

**Memorandum**  
**AND**  
**Articles of Association**  
**OF**  
**THE**  
**PRUDENTIAL**  
**ASSURANCE**  
**COMPANY LIMITED**

Registered number 15454

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30<sup>th</sup> December 1978  
(last updated 30 December 2002)

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HOLBORN BARS, LONDON, ENGLAND



15454

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# **The Prudential Assurance Company Limited**

## **Memorandum of Association**

**1 The name of the Company is "THE PRUDENTIAL ASSURANCE COMPANY LIMITED".**

**2 The registered office of the Company is situate in England**

**3 The objects for which the Company is established are:-**

1) To carry on the business of life assurance in all its branches and to grant or effect assurances of all kinds for payment of money by way of a single payment or by several payments or otherwise upon the death or marriage or birth or failure of issue of or the attainment of a given age by any person or persons or upon the expiration of any fixed or ascertainable period or upon the happening of any other contingency or event dependent upon or connected with human life or upon or connected with the occurrence of any contingency or event which would or might be taken to affect the interest whether vested contingent expectant or otherwise of any person or persons in any property subject or not to any such events as aforesaid happening in the lifetime of any other person or persons or upon the loss or recovery of contractual or testamentary capacity in any person or persons.

2) To grant annuities of all kinds whether dependent on human life or otherwise and whether perpetual or terminable and whether immediate or deferred and whether contingent or otherwise.

3) To carry on ordinary long-term insurance business within the meaning of the Insurance Companies Acts 1958 to 1967 or any statutory modifications or re-enactment thereof for the time being in force whether within the categories of business set out in the preceding sub-clauses hereof or not.

4) To carry on the business of fire insurance in all its branches and to grant insurances against injury or damage to or loss of property caused by or resulting from lightning hail storm tempest earthquake explosion or other misfortune whether of a like or a difference kind or by burglary or theft or by naval or military operations or by riot or civil disturbance or in quelling the same or occurring from any cause during or in connection with transit by land water or air and to carry on the business of marine aviation and transport insurance in all its branches.

5) To carry on the business of sickness and accident insurance in all its branches whether within the categories of business set out in the preceding sub-clauses hereof or not.

6) Generally to carry on all forms of insurance business and indemnity and guarantee business, including the guarantee of the fidelity of persons in situations of trust, whether within the categories of business set out in the preceding sub-clauses hereof or not.

7) To purchase and deal in and lend on the security of life reversionary and other interests whether absolute contingent or expectant and whether terminable or not in property of all kinds including annuities and policies of assurance and to acquire lend money or redeem cancel or extinguish by purchase surrender or otherwise any policy security grant or contract issued or assumed by or taken for or entered into by or transferred to the Company.

8) To re-assure or counter-assure all or any risks and to undertake all kinds of re-assurances and counter-assurances connected with any of the businesses aforesaid.

9) To act as executor of administrator of any deceased person and either as executor testamentary or dative or as the representative of such executor and for that purpose to enter into all necessary bonds in connection therewith and to act as an ordinary custodian or judicial trustee and to undertake the office of receiver treasurer or auditor liquidator administrator or assignee of the estate of any bankrupt or insolvent person or Company and to keep for any Company Government or Authority or body any register relating to any stocks funds shares or securities and to undertake any duties in relation to the registration of transfers the issue of certificates or otherwise and generally to hold and perform the duties of any office of trust or confidence.

10) To give to any class or section of those who insure or have dealing with the Company any rights for or in relation to any fund or funds or a right to participate in the profits of the Company or in the profits of any particular branch or part of its business either equally with other classes or sections or otherwise and any other special privileges advantages or benefits and either by way of rebate or otherwise subject nevertheless to the rights of existing policyholders under policies already issued to them and for the time being in force and to their rights (if any) under the provisions of the Prudential Assurance Company Act 1875.

11) To pay satisfy or compromise any claims against the Company in respect of any policies or contracts granted by dealt with or entered into by the Company which claims it may deem expedient to satisfy or compromise notwithstanding that the same may not be enforceable.

12) To carry on any other businesses which may seem to the Company capable of being conveniently carried on in connection with any of the above specified objects or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.

13) To purchase or otherwise acquire and undertake all or any part of the business property and liabilities of any person or Company carrying on any business which this Company is authorised to carry on or possessed of property suitable for the purposes of this Company.

14) To enter into any arrangements with any Governments or Authorities supreme municipal local or otherwise and to obtain from any such Government or Authority all rights concessions and privileges that may seem conducive to the Company's objects or any of them.

15) To enter into partnership or into any arrangement for sharing profits union of interests co-operation joint adventure reciprocal concession or otherwise with any person or Company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to take or otherwise acquire shares or stock in or securities of and to subsidise or otherwise assist any such Company and with or without guarantee to sell hold re-issue or otherwise deal with such shares stock or securities.

16) Generally to purchase take on lease or in exchange hire or otherwise acquire any real or personal property or any rights or privileges which the Company may think necessary or convenient with reference to any of these objects or capable of being profitably dealt with in connection with any of the Company's property or rights for the time being.

17) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of and give or procure the giving of donations gratuities pensions allowances or endowments to any persons who are or were at any time in the employment or service of the Company or of any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary company or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid and the wives widows families and dependants of any such persons and also establish and subsidise and subscribe to any institutions associations clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid and make payments to or towards the insurance of any such person and do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.

18) To sell or dispose of all or any part of the undertaking of the Company for such consideration as the Company may think fit and in particular for shares or debentures debenture stock or other securities of any other company having objects altogether or in part similar to those of this Company.

19) To promote any company or companies of the purpose of acquiring all or any of the property rights and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company.



20) To invest and deal with the money of the Company in any manner and to vary and transpose investments.

21) To lend money and investments on such terms as may seem expedient and to give such guarantee or indemnity as may seem expedient.

22) To obtain any Provisional Order or Act of Parliament for enabling the Company to carry any of its objects into effect or for effecting any modification of the Company's constitution or for any other purpose which may seem expedient and to oppose any proceedings which may seem calculated directly or indirectly to prejudice the Company.

23) To raise or borrow or secure the payment of money in such a manner and on such terms as may seem expedient and in particular by the issue of debentures or debenture stock whether perpetual or otherwise and whether charged upon the whole or any part of the property and rights of the Company both present and future including any uncalled capital or not so charged and to redeem purchase or pay off any such securities.

24) To draw make accept endorse discount execute and issue bills of exchange promissory notes debentures bills of lading warrants and other negotiable or transferable instruments or securities.

25) To remunerate any person or company for services rendered or to be rendered in placing or assisting to place any shares in the Company's capital or any debentures debenture stock or other securities of the Company or in or about the conduct of its business.

26) To do all or any of the above mentioned things in any part of the world and either as principals agents trustees or otherwise and either alone or in conjunction with others and either directly or by or through agents sub-contractors or trustees.

27) To sell improve manage develop exchange enfranchise lease mortgage dispose of turn to account or otherwise deal with all or any part of the property or rights of the Company.

28) To do all such other things as are incidental or conducive to the attainment of the above mentioned objects.

And it is declared that the word "company" in this clause where not applying to this Company shall be deemed to include any partnership or other body of persons whether incorporated or not incorporated and whether domiciled in the United Kingdom or not.

4 The liability of the members is limited.

5 The capital of the Company is £87,500,000 divided into 350,000,000 shares of 25p each.\*

\*The authorised capital of the Company was increased to £1,087,500,000 by the creation of 1,000,000,000 Preference Shares of £1 each on 8 May 2001.

The following copy Order is annexed to the Memorandum of Association of the Company pursuant to Section 206(3) of the Companies Act, 1948

No 002946 of 1978

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION  
MR JUSTICE BRIGHTMAN

Fo. 99

B. 10

Monday the 11th day of December 1978

IN THE MATTER of THE PRUDENTIAL ASSURANCE  
COMPANY LIMITED

and

IN THE MATTER of THE COMPANIES ACT, 1948

Upon the Petition of the above-named The Prudential Assurance Company Limited (hereinafter called "the Company") whose registered office is situate at 142 Holborn Bars London EC1N 2NH on the 23rd November 1978 preferred unto this Court

And Upon Hearing Counsel for the Company and for Prudential Corporation Limited referred to in the Scheme of Arrangement hereinafter mentioned

And Upon Reading the said Petition the Order dated the 6th October 1978 (whereby the Company was ordered to convene a Meeting of its Shareholders for the purpose of considering and if thought fit approving, with or without modification, a Scheme of Arrangement proposed to be made between the Company and (1) its said Shareholders and (2) Prudential Corporation Limited) the "Times" newspaper of the 1st November 1978 (containing an advertisement of the notice convening the Meeting directed to held by the said Order dated the 6th October 1978) the three Affidavits of Ronald Hugh Owen filed respectively the 28th September 1978 and the 24th and 24th November 1978 the Affidavit of Edwin James Josland filed the 24th November 1978 and the Exhibits in the said Affidavits respectively referred to

And the said Prudential Corporation Limited by its Counsel submitting to be bound by the Scheme of Arrangement hereinafter sanctioned and undertaking to execute and do or procure to be executed and done all such documents acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect thereto

And the Company by its Counsel undertaking that an Office Copy of this Order shall not be delivered to the Registrar of Companies for registration until the said Prudential Corporation Limited shall have implemented its said undertaking as respects all matters requisite to be executed or done by it for the purpose of the said Scheme of Arrangement herein-after sanctioned.

