

Dear Member

I am writing to inform you of the proposed transfer of the Society's engagements to The Independent Order of Odd Fellows Manchester Unity Friendly Society Limited, commonly known as the Oddfellows, and to invite you either to attend an Annual General Meeting of the Society to be held in Middlesbrough on 20 November 2024 or to cast your votes on the resolutions to be considered at that meeting by proxy. A formal notice of the meeting and a proxy voting form are enclosed with this circular.

Tees Mutual has a proud history of 120 years of providing life assurance and savings products to meet the needs, primarily, of people on Teesside and in surrounding areas, including making home visits to collect premiums. However, like many other smaller friendly societies, rising costs and declining sales of our "with-profits" policies have led us to conclude that members' best interests will be served by merging Tees Mutual with a larger society.

Following discussions with our regulators, the Prudential Regulation Authority and the Financial Conduct Authority, your board are recommending a merger with the Oddfellows. Whereas we have not been able to offer significant bonuses on our with-profits policies (both our whole of life and endowment policies) for some years, Oddfellows are proposing fixed reversionary and annual bonuses across all policies and a minimum total payout on maturity or on earlier surrender of the endowment policies. Further details of the terms of the merger are set out in this document, where there is also information on the bonuses and surrender rates.

Although much larger than us, the Oddfellows also believe in the importance of local communities and have a network of branches which you will be invited to join on preferential terms. There will be an initial transition period of 12 months in which our local agents will support members to switch to paying their premiums by direct debit, but Oddfellows have committed to retain a Tees Mutual Member Care Manager after the transition period and members will still be able to pay in cash if they prefer.

We are proposing to effect the merger by way of a transfer of Tees Mutual's engagements to the Oddfellows under section 86 and schedule 15 to the Friendly Societies Act 1992. This will be subject to the approval of you, our members, by a special resolution (requiring at least a 75% majority of those voting to vote in favour) passed at the Annual General Meeting on 20 November 2024 and subject to confirmation by the Prudential Regulation Authority. We are proposing an ordinary resolution to amend Tees Mutual's rules to replace the entitlement to variable bonuses with the new fixed bonuses.

Your board believes the merger with the Oddfellows provides certainty and security to members and unanimously recommends that you vote in favour of all the resolutions.

Yours sincerely

Mark Brooks
Chair

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Tees Mutual is a trading name of The Kensington Friendly Collecting Society Limited (KFCSL). KFCSL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. KFCSL's Financial Services Register number is 110050. KFCSL is a member of the Association of Financial Mutuals. The head office of KFCSL is 1-3 Kensington Road, Linthorpe, Middlesbrough, North Yorkshire TS5 6AL.