Aviva plc
Annual Review 2008

By recognising who people are and what they want, and doing something about it, we aim to set ourselves apart from other companies.

This is Aviva.

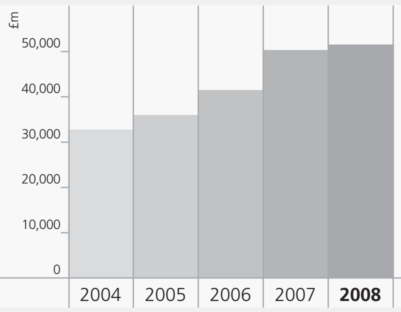
Contents

Our business

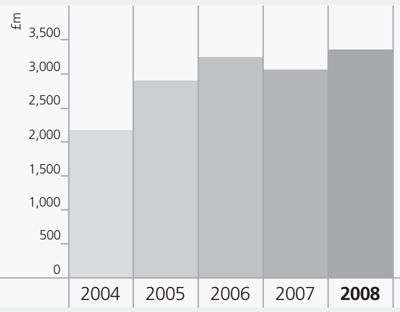
Aviva is the world's fifth largest* insurance group, serving 50 million customers across Europe, North America and Asia Pacific. Our main business activities are long-term savings, fund management and general insurance. We are the largest insurance services provider in the UK and one of the leading providers of life and pension products in Europe.**

Group

Worldwide sales†
£51,415m
2007: £50,274m

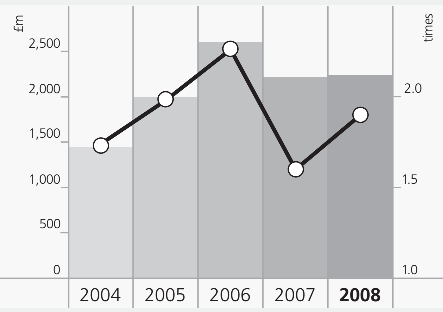


MCEV operating profit before tax‡
£3,358m
2007: £3,065m



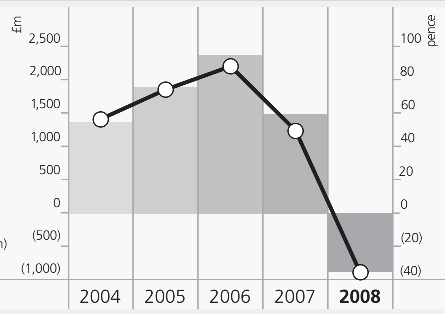
IFRS operating profit before tax attributable to shareholders
£2,297m
2007: £2,216m

IFRS (£m)
Dividend cover

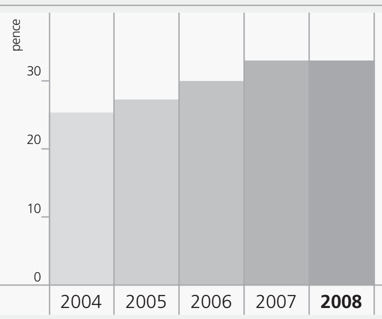


IFRS total return after tax
£(885)m
2007: £1,498m

IFRS total return after tax (£m)
EPS (pence)

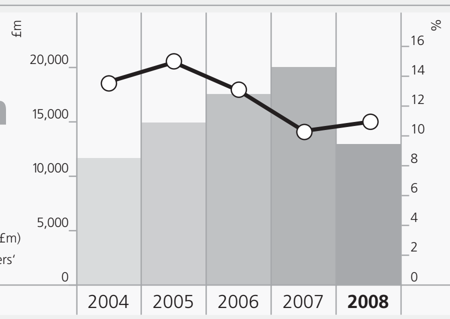


Full year dividend
33.00p
2007: 33.00p



Equity shareholders' funds≠
£12,912m
2007: £19,998m

Equity shareholders' funds (£m)
Return on equity shareholders' funds (%)#



* Based on gross worldwide premiums at 31 December 2007.
** Typically includes motor, household, creditor, health, commercial motor, commercial property and commercial liability insurance.
† From continuing operations, including share of associates' premiums.
‡ From continuing operations, long-term savings results are included on an MCEV basis before adjusting items for 2008 and 2007. Prior years are presented on an EEV basis.
≠ On an MCEV basis for 2008, 2007 and 2006. Prior years are presented on an EEV basis.
Return based on opening equity shareholders' funds. Presented on an MCEV basis for 2008 and 2007. Prior years on an EEV basis.

Chairman's introduction

Lord Sharman of Redlynch OBE
Chairman

04 – 07 More on the events of 2008
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18 – 19 More on our people

Dear Shareholder,

In my experience, the situation in which we find ourselves as we enter 2009 is unprecedented. The recent period will long be remembered as one of the most turbulent for financial markets, and indeed the world economy, since records began. Banks have been nationalised, global insurance businesses have failed, interest rates and share prices have plunged, mortgage lending has been reduced to a trickle, and no one can accurately forecast where and when the current situation will be resolved.

Aviva is well placed to weather this crisis, and for both our life and general insurance operations it is business as usual. We have made sensible decisions in the past, greatly reducing our exposure to equities and introducing a robust risk management strategy. We have good liquidity and a strong balance sheet. Our vision, "one Aviva, twice the value", is proving its worth and during the past year we have continued to attract and retain customers wherever we do business.

We are not immune to the effects of the current situation. No one is. Our 2008 results demonstrate our resilience and our ability to focus on what we are good at, namely providing prosperity and peace of mind for our customers, as well as maintaining the strength of our balance sheet.

Dividend

Our dividend policy remains unchanged. As a guide we use dividend cover in the 1.5 to 2.0 times range, based on IFRS operating earnings after tax and I am pleased to announce that our recommended final ordinary dividend for 2008 is 19.91 pence per share, bringing the total dividend for the year to 33.00 pence, in line with last year *(2007: 33.00 pence)*.

Board developments

Our thanks are due to Guillermo de la Dehesa who retired from the board at the end of 2008 after a long period of service. His experience of international financial and economic matters has been invaluable to us and we wish him well.

Mark Hodges, chief executive officer of Norwich Union Life, joined the board in June 2008 and brings with him a rare mix of operational and strategic expertise. We also welcome Euleen Goh who joined us in January 2009. Most recently chief executive of Standard Chartered Bank in Singapore (2001-2006), Euleen has a wealth of experience both as an executive and non-executive and will bring fresh insight into important areas of activity in South East Asia.

I would also like to thank all our Aviva people, led by Andrew Moss and his team, for their skill and dedication during what has undoubtedly been a challenging year for everyone.

Lord Sharman of Redlynch OBE
Chairman

Group chief executive's review

Andrew Moss
Group chief executive

Dear Shareholder,

Last year I outlined our vision to unlock value and drive growth from our existing business – "one Aviva, twice the value". Events in 2008 have certainly made it harder to achieve our medium term objectives but we remain 100% committed to their delivery. I'm confident that we can deliver our vision for our customers, our shareholders and our people.

When times are tough people want to protect what they have. They look for reassurance from brands they can trust – and our long experience of managing risk gives Aviva the strength and stability they need.

In a challenging year, the most difficult that I or any of my colleagues have had to encounter, we've remained true to our core purpose of bringing prosperity and peace of mind to our customers. We are not immune to the financial crisis, but we are confident that we have the right strategy for a successful future. I'm pleased to report that this is reflected in sound trading performance, with growth in both our life and pensions and general insurance businesses. In addition we have undertaken a thorough review of the value of our assets and liabilities and provided prudently for possible future losses so that we can withstand future volatility and uncertainty.

Today we're the fifth-largest insurance group in the world. We have over 50 million customers, 54,000 employees, global sales of £51.4 billion and £381 billion of funds under management.

Financial results

We have reported our results for the first time on a market consistent embedded value (MCEV) basis. MCEV is an improvement in many ways on European embedded value (EEV) reporting, which we have previously used, and Aviva is one of the first to adopt this basis in the UK. It leads to a more conservative view of our business which is appropriate in the current economic environment.

As a global group with 63% of our total sales coming from outside the UK we have benefited from currency movements in the year, mainly the appreciation of the euro and US dollar. However, our results also reflect the impact of the financial volatility that we've seen in 2008. On an IFRS basis shareholder funds have fallen to £11,052 million *(2007: £12,946 million)*. However, using the MCEV methodology, the impact of market movements is significantly greater and shareholder funds are reduced to £12,912 million *(2007 restated: £19,998 million)*. The great majority of this reduction in shareholders' funds is due to prudent marking to market of our assets rather than realised cash losses. As markets recover, as they will to some degree, at some point, our shareholders' funds will also increase.

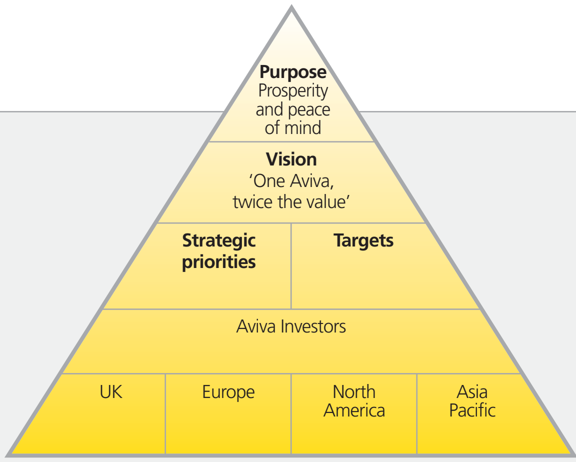
On an IFRS basis, the group operating profit before tax was £2,297 million *(2007 restated: £2,216 million)* and total IFRS return was a loss of £885 million *(2007 restated: £1,498 million profit)* which again reflected the significant impact of investment market volatility during the period. This resulted in IFRS earnings per share being a loss of 36.8 pence *(2007 restated: 48.9 pence profit)*.

Meanwhile our underlying business has shown great resilience. Pre-tax operating profit on an MCEV basis was £3,358 million *(2007 restated: £3,065 million)* with strong results in both our long-term savings and general insurance business lines. Return on equity shareholders' funds on an MCEV basis was 11.0% *(2007: 10.4%)* and the net asset value of the group at 31 December was 486 pence *(31 December 2007: 763 pence)*.

A strategy to deliver our vision

The Aviva triangle has been developed to explain the purpose, vision, strategy and regional performance of the group. Our strategic priorities are:

Manage composite portfolio
Build global asset management
Allocate capital rigorously
Increase customer reach
Boost productivity



The enormous financial volatility of 2008 has led to a reduction in the capital that we hold in excess of regulatory requirements. We remain in a strong position with an IGD capital surplus of £2.0 billion at the end of 2008. Maintaining this capital strength has been a priority in 2008 and will remain so in 2009.

Maintaining our dividend

Our group dividend policy remains unchanged. With savings rates at a record low, this is good news for our shareholders as well as a mark of our financial strength. Our recommended final ordinary dividend is 19.91 pence per share, bringing the total dividend for the year to 33.00 pence, unchanged from 2007.

Strength of our business

In 2008 we benefited more than ever from the diversity of our business model, as the spread of our businesses and geographical reach helped to mitigate risk.

Despite the downturn, we achieved our highest ever life and pensions sales in our UK Life market. In the United States we met our target of doubling new business sales, a year earlier than expected. In our general insurance business, profits improved despite continuing tough market conditions and our focus now is on sustainable profitability rather than volumes.

In the Asia Pacific markets we saw life and pensions business growing on the back of our Chinese joint venture and our new ventures in South Korea and Taiwan. Some European markets suffered in 2008 but we performed well in central and eastern Europe. With over 65% of sales coming from outside the UK, we've also benefited from currency movements such as the appreciation of the euro.

In September we launched Aviva Investors, pooling our asset management skills into a single company. With £236 billion currently under management, working in 15 countries around the world, we fully expect to see Aviva Investors become a powerhouse in global investment.

Managing our risk

Sound risk management has always been at the heart of our business. This discipline has served us well in 2008.

Whether it's financial risk as a result of changes in the values of our investments and insurance liability or credit risk from our investment in bonds and other securities, we are monitoring and managing our risk continuously.

There are many examples of our prudent approach to risk. Expectations of credit default increased dramatically in 2008 and within our UK annuity company we have made provisions at a level which assumes credit default will be worse than at any time in modern business history, worse even than the 1930's. We have experienced some credit default losses during the year, but these have been acceptable within the overall scale of our business.

Back in 2007 we made a sound decision to manage our equity risk when we sold £3.4 billion of equities and we've also taken steps to safeguard ourselves against further falls in equity markets through the derivatives markets.

Financial volatility has also meant that we have had to reassess the policyholder and shareholder elements of the reattribution of the inherited estate in the UK to ensure fairness between shareholders and policyholders. This negotiation continues in a constructive way.

Delivering for our customers

Our purpose is to provide prosperity and peace of mind to our 50 million customers around the world. I am pleased with the progress we are making towards measuring customer advocacy across our group. It will help us measure and improve customer experience and build customer loyalty. Currently over two thirds of our businesses are at or better than the external benchmark and we aim to be world-class. In the end the number of customers that stay with us and recommend us to others is the ultimate measure of our success. It has been pleasing to see the strong growth in our customer numbers, particularly in China and central and eastern Europe.

When I talk to customers, I am always struck how good it is when we are delivering first class service. Our challenge is to do this consistently, day in, day out and this is what we aim to deliver through our new brand promise.

