

**DEED OF IRREVOCABLE UNDERTAKING (DIRECTORS)**

30 November 2014

To: Aviva plc (the Offeror)  
St Helens  
1 Undershaft  
London EC3P 3DQ  
United Kingdom

Dear Sirs

**Proposed offer for Friends Life Group Limited (the Target)**

1. I understand that:

- (a) the Offeror intends to make an offer to acquire all the ordinary shares of no par value in the capital of the Target (**Ordinary Shares**) (the **Transaction**) other than those owned by the Offeror or any of its subsidiaries at the time of posting a formal document containing details of a Scheme (as defined below) (the **Scheme Document**) or an Offer (as defined below) (the **Offer Document**), in each case in connection with the Transaction;
- (b) it is intended that the Transaction will be implemented by way of a court-sanctioned scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008 (a **Scheme**) but that the Offeror has reserved the right to elect to implement the Transaction by way of a takeover offer as defined in Part 28 of the Companies Act 2006 (an **Offer**) in the circumstances set out in and subject to the terms of the cooperation agreement entered into between the Offeror and the Target on or around the date hereof (the **Cooperation Agreement**);
- (c) the Transaction will be substantially on the terms and conditions to be set out in a press announcement of the Transaction (the **Announcement**) substantially in the form of the attached draft Announcement, together with such additional terms and conditions as agreed between the Target and the Offeror and included in the Scheme Document or the Offer Document (as applicable) or as may be required to comply with the City Code on Takeovers and Mergers (the **Code**) and other applicable law or regulation; and
- (d) the Transaction will extend to any Ordinary Shares allotted, issued or transferred before the scheme record time (in the case of a Scheme) or while the Offer remains open for acceptance (in the case of an Offer), including any Ordinary Shares allotted, issued or transferred under the Target's Performance Share Plan, Restricted Share Plan, Deferred Share Award Plan, Long-Term Incentive Plan, Share Incentive Plan and any other share incentive arrangement operated by the Target (each a **Share Plan** and together the **Share Plans**).

2. In consideration of the Offeror agreeing to implement the Transaction, I irrevocably and unconditionally undertake, agree, represent and warrant to the Offeror, subject to the publication of the Announcement by 5 December 2014 (or such later date as the Target and the Offeror may agree), in the following terms:

- (a) I am the beneficial owner of and/or am the registered holder of, and have all relevant power and authority to:

- (i) in the case of a Scheme, vote (or procure the voting of) the Ordinary Shares specified in Part 1 of the Schedule (the **Shares**, which expression shall also be deemed to include any other shares in the Target issued after the date of this undertaking and attributable to or derived from such shares) in favour of all shareholder and court meeting resolutions that are proposed by the Target to approve the Transaction; and
  - (ii) in the case of an Offer, accept (or procure the acceptance of) the Offer in respect of the Shares.
- (b) if the Transaction is implemented by way of a Scheme, I will vote (or procure the voting of) the Shares in favour of all shareholder and court meeting resolutions that are proposed by the Target that are required to approve the Transaction and I will return and deliver to you duly completed form(s) of proxy, together with the share certificate(s) and/or other document(s) of title and/or evidence of authority, if relevant, in accordance with the terms of the Transaction, no later than 3.00 p.m. on the tenth business day after the despatch of the Scheme Document;
- (c) if the Transaction is implemented by way of an Offer in the circumstances set out in and subject to the terms of the Cooperation Agreement, I will accept (or procure the acceptance of) the Offer in respect of all the Shares in accordance with the terms of the Transaction, no later than 3.00 p.m. on the tenth business day after the despatch of the Offer Document;
- (d) I am also the holder of share awards granted under the Share Plans over the number of Ordinary Shares specified in Part 2 of the Schedule (the **Plan Shares**). In relation to the Plan Shares (other than any which I beneficially hold, or which are subject to or which I may acquire under any HMRC tax-advantaged Share Plan, including the Share Incentive Plan (“**Tax Advantaged Plan Shares**”) or sold to cover income tax and social security contributions as set out in paragraph 2(f) below), I will, immediately upon the acquisition of any Plan Shares prior to the Court’s sanction of the Scheme or at any time at which the Offer remains open for acceptance (as applicable), take the action set out in paragraph 2(b) or 2(c) (as applicable) in relation to those Plan Shares (on acquisition, those Plan Shares shall be treated as Shares for the purposes of this undertaking);
- (e) I confirm that I am not interested in any shares or other securities of the Target other than those of which details are set out in the Schedule;
- (f) unless and until:
  - (i) in the case of a Scheme, the Scheme terminates or lapses in accordance with its terms or otherwise becomes incapable of ever becoming effective; or
  - (ii) in the case of an Offer, the Offer lapses or is withdrawn, or
  - (iii) my obligations terminate in accordance with this undertaking,

