

Wednesday, 30 April 2014

AVIVA ANNUAL GENERAL MEETING

The Queen Elizabeth II Conference Centre
Broad Sanctuary
Westminster
London
SW1P 3EE

(11.00 am)

JOHN MCFARLANE: I see it's eleven o'clock. Good morning ladies and gentlemen. I'm John McFarlane, your chairman. I'd like to welcome you to Aviva's 2014 Annual General Meeting.

I'm pleased to see so many of you here today, particularly having braved the tube strike, and I hope that you were able to meet with the members of our senior management including the CEO before you came into the auditorium today. Now, there will be another opportunity for you to meet the senior team and your directors and myself after the meeting.

The AGM is the most important meeting in the company's calendar and provides the opportunity to meet and elect your directors, to reflect on the company's performance in the past year and to discuss our strategy going forward. We are though here to listen to your observations and respond to your questions.

Of course the AGM is only part of our ongoing dialogue with shareholders, and we've welcomed the comments and feedback you've given us throughout the year which has helped us shape the meeting today.

With that in mind let me start by setting out the agenda for today's meeting. I will shortly introduce the members of your Board, and you will

note that there have been a number of changes since we met a year ago. I will comment briefly on the situation of the group. This will be followed by a more comprehensive presentation from Mark Wilson, our Group Chief Executive Officer, which will be available on the company's website after the meeting.

I will then give you the opportunity to address the Board and ask questions on the business of the meeting, some of which you registered earlier this morning and;

Finally, we will move into the formal part of the meeting and I will ask you to vote on the resolutions set out in the notice of meeting.

So firstly let me begin by introducing your board, most of whom you met last year, but there are three new directors that I would particularly like you to meet today. So firstly starting on your left is Michael Mire. A new non-executive director who joined the Board in September 2013 and is a member of the governance, nomination and risk committees. Michael brings to the board considerable experience of advising on the implementation of transformation programmes and has an in depth understanding of the financial services sector, including insurance, following his long and senior successful career at McKinsey & Company.

To Michael's left is Glyn Barker, a non-executive director who was appointed to the board in February 2012 and who is chairman of the audit committee and who is also a member of the nomination and risk committees.

Next is Scott Wheway, non-executive director, who was appointed to

the board in December 2007. Scott is chairman of the governance committee and a member of the audit and nominations committee.

To Scott's left is Patricia Cross, a new non-executive director who joined the Board in December 2013.

Patricia is chairman of the remuneration committee and a member of the audit and nomination committees and brings to the board a wealth of financial services, risk and corporate governance knowledge, as well as remuneration practice, given her significant experience across a wide range of financial services including insurance and other regulated industries in the US, Europe and in Australia.

Next is Thomas Stoddard, our newly appointed Chief Financial Officer who was appointed to the board a few days ago on 28 April 2014. I am delighted that Tom has joined Aviva and welcome him to the board. Tom joins us from the investment and advisory firm Blackstone and already has a strong understanding of our business having been a principal corporate adviser to the company since the beginning of 2013. He has held a variety of senior advisory positions over the last 20 years and has considerable relevant experience in corporate restructuring, capital advisory and financial strategy and will play a fundamental role in our strategic decision-making as well as driving forward our financial performance and shareholder value.

Immediately to my right is Mark Wilson, our Group Chief Executive Officer. Mark became Group CEO in January 2013.

To my left is Kirstine Cooper, Group General Counsel and Company Secretary and also the Head of the office of the chairman.

To Kirsty's left is Sir Adrian Montague, Non-Executive Director who joined the Board in January 2013 and became Senior Independent Director in May 2013. Sir Adrian is a member of the audit, governance and nomination committees.

Then we have Michael Hawker, non-executive director, chairman of the risk committee and a member of the audit and nomination committees. Michael has been a member of the Board since 2010.

Next to Michael is Gay Huey Evans, Non-Executive Director. Gay joined the board in October 2011 and is a member of the nomination, remuneration and risk committees and;

Finally, I would like to introduce Bob Stein, Non-Executive Director who joined the Board in January 2013. Bob is a member of the nomination, remuneration and risk committees.

Now, as you'll be aware there has been significant change on the Aviva board over the past two years and this process is nearly complete. We are also currently searching for one additional non-executive director to join us, and we will have particular regard to the benefits of greater gender diversity on the board in conducting our search. Now, I'm sure you'll agree with me that we are putting in place a board of the highest calibre for the future.

Now, before I introduce Mark Wilson I'd like to make a few remarks about the current situation of the group.

The period since the AGM two years ago has been enormous change to your company following a number of years of disappointing performance.