Building the Aviva brand

Through the year we've moved several steps closer to our goal of a global brand. We already operate as Aviva in 21 markets and by June 2009, Norwich Union will have been renamed as Aviva. Hibernian in Ireland and Commercial Union in Poland move fully to the Aviva name in 2010. You can read more about our brand on page 10.

Pride in our people

If our 54,000 people around the world feel valued and that their contribution matters, they will in turn provide excellent service for our customers. I'm particularly pleased that in this difficult year, our global employee climate survey shows improvements in almost every area of activity. Our staff have weathered an unsettling year with enormous professionalism and dedication, and I am grateful to them.

We want this to be a great organisation to work for, and I believe that our people show all the signs of being proud to belong to the global family that is Aviva. As a result of our cost cutting exercise, there were some redundancies in 2008; a difficult decision, but necessary to ensure the future development of the business.

In 2008, I appointed the final members of my leadership team. I now have the support of a ten strong executive team; talented and dedicated individuals who are working together to achieve our vision. As a company, we take our obligations to the world around us seriously. We're a leader in the field of corporate responsibility and many of our people play an active part in the communities in which we operate. In 2008 we continued to be recognised by a wide range of external benchmarks for the work we do across a range of activities.

Committed to our vision

We remain committed to our vision of "one Aviva, twice the value". It has given us the focus to remain on course during one of the most difficult years in financial memory. Providing prosperity and peace of mind for our customers is a long term enterprise. This long term view of our business has meant that we've managed our resources carefully and avoided excessive risk. That gives me real confidence as I look to the future.

In the following pages you'll find more about the general trading conditions and our business activities over the last year, plus our plans for the year ahead. I hope you'll take the time to read on.

Andrew Moss
Group chief executive

Group chief executive's perspective

What's happened?

"I wasn't born yesterday"

"Show us that we matter"

The global economy

2008 was one of the most turbulent years in economic history as a wide range of assets posted record or near record falls. What began in 2007 as a crisis in US sub-prime mortgages spread first through the global banking system and then the broader economy as credit markets froze and equity markets fell.

Governments introduced a series of measures aimed at restarting lending and supporting economies. By year-end a large part of the global banking system was effectively under government control. In a further step, huge stimulus packages were launched to limit the damage, as economies slipped into recession. However, by the end of the year most of the world's equity markets had fallen by between 30% and 50%.

In the UK, the pound has weakened dramatically against the dollar and the euro. The UK economy continues to shrink after 16 years of growth – total government debt is now projected to grow by 50% to well over £1 trillion, which is nearly 60% of GDP. UK interest rates are at an all-time low and unemployment is rising fast, with some forecasters predicting three million out of work by the end of 2009.

Our own industry is not unscathed. In September 2008 we saw AIG, once the world's largest insurer, being bailed out with $150 billion from the US government largely due to its non-insurance activities.

At Aviva, we have seen a fall in the value of the investments we hold. The majority of our investments are measured at fair value according to International Financial Reporting Standards (IFRS) and our balance sheet, and consequently our net asset value, reflects substantial unrealised losses on these investments. However, we hold these instruments for the long term and as markets return to normal behaviour patterns we expect to see these valuations recover.

Our share price

Our share price has fallen significantly during the year and we ended 2008 down 42.1%, against a backdrop of dramatic falls in markets. In 2008 we have outperformed FTSE 350-Life, down 43.3% and FTSE Euro 300-Life, down 62.5%. Whilst we underperformed the FTSE 100 which ended 2008 down 31.3%, we fared better than most of our European counterparts.

There is no doubt that there is a disconnect between our current share price and the underlying value of the business. This is true of many sectors, and while investors remain nervous it is likely to persist. But customers continue to buy insurance, invest and save, with trusted brands like Aviva. As a result our operating performance has improved in 2008.

You can read our summary financial statements including our operating performance on pages 24 to 25.

What action have we taken towards achieving "one Aviva, twice the value?"

Managing our risk

At Aviva, sound risk management is a key component of our business. We had already made sensible investment decisions before the credit crunch took hold. While we had some default losses in the second half of the year on our exposure to AIG, Lehman, Bradford and Bingley, Freddie Mac, Fannie Mae and Washington Mutual, these were within our limits of acceptable risk. Since then we've taken further steps to provide against default risk.

In September 2007 we sold £3.4 billion of equities when the FTSE Index was standing at 6,400. Since then we've introduced safeguards to protect ourselves from further significant falls on the equity markets. We continuously assess our overall exposure and define the risks that we're prepared to accept across the group.

Aviva's capital management philosophy is focused on capital efficiency and effective risk management to support our dividend policy and earnings per share growth. Rigorous capital allocation is one of our primary strategic priorities and is ultimately governed by the Group Executive Committee.

We moved into 2009 with £2.0 billion of regulatory surplus capital and even if the markets fell a further 40%, our IGD surplus would still be around £1.2 billion. We're constantly looking to improve our capital structure and efficiency.

We have a strong balance sheet and strong liquidity. Our current Standard & Poors group rating is AA-, or 'very strong'. These ratings reflect our strong liquidity, competitive position, capital base, increasing underlying earnings and strategic and operational management.

Valuing our customers

We are building a culture that puts customers at the heart of our business. By really understanding what they need we can give them the best possible service and experience of Aviva and earn their long-term loyalty to the brand.

We're in the sixth year of a survey into customer attitudes to saving. In 2008 we surveyed 28,500 people across 25 markets, bringing the total to over 100,000 responses since we started. We also launched a challenge, the Customer Cup, in which we invite teams from Aviva's offices around the world to identify and implement ways of making a difference to customers and help build customer loyalty.

Our regional structure is helping us to get closer to markets and be more responsive to local opportunities and conditions. We want Aviva customers to have all the benefits of a global organisation that shapes products to their varying needs and lifestyles, wherever they live.

Valuing our customers means giving them products and services that they need and there are many successful examples throughout the company. This year in the UK for example, we've launched a ground-breaking new website. We'll tell customers our competitors' prices for motor insurance against our own, even if the alternatives are cheaper. They can also check their existing cover with other insurers against comparable cover from Norwich Union. In the savings market we are giving customers a fairer deal with a new pricing system for annuities which uses postcodes to reflect their lifestyles and circumstances more accurately.

In the Asia Pacific region, where both incomes and life expectancy are on the rise, people are also looking for safe savings opportunities. Our new joint venture in South Korea takes us into the second largest life insurance market in Asia.

To stay ahead in growth markets, we must be inventive. Bancassurance, which offers people the convenience of buying insurance at local bank branches, is one of the foundations of our business in western Europe. We're now successfully introducing the concept of bancassurance to customers across eastern Europe and the Far East. Today we have more than 90 bancassurance partnerships around the world, generating nearly one quarter of Aviva's long-term savings sales.

This mix of activities is one of the key drivers of our success. We see life insurance, general insurance and asset management as complementary parts of a business that can balance cash flow, returns and long-term value for our shareholders, while bringing prosperity and peace of mind to our customers.

Making our business more transparent

We have always been committed to improving the transparency of our business and so we became one of the early adopters of a new way of reporting in 2008 – Market Consistent Embedded Value (MCEV).

MCEV aims to improve transparency and comparability in embedded value reporting across Europe.

We believe that it gives useful insight into the financial performance of the group's life and related businesses. You can read more about MCEV reporting and how it affects our results on page 25.

Building a more efficient organisation

"One Aviva, twice the value" also means a leaner, more efficient organisation. One of the benefits of being a truly global organisation is that we can simplify systems, share services and IT, and streamline the running of all our businesses.

In 2007 we announced a total cost reduction programme of £500 million. The UK life business is on track to deliver £100 million of savings by the end of 2009. In the UK general insurance business, we have completed the first phase to deliver cost savings of £200 million in 2008. Phase two of the transformation, announced in June 2008, is the creation of nine modern customer facing centres of insurance expertise to deliver consistent first-class service. This, and associated initiatives, will deliver an extra £150 million in savings a year by the end of 2010. A further £50 million cost savings will come from our European businesses.

We are also simplifying our legacy systems. In 2007, we announced a deal with Swiss Re to outsource the administration of nearly three million Norwich Union Life policies. This has already allowed us to decommission over 200 systems, and improve our service both to IFAs and policyholders.

However, cutting costs is not without impact, sadly and most notably on our people. There have been some redundancies this year, but these decisions have been made to ensure the ongoing development of the business.

Group chief executive's perspective continued

What have we achieved?

Highlights of the year

- Delivered life and pension new business sales ahead of analyst expectations with a second consecutive record year in the UK
- Improved our Financial Adviser Service awards rating to four stars in UK life and pensions business
- Achieved target of doubling sales in our US life business a year ahead of plan
- Worldwide general insurance combined operating ratio improved to 98% *(2007: 100%)*
- Voted "General Insurer of the Year" in the UK at the Insurance Times Awards for the sixth year running
- RAC was voted by JD Power as the best Roadside Assistance provider in the UK for the third year running
- Won "Life Company of the Year" at the AFA Plan for Life awards in Australia
- Maintained our number one ranking in both fixed indexed annuities and fixed indexed life insurance markets in the US Life business
- Completed the acquisition of VIVAS Health in Ireland
- Signed new bancassurance deals in Spain, Poland, Turkey and Italy
- Maintained good growth in China with a 66% increase following significant expansion of our distribution network
- Expanded our distribution footprint through new joint ventures in South Korea and Taiwan coming on-line
- Successfully launched Aviva Investors, our global asset management business
- Maintained a strong capital and liquidity position. IGD surplus of £2.0 billion and direct access to £1.4 billion of liquid assets with further £2.1 billion of undrawn committed credit facilities
- Embarked on the global rebranding programme with Norwich Union to become Aviva in 2009. Poland and Ireland to complete rebrand in 2010
- Early adoption of market consistent embedded value (MCEV) methodology for our long-term savings business

"Remember whose money it is"

£3,358m

MCEV operating profit before tax
Turbulent financial markets have had an impact on our profit before tax but operating profit, over which we have more direct control, is 10% up on 2007.

£2.0bn

IGD solvency surplus
Aviva has a strong capital position. Insurers are required to hold a financial buffer over and above statutory solvency levels, known as the capital resource requirement. The IGD surplus is the amount of capital held in addition to this regulatory requirement.

50m

Number of customers
Despite the tough economic climate in 2008 our overall customer base has grown. In Asia Pacific we launched joint ventures in South Korea and Taiwan and we expanded our distribution network in China. We've also seen an increase in customers in central and eastern Europe where our businesses have performed well.

33.00p

Dividend per share
In an environment of low interest rates, dividends are important to shareholders. We've maintained our dividend in line with 2007 while balancing the requirements of our investors and the need to maintain capital to develop the business.

£51.4bn

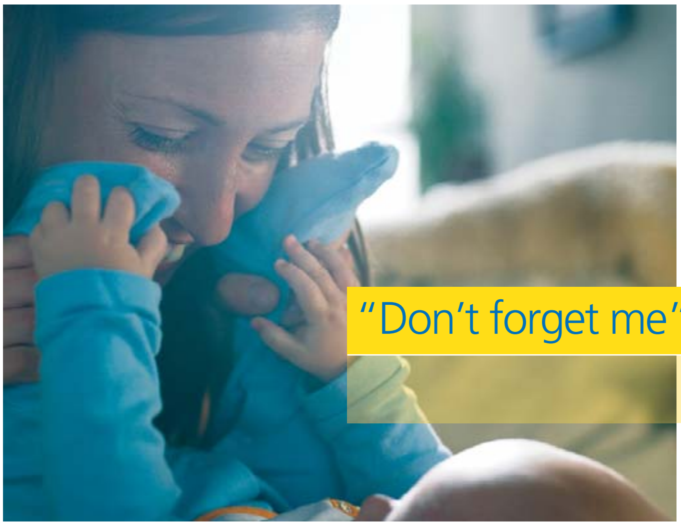
Worldwide sales
Sales were up in 2008 with growth in both life and pensions sales and general insurance and health net written premiums. This was offset by lower sales of investment products reflecting the volatility experienced in financial markets during the year.

486p

Net asset value per share
NAV is one of the key ratios analysts use for measuring the value of a company and contrasts with our share price which closed at 390p on 31 December.

What's next?

"I want to be more than just a target market"



"Don't forget me"

Economic outlook

We moved into 2009 in the midst of a recession. Industrial production and corporate profits are falling sharply and unemployment rising equally fast. Economic growth is expected to be extremely poor in 2009 but is likely to recover in 2010 led by the US and China. From start to finish the recession is likely to cut western GDP by at least 4%. Looking out beyond 2009, with no return to normal lending and a sustained rise in savings, we expect economic growth to be very subdued over the next cycle.

What's next for our markets?

Looking ahead we expect the UK and European markets to remain subdued in 2009. In North America, sales of indexed annuity products will not grow as fast as they did in 2008, but this is set against very strong growth over the past two years. In the Asia Pacific markets we anticipate steady growth in the major economies, although investors are likely to be more cautious.

We do expect to see growth returning to our bancassurance business as the banks concentrate on their retail operations and bancassurance becomes even more important to them. At a time when some banks are facing huge difficulties, we continue to do business in this area.

