

FAMILY INVESTMENTS

RESULTS OF THE 2010 ANNUAL GENERAL MEETING

The Family Investments 2010 AGM held at the Brighton Metropole Hotel on 21st May was attended by 95 members.

The Chairman opened the meeting by welcoming everyone present and the script of his speech is appended below. This was followed by an Investment Review presentation by John Bearman, Chief Investment Officer of Santander Asset Management.

12,275 members voted by proxy this year, a decrease on last year's total of 23,396. The reduction in number of proxy votes is a direct result of our decision in 2009 to move to an 'opt in' AGM pack mailing system, the aim being to reduce costs but continue to mail members who wish to actively engage in the running of the Society. If you did not receive an AGM pack this year, please contact us and ask to be opted into the AGM mailing for next year.

The Chairman and Chief Executive answered questions regarding the Report and Accounts 2009, the future of the Child Trust Fund, the director's remuneration, and the staff pension scheme and fund performance.

The Chairman proposed each of the formal resolutions and asked for a show of hands. He announced the result of the show of hands, and the results of the proxy votes.

All resolutions were passed with a majority votes on a show of hands at the Meeting.

Proxy Votes

Total number of proxy votes returned – 12,275 (spoilt votes are not included)

Votes Cast	Number of Votes For	Number of Votes Against	Number of Votes Abstain	% in favour
<i>Ordinary Resolutions</i>				
Approve the financial statements	11,981	168	124	98.62%
Approve the directors' remuneration (advisory vote)	10,434	1,449	385	87.81%

Re-appoint Mazars LLP as auditors	11,739	351	177	97.10%
<i>Election / Re-election of Directors</i>				
Robert Weir	11,482	541	250	95.50%
John Adams	11,537	498	237	95.86%
John Reeve	11,472	554	246	95.39%
Peter Box	11,559	447	266	96.28%
Ian Buckley	11,509	479	280	96.00%

THE CHAIRMAN'S OPENING SPEECH

Family Investments Annual General Meeting, 21st May 2010

Good morning ladies and gentlemen. I'm Robert Dolman and it is my privilege to welcome you to Brighton for the 36th Annual General Meeting of Family Assurance Friendly Society.

Family is proud to be based in Brighton which has been our home for over 25 years and also that Brighton Pavilion, this constituency has elected the country's first Green party member, Caroline Lucas, as its MP. Indeed this fact and the formation of the first coalition government for 70 years means that change is very much in the air.

It is possible that some of the plans of the new government will bring about changes in the products we offer but not to our values and our desire to do the right thing for our members, our staff and all those who deal with the Society. Whilst we may on occasions fail to meet that aim our first instinct is to acknowledge any failure and to put things right. As always your role is to see that we do so and to complain loudly if you think we have let you down. You will in line with our tradition have an opportunity to put me and the rest of the



Committee on the spot with your questions and comments later in this meeting. In my case, this is your chance to.

I'm delighted to report that 2009 saw improved investment returns for the vast majority of members driven of course by the recovery in stock markets but also I believe as a result of our new investment strategy. John Bearman of Santander Asset Management will make a short presentation after I have finished speaking which will set out what has been achieved in the year since they were appointed and how Santander view the future for investment markets. Whilst we will always seek to maximise investment returns we will also seek to reduce the level of volatility in unit prices and believe that it is now time to invest some of the money we manage on your behalf into funds which target absolute return over and above a cash benchmark.

The business itself grew strongly and we welcomed over half a million new members to the Society in 2009 with total membership now exceeding 1½ million. In contrast to many other societies anyone who holds a policy with the Society or any of its subsidiaries is offered membership and as a result we can fairly claim that Family is owned by all of its customers.

There were two particular areas of growth for the Society in 2009 firstly through the Child Trust Fund, a market which we have led since its inception in 2005; a lead which was further enhanced last year when we agreed to accept the transfer of CTF business from Abbey and Liverpool Victoria. We believe that the CTF has been a great success in encouraging people to save for their children's future and much of that success is because it is available to all children. The fact that everyone from 2020 onwards will have some savings supporting them when they become adults is a sound investment in our children's future.

We along with others in the industry have argued for the continued preservation of the universal nature of the scheme but in doing so have acknowledged the need for government to make substantial savings in expenditure. The proposals we have put forward meet these twin objectives and we remain hopeful that they will find favour with the new government.

However whatever the future holds for the CTF we should not forget that we were a leading provider of long-term savings for children before the arrival of the CTF and intend to remain fairly committed to that market.

The other strong area for growth has been the promotion of Individual Savings Accounts in conjunction with the Post Office® which has produced £0.5 billion of savings in less than 2 years. The surge in ISA business has put great strain on our administration teams and I would like to thank them on your behalf for their



great response to this challenge. On occasions the flood of new business has temporarily affected our telephone response times however we have sought to resolve these problems rapidly as it is vital that all areas of our business meet high service standards be that via written correspondence, telephone answering or the efficiency of our website. If your experience is to the contrary please let me know.

We are currently researching with members what other services and products they might like from Family and have recently made our Over 50's life product available on the internet. We believe that our Over 50's product compares favourably with most other products of this type and is well worth considering especially if you want to ensure that your relations give you a good send off!

The growth we have enjoyed in recent years has required substantial investment in marketing and systems and this has reduced the level of our reserves. Nonetheless these remain comfortably in excess of statutory requirements and the enhanced scale of the business now on the books increases the robustness of the Society for the future.

I shall be retiring at the conclusion of this meeting after a long and happy association with the Society. I will be succeeded as Chairman by Robert Weir whose experience both within Family and elsewhere I am certain will ensure both continuity and sound leadership in the governance of the Society.

My colleague, John Wybrew, who has served with me for many years, will also retire following this meeting and I would like to take this personal opportunity to thank him for his support and wise counsel over the years and to wish him well for the future.

We have been lucky enough to recruit two excellent replacements as non-executives. Firstly Peter Box who just retired from PricewaterhouseCoopers after 39 years of service to that company. Amongst other things Peter will chair our Audit and Risk Committee where I am sure he will put his PWC experience to good use. Our other new recruit is Ian Buckley who ran Smith & Williamson and is now a director of Rathbone PLC and will bring his talents to bear not only in the Audit Committee but also on the Investment Committee. We will be seeking your agreement to these two new appointments with the votes taken at the conclusion of this meeting.

Before handing over to John Bearman to talk about investment may I take this opportunity to thank you the members for all you support, courtesy and good humour during my period of Chairmanship of the Society.



This is my 30th and final AGM and I am proud and privileged to have been your Chairman for over half of them. When I first joined the Committee the Society had less than £10 million under management today it has over £2.5 billion. Size alone is a fairly crude measure of success. The business has only grown because we constantly strive to put our members' interests at the centre of everything we do, which is why we remain firmly committed to being a member owned mutual organisation. Whatever the next chapter holds, the greatest sense of achievement I take with me is the knowledge that Family has prospered and is here for its members when so many financial services organisations, both in the proprietary and mutual sectors, have ceased to exist.

The first AGM I attended was in 1981 and the venue was the Old Ship Hotel in Brighton which is just along the front. The meeting was a lively one and Bob Morrison the then Chairman answered difficult questions for several hours which only came to an end when the fire alarm somewhat conveniently went off and we all had to evacuate the building.

Today I intend to employ a rather more sophisticated technique by inviting you all to lunch!

May I finish by wishing you the members, our hard working staff and everyone connected with the Society the very best of fortune in the future.