



Aviva plc St Helen's 1 Undershaft London EC3P 3DQ  
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The Directors  
Friends Life Group Limited

10 November 2014

Dear Sirs,

In connection with our mutual consideration of a possible offer by Aviva plc (**Accordion**) to acquire the entire issued and to be issued share capital of Friends Life Group Limited (**Flute**) (the **Proposed Transaction**), we propose to provide each other with certain confidential information. This letter sets out the terms on which we each agree to provide the other with such information.

In this letter:

**Authorised Recipients** means, in relation to each of us, to the extent that they need access to Information for the purposes of or in connection with evaluating, negotiating or advising in connection with the Proposed Transaction: (a) those of our respective group undertakings and each of our and their respective officers, employees, professional advisers, agents and representatives; and (b) officers, employees and partners of our professional advisers, agents and representatives or of their respective group undertakings;

**Code** means the City Code on Takeovers and Mergers as from time to time amended and interpreted by the Panel;

**Connected Persons** means, in relation to each of us, to the extent that they are involved in the Proposed Transaction: (a) our respective group undertakings and each of our and their respective officers, employees, professional advisers, agents and representatives; and (b) officers, employees and partners of our professional advisers, agents and representatives or of their respective group undertakings;

**group undertaking** has the meaning ascribed to it in section 1161 of the Companies Act 2006;

**Information** means in relation to each of us, all information of whatever nature supplied to us or to our Authorised Recipients by or on behalf of the Provider, whether orally, in writing or in any other form or medium and whether before or after the date of this letter, in connection with the Proposed Transaction, together with all Secondary Information;

**Provider** means, as the context requires, that one of us (either directly or indirectly through any of our respective Connected Persons) who provides any Information to the other or its Authorised Recipients;

**Recipient** means, as the context requires, that one of us (and/or any of our respective Authorised Recipients) who receives any Information from or on behalf of the other or its Connected Persons; and

**Secondary Information** means, in relation to each of us, all reports, analyses, compilations, studies, memoranda or other documents, materials or information prepared by, on behalf of, or for the Recipient to the extent they contain, derive from or reflect or are generated from any Information supplied to the Recipient or its Authorised Recipients by or on behalf of the Provider.

In consideration of the mutual disclosure of Information, we each agree and undertake to the other in relation to the other's Information (in our capacity as a Recipient) as follows:

## **1. Duty of Confidentiality**

- 1.1 We shall each hold the Information in strict confidence and shall not disclose, copy, reproduce or distribute any of it to any person other than to our respective Authorised Recipients (on the condition that they shall not disclose, copy, reproduce or distribute it to any person who is not an Authorised Recipient) or otherwise as permitted in writing by the Provider.
- 1.2 Neither of us nor any of our Authorised Recipients shall, without the other's prior written consent, use the Information for any purpose other than to evaluate, negotiate or advise in connection with the Proposed Transaction.
- 1.3 We shall each keep a list of Authorised Recipients to whom any Information is given which we shall make available to the Provider on demand.
- 1.4 We shall each keep the Information securely and properly protected against theft, damage, loss and unauthorised access (including access by electronic means). We shall notify the Provider immediately upon becoming aware that any Information received from the Provider has been disclosed to or obtained by a third party (otherwise than as permitted by this letter).
- 1.5 We shall each keep secret and confidential the existence of the Proposed Transaction and any discussions or negotiations with regard to the Proposed Transaction and shall not, and shall procure that none of our respective Authorised Recipients shall, without the prior written consent of the other party, directly or indirectly make any disclosure or announcement concerning, or otherwise publicise, the possibility of the Proposed Transaction taking place or any other arrangement with the other party connected in any way with the Proposed Transaction.

## **2. Exceptions**

- 2.1 The undertakings in paragraph 1 above shall not apply to Information which:
  - (a) at the time of supply is in the public domain;
  - (b) subsequently comes into the public domain, except through breach of the undertakings set out in this letter;

- (c) is, on the date of this letter, already in the lawful possession of the Recipient (as evidenced by written records); or
  - (d) subsequently comes lawfully into the possession of the Recipient, from a third party who does not owe the Provider or any of its Connected Persons an obligation of confidence in relation to it.
- 2.2 The undertakings in paragraph 1 above shall not apply if, and to the extent that, the Recipient is required to disclose any Information by law, rule, regulation or any judicial, governmental or competent supervisory or regulatory body (including, without limitation, any securities exchange and The Panel on Takeovers and Mergers), provided that the disclosing party shall, to the extent reasonably practicable and permitted by such law, rule, regulation or judicial, governmental or competent supervisory or regulatory body, consult the Provider before such disclosure on the proposed form, timing, nature and purpose of the disclosure.

