

SUMMARY OF THE TERMS OF THE SCHEME

1. Introduction

The following is a summary of the main points of the **Scheme**. The full **Scheme** is accessible from the **Legal & General** website and the **ReAssure** website at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer or by calling the Policy Transfer Helpline referenced in **PART A4** of the scheme guide sent to transferring policyholders (the "Scheme Guide"). Capitalised terms in bold have the same meaning as in the Scheme Guide.

2. Transfer of the Transferring Business from Legal & General to ReAssure

Transferred Business

At the **Transfer Date**, **Legal & General** will transfer its traditional insurance-based savings, pensions, life and with profits business (the "Transferred Business") to **ReAssure**. The Transferred Business comprises certain with profits, non-participating retail savings and retail pensions, unit linked protection and self-invested pensions and some group pension scheme businesses of **Legal & General**. These businesses comprise the insurance policies, as well as the associated assets and liabilities.

It is intended that from the **Transfer Date**, all the rights and obligations arising from the Transferred Business will transfer to **ReAssure** from **Legal & General**. This means that **ReAssure** will be responsible for paying all benefits and meeting all other obligations which were previously **Legal & General's** in relation to the Transferred Business.

The transfer of certain parts of the Transferred Business, such as the transfer of the SIPP business, is more complex than others and therefore needs to be set out in more detail in the **Scheme**. These are set out in **PART E** of the **Scheme**, which more particularly describes those specific transfers.

Exceptions

Despite the intention mentioned above, there may be a small number of policies which fall outside the **Scheme**. These would be either policies that **Legal & General** and **ReAssure** agree should not transfer (the "Excluded Policies") or policies that cannot transfer for a particular reason (the "Residual Policies"). We do not expect that there will be any "Excluded Policies" or "Residual Policies".

Transferred Contracts

Certain **Legal & General** contracts (including reinsurance contracts) that relate to the Transferred Business will also transfer. This transfer may be of all or part of a given contract. The main effect of this transfer will be that **ReAssure** will replace **Legal & General** as a party to the transferring contract, with the result that **ReAssure** will assume the rights and obligations **Legal & General** has in connection with those contracts.

Proceedings and litigation

Any proceedings or litigation by or against **Legal & General** which are ongoing as of the **Transfer Date** and that are connected with the Transferred Business shall be continued by or against **ReAssure**. Future proceedings in respect of the Transferred Business should be commenced against **ReAssure** rather than **Legal & General**. **ReAssure** will be entitled to all defence, claims, counterclaims and rights to set-off that would have been available to **Legal & General**. Any judgment, settlement, order or award under current or past proceedings obtained by or against **Legal & General** in relation to the Transferred Business shall be enforceable by or against **ReAssure** in place of **Legal & General**.

3. Allocation Structure

ReAssure will establish the **LGWPF** as a stand-alone fund. The assets and liabilities (including the relevant policies) that are currently allocated to the transferring **With Profits Fund** will be allocated to the **LGWPF**. All other transferred assets and liabilities will be allocated to the **ReAssure** non-profit fund.

Linked funds

Each linked asset and associated liability forming part of the Transferred Business comprised in each linked fund will be allocated to a new corresponding linked fund established by **ReAssure**. **ReAssure** will be entitled to the rights, benefits and powers, and will be subject to the duties and liabilities, that applied to **Legal & General** in relation to the corresponding linked fund. **ReAssure** will, subject to certain conditions, be able to close or amalgamate any new linked funds (or any part or parts thereof), to divide or wind up any new linked funds, or to modify or enlarge the investment objectives of any new linked funds.

Re-allocation of policies and merger of funds

Subject to certain conditions (including the terms of the relevant policy, applicable law and regulation, notification of the **Regulators** and so on), **ReAssure** may:

- (A) Re-allocate any non-participating with profits policy, or any part of any participating with profits policy that becomes a non-participating with profits policy, from the **LGWPF** to the **ReAssure** non-profit fund;
- (B) Merge the **LGWPF** into another with profits fund of **ReAssure** if the aggregate market value of the assets in the **LGWPF** has fallen below £400 million;
- (C) Merge other with profits funds of **ReAssure** into the **LGWPF**;
- (D) Merge the **LGWPF** into the non-profit fund of **ReAssure** if the aggregate market value of the assets in the **LGWPF** has fallen below:
 - (i) £80 million; or

- (ii) £400 million, provided additional conditions are met (including instructing an independent actuary to provide their advice on the merger),

(together, the “Future Fund Changes”).

If necessary to give effect to the Future Fund Changes, and subject to the same conditions above, **ReAssure** may amend the **Scheme** provided the amendments are equitable to policyholders and in accordance with applicable law and regulation. The threshold figures mentioned above will be increased each calendar year in accordance with the UK Retail Price Index.

With profits expenses

ReAssure will be the administrator of the **LGWPF** and will be able to charge the **LGWPF** for the provision of its services to the fund. The expenses that **ReAssure** may charge will be fixed by reference to agreed expense charges (increased each calendar year from 2018 in accordance with the UK Retail Price Index plus 0.5%). Subject to the changes permitted under the Future Fund Changes, these fixed expenses will continue until the date on which the last policy remaining in the **LGWPF** runs off, matures, lapses or is surrendered.

4. Transfer Date

The **Transfer Date** of the **Scheme** will be 4 November 2019. For accounting and financial reporting purposes, the **Scheme** will be treated as effective between **Legal & General** and **ReAssure** from 1 November 2019. However, this will not affect policyholders or their rights against **Legal & General** and **ReAssure**.

Legal & General and **ReAssure** may agree to delay the **Transfer Date** until 4 February 2020. If **Legal & General** and **ReAssure** wish to delay the **Transfer Date** beyond this date, they must go back to the **High Court** for consent and comply with various other conditions (including notifying the **Regulators**).

If the **Scheme** has not become effective before 4 May 2020, the provisions of the **Scheme** will lapse.

5. Variations to the Scheme

ReAssure may apply to the **High Court** for consent to amend the terms of the **Scheme**, provided that the **Regulators** have been given prior and reasonable notice and the application to the **High Court** is accompanied by a report containing a certificate from an independent actuary to the effect that the proposed amendment will not materially adversely affect the interests of policyholders.

Legal & General will need to give consent to any amendment to the terms of the **Scheme** if **Legal & General** can show that the amendment will have an adverse financial impact on **Legal & General**.