I'm pleased that we've now managed to put the company on the right track for the future, have substantially increased the financial strength of the group and are now delivering good value for shareholders. In this context 2013 was a very important year for Aviva and for shareholders and saw the appointment of a new management team, ably led by Mark Wilson that has made a tremendous difference to the group. The changes that have been instituted have begun to rebuild the reputation among investors that we traditionally held.

Of course, much is yet to be done but I'm sure shareholders will endorse the progress that has been made over a relatively short period of time. I would therefore, on your behalf, like to thank our management team and my board colleagues for their leadership and contribution.

At the beginning of 2013 Mark Wilson was appointed as your Group Chief Executive. Mark has strong credentials for this role and this has been demonstrated in the changes Mark has made to upgrade significantly the calibre of our management team as well as the overall performance, financial security and future direction of the company. Management's first challenge was to re-focus the group's business portfolio on fewer but more attractive segments and where we have the greatest chance of long-term success. During the year we completed the sales of the US business and our businesses in Russia and Malaysia. We sold our remaining holding in Delta Lloyd and reached a satisfactory settlement with Bankia in Spain.

More recently, since the close of the year, we have sold our business in South Korea, Turkish General Insurance, Eurovita in Italy and River Road

Asset Management in the US. Now, as a consequence of this Aviva's main cash generators are now in the UK, France and Canada; but we do have number of other businesses in turnaround mode including Spain, Italy, Ireland and Aviva investors. We also have future growth options in Poland, Turkey, China and in south-east Asia, and only in January this year we announced a major expansion in Indonesia in partnership with Astra.

Management's second challenge was to set a new long-term agenda for the firm, cash flow plus growth, which set out to improve the operating performance of the firm by growing the value of new business, improving productivity, increasing cash generation and remittances to the group centre improving capital allocation and building a number of growth options for the group. As a result, operating profit was up 6 per cent, expenses were down 11 per cent from 2011 levels, the value of new business up 13 per cent and cash flows to the group were up 40 per cent. So again tremendous progress has been achieved on this important agenda item.

Management's third challenge was to build a stakeholder strategy for the company that resonated with and delivered value to our customers, staff members, distribution partners, regulators, the community and, importantly, to our shareholders. Now, this took shape during the year and is still in execution as we go forward.

The final challenge was to build the financial strength and lower the risk of the company by increasing our surplus capital, reducing our external and internal leverage and building our liquidity reserves. Surplus economic capital was increased to £8.3 billion, liquidity was brought to acceptable

levels and solid plans are now in place to bring down both the internal and the external leverage to more prudent levels. Again, good progress has been made in each of these respects.

Now Mark will give you a richer flavour of these matters when he addresses you next.

Now, I don't need to remind shareholders that implementing such an agenda did involve some difficult decisions, the most significant of which was for shareholders where we reduced the dividend to a level that could be sustained by the cash flows but grow progressively from there. Now, while that was a difficult decision I don't regret this decision and believe it is in the interest of shareholders and that's been demonstrated over the past twelve months, and fortunately shareholders have therefore benefited from significant share price growth that more than offset the lower dividend.

So turning to the board, it is an honour for me to serve as your chairman and I am very proud of the board that we have now assembled. During 2013 and since there have been a number of changes to your board that I articulated when introducing our directors earlier. During the year we've also made changes to the board committees as part of an ongoing programme to refresh the membership of the committees.

I now believe we have a strong, experienced and diverse board with a good balance of skills, and I do remain comfortable that the board exercises strong and robust challenge to as well as strategic oversight over the executive team.

Of course the year saw a number of departures from the Board.

Richard Goeltz, Senior Independent Director, and Russell Walls, Chairman of the audit committee, retired as non-executive directors following nine years' service, and Trevor Matthews as Executive Director. More recently Patrick Regan resigned as Chief Financial Officer on 22 January 2014 and stepped down from the board prior to the AGM. I would nevertheless like to thank them all for their dedicated service and contribution to the company.

It has, however, been a challenging period for our workforce in the face of what has been significant cost reduction, and despite this our people have retained their focus on the business and delivered very strong results. So this increased certainty and confidence in the business as we move forward will make Aviva a better place to work.

The Board is very grateful for the continued effort and support of our staff in what has been a difficult period. We have, as you have seen, tremendous challenges in the regulatory environment, particularly with Solvency II and having been designated as a globally systemic insurer. More recently we've seen Government policy changes relating to annuities as well as a cap on pension charges in the UK as well as the nationalisation of private sector pensions in Poland. Initially the market overreacted to these and other announcements, which of course was unfortunate. But this said I believe we will develop alternative income streams to offset these going forward.

Aviva is a very important company in our sector in the UK and internationally and I'm confident that we will be more significant going forward.

So with the changes we've made and continue to make the company is now leaner, focused, more agile and better positioned for the future, and so I do hope you do share my optimism about the prospects of Aviva going forward.