### **3. Announcements**

- 3.1 Neither of us nor any of our Connected Persons shall, without the other's prior written consent, reveal to any person other than an Authorised Recipient that Information has been provided.
- 3.2 The restrictions in subparagraph 3.1 above shall not apply if, and to the extent that, an announcement is required by law, rule, regulation or any judicial, governmental or competent supervisory or regulatory body (including without limitation, any securities exchange and The Panel on Takeovers and Mergers), provided that the announcing party, to the extent reasonably practicable and permitted by such law, rule, regulation or judicial, governmental or competent supervisory or regulatory body, consults the other party before such announcement on the proposed form, timing, nature and purpose of the announcement.

### **4. Obligation to Procure Compliance**

Each of us shall ensure that any Authorised Recipient who receives any Information is aware of and adheres to the terms of this letter. We shall each be responsible for any breach of this letter by any of our respective Authorised Recipients.

### **5. Return/Destruction of Information**

Upon the written request of the Provider, the Recipient shall promptly:

- (a) return to the Provider (without keeping any copies) all documents and other materials in tangible form containing or incorporating Information received from the Provider (other than Secondary Information);
- (b) destroy (without keeping copies) all Secondary Information in tangible form; and
- (c) to the extent practicable, expunge (or procure the expungement of) all Information received from the Provider and any Secondary Information from any

computer, word processor or other device containing the Information in intangible form.

This provision shall not apply to the extent that the Recipient or any of its Authorised Recipients is required to retain any such Information by applicable law, rule or regulation or by any judicial, governmental or competent supervisory or regulatory body. Without prejudice to the duties of confidentiality in relation to the Information contained in this letter, the Recipient may retain any Information contained in board minutes or in any documents appended thereto.

Either party may request that the other party shall deliver to it a certificate signed by that other party's company secretary or other authorised officer confirming that the obligations contained in this paragraph have been complied with by it and its Connected Persons and that it has requested that its Authorised Recipients promptly comply with such obligations.

## **6. No Representation or Warranty**

6.1 We each understand that the Information does not purport to be all inclusive and that no representation or warranty is made by the Provider as to the accuracy, reliability, completeness, condition or quality of any of the Information. Accordingly, we agree with each other in our capacity as Recipients on our own behalf and as agent for each of our respective Connected Persons that neither of us nor any of our respective Connected Persons:

- (a) shall have any liability to the other or to any other person resulting from the use of Information by us or them; or
- (b) shall be under any obligation to provide further Information, update Information or correct any inaccuracies in Information.

This paragraph does not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

6.2 Each of our Connected Persons may rely on and enforce this paragraph 6 directly against the other party and its Connected Persons.

6.3 Save as expressly set out in this letter, neither of us nor any of our respective Connected Persons shall owe any duty of care to the other nor any other person.

## **7. Insider Dealing**

7.1 We each recognise that the Proposed Transaction and some or all of the Information may be inside information and/or price sensitive information and/or material non-public information relating to one or both of us and/or to the securities of one or both of us and that, accordingly, provisions of applicable securities laws may restrict or prohibit the use and/or disclosure of such information.

7.2 We each agree that:

- (a) we shall not disclose any of the Information to another person except in accordance with the terms of this letter; and
- (b) we shall not use the Information to deal or procure a dealing in securities of either of us, or in any securities whose price or value may be related to or affected by the price or value of securities of either of us or in any derivative products related to any such securities or interest in any of them or to encourage another person to deal in such securities or to communicate any such information to any other person, except as permitted by applicable law and in accordance with the terms of this letter.

## **8. Non-Solicitation of Employees**

- 8.1 Each party agrees with the other party that neither it nor any of its group undertakings will, from the date of this letter and for a period of one year after the return or destruction of Information provided (or otherwise made available) by that party under paragraph 5 above, either directly or indirectly, solicit for employment or employ any person who is now and, at the relevant time, continues to be employed by the other party or any of its group undertakings and who is directly involved in the negotiations relating to the Proposed Transaction or is specifically identified as a senior or key employee in any part of the Information supplied by the other party or any of its Connected Persons and who was not previously known to the Recipient of that Information or its group undertakings.
- 8.2 The restrictions in subparagraph 8.1 above shall not apply to the employment of any person following an unsolicited approach by that person at his own instigation or independently in response to an advertisement placed in the national, local or trade press or in response to an approach made by a headhunter without the person having first been identified to the headhunter by the party seeking to employ that person or by any of its Connected Persons.

