example, where overseas securities laws do not permit electronic communications or in other circumstances where the Company considers that electronic delivery may not be appropriate. If you are not resident in the European Economic Area, it is your responsibility to ensure that you may validly receive shareholder documents electronically without the Company or the Company's registrars being required to comply with any governmental or regulatory procedures or any similar formalities.

16. You may not use any electronic address provided either in this notice of AGM or any related documents (including the letter from the Board and Form of Proxy) (if any) to communicate with the Company for any purposes other than those expressly stated.

17. A copy of the New Articles of the Company, and a copy of the existing Articles marked to show the changes being proposed in Resolution 23 will be available for inspection at any time during normal business hours on working days from the date of this letter and until the conclusion of the AGM at the Company's registered office, Trafalgar Court, Les Banques, St Peter Port, Guernsey and at the office of Slaughter and May, One Bunhill Row, London EC1Y 8YY, and also at The St. Pierre Park Hotel, St. Peter Port, Guernsey, Channel Islands and The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE, United Kingdom (the venues for the AGM) from 15 minutes before the start of the AGM until its conclusion.

18. A copy of the terms and conditions of appointment of directors and the letters of appointment of non-executive directors of the Company and Friends Provident Holdings (UK) Limited will be available at The

St. Pierre Park Hotel, St. Peter Port, Guernsey, Channel Islands and The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE, United Kingdom (the venues for the AGM) from 15 minutes before the start of the AGM until its conclusion.

19. The total issued share capital of the Company as at the date of this notice is 2,412,451,145 of ordinary shares, none of which are held in treasury. The total of voting rights in the Company as at the date of this meeting is 2,412,451,145.

20. A copy of this notice and the information in relation to the total number of the Company shares in issue can be found on the Investor Relations page on the Company's website at [www.resolution.gg](http://www.resolution.gg) under the "AGM Information" link.

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### **Resolution 1: Directors' Report and Accounts**

The Directors are required to present the Directors' Report, the audited accounts and the independent auditors' report in respect of the financial year ended 31 December 2009 to the meeting. Shareholders will be given an opportunity at the meeting to ask questions and make comments on these reports and accounts and on the business, operations and management of the Company. In order to ensure orderly conduct at the meeting, and especially given the two venues at which shareholders may attend the meeting, we would request all shareholders who wish to ask questions at the AGM to register their questions before the start of the meeting. At the end of the discussion, shareholders will be invited to vote to receive the reports and the accounts.

### **Resolution 2: Report on Directors' Remuneration**

The Annual Report and Accounts for the financial year ended 31 December 2009 contains a Report on Directors' Remuneration, which sets out the remuneration policy for the Resolution Group and reports on the remuneration arrangements in place for its non-executive Directors and senior management, including the board of Friends Provident Holdings (UK) Limited. The shareholder vote will be advisory only, but the Board will take the outcome of the vote into consideration when reviewing and setting the Group's remuneration policy.

### **Resolutions 3 - 4: Appointment and remuneration of the auditors**

At every AGM at which accounts are presented, the Company is required to appoint auditors who will remain in office until the next such meeting. Ernst & Young LLP have indicated that they are willing to continue to be the Company's auditors for the next year. You are asked to approve their re-appointment and to authorise the Board to determine their remuneration. A summary of the auditors' remuneration during 2009 is included in note 7(b) of the notes to the consolidated accounts contained in the Annual Report and Accounts.

### **Resolutions 5 – 10: Election and Re-election of Directors**

Article 18.3 of the Articles requires any Director appointed by the Board to retire at the first AGM following his or her appointment. You are therefore asked to elect, as non-executive Directors, Gerhard Roggemann, who was appointed to the Board on 5 November 2009, and Jacques Aigrain, Gerardo Arostegui and Mel Carvill, who were appointed to the Board on 1 February 2010.

Article 18.3 of the Articles also requires Directors who held office at the time of the two preceding AGMs (and did not retire at either of them) to retire at each AGM. This requirement does not apply to any of the current Directors; however, in order to stagger the number of Directors who are due to retire by rotation in two years, it is proposed that Michael Biggs and Peter Niven will both retire at this AGM, two years before they are due to do so under the Articles. You are therefore asked to re-elect Michael Biggs and Peter Niven as non-executive Directors of the Company.

Having considered the performance and contribution made by Michael Biggs and Peter Niven, the Board believes that each of them continues to perform effectively and with commitment to their roles and, as such, recommends their re-election.

Biographical information relating to each of the Directors proposed for election and re-election to the Board is set out in Appendix 1.