Thank you.

(...Applause...)

Now -- well, thank you very much -- now, ladies and gentlemen, it is indeed my pleasure to hand over to Mark Wilson. So Mark.

MARK WILSON PRESENTATION

Well, thank you, Mark.

Ladies and gentlemen, it's now over to you. I would now like to give shareholders the opportunity to ask questions. To assist in the proceedings shareholders wishing to ask a question were requested to register at the question registration desk before entering the auditorium and I'm aware that many shareholders have already done so. For those of you who have not been able to register the question there's still an opportunity to do this at the question registration desk situated at the side of the auditorium to shareholders' right.

Please raise your hand now if you wish to register a question and a marshal will assist you. **(Pause)**

Now, I would like to give everyone who wishes to speak an opportunity to be heard, but I would also like to ensure that we have an orderly meeting and one that is interesting to all of the shareholders in

the room, not just the individual asking the question and therefore, could I ask that you please keep your remarks and questions succinct and to the point and relevant to the meeting. As it's a shareholder meeting I will not take comments or questions relating to personal shareholdings, policyholder concerns or other customer matters, which are important but they're unrelated to the business of this meeting. Instead, please contact the shareholder or policy enquiry desks located in the exhibition area outside the auditorium in the Pickwick Suite. These desks will remain open after the meeting and in addition I and my fellow directors and the management team will join you after the meeting when you are having refreshments and you will have the opportunity to speak with us then.

I propose to take all questions relating to the business of the meeting in one single session, including any questions on the AGM resolutions themselves. I would, though, discourage you from asking more than one question at a time and give way to others so that they have the chance to speak. You can come back and ask another question. On occasion I will allow a second question but beyond that I do ask you to give way and ask others out of respect to them so that they have the opportunity. So please do help me conduct an orderly and interesting meeting by honouring this.

The notice of the AGM which sets out the formal resolutions to be put to shareholders today was made available to shareholders either by post or on the Aviva website on 26 March 2014. You will also find a copy of the resolutions in your shareholder guide and your yellow poll card.

When you come to the microphone please clearly state your name

and whether you are a shareholder. If you're attending on behalf of someone else please state the name of the shareholder that you represent.

So thank you. Can I now take the first question from question point A, please?

Take questions from Question Points A and B alternately.

Thank you for that challenge, and in fact that's reminded me that I am going to draw a line in the questions because I think the shareholders are beginning to wish us to move to the business of the meeting, if that's all right. So I will move on.

That concludes the questions from shareholders. I would now propose that we move to the formal part of today's agenda. The notice of meeting was made available to shareholders in late March and includes an explanation for each of the resolutions being proposed today.

I hope you've had an ample opportunity to consider the resolutions. How you wish to cast your vote in respect of each of the resolutions and with your permission I will take the notice of meeting as read.

I would like to draw your attention to a number of specific items of business. Firstly, in resolution 1 the directors are proposing to receive and consider the Annual Report for the financial year ending 31 December 2013.

Following the move to integrated reporting, the information on the 2013 corporate responsibility performance report is now contained

throughout the Annual Report not in a specific section.

As a result the Board has chosen not to propose a separate resolution on corporate responsibility as it has in previous years and further information on our corporate responsibility programme is available at the CR desk in the Pickwick Suite and on our website.

We continue to welcome your feedback on the company's activities and performance in this area.

Secondly, as a result of the new remuneration reporting regime, companies are now required to propose two separate resolutions on remuneration at their Annual General Meeting.

Resolution 2 is proposed to approve the directors' remuneration report contained within the Annual Report.

This resolution is advisory only and it is a means for shareholders to provide feedback to the Board.

Resolution 3 is proposed to approve the directors' remuneration policy set out on pages 87 to 93 of the directors' remuneration report.

This resolution seeks shareholder approval and will, if approved, take effect from the conclusion of the AGM and thereafter is required to be subject to a shareholder vote at least every three years.

Thirdly, in relation to resolution 4, the directors are recommending a final dividend for the year ended 31 December 2013 of 9.4p per share as was set out in the 2013 Annual Report and accounts.

The dividend is payable on 16 May 2014 to ordinary shareholders whose names were on the register of members at the close of business on

4 April 2014.

Finally, I know that shareholders have previously raised concerns about the company seeking authority in relation to political donations which is dealt with in resolution 18.

Again, I would like to be very clear that it is not the company's policy to make political donations or incur political expenditure and we have no intention of doing so. However, the Companies Act is so widely drafted that acts such as lobbying on law reforms or representing the financial services community on forums could be regarded as political expenditure and the purpose, therefore, of resolution 18 is to ensure that the company does not take any action which may inadvertently be in breach of the Act.