**This Court Doth Hereby Sanction the Scheme of Arrangement as set forth in the Schedule to the said Petition (subject to the modification to Clause 3 thereof imposed by this Court on the hearing of the said Petition) which Scheme of Arrangement as so modified and sanctioned is set forth in the Schedule hereto**

**An it is Ordered that the Company do deliver an Office Copy of this Order to the Registrar of Companies.**

**RICHARD HUNT  
Registrar**

**THE SCHEDULE BEFORE REFERRED TO**

No 002946 of 1978

**In the High Court of Justice**

**CHANCERY DIVISION**  
**COMPANIES COURT**

IN THE MATTER of THE PRUDENTIAL ASSURANCE COMPANY LIMITED  
AND  
IN THE MATTER of THE COMPANIES ACT, 1948

***SCHEME OF ARRANGEMENT***  
(under Section 206 of the Companies Act 1948)

between

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

and

the holders of its Ordinary Shares of 5p each

and

PRUDENTIAL CORPORATION LIMITED  
PRELIMINARY

A) In this Scheme unless the context otherwise requires the following expressions shall bear the following meanings:

"the Existing Company"	means The Prudential Assurance Company Limited
"the New Company"	means Prudential Corporation Limited
"the Effective Date"	means the date on which this Scheme becomes effective in accordance with paragraph 5 below
"this Scheme"	means the scheme set out in these present provisions with any modification thereof or addition thereto or condition approved or imposed by the Court.
"holder"	means in relation to a share in the Existing Company the person or persons for the time being appearing as the holder or holders thereof in the Register of Members of the Existing Company and includes any person entitled by transmission to be so registered and "held" shall be correspondingly construed.
"Scheme Shareholder"	means the holder of a share or shares in the Existing Company as at the close of business on the day before the Effective Date.

B) The authorised share capital of the Existing Company is £17,500,000 divided into 350,000,000 shares of 5p each of which 298,388,254 have been issued and are fully paid.

**C) The New Company is in course of incorporation as a private company with an authorised share capital of £100 divided into 400 shares of 25p each. One of these shares will be issued to each of seven directors of the Existing Company (each of whom is the holder of at least one share in the Existing Company) on the terms that if the Scheme becomes effective on or before 31st March 1979 the amount due thereon will be satisfied by the transfer of one share of 5p in the Existing Company as hereinafter provided for but save as aforesaid the amount due thereon is payable in full in cash. The New Company will be converted into a public Company and its authorised share capital increased to £87,500,000 divided into 350,000,000 shares of 25p each prior to the Effective Date the increase being made with a view to the acquisition by the New Company of the whole of the issued capital of the Existing Company.**

**D) The Purpose of this Scheme is to effect a re-arrangement and transfer of the capital of the Existing Company by which it becomes the wholly-owned subsidiary of the New Company and shareholders receive shares of 25p each in the New Company in place of their present shares of 5p each in the Existing Company.**

**E) The New Company has agreed to appear by Counsel on the hearing of the Petition to sanction this Scheme and to undertake to the Court to be bound thereby and to execute and do or procure to be executed and done all such documents acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.**

## THE SCHEME

- 1 On the Effective Date the entire issued share capital of the Existing Company shall be acquired by the New Company free from all liens charges and incumbrances and together with all rights at the date of this Scheme or hereafter attached thereto other than the right to dividends totalling 2.8p per share for the year ending 31st December 1978 to be paid on 23rd November 1978 to the holders of shares of the Existing Company as at the close of business on 26th October 1978. For this purpose all the issued shares of the Existing Company shall be transferred to the New Company or its nominees and to give effect to such transfer the New Company may appoint any person to execute as transferor an instrument of transfer in respect of any of such shares and every instrument of transfer so executed shall be as effective as if duly executed by the holder or holders of the shares thereby expressed to be transferred.
- 2
  - a) In consideration of the said acquisition and transfer the New Company shall save as mentioned in sub-paragraph (b) hereof allot to each Scheme Shareholder one share of 25p in the New Company fully paid for each share of 5p in the Existing Company held by such shareholder at the close of business on the day before the Effective Date, and such Shareholder shall be registered as a member of the New Company accordingly with effect from the Effective Date.
  - b) In the case of the Scheme Shareholders referred to in Recital (C) of the Preliminary hereto the seven shares in the New Company already issued and allotted to them shall be deemed to have been issued and allotted pursuant to sub-paragraph (a) above.
- 3 Each certificate validly subsisting at the close of business on the day before the Effective Date in respect of a holding of any number of shares of 5p each in the Existing Company shall on the Effective Date cease to be valid for any purpose as a certificate for shares in the Existing Company and from and after that date shall instead have effect for all purposes as if it were a certificate duly issued by the New Company for the same number of shares of 25p each in the New Company: Provided that any such certificate may at any time after the Effective Date at the option of the Scheme Shareholder concerned, and shall if so required by the New Company at any time after the Effective Date, be lodged with the New Company for exchange whereupon the same shall be cancelled and a fresh certificate for shares of 25p each be in the New Company issued by it accordingly. Save as aforesaid no new share certificates will be issued by the New company in respect of the said allotment.
- 4 Each mandate in force at the close of business on the day immediately before the Effective Date relating to the payment of dividends on shares of the Existing Company shall unless and until revoked be deemed from and after the Effective Date a valid and effective mandate to the New Company in relation to dividends on the corresponding shares in the New Company.

- 5** This Scheme shall become effective as soon as an office copy of the order sanctioning this Scheme shall have been duly delivered to the Registrar of Companies for registration. Unless this Scheme has become effective on or before 31st March 1979 or such later date, if any, as the Court may allow it shall never become effective.
- 6** The Existing Company may consent on behalf of all concerned to any modification of or addition to the provisions hereof or any condition the Court may think fit to approve or impose.

**Dated the 27th day of October 1978**

**THE PRUDENTIAL ASSURANCE COMPANY LIMITED**  
**Articles of Association**

**Preliminary**

**1** The marginal notes hereto shall not affect the construction hereof, in these Articles unless there be something in the subject or context inconsistent therewith:

Interpretation.

**"The Company" and "this Company" mean The Prudential Assurance Company Limited.**

**"The Act" means the Companies Act 1948.**

**"The Acts" means the Companies Act 1948 to 1976 and any statutory modification or re-enactment thereof.**

**"The Office" means the registered office for the time being of the Company.**

**"The Register" means the register of members to be kept pursuant to Section 110 of the Act.**

**"Month" means calendar month.**

**"In writing" or "written" include printing lithography and other modes of representing or reproducing words in a visible form.**

**"Member" means member of the Company.**

**"The Directors" means the directors of the time being of the Company.**

**"The Manager" means the General Manager of the Company or one of the General Managers of the Company if for the time being there be more than one.**

**"The Secretary" means the Secretary of the Company or one of the Secretaries of the Company if for the time being there be more than one.**

**"Share" means Share in the Company.**

**"Extraordinary Resolution" and "Special Resolution" have the meaning assigned thereto respectively by Section 141 of the Act.**

**"Defined Charge Participating Business" (in this definition called "the business") means long-term business which is neither linked business as described in Article 91 (4) (a) nor non-participating business as described in Article 91 (4) (b) and has the following features:**

- (a) The assets of the long-term fund of the Company referable to the business are separately identifiable within a sub-fund of such long-term fund.**
- (b) No charge or expense deductions may be made by the Company from premiums or assets referable to the business apart from any specifically defined in the relevant policies.**

**"United Kingdom" means Great Britain and Northern Ireland.**



**"Table A" means Table A in the First Schedule to the Act.**

**Words importing the singular number include the plural number and vice versa.**

**Words importing the masculine gender include the feminine gender.**

**Words denoting persons include corporations.**

**Save as hereby expressly provided none of the regulations of Table A or any other table set out in any schedule to the Act or to any former enactment relating to companies has any application to the Company.**

## **Shares**

**Capital.**

**2 The share capital of the Company as at the date of the latest amendment to these Articles of Association is £1,087,500,000 divided into:**

- (i) 350,000,000 shares of £0.25 each, and**
- (ii) 1,000,000,000 Preference Shares of £1 each.**

**The Preference Shares shall confer upon the holders thereof as a separate class the following rights:**

### **Income**

**(a) As to income, the Preference Shares shall confer upon the holders thereof the right in priority to any payment by way of dividend of the Company to receive (exclusive of any imputed tax credit available to shareholders) a cumulative preferential dividend (the "Preferential Dividend").**

**(b) The Preferential Dividend shall in respect of each Preference Share from time to time in issue be at the Specified Gilt Rate plus 0.8778% per annum in respect of each year or part year ending on any date for payment of the Preferential Dividend as determined pursuant to article 2(c)(i) (a "Dividend Period") increased by the percentage increase in the index of retail prices published by the Office for National Statistics (the "Retail Prices Index") from the date 30 days prior to the date of the first issue by the Company of any Preference Shares to the date 30 days prior to the last day of the relevant Dividend Period, and proportionately for any part of a year from the date of issue of the relevant Preference Shares. For the purposes of this article 2(b), the "Specified Gilt Rate" shall be the**

Prospective real redemption rate, based on a projected inflation rate of 3%, of 2.5% index linked 2016 UK gilts, based on an RPI base for indexing of 81.6, as quoted in the Financial Times on the day 30 days prior to the last day of the relevant Dividend Period (or if the Financial Times is not published on such day, on the first day prior to that day on which it is published, and if the Financial Times does not contain the relevant information, as determined by the Company's auditors for the time being).

(c) Subject to Part VIII of the Companies Act 1985 (as amended) (the 1985 Act) the Preferential Dividend shall be:

(i) paid (exclusive of any imputed tax credit available to shareholders) on each anniversary of the first issue by the Company of any Preference Shares or on such other date in each year as the directors of the Company shall in their absolute discretion determine (the "Dividend Payment Date") provided that the directors of the Company shall have no discretion to determine a Dividend Payment Date such that a period of more than one year shall have elapsed on such Dividend Payment Date since the last payment of the Preferential Dividend; and

(ii) without any resolution of the Directors of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A of the 1985 Act) accrue from day to day and on each such anniversary (or, as the case may be, on each Dividend Payment Date) become a debt due from and immediately payable by the Company to the holders of the Preference Shares pro rata according to the number of Preference Shares held by each such shareholder, as the case may be.

## **Redemption**

(d) Subject to the 1985 Act, all the Preference Shares then in issue shall be redeemed by the Company without notice, on 8 May 2016.