Our strategy

Although the outlook is challenging, our strategic objectives remain clear and relevant. Some of these objectives have already been met. North America is a great example where we have already reached our target a year ahead of schedule. In these areas we'll be setting new and challenging targets for the year to come.

In the current economic climate, performing in line with the market is a realistic aim. Our priority will be to maintain our capital strength by making the most efficient and profitable investment choices. By doing this we expect to emerge from the current climate even stronger.

We'll place less emphasis over the coming year on top-line sales targets, though we will maintain a strong presence in each of our markets. In our general insurance business we remain committed to meeting or beating our target of 98% COR for the group.

We are confident that by adhering to our strategy and our vision to create "one Aviva, twice the value", we have the greatest opportunity for success in the present climate.

Group structure

Executive management team

Andrew Moss
Group chief executive

Philip Scott
Chief financial officer

Mark Hodges
Executive director,
Chief executive
Norwich Union Life

John Ainley
Group human
resources director

Amanda Mackenzie
Chief marketing officer

Anupam Sahay
Group strategy and
development director

Igal Mayer
Chief executive,
Norwich Union
General Insurance

Alain Dromer
Chief executive,
Aviva Investors

Andrea Moneta
Chief executive,
Aviva Europe

Tom Godlasky
Chief executive,
Aviva North America

Simon Machell
Chief executive,
Aviva Asia Pacific

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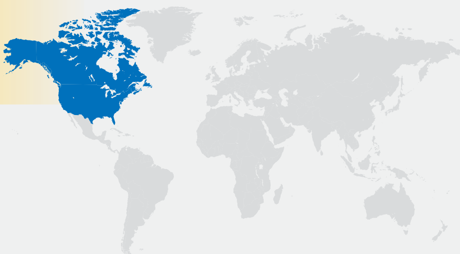
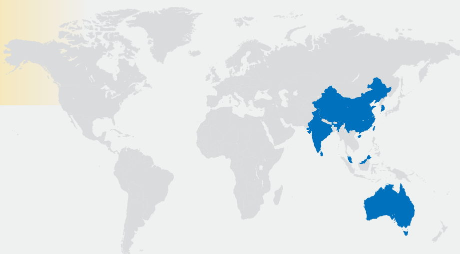
UK

Europe

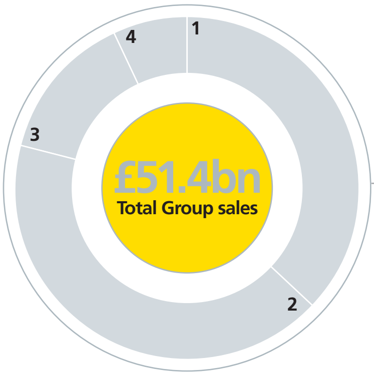
North America



Asia Pacific



	Total sales		Contribution to group sales	MCEV operating profit	IFRS operating profit
UK	£18,756m	1	37%	£1,509m	£1,377m
Europe	£21,844m	2	42%	£1,925m	£1,141m
North America	£7,316m	3	14%	£334m	£149m
Asia Pacific	£3,499m	4	7%	£69m	£36m
Aviva Investors				£41m	£114m



What we do
In the UK we are a leading provider of life, pensions, investment, general insurance and health products to more than 20 million customers. We also provide roadside assistance through the RAC. Products are distributed via a number of channels including IFAs, brokers, corporate partners and direct to customers via the internet. Currently trading as Norwich Union, we are rebranding to Aviva during 2009.

Employees and locations
28,424
2007: 32,872

Our life and general insurance businesses are based in York and Norwich respectively, with operations spread across the UK. We also have overseas operations in India and Sri Lanka

What we do
We operate in 15 countries across Europe and are the second largest insurer in the region, providing life, general and health insurance products to more than 20 million customers. Customers are served through a diverse set of distribution channels, including banks, brokers, agents, direct sales force, telephone and the internet. Our ability to operate across distribution channels allows us to meet different customer preferences and respond to market developments.

Employees and locations
16,501
2007: 15,989

Belgium	Italy	Romania
Czech Republic	Ireland	Russia
France	Lithuania	Slovakia
Germany	Netherlands	Spain
Hungary	Poland	Turkey

What we do
Our North America region is comprised of two distinct businesses. In Aviva USA we provide a comprehensive portfolio of life insurance and annuity products to more than one million customers in all 50 states through independent agents and brokers. Through Aviva Canada, we market a wide range of conventional personal and commercial lines insurance to more than three million customers using brokers and affinity groups.

Employees and locations
5,627
2007: 4,634

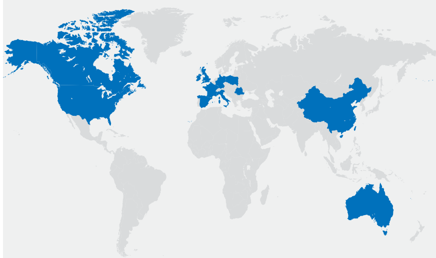
Canada
United States

What we do
We have been present in Asia Pacific for over 100 years and today operate in nine markets across this region. We are particularly focused on providing long-term savings products through a multi-channel distribution strategy with particular strength in bancassurance and wrap administration. We also sell general insurance products in Sri Lanka and Malaysia and are an established provider of health insurance in Singapore.

Employees and locations
2,376
2007: 2,052

Australia	India	South Korea
China	Malaysia	Sri Lanka
Hong Kong	Singapore	Taiwan

Aviva Investors



What we do
Aviva Investors is a global asset management business dedicated to building and providing our clients with focused investment solutions. Our client base ranges from among the largest financial institutions to individuals investing for the future. We operate under a single brand in 15 countries so our clients benefit not only from our unique access to, and experience of, our local markets – but also from our ability to leverage an infrastructure that comes with global representation.

Employees and locations
1,298
2007: 967

Australia	Ireland	Singapore
Canada	Italy	Spain
China	Luxembourg	Taiwan
France	Poland	United Kingdom
Germany	Romania	United States

Our global brand

The creation of a single global brand is a key part of delivering ‘one Aviva, twice the value’ and the implications go far beyond changing the name on our brochures or signs. We know that if we are to achieve our objective of being our customers’ most recommended brand we will be judged by what we do, not what we say.

Why we’re changing

Aviva – already an established and respected brand

Customers in 21 markets across the world already know us as Aviva. We’re market leaders in everything from bancassurance in Europe and Asia, to Fixed Indexed Annuities in the USA. And in 2008, our fund management operations around the world came together to form one single, global business, Aviva Investors. We have also traded as Aviva plc since 2001.

More impact with customers

The creation of a single brand globally will mean we will be able to improve the effectiveness of our marketing spend across our businesses. This means achieving greater impact for less spend and be better placed to more effectively compete with other strong global brands, such as Axa and Aegon.

In addition, our commercial partners, shareholders, regulators and customers, as well as our people, operate increasingly across national and cultural boundaries that once separated us. Through ensuring that Aviva operates in a consistent and integrated way across our markets will make it easier for people to do business with us.

Creating opportunities

A strong global brand helps us to open doors as we enter new markets and secure new business partnerships. This is about doing things once and doing things right by utilising the best expertise from wherever it is across Aviva and applying it once for all our markets. This also means that good ideas – whether for improved service, new products or better ways of doing things – are shared across all parts of the business.

Our people acting as a global team not only means ensuring we leverage our scale, expertise and ideas more effectively but it also opens up more opportunities for our people to develop and grow.

RAC and Delta Lloyd

Two major brands will remain unchanged: RAC in the UK is a leader in a specialist market with very high levels of trust and recognition among its members that are specific to its roadside recovery heritage. In the Benelux countries, Delta Lloyd’s governance means that it operates more independently than our other businesses and so will not take part in the change.

Why now?

Our start point was to ensure we had a real understanding of what our customers want from us across the globe so that we could build the brand around meeting their needs. Throughout 2008 we never stopped listening to our customers. They told us (in fact 3/4 of customers) that it was the products and service they recieved that matters most. To that end we created our brand promise of ‘no one recognises you like Aviva’ as across the globe customers expressed a strong need to be recognised for who they are, their situation and their needs. Alongside this work, we also developed detailed plans to enable us to manage the name change in those markets that are yet to become Aviva. Although the current market conditions are tough we took the decision to proceed with our plans. We are a long term business and our growth will be achieved more successfully by making the investment in our global brand. As a business we are in a sound capital position so what better time to make the investment when we can benefit from the significant reduction in media costs and greater impact for those remaining advertisers operating in a less cluttered market. Further, it is well documented that those brands that continue to maintain their profile in downturns significantly outperform their rivals when markets recover.

How we will make the name change

We are managing the change of name in a careful, considered way appropriate for each market and it will take two years to complete in full. Our asset management business completed the change to Aviva Investors in September 2008. And at the end of the year we began to communicate the planned change of Norwich Union to Aviva in the UK, which will complete in June this year. Poland and Ireland have also started their name change process, moving to Commercial Union Aviva and Hibernian Aviva respectively as an initial step before adopting fully the Aviva name.

Recognising our customers

Throughout the name change our key priority is to ensure we keep our customers, corporate partners and brokers in all these markets well informed. Moving to Aviva creates an opportunity to give our customers a clear sense of our scale and financial strength and of how they will benefit in the future. But it is also an opportunity to remind them how central we know they are to the continued success of our business.

So at the heart of moving to a global brand is our commitment to creating a strong, unified business that understands what our customers need and is organised in a way that can deliver consistently. This means using our resources and expertise from across Aviva to create ways of delivering prosperity and peace of mind for all our customers, wherever they are around the globe.

"Who are Aviva, and what do they stand for?"

Case study:

UK councils

During 2008 we created advisory councils formed of customers and commercial partners around the UK, in addition to our existing customer research programmes. These councils provided us with a real understanding of what the brand change would mean for them and how we could best communicate the change.

We also consulted the councils on the impact of the credit crunch and onset of recession which informed our final communications plans. We will continue to work with customer councils to help inform future product and service developments – and of course we share the learnings from the councils with colleagues across our markets too.

"How do the benefits warrant the costs?"

What the change will mean…

…to our customers

This also makes good economic sense: we will be able to remove duplication across a wide range of activities and remove costs from the business, to the benefit of our shareholders and investors. We plan to recoup the cost of the name change in two years and then to deliver significant benefits.

…to our shareholders and investors

Our business has its roots in the 300 year old heritage of Norwich Union, Commercial Union and General Accident and we have built our business on helping and supporting our customers, protecting their goods, properties and their families and providing for their futures. We are just as committed now as we have always been. Through the creation of a single global brand we will be better placed to ensure we are using all our resources from across Aviva, in the most effective way, to improve service and develop products that better meet our customers' needs.

…to our employees

We make the same promise to our employees as we do to our customers. We respect and value our colleagues and recognise the contribution they make towards meeting the needs of our customers.

Case study:

Commercial benefits

In the UK we used detailed modelling to increase the efficiency of our media spend. The initial stage of building awareness of Norwich Union moving to Aviva has delivered well against the targets set, putting us ahead of our plan. Acting as a single brand we have been able to minimise the cost of producing high profile, high impact advertising by sharing work across markets.

Group strategy

Our purpose is to deliver prosperity and peace of mind to our customers. We will do this by realising our vision: "one Aviva, twice the value".

2008 was a very challenging year for the world economy, especially for the financial sector, characterised by slow growth and extreme market volatility, with most major economies contracting towards the end of the year. Throughout this period we have remained focused on our vision and made steady progress against the five strategic priorities we set in 2007 (shown below).

Manage composite portfolio

We are fully committed to maintaining the composite nature of the group. We firmly believe in the benefits of life insurance, general insurance and asset management as complementary parts of an overall business model that balances cash flow, returns and long-term value creation, and delivers prosperity and peace of mind to customers.

2008 progress

The composite model provided us with strength in a challenging economic environment, allowing us to adapt profitably. In 2008 we actively managed the composite portfolio, specifically:

Continued the transformation of our UK and Canadian GI businesses

Realised more value from our life and pensions businesses

– Maintained our leading position in UK and Europe

– Doubled sales in US, a year ahead of plan

– Strengthened our position in Asia and Emerging Europe

Launched Aviva Investors (see below)

Build global asset management

Launched in September 2008, Aviva Investors is a clear example of the "one Aviva, twice the value" strategy in action. Integrating our global asset management businesses under one umbrella, Aviva Investors is now a leading asset manager, operating in 15 countries with £236 billion of funds under management. We plan to grow Aviva Investors and significantly increase its contribution to group profits.

2008 progress

Launched Aviva Investors as a global business under one brand, leveraging the resources of several of Aviva's established asset management businesses

Built an experienced executive team, bringing together talent from our businesses worldwide

Reshaped the investment model, separating investment portfolios that benefit from global scale and reach from those that leverage local market knowledge

Created a scalable infrastructure for launching new products and driving cross-border sales

Allocate capital rigorously

Capital management will continue to be a key focus. Capital is treated as a scarce resource, and is allocated to provide the highest sustainable returns for shareholders. We continuously seek improvements in capital structure and efficiency.

2008 progress

Maintained a strong capital position under tough market conditions

Proactively managed our balance sheet, including reducing and hedging equity exposure

Strengthened our credit management and risk systems

Maintained strong liquidity and cash flow position

Moved to market consistent embedded value (MCEV) to enhance decision making on value and profitability

Increase customer reach

We sell our products in 28 countries in ways that our customers choose to buy them. We will get closer to our customers through better understanding of their needs and by providing products and services that customers want. We will continue looking for the right distribution in the right markets. Our move to a global brand is key to achieving our goals.