So the company will not make political donations within the normal meaning of that expression.

Also, shareholders may have seen in my letter accompanying the notice of the meeting that your board took the decision to make available to shareholders the opportunity to participate in a dividend reinvestment plan commencing with the payment of the 2013 final dividend on 16 May 2014.

Full details of the plan are contained in the Aviva dividend reinvestment plan explanatory booklet which was enclosed with the notice of meeting for those shareholders receiving hard copy documents, and is on the company's website for those shareholders who have elected to receive electronic shareholder communication.

If you wish to join the plan or have any queries in respect of it please contact the company's registrar Computershare who is available in the

Pickwick Suite after the AGM.

Now, in respect of the resolutions to be put to the meeting as noted in the notice of meeting and in line with best practice I am exercising the authority contained in the company's articles of association to call for a poll to be taken on each of the resolutions. Any shareholder, proxy or corporate representative who is entitled to vote will have been given a yellow-coloured poll card at registration.

We have again included a vote "withheld" option on the poll cards for those shareholders who wish to abstain from voting on a particular resolution.

However, I must remind you that a vote withheld is not a vote in law and will not be counted in the circulation of the votes for or the votes against the relevant resolution.

If you have already submitted your votes prior to the meeting by proxy and do not wish to change the way you have voted you do not need to complete a poll card.

If there is anyone present who is entitled to vote but does not have a yellow-coloured poll card please raise your hand and a marshal will pass you a card.

(Pause)

So does everyone who is entitled to and wishes to vote have a yellow-coloured poll card?

(Pause)

I will take that as a yes, and so I don't intend to read each resolution.

However, I now propose formally that each resolution set out in the notice of meeting and listed on the poll card other than resolution 11 which relates to my own re-election, to be put to the meeting as a separate resolution and that resolutions 20, 21, 22, 23 and 24 to be put to the meeting as special resolutions.

As resolution 11 concerns my own re-election as a Director, Sir Adrian Montague, the Senior Independent Non-Executive Director, will formally propose that resolution.

I now invite Sir Adrian to propose my re-election as a director.

Sir Adrian Montague proposes resolution

Resolution 11 - Re-election of John McFarlane

Thank you, Chairman. Good afternoon, ladies and gentlemen.

John McFarlane was appointed as Executive Chairman on 1 July 2012 and he became Non-Executive Chairman on 1 January 2013 following Mark Wilson's appointment as the Group Chief Executive officer.

As you will have seen from the report and accounts, John has a great deal of global listed company experience and a tremendous track record spanning over 40 years in both the UK and the international financial services industry.

John has a specialist, in-depth knowledge in international banking, including investment, corporate and retail banking, and in general management, insurance, risk and cultural change.

He has continued to prove himself an excellent chairman by applying his wide range of board and executive skills and his experience to the chairmanship of the company and of the Board.

John is the chairman of the Board and of the Nomination Committee.

In accordance with best practice guidelines John is standing for re-election by shareholders at this meeting.

His performance in 2013 was evaluated by the non-executive directors, led by myself as the company's Senior Independent Director.

The Board concluded that John continues to provide strong leadership, demonstrates full commitment to the role and contributes most effectively to the deliberations of the Board.

A number of shareholders here today have commented favourably on his stewardship of the company, and all of us on the Board wholeheartedly agree. In short, we think he has had a hell of a year.

I am therefore pleased to propose resolution 11 to re-elect John McFarlane as the Director of the company. Thank you very much.

(...Applause...)

JOHN MCFARLANE: Well, thank you Adrian.

The Board has had a hell of a year as well, so congratulations to all of you.

So please would you now complete the yellow poll card to register the way that you wish to cast your votes on each separate resolution by putting a cross in one of the boxes marked "for", "against" or "vote withheld".

Please ensure that you have filled in your full name and address, or the full

name and address of the shareholder you represent if you are attending as a proxy or a corporate representative.

Once completed and signed the poll card should be placed in one of the black ballot boxes marked "poll cards" immediately outside the auditorium as you leave.

Now, those shareholders who cannot attend today have been voting on the resolutions and the indicative results of those votes will shortly be shown on the screen.

The final results of the voting will be announced to the London Stock Exchange and posted on the company's website as soon as possible.

Ladies and gentlemen, that concludes today's meeting. I would like to thank you for attending. As always, we do welcome your feedback on the meeting which you can do by completing the feedback form you were given when you arrived or by e-mailing or writing to the addresses on the screen.

So I would now be pleased if you would now join me and your fellow directors in the exhibition area in the Pickwick Suite and the Thames Room where refreshments will be served and again thank you for braving the tube strike to be here. Good afternoon.

(...Applause...)

(1.46 pm)

(The meeting concluded)