I will not (and, if applicable, I will procure that the registered holder of the Shares will not except in relation to the Tax Advantage Plan Shares):

- (A) sell, transfer, charge, pledge, encumber or grant any option over or otherwise dispose of or permit the sale, transfer, pledging, charging or other disposition or creation or grant of any other encumbrances or option of or over all or any of the Shares or any interest in any of the Shares except to the Offeror under the terms of the Transaction (save that I may sell such number of Plan Shares as may be required to cover my liability to income

tax and social security contributions arising on the vesting and/or exercise of any award under a Share Plan);

- (B) accept any other offer in respect of any of the Shares (whether it is conditional or unconditional and irrespective of the means by which it is to be implemented);
  - (C) withdraw any form of proxy referred to in paragraph 2(b) or revoke the acceptance referred to in paragraph 2(c) above (as applicable) in respect of any of the Shares even though I (or, if applicable, the registered holder) may become entitled to withdraw or revoke such form of proxy or such acceptance (as applicable) under the rules of the Code or any provision in the Scheme Document or the Offer Document (as applicable) giving effect to the Code;
  - (D) acquire any further interest in any shares in the Target other than pursuant to the Share Plans; or
  - (E) exercise or permit the exercise of the voting rights attached to the Shares (or any Plan Shares) in any manner which would restrict or impede the Transaction becoming Effective.
- (g) the Announcement may incorporate a reference to me substantially in the terms set out in the attached draft Announcement and, in accordance with the rules of the Code, this undertaking will be referred to in the Announcement as well as the Scheme Document or the Offer Document (as applicable) and will be available for inspection from the date of the Announcement until the Scheme has become effective (in the case of a Scheme) or for so long as the Offer remains open for acceptance (in the case of an Offer);
- (h) in advance of publication of the Scheme Document or the Offer Document (as applicable), I will supply to the Offeror for inclusion in the Scheme Document or the Offer Document (as applicable) as required by Rule 25.4 of the Code details of:
- (i) any interests (including, but not limited to, short positions, borrowings and loans) that I have in securities of the Offeror and/or the Target (except as set out in the Schedule); and
  - (ii) any dealings on my part in securities of the Offeror and/or the Target during the period from (and including) 20 November 2013 (if any);
- (i) and I will notify the Offeror immediately of any dealings by me in the Offeror's securities after the date of this undertaking and before:
- (i) in the case of a Scheme, the Scheme terminates or lapses in accordance with its terms or otherwise becomes incapable of ever becoming effective; or
  - (ii) in the case of an Offer, the Offer lapses or is withdrawn; and
- (j) to the extent that any of the Shares are not registered in my name (except in relation to the Tax Advantage Plan Shares), I will procure, to the extent that I am legally able, that the registered holder(s) act in accordance with the terms of this undertaking.

3. The following additional provisions apply to this undertaking:

- (k) all obligations under this undertaking will lapse and be of no further force and effect if:

- (i) the Announcement is not released on or before 5 December 2014 (or such later date as the Target and the Offeror may agree);
- (ii) the Scheme Document or the Offer Document, as the case may be, has not been posted within 28 days after the Announcement is released (or within such longer period as the Offeror, with the consent of the Panel on Takeovers and Mergers, determines);
- (iii) in the event that the Transaction is implemented by way of a Scheme, the Scheme terminates or lapses in accordance with its terms or otherwise becomes incapable of ever becoming effective, provided that the Offeror has not, within seven days of the Scheme having so terminated or lapsed, announced in accordance with Rule 2 of the Code that it intends to implement the Transaction by way of an Offer;
- (iv) in the event that the Transaction is implemented by way of an Offer, the Offer lapses or is withdrawn; or
- (v) the Cooperation Agreement is terminated in accordance with its terms,

provided that the termination of my obligations under this undertaking shall not affect any rights or liabilities under this deed in respect of prior breaches of them.