2008 progress

Commenced migration to a single Aviva brand and created a global marketing function (see page 10)

Introduced a consistent measure to track customer advocacy and drive improvements in customer experience

Reinforced the FSA's Treating Customers Fairly principles in every aspect of our business

Expanded significantly in our existing markets, particularly the US, China and Poland

Commenced operations in South Korea and Taiwan

Boost productivity

We constantly look for ways to boost our productivity, to support sustainable growth, increase our competitiveness, improve our services, and deliver higher value to our customers. Working together as "one Aviva", we deliver operational excellence through shared services, shared knowledge, rationalised systems and effective outsourcing.

2008 progress

Achieved £340 million annualised cost savings in UK GI, UK Life and Europe

On track to meet our 2009 cost saving targets

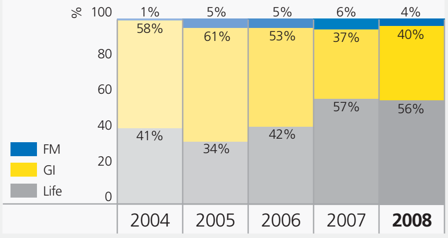
Increased our cost saving target from £350 million to £500 million

Increased use of shared services, both regionally (expanded Singapore hub, UK cost savings) and functionally (group-wide approach to functions such as procurement and HR)

In 2009, we will continue to drive the group strategy, while adapting our short-term tactics in response to current recessionary conditions. In particular we are focused on capital, profitability and productivity over volume growth and we have strengthened our commitment to understanding and responding to the needs of our customers and partners during these turbulent times.

2008 measurement/indicator

IFRS operating profit split by business line



2009 priorities

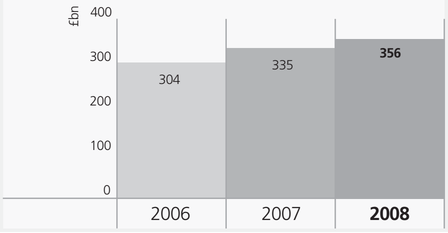
Manage GI for value and cash flow and exercise price discipline and leadership

Drive profitable growth and long-term value creation from the life and pensions business

Grow our asset management business (see below)

2008 measurement/indicator

Funds under management*



2009 priorities

Continue to drive investment performance

Become a provider of solutions to address individual client requirements by leveraging all internal capabilities

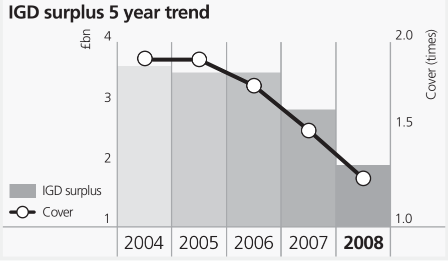
Increase penetration in existing markets and enter new, high potential growth markets

Expand our third-party business and increase cross-border sales

Further develop effective global core business processes and infrastructure

2008 measurement/indicator

IGD surplus 5 year trend



2009 priorities

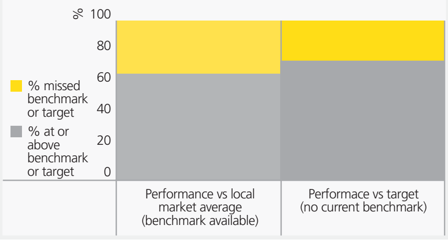
Maintain strong balance sheet

Monitor and manage market and operational risks in a volatile environment

Allocate capital to the highest risk-adjusted return opportunities by country, business line and product

2008 measurement/indicator

Businesses' performance vs local benchmark/target



2009 priorities

Rebrand to Aviva in the UK by the end of 2009 and in Ireland and Poland by the end of 2010

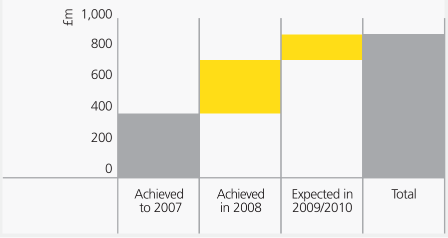
Implement a variety of initiatives, to improve customer experience and support the new brand promise

Continue to build access to customers through our multi-channel approach

Increase customer retention and overall marketing effectiveness group-wide

2008 measurement/indicator

Cost savings



2009 priorities

Execute our shared services strategy, including:

– Globally consistent operating models for corporate functions eg IT, HR, Finance, Risk and Marketing

– Tailored use of shared services for regional operations, including UK, Asia and Europe

– Increased use of outsourcing and offshoring

Improve productivity across all lines of business

Actively reduce costs in mature markets, notably the UK

Summary of regional strategic priorities

Aviva Investors

– Globally integrated business
– Transform the investment model
– Increase third party business

UK

Market leadership
– Address legacy
– Transform business model
– Exploit UK synergies
– Generate capital

Europe

Scale, growth, capital
– Seize unique growth opportunities
– Leverage scale
– Generate capital

North America

– Optimise business mix, growth and margin
– Generate net capital returns
– Contribute to doubling IFRS EPS by 2012

Asia Pacific

Scale, growth
– Prioritised portfolio
– Regional operating model
– Investment required

* Total funds managed by Aviva managers.

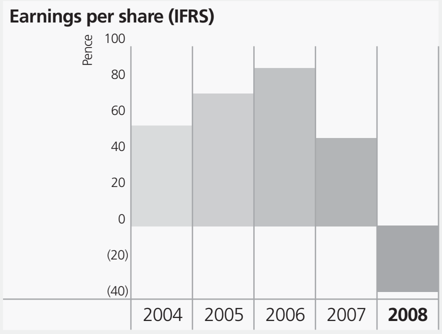
Key performance indicators

In 2008, the group's strategy was underpinned by focusing on a number of key financial performance measures. The key measures that are used to assess performance at a group level are set out below:

Earnings per share

To demonstrate our commitment to our vision of "one Aviva twice the value", we announced our ambition in February 2008 to double IFRS earnings per share by 2012. This ambition is based on total IFRS return, including investment volatility and non-operating items over the weighted average number of shares.

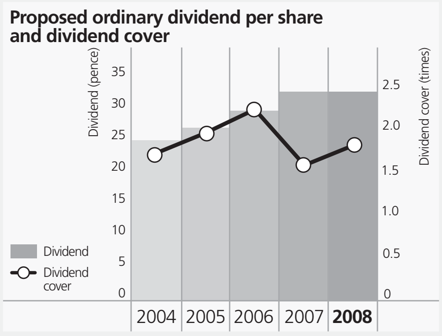
Our IFRS earnings per share for 2008 was a loss of 36.8 pence *(2007 restated: 48.9 profit).* This reflects the net adverse short-term fluctuations and economic assumption changes due to adverse market movement, continued investment in developing the business and strengthening our provisions for latent claims.



Proposed ordinary dividend per share and dividend cover*

Our intention is to increase the total dividend on a basis judged prudent using a dividend cover in the 1.5 to 2.0 times range as a guide, while retaining capital to support future business growth.

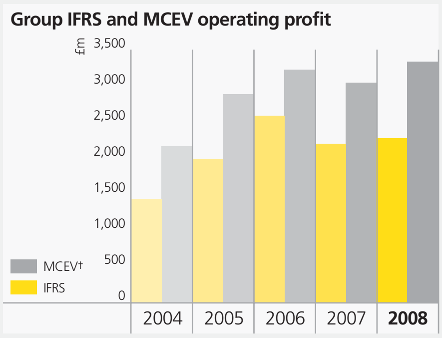
Our board has recommended a final dividend of 19.91 pence per share *(2007: 21.10 pence)* bringing the total dividend for the year to 33.00 pence. The total dividend has been maintained in line with 2007. Dividend cover is 1.9 times *(2007: 1.6 times)* within our target range.



Group operating profit before tax**

We aim to achieve steady sustainable growth in our operating profit, both on a MCEV and IFRS basis. In seeking to achieve this growth, we continue to adopt strict financial management disciplines underpinned by strong corporate governance.

In 2008 we delivered strong MCEV operating profit at £3,358 million, up 10% against 2007 and IFRS operating profit of £2,297 million, up 4% against the prior year. These results reflect higher life and general insurance results offset by lower fund management returns.



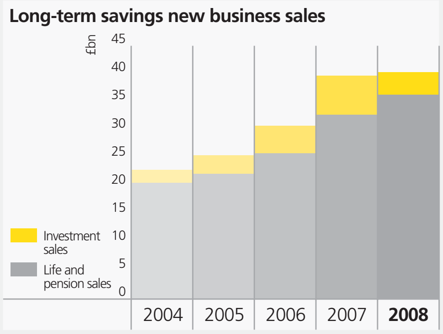
* Dividend cover is measured on operating earnings after tax on an IFRS basis, expressed as a multiple of the ordinary dividend in respect of the financial year.

**Group MCEV operating profit is calculated using long-term savings operating profit on a MCEV basis before the impairment of goodwill. Group IFRS operating profit is calculated using long-term savings operating profit on an IFRS basis before the impairment of goodwill.

† On an MCEV basis for 2008 and 2007. Prior years presented on an EEV basis.

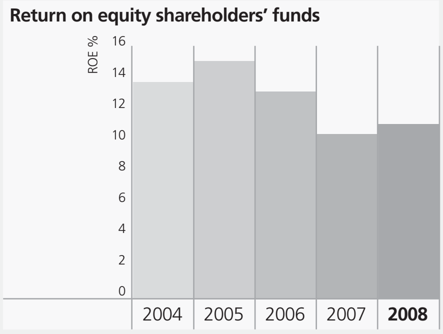
Long-term savings new business sales

Total new business sales, including investment sales, increased by 1% in 2008 to £40,278 million *(2007: £39,705 million)* with growth in life and pension sales being offset by a fall in the sales of investment products. As a global group with 67% of our long-term savings sales coming from outside the UK we have benefited from currency movements in the year, mainly the appreciation of the euro and US dollar. However, while we have already met the target to double sales in North America a year earlier than planned, in the current economic climate top-line sales growth targets are not our priority. In 2009 we aim to maintain a strong franchise in each of our markets, but with an increased emphasis on capital efficiency. We will aim to perform in line with the market, but will prioritise profitability and efficient use of capital.



Return on equity shareholders' capital

Return on equity shareholders' capital is calculated as after-tax operating return, before adjusting items, on opening equity shareholders' funds, including life profits on a market consistent embedded value (MCEV) basis†. The improvement in 2008 to 11.0% *(2007 restated: 10.4%)* reflects the increase in post-tax MCEV operating return, partly offset by an increase in opening shareholders' funds of £2.6 billion.

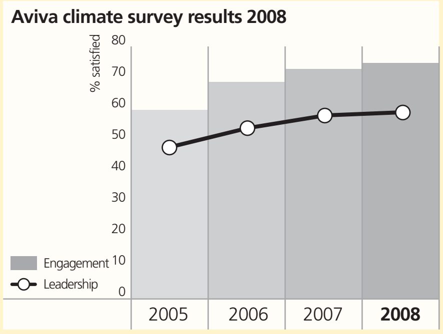


Employee engagement and leadership

Our global employee climate survey continues to provide measures of employee engagement and leadership. Employee engagement represents the degree to which people believe in Aviva being a great place to work and are contributing to help meet our collective goals and ambitions.

The survey results are used each year to determine and implement actions with the aim of achieving continuous improvement. The climate survey measures employees' perceptions of leadership, verifying alignment with our strategic direction and immediate business plans. Our aim is to improve both measures over time and meet or exceed a global financial services benchmark.

In 2008 we saw improvements in every area of the survey including Aviva's leadership, understanding of company values and levels of engagement. More employees said they felt more customer focused and empowered in the workplace. Awareness of Aviva's diversity policies and practices was also higher and more employees felt that their talents were being managed effectively by their managers.



Customer satisfaction

All business units measure and track progress in customer advocacy, and, where feasible, benchmark performance against local competitors.

Aviva is committed to implementing a consistent measure of customer advocacy across the group, Net Promoter Score® (NPS). Overall, 17 businesses carried out an overall NPS survey in 2008. For those that also benchmarked, eight businesses were at or exceeded the market average, with two placed in the upper quartile, and four scored below the market average. For those businesses that unable to conduct a benchmark survey, four businesses' scores met or exceeded their targets and one missed.

Our UK Life, UK GI and Canadian business are transitioning across to NPS in 2009. In the UK, the life business met its broker satisfaction target, UK GI achieved its direct customer satisfaction target (at 94%) and our RAC business continued to receive very high levels of customer satisfaction (98%).

Divisional summary

The group is managed on a regional basis with a clear set of strategic priorities for each region. The market background and performance of each region is set out below. More details can be found in our website.

Aviva Investors

What's happening?

Global financial markets in turmoil
– Global banking crisis, frozen credit markets and falling equity and property markets

Investors look for security
– Government bonds and guaranteed products perform well in volatile market conditions

Stimulus packages provided by governments
– Interest rate cuts and tax incentives to stimulate spending

Economies around the world slipping into recession
– US and UK moved into official recession in fourth quarter of 2008

What action have we taken?