#### **Resolutions 11- 20: Re-election of directors of Friends Provident Holdings (UK) Limited**

In a prospectus published on 8 September 2009 in connection with the acquisition of Friends Provident Group plc (the "**Prospectus**"), the Board set out its intention to comply with key corporate governance practices in relation to Friends Provident Holdings (UK) Limited. Accordingly, Friends Provident Holdings (UK) Limited directors will retire by rotation every three years (and, in the case of Clive Cowdery and John Tiner, annually) and the Company's shareholders will vote on their re-election. In addition, any new appointments to the board of Friends Provident Holdings (UK) Limited will be voted on by the Company's shareholders at the subsequent AGM. You are therefore asked to approve the election of the following directors to the board of Friends Provident Holdings (UK) Limited: Clive Cowdery and John Tiner, both appointed on 26 August 2009; David Allvey, Evelyn Bourke, Trevor Matthews, Robin Phipps, Gerhard Roggemann and Sir Malcolm Williamson, all appointed on 5 November 2009; and Derek Ross and Nicholas Lyons, both appointed on 1 February 2010.

The Chairman and the Board have confirmed that all directors proposed for election to the board of Friends Provident Holdings (UK) Limited continue to perform effectively and demonstrate commitment to their roles. Their biographical details are set out in Appendix 1.

#### **Resolution 21: Dividend**

Provided that Resolution 23 is passed, the Company will be seeking the approval of the final dividend of 2.72p per ordinary share. The amount of the final dividend is recommended by the Board and is in line with its expectations announced in the Prospectus. If the meeting approves Resolution 23, the final dividend of 2.72p per ordinary share will be paid on 28 May 2010 to those shareholders registered on the Company's register of shareholders on 9 April 2010.

The Companies (Guernsey) Law, 2008 as amended (the "**Law**") has adopted a solvency based regime rather than a capital maintenance regime, which requires that a company can only pay a dividend provided it satisfies the "solvency test" (as detailed in the Law) immediately after the dividend is paid. A company satisfies the "solvency test" if (i) it is able to pay its debts as they become due; and (ii) the value of its assets is greater than the value of its liabilities. In recommending the payment of the final dividend the Directors have already considered the "solvency test". However, payment of the final dividend will remain conditional on the Directors re-confirming that the test is satisfied immediately prior to such payment being made.

#### **Resolution 22: Authority to issue shares**

If the New Articles are adopted pursuant to Resolution 23, the Directors will need a new authority to issue shares. Paragraph (A) of this Resolution would give the Directors the

authority to issue shares or grant rights to subscribe for or convert any securities into shares up to an aggregate number of 804,150,381 shares in the Company. This amount represents approximately one-third of the issued ordinary share capital of the Company as at the date of this notice.

In line with guidance issued by the Association of British Insurers (“ABI”), paragraph (B) of this Resolution would give the Directors authority to issue shares or grant rights to subscribe for or convert any securities into shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate number of 1,608,300,763 shares. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as the date of this notice.

In order to ensure that the maximum amount of shares issuable under Resolution 22 is in total never more than an amount equal to two-thirds of the issued ordinary share capital, deductions will be made from (A) or (B) to ensure that this remains the case, whether or not the Company issues shares under (A) or (B) first.

The authorities sought under paragraphs (A) and (B) of this Resolution will expire at the earlier of the date falling 15 months after the date of this Resolution and the conclusion of the annual general meeting of the Company held in 2011.

Without prejudice to the Company’s general objective of acquiring businesses (which may involve future issues of shares) in the financial service industry in the UK and Western Europe, the Directors have no specific present intention to exercise either of the authorities sought under this Resolution. However, if they do exercise the authorities, the Directors intend to follow ABI recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

As at the date of this notice, no ordinary shares are held by the Company in treasury.

**Resolutions 23 to 26 are proposed as special resolutions which require at least a 75% majority of the votes to be cast in favour.**

#### **Resolution 23: Amendments to Articles of Incorporation**

It is proposed to adopt New Articles with immediate effect from this AGM in substitution for the existing Articles. The principal changes introduced by the New Articles are summarised in Appendix 2. Other changes, which are of a minor, technical or clarificatory nature, have not been noted below. The New Articles showing all the changes to the Articles are available for inspection, as noted on page 3 of this document.

#### **Resolution 24: Disapplication of pre-emption rights**

Article 4.13 of the Articles (or, if Resolution 23 is passed, Article 4.12 of the New Articles) requires that where ordinary shares are issued wholly for cash (or, in the case of Article 4.12, sold out of treasury for cash), either shareholder approval must be sought to make a non-pre-emptive offer or a pre-emptive offer must be made to all existing shareholders (but



allowing the Directors to make such provision as they think fit in relation to fractional entitlements and/or certain overseas shareholders and/or other classes of shares).

The Board believes that the ability to issue new ordinary shares on a non-pre-emptive basis is in the best interests of the Company as this affords considerable flexibility and a significant reduction in time and costs in effecting fund-raising.

If approved, the disapplication authority will allow the Board to issue up to 120,622,557 of ordinary shares, equal to 5 per cent. of the total number of ordinary shares in issue as at the date of this notice of meeting, which authority shall expire at the conclusion of the next AGM of the Company, or, if earlier, 15 months after the date of this AGM. The Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of disapplication of pre-emption rights authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

#### **Resolution 25: Authority to purchase own shares**

At the last AGM, the Company granted authority to make market acquisitions of its ordinary shares to address, among other things, any imbalance in the supply of, and demand for, ordinary shares. This authority expires at the Company's 2010 AGM.

