Annual General Meeting 2008
Frequently asked questions

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

Q1. There has been significant press coverage regarding the Norwich Union inherited estate. What is happening about the proposed reattribution of the inherited estate of the CGNU Life Assurance Limited and Commercial Union Life Assurance Company with-profits funds?

A. The Company continues to explore the possibility of a reattribution of the inherited estate of the CGNU Life Assurance Limited ("CGNU Life") and Commercial Union Life Assurance Company ("CULAC") with-profits funds.

We are continuing our negotiations with the Policyholder Advocate. The negotiations are confidential and at present we are unable to provide specific details.

In February 2008, we announced that a special distribution from the inherited estate totalling £2.1 billion would be paid by way of special bonuses over the next three years to eligible policyholders of CGNU Life and CULAC. In line with the way the funds are administered, policyholders will receive £2.1 billion, with £230 million going to shareholders on a 90:10 basis. This represents a substantial payout (more than 40%) of the inherited estate.

We remain committed to trying to put a reattribution offer to policyholders regarding the remaining inherited estate as soon as we can. However, we will only do so if we can agree a deal that is fair to both policyholders and shareholders.

In the event that any reattribution offer is agreed between the Policyholder Advocate and CGNU Life and CULAC, it is still subject to final agreement by the Aviva plc Board, the outcome of a policyholder election and High Court approval.

Q2. Aviva recently sent a leaflet with its mailing to shareholders entitled "Go Electronic". What precisely does this mean and what is Aviva's policy on electronic communications with shareholders?

A. Aviva has over 600,000 shareholders and is continually seeking ways to reduce the environmental impact and cost of its shareholder communications. Following the introduction of the Companies Act 2006 Aviva has taken full advantage of the changes which allow communications to be provided to shareholders via the Aviva website, except where the shareholder has requested a paper copy.

To coincide with the first communication to shareholders using the Aviva website, the Shareholder Centre, at www.aviva.com/shareholders, has been developed to offer shareholders a range of facilities through which shareholdings can be managed online. Shareholders can view their shareholding, update their personal details, set up or amend a dividend mandate, locate an up-to-date or historical share price, view the latest version of the Report and Accounts and find useful information about being an Aviva shareholder. Shareholders who wish to register for electronic communications may do so by visiting the Aviva website at the following address, www.aviva.com/ecomms, and completing and submitting the onscreen form.

We are however conscious that many of our shareholders will not have access to computers or email or may simply wish to continue to receive hard copies of shareholder documents. In which case, shareholders can write to the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, or call 0871 384 2952, to advise them of their mailing preference and ensure that they receive a paper copy for future mailings. Calls to the number above are charged at 8 pence per minute from a BT landline. Charges from other telephone providers may vary.

Frequently asked questions continued

Q3. The Company experienced record flood claims in 2007. How does the effect of ongoing climate change influence Aviva's general insurance strategy and how can Aviva ensure its premiums remain competitive in the marketplace?

A. Aviva's strategy and premiums are based on a long-term view of weather related claims and whilst 2007 was an exceptional year there are indications that extreme weather incidents are becoming more common in the UK. In the longer term this will inevitably have an impact on the property insurance market and will affect all insurers not just Aviva.

We have developed our own view of flood risk through our many years of claims experience and use of our GIS flood map which enables us to pinpoint flood risk at an individual property level. Reinsurance is utilised to further minimise the impact of volatility in weather. Aviva is a strong advocate of shared responsibility for flood risk in the UK and we are working with the Association of British Insurers and the Government to support the management of flood related risk through building and maintenance of flood defences and tightening controls around building on flood plains. Policyholders in high risk areas are encouraged to consider what steps they can take to protect their property and information is available on the Aviva website at www.aviva.com/floodadvice.

Aviva's strategy is to continue to provide flood cover at affordable prices within a framework of understanding and controlling risk. The nature of insurance means that there is an annual renewal and this gives us the opportunity to review our position year-on-year.