Consolidated our fund management business under Aviva Investors
– As a global business we can provide our clients with focused investment solutions

Risk management
– Group risk management culture gives significant competitive advantages

Protecting our clients
– We took action to improve transparency for our clients in liquidity funds

Global research
– We launched a global research centre that will allow collaboration and sharing of information worldwide

UK

What's happening?

Economic downturn
– Global economic crisis and the onset of a recession
– Savings ratio to the lowest level since the 1940's
– Significant decline in consumers confidence as value of investments fall

Regulatory changes
– Capital gains tax and value added tax (VAT) changes
– Level of creditor business impacted by the Financial Services Authority's reviews of payment protection insurance
– Review by FSA of retail distribution

What action have we taken?

Maintained market share
– Life and Pensions market share increased to 11.3%

Operational excellence
– Outsourced administration of 1 million policies to Swiss Re
– Achieved four stars in the Financial Adviser Service awards
– Launched financial adviser academy in advance of Retail Distribution Review recommendations
– Significant progress made on our GI transformation programme to deliver true operational excellence

Focus on profit
– Improved our price competitiveness and introduced sophisticated pricing techniques

Europe

What's happening?

Aging populations approaching retirement age
– "Baby boomer" generations need services that fund retirement and care

Economic and market turbulence across Europe
– Bancassurance sales impacted as banks seek to increase liquidity and capital
– Demand for trusted and secure asset classes as consumers reduce their risk appetite

Market harmonisation across the region
– Converging regulations, cross-border bank and broker consolidation and an increasing global nature of financial markets.

What action have we taken?

Focused on our products, distribution and our customers needs
– We have adjusted our products to meet our customer's altered needs
– Cross border sales from Hungary to Slovakia have increased our geographical coverage
– We have explained to customers most affected by market volatility what is happening in the market and how it impacts them

Mergers and Acquisitions
– Acquisition of VIVAS Health in Ireland and new joint venture arrangements in Poland

Introduced a new senior management team and pan European structure

North America

What's happening?

Industry changes
– Severe credit exposure in the second half of 2008
– Security and Exchange Commission reclassifies equity indexed annuities as securities
– Steady consolidation of highly fragmented general insurance business in Canada

Demographic changes
– "Baby boomer" generation need household savings and insurance products
– Significant population increases and economic development in Western Canada

What action have we taken?

Focused on customer needs
– Aviva Canada launched "Let's Change Insurance" brand campaign and Claims Service Guarantee
– "Wellness for Life" programme in the US

Optimised regional business model
– Implemented a major change programme in the highly competitive personal lines market that has streamlined and standardised underwriting
– Initiated efficiency improvements and expense reduction programmes

Asia Pacific

What's happening?

Investors' confidence has fallen
– Local stock markets significantly affected by the global economic crisis
– Sales of investment and investment-linked products have been negatively affected

Prospect for continued growth across the region
– Low insurance penetration, an aging population and high GDP growth
– Fast-growing bancassurance channel in the emerging markets of China and India

What action have we taken?

Leveraged bancassurance expertise in new and emerging markets
– New bancassurance partnerships have been formed in India and China
– Focused on developing successful bancassurance partnerships with our JV partners in new markets of Malaysia, Taiwan and South Korea

Realising synergies across the region
– Substantial investment made to expand our distribution network and optimise our shared service model into high growth potential and new markets

Developing and retaining talent
– Launched a series of initiatives to build our employee brand and develop our top leaders

What have we achieved?

Funds under management
£236bn
2007: £235bn

MCEV operating profit
£41m
2007 restated: £64m

IFRS operating profit
£114m
2007 restated: £147m

What's next?

Our medium-term targets are to:
– Complete the integration of our business across the world
– Transform the business model
– Increase our third party business
– Grow contribution to group profits

What have we achieved?

Total sales
£18,756m
2007 restated: £20,445m

PVNBP	£11,858m
Investment sales	£1,485m
Net written premiums	£5,413m
	£18,756m

MCEV operating profit
£1,509m
2007 restated: £1,225m

IFRS operating profit
£1,377m
2007 restated: £1,126m

What's next?

Our medium-term targets are to:
– Continue to transform our business model
– Exploit the synergies of our separate UK business
– Generate capital for the group

What have we achieved?

Total sales
£21,844m
2007 restated: £20,488m

PVNBP	£16,990m
Investment sales	£764m
Net written premiums	£4,090m
	£21,844m

MCEV operating profit
£1,925m
2007 restated: £1,921m

IFRS operating profit
£1,141m
2007 restated: £1,197m

What's next?

Our medium-term targets are to:
– Seize unique growth opportunities
– Leverage our scale across the region
– Generate capital

What have we achieved?

Total sales
£7,316m
2007 restated: £5,058

PVNBP	£5,715m
Net written premiums	£1,601m
	£7,316m

MCEV operating profit
£334m
2007 restated: £274m

IFRS operating profit
£149m
2007 restated: £229m

What's next?

Our medium-term targets are to:
– Optimise business mix, growth and margin
– Generate capital for the group

What have we achieved?

Total sales
£3,499m
2007 restated: £4,283m

PVNBP	£1,720m
Investment sales	£1,746m
Net written premiums	£33m
	£3,499m

MCEV operating profit
£69m
2007 restated: £101m

IFRS operating profit
£36m
2007 restated: £37m

What's next?

Our medium term targets are to:
– Prioritise our portfolio
– Develop the regional operating model
– Invest in the markets with the best opportunities

People and responsibility

Our People and Corporate Responsibility strategies promote the delivery of the Aviva purpose and vision. We work on getting great people to join Aviva and stay and engaging all 54,000 Aviva employees on corporate responsibility. We help our businesses embed best practice in CR and take a leading role in our industry to share our successes and challenges. Our aim is to make good business a part of everyone's thinking so that together we can make sure Aviva is responsible in everything we do.

Governance and strategy

The Aviva Corporate Responsibility (CR) programme encompasses our business ethics and values, our customers, our people and suppliers, our community relations and the environment. When conditions are adverse, as in the current economic downturn being experienced by businesses and customers globally, it's more important than ever to maintain our reputation as an employer of choice and a responsible corporate citizen. This means responding appropriately to immediate events. It also means staying focused on important goals that will contribute towards long-term prosperity and peace of mind for our customers.

Our people

To become "one Aviva" and deliver "twice the value"we are reinforcing our external brand of recognising our customers as individuals. To ensure that this is how all our customers experience Aviva we have embarked on a global programme to create a culture where this lives and breathes internally so our employees are truly recognised as individuals and for their contribution to Aviva's success.

Case study:

Conducting our business openly

Clear and transparent communication about how we conduct our business is a fundamental principle. Aviva's 2007 remuneration report (in the annual report and accounts) was recognised as such, by winning the 2008 "Building Public Trust" award. These prestigious awards celebrate the best of corporate reporting by the UK's leading quoted companies and public sector bodies. The judges found Aviva's approach to be "great reporting" and "innovative", describing the report as "a very clear summary of remuneration policy". The judges believe winners are helping to set the standards of excellence in reporting that all organisations can aim for.

Visit Aviva CSR at
www.aviva.com/csr

Engaging with our stakeholders

Dialogue with a wide range of internal and external stakeholders, using a variety of feedback mechanisms from surveys to one-to-one meetings, is an essential part of our business strategy. We also participate in industry-wide forums and work with professional institutions to develop our research and understanding in key subject areas.

Diversity, equality and human rights

The Aviva principles and policies embody the key tenets of respect, valuing differences and inclusion and are aligned with the United Nations Universal Declaration of Human Rights (UNUDHR). In fact, our programmes have been recognised as going above and beyond the level of activity of many companies to ensure respect, fairness and equality among our employees.

Representation of female colleagues within the senior management group increased from 22% in 2007 to 28% in 2008. We have appointed the first female member to our executive committee this year, and we now have three women on the board. Amanda Mackenzie joined the executive committee in March 2008 as chief marketing officer. Rita Dhut and Siobhan Boylan from Aviva Investors were named in *Financial News*' "100 Most Influential Women".

Community

As a responsible business, we are committed to helping address challenges facing people and society. Globally, Aviva invested £9.6 million in community and charitable programmes in 2008. Our community investment is focused on financial literacy, education and life trauma – subjects which are closely aligned with our business and where we can maximise our expertise and resources to make a difference. In addition to this core programme, we also respond to humanitarian crises, as and when they arise, through our partnership with Oxfam. How we invest takes different forms: from directly funding carefully selected initiatives in partnership with charitable organisations, to creating a workplace where employee volunteering and giving is enabled and supported. With this in mind, our colleagues can now apply for up to three paid volunteering days. As a result, our businesses around the world have seen a significant increase in community volunteering among their people.

Case study:

Offsetting our carbon emissions

As part of our climate change strategy, we retrospectively offset our outstanding carbon. In rural areas of East Africa we have joined forces with co2balance to replace the use of open fires for cooking with energy efficient stoves. As well as providing 70% more energy efficiency, there are social and economic benefits. More efficient stoves means less wood is burnt, so helping to prevent deforestation. And as the stoves are built within the villages employment is created in local areas.

Visit Aviva CSR at
www.aviva.com/csr

Environment

Our environment strategy focuses on working within our spheres of control, influence and concern. Within our sphere of control we manage our own impact and use of resources including electricity, gas, water and waste. We are also committed to using our influence as an investor to encourage other organisations to adopt responsible strategies. Finally, we aim to promote environmentally aware choices among individuals, including our employees and customers.

Work on reducing our impact on the environment continued at pace this year. We again reduced our carbon emissions by more efficient use of energy and by implementing alternatives to business travel such as our high definition video-conferencing facility. To help us manage our impact we set global targets in 2008 to achieve reductions by 5% in carbon emissions and 2% in water. When we compare our global operations' performance to 2007 on a like-for-like basis, our total emissions fell by 6.6%. Overall, we achieved a group-wide reduction in carbon emissions of 3.3%, our water consumption fell by 1.2%.

Customers

Satisfied customers are a key measure of success and our purpose, to provide prosperity and peace of mind, guides every interaction, from customer service to responsible selling and marketing. Product innovation, to meet people's changing life needs, is an essential element in all our markets.

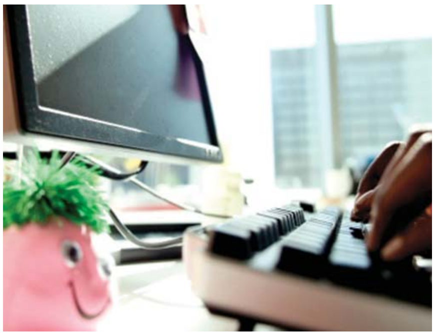
In France, we are increasingly integrating CR principles into our products, and offer lower home and car insurance premiums to customers who act more safely, and who make environmentally and socially responsible choices. There are also incentives for our French policyholders to stop smoking and so reduce the risks to their health.

In the Netherlands, Delta Lloyd and ING have launched the first insurance for automatic external defibrillators (AEDs) and this is at cost price. This is in response to the Dutch Heart Foundation's campaign on the importance of immediate resuscitation and the use of an AED in the event of a cardiac arrest.

As a global insurer, we take pride in understanding the specific needs of our customers, wherever they are in the world. In India, we have developed a range of financial products and services to help the underprivileged and combat poverty.

Suppliers

We understand the importance of responsible business practices within the supply chain and recognise the influence that our organisation can have. This year we have developed our position by chairing the Financial Services Purchasing Forum CSR sub-group which aims to promote a coordinated and standardised approach to managing CR issues in the supply chain. Ethical, social and environmental considerations are already part of our procurement processes: we give each new supplier in the UK a minimum 10% CR weighting when reviewing new tender submissions.



Case study:

Global participation increased to 74%

72% of employees consider Aviva a great place to work.

Since we introduced our global climate survey four years ago, employee participation levels have risen and we've gathered valuable feedback on all areas of our business. In 2008, we saw an increase in positive attitudes in every area of the survey, compared to 2007, including Aviva's leadership, understanding of company values and levels of engagement. More employees said they felt more customer focused and empowered in the workplace. Awareness of Aviva's diversity policies and practices was also higher than 2007 and more employees felt that their talents were being managed effectively by their managers.

Visit Aviva CSR at
www.aviva.com/csr

Board of directors

Lord Sharman of Redlynch OBE

Chairman

Age 66

Appointed to the Board in January 2005 and became chairman in January 2006. Currently an independent non-executive director of BG Group plc (*utility*) and Reed Elsevier plc (*publishing*). Former chairman of Aegis Group plc (*media services*) and KPMG International (*auditors*), former deputy chairman of Group 4 Securicor plc (*security services*), former member of the supervisory board of ABN AMRO N.V. (*banking*) and a former independent non-executive director of Young & Co.'s Brewery plc (*drinks*) and AEA Technology plc (*commercial/technology*).

Chairman of the Board and nomination committee and member of the corporate social responsibility committee

Andrew Moss

Group chief executive

Age 51

Appointed to the Board in May 2004. Joined as group finance director and became group chief executive in July 2007. Previously director – finance, risk management and operations in Lloyd's (*insurance*) and formerly held a number of senior management positions at HSBC plc (*banking*).

