Annual General Meeting 2009

Frequently Asked Questions

In the Chairman's letter, which accompanied the Notice of the Annual General Meeting, shareholders were given an opportunity to ask the directors a question relating to the business of the meeting. It is believed that this process is of particular interest to those shareholders who are unable to attend the meeting. This leaflet sets out the answers to the most frequently asked questions.

Q1. What was Aviva's policy for the 2008 Final Dividend?

Against a background of some of the toughest markets in modern British history, we delivered increased operating profits in 2008, demonstrating the underlying strength of our business. The resilience of our earnings stream enabled the Board, after careful consideration, to recommend the final dividend and maintain the full year dividend at the same level as the full year 2007 dividend. The 2008 dividend was covered 1.9 times by IFRS operating earnings after tax, which is at the top end of the Company's 1.5 to 2.0 times published dividend cover range.

In making this decision, the Company took into account the future earnings capability of the Group, Aviva's ability to continue to withstand the economic downturn and Aviva's solvency position, which remains strong.

Q2 The Company is planning to reintroduce a Scrip Dividend Scheme ("Scrip Scheme") to replace the Aviva Dividend Reinvestment Plan ("DRIP"). How does the Scrip Scheme work and what are the reasons for this change?

Aviva is seeking approval, as provided in the Company's Articles of Association, for the Company to offer shareholders the option to take their dividend payment in shares rather than cash.

The changing economic conditions in the past year have resulted in the Company's Board of Directors undertaking a regular review of the Company's dividend policy in order to ensure that the interests of shareholders and the Company are best served.

The reintroduction of the Scrip Scheme was given careful consideration by the Company's Board of Directors and it was deemed appropriate that, in the present economic climate, the Scrip Scheme would be in the best interests of the Company and its shareholders. The Board was of the view that the benefits of the Scrip Scheme outweighed those of the DRIP, which was introduced last year, and concluded that the Scrip Scheme would be more appropriate at this time.

One of the benefits of the Scrip Scheme is that shareholders do not incur dealing costs or stamp duty for the new shares issued. The benefit of the Scrip Scheme to the Company is the retention of the cash amounts, for reinvestment in the business, which would otherwise have been used to purchase shares under the DRIP, or paid out in cash as dividends.

Q3 Why is Norwich Union changing its name to Aviva?

Since 2002 we have been trading under the Aviva name and today we are already known to customers as Aviva in 23 of our 27 markets.

Many companies have found that in order to be successful they needed to use a global brand e.g. HSBC, Vodafone, O_{2}., and research tells us customers are looking for the reassurance that a strong global brand brings. We are investing to ensure that the change from Norwich Union to Aviva is completed successfully and we expect to realise savings from investing in one brand rather than many over time.

Our aim is to make Aviva a name that is recognised across the world with a reputation for excellence, for financial strength, for customer service and for providing customers with products that they want.

The early feedback from our name change advertising is very positive. There is increased awareness of the Aviva name and the fact that Norwich Union will be becoming Aviva this year.

Q4 Please would you explain the rationale behind the timing and the cost of the recent TV advertisement campaigns?

Given the current economic climate, it is even more important for Aviva to provide customers with the reassurance that a global brand brings.

The costs and potential benefits of the advertisements were thoroughly considered and using celebrities is a proven way of gaining high impact quickly and therefore increasing awareness levels rapidly. The celebrities were deliberately chosen because they are all well known internationally meaning the advertisements can be used in multiple markets, which maximises cost efficiency.

The Company has already seen awareness for the Aviva name escalate since the launch of the first advert. Awareness of the name change was around 35% in December 2008 and stood at more than 75% by mid-January (ICM Aviva Brand tracking research).

Q5 Can the Company justify the remuneration packages awarded to the Executive Directors given the current economic climate?

The Remuneration Committee entered the reward review this year conscious of the current economic environment and aware of the concern over executive pay. It looked to ensure prudent and proportionate reward outcomes that reflected Aviva's business results. The Committee took careful account of market practice to ensure that the levels of remuneration and bonuses could be objectively justified and carefully reviewed remuneration and bonus proposals to ensure they were reasonable and not excessive.

Annual bonuses form a critical part of the reward architecture that Aviva offers to ensure we remain competitive in the executive marketplace. Personal, financial, customer and employee targets are set each year and bonuses have been awarded for 2008 because these targets had been achieved in part. No adjustments to these challenging targets were made as a result of the unprecedented volatile market conditions.

