

CURRENT PROCEDURES GOVERNING THE OPERATION OF CERTAIN INTERNAL UNITISED FUNDS

Date: August 2010.

Section 1: Definitions

The '*Company*' shall mean Irish Life Assurance plc.

Section 2: Unit-linked Funds

- (a) Each Fund and all assets relating thereto shall be and shall remain in the absolute beneficial ownership of the Company and shall form part of the Company's Life Assurance Fund.
- (b) Each Fund shall consist of one or more categories of unit, each category of unit being as determined by the Company. Within a Fund each unit of a category shall be of equal value to each other unit of the same category.
- (c) The Company shall maintain the records of each Fund so that the portion of the assets of the Fund associated with each category of unit is at all times identifiable. One such portion shall differ from another solely by reason of the difference between the number of units of each category in issue and differences between the charges levied against the Fund in respect of each category of unit.
- (d) The Company shall be entitled at any date to add a further category of unit or further categories of unit to any particular Fund.
- (e) The Company may from time to time create or cancel units in a Fund. Except as provided in (f) below, no units shall be created in a Fund unless there shall at the same time be added to that Fund assets of amount such that the unit prices are not materially affected. No assets shall be withdrawn from a Fund otherwise than for the purpose of meeting the costs of managing, maintaining and valuing the assets of the Fund, charges and taxation liabilities or for the purpose of reinvestment, and unless at the same time units of one or more categories are cancelled, the number or numbers of units so cancelled being such that the unit prices are not materially affected.
- (f) The Company may at any time create units within a Fund without adding any assets thereto but only if at the same time units of one or more categories are cancelled, the numbers of units so cancelled being such that the unit prices are not materially affected.
- (g) Each Fund shall be credited with all income relating to the assets of the Fund after all charges and outgoings due (including the costs of

managing, maintaining and valuing the assets of the Fund), and where applicable a deduction for taxation in accordance with Section 5.

- (h) The Company may from time to time procure cash or foreign currency for any Fund by means of borrowings on such terms as it shall decide and may use part of the assets of that Fund as security for any or all such borrowings, and such borrowings shall be considered a debt against that Fund.

Section 3: Investment of Assets

The Company has complete discretion over the investment of the assets of each Fund, subject to the assets being consistent with the investment policy of each Fund as laid down by the Company from time to time. The Company does not guarantee that the Fund will achieve any of the investment objectives specified for the Fund. The Company will give one month's notice before making a significant change to the investment objectives of a Fund, unless in the opinion of the Company it is necessary to make an immediate change to protect policyholders.

Section 4: Fund Valuations

- (a) The Company shall at such times as it may determine, but not less frequently than once in each calendar month effect a valuation of the assets relating to each Fund. This is subject to the exceptions noted in 4 (b) and 4 (h) below.
- (b) For certain Funds the valuation of assets may be carried out less frequently than once a month if in the opinion of the Company more frequent valuations are of minimal benefit to unit holders.
- (c) The maximum valuation of each Fund shall be the amount of money which in the opinion of the Company it would cost to purchase the assets of the Fund (this includes the expenses of purchasing assets) reduced by the amount of all borrowings and reduced by such amount as the Company shall in its absolute discretion consider appropriate to provide a reserve against all expenses, charges, taxes, duties and other fiscal impositions for or to which the Company or the Fund may become liable and which have not previously been taken into account.
- (d) The minimum valuation of each Fund shall be the net amount of money which in the opinion of the Company would be received if the assets of the Fund were realised each valuation (this includes the deduction for the expenses of selling the assets) reduced by the amount of all borrowings and reduced by such amount as the Company shall in its absolute discretion consider appropriate to provide a reserve against all expenses, charges, taxes, duties and other fiscal impositions for or to

which the Company or the Fund may become liable and which have not previously been taken into account.

- (e) For the purpose of the maximum and minimum valuations above, the cost of purchasing a unit of any of the Company's internal unit Funds or the net amount of money that would be received if such unit were realised shall be determined by reference to the valuation of the net assets ultimately underlying that unit Fund.
- (f) The value of the Fund to be used in calculating unit prices will be at either the maximum valuation or minimum valuation or between those valuations as the Company in its absolute discretion considers appropriate.
- (g) In order to determine the cost of purchasing the assets of the Fund or the value which would be received if the assets for the Fund were realised, the Company shall endeavour to use quoted market prices where these are available. In the absence of quoted market prices, for example in the case of property assets, the Company may engage a firm or firms of valuers being firms of established practice in the valuation of similar types of assets. If suitable valuers are not available or where in the opinion of the Company the engagement of such valuers would be excessively expensive the Company may at its absolute discretion adopt alternative methods, which it considers reasonable, of placing a value on the assets of the Fund.
- (h) If in the opinion of the Company it is impossible, impractical or incorrect to carry out a valuation of a specific asset of the Fund in accordance with paragraphs (a) to (g) above, or if in the opinion of the Company such valuation is not representative of the asset's fair market value, the Company may at its absolute discretion adopt an alternative valuation method or delay the valuation of the Fund.