(e) Where any Preference Shares are to be redeemed in accordance with article 2(d) above, the Company shall be obliged, prior to making any payment to any other shareholder or shareholders of the Company, subject to having sufficient available profits or other monies which may be lawfully applied for such redemption, to redeem in full the relevant number of Preference Shares on the date fixed for their redemption and to pay to the relevant holder of the relevant Preference Shares an amount (the "Redemption Monies") equal to £1.2808 increased by the percentage increase in the Retail Prices Index from the date 30 days prior to the date of the first issue by the Company of any Preference

Shares to the date 30 days prior to 8 May 2016 for each such Preference Share, and such amounts shall, subject to the Company having available profits or other monies which may be lawfully applied for such redemption, at that time become a debt due from and immediately payable by the Company to the holders of such Preference Shares. If and to the extent that the debt so constituted is not paid in full on the due date, the unpaid amount shall carry interest at an annual rate of 2% above the base rate from time to time of HSBC Bank Plc in respect of the period from and including the due date down to and including the date of actual payment.

(f) If the Company is unable, because of having insufficient available profits or other monies which may be lawfully applied for such redemption, to redeem in full the relevant number of Preference Shares on the date fixed for their redemption, the Company shall redeem as many of such Preference Shares as can lawfully and properly be redeemed and shall redeem the balance as soon as it is lawfully and properly able to do so.

(g) On the date fixed for redemption, each of the holders of Preference Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such Preference Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate(s)) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the Company's register of members in respect of such Preference Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the Redemption Monies.

### **Capital**

(h) On a return of capital on winding-up or capital reduction or otherwise (a "Return of Capital"), the holders of the Preference Shares shall be entitled, in priority to any payment to the holders of any other class of shares, to the repayment of a sum calculated in accordance with the following formula:

$$\text{RPI} * \pounds(1.2808^{N/15})$$

Where N is equal to the number of years (including fractions of a year) which have elapsed between the date of issue of the relevant Preference Share and the date of the Return of Capital; and

RPI is equal to the Retail Prices Index on the date of the Return of Capital divided by the Retail Prices Index on the date of issue of the relevant Preference Share.

### **Further participation**

(i) The holders of the Preference Shares shall not be entitled to any further right of participation in the profits or other assets of the Company.

## General Meeting

(j) The holders of the Preference Shares shall, by virtue of and in respect of their holdings of the Preference Shares, have the right to receive notice of, attend, speak and vote at a General Meeting of the Company only if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the holders of the Preference Shares (in which case they shall only be entitled to vote on such resolution).

(k) Except in the circumstances set out above, the holders of the Preference Shares shall not have the right to receive notice of, attend, speak or vote at any General Meeting of the Company.

## Voting

(l) Whenever the holders of the Preference Shares are entitled to vote on a resolution at a General Meeting of the Company, on a show of hands, every such holder who is present in person or (being a corporation) by a representative shall have one vote and, on a poll, every such holder who is present in person or by proxy shall have one vote in respect of each fully-paid Preference Share registered in the name of such holder.

3 Subject to Article 28 and Article 2 each of the said Shares shall rank *pari passu* in all respects.

Shares to rank *pari passu*.

4 None of the funds of the Company shall be employed in the purchase of or lent on Shares of the Company.

Company not to purchase or lend on Company Shares.

5 The Company may exercise the powers of paying commissions conferred by Section 53 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said Section and the rate of the commission shall not exceed the rate of 10 per cent of the price at which the Shares in respect whereof the same is paid are issued or an amount equal to 10 per cent of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such brokerage as may be lawful.

Commission for placing Shares.

6 Save as herein otherwise provided the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not be bound (except as ordered by a Court of competent jurisdiction or as by statute required) to recognise any equitable or other claim to or interest in such Share on the part of any other person.

Trusts not recognised.

## Certificates

Certificates.

**7** The certificates of title to Shares shall be issued under the seal of the Company affixed thereto with the authority of the Directors.

Who entitled to and nature of certificate.

**8** Every Member shall be entitled to a certificate for the Shares registered in his name Provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all such holders. Every certificate of Shares shall specify the Shares in respect of which it is issued and the amount paid up thereon.

As to issue of new certificate in place of one defaced lost or destroyed.

**9** If any certificate be worn out or defaced then upon production thereof to the Directors they may order the same to be cancelled and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

Transfer of part of holding.

**10** If any transfer shall be made of part of the Shares in respect of which a certificate has been issued the Directors shall upon production of such certificate and the appropriate transfer or transfers and without charge issue a new certificate in respect of the balance of the Shares retained.

## Lien, calls and forfeiture

Provisions in respect of partly-paid Shares.

**11** Regulations 11 to 21 and 33 to 39 of Table A (all inclusive) shall apply to the Company.

## Transfer and transmission of shares

Execution of transfer.

**12** The transfer of Shares shall be made by instrument in any usual or common form and shall be executed by the transferor and in the case of partly-paid Shares by the transferee and the transferor shall be deemed to remain the holder of such Shares until the name of the transferee is entered in the Register in respect thereof.

Shares of different classes not to be included in same transfer.

**13** Shares of different classes shall not be included in the same instrument of transfer.

**14** The Directors may decline to register any transfer of Shares upon which the Company has a lien and in the case of Shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. Upon any such refusal the Directors shall within 2 months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

In what case Directors may decline to register transfer.

**15** Every instrument of transfer shall be left duly stamped at the Office for registration accompanied by the certificate of the Shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the Shares. No fee shall be charged for registration.

Transfer to be left at Office and evidence of title given.

**16** All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing the same.

When transfers to be returned.

**17** The transfer books and Register may be closed during such period or periods in any year as the Directors may from time to time by resolution decide but not exceeding in the whole thirty days in each year.

When transfer books and Register may be closed.

**18** In the case of the death of a Member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the Shares: but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any Share which had been jointly held with other persons.

Transmission.

**19** Any person becoming entitled to a Share in consequence of the death or bankruptcy of a Member may upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the Share or to have some person nominated by him registered as the transferee thereof but the Directors shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before his death or bankruptcy as the case may be.

Person entitled on death or bankruptcy may elect to be registered or transfer.

Effect of election.

**20** If the person so becoming entitled shall elected to be registered himself he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the Share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice of transfer were a transfer signed by that Member.

Rights of person  
entitled by  
transmission.

**21** A person becoming entitled to a Share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share except that he shall not, before being registered as a Member in respect of the Share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company Provided that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends bonuses or other moneys payable in respect of the Share until the requirements of the notice have been complied with.

## **Conversion of shares into stock**

Conversion of  
Shares into Stock

**22** The Company may by ordinary resolution convert any paid-up Shares into Stock and reconvert any stock into paid-up Shares of any denomination.

Transfer of Stock.

**23** The holders of Stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the Shares from which the Stock arose might previously to conversion have been transferred or as near thereto as circumstances admit: and the Directors may from time to time fix the minimum amount of Stock transferable but so that such minimum shall not exceed the nominal amount of the Shares from which the Stock arose.

Rights of  
stockholders.

**24** The holders of Stock shall according to the amount of Stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the Shares from which the Stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of Stock which would not, if existing in Shares, have conferred that privilege or advantage.

**25** Such of these Articles as are applicable to paid-up Shares shall apply to Stock and the words "Share" and "shareholder" therein shall include "Stock" and "stockholder".

Interpretation.

## **Alteration of capital**

**26** The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into Shares of such amount, as the resolution shall prescribe.

Power to increase capital.

**27** New Shares may be issued upon such terms and conditions and with such rights and privileges annexed thereto whether in regard to dividend voting return of capital or otherwise as the general meeting resolving upon the creation thereof shall direct.

General meeting may direct conditions for issue of new Shares.

**28** Subject to any such direction the Shares shall be under the control of the Directors who may allot and issue the same to such persons on such terms and conditions and with such rights and privileges whether in regard to dividend voting return of capital or otherwise and at such times as the Directors think fit.

Power of Directors to allot Shares and determine conditions of issue.

**29** The Company may by ordinary resolution:

Consolidation and sub-division.

(a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;

(b) sub-divide its existing Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of Section 61 (1) (d) of the Act;

(c) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

**30** The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

Reduction of capital.



## Modifying rights

Power to modify  
rights.

**31** If at any time the capital by reason of the issue of preference Shares or otherwise is divided into different classes of Shares all or any of the rights and privileges attached to each class may be modified commuted affected or abrogated with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of Shares of that class and all the provisions hereinafter contained as to general meetings shall *mutatis mutandis* apply to every such separate general meeting except that the quorum thereof shall be Members present in person or by proxy holding one-fifth of the nominal amount of the issued Shares of that class. If within half an hour of the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to the same day in the next week at the same time and place or such other day at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum.

## Borrowing powers

Power to borrow.

**32** Subject to the provisions of Section 13 of the Industrial Assurance Act 1923 the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party Provided that the amount for the time being remaining undischarged of moneys borrowed or secured by the Directors as aforesaid shall not, when added to any amount or amounts for the time being undischarged of moneys borrowed by subsidiaries of the Company (exclusive of inter-group borrowings), at any time, without the previous sanction of the Company in general meeting, exceed a sum equal to the aggregate of the issued capital and reserves (other than the contingency funds for the Ordinary Branch, the Industrial Branch and the General Branch respectively) of the Company and of one tenth of each of the insurance funds (including the contingency funds aforesaid) of the Company and of each of its subsidiaries as shown in the last published balance sheets of the Company and of each of its subsidiaries and the Directors shall use the Company's voting rights and powers of control over its subsidiaries to secure compliance with the provision. No lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed. No debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

## General meetings

**33** The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meetings and shall specify the meeting as such in the notice calling it; the Annual General Meeting shall be held at such time (not being more than 15 months after the holding of the last preceding Annual General Meeting) and at such place as may be determined by the Directors. Unless otherwise determined by the Directors every Annual General Meeting shall be held at the Office of the Company No 142 Holborn Bars, London, EC1.

When Annual General Meetings to be held.

**34** All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Distinction between Annual General and Extraordinary General Meetings.

**35** The Directors may whenever they think fit convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisitions or in default may be convened by such requisitionists as provided by Section 132 of the Act.

When Extraordinary General Meeting to be called.