Q4. Why do directors receive such large salaries, together with generous cash bonuses and awards of shares?

A. The level of salaries and the total remuneration package for directors are market driven and set by reference to a number of factors including the levels being paid in other complex major international companies, with which Aviva needs to compete in order to recruit and retain its senior executives. The same applies to non-executive directors for whom there is a strong demand in the market and where the time commitment and accountabilities have risen substantially over recent years. The Company complies with best practice guidelines on corporate governance in relation to consideration and approval of directors' remuneration.

A substantial proportion of the director's total remuneration is "at risk," ie only payable subject to the attainment of personal and corporate objectives. Similarly, the various executive share plans for its senior employees are designed to retain and provide incentives to the employees. These schemes set challenging performance targets based on the return on the Company's capital and the return for shareholders. As a significant proportion of directors' remuneration is paid in shares, the income of the directors is also affected by the level of dividends and the Company's share price.

Q5. Why are shareholders being asked to approve a new share plan for the Company's senior employees?

A. The Company's objective is to align even more closely the interests of the Group's senior management team with those of our shareholders. The proposal is to introduce a new bonus scheme based on the performance condition of total return Earnings per Share ("EPS") – an important measure for Group performance.

The adoption of EPS as a performance measure complements the Total Shareholder Return ("TSR") and Return on Capital Employed ("ROCE") measures which underpin the Aviva Long Term Incentive Plan. The Company now has a range of performance measures which effectively reflect differing aspects of our performance. For example, ROCE reflects management's stewardship of the Company's capital, relative TSR highlights our relative performance against our peers and EPS introduces a real, absolute measure of growth of shareholder value.

The EPS targets will be very stretching and the new bonus would only vest at its minimum level if EPS grows by more than an average of 10% per annum. Senior managers would only receive the maximum bonus if EPS grows at an average of 26% per annum – a challenging ambition for the Group. The target range is, we believe, the most demanding in the FTSE 100.

The new scheme would also position our total remuneration for our executive directors appropriately against our FTSE 30 and FTSE 50 comparator groups. This type of scheme is widely used in the FTSE 100.

Q6. Why are shareholders being asked to approve political donations by the Company?

A. During 2007 the Company did not make donations to EU political organisations and did not incur any political expenditure. It is the Company's policy not to make political donations of the type caught by the Companies Act 2006, although overseas subsidiaries do make other donations such as those made through Political Action Committees which are funded by employees and not by the Company. The Company does not intend to change this policy.

However, as a result of the wide definitions in the Companies Act 2006, normal expenditure such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community might be construed as political expenditure or as a donation to a political party or other political organisation and falls within the restrictions of the Companies Act 2006. As a result, authority is being sought from shareholders to ensure that any activities undertaken throughout the Group's businesses, which could otherwise be construed to fall within these provisions, can be undertaken without inadvertently infringing them. The authority will not be used to make political donations within the normal meaning of that expenditure and the resolution is not intended to authorise any particular donation or expenditure but is only precautionary in nature.

Q7. What is the purpose of the intended changes to the Company's Articles of Association?

A. Aviva is seeking authority from shareholders to amend its Articles of Association ("the Articles") to ensure consistency with those provisions of the 2006 Companies Act ("the Act") which come into force on or before 1 October 2008. The changes to the Articles will allow the Company to benefit from those provisions.

The main areas where amendments have been made to the Articles to reflect the Act include:

- greater rights to shareholders on voting matters, such as the right to appoint multiple proxies and for a proxy to speak at a general meeting;
- changes to the existing law relating to directors' conflicts of interests which allows directors, subject to certain safeguards, to authorise actual or potential conflicts by another director to avoid that director being in breach of duty.

It is likely that further changes to the Articles will be necessary to ensure consistency with the final provisions of the Act which are expected to come into force in 2009.

Q8. Why does Aviva continue to use overseas call centres?

A. Aviva is committed to providing excellent customer service and is always looking to improve this by constantly acting on feedback received from our customers. We can also confirm that customer satisfaction levels with our off-shore operations have improved and now benchmark acceptably against those in the UK.