Section 5: Taxation

For net life Funds there shall be a tax deduction taken from the Fund based on the tax that would be assessed if the Fund constituted the entirety of the Company's Life Assurance Fund and there were no allowance for expenses.

If the basis of taxation of the Company at any time is such that the Company is chargeable to any extra tax directly or indirectly in relation to any of the Funds governed by these Fund Operating Procedures, the Company shall be entitled to adjust the amount of each Fund as it shall deem appropriate. For the purpose of these Fund Operating Procedures, taxation shall mean income tax, corporation tax, capital gains tax or any other tax, levy or fee.

Section 6: Charges

- (a) The Company shall be entitled to deduct for its own benefit from each Fund charges in respect of each category of unit. Appropriate credit will be given in determining these charges for any charge received by the Company in respect of units held by each Fund in any of the Company's internal unit Funds.
- (b) The charges applying at any time shall be as disclosed in the policy terms and conditions or as amended by prior written notification to unit holders. The level of charges may differ from Fund to Fund and within a Fund from one category of unit to another. If the Fund has management charges such charges will be based on the offer price of units unless otherwise stated.

Section 7: Unit Prices

- (a) The prices of units of each category of each Fund shall usually be expressed in terms of an offer price and a bid price. For certain Funds only one price may be quoted for the Fund.
- (b) The offer and bid price of units of each category of each Fund shall be determined by the Company in conformity with these Fund Operating Procedures:
- (c) The bid price shall be determined by the Company, having sought advice from the Company's Actuary.
- (d) The spread between the offer and bid prices shall be as disclosed in the policy terms and conditions or as amended by prior written notification to the unit holders.
- (e) The prices quoted for unit linked funds are rounded to the nearest 0.1 cent for the majority of funds. All rounding of unit prices is carried out on a neutral basis, and no material benefit or loss accrues to the Company from this rounding.

Section 8: Closure of Funds

For commercial or practical reasons, or to respond to market needs, the Company may close an existing Fund to new money or wind up an existing Fund. At least one month's notice will be given before the Company closes or winds up a Fund unless in the opinion of the Company it is necessary to make an immediate change to protect policyholders.

After the expiry of the notice period, if a Fund is no longer open to future premiums the Company will apply any future premiums that would have been applied to the closed or wound up Fund to another Fund that is, in the opinion of the Company, an appropriate replacement Fund having taken account of the investment objectives of the original Fund. During the notice period unit holders may instruct the Company to invest their future premiums in an alternative available Fund.

After the expiry of the notice period, if a Fund is wound up the Company will switch any existing units in that Fund to another Fund that is, in the opinion of the Company, an appropriate replacement Fund having taken account of the investment objectives of the original Fund. No charge will be levied on unit holders for this switch. During the notice period unit holders may instruct the Company to switch their unit holdings to an alternative available fund. No charge will be levied on unit holders for this switch.

Section 9: Temporary Suspension of Fund Operating Procedures

The Company may at its absolute discretion temporarily suspend the operation of these Fund Operating Procedures, which may include the temporary suspension of the issuance of Fund prices, during:

- (a) any period when any stock exchange or other recognised market on which a substantial portion of the assets of the Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings in any such market are restricted or suspended;
- (b) any period where as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Company, the disposal or valuation of assets of the Fund cannot in the opinion of the Company be effected or completed normally or without prejudice to the interests of the unit holders of the Fund or shareholders of the Company;
- (c) any period when the Company is unable to repatriate funds for the purposes of making redemption payments to unit holders or during which the realisation of assets of the Fund cannot in the opinion of the Company be effected at normal prices;
- (d) any period when for any reason the value of assets of the Fund cannot in the opinion of the Company be promptly or accurately ascertained.

Section 10: Changes to Fund Operating Procedures

The Company may change these Fund Operating Procedures from time to time at its absolute discretion.