This Resolution proposes to renew the authority of the Company to make market acquisitions of up to 10 per cent. of the ordinary shares in issue. The Directors have no present intention of exercising the authority to make market purchases; however, the authority provides the flexibility to allow them to do so in the future. The Directors will only exercise this authority when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per shares of the Company.

The minimum price, exclusive of expenses, which may be paid for an ordinary share is £0.01. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to 105% of the average market value for an ordinary share for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

Any ordinary shares purchased under the renewed authority will either be cancelled or held in treasury. Such decision will be made by the Directors at the time of the purchases. The Company currently has no shares held in treasury and no warrants or options to subscribe for its ordinary shares in issue.

The authority proposed pursuant to Resolution 25 will lapse at the end of the next AGM, or 15 months after the date of this AGM, if earlier.

**Resolution 26: Scrip dividend scheme**

Provided that Resolution 23 is passed, the Directors are proposing to implement a scrip dividend scheme which will give shareholders the opportunity to receive new ordinary shares in the Company instead of the relevant cash dividend to which they would otherwise have been entitled. The shareholders are therefore asked to pass this Resolution in order to authorise the Directors to make such an offer in accordance with Article 34.16 of the New Articles. Further details of the scrip dividend scheme are contained in the Scrip Circular enclosed with this notice of AGM.

**APPENDIX 1****BIOGRAPHICAL DETAILS OF DIRECTORS AND DIRECTORS OF FRIENDS PROVIDENT HOLDINGS (UK) LIMITED SEEKING ELECTION OR RE-ELECTION****1. Resolution Limited****Jacques Aigrain**

Jacques Aigrain was appointed as an independent director of Resolution Limited on 1 February 2010. In addition, he is currently on the boards of Deutsche Lufthansa AG, Swiss International Airlines and is Chairman of LCH Clearnet. He has spent most of his professional career in the insurance and banking sectors. Jacques joined Swiss Re in mid-2001, where he served as Chief Executive Officer. In this role, Jacques oversaw the growth of Admin Re, Swiss Re's closed-life operation in the UK and the US. He was also a member of Swiss Re's Executive Committee between 2006 and 2009, and previously held the positions of Deputy CEO and Head of Financial Services. During this time, Jacques was Chairman of the Geneva Association and a number of international advisory associations. Prior to joining Swiss Re, Jacques was at JP Morgan for 20 years, holding several senior positions in the bank's investment banking division, including Co-Head of Investment Banking Client Coverage. He was ultimately appointed a member of JP Morgan's Global Investment Bank Management Committee. Jacques is resident in Switzerland.

**Gerardo Arostegui**

Gerardo Arostegui was appointed as an independent director of Resolution Limited on 1 February 2010. He is currently also an Independent Director of Tubacex SA. Gerardo has extensive experience across the European insurance and asset management sectors. From 1985 until 2008 he worked for Aviva Spain, serving as its Chief Executive Officer throughout this period. During his 23-year career with Aviva, Gerardo led the creation, through acquisitions and organic growth, of one of the leading bancassurance businesses in Spain. Gerardo was also a member of the main Spanish insurance associations, including Unespa and Consorcio de Compensación de Seguros. Between 1995 and 2001, Gerardo was President of Pool Espanol de Grandes Riesgos. Before joining Aviva Spain, he was Deputy General Manager at Tubacex SA, the Spanish stainless steel tubing company. Gerardo is resident in Spain.

**Michael Biggs**

Michael Biggs is Chairman and an independent director of Resolution Limited. He is also Chairman of the Nomination Committee and a member of the Remuneration Committee. Previously, he was Chief Financial Officer of Resolution Life Group Limited and became Group Finance Director of Resolution plc upon the merger with Britannic Group plc in 2005. In March 2007, he was promoted to the position of Group Chief Executive, in which he remained until leaving Resolution plc in May 2008. He began his career at Williams & Glyn's Bank before joining Arthur Andersen where he became a manager within the Financial Services part of the practice. In 1984, he took up a role as Manager of Finance at Hong Kong & Shanghai Banking Corporation in the UK. After three years, he left to become Group Financial Controller of Morgan

Grenfell, leaving the bank in 1991 to join Norwich Union as Group Financial Controller. In 1995, he became General Manager of Norwich Union's international operations and was a member of the team that demutualised and floated Norwich Union in 1997. He was appointed Group Finance Director of Norwich Union in that year and, following the merger with CGU plc in 2000 that created CGNU plc, he was made Group Executive Director responsible for CGNU plc's UK general insurance business. Michael was promoted to Group Finance Director in 2001, a position he held until he chose to leave Aviva, the renamed CGNU plc business, at the end of 2003. Michael is resident in the UK.