Member of the corporate social responsibility and nomination committees

Philip Scott FIA

Chief financial officer

Age 55

Appointed to the Board in May 2000 and became chief financial officer in July 2007. Joined Norwich Union in 1973 and held a number of senior positions before joining the Norwich Union board in 1993. Formerly, responsible for the group's insurance businesses outside Europe and Aviva Investors, the group's UK fund management operations. Currently a non-executive director of Diageo plc (*drinks*) and chairman of the European Insurance CFO Forum.

Nikesh Arora

Independent non-executive director

Age 41

Appointed to the Board in July 2007. Currently Senior Vice President, and President of Europe, Middle East and Africa Operations at Google (*consumer services*). Non-executive director of Bharti Airtel (*telecommunications*). Formerly chief marketing officer and a member of the management board at T-Mobile (*communications*) and held senior management positions at Deutsche Telekom (*telecommunications*), Fidelity Investments (*financial services*) and Putnam Investments (*financial services*).

Member of the nomination and the risk and regulatory committees

Mark Hodges

Executive director

Age 43

Appointed to the Board in June 2008. Joined Norwich Union in January 1991 and held a number of senior roles within the finance function before becoming finance director of Norwich Union Insurance in 1998 and managing director of Norwich Union Insurance in 2005. Appointed chief executive of Norwich Union Life, the group's long-term savings business in the UK, in April 2006.

Wim Dik

Non-executive director

Age 70

Appointed to the Board in December 1999. Currently chairman of the supervisory board of Ziggo Holdings B.V. (*telecommunications*), a non-executive director of Unilever N.V. and Unilever plc (*consumer*), of LogicaCMG plc (*computer services*) and vice-chairman of Stage Entertainment B.V. (*entertainment*). Former Minister for Foreign Trade in the Netherlands. A former chairman of Nederlandse Unilever Bedrijven B.V. (*consumer*) and former chairman and chief executive officer of KPN Royal Dutch Telecom (*telecommunications*). A former chairman of the supervisory board of Holland Casino (*gaming*) and of Tele Atlas N.V. (*information systems*), a former member of the supervisory boards of TNT Post Group (*mail services*) and ABN AMRO N.V. (*banking*).

Member of the corporate social responsibility and the risk and regulatory committees

Mary Francis CBE

Independent non-executive director

Age 60

Appointed to the Board in October 2005. Currently senior independent director of Centrica plc (*utilities*), a non-executive director of St Mowden Properties plc (*property development*) and a director of Almeida Theatre Company Limited. A senior adviser to Chatham House and Governor of the Pensions Policy Institute. Formerly Director General of the Association of British Insurers, non-executive director of the Bank of England, Alliance & Leicester plc (*banking*) and Fund Distribution Limited and a senior civil servant.

Chairman of the risk and regulatory committee and a member of the audit and remuneration committees

Carole Piwnica

Independent non-executive director

Age 51

Appointed to the Board in May 2003. Currently a member of the New York and Paris bars, a director of Naxos UK (*private equity*) and a non-executive director of Toepfer International GmbH (*trading*), Dairy Crest Group plc (*dairy foods*) and a member of the biotech advisory board of Monsanto (*biotechnology*). Former non-executive director and vice-chairman of governmental affairs for Tate & Lyle plc (*agricultural/industrial*) and a non-executive director of S A Spadel N.V. (*food and beverages*) and former chairman of Amylum Group (*agricultural/industrial*).

Chairman of the corporate social responsibility committee and member of the remuneration committee

Richard Karl Goeltz

Senior independent non-executive director

Age 66

Appointed to the Board in May 2004. Currently a non-executive director of the Warnaco Group Inc (*clothing*) and the New Germany Fund (*investment trust*), the Central Europe and Russia Fund (*investment trust*), the European Equity Fund (*investment trust*) and a governor of The London School of Economics and Political Science. Former chief financial officer of American Express Company (*financial services*) and NatWest Group plc (*banking*). Former non-executive director of Delta Air Lines,Inc (*transport*) and Federal Home Loan Mortgage Corporation (Freddie Mac) (*financial services*) and a former member of the Accounting Standards Board (UK).

Member of the audit and nomination committees

Russell Walls

Independent non-executive director

Age 65

Appointed to the Board in May 2004. Currently non-executive director of Signet Jewelers Ltd (*retail*) and chairman of its audit committee, non-executive director of Delphic Diagnostics Limited (*medical*) and treasurer and trustee of The British Red Cross. Former group finance director of BAA plc (*transport*), Wellcome plc (*pharmaceuticals*) and Coats Viyella plc (*textiles*). Former senior independent non-executive director of Stagecoach Group plc (*transport*) and Hilton Group plc (*leisure*) and a former non-executive director of the Mersey Docks and Harbour Company (*transport*).

Chairman of the audit committee and a member of the nomination and the risk and regulatory committees.

Euleen Goh

Independent non-executive director

Age 53

Appointed to the Board in January 2009. Currently a non-executive director of Singapore Airlines Limited *(transport)*, MediaCorp Pte Ltd (*broadcasting*), DBS Bank Limited, DBS Group Holdings Ltd (*banking*) and the Singapore Exchange Limited. Former Chief Executive Officer of Standard Chartered Bank in Singapore *(banking)*.

Member of the audit and corporate social responsibility committees

Scott Wheway

Independent non-executive director

Age 42

Appointed to the Board in December 2007. Former director of The Boots Company plc (now known as The Boots Company Limited) (*pharmacy*) and managing director of Boots the Chemist at Alliance Boots plc. Formerly held a number of senior management positions at Tesco plc (*retail services*).

Chairman of the remuneration committee and member of the corporate social responsibility committee

Graham Jones

Group company secretary

Summary financial statements

These statements are aimed at giving shareholders a summary of the position and performance of Aviva. They do not however, contain all the information to allow as complete an understanding of the group as would be provided by the full audited Annual Report and Accounts. A copy of the full Annual Report and Accounts, which contains an unqualified auditor's opinion, is available on the Aviva internet site at **www.aviva.com/reports** or free of charge from Equiniti, at the address at the end of this document.

2008 Financial statements

The summary financial statements on page 24 and 25 have been prepared on the basis of accounting policies set out in the group's 2008 Annual Report and Accounts. The consolidated income statement has been presented on both a Market Consistent Embedded Value (MCEV) basis and an International Financial Reporting Standards (IFRS) basis. The group continues to believe that the MCEV basis provides a better measure of the performance of the life business than the statutory IFRS basis. Results of an insurance business in any particular year can be affected by significant movements in investment values, which influence the reported profits before tax. Therefore, to measure the underlying business performance, operating profit before tax based on longer term rates of investment return is used, eliminating the volatility caused by movements in investment values. As a result, managers are encouraged to focus on operational performance and aspects of the business that are under their control.

Summarised directors' report

Annual general meeting
The 2009 annual general meeting of the company will be held on 29 April 2009 at the Barbican Centre, Silk Street, London, EC2Y 8DS at 11am. A separate document accompanying the Annual Review contains the Notice convening the Meeting and a description of the business to be conducted thereat.

Review of operations
Aviva plc is the holding company of the Aviva group of companies. The principal activities of the group are life insurance and long-term savings business, asset management and all classes of general insurance carried out through its subsidiaries, associates and branches in the United Kingdom, continental Europe and Ireland, North America, Asia and Australia. The group also undertakes motoring services in the UK and Ireland. Details of the group's operations for the accounting period, its current position and future prospects are contained in the Chairman's statement and Group chief executive's statement and business segment overviews on pages 1 to 7.

Dividend
The directors are recommending a final dividend of 19.91pence per share *(2007: 21.10 pence)*, which together with the interim dividend of 13.09 pence paid on 17 November 2008 *(2007: 11.90 pence)*, produces a total dividend for the year of 33.00 pence per share *(2007: 33.00 pence)*. The total cost of ordinary dividends paid in 2008, was £902 million *(2007: £801 million)*. The final dividend for 2008 will be paid on 15 May 2009 to all holders of ordinary shares on the Register of Members at the close of business on 27 March 2009.

Directors
The following persons served as directors of the Company during the year:

Nikesh Arora
Guillermo de la Dehesa (retired on 31 December 2008)
Wim Dik
Mary Francis
Richard Karl Goeltz
Mark Hodges (appointed 26 June 2008)
Andrew Moss
Carole Piwnica
Philip Scott
Lord Sharman of Redlynch
Russell Walls
Scott Wheway

The biographical details of the persons currently serving as directors appear on page 20.

The Company's articles of association require one-third of the directors to retire by rotation each year and also require each director to retire at intervals of not more than three years. At the forthcoming Annual General Meeting Mary Francis, Richard Goeltz, Carole Piwnica and Russell Walls, all non-executive directors, will retire and, being eligible, will offer themselves for re-election. Euleen Goh and Mark Hodges will offer themselves for election by shareholders at this year's Annual General Meeting being the first such meeting after their appointment. Euleen Goh is a non-executive director and was appointed to the Board on 1 January 2009. Mark Hodges is an executive director with a service contract with the Company, details of which can be found in the Directors' remuneration report. Guillermo de la Dehesa retired from the Board on 31 December 2008 and Wim Dik will retire at this year's Annual General Meeting in line with the Board's plans to renew and refresh its composition.

Directors' interests and indemnity arrangements
At no time during the year did any director hold a material interest in any contract of significance with the company or any of its subsidiary undertakings other than an indemnity provision between each director and the Company and service contracts between each executive director and a Group Company.

The company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors. The directors also have the benefit of the indemnity provision contained in the Company's articles of association. The Company has executed deeds of indemnity for the benefit of each director of the Company and each person who was a director of the company during the year in respect of liabilities which may attach to them in their capacity as directors of the Company or of associated companies. These indemnities were granted at different times according to the law in place at the time and where relevant, are qualifying third-party indemnity provisions as defined by Section 309B of the Companies Act 1985 and Section 234 of the Companies Act 2006. These indemnities were in force throughout the year and are currently in force.

Corporate Responsibility (CR)
Aviva's Corporate Responsibility (CR) policy and programme is firmly established as a key element in our vision to deliver prosperity and peace of mind to our customers. Covering business ethics and values, customers, employees and suppliers, communities and the environment, our CR performance in all areas continues to rank highly with global benchmarking indices and research agencies. Aviva's CR report contains more information on our progress during the year. It can be viewed online at www.aviva.com/cr or a printed version is available from the group company secretary.

Directors' interests in Aviva shares
The interests held by each person who was a director at the end of the financial year in the ordinary shares of 25 pence each in the company are shown below. All the disclosed interests are beneficial. The table also summarises the interests in shares held through the company's various all-employee and executive share schemes.

	Shares[1]		Bonus Plan Awards[2]		Long-Term Incentive Awards[3]		OATTV Awards[4]		Options[5]	
	1 January 2008	31 December 2008	1 January 2008	31 December 2008	1 January 2008	31 December 2008	1 January 2008	31 December 2008	1 January 2008	31 December 2008
Nikesh Arora	–	–	–	–	–	–	–	–	–	–
Guillermo de la Dehesa	144	144	–	–	–	–	–	–	–	–
Wim Dik	200	214	–	–	–	–	–	–	–	–
Mary Francis	1,800	1,800	–	–	–	–	–	–	–	–
Richard Karl Goeltz	2,500	2,500	–	–	–	–	–	–	–	–
Mark Hodges[7]	46,507	100,086	104,435	125,876	136,145	198,549	–	41,838	1,705	1,705
Andrew Moss	73,208	176,067	173,329	205,488	327,147	477,633	–	93,567	3,279	3,279
Carole Piwnica	2,500	2,500	–	–	–	–	–	–	–	–
Philip Scott	291,106	400,973	174,475	176,097	319,225	343,028	–	52,734	–	2,341
Lord Sharman	5,000	20,000	–	–	–	–	–	–	–	–
Russell Walls	4,000	4,000	–	–	–	–	–	–	–	–
Scott Wheway	–	1,677	–	–	–	–	–	–	–	–

Notes

1. "Shares" are the directors' beneficial holdings in the ordinary shares of the Company and in respect of the EDs include shares held in trust under the Company's All-Employee Share Ownership Plan (AESOP) being shares purchased by them under the partnership element and shares granted under the free share element of the AESOP.
2. "Bonus Plan Awards" relates to entitlements to shares arising through the current, or former, Aviva Bonus Plans. Under these plans some of the earned bonuses are paid in the form of shares and deferred for three years. The transfer of the shares to the director at the end of the period is not subject to the attainment of performance conditions but a proportion of the shares can be forfeited if the executive leaves service before the end of the period.
3. "Long Term Incentive Awards" are awards granted under the LTIP which vest only if the performance conditions are achieved.
4. OATTV awards are granted as a match to the bonus plan awards under the ABP and vest only if the performance conditions are achieved.
5. "Options" are options over shares granted under the SAYE
6. The interests of connected persons to the Directors are included in the Directors' interests above.
7. Mark Hodges was appointed as a director on 26 June 2008. On this date he held 79,873 shares, 125,876 bonus plan awards, 198,549 long term incentive awards, 41,838 OATTV awards and 1,705 options.

Summary financial statements continued

Independent auditor's statement to the members of Aviva plc

We have examined the group's summary financial statements for the year ended 31 December 2008 which comprise the summarised consolidated income statement, summarised consolidated statement of recognised income and expense – IFRS basis, summarised reconcilation of movements in consolidated shareholders' equity – IFRS basis, summarised consolidated balance sheet – IFRS basis and supplemental balance sheet information – MCEV basis.