While one of the advantages to off-shoring is that it helps keep costs down, which is an important consideration when we are trying to maximise shareholder value, there are other advantages which are at least as important. For example, overseas call centres help provide a round the clock service to all parts of Aviva such as the UK and Canada. This was very beneficial in 2007 when the extreme weather events resulted in high call volumes, particularly on household claims.

Q9. The Company is planning to introduce a Dividend Reinvestment Plan ("DRIP") scheme to replace the existing Aviva Scrip Dividend Scheme ("Scrip Scheme"). How does the DRIP work and what are the reasons for this change?

A. The Company currently operates the Scrip Scheme which provides shareholders with the opportunity to receive their dividends in the form of new ordinary shares in the Company instead of cash.

It is the Company's intention that following the payment of the 2007 final dividend on 16 May 2008 the Scrip Scheme will be withdrawn and shareholders will be offered the opportunity to participate in a DRIP. The DRIP is similar to the Scrip Scheme but shareholders can choose to have cash dividends reinvested by using them to purchase existing Aviva ordinary shares. Full details of this new plan will be communicated to shareholders in May 2008.

4 Frequently asked questions continued

Q10. Please explain Aviva's global policy towards reducing its carbon footprint?

A. Aviva has had an environmental programme for the past ten years and over time has gained a thorough understanding of the environmental impact of its business. Whilst we are not a large energy intensive business, we know that our buildings and travel emissions can be managed to minimise environmental impact.

To this end we purchase green electricity in 61% of our businesses globally, and implement a number of initiatives to reduce CO_2 emissions from gas and electricity usage. In the UK, for example, we asked our cleaners to work day shifts to enable us to darken our buildings at night.

During 2007 we reduced our carbon emissions in our existing businesses by 10.8%. Our total carbon footprint for 2007 was 130,219 tonnes.

Going forward in 2008, we have set targets to reduce carbon emissions and our use of resources. We will continue with our plan to build environmentally friendly buildings to a Leadership in Energy and Environmental Design (LEED) standard. The Aviva Investors property team will continue to work to reduce the environmental impact of investment properties and we will concentrate our efforts on reducing business travel by the global implementation of our high definition telepresence conferencing suites.

Aviva has been carbon neutral since 2006, which means we offset remaining emissions by investing in projects that generate carbon credits, either through carbon mitigation or renewable energy.

Q11. Returns on with-profits policies continue to disappoint. In the current economic climate, what assurances can Aviva provide to policyholders that they will receive a reasonable return on maturity?

A. Although returns on with-profit investments are not as high as they were in the 80's and 90's, with-profit products still represent good value.

Returns to with-profit customers are largely dependent on returns achieved by equity and property investments. The contracts also usually contain valuable guarantees, such as the sum assured which is payable regardless of investment performance provided premiums are paid. The additional feature of smoothing payouts under with-profits policies has also been of great value to a large number of policyholders when markets have been depressed.

The table shows the approximate average annual returns on the CGNU Life Assurance Limited ("CGNU Life") and Norwich Union Life & Pensions Limited ("NUL&P") with-profits funds (before tax and before any deductions for charges) for a single premium pension policy.

Term – 20 years from	CGNU with-profit Fund	NUL&P with-profit Fund	FTSE 100
01/01/1986 – 01/01/2006	11.0%	10.9%	11.3%
01/01/1987 – 01/01/2007	10.6%	10.3%	10.9%

The table shows that as well as providing valuable guarantees and protecting investors from the volatility of the markets, returns on the with-profit fund still compare favourably with those achieved by the FTSE 100.

Q12. Could Aviva use some of its profits to provide discounts or more competitive pricing to loyal shareholders?

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

The current size of the Company's shareholder base (over 600,000) and the diversity of our products make it difficult to offer a discount scheme that can be applied fairly and consistently across our shareholder base. However, we will continue to review the potential for offering shareholder discounts on Aviva products.