### **Mel Carvill**

Mel Carvill was appointed as an independent director of Resolution Limited on 1 February 2010. In addition, Mel is currently the Founder, President and CFO of the PPF Partners' (a private equity firm) and Generali's joint venture with current commitments in excess of €2 billion. He is also a non-executive director of Tapestry Investment Company PCC Limited. He has worked across a range of sectors in the European financial services industry, in a variety of different capacities. From 1985 until 2009 Mel worked at Generali where he held a number of senior positions in the group, including Head of Western Europe, Americas and Middle East, Head of M&A and Head of International Regulatory Affairs (2007-2009), Head of Corporate Development, Risk Management and Investor Relations (2005-2007), and Head of Corporate Finance (2000-2005). Mel is a director of financial services companies operating in Europe, the Americas and Asia. Mel was previously a Commissioner of the Guernsey Financial Services Commission, a position he held for nine years. Mel is a Fellow of the Institute of Chartered Accountants in England and Wales, holds the Advanced Diploma in Corporate Finance, is an Associate of the Chartered Insurance Institute, a Chartered Insurer and a Fellow of the Securities Institute. Mel is resident in Guernsey.

### **Peter Niven**

Peter Niven was appointed as an independent director of Resolution Limited on 29 October 2008. He is also a member of the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee of the Company. Peter is the Chief Executive of Guernsey Finance LBG, responsible for the promotion of the island's finance industry on the international stage. In addition, Peter holds a number of non-executive directorships, including of six companies listed on the London and Channel Islands Stock Exchanges. From 1993 until 2004, Peter was a senior executive with the Lloyds TSB Group, holding a number of senior positions including Chief Executive of the Group's Offshore Financial Services Group, director of the Offshore Pension Fund, director of the Group's French banking subsidiary and director of numerous offshore trading companies. Peter is qualified as a Chartered Director and is a Fellow of the Chartered Institute of Bankers, and a member of the Institute of Directors, the Guernsey International Insurance Company Managers Association and the Guernsey Investment Fund Association. Peter is resident in Guernsey.

### **Gerhard Roggemann**

Gerhard Roggemann was appointed as an independent director of Resolution Limited on 5 November 2009. Gerhard has been an independent non-executive director of Friends

Provident since June 2007. He is also currently Vice Chairman of Hawkpoint Partners Europe, responsible for the development of its German business, and an Independent Director of F&C Asset Management Plc. In Germany, he is Chairman of the Supervisory Board of GP Günter Papenburg AG and Deputy Chairman of the Supervisory Board of Deutsche Börse AG. Gerhard spent much of his professional career with financial services firm JPMorgan, where his positions included Managing Director of JPMorgan's German branch in Frankfurt and Regional Treasurer Asia Pacific located in Tokyo. He spent a total of 13 years on the management board of two German Landesbanks, joining the executive boards of Norddeutsche Landesbank in 1991 and of Westdeutsche Landesbank (WestLB AG) in 1996. Previous board appointments include AXA Lebensversicherungs AG, AXA Kapitalanlagegesellschaft mbH, Deka Bank, Fresenius AG, Hapag Lloyd AG and VHV Holding AG. Gerhard is resident in Germany.

## **2. Friends Provident Holdings (UK) Limited**

### **David Allvey**

David Allvey was appointed as an independent director of Friends Provident Holdings (UK) Limited and Friends Provident Group plc on 5 November 2009, and holds the position of Interim Chairman of the Audit Committee of Friends Provident Holdings (UK) Limited. David is also Chairman of Costain Group plc and Arena Coventry Limited, the Senior Independent Director of Intertek Group plc and William Hill plc and a non-executive Director of Thomas Cook plc. David is qualified as a Chartered Accountant, and has held positions in major international businesses including Group Finance Director for both BAT Industries and Barclays PLC, and Chief Operating Officer for Zurich Financial Services. David is a former board member of the UK Accounting Standards Board.

### **Evelyn Bourke**

Evelyn Bourke was appointed as an executive director of Friends Provident Holdings (UK) Limited on 5 November 2009. Evelyn is also a director of Friends Provident Group plc and is a member of the Investment Committee of Friends Provident Holdings (UK) Limited. Evelyn previously worked for Standard Life UK Financial Services, where she was the Finance Director. Evelyn is a qualified actuary with a strong track record and she has significant experience in financial services, having held senior roles with Standard Life, Chase de Vere Investments plc and Tillinghast-Towers Perrin.

### **Clive Cowdery**

Clive Cowdery was appointed as a non-executive director of Friends Provident Holdings (UK) Limited on 26 August 2009. Previously, Clive held the position of Chairman of Resolution plc, a company he founded in 2003 and of which he had been Chief Executive. Clive is also a director of Friends Provident Group plc and founder of Resolution Operations LLP, the Company's provider of operating services and a non-executive director of British Land Company PLC. Clive previously held the position of Chief Executive of Resolution Life Group Limited, a company that he founded in 2003. Clive was appointed as Chairman of Resolution plc in September 2005 following the merger of Britannic Group plc and Resolution Life Group Limited. He started his career in insurance advising clients as a broker, and was previously Chairman and Chief

Executive of GE's primary insurance operations in Europe (GE Insurance Holdings), worth over \$3 billion of premium income. The businesses that he led include Europe's largest credit insurer, with operations in twelve countries and life and pensions companies in the UK and France. Before joining GE in 1998, he co-founded Scottish Amicable International/Rothschild International, a European cross-border insurance business based in Dublin and formed in 1992. He is Chairman of the charity the Resolution Foundation.