**36** Where it is proposed to convene an Annual General Meeting or a meeting for the passing of a Special Resolution not less than twenty-one days' notice and in other cases not less than fourteen days' notice to the Members entitled to receive notice of and to attend a meeting specifying the place day and hour of meeting and in case of special business the general nature of such business shall be given either by advertisement or by notice sent by post or otherwise served as hereinafter and in Section 19 of the Industrial Assurance Act 1923 provided.

Notice of meeting.

**37** All Members shall be entitled to receive notice of and subject to Section 33(2) of the Industrial Assurance Act 1923 to attend and vote at any meeting of the Company.

Members entitled to notice.

**38** The accidental omission to give any such notice to any of the Members shall not invalidate any resolution passed at any such Meeting.

As to omission to give notice.

## Proceedings at General Meeting

**39** The business of an Annual General Meeting shall be to receive and consider the accounts and the balance sheets and the reports of the Directors and Auditors to re-elect and elect Directors to appoint Auditors and fix or determine the manner of fixing their remuneration and to transact any other business which under these Articles ought to be transacted at an Annual General Meeting. All other business transacted at an Annual General Meeting and all business transacted at an Extraordinary General Meeting shall be deemed special.

Business of Annual General Meeting.

Special business.

**40** Two Members present in person or by proxy shall be a quorum for a general meeting and no business shall be transacted at any general meeting unless the quorum requisite be present at the commencement of the business.

Quorum.

Chairman of  
general meeting.

**41** The Chairman of the Directors shall be entitled to take the chair at every general meeting and if the Chairman be not present the Deputy Chairman or one of the Deputy Chairmen of the Directors shall be entitled to take the chair. At any general meeting at which the Chairman is not but both the Deputy Chairmen are present the Deputy Chairman to take the chair shall be chosen by the Directors present. If at any general meeting neither the Chairman nor any Deputy Chairman shall be present or if present shall decline to take the chair within 15 minutes after the time appointed for holding such meeting the Directors present shall choose another Director as chairman and if no Director be present or if all the Directors present decline to take the chair then the meeting shall choose one of the Members present to be chairman. Where a general meeting is called to investigate the conduct of any specified person that person shall be disqualified from presiding thereat.

When if quorum not  
present meeting to  
be dissolved and  
when to be  
adjourned.

**42** If within half an hour of the time appointed for a general meeting a quorum is not present such general meeting if convened upon the requisition of Members shall be dissolved but in any case it shall stand adjourned to the same day in the next week at the same time and place unless that day shall be Good Friday Christmas Day or other Bank holiday in which case the general meeting shall stand adjourned to the same day in the week next following such holiday. If at such adjourned meeting a quorum is not present any two or more Members who are personally present shall be a quorum.

How questions to  
be decided at  
meetings.

**43** Every question submitted to a general meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the chairman shall both on the show of hands and at the poll have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Casting vote

What is to be  
evidence of the  
passing of a  
resolution where  
poll not demanded.

**44** At any general meeting unless a poll is demanded

(a) By the chairman or

(b) By at least five Members present in person or by proxy and having the right to vote at the meeting or

(c) By a Member or Members present in person or by proxy and representing one-tenth or more of the total voting rights of all the Members having the right to vote at the meeting or

(d) By a Member or Members present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which  
an

Aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn.

**45** If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the chairman of the general meeting directs and either at once or after an interval or adjournment and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.

Poll.

**46** The chairman of a general meeting may with the consent of such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned general meeting other than the business left unfinished at the general meeting from which the adjournment took place.

Power to adjourn  
general meeting.

**47** The demand of a poll shall not prevent the continuance of a general meeting for the transaction of any business other than the question on which a poll has been demanded.

Business may proceed  
notwithstanding  
demand of poll.

**48** Any poll demanded on the election of a chairman of a general meeting or on any question of adjournment shall be taken without adjournment at the general meeting at which the poll is demanded.

In what cases poll  
taken without  
adjournment.

## **Votes of members**

**49** Subject to any rights or restrictions for the time being attached to any class or classes of Shares on a show of hands every Member present shall have one vote and on a poll every Member shall have one vote for each Share of which he is the holder. At a poll a Member shall be entitled to vote by proxy. No Member present only by proxy shall be entitled to vote on a show of hands save that a corporation (whether a company within the meaning of the Act or not) which is a Member of this Company may by resolution of its directors or other governing body appoint any person (whether a Member of this Company or not) to act as its representative at any general meeting of this Company and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of this Company and may vote on a show of hands as if he were a Member of this Company.

Votes of Members.

**50** Where there are joint registered holders of any Shares any one of such persons may vote at any general meeting either personally or by proxy in respect of such Shares as if he were solely entitled thereto and if more than one of such joint holders be present at any general meeting personally or by proxy that one of the said persons whose name stands first in the Register in respect of such Shares shall alone be entitled to vote in respect thereof.

Joint holders.

**51** A Member of unsound mind or who is a patient as defined in Sections 101 and 119 of the Mental Health Act 1959 may vote whether on a show of hands or on a poll by his committee receiver curator bonis or other person in the nature of a committee receiver or curator bonis and any such committee receiver curator bonis or other person may on a poll vote by proxy.

Votes in respect of  
Shares of Members of  
unsound mind.

Proxies permitted.

**52** Votes may be given either personally or on a poll by proxy. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or if such appointor is a corporation under its common seal or the hand of its attorney or an officer duly authorised. A proxy need not be a Member.

Proxies to be deposited at Office.

**53** The instrument appointing a proxy and any power of attorney or other authority (if any) under which it is signed or an office copy or a notarially certified copy of that power or other authority shall be deposited at the Office or at such other place within the United Kingdom as is specified for that purpose in the notice convening the general meeting not less than 48 hours before the time for holding the general meeting or adjourned general meeting at which the person named in the instrument proposes to vote or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

When vote by proxy valid though authority revoked.

**54** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or transfer of the Share in respect of which the vote is given unless an intimation in writing of the death insanity revocation or transfer shall have been received at the Office before the general meeting at which the vote is given.

Form of proxy.

**55** An instrument appointing a proxy may be in any usual or common form or in such other form as the Directors shall prescribe. Any form of proxy issued by the Company shall in the case of a meeting at which special business is to be transacted be so worded that a Member may direct his proxy to vote either for or against any of the resolutions to be proposed.

No member entitled to vote while call due to Company.

**56** No Member shall be entitled to be present either personally or by proxy or to vote on any question either personally or by proxy at any general meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the Shares of such Member.

Objection to validity of vote.

**57** No objection shall be made to the validity of any vote except at the general meeting or poll at which such vote is tendered and every vote whether given personally or by proxy not disallowed at such meeting or poll shall be deemed valid for all purposes whatsoever of such meeting or poll. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

## Directors

Number of Directors.

**58** Until otherwise determined by a general meeting the number of the Directors shall not be less than four.

President of the Company.

**59** The Company in general meeting may, if the Directors shall so recommend, appoint one of the Directors or a past Director of the Company to be President of the Company and the person so appointed shall hold the office of President until the fifth Annual General Meeting next following his appointment or such earlier date as the Directors may at any time determine. A Director who is appointed to be President of the Company shall not, by virtue of such appointment, cease to hold office as a Director.

**60** The Directors shall have power from time to time and at any time to appoint any eligible person as a Director either to fill a casual vacancy or as an addition to the Board but no appointment under this Article shall have effect unless two-thirds at least of the Directors concur therein and any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for election but shall not be taken into account in determining the Directors who are to retire at such meeting.

Power for Directors to appoint additional Directors.

**61** No shareholding qualification shall be required by a Director.

Qualification of Directors.

**62** The remuneration of the Directors shall be such sum as may from time to time be determined by ordinary resolution at any general meeting of the Company. Such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine.

Directors' remuneration.

**63** The continuing Directors may act notwithstanding any vacancy in their body but if the number of Directors falls below the minimum prescribed for the time being the Directors shall not except in emergencies or for the purpose of filling up vacancies act so long as the number is below the minimum.

Directors may act notwithstanding vacancy.

**64** The office of Director shall *ipso facto* be vacated:-

When office of Director to be vacated.

(a) If being the holder of any other office or place of profit under the Company or under any subsidiary of the Company he vacates or is removed from that other office or place of profit for any reason and the Directors resolve that his office of Director be vacated.

(b) If he become bankrupt or suspend payment or compound with his creditors

(c) If he become of unsound mind

(d) If he is absent from the meetings of the Directors during a period of six consecutive months without special leave of absence from the Directors, and the Directors resolve that his office be vacated.

(e) If by notice in writing to the Company he resign his office or if he tender his resignation and the Directors resolve to accept it.

(f) If he is removed from office by a resolution of the Directors in favour of which at least three-quarters of the total number of Directors for the time being shall have voted.

(g) If without the approval of the Directors he be or become a director auditor or other officer of any company carrying on business similar to that carried on by the Company or any subsidiary of the Company.

And the Directors shall be deemed not to have been subject to any shareholding qualification as from the coming into effect of the Scheme of Arrangement dated 27th October 1978.

Directors may  
contract with  
Company.

**65** (1) A Director who is in any way whether directly or indirectly interested in a contract or proposed contract with the Company shall comply in regard to such contract or proposed contract with the requirements as to disclosure of interest contained in Section 199 of the Act

(2) A Director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to:-

(a) any contract by a Director to subscribe for or underwrite Shares or debentures of the Company: or

(b) any contract or arrangement with any other company in which he is interested only as an officer of the company or as holder of shares or other securities:

and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, arrangement or transaction, by the Company in general meeting.

(3) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may resolve and no Director or intending Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

Alternate Directors.

**66** Any Director may in writing appoint any person, who is approved by a majority of the Directors, to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. Each such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present, and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Every such alternate shall be an officer of the Company and shall not be deemed to be the agent of the Director appointing him.

Power to remove  
Director.

**67** Without prejudice to the provisions of Section 184 of the Act relating to the removal of Directors by ordinary resolution the Company may by Extraordinary Resolution remove any Director before the expiration of his period of office and may also by ordinary resolution appoint another person in his stead.