In addition to the above, the various executive share plans in place for senior employees are designed to retain and provide incentives to these employees. The schemes set performance targets based on the return on the Company's capital employed and on the return to shareholders. As two thirds of executive bonuses will be deferred into Aviva shares for three years, the income of the directors is also affected by the future performance of the Company, the level of dividends and the Company's share price.

Markets are currently very turbulent and we are of course conscious of the share price performance over the last year. Our remuneration plans very deliberately and directly link executive pay to share price performance. The decline in share price was therefore felt strongly by the Executive Directors.

Please note that all Executive Directors of the Company have elected to freeze their basic salaries in 2009 to reflect the current market environment.

Q6 What are the benefits of electing directors with commitments to other companies?

Aviva recognises that permitting a senior executive to serve in a personal capacity as a non-executive on an external board brings considerable benefits to the Company. It enables the Company to gain experience and qualities from other industries or other aspects of commercial or public life.

Aviva's policy is to permit a senior executive to take up one external board appointment, but the time commitments are carefully assessed in approving any such request. The Company's policy is set out on page 114 of the Annual Report where you will see that only in exceptional circumstances would a second non-executive directorship outside the Company be approved. This ensures that the Company continues to derive the benefit which comes from an external board appointment whilst avoiding time commitments which are unduly onerous. An assessment of this nature was carried out in connection with Philip Scott's appointment to the Diageo plc board in October 2007. He was the only Executive Director who held an external non-executive Director appointment during 2008.

It is common practice for companies to allow their non-executive directors to take on external directorships. For example, you may note from the Report and Accounts that Nikesh Arora, one of Aviva's non-executive directors, is currently Senior Vice President, and President of Europe, Middle East and Africa Operations at Google which means that Aviva benefits from his expertise and insight in technology, innovation and marketing.

Q7 Please can you provide more background to shareholders being asked to approve political donations by the Company?

During 2008 the Company did not make donations to EU political organisations and did not incur any political expenditure. It is not the Company's policy to make political donations of the type caught by the Companies Act 2006, although overseas subsidiaries do make other donations such as those made through Political Action Committees which are funded by employees and not by the Company. The Company does not intend to change this policy.

However, as a result of the wide definitions in the Companies Act 2006, normal expenditure such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community might be construed as political expenditure or as a donation to a political party or other political organisation and may fall within the restrictions of the Companies Act 2006. An example of this is the Company sponsored events in support of the rebranding of Norwich Union to Aviva, accounting to a total of £8,627 disclosed on page 88 of the 2008 Annual Report.

As a result, authority is being sought from shareholders to ensure that any activities undertaken throughout the Group's businesses, which could otherwise be construed to fall within these provisions, be undertaken without inadvertently infringing them. The authority will not be used to make political donations within the normal meaning of that expenditure and the resolution is not intended to authorise any particular donation or expenditure and is only precautionary in nature.

Q8 Has Aviva ever considered holding the Annual General Meeting ("AGM") outside of London?

The Company is conscious that the current practice of holding the meeting in London is not convenient to all shareholders. However, an analysis of the Company's shareholder base conducted in 2008 shows that approximately 40% of shareholders are based in London or the surrounding counties. In common with any Company with such a large and diverse shareholder base, it is not feasible to please each of our shareholders and therefore Aviva endeavours to cater for the majority.

It is recognised that Aviva has a geographically diverse shareholder base and we have therefore sought to increase our dialogue with shareholders through electronic means. The Company regularly updates the shareholder centre on the Aviva website, www.aviva.com/shareholders, which provides details about the Company's AGM such as the presentations made by Mr Moss as Chief Executive Officer and Lord Sharman of Redlynch as Chairman, and a copy of the Stock Exchange Announcement in relation to the business of the meeting. The site also contains useful shareholder news and information about Aviva.

In addition to the above, Aviva also offers all shareholders the opportunity to ask questions about the business of the AGM and this has proved a very popular and effective way of communicating with the Company, especially if you are unable to attend the Annual General Meeting.

Q9 Please explain why shareholders are not offered discounts on Aviva's products?

Aviva recognises that all our customers require good value for money and we have sought to make our products competitively priced. The Company fully recognises the importance of its shareholders to its success and has in the past been able to offer shareholder discounts.

Since the merger of Norwich Union and CGU the size of the Company's shareholder base (over 600,000) and our diversity of products have made it difficult to offer a discount scheme that can be applied fairly and consistently across our shareholder base.
However, we do review the potential for offering shareholder discounts on Aviva products on a regular basis. Should any such discounts become available these will be communicated to shareholders via the Aviva.com website or with appropriate shareholder mailings.