### **Nicholas Lyons**

Nicholas Lyons was appointed as an independent director of Friends Provident Holdings (UK) Limited and Friends Provident Group plc on 1 February 2010. Nicholas is also a non-executive director of Catlin Group Limited, a non-executive director of Quayle Munro Limited and Chairman of Miller Insurance Investments Limited. Nicholas was formerly a Managing Director of Lehman Brothers in London, where he headed the European Financial Institutions Group and he was a member of the European Operating Committee. Prior to joining Lehman Brothers, he held executive positions at JP Morgan and Salomon Brothers, in London.

### **Trevor Matthews**

Trevor Matthews was appointed as a director and Chief Executive Officer of Friends Provident Holdings (UK) Limited on 5 November 2009. Trevor is also a director of Friends Provident Group plc, having been previously a director of Friends Provident plc since July 2008. Trevor is also a member of the Investment Committee of Friends Provident Holdings (UK) Limited. Trevor is a director of the Association of British Insurers, the Chartered Insurance Institute and the International Insurance Society. He was formerly Chief Executive of Standard Life Assurance Limited, the principal subsidiary of Standard Life plc. Prior to joining Standard Life in 2004, Trevor held two key positions at Manulife Financial Corporation, namely, Executive Vice President in Canada and subsequently President and Chief Executive in Japan. Prior to that, he held senior positions in National Australia Bank and Legal & General Australia.

### **Robin Phipps**

Robin Phipps was appointed as an independent director of Friends Provident Holdings (UK) Limited on 5 November 2009. Robin is also a director of Friends Provident Group plc, having been previously a director of Friends Provident plc since November 2008. Robin is currently a non-executive director of the Partnership Group of Companies and Croydon Economic Development Company. Between 1982 and 2007, Robin held various senior roles at Legal & General, latterly as Group Director UK. Robin was an executive director of Legal & General Group plc from 1996 to 2007. Prior to 1982, he held various roles in IT with the South Eastern Gas Board. Robin is Chairman of the Friends Provident With Profits Committee and a member of the Audit Committee, the Board Risk and Compliance Committee and the Investment Committee of Friends Provident Holdings (UK) Limited.

### **Gerhard Roggemann**

See details on pages 20 to 21 above.

**Derek Ross**

Derek Ross was appointed as an independent director of Friends Provident Holdings (UK) Limited and Friends Provident Group plc on 1 February 2010. Derek is also Deputy Chairman of EuroCCP Limited and a non-executive director of Nationwide Building Society and Access Bank UK Limited. He has extensive experience in audit and financial advisory services, particularly in areas of treasury and risk management. Derek has been a Senior Partner of Deloitte & Touche LLP for 18 years, and previously worked as a corporate treasurer and tax manager for Black & Decker, for seven years.

**John Tiner**

John Tiner was appointed as a non-executive director of Friends Provident Holdings (UK) Limited on 26 August 2009. John is also a director of Friends Provident Group plc and is CEO of Resolution Operations LLP, the Company's provider of operating services. He is also a non-executive director of the Credit Suisse Group and a non-executive director of Lucida plc. John was previously Chief Executive of the FSA, a position he held between September 2003 and July 2007 when he retired from the role. John initially joined the FSA in June 2001, as Managing Director of their consumer, insurance and investment business. Whilst at the FSA, John was widely credited with modernising the regulation of the UK insurance industry and bringing a new risk-based and principles-based focus to regulation. John was also a member of the Committee of European Insurance and Occupational Pensions Regulators, which steered the development of Solvency II. Before joining the FSA, John was a Managing Partner at Arthur Andersen, where he was responsible for its worldwide financial services practice. He joined Arthur Andersen in 1976, working mainly with banking and capital market clients and led the Arthur Andersen team that was appointed by the Bank of England to investigate the collapse of Barings Bank and draw out the lessons to be learned.

**Sir Malcolm Williamson**

Sir Malcolm Williamson was appointed as an independent director of Friends Provident Holdings (UK) Limited and Friends Provident Group plc on 5 November 2009 and Chairman of both companies on 9 February 2010. Sir Malcolm is also Chairman of Signet Jewelers Limited, Clydesdale Bank PLC, National Australia Group Europe Limited and he is a member of the Board of Trustees for The Prince's Youth Business International and Youth Business America. Sir Malcolm is a non-executive director of National Australia Bank Limited, a member of the Board of Trustees for the International Business Leaders Forum and Chairman of the Cass Business School Strategy & Development Board. Previously, Sir Malcolm was Chairman of CDC Group plc, director and Deputy Chairman of Resolution plc and a non-executive director of G4S plc and JPMorgan Cazenove Holdings. Sir Malcolm was President and Chief Executive Officer of Visa International between 1998 and 2004, and he was Group Chief Executive of Standard Chartered PLC from 1993 to 1998.