- (l) I acknowledge that nothing in this undertaking obliges the Offeror to despatch the Scheme Document or the Offer Document (as applicable) if it is not required to do so under the Code;
- (m) the Offeror may only exercise its right to elect to implement the Transaction by way of an Offer in the circumstances set out in and subject to the terms of the Cooperation Agreement;
- (n) I acknowledge that, if I fail to vote in favour of all shareholder and court meeting resolutions that are proposed by the Target to approve the Transaction in accordance with my obligations under paragraph 2(b) (in the case of a Scheme) or accept or procure the acceptance of the Offer in accordance with my obligations under paragraph 2(c) (in the case of an Offer) or should otherwise be in breach of any of my obligations in this undertaking, that damages alone may not be an adequate remedy and that you shall be entitled to an order for specific performance which would be an essential element of any adequate remedy for such failure or breach;
- (o) any time, date or period mentioned in this undertaking are references to London time and may be extended by mutual agreement between the parties to this undertaking but as regards any time, date or period originally fixed or so extended time shall be of the essence;
- (p) references in this undertaking to a person having an "interest in shares" include all interests which a person would be required to notify to the Target if he were a director of the Target;
- (q) in this undertaking the expression the "Transaction" extends to any improved or revised offer on behalf of the Offeror, whether voluntary or mandatory, irrespective of how such improved or revised offer is to be implemented;
- (r) references in this undertaking to an enactment are to such enactment as amended or superseded;
- (s) this undertaking shall bind my successors in title;

- (t) this undertaking and any non-contractual obligations arising out of or in connection with it shall be governed by English law; and
- (u) the English courts have exclusive jurisdiction to settle any dispute, claim or controversy arising out of or in connection with this undertaking (including a dispute, claim or controversy relating to any non-contractual obligations arising out of or in connection with this undertaking) and I irrevocably submit to the exclusive jurisdiction of the English courts for all purposes in relation to this undertaking.

**SCHEDULE****PART 1****THE SHARES**

*Exact name(s) and address(es)  
of registered holders as appearing  
on the register of members*

*No. of Ordinary Shares*

Lynchwood Nominees  
4<sup>th</sup> Floor  
55 Moorgate  
London  
EC2R 6PA

30,000

Total

30,000

**AWARDS GRANTED UNDER THE SHARE PLANS**

<i>Plan</i>	<i>No. of Ordinary Shares subject to award</i>	<i>Date of grant</i>	<i>Vesting Date / Exercise period</i>	<i>Exercise price (if any)</i>
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Not Applicable

I understand and confirm that:

- (a) this undertaking is legally binding;
- (b) save as otherwise provided in this undertaking, I will not be able to withdraw from the commitment in this undertaking, nor will I be able to deal in any of the Shares, or accept any other offer for the Shares, unless:
  - (i) in the case of a Scheme, the Scheme terminates or lapses in accordance with its terms or otherwise becomes incapable of ever becoming effective and the Offeror has not, within seven days of the Scheme having so terminated or lapsed, announced in accordance with Rule 2 of the Code that it intends to implement the Transaction by way of a Takeover Offer; and
  - (ii) in the case of an Offer, the Offer lapses or is withdrawn.

Dated: 30 NOVEMBER 2014

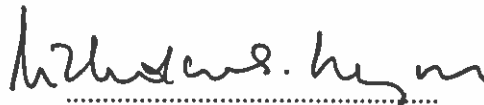
Print name: NICHOLAS LYONS

Address: ONE NEW CHANGE

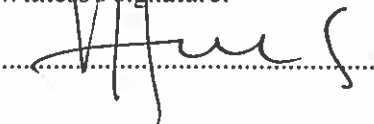
LONDON

EC4M 9RF

SIGNED and delivered as a )  
deed by the person named )  
above in the presence of: )

  
.....  
(Signature)

Witness's signature:

  
.....

Print witness name: VICTORIA JAMES

Address: ONE NEW CHANGE

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