This report is made solely to the company's members, as a body, in accordance with Section 251 of the Companies Act 1985. To the fullest extent required by the law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review in accordance with applicable law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statements within the Annual Review with the full annual financial statements, the Directors' Report and Directors' Remuneration Report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our examination in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our audit opinions on those financial statements and the Directors' Remuneration Report.

Opinion

In our opinion the summary financial statements are consistent with the full annual financial statements, the Directors' Report and Directors' Remuneration Report, of Aviva plc for the year ended 31 December 2008 and complies with the applicable requirements of section 251 of the Companies Act 1985, and regulations made thereunder.

Ernst & Young LLP
Registered Auditor
London
4 March 2009

Summarised consolidated income statement

	2008 £m	Restated[2] 2007 £m
Total sales for the year		
Life and pension businesses	**36,283**	32,722
Investment sales	**3,995**	6,983
General insurance	**11,137**	10,569
	51,415	50,274
Premiums written net of reinsurance and other investment sales		
Long-term business	**23,228**	18,764
General insurance and health premiums	**11,137**	10,569
	34,365	29,333
Pre-tax operating profit		
Long-term business MCEV operating return	**2,801**	2,544
Fund management operating profit	**42**	90
General insurance and health operating profit	**1,198**	1,021
Other operations	**(163)**	(70)
Regional operating profit	**3,878**	3,585
Corporate centre, group debt costs and other interest	**(520)**	(520)
Operating profit – MCEV basis[1]	**3,358**	3,065
Adjustment to report the profits of our long-term insurance, fund management and other operations on an IFRS basis	**(1,061)**	(849)
IFRS operating profit before tax attributable to shareholders' profits	**2,297**	2,216
Investment return variances and economic assumption changes on long-term business	**(1,631)**	15
Short-term fluctuation in return on investments backing non-long-term business	**(819)**	(184)
Economic assumption changes on general insurance and health business	**(94)**	2
Impairment of goodwill	**(66)**	(10)
Amortisation and impairment of intangibles	**(117)**	(103)
Profit on the disposal of subsidiaries and associates	**7**	49
Integration and restructuring costs	**(326)**	(153)
Exceptional items	**(551)**	–
(Loss)/profit before tax attributable to shareholders' profits – IFRS basis	**(1,300)**	1,832
Tax	**415**	(334)
(Loss)/profit for the year	**(885)**	1,498

Summarised consolidated statement of recognised income and expense – IFRS basis

	2008 £m	Restated 2007 £m
Fair value losses, net of transfers to income statement	**(1,770)**	(210)
Actuarial (losses)/gains on pension schemes	**(851)**	587
Foreign exchange rate and other movements	**2,653**	723
Aggregate tax effect	**235**	(179)
Net income recognised directly in equity	**267**	921
(Loss)/profit after tax attributable to shareholders	**(885)**	1,498
Total recognised (expenses)/income for the year	**(618)**	2,419

Summarised reconciliation of movements in consolidated shareholders' equity

	2008 £m	Restated[2] 2007 £m
Balance at 1 January restated	**15,931**	14,064
Prior year adjustment	**–**	(319)
Shareholders' funds at the beginning of the year, as restated	**15,931**	13,745
Total recognised (expense) and income for the year	**(618)**	2,419
Dividends and appropriations	**(975)**	(871)
Issue of share capital	**20**	48
Shares issued in lieu of dividends	**170**	301
Capital contributions from minority shareholders	**36**	–
Minority share of dividends declared in the year	**(106)**	(66)
Minority interest in acquired subsidiaries	**43**	315
Changes in minority interest in existing subsidaries	**(65)**	–
Shares acquired by employee trusts	**(29)**	(10)
Reserves credit for equity compensation plans	**39**	50
Balance at 31 December	**14,446**	15,931

	2008 pence	Restated 2007 pence
Operating earnings per share – Basic MCEV basis[3]	**83.4p**	70.4p
Operating earnings per share – Diluted MCEV basis[3]	**82.7p**	69.8p
Total earnings per share – Basic MCEV basis[4]	**(290.9)p**	63.8p
Total earnings per share – Diluted MCEV basis[4]	**(290.9)p**	63.2p
Operating earnings per share – Basic IFRS basis[3]	**62.9p**	52.8p
Operating earnings per share – Diluted IFRS basis[3]	**62.3p**	52.3p
Total earnings per share – Basic IFRS basis[4]	**(36.8)p**	48.9p
Total earnings per share – Diluted IFRS basis[4]	**(36.8)p**	48.5p
Net asset value per ordinary share – IFRS basis[5]	**416p**	494p
Net asset value per ordinary share – MCEV basis[5]	**486p**	763p

Summarised consolidated balance sheet – IFRS basis

	2008 £m	Restated 2007 £m
Assets		
Goodwill	**3,578**	3,082
Additional value of in-force business and intangible assets	**4,038**	3,197
Interest in, and loans to, joint ventures and associates	**2,983**	3,782
Investment properties, property and equipment	**15,390**	16,333
Financial investments	**229,722**	216,410
Other assets	**74,670**	62,433
Cash and cash equivalents	**24,181**	16,089
Total assets	**354,562**	321,326
Capital and reserves		
Equity attributable to ordinary shareholders of Aviva plc	**11,052**	12,946
Preference share capital	**200**	200
Direct capital instrument	**990**	990
Minority interests	**2,204**	1,795
Total equity	**14,446**	15,931
Liabilities		
Gross liability for insurance and investment contracts	**282,409**	251,083
Unallocated divisible surplus	**2,325**	6,785
Net asset value attributable to unitholders	**6,918**	6,409
Borrowings	**15,201**	12,657
Other liabilities	**33,263**	28,461
Total liabilities	**340,116**	305,395
Total equity and liabilities	**354,562**	321,326

Supplemental balance sheet information – MCEV basis

	2008 £m	Restated 2007 £m
Equity attributable to ordinary shareholders of Aviva plc – IFRS basis	**11,052**	12,946
Adjustment to other reserves	**1,429**	(290)
Additional retained profit on an MCEV basis	**431**	7,342
Equity attributable to ordinary shareholders of Aviva plc – MCEV basis	**12,912**	19,998
Preference share capital and direct capital instrument	**1,190**	1,190
Minority interests	**3,013**	2,501
Total equity – MCEV basis	**17,115**	23,689

Approved by the Board on 4 March 2009

Philip Scott
Chief Financial Officer

Notes
1. Before tax and adjusting items.
2. Following a review of our general insurance reserving policy, we have restated the 2007 comparative figures to discount our long-term latent claims provisions. We have also reviewed our policy on the consolidation of managed funds and, as a result, have made further restatements for the effect of third party participation.
3. Operating earnings per share is based on the operating profit on either an MCEV or IFRS basis, after tax, minority interests and preference dividends.
4. Total earnings per share is based on the MCEV or IFRS profit for the year attributable to equity shareholders.
5. Net asset value per ordinary share is calculated based on equity shareholders' funds.

As announced in February 2009, the Group has adopted a market consistent embedded value methodology (MCEV) for supplementary life reporting.This replaces the European Embedded Value basis (EEV) we have previously used. We have restated the 2007 balance sheet and results accordingly. There is no change to the underlying fundamentals or economics of our business as a result of adopting MCEV; it merely provides a further perspective on the business, particularly for internal capital allocation purposes. Aviva's Market Consistent Embedded Value methology is in accordance with the MCEV Principles published by the CFO Forum in June 2008 with the exception of the use of an adjusted risk-free yield due to current market conditions for immediate annuities in the UK and the Netherlands and all US contracts. Full details of our methodology can be found in the Annual Report and Accounts on the company website.

Summary financial statements continued

Summary directors' remuneration report

Below is a summary of the information contained in the Directors' remuneration report which shareholders will be asked to approve at the forthcoming Annual General Meeting (AGM). The Directors' remuneration report, contained in the Company's Annual Report and Accounts for 2008, provides full details of the Company's remuneration policy, practices, pension arrangements and incentive plans, including a description of the performance conditions which apply to the incentive plans, as well as details of all the awards and options held by the directors.

Highlights

- In 2008 the Committee agreed and implemented, with shareholder approval, the One Aviva Twice the Value Bonus Plan. It decided to maintain the 2008 financial targets set in December 2007 despite the unprecedented shocks to the macro-economic system and volatility in markets.
- The Committee approved the Executive Directors' request to freeze their basic salaries for 2009. It is not proposing any major adjustments to Aviva's executive remuneration structure in the coming year. It has further approved stretching financial targets for 2009 and agreed to review in mid 2009 their continued appropriateness.
- The demanding financial and non-financial targets set for the 2008 annual bonus were met in-part during the year. The combination of financial outcomes, along with those targets relating to employees, customers, and personal objectives mean the Chief Executive received a 2008 bonus of 54.2% of his maximum opportunity (2007: 65%).
- The Committee entered the 2009 reward review conscious of the economic background and widespread comment on over-generous executive remuneration. The Committee believes Aviva's 2008 business results are strong and that Aviva's remuneration practices already closely link pay to performance. The Committee has, however, looked to ensure prudent and proportionate reward outcomes.
- The Committee has decided to defer for one year Aviva's five-yearly comprehensive compensation review. The existing authorities and approvals, granted by shareholders in 2005, will allow the current schemes to continue to operate up until the Annual General Meeting in 2010.
- Mark Hodges, Chief Executive, Norwich Union Life, was appointed an Executive Director of Aviva plc in June 2008. Information on his remuneration therefore appears in this report for the first time.

Remuneration policy

The remuneration committee's key objectives are to:

- Establish a competitive remuneration package to attract, retain and motivate scarce, high quality leaders;
- Promote the achievement of both our annual plans and our strategic objectives and ambitions by providing a remuneration package that contains appropriately motivating targets;
- Align senior executives' remuneration with the interests of shareholders and other stakeholders, including customers and employees.

The remuneration package

Against this background, the remuneration committee seeks to ensure that whilst a competitive basic salary is paid, a substantial element of the remuneration package should be closely linked to the performance of the business and delivered in the form of shares. During 2008, the remuneration package for the Company's executive directors comprised the following elements:

- A basic salary.
- An annual bonus plan to encourage executives to meet annual targets relating to business and agreed personal performance targets. Two-thirds of any bonus is paid in the form of shares and deferred for three years.
- A One Aviva Twice The Value (OATTV) bonus plan to align senior executives with the Chief Executive's clear strategic imperative of doubling EPS by the end of 2012. The plan matches 100% of the deferred ABP shares for the Chief Executive (75% for other EDs). The vesting of these matched shares is dependent on the average annual growth in EPS during the three year performance period.
- A long-term incentive plan (LTIP) to align executives' longer term interests with those of shareholders.
- A pension entitlement, although no ED is currently accruing service based benefits in the UK Defined Benefit Scheme.
- A long-term discretionary savings plan, used primarily for employees who can no longer accrue pension benefits or whose benefits are restricted under the staff pension scheme, called the Aviva Capital Accumulation Plan (ACAP).
- A car allowance, private medical insurance and participation in the Company's all-employee share plans.
- Annual bonuses have targets set against a range of financial, customer and employee metrics, accounting for 70% of the bonus opportunity, plus personal objectives accounting for the remaining 30%.

Awards granted under the LTIP plan are subject to meeting performance conditions based on Total Shareholder Return (TSR) and return on capital employed (RoCE) targets. The TSR performance conditions require Aviva to achieve median or better performance against the TSR of a peer group of major European financial services companies over the three year performance period for that element to vest. RoCE targets are set taking account of the Company's three year business plan, trading conditions and shareholder expectations at the time each award is made.

All executive directors have a service contract which can be terminated by the Company upon giving 12 months' notice. Non-executive appointments can be terminated by either party at any time upon giving one month's written notice.

Planned future changes

We do not anticipate any significant changes to the structure of executives' compensation packages in 2009, compared with that outlined below. There are, however, two points to note:-

– Aviva has changed its financial reporting from a European Embedded Value (EEV) to a Market Consistent Embedded Value (MCEV) approach. This will require the financial targets to be stated on the new MCEV basis.

– The external economic climate against which financial targets for 2009 have been set is unprecedentedly volatile. The level of stretch in the targets is very sensitive to the depth and duration of economic downturn, which is currently highly uncertain. The Committee has therefore decided to review mid year the financial targets used for bonus purposes for EDs and other senior managers. Only in exceptional circumstances would the Committee consider amending financial targets, either up or down, and any significant change would be the subject of appropriate consultation.

2008 awards

In addition to the remuneration set out in the table below the following shares were awarded to executive directors in 2008 under the company's incentive plans. The shares granted under the long-term incentive plan will only vest if certain conditions relating to the company's performance over the three financial years commencing 1 January 2008 are met, as explained above.

	Annual Bonus Plan Deferred Shares	OATTV Shares	Long-Term Incentive Plan Shares[2]
Andrew Moss	93,567	93,567	253,289
Philip Scott	70,312	52,734	140,625
Mark Hodges	55,785	41,838	97,450

In addition to the above, directors have interests in awards and options granted in previous years.