## **APPENDIX 2**

### EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE ARTICLES OF INCORPORATION

#### **1. Introduction**

A number of amendments are proposed to be made to the Articles to reflect certain provisions of the UK Companies Act 2006 which are not matched by similar provisions under The Guernsey (Companies) Law, 2008, as amended (the “**Law**”). In considering which UK company law provisions were appropriate for this treatment, the Directors have taken into account the structure of the Company and the nature of its business. Certain amendments have also been made to reflect practice adopted by UK-incorporated issuers in their articles, including but not limited to the conduct of general meetings, proceedings in Board meetings and destruction of documents. The main changes being proposed are summarised below; additional minor, technical or clarificatory changes are also being made and are set out in the New Articles that are available for inspection.

#### **2. Variation of class rights**

The Articles currently provide that rights attached to any class of shares may be varied either with the consent in writing of the holders of two-thirds of the issued shares of that class or by an ordinary resolution passed at a separate general meeting of the holders of those shares. The New Articles have been amended in line with the provisions of the UK Companies Act 2006 and the Law (which would apply were the Articles silent on this point) to require written consent of at least three-quarters of the holders of shares of the class in question or a special resolution passed by the members of the relevant class in order to vary rights attached to any class of shares.

#### **3. Pre-emption provisions**

The Articles are being amended in line with the pre-emption rules contained in the UK Companies Act 2006 to widen the pre-emption provisions currently contained in the Articles to apply to all equity securities (which include rights to subscribe for, or to convert securities into ordinary shares). The pre-emption rules will also apply to the sale of treasury shares for cash.

The Articles are also being amended to clarify that the pre-emption rules do not apply to the issue of options and shares under any employee share schemes, which is the position under the UK Companies Act 2006, or to shares issued on the conversion of equity securities which themselves were subject to the pre-emption framework. In addition, the New Articles contain a specific exclusion for any bonus issue of shares or shares issued pursuant to a scrip dividend scheme (which would, in any case, be offered equally to all shareholders (subject to adjustments for fractions and/or certain overseas holders)).

In line with the recent amendment to the UK Companies Act 2006, the New Articles also provide that any pre-emptive offers of shares must remain open to shareholders for not less than 14 days (rather than the current period of 21 days). The Company will only be liable for breaches



of these provisions if action is taken against it within two years of issue of the relevant securities.

#### **4. Authority to issue**

The Articles currently provide that the Directors are authorised to exercise all powers of the Company to issue, or grant rights to subscribe for, or to convert any securities into, up to 5 billion shares in aggregate of any class in the Company, and that this authority will expire five years after the date of incorporation of the Company (unless previously renewed, revoked or varied by the Company in general meeting). The New Articles have been amended to provide that (subject to the new provisions concerning scrip dividends, discussed at paragraph 21 below), the Directors are authorised to exercise all powers of the Company to issue, or grant rights to subscribe for, or to convert any securities into, up to such number of shares as from time to time determined by the Company by ordinary resolution. The Directors are also proposing a resolution for the purpose of this New Article, in line with the guidance of the Association of British Insurers.

#### **5. Disclosure of beneficial interests**

The provisions in the Articles relating to sanctions for failure to comply with a notice requesting disclosure of beneficial interests are being amended to reflect the Listing Rules more closely. In particular, the deadline for responses to such notices will now be 14 days in all cases, and the maximum period after which sanctions must be lifted following compliance with such a notice is being amended from five business days to seven days.

#### **6. Information rights**

Under the UK Companies Act 2006, a member of a company who holds shares on behalf of another person (for example, a nominee), is able to nominate that person to enjoy certain “information rights”, which include the right to receive a copy of all communications that the company sends to its members generally (including the annual report and accounts) and the right to request hard copy versions of documents provided in electronic form. Since no equivalent right exists under the Law, the Articles are being amended to grant this right in the form it exists in the UK to the shareholders of the Company.

#### **7. Location of general meetings**

In order to allow more flexibility in holding general meetings (and in accordance with the Company’s stated intentions in the Prospectus), the Articles are being amended to remove the previous restriction on holding general meetings in the United Kingdom. Before each subsequent general meeting, the Board will consider where the meeting should be held and will take reasonable steps to ensure that, where the general meeting is still held outside the United Kingdom (on advice from the Company’s appropriate advisers), a live communication link to that meeting is set up in the United Kingdom, as for this year’s AGM.

## **8. Notice of general meetings**

The notice provisions in the Articles currently provide that the Company may call a general meeting on 10 clear days' notice in accordance with the Law. The Articles are being amended to follow the longer notice period requirements applicable under the UK Companies Act 2006. Any general meeting will therefore have to be called on at least 14 clear days' notice and any annual general meeting will have to be called on at least 21 clear days' notice. The Company does not propose to reflect in the New Articles the requirement to obtain an annual refresher resolution authorising it to hold a general meeting on 14 clear days' notice currently required under the UK Companies Act 2006; however, prior to calling a general meeting on 14 clear days' notice, the Company will always consider whether such shorter notice period is necessary. The Company expects that a shorter notice period will be used only in circumstances where this is deemed appropriate.

