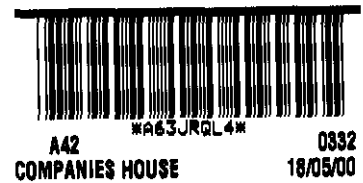


Registered Number 2811272

HALIFAX LIFE (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999



HALIFAX LIFE (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Directors and company information | 2 |
| Directors' Report | 3-4 |
| Balance Sheet | 5 |
| Notes to the Financial Statements | 6 |

HALIFAX LIFE (UK) LIMITED

DIRECTORS AND COMPANY INFORMATION

DIRECTORS

MS Lodge
DJ McPherson

SECRETARY

MS Lodge

REGISTERED OFFICE

Trinity Road
Halifax
West Yorkshire
HX1 2RG

HALIFAX LIFE (UK) LIMITED

DIRECTORS' REPORT

The directors present their Report and Financial Statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITY, RESULTS AND DIVIDEND

The company has not traded during the year and has therefore received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss. The directors do not recommend the payment of a dividend.

ULTIMATE HOLDING COMPANY

Following a group reconstruction on 1st June 1999, a new ultimate parent undertaking, Halifax Group plc was established which owns all the ordinary share capital of Halifax plc, the previous parent undertaking.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year were as follows:

MS Lodge
DJ McPherson

During the year no director had any interest in the share capital of the company or of any group undertaking other than the ultimate holding company and no rights to subscribe for such interests were granted.

As a consequence of the corporate restructuring on 1 June 1999, the directors' share interests in Halifax plc have been exchanged for interests in Halifax Group plc shares, on the basis of 37 shares for every 40 shares previously held. Therefore the table below reflects interests in Halifax Group plc shares at 31 December 1999 and in those of Halifax plc at 1 January 1999.

The interests of the directors in the shares of the ultimate holding company, including interests in shares held beneficially under the long term and short term bonus schemes, were as follows:

| | | At 31 December 1999 | At 1 January 1999 |
|--------------|------------|------------------------|----------------------|
| MS Lodge | Trustee | 14,626,075 | 14,432,826 |
| | Beneficial | 185 | 640 |
| DJ McPherson | | 185 | 854 |

Under the terms of the Halifax plc Sharesave Scheme 1997, options to acquire shares in the ultimate holding company were granted to or exercised by the following directors:

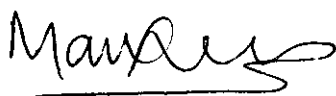
| | Waived in Year | Lapsed in Year | Number of Options Granted in Year | Exercised in Year |
|--------------|-------------------|-------------------|--------------------------------------|----------------------|
| MS Lodge | 672 | - | 1,141 | - |
| DJ McPherson | 1,189 | - | 1,819 | - |

Where relevant, scheme participants agreed to waive options in Halifax plc shares and were granted replacement options in Halifax Group plc using a basis specified by the Inland Revenue.

AUDITORS

Having satisfied the provisions of Section 250 of the Companies Act 1985 relating to dormant companies the company has not appointed auditors.

By order of the board



MS LODGE

SECRETARY

Trinity Road
Halifax
HX1 2RG

11 February 2000

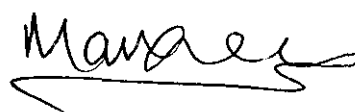
HALIFAX LIFE (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

| | Note | 1999 £ | 1998 £ |
|---|------|-----------|-----------|
| CURRENT ASSETS | | | |
| Debtors: amounts owed by parent undertaking | | <u>2</u> | <u>2</u> |
| CAPITAL & RESERVES | 2 | | |
| Called up share capital | | <u>2</u> | <u>2</u> |

The company was dormant throughout the year.

These Financial Statements were approved by the Board of Directors on 11 February 2000 and were signed on its behalf by



MS LODGE
DIRECTOR

The notes on page 6 form part of these Financial Statements.

HALIFAX LIFE (UK) LIMITED

PROFIT AND LOSS ACCOUNT

During the financial year the company received no income and incurred no expenditure and consequently there is neither a profit nor a loss to report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

These Financial Statements have been prepared in accordance with applicable accounting standards and have been drawn up under the historical cost convention.

2 CALLED UP SHARE CAPITAL

| | 1999 | 1998 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Authorised | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| Allotted, called up and fully paid | | |
| 2 ordinary shares of £1 each | <u>2</u> | <u>2</u> |

3 ULTIMATE PARENT UNDERTAKING

Following a group reconstruction on 1 June 1999, a new ultimate parent undertaking, Halifax Group plc, was established, which owns all the ordinary share capital of Halifax plc, the previous parent undertaking. Halifax Group plc is registered in England and Wales and operates in the United Kingdom. Copies of the Financial Statements of Halifax Group plc and Halifax plc can be obtained from Trinity Road, Halifax, West Yorkshire, HX1 2RG, which is the principal place of business for both companies.