Directors' remuneration 2008

	Basic salary/fees		Bonuses[1]		ACAP[2]		Benefits[3]		Total	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
Chairman										
Lord Sharman	**490**	450	**–**	–	**–**	–	**15**	–	**505**	450
Executive directors										
Andrew Moss	**914**	790	**752**	853	**463**	398	**91**	56	**2,220**	2,097
Philip Scott	**593**	565	**488**	641	**–**	–	**35**	55	**1,116**	1,261
Mark Hodges[4]	**463**	–	**532**	–	**208**	–	**99**	–	**1,302**	–
Non–executive directors										
Guillermo de la Dehesa	**109**	95	**–**	–	**–**	–	**–**	–	**109**	95
Wim Dik	**95**	90	**–**	–	**–**	–	**–**	–	**95**	90
Mary Francis	**99**	90	**–**	–	**–**	–	**–**	–	**99**	90
Richard Karl Goeltz	**94**	87	**–**	–	**–**	–	**–**	–	**94**	87
Carole Piwnica	**87**	82	**–**	–	**–**	–	**–**	–	**87**	82
Russell Walls	**107**	102	**–**	–	**–**	–	**–**	–	**107**	102
Nikesh Arora	**69**	32	**–**	–	**–**	–	**–**	–	**69**	32
Scott Wheway	**77**	5	**–**	–	**–**	–	**–**	–	**77**	5
Total emoluments of directors	**3,197**	2,388	**1,772**	1,494	**671**	398	**240**	111	**5,880**	4,391

Notes

1. Bonuses show the value at the date of award inclusive of the two thirds of bonus which Aviva requires its EDs to defer into Aviva shares for three years.
2. During the year, shares granted to certain former EDs under the Company's incentive plans vested. Details of these awards were fully disclosed in the year of grant.
3. "Benefits". All the EDs received life assurance benefits during the year that relate to the cost incurred by the Company of insuring the directors' life and relevant spouses' benefits which, had the director died during the year, could not have been wholly paid by the pension scheme and would therefore have been met by the Company had the insurance not been in place. The disclosure also includes the cost of private medical insurance and, where appropriate, accompanied travel, accommodation and car benefits. All the numbers disclosed include the tax charged on the benefits. No directors received an expense allowance during the year.
4. Mark Hodges' 2007 data is not disclosed as he was not an ED during the year. Mark Hodges' 2008 data shown above includes all sums paid to him during 2008, not just those paid in respect of his services as a director.
5. For the purposes of the disclosure required by Schedule 6 to the Companies Act 1985 the total aggregate emoluments of the directors in respect of 2008 was £5.2 million (2007: £6.6 million, which included three Executive Directors who left in 2007). This reflects the total aggregate emoluments of Mark Hodges in respect of the period that he served as a director during the year, comprising basic salary of £269,000, bonus of £275,000 and benefits of £53,000.
6. No compensation payment for loss of office was made to any director, or former director, during the year.
7. Annual bonuses are one-third paid in cash and two-thirds deferred into shares for three years.

Shareholder services

Managing your shareholding

Our Registrar, Equiniti, maintains the Company's Register of Members and if you have any queries in respect of your shareholding, please contact them directly using the contact details provided on page 29. In addition to assisting with general queries, Equiniti can also help with the following:

Amalgamating your shareholding
If you receive more than one copy of our communications, it could be because you have more than one record on the share register. To avoid duplicate mailings, please contact Equiniti who can arrange for your accounts to be amalgamated.

Dividend payments direct to your bank account
Instead of having your dividends paid by cheque, you can, if you wish, have them credited directly into your bank or building society account on the dividend payment date. This reduces the risk of cheques getting lost in the post and is also quicker and more convenient as payment is credited automatically on the payment date. Your tax voucher will be sent to your registered address as usual. If you would like to set up a dividend mandate, you can do so via our website **www.aviva.com/dividendmandate** or by contacting Equiniti to request a mandate form.

If you live overseas, an **Overseas Payment Service** is available for certain countries, which may allow you to receive your dividends directly in your bank account in your local currency.*

Consolidated tax vouchers
If you are a private shareholder who currently receives dividends paid directly into your bank or building society account, you will receive one consolidated tax voucher each year instead of a voucher with each dividend payment, unless you request otherwise.

* Please note that a payment charge will be deducted from each dividend payment before conversion into your chosen currency.

Dividend Reinvestment Plan ("DRIP")/Scrip Dividend Scheme
Following a review by the Board of the operation of the current DRIP, the Company intends to propose a resolution at the forthcoming AGM to reintroduce a SCRIP dividend scheme ("SCRIP Scheme"). The Board has therefore decided to withdraw the DRIP and, subject to shareholder approval, will reintroduce the SCRIP Scheme commencing with the 2008 final dividend in order to provide shareholders with the opportunity to elect to receive their dividends in the form of new shares in the Company instead of in cash. All shareholders will be contacted with full details of the relevant terms and conditions of the proposed SCRIP Scheme and details of how to join in due course.

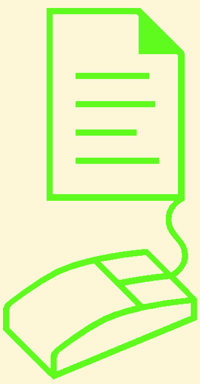
ID fraud/unsolicited mail
Share-related fraud and identity theft still affects many shareholders and we urge you to continue to be vigilant. If you receive any unsolicited mail offering advice, you should inform Equiniti immediately. More information on this can be found on our website at **www.aviva.com/shareholderupdates**

Corporate nominee
We offer a corporate nominee service, the Aviva Share Account, for shareholders who wish to remain anonymous. If you choose to join the nominee account, your personal details will not be entered on our share register but you will have the same rights as registered shareholders and will receive the same shareholder communications. To join the Aviva Share Account or find out about the terms and conditions, please contact Equiniti.

Our website – www.aviva.com

Visit **www.aviva.com/shareholders** for up-to-date investor information including our latest financial results and key dates. An electronic copy of current and past Annual and Interim Reports can be downloaded from the website. You can also find our current and historic share prices, sharedealing information, news, updates and when available, presentations from the Group Chief Executive. You can also register to receive future shareholder communications electronically.

A range of frequently asked shareholder questions including practical help on transferring shares and updating personal details is available online at **www.aviva.com/shareholderguide**



Electronic communications

We have embraced the changes brought about by the Companies Act 2006 which recognises the growing importance of electronic communications. We therefore provide documentation and communications to you via our website unless you have specifically elected to receive a hard copy.

Using electronic communications enables fast receipt of documents, reduces our printing, paper and postage costs and has a positive impact on the environment.

You can also cast your vote for the next AGM online, quickly and easily using the Sharevote service by visiting **www.aviva.com/agm** for a reliable and environmentally friendly way of voting.

Share dealing

We have arranged the following services that can be used to buy or sell Aviva shares which you may find useful.

	Available to shareholders in	If you hold a share certificate	If your shares are held in the Aviva Share Account
Equiniti Financial Services Limited*	UK only	**www.shareview.co.uk/dealing** Telephone: 08456 037 037	**www.shareview.co.uk/dealing** Telephone: 08456 037 037
NatWest Stockbrokers Limited**	UK only	Freephone: 0808 208 4411	Freephone: 0808 208 4422
Barclays Stockbrokers Limited†	UK and overseas	**UK shareholders:** Telephone: 0870 549 3002† For postal applications: 0870 514 3263† **Overseas shareholders:** Telephone: +44 (0)141 352 3959‡	**UK shareholders:** Telephone: 0870 549 3001† **Overseas shareholders:** Telephone: +44 (0)141 352 3959‡
WH Ireland Limited#	UK and overseas	**UK shareholders:** Telephone: 0845 603 1470 Email: **CSOS@WH-ireland.co.uk** **Overseas shareholders:** Telephone +44 113 394 6603 Email: **CSOS@WH-ireland.co.uk**	Not available

Alternatively, if you hold a share certificate, you can also use any bank, building society or stockbroker offering share dealing facilities to buy or sell shares. If you are in any doubt about buying or selling shares, you should seek professional financial advice.

* Equiniti Financial Services Limited is authorised and regulated by the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (FSA reference 468631). Registered in England and Wales, number 6208699.

** Natwest Stockbrokers Limited (NWS) is a member of the London Stock Exchange and PLUS. NWS is authorised and regulated by the Financial Services Authority registered number 124395. Registered Office: Waterhouse Square, 138-142 Holborn, London EC1N 2TH. Registered in England and Wales, registered number 1959479. NWS is operated by a joint venture between The Royal Bank of Scotland Group plc and The Toronto-Dominion Bank.

† Barclays Stockbrokers is the group name for the businesses of: Barclays Stockbrokers Limited, a member of the London Stock Exchange and PLUS. Registered No. 1986161; Barclays Sharedealing, Registered No. 2092410 and Barclays Bank Trust Company Limited, Registered No. 920880. All companies are registered in England and the registered address is: 1 Churchill Place, London E14 5HP. All companies are authorised and regulated by the Financial Services Authority.

Calls made to 0870 numbers will cost no more than 8p per minute, plus 6p call set-up fee for BT residential customers. The price on non-BT phone lines may be different. You can only use these numbers if you are calling from within the UK. Calls may be recorded to monitor the quality of service, to check instructions and for security purposes.

‡ If you are not UK resident, you will need to provide various documents to Barclays Stockbrokers Limited in order to use this service and details will be provided on registration. Please note that regulations prevent this service from being offered to US, Canadian and Australian residents. Settlement proceeds will be sent to either a UK sterling bank account or by sterling cheque.

\# WH Ireland Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority, registered in England No. 02002044.

Share price

You can access the current share price of Aviva plc ordinary shares at **www.aviva.com/investors**

or by calling FT Cityline on 09058 171 690.*

If you would like to find out the price of Aviva preference shares, please follow the link on the Aviva website to the London Stock Exchange at **www.londonstockexchange.com/en-gb/pricesnews**

* Calls are currently charged at 75 pence per minute from a BT landline. The average time to access the share price is approximately one minute. Other telephony provider costs may vary.

Annual General Meeting

Our Annual General Meeting will be held at:
The Barbican Centre, Silk Street, London EC2Y 8DS on:

29 April 2009 at 11.00am

The Notice of Meeting, together with details of the business to be conducted at the Meeting is available on our website **www.aviva.com/agm**

If you are unable to attend but would like to ask the directors any questions, please do so via our website **www.aviva.com/agm** or complete and return the shareholder questions form, which can be found at the back of the Notice of Meeting. Answers to the most frequently asked questions will be circulated at the meeting and published on our website after the meeting.

The voting results for our 2009 AGM, including proxy votes and votes withheld will be available on our website shortly after the meeting at the following address **www.aviva.com/agm**

Shareholder services continued

Group financial calendar for 2009

Announcement of financial results for the year ended 31 December 2008	5 March
Annual General Meeting	29 April
Announcement of first quarter interim management statement	30 April
Announcement of unaudited six months' interim results	6 August
Announcement of third quarter interim management statement	4 November

Ordinary shares – 2008 final dividend

Ex-dividend date	25 March
Record date	27 March
Dividend payment date	15 May

Preference shares

First dividend payment for 8⅜% cumulative irredeemable preference shares	31 March
First dividend payment for 8¾% cumulative irredeemable preference shares	30 June
Second dividend payment for 8⅜% cumulative irredeemable preference shares	30 September
Second dividend payment for 8¾% cumulative irredeemable preference shares	31 December

Useful contact details

Detailed below are the contact details that shareholders may find useful. Please quote Aviva plc as well as the name and address in which the shares are held in all correspondence. Please quote your shareholder reference number as well, which you will find on your latest dividend stationery.

General shareholding, administration and Aviva Share Account queries
Equiniti
Aspect House
Spencer Road, Lancing, West Sussex BN99 6DA

e-mail: aviva@equiniti.com | Telephone 0871 384 2953*

* Calls to this number are charged at 8p per minute from a BT landline. Other telephony provider costs may vary.

Alternative format

If you would like to request a copy of our Annual Report and Accounts in an alternative format, for example, braille or audio, please contact Equiniti by calling 0871 384 2953*.

Aviva plc details

Registered in England Number: 2468686

Registered Office:
St Helen's, 1 Undershaft,
London EC3P 3DQ

Telephone
+44 (0)20 7283 2000

www.aviva.com

Internet sites

Aviva owns various internet sites, most of which interlink with each other:

Aviva Group
www.aviva.com

UK Long-term savings and general insurance**
www.norwichunion.com

Asset management
www.avivainvestors.com

Aviva worldwide internet sites
www.aviva.com/websites

** From 1 June 2009, this website will change to www.aviva.co.uk

Other useful links for shareholders:

Dividend information
www.aviva.com/dividend

General shareholder information
www.aviva.com/shareholders

Annual General Meeting information
www.aviva.com/agm

Electronic voting for Annual General Meeting
www.aviva.com/agm

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Board photography by Marcus Ginns.

Aviva are committed to caring for the environment and looking for sustainable ways to minimise our impact on it. This year our annual review has been printed by Beacon Press using pureprint environmental print technology. We choose Beacon Press because they have the important environmental certification by SGS for the FSC standards.

Also we take care to minimise the impact on the environment in the paper we use. The paper we have used, Revive 50:50 Silk, is a recycled paper containing 50% recovered waste and 50% virgin fibre and manufactured at a mill accredited with ISO 14001 environmental management standard. The pulp used in this product is bleached using an Elemental Chlorine Free process.

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ISO 14001