## Proceedings of directors

**68** The Directors may meet together for the dispatch of business adjourn and otherwise regulate their meetings as they think fit and may determine the quorum necessary for the transaction of business. Until otherwise determined two Directors shall form a quorum. A Director may at any time and the Secretary upon the request of a Director shall convene a meeting of the Directors. A Director who is not in the United Kingdom the Channel Islands or the Isle of Man shall not be entitled to notice of any such meeting.

Meetings of Directors, quorum.

No notice to Director abroad.

**69** Questions arising at any meeting shall be decided by a majority of votes and in case of any equality of votes the Chairman shall have a second or casting vote.

Decisions of questions.

**70** The Directors may elect a Chairman and a Deputy Chairman or two Deputy Chairmen of their meetings and determine the period for which they are respectively to hold office. Unless otherwise determined the Chairman and the Deputy Chairman or Deputy Chairmen shall respectively hold office for the period of one year from their appointments unless they shall previously resign office or cease to be Directors. If at any meeting the Chairman is not present at the time appointed for holding the same the Deputy Chairman or one of the Deputy Chairmen present shall be chairman of such meeting. Whenever at any meeting the Chairman is not but both the Deputy Chairmen are present at the time appointed for holding the same the Deputy Chairman to be chairman of that meeting shall be chosen by the Directors present. If at any meeting neither the Chairman nor any Deputy Chairman is present at the time appointed for holding the meeting then the Directors present shall choose one of their number to be the chairman of such meeting.

Chairman and Deputy Chairmen.

**71** (1) The Directors may entrust or delegate any of their powers to any one of their number or to a committee consisting of such members of their body or any other person or persons as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors.

Power to appoint committees and to delegate.

(2) The Directors shall establish a committee to be known as the Scottish Amicable Board which shall be solely responsible for the management (including the investment and bonus policy) of the Scottish Amicable Funds (as defined in the Schedule). The provisions of the Schedule shall apply to the Scottish Amicable Board and shall not be capable of being amended or superseded by any regulations made pursuant to Article 71(1).

Power to establish a committee to be known as the Scottish Amicable Board.

**72** The meetings and proceedings of any such committee consisting of two or more members or of the Scottish Amicable Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article or by the provisions of the Schedule.

Proceedings of committees.



Written resolutions

**73** A resolution in writing, signed by all Directors for the time being entitled to receive notice of a meeting of the Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. Any resolution coming within the provisions of this Article may consist of several documents in the same terms each signed by one or more Directors.

Meetings by  
conference  
telephone.

**74** The Directors, or a committee of the Directors, may hold meetings by conference telephone connection or by facsimile transmissions addressed to the Chairman. Where appropriate the views expressed shall be treated as votes in favour of or against a particular resolution. A resolution passed at any meeting held in compliance with this Article, and recorded in writing signed by the Chairman, shall be as valid and effective as if it had been passed at a meeting of the Directors (or a committee of the Directors, as the case may be) which had been duly convened and held.

Acts of Directors or  
committee valid  
notwithstanding  
defective  
appointment.

**75** All acts done at any meeting of the Directors or a committee of Directors or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or person acting as aforesaid or that they or any of them were disqualified be as valid as if every such person had been duly appointed and was qualified to be a Director.

Minutes.

**76.** The Directors shall cause minutes to be entered in books provided for the purpose:-

Of the names of the Directors present at each of their meetings.  
Of all resolutions and proceedings of general meetings of the Company and meetings of the Directors.

Any such minutes and the minutes or records (if any) of meetings of committees of Directors if purporting to be signed by the chairman of the meeting to which such minutes or records relate or by the chairman of the next succeeding meeting shall be receivable as *prima facie* evidence of the matters stated in such minutes or records.

## Powers of directors

Powers and duties  
of Directors.

**77.** The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not, by the Acts or by these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these Articles, to the provisions of the Acts and to such regulations, being not inconsistent with the aforesaid Articles of provisions, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

Local  
management.

**78.** The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality whether at home or abroad in such manner as they think fit and the provisions contained in the four next following Articles shall be without prejudice to the general power conferred by this Article.

79. The Directors from time to time and at any time may establish any local board or agency for managing any of the affairs of the Company in any such specified locality and may appoint any persons to be members of such local board or managers or agents and may fix their remuneration. The Directors from time to time and at any time may delegate to any person so appointed any of the powers authorities and discretions for the time being vested in the Directors other than their power to make calls and may authorise the members for the time being of any such local board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation.

Local boards.

80. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

Powers of attorney.

81. The Directors shall provide for the safe custody of the seal which shall be affixed only by or under the authority of the Directors or a Committee of Directors. Every instrument to which the seal of the Company is affixed shall be signed by two Directors or by one Director and the Secretary or by such other person or persons as the Directors may from time to time authorise in that behalf.

Use of seal.

82. The Company may exercise the powers conferred by Section 35 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

Official seal for use abroad.

83. The Company may exercise the powers conferred upon the Company by Sections 119 to 123 (both inclusive) of the Act with regard to the keeping of a dominion register, and the Directors may (subject to the provisions of those sections) make and vary such regulations as they may think fit respecting the keeping of any such register.

Dominion register.

84. Without prejudice to the general powers conferred by Article 77 and so as not in any way to limit or restrict those powers the Directors shall have power to establish and support or aid in the establishment and support of such associations institutions trusts funds or conveniences as they may consider calculated to benefit employees or ex-employees of the Company or any subsidiary of the Company or Directors or former Directors of the Company or any such subsidiary or the wives widows families or dependants of such persons and to make payments for or towards insurances for or for the benefit of such persons or the wives widows families or dependants of such persons and to grant or agree to grant or give the right to pensions or allowances or other payments to any such persons or any of the wives

Power to contribute to associations and funds for benefit of Company's employees and Directors.

widows families or dependants of any such person subject if they think fit to such terms and conditions as they determine.

## Long-term business

Long-term  
business.

**85.** There shall be carried on by the Company as a separate part of the Company's business (hereinafter called "the long-term business of the Company") that business of the Company carried on in the United Kingdom which is long term business as defined in the Insurance Companies Act 1974 or any statutory modification or re-enactment thereof for the time being in force (hereinafter called "the Act of 1974") and such other business as the Directors shall assign to such separate part being business of the nature specified in Clause 3 sub-clauses (1) (2) and (3) of the Company's Memorandum of Association.

May be conducted  
in separate  
branches.

**86.** The long-term business of the Company shall be carried on in such separate branches as may be required by law and subject thereto may be carried on in such separate branches as the Directors consider appropriate and the Directors may from time to time establish any new and separate branch for the long-term business of the Company and may determine what shall be the class or classes of business to be comprised in such branch and may also determine what shall be the rights and privileges of policyholders or persons insured in relation thereto and subject to the provisions of the Act of 1974 the Directors may from time to time and at any time subdivide any branch in which the long-term business of the Company is carried on and may consolidate any such branches or subdivisions of such branches and may from time to time modify or supplement all or any of the provisions made pursuant to this Article.

Appropriation of  
assets to branches.

**87.** So long as the long-term business of the Company is carried on in separate branches the Directors may in such manner and subject to such conditions as they shall think proper from time to time provide for the appropriation of any assets of the long-term business of the Company to or amongst any such separate branch or branches. The liabilities of the Company on all policies and other contracts in each branch of the long-term business of the Company shall be discharged out of assets appropriated to that branch in priority to liabilities on policies or other contracts in any other branch.

Valuation.

**88.** Once at least every three years or oftener if and as the Directors shall at their discretion think fit the Directors shall cause the financial condition and affairs of the long-term business of the Company to be fully investigated and valued and its liabilities in respect thereof to be ascertained and a calculation to be made of the amount of the profits or estimated profits which up to the last preceding 31st day of December shall (by accumulation or otherwise) have accrued to the funds of the long-term business of the Company and which shall not have been previously set aside as profits and for the purpose of such calculation the stocks funds securities investments and other assets of the Company shall be estimated or valued in such manner as the Directors shall think fit without being obliged to adhere to the market price or value thereof and the Directors shall declare the amount thereof which should in their judgement be dealt with as profits of the long-term business of the Company any balance or balances being carried forward in account in the funds of the long-term business of the Company in which they appear.

The Directors may separately declare the amount of the said profits which under Article 91 are either linked profits or profits derived from the separate non-participating business therein described.

So long as the long-term business of the Company is carried on in separate branches the Directors shall in addition apportion the said profits of the long-term business of the Company between those branches in proportion to the amount of the profits of such branches so calculated as aforesaid and they shall declare the amounts so apportioned.

Such declarations of the Directors as to the amounts of profits, linked profits and profits derived from the separate non-participating business and the apportionment thereof between the said branches shall be conclusive.

**89** The Directors shall be at liberty from and out of the profits declared as aforesaid to deduct and set aside such sum or sums as they may think fit as or in augmentation of any contingency fund including any investment reserve fund for the time being in respect of the class or classes of business from which such profits shall have been derived.

Power to transfer profits to reserves of particular class.

**90** The Directors may also if they shall in their absolute discretion so determine deduct and set aside from and out of the profits declared as aforesaid or the balance thereof after such deductions (if any) as they shall determine to make pursuant to the last preceding Article such sum or sums not exceeding one equal twentieth part of such profits or of the said balance thereof as they shall determine as or in augmentation of any contingency fund including any investment reserve fund not restricted to any particular class or classes of business.

Power to transfer profits to reserves of any class.

**91 (1)** The Directors shall determine out of the profits of the long-term business of the Company a sum or sums to be distributed or reserved for distribution as bonuses or otherwise for the benefit of policies or classes of policies entitling the holders thereof to participate in profits in such amounts and in such form as the Directors shall in their absolute discretion determine provided that the sum or sums to be so distributed or reserved for the benefit of policies or classes of policies comprising Defined Charge Participating Business shall be separately determined by the Directors as that part or those parts of the divisible profits derived from those assets of the long-term fund of the Company that are referable to the policies or classes of policies that relate to Defined Charge Participating Business .

Division of profits.