## **9. Members' rights in relation to general meetings**

Under the UK Companies Act 2006, members holding at least 5 per cent. of the relevant voting rights in a company (or at least 100 members holding on average £100 paid-up capital) have the right to require the company to carry out certain actions in relation to that company's general meetings. These rights comprise (i) the right to propose resolutions for inclusion at the annual general meeting of the company and to require the company to circulate details of the resolution to all members; (ii) the right to require the company to include matters (other than proposed resolutions) in the business to be dealt with at the annual general meeting and to give notice of such matters to all members, as well as publish them on the website; (iii) the right to require the company to circulate to all members a statement of up to 1,000 words regarding any resolution or any other business to be dealt with at a general meeting; and (iv) the right to require the directors of the company to obtain an independent report on any poll taken, or to be taken, at any general meeting. Since no equivalent rights exist under the Law, the Articles are being amended to grant an equivalent set of rights to the shareholders of the Company (noting that the requirement relating to paid-up capital is not applicable as the Company's shares have no par value).

## **10. Adjournment of general meetings by Chairman**

The Articles currently provide only that the Chairman may adjourn the meeting with the consent of the meeting. The Articles are being amended in accordance with UK practice in order to permit the Chairman to adjourn the meeting where it appears to him that (a) members wishing to attend and vote cannot be conveniently accommodated in the place where the meeting is held; (b) the conduct of persons present prevents or is likely to prevent the orderly conduct of the meeting; or (c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

## **11. Security arrangements and orderly conduct at general meetings**

A new provision is being added to the Articles allowing the Directors to put in place arrangements, both before and during any general meeting, which they consider to be appropriate for the proper and orderly conduct of the general meeting and the safety of people

attending it. Pursuant to this article, the Directors will have authority to refuse entry to, or remove from meetings, people who fail to comply with the security arrangements. This provision reflects the general practice adopted by UK-incorporated issuers to deal with matters of security at general meetings. The Articles are also being amended to clarify what powers the chairman is entitled to exercise in order to preserve order at a general meeting.

#### **12. Calculating voting record date and the deadline for proxy appointments**

In accordance with the CREST Regulations, the UK Companies Act 2006 and the Law, the Articles are being amended to enable the directors to disregard any part of a day that is not a working day in calculating the voting record date for a general meeting and the deadline for proxy appointments, which must otherwise not be longer than 48 hours before the time of the meeting in question.

#### **13. Validity of proxy appointments**

The Articles are being amended to clarify that when two or more valid but differing proxy appointments are received in respect of the same share for use at the same meeting, the one received last shall be treated as replacing and revoking all other appointments (and if the Company cannot determine which appointment was last received, none of the appointments shall be treated as valid). In addition, the Articles are also being amended to clarify that, where more than one proxy is appointed by a member to vote in respect of different shares and the appointments apparently give those proxies the right to exercise more votes than are in fact held by that member, then each of the appointments will be invalid.

#### **14. Ability to appoint more than one corporate representative**

Under the UK Companies Act 2006, a corporation may appoint more than one corporate representative to represent it and vote on its behalf at a general meeting, provided that where more than one corporate representative seeks to vote on a poll in respect of the same shares, their votes shall be disregarded if they each vote in a different manner. No equivalent provision exists under the Law and therefore the Articles are being amended to allow corporations to appoint more than one corporate representative in this manner. This should give more flexibility to nominee shareholders representing several beneficial holders by allowing them to appoint the beneficial holders to attend and vote at the Company's general meetings either by appointing them as a proxy or as a corporate representative.

#### **15. Shareholders' directions to the Board**

The Articles are being amended to provide that the members of the Company may only direct the Board to exercise any of the powers that are vested in the Board, including the power to manage the business of the Company, by special rather than ordinary resolution. This is in line with UK practice and means that, if shareholders wish to instruct the Board to take or omit any specific action for which the Board would not ordinarily need shareholders' approval, the necessary resolution will have to be approved by a majority of not less than 75 per cent..

**16. Directors' benefits**

The Articles are being amended in line with the good corporate governance practice adopted by UK-incorporated issuers to require that any pensions and similar benefits granted to non-executive Directors are approved by the shareholders in general meeting.

**17. Members' approval of certain transactions with Directors**

Under the UK Companies Act 2006, certain transactions between a company and its directors (or their connected persons) must be approved by ordinary resolution. Such transactions include, subject to certain exceptions, a sale of a non-cash asset exceeding £100,000 in value, the grant by the company of a loan or a quasi-loan to the director or giving a guarantee or security in respect of a loan to the director, and entering into credit transactions or any related arrangements. Since no equivalent requirement for shareholder approval exists under the Law, the Articles are being amended to require the Company to comply with the relevant provisions of the UK Companies Act 2006 as if it were incorporated in the UK (but excluding any loans made for purposes in connection with a director's indemnity).

