

30 July Update

Dear Policyholder,

I am delighted to tell you that this morning Aviva has announced that Norwich Union and I have reached agreement over the reattribution.

There are a number of key points:

1. The offer is to pay £1 billion in cash for the estate which is now valued at £2.1 billion – market conditions over the last six months have had an impact on the estate, demonstrating why this working capital is necessary to support the strength of the fund. In future, shareholders will take all the risk of providing this support.
2. The average payment is £1000 and there is a minimum payment of £400.
3. This is a good overall result, particularly taking account of the pre-reattribution special bonus of £2.1 billion to qualifying policyholders, which means that overall some 70 per cent of the estate is being released to policyholders.
4. Vitaly **you** will now have a choice that **you** can make about whether **you** want to accept **your offer**
5. Equally important, if you don't want to accept the offer you will be in much the same position as you are now under a very wide range of possible circumstances.

The full release from us is below, please follow this link to download the Norwich Union release. <http://www.policyholderadvocate.org/downloads/Aviva-announces-reattribution-offer.pdf>

Also on the site is a video I have recorded dealing with the reattribution, which you can see by clicking on this link <http://www.policyholderadvocate.org/video-interview> I hope you find this and the other material helpful.

There is a great deal more to do now to pave the way for you to get your offer. Work has begun on my full report as well as material to help you make your choice. Norwich Union and I will write to all policyholders in the next few weeks to tell them of the agreement and to set out the timetable.

I would like to thank you all for your interest in registering for updates and the many kind and helpful messages that I have received since the project began. In particular I am grateful for the patience that you have shown as the negotiations have carried on.

I believe that we have achieved a very good deal and hope you will be pleased that I have achieved my main priority of getting you a choice about what to do.

Yours faithfully Clare Spottiswoode

Media release from the Office of the Policyholder Advocate

Wednesday 30 July 2008

Spottiswoode delighted at Norwich Union reattribution deal - 'good in all respects' for with-profits policyholders.

Clare Spottiswoode has today said that she is delighted by the confirmation from Norwich Union that it is to proceed with its reattribution of the inherited estate of two of its with-profits funds. The average cash value to policyholders is £1000 for each policy and the total amount offered is £1 billion for an estate currently valued at £2.1 billion.

Together with the pre-reattribution distribution of some £2.1 billion the equivalent of around 70 per cent of the inherited estate is being transferred to policyholders, either as bonuses or cash, while the

security of the funds is maintained. The Financial Services Authority (FSA) has said that its preliminary assessment of the agreement between Norwich Union and the policyholder advocate, Clare Spottiswoode, is that it is a fair offer. The agreement remains subject to a formal fairness review by the FSA which will be presented to the High Court and to scrutiny by the High Court itself.

Clare Spottiswoode today said:

"I am delighted that we have a deal that is in the interests of the great majority of policyholders. There is a substantial amount of cash on offer. Eligible policyholders are also benefiting from a very large distribution of some £2.1 billion related to the reattribution. This deal is good in all respects. It also provides a fair return to shareholders. "Another very important matter for the company and me has been the position of those who decide not to accept the offer. Arrangements are in place so that, within a wide range of possible outcomes, those who do not accept the offer will be in a broadly similar position as if a reattribution had not happened.

"It is a significant achievement to be able to give policyholders the real choice about whether they want to carry on as now, or accept a cash reattribution payment. This has always been one of my main priorities. I look forward to setting out the details to policyholders in due course.

"This has been a long and difficult process. I have challenged many aspects of the rules of the with-profits industry to try to ensure that policyholders receive the best deal possible.

"I would like to acknowledge and congratulate Norwich Union's negotiation team for its part in the work. The individuals concerned have been extremely professional and diligent in responding to my requests and questions. I believe that they have represented their company in an exemplary fashion. They have also had a very clear and proper concern for the achieving a fair result for policyholders as well as for their shareholders. This deal represents a very good opportunity for the policyholder and the company to release value from the estate without undermining the strength of the funds."

Notes

A Clare Spottiswoode video interview is available for view on www.policyholderadvocate.org/video-interview

Notes to editors

1. High resolution images are available from www.vismedia.co.uk Telephone 0207 613 2555
2. Clare Spottiswoode was appointed policyholder advocate on 21 November 2006.
3. Norwich Union announced a special pre-reattribution distribution of £2.1 billion to policyholders (90 per cent) and £230 million to policyholders (10 per cent) on 5 February 2008. Payments to policyholders will be made in three stages for those eligible on 1 January 2008, 2009 and 2010.
4. More information about the work of the policyholder advocate is available on www.policyholderadvocate.org

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