**(2)** Where the long-term business of the Company is not carried on in separate branches the Directors shall determine a single sum as aforesaid which shall be not less than 90 per cent of the divisible profits of the long-term business of the Company except for any parts of such divisible profits which are derived from the Scottish Amicable Insurance Fund as defined in the Schedule to these Articles or any Defined Charge Participating Business, where the sum shall include all of such parts.

**(3)** Where the long-term business of the Company is carried on in separate branches the Directors shall determine a sum as aforesaid in respect of each of the branches in which such policies or classes of policies entitling the holders thereof to participate in profits are issued and each sum shall be not less than 90 per cent of the divisible profits

of the long-term business of the Company attributable to such branches respectively except for any parts of such divisible profits which are derived from the Scottish Amicable Insurance Fund as defined in the Schedule to these Articles or any Defined Charge Participating Business, where each such sum shall include all of such parts.

(4) For the purposes of this Article divisible profits are the profits of the long-term business of the Company declared as aforesaid or if the long-term business of the Company is carried on in separate branches the profits of the long-term business of the Company declared and apportioned as aforesaid to those of such branches in which such policies or classes of policies entitling the holders thereof to participate in profits are issued after deduction therefrom in either case of any sum or sums deducted and set aside thereout under these Articles as or in augmentation of any contingency fund or funds and excluding (except insofar as the Directors shall otherwise determine)

- (a) such amount of such profits as the Directors shall have declared to be linked profits that is to say profits derived from business the whole or main part of the benefits of which are linked to units of a unit trust or to any other property or to any index described in the contracts relating to that business whether such property is owned by the Company or not,
- (b) such amount of such profits as the Directors shall have declared to be derived from
  - (i) separate non-participating business that is to say:-
    - (A) permanent health insurance, creditor insurance written as long-term business, capital redemption insurance, critical illness insurance;
    - (B) additional accident benefit and other accident rider benefits attached to life insurance policies written by the Company;
    - (C) waiver of premium benefit attached to personal and other pensions policies written by the Company;
    - (D) other non-participating long-term business written by the Hong Kong branch of the Company after 31 October 2002; and
  - (ii) insurance business transferred from Scottish Amicable Life plc ("SAL") pursuant to Part VII of the Financial Services and Markets Act 2000 ("the Scheme") (other than business as described in Article 91(4)(a)) but not including, for the avoidance of doubt, any profits derived from the with-profits business reinsured within the Company in accordance with paragraph 17 of the Scheme, and
- (c) any profit derived from charges deducted by the Company in respect of Defined Charge Participating Business under the terms of any policy referable to that business.

(5) For the purpose only of calculating the sum or sums to be distributed or reserved for distribution as bonuses or otherwise in accordance with this Article the Directors shall add to divisible profits an amount equal to any sum paid by the Company to another company which is, for the purposes of Section 736 Companies Act 1985, a subsidiary of a holding company of the Company, by way of experience related refund of premium under any reinsurance agreement between the Company and such other company, other than any such reinsurance agreement in respect of which the Directors declare that the profits are either linked profits under Article 91(4)(a) above or derive from business described under Article 91(4)(b) above.

92 The Directors may in anticipation of the ascertainment of the profits of the long-term business of the Company make such payments or allocations of bonuses on policies in the long-term business of the Company or in any branch or branches thereof as shall appear to them to be justified by the position of the long-term business of the Company and of any branches thereof and any sum so paid or allocated shall be brought into account as having been paid or allocated out of the profits of the long-term business of the Company or the profits apportioned to such respective branches by anticipation.

Power to Directors on claim under profit sharing policy to pay bonus by way of anticipation of share of profits.

93 The residue of the profits of the long-term business of the Company after such deductions distributions and reservations as aforesaid shall be available at the discretion of the Directors to be applied as profits of the Company.

Residue of profits as profits of Company.

## Short-term business

94 "Short-term business" means insurance business carried on by the Company which is not long-term business of the Company. The Directors shall if required by law and subject thereto may if they think fit carry on the whole or any part of the short-term business separately from the Company's other business and such separate short-term business shall be carried on as a branch of the Company's business or if so required by law or if the Directors shall so consider appropriate shall be carried on in separate branches. The Directors may from time to time establish any new and separate branch for any specified class of short-term business and may determine what shall be the class of business to be comprised in such branch and may also determine what shall be the rights and privileges of policyholders or persons insured in relation thereto and subject to the

Short-term business.

Provisions of the Act of 1974, the Directors may from time to time and at any time subdivide any branch in which short-term business is carried on and may consolidate any such branches or subdivision of such branches and may from time to time modify or supplement all or any of the provisions made pursuant to this Article.

95 So long as any of the short-term business is carried on in a separate branch or in separate branches the Directors may in such manner and subject to such conditions as they shall think proper from time to time provide for the appropriation of any assets of the Company not identified as attributable to the long-term business of the Company to or

Appropriation of assets to branches.

amongst any such separate branch or branches. The liabilities of the Company on all policies and other contracts in each branch of its short-term business shall be discharged out of assets appropriated to that branch in priority to liabilities on policies or other contracts of any other business of the Company.

Separate  
assessment of  
profit.

**96** The profits of any short-term business so carried on in a separate branch or in separate branches of the Company's business shall be ascertained separately from the profits of the other business carried on by the Company and the Directors shall declare the amount thereof which should in their judgement be dealt with as profits any balance of balances being carried forward in account. Such declarations of the Directors shall be conclusive.

Power to transfer  
profits to reserves.

**97** The Directors shall be at liberty from and out of the profits of the short-term business carried on in any branch to deduct and set aside such sum or sums as they may think fit as or in augmentation of any contingency fund including any investment reserve fund for the time being for the branch in which such profits arise. The residue of such profits after such deductions as aforesaid shall be available at the discretion of the Directors to be applied as profits of the Company.

## Contingency funds

Contingency funds  
applied as a  
reserve fund or  
profits.

**98** Any contingency fund established in respect of the Company's business may be applied or appropriated to or for any of the purposes of a reserve fund including an investment reserve fund of the business in respect of which it is established. Whenever any contingency fund or any part thereof is determined by the Directors to be no longer required for meeting the liabilities of the business in respect of which it was established the Directors may subject to the Act of 1974 apply the amount not so required as if the same were profits which had accrued to such business up to the 31st day of December last preceding the date of such determination as aforesaid.

## Distributions

Distribution of  
profits as  
dividends.

**99** The Directors may at any time and from time to time in their absolute discretion determine to make a distribution out of the profits of the Company by way of dividend including any interim dividend that appears to the Directors to be justified by the position of the Company and the sum in respect of which such determination has been made shall on such date as the Directors shall in their absolute discretion determine and announce, be divided and paid rateably according to the number of Shares held respectively by the Members who are on the Register on such date as the Directors shall determine and announce contemporaneously with the announcement of the dividend to be paid and the date for payment thereof.

Power to transfer  
profits to reserves.

**100** The Directors may before making any such distribution out of the profits of the Company under Article 104 deduct and set aside such sum or sums as they may think fit as a reserve or reserves which shall at the discretion of the Directors be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at the like discretion be invested or employed without the Directors being bound to keep the same separate from the other assets of the Company not required by these Articles to be kept separate.

## **Dividends**

**101** When capital is paid up on any Shares in advance of calls such capital shall not confer a right to participate in profits.

No dividend on capital paid in advance.

**102** In case several persons are registered as the joint holders of any Shares or Stock any one of such persons may give effective receipts for all dividends and payment on account of dividends in respect of such Shares or Stock.

Dividend to joint holders.

**103** Any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled or in the case of joint holders to that one of them first named in the Register in respect of the joint holding

Dividends payable by posted cheques.

## **Capitalisation of profits**

**104** The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on conditions that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid or any Shares held by such Members respectively or paying up in full unissued Shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such Members in the proportions aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution:

Power to capitalise reserves.

Provided that a share premium account and a capital redemption reserve fund may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares.

**105** Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid Shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of Shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing Shares, and any agreement made under such authority shall be effective and binding on all such Members.

Power to make allotments.



## Accounts

Annual statements and balance sheets.

**106** At the Annual General Meeting in every year the Directors shall lay before the Company such accounts and reports as are required by the Acts.

Annual statements and balance sheets to be sent to Members.

**107** A copy of every account and balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting together with a copy of the Directors' report and of the Auditors' report shall not less than 21 days before such meeting be served on the Members in the manner in which notices are hereinafter directed to be served and upon any other person entitled by law to receive copies of such documents.

## Audit

Auditors to be appointed.

**108** Auditors shall be appointed and their duties regulated in accordance with the Acts.

When accounts to be deemed finally settled.

**109** Every account of the Directors when audited and approved by a general meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and thenceforth shall be conclusive.

## Notices

How notices to be served on Members.

**110** A notice may be served by the Company upon any Member either personally or by sending it by post to such Member at his registered address.

Members resident abroad.

**111** Each holder of Shares or registered Stock whose registered address is not in the United Kingdom the Channel Islands or the Isle of Man may from time to time notify in writing to the Company an address in the United Kingdom the Channel Islands or the Isle of Man which shall be deemed his address entered in the Register for the purpose of these Articles.

Notice where no address in United Kingdom registered.

**112** As regards those Members who have no address in the United Kingdom the Channel Islands or the Isle of Man entered in the Register a notice posted up in the Office shall be deemed to be well served on them on the day following that on which it is so posted up.

When notice may be given by advertisement.

**113** Any notice required to be given by the Company to the Members or any of them and not expressly provided for by these Articles or by statute shall be sufficiently given if given by advertisement. Any notice required to be or which may be given by advertisement shall be advertised once in at least one leading London daily newspaper.

Notice to jointholders.

**114** All notices with respect to any Shares or registered Stock to which persons are jointly entitled shall be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the holders of such Shares or Stock.

**115** Any notice sent by post shall be deemed to have been served on the day following that on which the same is posted and in proving such service it shall be sufficient to prove that a letter containing the notice was properly addressed and sent by prepaid post.

When notice by post  
deemed to be served.