**18. Vacation of office by Directors**

In line with the standard practice of UK-incorporated issuers, the Articles are being amended to clarify that the office of the Director may also be vacated if the Director is or has been suffering from mental or physical ill health and the Board resolves to remove such Director from office. Specific provision is also being made for where a Director gives the Company a written notice of resignation in accordance with the terms of his appointment or where a Director gives the Company a written notice in which he offers to resign and the Directors decide to accept this offer.

**19. Directors' written resolutions**

An amendment to the Articles is being made to allow the Board to pass valid resolutions by means of a written resolution signed by all or majority of the Directors. Written resolutions so passed will only be valid provided that all the Directors signing do so outside the UK and confirm the same in a statement included with the written resolution. This amendment gives the Board greater flexibility in running the affairs of the Company.

**20. Members' approval of final dividend**

Under the Law, and the provisions of the current Articles, the Board is able to declare and pay any dividend (including any final dividend) without shareholders' approval. In order to mirror the UK position, the New Articles provide that a final dividend will only become payable once it has been approved by ordinary resolution of the members of the Company, provided that no dividend may exceed any amount recommended by the Board.

**21. Scrip dividend**

The Articles are being amended to allow the Directors to offer shareholders a scrip dividend scheme. A scrip dividend scheme gives shareholders a choice to elect to receive shares in the Company instead of cash on payment of dividend. Such a scheme is beneficial both to the Company in allowing it to retain the cash within the business and to the shareholders by enabling them to increase their holding in the Company without incurring dealing costs. In addition to the general authority to issue shares under Article 4.3 as determined by the Company by ordinary resolution, the New Articles give the Directors an authority to issue sufficient ordinary shares to give effect to the election of the Company's shareholders under the scrip dividend scheme. While the scrip dividend provisions in the New Articles do not set a limit on the Directors' power to issue scrip dividends, the Company intends to follow the recommendations by the ABI and the NAPF and seek shareholder approval every 5 years to continue to operate the scrip dividend scheme. If the Resolution amending the Articles is passed at the AGM, the Company intends to implement a scrip dividend scheme on the terms set out in the enclosed Scrip Circular.

**22. Dividends not in cash**

The Articles are being amended to allow the shareholders in general meeting, upon the recommendation of Directors, to declare that a dividend may, or the Board to direct that an interim dividend shall, be paid wholly or partly by distributing specific assets (and, in particular, paid up shares, debentures or other securities of any other company). The New Articles also allow the Directors to resolve any practical difficulties that may arise on such distribution as they see fit, for instance, to deal with fractions, fix the value of the assets distributed or pay cash of a similar value to adjust the rights of shareholders.

**23. Summary financial statement**

Under the UK Companies Act 2006, companies may send summary financial statements to shareholders instead of full copies of annual report and accounts. Although under the Law the Company is not able to send summary financial statements instead of the annual report and accounts, the Articles have been amended to give the Company the ability to provide summary financial statements to shareholders in addition to the full report and accounts.

**24. Untraceable members**

The Articles have been amended to clarify that where the Company sells the shares of an untraced member in accordance with the Articles and no claim for the money has been received by the Company for a period of six years from the date of the sale (i.e. a total period of 18 years without contact from the shareholder concerned), the money will be forfeited and will belong to the Company rather than remain outstanding as a debt to the untraced member indefinitely.

**25. Electronic and web communications**

Both the Law and the UK Companies Act 2006 enable companies to communicate with members by electronic and/or website communications provided the relevant members agree to

receive electronic or web communications. Under the Law, such shareholder agreement may be deemed to have been given by virtue of a provision in the company's articles. The Articles currently allow the Company to send electronic or web communications only to those shareholders who have notified the Company of an electronic address for these purposes. It is proposed to amend the Articles to allow the Company to communicate by means of a website with all the shareholders who have been asked by the Company to agree to receive documents and other information by way of notification of publication on the website and who have either agreed or not responded within the period of 28 days beginning with the date on which the request was sent. This deemed consent mirrors the provisions of the UK Companies Act 2006 relating to electronic communications. If the Resolution amending the Articles is passed, the Company intends to implement these new electronic and web communications provisions immediately.

In addition, throughout the articles the opportunity has been taken to update all references to communications between the Company and shareholders to include electronic and web communications.

#### **26. Notice when post not available**

The Articles are also being amended to include a provision dealing with service of notice of general meeting if there is a suspension of postal services in the United Kingdom. In these circumstances the Company will only need to give notice to those members with whom the Company can communicate electronically and who have provided an electronic address for these purposes. The Company will also advertise the notice in at least one newspaper with a national circulation in the United Kingdom and make it available on the website. If at least six clear days prior to the relevant general meeting the sending of documents by post has become generally possible, the Company will send the relevant documents by post to those shareholders who would otherwise receive them in hard copy form.

#### **27. Destruction of documents**

In line with the general practice adopted by UK-incorporated issuers, a provision dealing with presumptions where documents are destroyed is being added to the Articles. If the Company destroys or deletes a document in good faith within the limits specified in the article, it is conclusively treated as having been a valid and effective document in accordance with the Company's records and any action of the Company in dealing with the document in accordance with its terms before it was destroyed or deleted is conclusively treated as having been properly taken.