## **9. Restrictions on share acquisitions**

- 9.1 Without prejudice to any obligations it may have at law, under other provisions of this letter, under the Code or otherwise, and save in respect of any ordinary course activity conducted by Accordion Investors and its subsidiary undertakings (without influence from Accordion and its other group undertakings or any employee of Accordion and its other group undertakings who is involved in the Proposed Transaction), Accordion agrees that it shall not, and shall procure that its group undertakings shall not, directly or indirectly, alone or with others, for a period of six months from the date of this letter, without the prior consent in writing of Flute, be involved in any Prohibited Activity, provided that the provisions of this paragraph 9.1 shall cease to have effect in the event that Accordion makes an announcement pursuant to Rule 2.7 of the Code in respect of a recommended Proposed Transaction with Flute.
- 9.2 For the purposes of paragraph 9.1, each of the following is a “**Prohibited Activity**”:

- (a) acquiring or seeking to acquire any interest in the shares (as defined in the Code) of Flute or any of its group undertakings, including rights to acquire, rights to subscribe for, options in respect of, and derivatives referenced to, such shares; or
- (b) entering into any agreement or arrangement (conditionally or otherwise and whether legally binding or not) with any person in relation to the acquisition of such an interest; or
- (c) communicating with any shareholder of Flute with the purpose or effect of encouraging such shareholder to request (publicly or otherwise) that the board of directors of Flute takes a particular course of action, or otherwise seek to influence the position of the board of directors of Flute, in relation to any proposal, possible offer or offer for all or any part of the voting share capital of Flute announced by Accordion or any other party; or
- (d) save as required by law, rule, regulation or any judicial, governmental or competent supervisory or regulatory body (including without limitation, any securities exchange and The Panel on Takeovers and Mergers), announcing, or taking any action which, under the Code or otherwise, would require the announcement of, any proposals for any takeover, merger, consolidation or share exchange or similar transaction involving the securities of Flute or any of its group undertakings; or
- (e) taking any step which might give rise to any obligation under the Code or its equivalent in any jurisdiction to make any offer for all or any part of the share capital of Flute or any of its group undertakings.

9.3 The provisions of this paragraph 9 shall be subject at all times to the provisions of Rule 7.2 of the Code (including without limitation in relation to Accordion Investors and its subsidiary undertakings) and to any other exemptions that may apply to either party under the Code or its equivalent in any jurisdiction.

## **10. Breach**

Without affecting any other rights or remedies that we each may have, we each acknowledge that a person with rights under this letter may be irreparably harmed by a breach of its terms and that damages alone may not be an adequate remedy. Accordingly, a person bringing a claim under this letter may be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of its terms and such remedies may be available without proof of actual damage.

## **11. General**

11.1 We each acknowledge and agree that the undertakings set out in this letter shall survive completion of our negotiations, whether or not the Proposed Transaction is implemented.

11.2 We each acknowledge and agree that:

- (a) all Information disclosed by the Provider, including any intellectual property rights in that Information, shall remain the property of the Provider and title to that Information shall remain vested in the Provider;
  - (b) no Recipient nor any of its Authorised Recipients shall acquire title to any of the Information disclosed by the Provider; and
  - (c) save as expressly provided in this letter, neither of us grants any licence to the other or to any Authorised Recipient in respect of the Information.
- 11.3 If any provision of this letter is held to be invalid or unenforceable, that provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this letter, but without invalidating any of the remaining provisions.
- 11.4 No failure or delay by either of us in exercising any right, power or privilege under this letter shall operate as a waiver of it, nor will any single or partial exercise of any right, power or privilege under this letter preclude any other or further exercise of it or of any other right, power or privilege under this letter or otherwise.
- 11.5 We each confirm that we are acting in this matter as principal and not as an agent or broker for any other person.
- 11.6 The terms of this letter may not be varied or terminated without the prior written consent of each of us.

## **12. Third parties**

- 12.1 Notwithstanding the provisions of subparagraph 6.2 above, no consent is required from any Connected Persons for any variation (including any release or compromise, in whole or in part, of any liability) or termination of this letter.
- 12.2 Save as expressly set out in this letter, a person who is not party to this letter shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

## **13. Governing law and jurisdiction**

This letter, any non-contractual obligations arising out of or in connection with it, including any non-contractual obligations arising out of or in connection with the negotiation of the Proposed Transaction, and the relationship between the parties shall be governed by English law. The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this letter (including a dispute relating to any non-contractual obligations arising out of or in connection with this letter) and we each irrevocably submit to the exclusive jurisdiction of the English courts.

Please confirm your agreement by signing and returning to us a copy of this letter.

Yours faithfully,

By J. Windsor  
Name: JASON WINDSOR  
Title: Chief Capital & Investments officer  
for and on behalf of  
**Aviva plc**

Agreed and Accepted:

By .....  
Name: .....  
Title: .....  
for and on behalf of  
**Friends Life Group Limited**

Dated .....



Yours faithfully,

By.....  
Name:.....  
Title:.....  
for and on behalf of  
**Aviva plc**

Agreed and Accepted:



By.....  
Name: Tim Tooke  
Title: Chief Financial Officer  
for and on behalf of  
**Friends Life Group Limited**

Dated..... 10 November 2014.....