**116** Every person who by operation of law transfer or other means whatsoever shall become entitled to any Shares or registered Stock shall be bound by every notice in respect of such Shares or Stock which previously to his name and address being entered in the Register shall be duly given to the persons from whom he derives his title to such Shares or Stock.

Transferees bound by  
prior notices.

**117** Any notice or document delivered or sent by post to or left at the address of any Member as appearing in the Register in pursuance of these Articles shall notwithstanding such Member be then deceased or bankrupt and whether or not the Company have notice of his decease or bankruptcy be deemed to have been

Notice valid though  
Member deceased or  
bankrupt.

duly served in respect of any Shares or registered Stock whether held solely or jointly with other persons by such Member until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his or her executors or administrators or trustee in bankruptcy and all persons if any jointly interested with him or her in any such Shares or Stock.

**118** The signature to any such notice to be given by the Company may be written printed lithographed or otherwise represented or reproduced in visible form.

Signatures for  
Company.

## **Indemnity**

**119** Every Director Manager Secretary and other officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay to him all costs losses and expenses which he may incur or become liable to by reason of any contract entered into or any act or deed done by him as such officer or servant or in any way in the discharge of his duties.

Indemnity.

## **THE SCHEDULE**

### **THE SCOTTISH AMICABLE BOARD**

**1. In this Schedule:**

**1.1 "Board Matters" means**

- (a) the engagement or change of any investment manager;**
- (b) the engagement or change of any employees;**
- (c) the acquisition of any assets otherwise than for investment purposes;**
- (d) the sale or disposal of any part of the business or assets allocated to the Scottish Amicable Funds other than the disposal of investments in the ordinary course of business;**
- (e) the entry into any liabilities other than as expressly contemplated by the Transfer Agreement or the Scheme;**
- (f) the formation or acquisition or disposal of any subsidiary;**
- (g) the acquisition of any shares constituting more than five per cent of the issued share capital of any other company or the participation in any partnership or joint venture;**
- (h) the borrowing of any money; and**
- (i) the creation of any mortgage or charge.**

**1.2 "SALAS" means Scottish Amicable Life Assurance Society.**

**1.3 "the Scheme" means the scheme dated 24 September 1997 pursuant to Section 49 of and Part I of Schedule 2C to the Insurance Companies Act 1982 under which the long term business of SALAS was transferred to the Company.**

- 1.4 "the Scottish Amicable Board" means a committee of the Directors appointed pursuant to Article 71(2) to manage the business of the Scottish Amicable Funds.
- 1.5 "the Scottish Amicable Capital Fund" means the separate account maintained under that name within the long term fund of the Company pursuant to the Scheme.
- 1.6 "the Scottish Amicable Funds" means the Scottish Amicable Capital Fund and the Scottish Amicable Insurance Fund.
- 1.7 "the Scottish Amicable Insurance Fund" means the fund maintained as a separate sub-fund under that name within the long term fund of the Company pursuant to the Scheme.
- 1.8 "the Transfer Agreement" means the Agreement dated 24 March 1997 between (1) SALAS, (2) Prudential Corporation plc and (3) the Company, as amended by an Agreement between the same parties dated 22 May 1997.
2. The Scottish Amicable Board shall not have any powers except in relation to the Scottish Amicable Funds and shall not (unless in the ordinary course of investment management) take any decision in relation to any Board Matter without the prior approval of the Directors. For the avoidance of doubt the Directors shall not take any decision in relation to any Board Matter insofar as it relates to the management (including the investment and bonus policy) of the Scottish Amicable Funds without the prior approval of the Scottish Amicable Board.
3. The members of the Scottish Amicable Board shall observe and perform the terms of the Scheme and subject thereto shall, in carrying out their duties as members of the Scottish Amicable Board, have regard solely to the interests and reasonable expectations of the holders of Policies allocated to the Scottish Amicable Insurance Fund and of the other Policies referred to in Paragraph 43.1 of the Scheme.
4. The Scottish Amicable Board shall be comprised of not more than nine individuals of whom the majority shall be non executive members and the majority shall be resident in Scotland. Not more than five shall be designated as Scottish Amicable members, and *not more than four shall be designated as PAC members. Unless the Scottish Amicable Board decides otherwise:*
- (a) at least three of the Scottish Amicable members shall be non executive members and at least three shall be resident in Scotland; and
- (b) at least two of the PAC members shall be non executive members and such number (not exceeding two) shall be resident in Scotland as is necessary to ensure that a majority of the members of the Scottish Amicable Board are resident in Scotland.

A non executive member of the Scottish Amicable Board shall not hold an executive office with the Company or any holding company of the Company or any subsidiary of any such holding company.

5. Any appointment or removal of a PAC member shall be effected by notice in writing to the chairman for the time being of the Scottish Amicable Board signed on behalf of the Company and shall take effect, subject to any contrary intention expressed in the notice, when the notice effecting the same is delivered to such chairman. No remuneration shall be payable by the Scottish Amicable Funds to a PAC member in respect of his office as a PAC member.
6. Any appointment or removal of a Scottish Amicable member shall be effected by notice in writing to the Company signed by or on behalf of a majority of the Scottish Amicable members and shall take effect, subject to any contrary intention expressed in the notice, when the notice effecting the same is delivered to the Company. Any appointment of a Scottish Amicable member (other than the first appointments following the introduction of this Article) shall be subject to approval by Prudential Corporation plc, such approval not be unreasonably withheld.
7. The chairman of the Scottish Amicable Board shall be a Scottish Amicable member whose appointment or removal shall be effected by notice in writing to the Company signed by or on behalf of a majority of the Scottish Amicable members and shall take effect, subject to any contrary intention expressed in the notice when the notice affecting the same is delivered to the Company.
8. The quorum for the transaction of business at any meeting of the Scottish Amicable Board shall be at least two individuals who are Scottish Amicable members or alternates for Scottish Amicable members and at least two individuals who are PAC members or alternates for PAC members present at the time when the relevant business is transacted. Where some but not all of the Scottish Amicable members or the PAC members (as the case may be) are in person or by alternates present at any meeting of the Scottish Amicable Board those individuals who are Scottish Amicable members or PAC members present or alternates for such members shall be deemed jointly appointed as alternates for any Scottish Amicable members or PAC members, as the case may be, who are absent from the meeting and have not specifically appointed alternates to attend and vote on their behalf.
9. The Scottish Amicable Board shall meet at least quarterly. Each meeting of the Scottish Amicable Board shall be held at Craigforth or at such other place within the United Kingdom as may be agreed by the PAC members and the Scottish Amicable members.

10. Any member of the Scottish Amicable Board may call a meeting of the Scottish Amicable Board. At least 14 days' written notice shall be given to each member of the Scottish Amicable Board of any meeting of the Scottish Amicable Board, provided always that a shorter period of notice may be given with the written approval of at least one Scottish Amicable member (or his alternate) and at least one PAC member (or his alternate). Any such notice shall contain, *inter alia*, an agenda identifying in reasonable detail the matters to be discussed at the meeting and shall be accompanied by copies of any relevant papers to be discussed at the meeting. Any matter which is to be submitted to the Scottish Amicable Board for a decision which is not identified in reasonable detail as aforesaid shall not be decided upon, unless otherwise agreed in writing by all the members of the Scottish Amicable Board.

Notice of a meeting of the Scottish Amicable Board shall be deemed to be properly given to each member of the Scottish Amicable Board if given to him personally in writing or sent in writing to him at the last address given by him to the Scottish Amicable Board for this purpose.

11. Matters for decision by the Scottish Amicable Board shall be decided by simple majority vote. Each member shall have one vote. Any member who is absent from any meeting may nominate any other member to act as his alternate and to vote in his place at the meeting. Any matters relating to the failure or alleged failure by the Company to comply with the Scheme shall be decided upon by a meeting of the Scottish Amicable Board at which only Scottish Amicable members shall be present, the quorum for which shall be at least two Scottish Amicable members present at the time the relevant matter is considered.
12. Any member of the Scottish Amicable Board may participate in a meeting of the Scottish Amicable Board by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
13. A resolution in writing signed by all the members of the Scottish Amicable Board entitled to receive notice of a meeting of Scottish Amicable Board shall be as valid and effectual as if it had been passed at the meeting of Scottish Amicable Board duly convened and held and may consist of several documents in the like form each signed by one or more members of the Scottish Amicable Board.
14. Remuneration shall be payable from the Scottish Amicable Insurance Fund to each of the non executive members of the Scottish Amicable Board in an amount approved by the Directors, subject to a minimum of the amount paid to non executive directors of SALAS immediately prior to the Effective Date, increased in each year by the percentage (if any) by which the average remuneration of non executive Directors of Prudential Corporation plc increases in respect of that year.

## **The Prudential Assurance Company Act 1875**

### **Chapter LXXVIII**

**An Act for removing difficulties attending the conduct of the A.D. 1875 business and the exercise of the powers of the Prudential Assurance Company; and for other purposes.**

(29th June 1875)

**WHEREAS** the Prudential Assurance Company (formerly named the British Prudential Assurance Company, and afterwards the British Prudential and Consolidated Assurance Company, and in this Act referred to as the Company) is constituted, incorporated, and regulated by and under a deed of settlement dated the seventeenth day of January one thousand eight hundred and sixty-one, and by means of registration under the Companies Act, 1862, the objects of the Company being to effect assurances on lives, and assurances connected with sickness and accident, and to grant and sell or purchase annuities (with other objects), and generally to transact and carry on business connected with or depending on the contingencies of human life:

**And** whereas the Company has during twenty years or thereabouts, in addition to the ordinary modes of life assurance, effected assurances on the lives of persons of the industrial classes for small premiums paid at short intervals, and is about to transact the business of granting annuities payable by monthly or more frequent instalments (which classes of the Company's business are in this Act referred to as the Industrial Branch, the residue of the Company's business being in this Act referred to as the Ordinary Branch):

**And** whereas from the nature of the business of the Industrial Branch the Company are obliged to employ numerous agents, and it has on many occasions happened that persons who had been employed as, but had ceased to be, agents of the Company in that branch have refused and delayed to deliver up books and documents of the Company in their possession when required so to do, and by means of the books and documents so detained wrongfully by them have been able to inflict and have inflicted serious injury and loss not only upon the Company but upon persons assuring in the Industrial Branch and it is expedient for the purpose of preventing such delay and injury that provision be made for enabling the Company to recover such books and documents in a more summary way than by civil process:

**And** whereas doubts having arisen or being apprehended respecting the Company's powers of modifying the Company's deed of settlement so as to establish a class of policyholders participating in profits with rights differing from the rights conferred on participating policyholders by the deed, it is expedient that all ground for such doubts be removed:

**And** whereas the purposes aforesaid cannot be effected without the authority of Parliament:

May it therefore please Your Majesty that it may be enacted: and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows: (that is to say)

Short title.

1. This Act may be cited as The Prudential Assurance Company Act 1875.

Remedies against agents failing to deliver up books.

2. The following enactments contained in the Companies Clauses Consolidation Act, 1845, are hereby incorporated with and shall be part of this Act: (namely)

Sections one hundred and eleven to one hundred and fourteen (both inclusive), being some of the provisions with respect to the accountability of officers, as far as those sections relate to books, papers, writings, property and effects:

The provisions with respect to the recovery of damages not specially provided for and penalties:

Section three (relating to interpretation of terms):

and for the purposes of this Act the Company shall be the Company and this Act the special Act within those enactments, and the term officer in those enactments shall mean only canvasser, collector, agent, sub-agent, superintendent of agents, assistant superintendent of agents, or inspector of agents, and in section one hundred and eleven the words "for three days after" shall be deemed to be omitted.

Power to alter provisions of deed by special resolution.

3. The Company may in general meeting from time to time, by passing a special resolution in manner provided in the Companies Act 1862, alter all or any of the provisions of the Company's deed of settlement, and make new provisions in lieu thereof or in addition thereto for the purpose of providing and so as to provide for the following objects or any of them: (that is to say)

For the separate valuation from time to time of the business assets and liabilities of the Industrial Branch and of the Ordinary Branch:

For the ascertaining or estimating of the amount to be set apart as profits of the Company in the Industrial Branch and in the Ordinary Branch respectively, and the apportionment thereof or of part thereof amongst the shareholders and policyholders of the Company, or some of them:

For prescribing to which of the two branches the receipts from and expenses of the Company's business or some portions or portion of those receipts and expenses respectively, shall from time to time be credited or debited:

For providing for the Company's share capital being debited to the Industrial Branch, and for the interest payable under the deed of settlement to the shareholders being charged on the profits of that branch:

For the constitution of a class or classes of policyholders participating in profits to a less extent than the holders of policies issued before the passing of the special resolution.



**4. Nothing in any special resolution under this Act shall take away, abridge, or prejudicially affect any right of any holder of a policy issued before the passing of the special resolution.**

Savings of rights of  
Policyholders.

**5. Nothing in this Act or in any special resolution under this act shall take away or diminish any liability to which any holder of a share in the capital of the Company would have been subject if this Act had not been passed, and notwithstanding anything in this Act or in any special resolution under this Act the holder of a share in the capital of the Company shall continue and be liable to the extent and in the manner to and in which he is liable under the deed of settlement of the Company, and the Acts and laws affecting the Company at the passing of this Act.**

Saving of liability of  
shareholders.

**6. All costs, charges, and expenses of and incident to the preparing for, obtaining, and passing of this Act, or otherwise in relation thereto, shall be paid by the Company.**

Expenses of Act.

## **The Prudential Assurance Company Act Amendment Act 1876**

### **Chapter CCXVIII**

AD 1876

An Act to amend "The Prudential Assurance Company Act, 1875".

38 & 39 Vict.  
Ch lxxviii.

(11th August, 1876)

WHEREAS by "The Prudential Assurance Company Act, 1875" (in this Act called "the Act of 1875") after reciting, amongst other things, that it was expedient that provision should be made for enabling the Prudential Assurance Company (in this Act referred to as the Company) to recover in a summary manner from persons in their employ books and other things belonging to the Company and wrongfully detained by such persons, it was enacted (section 2) that certain provisions therein specified of "The Companies Clauses Consolidation Act, 1845" with respect to the accountability of officers, and to the recovery of damages and penalties, were thereby incorporated with and should form part of that Act:

And whereas the provisions of "The Companies Clauses Consolidation Act, 1845", so incorporated with the Act of 1875, do not extend or apply to Scotland:

And whereas the Company carry on business and employ numerous Agents and other persons in Scotland, and it is expedient that with respect to persons employed there by the Company the like provision should be made as by the Act of 1875 is made with respect to persons employed elsewhere by the Company, but that object cannot be effected without the authority of Parliament:

May it therefore please your Majesty that it may be enacted, and be it enacted by the Queens most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this Present Parliament assembled, and by the authority of the same, as follows: (that is to say)

Short title.

1. This Act may be cited as "The Prudential Assurance Company Act Amendment Act, 1876".

Remedies against  
agents failing to  
deliver up books.

2. The following enactments contained in the Companies Clauses Consolidation (Scotland) Act, 1845, are hereby incorporated with and shall be part of this Act: (namely)

Sections one hundred and fourteen to one hundred and seventeen (both inclusive), being some of the provisions with respect to the accountability of officers, as far as those sections relate to books, papers, writings, property, and effects:

The provisions with respect to the recovery of damages not specially provided for:

**Section three (relating to interpretation of terms):**

and for the purposes of this Act the Company shall be "the Company", and this Act "the special Act" within those enactments: and the term "officer" in those enactments shall mean only canvasser, collector, agent, sub-agent, super-intendent of agents, assistant superintendent of agents, or inspector of agents: and in section 114 the words "for three days after" shall be deemed to be omitted.

**3. All costs, charges, and expenses of and incident to the preparing for, obtaining, and passing of this Act, or otherwise in relation thereto, shall be paid by the Company.**

Expenses of Act.

COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Company Number 15454

Certified copy of a resolution in writing (such resolution to have effect as a special resolution) passed on 30 December 2002 by all the members of the Company who were at the date thereof entitled to attend and vote at a general meeting of the Company pursuant to Section 381A of the Companies Act 1985 (as amended):

**R E S O L V E D**

ALTERATION TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

THAT the Articles of Association of the Company are hereby amended as follows:

Replace the current Article 91 with the following:

91 (1) The Directors shall determine out of the profits of the long-term business of the Company a sum or sums to be distributed or reserved for distribution as bonuses or otherwise for the benefit of policies or classes of policies entitling the holders thereof to participate in profits in such amounts and in such form as the Directors shall in their absolute discretion determine provided that the sum or sums to be so distributed or reserved for the benefit of policies or classes of policies comprising Defined Charge Participating Business shall be separately determined by the Directors as that part or those parts of the divisible profits derived from those assets of the long-term fund of the Company that are referable to the policies or classes of policies that relate to Defined Charge Participating Business.


(2) Where the long-term business of the Company is not carried on in separate branches the Directors shall determine a single sum as aforesaid which shall be not less than 90 per cent of the divisible profits of the long-term business of the Company except for any parts of such divisible profits which are derived from the Scottish Amicable Insurance Fund as defined in the Schedule to these Articles or any Defined Charge Participating Business, where the sum shall include all of such parts.

(3) Where the long-term business of the Company is carried on in separate branches the Directors shall determine a sum as aforesaid in respect of each of the branches in which such policies or classes of policies entitling the holders thereof to participate in profits are issued and each sum shall be not less than 90 per cent of the divisible profits of the long-term business of the Company attributable to such branches respectively except for any parts of such divisible profits which are derived from the Scottish Amicable Insurance Fund as defined in the Schedule to these Articles or any Defined Charge Participating Business, where each such sum shall include all of such parts.

(4) For the purposes of this Article divisible profits are the profits of the long-term business of the Company declared as aforesaid or if the long-term business of the Company is carried on in separate branches the profits of the long-term business of the Company declared and apportioned as aforesaid to those of such branches in which such policies or classes of policies entitling the holders thereof to participate in profits are issued after deduction therefrom in either case of any sum or sums deducted and set aside thereout under these Articles as or in augmentation of any contingency fund or funds and excluding (except insofar as the Directors shall otherwise determine)

- (a) such amount of such profits as the Directors shall have declared to be linked profits that is to say profits derived from business the whole or main part of the benefits of which are linked to units of a unit trust or to any other property or to any index described in the contracts relating to that business whether such property is owned by the Company or not,
- (b) such amount of such profits as the Directors shall have declared to be derived from
  - (i) separate non-participating business that is to say:-
    - (A) permanent health insurance, creditor insurance written as long-term business, capital redemption insurance, critical illness insurance;
    - (B) additional accident benefit and other accident rider benefits attached to life insurance policies written by the Company;
    - (C) Waiver of premium benefit attached to personal and other pensions policies written by the Company;
    - (D) other non-participating long-term business written by the Hong Kong branch of the Company after 31 October 2002; and
  - (ii) insurance business transferred from Scottish Amicable Life plc ("SAL") pursuant to Part VII of the Financial Services and Markets Act 2000 ("the Scheme") (other than business as described in Article 91(4)(a)) but not including, for the avoidance of doubt, any profits derived from the with-profits business reinsured within the Company in accordance with paragraph 17 of the Scheme, and
- (c) any profit derived from charges deducted by the Company in respect of Defined Charge Participating Business under the terms of any policy referable to that business.

(5) For the purpose only of calculating the sum or sums to be distributed or reserved for distribution as bonuses or otherwise in accordance with this Article the Directors shall add to divisible profits an amount equal to any sum paid by the Company to another company which is, for the purposes of Section 736 Companies Act 1985, a subsidiary of a holding company of the Company, by way of experience related refund of premium under any reinsurance agreement between the Company and such other company, other than any such reinsurance agreement in respect of which the Directors declare that the profits are either linked profits under Article 91(4)(a) above or derive from business described under Article 91(4)(b) above.

A handwritten signature in black ink, appearing to read 'R Walker', followed by a long horizontal flourish.

R Walker  
Secretary